



27 April 2015

ASX Announcement

March 2015 Quarter

Report to Shareholders

GBM Gold Limited

ABN 59 119 956 624

ASX CODE: GBM

CORPORATE DETAILS:

Shareholders:

~674

Shares on Issue:

834,784,944

Options: Nil

Directors:

Eric JP Ng (Chairman)

John Harrison (CEO)

Paul Chan

Andy Lai

Linda Lau

Andrew Chan

Company Secretary:

Andrew Chan

CONTACT DETAILS:

Principal and Registered Office:

GBM Gold Ltd
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HIGHLIGHTS

- **Harvest Home (Dunolly) Open Pit project ready to mine**
 - ✓ Work plan to mine a 7,500 tonne bulk sample received government approval in late March
 - ✓ Contractors selected for mining and third party processing
 - ✓ Drilling contractor engagement for resource infill drilling
 - ✓ Work expected to commence early in the next quarter and be completed by the end of the quarter
 - ✓ Planning for expansion of the pit into a larger project is proceeding and will be refined with results from drilling and the bulk sample
- **A third tranche of \$550,000 received from the sale of the Inglewood Project. These tranches are providing GBM 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**

1. Mining and Exploration

GBM Gold Limited (ASX: GBM) ("GBM" or "the Company") is actively working towards developing mining projects in Central Victoria's proven gold mining areas (Figure 1).

Work during the March Quarter focused on:

- Finalising government approvals for the Harvest Home Open Pit Mine Project
- Engagement of Drilling, Blasting and Mining Contractors for mining a 7,500 tonne bulk sample at the project as a precursor to a larger mining operation
- Assessment of the Company's existing exploration tenements to determine their fit into the strategic direction being developed by the Company
- The search for prospective gold projects with near term production potential in the Central Victorian goldfields
- Examining transformational opportunities to add value to the Company

1.1 Goldsborough Corridor Gold Project (MIN 5510 and ELA 5528)

The Goldsborough Corridor Gold Project is located 10km northwest of Dunolly and 192 km from Melbourne via the Dunolly-Moliagul Road in Central Victoria (Figure 1).

The project lies in the western margin of the Bendigo – Ballarat Zone. The Avoca fault defines the western margin of this zone. The project is at the southern termination of the 24 km long Goldsborough–Wehla Shear Zone which is part of the Wedderburn-Ballararat line.

The Goldsborough–Wehla Shear Zone hosts mineralised quartz reefs which occur from Wehla in the north to Harvest Home in the south. The Queens Birthday Mine at Goldsborough (ELA 5528) and the mine at Stuart's Reef at Moliagul were significant producers of gold with over 100,000 ounces being mined from Queens Birthday.

The Goldsborough – Wehla Shear Zone is a major deep penetrating structure that has provided fluid pathways for large quantities of gold and quartz. The host rocks are Ordovician deep marine sediments composed of siltstone and shale with minor well sorted and rounded fine grained sandstones. These rocks have been deformed resulting in a moderate west dipping sequence containing north-northwest trending folds that plunge flatly (10°) either north or south.

Harvest Home (MIN 5510, 50% Joint Venture with Truelight Mining Pty Ltd)

During the quarter the Company completed all necessary government approvals to mine the 7,500t bulk sample pit (Figure 2) and engaged drilling, blasting and mining contractors.

A broad zone of gold mineralisation trends north-northwest through Min 5510 being approximately 3.5 km long and up to 0.4 km wide (Fig 3). Moran's Luck, Harvest Home, Mother O' Gold and Appleton's Gold mines have produced in excess of 60,000 oz. (1,860kg) of gold between them (Whitehouse and Watts 2009). A number of discrete smaller prospects are also contained within the tenement. The historical mine workings reached depths of up to 122m.

The economic potential of the Harvest Home prospect was identified by BHP Gold in the 1980's in JV with Bendigo Mining on EL 1191. BHP Gold performed extensive trenching, sampling and drilling before relinquishing the JV.

In the 1990's Highlake Resources N.L. performed a substantial RC program over the Harvest Home area and the Moran's Luck and Appleton's targets.

