



ABN 91 124 752 745

ANNUAL REPORT 2018



GBM Resources Limited (GBM or the Company)

ASX Code
GBZ and GBZO

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CHAIRMAN'S REPORT

Dear Fellow Shareholders

The focus of GBM Resources continues to be on the development of the Mt Coolon Gold Project and extension of the known resources within the Company's highly prospective tenement holding in the Drummond Basin, Queensland.

Over the past year your Company has been successful in delivering on a number of key milestones for the Mt Coolon Gold Project. It has also set in place a development strategy targeted to deliver its objective of short-term gold production and cash flow generation.

Key events for the Mt Coolon Gold Project over the past year include:

- **Scoping Study completion.** Confirmed robust development economics with an estimated pre-tax IRR of 48% and pre-tax NPV_{10%} of A\$37 million.
- **New exploration permit applications (EPMA 26914 and 26842) adjacent to the large Bimurra and Eugenia epithermal gold systems.** This further secures the exploration strategy underpinning GBM's targeted growth within this world class gold province.
- **The Queensland Department of Environment and Heritage Protection approved a variation to the Environmental Authority covering the Koala and Glen Eva deposits.** This variation allows for mining of the Koala South and Central Pit and means the Koala deposit is effectively ready for mining start-up.
- **GBM signed an Ore Purchase Agreement with Minjar Gold to treat ore through the nearby Pajingo processing facility from 2019.** This delivers clear opportunity for a very low-capital entry to gold production and cash flow generation for the Company.
- **Recent agreement to acquire the Twin Hills Gold Project from Minjar Gold.** This acquisition delivers the clear potential to rapidly double GBM's existing resource base. Upon completion, we believe the acquisition can further underwrite the development of the Mt Coolon Gold Project via the potential contribution of high-margin satellite ore feed.

While equity markets remain challenging for gold project developers, the Company believes that the milestones achieved over the past year greatly increase the opportunity for accelerated development of the Mt Coolon Gold Project in the short term.

We have also delivered our seventh consecutive year with the outstanding performance of zero harm in safety and environment. This is a credit to our people and an indication of the Company's committed approach to operating in a safe, sustainable, and socially and environmentally responsible manner.

On behalf of the Board, I would like to thank GBM shareholders and all of our employees and contractors who have made this a successful year. We look forward to your continued support.

Yours sincerely

Peter Thompson
Executive Chairman

Our Vision – Our Values

OUR VISION

GBM Resources Limited is focused on delivering value to our shareholders through discovery, acquisition and development of projects in key commodities of gold and copper in Australia.

OUR VALUES

We are committed to achieving our vision in a safe and responsible manner with the highest regard for the environment and communities in which we operate.

SAFETY	SUSTAINABILITY	INTEGRITY	RESPONSIBILITY
We take care of our safety, health and wellness by recognising, assessing and managing risk to continue our goal of zero harm.	We have the highest regard and support for the environment and local communities in which we operate.	We behave ethically and respect each other and the customs, cultures and laws in which we operate.	We deliver on our commitments and work together with all stakeholders.

CORPORATE STRATEGY

To unlock the potential, GBM's focus is on a number of key drivers for both short and long-term success:

- ✓ Identify opportunities for early production and cashflow in deposits with potential for major resource growth.
- ✓ Focus on discovery of world-class gold and copper-gold deposits.
- ✓ Continue to consolidate and improve the quality of GBM's highly prospective tenement holdings.
- ✓ Apply a mineral systems approach to exploration.
- ✓ Operate safely and effectively.
- ✓ Maximise in-ground exploration expenditure.

HIGHLIGHTS FOR 2018

➤ Sustainable Development;

Our excellent record continues of zero LTI's and environmental incidents this year – this is the seventh year that GBM has achieved zero harm.

This is a credit to our people and an indication of the Company's stringent and high safety and environment standards.

➤ Mount Coolon Gold Project, QLD

- Completion of the Mt Coolon Scoping Study (MCSS) which demonstrates the potential economic viability of mining the Koala, Glen Eva and Eugenia resources using a combination of Heap Leaching and CIL processing. The MCSS forecasts strong cashflow and returns (48% IRR and A\$37M NPV_{10%})
- Updated mineral resource estimates for the Koala, Glen Eva and Eugenia gold deposits, with over 56% classified in the measured and indicated categories.
- GBM entered into an ore sale and purchase agreement with Minjar Gold Limited which allows for mining of the existing Mt Coolon gold deposits and transport to the Pajingo Gold Operations for processing, allowing for potential accelerated gold production and cash flow.
- Heads of Agreement signed with Minjar Gold Limited in respect of the proposed acquisition of a 100% interest in the Twin Hills gold deposit by GBM. Completion of a formal agreement was executed in September 2018.

➤ Pan Pacific Copper Co Ltd – IOCG Joint Venture

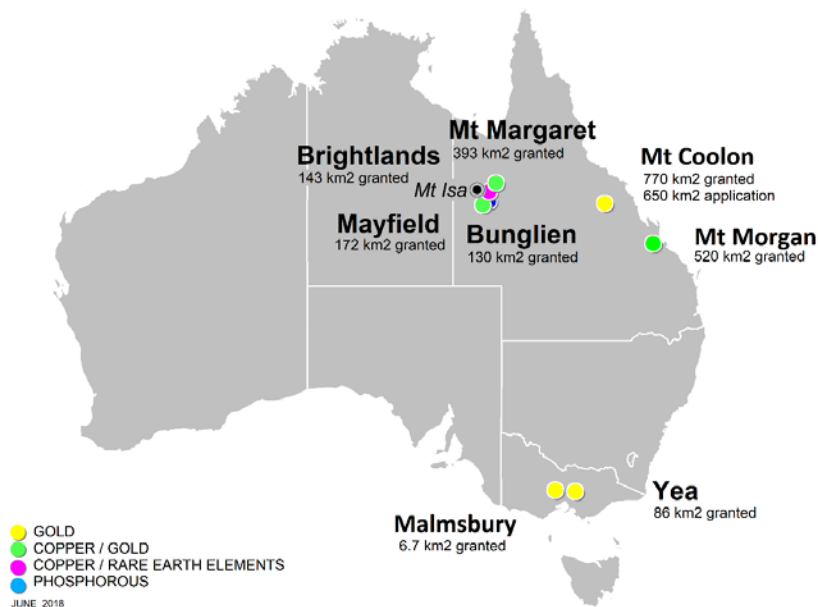
- Pan Pacific Copper Co Ltd committed to a \$478,000 budget for the 12 month period to 31 March 2019.
- Induced Polarisation and gravity geophysical surveys undertaken on the project with the resulting targeted diamond drilling commencing in August 2018.

➤ Mt Morgan Copper-Gold Project

- Mapping and geochemical sampling undertaken at the Mt Usher gold prospect defining a continuous fault with sulphide alteration and lode quartz corridor over a 5km length and 500 metre width.

COMPANY SNAPSHOT

Diversified portfolio of tenements – located in world-class gold and copper regions in Australia



GBM PROJECT LOCATIONS

QUEENSLAND

Mount Coolon Gold Mines

100% wholly-owned

Project area: 770km²

Commodity: Epithermal and IRGS Gold

Resources: Totalling 330,500 ounces of gold

Mount Morgan

100% wholly-owned

Project area: 1420km²

Commodity: Gola and Copper-Gold Porphyry

Brightlands

100%wholly-owned

Project area: 143 km²

Commodity: Defined Cu-U-Mo-REE-P

Resource: containing 108,000 t TREEYO, 97,000t Cu 14 M lbs U₃O₈

Pan Pacific Copper Joint Venture Projects

Project area: 531km²

Commodity: IOCG

VICTORIA

Mayfield

100% wholly-owned

Project area: 172km²

Commodity: IOCG

Malsbury

100% wholly-owned

Project area: 6.7km²

Resources: containing 104,000 ozs gold

Yea

100% wholly-owned

Project area: 86km²

Resources: IRGS

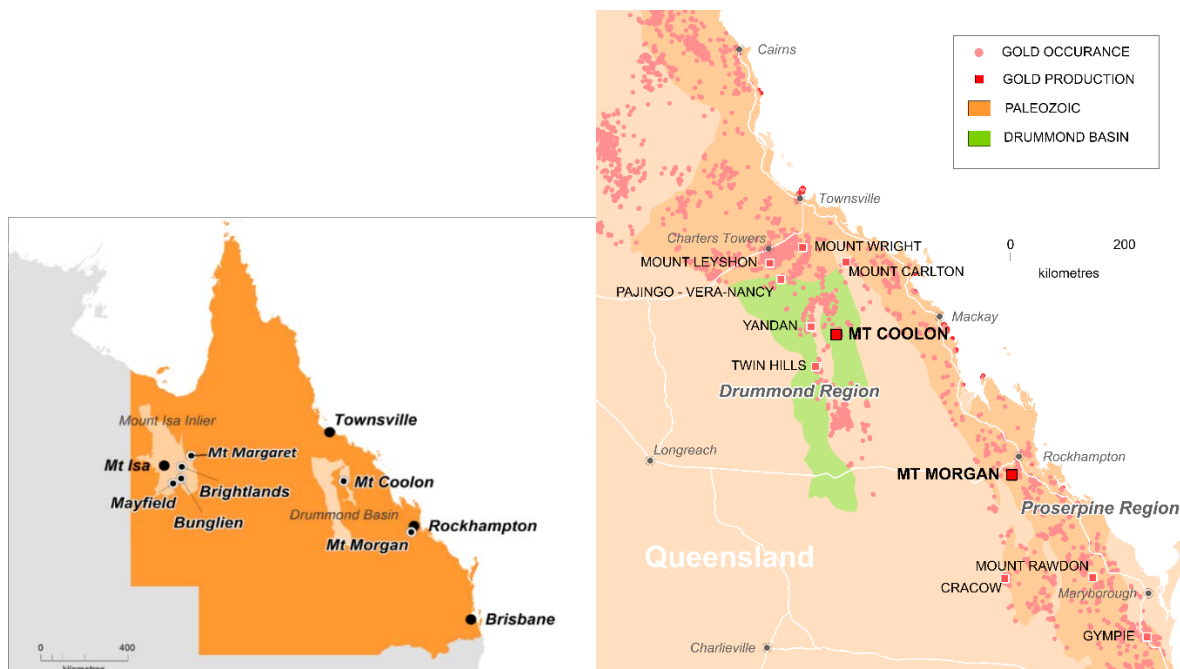
REVIEW OF OPERATIONS

GBM's vision and our exploration efforts are focussed on developing and expanding our known resource and securing tenements and projects that improve the quality and potential of our highly prospective tenement holdings in Queensland and Victoria, Australia.

The Company remains strongly focused on delivery of shareholder value through discovery, acquisition and development in its key commodities.

GBM has been successful in sourcing additional funding via both joint venture and capital raising activities which has allowed the Company to maintain active exploration programs on its prospective tenements, particular on its flagship project, Mount Coolon Gold Project.

GBM tenements cover an area greater than 2,600 square kilometres in seven major project areas in Queensland and Victoria.



Figures; Left, Location of GBM Gold and Copper projects in Queensland. Right, location of gold deposits, Drummond Basin and GBM Gold Projects in Queensland.

Exploration activity during the year was focused on developing the known resources at Mount Coolon Gold Project three main deposits being the Koala, Glen Eva and Eugenia to support options for near-term development.

The Company continues to review and develop an exploration strategy to extend the current resource base in the Mount Coolon area with the objective of building resources in excess of 1 million ounces of gold.

Total exploration expenditure on the Company's tenements for 2018 was approximately A\$2.5 million compared to a total of A\$2.9 million in the 2017 year.

GBM plans to step up activities in the 2019 financial year with a focus of bringing the Mount Coolon Gold Project into gold production.

MOUNT COOLON GOLD PROJECT (100% OWNED GBM)

The Company holds a 100% interest in the Project which lies in the Drummond Basin, one of Queensland's most prolific gold province. The Drummond Basin is an established gold mining region which has proven fertile for discovery of epithermal and intrusive relation gold systems. The Basin's past production of more than 4.5 million ounces of gold and has a total known gold endowment in excess of 7.5 million ounces of gold.

Mineralisation in the Drummond Basin is typified by epithermal style precious metal Deposits. Examples include Pajingo (3.0 Moz), Wirralie (1.1 Moz), Yandan (0.6 Moz) and Koala. Epithermal mineralisation is typified by very fine-grained gold, sometimes occurring in electrum, in quartz veins and or breccias. These Deposits are variously interpreted to have formed in locally extensional jogs or bends of transform fault systems.

The Project is located 250 km to the West of Mackay in North Queensland, the tenement package covers a total area of over 1,000km² and holds potential for further significant discoveries.

Mount Coolon Scoping Study

During the year GBM announced the outcome of the Mount Coolon Scoping Study (MCSS). The MCSS demonstrates that the redevelopment of the Mount Coolon Gold Project (MCGP) with its current resources has the potential to generate a strong positive cash flow (*refer to the full ASX release on 4 December 2017 for the MCSS*).

Key Results of the MCSS are:

- Scoping Study demonstrates the current potential economic viability of mining the Koala, Glen Eva and Eugenia resources using a combination of Heap Leaching and CIL processing.
- LOM Highlights Summary:

Au Produced	Oz	155,000
Pre-Tax Cash Flow	A\$M	60.5
Production Life	Years	5.5
Pre-production and CIL/HL Plant Capital	A\$M	25.2
Operating Cash Cost (C1)	A\$/oz	909
AISC Cost (all-in-sustaining)	A\$/oz	1,020

- 72% of Au produced is from Indicated Resources based on updated mineral resources estimates for the Koala, Glen Eva and Eugenia Deposits.
- The resource areas remain open and are expected to hold high potential to extend mine life.
- Scoping Study completed by Independent Consultants, Mining One Pty Ltd with input from GBM and external consultants.
- Koala and Glen Eva deposits are on granted mining leases.

The Directors of GBM consider that the MCSS, which is based on an accuracy of +/- 30%, has successfully demonstrated that the MCGM has the potential to add significant economic value to the Group's assets. The MCSS has outlined the potential and preferred mining and treatments plans and capital/operating costs which support the proposed MCGP production plans. The demonstrated economic value of the MCSS also gives a bench mark for potential joint venture parties.

While the redevelopment of MCGP is on a small scale the MCSS shows it has strong cash flows, supports its capital investment, risk is manageable and has low cash costs per ounce, and can move the Company forward from an explorer to a gold producer.

Review of Operations

The redevelopment of MCGP has significant advantage over a number of other small producing gold projects due to its various production options which gives it flexibility in achieving its funding support.

