



28 October 2015

ASX Announcement

September 2015

Quarterly 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

Binding Asset Sale Agreement entered into for the purchase of Unity Mining Limited's Kangaroo Flat gold plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area.

- \$100,000 signing fee paid to Unity Mining Limited;
- Deferred bond payments of \$5.63 million over a three year period to repay cash provided by UML to GBM, to meet the rehabilitation obligations at Bendigo;
- Acquisition is conditional on GBM shareholder approval and government and regulatory approvals;
- Foreign Investment Review Board has confirmed that it has no objection to the acquisition;
- GBM has agreed to issue 200,000,000 shares at a price of \$0.01 per share to sophisticated investors to raise \$2,000,000 to provide additional funding; and
- The Bendigo Goldfield is Australia's second richest historical goldfield after Kalgoorlie's Golden Mile having produced approximately 22 million ounces of gold.

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 September Quarter focused on:

- Completion of contract negotiations for the purchase of the Bendigo Gold Project
- Geological assessment of the Harvest Home Bulk Sample Pit.
- Rehabilitation of the Fiddlers Creek mine site
- 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 the geological assessment of the bulk sample pit. The results are that two styles of mineralisation have been identified, a shear zone and an indicator zone. (Figure 3). Exploration and mining plans are being adjusted to identify the different geology types and design mining programs to accommodate the differing geology.

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. These areas are being re-evaluated based on the results of the new geological interpretation.

Queens Birthday (ELA 5528)

This area is adjacent to and immediately to the north of Harvest Home. It also part of the Goldsborough – 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 (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.

Fiddlers Creek (MIN 4023 & MIN 4548)

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 December Quarter

Bendigo

- Shareholder vote on the purchase at the AGM.
- Drill testing coarse and fine sand dams at Kangaroo Flat.
- Finalising tenement transfers.
- Completion of the contract.

Harvest Home:

- Exploration work plan completion.
- Mining work plan completion.
- Progress approvals process for the larger project.

Queens Birthday:

- Implementation of Year 1 exploration plan.

Wilson Hill:

- Implementation of Year 1 exploration plan.

Fiddlers Creek:

- Await approval of exploration licence.

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

GBM Gold Limited has reached agreement with Unity Mining Limited (**ASX: UML**) to purchase the Bendigo Gold Project.

The key terms of the Asset Sale Agreement signed between the parties are as follows:

- **\$100,000** in cash (non-refundable except in certain limited circumstances) signing fee paid to Unity;
- On Completion (to be prior to 31 October 2015) – GBM to pay Unity **\$1,000,000** in cash, and Unity to assign to GBM the funds held to meet rehabilitation obligations at Bendigo (\$5.63 million). GBM will also assume responsibility for any liabilities relating to the Bendigo project on and from completion;
- On the first anniversary of completion – GBM to pay Unity **\$1,000,000** in cash;
- On the second anniversary of completion – GBM to pay Unity **\$1,800,000** in cash; and
- On the third anniversary of completion – GBM to pay Unity **\$1,830,000** in cash.

In addition, the parties have agreed that, should GBM sell or otherwise realise value from certain assets, Unity is entitled to a share of the payments received, with any such payments being used to accelerate, but not to increase, the deferred payments.

GBM's obligations to pay the deferred payments will be secured by a first-ranking security interest granted in favour of Unity over certain assets acquired under the Asset Sale Agreement.

The transaction is expected to complete by 31 October 2015, subject to satisfaction or waiver of the following conditions on or before that time:

- GBM shareholders approving the acquisition, as required by ASX;
- Victorian Government Ministerial approval to the transfer and registration of the Bendigo Tenements to GBM; and
- Release of existing environmental bonds by Unity and acceptance of the replacement environmental bonds from GBM by the Victorian Department of Economic Development, Jobs, Transport & Resources.

GBM has also agreed to issue 200,000,000 shares at an issue price of \$0.01 per share to sophisticated investors via a private placement to raise \$2,000,000. The funds raised will be used to make the payment due on completion and to provide additional working capital to the Company.

4.0 Company Mineral Tenement Portfolio

The mineral tenement portfolio of the GBM Gold Group as at 30 September 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	Granted	100%
Wilson Hill Project (west of Bendigo, Victoria)				
Wilson Hill	ELA 5527	Exploration Licence	Granted	100%
Fiddlers Creek Project (south east of Avoca, Victoria)				
Fiddlers Creek	MIN 4023	Mining Licence	Surrendered	0%
Percydale	MIN 4548	Mining Licence	Surrendered	0%
Fiddlers Creek	EL006155	Exploration Licence	Pending	0%
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 that host the Bendigo (~22 million ounce) and Ballarat (~12 million ounce) gold deposits.

