



GBM Gold Ltd

26 April 2016

ASX Announcement

March 2016

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

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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:

- Tenement transfers for the Bendigo mining and exploration tenements being assessed by the Department of Economic Development, Jobs, Transport and Resources;
- Unity Mining and GBM Gold agreed to extend the completion date for the transaction to 30 April 2016;
- The sand dams at the Kangaroo Flat Mine Site were drill tested to determine the gold content and sand quality. Reprocessing the sands and recovering the gold is the first project planned after the Bendigo purchase is complete;
- GBM has completed an aircore drilling program (see Figure 3). Twenty-three holes drilled in the coarse sand dam and three holes in the fine sand dam to define the gold content and the physical properties of the sand;
- Significant results were 3m @ 1.78g/t Au from surface in the coarse sand dam and 3m @ 0.95g/t Au from 8 metres in the fine sand dam;
- GBM is finalising analyses on the samples taken from the 23 drill holes so that it may fully inform the local market of the properties of the sand product.

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:

- Completion of additional regulatory requirements for the purchase of the Bendigo Gold Project;
- Submission of exploration and mining work plans to the Department of Economic Development, Jobs, Transport and Resources for the Harvest Home Project;
- Assessment of the results of the drilling program on the Kangaroo Flat Sand Dams;
- Rehabilitation of the Fiddlers Creek mine site;
- Exploration on the Queens Birthday tenement.

1.1 Bendigo Project

The Kangaroo Flat Gold Processing Plant was designed to capture the majority of the gold by gravity methods. This was very successful capturing 75% of the gold. During the process the ore was ground to a size that liberated most of the gold. After initial gravity gold recovery, the resultant sand was separated according to particle size with the fine material being further processed to remove contained gold and 425,000t of coarse material deposited in the coarse sand dam without any further processing. The fine material was processed by flotation methods resulting in 200,000 tonnes of material stored in the fine sand dam. The flotation process produced twenty-two thousand tonnes of gold bearing material that was leached and then later sold to Octagonal Resources at Maldon from which Octagonal recovered a further 5,400 ounces of gold which is 4% of the total gold mined. Total gold recovery was 93% with 7% of the gold not captured in processing.

A significant portion of the gold not captured is considered to be in the 425,000 tonnes of material stored in the coarse sand dam. The coarse sand dam has been the focus of GBM's work at Kangaroo Flat to date.

To facilitate an immediate start on project development Unity provided access to enable GBM to drill and sample the sand dams. An air-core drilling program was completed with twenty-three holes drilled in the coarse sand dam and three holes in the fine sand dam (see Figure 3). Significant results were 3m @ 1.78g/t from surface in the coarse sand dam and 3m @ 0.95g/t from 8 metres in the fine sand dam.

The proposed program of work, upon transfer of the mining licence, is to excavate the coarse sand dam at a rate of 280,000 tonnes per annum, wash the sand and recover the gold.

The washing and concentrating process removes deleterious materials such as salts, heavy metals and slimes. It is planned to process 425,000 tonnes over a period of two years. All approvals are expected to be in place for this project to commence when GBM takes control of the site.

GBM is finalising analyses on the samples taken from the 23 drill holes so that it may fully inform the local market of the properties of the sand product. It is planned to sell this product into the local market then continue with sands produced from tailings clean-up projects around Bendigo.

1.2 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 is at the southern termination of the 24 km long Goldsbrough–Wehla Shear Zone which is part of the Wedderburn-Ballarat line.

The Harvest Home and Queens Birthday tenements are located in the Goldsbrough Corridor. At Harvest Home, 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). The Queens Birthday Mine at Goldsbrough and the mine at Stuart's Reef at Moliagul were significant producers of gold with over 100,000 ounces being mined from Queens Birthday.

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

During the quarter the Company has been liaising with the Department of Economic Development, Jobs, Transport and Resources on plans for an extension of the open pit and a series of costeans to examine the indicator zone geology.

The focus of mining and exploration is on the broad zone of gold mineralisation trending north-northwest through Min 5510 being approximately 3.5 km long and up to 0.4 km wide. Apart from the major mines 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 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.

1.3 GBM Gold Exploration Projects**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 (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 has been 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 SiO₂ with minor iron as the main impurity.

2.0 Activities Planned for the June 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:

- Progress the sale of the project.

