

For personal use only



GBM GOLD LTD

(ABN 59 119 956 624) and controlled entities

REPORT TO SHAREHOLDERS

FOR THE QUARTER ENDED 30 JUNE 2012



HIGHLIGHTS

- International resource group Sterlington Resources enters funding and technical co-operation with GBM, aiming to assist in unlocking and significantly increasing the company's value
 - Operational restructure of Inglewood operations completed with ongoing operating costs cut significantly
-

Inglewood

- ⇒ Preparations for bulk samples at Gowks Hill and Wolff shoot continued.
- ⇒ Maxwells Mine
 - Level 1 150mN has seen stope and mining established at the 192 area in the Max North high grade shoot
 - Level 1 63mN xcut Sub Level 3 commenced and progressed
- ⇒ Maxwells Mill
 - Significant Mill downtime during quarter whilst restructure and repositioning of the Inglewood operation undertaken
 - Mill processed 3,322 tonnes of tailings and low grade ore for the quarter.
 - Produced a modest ~2.4kg of Dore
 - Secondary crushing circuit decommissioned whilst modifications are completed – expected back in circuit by end August with full one pass ore processing recommencing

Avoca

- ⇒ Analysis of requirements of alluvial plant advanced
- ⇒ further preparations for initial mining progressed.
- ⇒ Licence renewal applications made re the Fiddlers Creek tenements

Corporate

- ⇒ Corporate relationship entered with International Resource group Sterlington Resources
- ⇒ \$875,000 of shares placed at 1.2c



OPERATING SEGMENTS & RESOURCE PROJECTS

GBM Gold has licences representing the following geographically based resource projects Ref www.gbmgold.com.au

INGLEWOOD SEGMENT – Maxwell’s operating site

Inglewood Resource project -	MIN’s 4639, 4001, 5425 and 5472 EL’s 4184, 4670
Wedderburn Resource project	EL 3800
Goldsborough Resource project-	EL 5029, EL 4589
Wilson Hill Resource project-	EL 4999

AVOCA SEGMENT – Beavis-Fiddlers Creek operating site

Avoca resource project	EL 4936
Beavis-ISG-Resource project-	WA 1395, 1304
Fiddlers Ck Resource project -	Min’s 4548 and 4023





INGLEWOOD SEGMENT

MAXWELLS MINE AND MINE SITE

Work underground continued in the Max shoot on Level 1 focusing on two resource blocks at the 63mN cross cut and at 150mN.

The restructure at the mine saw a number of underground personnel retrenched and a reduced operating crew focussing on high grade stopes.

Level 1, 150m North > 192mN

The access crosscut was driven north along the reef line. The drive was pushed a further 50 metres along a weak vein set on the Maxwells fault with little assay result.

A rise was then put up at the intersection of the drive and reef line at 192mN and sampled with excellent assay results obtained.

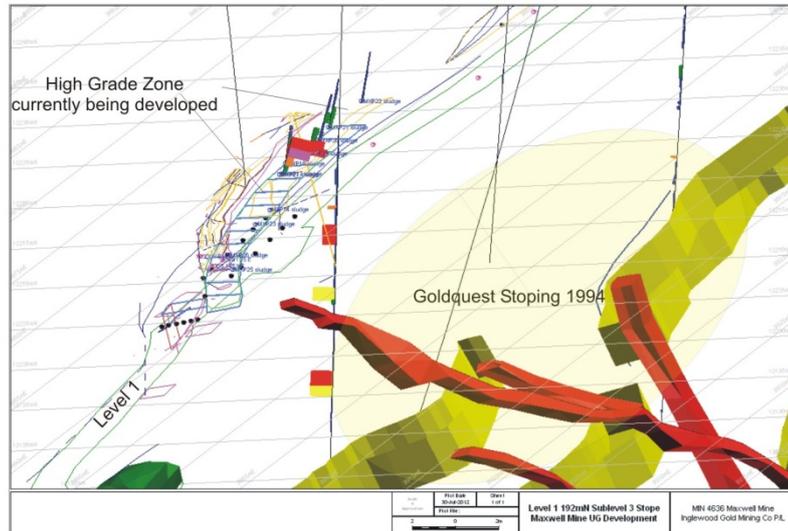
Sample	Assay g/t
150 rise STH 001	1208
150 rise STH 002	619
150 rise STH footwall	7.71
150 NTH up hole 001	29.25
150 NTH up hole 002	15.36
150 NTH up hole 003	27.75

Sand fill and setup for a lift to sub-level 1 was undertaken with production mining of this high grade zone commencing in late June.



The reef is 1- 1.5 m wide and has proved continuous for over 25m.

192mN face sublevel 1.



