



ABN 91 124 752 745

Financial Report

**For the Half-Year Ended
31 December 2021**

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GBM Resources Limited
ABN 91 124 752 745

Corporate Directory

Directors

Peter Mullens
Executive Chairman

Peter Rohner
Managing Director

Peter Thompson
Non-Executive Director

Brent Cook
Non-Executive Director

Guan Huat Sunny Loh
Non-Executive Deputy Chairman

Company Secretary

Kevin Hart
Dan Travers

Registered Office

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Principal Place of Business

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Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000
AUSTRALIA

Share Registry

Computershare Investor Services
Level 11, 172 St Georges Terrace
Perth WA 6000
AUSTRALIA
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Securities Exchange Listing

GBM Resources Limited - shares are listed on the
Australian Securities Exchange (ASX Code: GBZ)

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Building
16 Milligan Street
Perth WA 6000
AUSTRALIA

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www.gbmr.com.au

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Directors' Report

The Directors present the consolidated financial statements of GBM Resources Limited for the half-year ended 31 December 2021.

Directors

The following persons were directors of GBM Resources Limited during the whole of the half-year and up to the date of this report, unless stated otherwise:

Current Directors

Peter Mullens	Executive Chairman
Peter Rohner	Managing Director
Peter Thompson	Non-Executive Director
Guan Huat Sunny Loh	Non-Executive Deputy Chairman
Brent Cook	Non-Executive Director

Company Secretary

Kevin Hart	Joint Company Secretary
Dan Travers	Joint Company Secretary

Review of Operations

The consolidated net loss after income tax for the half-year was \$2,363,745 (31 December 2020: \$1,343,951 loss), which includes exploration costs expensed and written off of \$290,767 (31 December 2020: \$197,950); impairment losses of \$405,277 (31 December 2020: nil) and fair value losses of approximately \$1.1 million (31 December 2020: \$314,182).

At the end of the half-year the Group had \$6,663,426 (30 June 2021: \$5,676,340) in cash and at call deposits. In addition, the Group holds an investment in Canadian TSX listed company, Novo Resources Corp., valued at approximately \$1.4 million at 31 December 2021.

Capitalised mineral exploration and evaluation expenditure at 31 December 2021 was \$24,143,794 (30 June 2021: \$19,574,428).

Exploration

Exploration expenditure incurred for the six months ended 31 December 2021 on the Company's wholly owned projects was \$5,032,829, (31 December 2020: \$2,974,863) and for the Farm-in projects was \$308,782 (31 December 2020: \$81,518).

Exploration activities for the period were focussed on the Company's Yandan Gold Project in the Drummond Basin, Queensland where Phase 1 drilling confirmed the potential to further expand the current gold resources at East Hill and will lead to resource upgrade work in the second half. A diamond drill program, undertaken at the Glen Eva deposit in the Mt Coolon Gold Project, has extended the mineralisation to the south-east of the current Glen Eva resource and has highlighted a major new zone of gold mineralisation.

Exploration activities, including diamond drilling, were undertaken at the Malmsbury Gold Project which is subject to a farm in and joint venture with Novo Resources Corp. The Group holds a 50% interest in Malmsbury.

Production – White Dam

On 30 July 2021, the Company completed the acquisition of a 100% interest in White Dam Gold Project, South Australia which includes associated infrastructure, all leaching, gold processing plant, mining leases (including all JORC resources) and other tenements. The Group's share of gold production from the heap leach operation for the 6 months was 874 ounces and the Company is in the process of finalising smelter terms in Australia for the sale of copper concentrate.

At 31 December 2021, the Group's acquisition of the White Dam operation has been accounted for on a provisional basis as allowed under AASB 3 Business Combinations, and will be finalised by the end of the financial year once resource and tenement valuations are completed.

Directors' Report

Corporate

During the reporting period, the Company completed a capital raise receiving proceeds totalling \$7.4 million (before costs) which helped fund the acquisition of the Twin Hills Gold Project from Minjar Gold Pty Ltd. The acquisition of Twin Hills was completed in January 2022.