In the 2000's several resource calculations were undertaken by Highlake's associates and also by Ballarat Goldfields. Whitehouse reviewed the data in 2009 and conducted basic analyses and concluded that a JORC compliant Inferred resource of 1,040,000 tonnes at 2.4 g/t exists (Whitehouse and Watts 2009).

The results from the exploration undertaken to date demonstrates that there is scope for open-pit mining development within the licence. The first stage of development is a bulk-sampling program that includes the excavation of a shallow test pit, where a near surface positive gold anomaly has been identified at the Harvest Home prospect. The bulk sampling program is a step in the development of a planned larger scale open pit mine development.

Drilling work carried out on the prospect has included 12,470 metres of RC holes over a total strike length of 3,200 metres. The drillhole depths varied from 17 to 240 metres. The drill holes on the closer spaced drill sections of <50 metres has identified that the Harvest Home prospect consists of a

multiple veined system over widths of 100m. Some of the drilling is widely spaced, therefore it is planned to undertake infill drilling. A shallow Infill Reverse Circulation ("RC") exploration drilling program consisting of 4 RC holes, totalling 420 m will test the near surface target area. Following completion of the drilling and bulk sampling programs a resource estimate will be completed to define the extent of open pit mining potential.

Queens Birthday (ELA 5528)

This area is adjacent to and immediately to the north of Harvest Home. It also part of the Goldsbrough – Wehla Shear Zone. It contains the Queen's Birthday mine that historically yielded about 100,000 ounces of primary gold mineralisation and has the potential to expand the resources found on the Harvest Home tenement.

The Company is in the final stages of the approvals process for the granting of this Exploration Licence.

Wilson Hill (ELA 5527)

This area lies along structural and stratigraphic strike that parallels those of Bendigo Goldfield. The basement rocks form part of Ballarat-Bendigo Zone and has folding that is similar to those hosting gold mineralisation at Bendigo Goldfield. Western Mining Corporation (WMC) in 1990 reported that the development of quartz reef is structurally controlled.

WMC located 5 main parallel structures trending 340° that are spaced 50 - 100 m apart. The Albion structure was considered the central structure that was flanked to the east by the Grays anticline and to the west by the Wilson anticline. Saddle reef mineralisation was reported to occur within each structure with an east dipping fault occurring to the east of Grays anticline.

The Company is in the final stages of the approvals process for the granting of this Exploration Licence.

Fiddlers Creek (MIN 4023 & MIN 4548)

During the quarter the Company continued the rehabilitation of the processing plant site. The major parts of the processing plant were transferred to the Inglewood mine in 2013. The remainder of the plant is being progressively sold and the site rehabilitated. Ore from any future mining at this site will be processed in a third party plant.

At Fiddlers Creek there is an abundance of known workings associated with the Percydale Fault Zone. This is a sheared altered zone of higher deformation with numerous internal structures of up to 0.5 km wide. The geology in the area show regular northwest striking west dipping fault zones. Gold mineralisation has been associated with many of these structures. The current exploration strategy is directed towards known mineralization trends in the vicinity of Fiddlers Creek and Perseverance mines particularly near areas of historical workings. Fiddlers Creek has an indicated and inferred resource of approximately 40,000 tonnes with a grade range of 5 to 10 g/t Au with 10,000 tonnes in "Measured" and "Indicated" category (Whitehouse (2005)).

Avoca and Beavis (EL 4936 and WA 1395)

During the quarter the Company focused on the Beavis project. Discussions are ongoing with contractors to mine the surface gravels at the site in accordance with the approved work plan.

At Beavis, GBM has outlined a clean quartz gravel and sand resource in excess of 2.2 million cubic metres by 33 Aircore and Reverse Circulation Drillholes. Contained within the gravel resource is an Inferred gold resource of 33,000 Ounces of gold (Cahill 2011). Underlying the gravel deposit is ~1-2 metres of kaolin clay which shows good purity from initial observation and testing. The Industrial Mineral products within the deposit are predominantly high quality quartz. The gravels have been tested and are 99.6% pure SiO₂ with minor iron as the main impurity.

2.0 Activities Planned for the March Quarter

Harvest Home:

- Mine 7,500 tonne bulk sample.
- Reconcile gold produced with that predicted from drilling and modelling.
- Map the geological structures in the pit.
- Update geological model with the results.
- Develop mine plan based on the results.
- Commence approvals process for the larger project.

