ASX Announcement

ASX Code: GBZ

28 July 2011

Drilling and Favourable Metallurgical results upgrade GBM Resource's Milo Prospect

HIGHLIGHTS:

- **Preliminary metallurgical test work demonstrates a saleable copper concentrate grading 24-27% Cu with recoveries of 75-80%. This is a significant economic milestone.**

- **Important bi-product elements such as gold, silver molybdenum and uranium also have favourable metallurgical features.**

- **Widespread Lanthanum (Rare Earth Element) mineralisation identified.**

- **Drillholes MIL008 and MIL007 extend previously reported mineralised zones and confirm the potential of Milo as a typical poly-metallic IOCG deposit.**

- **Seven of the nine holes completed intersected zones of poly-metallic copper. In addition, three holes recorded very significant Rare Earth Elements.**

- **Only 25% of the total system strike length (500m) has been evaluated as mineralisation remains open to the north and south of the prospect.**

Australian resources company **GBM Resources Limited** (ASX:**GBZ**) ("**GBM**" or "the **Company**") is pleased to announce further strong results from diamond drilling at the Milo Prospect, part of the company's "Flagship" Brightlands Copper-Gold Project in North-West Queensland. These results support increasing levels of confidence in the potential of this growing IOCG prospect.

Following on from the recent report of previously undiscovered Rare Earth Element Yttrium (REEY) mineralisation, a review of the database has identified widespread zones of Lanthanum mineralisation throughout the Milo Prospect.

GBM Resources Executive Chairman, Peter Thompson, said, "These additional strong drillhole intersections, the positive initial metallurgical results and the discovery of significant levels of rare earth mineralisation, strongly underline the potential for future development of the exciting polymetallic Milo IOCG Deposit."

" We are only early in the discovery phase with just over 7,500 metres drilled to date on the 2 kilometre mineralized system. Like all IOCG systems the key is tonnes and metal recovery and the Milo prospect is starting to meet that criteria." Mr Thompson said.

Polymetallic Copper Mineralisation

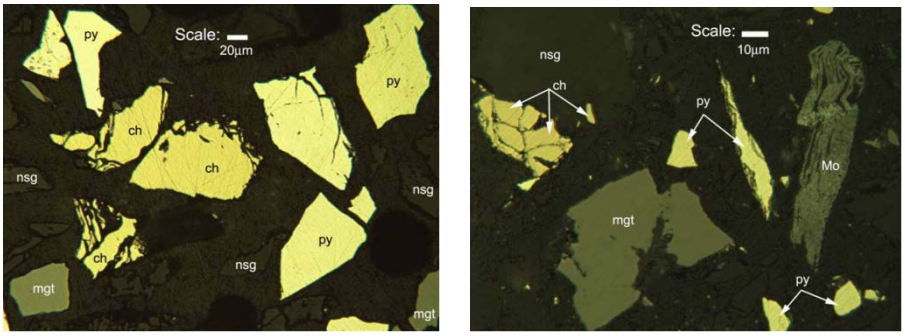
A nine hole diamond drilling programme has recently been completed and results for the sulphide zones in all but the diamond tail of hole MIL010 have now been received. A complete tabulation of polymetallic copper mineralisation is provided below, with many holes intersecting multiple zones of mineralisation. Importantly, the diamond tails of holes MIL007, 008 and 010 have returned further significant intersections. Seven of the nine holes completed intersected zones of polymetallic copper.

While the zone of cupriferous polymetallic mineralisation remains open - both to the North and South, there is evidence that stronger mineralisation is plunging to the north (see figure below) providing confidence that the initial Exploration Target*[3] of between 30-80 million tonnes (Mt) of mineralised material averaging between 0.8% and 1.2% copper equivalent at Milo has significant potential to be expanded.

Positive Metallurgical Results

Metallurgical test work is progressing well with initial results indicating that copper occurs largely as course chalcopyrite grains which provide good concentration through flotation (roughing and cleaning). Preliminary results have provided recoveries of between 75 and 80% to a concentrate grading from 24 to 27% copper. Petrography and initial concentrates also indicate that molybdenum occurs largely as discrete molybdenite grains. This is considered a positive indication for ultimate recovery levels.

Current testwork is in progress covering the suite of other metals that include gold, silver, molybdenum, cobalt and uranium. A metallurgical flow sheet detailing metals recoveries is expected to be available in September.



