

## CORPORATE UPDATE

### GBM Gold Limited ABN 59 119 956 624

ASX CODE: GBM

#### CORPORATE DETAILS:

##### Shareholders:

684

##### Shares on Issue:

1,118,319,556

Options: Nil

##### Directors:

Eric JP Ng (*Chairman*)

John Harrison (*CEO*)

Paul Chan

Andy Lai

Linda Lau

Jianping Wang

##### Company Secretary:

Andrew Chan

#### CONTACT DETAILS:

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**GBM Gold Limited (ASX: GBM) ("GBM Gold")** is pleased to provide a Corporate Update and Operational Report.

As reported in the September 2017 Quarterly Report, GBM Gold Ltd entered into an agreement with Gold Miners Australia to jointly reprocess tailings sand in the Kangaroo Flat Coarse Sand Dam to recover the contained gold and sulphides.

The wash plant containing 2x35tph Great Engineering (GE) concentrators to recover the contained gold and sulphides have been installed and commissioned and is projected to be in operation early in 2019 (see Figure 1). Additional gravity separation equipment is being added to the circuit to increase the efficiency of the operation. The sand dam is estimated to hold 320,000 tonnes indicated and 110,000 tonnes inferred for a total of 430,000 tonnes of material containing 5,100 ounces of gold at a grade of 0.37 g/t as reported in the revised March 2017 Quarterly Report released in April 2017. The project is expected to take two to three years to complete. Profit will be shared 50/50 between the parties.



Figure 1: Kangaroo Flat Coarse Sand Dam Wash Plant

The design of the Kangaroo Flat Mine was focused on the beneficial reuse of by-products to reduce the environmental impact of the project in keeping with the principles of Economically Sustainable Development, and subsequently reduce the area required for by-product (rock and sand) storage.

The majority of the tailings from the process plant were planned to be from early process stages that did not require the addition of chemicals for leaching.

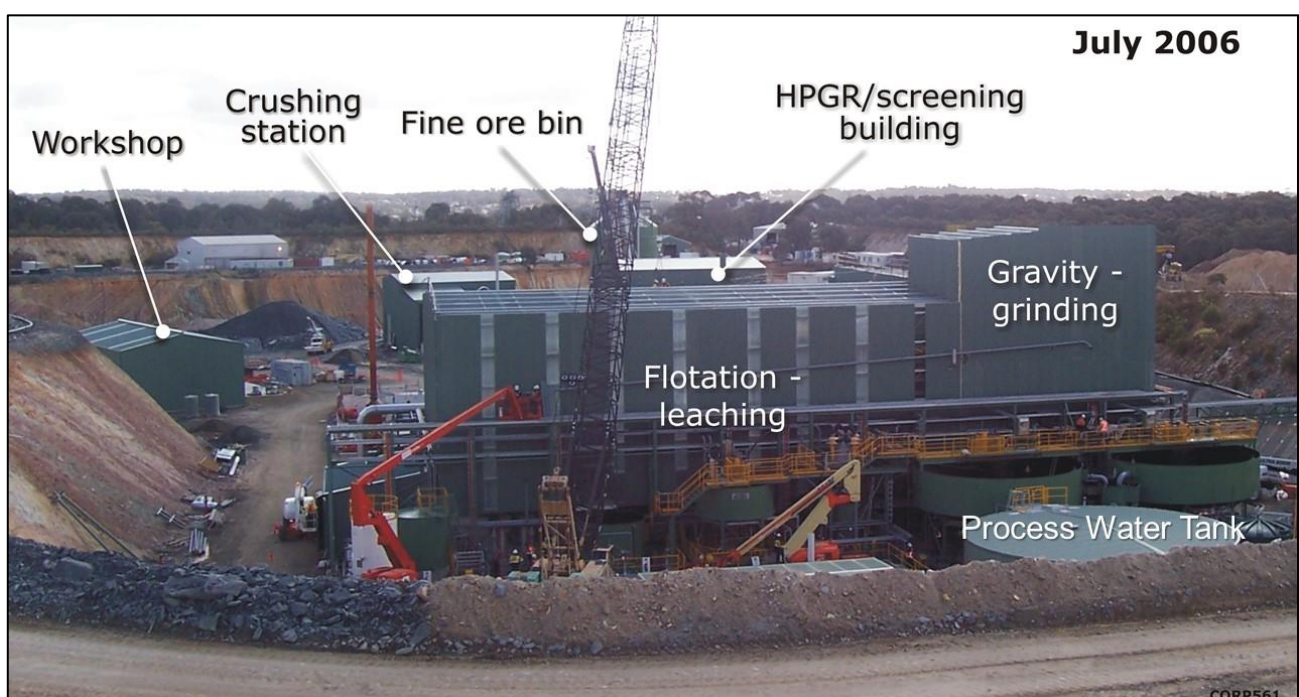


Implementing these principals resulted in the construction of separate dams for Coarse Sand, Fine Sand and Leached Tailings (Figure 2).