Production Options include:

- Achieving full funding support of A\$30million to redevelop the three deposits with CIL and heap leach processing; or
- Develop the MCGP by staged development commencing with the Koala and Glen Eva deposits through a CIL Plant which will require funding of A\$20Million; or
- Develop the Eugenia Heap Leach deposit which will require funding of A\$10 million; or
- Mine the Koala and Glen Eva deposits and Toll Treat or sell the ore to 3rd parties in the district. Funding required is estimated at A\$5 million.

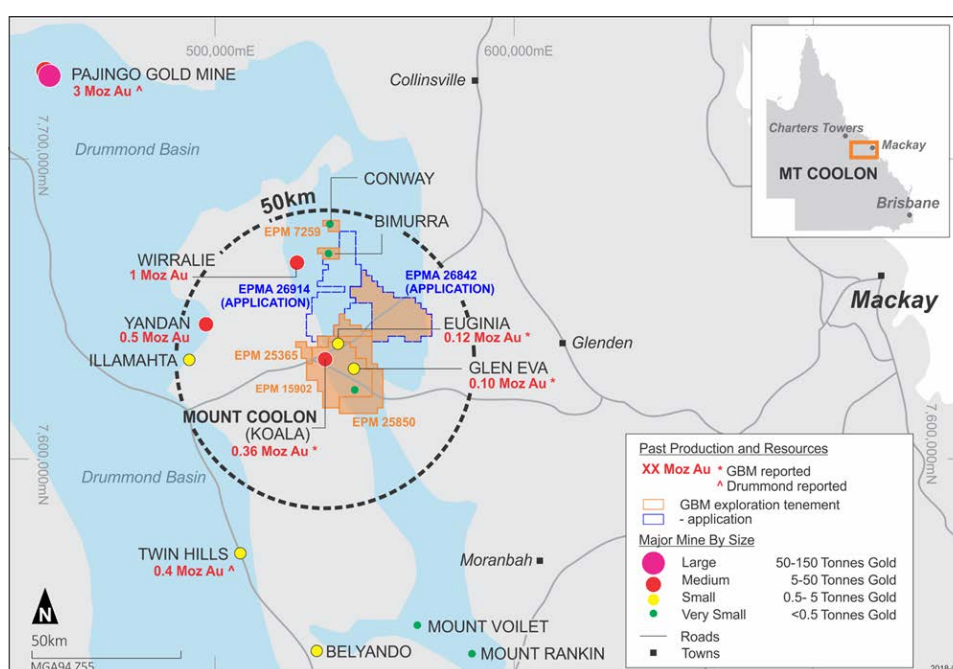


Figure: Resources, exploration targets and tenement locations in the Mount Coolon Gold Project.

Mt Coolon Mineral Resources

Project	Location	Resource Category									Total			Cut-off
		Measured			Indicated			Inferred			000' t	Au g/t	Au ozs	
		000' t	Au g/t	Au ozs	000' t	Au g/t	Au ozs	000' t	Au g/t	Au ozs	000' t	Au g/t	Au ozs	
Koala	Open Pit				670	2.6	55,100	440	1.9	26,700	1,120	2.3	81,800	0.4
	Underground Extension				50	3.2	5,300	260	4	34,400	320	3.9	39,700	2.0
	Tailings	114	1.6	6,200	9	1.6	400				124	1.6	6,600	1
	Total	114	1.7	6,200	729	2.6	60,800	700	2.7	61,100	1,563	2.5	128,100	
Eugenia	Oxide				885	1.1	32,400	597	1.0	19,300	1,482	1.1	51,700	0.4
	Sulphide				905	1.2	33,500	1,042	1.2	38,900	1,947	1.2	72,400	0.4
	Total				1,790	1.1	65,900	1,639	1.1	58,200	3,430	1.1	124,100	
Glen Eva	Open Pit				1,070	1.6	55,200	580	1.2	23,100	1,660	1.5	78,300	0.4
Total		114	0.0	6,200	3,590	1.6	181,900	2,919	1.5	142,400	6,653	1.5	330,500	

Table: November 2017 Resource Summary for the MCGP. Please note rounding (1,000's tonnes, 100's ounces, 0.1 g/t) may cause minor variations to totals. For full details please refer to ASX release dated the 4th of December 2017.

Ore Sale and Purchase Agreement

During the year GBM entered into an Ore Sale and Purchase Agreement (OSPA) with Minjar Gold Limited (Minjar). The OSPA envisages Mt Coolon ore being mined by GBM and then trucked to the Pajingo Gold Operations (Pajingo) for processing by Minjar. This agreement provides GBM with an opportunity to achieve accelerated gold production and cashflow coupled with a considerably lower upfront capital requirement. It also provides a staged approach to development of Mt Coolon that could enable full-scale development of the three existing deposits alongside a stand-alone CIL plant and heap leach processing facility on site (refer ASX announcement 18 July 2018).

Key terms of the OSPA are as follows:

- i. GBM will be responsible for the pre-development, mining and haulage of Mt Coolon ore to the Pajingo plant. Minjar will be responsible for processing the ore and plant sustaining capital.
- ii. Ore deliveries are targeted to commence from the June 2019 quarter.
- iii. The initial term is two years.
- iv. GBM receives attributable free cash flow equating to approximately 58.5% of contained gold.
- v. Mining is scheduled from the Glen Eva pit, which has been modelled and designed for the OSPA economics.
- vi. Other terms regarding delivery, title and risk, production reconciliation and quality which are typical for this type of arrangement.

The next step under the OSPA is finalisation of the detailed mining and milling schedule for Mt Coolon ore sales.

Twin Hills Acquisition

GBM signed a Heads of Agreement (HoA) with Minjar on 22 December 2017 to acquire a 100% interest in the nearby Twin Hills deposit (refer ASX releases dated 22 December 2017, 28 February 2018 and 3 April 2018).

A binding Sale and Purchase Agreement was signed with Minjar Gold Pty Ltd in September 2018.

Key terms of the Sale and Purchase Agreement include:

- I. Acquisition cost is A\$1.5 million on a partially deferred settlement basis.
- II. Twin Hills acquisition further underwrites the economic potential of the Mt Coolon Gold Project, potentially doubling its resource base and adding significant exploration potential.

GBM considers that the inclusion of Twin Hills has the potential to increase the global resource for Mt Coolon. The Company sees excellent potential for Twin Hills to contribute high margin satellite ore feed to any stand-alone development at Mt Coolon. This dynamic also increases the range of potential funding and investment opportunities for a stand-alone development of Mt Coolon. GBM achieving requisite funding remains a key condition of both the OSPA and Twin Hills Acquisition.

For further details see GBM resources ASX announcement of 22 December 2017.

Exploration

Exploration during the year has resulted in targeting new areas for epithermal and porphyry style gold targets in the region. Two new exploration permits EPM26842 'Bungonunna' and EPM26314 'Black Creek' were lodged during the year.

Further compilation and review of previous exploration data continues to enhance the prospectivity of the Mount Coolon Gold Project area. Many highly prospective targets remain underexplored within the identified mineralization corridors hosted within the project area.

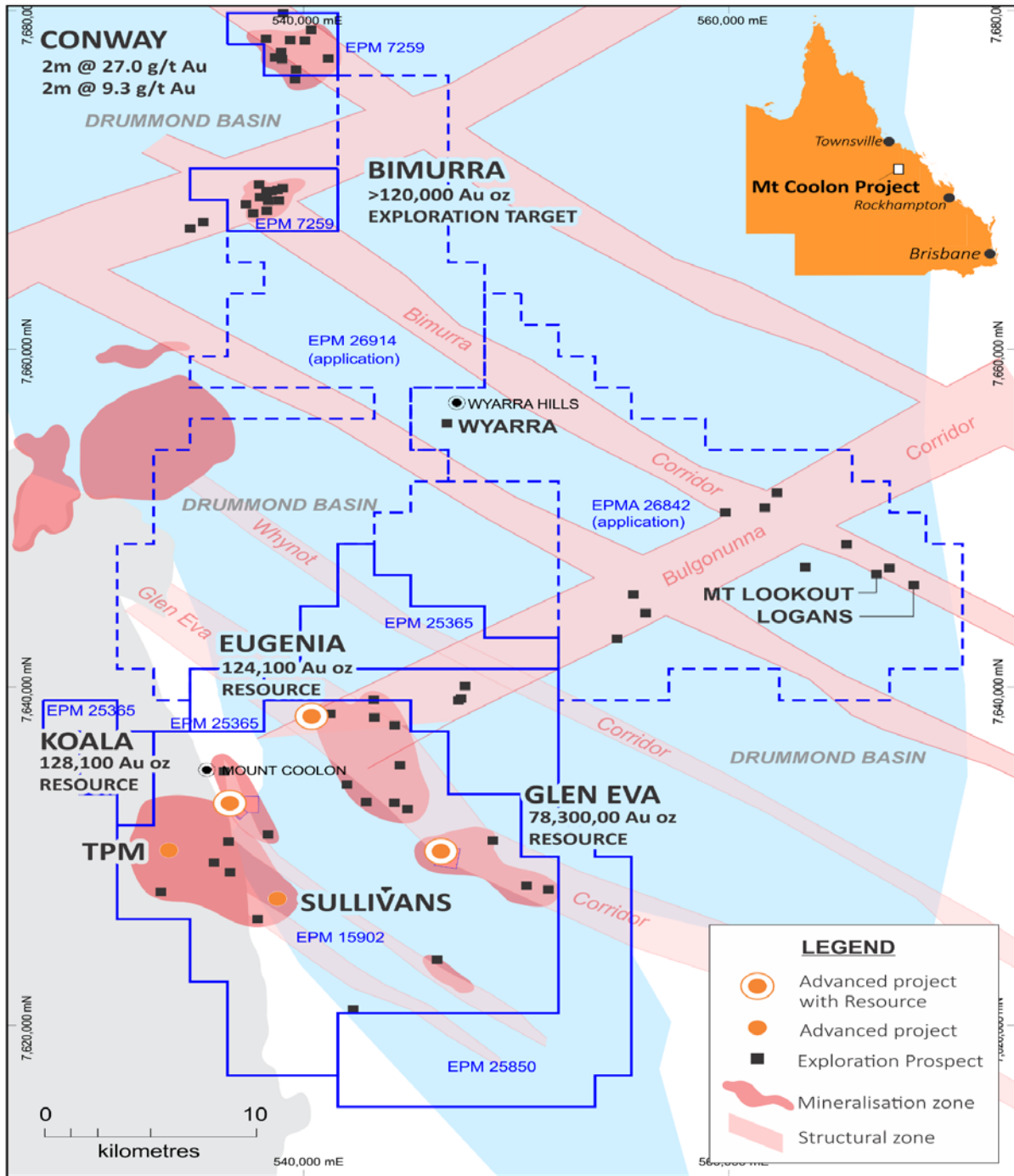


Figure: Resources, exploration targets and tenement locations in the Mount Coolon Gold Project.

PAN PACIFIC COPPER CO.,Ltd JOINT VENTURE – Iron Oxide Copper Gold (IOCG) Style Projects in

The Mount ISA Region (GBM 47.8% Interest)

GBM is the manager of the Joint Venture and retains a free carried interest of 10% through to completion of a bankable feasibility study. These projects are part of a Farm-In JV arrangement with Pan Pacific Copper and have an approved budget of \$478,000 and work program to conduct further geophysical surveys and drill test both features during the 2018 field season. Drilling commenced during August 2018.

Processing of new gravity data for the Tommy Creek and FC-2 Prospects was completed during the year using new data collected during the second half of 2017 when GBM completed ground-based gravity programs at Tommy Creek and FC2 prospects. These prospects are located approximately 20 km north-west of the Ernest Henry IOCG Cu-Au mine in the Mt Isa Eastern Succession. Both are concealed below 50-100m of cover sediments and express coincident high magnetic and gravity response typical of many IOCG systems, and of a scale and intensity similar to Ernest Henry (2.4 Mt Cu, 3.5Mozs Au). Data collected during these surveys has been digitally modelled and the results are outlined below (refer ASX announcement 30 April 2018).

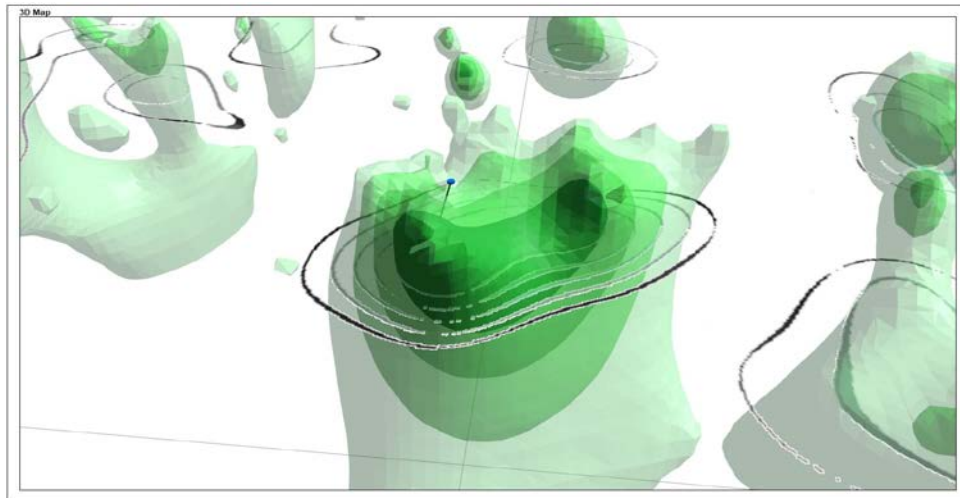


Figure: Snapshot of Tommy Creek 3D inversion. 3D shells are derived from the Point model, 2D contours are a slice through the 3D grid model showing the similarity between models in the region of the main anomaly. Proposed drill hole TCK_Prop01 shown intersecting strongest lobe of anomaly.

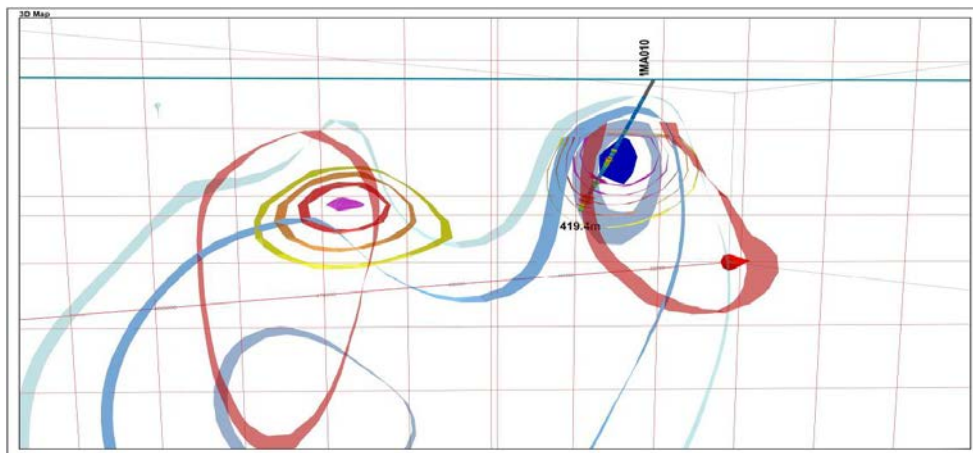


Figure: FC2 new gravity inversion; vertical slice looking NW through grid model (blue shells) with magnetic shells (orange) and latest 3DIP chargeability inversion shells (yellow to pink). MMA010 shown intersecting south end of gravity anomaly with Cu down hole.

