



GBM Gold Ltd

23 July 2015

June 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
2H Thistle Street
Bendigo VIC 3550

Telephone

+61 3 5445 2300

Email

admin@gbmgold.com.au

Website

www.gbmgold.com.au

HIGHLIGHTS

ASX Announcement

- **Harvest Home (Dunolly) Bulk Sample Pit Excavation was completed: It has;**

- ✓ Refined the understanding of geological structural controls
- ✓ Given a clearer understanding of the mineralisation
- ✓ Testing the 'predictability' of ore zones from current sample density
- ✓ Evaluated metallurgical recovery, and
- ✓ Gauged the viability of a larger scale open pit mine development

Work is now focussed on:

- ✓ Transporting ore to Maldon early in the next quarter with processing to be completed by the end of the quarter
- ✓ Planning for expansion of the pit into a larger project

- **Two tranches totalling \$1,032,800 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 June Quarter focused on:

- Excavation of the Harvest Home Bulk Sample Pit
- Detailed geological mapping of the pit
- 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 Goldsbrough Corridor Gold Project (MIN 5510 and EL 5528)

The Goldsbrough 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 Goldsbrough–Wehla Shear Zone which is part of the Wedderburn-Ballararat line.

The Goldsbrough–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 Goldsbrough (EL 5528) and the mine at Stuart's Reef at Moliagul were significant historical producers of gold with over 100,000 ounces being mined from Queens Birthday.

The Goldsbrough – 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 at a shallow angle (10°) either north or south.

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

MIN 5510 is located approximately 5 kilometres north-west of Dunolly, Victoria. It has an area of 316 hectares and covers the historic "Harvest Home Goldfield".

A curvilinear zone of gold mineralisation trends north-northwest through the tenement and includes the Mother o' Gold, Appletons, Harvest Home and Morans Luck prospects (Figure 2). This zone is approximately 3.5 km long and up to 0.4 km wide. Historic production is in excess of 60,000 oz (1,860kg) of gold over a number of episodes of activity. The historical mine workings reached depths of up to 122m.

The economic potential of the Harvest Home prospect was evaluated by BHP Gold in the 1980's in conjunction 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. undertook 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 concluded that a JORC compliant Inferred resource of ~1,000,000 tonnes at 2.4 g/t exists (Whitehouse and Watts 2009).

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 drill-hole depths varied from 17 to 240 metres. The drill holes on the closer spaced drill sections of < 50 metres has proven 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. All drilling was perpendicular to the dominant strike of the mineralisation and drilled at -60° to either the east or west. Scissor sections were made in a number of instances. Samples were composited on 1 or 2 metre intervals and assayed for gold using 50g fire assay (ppm). Following the completion of drilling, zones of interest were re-assayed using BLEG method (ppm) with fire assay on tail.

Harvest Home drillhole data, (as collated by G.K. Whitehouse, Fiddlers Creek Gold Mining Company Pty Ltd), was analysed for gold grade distribution by statistical methods. Interpretation of the results suggested two main mineralised structures; west dipping quartz veins forming the “walls” of a shear zone with dominant steeply north plunging low grade shoots (that may be controlled by lithology type) and a series of anastomosing “spur” structures that are proximal to the wall structures. Tenor of grade was speculated to be higher in the spur structures with best grade on the lineation between the spurs and the west dipping quartz veins (Figure 3).

Modeling (Figure 3) suggested this lineation plunges moderately to the north, oblique to the strike of the wall structures. Tension gash arrays of no particular value were expected to extend between wall structures. Development of quartz veining on the walls of the shear zone was predicted to step between walls en-echelon and relate directly to the value and extent of the spur development. Hence, at prospect scale, grade continuity along strike at any given horizon may be variable but at mine scale may be continuous. One or more cross-course faults of unknown displacement were modelled as dissecting the ore-body.

The results from the exploration undertaken prior to GBM Ltd interest in the tenement (under joint venture arrangement with Truelight Pty Ltd) suggested potential for open-pit mining development. A commitment was made to undertake a small bulk-sampling program by means of a shallow test pit at the Harvest Home prospect (Figures 4 – 7).

