



APPENDIX 4D: RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | |
|----------------------------|----------------------------------|
| Current Reporting Period: | Half-year ended 31 December 2016 |
| Previous Reporting Period: | Half-year ended 31 December 2015 |

| Results for announcement to the market | | A\$ 2016 | A\$ 2015 |
|---|--------------------|-----------|-----------|
| Revenue from ordinary activities | No change | - | - |
| Profit/(Loss) after tax attributed to members | Change is – 117.2% | (799,057) | (367,867) |
| Profit/(Loss) for the half-year attributed to members | Change is – 117.2% | (799,057) | (367,867) |

The loss of GBM Gold Limited (“GBM”) and its subsidiaries (the “consolidated entity”) for the half-year ended 31 December 2016, after income tax, amounted to \$799,057 (2015: loss \$367,867). Other income of \$333,768 (2015: \$155,802) was received during the half-year being primarily receipt of interest and pumping fees of \$209,106 (2015: \$31,771) and \$138,061 (2015: \$151,802) for the FY16 R&D Tax offset associated with the Harvest Home bulk sampling program.

GBM incurred other operating expenses of \$1,132,825 (2015: \$523,669) during the half-year period due primarily to the Kangaroo Flat Mine care & maintenance expenses of \$464,000 (2015: nil), and administrative expenses of \$596,540 (2015: \$405,856).

Change in ownership of controlled entity

The 100% wholly owned subsidiaries Industrial Sands & Gravel Pty Ltd and GBM Avoca Pty Ltd were disposed of during the half-year period ending 31 December 2016.

Dividends

It is not proposed to pay dividends.

| Other information | 31 December 2016 | 31 December 2015 |
|--|------------------|------------------|
| Net Tangible Assets per ordinary share | 0.002 | 0.002 |

The financial information provided in the Appendix 4D is based on the half-year condensed financial report (attached), which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

The half-year financial report has been independently reviewed and is not subject to a qualified independent review conclusion.



GBM Gold Ltd

(ABN 59 119 956 624)

INTERIM REPORT
for the half-year ended
31 December 2016

Directors' Report

The directors present their report together with the consolidated financial report of GBM Gold Limited ("GBM" or "the Company") and of the GBM Group being the Company, its subsidiaries and the Group's interest in associates and jointly controlled entities ("GBM Group") for the half year ended 31 December 2016 and the Auditor's review report thereon.

Directors

The directors of the Company at any time during or since the end of the half-year are:

- **Mr Eric Ng**, Non-Executive Chairman.
- **Mr John Harrison**, Executive Director & CEO.
- **Mr Paul Chan**, Non-Executive Director.
- **Mr Andy Lai**, Independent Non-Executive Director.
- **Ms Linda Lau**, Independent Non-Executive Director.
- **Mr Andrew Chan**, Independent Non-Executive Director.
- **Ms Jianping Wang**, Non-Executive Director.

Company Secretary

The Company Secretary is Mr Andrew Chan.

Overview of operating performance

After the completion of the purchase of the Bendigo Goldfield the Company moved its operations to the Kangaroo Flat mine site in June 2016. The past six months has been a period of re-establishment and consolidation with the recovery of gold from the gold processing plant, further testing of the coarse sand dam prior to mining, and the establishment of near term exploration targets. GBM Gold has four mining licences, five exploration licences and a 50% Joint Venture interest in a Mining licence as shown in the table below and Figure 1.

| Project | Tenement | Percentage owned |
|--------------------------|-----------|--|
| BENDIGO GOLDFIELD | | |
| Greater Bendigo | MIN 5344 | 100% |
| Whip & Jersey | MIN 4878 | 100% |
| Woodvale | MIN 5364 | 100% |
| Bendigo Urban | EL 3327 | 100% |
| West Bendigo | EL 5035 | 100% |
| Wilson Hill | EL 5527 | 100% |
| GOLDSBOROUGH | | |
| Harvest Home JV | MIN 5510 | 50% Interest through JV between Truelight Mining Pty Ltd and GBM |
| Queen's Birthday | EL 5528 | 100% |
| FIDDLERS CREEK | | |
| Fiddlers Creek Mine | EL 006155 | 0% Pending |
| WEHLA | | |
| | EL 006369 | 0% Pending |
| MCINTYRE | | |
| | MIN 5093 | 0% Pending |