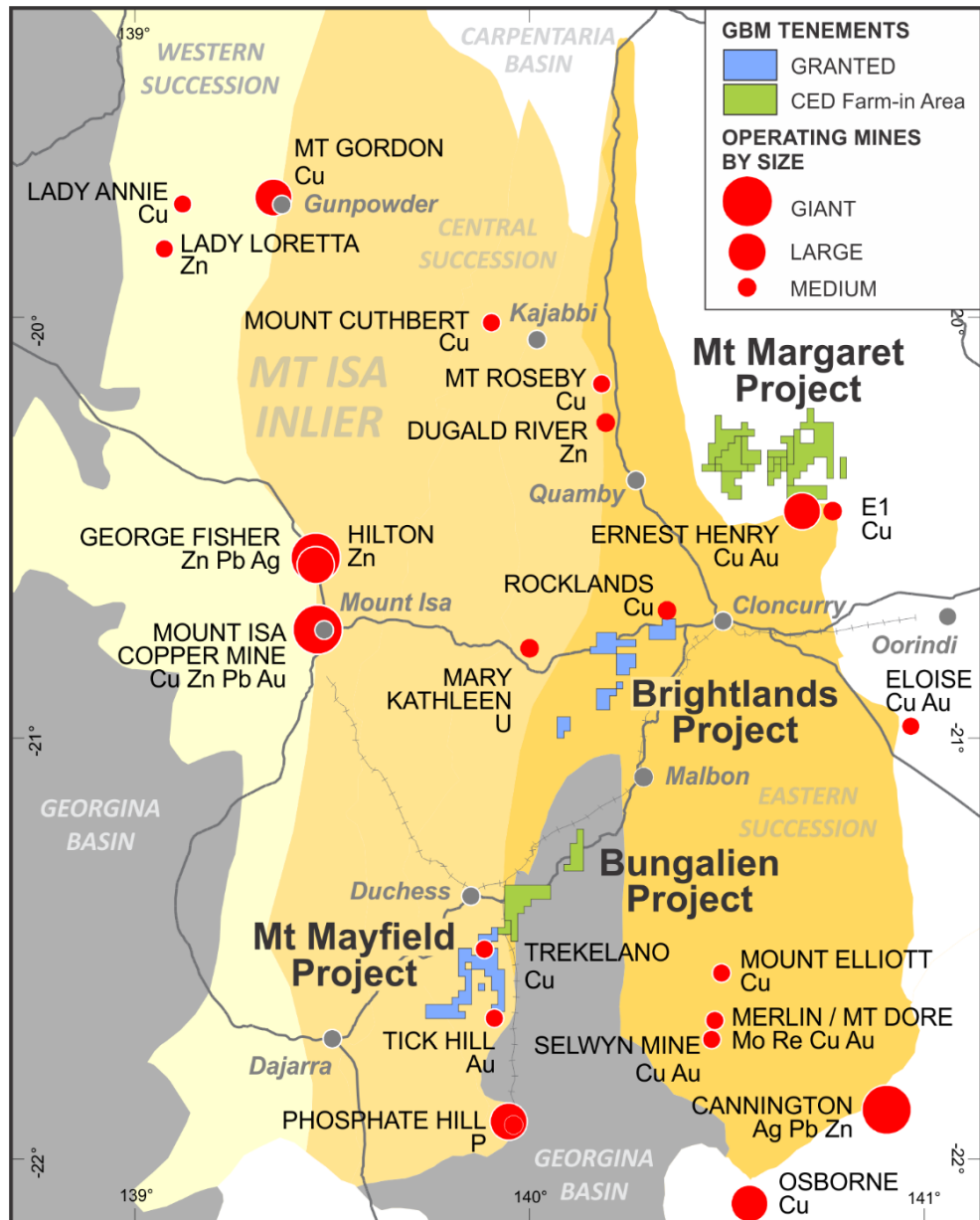


Figure: Tenement locations within the North West Mineral Province.

MOUNT MORGAN PROJECT, QUEENSLAND (100% OWNED GBM)

Porphyry Copper-Gold

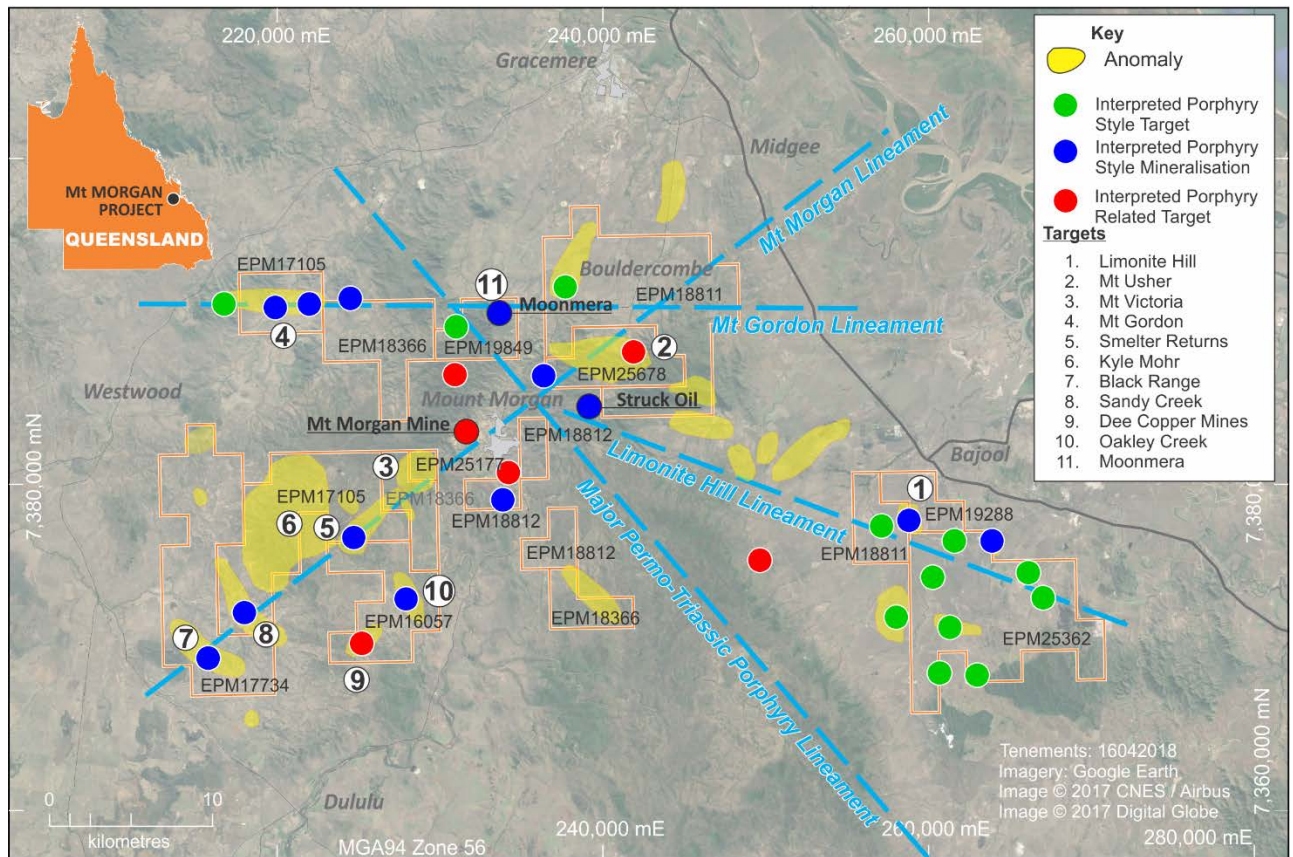
The Mount Morgan Project is adjacent to the world-class Mount Morgan Gold Mine which has produced over 8 million ounces of gold and 400,000 tonnes of copper as is one of the largest known porphyry copper systems in Eastern Australia.

The tenement package which is located approximately 250kms to the West of Mackay in North Queensland incorporates 11 granted leases covering a total area of approximate 520km² and holds highly prospective tenements including the Smelter Return and Limonite Hill prospects, other buried targets within the Sandy Creek and Oakey Creek prospects, and the Mt Gordon porphyry system. EPM25362 Bajool, was sold during August.

Mt Usher Gold Project

During the year, GBM undertook an initial program of surface mapping, rock-chip sampling and airborne drone topographic-imagery surveying at the Mt Usher prospect. A review of historical mine references and modern exploration was also completed. Mapping has defined for the first time a continuous fault, sulphide alteration and lode quartz corridor of at least 5 km in strike length and 500 m wide enclosing the Mt Usher mine and numerous lesser production centres including the Anglo Saxon, Caledonian and Victor mines. This fault zone is hosted by mixed Devonian volcanic and sedimentary rocks at the eastern and western ends and by magnetic diorite or tonalite in the central zone. Gold mineralisation has developed in all rock types within the corridor.

GBM believes the Mt Usher fault corridor is highly prospective for near surface, high-grade vein-hosted, epithermal gold-silver mineralisation and that evidence is mounting for the existence of a deeper, large tonnage, high-grade Mt Morgan analogue within the prospect area. It seems remarkable given the extensive modern exploration effort to find another Mt Morgan that such limited attention has been paid to the second biggest producer, Mt Usher.



- | | | | | |
|---|---|--|--|---|
| <p>1. Limonite Hill
-12m @ 1.4% Cu & 700 ppm Mo
-Limonite Hill Cu-Mo porphyry
-Series of "Mag Lows" within structural corridor.
-Veneer of cover sediments</p> <p>2. Mt. Usher
-150-200k oz Au production from alluvial and hard rock
-Junction of 2 major structural linears
-Large mag high rimmed by historic workings</p> | <p>3. Mt. Victoria
-Alluvial gold workings
-28m @ 0.26 g/t Au in Devonian basement</p> <p>4. Mt. Gordon
-Porphyry Cu-Au-Mo
-23m @ 0.31% Cu, 0.2 g/t Au
-4km magnetic low
-Shallow drilling only</p> | <p>5. Smelter Returns
-300x400m skarn identified
-Shallow drilling only
-8m @ 0.31% Cu, 0.8 g/t Au
-Large untested high tenor</p> <p>6. Kyle Mohr
-Intrusive hosted
-Pervasive porphyry alteration
-Strong Au-Cu in soils
-No drilling</p> | <p>7. Black Range 1
-2km alteration zone
-Central breccia gossan with Zn-Cu-Pb-Ag</p> <p>8. Sandy Creek
-4km porphyry-style alteration zone
-Hydrothermal breccia CuO at surface
-Rockchips to 39% Cu, 8.5g/t Au 44ppm Ag
-No drilling</p> | <p>9. Dee Copper Mines
-High grade Au-Cu veins
-Porphyry-related "D-veins"
-Not tested at depth</p> <p>10. Oakley Creek
-3x2km porphyry-style alteration
-Rock-chips to 6.7% Cu & 40 ppm Ag
-Not drilled</p> <p>11. Moonmera
-3x2km porphyry system
-Crackle veins, pebble breccias
-Pervasive low-grade Cu-Mo
-Discrete high-grade zones
-Large-tonnage potential</p> |
|---|---|--|--|---|

MALMSBURY PROJECT, VICTORIA (100% OWNED GBM)

Intrusive Related Gold

The Malmsbury Project is located in the same region as the large, high grade Fosterville Gold Mine. The Malmsbury Project has a known gold resource containing 104,000 ounces of gold at an average grade of 4 g/t Au. The project has high order exploration targets with previous mining to shallow depths that remain to be tested with modern exploration.

The Project is now covered by a single retention licence application RL6587(EL4515 was relinquished on 29 June 2018). This area hosts an inferred resource estimated to contain 104,000 ounces of gold and a further 91,000 ounces from historical production. Drilling by GBM has demonstrated that the characteristics of an IRGS persist to at least 1km depth in the project area. Reviews of structural and mineralogical characteristics of the mineralisation have confirmed a number of key similarities with the large, high grade Fosterville Gold Mine which has produced over 1.5 million ounces of gold and has current published reserves and resources containing 4.8Moz as is one of the largest known gold systems in Eastern Australia. In addition, recently discovered mineralisation is among the highest grade resources in the world today. The current resource at Malmsbury is hosted within a 450m section of a single structure within the Drummond Goldfield which has an identified strike length in excess of 4 kilometres. The resource remains open at depth and along strike.

YEA PROJECT, VICTORIA (100% OWNED GBM)

Intrusive Related Tungsten, Molybdenum and Gold

Monkey Gully Prospect was acquired by GBM as a possible IRGS with significant evidence of Tungsten and Molybdenum mineralisation representing the upper levels of an IRGS system.

Previous drilling by GBM intersected 17 metres averaging 0.19% W₂O₃ and 262 ppm Mo from 101 metres downhole, including 8 metres averaging 0.34% W₂O₃ and 493ppm Mo. Review of previous exploration data has also highlighted a number of significant geochemical and geophysical anomalies which represent targets for future exploration.

Two target styles have been proposed at Monkey Gully; a near surface target of multiple close-spaced dykes and dyke contacts and a deeper mineralised carapace over the tonalite source intrusion. Given the size of the central magnetic high (2 kilometre x 0.8 kilometre) and the modelled association with a mineralised tonalite carapace, the deep target has significant exploration potential for a large-tonnage W-Mo +/- Au IRGS deposit.

