



ASX: GBM

## Quarterly Report for the period ended 30 September 2013

### Summary

**GBM Gold Ltd (ASX: GBM)** (“**GBM**” or “**Company**”) entered into a contract for the part sale of Inglewood Mining Company Pty Ltd (‘INGMC’) to Wilshire Asset Management in September 2012. The Company expects to receive significant funds for the part sale of INGMC and these funds will support the administration and associated costs of running the Company and also permit the resumption of gold production at the Inglewood Maxwell’s Mine in the near to medium future.

During the September Quarter the Company focussed on the part sale of INGMC and proceeding with regulatory approval to undertake exploration and mining activities at its tenements in Victoria.

Work planned for the December 2013 Quarter includes:

- Improvements to the Inglewood Gold Processing Plant prior to recommencement of operations
- Assessment of the Level 1, 192 metre stope at the Maxwells Mine prior to the recommencement of mining
- Finalising approval for costeaning of the Laidlaw’s South open pit prospect at the Maxwells Mine site (Inglewood).
- Granting of Mining Licence at Harvest Home (Dunolly) and completion of planning for trial mining and resource definition drilling
- Progressing the Mining Licence approval process at Gowks Hill (Wedderburn)

### Safety & Environment

Inglewood Gold Operation - Victoria (100% GBM)

No medically treated injuries (MTIs) or lost time injuries (LTIs) were recorded during the reporting period.

There were no reportable environmental incidents during the June quarter.

### Background

The Company’s operations are centred at Inglewood an historic primary gold producing area in Central Victoria. It is here that GBM owns an underground mine and a 90,000 tonne per annum Gravity/CIP/CIL gold processing plant, 235,000 ounces of inferred open pit and underground gold resources.

GBM Gold has the following mining and exploration licences and work authorities:

<b>Inglewood</b>	-	MIN 4639, MIN 5472 & EL's 4184 & 4670
<b>Wedderburn</b>	-	EL 3800, MIN App 5425
<b>Kingower</b>	-	MIN 4001
<b>Marong, Wilson Hill</b>	-	EL 4999
<b>Avoca</b>	-	EL 4936
<b>Avoca, Beavis-ISG</b>	-	WA's 1395 & 1304
<b>Fiddlers Creek</b>	-	MIN 4548 & MIN 4023
<b>Dunolly, Queen's Birthday</b>	-	EI 5029
<b>Dunolly, Harvest Home</b>	-	50% jv interest in EL 4985