These photomicrographs accentuates the high degree of liberation of the sulphides from the non sulphide gangue component in floatation concentrate. Left; the sulphide, the iron oxide and the non sulphide particles are liberated. Note the liberated chalcopyrite particles slightly centre left. The pyrite particle upper left shows inclusion pits which show identical textures to that of gold entrapment sites sighted elsewhere in some of the pyrite particles. Right; coarse molybdenite, magnetite and chalcopyrite. Legend; py = pyrite-FeS_2, ch = chalcopyrite-$CuFeS_2$, mgt = magnetite-Fe_3O_4·mo = molybdenite-MoS_2, nsg = non sulphide gangue.

Hole ID	Interval m	Length m	Cu %	Au ppm	Co ppm	Ag ppm	Mo ppm	U ppm	Cu Equiv* %
2011 Drilling (3945 metres)									
MIL001	83 to 90	7.0	0.05	0.06	168	0.34	185	111	0.4
MIL001	241 to 244	3.0	0.21	0.10	208	1.07	168	130	0.6
MIL002	128 to 136	8.0	0.22	0.05	198	0.83	23	2	0.4
MIL003	124 to 131	7.0	0.17	0.12	323	2.54	264	184	0.8
MIL003	168 to 182	14.0	0.20	0.13	269	0.62	166	101	0.6
MIL003	218 to 230	12.0	0.17	0.12	325	2.53	323	268	0.9
MIL004	121 to 141 I/C	20.0	0.07	0.00	129	0.58	21	28	0.2
MIL005	I/C								
MIL006	NSA (Cu Eq)								
MIL007	46 to 128	82.0	0.37	0.15	356	9.81	233	244	1.2
MIL007	incl. 80 to 123	43.0	0.52	0.24	470	17.48	283	218	1.5
MIL007	168 to 179	11.0	0.27	0.02	380	1.97	54	34	0.6
MIL007	263 to 280	17.0	0.22	0.06	286	2.24	221	198	0.8
MIL007	307 to 348	41.0	0.24	0.07	352	3.05	214	279	1.0
MIL007	incl 331 to 343	12.0	0.32	0.16	423	2.83	220	378	1.2
MIL008	151 to 177	26.0	0.26	0.10	278	6.21	190	178	0.8
MIL008	incl. 167 to 177	9.0	0.44	0.24	369	16.26	285	242	1.4
MIL008	187 to 239	52.0	0.29	0.13	272	8.89	261	174	0.9
MIL008	Incl. 187 to 216	29.0	0.32	0.13	322	10.44	249	208	1.1
MIL008	incl. 203 to 227	24.0	0.49	0.22	380	17.20	295	237	1.4
MIL009	NSA (Cu Eq)								
MIL010	136 to 144	8.0	0.29	0.12	289	3.88	257	301	1.1
MIL010	156 to 175	19.0	0.18	0.13	146	1.37	69	76	0.5
2010 Drilling (3582 metres)									
BTD005	28 to33m	5.0	0.25	0.02	97	0.58	4	14	0.3
BTD005	147.4 to 152m	4.6	0.27	0.17	313	1.88	239	217	0.9
BTD006	105 to 115m	10.0	0.15	0.06	145	3.21	74	55	0.4
BTD008	9 to 18m	8.0	0.60	0.04	428	0.36	26	91	1.0
BTD008	37 to 48m	12.0	0.21	0.09	272	0.83	69	69	0.5
BTD008	70 to 83m	13.0	0.26	0.02	153	1.48	8	10	0.4
BTD008	140 to 178.5m	38.5	0.32	0.10	276	4.08	220	195	0.9
BTD008	Incl.147.4 to 152m	6.0	0.59	0.13	262	6.65	160	170	1.2
BTD008	219 to 244m	25.0	0.20	0.05	28	0.67	19	8	0.3
BTD008	266 to 273m	7.0	0.23	0.11	206	0.51	86	55	0.5
BTD009	41 to 54m	13.0	0.46	0.20	549	17.46	228	205	1.4
BTD009	82 to 85m	3.0	0.25	0.10	300	1.47	83	80	0.6
BTD009	151 to 179m	28.0	0.26	0.15	274	2.48	253	166	0.9
BTD010	32 to 51m	19.0	0.31	0.15	282	7.69	197	125	0.9
BTD014	69 to 81m	12.0	0.32	0.15	168	1.63	68	96	0.7
BTD022	229 to 250	21.0	0.23	0.05	250	1.93	156	112	0.6
BTD022	260 to 276	16.0	0.22	0.15	269	3.48	225	179	0.8
BTD024	129 to 226	106.6	0.25	0.13	220	5.90	180	137	0.8
BTD024	Incl. 171 to 180	9.0	0.38	0.18	275	5.92	229	210	1.1
BTD024	incl. 189 to 226	37.0	0.37	0.18	279	10.55	247	192	1.1
BTD025	118 to 205	86.0	0.27	0.12	260	5.69	195	153	0.8
BTD025	incl. 153 to 180	27.0	0.42	0.18	358	9.38	253	221	1.2
BTD025	incl. 187 to 205	18.0	0.44	0.20	362	10.89	260	220	1.3
BTD025	227 to 245	18.0	0.45	0.13	285	6.91	276	225	1.2

