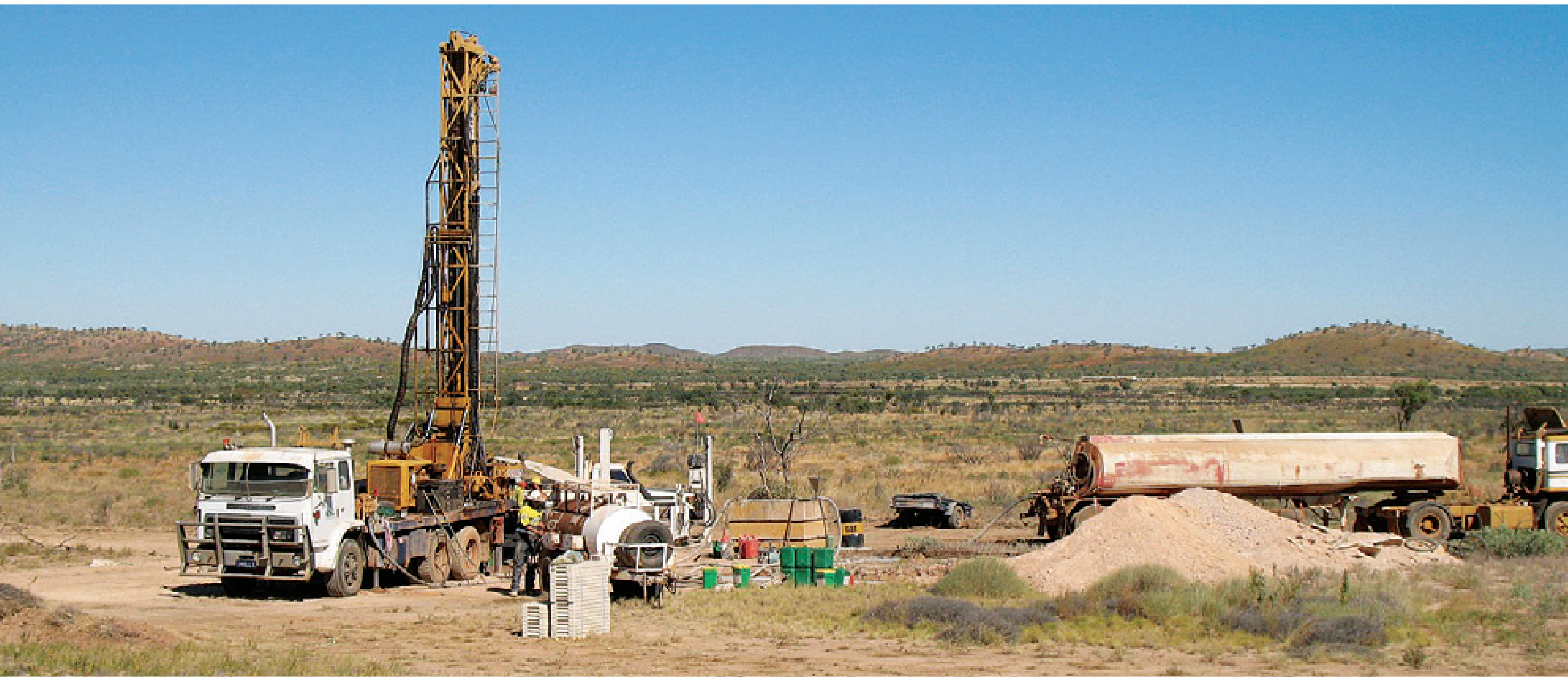
gbm RESOURCES LTD

ABN 91 124 752 745



Annual Report 2011

Contents

Chairman's Report

Dear Fellow Shareholder,

On behalf of the Directors of GBM Resources ("GBM" or "the Company"), it gives me great pleasure to summarise the Company's activities for the year ending 30 June 2011.

During the year, exploration efforts at our Brightlands Copper Gold Project in Queensland have been rewarded with the confirmation that the Milo IOCG prospect is a new large poly metallic discovery and a new discovery in the Mount Isa Region. A significant milestone was achieved when preliminary metallurgical test work demonstrated that a saleable copper concentrate could be produced. In addition, significant levels of rare earth mineralisation have also been discovered at the Milo Prospect.

We are only early in the discovery phase at Milo with limited drilling completed to date on the 2 kilometre mineralised system and we are confident that the initial exploration target of between 30-80 million tonnes averaging 0.8% and 1.2% copper equivalent has significant potential to be expanded. These developments are clearly building on the potential of Milo to add considerable value to the company.

The Company has also had drilling success at its other major Queensland Projects.

At the Bungalien IOCG Project, part of the farm-in project where Pan Pacific Copper and Mitsui can spend up to A$55million on the development of new copper–gold exploration and mining projects, we recently reported that IOCG mineralisation was intersected in the first hole testing the Bronzewing Bore target, confirming a new IOCG system within the Bungalien Project area.

At the Bungalien Phosphate Project, where exploration costs are being covered by Swift Venture Holdings Corporation, recent drilling results have confirmed the extent of the phosphate potential during the initial drilling campaign conducted in 2008.

The Company has continued with its gold strategy of acquiring areas where targets meeting the exploration criteria are identified, resulting in an expanding tenement holding around the historical Mount Morgan gold copper mine that yielded over 8 million ounces of gold and 420,000 tonnes of copper. The area contains numerous high order gold and copper exploration targets.

Queensland is not the only State where GBM is building up a strong portfolio, with the Company adding to its Victorian gold prospects with the granting of tenements in the historical Yea gold region. The Company is confident that these areas, along with our Malmsbury Project in Central Victoria, offer significant Intrusive Related Gold System (IRGS) potential.

I thank the efforts of our employees and contractors who are key in achieving the exploration activities and targets in a safe and cost effective manner. I would also like to take this opportunity to thank shareholders for their continuing support and believe the Milo prospect, the Farm-in projects with our global Japanese partners and our gold assets, can deliver a step change in value for the company in the coming year.

Yours sincerely,

Peter Thompson
Executive Chairman

2011 Highlights Summary

The recent year has seen GBM Resources Limited ('GBM') advance the status of its large portfolio of mineral projects significantly. In addition, prospective areas in both Queensland and Victoria have been added to the already substantial pipeline of high quality mineral exploration projects held by the Company.

GBM remains focused on creating wealth through the discovery and development of mineral resources in Australia. The Company strives to achieve this safely, efficiently and in the shortest possible timeframe, while at the same time ensuring that its management and governance systems provide the capacities required by the Company to achieve its goals and to comply with all the required laws, standards and codes.

Highlights for the year included:

- **Recognition of Milo as a large poly-metallic mineralised system and a new find in the Mount Isa Region. An initial exploration target*3** of 30 to 80 million tonnes grading between 0.8 and 1.2% Copper equivalent* was announced based onsignificant Copper, Gold, Silver ,Cobalt, Molybdenum and Uranium results in drilling providing increased confidence in the Milo IOCG prospect.
- **Metallurgical test work on material from Milo** demonstrated that a saleable copper concentrate could be produced. **Discovery of widespread Rare Earth Element and Yttrium mineralisation** at Milo could potentially underwrite the development of the Milo prospect.
- **IOCG style mineralisation** intersected in the first hole testing the Pan Pacific and Mitsui joint venture Bronzewing Bore target on the Bungalien IOCG Project.
- **Further significant phosphate mineralisation intersected** in drilling at the Burke River Prospect, while the presence of shallow dipping phosphate bearing horizons confirmed in the Limestone Creek and Horse Creek areas within the Bungalien Phosphate Project.
- Granting of tenements forming the Yea Intrusion Related Gold System ('IRGS') Project in Central Victoria.
- **The Company had one LTI for the financial year and has completed 30 months with no significant environmental incidents**. GBM will continue to target zero injuries and environmental incidents in line with the Company's ongoing commitment to safety and the environment.

