



26 July 2016

ASX Announcement

June 2016

Quarterly Report to Shareholders

GBM Gold Limited

ABN 59 119 956 624

ASX CODE: GBM

CORPORATE DETAILS:

Shareholders:

~688

Shares on Issue:

1,065,784,944

Options: Nil

Directors:

Eric JP Ng (*Chairman*)

John Harrison (*CEO*)

Paul Chan

Andy Lai

Linda Lau

Andrew Chan

Company Secretary:

Andrew Chan

CONTACT DETAILS:

Principal and Registered

Office:

GBM Gold Ltd
66 Ham Street
Kangaroo Flat VIC 3550

Telephone

+61 3 5445 2300

Email

admin@gbmgold.com.au

Website

www.gbmgold.com.au

HIGHLIGHTS

GBM Gold Limited completed the purchase of the Bendigo Goldfield from Unity Mining Limited. Bendigo is Australia's second richest historical goldfield after Kalgoorlie's Golden Mile having produced approximately 22 million ounces of gold. Steps to complete the transaction achieved during the quarter were:

- Tenement transfers to GBM for the Bendigo tenements were approved by the Minister for Economic Development, Jobs, Transport and Resources on 9 May 2016;
- GBM secured the purchase on 17 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
- A clean-up of the Kangaroo Flat Gold Processing Plant to recover gold remaining in the mill has been completed. A 62 ounce (1.94kg) gold dore bar was produced.
- GBM 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;
- GBM 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.

1. Mining and Exploration

GBM Gold Limited (ASX: GBM) ("GBM" or "the Company") is actively working towards developing mining projects in Central Victoria's proven gold mining areas (Figure 1).

Work during the June Quarter focused on:

- Completion of the purchase of the Bendigo Gold Project
- Progressing exploration and mining work plans for the Harvest Home Project.
- Clean up of the Kangaroo Flat Gold Processing Plant
- Progressing planning for the processing of the Kangaroo Flat Sand Dams
- Rehabilitation of the Fiddlers Creek mine site
- Exploration on the Queens Birthday tenement.

1.1 Bendigo Project (MIN 5344, MIN 5364, MIN 4878, EL 3327, EL 5035)

The Victorian government granted the Bendigo tenements to GBM Gold on 9 May 2016. GBM settled the Unity Mining contract on 17 May 2016 with the first \$1.1 million instalment to repay the \$5.9 million environmental bonds to Unity.

The gold processing plant was designed to recover most of the gold by gravity methods. Gold is captured in items of the plant used in the process. The plant has been thoroughly cleaned and the gold captured has been recovered and poured into the 1.94kg Dore bar pictured below.



1.944kg Gold 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. This was very successful - capturing 75% of the gold. 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.

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 will 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.

1.2 Goldsbrough Corridor Gold Project (MIN 5510 and EL 5528)

The Goldsbrough Corridor Gold Project is located 10km northwest of Dunolly and 192 km from Melbourne via the Dunolly-Moliagul Road in Central Victoria (Figure 1). The project is at the

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

The Harvest Home and Queens Birthday tenements are located in the Goldsbrough Corridor. At Harvest Home, Moran's Luck, Harvest Home, Mother O'Gold and Appleton's Gold mines have produced in excess of 60,000 oz. (1,860kg) of gold between them (Whitehouse and Watts 2009). The Queens Birthday Mine at Goldsbrough and the mine at Stuart's Reef at Moliagul were significant producers of gold with over 100,000 ounces being mined from Queens Birthday.

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

Harvest Home is on Mining Licence MIN 5510 and is located approximately 5 kilometres north of Dunolly in Central Victoria. The tenement encompasses the historic Harvest Home Goldfield. A broad zone of gold mineralisation trends north-northwest through the licence area, approximately 3.5 km long and up to 0.4 km wide. Moran's Luck, Harvest Home, Mother O' Gold and Appleton's production centres are estimated to have produced in excess of 60,000 ounces (1,860kg) of gold between them (Whitehouse and Watts 2009). A number of discrete smaller prospects are also contained within the tenement. The historical mine workings reached depths of up to 122m.

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 (as per the photo below). Ore will be hauled from the pit to a stockpile location on site for progressive transfer to an offsite processing facility.