Table; Summary of significant Cu-Equivalent drill intersections at Milo during 2010 & 2011.

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REE Discovery Review

Following the discovery of elevated Rare Earth metals in reverse circulation pre-collars MIL001 and MIL002 (see release of 7th July 2011), a review of the existing database has been completed with multiple zones of Lanthanum enrichment identified. Based on complete analyses available for holes MIL001, 2 and 7, the Lanthanum is closely related to the occurrence of a broad suite of Rare Earth Elements (REE), strongly suggesting that further widespread zones of overall REE enrichment are present at Milo.

Lanthanum appears to define a broad halo surrounding and overprinting the zone of poly-metallic copper mineralisation, however the relationship between these styles is still being investigated.

Hole ID	from	to	Interval	Ce02 ppm	La2O3 ppm	Nd2O3 ppm	Y2O3 ppm	TREEOY ppm	TREEYO kg/t
MIL001*	16	136	120	818	557	232	117	1911	1.9
MIL001	Incl 36	114	78	1267	863	359	181	2958	3.0
MIL001	incl 82	114	32	3101	2113	878	442	7239	7.2
MIL002	0	138	138	755	519	230	106	1792	1.8
MIL002	incl 11	27	16	3976	2838	1180	476	9367	9.4
MIL002	incl 69	77	8	1241	861	370	153	2898	2.9
MIL002	incl 127	136	9	1065	677	359	134	2498	2.5
MIL002*	180	204	24	158	97	54	40	407	0.4
MIL007	51	201	150	272	192	86	41	669	0.7
MIL007	incl 166	179	13	637	479	183	69	1513	1.5

Table; Summary of REE intersections received to date. (* denotes incomplete intersections awaiting further analyses from diamond tail.)

An average of 87% of the TREEYO contained in Milo samples analysed to date is comprised of four Rare Earth Element and Yttrium (REEY) elements; CeO_2 (39%), La_2O_3 (25%), Nd_2O_3 (13%) and Y_2O_3 (9%). Oxides of rare earth elements Ce, La, Y, Dy, Er, Eu, Gd, Ho, Lu, Nd, Pr, Sm, Tb, Tm and Yb are included in the estimate of average TREEYO.

As previously stated (see ASX release of 7th July 2011), based on the abundances of various REEY in samples analysed to date, the value of this mix of metals would have a weighted average value of approximately US$150/kg. For comparison, the current value of Cu is approximately $9.50/kg.

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2011 Exploration Programme

GBM plans to maintain a high level of activity at Milo during the second half of 2011. The programme will include additional drilling of the northern and southern continuation of mineralisation, progression of metallurgical testwork, analyses of a large number of samples for a complete REE suite and cutting and sampling of additional intervals of core for analyses to determine more fully the extent and grade of the widespread REE mineralisation.

GBM's current activities are part of an extensive $2.5 million drilling programme to expand and progress the potential development of Milo and other prospects within the Brightlands Cu-Au Project area and is scheduled to run through to November 2011.

Continuing positive results from this programme will provide the basis for a Preliminary Feasibility Study (PFS) for Milo's proposed Iron Oxide Copper Gold (IOCG) development. The PFS is currently planned to commence in 2012.

