



GBM GOLD
— LTD —

(ABN 59 119 956 624)

INTERIM REPORT
for the half-year ended
31 December 2013

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 Group") for the half year ended 31 December 2013 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 Eric Ng**, Non-Executive Chairman.
- **Mr John Harrison**, Executive Director & CEO.
- **Mr Paul Chan**, Non-Executive Director.
- **Mr Andy Lai**, Independent Non-Executive Director.
- **Ms Linda Lau**, Independent Non-Executive Director. (Appointed 9 July 2013)
- **Mr Ian Smith**, Executive Chairman and Director. (Resigned 9 July 2013)
- **Mr Stuart Hall**, Independent Non-Executive Director. (Resigned 9 July 2013)

COMPANY SECRETARY

The Company Secretary of the Company is Mr Andrew Chan. (Appointed 9 July 2013)

Mr Stuart Hall resigned as Company Secretary on 9 July 2013.

MAJOR EVENTS DURING THE HALF YEAR

GBM Gold Ltd – Corporate

- The GBM Group renegotiated and entered into an agreement with Wilshire Asset Management Ltd ('Wilshire') to sell 50% of shares in its subsidiary, Inglewood Gold Mining Company Pty Ltd ('INGMCo') for \$4,500,000. Wilshire had paid \$1,437,637 during the 2013 financial period towards the \$4,500,000 purchase price of the 50% shares in INGMCo. Wilshire paid the remaining \$3,062,363 of the \$4,500,000 purchase price in November 2013. The issue of 50% of the shares in INGMCo to Wilshire occurred in November 2013.
- The revised part sale of INGMCo agreement provides an option for Wilshire to pay a further \$4,500,000 to obtain 80% of the shares in the INGMCo subsidiary. Wilshire have the option to pay the third tranche after 12 and before 36 months from the date of the agreement being in November 2013, in minimum allotments of \$500,000.
- The \$3,062,363 received from Wilshire allowed the INGMCo to settle all its obligations in respect of creditors and accruals and also bring its deferred payment obligations current. The outstanding interest component of the Maradox loan facility was settled on the 18th November 2013.
- A revised Heads of Agreement has been reached to provide for Wilshire to have a further 12 month period until 30 November 2014 to complete production testing at the Beavis site. The \$750,000 deposit paid by Wilshire during the FY13 financial period for the ISG sale is held as a current liability.
- Further loan amounts totalling \$473,000 were received from United Bright Investments Limited during the half year period to assist with working capital requirements. \$273,000 of these loan funds were repaid to United Bright Investments during November 2013.

OPERATING AND FINANCIAL REVIEW

OVERVIEW OF OPERATING PERFORMANCE

The principal activities of the Group during the period were activities related to upgrading the gold processing plant at Inglewood, exploration to prove up further gold resources and mining for and production of gold, at present.

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 Mine and Mill (Inglewood) operating teams were reactivated and work commenced on bringing the operation back into production.

GBM has gold processing plants at Inglewood and Fiddlers Creek. The company has focused its operations at Inglewood and is upgrading the Inglewood plant utilising significant elements of the Fiddlers Creek plant.

The Inglewood gold 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. The crushing circuit has been upgraded. The Fiddlers Creek Cone Crusher has replaced a Hammer Mill as the secondary crusher at Inglewood and provides a more reliable and higher capacity unit. The higher throughput Fiddlers Creek Ball Mill has replaced No1 Ball Mill at Inglewood. The remainder of the plant has been refurbished and operations are planned to recommence in March 2014.



Fiddlers Creek Ball Mill has replaced Ball Mill No1 at Inglewood

Work continued on better defining Resource - and especially resource amenable to open pit mining - for ongoing high volume, low extraction cost mill feed. Target areas continue to be Gowks Hill at Wedderburn, Harvest Home at Dunolly and on the Inglewood mining tenement, Laidlaw South the open cut area above Wolff Shoot, as well as the contiguous Jersey-Old Inglewood-Ophir structures and the Daly and Comisky reefs