Oblique 3D screen snap of the current 190m mining area

Level 1, 63m North

A new sublevel (Sub Level 2) was commenced with a total of 438 tonnes being produced for the period. An initial north drive was put in with poor results and this was abandoned and the sublevel pushed south.

This was completed and a further sub level (sub level 3) commenced.

A series of flat faults have “sliced and diced” the quartz veining and this has made the mineralisation quite disjointed and difficult to follow.

At the time of writing, sublevel 3 was showing a significantly improved character with a strongly oxidised 0.75 metre quartz vein.



Sublevel 3 south 6 face at end of the period.

For personal use only



Level 1, 97m North

No work for the period

200mN - 2 Level (L2)

A rise has been developed onto the extension of the ore shoot mined by Goldquest and Sub level 1 is being developed to the north on a well formed reef. A low priority with the reduced underground crew has seen this development put on hold.

MAXWELLS PROCESSING PLANT

The processing plant was off line for much of the quarter due to financial and then operational constraints.

Further amendments have proven necessary to the secondary crushing circuit, which was taken off line and is expected to be back operational by end August.

Notwithstanding 3322t of tailing sand and low grade ore was processed for ~2.4kg of Dore poured

INGLEWOOD RESOURCE BLOCKS & EXPLORATION TARGETS- EXPLORATION AND PRE-PRODUCTION PLANNING

Wolff Shoot

Further work preparatory to bulk sampling of the Wolff Shoot - Laidlaws South shallow resource was carried out.

A Work Plan Variation to remove a significant bulk sample to test the potential for a shallow open pit above the Wolff shoot resource has been progressed during the quarter.

It is expected to get final approval in the coming quarter and to commence the work.

Drill intersections with grades up to 7 g/t and visible gold have been recorded in the footwall fault of the Maxwells reef south of the Laidlaws shaft at 1 to 5 metres below surface.

For personal use only

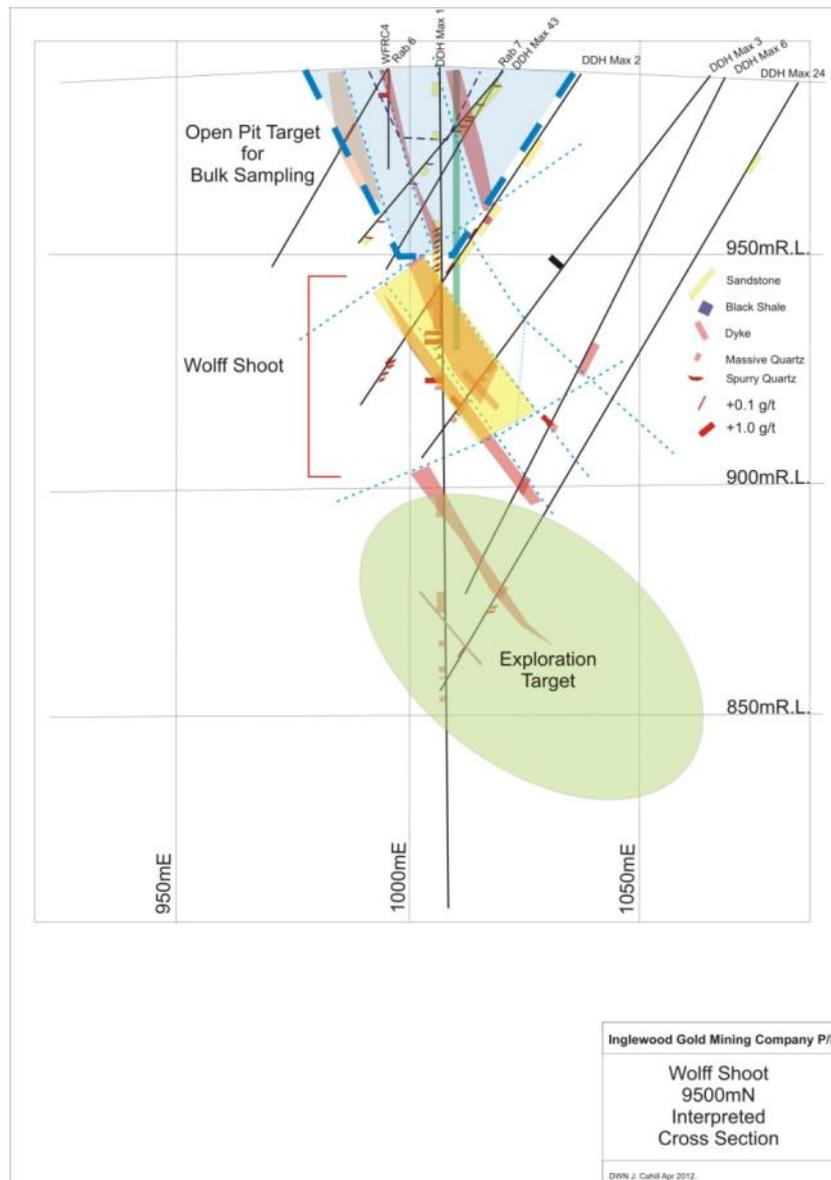
Quarterly Activities Report 30 Jun 2012



For personal use only

Historical shaft records show similar grades which during the 1850's – 60's was uneconomic at Inglewood.

