



**GBM Gold Ltd**

ACN: 119 956 624

# **Annual Report and Financial Statements**

**For the Year Ended**

**30 June 2016**

# Contents

---

<i>Chairman's Letter .....</i>	<i>3</i>
<i>Resource and Operational Review .....</i>	<i>4</i>
<i>ASX Additional Information .....</i>	<i>13</i>
<i>Directors' Report .....</i>	<i>15</i>
<i>Auditors Independence Declaration .....</i>	<i>25</i>
<i>Consolidated Statement of Comprehensive Income .....</i>	<i>26</i>
<i>Consolidated Statement of Financial Position .....</i>	<i>27</i>
<i>Consolidated Statement of Changes in Equity .....</i>	<i>28</i>
<i>Consolidated Statement of Cash Flows .....</i>	<i>29</i>
<i>Notes to Financial Statements .....</i>	<i>30</i>
<i>Directors' Declaration .....</i>	<i>58</i>
<i>Auditor's Report .....</i>	<i>59</i>

## **Company Information**

### ***Registered Office***

66 Ham Street Kangaroo Flat  
BENDIGO, Victoria, Australia 3555  
Telephone: 03 5445 2300

### ***Auditors***

ShineWing Australia  
Level 10, 530 Collins St  
MELBOURNE, Victoria, Australia 3000  
Telephone: 03 8635 1800

### ***Share Registry***

Computershare Investor Services Pty Ltd  
MELBOURNE, Victoria, Australia 3000  
Telephone: 1300 850 505

### ***Stock Exchange Listing***

Australian Stock Exchange — Code: GBM

# Chairman's Letter

---

Dear Shareholders,

I am pleased to report on your Company's progress during the financial year ended 30 June 2016.

In September 2015, GBM signed an agreement to purchase the Bendigo Mine assets from Unity Mining. The purchase was completed in May 2016 with an initial payment of \$1.1 million to Unity, the first of four annual deferred bond payments totalling \$5.908 million to repay cash provided by Unity to meet the rehabilitation obligations at Bendigo. The acquisition presented a significant opportunity for GBM to increase the scale of its activities going forward.

Central Victoria is a world class gold province with the richest gold producing area being Bendigo which is Australia's second richest historical goldfield after Kalgoorlie's Golden Mile having produced approximately 22 million ounces of gold. More recently, under the ownership of Unity, production from the Bendigo goldfield was 135,000 ounces.

The Bendigo Assets represent a low-cost start-up to the Company. Its existing open pit mines, tailings, sand production and other resources are expected to generate positive cash flow that would enable the Company to implement an exploratory drilling program and, ultimately, re-commence underground production on the Bendigo Goldfield.

Exploration on the Company's other Central Victorian tenements has been at a low to moderate level and the Company will invest in an increased exploration program with the aim of building the resource base. The Harvest Home JV project has advanced with a bulk-sampling program completed in June 2015 and plans submitted to the Regulators for a larger scale open pit mine development.

This purchase of Bendigo is a new beginning for the Company and provides the platform for GBM to effectively develop gold assets to deliver long term sustainable growth for the Company and value for our shareholders. Investors have signalled their renewed confidence in the Company as its share price rose 30% from \$0.01 when the acquisition was completed to a high of \$0.013 on 27 September 2016.

Yours faithfully,



Frederick Eric JP Ng Chairman

GBM Gold Ltd

28 September 2016

# Resource and Operational Review

GBM's corporate strategy is to develop a profitable and sustainable gold mining operation. The purchase of the Bendigo Gold Project presents new opportunities for the Company. GBM Gold has three mining licences, five exploration licences, one Work Authority and a 50% Joint Venture interest in a Mining licence as shown in the table below and Figure 1.

Project	Tenement	Percentage owned
<b>BENDIGO GOLDFIELD</b>		
Greater Bendigo	MIN 5344	100%
Whip & Jersey	MIN 4878	100%
Woodvale	MIN 5364	100%
Bendigo Urban	EL 3327	100%
West Bendigo	EL 5035	100%
Wilson Hill	EL 5527	100%
<b>GOLDSBOROUGH</b>		
Harvest Home JV	MIN 5510	50% Interest through JV between Truelight Mining Pty Ltd and GBM
Queen's Birthday	EL 5528	100%
<b>FIDDLERS CREEK</b>		
Fiddlers Creek Mine	EL 006155	0% Pending
<b>AVOCA</b>		
BEAVIS/ISG	EL 4936	100%
	WA 1395	100%

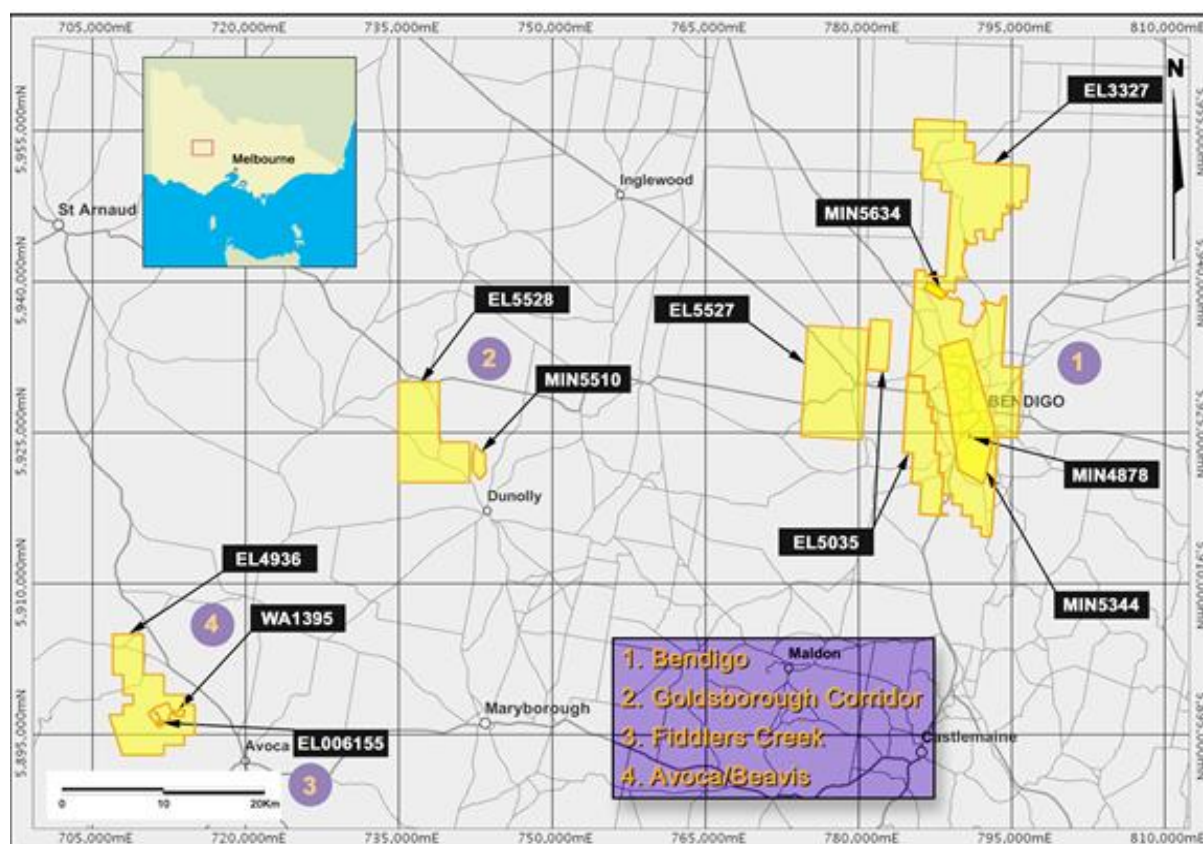


Figure 1: GBM Gold Projects

## Resource and Operational Review

---

### ***Bendigo Project (MIN5344, MIN 5364, MIN 4878, EL 3327, EL 5035, EL5528)***

The Victorian government granted the Bendigo tenements to GBM Gold on 9 May 2016. The first gold recovered has been from the Kangaroo Flat Gold Processing Plant. The plant has been thoroughly cleaned and the gold trapped in the gravity circuit has been recovered and poured into the 1.94kg Dore bar pictured below.



*Dore Bar*

### ***Kangaroo Flat Sand Dam Project***

The Kangaroo Flat Gold Processing Plant was designed to capture the majority of the gold by gravity methods. The ore was ground to a size that liberated most of the gold. After initial gravity gold recovery, the resultant sand was separated according to particle size with the fine material being further processed to remove contained gold and 425,000t of coarse material stored in the coarse sand dam.



*Kangaroo Flat Gold Processing Plant*



## Resource and Operational Review

Total gold recovery was 93% with 7% of the gold not captured in processing. A significant portion of the gold not captured is believed to be in the 425,000 tonnes of material stored in the coarse sand dam. Drill testing revealed significant quantities of free gold and gold bearing sulphides.

GBM plans to excavate the coarse sand dam, wash the sand and recover the gold. The washing and concentrating process removes deleterious materials such as salts, heavy metals and slimes. The 425,000 tonnes of sand is planned to be processed over a period of two to three years. GBM is keeping the local market informed of the properties of the sand product. It is planned to sell this product into the local market then continue with sands produced from tailings clean-up projects around Bendigo. The gold will be recovered in the gold processing plant.



*Figure 2: Kangaroo Flat Mine Site*

### ***Bendigo Exploration Potential***

The Bendigo Goldfield is Australia's second richest goldfield behind Kalgoorlie's Golden Mile. Between 1851 and 1954 the Bendigo Goldfield produced in excess of 18 million ounces from underground mining of in excess of 40 million tonnes of 'quartz reef'. At least 4 million ounces of alluvial gold were recovered from the region's creeks and gullies. The Bendigo Goldfield was, by far, the richest goldfield in Victoria.

The most productive portion of the Bendigo Goldfield lies in an envelope some 16 kilometres long by 4 kilometres wide. Within this zone seventeen major anticlines occur, twelve of which account for the bulk of the hard rock gold production on the Bendigo Goldfield. The most productive anticlines (those producing more than 500,000 ounces each) are the Garden Gully, New Chum, Hustlers, Sheepshead, and Carshalton. (See Figure 3).



