



28 January 2016

ASX Announcement

December 2015

## Quarterly Report to Shareholders

### GBM Gold Limited

ABN 59 119 956 624

ASX CODE: GBM

#### CORPORATE DETAILS:

##### Shareholders:

~680

##### Shares on Issue:

945,784,944

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

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##### Website

[www.gbmgold.com.au](http://www.gbmgold.com.au)

## HIGHLIGHTS

GBM Gold Limited reached agreement with Unity Mining Limited (ASX: UML) in September for GBM to purchase the Bendigo Gold Project. Steps to complete the transaction achieved during the quarter were:

- Acquisition approved by GBM shareholders at the Annual General Meeting on 28 October 2015;
- Tenement transfers for the Bendigo mining and exploration tenements submitted to the Department of Economic Development, Jobs, Transport and Resources marking a key milestone in the transaction;
- GBM secured the required funding to support the tenement and asset transfers;
- The sand dams at the Kangaroo Flat Mine Site were drill tested to determine the gold content and sand quality. Reprocessing the sands is the first project planned after the Bendigo purchase is complete;
- GBM has issued 100,000,000 shares at a price of \$0.01 per share to sophisticated investors to raise \$1,000,000 to provide additional funding; and
- Unity Mining and GBM Gold agreed to extend the completion date for the transaction to 29 February 2016.

## 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 December Quarter focused on:

- Completion of regulatory requirements the purchase of the Bendigo Gold Project;
- Submission of exploration and mining work plans to the Department of Economic Development, Jobs, Transport and Resources Geological for the Harvest Home Project;
- Rehabilitation of the Fiddlers Creek mine site;
- The search for prospective gold projects with near term production potential in the Central Victorian goldfields; and
- 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-Ballarat 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 (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 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 flatly ( $10^{\circ}$ ) either north or south.

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

During the quarter the Company submitted plans to the Department of Economic Development, Jobs, Transport and Resources for an extension of the open pit (Fig 3) and a series of costeans to examine the indicator zone 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. 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 (EL 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.

### ***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 340o 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 (ELA 00615)***

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.

***Avoca and Beavis (EL 4936 and WA 1395)***

During the quarter the Company focused on the Beavis project. The Board determined that the Beavis Project is not a core business and the project will be put up for sale complete with freehold land.

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 SiO<sub>2</sub> with minor iron as the main impurity.

## **2.0 Activities Planned for the March Quarter**

***Bendigo (Figure 2)***

- Analysing drill samples for the coarse and fine sand dams at Kangaroo Flat.
- Finalising tenement transfers.
- Completion of the contract.

***Harvest Home:***

- Exploration work plan approvals.
- Mining work plan approvals.

***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:***

- Place the project up for sale.

### 3.0 Corporate

GBM Gold Limited reached agreement with Unity Mining Limited (ASX: UML) in September to purchase the Bendigo Gold Project. Steps to complete the transaction achieved during the quarter were:

- Acquisition approved by GBM shareholders at the Annual General Meeting on 28 October 2015;
- Tenement transfers for the Bendigo mining and exploration tenements submitted to the Department of Economic Development, Jobs, Transport and Resources marking a key milestone in the transaction;
- GBM secured the required funding to support the tenement and asset transfers;
- The sand dams at the Kangaroo Flat Mine Site were drill tested to determine the gold content and sand quality. Reprocessing the sands is the first project planned after the Bendigo purchase is complete;
- GBM has issued 100,000,000 shares at a price of \$0.01 per share to sophisticated investors to raise \$1,000,000 to provide additional funding;
- Unity Mining and GBM Gold agreed to extend the completion date for the transaction to 29 February 2016.

The transaction is expected to complete by 29 February 2016, subject to satisfaction or waiver of the following conditions on or before that time:

- 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.

With the purchase of the Bendigo Goldfield a strategic review of tenements was undertaken. The Beavis Alluvial Project was identified as a non-core business and the project will be put up for sale complete with freehold land.

## 4.0 Company Mineral Tenement Portfolio

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

<b>Name</b>	<b>Tenement</b>	<b>Tenure Type</b>	<b>Status</b>	<b>GBM Group Interest</b>
<b>Goldsborough Corridor Project (north east of Dunolly, Victoria)</b>				
Harvest Home	MIN 5510	Mining Licence	Granted	50%*
Queens Birthday	ELA 5528	Exploration Licence	Granted	100%
<b>Wilson Hill Project (west of Bendigo, Victoria)</b>				
Wilson Hill	ELA 5527	Exploration Licence	Granted	100%
<b>Fiddlers Creek Project (south east of Avoca, Victoria)</b>				
Fiddlers Creek	EL006155	Exploration Licence	Pending	0%
<b>Avoca Project (south east of Avoca, Victoria)</b>				
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](http://www.gbmgold.com.au)**