This bulk sampling phase will allow the testing of the shallow resource that can provide mill feed and potentially allow access to the main Wolff shoot resource (Inferred 19,500 tonnes @ ~19g/t) approximately 80 metres below surface.



Section 950 North at Maxwells (Wolff shoot)



Gowks Hill

Work this quarter has focussed on the database and preparing for a resource estimate, as well as work to gain approvals for bulk sampling.

The bulk sampling work plan is being assessed by Biodiversity and a ratio of 7 trees to 70 new plantings has been determined as the required offset.

A plan to utilise private land owned by the company for replanting is being assessed by Biodiversity and permission to proceed expected in Q1 FY 2013 (being the July- Sept 2012 quarter).

Tantalla

Little work was completed on this area for the quarter.

GOLDSBOROUGH PROJECT

Queen's Birthday EL 5029

The company has submitted an Area Work Plan to allow drill testing of three targets at the Queen's Birthday.

A shallow target is possible based on past drilling by ANDO Gold N.L indicating significant grades in the upper 50 metres. A program of 6 RC holes to test this horizon is being planned.

The second target is extensions along strike to mined areas. This target is predominantly south of the main shaft and records indicate mining ceased due to a dispute btw the English parent company and the union.

Stoping was being undertaken in the 50 to 250 metres depth horizon with a number of drives put in along the reef but not stoped.

A deep RC program will provide a series of intersections to assess the continuity and dimensions of any southern continuation of the mineralised vein set.

With the workings only reaching 200+ metres, a program of deeper diamond drill holes is planned to test potential depth extensions below the cross faulting and high grade zones.

A small reduction of the EL was undertaken in line with a renewal process.



Harvest Home

As part of the Joint venture, 3 shallow diamond drill holes were just completed at the end of the period by E Drill Pty Ltd.

Logging and sampling of the core is yet to be completed and a further release will be prepared on completion of this work.

These holes are to confirm the geological structure holding the +1 million ton inferred shallow resource at Harvest Home.

Bulk sampling of the surface outcrops up dip of the drill holes as well as other RC high grade intercepts is to be undertaken and this work will enable a significant resource review and subsequent feasibility planning for this area.

A draft Work Plan Variation is currently under construction for bulk sampling.

WILSON HILL

A relogging program of the WMC P/L diamond drill core is underway with focus on alteration haloes at preferred horizons which, if present, may indicate adjacent mineralised repeats to the current Greys target.

WMC's WHD004 is being assessed as a test case for the effectiveness of this exercise.

If successful, this will assist in targeting deeper drillholes to assess the repeat potential.

Results of this work will determine drillhole collars for a targeted diamond drilling program.



AVOCA SEGMENT

BEAVIS-FIDDLERS CREEK PROCESSING SITES

Planning work continued for a significant alluvial operation at the Beavis site and for recommencement of a small hard-rock operation at the Fiddlers Creek site.

Scoping work on equipment suitable for the Beavis project progressed with discussions with an Asian based supplier on funding for and access to plant & equipment for the task subject to detailed analysis.

The potential add on value from the industrial minerals has been taken into account for plant design.

A nominal 100 cubic metre per hour plant throughput has been set. Design of feeders, scrubbers and separation screens and sizing equipment is ongoing.

AVOCA RESOURCE BLOCKS & EXPLORATION TARGETS- EXPLORATION AND PRE-PRODUCTION PLANNING

- Field visits to scope out drilling access and Work Plan Variation commenced to drill test several targets
- Reassay of core from Fiddlers Creek mine has returned significant grade giving confidence on extension at depth for the ore body to extend below the lower level and a work plan to allow decline access to this is under construction. A small exploration decline totalling ~450 metres in length will give access to the ore body for bulk sampling and trial mining. Further resource work is required to finalise the project economics

EL 4936 Pyrenees

A draft Work Plan for drilling targets at Banisters and Warrenmang under construction and are to be submitted in the next quarter.

For personal use only



KRALCOPIC – GBM'S SERVICE COMPANY

Kralcopic, the group's internal and external service company, continued to provide technical and administration services to the GBM group companies and a few 3rd parties.

Business systems and procedures were further developed during the quarter in order to assist the expanded business operations that are emerging from the GBM group over this coming quarter and the financial year.