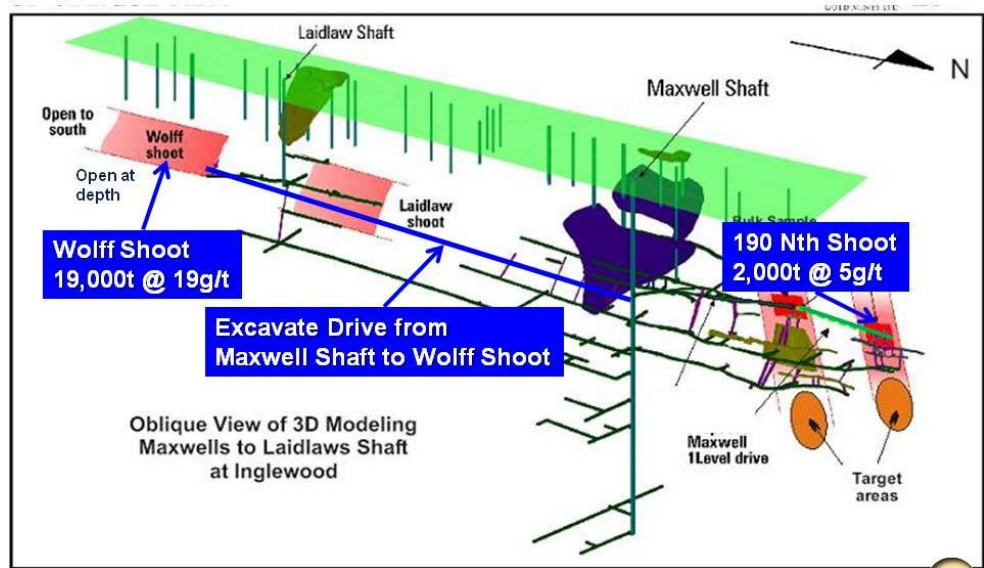
Underground Mill feed is from the Maxwell mine and planning is in place to access the current 11,900 oz Resource at Wolff shoot, located 400m south of the Maxwell Mine at ~80m depth. Longer term planning underground has been in respect of programs to drill the large underground Exploration Targets in an effort to take them through to Inferred and/or Indicated Resource.

INGLEWOOD OPERATIONS

Underground mining operations at the Maxwell Mine were on care and maintenance during the half year and operations are planned to recommence in April 2014. While the mine has been on care and maintenance dewatering of the mine workings has been maintained so that the mine is in good condition. Planning is in place to recommence mining at the Level 1, 190 metre ore shoot.

Wolff Shoot

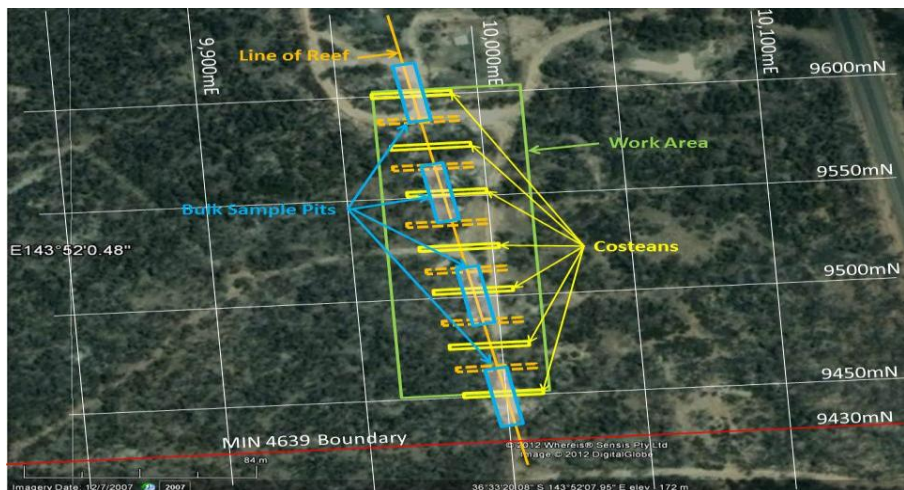
Work was advanced on accessing Wolff Shoot, a high grade underground resource of 19,500t at 19g/t Au (for 11,900 ounces of gold) which has been defined from drilling at 25m intersections at a depth of 50-80m. Plans have been developed to drive from the Maxwell mine shaft to Wolff Shoot at the 100 metre level and investigate the Laidlaw target.



Maxwell Mine showing Wolff Shoot and Current Development Area

Laidlaw South Open Pit Project Inglewood

Drilling at Laidlaw 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. Approval of the planned costeans and bulk sample program is being finalised.



