



# GBM Gold Ltd

31 July 2017

ASX Announcement

June 2017

## Quarterly Report to Shareholders

### GBM Gold Limited

ABN 59 119 956 624

ASX CODE: GBM

#### CORPORATE DETAILS:

##### Shareholders:

700

##### 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  
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##### Website

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

### Summary

Significant activities for the quarter were:

- GBM Gold Ltd (GBM) has entered into an agreement to sell the Kangaroo Flat Gold Processing Plant for \$6.2 million.
- The plant has been purchased by Australia Mining Equipment Exporters Pty Ltd for export to a project in Guinea, Africa.
- Plans to explore the potential for a payable orebody on the Nell Gwynne anticline in the vicinity of the existing decline are being developed. The initial stage consists of reinstating services in the Swan Decline to the location of the Nell Gwynne Anticline (approximately 1km from the portal) and undertaking reconnaissance drilling.
- Gravity processing equipment from Malaysia to wash the sand and recover associated gold is being sourced. It is planned to process the sand over a period of two to three years.
- 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 will be excavated in the next phase of the operation.

### 1. Introduction

The focus for the quarter was on completing the sale of the Kangaroo Flat Gold Processing Plant. GBM has entered into an agreement with Australian Mineral Exporters Pty Ltd (AME) for the sale of the Gold Processing Plant for \$6.2 million with the following payment schedule. GBM has received the first payment.

Date	Payment to GBM
27 July 2017	\$1,450,000
1 December 2017	\$2,400,000
30 January 2018	\$2,300,000
30 June 2018	\$50,000

GBM was approached by AME in April and negotiations have been progressing since that time. With the sale of the Kangaroo Flat Gold Processing Plant, GBM Gold is in discussions to secure access to a gold processing plant(s) to process its ore. The opportunity exists to deliver Bendigo ore to increase the efficiency of the plants and provide a positive outcome for both parties.

## 1.0 Mining and Exploration

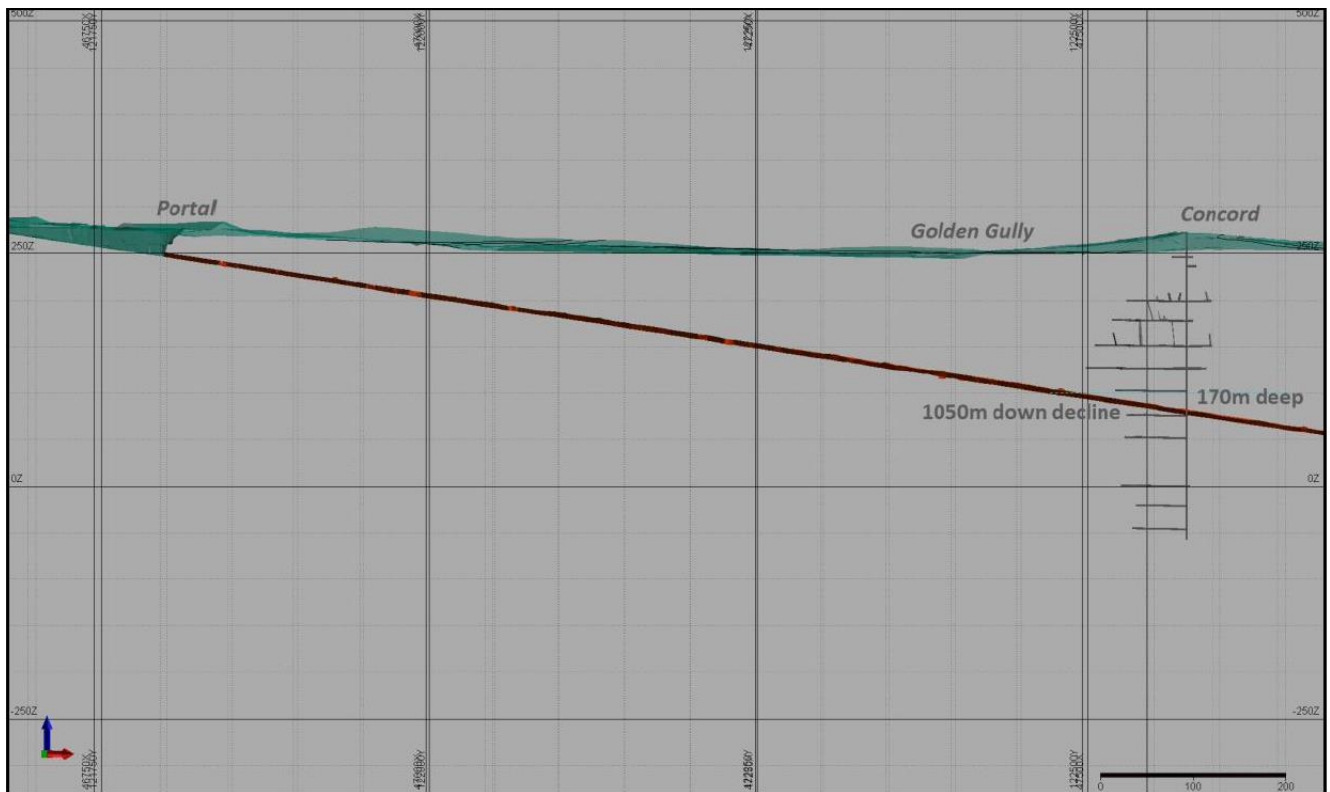
### 1.1 Bendigo Project (MIN5344, MIN 5364, MIN 4878, EL 3327, EL 5035)