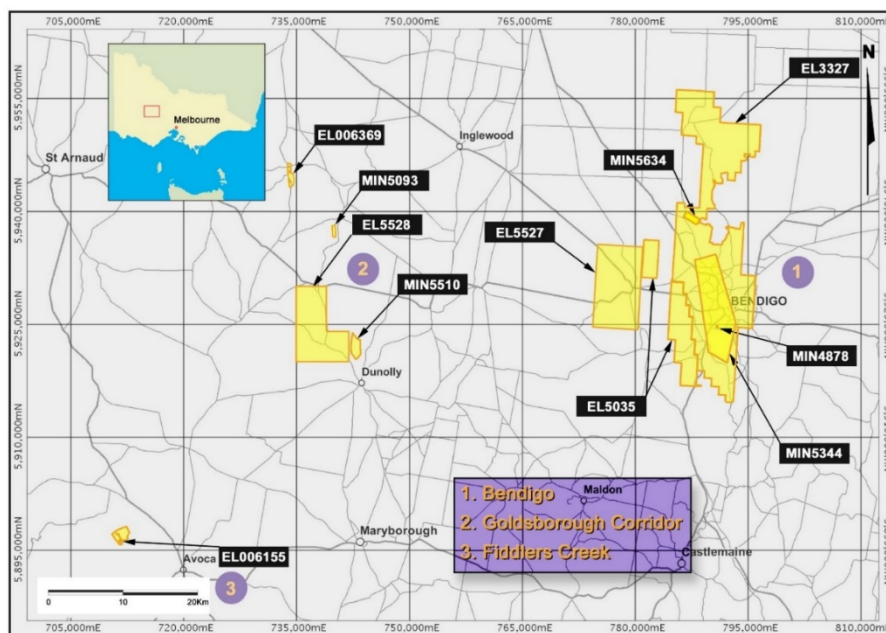


Figure 1: GBM Gold Projects

Bendigo Goldfield

The Bendigo Goldfield is Australia's second richest goldfield behind Kalgoorlie's Golden Mile. Between 1851 and 1954 the Bendigo Goldfield produced in excess of 18 million ounces from underground mining of in excess of 40 million tonnes of 'quartz reef'. At least 4 million ounces of alluvial gold were recovered from the region's creeks and gullies. The Bendigo Goldfield was, by far, the richest goldfield in Victoria.

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. The most productive anticlines (those producing more than 500,000 ounces each) are the Garden Gully, New Chum, Hustlers, Sheepshead, and Carshalton (see Figure 2). *Source Unity Mining Limited Information Memorandum 2012.

