



ASX: GBM

Quarterly Report for the period ended 31 December 2013

Summary

GBM Gold Ltd (ASX: GBM) (“**GBM**” or “**Company**”) completed the part sale of Inglewood Mining Company Pty Ltd (‘INGMCo’) to Wilshire Asset Management during the quarter. The parties executed a deed amending the original Inglewood Agreement. Under the revised deal, Wilshire paid approximately \$3.0 million to bring its total investment to A\$4.5 million for a 50% shareholding in INGMCo.

During the December Quarter the Company focussed on the refurbishment of the gold processing plant at Inglewood and proceeding with regulatory approval to undertake exploration and mining activities at its tenements in Victoria.

Work planned for the March 2014 Quarter includes:

- Recommencement of operations at the Inglewood Gold Processing Plant
- Processing Inglewood ore
- Mining Level 1, 190 metre stope at the Maxwell Mine, Inglewood
- Costeaning of the Laidlaw’s South open pit prospect at the Maxwell Mine site
- Planning excavation of 5,000 tonne bulk samples from Wedderburn and Harvest Home

Safety & Environment

Inglewood Gold Operation - Victoria

No medically treated injuries (MTIs) or lost time injuries (LTIs) were recorded during the reporting period.

There were no reportable environmental incidents during the December quarter.

Background

The Company’s operations are centred at Inglewood an historic primary gold producing area in Central Victoria. It is here that GBM owns an underground mine and a 90,000 tonne per annum Gravity/CIP/CIL gold processing plant, 235,000 ounces of inferred open pit and underground gold resources.

GBM Gold has the following mining and exploration licences and work authorities:

Inglewood	-	MIN 4639, MIN 5472 & EL’s 4184 & 4670
Wedderburn	-	EL 3800, MIN App 5425
Kingower	-	MIN 4001
Marong, Wilson Hill	-	EL 4999
Avoca	-	EL 4936
Avoca, Beavis-ISG	-	WA’s 1395 & 1304
Fiddlers Creek	-	MIN 4548 & MIN 4023
Dunolly, Queen’s Birthday	-	EI 5029
Dunolly, Harvest Home	-	50% jv interest in EL 4985 (now MIN 5510)



GBM Gold Tenements

Inglewood Gold Operation - Victoria

The Inglewood gold processing plant was constructed in 2008 and is capable of processing competent underground ore and lower grade open pit ore from GBM's projects. The plant has a nominal capacity of 15-20 tonnes per hour giving a minimum residence time of 24 hours. All gold recovered is extracted by gravity and cyanide leaching.

GBM has gold processing plants at Inglewood and Fiddlers Creek. The company has focused its operations at Inglewood and is upgrading the Inglewood plant utilising significant elements of the Fiddlers Creek plant.



Fiddlers Creek Gold Processing Plant

The Fiddlers Creek Cone Crusher has replaced a Hammer Mill as the secondary crusher at Inglewood and provides a more reliable and higher capacity unit.



Fiddlers Creek Cone Crusher installed at Inglewood

The higher throughput Fiddlers Creek Ball Mill will replace No1 Ball Mill at Inglewood.