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

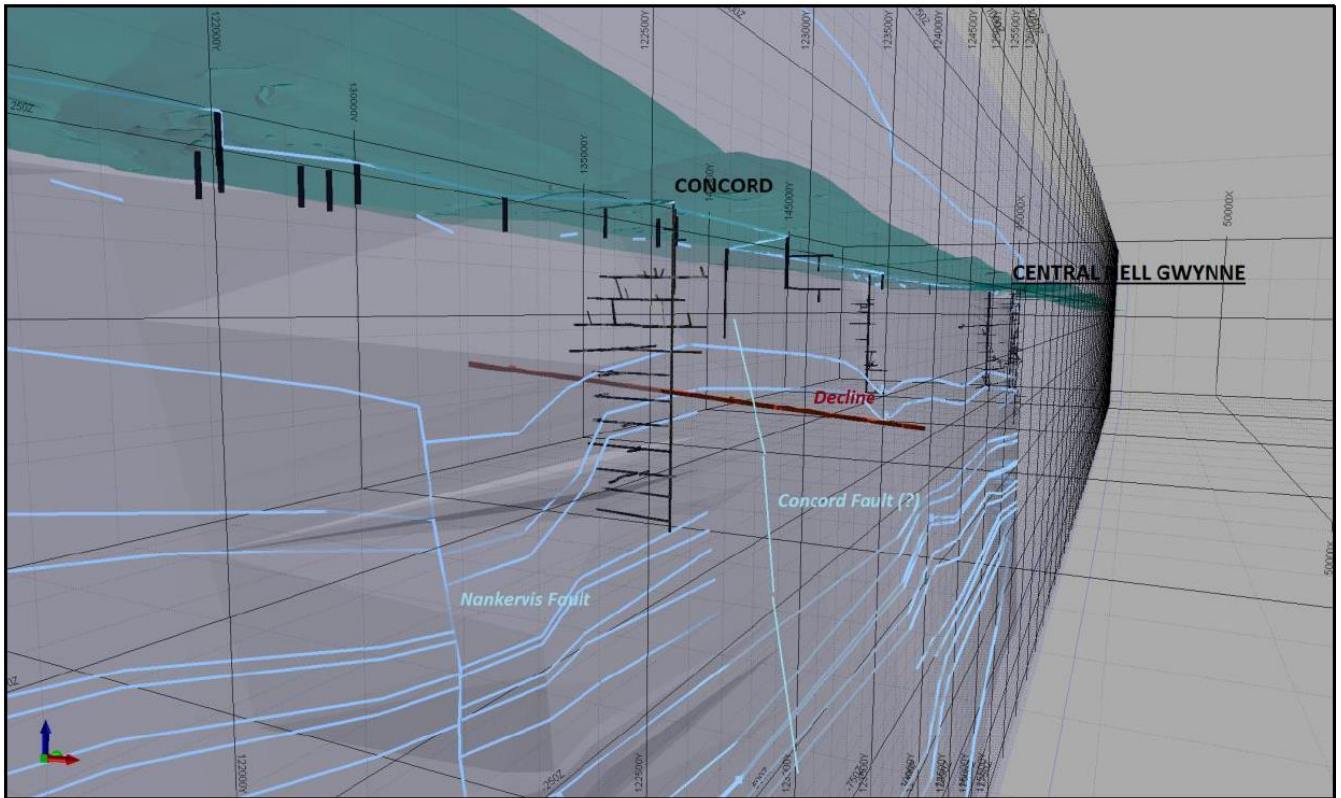
The focus of underground exploration will be Nell Gwynne Dome in the vicinity of the historic Concord Mine. In 1998 Bendigo Mining commenced a decline from the Kangaroo Flat site which bridged eight anticlines, including the Nell Gwynne Anticline. Decline development passed within 50 metres of the Concord workings at a depth of approximately 180m below ground level (Figure 1). The area of the decline adjacent to the Concord Mine is above the current mine water level and only requires the reinstatement of the decline before work can commence.