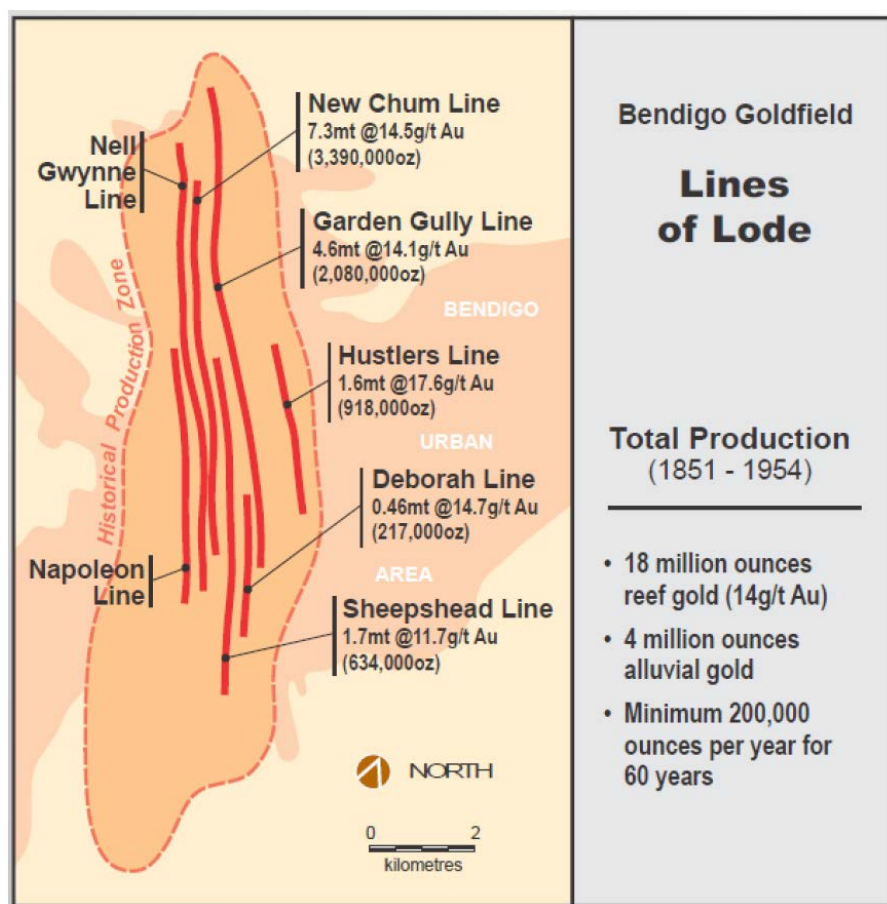


Figure 2: Estimated Gold Production from the Bendigo Major Lines of Lode

The Bendigo field is one of bonanzas. Instead of large bodies of uniform grade ore the gold at Bendigo is relatively coarse and occurs in shoots of great richness and sometimes great length in reefs of otherwise nearly barren quartz. The Bendigo reefs recur generally one below the other at irregular intervals, and in many cases one bonanza is sufficiently rich to provide a large net profit over the whole life of the mine. The Bendigo Goldfield consists of many individual reefs. Most of the reefs are small in

Operating and Financial Review

cross-section (though sometimes with considerable continuity along strike). Some large saddle/fault reefs and spur zones were mined and remnant ore is likely to exist in and around historic workings.

Nell Gwynne Dome

The Nell Gwynne Dome in the vicinity of the historic Concord Mine is the focus of underground exploration. Decline development passed within 50 metres of the Concord workings at a depth of approximately 180m below ground level (Figure 3). Drilling directly below the target area revealed mineralisation on a cross-course fault that was named Nankervis Reef (Figure 4). A number of additional exploration targets were subsequently identified in the same area but not followed up.

Historical research suggests that a structure worked 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 type of structural complexity tends to favour localised enrichment of mineralised ribbons. The local structure is confirmed by detailed decline mapping conducted in 1999. It is planned to investigate the Nell Gwynne anticline adjacent the historic Concord Shaft by diamond drilling from platforms located in existing development and from mining across to the structure.

