



#### APPENDIX 4D: RESULTS FOR ANNOUNCEMENT TO THE MARKET

Current Reporting Period: Half-year ended 31 December 2012  
 Previous Reporting Period: Half-year ended 31 December 2011

<b>Results for announcement to the market</b>		<b>A\$</b>
Revenue from ordinary activities	Down 100%	0
Profit/(Loss) after tax attributed to members	Previous period loss	
	Change is -172%	2,409,547
Profit/(Loss) for the half-year attributed to members	Previous period loss	
	Change is -172%	2,409,547

The profit of GBM Gold Limited (“GBM”) and its subsidiaries (the “consolidated entity”) for the half-year ended 31 December 2012, after income tax, amounted to \$2,409,547 (2011: loss \$3,346,352).

The result includes accounting for the Group’s interest in Inglewood Gold Mining Company Pty Ltd (“INGMCo”) as a “disposal group held for sale” - as professional advice has stipulated that this treatment is required by the relevant accounting standards, notwithstanding that GBM has no intention of disposing of this interest in INGMCo and views it as an important investment for the group going forward. The result also includes the sale of subsidiary Industrial Sands & Gravels Pty Ltd (“ISG”) and the \$750,000 initial payment made in respect of the ISG sale, as well as a range of activities to progress the group’s other interests at Goldsbrough-Moliagul, Wilson Hill and Avoca-Fiddlers Creek. A significant cost cutting programme was embarked upon and Administrative costs were down 61% compared to the same period in the previous year.

The absence of revenue reflects the above accounting treatment of the Inglewood investment required by the relevant accounting standards.

#### Dividends

It is not proposed to pay dividends

#### Other information

	31 December 2012	31 December 2011
Net Tangible Assets per ordinary share	0.013	0.014

The financial information provided in the Appendix 4D is based on the half-year condensed financial report (attached), which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

The half-year financial report has been independently reviewed and is not subject to a qualified independent review conclusion.



**GBM GOLD**  
— LTD —

(ABN 59 119 956 624)

and Controlled Entities

**INTERIM REPORT**  
for the half-year ended  
**31 December 2012**

## DIRECTORS' REPORT

The directors present their report together with the consolidated financial report of GBM Gold Limited ("GBM" or "the Company") and of the GBM Group being the Company, its subsidiaries and the Group's interest in associates and jointly controlled entities ("GBM" or the "GBM Group") for the half year ended 31 December 2012 and the Auditor's review report thereon.

## DIRECTORS

The directors of the Company at any time during or since the end of the half-year are:

- **Mr Ian W Smith (BSc)** *Executive Chairman*
- **Mr Eric Ng**, *Independent Non-Executive Director, Member of the Audit & Remuneration committee*
- **Mr Stuart D Hall (B.Bus, ACA)** , *Independent Non-Executive Director, Member of the Audit & Remuneration committee*
- **Mr Paul H. K. Chan**, *Independent Non-Executive Director, Member of the Remuneration committee*
- **Mr Andy Lai**, *Independent Non-Executive Director, Member of the Audit committee*
- **Mr John ER Cahill (BSc Geology, MAIG)** *Resource Director , retired 24 Feb 2013*
- **Mr Wayne Johnson**, *Independent Non-Executive Director, Chair Audit & Remuneration committee, retired 29 November 2012*

## COMPANY SECRETARY

The Company Secretary of the Company is Mr Stuart D. Hall

## MAJOR EVENTS DURING THE HALF YEAR

### Inglewood projects - Maxwell processing site and associated Resource blocks

- Maxwells mine and mill management streamlined, with adjustment so that site activities are now overseen by an internally appointed site manager Mr Steve Hawkes
- In December both mine and mill placed on care and maintenance whilst further funding obtained to allow some key expenditure on tailings facilities, secondary crusher and upgrade of compressed air supply and various parts of the CIP circuit.
- Investment commitment of A\$9m secured from Wiltshire Asset management Ltd (WAM) – with \$1.08m delivered during the half year, \$350k delivered post the half year and a further A\$1.3 – 3.5m expected by end March 2013 and the balance due prior to the end of the current financial year.
- Planning undertaken for an expanded operation at Inglewood to recommence prior to end of the current financial year, utilising further funds delivered from WAM
- Exploration and planning work progressed re the Inglewood project especially re :
  - Gowks Hill resource block at Wedderburn -with the objective being development of this area as an open cut mine. Part of the funding being obtained from WAM is to be targeted at completion of the planning and approvals required to bring Gowks Hill on stream as a resource feed for the Maxwells mill
  - Planning work continuing in respect of development of access to the Wolff Shoot surface & underground resource blocks.
  - Exploration work continued on further Resource blocks and Exploration Targets on the Inglewood licence including Cominsky and the contiguous Jersey, Old Inglewood and Ophir lines where a significant exploration target has been outlined

### Wilson Hill project

- Planning for further drilling and Re-logging of core produced by WMC to assess new mineralisation models developed for the area

### Moliagul-Goldsborough area - Harvest Home and Queens Birthday jv's

- Area Work plan for Drilling being assessed on Queens Birthday area. Exploration target calculated of between 55,000 to 200,000 ounces from open pit and potential extension south and below the existing workings
- Harvest Home resource subject to diamond drilling and awaits interpretation and assays

### Fiddlers Creek processing site and Fiddlers Creek-Avoca Resource projects

- New mineralisation model identified and work plan commenced
- Further geological assessment undertaken on the Fiddlers Creek MIN's (4023 & 4548). Remedial work carried out on Fiddlers Creek Mill
- Further work on Ore sources for the Fiddlers Creek mill

**ISG – Beavis project - SOLD**

- Beavis Resource further defined and announced, markets for Beavis industrial products further researched and work plans progressed for initial mining
- Sale by GBM of Industrial Sands & Gravels Pty Ltd (ISG), owner of the Beavis project for A\$5m to Wiltshire Asset Management (WAM)
- \$750k deposit paid by WAM – with balance to be paid over 17months commencing July 2013 to November 2014
- Confirmatory drilling carried out by WAM provided lower than expected results, leading to WAM intention to conduct a further large diameter confirmatory drill programme in first half 2013.

**GBM Gold Ltd – Corporate**

- Issue of 8,333,333 ordinary fully paid GBM shares at 1.2c in consideration of \$100,000 received from an investment fund
- Receipt of A\$305,000 from Sterlington Resources, presently shown as a loan in the GBM accounts, which along with \$700,000 to be received in March 2013 is to be converted to GBM shares in satisfaction of the loans.
- Following Supreme court victory over former director Douglass Wakley Cahill & others, for removal of property from the GBM Group without as a minimum fully informed board consent, 2 parcels of freehold land were transferred back from former director Douglass Wakley Cahill & others and registered back to GBM subsidiary Goldsborough Mining Pty Ltd.
- Receipt of \$750,000 from the sale of ISG subsidiary
- Contract signed for investment by Wiltshire Asset Management Ltd (WAM) of A\$9m in to subsidiary Inglewood Gold Mining Co P/L (INGMCo) of which A\$1m flows up to GBM, with receipt by INGMCo of \$1.08m from WAM in respect of the above during the half year reporting period.

## OPERATING AND FINANCIAL REVIEW

### OVERVIEW OF OPERATING PERFORMANCE

The principal activities of the Group during the period were activities related to exploration to prove up further gold Resources and mining for and production of gold, at present in limited quantities.

The Company aims to become a significant gold producer, initially via growth at its current 2 processing sites in Central Victoria .at Inglewood and near Avoca. The company has a range of Resource projects associated with these two processing sites.

The aim is to accelerate growth of Resource and Production via increased work on its present projects and potentially via acquisition of other projects elsewhere.

During the half year the Maxwell's Mine and Mill (Inglewood) operating teams were streamlined, with site based management costs cut substantially including removal of financial management and administration functions from site and an internal appointment of Steve Hawkes to role of operational site Manager, Inglewood.

Operational issues continued with the secondary crushing circuit, with both impact Mill and Rolls crusher solutions implemented proving unsatisfactory. As the year came to a close it was determined to place the Mine and Mill crews on stand-down and the site on care and maintenance - pending availability of the investment funds from WAM to provide for (i) a VSI to be purchased as the secondary crusher (ii) completion of upgrade and separation of the compressed air solutions at Mine and Mill (iii) establishment of the extended tailings facilities approved for construction at two locations on the Mining licence; and (iv) upgrade and installation for a range of other components for better efficiency of the CIP circuit. Continued low mill up time and operation, when it was operating in the half year, shows through in the low sales for the half year.

