



# GBM Gold Ltd

31 October 2019

ASX Announcement

September 2019

## Quarterly Report to Shareholders

**GBM Gold Limited**  
ABN 59 119 956 624

ASX CODE: GBM

**CORPORATE DETAILS:**

**Shareholders:**  
884

**Shares on Issue:**  
1,118,319,556

Options: Nil

**Directors:**

Eric JP Ng (*Chairman*)

Paul Chan

Andy Lai

Linda Lau

Jianping Wang

**Company Secretary:**

Andrew Chan

**Chief Executive Officer:**

John Harrison (*CEO*)

**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)

### Highlights

- ✓ Finalisation of Prospectus for a 1 to 1 non-renounceable Rights Issue at an issue price of \$0.006 to raise approximately \$6.67 million
- ✓ Company working with ASX to allow reinstatement of GBM Gold's shares to trading
- ✓ Earth Resources Regulation gave notice that they have refused to renew Mining Licences MIN 5344 and MIN 4878 Bendigo and MIN 5344 Woodvale. This action was taken while GBM Gold was completing its Rights Issue. The Company has instituted legal action seeking to reverse the decision

### Introduction

**GBM Gold Limited (ASX: GBM) ("GBM Gold")** closed its fully underwritten non-renounceable entitlement offer of ordinary shares ("**Rights Issue**") under a Prospectus lodged with Australian Securities and Investments Commission (ASIC) on 14 August 2019 (as supplemented by a supplementary Prospectus dated 27 August 2019) (together the "**Prospectus**"). The Rights Issue closed with total applications received as follows:

Applications for entitlement shares	18,151,711	\$108,910.26
Applications for shortfall shares (including from the Directors)	322,595,512	\$1,935,573.07
Shortfall to be subscribed for by Metropolis Enterprises Group Limited or nominees	777,572,333	\$4,665,434.00

Funds raised will be used to:

- repay Unity Mining debt of approximately \$2.58 million and shareholder debts of approximately \$1.83 million;
- expand the Harvest Home Open Pit Mine in length, width and depth providing a low-cost ore source; and
- progress plans to transform the Woodvale Evaporation Pond Complex into a 60MW Solar Power Plant as announced to ASX on 25 May 2019.

GBM Gold is working with the Australian Securities Exchange (ASX) to ensure that the Company's securities can be reinstated to trading (a condition to the issue of shares under the Rights Issue).

## 1.0 Mining and Exploration

### 1.1 Bendigo Project (MIN5344, MIN5364, MIN4878)

GBM Gold, through its wholly owned subsidiary, Kralcopic Pty Ltd, purchased Unity Mining Limited's Bendigo Mining Licences MIN5344, MIN4878 and MIN5364 on 15 September 2015. The purchase was conditional upon Victorian Government Ministerial approval for the transfer and registration of the Bendigo Tenements.

The Minister for Resources approved the transfer of the mining licences to Kralcopic in May 2016. The Minister recorded in her media release that *"the new operator [that is Kralcopic] has passed the fit and proper person test and meets financial stability standards to carry out the currently licensed mining activity and to pay the site's assessed rehabilitation bond"*. Price Waterhouse Coopers (PWC) acted as independent financial consultants to review the work of the Mining Regulator in assessing the licence transfers.

Kralcopic applied to renew the Mining Licences when they became due in August 2017. As the Company had passed a rigorous examination only 15 months earlier, it was expected that the renewal would be routine.

In May 2018, the Mining Regulator wrote to Kralcopic requiring the Company to again provide financial information to prove that it met financial stability standards to carry out the licensed mining activity as had been done at the time of the tenement transfer. The Company responded and was confident that the information provided met the requirements.

In December 2018, the Mining Regulator informed the Company of their intention to refuse to renew the tenements. The Company responded and provided additional financial information including the intention to undertake a Rights Issue.

GBM Gold wrote to the Mining Regulator in May 2019 seeking clarification that the Mining Licences would be renewed if the \$6.7 million Rights Issue was completed. The Mining Regulator responded and informed the Company that PWC would be reviewing the information previously provided to assess whether Kralcopic met the financial stability guidelines being imposed. These guidelines were substantially different to those in place at the time of the Mining Licence renewals.

The Rights Issue Prospectus was released on 15 May 2019 and closed on 4 June 2019. Correspondence was received from the Mining Regulator on 5 June 2019 informing the Company of its intention to refuse to renew the Mining Licences based on the PWC review. Kralcopic provided additional information confident that it confirmed the Company's position that it met the financial stability guidelines. The uncertainty led Nex Kiwi, the Underwriter, to withdraw their support for the Rights Issue.

