



ASX: GBM

Quarterly Report for the period ended 31 December 2014

Summary

GBM Gold Ltd (ASX: GBM) (“**GBM**” or “**Company**”) completed the sale of its shares in Inglewood Gold Mining Company Pty Ltd (“**Inglewood**”) following approval by the Company’s shareholders at its Annual General Meeting on 12 November 2014. Wilshire will pay approximately \$2.4 million for the final 20% of Inglewood in several tranches completing by 30 June 2015. The tranches are as follows:

- Initial Payment - \$300,000
- By 31 December 2014 - \$550,000;
- By 28 February 2015 - \$550,000;
- By 30 April 2015 - \$550,000; and
- By 30 June 2015 - \$482,800.

The first two tranches totalling \$850,000 have been received.

With the completion of the sale GBM has the flexibility and resources to pursue gold projects free from the debt burden that it has carried in recent years resulting from loss making operations. This is a new beginning for the Company and provides the platform to effectively develop gold assets to deliver long term sustainable growth for the Company and value for our shareholders.

With the sale of Inglewood activities have focussed on proceeding with regulatory approval to undertake exploration and mining activities at its tenements in Victoria.

Work planned for the March 2015 Quarter includes:

- Commencing work on the excavation of a 7,500 tonne bulk sample from the Harvest Home Open Pit project when approvals are received.
- Identifying and assessing gold projects to grow the Company.
- Developing programs for the GBM exploration tenements

Background

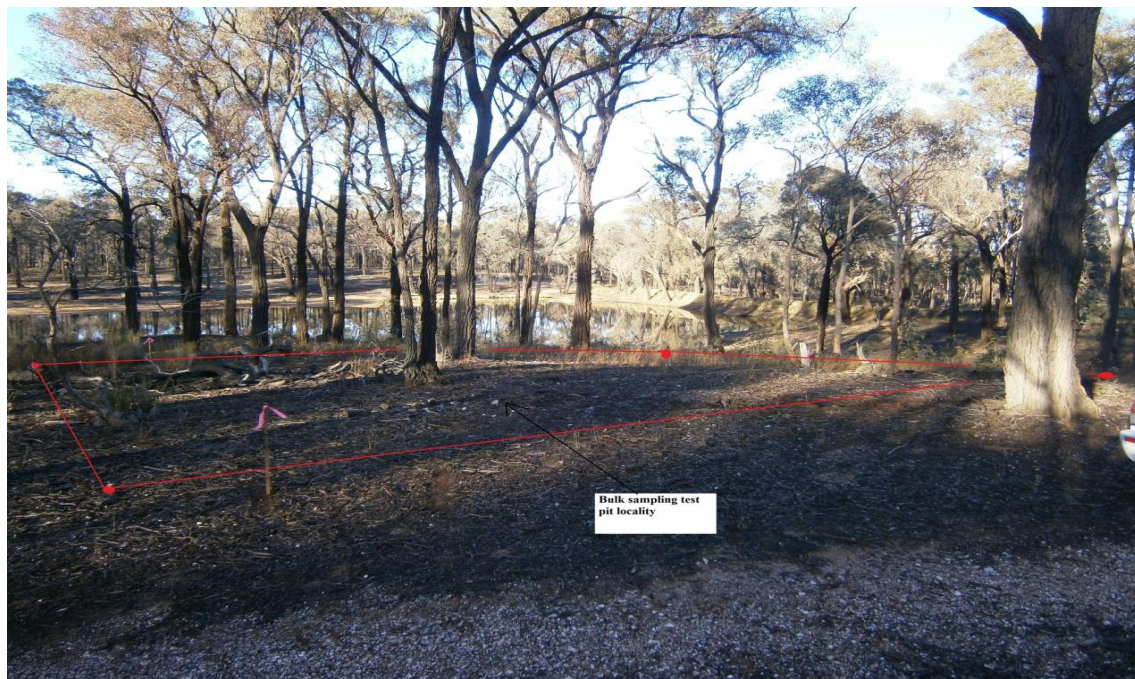
From the inception of the company until 30 September 2014 the Company’s operations were centred at Inglewood an historic primary gold producing area in Central Victoria. With the sale of Inglewood GBM is focussing on its other mining and exploration projects.