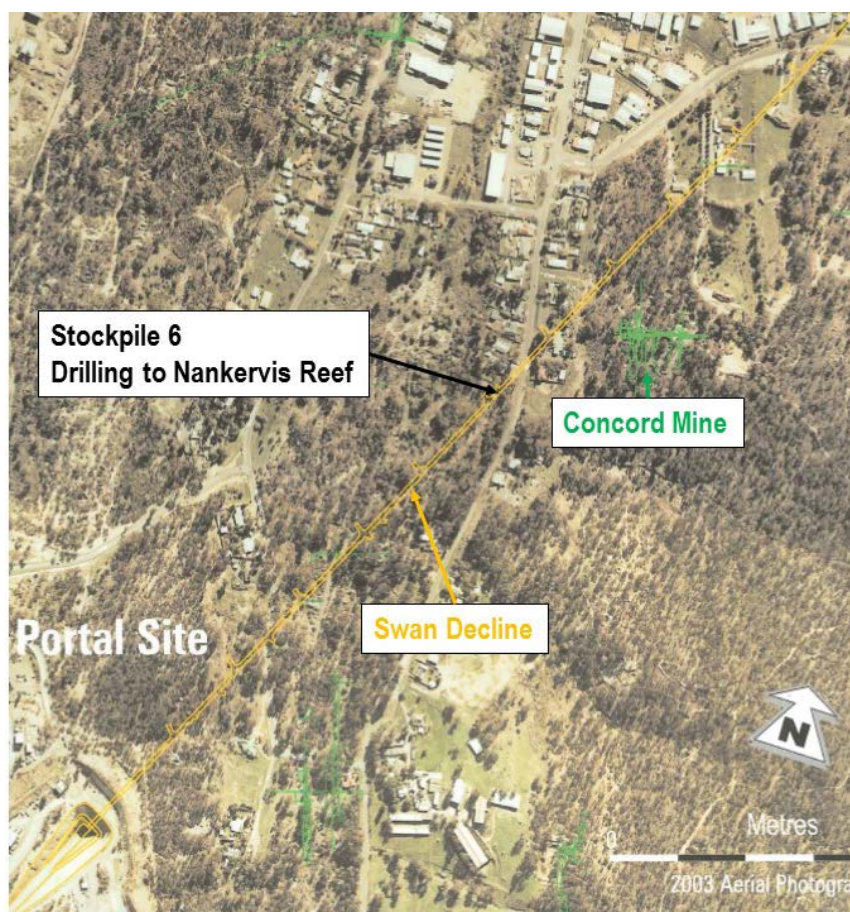


Figure 3: Nell Gwynne Target Exploration Area

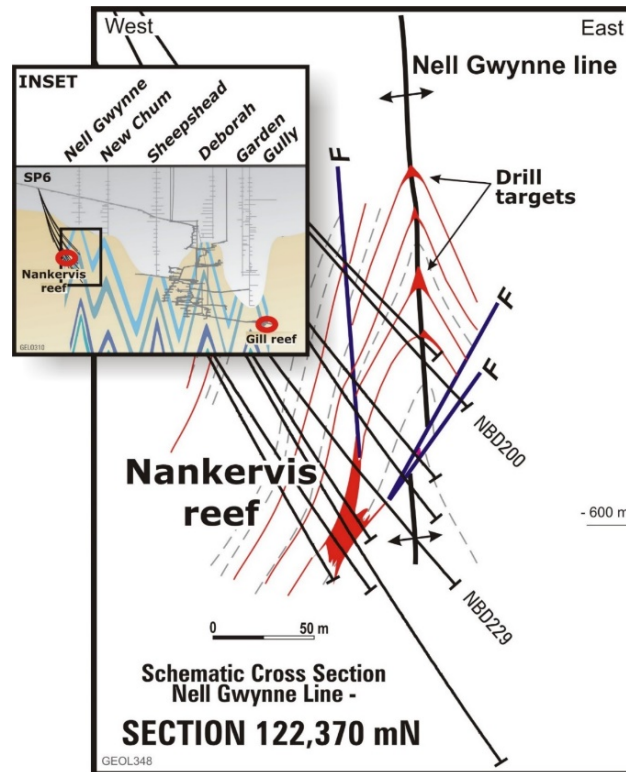


Figure 4: Nell Gwynne Drilling

MIN5344: Kangaroo Flat Sand Dam Project

The Bendigo assets include 600,000 tonnes+ of sand from gold processing. The sand is contained in two dams. The dams were established to capture the sand with the objective of selling it into the industrial market (see Figure 5). The dams also contain gold and it is planned to reprocess and sell the sand and recover the gold.

The Kangaroo Flat Gold Processing Plant was designed to capture the majority of the gold by gravity methods. After initial gravity gold recovery, the resultant sand processed in a flotation circuit which captures free gold and sulphide in chemical bubbles and floats them to the surface where they were skimmed off and sent to the leach circuit. The sand was separated according to particle size with the fine and coarse material being stored in separate dams.

The Kangaroo Flat Gold Processing Plant 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 425,000 tonnes of material stored in the coarse sand dam. Drill and metallurgical testing revealed significant quantities of free gold and gold bearing sulphides. (Figure 6).

GBM plans to excavate the coarse sand dam, wash the sand and recover the gold. The washing and concentrating process removes deleterious materials such as salts, heavy metals and slimes. The 425,000 tonnes of sand will be processed over a period of two to three years. It is planned to sell this product into the local market then continue with sands produced from tailings clean-up projects around Bendigo.



Figure 5: Coarse Sand Dam at Kangaroo Flat Mine



Figure 6: Gold and Sulphides from Coarse Sand Dam

Operating and Financial Review

GBM have four projects located to the west of Bendigo as shown on Figure 1.

Goldsborough Corridor Gold Project (MIN 5510 and EL 5528)

The Goldsborough Corridor Gold Project is located 10km northwest of Dunolly and 192 km from Melbourne (Figure 1). The project is at the southern termination of the 24km long Goldsborough–Wehla Shear Zone which is part of the Wedderburn-Ballarat line.

The Harvest Home, Queens Birthday and Wehla tenements are located in the Goldsborough 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 Goldsborough and the mine at Stuart's Reef at Moliagul were significant producers of gold with over 100,000 ounces being mined from Queens Birthday.

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

Harvest Home is on Mining Licence MIN 5510 and is located approximately 5 kilometres north of Dunolly in Central Victoria. The tenement encompasses the historic Harvest Home Goldfield. A broad zone of gold mineralisation trends north-northwest through the licence area, approximately 3.5 km long and up to 0.4 km wide. Moran's Luck, Harvest Home, Mother O'Gold and Appleton's production centres are estimated to have produced in excess of 60,000 ounces (1,860kg) of gold between them (Whitehouse and Watts 2009). A number of discrete smaller prospects are also contained within the tenement. The historical mine workings reached depths of up to 122m. The approvals processes for the development of a production pit that will encompass and extend the existing bulk sample pit (Figure 7) is expected to be completed by May 2017.



Figure 7: Harvest Home Project

Operating and Financial Review

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.