Queens Birthday:

- Complete approvals process for grant of Exploration Licence.

Wilson Hill:

- Complete approvals process for grant of Exploration Licence.

Fiddlers Creek:

- Finalise rehabilitation of the processing plant site.

Avoca / Beavis:

- Continue discussions with contractors to mine the surface gravels at the Beavis site in accordance with the approved work plan.

3.0 Corporate

The Company continues to pursue transformational opportunities to add value to the Company. There have been discussions with a number of parties but they remain incomplete.

The cash balance at 31 March was \$223,000, (\$690,000 as at 31 December 2014). GBM is scheduled to receive another \$1,032,800 from the Inglewood sale by 30 June 2015.

As at 31 March 2015 the Company had loans of \$375,000, (\$1,159,000 as at 31 December 2014). This is a \$375,000 loan from Sterlington Resources but contracted to be converted to shares in GBM. The following changes in loan facilities occurred during the quarter:

- (i) \$126,000 loaned from Silver Bright Investments Pty Ltd was repaid during January 2015;
- (ii) \$300,000 loaned from Ephraim Resources Ltd for working capital purposes was repaid during January 2015;
- (iii) \$200,000 loaned from United Bright Investments Pty Ltd was repaid during March 2015; and

- (iv) \$31,500 loaned by Paul Chan to back environmental bonds was repaid during March 2015.

Cash in the bank, revenue from gold sales and proceeds from the Inglewood sale will support the planned cash outflows for the next quarter.

4.0 Company Mineral Tenement Portfolio

The mineral tenement portfolio of the GBM Gold Group as at 31 March 2015 is:

Name	Tenement	Tenure Type	Status	GBM Group Interest
Goldsborough Corridor Project (north east of Dunolly, Victoria)				
Harvest Home	MIN 5510	Mining Licence	Granted	50%*
Queens Birthday	ELA 5528	Exploration Licence	Pending	0%
Wilson Hill Project (west of Bendigo, Victoria)				
Wilson Hill	ELA 5527	Exploration Licence	Pending	0%
Fiddlers Creek Project (south east of Avoca, Victoria)				
Fiddlers Creek	MIN 4023	Mining Licence	Granted	100%
Percydale	MIN 4548	Mining Licence	Granted	100%
Avoca Project (south east of Avoca, Victoria)				
Avoca	EL 4936	Exploration Licence	Granted	100%
Beavis	WA 1395	Work Authority	Granted	100%

*Joint Venture with Truelight Mining Pty Ltd

The Company's beneficial interests in any joint venture agreements did not change during the quarter.

END

About GBM Gold Ltd (ASX: GBM)

GBM Gold is a gold focused mining and exploration company with mining and exploration assets located in underexplored areas of one of Australia's most significant gold producing regions; the Central Victorian Goldfields.

The Company is targeting low cost open pit gold projects to develop a long term sustainable mining operation in Central Victoria and to fund the Company's growth through the discovery and development of major gold deposits.

