



# GBM Gold Ltd

31 July 2019

ASX Announcement

June 2019

## 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*)

Paul Chan

Andy Lai

Linda Lau

Jianping Wang

Andrew Chan

### Company Secretary:

Andrew Chan

### Chief Executive Officer:

John Harrison (*CEO*)

### CONTACT DETAILS:

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GBM Gold Ltd  
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Kangaroo Flat VIC 3550

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### Highlights

- Release of Prospectus for a 1 to 1 non-renounceable rights issue at an issue price of \$0.006 to raise approximately \$6.67 million
- Funds raised to repay Unity debt in full and provide working capital
- Unity Mining debt deferred pending completion of the rights issue
- Recapitalisation will allow reinstatement of GBM Gold's shares to trading.
- A 60MW Solar Project to be developed on the Woodvale Evaporation Pond Complex site.

### Introduction

GBM Gold Limited (ASX: GBM) ("GBM Gold") announced a fully underwritten 1 for 1 non-renounceable rights issue to raise \$6.67 million (before costs) at an issue price of \$0.006 per share on 15 May 2019.

Funds raised will be used:

- to repay Unity Mining debt of approximately \$3.28 million and shareholder debts of approximately \$700,000.
- to mine and process tailings stored in the Kangaroo Flat sand dam estimated to contain +5,000 ounces of gold. The processing equipment has been installed and mining will commence in 2019.
- to expand the Harvest Home Open Pit Mine in length, width and depth providing a low-cost ore source. Mining is planned to commence in 2019.
- to transform the Woodvale Evaporation Pond Complex into a 60MW Solar Power Plant. GBM Gold and a Joint Venture partner will develop the project to supply power to Bendigo.
- to reopen the Kangaroo Flat mine decline to explore a saddle reef structure on the Nell Gwynne Line of Reef, approximately 1km from the decline portal.

The rights issue is conditional upon ASX reinstating GBM Gold's shares to trading. GBM Gold is addressing the requirements for reinstatement, including appointing two Australian resident directors.

The rights issue was open to shareholders who have a registered address within Australia or New Zealand and who held shares on 21 May 2019.

## 1.0 Mining and Exploration

### 1.1 Bendigo Project (MIN5344, MIN 5364, MIN 4878)

#### Kangaroo Flat Sand Dam Project

The processing plant at the Kangaroo Flat Mine was designed for beneficial reuse of by-products in markets such as the packing sand and concrete market to reduce the environmental impact of the project in keeping with the principles of Economically Sustainable Development. The majority of the tailings from the process plant were planned to be from early process stages that did not require the addition of chemicals for leaching. Implementing these principals resulted in the construction of separate dams for Coarse Sand, Fine Sand and Leached Tailings.

The sand dam is estimated to hold 320,000 tonnes indicated and 110,000 tonnes inferred for a total of 430,000 tonnes of material containing 5,100 ounces of gold at a grade of 0.37 g/t as reported in the revised March 2017 Quarterly Report released in April 2017. The project is expected to take two to three years to complete. Profit will be shared 50/50 between the parties. The gravity separation wash plant uses no chemicals only water. A set of spirals has been added to the wash plant to improve recovery of the contained gold and sulphides.

In summary:

- Gold and sulphide material are being recovered without the use of chemicals
- The gold and sulphide concentrate will be further processed off site to recover the contained gold

#### Nell Gwynne Dome

Exploration of the Nell Gwynne Dome is anticipated to take approximately two years to complete. The first stage of the project will entail re-equipping and re-entering the Swan Decline. Reconnaissance diamond drilling will be undertaken from drill platforms from within the decline (between 1,000m and 1,100m from the portal).

The second stage of the project is developing new levels for distances of approximately 300m north and south along strike of the Nell Gwynne Anticline.

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

These projects lie in the western margin of the Bendigo Zone. The Avoca fault defines the western margin of this zone. The projects are along the 24 km long Goldsbrough–Wehla Shear Zone which forms part of the Wedderburn-Ballarat trend. Within the Goldsbrough–Wehla Shear Zone mineralised quartz reefs occur from Wehla (EL6369) in the north to Harvest Home (MIN 5510) and Queens Birthday in the south.