GBM Gold has the following mining and exploration licences and work authorities:

Marong, Wilson Hill	-	EL 4999 (replaced with EL5527)
Avoca	-	EL 4936
Avoca, Beavis-ISG	-	WA’s 1395 & 1304
Fiddlers Creek	-	MIN 4548 & MIN 4023
Dunolly, Queen’s Birthday	-	EL 5029 (replaced with EL5528)
Dunolly, Harvest Home	-	50% jv interest in MIN 5510

Harvest Home, Dunolly MIN5510 – 50% Joint Venture

Plans are complete to mine a 7,500 tonne bulk sample to provide metallurgical information on processing of Harvest Home ore. Approvals are expected to be completed early in the next quarter and plans are in place to commence work.



Harvest Home Bulk Sample Site

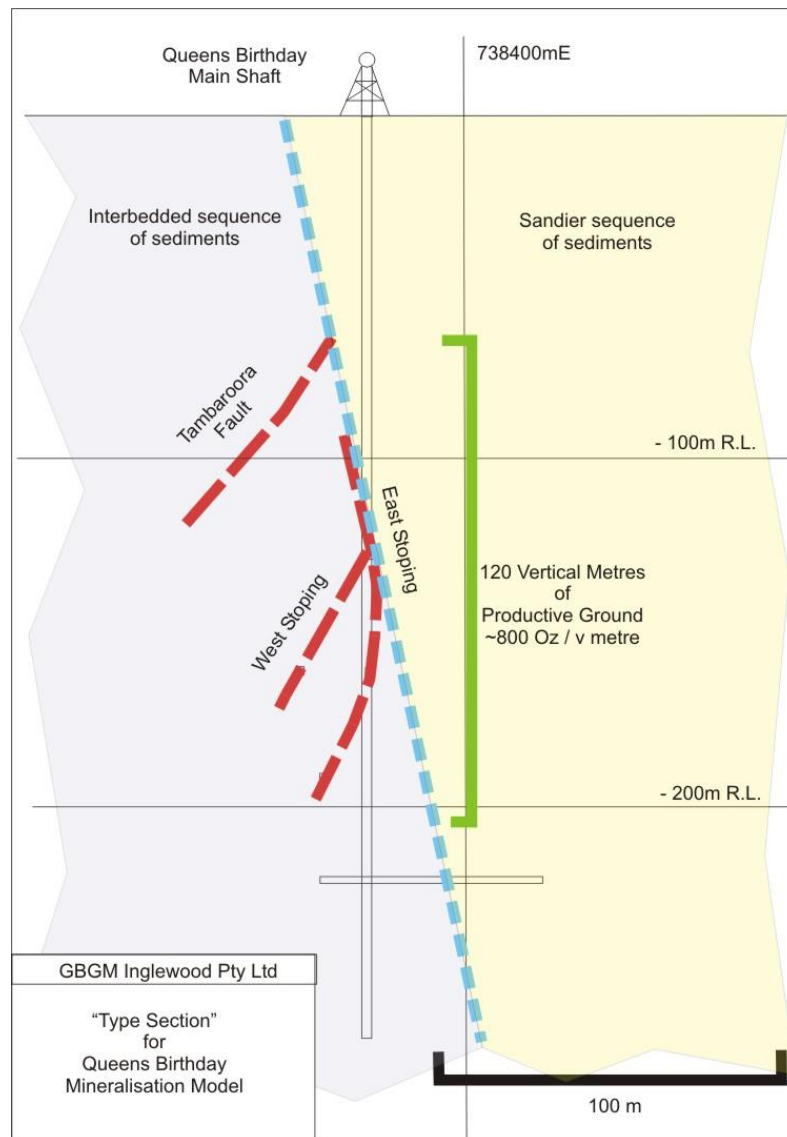
Harvest Home has an Inferred Resource of 1,040,000 tonnes at 2.4g/t for 80,000 ounces of gold. The deposit has a broad zone of gold mineralisation 3.5 km long and up to 0.4 km wide containing the Moran's, Harvest Home, Mother O'Gold and Appleton's Gold mines that between them have produced in excess of 60,000 ounces (1,860kg) of gold.

A drilling program is being developed to bring the resources in the most prospective area of the deposit up to Indicated Status.