Work continued on better defining Resource - and especially resource amenable to open pit mining - for ongoing high volume, low extraction cost mill feed. Taking various Resource blocks amenable to open pit mining through to production was hampered by lack of funds to pay for planning, approvals and other work required prior to bulk sampling, operational permitting and production. Target areas continue to be Gowks Hill at Wedderburn and on the Inglewood mining tenement, the open cut area above the Wolff Shoot, as well as the contiguous Jersey-Old Inglewood-Ophir structures and the Daly and Cominsky reefs

In terms of underground Mill feed this continued to be from the Maxwell mine and planning has been ongoing as to how to access the current 11,000 oz Resource at the Woolf shoot, located 400m south of the Maxwell Mine at ~80m depth. Longer term planning underground has been in respect of programmes to drill the large underground Exploration Targets in an effort to take them through to inferred and/or indicated Resource.

Corporate work was mainly focused on funding and on researching other potential projects. There was continued improvement of administration systems.

## INGLEWOOD OPERATIONS



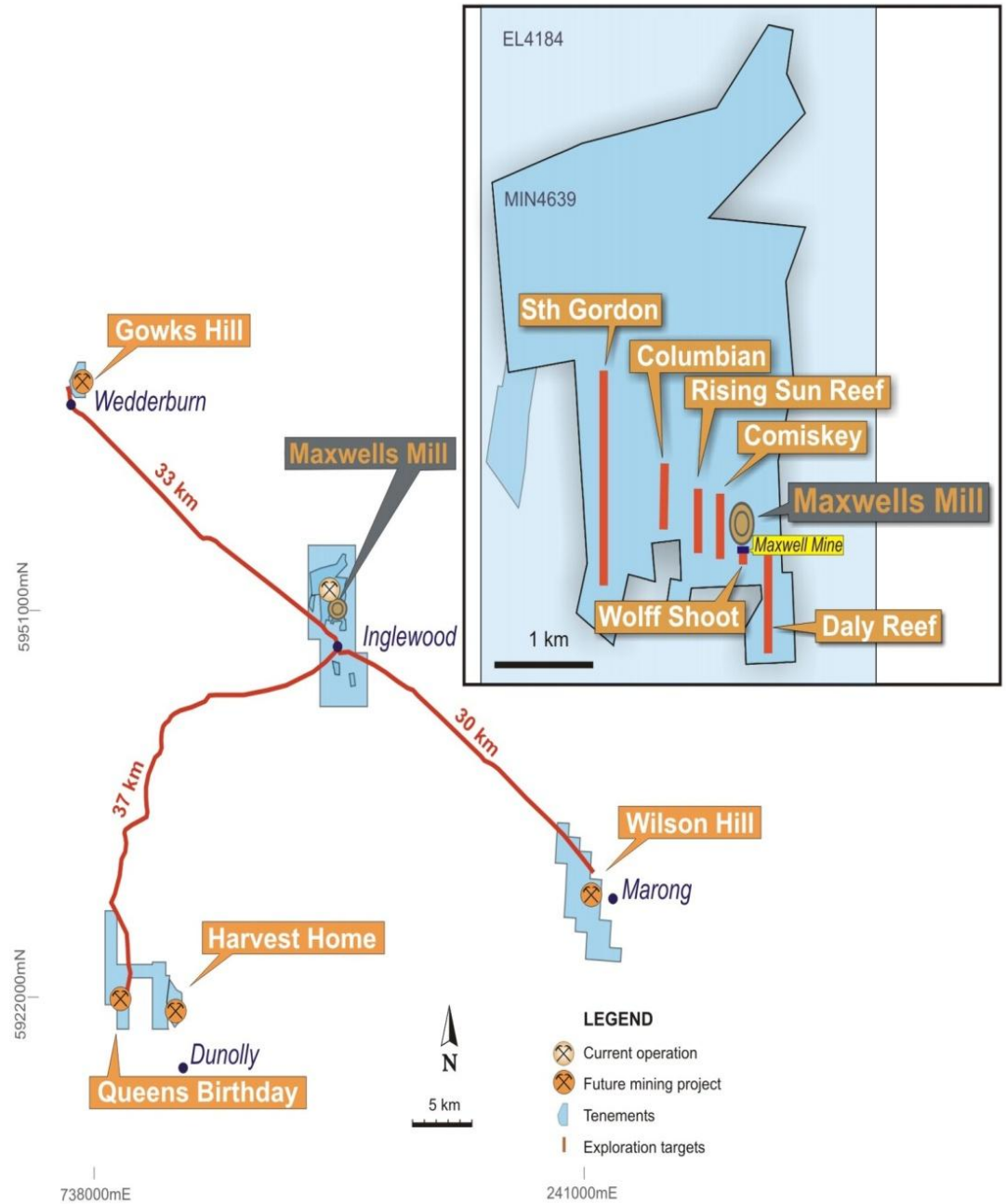
**Maxwell Mill – CIP circuit - Agitator and Pachuka tanks**



**Maxwell Mill – crushing and gravity circuit viewed from in ground feed bin**

Inglewood Operations (cont)

MAXWELLS MILL PROCESSING SITE AND ITS SURROUNDING RESOURCE PROJECTS :





### **Inglewood Operations (cont)**

The Maxwells Mill is an integrated gravity and CIP Mill tuned to operate at 15tph, with capacity to move up to 20tph. It is a flexible plant able to process hardrock, alluvial &/or sand ore sources. Significant wear issues have been experienced with the secondary crushing circuit, meaning that hard rock processing has been both sporadic and limited. Sand processing via the twin ball mills has been effective but limited the feed to reprocessing of low grade tailings.

Towards the end of the half year due to a number of factors – poor secondary crushing performance, diminished tailings storage capacity, mobile plant requiring repair, low air compressor performance and capacity and lack of performance or lack of various other items - it was decided to place the Mine and Mill on care and maintenance pending receipt of further funds from the WAM investment into Inglewood Gold Mining Co Pty Ltd. The decision was made to wait until that funding is banked, whereupon the above issues can be properly addressed and the Mine and Mill taken back in to more effective production within a short period thereafter.

At the date of this report ~A\$1.43m of the WAM funds have been received by INGMCo with a further \$1.3 -3.5m expected by the end of March 2013 and the balance by the end of the financial year. The total amount of this will allow the Mill to be taken back in to operation.

Once the Mill is restored to operation it is planned to initially achieve a consistent ~600t/wk target from single 12 hr shift 5 day operations. The target is then to increase to ~ 900 t/wk arising from 15 t/hr (of 20t/hr potential) x 10hr/day uptime (of 12 hrs available) x 6 days per week operating uptime (with all 7 days worked per week with two single shift crews working 4 days on, 4 days off). The next increase, once sufficient volume of ave 3g/t+ grade open pit ore is available, is to take the Mill to 24 hour operation, 7 days (2 x 12 hour shifts per day). As this will require approx 100,000t of ore per annum, this is not a step that can immediately proceed, and requires one or more of the targeted open pits to be in production – scheduled in the next 18 months..

Maxwells Mill is an effective unit, and could be used as the processing site for material from all GBM Resource projects for within 35km of Inglewood (see diagram previous page).

### **RESOURCE PROJECTS INGLEWOOD AND SURROUNDING TENEMENTS – FOR MILL FEED**

#### **Inglewood Project – Inglewood MIN and EL (Mining and Exploration licences)**

- Maxwells Mine : ongoing expansion of Maxwells Mine in to :
  - Level 1, sublevel 1 > 2, 63S & 63N;
  - Level 1, sublevel 0, 200N; (this intended to also develop as a N & S heading)
  - the developments are aimed at achieving 4 stopes that can be mined on a daily basis to deliver a consistent weekly tonnage of 120-140 t/wk of 5-10 g/t ore to the Mill - to provide a higher grade fraction of ore to the Mill to blend with its lower grade tailings (1 g/t), which are as soon as possible are to be replaced by a blend with open pit (~3g/t) Resource.
- Wolff shoot: Planning work continued for development of the Wolff Shoot area, focused on its surface expression but more importantly the high grade underground pod at 50-80m below surface. Work involved analysis of :
  - the process for accessing the near surface deposit of ~15,000t for 1,100 oz;

- More importantly, the best means of accessing the Wolff Shoot underground Resource of 19,500t at 19g/t (for 11,900 oz) which has been defined from drilling at 25m intersections at a depth of 50-80m.

As announced in the last half year report three options have been identified and are being comparatively costed: restoration of an existing drive from Maxwell shaft, restoration of the old Laidlaw shaft for either ore &/or man access or a new mini decline from surface.