The Company is targeting low cost projects to develop long term sustainable mining to fund the Company's growth. Recent work has centred on the Harvest Home deposit located north-east of Dunolly in the Golden Triangle area of Central Victoria. GBM has a 50% equity interest in Harvest Home and recently completed a bulk sample from this project producing a 107 ounce gold dore bar. Harvest Home and the adjacent Queen's Birthday will continue to be developed in parallel with the company's development of the Bendigo Goldfield, Australia's second largest goldfield.

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

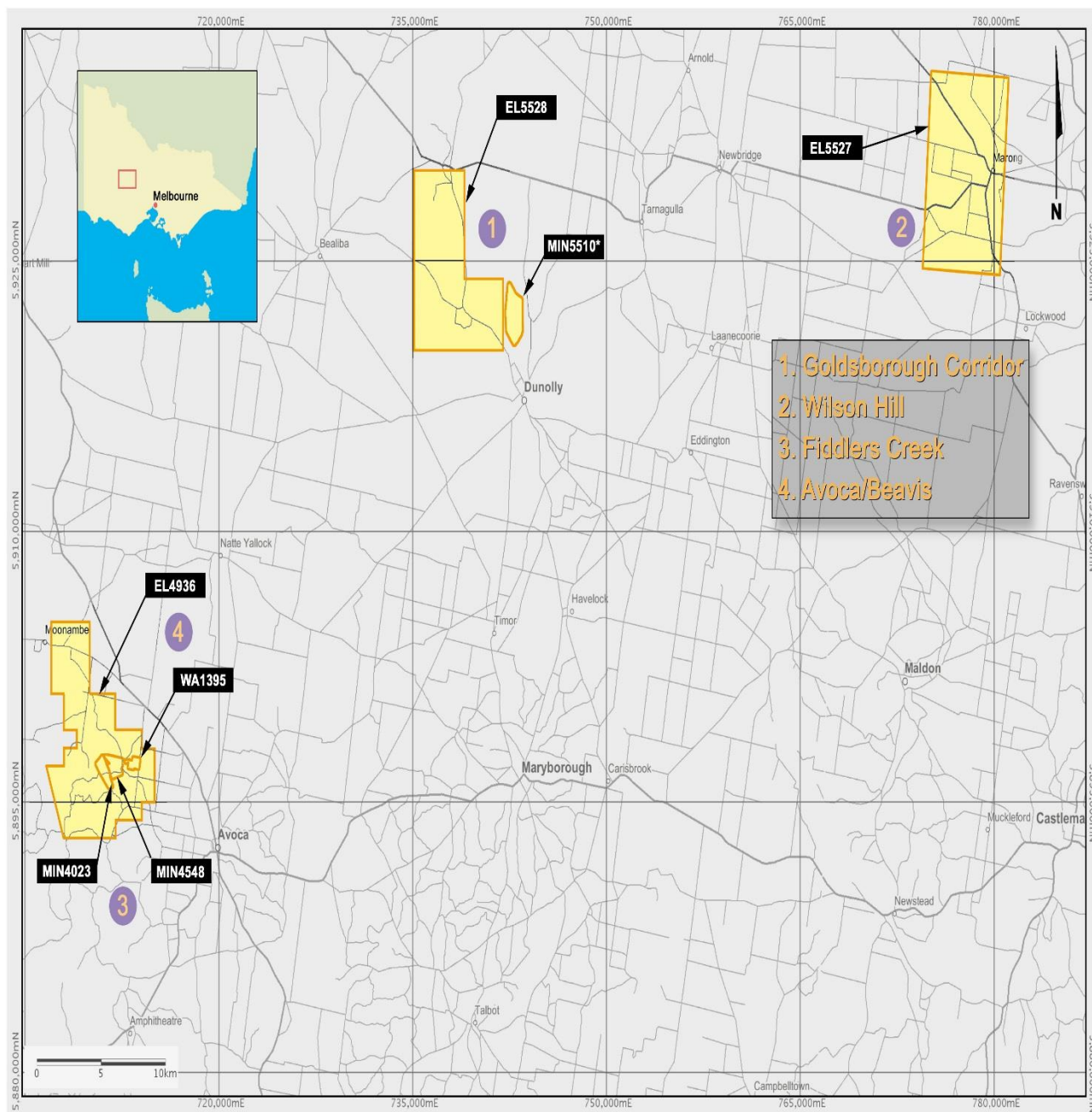


Figure 1: GBM Gold Projects

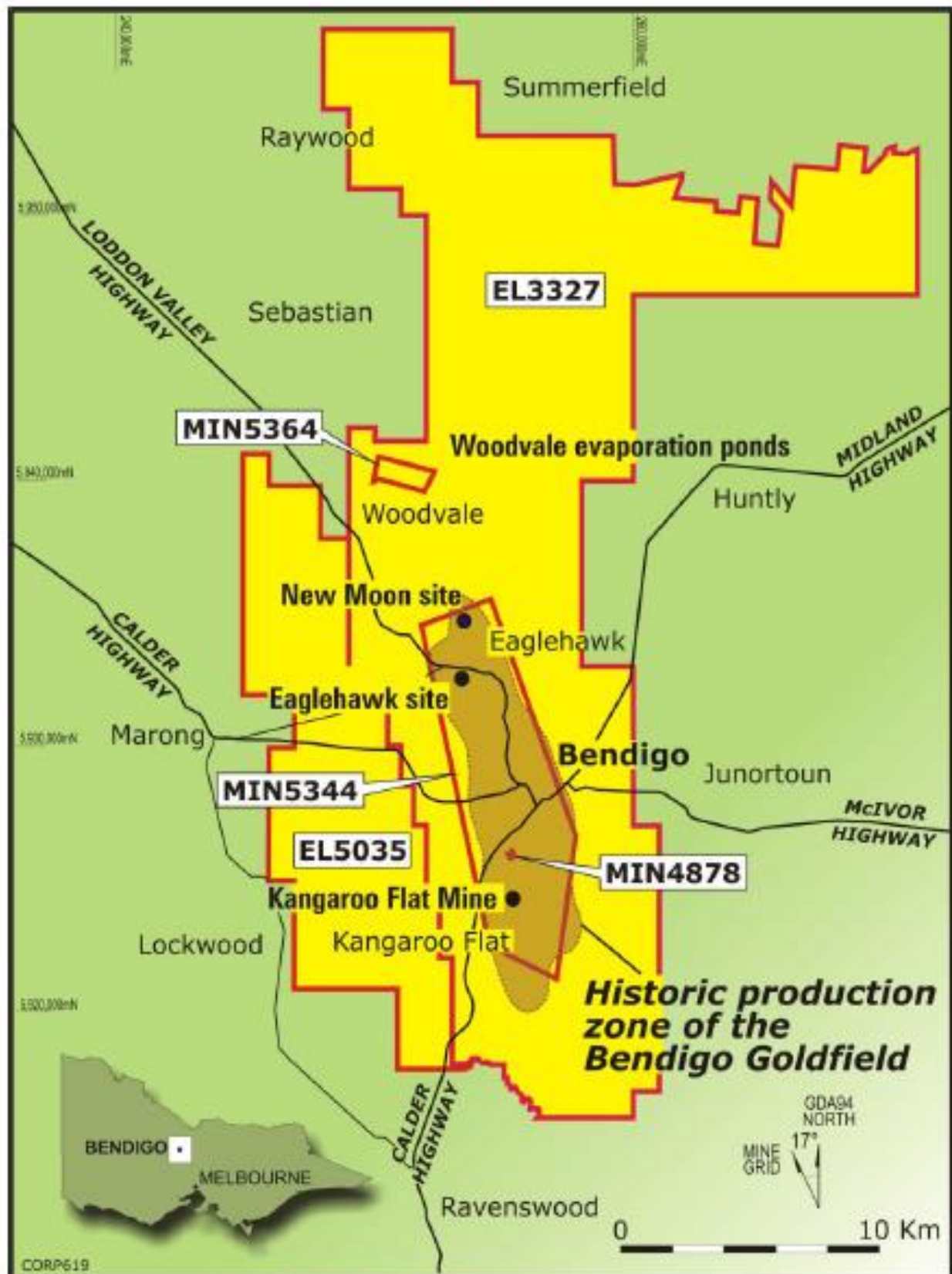


Figure 2: Bendigo Tenements