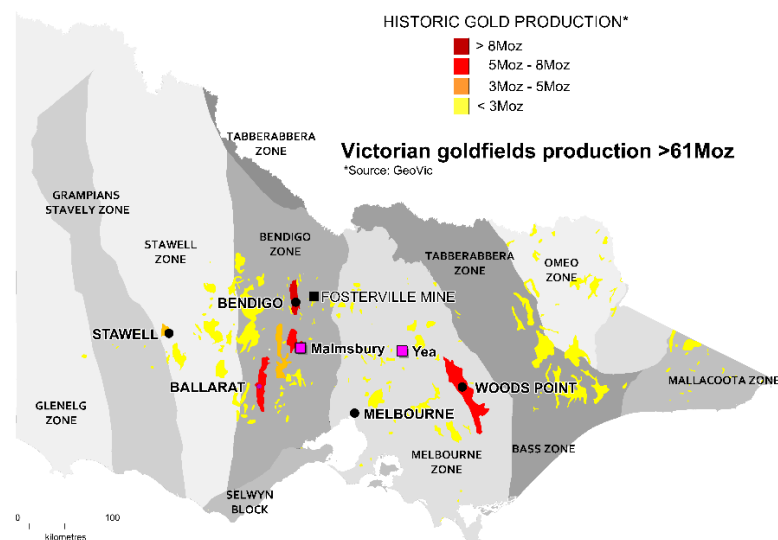


Figure: Major goldfields and structural domains in Victoria showing the location of the Malmsbury Au Project and Yea W,Mo,Au Project.

Tenement Schedule

GBM'S TENEMENT SCHEDULE

Project / Name	Tenement No.	Owner	Manager	Interest	Status	Granted	Approx Area (km ²)	sub-blocks
Victoria								
Malmsbury								
Drummond (?)	RL6587	GBMR*/Belltopper Hill	GBMR	100%	Application		6.7	
Yea								
Monkey Gully	EL5293	GBMR	GBMR	100%	Granted	23-Mar-11	86	86
Queensland								
Mount Morgan (Project Status)								
Dee Range	EPM16057	GBMR	GBMR	100%	Granted	27-Sep-07	36	11
Boulder Creek	EPM17105	GBMR	GBMR	100%	Granted	26-Mar-08	88	27
Black Range	EPM17734	GBMR	GBMR	100%	Granted (RA)	20-May-09	72	22
Smelter Return	EPM18366	GBMR	GBMR	100%	Granted	21-Jun-12	62	19
Limonite Hill	EPM18811	GBMR	GBMR	100%	Granted	21-Nov-12	111	34
Mt Hoopbound	EPM18812	GBMR	GBMR	100%	Granted	26-Jul-12	23	7
Limonite Hill East	EPM19288	GBMR	GBMR	100%	Granted	31-Oct-13	13	4
Mt Victoria	EPM25177	GBMR	GBMR	100%	Granted	26-Aug-14	3	1
Bajool	EPM25362	GBMR	GBMR	100%	Granted	27-Nov-14	88	27
Mountain Maid	EPM25678	GBMR	GBMR	100%	Granted (RA)	09-Apr-15	26	8
Moonmera	EPM19849	GBMR* ³	GBMR	100%	Granted	12-Apr-13	16	5
M+L26+A26:D26+A26:N26	ML100184	GBMR	GBMR	100%	Application		6	2
Mount Isa Region								
Mount Margaret (Project Status)								
Mt Malakoff Ext	EPM16398	GBMR* ² /Isa Tenements	GBMR	100%	Granted	19-Oct-10	85	26
Cotswold	EPM16622	GBMR* ² /Isa Tenements	GBMR	100%	Granted	30-Nov-12	16	5
Dry Creek	EPM18172	GBMR* ² /Isa Tenements	GBMR	100%	Granted	13-Jul-12	189	58
Dry Creek Ext	EPM18174	GBMR* ² /Isa Tenements	GBMR	100%	Granted	25-Oct-11	23	7
Mt Marge	EPM19834	GBMR/Isa Tenements	GBMR	100%	Granted (RA)	04-Mar-13	3	1
Corella	EPM25545	GBMR/Isa Tenements	GBMR	100%	Granted	20-Mar-15	46	14
Tommy Creek	EPM25544	GBMR/Isa Tenements	GBMR	100%	Granted	11-Nov-14	33	10
Brightlands								
Brightlands	EPM14416	GBMR* ² /Isa Brightlands	GBMR	100%	Granted	5-Aug-05	127	39
Brightlands West Ext.	EPM18672	GBMR/Isa Brightlands	GBMR	100%	Granted	16-Jun-16	16	5
Bungalien								
Bungalien 2	EPM18207	GBMR* ² /Isa Tenements	GBMR	100%	Granted	24-May-12	120	37
The Brothers	EPM25213	GBMR/Isa Tenements	GBMR	100%	Granted	16-Oct-14	10	3
Mayfield								
Mayfield	EPM19483	GBMR* ² /Isa Tenements	GBMR	100%	Granted	11-Mar-14	172	53
Mt Coolon								
Mt Coolon	EPM15902	GBMR/MCGM	GBMR	100%	Granted	13-Jun-08	325	100
Mt Coolon North	EPM25365	GBMR/MCGM	GBMR	100%	Granted	18-Sep-14	146	45
Mt Coolon East	EPM25850	GBMR/MCGM	GBMR	100%	Granted	07-Sep-15	260	80
Conway	EPM7259	GBMR/MCGM	GBMR	100%	Granted	18-May-90	39	12
Bungonunna	EPM26842				Application		325	100
Black Creek	EPM26314				Application		325	100
TOTALS								
							2897	

Note

*¹ subject to a 2.5% net smelter royalty to vendors.

*² subject to a 2% net smelter royalty is payable to Newcrest Mining Ltd. On all or part of the tenement area.

*³ subject to 1% smelter royalty and other conditions to Rio Tinto; transfer documents with Department

Figure: GBM Tenements summary table. (RA- renewal application lodged).

Mineral Resources Statement

2018 Annual Mineral Resources Statement

The following Annual Statement of Mineral Resources statement reflects the Company's mineral resources (including wholly owned subsidiary companies) as at the 30th of June 2018.

For the purpose of preparing this Annual Statement of Mineral resources as at 30th of June 2018, GBM has completed a review of each resource taking into account long term metal price, foreign exchange rates, cost assumptions based on current industry conditions, any changes that may affect the capability for these resources to be exploited or which may result in material changes to cut-off grades and physical mining parameters. It should be emphasised that this is a summary only and for further detail the reader is referred to the respective ASX releases.

In relation to commodities key to GBM's resource base the company holds the following views;

- Operating costs in the industry have recovered somewhat in the last 12 months but still remain at levels lower than at the end of the commodities boom. In particular the availability and cost of labour, fuel and mining equipment remain at reduced levels.
- Gold price finished the year around US\$1250 after trading in a range between US\$1220 and US\$1350. Forecasts appear to be variable in the last 12 months with most forecasting the price to hold at least in the short to medium term. Importantly for GBM, the long term upward trend which has continued since 2006 in AUD gold prices appears to be continuing.
- Commentators continue to forecast copper to enter a period of production shortfall in the long term putting upward pressure on prices.
- The REE market remains complex, however REE demand continues to grow and prices for almost all REE appears to have stabilised with those REE metals deemed as critical experiencing increases during the last twelve months. Uncertainty over the level of REE production sourced from illegal mining in China continues to support forecasts of a resultant supply shortage and price increases in the critical REE elements, particularly Neodymium, in the medium to longer term.
- The continued decline of the Australian dollar in relation to the US dollar is, in conjunction with recovering metal prices resulting in significant improvement in the outlook for Australian ore deposits.

The company believes that, considering the outlook for commodity prices there is a reasonable expectation that resources at all projects will eventually support mining operations.

Mineral Resources Statement

Mount Coolon Gold Project Resources

The Mount Coolon Project is located in the Drummond Basin in Queensland. Tenements and resources are owned by 100% owned subsidiary, Mount Coolon Gold Mines Pty. Ltd.

Project	Location	Resource Category									Total			Cut-off
		Measured			Indicated			Inferred			000' t	Au g/t	Au ozs	
		000' t	Au g/t	Au ozs	000' t	Au g/t	Au ozs	000' t	Au g/t	Au ozs				
Koala	Open Pit				670	2.6	55,100	440	1.9	26,700	1,120	2.3	81,800	0.4
	Underground Extension				50	3.2	5,300	260	4	34,400	320	3.9	39,700	2.0
	Tailings	114	1.6	6,200	9	1.6	400				124	1.6	6,600	1
	Total	114	1.7	6,200	729	2.6	60,800	700	2.7	61,100	1,563	2.5	128,100	
Eugenia	Oxide				885	1.1	32,400	597	1.0	19,300	1,482	1.1	51,700	0.4
	Sulphide				905	1.2	33,500	1,042	1.2	38,900	1,947	1.2	72,400	0.4
	Total				1,790	1.1	65,900	1,639	1.1	58,200	3,430	1.1	124,100	
Glen Eva	Open Pit				1,070	1.6	55,200	580	1.2	23,100	1,660	1.5	78,300	0.4
Total		114	0.0	6,200	3,590	1.6	181,900	2,919	1.5	142,400	6,653	1.5	330,500	

Table: November 2017 Resource Summary for the MCGP. Please note rounding (1,000's tonnes, 100's ounces, 0.1 g/t) may cause minor variations to totals. For full details please refer to ASX release dated the 4th of December 2017.

Details relating to changes in the Mount Coolon resources since the last Annual Statement of Mineral Resources are contained in the ASX announcement on the 4 December 2017.

The overall change from the Annual Statement of Mineral Resources at June 30th 2017 (refer 2017 Annual Report) is a net decrease 9% in overall tonnage, but only 4% in contained gold with a minor increase in grade. The key reasons for these re-estimations were further drilling and location of additional QA/QC data at Koala and Glen Eva Deposits and a revised interpretation of mineralisation at Eugenia which resulted in a modest increase in grade and decrease in tonnage at this deposit.

The Koala Resource estimate has been updated reflecting increased confidence in the area adjacent to the underground mine workings largely exploited during the 1930's. This is based on data from drilling completed by GBM during 2017 (please refer to ASX release April 27th 2017) and also improved survey information including a high resolution, survey controlled LIDAR survey flown by the company. (LIDAR, Light Detection and Ranging, a surveying method that measures distance to a target by illuminating that target with a pulsed laser light, and measuring the reflected pulses with a sensor). The overall net change is an increase of 2% in contained gold and a 3% increase in overall tonnage.

The Glen Eva resource estimate has been updated to reflect a lower cut-off grade for open pit mining and improved survey control. The net change to the previous published resource is a significant increase in tonnage and contained gold at a lower grade reflecting the lower cut-off grade used. However, when compared to the previous resource at the same cut-off grade there is negligible difference.

The new resource estimate for Eugenia contains approximately 18% less ounces than the previous estimate resulting from a tighter geological interpretation. The only new data since the previous resource estimate is a survey controlled high resolution LIDAR digital terrain model.

The information in this report that relates to Koala and Glen Eva Mineral Resources is based on information compiled by Kerrin Allwood, who is a Member of The Australasian Institute of Mining and Metallurgy and The Australasian Institute of Geoscientists. Refer ASX announcement dated 4 December 2017.

The information in this report that relates to the Eugenia Mineral Resource is based on information compiled by Scott McManus, who is a Member of The Australasian Institute of Mining and Metallurgy and The Australasian Institute of Geoscientists. Refer ASX announcement dated 4 December 2017.

Mineral Resources Statement

Malmsbury Gold Project Resources

The Malmsbury Gold Project is located in Victoria. For original release refer to ASX release dated 19th of January 2009 (CP K Allwood).

Resource	Tonnes	Au	Au
Classification		(g/t)	(ozs)
Inferred	820,000	4.0	104,000

There has been no change in the resource for the Malmsbury Project from the previous year.

The information in this report that relates to Malmsbury Mineral Resource is based on information compiled by Kerrin Allwood, who is a Member of The Australasian Institute of Mining and Metallurgy and The Australasian Institute of Geoscientists.

Milo IOCG Project Resources

Details of the Milo resources can be located in ASX release dated 22nd of November 2012 (CP K. Allwood).

Milo - TREEYO Inferred Resource

Resource	cutoff (TREEYO ppm)	tonnes (Mt)	TREEYO (ppm, t)	P2O5 (%, t)	CeO2 (ppm, t)	La2O3 (ppm, t)	Nd2O3 (ppm, t)	LREEO			HREEY			Others (ppm, t)	
								Pr2O3 (ppm, t)	Sm2O3 (ppm, t)	Eu2O3 (ppm, t)	Gd2O3 (ppm, t)	Y2O3 (ppm, t)	Dy2O3 (ppm, t)		Er2O3 (ppm, t)
Grades	300	176	620	0.75	260	150	80	24	12	4	10	52	8	5	9
Contained Metal			108,000	1,330,000	46,140	26,460	13,850	4,230	2,170	710	1,780	9,150	1,480	850	1,620

There has been no change to the Milo TREEYO resource estimate during the current reporting year.

Milo - Copper Equivalent Resource

Resource	cutoff	tonnes	CuEQ	Au	Cu	Ag	Mo	Co	U3O8
Classification	(CuEQ %)	(Mt)	(%, t)	(ppm, ozs)	(ppm, t)	(ppm, ozs)	(ppm/ t)	(ppm/t)	(ppm/ Mlbs)
Inferred	0.10	88.4	0.34	0.04	1090	1.63	65	130	72
Contained Metal			301,000	126,000	96,500	4,638,000	5,700	11,700	14.0

There has been no change to the copper equivalent resource estimate during the current reporting year.

The information in this report that relates to the Milo Mineral Resources is based on information compiled by Kerrin Allwood, who is a Member of The Australasian Institute of Mining and Metallurgy and The Australasian Institute of Geoscientists.

Mineral Resources Statement

Explanatory Notes

* Copper Equivalent calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage. These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result. However, it is the company's opinion that elements considered here have a reasonable potential to be recovered. It should also be noted that current state and federal legislation may impact any potential future extraction of Uranium. Prices and conversion factors used are summarised below, rounding errors may occur.

Commodity	Price	Units	unit value	unit	Conversion factor (unit value/Cu % value)
copper	6836	US\$/t	68.36	US\$/%	1.0000
gold	1212	US\$/oz	38.97	US\$/ppm	0.5700
cobalt	40000	US\$/t	0.04	US\$/ppm	0.0006
silver	18	\$/oz	0.58	US\$/ppm	0.0085
uranium	40	US\$/lb	0.08	US\$/ppm	0.0012
molybdenum	38000	US\$/t	0.04	US\$/ppm	0.0006

The information in this Annual Mineral Resources Statement is based on and fairly represents information and supporting documentation prepared by the competent persons named in the relevant sections of this report.

The information in this Annual Mineral Resources Statement as a whole that relates to Mineral Resources is based on information compiled by Neil Norris, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Norris is a holder of shares and options in the company and is a full-time employee of the company. Mr Norris has sufficient experience which is 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 Norris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Sustainable Development

GBM's remain committed to providing a safe and healthy work environment for all of its employees, contractors, consultants and visitors at all sites. Our aim is to operate in a safe and environmentally responsible manner meeting industry's highest standards. The Board, Management and Staff of GBM support and promote the Company's Core Values (see page 2) in all endeavours.