Laidlaw South Costean and Bulk Sample Pit Plan

Wedderburn (Gowks Hill) EL3800 & MIN App 5425

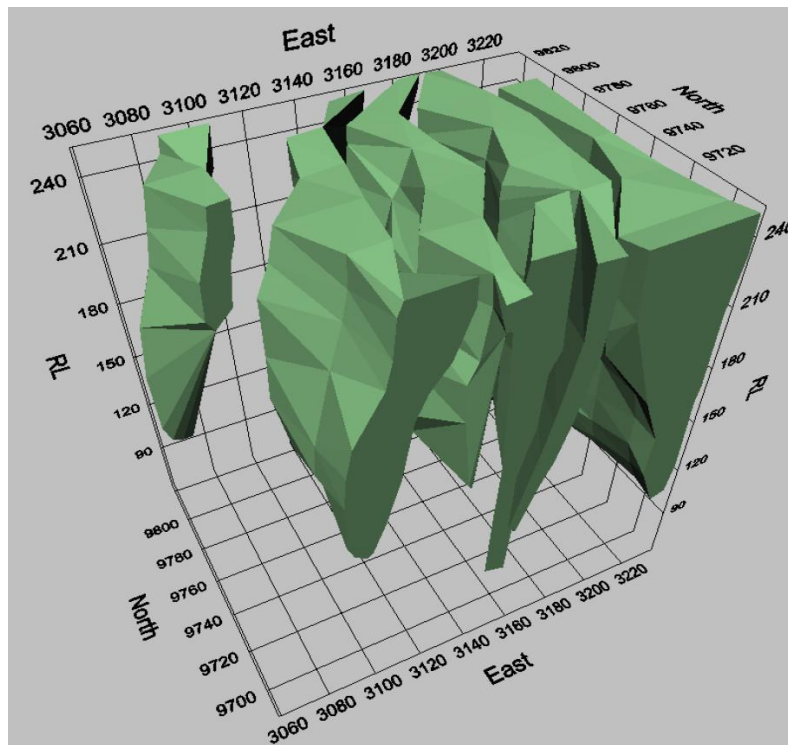
The Gowks Hill deposit has been drilled along 300 metres of strike and to 50 metres deep, mineralization remains open at depth. Approvals are being finalised to mine a 5,000 tonne bulk sample for processing at Inglewood.



Wedderburn Bulk Sample site

Harvest Home, Dunolly EL4985 & MIN5510 – 50% Joint Venture

The Company has a 50/50 Joint Venture at Harvest Home. A work plan has been lodged to gain approval for the excavation of a 5,000 tonne bulk sample to be processed at Inglewood.



Harvest Home deposit 3D model of Orebody

RESOURCE PROJECTS INGLEWOOD AND SURROUNDING TENEMENTS

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

- Maxwell Mine : ongoing expansion of Maxwell Mine into :
 - Level 1, sublevel 0, 200N;
- Wolff shoot: Planning work continued for development of Wolff Shoot.
 - The original Goldquest NL diamond drilling program retained half the core. This core is in the process of being evaluated to confirm the resource estimate;
 - Design work on the drive from Maxwell shaft to access Wolff shoot is being completed
- Lines of reef forming large near surface Exploration Target: Work continued on further defining the 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. 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 nuggetty gold impact and further refine structural model to allow an Inferred resource to be estimated.
 - Further analysis of the existing Comisky reef drilling (completed by Goldquest N.L) and planning a drill program 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 requiring further drilling.

Wedderburn EL 3800 & MINA 5425 – (exploration licence and mining licence under application)

- Gowks Hill : Further planning approvals and drilling at Gowks Hill resource block :
 - A bulk sample work plan variation is awaiting approval from DEPI.
 - Granting of a mining licence re Gowks Hill was progressed with Native Title documents signed.
 - Preparation of a Work Plan to mine Gowks hill has been commenced. This continues and is planned to be finalised in the second half of the calendar year 2014.
- 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.