- Numerous lines of reef forming large near surface Exploration Target: Work continued on further defining the numerous surface Exploration Targets on the Inglewood tenement, from analysis of historical records and exploration data, with the aim of providing long term, close to Mill feed sources. At present this Exploration Target totals ~1.5m-2.5m tons of 2-4g/t for ~150,000 to 300,000oz (for full details and parameters of these Exploration Targets please refer to the table in this report). Notable results were:

- Continued analysis of the Daley reef drill data, which has identified a +1 g/t anomaly over 400m of the outcropping reef. Further analysis is ongoing to define nuggety gold impact and further refine structural model to allow an inferred resource to be estimated.
- Further analysis of the existing Cominsky reef drilling (completed by Goldquest N.L) and gaining of drill planning approval, the drill programme aimed at upgrading the resource to indicated status by RC drilling
- Further analysis of the historical data obtained re the Jersey - South Gordon – Ophir structure: a 1.5 Km 15 -20 metres wide fault zone with regular high grade shoots. Past drilling has outlined significant widths at low grades indicating a bulk mining target of magnitude, requiring further drilling.
- Postulation of a new mineralisation model for the goldfield, which will be tested by the targeted drill programmes.
- A Work Authority has been applied for to undertake gravel extraction at Scandinavian Gully several Km from the Maxwells Mine. A resource of clean white quartz gravels and sands is to be mined and screened into various product sizes and sent to markets. The approval process continues.

#### **Wedderburn EL & MINA – (exploration licence and mining licence under application)**

- Gowks Hill : Further planning approvals and drilling at Gowks Hill resource block :
  - Analysis work ongoing related to the diamond drilling program completed in 2012
  - Additionally a bulk sample work plan variation is ongoing with biodiversity having considerable input causing delay.
  - Granting of a mining licence re Gowks Hill was progressed with Native Title documents progressed to signing stage
  - Preparation of a Work Plan to mine Gowks hill has been commenced. This continues and it is hoped that it will be well progressed in the second half of the calendar year 2013.
- Queens Gully: Exploration Target identified
  - Analysis of previous drill data has shown a Northern extension of the Gowks Hill structure to an area known as Queen’s gully. At present this is in Exploration Target status, but once funds are available work will be carried out to further test and model this extension aiming to take it to Resource.

Further planning approvals and drilling will be undertaken to dovetail this into the Gowks Hill Mining Model.

#### **Goldsborough Project**

##### **Harvest Home (HH) EL & MINA- (exploration licence & mining licence under application)**

- The Harvest Home Resource block has previously been announced of a 1m ton Resource at 2.4 g/t for 80,000 oz
- A 3 hole drill program has been completed and work continues on analysis and sampling of this core.
- Corporate work on the JV within which the HH EL is held led to :
  - A decision to implement the transfer of the GBM group interest in the HH jv to a standalone subsidiary to allow more focused management of the jv.
  - Resulting in sale of the GBM group interest in the HH jv from INGMCo to another 100% GBM subsidiary Greater Bendigo Gold Mines Pty Ltd (GBGM)
  - A previously drafted formal jv document was updated for various changes to a form that GBGM was prepared to sign. The new JV partner, Silver Bright investments, has not yet approved the updated format or agreed to sign same
  - progress on the MINA (Mining Licence application) over the Harvest Home tenement;

##### **Queen's Birthday (QB) EL (exploration licence)**

- Work on the Queen's Birthday tenement reinforced the potential of the 50 - 200,000 oz exploration target defined (refer table herein for full parameters)
- Corporate work on the QB jv, as with the HH jv, led to :
  - A decision to implement the transfer of the GBM group interest in the QB jv and the QB tenement to a standalone subsidiary to allow more focused management of the jv.
  - Resulting in sale of the GBM group interest in the QB jv and the QB tenement from INGMCo to another 100% GBM subsidiary Greater Bendigo Gold Mines Pty Ltd (GBGM)
  - A previously drafted formal jv document was updated for various changes to a form that GBGM was prepared to sign. The new JV partner, Silver Bright investments, has not yet approved the updated format or agreed to sign same

##### **Wilson Hill project – Wilson Hill EL (exploration licence)**

- GBM has continued analysis of the Wilson Hill data base and the 17 trays of WMC drill core collected and stored at GBM's premises.
- Further analysis of this data has re-affirmed the belief that the Bendigo style geological model applies to Wilson Hill. Planning work continues in respect of the intended locations of a substantial drill programme designed to convert a significant

amount of the Exploration Target at Wilsons Hill to Resource in the next 18 months, again subject to funding availability for same.

- Chinese exploration group visited Wilsons Hill with a view to a potential JV to funds and carry out this exploration programme

**Overall during the half year, as during the previous half year, the GBM geological team continued to analyse the available data and develop the Mineralisation models for the Resource projects at Inglewood and surrounds, to allow precise targeting of exploration dollars. As a result the total Exploration Target ounces have been further refined and the aim continues to be to convert as much as possible of the current Exploration target to Resource and inferred Resource to Indicated Resource over the next 18 months.**

**Inglewood Operations (cont)**

**RESOURCE & EXPLORATION TARGETS, INGLEWOOD & SURROUNDING PROJECTS**

Resource - Inglewood & related projects	If applic Cubic Meters	Measured			Indicated			Inferred		
		Tonnes	Au (g/t)	Oz	Tonnes	Au (g/t)	Oz	Tonnes	Au (g/t)	Oz
<b><u>Inglewood</u></b>										
Tailings (sg 1.5)	28,403	42,605	1	1,366						
Underground					34,598	17.5	19,418	71,494	13.4	30,853
Open-cut								406,350	2.8	36,464
Alluvial	182,000							291,200	0.9	8,004
<b>Sub TOTAL</b>	<b>210,403</b>	<b>42,605</b>	<b>1</b>	<b>1,366</b>	<b>34,598</b>	<b>17.5</b>	<b>19,418</b>	<b>769,044</b>	<b>3</b>	<b>75,321</b>
<b><u>Wilson Hill</u></b>										
Underground								132,500	12	50,994
Open-cut								99,375	6	19,123
<b>Sub TOTAL</b>								<b>231,875</b>	<b>9.4</b>	<b>70,117</b>
<b><u>Goldsborough</u></b>										
Tailings (sg 1.5)	13,500							20,000	0.5	321
Open-cut		* Note GBM has 50% of Goldsborough						1,040,000	2.4	80,051
<b>Sub TOTAL</b>								<b>1,060,000</b>	<b>2.4</b>	<b>80,372</b>
<b>Total</b>	<b>434,306</b>	<b>42,605</b>		<b>1,366</b>	<b>34,598</b>		<b>19,418</b>	<b>2,060,919</b>		<b>225,811</b>
		<b>Tonnes</b>	<b>Grade g/t</b>	<b>Oz</b>						
<b>Total Resource all Categories</b>		<b>2,138,122</b>	<b>3.6</b>	<b>246,595</b>	Less JV interest	40,026	<b>TOTAL GBM Oz</b>	<b>206,569</b>		