Review of Operations

1.0 Exploration Strategy

To support the Company's continuing high level of activity, it becomes increasingly important to maintain a high level view of the key success drivers for GBM. With three successful years of mineral exploration now completed, the Board has once again reviewed the Company's key value drivers to ensure continued success in achieving its strategy of identifying and unlocking the economic potential of new mineral deposits. Those key drivers are outlined as follows:

- **A focus on the discovery of world class gold and copper gold deposits.**
  The Company believes this will be achieved by targeting areas of mineralisation where there has been previous exploration, and nearby historic or current mineral production.

- **The discovery of a new deposit in GBM's portfolio of assets is the key to adding significant value to shareholders.**
  The Company's current exploration assets are well on the way to achieving this outcome.

- **Competent, rapid and cost-effective evaluation of discoveries.**
  Ensuring that evaluation of discoveries is truly cost-effective and timely is essential to unlocking value for shareholders in the most favourable timeframe.

- **Applying a systems approach to mineral exploration.**
  In many instances previous exploration has focussed on small scale prospect level evaluation and failed to understand the broader geological environment or system. This is essential in determining the likelihood of major deposits occurring, and in providing vectors to their location and style.

- **Exploring in regions with historic production offers higher probability of new discovery and commercialisation.**
  Exploration success in recent decades has been strongly biased to regions with an established mining history. GBM's current projects lie in regions or areas where recent geological interpretation indicates an extension of known mineral provinces. Our focus to date has been toward regions of Eastern Australia, which, apart from being highly prospective from a mineral exploration perspective, offer the opportunity to acquire quality tenure in areas with good infrastructure and access to an experienced workforce.

- **Strengthen GBM's executive and technical capabilities.**
  Our technical team, along with a group of specialist consultants, form the core of GBM's business, and is essential for a successful mineral exploration company. The Board believes that highly experienced and highly motivated people are the cornerstone for successful exploration, something the Company believes will assist its development and growth plans in the coming years

- **Maximising in ground exploration expenditure.**
  GBM operates from a small exploration base in regional Victoria, minimising Company overheads.

Review of Operations

2.0 Introduction

GBM is an ASX listed mineral exploration company dedicated to the search for world class copper-gold and gold deposits in Australia. Since listing in October 2007, GBM has acquired an extensive portfolio of mineral exploration tenements and currently holds licences and applications covering an area of greater than 5,839 square kilometres in project areas in Queensland and Victoria. Projects are located in prospective mineral provinces and contain high quality targets. With increased funding in place to test many of these targets, GBM has an excellent prospect of discovery of one or more world class deposits within this high quality tenement package.

Exploration of the 100% GBM Brightlands Copper Gold Project continues to return positive results from the polymetallic Milo Prospect and the Company continues to assess this project which has potential to yield significant quantities of a range of valuable metals including Copper, Molybdenum, Gold, Silver, Cobalt, Uranium, and Rare Earth Metals.

In a significant development for GBM, Mitsui Corporation of Japan has joined with Pan Pacific Copper ('PPC') to explore a large tenement package held by GBM in the Cloncurry Region under an Australian registered company, Cloncurry Exploration and Development Pty Ltd. During the year, GBM along with our partners PPC and Mitsui Corporation accelerated exploration of four other major tenement groups in this region. These form part of the A$55 million Farm-in Agreement under Cloncurry Exploration and Development Pty Ltd Projects subject to this farm-in agreement include the Talawanta-Grassy Bore, Bungalien, Chumvale Breccia and Mount Margaret Projects in Queensland. An exploration budget of $3.5M has been approved for the year to March 30th 2012. This significant agreement will facilitate exploration of areas for undiscovered world-class IOCG style deposits, spreading the risk, accelerating the programme and increasing the likelihood of discovery in the short to medium term.

Elsewhere in Queensland, GBM has accelerated exploration of its strategic tenement base in the Mount Morgan Region with planning for major geochemical sampling and geological mapping programmes to be commenced early in the 2012 financial year. GBM now holds over 1,000 square kilometres in this region within 9 exploration permits and applications as part of the Dee Range Project. During the year GBM applied for and has priority on, exploration permits covering the highly prospective Limonite Hill porphyry copper gold prospect south east of Mount Morgan. This project area is proximal to the world class Mount Morgan copper-gold deposit and is one of the most prospective and underexplored areas in Australia today.

In Victoria GBM successfully confirmed that an IRGS is present in the Malmsbury Project area. During the first half of 2010 GBM drilled a deep diamond drill hole on

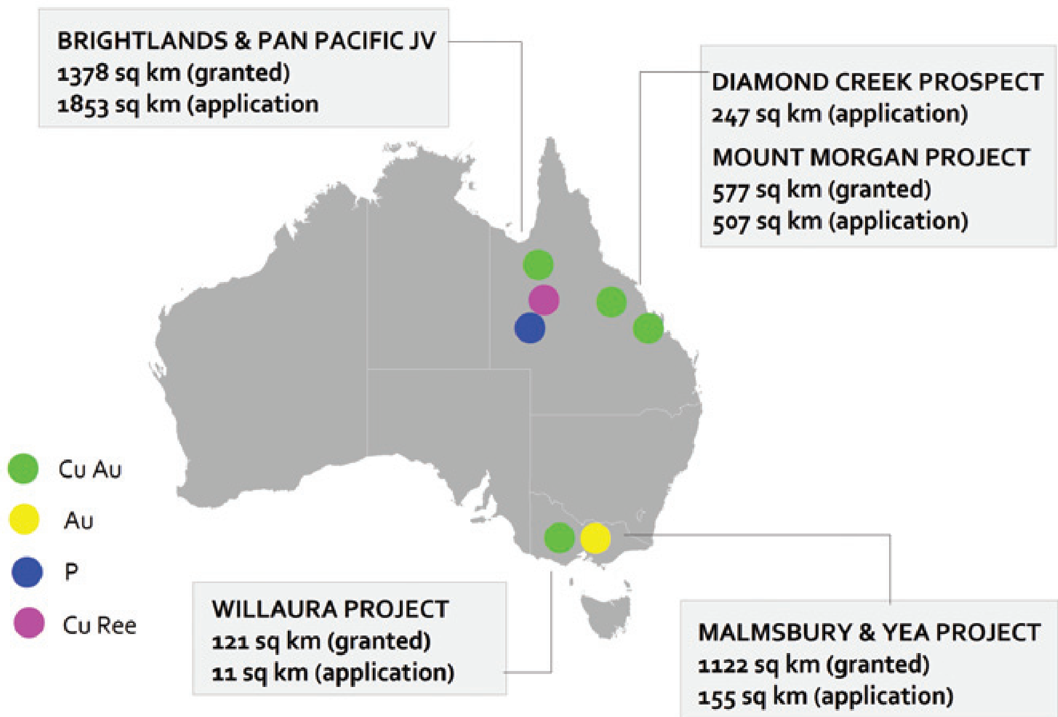


Figure 1 GBM Project Locations.

the Malmsbury tenement which strongly supports the conclusion that the Malmsbury Gold Project is part of a large IRGS centred on Belltopper Hill. The Malmsbury Project is located in the Bendigo zone of Victoria which has produced over 70 million ounces of gold with similarities to the fine gold deposit at Fosterville. GBM has previously published an inferred resource containing over 100,000 ounces of gold on the Levan Star Zone at Malmsbury. In addition 2 new licences have been granted with one application pending at Yea in Eastern Victoria where strong evidence supports the potential for the existence of IRGS deposits. In western Victoria, the Willaura project is located in prospective structures in the Mt Stavely belt, which is a highly underexplored volcanic belt and possibly the continuation of the prolific Mount Read Volcanics in Tasmania. During the reporting period an additional licence was applied for and granted.