Goldsborough Joint Venture Project – Harvest Home and Queens Birthday

Harvest Home (HH) EL 4985 & MIN 5510 - (exploration licence & mining licence granted)

A 3 hole drill program was completed in 2012 and the sample results were:

Hole HHD02

- 1.5m@2.51 g/t from 29.4m
- 1.0m@2.33 g/t from 37.2m

- 0.5m@2.84g/t from 41.0m

Hole HHD03

- 1.0m@34.63 g/t from 30.85m
- 1.0m@1.82 g/t from 51.0m
- 1.5m@3.48 g/t from 61.0m

A Work Plan has been submitted to drill the resource to Indicated Status and to mine a 5,000 tonne bulk sample.

- Corporate work on the JV:

Granting of Mining Licence MIN5510 has required the cancellation of Exploration Licence EL4985 as it covered the same area.

Queen's Birthday (QB) EL 5029 (exploration licence)

- Work on the Queen's Birthday tenement was focused on identifying further resource targets

Wilson Hill project – Wilson Hill EL 4999 (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.

Fiddlers Creek Project – MIN 4023 & MIN 4548 (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.
- Planning for further testing of surface anomaly showing potential for a small open pit resource.

Avoca EL 4936 (exploration licence)

- Exploration target identified for future review as potential alluvial and hardrock sources.
- New Mineralisation model 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 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 1395 (work authority)

- 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

FINANCIAL PERFORMANCE

No gold sales were achieved during the half year due to the Inglewood mine and processing plant being refurbished. (31 December 2012: \$167,351) The Group incurred an after tax loss for the half-year ended 31 December 2013 of \$2,353,906 (31 December 2012: loss of \$2,299,663). The loss was incurred due primarily to the non-operation of the Inglewood mine whilst the Company finalised the re-negotiation of the part sale of the INGMCo subsidiary and commenced the refurbishment of the Inglewood processing plant and also the re-instatement of depreciation on the Inglewood mine and processing assets of \$643,000 that related to the FY13 financial period. The Inglewood subsidiary was classified as held for sale at 30 June 2013, and there was no depreciation incurred for nine months of the FY13 period, however since the re-classification of the Inglewood subsidiary during the December 2013 half-year period, depreciation had to be incurred as if the asset was being depreciated during the FY13 period.

CURRENT STRUCTURE OF THE GROUP

Controlling Entity:	ACN	Percentage Owned 31 December 2013
GBM Gold Ltd	119 956 624	—
Controlled Entities		
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	50%
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	100%
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 matters or circumstances have arisen since the end of the half-year reporting period which significantly affect or may significantly affect the GBM Group's operations, the results of those operations or the state of affairs in subsequent financial reporting periods.

LIKELY DEVELOPMENTS

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

1. Expend up to \$500,000 on process plant improvements at Inglewood and transfer ball mill and cone crusher from the Fiddlers Creek process plant to the Inglewood process plant.
2. Resumption of gold production at Inglewood.
3. Development of the Maxwell underground mine at Inglewood to access Wolff Shoot.
4. The development of multiple open pit mines at Gowks Hill Wedderburn, Laidlaw South Inglewood and Harvest Home Dunolly with Inglewood being the processing hub.
5. Potential to toll treat ore for other companies.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 11 and forms part of the Directors' Report for the half-year ended 31 December 2013.

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



Eric Ng
Chairman
Bendigo, 12 March 2014



John Harrison
Director & CEO

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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 2013 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, 12 March 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2013