## Resource and Operational Review

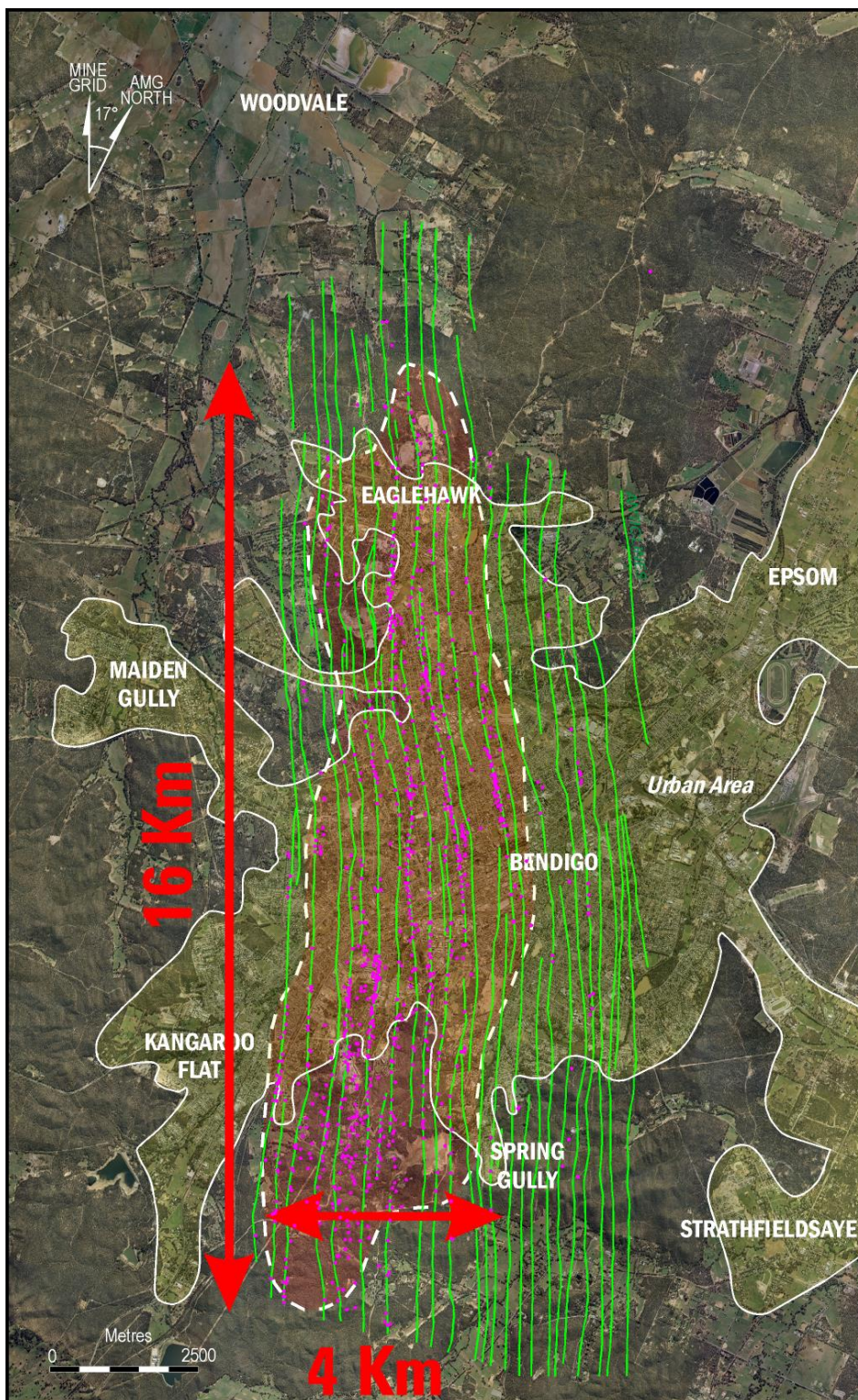


Figure 3: Bendigo Goldfield

The Bendigo field is one of bonanzas. Instead of large bodies of uniform grade ore the gold at Bendigo is relatively coarse and occurs in shoots of great richness and sometimes great length in reefs of otherwise nearly barren quartz. The Bendigo reefs recur generally one below the other at irregular intervals, and in many cases one bonanza is sufficiently rich to provide a large net profit over the whole life of the mine.

## Resource and Operational Review

---

Over an 18 year period, Bendigo Mining (and its' successor, Unity Mining Ltd) invested in excess of \$350M into exploring for and developing a gold mine at Bendigo. In 1998 they commenced a decline from the Kangaroo Flat site which bridged eight anticlines in the southern and central portions of the gold-field and continued to depths in excess of 1,000 metres below the streets of Bendigo. Bendigo Mining constructed a 600,000 tonne per annum Kangaroo Flat gold plant in 2006 at a cost of approximately \$65 million, together with supporting equipment.

In 4 years of operation, the Kangaroo Flat Mine produced approximately 136,000 ounces from 528,500 tonnes of ore at an average (diluted) grade of 8g/t from a total of 11 reef structures. Nearly half the ore and in excess of half the ounces came from one bonanza reef (Gill). The mine made an operational profit of \$17.4m. This figure does not factor capital expenditure for construction of the mine, processing plant and ancillary services.

Up until 2012, Unity Mining Ltd (and its' predecessors) had invested \$40m in exploring the Bendigo Goldfield. Nearly all of the effort had been expended in and adjacent to the Kangaroo Flat Mine at the southern end of the field. Comparatively little work has been undertaken in the northern end of the field with the exception of the Catherine Reef area where a shallow oxide resource has been delineated.

In excess of 360km of exploration and resource definition drilling was conducted to test the in-mine and near-mine potential of the Kangaroo Flat Mine. Gill Reef became the benchmark against which prospects were evaluated. In-mine, ore-bodies of strike length between 500m to 800m were sought. This size of target facilitated testing of prospective horizons at 240 m spacing with the confidence of intersecting indications of significant mineralisation. The key shale horizons were pattern drilled on this interval on the Garden Gully Deborah and Sheepshead lines and to a lesser extent on the New Chum and Nell Gwynne lines.

The Bendigo Goldfield consists of many individual reefs. Most of the reefs are small in cross-section (though sometimes with considerable continuity along strike). Some large saddle/fault reefs and spur zones were mined and remnant ore is likely to exist in and around historic workings at favourable locations.

GBM has identified areas of immediate interest:

Large Targets (circa 300koz):

- A primary area for investigation is the Hustlers Anticline between Great Extended Hustlers and Hustlers & Redan (discrete zone with comparatively low de-watering requirement, correct stratigraphy, prospective location on dome, prospective strike flexure and presence of cross-course faulting that is known to have resulted in localised enrichment).
- New Chum Anticline between Belltopper Hill and Snobs Hill is another good target area.
- New Chum Deeps between New Chum Railway and Victoria Quartz has not been adequately tested.



# Resource and Operational Review

---

Smaller Targets (circa 150koz):

- GG Consolidated, Garden Gully Anticline, Spring Gully.
- Langdon Group, Murray Sub-Fold of the Christmas Anticline, Kangaroo Flat.
- Stafford Fault, Carshalton Anticline, Kangaroo Flat.
- Hercules, Sheepshead Anticline, Long Gully.
- Lightning Hill, Hustlers Anticline, Eaglehawk.
- Goldfields Group, Nell Gwynne Anticline, Spring Gully.
- Woodvale Area, northern portion of EL3327.

GBM Gold does not consider the above listing to be exhaustive and fully expects additional targets to be produced from continued examination of exploration and mining data acquired from Unity Mining.

## ***Goldsborough Corridor Gold Project (MIN 5510 and EL 5528)***

The Goldsborough Corridor Gold Project is located 10km northwest of Dunolly and 192 km from Melbourne via the Dunolly-Moliagul Road in Central Victoria. The project lies in the western margin of the Bendigo – Ballarat Zone. The Avoca fault defines the western margin of this zone. The project is at the southern termination of the 24 km long Goldsborough–Wehla Shear Zone which is part of the Wedderburn-Ballarat line.

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

MIN 5510 is located approximately 5 kilometres north-west of Dunolly, Victoria. It has an area of 316 hectares and covers the historic “Harvest Home Goldfield”. A curvilinear zone of gold mineralisation trends north-northwest through the tenement and includes the Mother o’ Gold, Appletons, Harvest Home and Morans Luck prospects (Figure 4). This zone is approximately 3.5 km long and up to 0.4 km wide. Historic production is in excess of 60,000 ounces (1,860kg) of gold over a number of episodes of activity. The historical mine workings reached depths of up to 122m.

## Resource and Operational Review

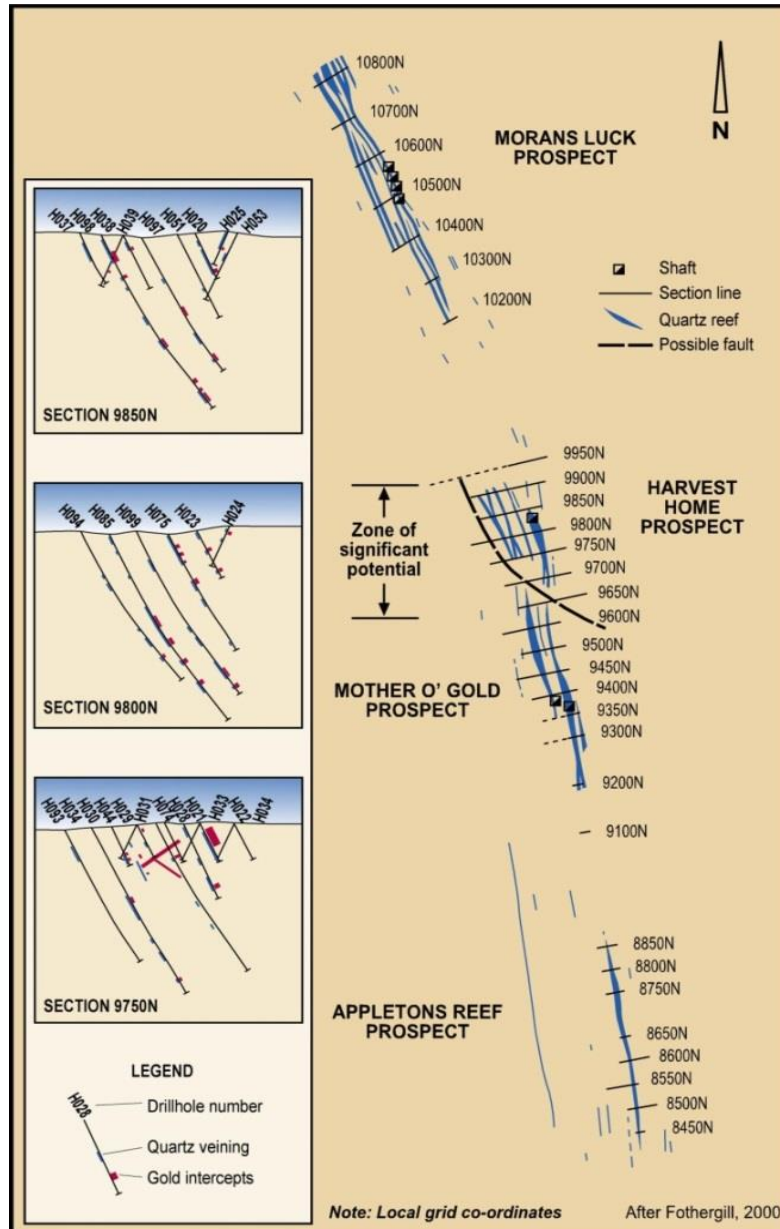


Figure 4: Harvest Home Deposit

The results from contemporary exploration work suggested a potential for open-pit mining at the Harvest Home prospect. A small bulk-sampling test pit was completed in June 2015. A modest quantity of gold was recovered from ore mined from the bulk sample pit (Figure 3).