We are committed to upholding the company key values which include developing strong and lasting relationships with our employees, and with the communities in which we operate. The company is committed to maintaining regular and open communication with the landholders and stakeholders in the areas we operate. GBM's strong commitment to safety ensures that all employees, including employees of contractors, suppliers and consultants, are fully instructed, trained and assessed in their activities by providing the facilities, equipment, tools, procedures, safety programs and training for employees to carry out their assigned tasks in a safe and appropriate manner.

Safety

Protection of the environment and the health and safety of its people remain at the core of GBM's culture. The company manages risk through the identification, elimination, monitoring and control of hazards, by implementing procedures accordingly, whilst reviewing performance on a daily basis. GBM seeks continuous improvement in safety and health performance by maintaining best practice procedures and taking into account evolving knowledge and technology. GBM recognises the importance of communication and consultation with all staff and stakeholders to foster a culture of commitment to health, safety and the environment by promoting healthy lifestyles through appropriate awareness and training programs.

GBM continued to demonstrate excellent results of zero LTI's, MTI's and Environmental Incidents, the Company's will strive to maintain and improve these high Safety and Environment standards.

Community & Environment

GBM Resources is committed to monitoring and managing the environmental impacts of our activities to secure a sustainable environmental future for communities surrounding our sites.

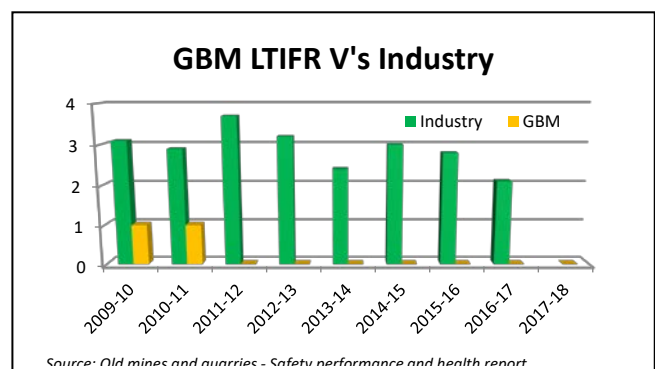
GBM continually strives to improve its environmental performance and complies with the environmental laws and regulations as a minimum standard. GBM -proactively manages and assesses environmental risks on a site-specific basis to achieve planned environmental outcomes.

GBM informs and consults with the community about its activities and projects on a regular basis. As part of GBM's involvement with community, the company supported Writing and Illustration workshops at the Cloncurry Primary school. This was part of a programme of workshops conducted by the Children's Charity Network.

During 2018 FY, GBM continued monitoring rehabilitation performance on the disturbed areas around the Mount Coolon Gold Mine sites of Koala and Glen Eva. Preliminary results from the initial two surveys confirms that rehabilitation completed by previous operators has been largely successful, however some areas will require further remedial action and a rehabilitation strategy is being developed to ensure this is completed to the highest standards. The company will continue to monitor this and to undertake minor remediation and additional rehabilitation on areas where these surveys identify it is necessary.

Statistics / Achievements:

- No lost time injuries were sustained during the 2017/18 field season.
- No medically treated injuries were sustained during operations in 2017/18.
- No environmental incidents occurred during the reporting period.
- Ongoing reviews of GBM's Risk Register and procedures continued throughout the year.



The Directors present their report together with the consolidated financial statements for the Company and its controlled entities ('Group') for the financial year ended 30 June 2018.

DIRECTORS

The names of Directors in office at any time during or since the end of the year are:

Peter Thompson – B.Bus, CPA, FCIS

Executive Chairman

Experience

Mr Thompson is a CPA qualified accountant and Fellow of Governance Institute of Australia. He has over 35 years' experience in the mining industry in Australia, UK and South America. He has held senior roles with several major companies including Xstrata Plc, MIM Holdings Ltd and Mt Edon Gold Mines.

Since 2000, Mr Thompson has been involved in the development of various infrastructure projects, including mine and refinery expansions and establishment of infrastructure including roads, rail, port and power utilities. Mr Thompson was appointed as a non-executive director of Nova MSC Berhad, a Malaysian public company on 1 June 2017.

Mr Thompson has held no other directorships of listed companies in the last 3 years.

Neil Norris – BSc (Hons), MAIMM, MAIG

Exploration Director - Executive

Experience

Mr. Norris is a geologist with over 30 years' experience gained in Australia and overseas. Prior to joining GBM, he was Group Exploration Manager for Perseverance Corporation Limited and spent over ten years with Newmont Australia Limited holding senior positions in both mining and exploration areas. A key achievement was his development of the geological models which contributed to the discovery of the Phoenix ore body at Fosterville. Mr. Norris was also involved in the discovery of the world class Cadia and Ridgeway deposits. Mr. Norris has a track record in the successful identification of mineral deposits and his experience will greatly advance GBM's exploration efforts.

Mr Norris has held no other directorships of listed companies in the last 3 years.

Hun Seng Tan - MBA

Non-Executive Director

Mr Tan has over 30 years' experience in the process engineering sector both in China and Singapore. He was founder of BMS Technology PL, a manufacturer for the hard disk industry in Singapore and China. Mr Tan led BMS Technology in a successful merger and later 100% acquisition of that company by Nidec Corporation of Japan which is listed on both the New York and Tokyo stock exchanges.

Mr Tan holds a Master of Business Administration from University of Hull, United Kingdom and obtained his Advanced Diploma in Management Study and Production Engineering. Mr Tan has a proven track record in business development and extensive business relations in China and the Asia capital markets.

Mr Tan has held no other directorships of listed companies in the last 3 years.

COMPANY SECRETARY

Mr Kevin Hart – B.Comm FCA

Mr Hart is a Chartered Accountant and was appointed to the position of Company Secretary on 3 February 2010. He has over 30 years' experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

He is currently a partner in an advisory firm which specialises in the provision of company secretarial services to ASX listed entities.

MEETINGS OF DIRECTORS

During the financial year, the following meetings of Directors (including committees) were held:

	DIRECTORS' MEETINGS	
	Number Eligible to Attend	Number Attended
P Thompson	16	16
N Norris	16	15
H Tan	16	16

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was exploration and undertaking scoping studies in respect of its gold projects in Australia.

OPERATING AND FINANCIAL REVIEW

During the financial year the Group's activities were focused on exploration at its wholly owned Mt Coolon Gold Project.

On 4 December 2017 the Company published its scoping study for the Mt Coolon Gold Project comprising various development and production strategies for the three current gold deposits.

In December 2017 the Company entered into a non-binding ore purchase term sheet with Minjar Gold (Minjar) contemplating the treatment of certain resources from Mt Coolon at Minjar's Pajingo gold processing plant.

In December 2017 the Company entered into a binding heads of agreement with Minjar to acquire the Twin Hills Gold Project for the issue of 50 million ordinary fully paid shares and cash of \$1.5 million on a deferred settlement basis. Settlement of the acquisition is subject to completion of due diligence.

Operating Results

The net loss after income tax attributable to members of the Group for the financial year to 30 June 2018 amounted to \$5,781,089 (2017: \$1,540,602). The current year loss includes an impairment charge of \$325,951 in respect of the change in value of investments to 30 June 2018 (2017: \$1,242,164). In addition, the Group has recognised \$4,388,934 in respect of exploration costs written off, impaired and expensed (2017: \$163,142).

Financial Position

At the end of the financial year, the Group had \$351,438 (2017: \$739,718) in cash on hand and on deposit. Carried forward exploration and evaluation expenditure was \$11,983,627 (2017: \$14,428,442).

During the year the Company disposed of its interest in Anchor Resources Pte Ltd (Anchor Resources), a Company holding the Lubuk Mandi mining concession which is quoted on the Catalist Board of the Singapore Stock Exchange (SGX). As at 30 June 2017 the Group recognised an asset amounting to \$2,655,492 in respect of its investment.

EQUITY SECURITIES ON ISSUE

	30 June 2018	30 June 2017
Ordinary fully paid shares	863,566,975	863,566,975
Options over unissued shares	203,391,744	203,391,744

Ordinary Fully Paid Shares

No shares have been issued during the financial year.

Subsequent to the end of the financial year the Company issued 47,030,000 shares pursuant to a share purchase plan and 140,000,000 shares pursuant to a share placement.

Options over Ordinary Shares

No options have been issued, vested, exercised or cancelled during or since the end of the financial year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than as stated in the Operational and Financial Review section above, there were no other significant changes in the state of affairs of the Group during the financial year, not otherwise disclosed in this Directors' Report or in the Review of Operations.

EVENTS SUBSEQUENT TO BALANCE DATE

Other than the following, there has not arisen in the interval between the end of the financial year 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 6 August 2018 the Company issued 47,030,000 ordinary fully paid shares at 0.5 cents per share pursuant to a share purchase plan raising \$235,150 before costs;
- On 14 August 2018 the Company issued 140,000,000 ordinary fully paid shares at 0.5 cents per share pursuant to a share placement raising \$700,000;
- On 11 September 2018 the Company received shareholder approval to issue up to 40,000,000 ordinary fully paid shares to directors of the Company at 0.5 cents per share pursuant to a share placement raising \$200,000. These shares have not been issued at the date of signing this report; and
- On 28 September 2018 the Company announced the execution of the Twin Hills Gold Project tenement sale agreement, the completion of which is subject to various conditions including securing project funding.

DIVIDENDS

No dividends were paid during the year and the Directors recommend that no dividends be paid or declared for the financial year ended 30 June 2018.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Comments on expected results of the operations of the Company are included in this report under the Review of Operations.

Disclosure of other information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL ISSUES

The Group holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement.

There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agencies during the year ended 30 June 2018.

REMUNERATION REPORT (AUDITED)

The remuneration report is set out in the following manner:

- Policies used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share based compensation

Remuneration Policy

The Board of Directors is responsible for remuneration policies and the packages applicable to the Directors of the Company. Whilst the broad remuneration policy is to ensure that packages offered properly reflect a person's duties and responsibilities and that remuneration is competitive and attracts, retains, and motivates people of the highest quality, the Board has consciously been focused on conserving the Company's funds to ensure the maximum amount is spent on exploration, and this is reflected in the modest level of Director fees.

The policy of the Group is to offer competitive salary packages which provide incentive to Directors and executives and are designed to reward and motivate. Total remuneration for all Non-Executive Directors was voted on by shareholders, whereby it is not to exceed in aggregate \$200,000 per annum. Non-Executive Directors receive fees agreed on an annual basis by the Board.

At the date of this report, the Company had not entered into any remuneration packages with Directors or senior executives which include performance-based components.

Details of Remuneration for Directors and Executive Officers

The remuneration of each Director of the Company and relevant executive officers (together known as Key Management Personnel or KMP) are set out in the attached Table.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board of Directors obtains independent advice when appropriate in reviewing remuneration packages.

REMUNERATION REPORT (AUDITED)

Details of Remuneration for Directors and Executive Officers (Continued)

During the year, there were no senior executives who were employed by the Company for whom disclosure is required.

2018	<u>Short term</u>		<u>Post Employment</u>	<u>Share Based Payments</u>	Total	Performance Based Payments as % of remuneration %
	Salary and fees \$	Other \$	Super - annuation \$	Options / shares \$		
<u>Directors</u>						
P Thompson ¹	215,000	-	20,425	-	235,435	-
N Norris ¹	198,173	8,176	18,827	-	225,176	-
H Tan	48,000	-	-	-	48,000	-
Total Directors	461,173	8,176	39,252	-	508,601	-

Included in director remuneration in the table above for 2018 are amounts of \$64,454 that were accrued for payment as at 30 June 2018.

¹During the 2017 and 2018 financial years, total remuneration payable to the Executive Directors Peter Thompson and Neil Norris continued to be paid on a temporarily reduced basis. This is a temporary measure to ensure that the current strategies in place are achieved by the Company.

2017	<u>Short term</u>		<u>Post Employment</u>	<u>Share Based Payments</u>	Total	Performance Based Payments as % of remuneration %
	Salary and fees \$	Other \$	Super - annuation \$	Options / shares \$		
<u>Directors</u>						
P Thompson	215,000	-	20,424	-	235,424	-
N Norris	197,565	8,436	18,769	-	224,770	-
H Tan ²	148,000	-	-	-	148,000	-
Total Directors	560,565	8,436	39,193	-	608,194	-

²During the 2017 financial year, the Company paid Mr Tan an amount of \$100,000 in respect of his special duty role in Singapore including recovery of outstanding debt and managing the Company's interests and investments in the Lubuk Mandi gold project and Anchor Resources Limited. This amount was paid in addition to his non-executive director fees of \$4,000 per month.

See disclosure relating to service agreements for further details of remuneration of executive directors.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Details of Remuneration for Directors and Executive Officers (Continued)

Options Provided as Remuneration

During the years ended 30 June 2018 and 30 June 2017 no options have been granted and issued to KMP of the Company.

No shares were issued to KMP of the Company in respect of the exercise of options previously granted as remuneration.

Service Agreements

Remuneration and other terms of employment for the Executive Directors are set out in Service Agreements:

Peter Thompson – Executive Chairman

The service agreement expires 30 June 2020. Total remuneration under the contract of \$300,000 per annum inclusive of superannuation has been temporarily reduced to \$235,425 per annum as part of the Company's cost reduction program. This reduced remuneration level will remain in place until otherwise decided by the Board.

The Service agreement contains certain provisions typically found in contracts of this nature. The Company may terminate the Service Agreement without cause by providing nine months written notice to the individual or by making a payment in lieu of notice. The Service Agreement may be terminated immediately in the case of serious misconduct.

The Service Agreement is subject to annual review.

There is no specific cash bonus or other performance based compensation contemplated in the agreement. Long term and short term incentives, may be awarded subject to Board discretion.

Neil Norris - Exploration Director

The service agreement expires 30 June 2020. Total remuneration under the contract of \$300,000 per annum inclusive of superannuation has been temporarily reduced to \$217,000 per annum as part of the Company's cost reduction program. This reduced remuneration level will remain in place until otherwise decided by the Board.

The Service agreement contains certain provisions typically found in contracts of this nature. The Company may terminate the Service Agreement without cause by providing nine months written notice to the individual or by making a payment in lieu of notice. The Service Agreement may be terminated immediately in the case of serious misconduct.

The Service Agreement is subject to annual review.

There is no specific cash bonus or other performance based compensation contemplated in the agreement. Long term and short term incentives, may be awarded subject to Board discretion.

Share Based Compensation

At the date of this report the Company has not entered into any agreements with KMP which include performance based components. Options issued to Directors are approved by shareholders and were not the subject of an agreement or issued subject to the satisfaction of a performance condition.

