



# GBM Gold Ltd

27 July 2018

ASX Announcement

June 2018

## Quarterly Report to Shareholders

### GBM Gold Limited

ABN 59 119 956 624

ASX CODE: GBM

#### CORPORATE DETAILS:

##### Shareholders:

684

##### Shares on Issue:

1,118,319,556

Options: Nil

##### Directors:

Eric JP Ng (Chairman)

John Harrison (CEO)

Paul Chan

Andy Lai

Linda Lau

Jianping Wang

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](mailto:admin@gbmgold.com.au)

##### Website

[www.gbmgold.com.au](http://www.gbmgold.com.au)

### Summary

Significant activities for the quarter were:

- Preparations for mining gold and sulphides from the Kangaroo Flat Coarse Sand Dam are in the final phases of completion with the processing equipment ready for commissioning. The project will commence operation when approvals are finalised by Earth resources
- The Harvest Home Open Pit Mine expansion has been approved by Earth Resources and the local Shire Council. Preparations for mining have are in progress.
- The reopening of the Swan Decline at Kangaroo Flat and the program for underground exploration on the Nell Gwynne Line of Reef has the requisite approvals and is ready for implementation.

### 1. Introduction

The Company's strategy to maximise the value of the acquired Bendigo Assets is now being realised. The tailings stored in the Kangaroo Flat sand dam from previous mining operations, estimated to contain 5,100 ounces of gold will be the first project mined. The Gravity Separation equipment has been assembled and mining will commence immediately after approval is received from Earth Resources.

The Harvest Home Open Pit Mine expansion has taken a significant step towards commencement with final approvals being granted. The existing bulk sample pit will be expanded in length, width and depth providing a low-cost ore source with simple metallurgy.

The Kangaroo Flat Sand Dam and the Harvest Home Open Pit Mine projects are an integral part of GBM Gold's strategy to provide cashflow from low cost operations.

The ultimate objective of the Bendigo Gold Project is the establishment and operation of an economically viable underground mine (or series of mines) and associated facilities to exploit the remaining potential of the Bendigo Goldfield. As an initial step in this process, GBM plans to access the existing Swan Decline and utilise existing underground development along with some additional underground development, to explore the potential of anticlinal lines traversed by the Swan Decline at locations above the standing water level in the decline. A saddle reef target on the Nell Gwynne Line of Reef is the location of an exploration program that is ready for implementation to exploit this target.

## 1.0 Mining and Exploration

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

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

As reported in the September 2017 Quarterly Report, GBM has an agreement with Gold Miners Australia (GMA) to jointly mine and process the sand in the Kangaroo Flat Coarse Sand Dam. The wash plant and 2x30tph gold concentrators to recover the contained gold and sulphides have been installed and are ready for commissioning (see Figure 1).



*Figure 1: Kangaroo Flat Coarse Sand Dam Processing Equipment*

The sand dam is estimated to hold 430,000 tonnes of material containing 5,100 ounces of gold at a grade of 0.37 g/t as reported in the March 2017 Quarterly Report. The project is expected to take two to three years to complete. Profit will be shared 50/50 between the parties. The plant will be commissioned and commence operation in the September Quarter pending approval of the work plan by Earth Resources.

#### ***Bendigo Exploration - Nell Gwynne Dome***

In June 1998 the portal of the Swan Decline was cut at the Kangaroo Flat mine site. Decline development in 1999 crossed the Nell Gwynne Line of Reef passing within 50 metres of the Concord workings at a depth of approximately 180m below ground level (75mAHD).

The Nell Gwynne Dome area is known to exhibit a degree of geological complexity that elsewhere on the Bendigo Goldfield has been conducive to gold mineralisation. The Nell Gwynne Dome Exploration Program will examine the potential for payable underground ore-bodies in structurally favourable locations within the vicinity of the existing decline.



The project will entail re-equipping and re-entering the Swan Decline to a position approximately 1,100m from the decline portal. Reconnaissance diamond drilling will be undertaken from drill platforms from within the decline.