A binding definitive sale and purchase agreement with Consolidated Uranium Inc, for the sale of the Brightlands-Milo Project in Queensland, was executed during the current reporting period, with the cash consideration of \$538,488 being received in November 2021.

Significant Changes in the State of Affairs of the Group

Other than as stated above and elsewhere in this report, there have been no significant changes in the state of affairs of the Group during the period ended 31 December 2021.

Events Subsequent to the Reporting Date

Other than the matters stated below, there has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

- On 17 January 2022 the Group completed the acquisition of the Twin Hills Project and an updated JORC 2012 Mineral Resource estimate was announced on 2 February 2022.
- On 2 February 2022 the Company announced a non-renounceable pro rata entitlement offer of 51,083,636 Loyalty Options at an issue price of \$0.025 per option. The offer closed on 25 February 2022 and raised a total of approximately \$1,277,000 before costs.
- On 21 February 2022 the Company advised that it had entered into a binding Option Agreement with C29 Metals Limited for the sale of its 100% owned Mayfield Project in north-west Queensland.

The impact of the coronavirus (COVID-19) pandemic is ongoing. The situation is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

This report is made in accordance with a resolution of the Directors.

DATED at Perth this 16th day of March 2022.



Peter Mullens
Executive Chairman

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of GBM Resources Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
16 March 2022



M R Ohm
Partner

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Liability limited by a scheme approved under Professional Standards Legislation.

GBM Resources Limited
ABN 91 124 752 745

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2021

		Consolidated	
		31 December 2021 \$	31 December 2020 \$
	Note		
Share of joint venture income		504,334	556,763
Share of joint venture expenses		(444,626)	(456,226)
Net income from joint venture		59,708	100,537
Revenue from gold and silver sales		1,146,384	-
Interest income		4,360	5,805
Other revenue	3	33,642	50,000
Processing expenses		(499,233)	-
Royalty expenses		(79,781)	-
Employee expenses		(195,685)	(234,598)
Employee expenses – share based	15	(56,052)	(35,355)
Consulting and professional expenses		(287,204)	(294,873)
Interest and finance costs		(7,130)	(32,942)
Exploration costs expensed and written off	8	(290,767)	(197,950)
Depreciation and amortisation expenses		(166,471)	(32,290)
Impairment losses	2	(405,277)	-
Fair value loss on investments	10	(1,081,267)	(314,182)
Administration and other expenses		(538,972)	(358,103)
Loss before income tax		(2,363,745)	(1,343,951)
Income tax benefit		-	-
Net loss for the half-year attributable to the members of the parent entity		(2,363,745)	(1,343,951)
Other comprehensive income		-	-
Total comprehensive loss for the period attributable to the members of the parent entity		(2,363,745)	(1,343,951)
Loss per share			
Basic loss per share (cents)		(0.5)	(0.4)
Diluted loss per share (cents)		(0.5)	(0.4)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

GBM Resources Limited
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Condensed Consolidated Statement of Financial Position
As at 31 December 2021

		Consolidated	
		31 December 2021	30 June 2021
		\$	\$
	Note		
Current assets			
Cash and cash equivalents	4	6,663,426	5,676,340
Trade and other receivables	5	163,032	1,030,582
Prepayments		104,450	22,913
Asset held-for-sale	6	874,350	241,654
Inventories	7	1,114,808	673,654
Total current assets		8,920,066	7,645,143
Non-current assets			
Trade and other receivables	5	8,366,983	5,932,649
Exploration and evaluation expenditure	8	24,143,794	19,574,428
Property, plant and equipment		3,257,936	1,380,604
Right-of-use assets	9	218,536	-
Capitalised option costs		-	45,000
Financial assets	10	1,417,969	3,516,640
Total non-current assets		37,405,218	30,449,321
Total assets		46,325,284	38,094,464
Current liabilities			
Trade and other payables	11	2,480,265	2,394,223
Employee leave liabilities		233,477	-
Deferred consideration	6	538,488	-
Lease liabilities	12	81,257	-
Borrowings	13	102,878	20,304
Total current liabilities		3,436,365	2,414,527
Non-current liabilities			
Lease liabilities	12	139,961	-
Borrowings	13	51,808	43,415
Provision for rehabilitation		8,236,101	6,296,101
Total non-current liabilities		8,427,870	6,339,516
Total liabilities		11,864,235	8,754,043
Net assets		34,461,049	29,340,421
Equity			
Issued capital	14	61,003,354	53,575,033
Accumulated losses		(27,245,218)	(24,881,473)
Share based payment reserve		702,913	646,861
Total equity		34,461,049	29,340,421