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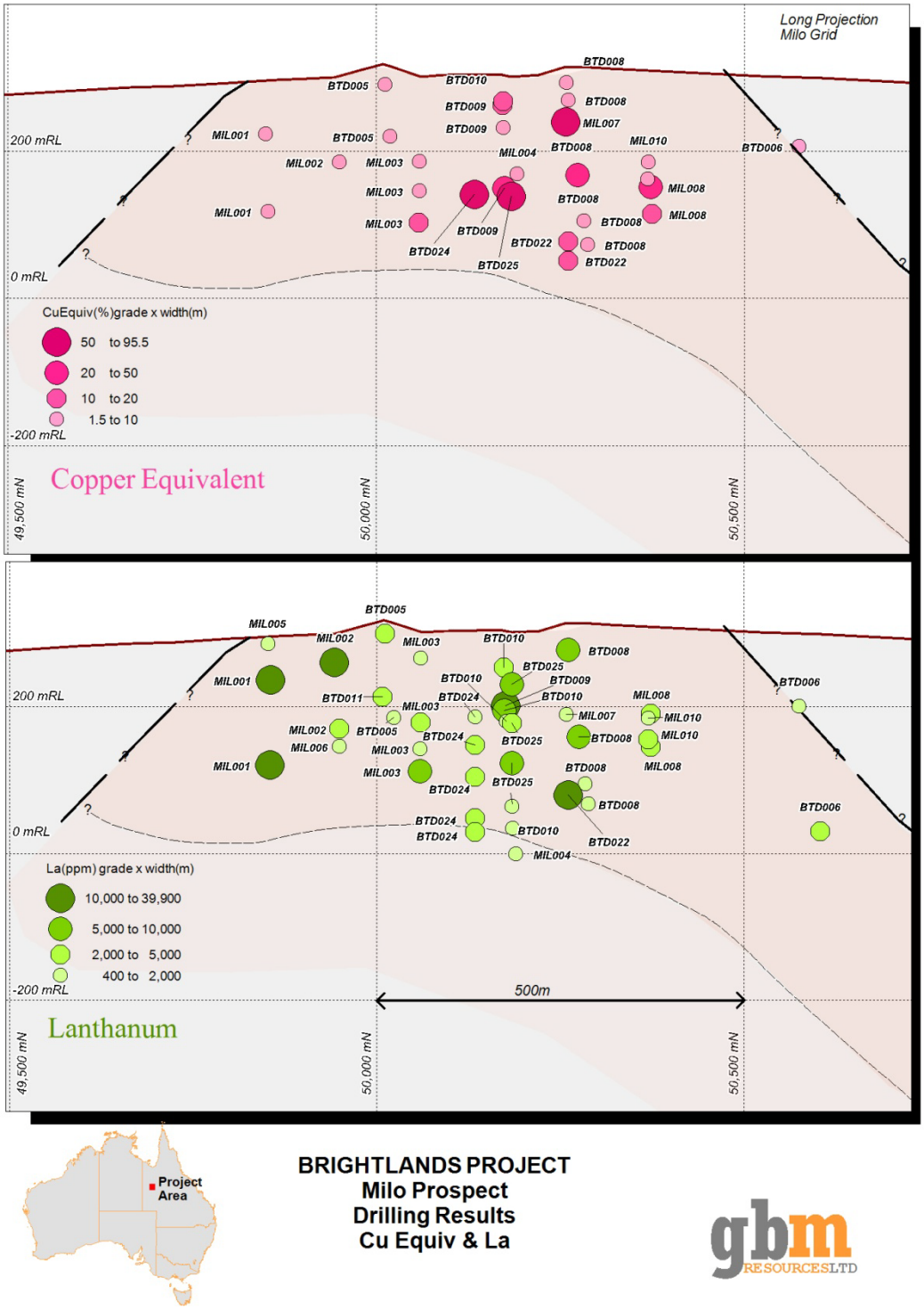

Figure; Milo Longitudinal Projection showing distribution of drillhole intersections for copper equivalent metal suite (top) and Lanthanum (bottom). Figure shows estimated true width times grade.