Queen's Birthday EL5029 (replaced with EL5528)

EL 5029 at Queen's Birthday has been replaced with EL5528. This has allowed an expansion of the area to encompass known targets. Queen's Birthday is a shear hosted gold mineralised system that lies at the southern end of the Goldsbrough – Wehla Shear Zone, a major deep penetrating structure that has provided fluid pathways for large quantities of gold and quartz. The Queen's Birthday mine historically yielded about 100,000 ounces of primary gold mineralisation. The shaft is down to 250 metres below surface and a significant body of quartz along the main fault zone was still present in the drives and stopes.

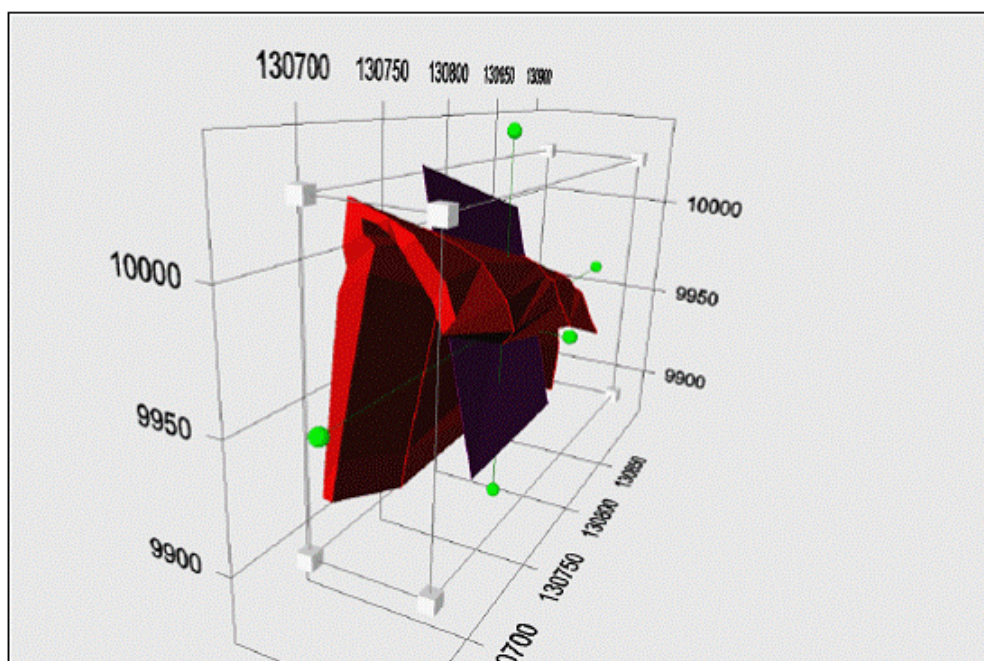
An initial mineralisation model has been interpreted from a limited data base (see diagram below). An initial shallow open pit target over the line of reef (~900 metres of Strike) has been identified. Underground targets are extensions south from the existing mine development (50 to 250 metres below surface) as well as beneath the existing workings (+ 300 metres).



Queen's Birthday Mineralisation Model

Wilsons Hill EL4499 (replaced with EL5527)

EL 4499 at Wilsons Hill has been replaced with EL5527. Total historic mine production of the Wilsons Hill Field recovered in excess of 34,000 ounces of gold. Results from previous RC and Diamond Drilling confirmed the presence of both near surface oxide mineralisation and deep primary reef structures. Oxide RC drilling returned significant intercepts including 6m @ 2.63g/t Au, 5m @ 2.02 g/t Au and 14m @ 1.73 g/t Au. Further infill drilling is required to increase confidence for an indicated open pit resource (<50m deep). Primary Reef structure along the Greys anticline "saddle reef" returned encouraging intercepts from 289 to 303m (See Figure). Further diamond drilling is required to assess potential for parallel reefs or repeat saddle structures below 250m.