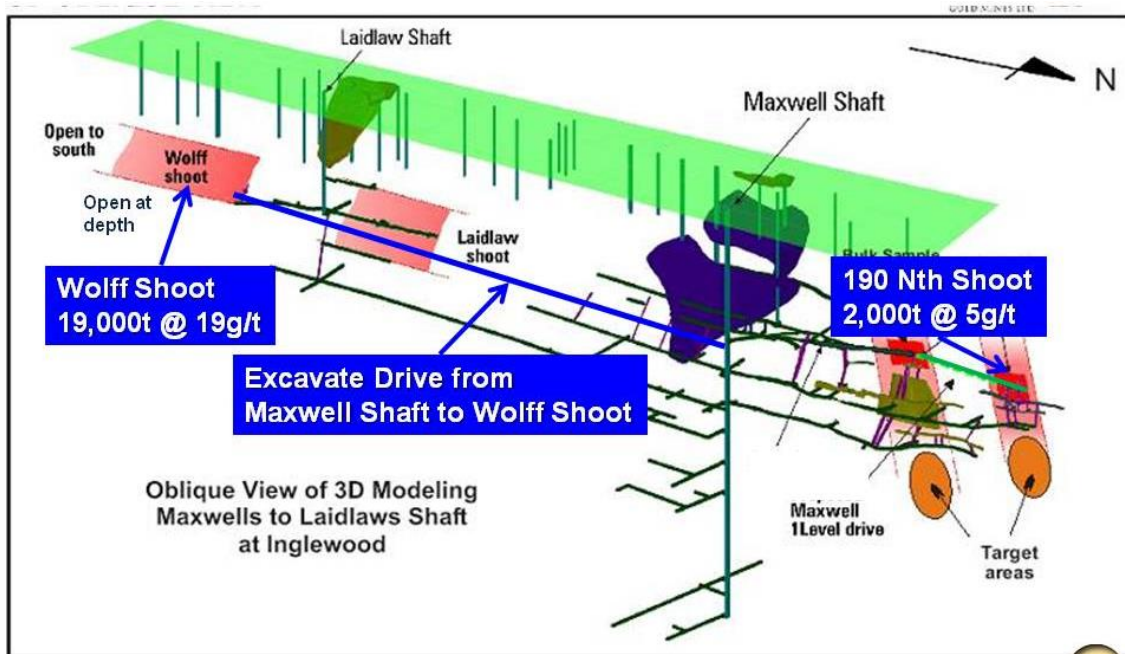
Fiddlers Creek Ball Mill to replace Ball Mill No1 at Inglewood

The remainder of the Inglewood plant is being refurbished and is expected to recommence operations in February 2014.

Maxwell Mine Inglewood

Underground mining operations at the Maxwell Mine are planned to recommence in March 2014. While the mine has been on care and maintenance dewatering of the mine workings has been maintained so that the mine is in good condition. Planning is in place to recommence mining at the Level 1, 190 metre ore shoot.

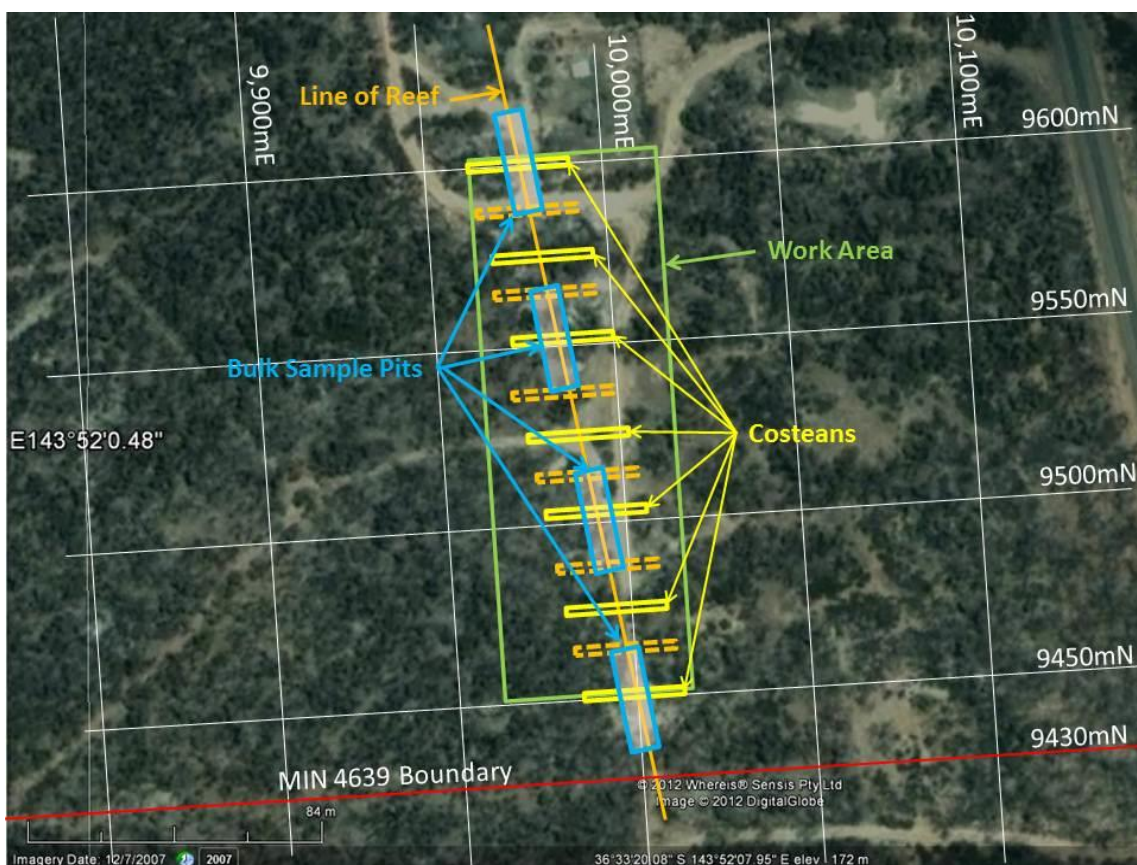
Work is advanced on accessing Wolff Shoot. It is planned to drive from the Maxwell's mine shaft to Wolff Shoot at the 100 metre level and investigate the Laidlaw's shoot during the process.