GBM Gold entered into a new underwriting agreement with Metropolis Enterprises Group and released a new Rights Issue Prospectus to raise \$6.7 million on 14 August 2019. On 16 August 2019 the Mining Regulator notified the Company of their decision to refuse to renew Mining Licences MIN5344, MIN4878 and MIN5364. This decision was made in the full knowledge that the Rights Issue was progressing to completion.

The Company has issued proceedings in the Supreme Court appealing the decision and seeking to have it reversed.

## **Kangaroo Flat Sand Dam Project**

The actions of Earth Resources Regulation in cancelling Mining Licence MIN5344 has caused this Project to cease. At the time the Project halted it was producing economic quantities of sulphide concentrate containing gold. When GBM Gold purchased the Bendigo Project in 2015 it did so on the understanding that all of the existing approvals remained in place. Nevertheless, the Mining Regulator determined that the sand dam was a new project and required the Company to produce a work plan VA. The matter was not resolved until October 2018, a delay of more than two years. Our Joint Venture partners Gold Miners Australia Pty Ltd, provided the capital for the construction of the gravity separation wash plant. Installation and commissioning of the plant ready for full commercial operation was almost complete when the Project was stopped.

The coarse sand dam is estimated to contain a mineral resource of 320,000 tonnes classified as indicated and 110,000 tonnes classified as 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 was expected to take two to three years to complete but has now ceased operation with the loss of eight jobs.

## **Nell Gwynne Dome**

The first stage of the exploration of the Nell Gwynne Dome entailing re-equipping and re-entering the Swan Decline was to be funded from the Rights Issue. The actions of Earth Resources Regulation in cancelling Mining Licence MIN5344 has caused this Project to cease. The Mining Regulator wants the Kangaroo Flat Mine Site rehabilitated. Permanently closing the Swan Decline would destroy this Project and all other exploration targets that may be accessed from the decline.

## **Woodvale Solar Project (Woodvale Evaporation Pond Complex MIN5364)**

The decision by Earth resources Regulation to cancel Mining Licence MIN5364 Woodvale does not affect plans to develop a 60MW Solar Project on the Woodvale Evaporation Pond Complex site as announced to ASX in May 2019. The 174Ha Woodvale site is owned by Kralcopic Pty Ltd, a wholly owned subsidiary of GBM Gold. 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 solar power plant is planned to be connected to the sub-transmission network in Bendigo via a 66kV power line and will tie into a new sub-station situated on rehabilitated Ponds 4 and 5 at Woodvale. Powercor advised that the Woodvale Solar Power Plant could be connected to the existing BETS-EHK 66 kV line based on the applicant entering a Connection Agreement with Powercor. 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.

## **Mineral Resources (Sustainable Development) Act 1990 - s7 Notice**

Concurrently with cancelling the Mining Licences, the Minister for Resources issued a notice under section 7 of the Mineral Resources (Sustainable Development) Act 1990 exempting the areas covered by MIN4878 and MIN5344 from applications for mining or exploration licences pending consultation with the Bendigo community and government consideration about future land uses.

The Act stipulates that: in deciding whether to grant an exemption, the Minister must take into account the known or potential value of the mineral resources and the impact that the proposed exemption may have on that value. As reported to ASX in the September 2018 Quarterly Report 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. This is the area that the Minister has exempted from applications for mining or exploration licences (Figure 1).