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

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Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2021

	Issued capital \$	Accumulated losses \$	Share based payment reserve \$	Total \$
At 1 July 2020	36,986,753	(25,149,324)	362,913	12,200,342
Total comprehensive result for the half-year:				
Loss for the half-year	-	(1,343,951)	-	(1,343,951)
Other comprehensive income	-	-	-	-
	-	(1,343,951)	-	(1,343,951)
Shares issued net of costs	12,249,766	-	-	12,249,766
Transfer on exercise of options/rights	224,966	-	(224,966)	-
Fair value of options/rights vesting	-	-	219,673	219,673
At 31 December 2020	49,461,485	(26,493,275)	357,620	23,325,830
At 1 July 2021	53,575,033	(24,881,473)	646,861	29,340,421
Total comprehensive result for the half-year:				
Loss for the half-year	-	(2,363,745)	-	(2,363,745)
Other comprehensive income	-	-	-	-
	-	(2,363,745)	-	(2,363,745)
Shares issued net of costs	7,428,252	-	-	7,428,252
Exercise of options	69	-	-	69
Fair value of options/rights vesting	-	-	56,052	56,052
At 31 December 2021	61,003,354	(27,245,218)	702,913	34,461,049

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

GBM Resources Limited
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Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2021

		Consolidated	
		31 December 2021 \$	31 December 2020 \$
	Note		
Cash flows from operating activities			
Cash receipts from gold sales		1,650,718	556,763
Payments to suppliers and employees		(1,978,441)	(1,692,182)
Recognition of share of joint venture operating cash assets	16	48,386	313,820
Other income		4,950	-
Government assistance		184,000	50,000
Interest received		4,360	2,861
JV management fee income		57,390	-
Interest and other costs of finance paid		(7,130)	(38,775)
Net cash used in operating activities		<u>(35,767)</u>	<u>(807,513)</u>
Cash flows from investing activities			
Payments for environmental bonds and deposits		(2,475,708)	(23,508)
Proceeds from release of bonds and deposits		38,874	-
Payments to acquire property, plant and equipment		(192,629)	(516,441)
Payments to acquire business	16	(560,950)	-
Funds provided by JV partner under farm-in agreement		2,088,142	-
Proceeds from sale of investments		912,271	-
Proceeds from sale of tenements		538,488	-
Payments for exploration and evaluation, including joint venture spend		(6,267,044)	(2,900,142)
Net cash used in investing activities		<u>(5,918,556)</u>	<u>(3,440,091)</u>
Cash flows from financing activities			
Proceeds from the issue of shares		7,400,000	12,062,663
Share issue costs		(438,748)	(698,382)
Proceeds from the exercise of options		69	-
Proceeds from borrowings		29,689	-
Repayment of borrowings		(11,267)	-
Repayment of lease liabilities		(32,566)	-
Net cash from financing activities		<u>6,947,177</u>	<u>11,364,281</u>
Net increase in cash held		992,854	7,116,667
Cash at the beginning of the period		5,676,340	1,382,072
Effect of foreign currency exchange on cash		(5,768)	-
Cash at the end of the period		<u>6,663,426</u>	<u>8,498,749</u>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR REPORT

These general purpose financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures that the financial statements comply with International Financial Reporting Standard IAS 134: Interim Financial Reporting.