Queens Birthday (EL 5528)

This area is adjacent to and immediately north of Harvest Home. It also part of the Goldsbrough – Wehla Shear Zone. It contains the Queen's Birthday mine that historically yielded about 100,000 ounces of primary gold mineralisation and has the potential to expand the resources found on the Harvest Home tenement. A field exploration survey has been carried out on the tenement to identify the most promising exploration targets. This is the most comprehensive survey that has been carried out on this area for many years. It is identifying a number of targets that have similarities to Harvest Home and McIntyre.

1.3 GBM Gold Exploration Projects

Wilson Hill (EL 5527)

This area lies along structural and stratigraphic strike that parallels those of Bendigo Goldfield. The basement rocks form part of Ballarat-Bendigo Zone and has folding that is similar to those

hosting gold mineralisation at Bendigo Goldfield. Western Mining Corporation (WMC) in 1990 reported that the development of quartz reef is structurally controlled.

WMC located 5 main parallel structures trending 340° that are spaced 50 - 100 m apart. The Albion structure was considered the central structure that was flanked to the east by the Grays anticline and to the west by the Wilson anticline. Saddle reef mineralisation was reported to occur within each structure with an east dipping fault occurring to the east of Grays anticline.

Fiddlers Creek (ELA 00615)

At Fiddlers Creek there is an abundance of known workings associated with the Percydale Fault Zone. This is a sheared altered zone of higher deformation with numerous internal structures of up to 0.5 km wide. The geology in the area show regular northwest striking west dipping fault zones. Gold mineralisation has been associated with many of these structures. The current exploration strategy is directed towards known mineralization trends in the vicinity of Fiddlers Creek and Perseverance mines particularly near areas of historical workings.

Avoca and Beavis (EL 4936 and WA 1395)

During the quarter the Company focused on the Beavis project. The Board determined that the Beavis Project is not a core business and the project has been put up for sale complete with freehold land.

At Beavis, GBM has outlined a clean quartz gravel and sand resource in excess of 2.2 million cubic metres by 33 Aircore and Reverse Circulation Drillholes. Contained within the gravel resource is an Inferred gold resource of 33,000 Ounces of gold (Cahill 2011). Underlying the gravel deposit is ~1-2 metres of kaolin clay which shows good purity from initial observation and testing. The Industrial Mineral products within the deposit are predominantly high quality quartz. The gravels have been tested and are 99.6% pure SiO₂ with minor iron as the main impurity.

2.0 Activities Planned for the September Quarter

Bendigo (Figure 2)

- Planning for production from the coarse sand dam at Kangaroo Flat.
- Geological analysis of exploration targets in the Bendigo Goldfield.
- Woodvale Evaporation Ponds 6 and 7, planning for rehabilitation.

Harvest Home:

- Exploration work plan approvals.
- Mining work plan approvals.

Queens Birthday:

- Reporting on Year 1 exploration.

Wilson Hill:

- Reporting on Year 1 exploration.

Fiddlers Creek:

- Await approval of exploration licence.

Avoca / Beavis:

- Complete the sale of the project.

3.0 Corporate

GBM Gold Limited reached agreement with Unity Mining Limited in September 2015 to purchase the Bendigo Gold Project. Steps completing the transaction achieved during the quarter were:

- Tenement transfers for the Bendigo mining and exploration tenements approved by the Department of Economic Development, Jobs, Transport and Resources (DEDJTR).
- GBM Gold completed the transaction on 17 May 2016 by making a payment of \$1.1 million to Unity Mining, 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.

With the purchase of the Bendigo Goldfield a strategic review of tenements was undertaken. The Beavis Alluvial Project was identified as a non-core business and the project has been put up for sale complete with freehold land. Silver Bright International Development Limited committed to invest an additional \$800,000 in GBM to bring its total investment to \$2 million. The funds were received by GBM on 4 July 2016.