Exploration activities continue to be based at our regional office established in the rural city of Castlemaine in Central Victoria, which provides access to our Victorian projects and easy access to transport for interstate projects. The company has in place an experienced exploration team supported by consultants, both local, interstate and international, as required. The rural location continues to provide a cost effective and practical base for the Company's exploration activities.

3.0 Exploration Expenditure and Assets

Total exploration expenditure on the Company's tenements for 2011 was $3.44 million (including $1.83 million funded by farm-in contributions) compared to $2.86 million in the 2010 year. GBM's exploration budget has steadily grown since listing reflecting the growth in the exploration portfolio, and the advancement of projects within this portfolio. During 2011 this significant growth in activity has been driven by advancement of the Milo Project and increased support from our farm-in partners in other projects in the Cloncurry Region, pursuant to the $55m exploration 'Farm-in' Agreement between GBM and the Japanese companies Pan Pacific Copper and Mitsui Corporation.

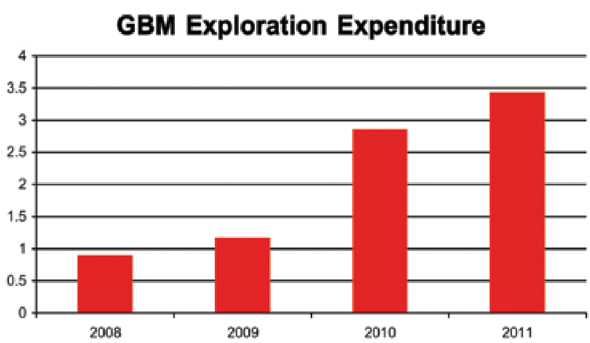


Figure 2 GBM total exploration expenditure (including earn in expenditure) – A$ million.

GBM has a solid portfolio of exploration assets which 12 months ago had a number of targets at the conceptual stage. A number of targets have moved to increased confidence levels with 2 advancing positively and quickly toward resource estimation. In particular this year we have seen increasing confidence that Milo is a large polymetallic IOCG system with positive results moving the prospect closer to a resource status. In addition, drilling of the phosphate prospects in the Bungalaien Project area has also provided encouraging results increasing confidence in the ultimate potential of this prospect.

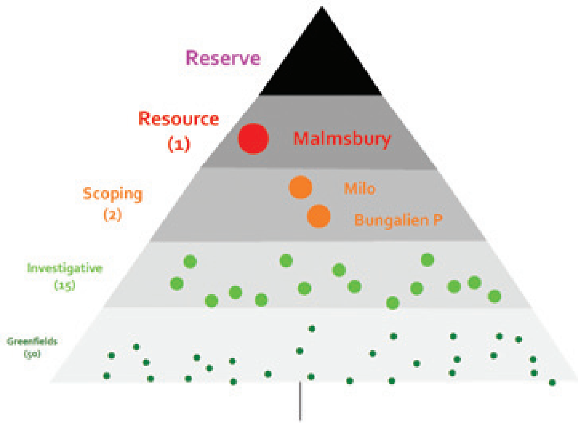


Figure 2a Project Status illustrating the progression of the Milo IOCG prospect and the Bungalien Phosphate project and the status of the Malmsbury Gold project.

The company remains well funded to support current and future exploration with approximately $4 million in cash at the date of the Annual Report and a large exploration commitment from our farm-in partners for the year to March 2012.

Review of Operations

4.0 Queensland Projects

'Mount Isa – nothing else on earth measures up'
Throughout the year the Mount Isa Region, and in particular the Eastern Fold Belt, has remained the focus of GBM's exploration programme. The Milo Prospect (part of the 100% GBM Brightlands IOCG Project) has continued to return positive results for a group of metals reported under a copper equivalent for convenience (Cu, Au, Ag, Co, Mo and U). Importantly, during the year the potential for significant Rare Earth Element ('REE') mineralisation was identified at the project, and sampling and analytical work is progressing rapidly to further quantify this potential. Rare Earth Metals are considered essential for a range of new age and green technologies. Applications include; liquid crystal displays for television and mobile phones (Cerium), electric car batteries (Lanthanum) and more efficient magnets for electric motors (Neodinium). Increased demand and restriction of world supply by China has resulted in significant price increases for these metals in recent times. The discovery of REE at Milo adds significantly to the economic potential of this prospect.

GBM selected the Proterozoic Mount Isa Block as a preferred terrain for exploration because it is recognised as one of the most fertile provinces on Earth for the discovery of metallic mineral deposits. The pedigree of the region is worth repeating here. The concentration of world class deposits is unrivalled; '**nothing else on earth measures up'**. The Mount Isa Inlier contains 4 of the world's 10 largest zinc deposits, 3 of the 10 largest lead deposits and 3 of the 10 largest silver deposits. There are also numerous copper deposits, with 24 deposits each containing over 400,000 tonnes of copper including (three deposits that contain over 1 million tonnes of copper). 15 of these deposits are hosted by the Eastern Fold Belt. Most of these deposits (and all of those hosted in the Eastern Fold Belt) contain economically significant levels of associated gold mineralisation. *(Queensland Department of Minerals and Energy, Taylor Wall & Associates, SRK Consulting Pty Ltd & ESRI Australia, 2000: North West Queensland Mineral Province Report. Queensland Department of Minerals and Energy, Brisbane. Queensland Minerals, a Summary of Major Mineral Resources, Mines and Projects, Fourth Edition. Queensland Department of Minerals and Energy, Brisbane)*

The area supports an active and expanding mining community. Discoveries made during the recent mineral exploration boom are now moving into development, including the Rocklands Cu-Co-Au deposit, what is possibly the world's largest and richest Mo-Rh deposit at Merlin, and the Mount Dore Copper Deposit south of Cloncurry. In addition, the giant Ernest Henry Cu-Au Mine, discovered in 1991, is now developing a deep underground mine, significantly extending reserves and mine life

The most common deposit style in the Eastern Sequence remains Iron-Oxide-Cu-Au (IOCG), a deposit style which includes many very large deposits throughout the world, including the massive Olympic Dam Cu-Au-U Deposit in South Australia. However other styles, including sedimentary hosted mineralisation, are also represented in the region. In addition the area contains a number of Uranium occurrences.

GBM has continued to expand and consolidate tenement holdings in its core project areas in both the Mount Isa and Mount Morgan regions throughout the year. Exploration on tenements in the Mount Isa Region

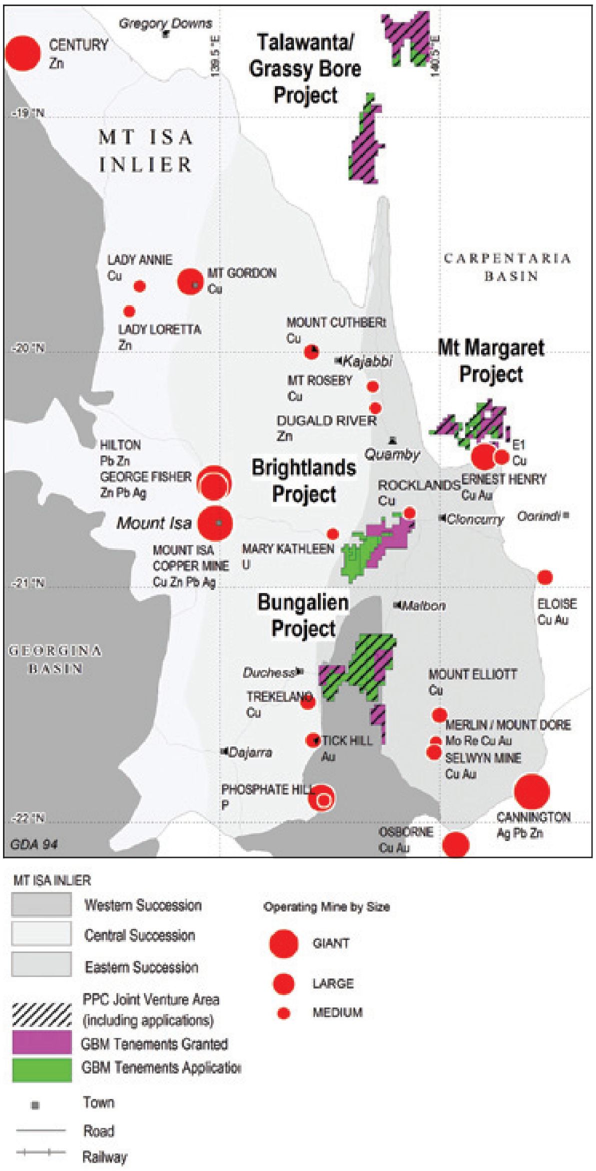


Figure 3 Mt Isa Inlier Project Location Plan highlighting the abundance of large deposits in the exposed areas of the Mount Isa Inlier.