The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared on the historical cost basis.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2021 and any public announcements made by GBM Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies, accounting judgements, key estimates and methods of computation have been followed in these half-year financial statements as compared with the most recent annual financial statements. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

The financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As at 31 December 2021 the Group has cash assets of \$6,663,426, total current liabilities at that date amounting to \$3,436,365 and operating cash outflows for the six months of \$35,767. Subsequent to the end of the reporting period, the Group raised approximately \$1.28 million from a Non-renounceable Pro Rata Entitlement Offer of Options.

The Directors will continue to manage the Group's activities with due regard to current and future funding requirements. The directors reasonably expect that the Company will be able to raise sufficient capital to fund the Group's exploration and working capital requirements if required, and that the Group will be able to settle debts as and when they become due and payable.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR REPORT (CONTINUED)

Adoption of new and revised accounting standards

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group for the reporting period ended 31 December 2021.

The consolidated half-year financial statements were approved by the Board of Directors on 16th March 2022.

NOTE 2 SEGMENT INFORMATION

Operating segments are identified and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's Board of Directors, being the Group's Chief Operating Decision Maker, as defined by AASB 8.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Group has two operating segments, these being mineral exploration and resource development within Australia and production of minerals in Australia.

The following tables present revenue and profit information and certain asset and liability information regarding operating segments.

31 December 2021	Mineral Exploration \$	Mineral Production \$	Consolidated \$
Interest income	4,360	-	4,360
Other income	33,642	1,650,718	1,684,360
Segment income	38,002	1,650,718	1,688,720
Segment expenses ¹	(2,464,157)	(1,588,308)	(4,052,465)
Segment profit/(loss)	(2,426,155)	62,410	(2,363,745)
Current assets	7,351,260	1,568,806	8,920,066
Non-current assets	32,695,688	4,709,530	37,405,218
Current liabilities	(2,740,527)	(695,838)	(3,436,365)
Non-current liabilities	(6,436,062)	(1,991,808)	(8,427,870)
Net assets	30,870,359	3,590,690	34,461,049

¹ Mineral production expenses includes a \$405,277 impairment charge on the White Dam Sulphidisation-Acidification-Recycling-Thickening (SART) Plant, following an independent valuation.

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

NOTE 2 SEGMENT INFORMATION (CONTINUED)

31 December 2020	Mineral Exploration \$	Mineral Production \$	Consolidated \$
Interest income	5,805	-	5,805
Other income	50,000	556,763	606,763
Segment income	55,805	556,763	612,568
Segment expenses	(1,500,293)	(456,226)	(1,956,519)
Segment profit/(loss)	(1,444,488)	100,537	(1,343,951)
Current assets	9,486,771	856,389	10,343,160
Non-current assets	15,124,839	1,344	15,126,183
Current liabilities	(902,702)	(486,553)	(1,389,255)
Non-current liabilities	(754,258)	-	(754,258)
Net assets	22,954,650	371,180	23,325,830

NOTE 3 OTHER REVENUE AND OTHER GAINS/LOSSES

	Consolidated	
	31 December 2021 \$	31 December 2020 \$
Government grant income	-	50,000
Joint venture management fee income	20,738	-
Gain on disposal of investments	7,954	-
Other income	4,950	-
	33,642	50,000

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

NOTE 4 CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
a) Cash and cash equivalents		
Cash at bank and on hand	6,637,355	5,650,272
Bank at call cash account	26,071	26,068
	6,663,426	5,676,340

b) Cash balances not available for use

Included in cash and cash equivalents are amounts pledged as guarantees for the following:

Corporate credit card facility	26,071	26,068
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c) Cash available for specific use

Included in cash and cash equivalents is \$1,306,027 relating to cash calls received in advance from farm in and joint venture partners. These funds are for specific use on tenements covered under the Malmsbury and Cloncurry Joint Venture agreements.