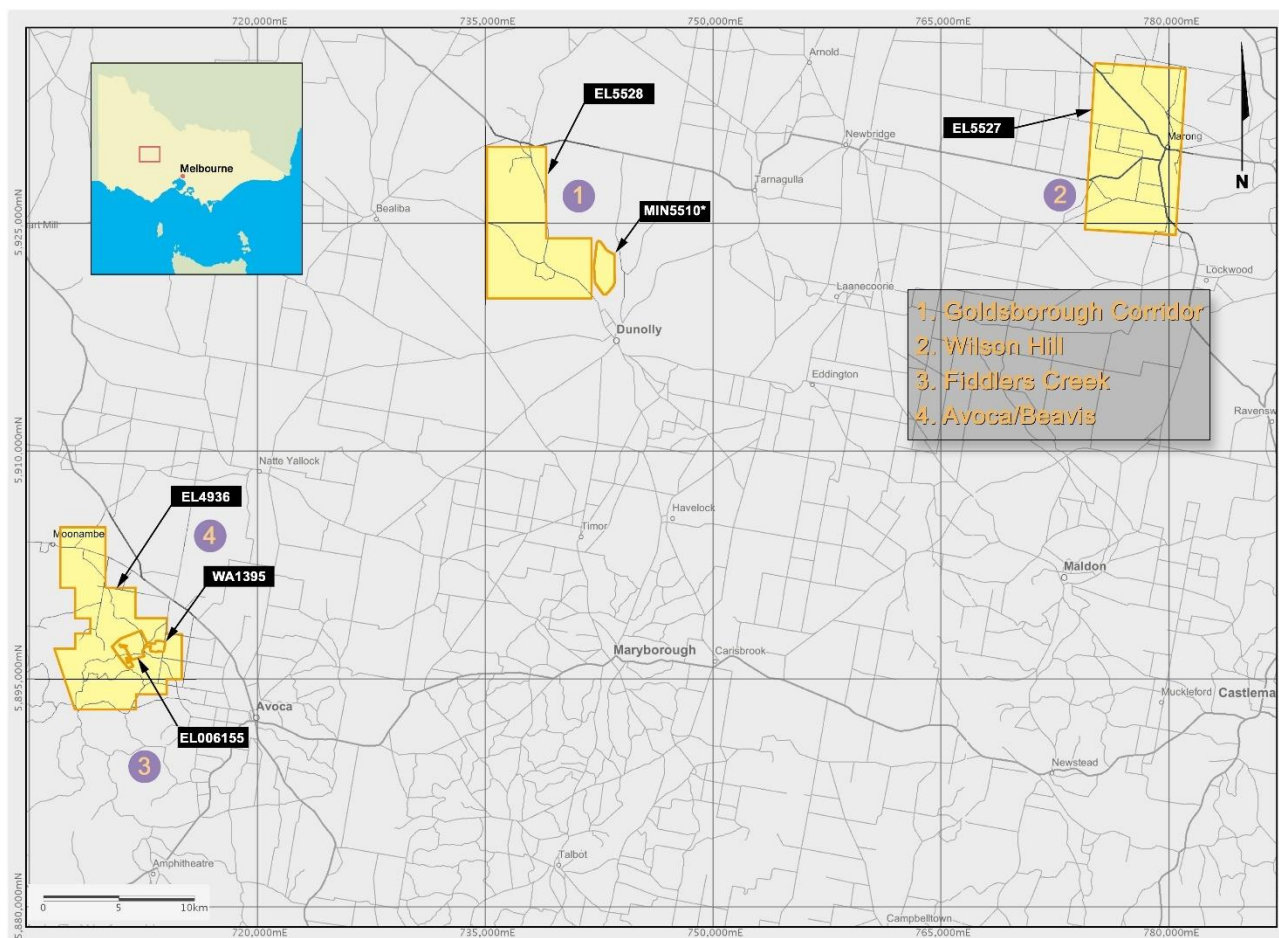


Figure 1: GBM Gold Projects



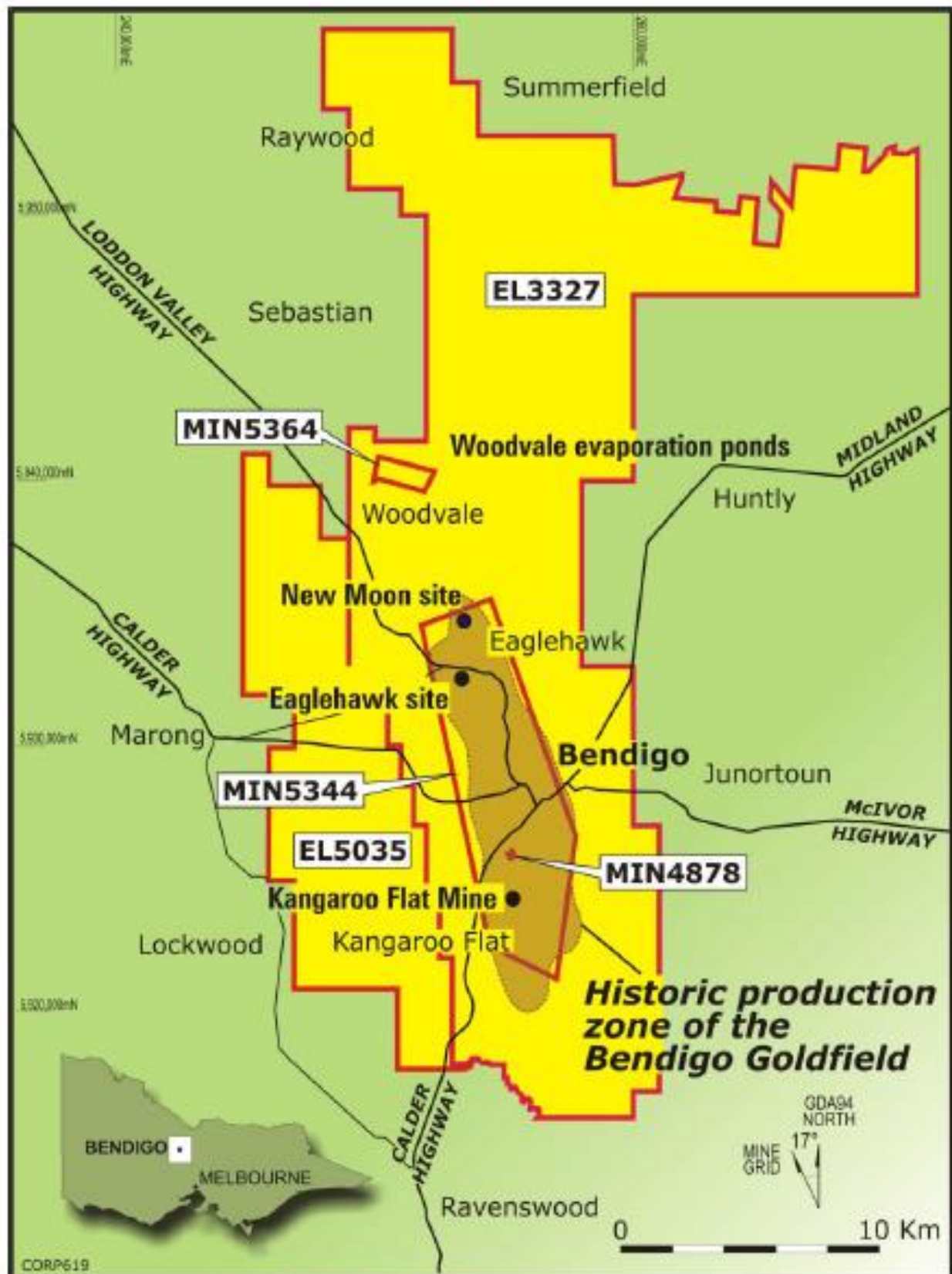


Figure 2: Bendigo Tenements





# 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
<b>GBM Gold Ltd</b>

ABN	Quarter ended ("current quarter")
59 119 956 624	31 December 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
1.2	Payments for (a) exploration & evaluation	(86)	(384)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(140)	(350)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2	4
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – FY15 R&D Tax Offset	152	152
	<b>Net Operating Cash Flows</b>	<b>(72)</b>	<b>(439)</b>
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(82)	(195)
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)	-	-
	<b>Net investing cash flows</b>	<b>(82)</b>	<b>(195)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(154)</b>	<b>(634)</b>

+ See chapter 19 for defined terms.

1.13	<b>Total operating and investing cash flows (brought forward)</b>	<b>(154)</b>	<b>(634)</b>
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	1,000	1,000
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)	(60)	(60)
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	786	306
1.20	Cash at beginning of quarter/year to date	393	873
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	1,179	1,179

### 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: Capital raising expenses associated with subscription of 100,000,000 GBM Gold Limited shares issued during the December 2015 quarter.	

### Non-cash financing and investing activities

2.1	<p>Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows:</p> <p>Issue of 9,000,000 GBM Gold Limited shares during the December 2015 quarter to Non-Executive Directors for nil consideration for Directors fees, and the issue of 2,000,000 GBM Limited shares to J Harrison Director &amp; CEO for nil consideration for services provided to the company in relation to the disposal of the Inglewood Gold Mining Company and the negotiation of the acquisition of the Bendigo Assets from Unity Mining Limited.</p>
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
	<b>Total</b>	<b>350*</b>

\*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	1,179	393
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,179</b>	<b>393</b>

## 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	<b>Preference +securities</b> <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	945,784,944	945,784,944		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	111,000,000	111,000,000		
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>				
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <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: 28 January 2016

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.