Queens Birthday (EL 5528)

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

Wehla (ELA 006369)

An Exploration Licence application has been submitted covering 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.

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 final transfer of this tenement.

The Berlin Goldfield is one of the richest gold nugget producing areas in the world. It has produced fourteen of the fifty largest nuggets found in Victoria, all of which exceed 500 ounces in weight. Four of these nuggets, ranging in size from 782 to 860 ounces, were discovered in colluvium and gully alluvium along or adjacent to the Matrix Reef. This led to the development of the Matrix Reef Mine a small primary gold producer that is one of only two high grade gold mines in Victoria with average production grades of greater than 140 g/t gold. A robust exploration model has been developed that explains the controls on high grade gold mineralisation and identified three moderately west dipping quartz reefs that present priority exploration targets where they intersect vertical indicator structures coincident with carbonaceous shale horizons. Further exploration including surface geochemical and geophysical surveys and drilling

Operating and Financial Review

is planned both in the Matrix Mine area and regionally to test for this style of high grade gold mineralisation.

A geophysical survey was carried out and confirmed the target areas. They are planned to be explored with development onto the reefs and additional drilling.

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.

Summary

GBM is moving to improve its production capacity and is also focused on growing its Resource base.

Financial performance

The loss of GBM Gold Limited ("GBM") and its subsidiaries (the "consolidated entity") for the half-year ended 31 December 2016, after income tax, amounted to \$799,057 (2015: loss \$367,867). Other income of \$333,768 (2015: \$155,802) was received during the half-year due primarily to the receipt of interest and pumping fees of \$209,106 (2015: \$31,771) and \$138,061 (2015: \$151,802) for the FY16 R&D Tax offset associated with the Harvest Home bulk sampling program.

GBM incurred other operating expenses of \$1,132,825 (2015: \$523,669) during the half-year period due primarily to the Kangaroo Flat Mine care & maintenance expenses of \$464,000 (2015: nil) and administrative expenses of \$596,540 (2015: \$405,856).

Current structure of the Group

| Controlling Entity: | ACN | Percentage Owned 31 December 2016 |
|------------------------------------|-------------|--------------------------------------|
| GBM Gold Ltd | 119 956 624 | — |
| Controlled Entities | | |
| Goldsborough Mining Pty Ltd | 072 849 220 | 100% |
| GBM Fiddlers Creek Pty Ltd | 119 943 421 | 100% |
| Greater Bendigo Gold Mines Pty Ltd | 116 991 691 | 100% |
| GBM Wilson Hill Pty Ltd | 007 257 452 | 100% |
| Kralcopic Pty Ltd | 007 222 086 | 100% |

Dividends

No dividends have been paid or provided for in the period of this report or since balance date.

Operating and Financial Review

Events subsequent to reporting date

No matters or circumstances have arisen since the end of the half-year reporting period which significantly affect or may significantly affect the GBM Group's operations, the results of those operations or the state of affairs in subsequent financial reporting periods.

Likely developments

The likely developments in the operations of the Group are as follows:

1. Commencement of the production from the coarse sand dam at Kangaroo Flat.
2. Geological analysis of the Nell Gwynne exploration target in the Bendigo Goldfield.
3. Planning for rehabilitation at the Woodvale Evaporation Ponds 6 and 7.
4. Exploration and mining work plan approvals for the Harvest Home project.

Auditor's independence declaration

The auditor's independence declaration is set out on page 13 and forms part of the Directors' Report for the half-year ended 31 December 2016.

This report is made in accordance with a resolution of the directors:



Eric Ng

Chairman

Bendigo, 15 March 2017



John Harrison

Director & CEO

Auditors Independence Declaration



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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of GBM Gold Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2016 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'ShineWing Australia'.

ShineWing Australia
Chartered Accountants

A handwritten signature in blue ink that reads 'M. Schofield'.

Matthew Schofield
Partner

Melbourne, 15 March 2017

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Consolidated Statement of Profit or Loss and other Comprehensive Income