GBM is completing the approvals processes for the development of a production pit that will encompass and extend the existing bulk sample pit. Approximately 44,000 tonnes of ore at an estimated grade of 2.46g/t will be excavated in the next phase of the operation. Contiguous with this, a selective program of costeaning and in-fill drilling will build resource potential at Harvest Home and other prospects on the tenement. Mining will be conventional drill & blast utilising hydraulic excavator and articulated trucks (See Figure 5 below). Ore will be hauled from the pit to a stockpile location on site for progressive transfer to an offsite processing facility.

## Resource and Operational Review



*Figure 5: Harvest Home Pit Looking West*

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

The Board determined that the Beavis and Avoca are not a core business and the project has been put up for sale complete with freehold land.

At Beavis, GBM has outlined a clean quartz gravel and sand resource in excess of 2.2 million cubic metres by 33 Aircore and Reverse Circulation Drillholes. Contained within the gravel resource is an Inferred gold resource of 33,000 Ounces of gold (Cahill 2011). Underlying the gravel deposit is ~1-2 metres of kaolin clay which shows good purity from initial observation and testing. The Industrial Mineral products within the deposit are predominantly high quality quartz. The gravels have been tested and are 99.6% pure SiO<sub>2</sub> with minor iron as the main impurity.

### ***Summary***

GBM is moving to improve its production capacity and is also focused on growing its Resource base.

John Harrison, Director and CEO

28 September 2016



# Resource and Operational Review

---

## ***Competent Person Declaration***

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Keith Whitehouse, who is a Member of The Australasian Institute of Mining and Metallurgy and a Chartered Professional in Geology. Mr Whitehouse has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Whitehouse consents to the inclusion in the release of the matters based on his information in the form and context in which it appears.

## ***Disclosure***

Mr Whitehouse is a Director of Fiddlers Creek Gold Mining Company Pty Ltd (FCGMC). The Mining Lease Min 5510 on which the Harvest Home deposit is located has been sold by FCGMC to GBM's joint venture partners in the Goldsbrough Gold Corridor Project, Truelight Pty Ltd, a company associated with Mr Paul Chan who is a Director of GBM Gold Ltd. As required by the sale agreement application has been made to the Minister for Resources in Victoria for the Licence to be transferred.

## ASX Additional Information

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this Annual Report is set out below. The information is current to 28 September 2016 and has not been audited.

As at the date of this report GBM Gold Ltd had one class of securities being ordinary fully paid shares. Ordinary shares have a single vote for each share held. No ordinary shares are restricted.

### Substantial Shareholders

*The Substantial Shareholders as Notified to the ASX are Shown Below.*

Substantial Shareholder	Voting Shares	Voting Power	Date of Notice
Silver Bright International Development limited	200,000,000	18.77%	4.7.16
Chasen Holdings Limited	75,622,500	8.00%	4.1.16
Mr Paul Chan (Non-executive Director)	79,157,041	9.51%	30.9.14
Silver Bright Investments Limited			

### Distribution of Shareholders

Range	Ordinary Shares
1 – 1,000	17
1,001 – 5,000	49
5,001 – 10,000	109
10,001 – 100,000	339
100,001 and over	<u>214</u>
Total Shareholders	728

### Holders of Non-Marketable Securities

There are 350 shareholders holding less than a marketable parcel of ordinary shares based on the market price of 1.3c at 28 September 2016.

## ASX Additional Information

### *Names of 20 Largest Holders by Quoted Security*

#### *Holdings of Quoted Ordinary Shares (as at 28 September 2016)*

Rank	Name	Units Held	% of Issued Capital
1	Silver Bright International Development Limited	200,000,000	18.59
2	Monex Boom Securities (HK) LTD	140,376,692	13.05
3	Chasen Holdings LTD	75,622,500	7.03
4	J P Morgan Nominees Australia Limited	72,355,210	6.73
5	Silver Bright Investments Limited	64,457,041	5.99
6	Sterlington Resources Ltd	47,916,667	4.45
7	Wealth Express Group Limited	41,000,000	3.81
8	Ganesha Capital Holdings Limited	40,000,000	3.72
9	MS VV Limited	33,333,333	3.10
10	Diamond Rich Enterprises	25,535,342	2.37
11	Ultra Sea Holdings Limited	25,535,342	2.37
12	Yan Zhang	25,000,000	2.32
13	Pershing Australia Nominees Pty Ltd	22,236,933	2.07
14	HSBC Custody Nominees (Australia) Limited	18,690,500	1.74
15	Swift Chance Holdings Limited	16,400,000	1.52
16	Hoi Kwong Paul Chan	16,200,000	1.51
17	Easemind Limited	12,000,000	1.12
18	P & H August	10,000,000	0.93
19	Golden Nugget Resources	10,000,000	0.93
20	T & T Vlahos	10,000,000	0.93
Total		906,659,560	84.28%

### Options

There were no options on issue at year end and none were issued subsequently to year end and up to the date of this report.



# Directors' Report

---

## Directors

The directors present their report together with the financial report of GBM Gold Ltd ('GBM' or 'the Company') and of the Group, being the Company, its subsidiaries and its interest in associates and jointly controlled entities for the financial year ended 30 June 2016 and the Auditor's report thereon.

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

### **Mr Eric J P Ng**

*Non-Executive Chairman (2010 – present)*

Eric has been the Principal Consultant of Chadway Management Service Pty Ltd since 1982. He is responsible for providing operational management, planning and executing growth strategies, merger and acquisitions activities and corporate finance services to companies in Singapore and the region including Australia. He also advises on business growth and globalisation strategies, capital market and corporate governance issues and is an active capital market intermediary matching capital with business. Chadway also provides advisory services for companies in their listing via an Initial Public Offering or a Reverse Takeover on a stock exchange in the region such as SGX and ASX.

Eric is currently the Chairman of Chasen Holdings Ltd (listed on the Singapore Exchange), an Independent Director of Richfield International Ltd and the Executive Director of Ephraim Resources Ltd, (both listed on the Australian Securities Exchange). At Chasen Eric chairs the Audit Committee and is a member of the Remuneration and Nominations Committees.

Eric is also active in various societies and institutions, being a member of the Singapore Institute of Directors and a Fellow of the Singapore Human Resource Institute. He also served as District Governor for Singapore of Lions Clubs International from 2002 to 2003.

### **Mr Paul Chan**

*Non-Executive Director (2011 - present)*

Paul has accumulated over 30 years of experience investing and operating businesses in China, Asia and the US. With his extensive business background and knowledge in the Asia Pacific region, Paul joined Prestige International Investment Ltd, an investment banking firm based in the US, in 1996, in charge of project investment in Asia.

Paul joined Yorkshire Capital Limited as Project Director in 2001. He has been responsible for accessing project feasibility, corporate restructuring, business and financial advisory for various projects. In recent years, Paul has been focusing on gold mining projects and has been involved in reviewing, accessing, structuring, advising and fund raising for mining projects in base metals and other natural resources worldwide.

# Directors' Report

---

## **Mr John Harrison**

*Executive Director & CEO (2013 - present)*

John was appointed to the Board in May 2013. John is a mining engineer with 44 years of experience in mining and exploration in Victoria, South Australia, Queensland, New South Wales, Tasmania, Western Australia and New Zealand. John's expertise is in management, project evaluation, planning and mining operations. During his career with the State Electricity Commission of Victoria, CSR Ltd, Australian Mining Consultants, Adelaide Hills Council and the University of South Australia he has managed engineering and operational teams, operated open pit mines, evaluated exploration and mining projects and lectured in mining engineering. He is a Member of the Institution of Engineers (Australia) and a Fellow of the Australasian Institute of Mining and Metallurgy.

## **Mr Andy Lai**

*Independent Non-Executive Director (2011 - present)*

Andy was appointed to the Board on 17 October 2011. Andy, Managing Director of Yorkshire Capital Limited a merchant bank operation since 1993, has been responsible for numerous IPO and RTO cases worldwide and numerous M&A and financing projects with total value of over US\$3 billion. In recent years, his focus has been on mining and resources business covering financing, investment & M&A initiatives. He is an MBA from the Chinese University of Hong Kong.

## **Ms Linda Lau**

*Independent Non-Executive Director (2013 – present)*

Linda was appointed to the Board on 9 July 2013. Ms Lau has a Bachelor of Arts Asian Studies and a Diploma of Business communications and has experience in commercial and corporate practice in Australia and China and has been an Australian citizen for forty five years. Ms Lau has had an interesting career having served as a senior consultant and executive for major Australian and international corporations and in particular resources and mining companies. Ms Lau does not hold any other listed company directorships.

## **Mr Andrew Chan**

*Independent Non-Executive Director & Company Secretary (2014 – present)*

Andrew was appointed to the Board on 1 July 2014 and has held the position of Company Secretary since 9 July 2013. Mr Chan holds a Bachelor of Arts and a Bachelor of Laws degrees. Mr Chan's background is as a corporate and commercial lawyer for 10 years. He has worked both in private practice and in-house in the resources sector, in a variety of roles. Mr Chan has advised a number of Australian and international companies in the resources sector.

# Directors' Report

## *Directors Who Resigned During The Year*

Nil

## *Company Secretary*

Mr Andrew Chan – refer to Directors section above.

## *Directors' Meetings*

Refer to the Directors section above for details of when directors were appointed or resigned.

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year and the number of meetings attended by Directors (while they were a Director or committee member).

Director	Board Meetings		Audit Committee Meetings	
	Attended	Held	Attended	Held
Mr E JP Ng	5	8	2	2
Mr P H K Chan	7	8	-	-
Mr J Harrison	8	8	-	-
Mr A Lai	6	8	2	2
Ms L Lau	6	8	-	-
Mr A Chan	8	8	-	-

## *Corporate Governance Statement*

This statement outlines the main corporate governance practices in place throughout the financial year which comply with the ASX Principles of Good Corporate Governance and Best Practice Recommendations (2008) and Amendments 3<sup>rd</sup> Edition (2014), unless otherwise stated.

The Company has a corporate governance section on the website at [www.gbmgold.com.au](http://www.gbmgold.com.au). The section includes details of the Company's Corporate Governance Statement for the year ended 30 June 2016, approved by the Board. It also includes details on the company's governance arrangements and copies of relevant policies.