Historical research suggests that a structure worked in the historic Concord Mine may correspond with a structure that was worked profitably in the Central Nell Gwynne mine further to the north (Figure 2). This structure is estimated to be within tens of metres of the decline in an area of pitch reversal and double folding. This type of structural complexity tends to favour the development of discrete mineralisation.

This project has two stages. The initial stage consists of reinstating services in the Swan Decline to the location of the Nell Gwynne Anticline and undertaking approximately 1,000m of reconnaissance drilling. With positive results from the reconnaissance drilling, up to 300m of new lateral development would be undertaken to provide platforms for resource definition drilling. It is anticipated that there would be approximately 3,000m of resource definition drilling.



*Figure 1: Nell Gwynne Target Location*



*Figure 2: Nell Gwynne Line of Reef Exploration Area*

### ***Geological information relevant to Nell Gwynne Dome***

At chainage 1,100m in the decline, stratigraphy is dominated by interbedded units with lesser, well defined sand and shale packages. The hinge zone of the Nell Gwynne anticline is a sand dominant package at the development horizon and the sands are strongly fractured (especially just into the eastern limb) at the anticline. As reported in the March 2017 Quarterly report, the geology is favourable for intersecting a large saddle reef to the north of the decline position.

A couple of strong bedding parallel shears ("west backs") exist in the western limb of the anticline. The Nell Gwynne anticline is dominated by west dipping structures as the fold axis is near vertical in the Concord Shaft section due to offsets on the west dipping faults compensating for the regional steep eastern dip of the fold axis. As a consequence, bedding discordant faulting is predominant in the eastern limb. This is similar to the faulting exposed in the box-cut in the eastern limb of the Carshalton Anticline.