Objectives of the bulk sampling program were to refine understanding of structural controls on mineralisation, evaluation of metallurgical recovery, testing ‘predictability’ of ore zones from current sample density and to gauge the viability of a larger scale open pit mine development and understanding of the mineralisation.

Four additional RC holes were completed commensurate with preliminary earth-works for the bulk sample pit excavation. There were no significant results from these holes

Hole	Easting	Northing	RL	Azi	Dip	Depth
H0157	742752	5922488	250	083	-60	63
H0158	742779	5922494	249	083	-60	69
H0159	742823	5922501	246	083	-60	60
H0160	742894	5922513	250	083	-60	60

Datum AGD94 Zone 54

Excavation of the Harvest Home Bulk Sample pit was completed on 19th June, 2015. The completed pit is 34.4m long x 25.9m wide for a total void of 8,520m³ (survey volume). Other key statistics are:

Survey Waste = 8,540m³

Survey Ore = 1,445m³

Calculated Swell = 1.17

Reconciled Ore = 1,448m³ (2,707t @ 1.87t/m³ loose)

Reconciled Waste = 8,540m³ (15,970t @ 1.87t/m³ loose)

Reconciled Swell = 1.28

Calculated Strip-Ratio 5.9:1 (design 2.5:1)

Trucking of ore to Maldon commenced on 29th of June and processing will be completed by end of July.

During the mining process, the following protocol was followed (see figure 7):

- Sampling on 3m composites of every blast hole and production of detailed flitch plans from assay results.
- Excavation on 2.5m flitches under direction of a 'spotter'. Deviations from flitch plan as dictated by "spotter" were noted on the flitch plan.
- Detailed survey pickup of original natural surface and completed void to allow calculation of accurate volumes.
- Careful recording of structural measurements and lithology.
- Regular face sampling and mapping.

Full reconciliation will be completed in the next reporting period and the Harvest Home geological model refined in accordance with findings of the detailed reconciliation analysis. A proposal for continued exploration and mining will be made co-incident with release of the updated model.

Queens Birthday (EL 5528)

This area is adjacent to and immediately to the west 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.

Wilson Hill (EL 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.

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 15,000 tonnes at a grade of 6 g/t with 6,000 tonnes at 6 g/t 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 September Quarter

Harvest Home:

- Process Harvest Home bulk sample.
- Reconcile gold produced with that predicted from drilling and modelling.
- Evaluate 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:

- Commence implementation of Year 1 exploration plan.

Wilson Hill:

- Commence implementation of Year 1 exploration plan.

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 30 June was \$873,000, (\$223,000 as at 31 March 2015). GBM received a further \$1,032,800 from the Inglewood sale during the quarter. This completes the sale of the Inglewood Project to Wilshire Asset Management.

As at 30 June the only outstanding loan was a \$375,000 loan from Sterlington Resources which is contracted to be converted to shares in GBM.

Cash in the bank and revenue from gold sales 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 30 June 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	EL 5528	Exploration Licence	Granted	100%
Wilson Hill Project (west of Bendigo, Victoria)				
Wilson Hill	EL 5527	Exploration Licence	Granted	100%
Fiddlers Creek Project (south east of Avoca, Victoria)				
Fiddlers Creek	MIN 4023	Mining Licence	Pending Renewal	100%
Percydale	MIN 4548	Mining Licence	Pending Renewal	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