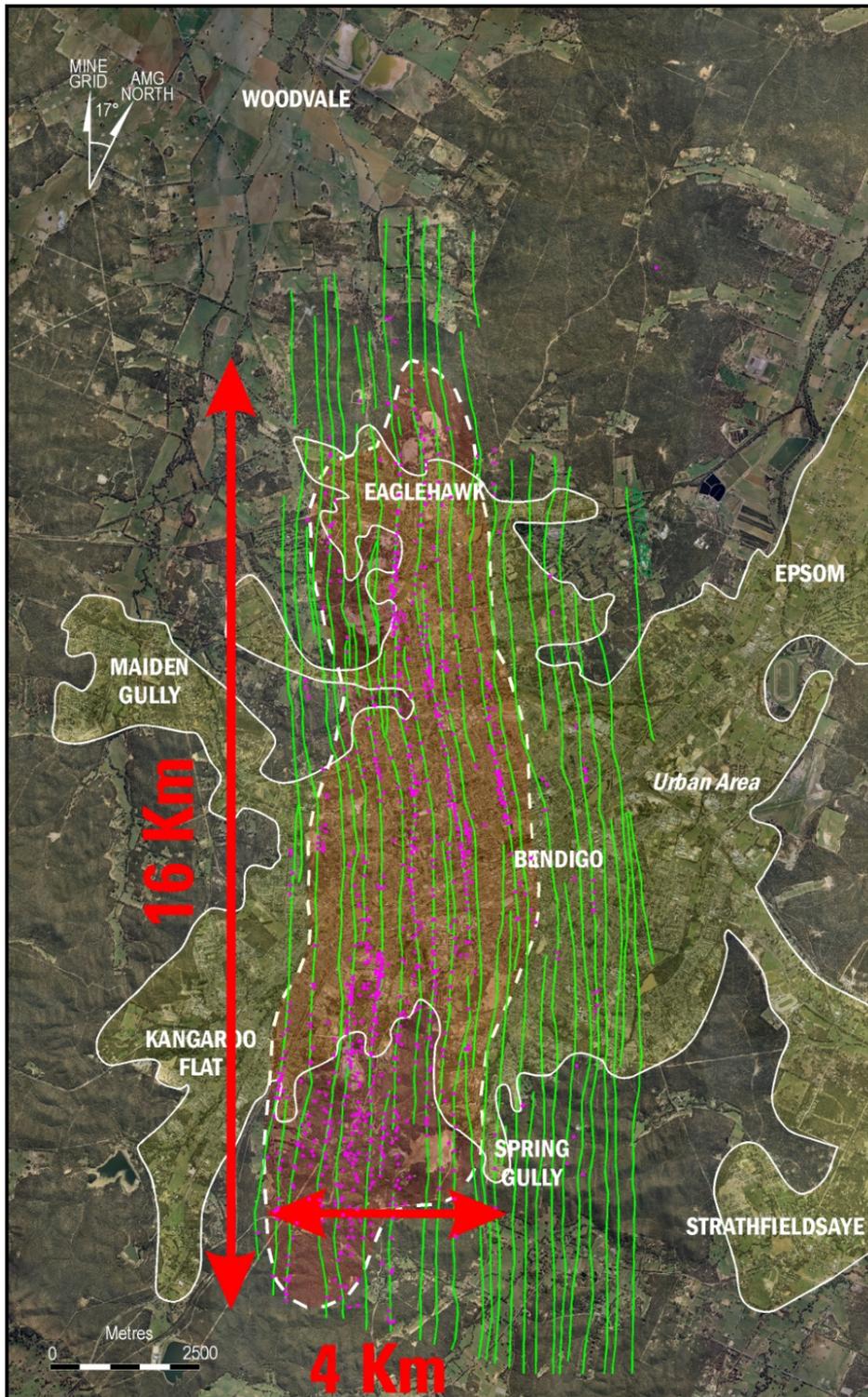


Figure 1: Bendigo Goldfield

Bendigo Mining constructed a decline from the Kangaroo Flat site which bridged eight anticlines in the southern and central portions of the goldfield and continued to depths in excess of 1,000 metres below the streets of Bendigo (Figure 2).



Figure 2: Kangaroo Flat Mine Underground Development

Bendigo Mining's decision to construct the decline was based on their understanding of the controls of gold mineralisation within the goldfield and the belief that a significant resource potential may be present below the main historical workings to a depth of 1,500 metres below surface. An exploration strategy was developed to prove and then exploit this resource potential using the decline to provide underground access. The strategy was sound however, GBM Gold is of the view that historic mineralisation dimensions and continuity were overstated. Focussing on prospective structural zones is the key to success and have analysed the field to determine areas that are likely to host mineralisation. A number of these are shown in (Figure 3).