## **Remuneration Report**

### *Principles of Compensation*

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company and the Group. Key management personnel comprise the directors of the Company and the executives of the Company and the Group including the most senior managers.

Remuneration levels for key management personnel of the Company and the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives. The board seeks as it deems necessary independent advice on the appropriateness of remuneration packages of both the Company and the Group given trends in comparative companies both locally and internationally and the objectives of the Company's remuneration strategy.



# Directors' Report

---

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the key management personnel
- the key management personnel's ability to control their relevant areas performance
- the Group's performance including:
  - the Group's earnings;
  - the growth in share price and delivering constant returns on shareholder wealth; and
  - the amount of incentives within each key management personnel's remuneration.

Remuneration packages in place for the period of this report were of a fixed nature only, with no short-term bonuses issued to senior executives.

## ***Fixed Remuneration***

Fixed remuneration consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the board through a process that considers individual and overall performance of the Group. A senior executive's compensation is also reviewed on promotion.

## ***Performance Linked Remuneration***

Performance linked remuneration includes both short-term and long-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The Company does not currently reward key management personnel for meeting or exceeding their financial and personal objectives.

## ***Short-term Cash Bonus***

Despite having no formal structure for rewarding key management personnel for meeting or exceeding their financial and personal objectives the board reserves the right to issue a cash bonus for exceptional performance.

The board considers the cash bonus to be paid to the individuals and chooses an amount which fairly recognises the individuals' contribution.

No short-term cash bonuses were issued during or since the end of the financial year.

# Directors' Report

---

## ***Consequences on Performance on Shareholders Wealth***

In considering the Company and Group performance and benefits for shareholder wealth, the board takes into account profitability and share price movements of the Company when setting the total amount of remuneration.

## ***Other Benefits***

Key management personnel can receive additional benefits of up to \$1,000 per month as non-cash benefits, as part of the terms and conditions of their appointment. Non-cash benefits typically include payment of club membership or motor-vehicle expenses and key management personnel pay fringe benefits tax on these benefits as appropriate.

There are no loans to directors or key executives at year end.

## ***Service Contract***

It is the Group's practice to enter into service contracts for key management personnel, including the Chief Executive Officer. The key management personnel are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave.

The service contract outlines the components of remuneration paid to the key management personnel but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the remuneration policy.

Mr John Harrison's employment contract specifies the duties and responsibilities of the Chief Executive Officer and expires in December 2017. The current contract can be terminated with three months' notice by either party.

## ***Non-executive Directors***

Total remuneration for all non-executive directors, is not to exceed in aggregate \$200,000 per annum. Shares were approved at the 2015 AGM to non-executive directors at nil value, in lieu of director fees for the FY16 period and to the Director & CEO in recognition of services provided to the Company in relation to the disposal of Inglewood and the negotiation of the acquisition of the Bendigo Assets.

A director may also be paid fees or other amounts as the board determines for a director who performs with the board's prior approval special duties or otherwise performs services outside the scope of the ordinary duties of a director. A director may also be reimbursed for reasonable out of pocket expenses incurred as a result of their directorship or any special duties.

# Directors' Report

## Directors and Executive Officer's Remuneration

Executives		Salary & Fees	Non-monetary benefits*1	Post employment benefits	Termination benefits	Share based payments – shares	S300A(1)(e)(i) Proportion of remuneration performance related	S300A(1)(e)(vi) Value of shares as proportion of remuneration%
Directors								
Mr J Harrison (Director & CEO)	2016	182,648	-	17,352	-	20,000	-	9.1%
	2015	182,648	-	17,352	-	-	-	-
Mr P HK Chan (Non-Executive Director)	2016	-	-	-	-	15,000	-	100%
	2015	-	-	-	-	-	-	-
Mr A Lai (Non-Executive Director)	2016	-	-	-	-	15,000	-	100%
	2015	-	-	-	-	-	-	-
Mr E JP Ng (Non-Executive Chairman)	2016	-	-	-	-	15,000	-	100%
	2015	-	-	-	-	-	-	-
Ms L Lau (Non-Executive Director)	2016	-	-	-	-	15,000	-	100%
	2015	-	-	-	-	-	-	-
Mr A Chan (Non-Executive Director & Company Secretary)*2	2016	30,000	-	-	-	30,000	-	50%
	2015	30,000	-	-	-	-	-	-

\*1 Non-monetary benefits include the provision of motor cars and accommodation.

\*2 Company secretarial fees.

### ***Modification of Terms of Equity-Settled Share-based Payment Transactions***

No terms of equity settled share-based payment transactions (including options and rights granted as remuneration to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

### ***Exercise of Options Granted as Compensation***

During the reporting period, no shares were issued on the exercise of options previously granted as remuneration.

***END OF AUDITED REMUNERATION REPORT***



# Directors' Report

---

## Principal Activities

The principal activities of the Group during the financial year were:

1. The completion of the purchase of the Bendigo Goldfield from Unity Mining Limited. The key terms of the Assets Sale Agreement for the purchase the Kangaroo Flat gold processing plant, equipment and facilities, including mining and exploration tenements, buildings and freehold land in the Bendigo area are as follows:
  - \$100,000 in cash signing fee paid to Unity in September 2015;
  - On Completion in mid-May 2016 GBM to paid Unity \$1,100,000 in cash, and Unity assigned to GBM the funds held to meet rehabilitation obligations at Bendigo (\$5.948 million). GBM has assumed responsibility for any liabilities relating to the Bendigo project on and from mid-May 2016;
    - On the first anniversary of completion – GBM to pay Unity \$1,100,000 in cash;
    - On the second anniversary of completion – GBM to pay Unity \$1,878,000 in cash; and
    - On the third anniversary of completion – GBM to pay Unity \$1,830,000 in cash.

In addition, the parties agreed that, should GBM sell or otherwise realise value from certain assets, Unity is entitled to a share of the payments received, with any such payments being used to accelerate, but not to increase, the deferred payments.

GBM's obligations to pay the deferred payments have been secured by a first-ranking security interest granted in favour of Unity over certain assets acquired under the Asset Sale Agreement.

GBM received A\$1 million in cash for 100,000,000 ordinary shares issued at price of \$0.01 per share issued to sophisticated investors during December 2015.

The Victorian Government Minister approved the transfer and registration of the Bendigo Tenements to GBM in May 2016.

2. The sand dams at the Kangaroo Flat Mine Site were drill tested to determine the gold content and sand quality. Significant results were 3m @ 1.78g/t Au from surface in the coarse sand dam and 3m @ 0.95g/t Au from 8 metres in the fine sand dam.
3. A clean-up of the Kangaroo Flat Gold Processing Plant to recover gold remaining in the mill was completed late in the 2016 financial year. A 62 ounce (1.94kg) gold dore bar was produced.
4. Processing at the Harvest Home Open Pit of the bulk sample at the A1 gold processing plant at Maldon produced a 107 ounce (3.35kg) gold dore bar early in the 2016 financial year.
5. There were no significant changes in the nature of the activities of the Group during the year other than what has been outlined above.

## Objectives

The objective of the Company is to become a mid-tier gold producer.

# Directors' Report

---

## Operating and Financial Review

The completion of the purchase of the Bendigo Goldfield from Unity Mining Limited during the financial year was a major achievement for the Company. The Minister for Economic Development, Jobs, Transport and Resources approved the mining and exploration tenement transfers to the Company on the 9<sup>th</sup> May 2016. The Company secured the purchase on the 17<sup>th</sup> May 2016 with the payment of \$1.1 million to Unity, the first deferred bond payment of four deferred bond payments totalling \$5.908 million over a three-year period to repay cash provided by Unity to meet the rehabilitation obligations at Bendigo.

The Company focussed on obtaining regulatory approvals for the Harvest Home Open Pit bulk sample and the mine project. A 2,700 tonne bulk sample was extracted late in the 2015 financial year and was processed at the A1 gold processing plant at Maldon early in the 2016 financial year. A 107 ounce (3.35kg) gold dore' bar was produced from the bulk sample program. Planning for expansion of the pit into a larger project is proceeding and will be refined with results from drilling and the bulk sample.

## Strategies and Prospects for Future Financial Years

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

- The Company plans to excavate the coarse sand dam at the Kangaroo Flat Mine Site, wash the sand and recover the gold. It is planned to sell the sand product into the local market. The gold will be recovered in the Kangaroo Flat gold processing plant.
- The Company is completing the approvals processes for the development of an open pit mine at Harvest Home. The pit will encompass and extend the existing bulk sample pit. Approximately 44,000 tonnes of ore at an estimated grade of 2.46g/t will be excavated in the next phase of the operation.

## *Review of Principal Businesses*

The company's principal business is gold exploration and production.

## *State of Affairs*

The following significant changes in the state of affairs of the Company during the period of the report year, other than those referred to elsewhere in this report, are detailed below.

- Refer to the 'Principal Activities' section above for the details of the purchase of the Bendigo Goldfield from Unity Mining Limited.
- The Company issued 140,000,000 shares at a price of \$0.01 per share to sophisticated investors to raise \$1,400,000 during the financial year to provide additional funding for the Bendigo Goldfield purchase.

# Directors' Report

## ***Controlled Entities List***

	ACN	Percentage Owned 30 June 2016	Percentage Owned 30 June 2015
<b>Controlling Entity</b>			
GBM Gold Ltd	119 956 624	–	–
<b>Controlled Entities</b>			
Goldsborough Mining Pty Ltd	072 849 220	100%	100%
GBM Fiddlers Creek Pty Ltd	119 943 421	100%	100%
GBM Wilson Hill Pty Ltd	007 287 452	100%	100%
GBM Avoca Pty Ltd	129 861 123	100%	100%
Industrial Sands & Gravels Pty Ltd	072 258 158	100%	100%
Kralcopic Pty Ltd	007 222 086	100%	100%
Greater Bendigo Gold Mines Pty Ltd	116 991 691	100%	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**

The following material event occurred after 30 June 2016.

On the 4<sup>th</sup> July 2016 GBM issued 80,000,000 shares at a price of \$0.01 per share to sophisticated investors to raise \$800,000 to provide additional funding for working capital purposes.

## **Directors' interests**

The relevant interest of each director in the shares or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary Shares	Options over ordinary shares
Directors		
Mr J Harrison	2,000,000	Nil – no options on issue
Ms L Lau	1,500,000	"
Mr Eric JP Ng	77,271,000	"
Mr Paul Chan	80,657,041	"
Mr Andy Lai	27,035,342	"
Mr Andrew Chan	3,000,000	"

## **Share options**

### ***Options Granted to Directors and Officers of the Company***

The Company has not granted to any directors or its employees options for no consideration over unissued ordinary shares in the Company during or since the end of the financial year.

### ***Unissued Shares Under Options***

At the date of this report there are no unissued ordinary shares of the Company under option.