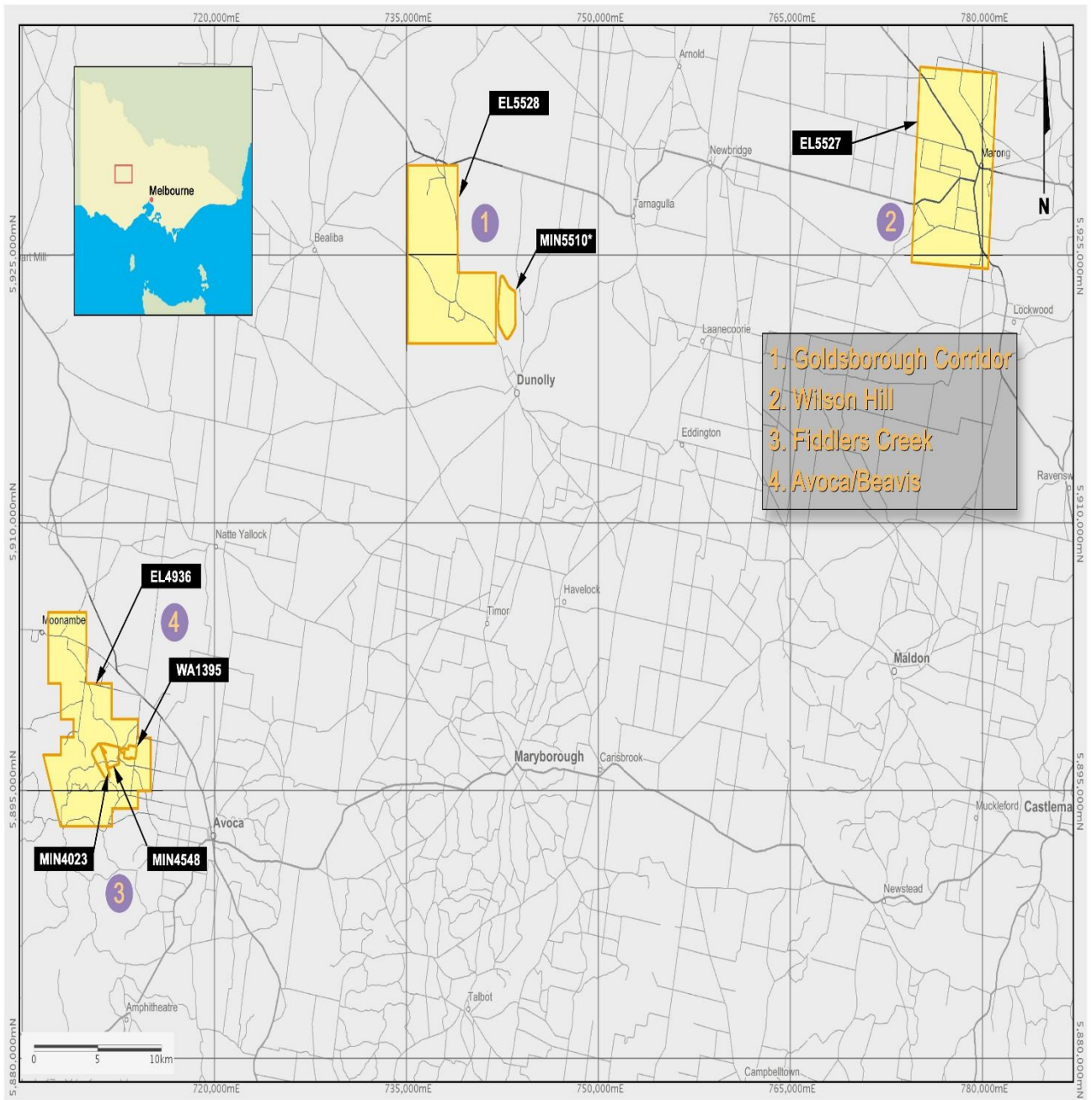


Figure 1: GBM Gold Projects

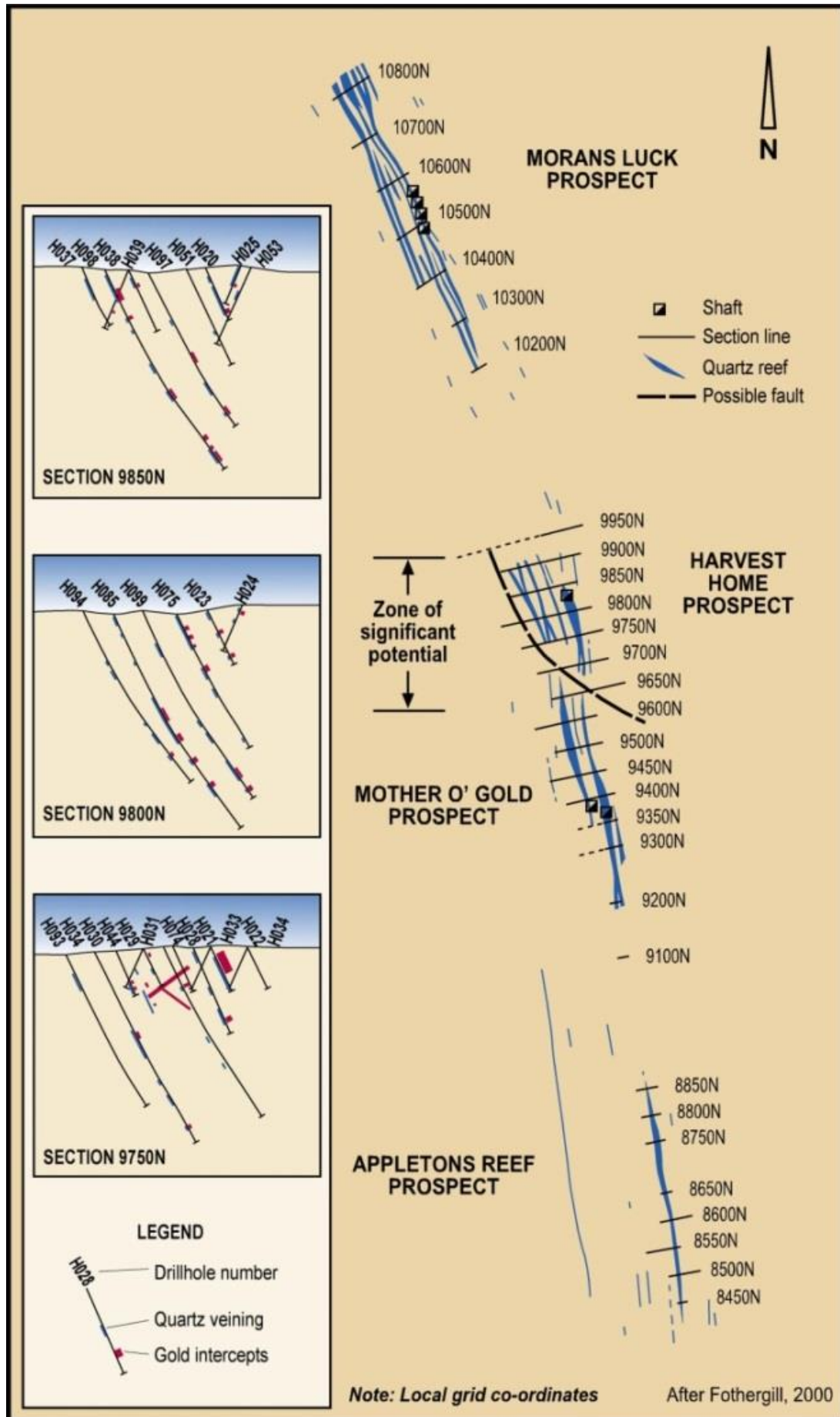


Figure 2: Harvest Home Deposit

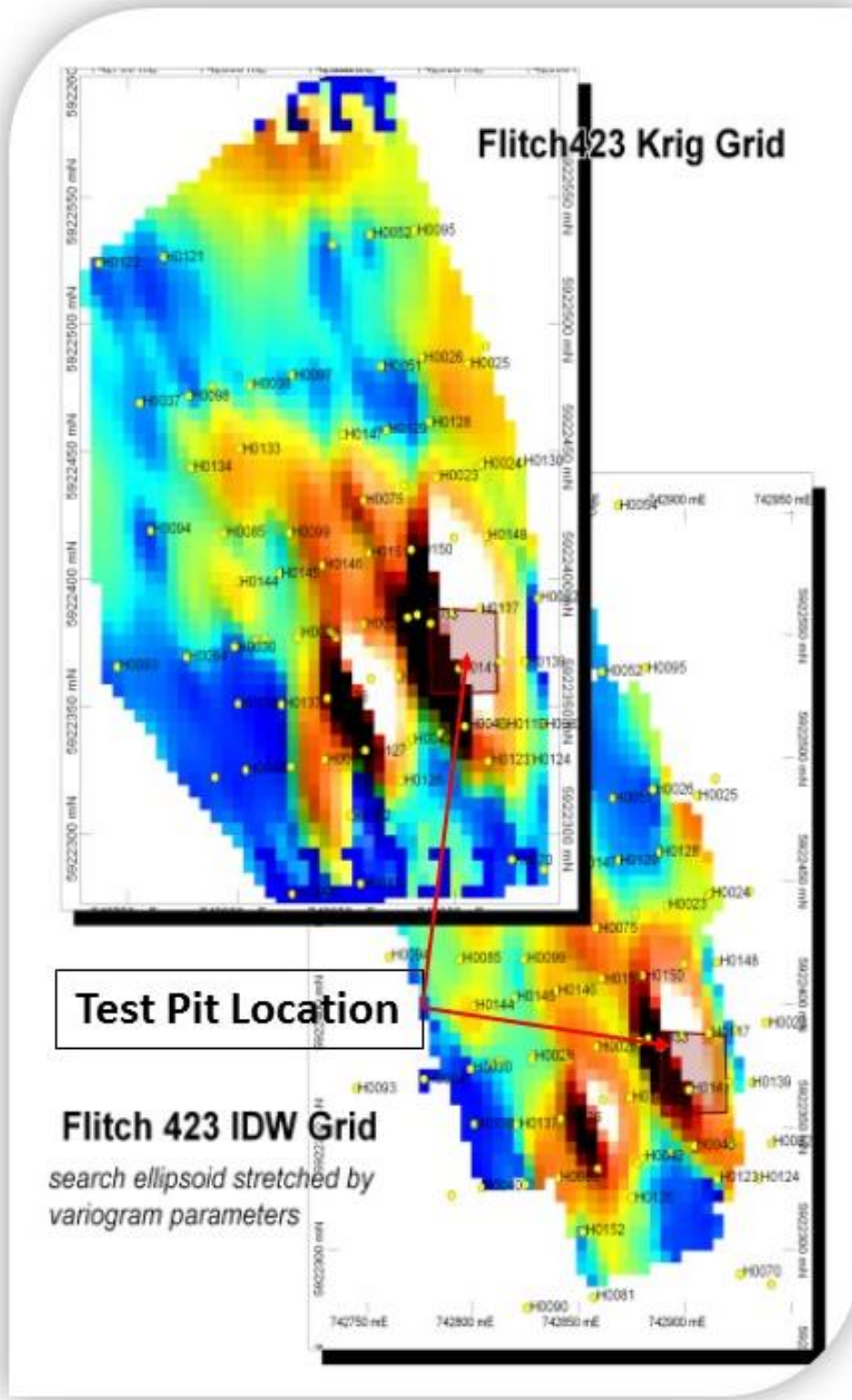


Figure 3: Interpretation of Mineralised Structures



Figure 4: Test pit looking West



Figure 5: Test pit looking North West

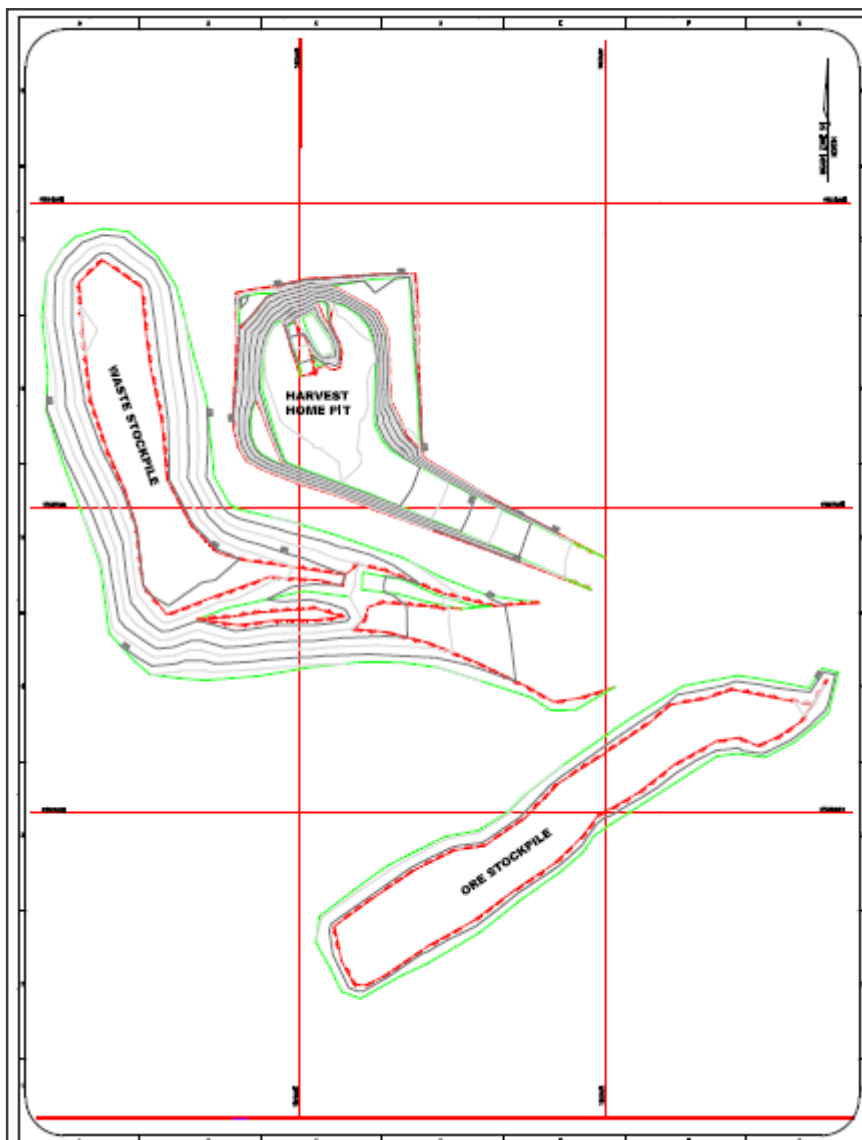


Figure 6: Bulk Sample Pit

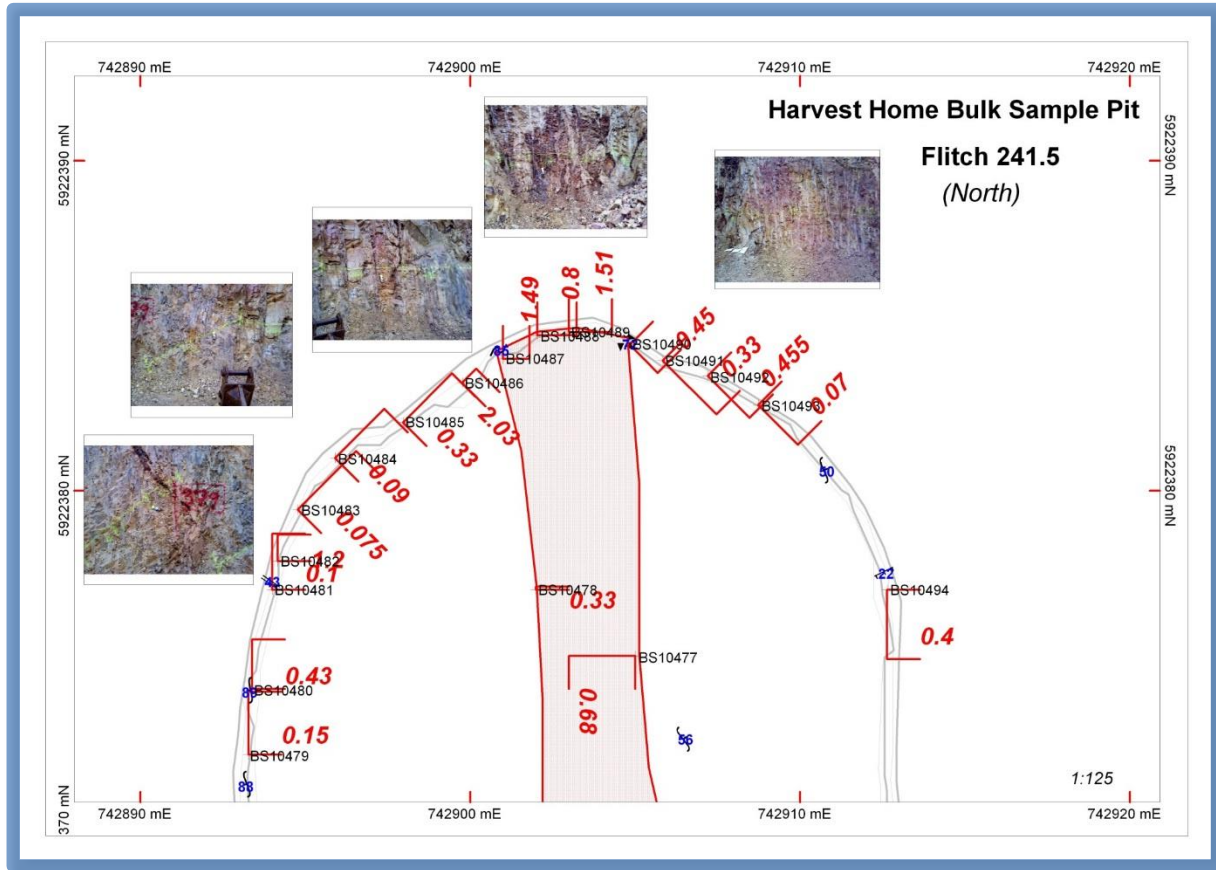


Figure 7: Sampling Protocol

Competent Person Declaration

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Keith Whitehouse, who is a Member of The Australasian Institute of Mining and Metallurgy and a Chartered Professional in Geology. Mr Whitehouse has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Whitehouse consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