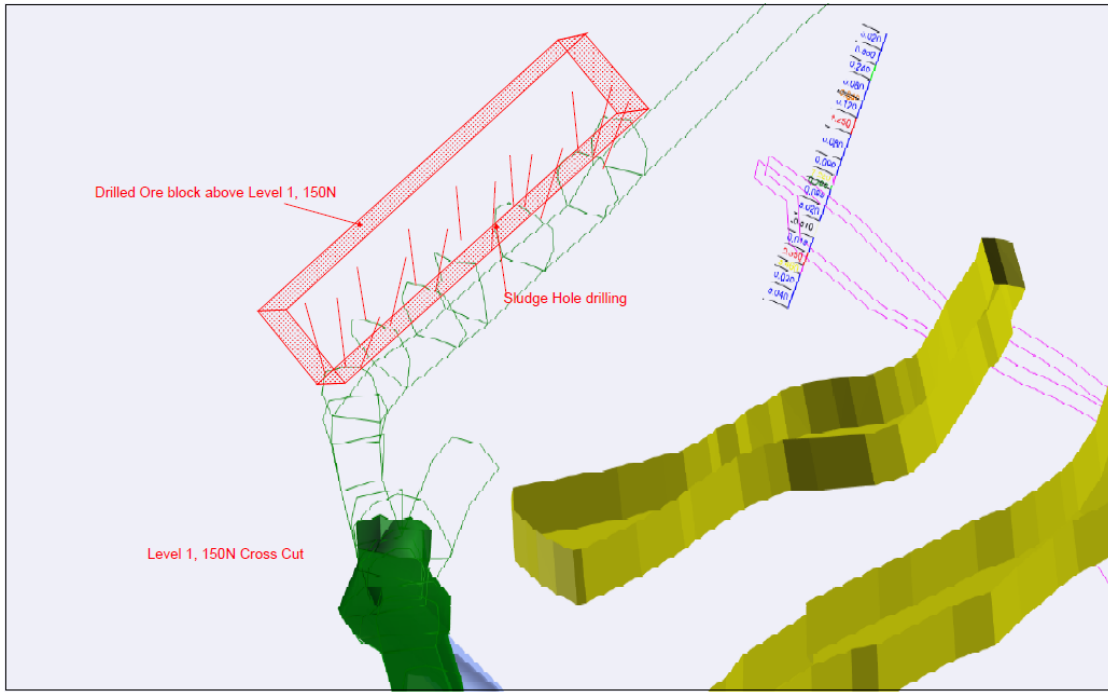


*GBM Gold Tenements*

### **Inglewood Gold Operation - Victoria (100% GBM)**

The Inglewood gold processing plant is under care and maintenance. The processing plant was constructed in 2008 and is capable of processing competent underground ore and lower grade open pit ore from GBM's projects. The plant has a nominal capacity of 15-20 tonnes per hour giving a minimum residence time of 24 hours. All gold recovered is extracted by gravity and cyanide leaching. GBM is continuing this care and maintenance with a view to re-commencing gold producing operations in the second half of 2013.

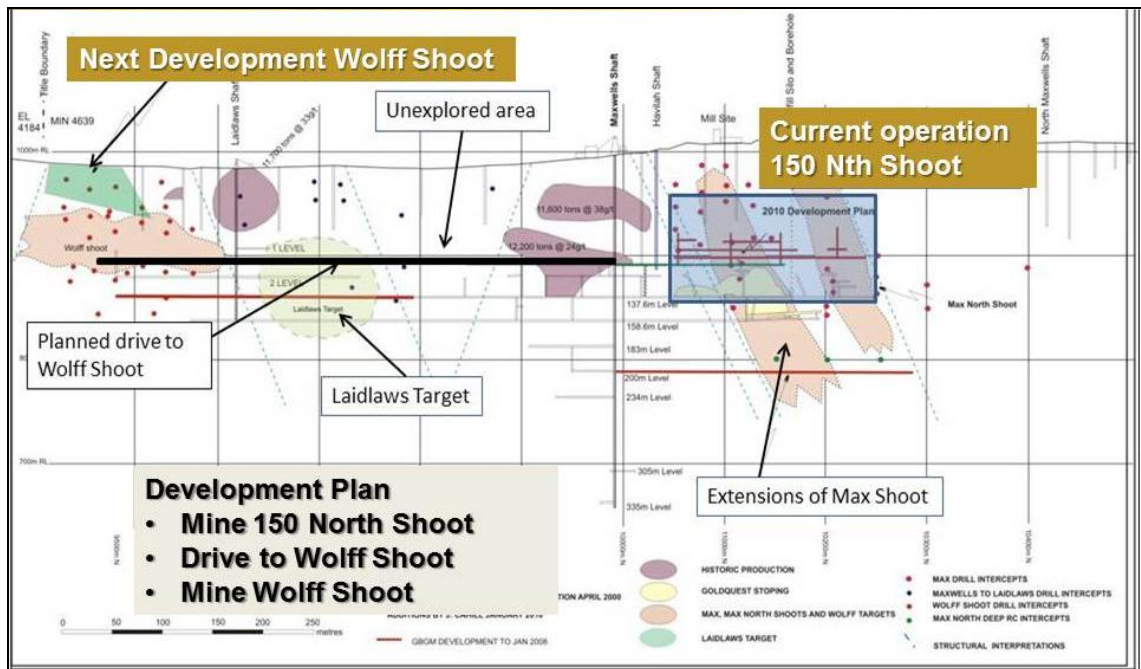
Underground mining operations at Maxwells Mine were ceased in September 2012. The operation has been on care and maintenance since that time. Dewatering of the mine workings has been maintained so that the mine is in good condition. Planning is in place to recommence mining at Maxwells Mine at the Level 1, 150 metre ore shoot that had previous mining activity in 2012.



Level 1, 150m Ore Shoot

### Wolff Shoot

Work is advanced on accessing Wolff Shoot. It is planned to drive from the Maxwell's mine shaft to Wolff Shoot at the 100 metre level and investigate the Laidlaw's target during the process.