For the half year ended 31 December 2016

| | Note† | 31-Dec-16 | 31-Dec-15 |
|---|-------|------------------|------------------|
| | | \$ | \$ |
| Continuing operations | | | |
| Sales Revenue | | - | - |
| Other income | | 333,768 | 155,802 |
| Kangaroo Flat Mine care & maintenance expenses | | (464,000) | - |
| Depreciation and impairment | | (12,285) | (7,813) |
| Share based payments | 6 | (60,000) | (110,000) |
| Administrative expenses | | (596,540) | (405,856) |
| Profit/(Loss) before income tax | | (799,057) | (367,867) |
| Income Tax Expense | | - | - |
| Profit/(Loss) for the half year before discontinued operations | | (799,057) | (367,867) |
| Discontinued operations | | | |
| Profit / (loss) from discontinued operations after tax | | 207,069 | - |
| Net loss for the half year | | (591,988) | (367,867) |
| Earnings per share | | | |
| From continuing and discontinued operations: | | | |
| Basic earnings per share (cents per share) | | (0.001) | (0.001) |
| Diluted earnings per share (cents per share) | | (0.001) | (0.001) |
| From continuing operations: | | | |
| Basic earnings per share (cents per share) | | (0.001) | (0.001) |
| Diluted earnings per share (cents per share) | | (0.001) | (0.001) |
| From discontinued operations: | | | |
| Basic earnings per share (cents per share) | | 0.0002 | (0.0001) |
| Diluted earnings per share (cents per share) | | 0.0002 | (0.0001) |

† The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2016

| | Note† | Consolidated | |
|---|-------|-------------------|-------------------|
| | | 31-Dec-16 | 30-Jun-16 |
| | | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 868,527 | 25,946 |
| Receivables and prepayments | | 58,016 | 139,668 |
| Assets classified as held for sale | 7 | 5,895,000 | 5,677,409 |
| Total current assets | | 6,821,543 | 5,843,023 |
| Non-current assets | | | |
| Other financial assets | | 6,013,500 | 6,003,500 |
| Property, plant and equipment | | 301,954 | 989,530 |
| Exploration and evaluation | | 610,473 | 599,818 |
| Total non-current assets | | 6,925,927 | 7,592,848 |
| Total assets | | 13,747,470 | 13,435,871 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 591,015 | 427,266 |
| Financial liabilities | | 1,100,000 | 1,505,000 |
| Provisions | | 55,842 | 29,350 |
| Liabilities directly associated with assets classified as held for sale | | - | 35,000 |
| Total current liabilities | | 1,746,857 | 1,996,616 |
| Non-current liabilities | | | |
| Provisions | | 6,013,500 | 6,003,500 |
| Financial liabilities | | 3,708,000 | 3,708,000 |
| Total non-current liabilities | | 9,721,500 | 9,711,500 |
| Total liabilities | | 11,468,357 | 11,708,116 |
| Net assets | | 2,279,113 | 1,727,755 |
| Equity | | | |
| Share Capital | 5 | 27,951,122 | 26,600,707 |
| Accumulated losses | | (25,672,009) | (24,872,952) |
| Total equity | | 2,279,113 | 1,727,755 |

† The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2016

| Consolidated | Share capital | Accumulated losses | Total |
|---|-------------------|---------------------|------------------|
| | \$ | \$ | \$ |
| Balance at 30 June 2016 | 26,600,707 | (24,872,952) | 1,727,755 |
| Comprehensive Income for the Period | | | |
| Loss for the period | - | (799,057) | (799,057) |
| Total Comprehensive Income for the Period | - | (799,057) | (799,057) |
| Transactions with Owners in their Capacity as Owners: | | | |
| Shares issued | 1,338,415 | - | 1,338,415 |
| Share issue transaction Costs | (48,000) | - | (48,000) |
| Total transactions with Owners in their Capacity as Owners | 1,290,415 | - | 1,290,415 |
| Other: Share based payments | 60,000 | - | 60,000 |
| Total other: | 60,000 | - | 60,000 |
| Balance at 31 December 2016 | 27,951,122 | (25,672,009) | 2,279,113 |
| Balance at 30 June 2015 | 25,162,707 | (23,801,219) | 1,361,488 |
| Comprehensive Income for the Period | | | |
| Loss for the period | - | (367,867) | (367,867) |
| Total Comprehensive Income for the Period | - | (367,867) | (367,867) |
| Transactions with Owners in their Capacity as Owners: | | | |
| Shares issued | 1,000,000 | - | 1,000,000 |
| Share issue transaction Costs | (60,000) | - | (60,000) |
| Total transactions with Owners in their Capacity as Owners | 940,000 | - | 940,000 |
| Other: Share based payments | 110,000 | - | 110,000 |
| Balance at 31 December 2015 | 26,212,707 | (24,169,086) | 2,043,621 |