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:

- Tenement transfers for the Bendigo mining and exploration tenements being assessed by the Department of Economic Development, Jobs, Transport and Resources (DEDJTR).
- Additional information was requested and provided to DEDJTR;
- Unity Mining and GBM Gold agreed to extend the completion date for the transaction to 30 April 2016.

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 has been put up for sale complete with freehold land.

The Bendigo transaction is expected to complete by 30 April 2016, subject to satisfaction or waiver of the following conditions on or before that time:

- o Victorian Government Ministerial approval to the transfer and registration of the Bendigo Tenements to GBM; and
- o 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.

4.0 Company Mineral Tenement Portfolio

The mineral tenement portfolio of the GBM Gold Group as at 31 March 2016 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	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

GBM'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. Harvest Home, in which GBM has a 50% equity interest, 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

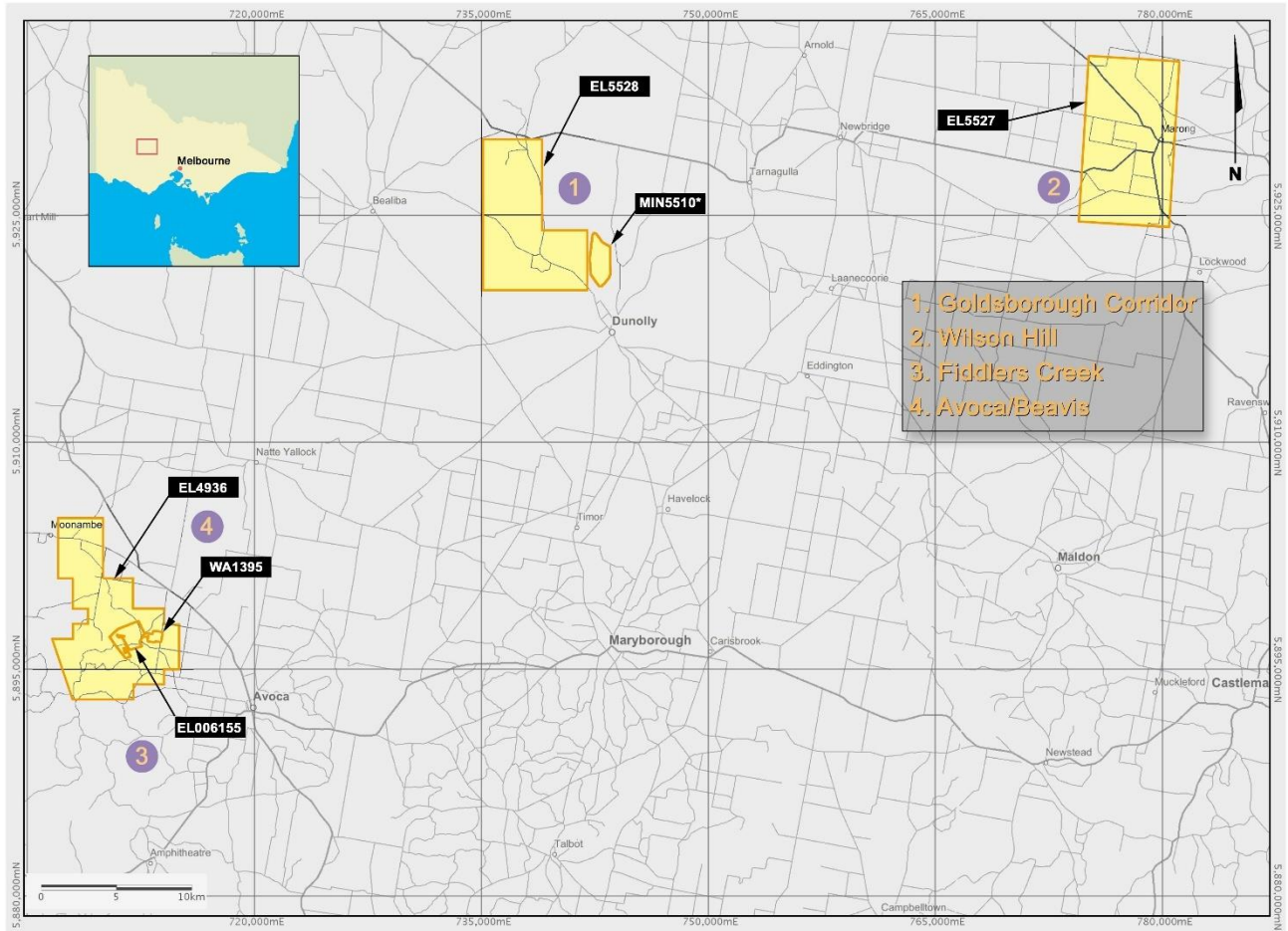


Figure 1: GBM Gold Projects

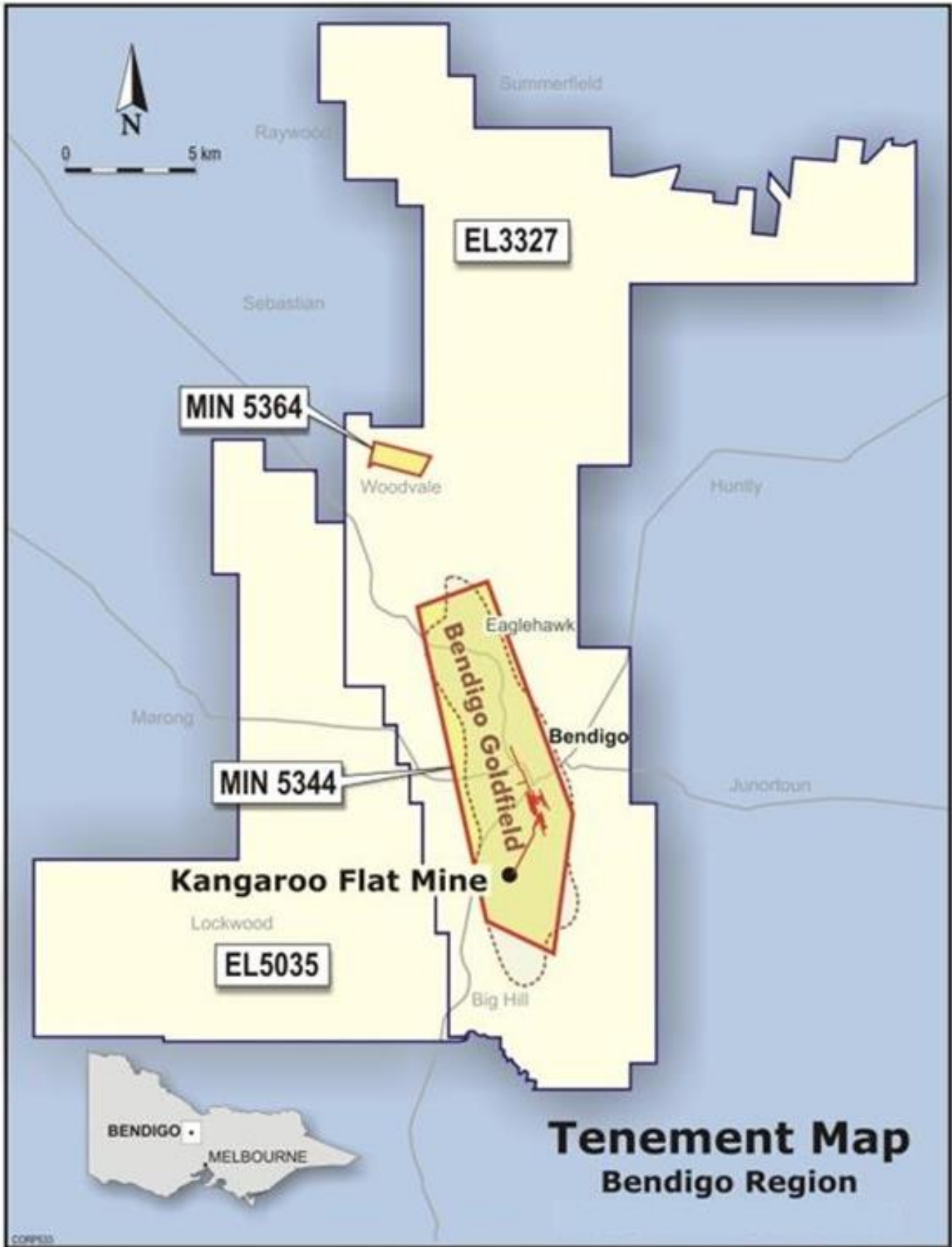


Figure 2: Bendigo Tenements

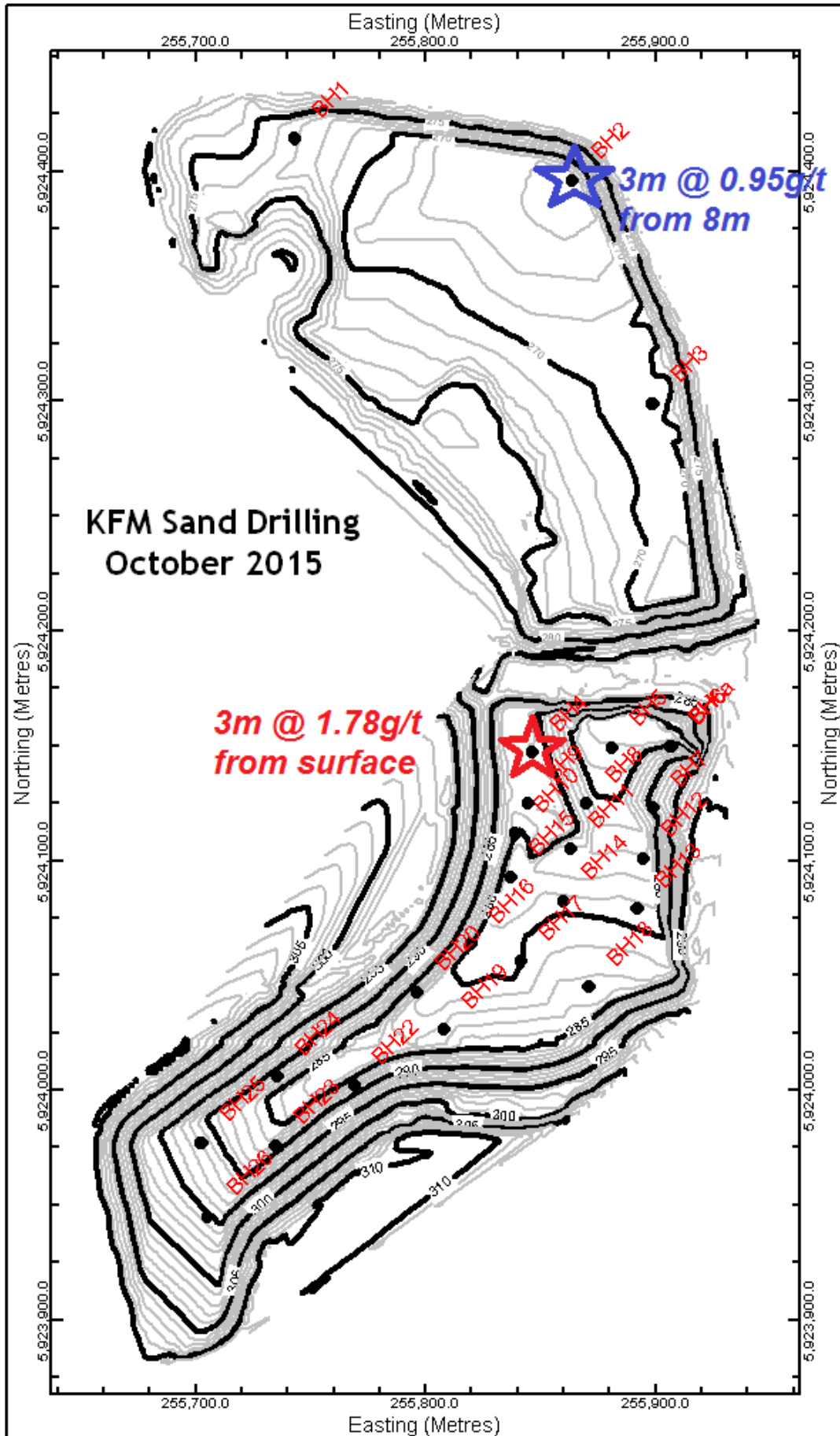


Figure 3: Kangaroo Flat Sand Dam Drilling

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")
31 March 2016

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	2	141
1.2	Payments for (a) exploration & evaluation	(55)	(439)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(127)	(477)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	7
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – FY15 R&D Tax Offset	-	152
	Net Operating Cash Flows	(177)	(616)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(47)	(242)
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	(47)	(242)
1.13	Total operating and investing cash flows (carried forward)	(224)	(858)

+ 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)	(224)	(858)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	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)
	Net financing cash flows	-	940
	Net increase (decrease) in cash held	(224)	82
1.20	Cash at beginning of quarter/year to date	1,179	873
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	955	955

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: Nil	

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: Nil

+ 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	955	1,179
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	955	1,179

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 <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	945,784,944	945,784,944		
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>				
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: 26 April 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.