New levels are planned to be cut at approximately 1,050m from the portal and developed for distances of approximately 300m north and south along strike of the Nell Gwynne Anticline (Figure 2). This development will be in the western limb of the anticline and will provide opportunity for establishment of additional diamond drill platforms for purposes of defining a mineral resource.

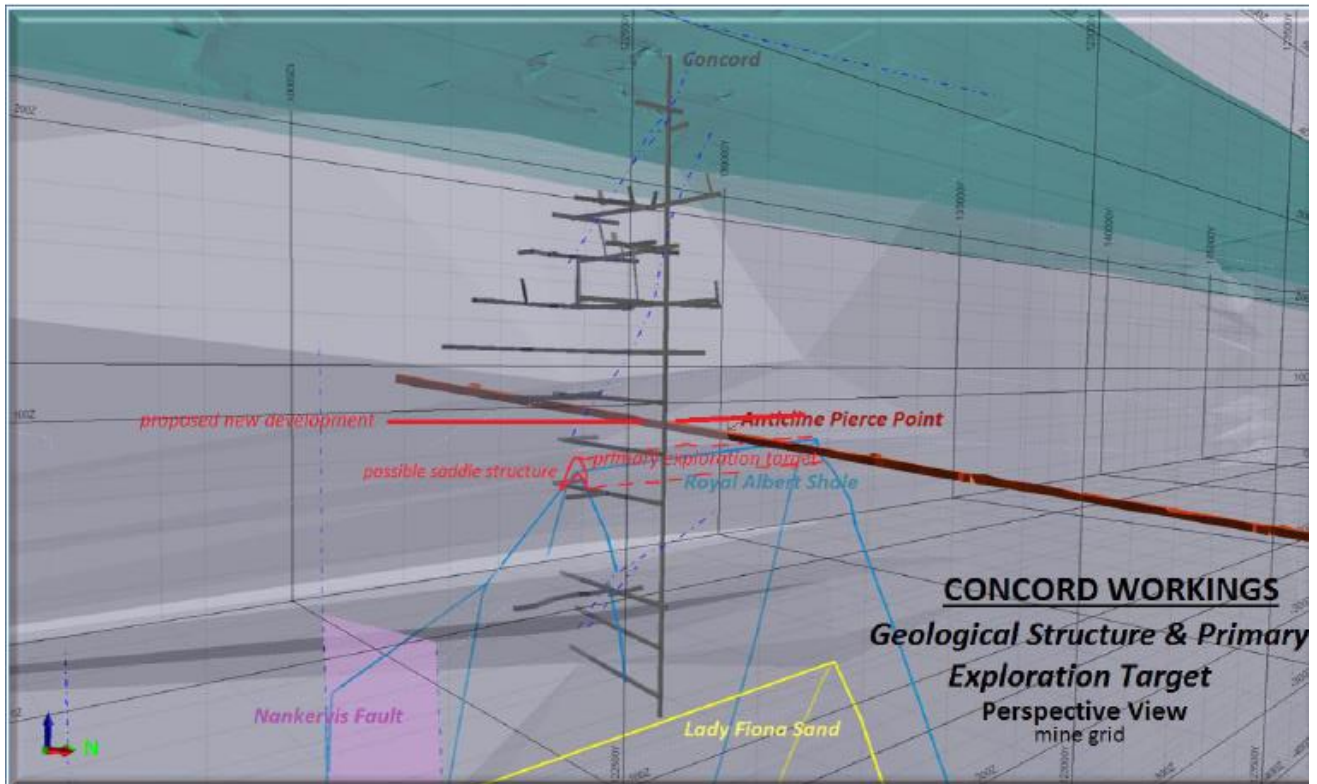


Figure 2: Nell Gwynne Reef Planned New Development

## 1.2 Goldsbrough-Wehla Zone (MIN 5510, EL 5528, MIN 5063 and EL 6369)

The Harvest Home, Queens Birthday and Wehla tenements are located along the 24km long Goldsbrough-Wehla Shear Zone. McIntyre is 5km to the south-east of Wehla.