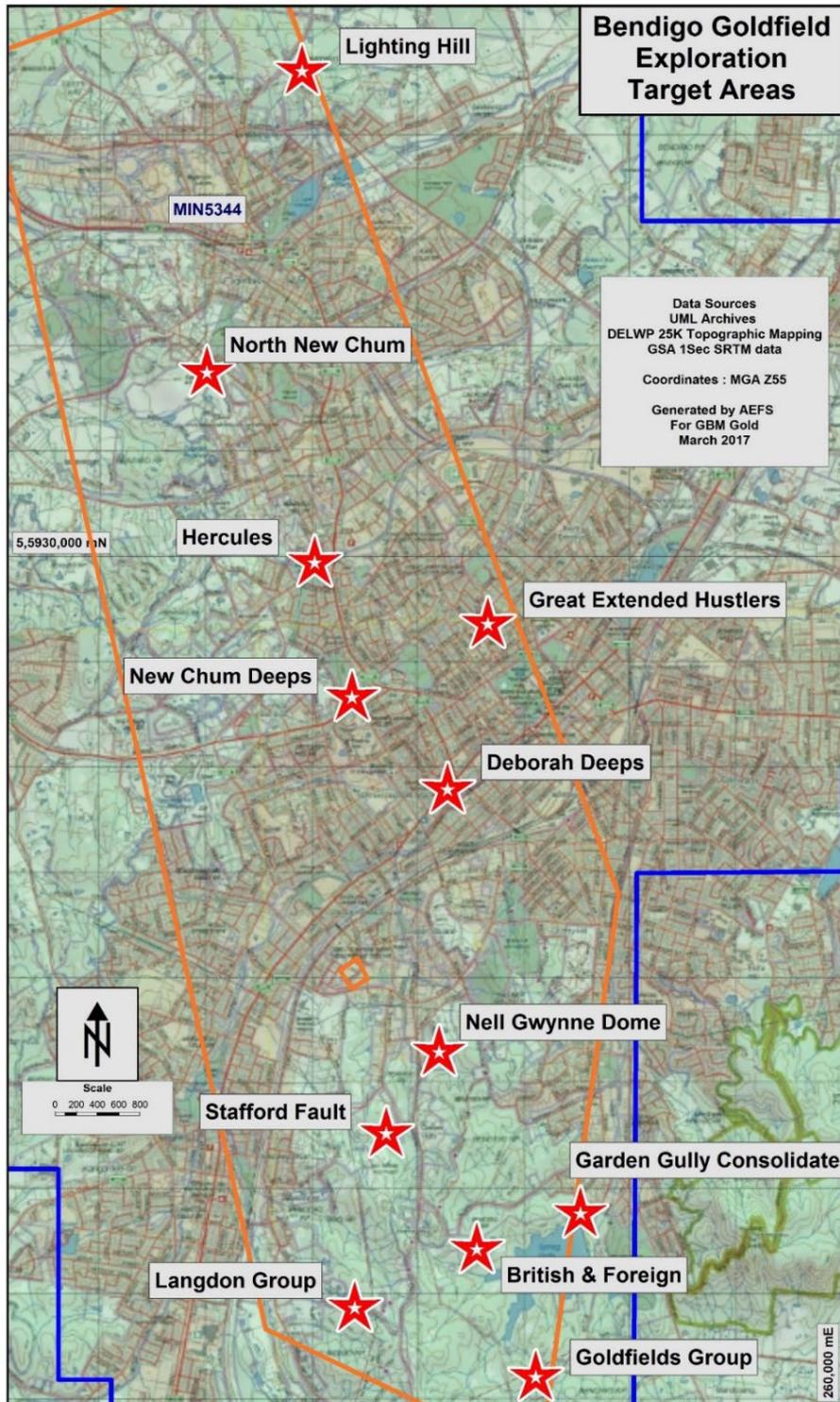


Figure 3: Near Mine Targets

GBM Gold considers discrete mineralised zones in the goldfield are likely to vary in size between 140,000 tonnes and 1,600,000 tonnes of material with grades of between 3g/t and 11g/t gold. Such zones would typically contain between 50koz and 150koz of gold. NOTE: these figures are conceptual in nature and are based on analysis of the extensive geological database developed by the former holders of the mineral tenements together with historical mine production data. The figures describe the general tenor of potential mineralisation only and do not represent specific exploration targets or mineral resources. This information, the likely tenor of mineralisation, has however been used to develop prospective sites for exploration. Two of the sites, Nell Gwynne Dome and North New Chum were identified from exploration carried out by the previous owners.

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

In June 1998 the portal of the Swan Decline was cut at the Carshalton 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). Drilling from Stockpile 6 (at chainage 843m from portal) in 2009 targeted the Nell Gwynne anticline between -250mAHD and -350mAHD. This drilling revealed mineralisation on a cross-course fault that was subsequently named Nankervis Reef. A number of additional prospective zones were identified in the same area but not followed up.

Historical research suggests that a structure revealed in the historic Concord Mine may correspond with the Central Nell Gwynne Reef worked profitably further to the north. This structure is estimated to be within tens of metres of the decline in an area of pitch reversal and double folding. This sort of structural complexity tends to favour localised enrichment of mineralised ribbons. The local structure was confirmed by detailed decline geological mapping conducted in 1999.

