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GBM GOLD LTD

(ABN 59 119 956 624) and controlled entities

REPORT TO SHAREHOLDERS

FOR THE QUARTER ENDED 31 MARCH 2013



HIGHLIGHTS

Corporate

- Wiltshire Asset Management (WAM) provided a further \$350,000 of the funds it is committed to investing in to GBM subsidiary Inglewood Gold Mining Company Pty Ltd.
- Sterlington Resources provided \$70,000 of the funds it is committed to providing to GBM.
- GBM in discussions with both the above parties concerning timing of delivery of balance of committed funds
- GBM in active discussions re other funding arrangements

Inglewood segment

INGLEWOOD PROJECT

Inglewood project Maxwell Mine and Maxwell Mill on care and maintenance during the quarter, whilst corporate arrangements for the further funding were progressed.

Inglewood project tenement and exploration work continued with :

- Work Plan preparation ongoing for drilling of various exploration targets aimed to prove up a large open cut resource from the Exploration targets as announced
- Jersey Line (north) reviewed
- Updated review of GBM group & Inglewood Resources and Exploration Targets released.
- Annual report to DPI re EL 3800 (Gowks Hill) prepared and field in April

GOLDSBOROUGH PROJECTS

Work on the Harvest Home joint venture (HHjv) consisted of :

- Advancement of the Native Title agreement for granting of a MIN to previous jv partner Fiddlers Ck Gold Mining Company, prior to transfer of the MIN to Silver Bright Investments Ltd the new jv partner

Work on the Queen's Birthday joint venture (QBjv) consisted of

- Heritage Victoria cleared current work plan

WILSON HILL PROJECT

No work undertaken in the quarter



Visit from geology team of from large Chinese exploration group to review potential joint investment in to an extensive drilling programme. They await approval to proceed. Discussions ongoing.

Avoca Segment

AVOCA-FIDDLERS CREEK

- Historical research on the Avoca EL (EL 4936) continued with targets for assessment identified.
- Field visits and sampling within EL 4936 undertaken

ISG – BEAVIS POROJECT

- No work in the quarter – pending further action and funding from Wiltshire Asset management.



OPERATING SEGMENTS & RESOURCE PROJECTS

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

INGLEWOOD SEGMENT

Inglewood Resource project -

- **Maxwell's operating site** MIN's 4639
- **surrounding MIN's & EL's** MIN 5472 & EL's 4184 & 4670
- **Wedderburn site** EL 3800, MIN App 5425
- **Kingower tenement** MIN 4001

Goldsborough Resource project-

- **Queen's Birthday jv** EL 5029
- **Harvest Home jv** 50% jv interest in EL 4985

Wilson Hill Resource project- EL 4999

AVOCA SEGMENT – Beavis-Fiddlers Creek operating site

Avoca resource project EL 4936

Beavis-ISG-Resource project- WA's 1395 & 1304

Fiddlers Ck Resource project - Min's 4548 & 4023



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INGLEWOOD PROJECT

MAXWELLS MINE AND MINE SITE

Underground activities were put on hold pending results of the ongoing corporate activities.

ROM

Still on the ROM pad at the Mill site at end of the Quarter was:

- 13,659t at estimated average 1.8g/t

The material on ROM consists of a small amount of underground ore with mostly upgraded scats and sands for reprocessing.

Near mill, at surface and accessible (approved for mining) - but not on the ROM pad - sits a significant amount of low grade tailings still available for processing. These are:

- 20,000t at ~0.9g/t (Columbian tailings)
- 10,000t at ~0.95g/t (old Maxwell tailings)
- 10,000 at 1.1g/t (Welcome tailings)

Total of this off ROM material is ~40,000t at ave 0.95 g/t

MAXWELLS PROCESSING PLANT

The processing plant was on care and maintenance for the quarter.

A skeleton crew have undertaken basic maintenance, a high tungsten coating process has been sourced for the secondary crusher and is to be trialled on recommissioning. This may allow more efficient use of the hammer mill for crushing of the ROM pad oversize material which accounts for a high percentage of the ROM pad tonnage. If not planning for a mobile crusher to pre-process the oversize stockpile has been undertaken.

Upon restart of the plant crushing and processing of this oversize is a priority.

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

Jersey Target

Further research carried out on the Jersey line of reef, where the Exploration Target range has been increased to 80 – 130,000 ounces (see Resource and Exploration Target report released to ASX on 13 March 2013 for the parameters of this and all other GBM group Exploration Targets)

Gropers Gully

An alluvial mining work plan is being prepared for the Gropers Gully area where significant volumes of shallow Recent and deeper Tertiary alluvial's are present.

The recovery of gold as well as the production of sand and gravels will be the key focus.

Scandinavian Gully

Planning and approvals progressed in respect of mining of the Scandinavian Gully deposit. Work ongoing.

Gowks Hill

Ongoing approval work for bulk sampling was carried out.

A small area of company owned land has been set aside for an offset subject to DSE approval.