For more information please visit the Company website: www.gbmgold.com.au

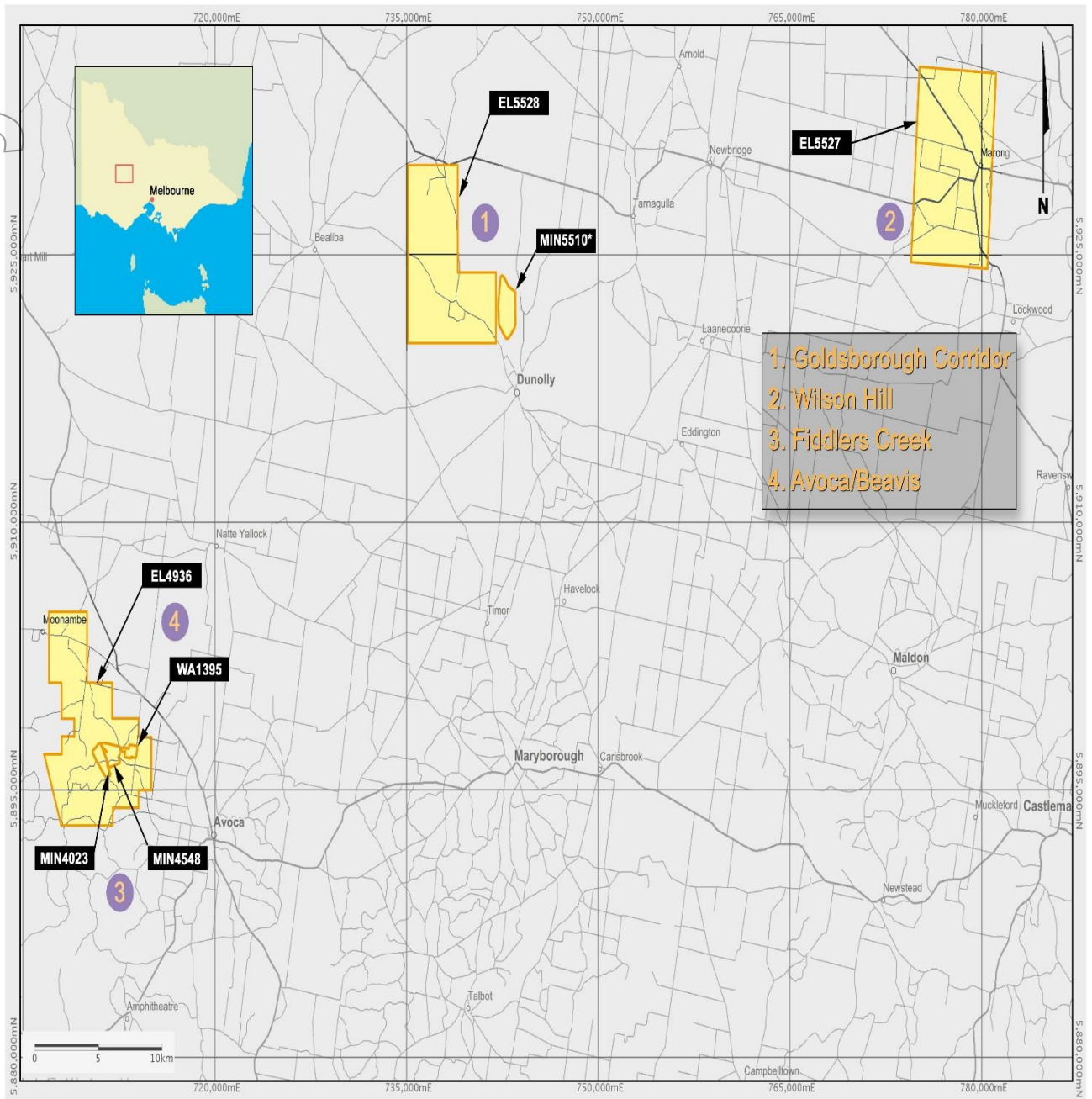


Figure 1: GBM Gold Projects

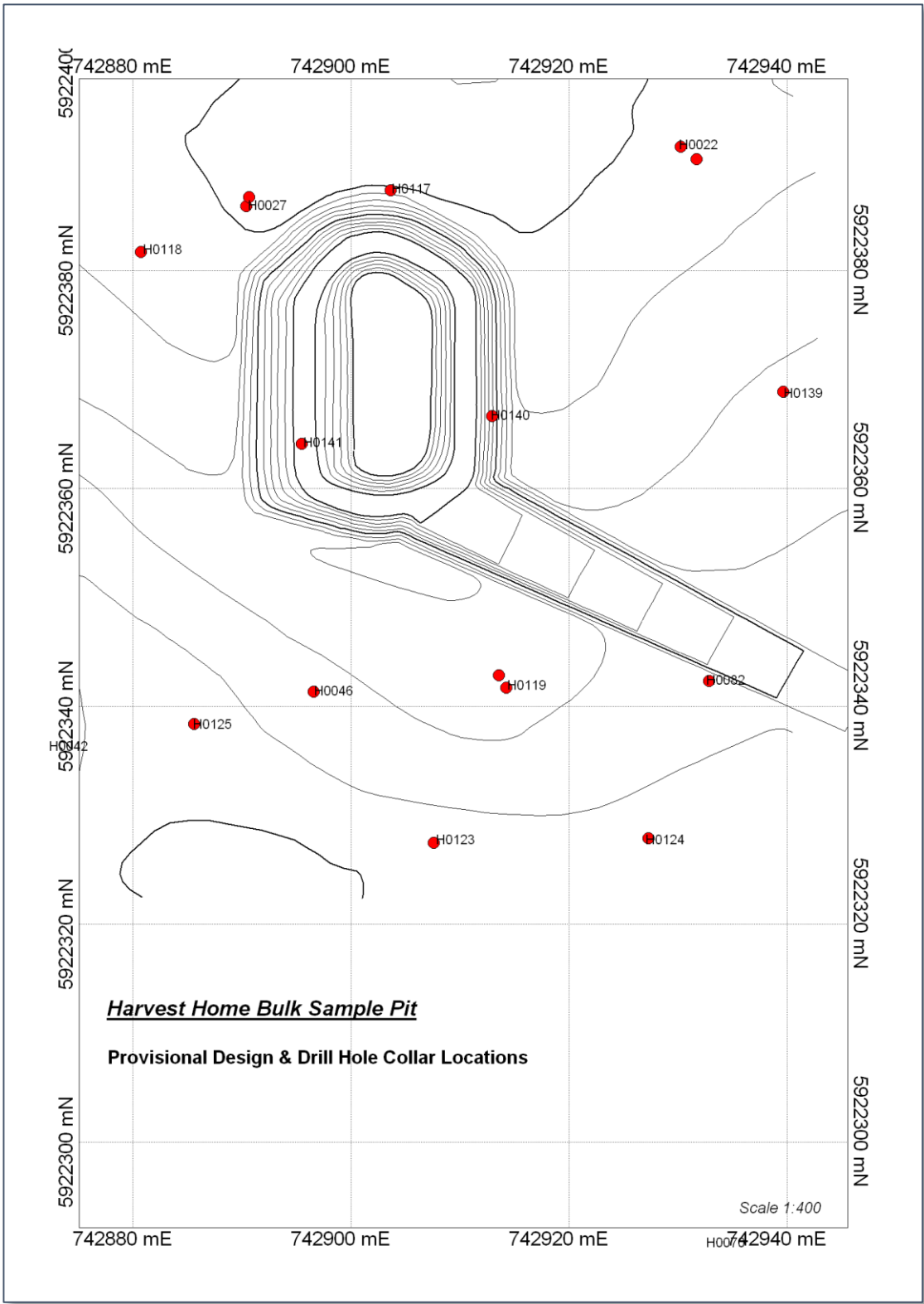


Figure 2: Harvest Home Mine Plan

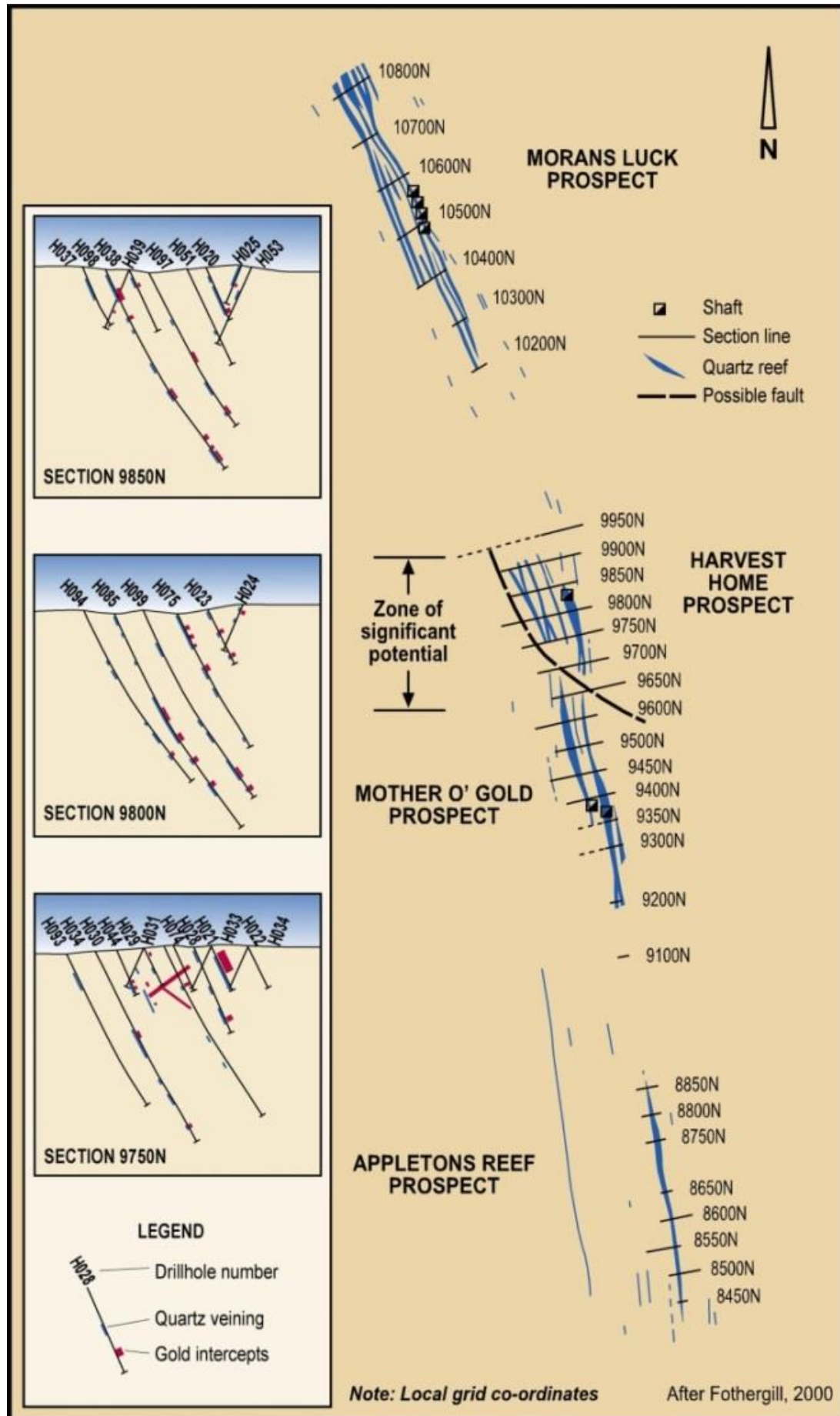


Figure 3: Harvest Home Deposit

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 March 2015

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	-	125
1.2	Payments for (a) exploration & evaluation	(81)	(231)
	(b) development	-	-
	(c) production	(138)	(597)
	(d) administration	-	-
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	2
1.5	Interest and other costs of finance paid	(109)	(109)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	(379)
	Net Operating Cash Flows	(327)	(1,189)

Cash flows related to investing activities

1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	(23)	(161)
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	2
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(23)	(159)
1.13	Total operating and investing cash flows (carried forward)	(350)	(1,348)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(350)	(1,348)