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

MIN 5510 is located approximately 5 kilometres north of Dunolly in central Victoria and has an area of 316 hectares. The tenement encompasses the historic Harvest Home Goldfield.

A bulk-sampling test pit was completed at the Harvest Home prospect in June 2015. A modest quantity of gold was recovered from ore mined from the shear zone exposed in the test pit. In addition to the gold obtained from the shear, coarse gold was observed where a flat dipping quartz vein intersected a sub-vertical "indicator" fault proximal to the mined shear. Knowledge gained from bulk-sampling of the deposit promoted a review of the mineralisation model and a re-evaluation of the resource potential of the project.

GBM has received approval to implement 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. In addition, 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. Ore will be transferred to an offsite processing facility.



*Figure 3: Excavating Bulk Sample Pit at Harvest Home*

### **Queens Birthday (EL 5528)**

Queens Birthday is adjacent to Harvest Home and has the potential to expand the resources found on the Harvest Home tenement. GBM is preparing a report on the results of a field exploration survey that was carried out on the tenement.

### **Wehla (EL 6369)**

Wehla is a shear hosted gold mineralised system that lies at the northern end of the Goldsbrough – Wehla Shear Zone. The main gold workings consist of north trending auriferous reefs; Adelaide, Prince of Wales, Frenchman's, Petticoat, Black, Bismarck and Little Nell with Scotchman's and Hungarian between 50 and 200 metres to the east. Each discrete set of gold workings provides an exploration target. GBM is preparing an exploration program for this site.

### **McIntyre (MIN 5093)**

The McIntyre project is located 50 kilometres northwest of Maldon. Mining Licence MIN 5093 is centred on the Matrix Reef Mine and is part of the Berlin goldfield. GBM is awaiting finalisation of the transfer of the tenement.

## **1.3 GBM Gold Exploration Projects**

### **Fiddlers Creek (EL6155)**

An Exploration Licence application covering the Percydale Goldfield has been approved. There is an abundance of known workings associated with the Percydale Fault Zone. The planned exploration is directed towards known mineralization trends in the vicinity of Fiddlers Creek and Perseverance mines particularly near areas of historical workings.

## 1.4 Woodvale Evaporation Pond Complex (WEPC)

In September 2017, GBM received approval from Earth Resources Regulation to rehabilitate the Pond Complex. A condition of approval dictates that the remediation proposal shall be subject to an environmental audit under Section 53V of the Environment Protection Act 1970. The Auditor has produced a draft document which has been submitted to the EPA for review.

## 2.0 Activities Planned for the September Quarter

### **Bendigo**

- Commissioning and operating the gravity processing equipment for the coarse sand dam at Kangaroo Flat.
- Planning for exploration of Nell Gwynne exploration target in the Bendigo Goldfield.
- Woodvale Evaporation Pond Complex, reviewing the s53v audit.

### **Harvest Home:**

- Preparations for mining on the Open Pit Mine expansion.

## 3.0 Company Mineral Tenement Portfolio

The mineral tenement portfolio of the GBM Gold Group as at 31 March 2018 is:

<b>Name</b>	<b>Tenement</b>	<b>Tenure Type</b>	<b>Status</b>	<b>GBM Interest</b>
<b>Bendigo Goldfield</b>				
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 6595	Exploration Licence	Pending	0%
Raywood**	EL 6596	Exploration Licence	Pending	0%
Wilson Hill	EL 5527	Exploration Licence	Granted	100%
<b>Goldsborough Corridor Project (north east of Dunolly, Victoria)</b>				
Harvest Home	MIN 5510	Mining Licence	Granted	50%*
Queens Birthday	EL 5528	Exploration Licence	Granted	100%
McIntyre	MIN 5093	Mining Licence	Transfer	0%
Wehla	EL6369	Exploration Licence	Granted	100%
<b>Fiddlers Creek Project (south east of Avoca, Victoria)</b>				
Fiddlers Creek	EL6155	Exploration Licence	Granted	100%