remained the main focus with an accelerated programme at the Brightlands Project a major focus, with positive signs of IOCG style mineralisation confirmed in drilling at both the Milo and Tiger Prospects. In addition, the signing of a major farm in agreement with Pan Pacific Copper and Mitsui further validates the Company's assessment of the potential of this tenement package, and provides funding to accelerate exploration of the Talawanta-Grassy Bore, Mount Margaret and Bungalien projects. These properties provide a compelling opportunity for GBM to realise its goal of discovering of a world class copper-gold deposit. Drilling results returned during 2011 further confirm the potential and value of this portfolio of mineral tenements.

Further work at Bungalien has advanced our targets in the Georgina Basin sediments, which overlay the Proterozoic basement, and continue to emerge as one of the world's major phosphate provinces, with phosphate resources in the locality currently identified totalling over 3 billion tonnes. New deposits now at feasibility or construction stage continue to emphasise the potential of the area to be a long term supplier of phosphate rock, vital to feed the world's growing population. The phosphate market has been volatile over recent years, however the long term outlook remains positive. 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.

A large sampling program has commenced testing a range of high quality targets for Cu-Au mineralisation at the Dee Range Project, which is located near the Mount Morgan Mine. The Mount Morgan mine produced over 400,000 tonnes of copper and 8 million ounces of gold, and the surrounding area remains under-explored with very little work undertaken in the last 20 years.

4.1 Brightlands Project (EPM14416, EPM(A)18454(A), EPM(A)18453, EPM(A)18672, EPM(A)18051)

Target: IOCG & 'Tick Hill Au' style deposits in the Eastern Fold Belt of the Proterozoic Mount Isa Inlier.

The total area under licence and application (including applications without priority) in the Brightlands Project is over 300 square kilometres.

Continued success in drilling of the Milo Prospect with encouraging values for Cu, Au, Ag, Mo Co and U, in addition to the discovery late this year of significant Rare Earth mineralisation, has further upgraded confidence in the Brightlands IOCG Project's capacity to deliver a significant economic mineral discovery. The Brightlands Project area is located south west of Cloncurry and remains the key focus of exploration by the company during 2012. Widespread mineral occurrences are considered to hold potential for IOCG and high grade

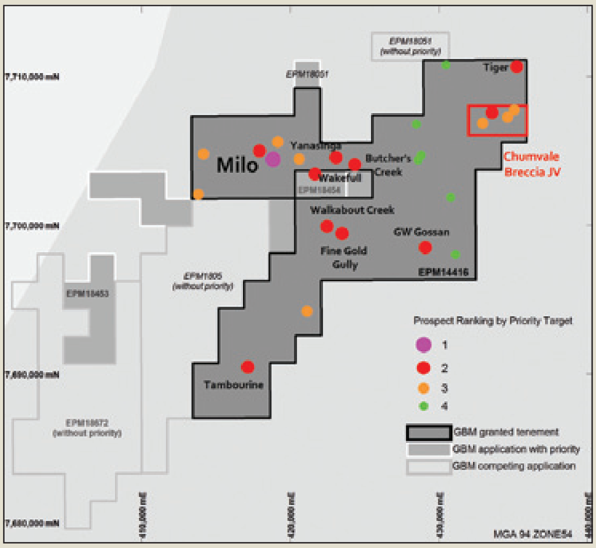


Figure 4 Brightlands Tenement and Target Location Plan showing some of the targets identified to date.

Tick Hill (Au) styles of mineralisation. Multiple exploration target areas have been identified by previous explorers. A litho-structural review undertaken in 2009 identified a total of 58 targets, both new and existing, based on structure, alteration and stratigraphic interpretation.

Work completed during the year included drilling at two target areas with a total of 29 drillholes (including 16 reverse circulation (RC) drillholes and 13 RC pre-collared diamond drillholes), were completed for a total of 3,699 metres of RC drilling and 3,010 metres of diamond drilling. Rock chip sampling was completed over Chumvale (41 samples), and further soil sampling was carried out on the Chumvale and Tiger Prospect areas (486 samples). A detailed airborne magnetic survey has been completed over the northern part of the Brightlands tenement covering the Cloncurry Flexure Zone, including the Milo and Chumvale Breccia areas. This magnetic field and radiomentrics data is expected to further assist in the geological and structural interpretation of this zone. Detailed ground gravity surveys were completed over the Milo, T2, Chumvale and other Prospects to assist in the interpretation of these Iron Oxide Copper Gold (IOCG) systems.

The Chumvale Breccia Prospect, which forms part of the PPC-Mitsui farm-in agreement, falls within a WNW-ESE trending breccia body characterised variably by abundant quartz, hematite, manganese oxide and magnetite. The breccia is situated at the north eastern tip of the Mitakoodi Culmination. Mineralisation is associated with an apparent transfer zone developed within the Cloncurry Flexure and bounded by northern and southern gravity lineaments that define the margins of the flexure zone. An initial 2 week geological mapping and soil geochemical sampling programme was undertaken on the Chumvale JV Prospect. The survey incorporates a total of 608 sample sites; with 305 samples collected in total. A further 40 rock chip samples were collected to augment limited previous surface geological rock sampling. Soil and rock chip samples returned Cu values of >200ppm and are regarded as anomalous values for the region.

Review of Operations

Milo Prospect

Two separate drilling programs were undertaken on the Milo Prospect for a total of 13 holes. The 2011 drilling programme has confirmed consistent mineralisation over long intervals containing significant zones of higher grades. Significant results included: BTD024: 107m @ 0.8% Cu equivalent, including 37m @ 1.1% Cu and BTD025: 86m @ 0.8% Cu equivalent, including 27m @ 1.2% Cu equivalent and 18m @ 1.3% Cu equivalent. The drilling programme confirmed consistent mineralisation over broad intervals with significant results for Copper, Gold, Silver, Molybdenum, Cobalt and Uranium. Initial sectional interpretation indicates that the mineralisation is contained within a steep north easterly dipping envelope of intense alteration, deformation and breccia development associated with strong sulphide mineralisation, magnetite development and variable chlorite, albite and k-feldspar alteration.

The mineralisation envelope outlined above is in turn enclosed within a broader (approximately 350m wide) zone of fractured to brecciated, altered calc-silicate host rock. Zones of Copper mineralisation occur within the steep north easterly dipping altered and brecciated envelope. These range from a broad continuous zone at a 0.1% Cu cut-off, to smaller zones (widths up to 30m down hole) at higher grade (>1% Cu equivalent).

A significant advance in the prospectivity of Milo has been the discovery of significant Rare Earth Element and Yttrium (REEY) mineralisation. A review of the assay results of the recent drilling programme discovered elevated Rare Earth metals in the reverse circulation pre-collars of drillholes MIL001 and MIL002. A review of the existing holes was subsequently undertaken resulting in the discovery of multiple zones of Lanthanum enrichment. 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, strongly suggesting that further widespread zones of overall REEY 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. All previous samples are being analysed for a full REE suite, and additional zones have been sampled and submitted for REE analyses. An average of 87% of the TREEYO (total Rare Earth and Yttrium Oxides) 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.