# Directors' Report

---

## ***Shares Issued on Exercise of Options***

During or since the end of the financial year, there have been no issued ordinary shares as a result of the exercise of options.

## **Indemnification of Insurance of Officers and Auditors**

### ***Indemnification***

The Company has agreed to indemnify the following current directors of the Company, Messrs J Harrison, P HK Chan, A Lai, E JP Ng, Ms L Lau and Mr A Chan, the current and past directors of its controlled entities and each officer or past officer of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as directors or officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses to a limit of \$5,000,000 for any one claim or in aggregate for all directors of the Company.

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related body corporate against a liability incurred by the auditor.

### ***Insurance Premiums***

Since the end of the previous financial year the Company has paid insurance premiums of \$20,186 in respect of directors' and officers' liability and legal expenses' insurance contracts, for current and former directors and officers, including senior executives of the Company and directors, senior executive and secretaries of its controlled entities.

## **Non-audit Services**

No non-audit services were provided by the external auditors during the financial year.

## **Auditor's Independence Declaration**

The auditor's independence declaration is set out on page 24 forms part of the Directors' Report for the financial year ended 30 June 2016.

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



Frederick Eric J P Ng  
Chairman  
28 September 2016



John Harrison  
Director & CEO

# Auditors Independence Declaration

---



ShineWing Australia  
Accountants and Advisors  
Level 10, 530 Collins Street  
Melbourne VIC 3000  
T +61 3 8635 1800  
F +61 3 8102 3400  
[shinewing.com.au](http://shinewing.com.au)

## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of GBM Gold Limited and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been:

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

A handwritten signature in blue ink that reads "ShineWing Australia".

ShineWing Australia  
Chartered Accountants

A handwritten signature in blue ink, appearing to be "Nick Michael".

Nick Michael  
Partner

Melbourne, 28 September 2016

ShineWing Australia ABN 39 533 589 331. Liability limited by a scheme approved under Professional Standards Legislation. ShineWing Australia is an independent member of ShineWing International Limited – members in principal cities throughout the world.



# Consolidated Statement of Comprehensive Income

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
Sales Revenue	5	89,977	-
Cost of Sales		(41,134)	-
<b>Gross profit/(loss)</b>		<b>48,843</b>	<b>-</b>
Other income	5	197,927	12,745
Profit on sale of subsidiary		-	33,103
Depreciation and impairment expenses	6	(234,786)	(353,782)
Interest		(15,042)	(151,198)
Rehabilitation provision		-	(90,500)
Share based payments	20	(110,000)	-
Administrative expenses	6	(958,675)	(794,660)
<b>Results from continuing activities</b>		<b>(1,071,733)</b>	<b>(1,344,292)</b>
Income Tax Expense	4	-	-
<b>Loss for the year from continuing operations</b>		<b>(1,071,733)</b>	<b>(1,344,292)</b>
<b>Loss from discontinued operations</b>		<b>-</b>	<b>(595,892)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Loss for the half year</b>		<b>(1,071,733)</b>	<b>(1,940,184)</b>
<b>Loss for the year attributable to:</b>			
Owners of GBM Gold Ltd.		(1,071,733)	(1,344,292)
Owners of GBM Gold Ltd – discontinued operations		-	(297,946)
Non-controlling interests		-	(297,946)
		<b>(1,071,733)</b>	<b>(1,940,184)</b>
<b>Earnings per share for loss attributable to owners of GBM Gold Ltd:</b>			
Basic Loss per share (cents per share)		(0.001)	(0.002)
Diluted Loss per share (cents per share)		(0.001)	(0.002)

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Statement of Financial Position

For the year ended 30 June 2016

		Consolidated	
	Note	2016	2015
		\$	\$
<b>Assets</b>			
Current assets			
Cash and cash equivalents	9	25,946	869,792
Receivables and prepayments	10	139,668	12,517
Assets classified as held for sale	11	5,677,409	-
<b>Total current assets</b>		<b>5,843,023</b>	<b>882,309</b>
Non-current assets			
Other financial assets	12	6,003,500	95,362
Property, plant and equipment & mine development	13	989,530	377,164
Exploration and evaluation	14	599,818	641,352
<b>Total non-current assets</b>		<b>7,592,848</b>	<b>1,113,878</b>
<b>Total assets</b>		<b>13,435,871</b>	<b>1,996,187</b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	16	427,266	146,949
Financial liabilities	17	1,505,000	375,000
Provisions	18	29,350	22,250
Liabilities directly associated with assets classified as held for sale	11	35,000	-
<b>Total current liabilities</b>		<b>1,996,616</b>	<b>544,199</b>
Non-current liabilities			
Provisions	18	6,003,500	90,500
Financial liabilities	17	3,708,000	-
<b>Total non-current liabilities</b>		<b>9,711,500</b>	<b>90,500</b>
<b>Total liabilities</b>		<b>11,708,116</b>	<b>634,699</b>
<b>Net assets</b>		<b>1,727,755</b>	<b>1,361,488</b>
<b>Equity</b>			
Share capital	19	26,600,707	25,162,707
Accumulated losses		(24,872,952)	(23,801,219)
<b>Total equity</b>		<b>1,727,755</b>	<b>1,361,488</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

Consolidated	Share capital	Reserves	Accumulated losses	Non-controlling interests	Total
	\$	\$	\$	\$	\$
<b>Balance 1 July 2014</b>	<b>25,150,707</b>	<b>1,843,355</b>	<b>(25,331,767)</b>	<b>1,627,377</b>	<b>3,289,672</b>
<b>Comprehensive Income for the Year</b>					
Loss for the year	–	–	(1,642,238)	(297,946)	(1,940,184)
<b>Total Comprehensive Income for the Year</b>	<b>–</b>	<b>–</b>	<b>(1,642,238)</b>	<b>(297,946)</b>	<b>(1,940,184)</b>
<b>Transactions with Owners in their Capacity as Owners:</b>					
Shares Issued	12,000	–	–	–	12,000
Non-controlling interests – shares issued in subsidiary	–	(1,843,355)	3,172,786	(1,329,431)	–
Transaction Costs	–	–	–	–	–
<b>Balance at 30 June 2015</b>	<b>25,162,707</b>	<b>–</b>	<b>(23,801,219)</b>	<b>–</b>	<b>1,361,488</b>
<b>Comprehensive Income for the Year</b>					
Loss for the year	–	–	(1,071,733)	–	(1,071,733)
<b>Total Comprehensive Income for the Year</b>	<b>–</b>	<b>–</b>	<b>(1,071,733)</b>	<b>–</b>	<b>(1,071,733)</b>
<b>Transactions with Owners in their Capacity as Owners:</b>					
Shares issued	1,510,000	–	–	–	1,510,000
Transaction Costs	(72,000)	–	–	–	(72,000)
<b>Balance at 30 June 2016</b>	<b>26,600,707</b>	<b>–</b>	<b>(24,872,952)</b>	<b>–</b>	<b>1,725,755</b>

The accompanying notes are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended 30 June 2016

	Note	Consolidated	
		2016	2015
		\$	\$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		149,026	80,778
Cash paid to suppliers and employees		(722,572)	(2,243,308)
Interest received		11,728	5,472
Interest paid		-	(66,652)
<b>Net cash inflow/(outflow) from operating activities</b>	27	<b>(561,818)</b>	<b>(2,223,710)</b>
<b>Cash flows from investing activities</b>			
Acquisition of exploration and evaluation assets		(204,315)	(243,540)
Acquisition of property, plant & equipment		(6,243,713)	-
Proceeds from sale of property, plant & equipment		-	2,273
Sale of subsidiary net assets		-	769,161
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(6,448,028)</b>	<b>527,894</b>
<b>Cash flows from financing activities</b>			
Net proceeds from the issue of share capital		1,328,000	-
Proceeds from the sale of shares in subsidiary		-	2,432,800
Repayment of loans		-	(667,727)
Proceeds from borrowings		4,838,000	770,417
<b>Net cash inflow/(outflow) from financing activities</b>		<b>6,166,000</b>	<b>2,535,490</b>
Net (decrease)/increase in cash and cash equivalents		(843,846)	839,674
Cash and cash equivalents at 1 July		869,792	30,118
<b>Cash and cash equivalents at 30 June</b>	9	<b>25,946</b>	<b>869,792</b>

The accompanying notes are an integral part of these consolidated financial statements.



# Notes to the Financial Statements

---

## 1. Reporting Entity

GBM Gold Ltd (the 'Company') is a company limited by shares. The consolidated financial statements of the Company as at and for the year ended 30 June 2016 comprise GBM Gold Ltd and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates and jointly controlled entities. The Group primarily is involved in the exploration of gold.

## 2. Basis of Preparation

### *Statement of Compliance*

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the consolidated group of GBM Gold Ltd and controlled entities. GBM Gold Ltd is a listed public company, incorporated and domiciled in Australia and is a for profit entity for financial reporting purposes.

The consolidated financial report of GBM Gold Ltd and controlled entities comply with International Financial Reporting Standards.

The financial statements were approved by the Board of Directors on 28 September 2016.

### *Basis of Measurement*

The consolidated financial statements have been prepared on an accrual basis and are based on historical costs except for the following where applicable:

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- investment property is measured at fair value; and
- liabilities for cash-settled share-based payment arrangements are measured at fair value.

### *Functional and Presentation Currency*

These consolidated financial statements are presented in Australian dollars, which is GBM Gold Limited's functional currency and the functional currency of the Group.

### *Use of Estimates and Judgements*

The preparation of financial statements requires management to make judgements, estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

# Notes to the Financial Statements

---

The accounting policies have been consistently applied by each entity in the consolidated entity.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

## ***Critical Judgements in Applying the Group's Accounting Policies***

Exploration and evaluation assets, mine development, and joint venture assets

The ultimate recoupment of costs carried for exploration and evaluation, mine development and joint venture phases is dependent on the successful development and commercial exploitation or sale of the respective areas, (refer to Note 15).

## ***Income Taxes***

The Group is subject to income taxes in Australia. Significant judgement is required in determining the provision for income taxes. Tax laws existing at the present time may change in the future affecting judgements made at this time. The Group estimates its tax liabilities based on the Group's understanding of the tax law as it applies now.

The Group does not recognise deferred tax assets relating to carried forward tax losses unless realisation is probable.

## ***Going Concern***

The Directors have prepared the financial report on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The Group incurred a net loss of \$1,071,733 and an operating cash outflow of \$561,818 for the financial year ended 30 June 2016. At that date the Group was in a net current asset position of \$3,846,407.