GOLDSBOROUGH PROJECT

Queen's Birthday EL 5029 & Harvest Home EL 4985

Work this quarter focused on:

- The GBM interests having been sold in 2012 to GBM group subsidiary Greater Bendigo Gold Mines Pty Ltd (GBGM), work continued on formalising the JV documentation with new JV partner Silver Bright Investments Ltd and preliminary work on registration and transfer of the amended interests (the JV interests still held within the group).
- Native Title work on Min 5510 by the old JV Partners is progressing to allow the granting of MIN 5510 and the subsequent transfer to the new JV partners



WILSON HILL

Little exploration work during the quarter.

Representatives of a large Chinese exploration group visited with a view to entering an extensive JV exploration programme with respect to EL 4999 & potentially other GBM tenements.

The objective is to obtain commitment to a significant drilling programme designed to determine the extent of the field from surface down to 500m – and aimed to increase confidence in the resource at Wilson Hill.

The market will be updated in respect of any further developments in due course.

AVOCA SEGMENT

BEAVIS

The Beavis Project, having effectively been sold to Wiltshire Asset Management (WAM) during the quarter, saw little work undertaken by ISG /GBM.

AVOCA-FIDDLERS CREEK - EXPLORATION TARGETS

EL 4936 Pyrenees

Some work was carried out during the quarter, with the focus was on the reef systems associated with the Percydale fault.

A reconnaissance rock chip sampling program over an area of exposed veining failed to outline any mineralisation of significance although extensive bodies of quartz veining exist. Further work will involve soil sampling down slope of the veining in areas associated with offset faults.

A work Plan Variation to undertake drilling at various targets has been submitted to DPI.



CORPORATE & SERVICES

INGLEWOOD GOLD MINING CO P/L - TRANSACTION WITH WILTSHIRE

Whilst Wiltshire invested a further \$350,000 during the quarter, bringing its total invested in to GBM subsidiary Inglewood Gold Mining company Pty Ltd to \$1,437,367 at date of this report, it has not yet met payment of the amounts it is contractually obliged to remit.

Whilst written assurances of intent to continue and complete have been given by Wiltshire, the non delivery of funds in line with contract is naturally of serious concern to both the board of INGMCo and GBM. Active discussions are in train with Wiltshire concerning the timing to make overdue payments.

An alternative source of funds for the group has emerged and this opportunity is being actively progressed as an alternative or backup. In the event the Wiltshire default is not remedied, the funds paid by Wiltshire to date will be forfeit to INGCMo and not repayable.

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, the joint ventures and various 3rd parties.

The outside contracting work carried out by Kralcopic defrayed its costs, whilst still allowing it the service the administrative and geology/exploration/DPI reporting needs of the overall GBM group.

The analysis by Kralcopic geology personnel of especially the Inglewood field produced the updated Resource and Exploration target report released to ASX.

REVIEW OF VARIOUS INTERNATIONAL OPPORTUNITIES

Whilst prolonged discussions have continued with Sterlington Resources in respect of GBM acquiring one or more of the International investment opportunities they have identified, no concrete transaction has materialised.

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Whilst a number of the opportunities Sterlington has identified appear very attractive, they have not yet undergone the standard requirements of due diligence and expert and board review.

Therefore the previously expressed aim of having an investment proposal or proposals agreed and in front of shareholders before the end of the current financial year is now most unlikely. Shareholders will be updated as to progress as it occurs.

POST QUARTER FINANCIAL EVENTS & EXPECTED EVENTS

GBM expects to receive in the current Q4 FY2013 not less than A\$2m from one or other or a combination of :

- the Wiltshire transaction with Inglewood; &/or
- from a replacement transaction; &/or
- in part from a further funds from Sterlington Resources Ltd &/or related parties.

If funds are sourced from other than Wiltshire, then it is likely the Wiltshire transaction(s) will have defaulted and an accounting adjustment will be needed in the treatment of the two Wiltshire transactions. This will reflect the forfeiture of payments made by Wiltshire to date and reconsolidation of relevant assets in to the group accounts..

If Sterlington does not meet its undertakings in respect of provision of funds, and an alternative transaction is progressed, then it is likely that the proposed international expansion off the back of projects sourced by Sterlington will also not occur.

The above \$2m funding is seen as adequate to address the GBM group's immediate issues, but further and following funding transactions will be required. Other discussions are in train in respect of further funding transactions also, in the event the contracted funds do not materialise.



FORWARD CASH POSITION

At 31 March 2013 the GBM group had negligible cash at bank (circa \$1k)

GBM expects to receive in the quarter April to June 2013 :

- ~A\$700,000 investment per agreement with Sterlington Resources
- A\$1m per further tranche of funds under the contract with Wiltshire Asset Management (WAM) in respect of the INGMCo transaction

& GBM subsidiary Inglewood Gold Mining Company Pty Ltd (INGMCo) expects to receive :

- A\$1.86 – 3.55m as further funds under the contract with Wiltshire;

In addition INGMCo has a further contracted receivable from Wiltshire, being tranche 3 of A\$4m. Timing of this is under discussion.