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.

Prior to the Mining Licence cancellation, exploration of the Nell Gwynne Dome was anticipated to take approximately two years to complete and involve the following:

- Removal of redundant infrastructure
- Portal remediation work
- Decline remediation work
- Dewatering of Concord shaft to level of decline (if necessary)
- Ventilation installation inside portal
- Underground disposal of mullock (as far as is practicable)
- Underground drilling
- Underground development

The Nell Gwynne Dome Exploration Program aimed to examine the potential for payable underground ore-bodies in structurally favourable locations within the vicinity of the existing decline. The focus of initial underground exploration was to be in the vicinity of the historic Concord Mine (Figure 4).

The first stage of the Project would entail re-equipping and re-entering the Swan Decline to a position approximately 1,100m from the decline portal. Reconnaissance diamond drilling was to be undertaken from drill platforms from within the decline (between 1,000m and 1,100m from the portal) with a view to demonstrating mineralisation potential.

New levels were 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. This development would be in the western limb of the anticline and would provide opportunity for establishment of additional diamond drill platforms for purposes of defining a mineral resource. There is potential for the proposed development to uncover economically viable quantities of mineralised material in addition to developing drill platforms.

Funding for this Project was allocated in the Rights Issue Prospectus. The cancellation of Mining Licence MIN5344 Bendigo denied GBM Gold the opportunity to reopen the Swan Decline and explore this and other targets.