In forming a view that the Group is a going concern, the directors note the following:

- As disclosed in Note 25, Events Subsequent to Reporting Date, on the 4<sup>th</sup> July 2016 GBM issued 80,000,000 shares at a price of \$0.01 per share to sophisticated investors to raise \$800,000 to provide additional funding for working capital purposes.
- The Kangaroo Flat Mine 600,000 tonne per annum gold ore processing plant that is currently held for sale is recorded as assets classified as held for sale in the sum of \$5,250,000. The processing plant is surplus to the Companies requirements as the size of the plant is not in line with the expected extraction rate of mining in the future. The Company is seeking expressions of interest for the sale of the gold ore processing plant from a number of sources with the aim of disposal occurring in the short term.

# Notes to the Financial Statements

---

- Future cash inflows are expected from the gold revenue sales from the processing of tailings and open pit operations, sand sales and also inflows from a number of rental and operating leases for various facilities and infrastructure.

If the sale of the gold ore processing plant does not eventuate in the short term, the combination of income from other cash inflows as outlined above plus the directors are confident to raise sufficient working capital if required would ensure the Group's ability to continue as a going concern.

## 3. Significant accounting policies

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### *(A) Basis of Consolidation*

#### **(i) Subsidiaries**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (GBM Gold Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 23.

In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In Note 30, investments in subsidiaries are carried at fair value. Fair value is determined by the directors taking into account the underlying net assets of the subsidiaries.

Intra-group balances, and income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### **(ii) Accounting for interests in Joint Operations**

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Groups interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

# Notes to the Financial Statements

---

## **(B) Financial Instruments**

### **(i) Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e., trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

### **(ii) Classification and Subsequent Measurement**

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- a) the amount at which the financial assets or financial liability is measured at initial recognition
- b) less principal repayments
- c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*, and
- d) less any reduction for impairment

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

### ***Loans and Receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

### ***Held-to-maturity Investments***

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.



# Notes to the Financial Statements

---

## ***Available-for-sale Financial Assets***

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

## ***Financial Liabilities***

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

### **(i) Fair Value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

### **(ii) De-recognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit and loss.

## ***(C) Property, Plant and Equipment***

### **(i) Properties**

Freehold land and buildings are shown at cost less any accumulated depreciation and impairment losses.

### **(ii) Plant and Equipment**

Plant and equipment are measured on the cost basis less any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

## Notes to the Financial Statements

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

### (iii) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation Rate
Buildings	2%
Leasehold Improvements	4–5%
Plant and Equipment	3–50%
Leased Plant and Equipment	15%
Mine Development	5%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Income Statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

### (D) Intangible Assets

#### (i) Exploration and Evaluation Asset

In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, exploration and evaluation expenditures are capitalised as an asset for each area of interest where the conditions of AASB 6 are satisfied. The costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

At balance date the Directors have examined the conditions for continuing to carry forward the capitalised value of each area of interest, including allowance for impairment in the value.

## Notes to the Financial Statements

---

Once an area of interest has reached the development stage, the future costs are accounted for in accordance with AASB 116 *Property, Plant and Equipment*, and AASB 138 *Intangible Assets*. Once the commercial viability of the extraction of mineral reserves in an area of interest are demonstrable, exploration, and evaluation assets attributable to that area of interest are reclassified to mine development. These costs are amortised over a period, and the carrying value is assessed annually by the Directors for impairment.

### **(E) Mine Development**

The costs of mine development is capitalised to the extent that these costs are expected to be recouped through commercially viable extraction of resources. Costs arising from mine development are depreciated according to the depreciation accounting policy.

### **(F) Inventories**

Gold in solution form, ore on the heap leach pad, ore on the ROM pad and gold in progress are physically measured or estimated and stated at the lower of cost and net realisable value. Cost represents the weighted average cost and includes direct costs and a portion of fixed and variable direct overhead expenditure including depreciation and amortisation. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **(G) Leased Assets**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and these leased assets are not recognised on the Group's Statement of Financial Position.

### **(H) Impairment**

#### **(i). Financial Assets**

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

# Notes to the Financial Statements

---

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

## **(ii). Non-Financial Assets**

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **(I) Employee Benefits**

### **(i) Defined Contribution Superannuation Funds**

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due. These funds are accumulation type funds and the Group has no further obligations to the funds.

### **(ii) Defined Benefit Superannuation Funds**

The Group has no obligation in respect of defined benefit pension plans.

# Notes to the Financial Statements

---

## **(iii) Other long-term Employee Benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

## **(iv) Termination Benefits**

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (i) the date when the Group can no longer withdraw the offer for termination benefits; and (ii) when the Group recognises costs for restructuring pursuant to AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

## **(v) Short-Term Benefits**

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to settle wholly within 12 months. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



# Notes to the Financial Statements

---

## **(J) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## **(K) Revenue**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

## **(L) Finance Income and Expenses**

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

## **(M) Income Tax**

### **(i) Current Tax**

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

# Notes to the Financial Statements

---

## (ii) Deferred Tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

## (iii) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows. The first time applicable standards do not have any impact on the cash flow statement.

## ***(N) New Standards for Application in Future Periods***

No new accounting policies came into effect in the current year that is considered relevant to GBM Gold Limited. Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

## Notes to the Financial Statements

---

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

## Notes to the Financial Statements

---

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact

*AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations* (applicable to annual reporting periods beginning on or after 1 January 2016)

This Standard amends AASB 11: *Joint Arrangements* to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

# Notes to the Financial Statements

The application of AASB 2014-3 will result in a change in accounting policies for the above described transactions, which were previously accounted for as acquisitions of assets rather than applying the acquisition method per AASB 3.

The transitional provisions require that the Standard should be applied prospectively to acquisitions of interests in joint operations occurring on or after 1 January 2016. As at 30 June 2016, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of AASB 2014-3.

## 4. Income Tax

	Consolidated	
	2016	2015
	\$	\$
<b>Income tax recognised in Loss</b>		
Loss from ordinary activities	(1,071,733)	(1,940,184)
Income tax benefit calculated at 30% of loss from ordinary activities	(321,520)	(582,055)
Add tax effect of permanent and timing differences:		
Non-deductible items	108	95
Movements in provisions	2,130	(8,068)
Income tax benefit attributable to operating loss	(319,282)	(590,028)

No income tax asset has been recognised due to the uncertainty of timing in relation to when taxable profits will be derived.

## 5. Revenue

	Consolidated	
	2016	2015
	\$	\$
<b>a. Operating activities</b>		
- Trading revenue	89,977	-
Total Revenue from operating activities	89,977	-
<b>b. Non-operating activities</b>		
- Profit on sale of assets	-	2,273
- Interest received	31,801	5,472
- Other Income	166,126	5,000
Total Revenue from non-operating activities	197,927	12,745
Total Operating and Non-operating revenue	287,904	12,745

# Notes to the Financial Statements

## 6. Depreciation & Administrative Expenses

	Consolidated	
	2016	2015
	\$	\$
Depreciation - Amortisation	11,936	39,460
Impairment expense	222,850	314,322
Total Depreciation and Impairment Expenses	234,786	353,782
<b>Employee benefit expenses</b>		
Salaries and Wages	266,925	319,978
On-costs	46,902	41,600
	313,827	421,578
<b>Other administrative expenses</b>		
Accounting, Income & R&D taxation	72,250	38,029
Audit fees	50,000	43,900
Loss on sale of assets	-	-
Other administrative expenses	522,598	291,153
	644,848	373,082
Total Administrative Expenses	958,675	794,660

## 7. Auditors' Remuneration

	Consolidated	
	2016	2015
Remuneration of ShineWing Australia (formerly Moore Stephens) for:	\$	\$
Auditing or reviewing the financial report	50,000	43,900
	50,000	43,900

## 8. Earnings Per Share

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

Consolidated

	2016	2015
<b>Basic and diluted earnings per share:</b>	\$	\$
From continuing operations	(0.001)	(0.002)
From disposal group classified as held for sale	-	-
Total basic and diluted earnings per share	(0.001)	(0.002)
<b>Earning used in calculating basic and diluted earnings per share:</b>		
Loss from continuing operations	(1,071,733)	(1,940,184)
Loss from disposal group classified as held for sale	-	-
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	897,212,340	883,579,465

## 9. Cash and Cash Equivalents

	Consolidated	
	2016	2015
	\$	\$
Cash at bank and in hand	25,946	869,792
	25,946	869,792



# Notes to the Financial Statements

## 10. Receivables & Prepayments

	Consolidated	
	2016	2015
	\$	\$
Pre-payments	15,708	12,073
Trade receivables	86,717	-
Other Receivables	37,243	444
	<u>139,668</u>	<u>12,517</u>

The Company has a history of 100% collection of accounts receivable amounts, and therefore no provision for doubtful debts is provided.

## 11. Assets Classified As Held For Sale

	2016	2015
	\$	\$
<b>Assets classified as held for sale</b>		
Plant, property & equipment *1	5,396,561	-
Exploration and evaluation *2	245,848	-
Other financial assets *2	35,000	-
	<u>5,677,409</u>	<u>-</u>
<b>Liabilities directly associated with assets classified as held for sale</b>		
Provisions*2	35,000	-
	<u>35,000</u>	<u>-</u>

\*1 \$5,250,000 of the plant, property and equipment relates to the Kangaroo Flat Mine 600,000 tonne per annum gold ore processing plant that is currently held for sale. The processing plant is surplus to the Companies requirements as the size of the plant is not in line with the expected extraction rate of mining in the future. The Company is seeking expressions of interest for the sale of the gold ore processing plant from a number of sources with the aim of disposal occurring in the short term. The remaining plant, property & equipment relates to the freehold land owned by the subsidiary company Industrial Sands & Gravels Pty Ltd.

\*2 The assets and liabilities relate to the subsidiary companies Industrial Sands & Gravels Pty Ltd and GBM Avoca Pty Ltd which are held for sale. A terms agreement has been entered into for the sale of these subsidiary companies.

## 12. Other Financial Assets

	Consolidated	
	2016	2015
	\$	\$
Non-Current Bonds	6,003,500	95,362
	<u>6,003,500</u>	<u>95,362</u>

These represent bonds held on tenements for rehabilitation obligations with the Department of Economic Development, Jobs, Transport and Resources. The Company has provided term deposits of \$6,003,500 (2015: \$90,500) as security for these bank guarantees. \$5,948,000 (2015: Nil) represents the rehabilitation provisions associated with the Bendigo Goldfield.

# Notes to the Financial Statements

## 13. Property, Plant and Equipment

	Consolidated	
	2016	2015
	\$	\$
<b>Plant and Equipment</b>		
At cost	78,309	66,149
Accumulated Depreciation	(68,213)	(61,270)
	10,096	4,879
<b>Mine Development</b>		
At cost	1,150,054	294,765
Accumulated Impairment*1	(222,850)	-
Accumulated Depreciation	(294,765)	(69,041)
	855,289	225,724
<b>Land</b>		
At cost	124,145	146,561
	124,145	146,561
	989,530	377,164

\*1. The total impairment loss recognised in the statement of profit or loss during the period amounted to \$222,850. The impairment related to a write down of the historical cost of the underground mine asset at Fiddlers Creek.