FORWARD CASH POSITION

At 30 June 2012 the GBM group had :

- \$144,000 of cash at bank
- a further \$475,000 of committed funding undertaken to arrive in the following quarter
- expectation of significant additional funding to arrive subject to appropriate board and/or shareholder consents
- a modest but growing level of revenue.

The group has worked through the quarter with limited cash from funding lines & share placements as well as modest revenue generated from sales.

A sustainable long term outcome is in prospect with the involvement of the Sterlington Resource group. The aim, subject all required approvals, is for a significant capital expansion to fund working capital, new plant & equipment, further improvements to existing plant & equipment and potentially further project(s).

Signed for and on behalf of GBM Gold Limited

A handwritten signature in black ink, appearing to read "Blahel", is written over a faint, larger version of the same signature.

Resource Director



ABOUT GBM GOLD LTD (ASX: GBM)

GBM Gold Ltd (GBM) is focused on becoming a strong gold production company – initially from building a solid gold production base in Central Victoria, Australia from its 2 processing sites at Inglewood and Avoca and their surrounding Resource projects & in due course by the addition of other International projects

Within each of the numerous Resource projects surrounding the current 2 processing sites are one or more granted tenements, each containing a number of well defined Resource blocks and/or Exploration Targets. The various Resource projects are at a mix of development stages, from production through to later or earlier analysis, exploration or development phases.

GBM has highly experienced teams focused on the requirements of its processing sites and mining operations, a centralised geology team with strong background in the Central Victoria style of mineralisation as well as Bendigo based management, finance and administration personnel.

For more information please visit the Company website: www.gbmgold.com.au

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by John Cahill, who is a Member the Australian Institute of Geoscientists.

John Cahill is the Resources Director of GBM Gold Ltd. John Cahill has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. John Cahill consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



COMPANY INFORMATION

DIRECTORS

Ian W. Smith (Executive Chairman)

John E. R. Cahill (Resource Director)

Wayne Johnson (Non-executive Director)

Eric Ng (Non-executive Director)

Paul Chan (Non-executive Director)

Andy Lai (Non-executive Director)

Stuart Hall (Non-executive Director and Company Secretary)

REGISTERED OFFICE

2H Thistle St, Bendigo, Vic 3550

Telephone: 03 5445 2300

Facsimile: 03 5444 0036

AUDITORS

BDO Audit (NSW-Vic) Pty Ltd

The Rialto, 525 Collins Street

Melbourne, VIC 3000

Telephone: 03 8320 2222

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 quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

GBM GOLD Limited

ABN

59 119 956 624

Quarter ended ("current quarter")

30 June 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Curent quarter \$A'000	Year to date (12months) \$A'000
1.1 Receipts from product sales and related debtors	75	439
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(112) (1) (504) (92)	(564) (265) (1,820) (1,205)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	14
1.5 Interest and other costs of finance paid	(7)	(226)
1.6 Income taxes paid	8	(198)
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(631)	(3,825)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	(30) - (975)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - (17)
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	151
Net investing cash flows	-	(871)
1.13 Total operating and investing cash flows (carried forward)	(631)	(4,696)

+ See chapter 19 for defined terms.

For personal use only

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(631)	(4,696)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,762	5,385
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	798	6,745
1.17	Repayment of borrowings	(1,519)	(7,032)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	(300)	(301)
Net financing cash flows		741	4,797
Net increase (decrease) in cash held		111	101
1.20	Cash at beginning of quarter/year to date	33	43
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	144	144

Payments to directors of the entity and associates of the directors
Payments to 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	(9)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

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

Financing facilities available

+ See chapter 19 for defined terms.

For personal use only

Appendix 5B
Mining exploration entity quarterly report

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	4,025	3,550
3.2 Credit standby arrangements	192	174

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	150
4.3 Production	450
4.4 Administration	210
Total	910

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.	Curent quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	144	33
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	144	33

Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.

For personal use only

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 <i>(description)</i>	NIL	NIL		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	659,451,611	659,451,611		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	70,488,000 72,916,667	70,488,000 72,916,667	2,5 cts 1,2 cts	2,5 cts 1,2 cts
7.5 +Convertible debt securities <i>(description)</i>	NIL	NIL		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	NIL	NIL		
7.8 Issued during quarter	NIL	NIL		
7.9 Exercised during quarter	NIL	NIL		
7.10 Expired during quarter	NIL	NIL		
7.11 Debentures <i>(totals only)</i>	NIL	NIL		
7.12 Unsecured notes <i>(totals only)</i>	NIL	NIL		

+ See chapter 19 for defined terms.

For personal use only

Compliance statement

- 1 This statement has been prepared under accounting policies that comply with accounting standards as defined in the Corporations Act
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 30 June 2012

Print name: John E. R. Cahill
(Resource Director)

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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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.

====

For personal use only