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 $9.00/kg.

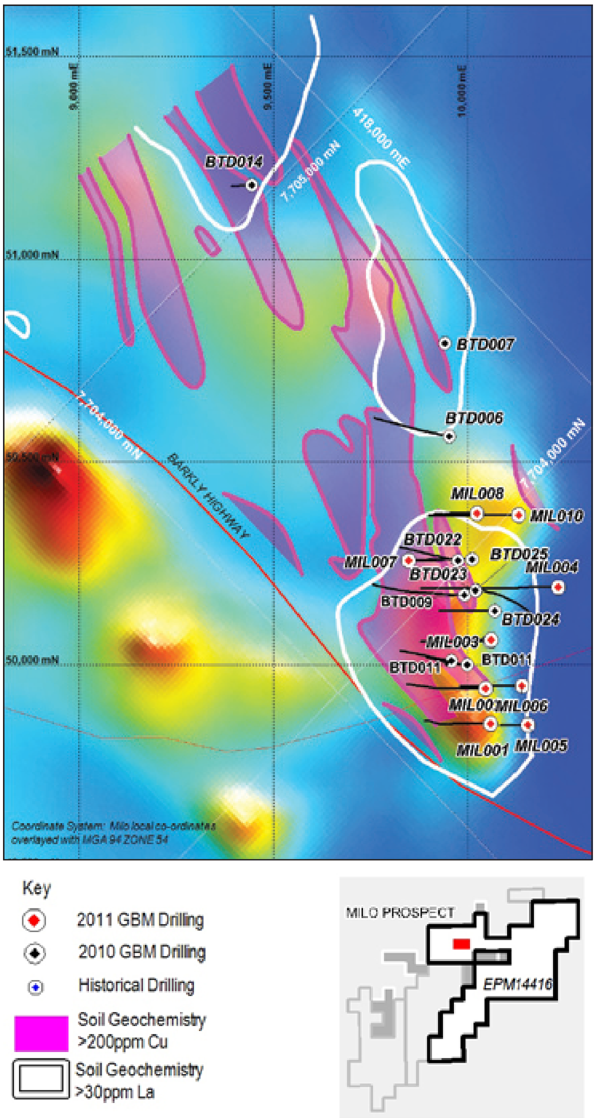


Figure 5 Milo Drillhole Location Plan showing areas of anomalous Copper and Lanthanum (REE) from soil geochemsitry.

Preliminary metallurgical test work on sampled copper mineralisation from Milo indicates that Copper occurs largely as coarse chalcopyrite grains which provide good concentration through flotation (roughing and cleaning). Preliminary metallurgical 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.

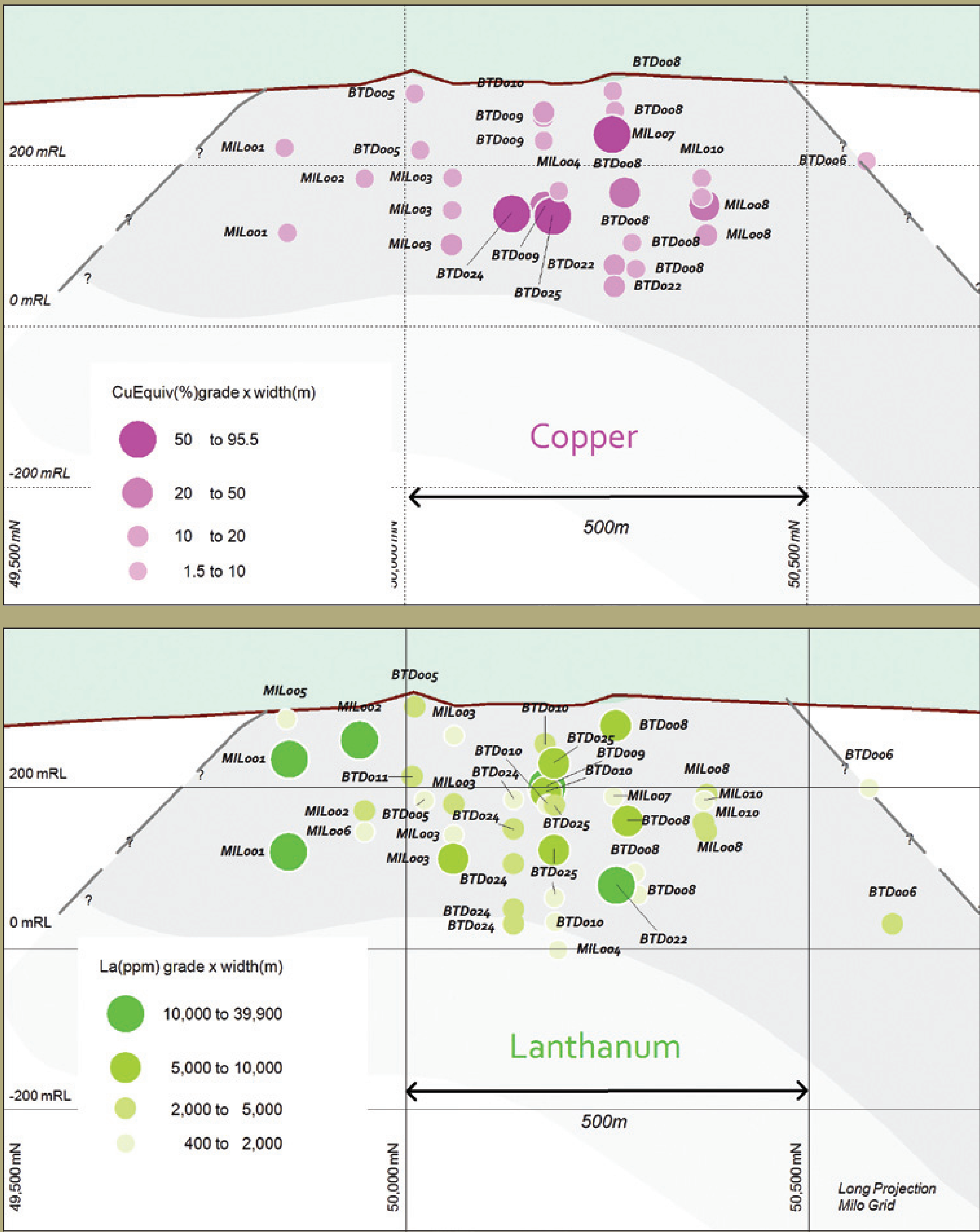


Figure 5a Milo Long Projections showing La and Cu Eq intersection summary.

Based on data available at the end of 2010, **an initial Exploration Target*[3] of between 30Mt and 80Mt of mineralised material averaging between 0.8% and 1.2% Cu equivalent was estimated for the Milo breccia hosted, polymetallic IOCG mineralisation. This is currently under review in light of the additional drilling and the discovery of REEY mineralisation at Milo. This estimate applies to the areas tested by drilling to date which represents approximately 25% of the known strike length of anomalous Copper mineralisation at Milo.**

GBM believes that Milo is a large IOCG system with economically significant levels of poly-metallic mineralisation which will be further drill tested in the coming year. 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.

Review of Operations

Tiger Prospect

The T2 Prospect recorded strong Sub Audio Magnetic (SAM) conductivity responses in a survey completed in 2009. SAM has been successfully utilised on other areas within the Eastern Succession of the Mount Isa Inlier to identify possible mineralised structures in areas of poor exposure and shallow cover. A gravity survey was completed in June involving 17.6 line kilometres with readings on 100 by 50 metre spaced stations, along with a total of 15 reverse circulation drillholes completed for a total of 1,227 metres.