NOTE 5 TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
Current		
Trade receivables	26,299	223,796
Refundable exploration costs – Novo ¹	-	452,366
GST recoverable	135,914	136,168
Other debtors	819	218,252
	163,032	1,030,582
Non-current		
Environmental bonds and security deposits for:		
Mount Coolon Gold Project	1,238,000	765,806
Yandan Project	5,077,151	5,077,151
White Dam	1,940,000	-
Other	111,832	89,692
	8,366,983	5,932,649

¹ Amounts refundable to the Group from Novo Resources Corp. in respect of exploration activities undertaken during the options period.

GBM Resources Limited
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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

NOTE 6 ASSETS HELD FOR SALE

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Mount Morgan ¹	683,932	241,654
Mayfield ²	173,252	-
Brightlands Milo ³	17,166	-
	874,350	241,654

¹ In the previous financial year, the Group executed a binding Letter of Intent with Canadian listed company, Smartset Services Inc. ("Smartset"), for the sale of the Mt Morgan Gold-Copper Project, subject to shareholder approval. Smartset will issue the Company 20,079,545 shares in Smartset as consideration. In addition, Smartset will make a cash payment with respect to any amount paid by the Company on obtaining native title and landholder access and compensation agreements, and on exploration expenditures for Mt Morgan between the date of the execution of the LOI until transaction completion (to a maximum of C\$250,000).

² Subsequent to 31 December 2021, a binding option agreement was executed with C29 Metals Limited ("C29") for the sale of the Mayfield Project tenement EM19483. Under the terms of the agreement, C29 is required to pay two option fees of \$20,000 each. Subject to the exploration licence being renewed and C29 exercising the option, the Group will receive consideration comprising of a cash payment of \$210,000 and the greater of 1.25 million C29 shares or the value of \$250,000 in C29 shares (based on a 7-day VWAP).

³ In the current reporting period, the Group signed a definitive sale and purchase agreement with Canadian listed company Consolidated Uranium Inc. ("CUR") for the sale of the Brightlands Milo tenement EPM14416 in Queensland. Consideration consists of a cash payment of C\$500,000 (which was received in the current reporting period) and a completion payment of 750,000 CUR shares (valued at approximately A\$2.3 million based on the 7-day VWAP prior to signing the sale and purchase agreement) due when the tenement transfers are completed. At 31 December 2021, the initial cash payment received on execution of the sale and purchase agreement is shown as Deferred Consideration on the Consolidated Statement of Financial Position.

NOTE 7 INVENTORIES

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Copper on hand	371,241	538,667
Gold in heap leach, gold in transit, gold bullion	598,185	80,047
Reagents and consumables	145,382	54,940
	1,114,808	673,654

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

NOTE 8 EXPLORATION AND EVALUATION EXPENDITURE

The capitalised exploration and evaluation expenditure of \$24,143,794 (30 June 2021: \$19,574,428) represents expenditure and acquisition costs incurred by the Group on its exploration assets.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

	Consolidated	
	31 December 2021 \$	31 December 2020 \$
Capitalised exploration costs at the beginning of the period	19,574,428	10,848,146
Tenement acquisition costs capitalised ¹	460,000	-
Exploration and evaluation costs incurred (excluding joint venture costs incurred)	5,032,829	2,974,863
Less: transfer to asset held for sale (refer note 6)	(632,696)	(917,914)
Less: exploration costs not capitalised	(290,767)	(197,950)
Capitalised exploration costs at the end of the period	24,143,794	12,707,145

¹ Fair value of shares issued to acquire exploration permit application EPM 27554 in the Drummond Basin from Yacimiento Pty Ltd and to acquire EPM17850 from Native Mineral Resources Pty Ltd.

NOTE 9 RIGHT-OF-USE ASSETS

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
Opening balance	-	-
Right-of-use asset additions	253,784	-
Depreciation expense	(35,248)	-
	218,536	-

The Group leases office space in Brisbane, Australia under an agreement for a term of 3 years.