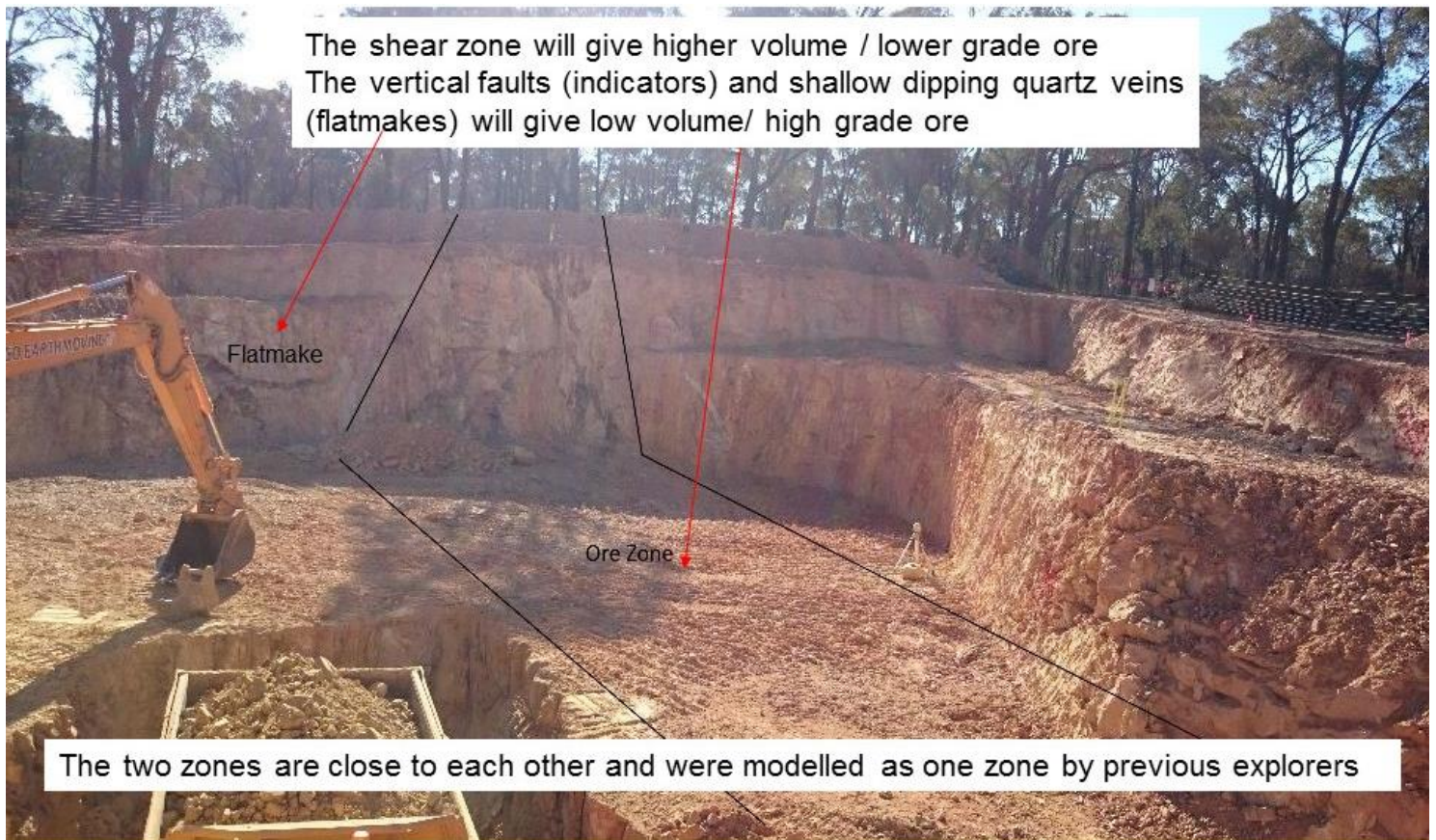


Figure 3: Harvest Home Geology

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
59 119 956 624

Quarter ended ("current quarter")
30 September 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	139	139
1.2	Payments for (a) exploration & evaluation	(298)	(298)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(210)	(210)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(367)	(367)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(113)	(113)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(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	(113)	(113)
1.13	Total operating and investing cash flows (carried forward)	(480)	(480)

+ 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)	(480)	(480)
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	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (refer 1.25 below)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(480)	(480)
1.20	Cash at beginning of quarter/year to date	873	873
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	393	393

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:	

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.

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	393	873
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	393	873

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	864,784,944		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)				
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: 28 October 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.