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

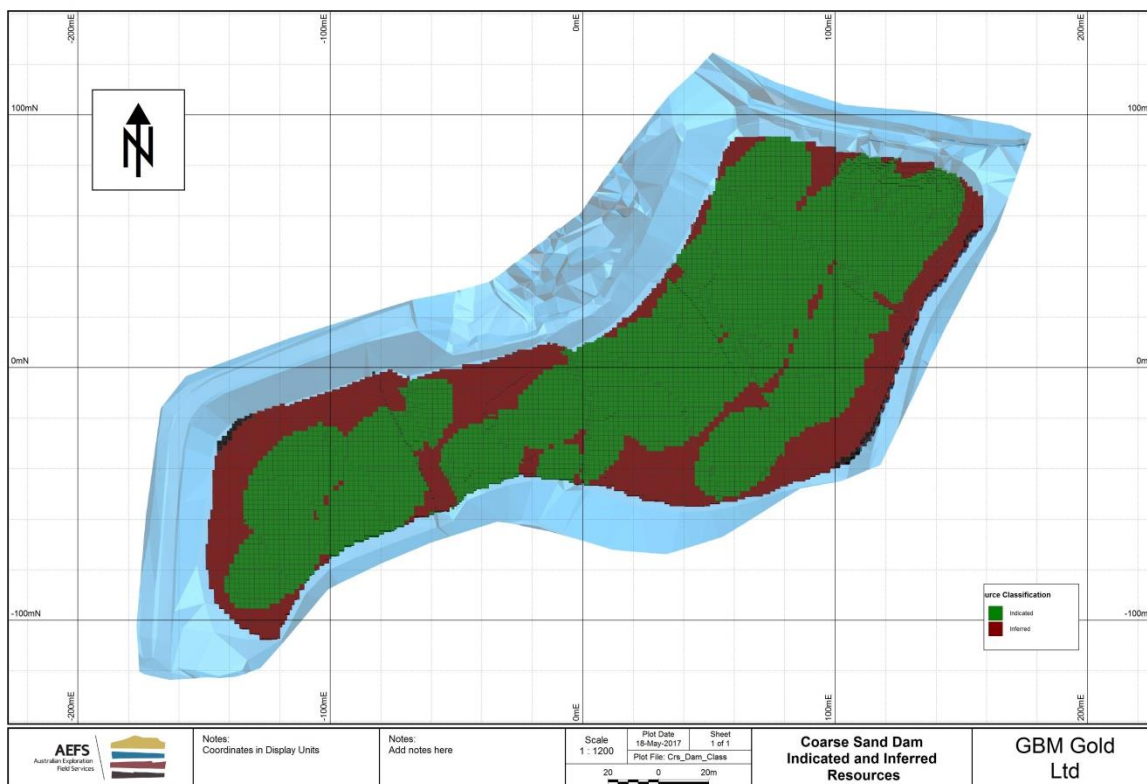
The Kangaroo Flat Gold Processing Plant which operated between 2006 and 2011 had total gold recovery of 93% with 7% of the gold not captured in processing. A significant portion of the gold not captured is believed to be in the approximately 430,000 tonnes of material stored in the coarse sand dam. Sampling has revealed appreciable quantities of free gold and gold bearing sulphides in the coarse sand dam.

Gravity processing equipment from Malaysia to wash the sand and recover associated gold is being sourced. As well as recovering gold, the washing and concentrating process reduces deleterious materials such as heavy metals and slimes. It is planned to process the sand over a period of two to three years.

Data from a drill program carried out by GBM in October 2015 was used to estimate the quantities of gold in the dam as reported in the March 2017 Quarterly Report. The sand dam is estimated to contain a mineral resource, see table below, of 430,000 tonnes of material containing 5,100 ounces of gold at a grade of 0.37 g/t above a lower cut off of 0.15 g/t. 320,000 tonnes of material containing 3,900 ounces of gold have been classified as Indicated with a further 110,000 tonnes containing 1,200 ounces of gold have been classified as Inferred.

Volume	Tonnes	Au (g/t)	Au (Oz)	Classification
190,000	320,000	0.38	3,900	Indicated
63,000	110,000	0.35	1,200	Inferred
250,000	430,000	0.37	5,100	Total

*Gold Resource in the Kangaroo Flat Coarse Sand Dam a cutoff grade of 0.15 g/t and a density of 1.7 kg/m<sup>3</sup> has been used.*



*Figure 3: Indicated and Inferred Resources, Kangaroo Flat Coarse Dam, Plan View.*

## 1.2 Goldsbrough Corridor Gold Project (MIN 5510, EL 5528 and EL 006369 )

The Goldsbrough Corridor Gold Project is located 10km northwest of Dunolly and 192 km from Melbourne via the Dunolly-Moliagul Road in Central Victoria. 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, Queens Birthday and Wehla 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).