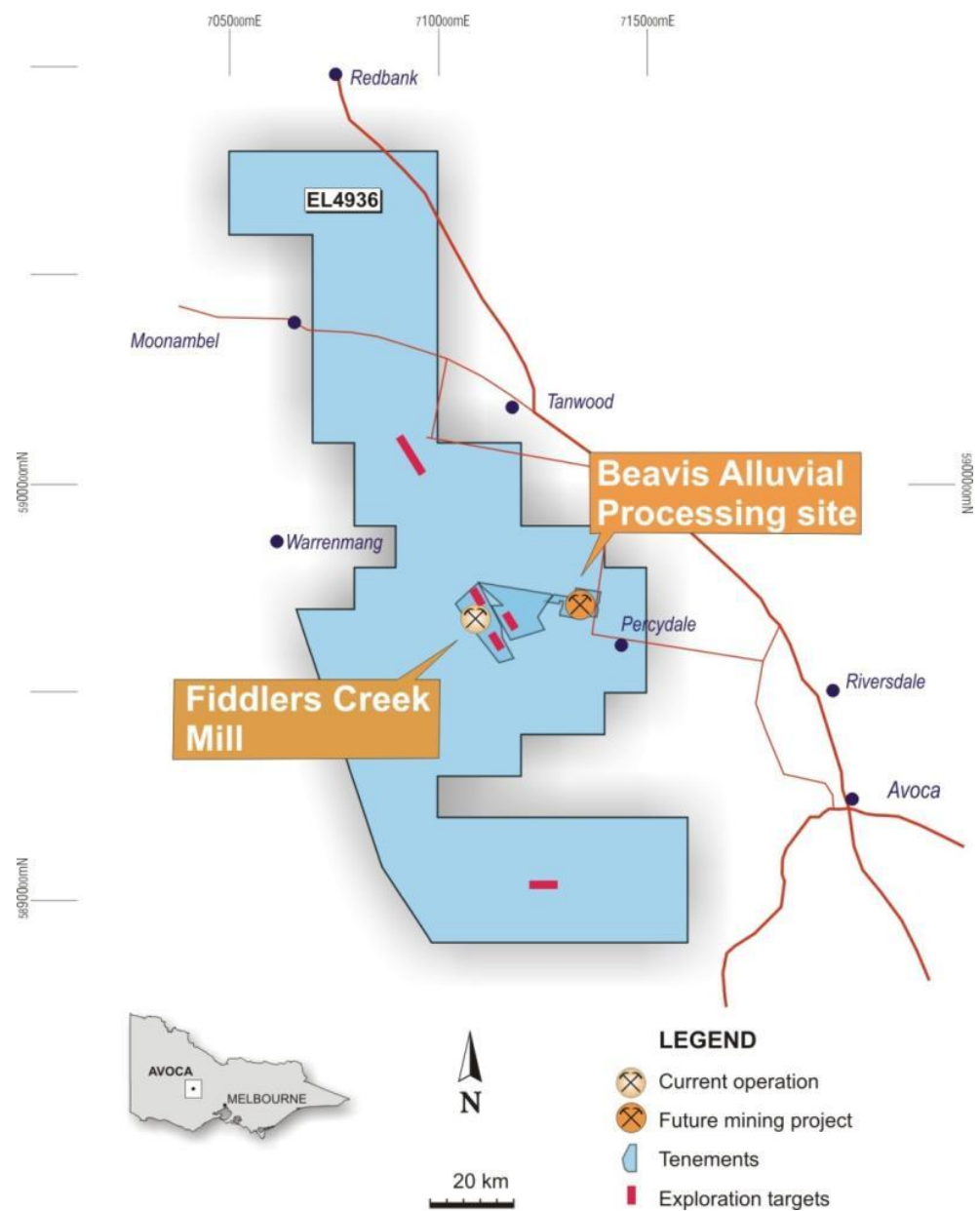
<b>Inglewood Project</b>		<b>Exploration Target table</b>									
<b>Exploration Target Parameters</b>		<b>Open Cuts to 50 metres Depth</b>									
<b>Inglewood Tenements</b>											
Open-Cut targets	Strike m	Width L m	Width H m	Height	S.G	Tonnes L	Tonnes H	Grade L	Grade H	Ounces L	Ounces H
Cominsky -south	800	3	5	50	2	276,000	460,000	1	3	14,753	44,259
Farrell Reef - o/c	150	2	3	30	2	15,525	31,050	2	5	1,494	4,979
Welcome - o/c	100	2	3	70	2	24,150	48,300	1	3	1,549	4,647
Daly-o/c	650	2	3	50	2	112,125	224,250	2	3	10,788	21,576
Jersey	1,000	3	4	50	2	345,000	460,000	3	5	44,259	73,765
Exhibition	600	3	5	50	2	207,000	345,000	2	5	22,130	55,324
Robbie Burns	350	3	5	50	2	120,750	201,250	3	5	19,363	32,272
Rising Sun	250	3	5	50	2	86,250	143,750	3	5	13,831	23,052
Humboldt	250	3	5	50	2	86,250	143,750	3	5	13,831	23,052
<b>Total Inglewood open cut</b>						<b>1,273,050</b>	<b>2,057,350</b>	<b>2</b>	<b>4</b>	<b>141,998</b>	<b>282,927</b>
<b>Wedderburn Tenements</b>											
Strike m	Width L m	Width H m	Height	S.G	Tonnes L	Tonnes H	Grade L	Grade H	Ounces L	Ounces H	
Gowks Hill	250	3	6	50	2.3	86,250	172,500	1.5	5	4,149	27,662
Queens Gully	100	3	6	50	2.3	34,500	69,000	1.5	5	1,660	11,065
Lanes Reef	350	3	6	50	2.3	120,750	241,500	1.5	5	5,809	38,727
<b>Total Wedderburn Open Cut</b>						<b>241,500</b>	<b>483,000</b>	<b>1.5</b>	<b>5</b>	<b>11,618</b>	<b>77,453</b>
<b>Wilson Hill - Bendigo</b>											
Strike L	Strike H	Width	Height	S.G	Tonnes L	Tonnes H	Grade L	Grade H	Ounces L	Ounces H	
Wilson reef	250	320	6	50	2.4	181,125	231,840	4	6	23,236	44,613
<b>Total Wilson Hill Open Cut</b>						<b>181,125</b>	<b>231,840</b>			<b>23,236</b>	<b>44,613</b>
<b>Goldsborough Project</b>											
Strike L	Strike H	Width	Height	S.G	Tonnes L	Tonnes H	Grade L	Grade H	Ounces L	Ounces H	
GBM 50%											
<b>Queens Birthday Open Cut Total</b>	400	600	2	50	2.3	<b>92,000</b>	<b>138,000</b>	2	4	<b>5,901</b>	<b>17,704</b>
<b>Harvest Home</b>	200	350	2	50	2.3	<b>46,000</b>	<b>80,500</b>	2	4	<b>2,951</b>	<b>10,327</b>
<b>Total Goldsborough Open Cut</b>						<b>138,000</b>	<b>218,500</b>			<b>8,852</b>	<b>28,031</b>
<b>Total Open Cut Exploration Target</b>						<b>1,833,675</b>	<b>2,990,690</b>			<b>185,704</b>	<b>433,024</b>

<b>Underground Exploration Target - Extensions and Repetitions to known Mineralisation to 500 metres below surface</b>											
<b>Inglewood Underground</b>	Strike	Width L m	Width H m	Height	S.G	Tonnes L	Tonnes H	Grade L	Grade H	Ounces L	Ounces H
Underground											
Max / Max North Deeps	100	1	1.5	200	2.5	50,000	75,000	12	20	19,243	48,108
Columbian deeps	200	1	1.5	200	2.5	100,000	150,000	15	25	48,108	120,269
Cominsky - u/g	100	1	1.5	200	2.5	50,000	75,000	12	20	19,243	48,108
Jersey	200	1	1.5	200	2.5	100,000	150,000	15	25	48,108	120,269
March Unity - Morning Star - u/g	200	1	1.5	200	2.5	100,000	150,000	20	30	64,144	144,323
Rock of Cashel	100	1	1.5	200	2.5	50,000	75,000	8	12	12,829	28,865
Kelverton u-g	100	1	1.5	200	2.5	50,000	75,000	12	20	19,243	48,108
Old Inglewood	100	1	1.5	200	2.5	50,000	75,000	12	20	19,243	48,108
Ophir et al	100	1	1.5	200	2.5	50,000	75,000	12	20	19,243	48,108
<b>Total Inglewood Underground</b>						<b>600,000</b>	<b>900,000</b>	<b>13</b>	<b>21</b>	<b>269,403</b>	<b>654,266</b>
<b>Wilson Hill - Bendigo</b>	Strike	Width L m	Width H m	Height	S.G	Tonnes L	Tonnes H	Grade L	Grade H	Ounces L	Ounces H
250m R.L											
Wilsons a/c	400	600	8	15	2.5	120,000	180,000	6	12	23,092	69,275
Albion	400	600	8	15	2.5	120,000	180,000	6	12	23,092	69,275
Slate	400	600	8	15	2.5	120,000	180,000	6	12	23,092	69,275
<b>Total 250m</b>						<b>360,000</b>	<b>540,000</b>			<b>69,275</b>	<b>207,826</b>
500m R.L											
Wilsons	400	600	8	15	2.5	120,000	180,000	6	12	23,092	69,275
Albion	400	600	8	15	2.5	120,000	180,000	6	12	23,092	69,275
Greys	400	600	8	15	2.5	120,000	180,000	6	12	23,092	69,275
Slate	400	600	8	15	2.5	120,000	180,000	6	12	23,092	69,275
<b>Total 500m</b>						<b>480,000</b>	<b>720,000</b>			<b>92,367</b>	<b>277,101</b>
<b>Total Wilson Hill Underground</b>	Note: some rounding has occurred									<b>161,642</b>	<b>484,926</b>
<b>Goldsborough Underground</b>	Strike L	Strike H	Width	Height	S.G	Tonnes L	Tonnes H	Grade L	Grade H	Ounces L	Ounces H
<b>Queens Birthday Underground</b>											
Underground South Extent	75	150	1.5	170	2.6	49,725	99,450	6	12	9,569	38,275
QB deeps	300	600	1.5	180	2.6	210,600	421,200	6	12	40,526	162,104
<b>Total Goldsborough Underground</b>						<b>260,325</b>	<b>520,650</b>	<b>6</b>	<b>12</b>	<b>50,095</b>	<b>200,378</b>
<b>Total Underground Exploration Target values</b>										<b>481,140</b>	<b>1,339,570</b>
All measurements in metres			31.18 g/Ounce								
SG estimated on local experience			Dimensions based on existing workings								
<b>TOTAL Open Pit &amp; Underground Exploration Target values</b>						<b>3,273,675</b>	<b>5,150,690</b>			<b>666,844</b>	<b>1,772,594</b>

**AVOCA OPERATIONS**

With the ISG subsidiary sold the focus of the Avoca operations is on (i) development of the Fiddlers Creek Mine to an operating mine (ii) restoration of the Fiddlers Creek mill to production and (iii) ongoing exploration of the Fiddlers Creek and Avoca tenements in an effort to turn the existing Exploration Targets in to Resource and overall to expand the Resource base at Avoca.