Maxwell Mine showing Wolff Shoot and Current Development Area

Laidlaw South Open Pit Project Inglewood

Drilling at Laidlaw South has demonstrated the persistence of an auriferous lode over a strike length of 250 metres and to 50 metres depth. This reef has a true width of at least 4 metres and has returned good gold grades in several shallow holes. Approval of the planned costeans and bulk sample program is being finalised.



Laidlaw South Costean and Bulk Sample Pit Plan

Wedderburn (Gowks Hill) EL3800 & MIN App 5425

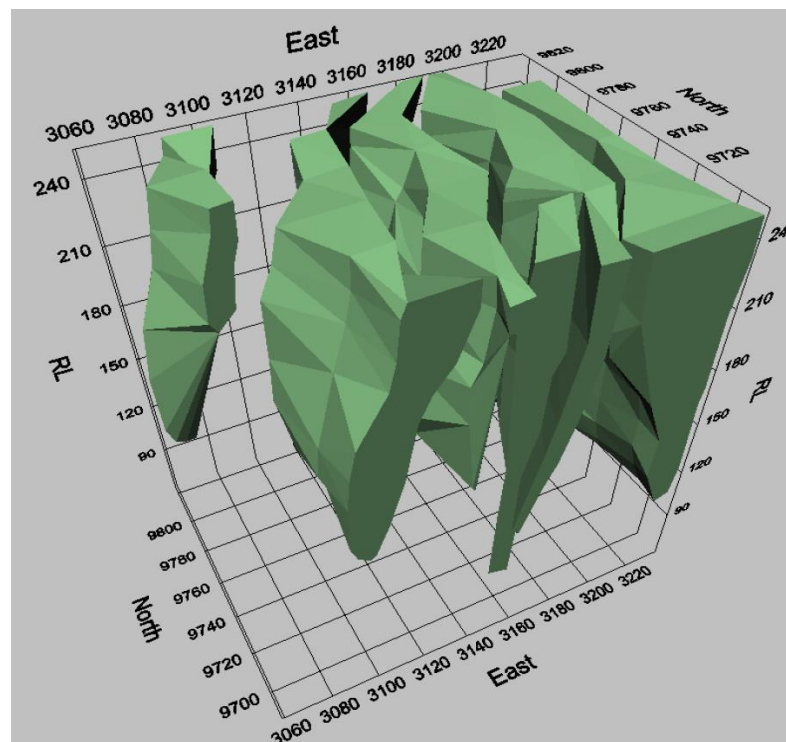
The Gowks Hill deposit has been drilled along 300 metres of strike and to 50 metres deep, mineralization remains open at depth. Approvals are being finalised to mine a 5,000 tonne bulk sample.



Wedderburn Bulk Sample site

Harvest Home, Dunolly EL4985 & MIN5510 – 50% Joint Venture

The Company has a 50/50 Joint Venture on the Harvest Home exploration licence EL4985. With the granting of mining licence MIN5510 the agreement is being renegotiated. A work plan has been lodged to gain approval for the excavation of a 5,000 tonne bulk sample to be processed at Inglewood.