Soil sampling on the T2 Prospect has defined large areas of anomalous copper in soil with a clearly anomalous area identified coincident with the T2 SAM anomaly. This anomaly is the strongest soil anomaly yet generated by the Company in the Tiger area, and is truncated to the south west by alluvium associated with the Butcher's Creek Drainage system. Drilling at the Tiger T2 prospect was designed to test the strongest section of the soil geochemical copper anomaly and also the continuation of the strong Sub Audio Magnetic (SAM) conductivity anomaly as it trends under alluvial cover to the southeast.

Initially 12 shallow angled holes were completed within the T2 Prospect confirming Copper mineralisation is hosted by and contained within a broader envelope of carbonate-quartz-pyrite+-pyrrhotite+-chalcopyrite veining and alteration in Overhang Jaspilite. Veining intensity varies from approximately 5 to 50% over 10m to 30m intervals and contains as much as 20% pyrite+-pyrrhotite+-chalcopyrite as vein infill and fine to medium-grained disseminations. The prospect was explored to a depth of approximately 60 metres and a strike length of 1km.

Drilling returned significant intersections including:

- Hole BTD027 returned 52m @0.11% Cu (peak value 0.2% Cu)
- Hole BTD037 returned 37m @0.10%
- Hole BTD033 returned 24m@0.10% Cu (peak value 0.3% Cu)
- Nine of the 12 holes recorded down-hole intervals of approximately 0.1% Cu or greater. These are potential halo intercepts in an IOCG system.

On the basis of drilling results and geophysical characteristics (confirmed by drilling to be chargeable sulphides), the T2 Prospect is considered to have potential to be an Iron Oxide Copper Gold (IOCG) system. Within this class of deposit, it remains possible that T2 is a vein-hosted deposit akin to the Rocklands Cu-Co-Carbonate system; or is the near surface expression of a hydrothermal breccia-hosted system at depth. However an additional three holes testing below the higher grade in the initial programme failed to demonstrate increasing grade or continuity. No further work is planned in the immediate future.

4.2 Bungalien – Horse Creek Project (EPM14355, EPM15150, EPM14120, EPM17849, EPM18207 & EPM18208)

The tenement area now held under application and granted licences has been expanded to over 878 square kilometres, with applications lodged to cover additional target areas for both IOCG and sediment hosted phosphate mineralisation throughout the year. The Phosphate rights are subject to an option agreement with Swift Ventures Pty Ltd, and the basement IOCG mineralisation is subject to a farm in agreement with PPC and Mitsui Corporation (refer explanation note page 20).

Target: IOCG Style deposits in the Eastern Fold Belt of the Mount Isa Inlier.

Exploration during this year commenced testing a number of strong magnetic anomalies considered targets for IOCG style mineralisation. Detailed gravity surveys are being undertaken progressively (2 completed) over each target and 2 were tested with scout drilling during the year. BNG001 Bronzewing Bore (final depth 615.5m) and MLB001 at Malbon2 (final depth 363.4m). Results for these holes are still being processed, however drillhole BNG001 at Bronzewing Bore has intersected a large zone of IOCG style mineralisation, characterised by development of breccia associated with strong alteration and mineralisation, including magnetite, pyrite and chalcopyrite.

Available data confirmed a number of strong magnetic anomalies as targets for potential IOCG style mineralisation on the Bungalien, Malbon2 and Horse creek tenements. The Company's review identified at least 6 discrete magnetic anomalies under cover of the Georgina Basin which comprises between 100 to 500 metres of sediment cover. These anomalies usually lie on north-easterly trends identified in the regional magnetic image, in an area interpreted as being covered by sediments of the Cambrian Georgina Basin and underlain by the Wimberu Granite. The outcropping Wimberu Granite hosts a number of historic Cu-Au-U occurrences and is being actively explored by other companies.

A detailed gravity survey has been completed over the Malbon2 and Bronzewing Bore Prospects using a 200 metre grid closed in to 100 metres in areas of interest. Previous historical exploration work and the current results from the gravity survey have identified high order drill targets. The detailed gravity data has outlined subtle gravity features in close proximity to observed magnetic anomalies.

Target: Sediment hosted Phosphate Mineralisation

Singapore based investor Swift Venture Holdings Corporation has taken an option over GBM's phosphate assets and provided funding for a further drill programme carried out during the year.

Soil sampling and reverse circulation drilling was completed during the year by GBM which successfully delineated phosphate mineralisation in the prospective Beetle Creek Formation of the Georgina Basin. The programme demonstrated the continuity of the Beetle Creek Formation throughout the project area; this sedimentary rock sequence is the key host to phosphate mineralisation within the Georgina Basin. In addition, the project is ideally supported by a road and rail corridor through its tenement boundary, enhancing potential future development options.

During 2011, a total of 26 reverse circulation drillholes were completed for 1,436 metres of drilling and a total of 920 samples dispatched for analysis. Drilling extended the coverage of the Bungalien area drilled by GBM in 2008, and also included scout holes in the Limestone Creek EPM17849 and Horse Creek EPM15150 tenements.

Of the 26 drill holes, 23 were drilled on Bungalien, 2 on Limestone Creek and 1 on Horse Creek. The aim of the programme was to intersect the phosphate rich Beetle Creek Formation with most holes reaching the target formation. Phosphate mineralisation is widespread in the Beetle Creek Formation which outcrops near the margin of the Cambrian Georgina Basin sediments in the Bungalien – Horse Creek Project area. The Cambrian Georgina Basin cover sequence in the area has the potential to host phosphate deposits similar to the Phosphate Hill Mine located some 70 km south of the Bungalien tenement