Options may be issued to provide an appropriate level of incentive using a cost effective means given the Company's size and stage of development.

REMUNERATION REPORT (AUDITED) (CONTINUED)

DIRECTORS' INTERESTS

The relevant interest of each Director in the ordinary shares and options issued by the Company as notified by the Directors to the Australian Securities Exchange at the date of this report, is set out in the table below.

Ordinary shares

Director	Ordinary shares held at 1 July 2017	Movement during the financial year	Ordinary Shares held at 30 June 2018	Ordinary shares held at the date of the Directors' Report
P Thompson	11,200,000	-	11,200,000	14,200,000
N Norris	11,141,667	-	11,141,667	14,141,667
H Tan	18,666,667	-	18,666,667	21,666,667

Options

Director	Options held at 1 July 2017	Movement during the financial year	Options held at 30 June 2018	Options held at the date of the Directors' Report
P Thompson	2,800,000	-	2,800,000	2,800,000
N Norris	2,556,250	-	2,556,250	2,556,250
H Tan	4,666,667	-	4,666,667	4,666,667

LOANS TO DIRECTORS AND EXECUTIVES

There were no loans entered into with Directors or executives during the financial year ended 30 June 2018.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Other than the above, there are no transactions with Directors, or Director related entities or associates.

End of Remuneration Report

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the year, the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

Other than the above, the Group has not, during or since the end of the financial year, given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums for the Directors, officers or auditors of the Company or the controlled entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

NON-AUDIT SERVICES

No non-audit services were provided by the external auditors in respect of the current or preceding financial year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001, is set out on the following page.

Signed in accordance with a resolution of the Board of Directors.

Dated this 28th day of September 2018

A handwritten signature in blue ink, appearing to read 'P. Thompson', with a long horizontal flourish extending to the right.

PETER THOMPSON

Executive Chairman

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of GBM Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
28 September 2018




D I Buckley
Partner

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HLB Mann Judd (WA Partnership) is a member of  International, a world-wide organisation of accounting firms and business advisers

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year ended 30 June 2018

	Note	Consolidated	
		2018	2017
		\$	\$
Revenue	3a	96,690	39,984
Gain/(loss) on sale of investments	3b	(201,053)	74,227
Other gains and losses	3c	-	750,000
Consulting and professional services		(166,297)	(157,498)
Corporate and project assessment costs		(27,363)	(44,099)
Depreciation	4	(27,430)	(41,087)
Employee benefits expense	4	(358,312)	(401,304)
Impairment expense – available for sale financial assets	10	(325,951)	(1,242,164)
Exploration expenditure written off and expensed	4	(1,851,058)	(163,142)
Exploration assets impairment expense	4	(2,537,876)	-
Travel expenses		(124,837)	(136,707)
Administration and other expenses		(257,602)	(218,512)
Profit/(loss) before income tax		(5,781,089)	(1,540,602)
Income tax benefit	5	-	-
Profit/(loss) for the year		(5,781,089)	(1,540,602)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(5,781,089)	(1,540,602)
		Cents	Cents
Basic earnings/(loss) per share	6	(0.7)	(0.2)
Diluted earnings/(loss) per share	6	(0.7)	(0.2)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position as at 30 June 2018

	Note	Consolidated	
		2018 \$	2017 \$
Current assets			
Cash and cash equivalents	20	351,438	739,718
Trade and other receivables	7	47,060	63,058
Investments – available for sale financial assets	10	-	2,655,492
Total Current Assets		398,498	3,458,268
Non-current assets			
Trade and other receivables	7	746,488	754,904
Exploration and evaluation expenditure	8	11,983,627	14,428,442
Property, plant and equipment	9	92,101	116,501
Investments – available for sale financial assets	10	-	75,075
Total Non-current Assets		12,822,216	15,374,922
TOTAL ASSETS		13,220,714	18,833,190
Current liabilities			
Trade and other payables	11	430,566	255,283
Total Current Liabilities		430,566	255,283
Non-current liabilities			
Provision for rehabilitation	12	706,907	706,907
Total Non-current Liabilities		706,907	706,907
TOTAL LIABILITIES		1,137,473	962,190
NET ASSETS		12,083,241	17,871,000
Equity			
Issued capital	13	31,795,094	31,801,764
Option reserve	15	610,175	610,175
Accumulated losses	15	(20,322,028)	(14,540,939)
TOTAL EQUITY		12,083,241	17,871,000

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2018

Consolidated	Note	Issued capital	Option reserve	Accumulated losses	Total
		\$	\$	\$	\$
Balance at 1 July 2016		28,785,654	-	(13,000,337)	15,785,317
Shares issued (net of costs)	13	3,016,110	-	-	3,016,110
Options issued pursuant to non-renounceable entitlement offer	15	-	610,175	-	610,175
Loss attributable to members of the Company	15	-	-	(1,540,602)	(1,540,602)
Balance at 30 June 2017		31,801,764	610,175	(14,540,939)	17,871,000
Balance at 1 July 2017		31,801,764	610,175	(14,540,939)	17,871,000
Shares issued costs	13	(6,670)	-	-	(6,670)
Loss attributable to members of the Company	15	-	-	(5,781,089)	(5,781,089)
Balance at 30 June 2018		31,795,094	610,175	(20,322,028)	12,083,241

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows for the Year Ended 30 June 2018

	Note	Consolidated	
		2018 \$	2017 \$
Cash flows from operating activities			
Interest received		7,297	9,315
Other income		5,563	6,553
JV management fee income		72,456	18,049
Payments to suppliers and employees		(809,369)	(1,084,997)
Net cash flows (used in) operating activities	20(c)	(724,053)	(1,051,080)
Cash flows from investing activities			
Payments for bonds and security deposits		(1,500)	(342,716)
Proceeds on disposal of bonds and security deposits		10,000	-
Proceeds on sale of available for sale investments		2,203,563	387,270
Funds provided by JV partner under Farm-in agreement		603,799	145,979
Payments for exploration and evaluation, including JV Farm-in spend		(2,477,059)	(2,986,038)
Proceeds on sale of property, plant and equipment		-	6,000
Payments to acquire property, plant and equipment		(3,030)	(982)
Payments made for loans advanced		-	(150,000)
Net cash flows provided by/(used in) investing activities		335,773	(2,940,487)
Cash flows from financing activities			
Proceeds from the issue of shares and options		-	3,178,175
Share issue costs		-	(301,996)
Loans received		-	1,500,000
Net cash flows provided by financing activities		-	4,376,179
Net increase/(decrease) in cash and cash equivalents		(388,280)	384,612
Cash and cash equivalents at the beginning of the financial year		739,718	355,106
Cash and cash equivalents at the end of the financial year	20(a)	351,438	739,718

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the Year Ended 30 June 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

GBM Resources Limited ('the Company') is a listed public company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2018 comprises the Company and its subsidiaries (together referred to as the 'Group').

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, and Australian Accounting Standards and Interpretations. The financial report has also been prepared on an historical cost basis, unless otherwise stated. The financial report is presented in Australian dollars. For the purpose of preparation of the consolidated financial statements the Company is a for-profit entity.

Going Concern Basis for the Preparation of Financial Statements

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. The ability of the Group to continue to adopt the going concern assumption will depend on future successful capital raisings, the successful exploration and subsequent exploitation of the Group's tenements and/or sale of non-core assets.

As at 30 June 2018 the Group has cash assets of \$351,438, and total current liabilities at that date amounting to \$430,566 (including employee leave liabilities of \$166,407). The loss for the 2018 financial year was \$5,781,089 of which \$325,951 related to impairment charges recognised in respect of investments in equity securities, a loss of \$201,053 in respect of the disposal of equity securities and a total expense of \$4,388,934 in respect of exploration costs written off, expensed and impaired.

Subsequent to the end of the financial year the Company raised \$235,150 pursuant to a share purchase plan and \$700,000 pursuant to share placements, with shareholder approval for an additional \$200,000.

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, and that the Group will be able to settle debts as and when they become due and payable. On this basis, the Directors are therefore of the opinion that the use of the going concern basis is appropriate in the circumstances.

Should the Company be unable to raise the required funding, there is a material uncertainty that may cast significant doubt on whether the Company will be able to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Adoption of New and Revised Standards - Changes in accounting policies on initial application of accounting standards

In the year ended 30 June 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2018. As a result of this review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies, including an assessment of AASB 9, AASB 15 and AASB 16.

Notes to the Financial Statements for the Year Ended 30 June 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Statement of Compliance

The financial report was authorised for issue on 28 September 2018.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

c) Principles of Consolidation

The consolidated financial statements comprise the financial statements of GBM Resources Limited and its subsidiaries as at 30 June each year (the Group). The financial statements for the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the control is transferred out of the Group.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition. Non-controlling interests represent the portion of profit and loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position.

d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Management Fees

Revenue from farm-in management fees is recognised at the time the fees are invoiced.

e) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Financial Statements for the Year Ended 30 June 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Income Tax (Continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are re-assessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

f) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

g) Financing Costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method. Borrowing costs are expensed as incurred and included in net financing costs, where there is no qualifying asset.

h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs – refer Note 1(g).

Notes to the Financial Statements for the Year Ended 30 June 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Leases (Continued)

Finance leased assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

i) Cash and Cash Equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at bank and in hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

j) Trade and Other Receivables

Trade receivables, which generally have 30–90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

k) Plant and Equipment

Plant and equipment is stated at cost, less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Property and improvements	10 – 40 years
Office furniture and equipment	2.5 - 20 years
Plant and equipment	0 - 40 years
Motor Vehicles	8 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Notes to the Financial Statements for the Year Ended 30 June 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Plant and Equipment (Continued)

(ii) De-recognition and Disposal

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognised.

l) Investments and Other Financial Assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity.

Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are de-recognised or impaired, as well as through the amortisation process.

(iii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-Sale Investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

Notes to the Financial Statements for the Year Ended 30 June 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Investments and Other Financial Assets (Continued)

Upon disposal of available for sale investments the carrying value of the disposed assets are transferred to profit or loss to match with the consideration received, less costs to sell. A gain or loss on disposal is recognised in the period in which the disposal occurred.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(v) Investment in Associated Entities

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements, after initially being recognised at cost. The associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate.

Goodwill included in the carrying amount of the investment in an associate is not tested separately; rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivable and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with AASB 139. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a Group entity transacts with its associate, profits and losses resulting from those transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Notes to the Financial Statements for the Year Ended 30 June 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Exploration and Evaluation Expenditure (Continued)

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied: (i) the rights to tenure of the area of interest are current; and (ii) at least one of the following conditions is also met:

- (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

n) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a re-valuation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at re-valued amount, in which case the reversal is treated as a re-valuation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Notes to the Financial Statements for the Year Ended 30 June 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

p) Interest Bearing Liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are de-recognised.

q) Employee Benefits

(i) Wages, Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and non-accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

r) Share Based Payments

Equity Settled Transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined by using a Black and Scholes model. Share rights are valued at the underlying market value of the ordinary shares over which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of GBM Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The charge or credit to the consolidated statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Notes to the Financial Statements for the Year Ended 30 June 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Share Based Payments (Continued)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, the cumulative expense recognised in respect of that award is transferred from its respective reserve to accumulated losses. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

s) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

t) Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing the net profit or loss attributable to members of the Company for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus element.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion, by the weighted average number of ordinary shares and potential dilutive ordinary shares, adjusted for any bonus element.

u) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Notes to the Financial Statements for the Year Ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u) Business Combinations (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

v) Provision for Restoration and Rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

w) Parent Entity Financial Information

The financial information for the parent entity, GBM Resources Limited, disclosed in Note 28 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Notes to the Financial Statements for the Year Ended 30 June 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

x) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Accounting for capitalised mineral exploration and evaluation expenditure

The Group's accounting policy is stated at 1(m). A regular review is undertaken of each area of interest to determine the reasonableness of continuing to carry forward costs in relation to that area of interest.

Share based payments

The Group uses independent advisors to assist in valuing share based payments.

Estimates and assumptions used in these valuations are disclosed in the notes in periods when these share based payments are made.

2. FINANCIAL RISK MANAGEMENT

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Group's exposure to the specific risks, and the policies and processes for measuring and managing those risks. Further quantitative disclosures are included throughout this financial report. The Board of Directors has overall responsibility for the risk management framework.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

Trade and other receivables

The current nature of the business activity does not result in trading receivables. The receivables that the Group recognises through its normal course of business are short term in nature and the most significant (in quantity) is the receivable from the Australian Taxation Office and interest receivable. The risk of non-recovery of receivables from this source is considered to be negligible.

Cash deposits

The Group's primary banker is Commonwealth Bank. At balance date all operating accounts and funds held on deposit are with this bank. The Directors believe any risk associated with the use of only one bank is mitigated by its size and reputation. Except for this matter the Group currently has no significant concentrations of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Group's current and future operations, and consideration is given to the liquid assets available to the Group before commitment is made to future expenditure or investment.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

Notes to the Financial Statements for the Year Ended 30 June 2018

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (Continued)

Currency risk

The Group is not exposed to any currency risk other than the respective functional currencies of each Company within the Group, the Australian dollar (AUD).

Interest rate risk

The Group is not exposed to significant interest rate risk and no financial instruments are employed to mitigate risk (Note 18 – Financial Instruments).

Equity price risk

The Group was exposed to price risk during the financial year in respect of its holding of ordinary securities of Anchor Resources Limited (Singapore), WCB Resources Limited (Canada) and Kingston Resources Limited (Australia). The investments were classified as an available for sale financial assets with unrealised movements in the market values of the investments recognised in equity, unless management considers that a material impairment has arisen in which case any unrealised losses will be accounted for through profit or loss. There was no hedging activities undertaken regarding these investments. As at the end of the financial year the Group no longer had any exposure to equity price risk (Note 18 – Financial Instruments).

(d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors capital expenditure and cash flows as mentioned in (b).

	Note	Consolidated	
		2018	2017
		\$	\$
3. REVENUE AND OTHER GAINS/LOSSES			
a) Other Revenue			
Gain on disposal of assets		-	6,000
Interest income		7,381	9,382
Joint venture management fee		72,456	18,049
Other income		16,853	6,553
		96,690	39,984
b) Gain/(loss) on sale of investments			
Loss on disposal of available for sale financial assets		(201,053)	74,227
		(201,053)	74,227
c) Other gains and losses			
Gain on settlement of loan agreement ¹		-	750,000
		-	750,000

¹Gain represents the difference between the loan liability settled by the issue of equity securities and the fair value of equity issued in settlement.