#### *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 on the eastern margin of the Goldsbrough – Wehla Shear. A broad zone of gold mineralisation trending north-northwest through MIN 5510 is approximately 3.5 km long and up to 0.4 km wide. 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). A number of discrete smaller

prospects are also contained within the tenement. The historical mine workings reached depths of up to 122m. These areas are being re-evaluated based on the results of the new geological interpretation.

The production pit will encompass and extend the existing bulk sample pit. Approximately 44,000 tonnes of ore 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. 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 to the south of Harvest Home. It contains the Queen's Birthday mine that historically yielded about 100,000 ounces of primary gold mineralisation is preparing the next stage of field sampling aimed at defining targets under cover.

### **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 just to the east of the Goldsbrough Wehla Shear Zone. Mining Licence MIN 5093 is centred on the Matrix Reef Mine, which 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)**

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)**

The Woodvale Complex comprises a facility of multiple evaporation ponds where groundwater was historically pumped as part of gold mining activities and associated dewatering processes. The project will repurpose the ponds as a solar power plant of 60MW capacity. This is an ideal re-use of a redundant facility as the ponds enjoy excellent sun exposure, are not readily visible to adjacent residences and are located close to where the power is needed. The City of Greater Bendigo has a goal of 100 per cent renewable energy generation from local and regional sources. The Woodvale Solar Project is a significant step forward and has the potential to assist Council in achieving that goal. This project has significant long-term benefit for the Bendigo community with an improvement in energy security and an estimated 100 jobs created during construction.

## 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, developing a revised work plan for the solar complex.

### **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 30 June 2019 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 proceeded with a fully underwritten 1 for 1 non-renounceable rights issue to raise \$6.67 million (before costs) at an issue price of \$0.006 per share.

The issue closed on 4 June 2019 with applications for 181,895,795 shares and raising \$1,091,374.77. Nex Kiwi informed GBM that it has decided to terminate its underwriting agreement. GBM Gold agreed to the termination and has entered into a new underwriting agreement with Metropolis Enterprises Group Limited (MEG). Under that agreement, MEG has agreed to fully underwrite the Company's \$6.7 million rights issue in consideration for an underwriting fee of 5%.

The Victorian Government's Earth Resources Department ("Earth Resources"), advised GBM Gold on 5 June 2019 that it was not satisfied that Kralcopic was likely to be able to finance the proposed work and rehabilitation requirements on Mining Licences MIN5344, MIN4878 and MIN5364 (Bendigo Mining Licences) and was considering refusing the application to renew these licences. GBM Gold is working to fulfil Earth Resources requirements and confirm that it is able to finance the proposed work and rehabilitation requirements for the renewal of the Mining Licences, including completing the Rights Issue.

**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 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	108	546
1.2 Payments for		
(a) exploration & evaluation	(141)	(836)
(b) development	-	-
(c) production	-	-
(d) staff costs	(55)	(196)
(e) administration and corporate costs	(214)	(719)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	37	148
1.5 Interest and other costs of finance paid	-	-
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>(265)</b>	<b>(1,057)</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 (12 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
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>-</b>	<b>-</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	100	1,360
3.6	Repayment of borrowings	(160)	(360)
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>(60)</b>	<b>1,000</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	344	76
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(265)	(1,057)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(60)	1,000
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>19</b>	<b>19</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	19	344
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>19</b>	<b>344</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.	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1	Loan facilities	5,023	5,023
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.		

**Loan facilities 3.1:** \$3,173k owing to Unity Mining Limited at 10% interest and secured, as per the Bendigo Asset Sale Agreement as announced to the ASX on the 17<sup>th</sup> September 2015, \$750k owing to Silver Bright International Development Limited at 6% interest and unsecured, \$100k owing to Giant Master Limited at nil interest and unsecured, and \$1,000k owing to Maradox Pty Ltd repayable via 1kg gold in 4 \* 3 monthly instalments and 18kg gold payable on termination of loan which equates to approximately 30% interest depending upon future gold prices and secured.

9.	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
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 March 2019 quarter.

10.	<b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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				

**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:

  
.....  
(CEO)

Date: 31 July 2019

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.