The approvals processes for the development of a production pit that will encompass and extend the existing bulk sample pit is still proceeding. 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. Ore will be hauled from the pit to a stockpile location on site for progressive transfer to an offsite processing facility.



*Figure 4: Excavating Bulk Sample Pit at Harvest Home*

**Queens Birthday (EL 5528)**

Queens Birthday is adjacent to 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.

### **Wehla (EL 006369)**

An Exploration Licence has been approved for the Wehla Goldfield. 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. Additional lines of auriferous reefs (Scotchman's and Hungarian) occur between 50 and 200 metres to the east. Recorded production from the Wehla Goldfield is approximately 100,000 ounces of gold.

The Prince of Wales Mine is the largest in the field and produced more than 60,000 ounces of gold from a series of drives following a large mineralised quartz channel (known as the 'Big Quartz'). Quartz spurs projected into strata on the footwall and the highest gold concentrations were at the intersection of the quartz spurs and 'indicator' shales. GBM is awaiting the grant of the tenement.

## **1.3 GBM Gold Exploration Projects**

### **Fiddlers Creek (ELA 00615)**

An Exploration Licence application has been submitted covering the Percydale Goldfield. 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.

## **2.0 Activities Planned for the September Quarter**

### **Bendigo**

- Finalising the sale of Kangaroo Flat Gold Processing Plant
- Planning production from the coarse sand dam at Kangaroo Flat.
- Planning for exploration of Nell Gwynne exploration target in the Bendigo Goldfield.
- Woodvale Evaporation Ponds 6 and 7, planning for rehabilitation.

### **Harvest Home:**

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

## **3.0 Corporate**

GBM Gold has entered into an agreement with Australian Mineral Exporters Pty Ltd for the sale of the Kangaroo Flat Gold Processing Plant for \$6,200,000. As part of the contract to purchase the Bendigo Goldfield, Unity Mining Limited ("Unity") assigned to GBM Gold the funds held to meet rehabilitation obligations at Bendigo (\$5.93 million). As announced on 18 May 2016, Unity and GBM Gold agreed that should GBM Gold sell the Kangaroo Flat Gold Processing Plant part of the proceeds would be used to reduce the amount owing to Unity. Unity will receive \$2.075 million from the proceeds of this sale.

With the sale of the Kangaroo Flat Gold Processing Plant, GBM Gold is in discussions to secure access to a gold processing plant(s) to process its ore. Six gold processing plants are within an economic ore haul distance of Bendigo. A number of these plants are not operating at capacity and the opportunity exists to deliver Bendigo ore to increase the efficiency of the plants and provide a positive outcome for both parties.

## 4.0 Company Mineral Tenement Portfolio

The mineral tenement portfolio of the GBM Gold Group as at 30 June 2017 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 3327	Exploration Licence	Granted	100%
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	EL006369	Exploration Licence	Granted	100%
<b>Fiddlers Creek Project (south east of Avoca, Victoria)</b>				
Fiddlers Creek	EL006155	Exploration Licence	Application	0%

\*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](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 principle 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 2017

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	102	344
1.2 Payments for		
(a) exploration & evaluation	(125)	(1,120)
(b) development	-	-
(c) production	-	-
(d) staff costs	(89)	(276)
(e) administration and corporate costs	(41)	(314)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	42	180
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	123
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(111)</b>	<b>(1,063)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(13)
(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	-	89
	(b) tenements (see item 10)	-	300
	(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>376</b>

\*Refund of deposit on 600k tpa process plant.

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	800
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	-	(60)
3.5	Proceeds from borrowings	-	1,100
3.6	Repayment of borrowings	-	1,130
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>-</b>	<b>710</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	160	26
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(111)	(1,063)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	376
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	710
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>49</b>	<b>49</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	49	160
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>49</b>	<b>160</b>

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
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	

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
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	4,808	4,808
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: \$3,708k 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 \$1,100k 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 the receipt of part of the proceeds of the sale of the 600k tpa process plant during the September quarter and a working capital injection.


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	EL5035 West Bendigo	Exploration Licence	100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	EL006369 Wehla	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: 28 July 2017

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.