Notes to the Financial Statements for the Year Ended 30 June 2018

	Note	Consolidated	
		2018	2017
		\$	\$
4. EXPENSES			
Employee expenses			
Gross employee benefit expense:			
Wages and salaries		840,726	1,104,944
Directors' fees		48,000	136,000
Superannuation expense		79,834	103,295
Other employee costs		71,932	44,323
		1,040,492	1,388,562
Less amount allocated to exploration		(682,180)	(987,258)
Net consolidated statement of profit or loss and other comprehensive income employee benefit expense		358,312	401,304
Depreciation expense:			
Property and improvements	9	3,512	4,549
Office equipment and software	9	2,157	2,806
Site equipment	9	6,205	18,175
Motor vehicles	9	15,556	15,557
		27,430	41,087
Exploration costs:			
Unallocated exploration costs		115,084	129,719
Exploration costs written off	8	1,735,974	33,423
		1,851,058	163,142
Impairment expense – exploration costs	8	2,537,876	-
		4,388,934	163,142

Notes to the Financial Statements for the Year Ended 30 June 2018

	Consolidated	
	2018	2017
Note	\$	\$
5. INCOME TAX		
a) Income tax recognised in profit and loss		
The prima facie tax benefit on the operating result is reconciled to the income tax provided in the financial statements as follows:		
Accounting profit/(loss) before income tax from continuing operations	(5,781,089)	(1,540,602)
Income tax (benefit)/expense calculated at 27.5% (2017: 27.5%)	(1,589,799)	(423,666)
Impairment expense	89,636	372,694
Capital raising costs claimed	(33,557)	(47,601)
Exploration costs written off and impaired	1,175,309	10,027
Unused tax losses and temporary differences not recognised as deferred tax assets	358,411	88,546
Income tax (benefit) reported in the consolidated statement of profit or loss and other comprehensive income	-	-
The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law.		
b) Unrecognised deferred tax assets and liabilities		
The following deferred tax assets and liabilities have not been brought to account:		
Unrecognised deferred tax assets relate to:		
Losses available for offset against future taxable income	8,265,125	8,107,589
Capital raising costs	67,034	107,735
Accrued expenses and leave liabilities	63,487	43,547
Rehabilitation provisions	194,399	212,072
	8,590,045	8,470,943
Unrecognised deferred tax liabilities relate to:		
Exploration expenditure	(3,295,497)	(4,328,532)
Net unrecognised deferred tax asset	5,294,548	4,142,411

Notes to the Financial Statements for the Year Ended 30 June 2018

5. INCOME TAX (CONTINUED)

The deductible temporary differences and tax losses do not expire under current tax legislation. Potential deferred tax assets attributable to tax losses carried forward have not been brought to account because the Directors do not believe it is appropriate to regard realisation of the future tax benefit as probable.

The potential future income tax benefit will only be obtained if:

- (i) the Group derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised in accordance with Division 170 of the Income Tax Assessment Act 1997;
- (ii) the Group companies continue to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the Group in realising the benefits.

	Consolidated	
	2018	2017
	\$	\$
6. EARNINGS/(LOSS) PER SHARE		
Profit/(loss) used in calculation of earnings/(loss) per share	(5,781,089)	(1,540,602)
	Cents	Cents
Basic and diluted earnings/(loss) per share	(0.7)	(0.2)
	#	#
Weighted average number of shares used in the calculation of earnings per share	863,566,975	814,491,427

Options and performance share rights

Options and share rights to acquire ordinary shares granted by the Company and not exercised at the reporting date have been included in the determination of diluted earnings per share to the extent to which they are dilutive. There are no options on issue at 30 June 2018 that are considered to be dilutive.

	Consolidated	
	2018	2017
	\$	\$
7. TRADE AND OTHER RECEIVABLES		
Current		
Amounts due from farm-in partner	-	29,485
GST recoverable	7,771	10,751
Other debtors	39,289	22,822
	47,060	63,058
Non-current		
Security and environmental bonds ¹	746,488	754,904
	746,488	754,904

¹ Included in non-current assets at 30 June 2018 is an amount of \$713,899 (2017: \$713,899) in respect of security deposits paid to the Queensland State Government in respect of the exploration licences and mining leases recognised on acquisition of Mt Coolon Gold Mines Pty Ltd.

Notes to the Financial Statements for the Year Ended 30 June 2018

	Note	Consolidated	
		2018	2017
		\$	\$
8. EXPLORATION AND EVALUATION EXPENDITURE			
Exploration and evaluation phase:			
Capitalised costs at the start of the financial year		14,428,442	11,350,307
Capitalisation of Mt Coolon Gold Project additional rehabilitation costs	12	-	310,853
Costs capitalised during the financial year		1,829,035	2,800,705
Capitalised costs written off during the financial year	4	(1,735,974)	(33,423)
Impairment of exploration costs	4	(2,537,876)	-
Capitalised costs at the end of the financial year		11,983,627	14,428,442

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or alternatively, sale of the respective areas.

The Group has recognised an impairment in previously capitalised exploration costs in respect of the Milo mineral resource to reflect a reduction in applicable commodity prices, and that the focus of the Company is the Mt Coolon Gold Project.

9. PROPERTY, PLANT AND EQUIPMENT

Carrying values at 30 June:

Property and improvements:			
Cost		193,117	193,117
Depreciation		(127,230)	(123,718)
		65,887	69,399
Office equipment and software:			
Cost		176,223	173,193
Depreciation		(171,528)	(169,371)
		4,695	3,822
Site equipment and plant:			
Cost		221,124	221,124
Depreciation		(209,843)	(203,638)
		11,821	17,486
Motor vehicles:			
Cost		161,638	161,638
Depreciation		(151,400)	(135,844)
		10,238	25,794
Total		92,101	116,501

Reconciliation of movements:

Property and improvements:			
Opening net book value		69,399	73,948
Depreciation	4	(3,512)	(4,549)
Closing net book value		65,887	69,399

Notes to the Financial Statements for the Year Ended 30 June 2018

	Note	Consolidated	
		2018	2017
		\$	\$
9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)			
Reconciliation of movements (Continued):			
Office equipment and software:			
Opening net book value		3,822	5,645
Cost of additions		3,030	983
Depreciation	4	(2,157)	(2,806)
Closing net book value		4,695	3,822
Site equipment and plant:			
Opening net book value		17,486	35,661
Depreciation	4	(6,205)	(18,175)
Closing net book value		11,821	17,486
Motor vehicles:			
Opening net book value		25,794	41,351
Depreciation	4	(15,556)	(15,557)
Closing net book value		10,238	25,794
Total		92,101	116,501

10. AVAILABLE FOR SALE FINANCIAL ASSETS

Current			
Investment – Anchor Resources Limited		-	2,655,492
Non-current			
Investment – WCB Resources Ltd		-	75,075

Investment – Anchor Resources Limited

The Company sold its investment in Anchor Resources Ltd (Anchor), a Company quoted on the Catalist Board of the Singapore Stock Exchange (SGX), during the financial year.

The Group received the Anchor shares pursuant to a share swap agreement relating to its original shareholding in Angka Alamjaya Sdn Bhd (AASB), which were vended into the Initial Public Offer of Anchor.

Prior to the completion of the share swap agreement, the Group accounted for its investment in AASB as an associate using the equity method.

Balance at the start of the financial year	2,655,492	4,135,744
Carrying value of shares disposed during the year	(2,329,541)	(313,013)
Impairment expense ¹	(325,951)	(1,167,239)
Carrying amount at the end of the financial year	-	2,655,492

¹ The directors have reviewed the decline in value of the investment and have considered it to be significant and as such it has been reclassified from equity to profit or loss.

The investment is within the level 1 fair value hierarchy.

The loss on sale during the year in addition to the impairment loss was \$420,528. Proceeds of \$1,909,013 were received on sale of the investment.

Notes to the Financial Statements for the Year Ended 30 June 2018

Note	Consolidated	
	2018	2017
	\$	\$
10. AVAILABLE FOR SALE FINANCIAL ASSETS (CONTINUED)		
<i>Investment – WCB Resources Limited</i>		
The investment relates to a holding in WCB Resources Limited (WCB), a Company quoted on the Venture Board of the Toronto Stock Exchange (TSX:V). The shares were acquired by the Company at a deemed price of CAD\$0.05 per share in full settlement and satisfaction of a loan previously advanced to WCB by the Company.		
During the financial year, the Company received 13,500,000 ordinary fully paid shares in Kingston Resources Limited (Kingston) following the merger of Kingston and WCB. During the financial year the Company sold its entire investment in Kingston.		
Balance at the start of the financial year	75,075	-
Recognition of investment on issue of shares	-	150,000
Impairment expense ¹	-	(74,925)
Carrying value of shares disposed in the period	(75,075)	-
Carrying amount at the end of the financial year	-	75,075

¹ The directors have reviewed the decline in value of the investment and have considered it to be significant and as such it has been reclassified from equity to profit or loss.

The investment is within the level 1 fair value hierarchy.

On sale the Company received \$294,550 and recognised a profit on sale of \$219,475.

11. TRADE AND OTHER PAYABLES

Current

Unspent funds received from farm-in partner	93,923	-
Acquisition costs payable ¹	12,500	12,500
Trade creditors ²	83,704	70,009
Sundry creditors and accruals	74,033	63,060
Employee leave liabilities	166,406	109,714
	430,566	255,283

¹ 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.

12. PROVISIONS

Non-current

Rehabilitation provision ¹	706,907	706,907
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¹ An additional \$310,853 provision for rehabilitation was recognised in the 2017 financial year following an environmental approval assessment (Note 8).

Notes to the Financial Statements for the Year Ended 30 June 2018

	Issue price	2018 No.	2017 No.	2018 \$	2017 \$
13. ISSUED CAPITAL					
Issued capital at the balance date		863,566,975	863,566,975	31,801,764	31,801,764
Movements in issued capital:					
On issue at the start of the year		863,566,975	653,063,975	31,801,764	28,785,654
Shares issued on the exercise of options	\$0.035	-	3,000	-	105
Share placement	\$0.016	-	160,500,000	-	2,568,000
Shares issued in settlement of loan liability	\$0.015	-	50,000,000	-	750,000
Share issue costs		-	-	(6,670)	(301,995)
On issue at the end of the reporting year		863,566,975	863,566,975	31,795,094	31,801,764

Shares Subject to Restriction Agreement

At balance date there were no ordinary shares subject to any restrictions.

	2018 No.	2017 No.
14. OPTIONS		
Details of the Company's Incentive Option Scheme are provided at Note 16.		
(a) <u>Options over unissued shares</u>		
Options on issue at the balance date	203,391,744	203,391,744
Movements in options:		
Options on issue at the start of the year	203,391,744	-
Options issued pursuant to a non-renounceable entitlement offer ¹	-	203,391,744
Options on issue at the end of the reporting year	203,391,744	203,391,744

¹ Options exercisable at 5 cents each and expiring 30 September 2019 issued pursuant to a non-renounceable entitlement offer.

Notes to the Financial Statements for the Year Ended 30 June 2018

	Note	Consolidated	
		2018 \$	2017 \$
15. RESERVES AND ACCUMULATED LOSSES			
Option reserveⁱ			
Opening balance		610,175	-
Options subscribed for under non-renounceable entitlement offer		-	610,175
Transfer to accumulated losses on expiry of exercise period		-	-
Closing balance		610,175	610,175
Accumulated losses			
Opening balance		(14,540,939)	(13,000,337)
Transfer from share based payments reserve on expiry of options		-	-
Transfer from option reserve on expiry of options		-	-
Net profit/(loss) attributable to the members of the Company		(5,781,089)	(1,540,602)
Closing balance		(20,322,028)	(14,540,939)

ⁱ Option reserve

The option reserve represents the proceeds received on the issue of options.

16. EMPLOYEE BENEFITS

Details of the Company's performance right and share option plans, under which performance rights and options are issuable to employees, directors and consultants are summarised below. Details of share rights and options issued to Directors and executives are set out in the Remuneration Report that forms part of the Directors' Report.

Incentive Option Plan

The Company has a formal option plan for the issue of options to employees, directors and consultants, which was last approved by shareholders at the Company's Annual General Meeting on 28 October 2016. Options are granted free of charge and are exercisable at a fixed price in accordance with the terms of the grant. Options over unissued shares are issued under the terms of the Plan at the discretion of the Board.

There are no options on issue under the Incentive Option Plan at 30 June 2018 (2017: nil).

Performance Rights Plan

The Company has a formal plan for the issue of performance share rights to employees, which was approved by shareholders at the Company's Annual General Meeting on 28 October 2016. Share rights are granted free of charge and are exercisable into ordinary fully paid shares in accordance with the terms of the grant. Share rights are issued to employees under the terms of the Plan at the discretion of the Board.

There are no share rights on issue under the Performance Rights Plan at 30 June 2018 (2017: nil).

Notes to the Financial Statements for the Year Ended 30 June 2018

17. SEGMENT REPORTING

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's core activity is mineral exploration and resource development within Australia. During the 2018 and 2017 financial years the Group has recognised an investment in a company in Singapore (note 10).

The reportable segments are represented as follows:

	Australia \$	Singapore \$	Consolidated \$
<u>30 June 2018</u>			
Revenue			
Joint venture management fee	72,456	-	72,456
Gain/(loss) on disposal of available for sale financial asset	219,475	(420,528)	(201,053)
Total segment revenue	291,931	(420,528)	(128,597)
Segment net operating profit/(loss) after tax	(5,034,610)	(746,479)	(5,781,089)
Other revenue - unallocated	24,234	-	24,234
Depreciation	(27,430)	-	(27,430)
Exploration expenditure written off, expensed and impaired	(4,388,934)	-	(4,388,934)
Segment assets	13,220,714	-	13,220,714
Capital expenditure during period	3,030	-	3,030
Other non-current assets acquired	-	-	-
Segment liabilities	(1,137,473)	-	(1,137,473)
Segment non-current assets	12,822,216	-	12,822,216

Notes to the Financial Statements for the Year Ended 30 June 2018

17. SEGMENT REPORTING (CONTINUED)

<u>30 June 2017</u>	Australia \$	Singapore \$	Consolidated \$
Revenue			
Joint venture management fee	18,049	-	18,049
Gain on disposal of available for sale financial asset	-	74,227	74,227
Total segment revenue	18,049	74,227	92,276
Segment net operating profit/(loss) after tax	(447,620)	(1,092,982)	(1,540,602)
Other revenue - unallocated	21,935	-	21,935
Depreciation	(41,087)	-	(41,087)
Exploration expenditure written off and expensed	(163,142)	-	(163,142)
Segment assets	16,177,698	2,655,492	18,833,190
Capital expenditure during period	982	-	982
Other non-current assets acquired	3,078,135	-	3,078,135
Segment liabilities	(962,190)	-	(962,190)
Segment non-current assets	15,374,922	2,655,492	18,030,414

18. FINANCIAL INSTRUMENTS

Credit risk

The Directors do not consider that the Group's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made (note 2(a)).