GBM Resources Limited
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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

NOTE 10 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated	
	6 months to 31 December 2021 \$	Year to 30 June 2021 \$
Balance at the start of the period	3,516,640	794,833
Investments acquired ¹	-	3,688,367
Shares transferred ²	(110,120)	(13,338)
Disposal of investments	(907,284)	(589,607)
Loss on investment recognised through profit or loss ³	(1,081,267)	(363,615)
	1,417,969	3,516,640

¹ Fair value of fully paid ordinary shares received from Novo Resources Corp (Novo), a TSX-V listed company.

² Shares transferred to suppliers as consideration for services received.

³ Adjustment to carrying value of investment in Novo based on TSX closing price and the AUD/CAD exchange rates at the date of disposal and at the end of each reporting period.

Investments designated at fair value through profit or loss have been measured at Level 1 in the fair value hierarchy.

NOTE 11 TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
Current		
Unspent funds received from farm-in partner	1,214,235	-
Acquisition costs payable ¹	146,109	12,500
Trade creditors ²	537,692	1,798,741
Sundry creditors and accruals	410,436	533,208
Employee liabilities	171,793	49,774
	2,480,265	2,394,223

¹ Current period: estimate of royalty payable as part consideration on the acquisition of White Dam (refer note 16). Prior period: acquisition costs payable to Drummond Gold Limited pursuant to the acquisition of Mt Coolon Gold Mines Pty Ltd.

² Trade payables are non-interest bearing and are normally settled on 30 day terms.

GBM Resources Limited
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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

NOTE 12 LEASE LIABILITIES

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
Current liability	81,257	-
Non-current liability	139,961	-
Total lease liabilities	221,218	-
	6 months to 31 December 2021 \$	Year to 30 June 2021 \$
Movement in lease liabilities		
Opening balance	-	-
Increase in liability on new lease	253,784	-
Principal repayments	(32,566)	-
Lease liabilities at the end of the period	221,218	-

During the current reporting period, \$3,484 interest expense on leases was recognised in the Statement of Profit or Loss and Other Comprehensive Income.

NOTE 13 BORROWINGS

	Consolidated	
	31 December 2021 \$	30 June 2021 \$
Current		
Secured loan ¹	30,828	20,304
Insurance premium funding	72,050	-
	102,878	20,304
Non-current		
Secured loan ¹	51,808	43,415
Total Borrowings	154,686	63,719

¹The Company has entered into loan agreements to finance vehicles/mobile equipment at the White Dam project. The loans have a term of 3 years and are secured over the assets financed, which have a net book value of \$96,380 at 31 December 2021.

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

NOTE 14 ISSUED CAPITAL

	6 months to 31 December 2021 #	Year to 30 June 2021 #	6 months to 31 December 2021 \$	Year to 30 June 2021 \$
At the beginning of the period	433,246,182	225,038,134	53,575,033	36,986,753
Shares issued to acquire subsidiary ¹	-	22,222,222	-	3,000,000
Shares issued to acquire tenements ²	3,562,500	-	460,000	-
Share placement ³	-	46,407,371	-	2,552,405
Entitlement issue ⁴	-	55,884,212	-	3,073,632
Share placement ⁵	-	55,407,407	-	7,480,000
Shares issued in lieu of payment for services ⁶	-	2,022,249	-	205,247
Exercise of options ⁷	625	553,254	69	60,858
Exercise of rights ⁸	-	2,378,000	-	252,038
Shares issued on convertible note exercise ⁹	-	23,333,333	-	700,000
Share placement	74,000,000	-	7,400,000	-
Costs related to share issues	-	-	(431,748)	(735,900)
At the end of the period	510,809,307	433,246,182	61,003,354	53,575,033

¹ June 2021: shares issued at 13.5 cents per share in consideration for the acquisition of a 100% interest in the issued capital of Straits Gold Pty Ltd.