Further payments from Wiltshire Asset Management to GBM in respect of the sale of the ISG subsidiary, are not scheduled to commence in the current financial year.

In the event that in the very short term the above transactions fail to produce the cash that these parties have undertaken to be deliver, an alternative funding solution is under active discussion and will be implemented.

Signed for and on behalf of GBM Gold Limited

A handwritten signature in black ink, appearing to read "Ian Smith", is written over a horizontal line.

Ian Smith

Ian W. Smith (Executive Chairman) 30 April 2013



ABOUT GBM GOLD LTD (ASX: GBM)

GBM Gold Ltd (GBM) is focused on becoming a strong gold production company, with a growing focus on surface accessed production.

The initial focus has been on building a solid gold production base in Central Victoria, Australia from its various Resource projects in the region. Within each of its Resource projects 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 operations, a centralised geology team as well as Bendigo based management, finance and administration personnel.

GBM is also focused on acquiring a few select international gold assets to provide strong resource and revenue growth in future.

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)

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

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 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 Ltd

ABN

59 119 956 624

Quarter ended ("current quarter")

31 March 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 Months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	177
1.2 Payments for (a) exploration & evaluation	-	(84)
(b) development	-	(139)
(c) production	(5)	(814)
(d) administration	(458)	(1,137)
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	(12)	(351)
1.6 Income taxes paid	-	(176)
1.7 Other (provide details if material)	29	(6)
Net Operating Cash Flows	(446)	(2,529)
Cash flows related to investing activities		
1.8 Payments for purchases of: (a) prospects	-	(36)
(b) equity investments	-	-
(c) other fixed assets	-	(4)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	750
(c) other fixed assets	1	1
1.10 Loans to other entities	(3)	(3)
1.11 Loans repaid by other entities	1	1
1.12 Other (provide details if material)	1	14
Net Investing Cash Flows	(1)	722
1.13 Total operating and investing cash flows (carried forward)	(447)	(1,807)

1.13	Total operating and investing cash flows (brought forward)	(447)	(1,807)
Cash flows relating to financing activities			
1.14	Proceeds from issue of shares, options, etc.	-	225
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	427	641
1.17	Repayment of borrowings	(12)	(415)
1.18	Dividends paid	-	-
1.19	Other (provide details if material) (* refer 1.25 below)	-	1,212
Net financing cash flows		414	1,664
Net increase (decrease) in cash held		(32)	(143)
1.20	Cash at beginning of quarter/year to date	33	144
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1	1

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	(83)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for 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

Add notes as necessary for an understanding of the position

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	4,870	4,870
3.2 Credit standby arrangements	170	15

Notes to financing facilities available - Loan facilities 3.1: Under 3.1 "Loan Facilities" included are the amounts of (i) \$375k loaned from Sterlington Resources to GBM Gold Ltd (GBM) but contracted to be converted to shares in GBM [but not yet converted]; and (ii) A\$1.437m loaned from Wiltshire Asset Management Ltd to Inglewood Gold Mining Company Pty Ltd (INGMCo) but contracted to be converted to shares in INGMCo [but not yet converted - and potentially forfeit if certain overall conditions are not met].

Notes to financing facilities available Credit Standby arrangements 3.2 : Separate to the Credit Standby amounts shown in 3.2 above the group has considerable contract receivables. GBM group companies have entered three arrangements which leave the group with receivables of A\$4m + ~A\$7.55m + \$0.75m totalling ~A\$12.4m. Two of these arrangements were pending settlement in Q1 calendar 2013 but are rescheduled to Q2 calendar 2013 being (i) Panamanian based investment group Wiltshire Asset Management (WAM) is to deliver at least a further A\$3.65m of the remaining A\$7.65m committed re the Inglewood transaction in during Q2 calendar 2013, with the further A\$4m either in Q2 or Q3 calendar 2013; and (ii) Isle of Man based Sterlington Resources Ltd was to deliver A\$750k committed in Q1 calendar 2013 but this too is now rescheduled to Q2 calendar 2013. further (iii) the A\$4m still due from WAM under the ISG transaction is not due this financial year, but payment is to commence from July 2013.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	100
4.3 Production	600
4.4 Administration	800
Total	1,800

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	1	33
5.2 Deposits on call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1	33

Changes in interests in mining tenements

6.1 Interests in mining tenements
relinquished, reduced or lapsed

6.2 Interest in mining tenements acquired
or increased

Tenement reference	Nature of interest (note(2))	Interest at beginning of quarter	Interest at end of quarter

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Issued and quoted securities at the end of the 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 (description)	NIL	NIL		
7.2 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		
7.4 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description)	NIL	NIL		
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	NIL	NIL		
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)	NIL	NIL		
7.12 Unsecured notes (totals only)	NIL	NIL		

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 April 2013

Print name:

Ian W Smith
(Executive 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.

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