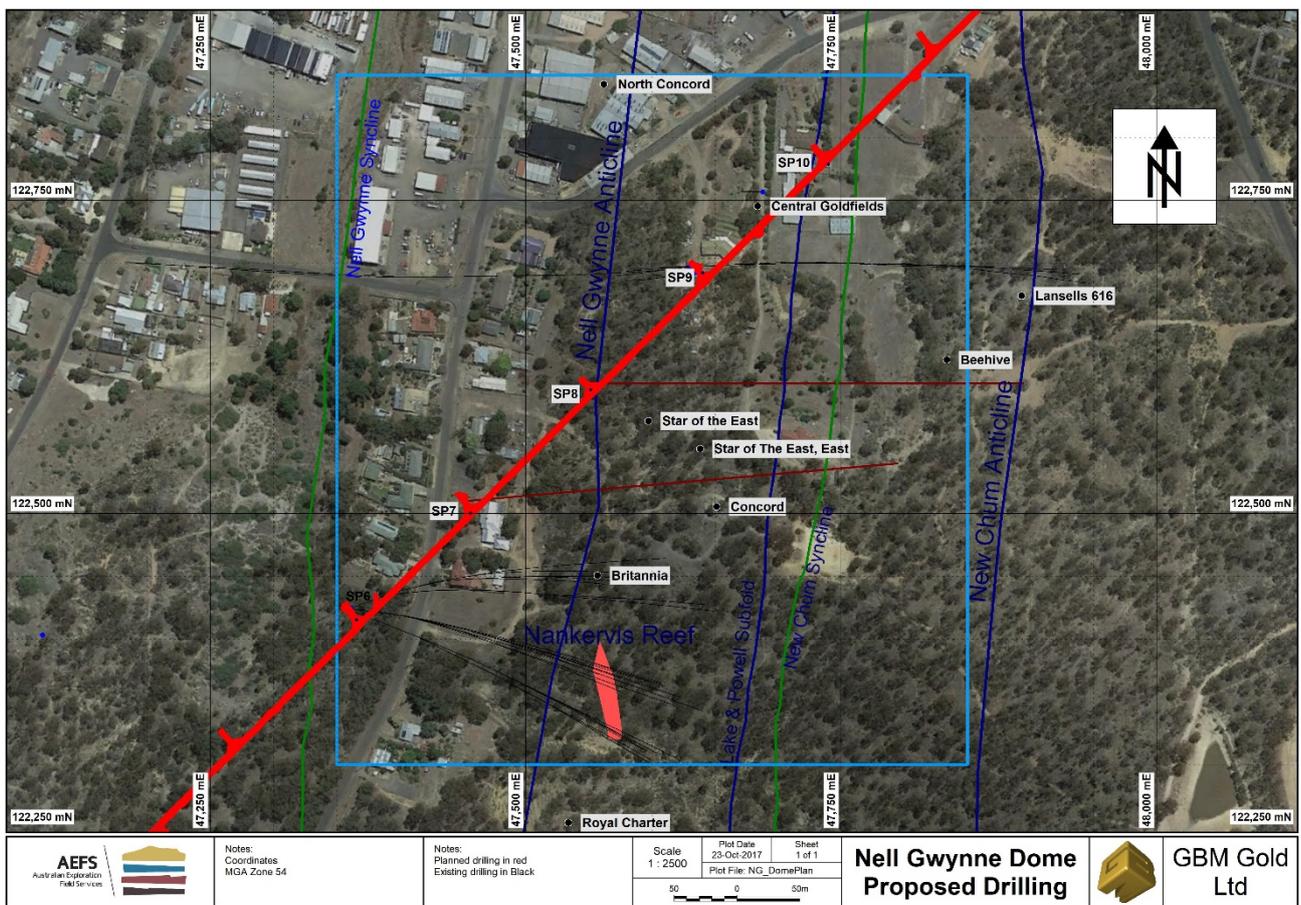


Figure 4: Nell Gwynne Reef Exploration Area

### North New Chum and Catherine Deeps

The North New Chum area (North Eaglehawk) is considered to have a high chance of success. It is however deep and would require the development of a new mine opening.

Bendigo Mining raised \$8 million of exploration funds in 2000 for the purpose of underground drilling to provide development targets and deep drilling from surface with the aim of increasing confidence in the ribbon repeat model elsewhere in the field. Subsequent deep diamond drilling beneath historic mining on the New Chum Anticline in Eaglehawk successfully intersected unmined ribbons to 1,200m below surface giving increased confidence in the repeatability and predictability of ribbons. This drilling identified the Catherine Deeps Target on the New Chum Line (Figure 5).