² Shares issued for the acquisition of exploration permit applications from Yacimiento Pty Ltd and an exploration tenement from Native Mineral Resources Limited.

³ Placement shares issued at 5.5 cents per share.

⁴ Pro rata non-renounceable entitlement issued at 5.5 cents per share.

⁵ Placement shares issued at 13.5 cents per share.

⁶ Shares issued to consultant in lieu of cash payment for services – 509,904 shares at 5.5 cents per share; 492,613 shares at 6.7 cents per share; 387,152 shares at 11.3 cents per share; 404,458 shares at 15.9 cents per share and 228,122 shares at 15.7 cents per share.

⁷ Shares issued on exercise of quoted options exercisable at 11 cents and expiring on 6 July 2023.

⁸ Shares issued on the exercise of performance rights – 1,128,000 shares at 9.6 cents per share and 1,250,000 shares at 11.5 cents per share.

⁹ Shares issued on the conversion of a convertible note at 3 cents per share.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

NOTE 15 SHARE BASED PAYMENTS

Options

During the reporting period the Company issued 855,000 unlisted options exercisable at 18 cents each and expiring 31 October 2025. One third of the options vest on 15 November 2022, 15 November 2023 and 15 November 2024.

The options were valued using the Black-Scholes option model using the following inputs:

Date of grant	Number of options	Exercise price	Expiry period	Share price at grant	Risk free rate	Volatility	Valuation of options
9 Dec 2021	855,000	\$0.18	4 Years	\$0.125	0.93%	72%	\$47,857

The fair value of options is apportioned over the vesting period of the options. A total expense of \$2,600 has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 December 2021 in respect of options vesting during the period.

During the reporting period, no unlisted options vested, were exercised or cancelled and 625 quoted entitlement options were exercised.

Subsequent to the end of the reporting period, 51,083,636 unquoted loyalty options were issued as part of a non-renounceable pro rata entitlement offer. No options were exercised or cancelled subsequent to the end of the reporting period.

Performance rights

During the reporting period the Company issued 1,780,654 performance rights as shown in the table below. The performance rights have been recognised at the underlying share price at the date of grant.

Date of grant	Number of rights	Vesting Date	Expiry Date	Share price at grant	Valuation of options
23 Aug 2021	595,654	1 Mar 2022	26 Aug 2025	\$0.115	\$68,500
9 Dec 2021	395,000	15 Nov 2022	31 Oct 2025	\$0.125	\$49,375
9 Dec 2021	395,000	15 Nov 2023	31 Oct 2025	\$0.125	\$49,375
9 Dec 2021	395,000	15 Nov 2024	31 Oct 2025	\$0.125	\$49,375

The fair value of performance rights is apportioned over the vesting period of the rights. A total expense of \$53,452 has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 December 2021 in respect of performance rights vesting during the period.

During the reporting period, no performance rights vested, were exercised or cancelled.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

NOTE 16 ACQUISITION OF WHITE DAM PROJECT

At 30 June 2021, the Group held a 50% interest in the White Dam joint venture. Under the terms of the joint venture agreement, the Company had the option to acquire 100% of the White Dam Project (plant, equipment, tenements and environmental liabilities) for an exercise price of \$500,000, a 2% royalty on any copper and gold production revenue and replacement of environmental bonds of \$1,940,000.

The Group exercised this option and on 29 July 2021, Millstream Resources Pty Ltd, a subsidiary of the Company, acquired 100% of the ordinary shares of Exco Resources Pty Limited ("Exco"), Polymetals (White Dam) Pty Ltd ("PWD") and Polymetals Operations Pty Ltd ("PO") for a total provisional consideration of \$2,647,059 as shown in the table below. Exco and PWD hold the legal interest in the White Dam tenements, whilst PO is the manager and operator of the heap leach project.