	Note†	31-Dec-13 \$	31-Dec-12 \$
Sales Revenue		-	-
Cost of Sales		-	-
Gross profit/(loss)		-	-
Other income		3,537	1,132
Depreciation	4	(1,107,557)	(38,214)
Administrative expenses		(1,249,886)	(668,192)
Loss before income tax		(2,353,906)	(705,274)
Income Tax Expense		-	-
Loss for the half year before discontinued operations		(2,353,906)	(705,274)
Other comprehensive income			
Results from disposal group classified as held for sale		-	(1,594,389)
Total Comprehensive Loss for the half year		(2,353,906)	(2,299,663)
Loss for the half-year attributable to:			
Owners of GBM Gold Ltd.		(2,197,379)	(2,299,663)
Non-controlling interests	8	(156,527)	-
		(2,353,906)	(2,299,663)
Earnings per share for loss attributable to owners of GBM Gold Ltd:			
Basic Loss per share (cents per share)		(0.003)	(0.003)
Diluted Loss per share (cents per share)		(0.003)	(0.003)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note†	Consolidated	
		31-Dec-13	30-Jun-13
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		702,380	124,671
Receivables and prepayments		105,220	68,661
Inventory		250,586	-
Assets of disposal group reclassified as held for sale	5	-	8,532,309
Total current assets		1,058,186	8,725,641
Non-current assets			
Other financial assets		284,200	20,099
Property, plant and equipment		7,848,057	972,178
Exploration and evaluation		1,119,868	947,514
Other intangible assets		64,250	-
Total non-current assets		9,316,375	1,939,791
Total assets		10,374,561	10,665,432
Liabilities			
Current liabilities			
Trade and other payables		966,222	1,317,590
Financial liabilities		1,844,726	1,678,911
Provisions		2,471,690	14,490
Liabilities of disposal reclassified as held for sale	5	-	4,910,974
Total current liabilities		5,282,638	7,921,965
Non-current liabilities			
Financial liabilities		2,362	-
Provision		200,000	-
Total non-current liabilities		202,362	-
Total liabilities		5,485,000	7,921,965
Net assets		4,889,561	2,743,467
Equity			
Share Capital	9	24,063,357	24,063,357
Minority interest acquisition reserve		1,843,355	-
Accumulated losses		(23,517,269)	(21,319,890)
Equity attributable to GBM Gold Ltd.		2,389,443	2,743,467
Non-controlling interests	8	2,500,118	-
Total equity		4,889,561	2,743,467

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2013

Consolidated	Share capital	Reserves	Accumulated losses	Non-controlling interest	Total
	\$	\$	\$	\$	\$
Balance at 30 June 2012	23,963,357	600,000	(18,350,865)	-	6,212,492
Comprehensive Income for the Period					
Loss for the period	-	-	(705,274)	-	(705,274)
Results from disposal group reclassified as held for sale	-	-	(1,594,389)	-	(1,594,389)
Total Comprehensive Income for the Period	-	-	(2,299,663)	-	(2,299,663)
Transactions with Owners in their Capacity as Owners:					
Shares Issued in GBM Gold Ltd	100,000	-	-	-	100,000
Transaction Costs	-	-	-	-	-
Balance at 31 December 2012	24,063,357	600,000	(20,650,528)	-	4,012,829
Balance at 30 June 2013	24,063,357	-	(21,319,890)	-	2,743,467
Comprehensive Income for the period					
Loss for the period	-	-	(2,197,379)	(156,527)	(2,353,906)
Total Comprehensive Income for the Period	-	-	(2,197,379)	(156,527)	(2,353,906)
Transactions with Owners in their Capacity as Owners					
Non-controlling interests – shares issued in subsidiary	-	1,843,355	-	2,656,645	4,500,000
Transaction Costs	-	-	-	-	-
Balance at 31 December 2013	24,063,357	1,843,355	(23,517,269)	2,500,118	4,889,561

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2013

	Consolidated	
	31-Dec-13	31-Dec-12
Cash flows from operating activities		
Cash receipts from customers	-	167,351
Cash paid to suppliers and employees	(2,125,745)	(2,111,444)
Interest received	1,438	3,996
Interest paid	(630,019)	(90,857)
Net cash outflow from operating activities	(2,754,326)	(2,030,954)
Cash flows from investing activities		
Proceeds for Intangibles	-	205,268
Deposit on part sale of a subsidiary	-	750,000
Proceeds from sale of property, plant & equipment	-	14,914
Acquisition of property, plant & equipment	(5,065)	(157,424)
Net cash inflow / (outflow) from investing activities	(5,065)	812,758
Cash flows from financing activities		
Proceeds from the issue of share capital	3,062,633	100,000
Payments for additions to Joint Ventures	-	(60,759)
Proceeds from New Loans / (repayment of borrowings)	273,776	1,041,762
Net cash from financing activities	3,336,489	1,081,003
Net increase/(decrease) in cash and cash equivalents	577,019	(137,193)
Cash and cash equivalents at start of reporting period	125,361	184,940
Cash and cash equivalents at end of reporting period	702,380	47,747

† 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 2013

1 STATEMENT OF PREPARATION AND ACCOUNTING POLICIES

Statement of compliance

These general purpose financial statements for the half-year reporting period ended 31 December 2013 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

Basis of preparation

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 ("GBM Group"). As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the GBM Group. It is therefore recommended that these financial statements be read in conjunction with the annual financial statements of the GBM Group for the year ended 30 June 2013, 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 GBM Group generated a net loss for the six month period ended 31 December 2013 of \$2,353,906 (six month ended 31 December 2012 Loss: \$2,299,663) and has a working capital deficiency at 31 December 2013 of \$4,224,452 (30 June 2013 \$7,411,365). The GBM Group has net assets of \$4,889,561 (30 June 2013: \$2,743,467).