3D Model of Greys Reef at Wilson Hill

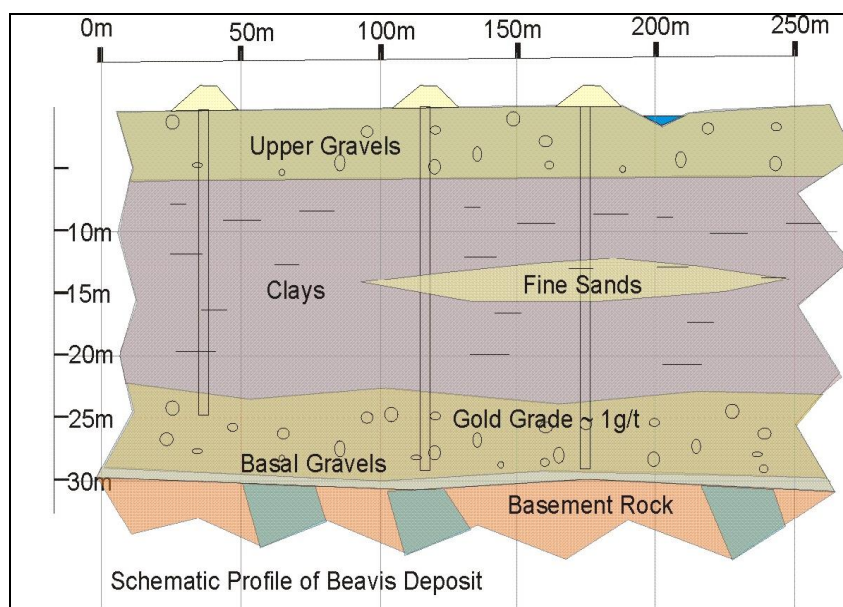
Avoca EL4936

The Avoca project covers the Percydale fault zone. This area has produced gold from numerous narrow vein deposits. The Company intends to complete soil sampling and mapping across the broader Avoca Exploration licence area in order to determine if there are prospective areas at which to target future drilling.

Research into the mining history has assisted in identifying several new drill targets and Work Plans have been progressed to allow for drilling. Further alluvial targets exist within the Exploration Licence and drilling to add to the existing Beavis resource is planned.

Beavis WA1395

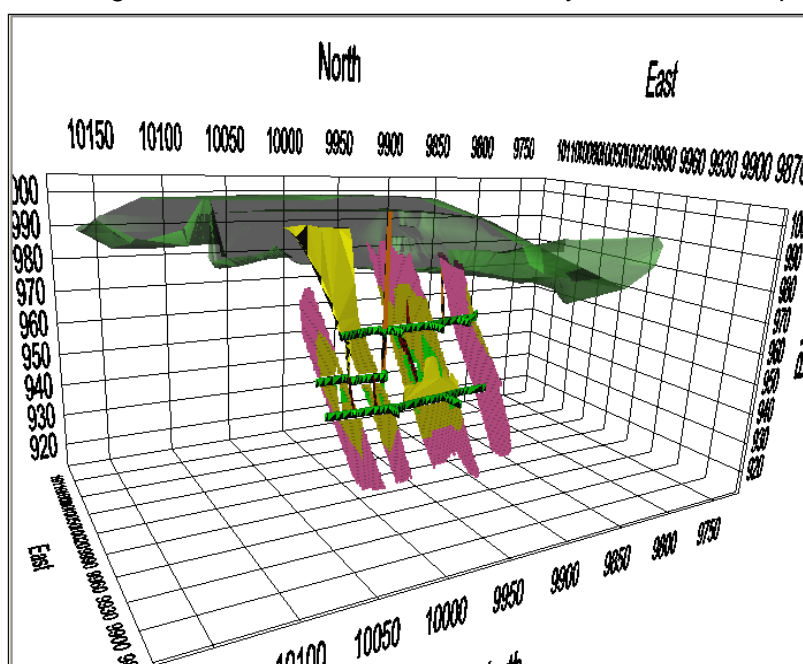
A large Tertiary aged alluvial channel deposit exists on the Company's wholly owned private land with white gravels, sands and clays in a deposit over a length of 1 Km, a depth of 30 metres and a width of several hundred metres. Drilling confirmed ~2 million cubic metres of high quality gravel and sand which contains an Inferred Resource of 33,700 ounces of Gold.



Fiddlers Creek MIN4023 and MIN4548

The company holds title to the Fiddlers Creek gold mine MIN 4023 and adjacent MIN 4548. In respect of Fiddlers Creek MIN 4023, a re-logging and re-assay program on old drill core, has revealed a significant down dip extension to the ore within the existing inferred resource area of the Mine. This study has produced a continuous mineralised zone within Fiddlers Creek Shear that extends for almost 200 metres from Slate Quarry Track and south of the adit. The model recognises the effects of later west-northwest trending cross faults to the present occurrences of hanging wall and footwall mineralised zones.

The deposit is being assessed to determine how it may best be developed.