Prior to the acquisition of the 100% interest, the Group recognised the following amounts in profit or loss in respect of its 50% interest in the production from the White Dam gold-copper joint venture up to 29 July 2021:

	Consolidated 29 July 2021
	\$
Revenue from sales of gold	504,334
Company share of JV operational costs	(444,626)
Net income/(expenditure) from joint venture activities	59,708

For the period from 30 July 2021 to 31 December 2021, the acquired business contributed revenues of \$1,146,384 and profit after tax of \$407,979 to the Group. If the acquisition occurred on 1 July 2021, the full half-year contributions would have been revenues of \$2,155,052 and profit after tax of \$527,395.

Consideration

	Fair value \$
Cash (option fee and working capital adjustment)	560,950
Replacement of environmental bonds	1,940,000
Royalty (provisional value)	146,109
Total provisional consideration	2,647,059

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

NOTE 16 ACQUISITION OF WHITE DAM PROJECT (continued)

Identifiable assets acquired and liabilities assumed

	Fair value \$
Assets	
Cash and cash equivalents	48,386
Trade and other receivables	350,387
Prepayments	38,451
Inventories-reagents & consumables	73,552
Environmental bonds	1,940,000
Plant and equipment (provisional)	2,308,459
Exploration tenements and JORC resources ¹	-
Total assets acquired (provisional)	4,759,235
Liabilities	
Trade and other payables	-
Accrued expenses	(13,800)
Employee benefits	(158,376)
Rehabilitation provisions	(1,940,000)
Total liabilities assumed	(2,112,176)
Total identifiable net assets at fair value (provisional)	2,647,059
Consideration received (provisional)	2,647,059
Excess of consideration over net assets	-

¹The acquisition has been prepared on a provisional basis at 31 December 2021, as allowed for under AASB 3 Business Combinations, as the Group will require additional time to complete valuations of the resource and exploration permits acquired. The Group will finalise its acquisition accounting when it prepares its 30 June 2022 Annual Report.

Acquisition Related Costs

Any costs incurred in relation to the acquisition of White Dam have been included in the Statement of Profit or Loss and Other Comprehensive Income and total an amount of \$5,000.

NOTE 17 FAIR VALUE

The carrying amount of the financial assets and financial liabilities that are recognised in the condensed consolidated financial statements approximate their fair values.

The methods and valuation techniques used for the purposes of measuring fair value are unchanged from the previous reporting period.

NOTE 18 DIVIDENDS

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2021.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

NOTE 19 CONTINGENCIES AND COMMITMENTS

(i) Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

(ii) Contingent assets

There has been no change in contingent assets since the last annual reporting date.

(iii) Exploration commitments

Minimum expenditure requirements for the following 12 months on the Group's exploration licences as at 31 December 2021 are approximately \$6.1 million.

NOTE 20 EVENTS OCCURRING AFTER THE BALANCE DATE

Other than the matters stated below, there has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

- On 17 January 2022, the Group completed the acquisition of the Twin Hills Project and an updated JORC 2012 Mineral Resource estimate was announced on 2 February 2022.
- On 2 February 2022 the Company announced a non-renounceable pro rata entitlement offer of 51,083,636 Loyalty Options at an issue price of \$0.025 per option. The offer closed on 25 February 2022 and raised a total of approximately \$1,277,000 before costs.
- On 21 February 2022 the Company advised that it had entered into a binding Option Agreement with C29 Metals Limited for the sale of its 100% owned Mayfield Project in north-west Queensland.

The impact of the coronavirus (COVID-19) pandemic is ongoing. The situation is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

Directors' Declaration

The Directors of GBM Resources Limited ("the Company") declare that:

- (a) the attached interim financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standard AASB134 – *Interim Financial Reporting*, and the Corporations Regulations 2001, and other mandatory reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date.
- (b) 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 Directors, made pursuant to s303(5) of the Corporations Act 2001.

Signed at Perth this 16th day of March 2022.



Peter Mullens
Executive Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GBM Resources Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of GBM Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of GBM Resources Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

The directors of 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 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and

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its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
16 March 2022



M R Ohm
Partner