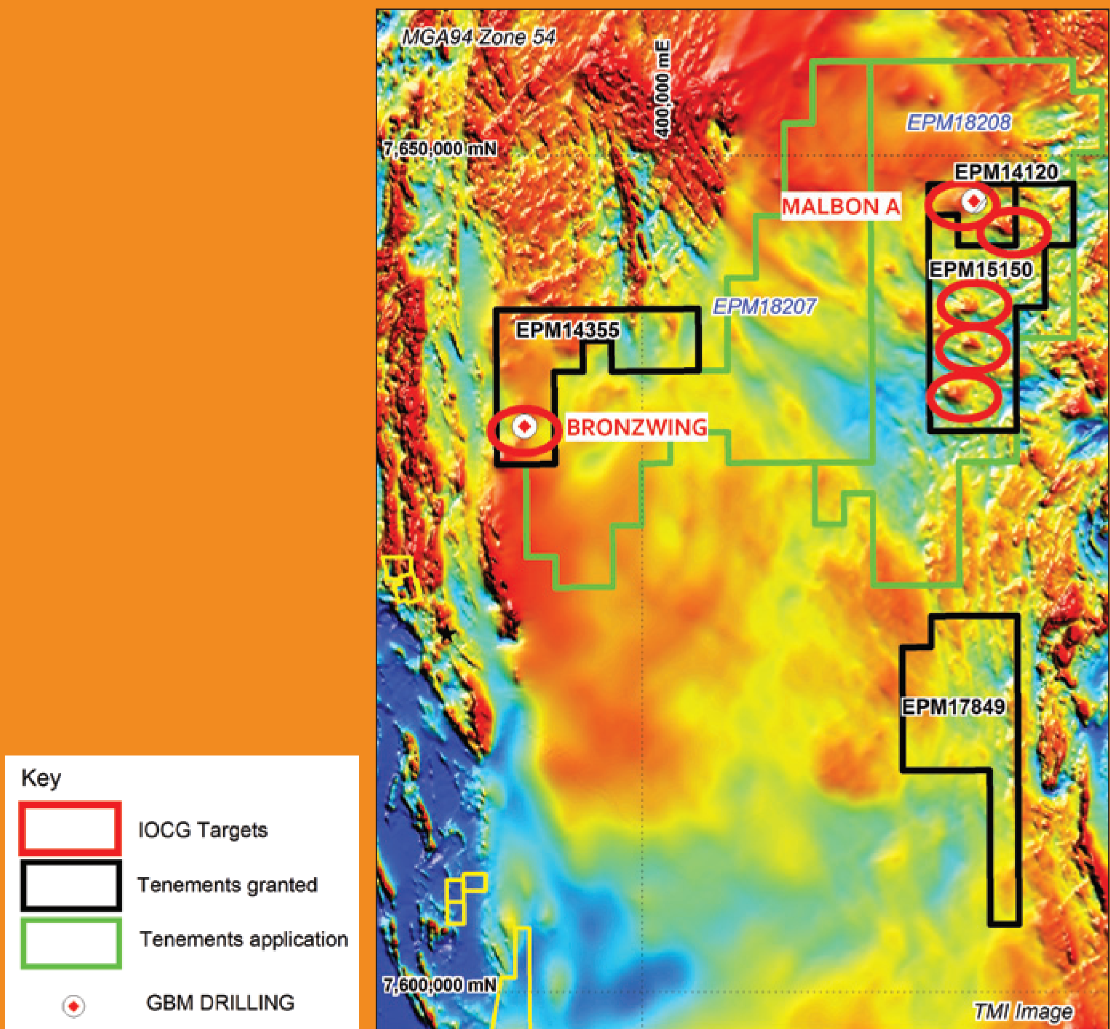


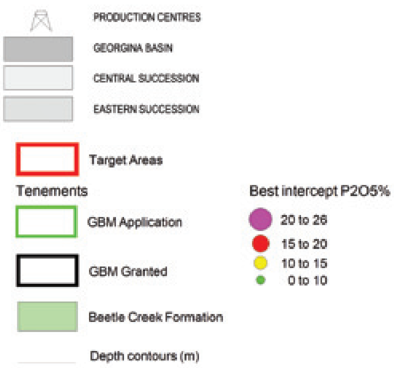
Figure 6 Bungalien IOCG target and drillhole Location Planover magnetic image (TMI RTP).

Review of Operations

Results from the RC drilling programme included:

- Of 26 RC holes drilled, 10 returned peak values in excess of 10% P_2O_5 and one hole returned peak values of more than 25% P_2O_5. A single scout drill hole PRC026 drilled on Horse Creek EPM 15150 encountered a broad interval of 7m @ 4.19% P_2O_5 from 54m. This hole demonstrated that the Georgina Basin margin in this tenement is mineralised and has a very shallow dip.
- In addition, scout drill holes PRC024, PRC025 and PRC026 intersected phosphate mineralisation in new areas. Drill hole PRC024 intersected 9m @ 2.14% P_2O_5 on Limestone Creek EPM 17849. These holes demonstrate that significant areas of these large tenements hold potential for untested phosphate mineralisation at shallow depths.

The programme has significantly upgraded the prospectivity of the Burke River phosphate mineralisation and also demonstrated the continuity of the Beetle Creek Formation phosphate mineralisation throughout the project area. The Beetle Creek Formation is the key host to phosphate mineralisation within the Georgina Basin.



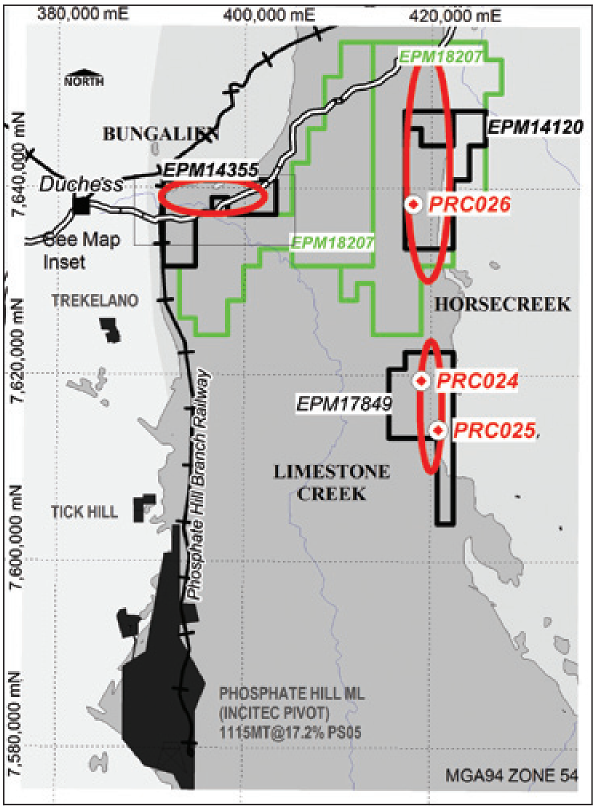


Figure 7 Bungalien Phosphate Project target and drill location plan.

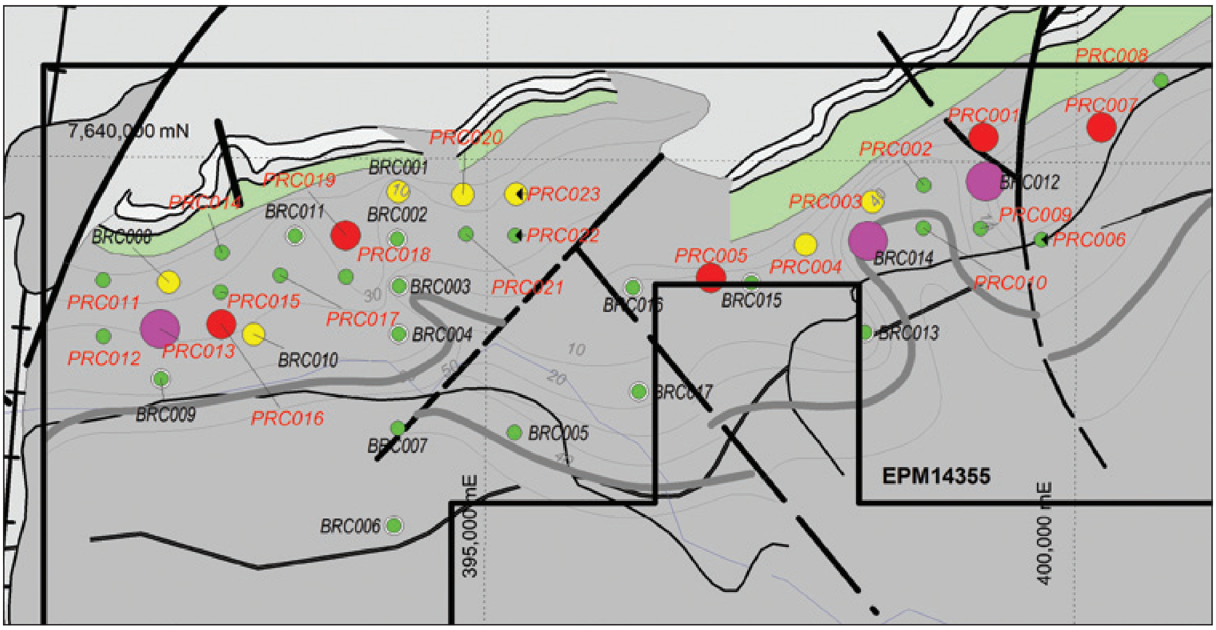


Figure 7a Burke River Phosphate Prospect drillhole location plan.
Drillholes are coloured according to highest grade phosphate interval (see Figure 7).

4.3 Talawanta – Grassy Bore Projects

(EPM15406, EPM15681, EPM(A)18290 & EPM(A)18291)

Target: IOCG Style deposits under cover in the Eastern Fold Belt of the Mount Isa Inlier.