Maxwell's Mine Cross Section showing Wolff Shoot and Current Development Area

### Laidlaw's South Open Pit Prospect Inglewood

Drilling at Laidlaw's South has demonstrated the persistence of an auriferous lode over a strike length of 250 metres and to 50 metres depth. This reef has a true width of at least 4 metres and has returned good gold grades in several shallow holes. Pending the successful completion of the planned costeans and bulk sample program

approval will be sought to mine an area of oxidised ore using open pit mining methods.

**Wedderburn (Gowks Hill) EL3800 & MIN App 5425**

The Gowks Hill deposit has been drilled along 300 metres of strike and to 50 metres deep, mineralisation remains open at depth.

**Harvest Home, Dunolly EL4985 & MIN App 5510 – 50% Joint Venture**

The Company's objective to recommence gold production was advanced by the Harvest Home open pit project at Dunolly in Victoria reaching the final part of the Mining Licence approval process.

Plans are progressing to finalise the mining licences and mine ore for the Inglewood Gold Processing plant from both Wedderburn and Harvest Home.

## **Company Information**

### **Directors**

Paul Chan (Chairman)

John Harrison (Chief Executive Officer)

Eric Ng (Non-executive Director)

Linda Lau (Non-executive Director)

Andy Lai (Non-executive Director)

### **Company Secretary**

Andrew Chan

### **Registered Office**

2H Thistle St, Bendigo, Vic 3550

Telephone: 03 5445 2300

Facsimile: 03 5444 0036

### **Auditors**

Moore Stephens

Level 10, 530 Collins St

MELBOURNE, VIC 3000

### **Share Registry**

Computershare Investor Services Pty Ltd

Telephone: 1300 85 05 05

### **Stock Exchange Listing**

Australian Stock Exchange    Code: GBM

## 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 September 2013

#### 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	-	-
1.2	Payments for (a) exploration & evaluation	(44)	(44)
	(b) development	-	-
	(c) production	(164)	(164)
	(d) administration	(159)	(159)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	1
1.5	Interest and other costs of finance paid	(3)	(3)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	(59)	(59)
	<b>Net Operating Cash Flows</b>	<b>(428)</b>	<b>(428)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
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>-</b>	<b>-</b>
1.13	Total operating and investing cash flows (carried forward)	(428)	(428)
1.13	Total operating and investing cash flows (brought forward)	(428)	(428)

+ See chapter 19 for defined terms.

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

	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	344	344
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (refer 1.25 below)	-	-
	<b>Net financing cash flows</b>	344	344
	<b>Net increase (decrease) in cash held</b>	(84)	(84)
1.20	Cash at beginning of quarter/year to date	85	85
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	1	1

**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	42
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

1.16 relates to \$334,000 loan funds received from United Bright Investments and \$10,000 from A. Lai. These director and related parties loans are unsecured short term loans to assist the company with meeting their short term liabilities as they fall due. The loans have zero % interest payable, and are expected to be repaid within 6 months or are to be converted to shares.

**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

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+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

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- 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

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### 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	6,022	6,022
3.2 Credit standby arrangements	-	-

**Notes to financing facilities available - Loan facilities 3.1:** "Loan Facilities" included are the amounts of (i) \$3,000k loaned from Maradox Pty Ltd in November 2011 which is to be repaid via the supply of 55kg of gold bullion in August 2014; (ii) \$375k loaned from Sterlington Resources to GBM Gold Ltd ('GBM') but contracted to be converted to shares in GBM [but not yet converted]; (iii) A\$1,087k loaned from Wilshire Asset Management Ltd to Inglewood Gold Mining Company Pty Ltd (INGMC) but contracted to be converted to shares in INGMC [but not yet converted] and (iv) \$334k loaned from United Bright Investments Pty Ltd to GBM which are yet to be converted to shares and (v) \$1,000k loaned which are yet to be converted to shares.

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	300
4.4 Administration	200
<b>Total</b>	<b>600</b>

### 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	85

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+ See chapter 19 for defined terms.



**Appendix 5B**  
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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>		1	85

**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			

**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>	667,784,944	667,784,944	

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

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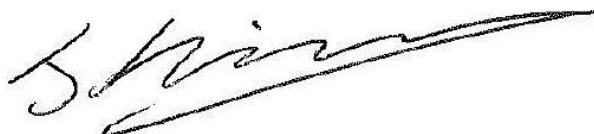
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	<b>+Convertible debt securities</b> (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (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	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

## 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.

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+ See chapter 19 for defined terms.



Sign here: .....  
(Director & CEO)

Date: 30 October 2013

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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