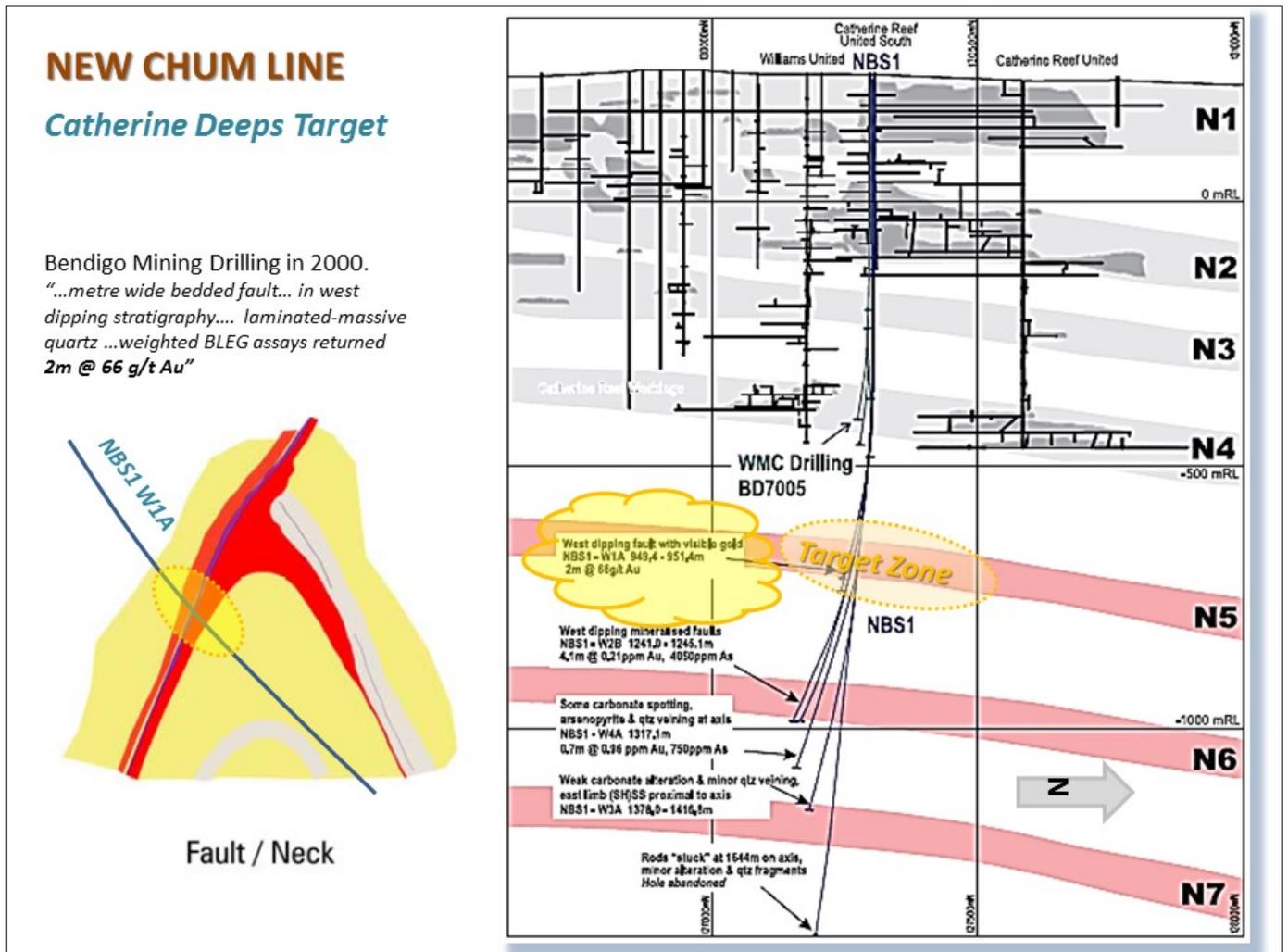


Figure 5: Catherine Deeps, North New Chum

### Bendigo Mineralisation Inventory

GBM Gold undertook an assessment of the exploration potential of the Bendigo goldfield and of other sources of mineralisation such as tailings dams and dumps in order to build an inventory of the mineralisation on Mining Licence MIN 5344 and the enclosed MIN 4878 as announced to ASX in the September 2017 Quarterly Report.

The mineral inventory was defined in compliance with definitions of exploration target and mineral resource as set out in the JORC 2012 code by Keith Whitehouse of Australian Exploration Field Services. Mr Whitehouse is a Member of the AusIMM and a Chartered Professional in Geology. He has considerable experience in the estimation of mineral resources and has worked closely with GBM Gold on its Bendigo Project.

The Mineral Inventory is summarised in the tables below. The Exploration Targets are sub divided into two categories, those that are conceptual in nature and those that are defined by physical results such as drilling and or historic mining. The JORC 2012 compliant report is available on the GBM Gold website, [www.gbmgold.com.au](http://www.gbmgold.com.au).

**Table 1 Bendigo Conceptual Exploration Targets**

<b>Conceptual Exploration Targets</b>			
<b>Location</b>	<b>Tonnage Range (Mt)</b>	<b>Grade (g/t)</b>	<b>Contained Gold (ounces)</b>
Goldfield Core*	8 – 13	8 – 14	2,000,000– 5,800,000
Western Reefs	0.7 – 1.1	6 – 10	130,000 – 350,000
<b>Total**</b>	<b>8.5 – 14</b>	<b>6 – 14</b>	<b>2,100,000 – 6,250,000</b>

\*Goldfield Core - New Chum, Sheepshead, Deborah, Garden Gully and Hustlers lines of reef.

**Table 2 Bendigo Defined Exploration Targets**

<b>Defined Exploration Targets</b>			
<b>Location</b>	<b>Tonnage Range (t)</b>	<b>Grade Range (g/t)</b>	<b>Contained Gold Range (ounces)</b>
Dean	5,000 – 10,000	4.6 – 8.0	700 – 2,700
Kingsley	50,000 – 100,000	4.0 – 5.0	6,500 – 16,000
Grainger	75,000 – 120,000	3.0 – 6.0	7,200 – 23,000
<b>Total**</b>	<b>130,000 – 230,000</b>	<b>3.0 – 8.0</b>	<b>12,000 – 60,000</b>

\*\*It should be noted that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration would result in the estimation of a Mineral Resource.

**Table 3 Bendigo Mineral Resources July 2017**

<b>Bendigo Underground</b>				
<b>Location</b>	<b>Tonnes (t)</b>	<b>Grade Au (g/t)</b>	<b>Ounces (oz)</b>	<b>JORC Category</b>
<b>Big Blue</b>	78,000	5.0	10,000	Inferred
<b>Westcott</b>	54,000	5.0	9,000	Inferred
<b>McDermott</b>	14,000	5.0	2,000	Inferred
<b>Upper McDermott</b>	20,000	5.0	3,200	Inferred
<b>Dumble</b>	7,000	8.5	1,900	Inferred
<b>Dunlop</b>	55,000	2.8	5,000	Inferred
<b>Grenfell</b>	54,000	9.0	15,500	Inferred
<b>Gordon</b>	17,000	2.5	1,400	Inferred
<b>Total</b>	<b>300,000</b>	<b>5.0</b>	<b>50,000</b>	<b>Inferred</b>
<b>Bendigo Surface</b>				