**ADJOINING BEAVIS+FIDDLERS CREEK PROCESSING SITE**







**Fiddlers Ck Ball Mill**



**Beavis Project showing historical diggings and company property boundary - SOLD**

## **RESOURCE PROJECTS AVOCA AND RELATED TENEMENTS – FOR MILL FEED**

### **Fiddlers Creek Project – 2 x MIN (mining licences)**

- Further analysis of drill data relating to a downward extension of the existing Fiddlers Creek mine Resource ongoing with revised resource to be prepared.
- Work Plan under construction and related operational planning being considered to allow access to this lower extension, targeted by way of small scale decline.
- Planning for further testing of surface anomaly showing potential for a small open pit resource nearby the Mill.
- All this further work subject to suitable project funding being available for this project – from GBM or jv partner in the project, with discussions underway in respect of same.

### **Avoca EL (exploration licence)**

- Significant Exploration target identified for future review as potential alluvial and hardrock sources.
- New Mineralisation model for the area developed and a work plan to test this under preparation. The model effectively notes existing narrow reefs as part of a larger fault system and in various locations, mineralisation can carry from footwall to hanging wall over 10 to 15 metres in width.
- Drill testing these areas to identify larger scale open pit deposits to be undertaken subject to funding.

### **Beavis Project - freehold land covered by WA (work authority)1395 - SOLD**

- Conceptual planning of production logistics undertaken in respect of processing the inferred Resource of 33,000 oz in the basal layer from 25 metres and the in excess of 2 million cubic metres of silica based industrial products
- Work continued on identifying potential users of the silica and kaolin industrial products
- Prior to any action in respect of the above GBM subsidiary Industrial Sands & Gravels Pty Ltd (ISG), the owner of this Beavis project, was sold to Wiltshire Asset Management for A\$5m. An initial A\$750,000 of this was paid during the half year.

Avoca Operations (cont)

**RESOURCE & EXPLORATION TARGETS, AVOCA SEGMENT**

<b>Resources</b>									
<b>Fiddlers Creek</b>	<b>Measured</b>			<b>Indicated</b>			<b>Inferred</b>		
	Tonnes	Au (g/t)	Ounces	Tonnes	Au (g/t)	Ounces	Tonnes	Au (g/t)	Ounces
<u>Tailings (sg 1.6)</u>									
Sub TOTAL Tails									
<u>Hard Rock</u>									
Fiddlers Ck Mine	877	13	374	5,413	6	981	10,637	5	1,774
Fiddlers Hanging wall							10,080	8	2,586
Below 920 m R.L.							7,200	8	1,847
Footwall							11,520	8	2,956
Sub TOTAL - u/g	877	13	374	5,413	6	981	39,437	7	9,163
<b>Grand Total for Fiddlers Creek</b>							<b>45,727</b>	<b>7</b>	<b>10,518</b>

<b>Avoca - Fiddlers Ck</b>		<b>Exploration Target table</b>									
Exploration Target	Estimate criteri	Open pits to 50 metres									
Projects	Strike L	Strike H	Height	Width	S.G	Tonnes L	Tonnes H	Grade L	Grade H	Ounces L	Ounces H
Min 4023	75	150	50	2	2.3	17,250	34,500	4	10	2,213	11,065
Min 4548	100	200	50	2	2.3	23,000	46,000	4	10	2,951	14,753
Beavis Extension	500	750	200	2	1.5	300,000	450,000	0.5	1	4,811	14,432
Alluvial No 1 Gully	1000	1500	5	100	1.5	750,000	1,125,000	0.65	1	15,635	36,081
						<b>1,050,000</b>	<b>1,575,000</b>	<b>1</b>	<b>2</b>	<b>25,609</b>	<b>76,331</b>
EL 4936											
Targets	Strike L	Strike H	Height	Width	S.G	Tonnes L	Tonnes H	Grade L	Grade H	Ounces L	Ounces H
Mt Warrenmang	200	500	120	15	2.5	900000	2250000	0.75	1.5	21,648	108,242
Halls Reef	300	600	35	6	2.5	157500	315000	1.5	4	7,577	40,411
Bannisters	500	1000	35	10	2.5	437500	875000	1	3	14,031	84,189
<b>Total</b>						<b>1495000</b>	<b>3440000</b>			<b>43,257</b>	<b>232,842</b>
<b>Grand Total Avoca Exploration Target</b>						<b>2,545,000</b>	<b>5,015,000</b>			<b>68,866</b>	<b>309,173</b>

## GBM GOLD LTD – CORPORATE ACTIVITY

During the half year the following corporate activity was undertaken:

- Collection of initial \$750,000 due to GBM as the initial deposit re the sale of subsidiary Industrial Sand & gravels Ltd (ISG)
- Transaction also entered with Wiltshire Assets Management Ltd (WAM) to invest A\$9m in to GBM subsidiary Inglewood Gold Mining Company Pty Ltd (INGMCo) – with initial payment of \$1.08m received by INGMCo during the period and a further A\$350,000 post reporting period
- Land registered back in to name of GBM subsidiary Goldsborough Mining Pty Ltd as a result of litigation victory over former director Douglass Wakeley Cahill & others
- Streamlining of management overhead and site management within Inglewood operation
- Streamlining of group administration and continued improvement of all in-house processes and systems
- Issue of A\$100,000 of shares in GBM at price of 1.2c per share
- Further A\$425,000 received from Sterlington Resources Ltd in line with the funding agreement made with Sterlington, \$305,000 of which still shows as a loan in GBM books at the half year and is to be converted to shares during the second half of the financial year
- Ongoing work to secure substantial international projects in which to invest.

## INVESTMENTS FOR FUTURE PERFORMANCE

The main investments for future performance were:

- Inglewood:
  - Investment to improve the effectiveness of the Maxwell Mill
  - Investment into development of further production stopes at the Maxwell Mine
  - Further exploration work carried out and much larger exploration targets identified
- Goldsborough-Moliagul
  - Change of ownership of the Harvest Home and Queens Birthday joint ventures to 100% GBM subsidiary Greater Bendigo Gold Mines Pty Ltd – with registration of the Queen’s Birthday tenement transfer still to occur.
  - Ongoing work to finalise and execute formal jv agreements, arising from the document drafted at the time the new jv partner invested in to the jv’s
  - Ongoing work on the Harvest Home jv to position it for bulk sampling and expected mine planning thereafter
  - Ongoing work on the Queen’s Birthday jv developing extensive exploration programme
- Wilson Hill
  - Ongoing work developing exploration programme and presenting same to potential jv investors
- Avoca-Fiddlers Creek :
  - Work on progressing approvals and preliminary work plans to take the Fiddlers Creek processing site towards production

- Corporate:
  - Ongoing effort progressing various funding arrangements in place and other potential funding arrangements
  - Work on various potential corporate acquisitions, none sufficiently advanced to announce as at the date of this report

In Summary work was focused on delivering GBM back to a state in which it can deliver strong future performance. Substantial effort and resource was expended during the half year on :

- increasing the Exploration Targets and planning extensive exploration programmes to convert same to Resource.
- on implementing more streamlined and improved business processes at Inglewood, more focused on bottom line performance – leading to a decision in December to place the operation on care and maintenance for the time being until further funds and higher grade mineable surface Resource available to the operation
- improved financial control within the overall group - as well as the supporting policies and procedures

## FINANCIAL PERFORMANCE

- The group achieved a total gold sales of **\$167,351 (31 December 2011: \$250,351)** and incurred an after tax profit for the half year ended 31 December 2012 of **\$2,409,547 (31 December 2011: loss of \$3,346,352)**.
- Sales were significantly less than projected for the period due to the limited operation of the Maxwell mill.