Disclosure

Mr Whitehouse is a Director of Fiddlers Creek Gold Mining Company Pty Ltd (FCGMC). The Mining Lease Min 5510 on which the Harvest Home deposit is located has been sold by FCGMC to GBM’s joint venture partners in the Goldsbrough Gold Corridor Project, Truelight Mining Pty Ltd, a company associated with Mr Paul Chan who is a Director of GBM Gold Ltd. As required by the sale agreement application has been made to the Minister for Resources in Victoria for the Licence to be transferred. FCGMC were former owners of MIN 4023 and Min 4548, which form part of the Fiddlers Creek Project.

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")

30 June 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	(219)	(450)
(b) development	-	-
(c) production	-	-
(d) administration	(135)	(732)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	5
1.5 Interest and other costs of finance paid	-	(109)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	(379)
Net Operating Cash Flows	(351)	(1,540)

Cash flows related to investing activities

1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(32)	(193)
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	(32)	(191)
1.13 Total operating and investing cash flows (carried forward)	(383)	(1,731)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(383)	(1,731)
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)
1.18	Dividends paid	-	-
1.19	Other (refer 1.25 below)	1,033	1,400
	Net financing cash flows	1,033	1,541
	Net increase (decrease) in cash held	650	843
1.20	Cash at beginning of quarter/year to date	223	30
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	873	873

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

1.19 relates to proceeds received during the June quarter from Wilshire Asset Management S.A for the third tranche and the final tranche of the sale proceeds of the Inglewood Gold Mining Company. (Refer to ASX announcement made on the 27th 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

--

- 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

--

+ See chapter 19 for defined terms.

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	873	223
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	873	223

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	EL5527	New exploration licence	0%	100%
	EL5528	New exploration licence	0%	100%

+ 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 <i>(description)</i>				
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				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>			<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 <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ 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: 23 July 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.

====

+ See chapter 19 for defined terms.