The revised part sale of INGMCo agreement provides an option for Wilshire to pay a further \$4,500,000 to obtain 80% of the shares in the INGMCo subsidiary. Wilshire have the option to pay the third tranche after 12 and before 36 months from the date of the agreement being in November 2013, in minimum allotments of \$500,000.

The Company has almost completed the refurbishment of the gold processing plant at Inglewood and is planning to recommence the operations and processing of ore at the Inglewood processing plant in the near future. Additional work planned for in the near future include the mining of level 1, 190 metre stope at the Maxwell Mine at Inglewood, costeaning of the Laidlaw South open pit prospect at the Maxwell mine site and planning the excavation of 5,000 tonne bulk samples from Gowks Hill Wedderburn and Harvest Home Dunolly.

The INGMCo will be operating with net positive operating cash flows. INGMCo has secured a short term loan from a shareholder to meet its repayment obligations to the Company and for any further short term costs until INGMCo is generating positive cash flow. The Company has also arranged for short term funding from major shareholders is required.

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 GBM Group's strategic future plans and the investment and funding arrangements entered into as described above.

The Board also remains committed to the GBM Group's ongoing exploration programs, 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

The GBM Group operates as a single operating segment, within the gold mining industry in one geographic area, that being Central Victoria, Australia. The Fiddlers Creek project is on care and maintenance, the Inglewood Mine project has almost resumed production and all other tenements are utilised primarily for exploration purposes.

3 PRIOR PERIOD RESTATEMENT

The interim report for the half-year period ended 31 December 2012 had incorrectly reported the disposal of the subsidiary company Industrial Sands and Gravel Pty Ltd ('ISG'), due to an incorrect interpretation of the change of control aspects that were contained in the sale agreement with Wilshire Asset Management ("Wilshire"). As a result the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows were restated for the half-year period ending 31 December 2012. The previously recognised net profit on disposal of subsidiary of \$4,709,210 has been restated as \$0 in the corresponding figures in this report resulting in net profit for the half year ended 31 December 2012, previously reported as \$2,409,547, being restated as a loss of \$2,299,663.

4 DEPRECIATION

	31-Dec-13	30-Jun-13
	\$	\$
Depreciation - FY13 period re-instated	(643,182)	-
Depreciation – half-year period	(464,375)	(38,214)
Total depreciation	(1,107,557)	(38,214)

When the June 30 2013 financial statements were prepared the Inglewood mine and processing facility was classified as an asset held for sale (see Note 5) and no depreciation was incurred on these assets during the period October 2012 to June 2013. The depreciation for this period during the FY13 financial period was \$643,182 and has been incurred during the half-year ending 31 December 2013 reporting period as the assets are now not classified as held for sale.

5 DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

The GBM Group has entered into an arrangement with Wilshire whereby the subsidiary INGMCo has received a cash injection of \$4,500,000 for 50% of equity in INGMCo. When the interim report was prepared for the half-year period ending 31 December 2012 it was deemed that the GBM Group's resulting interest in INGMCo would be diluted to a non-controlling interest and therefore the results, assets and liabilities of INGMCo were stated as those of a disposal group held for sale in accordance with accounting standards. A revised deed of amendment for the INGMCo part sale was finalised in November 2013 that provided for 50% of the equity to be sold to Wilshire for \$4,500,000. The deed provides for joint board representation and other joint functions however the INGMCo operations are managed and controlled by the GBM Gold Ltd CEO. As a result the INGMCo subsidiary assets and liabilities are consolidated for the interim reporting period ending 31 December 2013. Wilshire's share of the net gain / loss of the INGMCo operations since the 1st December 2013 are accounted for as a non-controlling interest. (Refer to note 6.)