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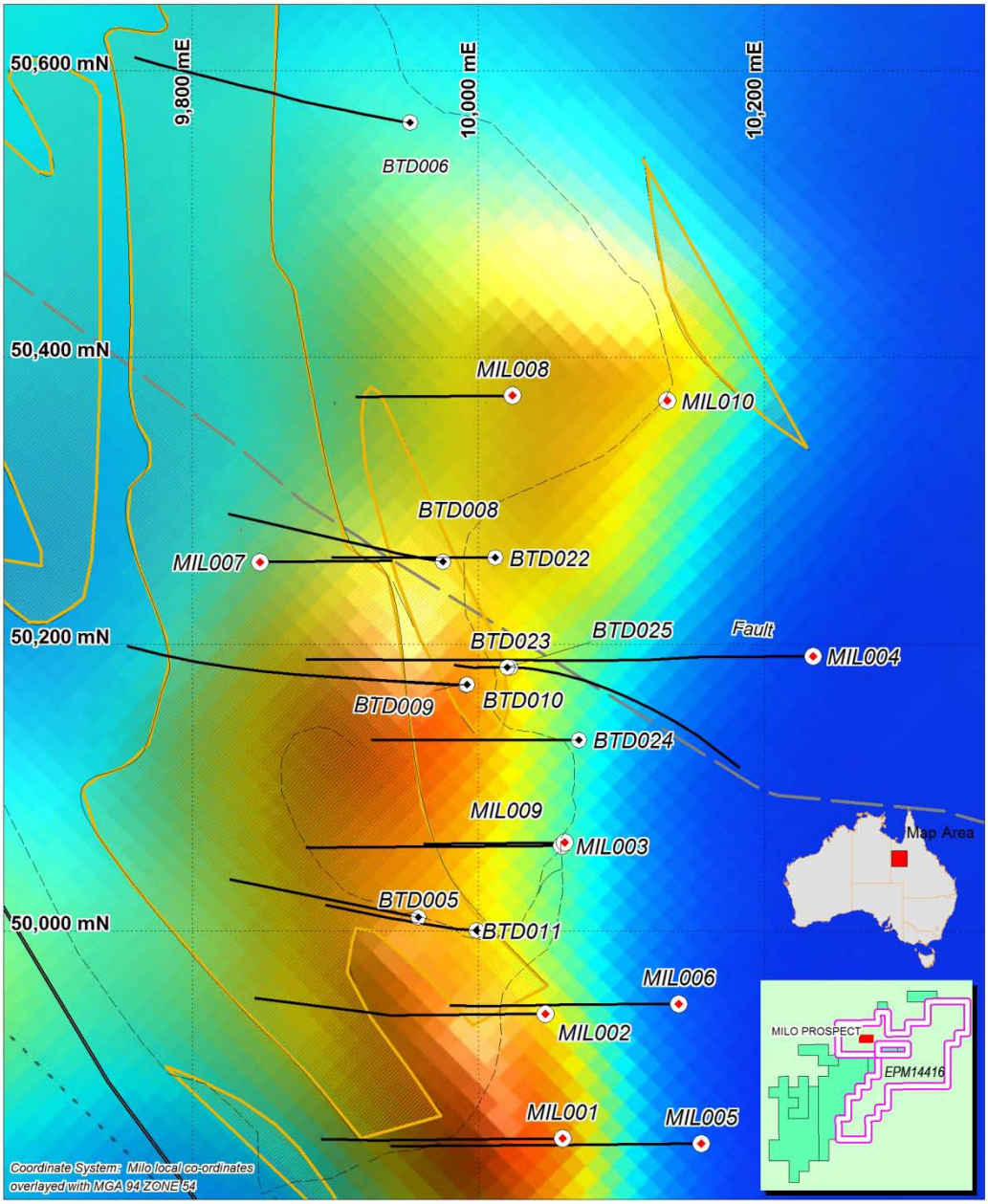
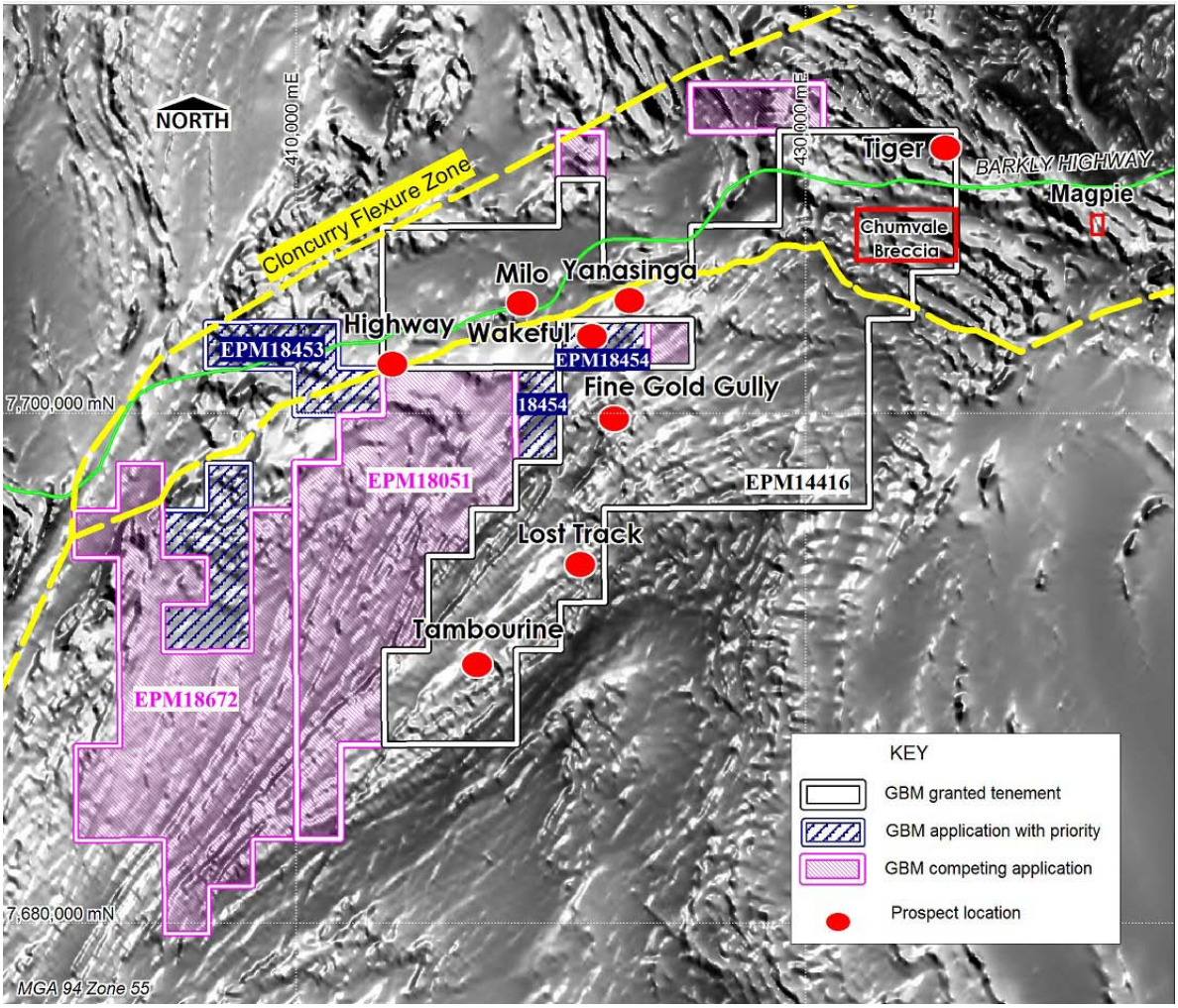