† The accompanying notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2016

| | Consolidated | |
|--|------------------|------------------|
| | 31-Dec-16 | 31-Dec-15 |
| Cash flows from operating activities | | |
| Cash receipts from customers | 313,181 | 164,318 |
| Cash paid to suppliers and employees | (962,112) | (406,734) |
| Interest received | 84,512 | 3,298 |
| Interest paid | - | - |
| Net cash outflow from operating activities | (564,419) | (239,118) |
| Cash flows from investing activities | | |
| Proceeds from sale of property, plant & equipment | 408,800 | - |
| Acquisition of property, plant & equipment | (11,800) | (391,223) |
| Net cash inflow / (outflow) from investing activities | 397,000 | (391,223) |
| Cash flows from financing activities | | |
| Proceeds from the sale of subsidiary shares | 300,000 | - |
| Proceeds from the issue of share capital | 800,000 | 1,000,000 |
| Share issue transaction costs | (60,000) | (60,000) |
| Repayment of loans | (30,000) | - |
| Net cash from financing activities | 1,010,000 | 940,000 |
| Net increase in cash and cash equivalents | 842,581 | 309,659 |
| Cash and cash equivalents at start of reporting period | 25,946 | 869,792 |
| Cash and cash equivalents at end of reporting period | 868,527 | 1,179,451 |

† The accompanying notes form part of these consolidated financial statements.

Notes to and Forming Part of the Financial Statements

1. Statement of Preparation and Accounting Policies

Statement of compliance

These general purpose financial statements for the half-year reporting period ended 31 December 2016 has been prepared in accordance with the requirements of the *Corporations Act 2001* and *Australian Accounting Standard AASB 134 Interim Financial Reporting*.

Basis of preparation

The half-year financial statements are intended to provide users with an update on the last annual financial statements of the GBM Group. As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the GBM Group. It is therefore recommended that these financial statements be read in conjunction with the annual financial statements of the GBM Group for the year ended 30 June 2016, together with any public announcements made during the half-year in accordance with the continuous disclosure requirements in the *Corporations Act 2001*.

The accounting policies applied in the presentation of these financial statements are consistent with those applied in the most recent annual financial statements and the comparative interim reporting period.

Going Concern

The Directors have prepared the financial report on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business. The Group incurred a net loss of \$799,057 and an operating cash outflow of \$564,419 for the half-year ended 31 December 2016. At that date the Group was in a net current asset position of \$5,074,686.

In forming a view that the Group is a going concern, the directors note the following:

- The Kangaroo Flat Mine 600,000 tonne per annum gold ore processing plant that is currently held for sale is recorded as assets classified as held for sale in the sum of \$5,895,000. The processing plant is surplus to the Companies requirements as the size of the plant is not in line with the expected extraction rate of mining in the future. The Company is seeking expressions of interest for the sale of the gold ore processing plant from a number of sources with the aim of disposal occurring in the short term.
- Future cash inflows are expected from the gold revenue sales from the processing of tailings and open pit operations, sand sales and also inflows from a number of rental and operating leases for various facilities and infrastructure.

If the sale of the gold ore processing plant does not eventuate in the short term, the combination of income from other cash inflows as outlined above plus the directors are confident to raise sufficient working capital if required would ensure the Group's ability to continue as a going concern.

Notes to and Forming Part of the Financial Statements

2. Segment Information

The GBM Group operates as a single operating segment, within the gold mining industry in one geographic area, that being Central Victoria, Australia. The Fiddlers Creek project is on care and maintenance and all other tenements are utilised primarily for exploration purposes

3. Dividends

No dividends have been paid or provided for in the current period.

4. Events Subsequent to Reporting Date

No matters or circumstances have arisen since the end of the half-year reporting period which significantly affect or may significantly affect the GBM Group's operations, the results of those operations or the state of affairs in subsequent financial reporting periods.

5. Issued Capital

| | Consolidated | |
|----------------------------|--------------|------------|
| | 31-Dec-16 | 30-Jun-16 |
| | \$ | \$ |
| Fully paid ordinary shares | 27,951,122 | 26,600,707 |
| | 27,951,122 | 26,600,707 |

| | Consolidated | |
|--|---------------------------|--------------------|
| | 31-Dec-16 | 30-Jun-16 |
| | No. | No. |
| Ordinary Shares | | |
| At the beginning of the reporting period | 985,784,944 | 945,784,944 |
| Shares issued during the reporting period | 132,534,612 ^{*1} | 40,000,000 |
| At the end of the reporting period | 1,118,319,556 | 985,784,944 |
| Nil options available during both reporting periods | - | - |

*1 - 80,000,000 shares were issued to sophisticated investors at \$0.01 per share in July 2016, 10,000,000 shares were issued to Obelisk Capital at \$0.01 per share for corporate advisory services associated with the purchase of the Bendigo Goldfield and associated assets in July 2016, 6,000,000 shares were issued to directors at \$0.01 per share in lieu of director fees in October 2016 and 36,534,612 shares were issued to at \$0.012 per share to convert a \$375,000 loan provided by Sterlington Resources plus interest.