4.0 Company Mineral Tenement Portfolio

The mineral tenement portfolio of the GBM Gold Group as at 30 June 2016 is:

Name	Tenement	Tenure Type	Status	GBM Group Interest
Bendigo Goldfield				
Greater Bendigo	MIN 5344	Mining Licence	Granted	100%
Whip & Jersey	MIN 4878	Mining Licence	Granted	100%
Woodvale	MIN 5364	Mining Licence	Granted	100%
Bendigo Urban	EL 3327	Exploration Licence	Granted	100%
West Bendigo	EL 5035	Exploration Licence	Granted	100%
Goldsborough Corridor Project (north east of Dunolly, Victoria)				
Harvest Home	MIN 5510	Mining Licence	Granted	50%*
Queens Birthday	EL 5528	Exploration Licence	Granted	100%
Wilson Hill Project (west of Bendigo, Victoria)				
Wilson Hill	EL 5527	Exploration Licence	Granted	100%
Fiddlers Creek Project (south east of Avoca, Victoria)				

Fiddlers Creek	EL006155	Exploration Licence	Pending	0%
Avoca Project (south east of Avoca, Victoria)				
Avoca	EL 4936	Exploration Licence	Granted	100%
Beavis	WA 1395	Work Authority	Granted	100%

*Joint Venture with Truelight Mining Pty Ltd

GBM's beneficial interests in any joint venture agreements did not change during the quarter.

END

About GBM Gold Ltd (ASX: GBM)

GBM Gold is a gold focused mining and exploration company with mining and exploration assets located one of Australia's most significant gold producing regions; the Central Victorian Goldfields.

GBM has purchased the Bendigo Goldfield, Australia's second largest goldfield. The Company is targeting low cost projects to develop long term sustainable mining to fund the Company's growth. Recent work has centred on the Harvest Home deposit located north-east of Dunolly in the Golden Triangle area of Central Victoria. Harvest Home, in which GBM has a 50% equity interest, and the adjacent Queen's Birthday will continue to be developed together with tailings projects on the Bendigo Goldfield.

