

16 September 2011
ASX Announcement

**DRILLING RESULTS UPGRADE THE
BUNGALIEN PHOSPHATE PROJECT
IN NORTH WEST QUEENSLAND**

HIGHLIGHTS:

- **26 RC holes drilled, 10 returned peak values in excess of 10% Phosphate (P_2O_5). Best results include:**
 - **PRC001: 13m @ 7.0% P_2O_5 including 5m @ 12.7% P_2O_5**
 - **PRC005: 15m @ 3.7% P_2O_5 including 3m @ 12.2% P_2O_5**
 - **PRC007: 13m @ 7.6% P_2O_5 including 5m @ 13.3% P_2O_5**
 - **PRC013: 5m @ 12.3% P_2O_5 including 1m @ 26.0% P_2O_5**
 - **PRC013: 24m @ 4.2% P_2O_5 including 5m @ 12.3% P_2O_5**
 - **PRC016: 4m @ 14.3% P_2O_5**
- **Drilling confirms continuity of Beetle Creek Formation as key to phosphate mineralisation which lies across the total project area covering some 720 square kilometres.**
- **Proximity of road and rail transport infrastructure corridor supports development potential.**

GBM Resources Limited (ASX: GBZ) (“GBM” or “the Company”) is pleased to advise that a 26 hole, RC drilling program has been completed on the Bungalien Phosphate project areas located in the Georgina Basin, southeast of Mount Isa in North Queensland.

Managing director Peter Thompson said, “The latest drilling results from Bungalien are very encouraging and confirm the extent of phosphate prospectivity encountered in the initial drilling campaign conducted in 2008.”

Peak phosphate values exceeding 25% P_2O_5 were among the higher grade results from the 1,436 metre RC drill program. Results include many intersections of significant widths of plus 10% P_2O_5 mineralisation.

In addition, scout drill holes PRC024, PRC025 and PRC026 intersected phosphate mineralisation in new areas. Drillhole PRC026 intersected 7m @ 4.19% P_2O_5 in Horse Creek EPM15150 and PRC024 intersected 9m @ 2.14% P_2O_5 in Limestone Creek EPM17849. These holes demonstrate that substantial areas of these large tenements hold potential for untested phosphate mineralisation at shallow depths.

Phosphate intersections are summarised in the Table 1 below and drillhole locations shown on the included figure.

The objective of the latest drilling program was to build on strong phosphate results from first round drilling completed in December 2008 and to extend the area of phosphate mineralisation. Drilling focused on areas of phosphate mineralisation interpreted to be within 50 meters of surface and further confirmed large areas underlain at shallow depth by rocks of the Beetle Creek Formation.

The largest phosphate deposits in Australia are found in the Georgina Basin, of which the largest is the Phosphate Hill Mine owned by Incitec Pivot, located just 50 kilometres south of GBM's Bungalien Project.

Phosphate rock is a non-renewable natural resource and prices have increased substantially over the past 18 months. During 2008 the price of phosphate rose from US\$50 per tonne to US\$430 per tonne. Current price for phosphate rock is US\$197 per tonne. The international Fertiliser Agency is predicting an annual increase of 5.5% in demand for phosphate rock over the next 5 years. In addition CRU has predicted that prices are likely to increase over the next 10 years.

The current Phosphate JV exploration program is being undertaken under an agreement, which raised \$1.8m in working capital, reached last year (*refer ASX announcement dated 21 September 2010*) with Singapore-based investor Swift Venture Holdings Corporation (SVH) over GBM's phosphate assets. Under the terms of the agreement all future exploration expenditure will be met by SVH.

GBM retains a 30% free carried interest until completion of a bankable feasibility study.

Going Forward

GBM has successfully targeted the Georgina Basin margin for phosphate mineralisation. The under explored nature of the current titles and their relative position to the Georgina Basin margin typifies the highly prospective nature. The presence of existing infrastructure such as the Mt Isa railway line and Duchess-Cloncurry sealed road put it in an ideal location.

GBM believes the project has the potential to develop into a phosphate mining operation.

GBM has tested the Bungalien area for phosphate accumulations using a wide spaced drilling pattern while Horse Creek and Limestone Creek titles require additional work. Follow up drilling is required on these tenements to explore extensions to the mineralisation and to confidently estimate an inferred resource.

GBM controls in excess of 63 kilometres of strike length covering 720 square kilometres in the most prolific phosphorite mineralised district in Australia.