Harvest Home deposit 3D model

END

Company Information

Directors

Eric Ng (Chairman)

John Harrison (Chief Executive Officer)

Paul Chan (Non-executive Director)

Linda Lau (Non-executive Director)

Andy Lai (Non-executive Director)

Company Secretary

Andrew Chan

Registered Office

2H Thistle St, Bendigo, Vic 3550

Telephone: 03 5445 2300

Facsimile: 03 5444 0036

Auditors

Moore Stephens

Level 10, 530 Collins St

MELBOURNE, VIC 3000

Share Registry

Computershare Investor Services Pty Ltd

Telephone: 1300 85 05 05

Stock Exchange Listing

Australian Stock Exchange Code: GBM

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, 01/05/2013

Name of entity

GBM Gold Ltd

ABN

59119956624

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(78)	(122)
	(b) development	-	-
	(c) production	(294)	(458)
	(d) administration	(793)	(952)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	2
1.5	Interest and other costs of finance paid	(627)	(630)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	(194)	(253)
	Net Operating Cash Flows	(1,985)	(2,413)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(5)	(5)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
		(5)	(5)
	Net investing cash flows		
1.13	Total operating and investing cash flows (carried forward)	(1,990)	(2,418)
1.13	Total operating and investing cash flows (brought forward)	(1,990)	(2,418)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	3,062	3,062
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	139	483
1.17	Repayment of borrowings	(510)	(510)
1.18	Dividends paid	-	-
1.19	Other (refer 1.25 below)	-	-
Net financing cash flows		2,691	3,035
Net increase (decrease) in cash held		701	617
1.20	Cash at beginning of quarter/year to date	1	85
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	702	702

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	55
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.14 \$3,062,000 represents the balance of tranche 1 and 2 payments made by Wilshire Asset Management Ltd SA ('Wilshire') during the quarter to equal total payments of \$4,500,000 for 50% of shares in Inglewood Gold Mining Company Pty Ltd ('INGMCo'). Shares representing 50% of INGMCo were issued to Wilshire in November 2013.

1.16 & 1.17 relates to \$139,000 loan funds received from United Bright Investments during the December quarter. This related party loan is an unsecured short term loan that assisted the company with meeting their short term liabilities as they fell due. \$273,000 of the loan funds received from United Bright Investments during the 2014 financial year, were repaid during the December quarter. \$70,000 was repaid to Silver Bright Investments during the quarter. The loans have zero % interest payable, and are expected to be repaid within 6 months or are to be converted to shares. \$167,500 was repaid to P Chan for the ANZ bonds that P Chan had provided funds for during the 2012 financial year.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Refer to item 1.14 explanatory notes above.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	4,731	4,731
3.2 Credit standby arrangements	-	-

Notes to financing facilities available - Loan facilities 3.1: Under 3.1 "Loan Facilities" included are the amounts of (i) \$3,000k loaned from Maradox Pty Ltd in November 2011 which is to be repaid via the supply of 55kg of gold bullion in August 2014; (ii) \$375k loaned from Sterlington Resources to GBM Gold Ltd ('GBM') but contracted to be converted to shares in GBM [but not yet converted]; (iii) \$200k loaned from United Bright Investments Pty Ltd to GBM which are yet to be converted to shares or repaid and (v) \$1,000k loaned from Ganesha Capital Holdings that will either be repaid by 30 June 2014 or converted to shares.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
4.3 Production	600
4.4 Administration	300
Total	950

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	602	1
5.2 Deposits at call	100	-

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		702	1

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Nil		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities			
7.2	(description) Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	667,784,944	667,784,944	

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	*Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

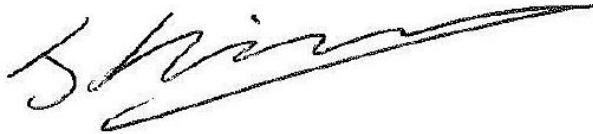
Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report



Sign here:
(Director & CEO)

Date: 28 January 2014

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==