*Figure 2: Kangaroo Flat Site*

To accommodate the expected production, Bendigo Mining constructed a 600,000 tonne per annum plant complete with crushing, grinding, gravity, flotation and leaching circuits at a cost of \$64 million (Figure 2). The mined ore tonnage was less than expected, which led to the gold processing plant operating four days per week from 2008 to 2011. This caused processing inefficiencies which resulted in the loss of gold and sulphides to the coarse sand dam.



*Figure 3: Kangaroo Flat Gold Processing Plant*



The plant produced 750,000 tonnes of tailings split into the following categories:

- Coarse Sand – 430,000 tonnes
- Fine Sand – 200,000 tonnes
- Leached Tailings – 20,000 tonnes

The original concept was for the sale of the 430,000 tonnes of sand in the Coarse Sand Dam (Figure 4) for reuse in markets such as the packing sand and concrete market, this did not occur. Reprocessing the sand will improve the quality and increases potential for reuse.



*Figure 4: Coarse Sand Dam*

In addition to capturing gold that was lost to this dam during processing the environmental benefits of reprocessing the sand are:

- reduction in arsenic content;
- improved re-use potential, and
- a simpler rehabilitation process.

The new gravity separation wash plant uses no chemicals only water. Water used as an integral part of the separation process also carries the cleaned sand via a pipeline back to the sand dam. Water is then recovered through the return water system to the process water tank (Figure 3) where it is stored for reuse.

The gravity separation equipment in the existing 600,000 tpa plant are a Falcon Model: SB2500 and 4 x Inline Spinners - Gekko, Model: ISP3. The new GE Concentrators operate on the same principals as the existing gravity separation equipment. Technology has advanced since the existing plant was constructed twelve years ago and the new concentrators are quieter and have a significantly higher degree of efficiency (Figure 5).



*Figure 5: Great Engineering Concentrators*

In summary:

- Gold and sulphide material will be recovered without the use of chemicals
- The gold and sulphide concentrate will be further processed off site to recover the contained gold
- The project will provide an environmental benefit by reducing arsenic content and improving sand reuse potential

## Corporate

As previously advised, the loan of \$3.0 million secured for the Company from Silver Bright International Development Limited, GBM Gold's largest shareholder continues to be delayed. The Company in the meantime, is in discussions on securing an alternate funding package in the event that the funds cannot be released in the short term. This funding package is planned to secure the ability of GBM Gold to meet all of its financial and statutory obligations and set the Company up for the future and enable it to progress its operational plans with some vigour.

As part of its ongoing capital raising commitment to fund its production and exploration program, GBM Gold also wishes to update the market that the Company is well advanced in its preparation of a fully underwritten rights issue with a plan to make an announcement about the full details of this and the overall funding package in the near future.

**END**



### About GBM Gold Ltd (ASX: GBM)

GBM Gold is an Australian based resources company that is creating value from its portfolio of mining and exploration assets, including the Bendigo Goldfield, located in one of Australia's most significant gold producing regions; the Central Victorian Goldfields.

The Bendigo Goldfield is Australia's second richest historical goldfield behind Kalgoorlie's Golden Mile. Between 1851 and 1954 the Bendigo Goldfield produced in excess of 18 million ounces from 'quartz reefs' at average grades between 10g/t and 15g/t. A further 4 million ounces of alluvial gold were recovered from the region's creeks and gullies. GBM is implementing plans to build on the success of earlier explorers and producers in Bendigo.

**For more information, please visit the Company website:** [www.gbmgold.com.au](http://www.gbmgold.com.au)

### Competent Person Statement

The information in this report that relates to Mineralisation, Exploration Targets and Mineral Resources is based on information compiled by Keith Whitehouse who is a Member of The Australasian Institute of Mining and Metallurgy and a Chartered Professional (Geology). Mr. Whitehouse is a principal of Australian Exploration Field Services Ltd (AEFS) a consulting firm providing geological expertise to GBM Gold. Mr Whitehouse has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Whitehouse consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.