### (i) Reconciliation of Movement in Property, Plant and Equipment

Consolidated 2016	Plant & Equipment	Mine Development	Land	Total
\$	\$	\$	\$	\$
Balance 1 July 2015	4,879	225,724	146,561	377,164
Reallocation	-	-	-	-
Additions	14,279	855,289	124,145	993,713
Impairment	-	(222,850)	-	(222,850)
Classified as assets held for sale	-	-	(146,561)	(146,561)
Disposals	-	-	-	-
Depreciation Expense	(9,062)	(2,874)	-	(11,936)
Balance at 30 June 2015	10,096	855,289	124,145	989,530

Consolidated 2015	Plant & Equipment	Mine Development	Land	Total
\$	\$	\$	\$	\$
Balance 1 July 2014	2,778,055	4,761,165	295,561	7,835,781
Reallocation	-	-	-	-
Additions	138,000	-	-	138,000
Impairment	(203,185)	-	-	(203,185)
Disposals (sale of INGMCo. subsidiary)	(2,682,359)	(4,521,613)	(150,000)	(7,353,972)
Depreciation Expense	(25,632)	(13,828)	-	(39,460)
Balance at 30 June 2015	4,879	225,724	146,561	377,164

# Notes to the Financial Statements

## 14. Exploration & Evaluation

Area of interest	Consolidated	
	2016	2015
	\$	\$
Industrial Sands & Gravel	-	100,000
Fiddlers Creek	7,909	7,909
Avoca	-	145,848
GBGM Operations	60,000	60,000
Wilson Hill (Harvest Home joint venture)*1	531,909	327,595
	599,818	641,352

\*1 Expenditure associated with the bulk sample project at Harvest Home.

### (i). Reconciliation of Movement in Exploration & Evaluation

	2016	2015
	\$	\$
Balance 1 July	641,352	661,962
Additions	204,314	326,737
Disposals	-	-
Impairment of joint venture interest and exploration expenditure	-	(111,138)
Disposals	-	(236,209)
Transfer from/(to) assets classified as held for sale	(245,848)	-
Balance at 30 June	599,818	641,352

## 15. Interest in Joint Venture Operations

The economic entity is the holder of a 50% interest in a joint ventures with GBM Wilson Hill Pty Ltd.

The Company's interest in the Joint Ventures is restricted to the tenement and output and there are no Joint Venture financial statements.

The value of the joint ventures areas of interest are recorded on the Statement of Financial Position.

## 16. Trade and Other Payables

	2016	2015
	\$	\$
Accrued Expenses	234,437	84,489
Trade Creditors	192,829	62,460
	427,266	146,949

## 17. Financial Liabilities

	Consolidated	
	2016	2015
	\$	\$
<b>Current</b>		
Director & Related Parties Loans*1	30,000	-
Other*2	1,475,000	375,000
	1,505,000	1,517,727

\*1 Relates to a short term loan by Truelight Mining. (Refer to Note 22)

\*2 \$1,100,000 is payable to Unity Mining in May 2017 for the second deferred bond instalment to repay cash provided by Unity Mining to meet the rehabilitation obligations at the Bendigo Goldfield. \$375,000 is loan funds from Sterlington Resources and these will be converted to GBM shares when the remaining terms of the agreement are satisfied.

# Notes to the Financial Statements

	Consolidated	
	2016	2015
	\$	\$
Non - Current		
Other*1	3,708,000	-
	3,708,000	-

\*1 The third and fourth deferred bond instalments are payable to Unity Mining in May 2018 (\$1,878,000) and May 2019 (\$1,830,000) to repay cash provided by Unity Mining to meet the rehabilitation obligations at the Bendigo Goldfield.

## 18. Provisions

	Consolidated	
	2016	2015
	\$	\$
Current		
Employee benefits	29,350	22,250
<b>Total Provisions</b>	<b>29,350</b>	<b>22,250</b>

### (i) Reconciliation of Movement in Provisions

Current	Total
	\$
Balance 1 July 2015	22,250
Amounts used/paid	(11,348)
Additional amounts provided	18,448
Balance at 30 June 2016	29,350

	Consolidated	
	2016	2015
	\$	\$
Non - Current		
Rehabilitation Provision *1	6,003,500	90,500
<b>Total Provisions</b>	<b>6,003,500</b>	<b>90,500</b>

\$5,948,000 (2015: Nil) represents the rehabilitation provisions associated with the Bendigo Goldfield and the remaining \$55,500 (2015: \$90,500) relates to other tenement rehabilitation provisions. These are also represented in bonds held on tenements for rehabilitation obligations with the Department of Economic Development, Jobs, Transport and Resources. The Company has provided term deposits of \$6,003,500 (2015: \$90,500) as security for these bank guarantees. (Refer to note 12)

## 19. Issued Capital

	Consolidated	
	2016	2015
	\$	\$
Fully paid ordinary shares	26,600,707	25,162,707

The Company has authorised share capital of 985,784,944 (834,784,944 at end of 2015 reporting period) ordinary shares of no par value.

	Consolidated	
	2016	2015
	No.	No.
Ordinary Shares		
At the beginning of the reporting period	834,784,944	832,784,944
Shares issued during the year*1	155,000,000	2,000,000
<b>At the end of the reporting period</b>	<b>985,784,944</b>	<b>834,784,944</b>

\*1 140,000,000 Shares were issued to investors at \$0.01 per share during the financial year. 9,000,000 shares were issued to

# Notes to the Financial Statements

directors in lieu of director fees and 2,000,000 shares were issued to J. Harrison Director & CEO for services provided to the company in relation to the disposal of the Inglewood Gold Mining Company and the negotiation of the acquisition of the Bendigo Assets from Unity Mining Limited.

## 20. Share Based Payments

Equity-settled compensation:

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Shares granted to key management personnel during the financial year as share-based payments are as follows:

Grant Date	Number
28 October 2015	11,000,000

The weighted average fair value of those equity instruments, determined by reference to market price, was \$0.01.

These shares were issued as compensation to key management personnel of the Group and have vested during the period.

Included under share based payments expense in the statement of profit or loss is \$110,000, which relates to equity-settled share-based payment transactions (2015: \$NIL).

## 21. Interests of Key Management Personnel (KMP)

Names and positions held of the group key management personnel in office at any time during the financial year are:

KMP	Position	Tenure
<b>Directors</b>		
Mr J Harrison	Director & CEO	Full year
Mr Eric J P Ng	Chairman (non-executive)	Full year
Mr Paul Chan	Director (non-executive)	Full year
Mr Andy Lai	Director (non-executive)	Full year
Ms Linda Lau	Director (non-executive)	Full year
Mr Andrew Chan	Director (non-executive) & Company Secretary	Full year

The totals of remuneration paid to KMP of the company and the Group during this year are:	Consolidated	
	2016	2015
	\$	\$
Short-term employee benefits	212,648	212,648
Post-employment benefits	17,352	17,352
Other long-term benefits	–	–
Share Based payments	110,000	–
	340,000	230,000

# Notes to the Financial Statements

Refer also to the remuneration report contained in the director's report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2016.

## (i). KMP Options and Rights Holdings

There were no options over shares held by each KMP of the Group during the 2016 or 2015 financial year.

## (ii). KMP Shareholdings

Number of ordinary shares in GBM Gold Ltd held by each KMP of the Group during the financial year is as follows:

30 June 2016	Balance Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes During the Year†	Balance at end of Year
<b>Directors</b>					
Mr J Harrison	-	2,000,000	-	-	2,000,000
Mr E JP Ng	75,771,000	1,500,000	-	-	77,271,000
Mr Paul Chan	79,157,041	1,500,000	-	-	80,657,041
Mr Andy Lai	25,535,342	1,500,000	-	-	27,035,342
Mr L Lau	-	1,500,000	-	-	1,500,000
Mr Andrew Chan	-	3,000,000	-	-	3,000,000
	<b>180,463,363</b>	<b>11,000,000</b>	<b>-</b>	<b>-</b>	<b>191,463,383</b>

† Net Change Other refers to shares purchased or sold during the financial year.

30 June 2015	Balance Beginning of Year	Granted as Remuneration during the Year	Issued on Exercise of Options during the Year	Other Changes During the Year†	Balance at end of Year
<b>Directors</b>					
Mr J Harrison	-	-	-	-	-
Mr E J P Ng	75,771,000	-	-	-	75,771,000
Mr P Chan	79,157,041	-	-	-	79,157,041
Mr A Lai	25,535,342	-	-	-	25,535,342
Ms L Lau	-	-	-	-	-
	<b>180,463,383</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>180,463,383</b>

† Net Change Other refers to shares purchased or sold during the financial year.

## (iii). Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

## 22. Related Party Transactions

### (i). The Group's Main Related Parties are as Follows:

#### (a) Entities Exercising Control over the Group:

The ultimate parent entity, which exercises control over the Group, is GBM Gold Ltd which is incorporated in Australia.



# Notes to the Financial Statements

## (b) Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 21: Interests of Key Management Personnel (KMP).

## (c) Subsidiaries:

	ACN	Percentage Owned 30 June 2015	Percentage Owned 30 June 2014	Investment in Subsidiary 2016	Investment in Subsidiary 2015
<b>Controlling Entity</b>				\$	\$
GBM Gold Ltd	119 956 624				
<b>Controlled Entities<sup>†</sup></b>					
Goldsborough Mining Pty Ltd	072 849 220	100%	100%	-	-
GBM Fiddlers Creek Pty Ltd	119 943 421	100%	100%	-	100,100
GBM Wilson Hill Pty Ltd	007 257 452	100%	100%	575,008	575,008
GBM Avoca Pty Ltd	129 861 123	100%	100%	-	-
Industrial Sands & Gravels Pty Ltd	072 258 158	100%	100%	-	102,051
Kralcopic Pty Ltd	007 222 086	100%	100%	54,763	54,763
Greater Bendigo Gold Mines Pty Ltd	116 991 691	100%	100%	-	-
				629,771	831,922

## (d) Joint Venture Entities that are Accounted for under the Equity Method:

For details of interests held in joint venture entities, refer to Note 15: Interests in Joint Venture Operations.

## (e) Other Related Parties:

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel exercise significant influence.

## (ii). Transactions with Related Parties

Transactions between related parties occur on normal commercial terms and conditions and are no more favourable than those available to other parties unless otherwise stated. During the year loan transactions occurred between the Parent Entity and its' wholly owned subsidiaries.

A short term unsecured loan of \$30,000 (Nil – 2015) was provided by Truelight Mining in June 2016 to assist with working capital requirements. A Chan is a director of Truelight Mining. The loan has been repaid since the end of the financial period.