For more information please visit the Company website: www.gbmgold.com.au

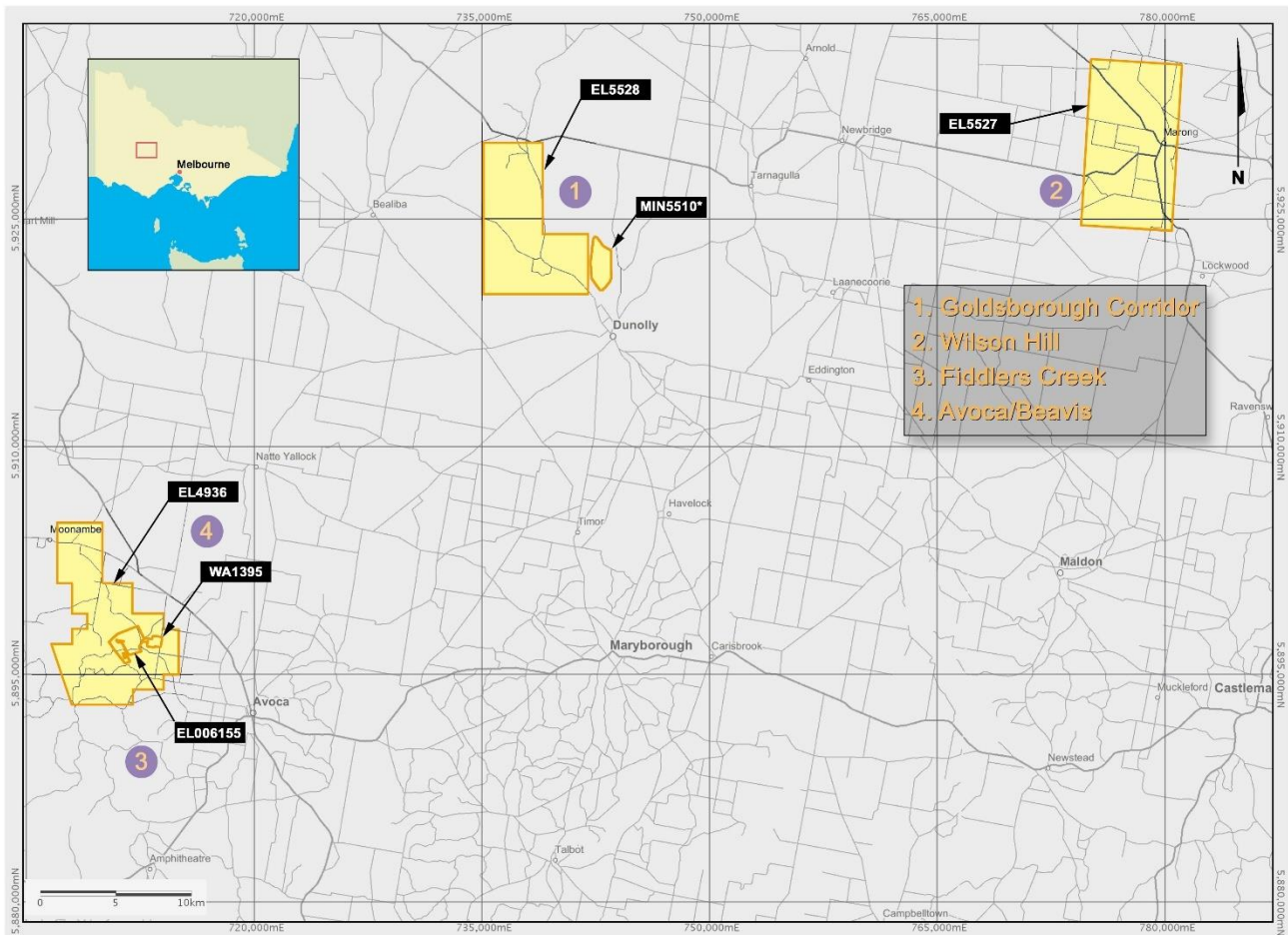


Figure 1: GBM Gold Projects

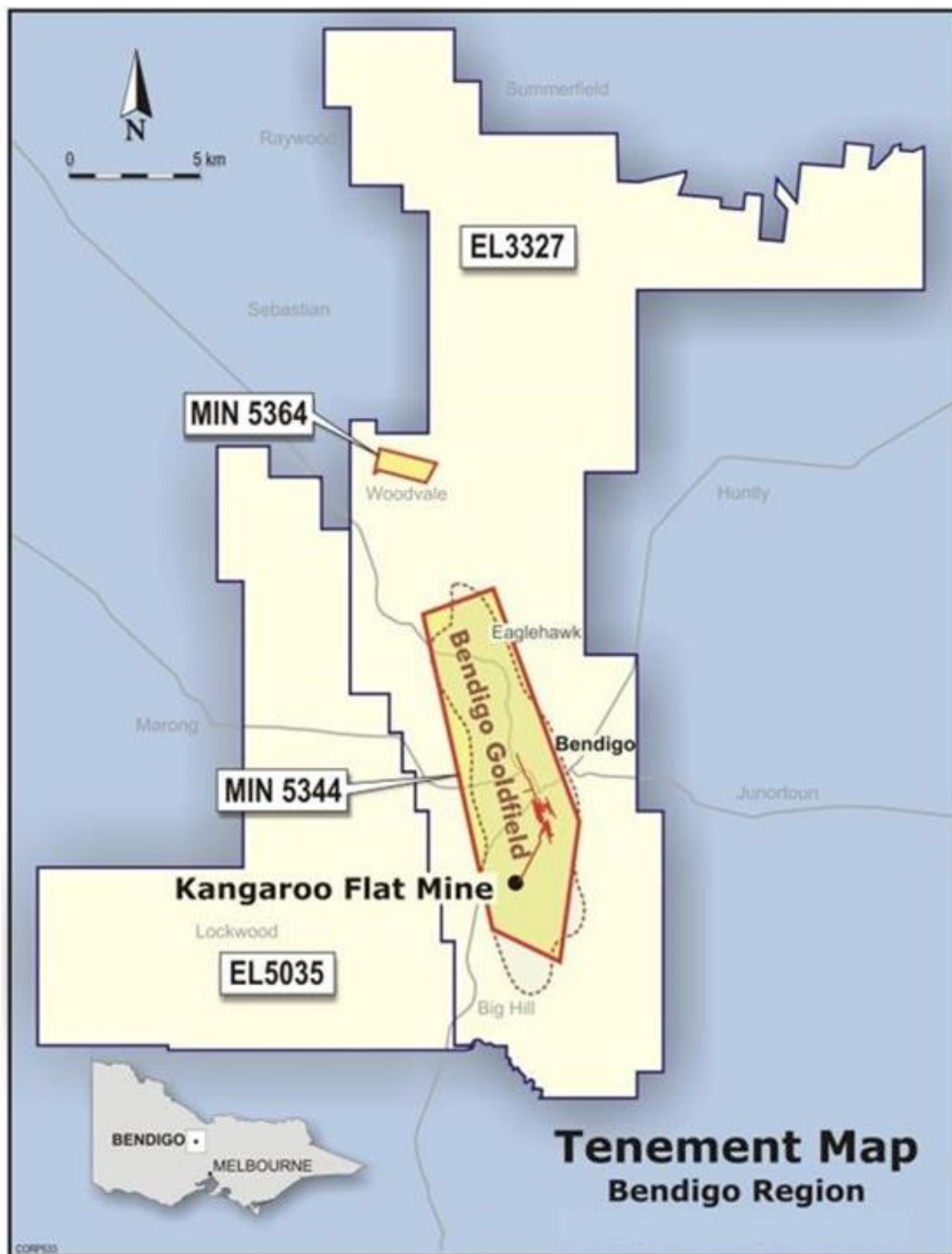


Figure 2: Bendigo Tenements

Figure 3: Harvest Home Open Pit Mine



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity
GBM Gold Ltd

ABN
59 119 956 624

Quarter ended ("current quarter")
30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12months) \$A'000
1.1	Receipts from product sales and related debtors	2	143
1.2	Payments for (a) exploration & evaluation	(17)	(456)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(103)	(580)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	4	11
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – FY15 R&D Tax Offset	-	152
	Net Operating Cash Flows	(114)	(730)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(1,245)	(1,487)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(1,245)	(1,487)
1.13	Total operating and investing cash flows (carried forward)	(1,359)	(2,217)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,359)	(2,217)
Cash flows related to financing activities		400	1,400
1.14	Proceeds from issues of shares, options, etc.	-	1,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	30	30
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (refer 1.25 below)	-	(60)
	Net financing cash flows	430	1,370
	Net increase (decrease) in cash held	(929)	(847)
1.20	Cash at beginning of quarter/year to date	655	873
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	26	26

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	57
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions: Nil	

Non-cash financing and investing activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows: As per the ASX announcement made on the 17th September 2015, Unity Mining Limited transferred \$5,948,000 to Kralcopic Pty Ltd (wholly owned subsidiary of GBM Gold Limited) upon completion of the asset sale during the June 2016 quarter, and these funds are held in fixed term deposits by Kralcopic Pty Ltd with Bank Guarantees attached for future rehabilitation obligations. As a result the fixed term deposits are classified as non-current other financial assets and do not form part of the cash balance at the end of the June quarter.