3D Model of Fiddlers Creek Mine and Resource Blocks

As reported in the December 2013 Quarterly Report, GBM had gold processing plants at Inglewood and Fiddlers Creek. The plant at Fiddlers Creek had not been used in over six years and a decision was made to upgrade the Inglewood plant utilising significant elements of the Fiddlers Creek plant.

The last batches of ore mined in about 2005 were processed at Stawell and Maldon. Any future mining at Fiddlers Creek would use one of these plants. Work is now continuing to clean up and rehabilitate the processing plant site.



Fiddlers Creek Gold Processing Plant

Corporate

GBM is in the best financial position it has been since 30 June 2007, which was only two months after GBM raised \$4,000,000 and listed on the ASX. As at 31 December GBM had \$690,000 in the bank and is due to receive another \$1,582,800 from the Inglewood sale by 30 June 2015 as per the schedule on page 1 of this report.

The Company is actively pursuing gold projects to replace the Inglewood project and grow the Company.

GBM is pursuing a program of debt reduction. As at 31 December the Company had total liabilities of \$1,159,000 that includes the following loan facilities;

- (i) \$375,000 loaned from Sterlington Resources but contracted to be converted to shares in GBM [but not yet converted];
- (ii) \$200,000 loaned from United Bright Investments Pty Ltd which are yet to be converted to shares or repaid;
- (iii) \$126,000 loaned from Silver Bright Investments Pty Ltd which has been repaid during January 2015; and
- (iv) \$300,000 that has been loaned from Ephraim Resources Ltd for working capital purposes and has been repaid during January 2015

GBM will continue to focus on eliminating loans. Cash in the bank will support the planned cash outflows for the next quarter.

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Company Information

Directors

Eric Ng (Chairman)

John Harrison (Chief Executive Officer)

Paul Chan (Non-executive Director)

Linda Lau (Independent non-executive Director)

Andy Lai (Non-executive Director)

Andrew Chan (Non-Executive Director)

Company Secretary

Andrew Chan

Registered Office

2H Thistle St, Bendigo, Vic 3550

Telephone: 03 5445 2300

Facsimile: 03 5444 0036

Auditors

Moore Stephens

Level 10, 530 Collins St

MELBOURNE, VIC 3000

Share Registry

Computershare Investor Services Pty Ltd

Telephone: 1300 85 05 05

Stock Exchange Listing

Australian Stock Exchange Code: GBM

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

GBM Gold Ltd

ABN

59119956624

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12months) \$A'000
1.1	Receipts from product sales and related debtors	90	125
1.2	Payments for (a) exploration & evaluation	(76)	(150)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(226)	(459)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	(379)
	Net Operating Cash Flows	(212)	(862)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(138)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	2	2
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	2	(136)
1.13	Total operating and investing cash flows (carried forward)	(210)	(998)
1.13	Total operating and investing cash flows (brought forward)	(210)	(998)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	808
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (refer 1.25 below)	850	850
	Net financing cash flows	850	1,658
	Net increase (decrease) in cash held	640	660
1.20	Cash at beginning of quarter/year to date	50	30
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	690	690

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	50
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions 1.19 relates to proceeds received during the December quarter from Wilshire Asset Management S.A for part of the total sale proceeds of the Inglewood Gold Mining Company. (Refer to ASX announcement made on the 27 th November 2014 for further details).	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	1,011	1,011
3.2 Credit standby arrangements	-	-

Notes to financing facilities available - Loan facilities 3.1: Under 3.1 "Loan Facilities" included are the amounts of (i) \$375k loaned from Sterlington Resources to GBM Gold Ltd ('GBM') but contracted to be converted to shares in GBM [but not yet converted]; (ii) \$200k loaned from United Bright Investments Pty Ltd to GBM which are yet to be converted to shares or repaid and (iii) \$126k loaned from Silver Bright Investments Pty Ltd to GBM which has been repaid during January 2015 and (iv) \$300k that has been loaned from Ephraim Resources Ltd for working capital purposes of GBM and has been repaid during January 2015

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	400

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	690	50
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	690	50

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	832,784,944	832,784,944		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities (description)				

+ See chapter 19 for defined terms.

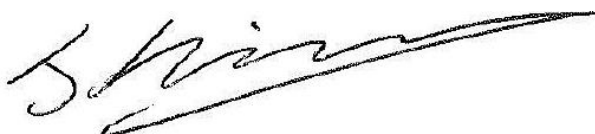
Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here:
(Director & CEO)

Date: 30 January 2015

Print name: John Harrison

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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