United Bright Investments Ltd received a finders fee of \$72,000 (Nil – 2015) for services related to the investment of \$1,200,000 by institutional investors in GBM share capital during the 2016 financial period. Paul Chan is a director of United Bright Investments Ltd.

## 23. Events Subsequent to the Reporting Date

The following material event occurred after 30 June 2016.

# Notes to the Financial Statements

On the 4<sup>th</sup> July 2016 GBM issued 80,000,000 shares at a price of \$0.01 per share to sophisticated investors to raise \$800,000 to provide additional funding for working capital purposes.

There were no other significant events after balance date which impacted the operations of the Group.

## 24. Contingent Liabilities and Commitments

Nil

## 25. Operating Segments

The 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 a care and maintenance phase and all other tenements are utilised primarily for exploration purposes. The tenements associated with the subsidiaries GBM Avoca Pty Ltd and Industrial Sands and Gravel Pty Ltd are classified as held for sale.

## 26. Financial Risk Management

The Group's financial instruments consists mainly of deposits with banks, local money market instruments, short-term investments, accounts receivables and payables, bills, leases, convertible notes and borrowings.

The total of each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2016	Consolidated 2015
Financial assets		\$	\$
Cash and cash equivalents		25,946	869,792
Receivables and prepayments		139,668	12,517
<b>Total Financial assets</b>		<b>165,614</b>	<b>882,309</b>
Financial Liabilities			
Trade and other payables		427,266	146,949
Borrowings		1,505,000	375,000
<b>Total Financial Liabilities</b>		<b>1,932,266</b>	<b>521,949</b>

### (i). Financial Risk Management Policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework including the development and monitoring of risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Company and the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities. The Group, through their training and management standards and procedures, aim to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

# Notes to the Financial Statements

The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company and the Group.

## (ii). Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the FOC has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

## (a) Credit Risk with Banks and Other Financial Institutions

Credit risk with banks and other financial institutions is managed by the Group in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparts with a Standard & Poor's rating of at least A-.

The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

		Consolidated	
		2016	2015
Cash and cash equivalents		\$	\$
A- rated		-	-
A rated		25,946	869,792
Total Financial Liabilities		25,946	869,792

## (iii). Liquidity Risk Management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial

# Notes to the Financial Statements

assets and liabilities. The Board aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties.

## (a) Cash Flow Realised From Financial Assets

Cash flow realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis		Within 1 Year		1 – 5 Years		Over 5 Years		Total
Consolidated Group \$	2016	2015	2016	2015	2016	2015	2016	2015
<b>Financial Liabilities due for payment</b>								
Loans	1,505,000	375,000	-	-	-	-	1,505,000	375,000
Trade and other payables	427,266	146,949	-	-	-	-	427,266	146,949
Finance lease liability	-	-	-	-	-	-	-	-
<b>Total contracted Outflow</b>	<b>1,932,266</b>	<b>521,949</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,932,266</b>	<b>521,949</b>
<b>Financial assets – cash flows realisable</b>								
Cash and cash equivalents	25,946	869,792	-	-	-	-	25,946	869,792
Trade, term and loan receivables	139,668	12,517	-	-	-	-	139,668	12,517
<b>Total anticipated inflows</b>	<b>165,614</b>	<b>882,309</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165,614</b>	<b>882,309</b>
<b>Net (outflow)/inflow on financial instruments</b>	<b>(1,766,652)*1</b>	<b>360,360</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,766,652)</b>	<b>360,360</b>

\*1 The sale of the Kangaroo Flat Mine processing plant will provide the necessary funds to satisfy the contracted outflows.

## (iv). Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

The Company's and Group's exposure to market risk is low. No derivatives or financial liabilities were entered into during the year ended 30 June 2016 with the purpose of managing market risks.

The Board will continue to monitor the Company's and Group's exposure to market risk and in the event that derivatives and/or financial liabilities are entered into, the Board will consider the costs and benefits of seeking to apply hedge accounting in order to manage volatility in profit and loss.

# Notes to the Financial Statements

## (a) Currency Risk

The Groups Assets, as per the Statement of Financial Position, are subject to Currency risk given gold is priced in US dollars

## (b) Interest Rate Risk

The Group's present borrowings are relatively short term, and some of the recent borrowings can be of a convertible loan in nature (Note 17) with a view to reducing borrowings and increasing equity.

Given the levels of interest-bearing loans and borrowings held by the Group at 30 June 2015 and 30 June 2016, and the expected impact of any fluctuations in the respective interest rate may have on the profit or loss, the Group has not entered into any interest rate swaps.

The interest rate profile of the Company's and Group's interest-bearing financial instruments at reporting date is provided in Note 17.

## (v). Exposure to Liquidity and Interest Rate Risk

The following tables detail the Group's exposure to liquidity risk and interest rate risk as at 30 June 2015.

Financial Instrument	Weighted average Effective interest rate		Consolidated Entity		Floating Interest Rate		Non-Interest Bearing		Fixed Interest Rate	
			2016	2015	2016	2015	2016	2015	2016	2015
<b>Financial Assets</b>	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	2	2	25,946	869,792	25,946	869,792	-	-	-	-
Trade and other receivables	-	-	139,668	12,517	-	-	139,668	12,517	-	-
Other financial assets	-	-	-	-	-	-	-	-	-	-
			165,614	882,309	25,946	869,792	139,668	12,517	-	-
<b>Financial Liabilities</b>										
Trade and other payables	-	-	427,266	146,949	-	-	427,266	146,949	-	-
Other financial liabilities	4	4	1,505,000	375,000	51-	-	1,130,000	-	375,000	375,000
			1,932,266	521,949	-	-	1,557,266	146,949	375,000	375,000

## (vi). Fair Values of Financial Assets and Liabilities

Fair value of assets and liabilities approximates their carrying values as terms to maturity are short. No financial assets and financial liabilities are readily traded on organised markets in standard form.

The aggregate fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements and the carrying amount is the same as the fair value amount.

# Notes to the Financial Statements

## (vii). Sensitivity Analysis – Interest Rate Risk, Foreign Currency Risk and Price Risk

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year.

Sensitivity Analysis	Consolidated	
	Profit	Equity
Year end 30 June 2016	\$	\$
+/-2%in interest rates	14,080	14,080
+/-5% in \$A/\$US	-	-
Year end 30 June 2015		
+/-2% in interest rates	6,580	6,580
+/-5% in \$A/\$US	-	-

## 27. Reconciliation of Cash

Reconciliation of cash	Consolidated	
	2016	2015
	\$	\$
Cash flows from operating activities		
Loss for period	(1,071,733)	(1,940,184)
Director fees received in shares	110,000	-
Depreciation and impairment	234,786	353,782
Change in trade and other receivables	(127,150)	(5,765)
Change in other financial assets	(5,943,138)	30,439
Change in trade and other payables	280,316	(724,932)
Change in provisions	5,955,101	98,330
(Profit)/loss on sale of assets	-	(35,376)
Net cash from operating activities	(561,818)	(2,223,710)

## 28. Dividends

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



# Notes to the Financial Statements

## 29. Parent Entity Disclosures

GBM Gold Limited is the parent entity of the Consolidated Entity. GBM Gold Limited is a party to a Deed of Cross Guarantee with all subsidiaries under which each company guarantees the debts of the others. Details of contingent liabilities of the Parent Entity are contained in Note 24. Summarised financial information in respect of the Parent Entity is set out below.

	2016	2015
<b>a) Financial Position</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Current assets	16,018	788,704
Non-current assets	7,305,263	5,698,976
<b>Total assets</b>	<b>7,321,281</b>	<b>6,487,680</b>
<b>Liabilities</b>		
Current liabilities	674,793	463,631
Non-Current liabilities	-	-
<b>Total Liabilities</b>	<b>674,793</b>	<b>463,631</b>
<b>Net Assets</b>	<b>6,646,488</b>	<b>6,024,049</b>
<b>Equity</b>		
Contributed Equity	26,582,353	25,144,353
Accumulated Losses	(21,935,865)	(21,120,304)
Reserves	2,000,000	2,000,000
<b>Total Equity</b>	<b>6,646,488</b>	<b>6,024,049</b>
<b>b) Financial Performance</b>		
Profit/(Loss) of the year *1	(851,561)	(799,053)
Other comprehensive Income	-	-
<b>Total comprehensive Income</b>	<b>(851,561)</b>	<b>(799,053)</b>

\*1 \$202,151 of the 2016 loss related to the write down of investments in subsidiary companies Fiddlers Creek \$100,000 and ISG \$102,151. \$189,271 of the 2016 loss related to loan forgiveness from GBM Gold Limited to Industrial Sands & Gravels Pty Ltd. \$522,124 of the 2015 loss related to the write down of investments in subsidiary companies Goldsbrough \$122,024 and Fiddlers Creek \$400,100.

## Director's Declaration

---

The Directors of GBM Gold Ltd declare that:

In the opinion of the Directors:

1. The financial statements and notes are in accordance with the Corporations Act 2001, including:
  - a. giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2016 and of their performance for the financial year ended on that date, and
  - b. complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures set out on pages 16 to 19 of the Directors Report (as part of the audited remuneration report) for the year ended 30 June 2016, comply with section 300A of the Corporations Act 2001.

The Directors have declared that:

1. The financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001,
2. The financial statements and notes for the financial year comply with the Accounting Standards, and
3. The financial statements and notes for the financial year give a true and fair view.

This declaration is made in accordance with a resolution of the directors.



Frederick Eric JP Ng  
Chairman  
28 September 2016



John Harrison  
Director & CEO

# Auditor's Report



ShineWing Australia  
Accountants and Advisors  
Level 10, 530 Collins Street  
Melbourne VIC 3000  
T +61 3 8635 1800  
F +61 3 8102 3400  
[shinewing.com.au](http://shinewing.com.au)

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GBM GOLD LIMITED AND CONTROLLED ENTITIES

### Report on the Financial Report

We have audited the accompanying financial report of GBM Gold Limited and Controlled entities (the "consolidated entity"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial period.

#### *Directors' Responsibility for the Financial Report*

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

ShineWing Australia ABN 39 533 589 331. Liability limited by a scheme approved under Professional Standards Legislation. ShineWing Australia is an independent member of ShineWing International Limited – members in principal cities throughout the world.

# Auditor's Report

---



## Opinion

In our opinion:

- a) the financial report of GBM Gold Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:
  - i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the period ended on that date; and
  - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the financial reports also complies with *International Financial Reporting Standards* as disclosed in Note 2.

## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Opinion

In our opinion, the Remuneration Report of GBM Gold Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink, appearing to read 'ShineWing Australia', written in a cursive style.

ShineWing Australia  
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'Nick Michael', written in a cursive style.

Nick Michael  
Partner

Melbourne, 28 September 2016