EPM14416 Brightlands Project

Milo Prospect

Drillhole Location Plan

Registered Office: Suite 8, 7 The Esplanade, Mt Pleasant, Western Australia 6153
Tel: (08)9316 9100 • Fax: (08)9315 5475 • Web: www.gbmr.com.au
Exploration Office: 10 Parker Street, Castlemaine, Victoria 3450
Tel: (03) 5470 5033



Brightlands Project area showing prospects over TMI RTP magnetic image

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REFERENCE NOTES

*[1] *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

*[2] *Intersections quoted are length weighted averages of results for individual sample intervals. Samples were taken at 1 metre intervals in RC drilling by multistage splitter and generally 1 metre intervals of half sawn core with maximum of 2 metres for diamond drilling. Analyses were completed by ALS in Mt Isa for all elements other than gold by ME-MS61r, over limit (>1%) Cu by Cu-OG46 and AU by Au-AA25 in Brisbane. Holes generally range in declination from 50^0 to 70^O to 225^0 MGA at Milo. Mineralised zones are interpreted to dip steeply in the opposite direction, holes are therefore drilled approximately perpendicular to the interpreted strike of mineralised zones.*

*[3] *It should be noted that this is an exploration target only, potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. The tonnage estimate is based on a 475 metre strike length with an average combined width of 80 metres and depth of 500 metres being the volume broadly tested by drilling to date. A nominal bulk density of 3.0 t/m^3 was assumed. An accuracy of +/- 50% was assumed to provide a tonnage range reflecting the conceptual nature of this target estimate. Grade ranges represent the range of down-hole intersections available over significant widths to date.*

*[4] *For background and to indicate possible economic implications, current metal prices for these elements are; CeO_2 (US$148/kg), La_2O_3 (US$147/kg), Nd_2O_3 (US$315/kg) and Y_2O_3 (US$167/kg) (source www.metalpages.com 04/07/2011).*

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.