Photograph: Drilling at Bungalien

ENDS

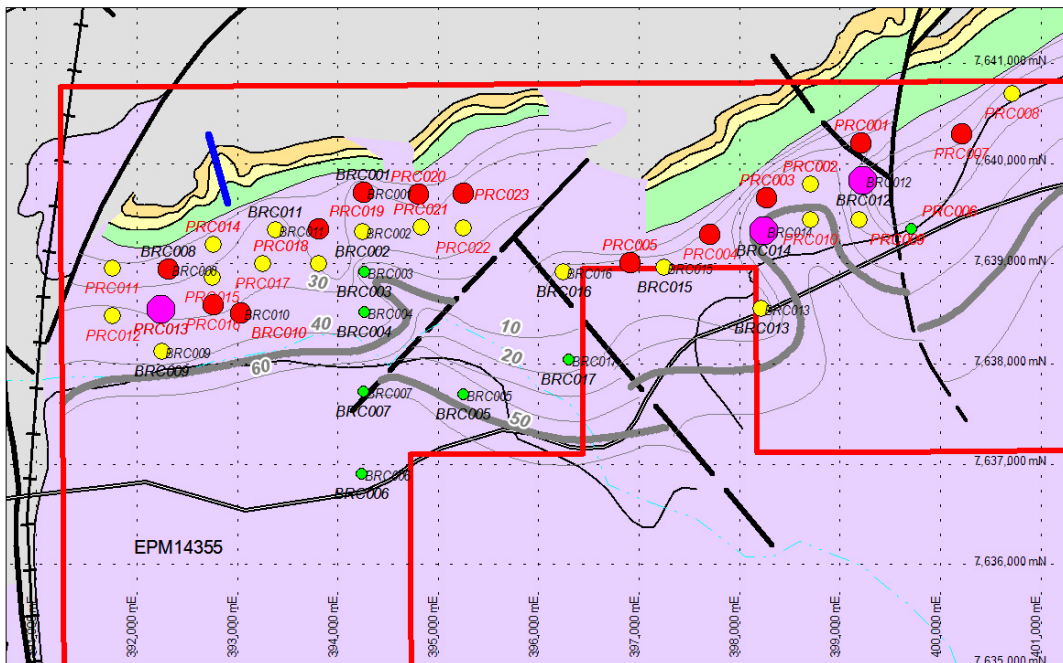
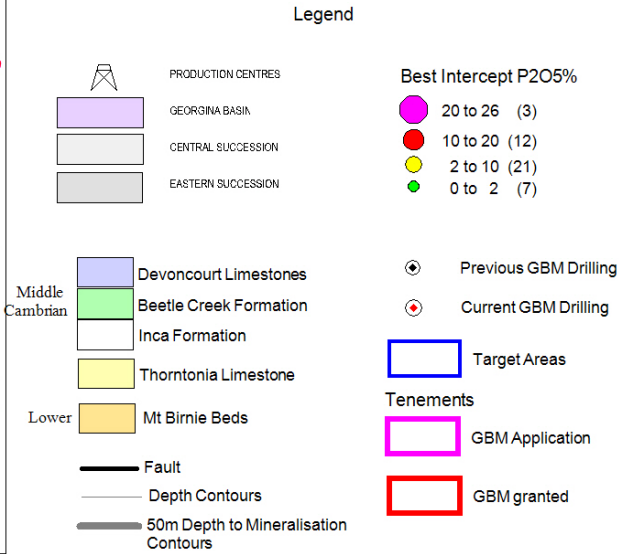
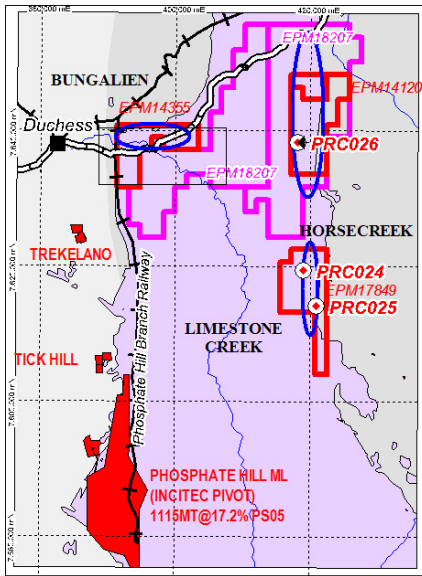
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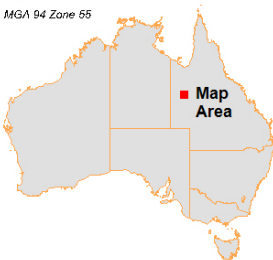
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Table1. Phosphate intersections (nominal 1% P₂O₅ cutoff) from the 2011 Bungalien Phosphate drilling program