-----	--

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest: Nil
-----	---

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	5,213	5,213
3.2	Credit standby arrangements		

Notes to financing facilities available - Loan facilities 3.1: \$4,808k owing to Unity Mining Limited as per the Bendigo Asset Sale Agreement as announced to the ASX on the 17th September 2015. The \$375k loan from Sterlington Resources to GBM Gold Ltd ('GBM') is contracted to be converted to shares in GBM, but has not yet been converted. .

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	200
4.2	Development	-
4.3	Production	-
4.4	Administration	150
	Total	350*

*Planned expenditure will be funded by a \$800,000 capital raising as per ASX announcement dated 4th July 2016 and operational cash flows.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	26	655
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	26	955

Changes in interests in mining tenements and petroleum tenements

+ See chapter 19 for defined terms.

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

		Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements and petroleum tenements acquired or increased	MIN5344, MIN4872, MIN5364, EL3327, EL5035	Bendigo, Victoria mining and exploration tenements acquired from Unity Mining	0%	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	945,784,944	945,784,944		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	40,000,000	40,000,000	\$0.01c	\$0.01c
7.5	+Convertible debt securities (description)				

+ See chapter 19 for defined terms.

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

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)				
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:
(Director & CEO)

Date: 26 July 2016

Print name: John Harrison

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.