## CURRENT STRUCTURE OF THE GROUP

Controlling Entity:	CAN	Percentage Owned 31 December 2012
GBM Gold Ltd	119 956 624	—
<b>Controlled Entities</b>		
Goldsborough Mining Pty Ltd	072 849 220	100%
GBM Fiddlers Creek Pty Ltd	119 943 421	100%
Inglewood Gold Mining Company Pty Ltd	116 623 100	100%
Greater Bendigo Gold Mines Pty Ltd	116 991 691	100%
GBM Wilson Hill Pty Ltd	007 257 452	100%
GBM Avoca Pty Ltd	129 861 123	100%
Industrial Sands & Gravels Pty Ltd	072 258 158	Nominal 100% Beneficial ownership 0%
Kralcopic Pty Ltd	007 222 086	100%

## DIVIDENDS

No dividends have been paid or provided for in the period of this report or since balance date.

## EVENTS SUBSEQUENT TO REPORTING DATE

No significant events post reporting date, noting that \$350,000 further payment received from Wiltshire relating to its Inglewood investment agreement and a further \$70,000 received from Sterlington relating its investment agreement in to GBM.

## LIKELY DEVELOPMENTS

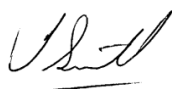
The likely developments in the operations of the Group are as follows:

1. Inglewood Gold Mining Company Pty Ltd (INGMCo), at present a 100% subsidiary, to move to initially a 50% associate company, following :
  - a. conversion of \$1.08m of what is presently "Current Financial Liability" within the GBM group to ordinary fully paid shares in Inglewood Gold Mining Company Pty Ltd
  - b. Completion of delivery of ~\$3.5m of further funds from WAM to INGMCO of which
  - c. \$1m flows to GBM
2. Conversion of \$305,000 of what is presently "Current Financial Liability" of GBM to ordinary fully paid GBM shares at 1.2c
3. a further fund raising and issues of shares by GBM of not less than the A\$700,000 balance due from Sterlington resources and likely to be ~\$1 – 1.5m
4. Delivery of a further \$4m from WAM to INGMCo
5. Continued development of the Inglewood project with its stand alone funding from WAM through :
  - a. exploration and continued expansion of the Inglewood project Resource and the surrounding Resource projects – both open pit and underground - with bulk sampling followed by mining to commence at both Gowks Hill and Wolff Shoot – and various associated Resource upgrade announcements
  - b. further development of the Maxwells Mill, especially in respect of enhancing performance via improved crushing, carbon handling and regeneration systems
6. Announcement that various other exploration programmes are commencing and that due diligence is to commence on potential acquisition of one or more further substantial International Resource project(s)

## AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 22 and forms part of the Directors' Report for the half-year ended 31 December 2012.

This report is made in accordance with a resolution of the directors:



I W Smith, Executive Chairman  
Bendigo, 18 March 2013

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**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of GBM Gold Limited**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2012 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the review.

Moore Stephens

MOORE STEPHENS  
Chartered Accountants



Nick Michael  
Partner

Melbourne, 18 March 2013

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2012

	Note†	31-Dec-12 \$	31-Dec-11 \$
Sales Revenue		-	-
Cost of Sales		-	-
<b>Gross profit/loss</b>		<b>-</b>	<b>-</b>
Other income		1,132	381,193
Administrative expenses		(706,406)	(1,813,758)
Net gain from disposal of subsidiary	3	4,709,210	-
<b>Profit (Loss) before income tax</b>		<b>4,003,963</b>	<b>(1,432,565)</b>
Income Tax Expense		-	-
<b>Profit / (Loss) for the half year before discontinued operations</b>		<b>4,003,963</b>	<b>(1,432,565)</b>
<b>Other comprehensive income</b>			
Results from disposal group classified as held for sale	4	(1,594,389)	(1,913,787)
<b>Total Comprehensive Profit / (Loss) for the half year</b>		<b>2,409,547</b>	<b>(3,346,352)</b>
<b>Loss is attributable to: Owners of GBM Gold Ltd</b>			
<b>Total Comprehensive loss attributable to Owners of GBM Gold Ltd</b>			
<b>Earnings per share for loss attributable to owners of GBM Gold Ltd:</b>			
Basic Profit (Loss) per share (cents per share)		0.004	(0.007)
Diluted Profit (Loss) per share (cents per share)		0.004	(0.007)

† The accompanying notes form part of these consolidated financial statements.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note†	Consolidated	
		31-Dec-12	30-Jun-12
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	35,926	184,940
Trade and other receivables		159,386	306,938
Inventory		-	423,893
Receivable - disposal of subsidiary		1,500,000	-
Assets of disposal group reclassified as held for sale	4	8,352,916	-
<b>Total current assets</b>		10,048,228	915,771
<b>Non-current assets</b>			
Receivable - disposal of subsidiary		2,750,000	-
Other financial assets		723,136	662,377
Property, plant and equipment		890,111	9,577,893
Exploration and evaluation		673,068	1,113,998
Other intangible assets		-	64,250
<b>Total non-current assets</b>		5,036,315	11,418,518
<b>Total assets</b>		15,084,543	12,334,289
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		846,158	2,420,746
Financial liabilities		451,829	520,040
Provisions		55,147	3,134,146
Liabilities of disposal reclassified as held for sale	4	5,088,474	-
<b>Total current liabilities</b>		6,441,608	6,074,932
<b>Total non-current liabilities</b>		10,896	46,865
<b>Total liabilities</b>		6,452,504	6,121,797
<b>Net assets</b>		8,632,039	6,212,492
<b>Equity</b>			
Share Capital	8	24,063,357	23,963,357
Reserves		510,000	600,000
Accumulated losses		(15,941,318)	(18,350,865)
<b>Total equity</b>		8,632,039	6,212,492

† The accompanying notes form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2012

Consolidated	Note†	Share capital	Reserves	Accumulated losses	Total
		\$	\$	\$	\$
<b>Balance at 30 June 2011</b>		<b>17,900,287</b>	<b>600,000</b>	<b>(11,519,572)</b>	<b>6,980,715</b>
<b>Comprehensive Income for the Year</b>					
Loss for the year		-	-	(1,432,565)	(1,432,565)
Results from disposal group reclassified as held for sale	4	-	-	(1,913,787)	(1,913,787)
<b>Total Comprehensive Income for the Year</b>		<b>-</b>	<b>-</b>	<b>(3,346,352)</b>	<b>(3,346,352)</b>
<b>Transactions with Owners in their Capacity as Owners:</b>					
Shares Issued		3,750,870	-	-	3,750,870
Transaction Costs		(152,499)	-	-	(152,499)
<b>Total transactions with Owners in their capacity as Owners</b>		<b>3,598,371</b>	<b>-</b>	<b>-</b>	<b>3,598,371</b>
<b>Balance at 31 December 2011</b>		<b>21,498,658</b>	<b>600,000</b>	<b>14,865,924</b>	<b>7,232,734</b>
<b>Balance at 30 June 2012</b>		<b>23,963,357</b>	<b>600,000</b>	<b>(18,350,865)</b>	<b>6,212,492</b>
<b>Comprehensive Income for the period</b>					
Profit for the period		-	-	4,003,963	4,003,963
Adjustment - Disposal of Subsidiary		-	(90,000)	-	(90,000)
Results from disposal group reclassified as held for sale	4	-	-	(1,594,389)	(1,594,389)
<b>Total Comprehensive Income for the Period</b>		<b>-</b>	<b>(90,000)</b>	<b>2,409,547</b>	<b>2,319,547</b>
Shares Issued		100,000	-	-	100,000
Transaction Costs		-	-	-	-
<b>Balance at 31 December 2012</b>		<b>24,063,357</b>	<b>510,000</b>	<b>(15,941,318)</b>	<b>8,632,039</b>

† The accompanying notes form part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2012

	Note†	Consolidated	
		31-Dec-12	31-Dec-11
<b>Cash flows from operating activities</b>			
Cash receipts from customers		167,351	443,600
Deferred gold sales		-	2,951,613
Cash paid to suppliers and employees		(2,111,444)	(2,726,686)
Interest received		3,996	4,078
Interest paid		(90,857)	(327,116)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(2,030,954)</b>	<b>345,489</b>
<b>Cash flows from investing activities</b>			
Proceeds for Intangibles		205,268	-
Net Proceeds from the sale of a subsidiary		369,210	-
Proceeds from sale of property, plant & equipment		395,704	(159,955)
Acquisition of property, plant & equipment		(157,424 )	(797,034)
<b>Net cash outflow from investing activities</b>		<b>812,758</b>	<b>(956,989)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital		100,000	1,750,870
Payments for additions to Joint Ventures		(60,759)	-
Cost of share issue		-	(152,499)
Proceeds from New Loans / ( repayment of borrowings)		1,041,762	(250,469)
<b>Net cash from financing activities</b>		<b>1,081,003</b>	<b>1,347,902</b>
Net increase/(decrease) in cash and cash equivalents		(137,193)	736,402
Cash and cash equivalents at start of reporting period		184,940	226,063
<b>Cash and cash equivalents at end of reporting period</b>	4	<b>47,747</b>	<b>962,465</b>

† The accompanying notes form part of these consolidated financial statements.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the half-year ended 31 December 2012

### 1 STATEMENT OF PREPARATION AND ACCOUNTING POLICIES

These general purpose financial statements for the half-year reporting period ended 31 December 2012 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*

The half-year financial statements are intended to provide users with an update on the last annual financial statements of GBM Gold Limited and its controlled entities (The Group). As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that these financial statements be read in conjunction with the annual financial statements of the group for the year ended 30 June 2012, together with any public announcements made during the half-year in accordance with the continuous disclosure requirements in the *Corporations Act 2001*.