| Hole | From | To | Interval (m) | P2O5% |
|------------------|-----------|-----------|--------------|-------------|
| PRC001 | 36 | 49 | 13 | 7.03 |
| <i>including</i> | 36 | 41 | 5 | 12.7 |
| PRC002 | 47 | 50 | 3 | 5.96 |
| PRC003 | 51 | 63 | 12 | 6.26 |
| <i>including</i> | 53 | 61 | 8 | 8.3 |
| <i>PRC003</i> | 55 | 61 | 6 | 9.33 |
| PRC004 | 41 | 50 | 9 | 4.66 |
| <i>including</i> | 41 | 42 | 1 | 10.99 |
| PRC005 | 29 | 44 | 15 | 3.72 |
| <i>including</i> | 30 | 33 | 3 | 12.16 |
| <i>including</i> | 30 | 36 | 6 | 7.78 |
| PRC007 | 18 | 31 | 13 | 7.6 |
| <i>including</i> | 18 | 23 | 5 | 13.3 |
| PRC008 | 37 | 52 | 15 | 3.35 |
| <i>including</i> | 38 | 42 | 4 | 5.5 |
| PRC009 | 34 | 51 | 17 | 3.74 |
| PRC010 | 58 | 65 | 7 | 2.6 |
| PRC011 | 13 | 18 | 5 | 3.77 |
| <i>including</i> | 15 | 18 | 3 | 4.64 |
| PRC012 | 33 | 37 | 4 | 1.8 |
| <i>including</i> | 44 | 52 | 8 | 3.21 |
| PRC013 | 22 | 46 | 24 | 4.19 |
| <i>including</i> | 22 | 29 | 7 | 1.49 |
| <i>including</i> | 31 | 46 | 15 | 5.96 |
| <i>including</i> | 32 | 37 | 5 | 12.29 |
| <i>including</i> | 32 | 34 | 2 | 18.9 |
| <i>including</i> | 32 | 33 | 1 | 25.99 |
| PRC014 | 23 | 26 | 3 | 2.23 |
| PRC015 | 37 | 43 | 6 | 2.29 |
| PRC016 | 24 | 29 | 5 | 2.2 |
| <i>PRC016</i> | 33 | 46 | 13 | 6.4 |
| <i>including</i> | 37 | 43 | 6 | 11.5 |
| <i>including</i> | 38 | 42 | 4 | 14.26 |
| PRC017 | 37 | 43 | 6 | 4 |
| <i>including</i> | 37 | 40 | 3 | 5.87 |
| PRC018 | 35 | 41 | 6 | 3.06 |
| <i>including</i> | 35 | 36 | 1 | 8.81 |
| PRC019 | 29 | 37 | 8 | 6.57 |
| <i>including</i> | 29 | 34 | 5 | 8.61 |
| <i>including</i> | 29 | 32 | 3 | 10.48 |
| <i>including</i> | 29 | 31 | 2 | 12.93 |
| <i>including</i> | 29 | 30 | 1 | 15.21 |
| PRC020 | 22 | 33 | 11 | 3.71 |
| <i>including</i> | 22 | 24 | 2 | 12.22 |
| <i>including</i> | 22 | 23 | 1 | 14.55 |
| PRC021 | 25 | 38 | 13 | 2.62 |
| <i>including</i> | 29 | 31 | 2 | 6.24 |
| PRC022 | 37 | 42 | 5 | 2.29 |
| PRC023 | 39 | 56 | 17 | 3.51 |
| <i>including</i> | 44 | 47 | 3 | 8.26 |
| <i>including</i> | 44 | 45 | 1 | 10.85 |
| PRC024 | 46 | 55 | 9 | 2.14 |
| PRC025 | 38 | 61 | 23 | 1.49 |
| PRC026 | 54 | 61 | 7 | 4.19 |
| <i>including</i> | 55 | 59 | 4 | 5.69 |



MGA 94 Zone 55



BUNGALIEN PROJECT Burke River Phosphate Prospect



^{*1} All holes are vertical, drilled by reverse circulation method and sampled on one metre interval using a three tier riffle splitter. Samples were submitted to Beureau Veritas Mt Isa Laboratory for analyses of 22 elements by SC202/IC3E/M.

The information in this report that relates to Exploration Results is based on information compiled by Neil Norris, who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy. Mr Norris 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 2004 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.