	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	(667)	(667)
1.18	Dividends paid	-	-
1.19	Other (refer 1.25 below)	550	1,400
	Net financing cash flows	(117)	1,541
	Net increase (decrease) in cash held	(467)	193
1.20	Cash at beginning of quarter/year to date	690	30
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	223	223

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	57
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.17 Relates to loan repayments of \$300,000 to Ephraim Resources, \$200,000 to United Bright Investments, \$126,239 to Silver Bright Investments, \$31,500 to P Chan and \$9,987 to A Lai.
 1.19 Relates to proceeds received during the March 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 3rd March 2015 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

Issue of 2,000,000 shares as settlement of a dispute with a former contractor (Refer to ASX announcement made on the 9th February 2015 for further details).

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

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	375	375
3.2 Credit standby arrangements	-	-

Notes to financing facilities available - Loan facilities 3.1: \$375k loaned from Sterlington Resources to GBM Gold Ltd ('GBM') but contracted to be converted to shares in GBM [but not yet converted].

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	350

*Planned expenditure will be funded by existing cash reserves, gold sales and proceeds from the sale of Inglewood Gold Mining Company.

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	223	690
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	223	690

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				

+ See chapter 19 for defined terms.

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	834,784,944	834,784,944		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,000,000	2,000,000		
7.5	+Convertible debt securities (description)				
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)				

+ See chapter 19 for defined terms.

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 ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:
(Director & CEO)

Date: 27 April 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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+ See chapter 19 for defined terms.