\*Joint Venture with Truelight Mining Pty Ltd

\*\* Exploration Licence Applications to replace Bendigo Exploration Licence EL3327

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

## 4.0 Corporate

GBM Gold through its wholly owned subsidiary Kralcopic Pty Ltd, and Australian Mining Equipment Exporters Pty Ltd (AME) are parties to an asset sale agreement in respect of the Kangaroo Flat Gold Processing Plant dated 24 July 2017 (ASA). AME has been notified that it is in breach of its obligations under the ASA to complete the purchase. GBM and AME are working together to resolve the situation.

GBM received \$470,000 for the sale of part of the plant. In accordance with the Bendigo ASA with Unity Mining, \$235,000 was put towards the deferred bond payments.

**END**

### About GBM Gold Ltd (ASX: GBM)

GBM Gold is an Australian based resources company that is creating value from its portfolio of mining and exploration assets, including the Bendigo Goldfield, located in one of Australia's most significant gold producing regions; the Central Victorian Goldfields.

The Bendigo Goldfield is Australia's second richest historical goldfield behind Kalgoorlie's Golden Mile. Between 1851 and 1954 the Bendigo Goldfield produced in excess of 18 million ounces from 'quartz reefs' at average grades between 10g/t and 15g/t. A further 4 million ounces of alluvial gold were recovered from the region's creeks and gullies. GBM is implementing plans to build on the success of earlier explorers and producers in Bendigo.

**For more information, please visit the Company website: [www.gbmgold.com.au](http://www.gbmgold.com.au)**

### Competent Person Statement

The information in this report that relates to Mineralisation, Exploration Targets and Mineral Resources is based on information compiled by Keith Whitehouse who is a Member of The Australasian Institute of Mining and Metallurgy and a Chartered Professional (Geology). Mr. Whitehouse is a principal of Australian Exploration Field Services Ltd (AEFS) a consulting firm providing geological expertise to GBM Gold. Mr Whitehouse has sufficient experience 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 this report of the matters based on his information in the form and context in which it appears.

## 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, 01/05/13, 01/09/16

### Name of entity

GBM Gold Ltd

### ABN

59119956624

### Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	212	581
1.2 Payments for		
(a) exploration & evaluation	(291)	(1,143)
(b) development	-	-
(c) production	-	-
(d) staff costs	(82)	(305)
(e) administration and corporate costs	(134)	(569)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	38	157
1.5 Interest and other costs of finance paid	-	(30)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(257)</b>	<b>(1,309)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	470	2,071
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	50
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>470</b>	<b>2,121</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(235)	(785)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(235)</b>	<b>(785)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	98	49
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(257)	(1,309)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	470	2,121
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(235)	(785)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>76</b>	<b>76</b>



<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	76	98
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>76</b>	<b>98</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to these parties included in item 1.2	62
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8.	Financing facilities available	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	Add notes as necessary for an understanding of the position		
8.1	Loan facilities	4,023	4,023
8.2	Credit standby arrangements		
8.3	Other (please specify)		
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
<b>Loan facilities 3.1:</b> \$3,473k owing to Unity Mining Limited at zero interest and secured, as per the Bendigo Asset Sale Agreement as announced to the ASX on the 17 <sup>th</sup> September 2015, and \$550k owing to Silver Bright International Development Limited at 6% interest and unsecured.			

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	200
9.2	Development	-
9.3	Production	-
9.4	Staff costs	60
9.5	Administration and corporate costs	90
9.6	Other (provide details if material)	-
9.7	<b>Total estimated cash outflows</b>	<b>350*</b>


\* Estimated cash outflows to be funded by a working capital injection or the receipt of part of the proceeds of the sale of the 600k tpa process plant during the September 2018 quarter.

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased	EL6155 Fiddlers Creek	Exploration Licence	0%	100%

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

  
.....  
(Director)

Date: 27 July 2018

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.