Impairment losses

The Directors do not consider that any of the Group's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the reporting period.

Currency risk

The Group does not have any direct exposure to foreign currency risk, other than in respect of its impact on the economy and commodity prices generally (note 2 (c)).

Notes to the Financial Statements for the Year Ended 30 June 2018

18. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements (note 2(b)):

Consolidated	Carrying amount \$	Contractual cash flows \$	6 months or less \$	6-12 months \$	1-2 years \$	2-5years \$	More than 5 years \$
30 June 2018							
Trade and other payables	157,237	157,237	157,237	-	-	-	-
	157,237	157,237	157,237	-	-	-	-
30 June 2017							
Trade and other payables	97,626	97,626	97,626	-	-	-	-
	97,626	97,626	97,626	-	-	-	-

The Group does not have any interest bearing liabilities to report a weighted average interest rate.

Interest rate risk

At the reporting date the interest profile of the Group's interest-bearing financial instruments were:

	Consolidated	
	2018	2017
	\$	\$
Fixed rate instruments:		
Financial liabilities	-	-
	-	-
Variable rate instruments:		
Financial assets	351,438	739,718
	351,438	739,718

The Group is not materially exposed to interest rate risk on its variable rate investments.

Notes to the Financial Statements for the Year Ended 30 June 2018

18. FINANCIAL INSTRUMENTS (CONTINUED)

Equity risk

The Group is no longer exposed to equity price risk, which arose through its holding of available for sale financial assets, being the investments in shares in Anchor Resources Limited and WCB Resources Limited (see note 10 for details).

Sensitivity analysis – Equity Price Risk

The Group's equity investments are listed on the Catalist Board of the Singapore Securities Exchange (SGX) and the Venture Board of the Toronto Stock Exchange (TSX-V). A 10% change in the equity price of the Group's investments at the reporting date would have the following impact on the financial statements:

	Profit or Loss		Equity	
	10% increase \$	10% decrease \$	10% increase \$	10% decrease \$
30 June 2018				
Available for sale financial assets	-	-	-	-
30 June 2017				
Available for sale financial assets	273,057	(273,057)	273,057	(273,057)

Fair values

Fair values versus carrying amounts

The carrying amounts of financial assets and liabilities not measured at fair value on a recurring basis, as described in the consolidated statement of financial position represent their estimated net fair value.

19. COMMITMENTS

(a) Exploration

The Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Group's exploration programmes and priorities. As at balance date, total exploration expenditure commitments on tenements held by the Group have not been provided for in the financial statements. These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements.

Minimum expenditure requirements for the following 12 months on the Group's exploration licences as at 30 June 2018, including licences subject to farm-in arrangements are approximately \$1,868,500 (2017: \$2,807,000).

(b) Operating Lease Commitments

The Group has no operating lease commitments.

(c) Contractual Commitment

The Group has no contractual commitments.

Notes to the Financial Statements for the Year Ended 30 June 2018

	Consolidated	
	2018	2017
	\$	\$
20. NOTES TO THE STATEMENT OF CASH FLOWS		
a) Cash and cash equivalents		
Cash at bank and on hand	242,425	633,880
Bank at call cash account	109,013	105,838
	<hr/>	<hr/>
Total cash and cash equivalents	351,438	739,718

The Bank at call account holds funds at call subject to certain restrictions (note 20(b)) and pays interest at an average of 2.3% (2017:3.00%), and matures on 24 September 2018.

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	109,013	105,838
--------------------------------	---------	---------

c) Reconciliation of Loss from Ordinary Activities after Income Tax to Net Cash Used in Operating Activities

Profit/(Loss) after income tax	(5,781,089)	(1,540,602)
<i>Add (less) non-cash items:</i>		
Gain on equity settlement of loan liability	-	(750,000)
Loss/(gain) on sale of investments	201,053	(74,227)
Gain on sale of assets	-	(6,000)
Impairment charge	325,951	1,242,614
Depreciation	27,430	41,087
Exploration expenditure written off, expensed and impaired	4,388,934	163,142
<i>Changes in assets and liabilities:</i>		
Increase/(decrease) in trade creditors and accruals	133,888	(127,753)
(Increase)/decrease in sundry receivables	(20,220)	659
	<hr/>	<hr/>
Net cash flow from operations	(724,053)	(1,051,080)

Material non-cash transactions

2017

During the 2017 financial year the Group issued 50,000,000 ordinary fully paid shares at a fair value of 1.5 cents per share in settlement of a \$1.5 million loan liability (Note 13).

Notes to the Financial Statements for the Year Ended 30 June 2018

	Consolidated	
	2018	2017
	\$	\$
21. AUDITOR'S REMUNERATION		
Amounts received or receivable by HLB Mann Judd for:		
- Audit and review of financial reports	36,000	30,500
	2018	2017
	%	%

22. CONTROLLED ENTITIES

a) Particulars in Relation to Ownership of Controlled Entities

Belltopper Hill Pty Ltd	100	100
Syndicated Resources Pty Ltd	100	100
Willaura Minerals Pty Ltd	100	100
Isa Brightlands Pty Ltd	100	100
Isa Tenements Pty Ltd	100	100
Bungalien Phosphate Pty Ltd	100	100
Mt Coolon Gold Mines Pty Ltd	100	100

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in the note. Details of transactions between the Group and other related parties are disclosed in note 24.

23. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Details of Key Management Personnel

The following were key management personnel of the Group at any time during the year and unless otherwise stated were key management personnel for the entire year.

Non-Executive Director

Hun Seng Tan – Non-Executive Director

Executive Directors

Peter Thompson – Managing Director/Executive Chairman

Neil Norris – Exploration Director

Notes to the Financial Statements for the Year Ended 30 June 2018

23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

Total remuneration paid to key management personnel during the year:

	Consolidated	
	2018	2017
	\$	\$
Short-term benefits	469,349	569,001
Post-employment benefits	39,252	39,193
	508,601	608,194

b) Other Transactions and Balances with Key Management Personnel

There are no other transactions with Directors, or Director related entities or associates, other than those reported in note 24. As at 30 June 2018 an amount of \$64,454 has been accrued for payment to Key Management Personnel in respect of remuneration.

24. RELATED PARTY TRANSACTIONS

Total amounts receivable and payable from entities in the wholly-owned group (see Note 22 for details of controlled entities) at balance date:

Non-Current Receivables

Loans to controlled entities	17,149,806	15,632,859
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Non-Current Payables

Loans from controlled entities	-	-
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25. DIVIDENDS

There are no dividends paid or payable during the year ended 30 June 2017 or the 30 June 2018 comparative year.

26. EVENTS SUBSEQUENT TO BALANCE DATE

Other than the following, there has not arisen in the interval between the end of the financial year 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 6 August 2018 the Company issued 47,030,000 ordinary fully paid shares at 0.5 cents per share pursuant to a share purchase plan raising \$235,150 before costs;
- On 14 August 2018 the Company issued 140,000,000 ordinary fully paid shares at 0.5 cents per share pursuant to a share placement raising \$700,000;
- On 11 September 2018 the Company received shareholder approval to issue up to 40,000,000 ordinary fully paid shares to directors of the Company at 0.5 cents per share pursuant to a share placement raising \$200,000. These shares have not been issued at the date of signing this report; and
- On 28 September 2018 the Company announced the execution of the Twin Hills Gold Project tenement sale agreement, the completion of which is subject to various conditions including securing project funding.

Notes to the Financial Statements for the Year Ended 30 June 2018

27. CONTINGENCIES

(i) Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Group as at 30 June 2017 or 30 June 2018.

(i) Native Title and Aboriginal Heritage

Native title claims have been made with respect to areas which include tenements in which the Group has an interest. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Group or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Group has an interest.

(iii) Contingent assets

There were no material contingent assets as at 30 June 2017 or 30 June 2018.

	2018 \$	2017 \$
28. PARENT ENTITY INFORMATION		
<i>Financial position</i>		
Assets		
Current assets	430,735	3,457,916
Non-current assets	12,083,324	14,668,619
Total Assets	12,514,059	18,126,535
Liabilities		
Current liabilities	(430,818)	(255,535)
Non-current liabilities	-	-
Total Liabilities	(430,818)	(255,535)
NET ASSETS	12,083,241	17,871,000
Equity		
Issued capital	31,795,094	31,801,764
Option reserve	610,175	610,175
Accumulated losses	(20,322,028)	(14,540,939)
TOTAL EQUITY	12,083,241	17,871,000
<i>Financial performance</i>		
Profit/(loss) for the year	(5,781,089)	(1,540,602)
Other comprehensive income	-	-
Total comprehensive profit/(loss)	(5,781,089)	(1,540,602)

Contingent liabilities

For full details of contingent liabilities see Note 27.

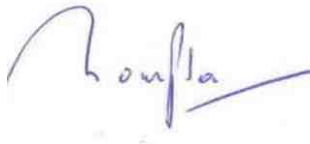
Commitments

For full details of commitments see Note 19.

Directors' Declaration

1. In the opinion of the Directors:
 - a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year then ended; and
 - ii. complying with Accounting Standards and Corporations Regulations 2001.
 - 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.
 - c) the financial statements and notes are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

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

A handwritten signature in blue ink, appearing to read 'P Thompson', with a long horizontal stroke extending to the right.

PETER THOMPSON
Executive Chairman

Dated this 28th day of September 2018

Independent Auditor's Report to the Members of GBM Resources Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of GBM Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a) in the financial report, which indicates the existence of material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Key Audit Matter	How our audit addressed the key audit matter
<p>Carrying amount of exploration and evaluation expenditure Note 8 of the financial report</p> <p>At 30 June 2018, the exploration and evaluation expenditure was carried at \$11,983,627 (2017: \$14,428,442). In accordance with AASB 6 <i>Exploration and Evaluation of Mineral Resources</i>, the Group capitalises acquisition costs of rights to explore and applies the cost model after recognition.</p> <p>Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset. We considered this to be a key audit matter because this is one of the significant assets of the Group. There is a risk that the capitalised expenditure no longer meets the recognition criteria of the standard.</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the key processes associated with management's review of the exploration and evaluation asset carrying values; • We considered the Directors' assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its area of interest; • We tested a sample of exploration expenditures to see that it met the requirements for capitalisation; • We examined the exploration budget for 2018/19 and discussed with management the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and minutes of Directors' meetings to ensure that the Group had not decided to discontinue exploration and evaluation at its area of interest; and • We examined the disclosures made in the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of GBM Resources Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



HLB Mann Judd
Chartered Accountants



D I Buckley
Partner

Perth, Western Australia
28 September 2018

ASX Additional Information

Pursuant to the Listing Rules of the Australian Securities Exchange Limited, the shareholder information set out below was applicable as at 2 October 2018.

a. Distribution of Equity Securities

Range	Quoted Shares (GBZ)		Quoted Options (GBZO)	
	Number of Holders	Securities Held	Number of Holders	Securities Held
1 – 1,000	59	13,428	2	525
1,001 – 5,000	67	258,139	26	81,104
5,001 – 10,000	121	1,067,471	13	109,610
10,001 – 100,000	412	17,226,326	57	2,432,411
100,001 and over	304	1,032,031,611	47	200,768,094
	963	1,050,596,975	145	203,391,744

There are 629 shareholders holding less than a marketable parcel of shares.

b. Twenty Largest Holders – Ordinary Shares (GBZ)

Shareholder	Shares Held	% of Issued Capital
Citicorp Nominees Pty Ltd	202,539,842	19.28%
BNP Paribas Nominees Pty Ltd <DRP>	91,648,444	8.72%
Longru Zheng	88,718,593	8.44%
HSBC Custody Nominees (Australia) Limited	77,094,919	7.34%
National Federal Capital Limited	50,000,000	4.76%
Chew Leok Chuan	41,598,226	3.96%
Weijun Chen	39,520,100	3.76%
Li Rongzhi	35,000,000	3.33%
Bikun Lin	32,261,307	3.07%
Bradley Green	23,000,000	2.19%
Leok Chuan Chew	20,000,000	1.90%
Kok Yong Lim	20,000,000	1.90%
Superfine Nominees Pty Ltd	14,200,000	1.35%
Richgroup Holdings International Pte Ltd	12,000,000	1.14%
Choong Jun Yen	10,750,000	1.02%
Chung Hoi Ching	10,000,000	0.95%
Ou Hsin Hung	10,000,000	0.95%
Richgroup Holdings International Pte Ltd	10,000,000	0.95%
BNP Paribas Nominees Pty Ltd <UOB Kay Hian Pte Ltd DRP>	9,719,618	0.93%
Neil Norris <North Atlantic S/F A/c>	8,600,000	0.82%
Chen Yafeng	8,600,000	0.82%
Total	815,251,049	77.60%

ASX Additional Information

c. Substantial Shareholders

An extract of the Company's register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Shareholder	Shares Held	% of Issued Capital
Chew Leok Chuan	121,731,560	11.59%
Longru Zheng	88,718,593	8.44%
Guan Huat Loh	60,810,708	5.79%

d. Twenty Largest Holders – Quoted Options (GBZO)

Shareholder	Options Held	% of Issued Capital
Chew Leok Chuan	26,931,078	13.24%
Citicorp Nominees Pty Ltd	25,451,468	12.51%
Longru Zheng	22,179,649	10.90%
Richgroup Holdings International Pte Ltd	19,531,521	9.60%
Guan Huat Sunny Loh	16,531,521	8.13%
HSBC Custody Nominees (Aust) Ltd	12,580,616	6.19%
BNP Paribas Noms Pty Ltd <DRP>	12,339,657	6.07%
Weijun Chen	9,880,025	4.86%
Bikun Lin	8,065,327	3.97%
Leok Chuan Chew	5,000,000	2.46%
Rosegate Investments Pty Ltd <Classic 48 A/c>	5,000,000	2.46%
Kok Yong Lim	5,000,000	2.46%
Timewise Holdings Pty Ltd <Timewise Super Fund>	4,094,375	2.01%
Beachstone Nominees Pty Ltd <Kwatolwa A/c>	3,200,000	1.57%
Rosegate Investments Pty Ltd	2,997,248	1.47%
Superfine Nominees Pty Ltd <PW & CL Super Fund>	2,800,000	1.38%
Richgroup Holdings International Pte Ltd	2,500,000	1.23%
Mainlight Investments Pty Ltd <KP Super Fund>	2,271,788	1.12%
Bradley Green	2,000,000	0.98%
Lay Hong Lim	1,735,837	0.85%
Total	190,090,110	93.46%

e. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

f. Restricted Securities

There are no restricted securities.