The accounting policies applied in the presentation of these financial statements are consistent with those applied in the most recent annual financial statements and the comparative interim reporting period.

#### GOING CONCERN

The consolidated group generated a net profit for the six month period ended 31 December 2012 of \$2,409,547 (six month ended 31 December 2011 Loss: \$3,346,352) and shows a working capital deficiency at 31 December 2012 of \$4,392,848 (30 June 2012 \$5,159,161) before reclassification of non-current assets relating to the disposal group as current assets held for sale. The group has net assets of \$8,632,039 (30 June 2012: 6,212,492).

As disclosed, the group has entered into an agreement with Wiltshire Asset Management Ltd (WAM) whereby its subsidiary, Inglewood Gold Mining Company Pty Ltd ("INGMCo"), is to receive an injection of A\$9m as equity in that company from WAM, subject to any and all required approvals. The ASX clarified on 13 March 2013 that shareholder approvals were not required for the transaction. The first A\$1.08m of this was paid in the reporting period. A further A\$350,000 was paid post the reporting period in March 2013 and a further amount of between A\$1.3m and 3.5m is expected by end March 2013. The total balance due is expected in the second half of the current financial year. Without these funds, significant doubt exists as to whether the group can continue as a going concern. These funds will allow INGMCo to settle all its obligations in respect of creditors and accruals and bring its deferred payment obligations current. A decision will be made at that time as to whether to repay the approx A\$2.9m principal relating to the deferred gold revenue facility.

All of the above funds will be converted to shares in INGMCo in 3 tranches – tranche 1 being conversion of the first A\$1m injected by WAM to 20% of INGMCo, tranche 2 sees the next \$4m being converted to give WAM in total 50% of INGMCo and tranche 3 sees the next \$4m being converted to give WAM 80% of the shares in INGMCo.

Of the above injection of funds in to INGMCo A\$1m will be paid to GBM, which will allow it to settle all of its and its other subsidiaries' obligations, presently totalling approximately \$600,000. The Group currently has some liabilities which are in arrears. However with the ongoing support from these creditors, liabilities in arrears will be settled upon receipt of cash as detailed in this note.

In addition GBM has an agreement with Sterlington Resources Ltd whereby a further ~A\$700,000 is to be injected as equity at 1.2c per share. This is expected to be received by end March 2013 – and it, along with ~\$300k of what are presently shown as current liabilities, will upon receipt be converted to shares in GBM.

Sterlington also has discussions with a range of other investors who are indicating willingness to become shareholders in GBM. Again these discussions are aimed at resulting in funding arrangements or equity injection being received in March or first half April 2013.

In addition GBM has a receivable from WAM of A\$4.25m relating to the sale to WAM of its subsidiary Industrial Sands & Gravels Pty Ltd (ISG). The ISG sale occurred in September 2012 for an amount of A\$5m. Of this \$750,000 has been received and a further A\$4.25m is to be paid at \$250,000 per month for 17 months from July 2013 to November 2014.

The directors are confident that this and other capital raising projects in the pipeline for the short term future will be successful given the company's historic successful capital raising record, as well as the agreements entered into and commitments received from investors.

The directors are of the opinion that as a result of the above the group remains a going concern and that the financial statements should be prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. This is based on the Directors' confidence in the Group's strategic future plans; the investment and funding arrangements entered into as described above, including the directors' expectation that the following planned capital raising projects in the short term will be successful:

- \$700,000 due from Sterlington Resource to be received by GBM by end March 2013
- Not less than \$1,300,000 and up to \$3,500,000 due from WAM to be received by INGMCo by end March 2013
- Further equity of A\$500,000 – 1,000,000 to be received by GBM during April 2013
- A further A\$4,000,000 to be received by INGMCo in cash, cash equivalents or equipment during the second half of the financial year and prior to the end of this financial year.
- During the next financial year A\$3,000,000 of the GBM receivable re the ISG sale to be received by GBM

The directors have developed a strategic plan for the Inglewood site. This involves the Inglewood Gold Mining company continuing a two fold approach of (i) rapidly increasing its Resource inventory, in the short term more focused on taking its existing near surface Resource and exploration targets through to a stage where they can be confidently mined and (ii) attending to various operational issues at the Maxwell Mill by further Capex and returning it to operation – initially continuing to process the existing ROM heap, nearby tailings and small quantities of underground ore from the Maxwell Mine.

Whilst in the short term the Inglewood operation is projected to be breakeven at best, once the first of the higher grade and higher volume open pits is on stream INGMCo projects it can commence generating consistent and growing profits - with an ongoing ability to extract and produce commercial quantities of gold from its tenements at a profitable margin. Based on this plan, and the INGMCo transaction with WAM, the directors are confident that INGMCo has sufficient resources and will have the infrastructure in place to ensure INGMCo starts producing profitably in the medium term. Historical reliability of the INGMCo plant and equipment has prevented profitable production. However, the significant issues with the plant and equipment have been largely resolved - with the further required actions identified and plans made to implement the remaining required actions – which are mainly in respect of the secondary crusher, compressed air supply, tankage, improvement to the carbon handling, addition of carbon regen circuit and completion of further approved tailings facilities. With these matters resolved and mining access to the first of a number of planned open pits in place, the directors are confident that INGMCo will operate effectively and profitably in the medium term.

In addition GBM and the other group companies have significant exploration and other corporate expansion objectives – aimed to bring in to place further significant Resource and other production sites. Subject to GBM receiving the funds as set out above, which are required to sustain the Group in the short term, further funding will then be sourced most likely at the project level. This is needed to expand the exploration programmes at and development of the other existing projects – and to review and potentially acquire one or more of various International projects which are being investigated.

The Board also remains committed to the Group’s ongoing exploration programmes, although there is some flexibility in the timing and funds that will be committed.

If the consolidated entity is unable to continue as a going concern it shall be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the consolidated entity not continue as a going concern

## 2 SEGMENT INFORMATION

Segment information is presented using a “management approach”, being segment information provided for internal reporting purposes used by the executive management committee.

### DESCRIPTION OF SEGMENTS

Management has determined the operating segments based on reports reviewed by the executive management committee for making strategic decisions. The executive management committee comprises the executive chairman and subsidiary/divisional managers. The committee monitors the business based on the stage of exploration and development and geographic location of tenements. This has resulted in the identification of the following reportable segments:

#### *Inglewood Segment and Operational focus (Victoria)*

The Operational focus at Inglewood is based around the Maxwells Mill site, and at present represents the majority of the company’s activity.

The Maxwells Mill comprises an established and functional gravity and CIP processing base capable of processing 50-100,000t of material per annum, processing tonnage based on either single shift 12 hour per day, 7 day operation or 24 hour 7 day operation.

This processing site is presently fed from a range of low grade historical surface deposits as well as small quantities of underground ore from the adjacent Maxwells.

The Maxwells Mine has had 3 production phases being the historical 1856 - approx 1880 followed by a revival in the 1920's - over which periods approx 120,000 oz were produced; 1985-1993 when ~10,000 oz were produced ; and the recent phase under GBM ownership from 2006 when recent mining activity has produced approx 1,000 oz.

Inglewood and its related resource projects (refer diagram in this report) cover ~10,000ha, and contain approx 200,000 Oz of Resource with extensive well defined Exploration Targets of upwards of 600,000 Oz (refer to table herein for details of the Exploration Target parameters)

#### *Avoca Segment and Operational Focus (Victoria)*

With the sale of ISG and its Beavis project the Operational focus at Avoca is based on the two adjacent Mining licences comprising the Fiddlers Creek site with its mill and mine.