<b>Coarse Sand Dam</b>	190,000	0.38	3,900	Indicated
	110,000	0.35	1,200	Inferred
	<i>430,000</i>	<i>0.37</i>	<i>5100</i>	<i>Total</i>
<b>St Mungo Fault</b>	210,000	1.00	7000	Inferred
<b>Bendigo Tails</b>	1,500,000	0.80	50,000	Inferred
<b>Total</b>	<b>2,140,000</b>	<b>0.90</b>	<b>62,100</b>	<b>Indicated and Inferred</b>

The Bendigo Goldfield is Victoria's largest and Australia's second richest historical goldfield behind Kalgoorlie's Golden Mile. As the information above shows, the known and potential value of the mineral resources remaining in the Bendigo Goldfield is significant. Stopping mining and exploration in Bendigo at a time when gold mining is booming sends a negative message to the mining industry and the Bendigo Community, especially when the government is releasing adjoining areas for exploration.

## **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-Ballararat 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.

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. The work plan was approved by Earth Resources Regulation in September.

### **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. The Company 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 Goldsborough – 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 Gold 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 Goldsborough Wehla Shear Zone. Mining Licence MIN 5093 is centred on the Matrix Reef Mine, which is part of the Berlin goldfield. GBM Gold is awaiting finalisation of the transfer of the tenement.

**2.0 Activities Planned for the December Quarter****Harvest Home:**

- Preparations for mining the Open Pit Mine expansion

**3.0 Company Mineral Tenement Portfolio**

The mineral tenement portfolio of the GBM Gold Group as at 30 September 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	Cancelled	0%
Whip & Jersey	MIN 4878	Mining Licence	Cancelled	0%
Woodvale	MIN 5364	Mining Licence	Cancelled	0%
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 Gold'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 Rights Issue closed on 4 June 2019 with applications for 181,895,795 shares and raising \$1,091,374.77. Nex Kiwi informed GBM Gold that it has decided to terminate its underwriting agreement. GBM Gold agreed to the termination and entered into a new underwriting agreement with Metropolis Enterprises Group Limited (MEG). Under that agreement, MEG 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 advised GBM Gold on 16 August 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 issued Notices of Refusal to Renew these licences and is requiring the Company to rehabilitate these sites. GBM Gold has initiated legal action to have this decision reversed.

**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.

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 September 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	63	63
1.2 Payments for		
(a) exploration & evaluation	(207)	(207)
(b) development	-	-
(c) production	-	-
(d) staff costs	(85)	(85)
(e) administration and corporate costs	(64)	(64)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	37	37
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>(256)</b>	<b>(256)</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	1,150	1,150
3.6	Repayment of borrowings	(802)	(802)
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>348</b>	<b>348</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	19	19
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(256)	(256)
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)	348	348
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>111</b>	<b>111</b>

<b>5. 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	111	19
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>111</b>	<b>19</b>

<b>6. 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. 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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	5,421	5,421
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:** \$2,511k owing to Unity Mining Limited at 10% interest and secured, as per the Bendigo Asset Sale Agreement as announced to the ASX on the 17th September 2015, \$750k owing to Silver Bright International Development Limited at 6% interest and unsecured and due to be offset against their application to subscribe for shares in the \$6.7 million rights issue, \$700k owing to Giant Master Limited at nil interest and unsecured and \$450k is due to be offset against Silver Bright International Development Ltd application to subscribe for shares in the \$6.7 million rights issue, \$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, \$10k owing to director Eric Ng at zero interest and unsecured and due to be offset against his application to subscribe for shares in the \$6.7 million rights issue, and \$450k owing to Mr Chiu at zero interest and unsecured and due to be offset against his application to subscribe for shares in the \$6.7 million rights issue.

9. <b>Estimated cash outflows for next quarter</b>	\$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)	-
<b>9.7 Total estimated cash outflows</b>	<b>350*</b>

\* Estimated cash outflows to be funded by funds received from the \$6.7 million rights issue.

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	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	MIN5344 Bendigo MIN4878 Bendigo MIN5364 Woodvale	Licences cancelled by Earth Resources Regulation. Legal proceedings have been issued seeking to reverse the decision	100% 100% 100%	0% 0% 0%
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 October 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.