	31-Dec-13	30 Jun 2013
Assets reclassified as held for sale	\$	\$
Plant, property & equipment	-	7,915,129
Exploration and evaluation	-	235,662
Intangible assets	-	64,250
Inventories	-	250,586
Trade and other receivables	-	65,992
Cash at Bank	-	690
	-	8,532,309
Liabilities reclassified as held for sale		
Financial Liabilities	-	1,488,295
Provisions	-	2,890,608
Trade and other payables	-	532,071
	-	4,910,974
Results from disposal group classified as held for sale		
Revenue	-	167,351
Cost of sales	-	(1,091,284)
Expenses	-	(993,462)
	-	(1,917,395)
Cash flows generated in the period by the disposal group classified as held for sale are as follows:	31-Dec-13	30-Jun-13
Cash outflows from operating activities	-	(2,159,791)
Cash inflows from financing activities	-	2,176,893
Cash inflows from investing activities	-	(5,971)
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	-	(51,455)
Cash and cash equivalents at end of period	-	690
Reconciliation of cash		
Cash and cash equivalents of continuing operations	-	124,671
Cash and cash equivalents of disposal group reclassified as held for sale	-	690
	-	125,361

6 DIVIDENDS

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

7 EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half-year reporting period which significantly affect or may significantly affect the GBM Group's operations, the results of those operations or the state of affairs in subsequent financial reporting periods.

8 NON-CONTROLLING INTEREST

	31-Dec-13	30-Jun-13
	\$	\$
Balance at the beginning of the reporting period	-	-
Minority interest of INGMCo at acquisition date	2,656,645	-
Shares of loss for the reporting period	(156,527)	-
Balance at the end of the reporting period	2,500,118	-

The GBM Group renegotiated and entered into an agreement with Wilshire to sell 50% of shares in its subsidiary, INGMCo for \$4,500,000. Wilshire had paid \$1,437,637 during the 2013 financial period towards the \$4,500,000 purchase price of the 50% shares in INGMCo. Wilshire paid the remaining \$3,062,363 of the \$4,500,000 purchase price in November 2013. The issue of 50% of the shares in INGMCo to Wilshire occurred in November 2013.

The revised part sale of INGMCo agreement provides an option for Wilshire to pay a further \$4,500,000 to obtain 80% of the shares in the INGMCo subsidiary. Wilshire have the option to pay the third tranche after 12 and before 36 months from the date of the agreement being in November 2013, in minimum allotments of \$500,000.

The minority interest at acquisition of \$2,656,645 was derived by subtracting the \$1,843,355 acquisition reserve (calculated by applying 50% of the consideration less the INGMCo shareholders equity at acquisition) from the \$4,500,000 consideration for 50% of the INGMCo subsidiary.

From the 1st December 2013 Wilshire is entitled to 50% of the results of the INGMCo operations. The INGMCo loss of \$313,054 for the month of December 2013 was as a result of the care and maintenance costs being incurred prior to the recommencement of ore processing. Wilshire's share of the loss is \$156,527 which represents 50%.

9 ISSUED CAPITAL

	Consolidated	
	31-Dec-13	30-Jun-13
	\$	\$
Fully paid ordinary shares	24,063,357	24,063,357
	24,063,357	24,063,357

	Consolidated	
	31-Dec-13	30-Jun-13
	No.	No.
Ordinary Shares		
At the beginning of the reporting period	667,784,944	659,451,611
Shares issued during the reporting period	-	8,333,333
At the end of the reporting period	667,784,944	667,784,944
Nil options available during both reporting periods	-	-

DIRECTORS' DECLARATION

The Directors of GBM Gold Limited declare that:

- (a) the financial statements and notes 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 2013 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 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:



Eric J P Ng
Chairman



John Harrison
Director & CEO

Bendigo, 12 March 2014

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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 2013, 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.

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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 2013 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 generated a loss for the half-year of \$2,353,906 (2012: \$2,299,663) and has a working capital deficiency of \$4,224,452 at 31 December 2013.

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 \$9,218,511 at 31 December 2013 (30 June 2013: \$10,007,176).

Moore Stephens

MOORE STEPHENS
Chartered Accountants



Nick Michael
Partner

Melbourne, 12 March 2014

COMPANY INFORMATION

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STOCK EXCHANGE LISTING

Australian Stock Exchange — Code: GBM