The Fiddlers Creek mill and mine are not presently operating, but subject funding initiatives being successful it is intended that the Mill will be taken back in to operation and a new access to the mine to be established to allow production in the next 18 months, with the Mill available to process other material from the larger Avoca area as well as the Fiddlers Creek mine

The tenements related to the Avoca operational focus cover ~9,500 ha, and contain approx 10,000 Oz of Resource with Exploration Targets of approximately a further 60 - 300,000oz (refer Exploration Target table herein for full parameters of same)

Segment	Avoca Operation	31-Dec-12 Inglewood Operation (Held for sale)	Rest of Group	Total
<b>Half year ended 30 December 2012</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>
Total segment revenue and other income	294	170,216	4,710,048	4,880,558
Segment result	(1,768)	(1,594,389)	4,005,704	2,409,547
Segment asset	145,848	8,352,916	6,585,779	15,084,543

Segment	Avoca Operation	31-Dec-11 Inglewood Operation (Held for sale)	Rest of Group	Total
<b>Half year ended 30 December 2011</b>	<b>\$</b>	<b>\$</b>		<b>\$</b>
Total segment revenue and other income	728	572,435	0	573,163
Segment result	(22,064)	(2,389,397)	(934,891)	(3,346,352)
Segment asset	1,166,658	11,119,926	47,705	12,334,289

There is revenue between the head office and segments which has been eliminated as both cost and revenue in the above, so that segment revenues and costs shown are only revenues from external customers.

The executive management committee monitors segment performance based on profit or loss before income tax. The reconciliation of the segment result to the loss before income tax is as follows:

	31-Dec-12	30-Dec-11
	\$	\$
<b>Trading Segment Results</b>		
Interest received	(1,596,157)	(2,411,461)
Disposal of subsidiary	1,240	2,694
Other Income	4,709,210	0
Professional, consulting and management fees	2,756	77,771
Finance cost	(261,413)	(95,967)
Other expenses	(90,857)	(327,022)
	(355,232)	(592,367)
<b>Profit (Loss) before income tax benefit</b>	<b>2,409,547</b>	<b>(3,346,352)</b>

### 3 DISPOSAL OF SUBSIDIARY

During the period, the shares in Industrial Sands and Gravel Pty Ltd were disposed for a total of \$5m with \$750,000 paid on deposit. The Balances is due in 17 instalments of \$250,000 commencing July 2013. Breakdown as follows :

	Accounting	Cash flow
	\$	\$
Proceeds	5,000,000	750,000
Less :		
Disposal of Assets	24,626	171,187
Disposal of subsidiary	(315,416)	(315,416)
Adjustment - Reserves	-	(90,000)
<b>Net Profit / Proceeds</b>	<b>4,709,210</b>	<b>515,771</b>



## 4 DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As disclosed in note 1, Going Concern, the Group has entered into an arrangement with Wiltshire Asset Management (WAM) whereby the subsidiary Inglewood Gold Mining Company Pty Ltd will receive a cash injection in exchange for equity. The Group's resulting interest in this entity will be diluted to a non-controlling interest and therefore the results, assets and liabilities of this entity are stated as those of a disposal group held for sale in accordance with accounting standards. The accounting standards deem this the appropriate treatment despite it not being the Group's intention to dispose of its Inglewood investment.

	31-Dec-12	30 Jun 2012
	\$	\$
<b>Assets reclassified as held for sale</b>		
Plant, property & equipment	7,699,555	8,583,630
Exploration and evaluation	235,662	229,692
Intangible assets	64,250	64,250
Inventories	337,815	423,891
Trade and other receivables	3,813	16,404
Cash at Bank	11,821	52,145
	<b>8,352,916</b>	<b>9,370,012</b>
<b>Liabilities reclassified as held for sale</b>		
Financial Liabilities	1,145,942	67,989
Provisions	3,180,009	3,111,333
Trade and other payables	762,523	1,709,708
	<b>5,088,474</b>	<b>4,889,030</b>
<b>Results from disposal group classified as held for sale</b>		
Revenue	170,216	250,351
Cost of sales	(958,653)	(1,464,444)
Expenses	(805,952)	(699,694)
	<b>(1,594,389)</b>	<b>(1,913,787)</b>
<b>Cash flows generated in the period by the disposal group classified as held for sale are as follows:</b>	<b>31-Dec-12</b>	
Cash outflows from operating activities	(1,392,849)	
Cash inflows from financing activities	209,985	
Cash inflows from investing activities	1,142,540	
Reconciliation of cash flows to the statement of cash flows:		
Cash and cash equivalents at start of period	52,145	
Net decrease in cash and cash equivalents	(40,324)	
Cash and cash equivalents at end of period	<b>11,821</b>	
<b>Reconciliation of cash</b>		
Cash and cash equivalents of continuing operations	35,926	
Cash and cash equivalents of disposal group reclassified as held for sale	11,821	
	<b>47,747</b>	

## 5 DIVIDENDS

No dividends have been paid or provided for in the current period

## 6 ISSUED CAPITAL

† Includes ordinary shares and options issued as part of ongoing Capital restructure

	Consolidated	
	31-Dec-12	30-Jun-12
	\$	\$
667,784,944 (30 June 2012: 659,451,611) fully paid ordinary shares	24,063,357	23,963,357

	Consolidated	
	31-Dec-12	30-Jun-12
	No.	No.
<b>Ordinary Shares</b>		
At the beginning of the reporting period	659,451,611	340,483,877
Shares issued during the year		
- Private placement (During the period)†	8,333,333	318,967,734
<b>At the end of the reporting period</b>	667,784,944	659,451,611
<b>Options exercisable at on or before 31 December 2012</b>		
At the beginning of the reporting period	-	102,088,691
Options issued during the period	-	62,281,533
Options expired during the period	-	(164,370,224)
	-	-

## 7 EVENTS SUBSEQUENT TO REPORTING DATE

No material events have occurred subsequent to the Reporting Date. A further \$350,000 was received from Wiltshire Asset management under the Inglewood investment agreement and \$70,000 from Sterlington under its investment agreement with GBM.

## 8 CONTINGENT LIABILITIES AND ASSETS

There has been no change in contingent liabilities or assets since the last annual reporting date.

## 9 LEASE DISCLOSURES

	<u>2012 \$</u>	<u>2011 \$</u>
Commitments under non-cancellable operating leases:		
Not later than 1 year	104,541	72,000
Later than 1 year and not later than 5 years	42,502	108,000

## 10 SIGNIFICANT TRANSACTIONS IN THE PERIOD

- Investment commitment of A\$9m secured by INGMCo from Wiltshire Asset management Ltd (WAM). Receipt of initial A\$1.08m of these funds in the period
- Receipt of A\$750,000 from the sale of ISG in the period

## DIRECTORS' DECLARATION

The Directors of GBM Gold Limited declare that:

- (a) the financial statements and notes set out on pages 19 to 27 are in accordance with the Corporations Act 2001 and:
  - i. comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
  - ii. give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date.
- (b) In the director's opinion, there are reasonable grounds to believe that the company will be able to bring all of its obligations current over the next 4 weeks and thereafter to continue to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the directors by:



Ian W Smith  
Director

Bendigo  
18 March 2013

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## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GBM GOLD LIMITED**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of GBM Gold Limited and controlled entities (the "consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and explanatory information and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of GBM Gold Limited ("the company") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not prepared, in all material aspects, in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. As the auditor of GBM Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of GBM Gold Limited, would be on the same terms if provided to the directors at the time of this auditor's review report.

*Conclusion*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of GBM Gold Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

*Significant Uncertainty Regarding Going Concern*


Without qualification to the conclusion expressed above, we draw your attention to Note 1, Going Concern, in the financial statements. The Group has a working capital deficiency of \$4,392,848 at 31 December 2012 (30 June 2012: \$5,159,161) before reclassification of non-current assets held for sale to current assets.

These conditions, along with other matters set forth in Note 1, Going Concern, indicate the existence of a material uncertainty that may cast significant doubt regarding the Group's ability to continue as a going concern.

In the event that the Group is unable to continue as a going concern it shall be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. In particular, any such adjustments would be expected to impact the carrying value of the exploration and evaluation asset, the Group's property, plant and equipment and inventories. The total carrying value of these assets amounted to \$9,836,211 at 31 December 2012 (30 June 2012: \$11,115,784).

Moore Stephens

Moore Stephens  
Chartered Accountants



Nick Michael  
Partner

Melbourne, 18 March 2013

## COMPANY INFORMATION

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### SHARE REGISTRY

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MELBOURNE, VIC 3000  
Telephone: 1300 85 05 05

### STOCK EXCHANGE LISTING

Australian Stock Exchange — Code: GBM