Notes to and Forming Part of the Financial Statements

6. Share based payments

Equity-settled compensation:

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

Shares granted to key management personnel as share-based payments are as follows:

| Grant Date | Number |
|------------------|-----------|
| 23 November 2016 | 6,000,000 |

The weighted average fair value of those equity instruments, determined by reference to market price, was \$0.01.

These shares were issued as compensation to key management personnel of the Group and have vested during the period.

Included under share based payments expense in the statement of profit or loss is \$60,000, which relates to equity-settled share-based payment transactions (2015: \$110,000).

Notes to and Forming Part of the Financial Statements

7. Assets Held for Sale

| | 31 Dec 2016 | 30 Jun 2016 |
|--|------------------|------------------|
| Assets classified as held for sale | \$ | \$ |
| Plant, property & equipment ^{*1} | 5,895,000 | 5,396,561 |
| Exploration and evaluation ^{*2} | - | 245,848 |
| Other financial assets ^{*2} | - | 35,000 |
| | 5,895,000 | 5,677,409 |
| Liabilities directly associated with assets classified as held for sale | | |
| Provisions ^{*2} | - | 35,000 |
| | - | 35,000 |

*1 Plant, property and equipment relates to the Kangaroo Flat Mine 600,000 tonne per annum gold ore processing plant that is currently held for sale. The processing plant is surplus to the GBM Group requirements as the size of the plant is not in line with the expected extraction rate of mining in the future. The GBM Group is seeking expressions of interest for the sale of the gold ore processing plant from a number of sources with the aim of disposal occurring in the short term.

*2 The assets and liabilities relate to the subsidiary companies Industrial Sands & Gravels Pty Ltd and GBM Avoca Pty Ltd which were sold during the six-month period ending 31 December 2016.

Notes to and Forming Part of the Financial Statements

8. Discontinued Operations

The GBM Group disposed of its 100% wholly owned subsidiaries GBM Avoca Pty Ltd and Industrial Sands & Gravels Pty Ltd for \$300,000 in December 2016. Financial information relating to the discontinued operation on the date of sale is set out below. The financial performance of the discontinued operation to the date of sale, which is included in the loss from discontinued operations per the statement of comprehensive income is as follows:

| | 31 Dec 2016 | 30 Jun 2016 |
|---|-----------------|----------------|
| Results from discontinued operations | | |
| Revenue | 303,310 | 740 |
| Expenses | (3,757) | (1,784) |
| Profit / (loss) before income tax | 299,553 | (1,044) |
| Income tax expense | - | - |
| Profit / (loss) attributable to members of the parent entity | 299,553 | (1,044) |
| Loss on sale before income tax | (92,484) | - |
| Income tax expense | - | - |
| Loss on sale after income tax | (92,484) | - |
| Total profit after tax attributable to the discontinued operation | 207,069 | - |
| The net cash flows of the discontinued operations, which have been incorporated into the statement of cash flows, are as follows: | | |
| Net cash (outflows) from operating activities | (3,458) | (1,044) |
| Net cash inflows from financing activities | 300,000 | - |
| Net cash outflows from investing activities | - | - |
| Net increase in cash generated by the discontinued operations | 296,542 | - |

Directors' Declaration

The Directors of GBM Gold Limited declare that:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001; and
 - i. comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
 - ii. give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
- (b) in the director's opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the directors by:



Eric J P Ng
Chairman

Bendigo, 15 March 2017



John Harrison
Director & CEO

Independent Auditors Review Report



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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF GBM GOLD LIMITED AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of GBM Gold Limited and controlled entities (the "consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of GBM Gold Limited ("the company") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not prepared, in all material aspects, in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. As the auditor of GBM Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Independent Auditors Review Report



Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of GBM Gold Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

A handwritten signature in blue ink that reads 'ShineWing Australia'.

ShineWing Australia
Chartered Accountants

A handwritten signature in blue ink that reads 'M. Schofield'.

Matthew Schofield
Partner

Melbourne, 15 March 2017

Corporate Directory

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Auditors

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MELBOURNE, VIC 3000

Share Registry

Computershare Investor Services Pty Ltd
MELBOURNE, VIC 3000
Telephone: 1300 85 05 05

Stock Exchange Listing

Australian Stock Exchange — Code: GBM