Applications have been lodged to include additional target areas, and to assist in a rationalisation of this tenement group .The total area under licence and application in this project is over 640 square kilometres. This project is subject to a farm-in agreement with PPC and Mitsui (refer explanation note page 20).

Exploration during this year has included completion of an additional gravity survey, and the first diamond drillhole testing the 'Ibis' anomaly at Grassy Bore.

The Talawanta and Grassy Bore licence areas are centred on a north trending linear magnetic complex, interpreted to represent a feature in the underlying Proterozoic basement (extension of Mount Isa Inlier under cover). The magnetic complex is locally extremely intense, particularly given the depth of the cover sequence which would tend to mask the magnetic response. Previous drilling has confirmed the presence of widespread Copper mineralisation and associated hydrothermal alteration. This region is outside the outcropping Mount Isa Inlier under the Carpentaria Basin cover sequence, which in this area is reported to be 300 to 600m thick.

Talawanta is centred on a major magnetic anomaly which is the most intense anomaly in the district next to Ernest Henry. The magnetic anomaly is 15km x 7km in area. The anomaly has been drill tested by three drill holes which intersected alteration and zones of Cu–Au mineralisation. The magnetic anomaly is clearly associated with alteration and the potential for discovering IOCG style mineralisation is considered high.

Grassy Bore is centred on a series of "bull's eye" magnetic and gravity features. Limited drilling has confirmed the presence of alteration and weak mineralisation. The depth of cover is reported as around 300 metres. Grassy bore also contains valid targets for IOCG style mineralisation. Both areas contain significant geophysical anomalies capable of hosting world class IOCG style deposits. Detailed gravity surveys have been completed at Talawanta and Grassy Bore identifying high order drill targets.

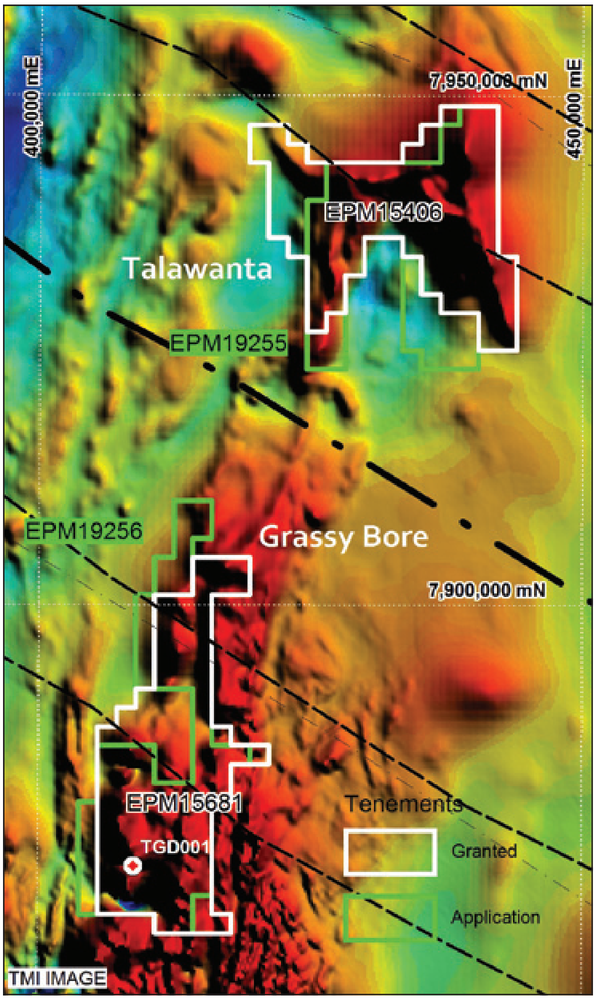


Figure 8 Talawanta and Grassy Bore tenement location and target plan with magnetic (TMI RTP) backdrop.

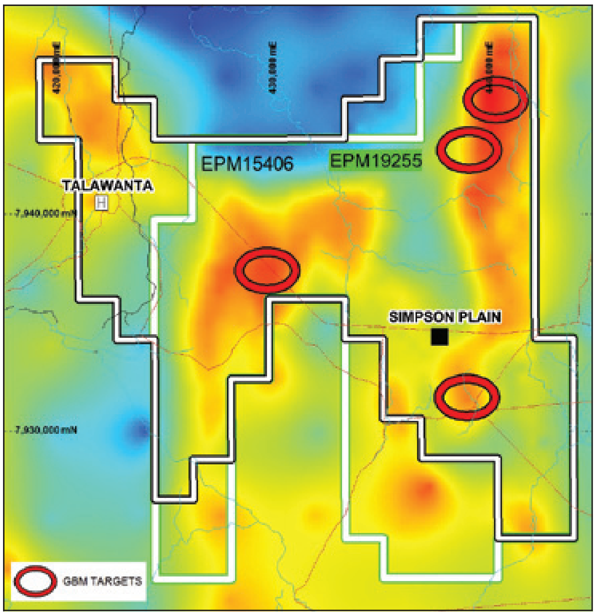


Figure 9 Talawanta tenement location and target plan with detailed gravity backdrop.

Talawanta Cu Au Projects

At Talawanta, a major gravity survey has been undertaken to provide coverage of the large magnetic high feature identified in the regional dataset. The survey consisted of 602 points, 500 x 500m apart. Previous drilling indicated that overlying Carpentaria Basin sediments were around 600 metres thick. The gravity survey has confirmed that previous drilling (in 1993) did not test the strongest gravity feature. Despite this, the previous drilling did intersect an intense hydrothermal alteration with some associated copper-gold mineralisation. Preparation is underway to commence scout drilling of high priority targets at Talawanta during the current field season.

Review of Operations

Grassy Bore Cu Au Projects

In November 2010, GBM Resources Limited commenced drilling the first of two 600 metre holes planned at the Ibis, and Ibis South Prospects that form part of the Company's Grassy Bore Copper Gold project in the North-West Mineral Province, Queensland. The two holes were planned to test two (under cover) gravity highs with near-coincident magnetic highs, adjacent to a gravity low interpreted as a felsic intrusion.

Drilling of the first hole at the Ibis Prospect (TGD001) began late 2010. Drilling from surface to 303.5 metres utilised a rotary mud technique before switching to diamond coring at this depth. Drilling of TGD001 was eventually halted at a depth of just over 500 metres after intersecting a long interval of strongly metasomatised magnetite bearing rock. The programme was also interrupted by the onset of a prolonged wet season and the second hole is now scheduled to commence in August 2011.

A gravity survey covering additional IOCG targets in the Grassy Bore area was initiated. Processing and interpretation of this data is expected to be completed in September 2011, and further drilling is planned in the current field season.

4.4 Mount Margaret West Project (EPM16227, EPM14614, EPMA 16398, EPMA16222, EPMA18172 &EPMA18174)

Target: IOCG Style deposits under cover in the Eastern Fold Belt of the Mount Isa Inlier

These tenements are situated in the same geophysical and geological domain as the Ernest Henry Cu-Au Mine currently operated by Xstrata Plc. During the year moves were initiated to consolidate the fragmented tenement holding with several additional areas also acquired under exploration permit applications. This project is subject to a farm in agreement with PPC and Mitsui (refer explanation note page 20).

Compilation of historic exploration data completed throughout this year concluded that multiple IOCG style targets remain to be adequately assessed, and that although the area is considered a 'mature' exploration project, most of the previous drill testing failed to penetrate more than a short distance (if at all) into the Proterozoic basement. This suggests that following careful research and collection of supplementary geophysical data, deeper, targeted drilling is warranted.

This tenement group is centred on a series of magnetic anomalies that surround prospective granites. The area also contains extensive geochemical targets (Cu, Au), though the relationship with basement magnetic features has not been established in our review to date. It is a highly mineralised district with Ernest Henry and Mt Margaret (E1) deposits located nearby.

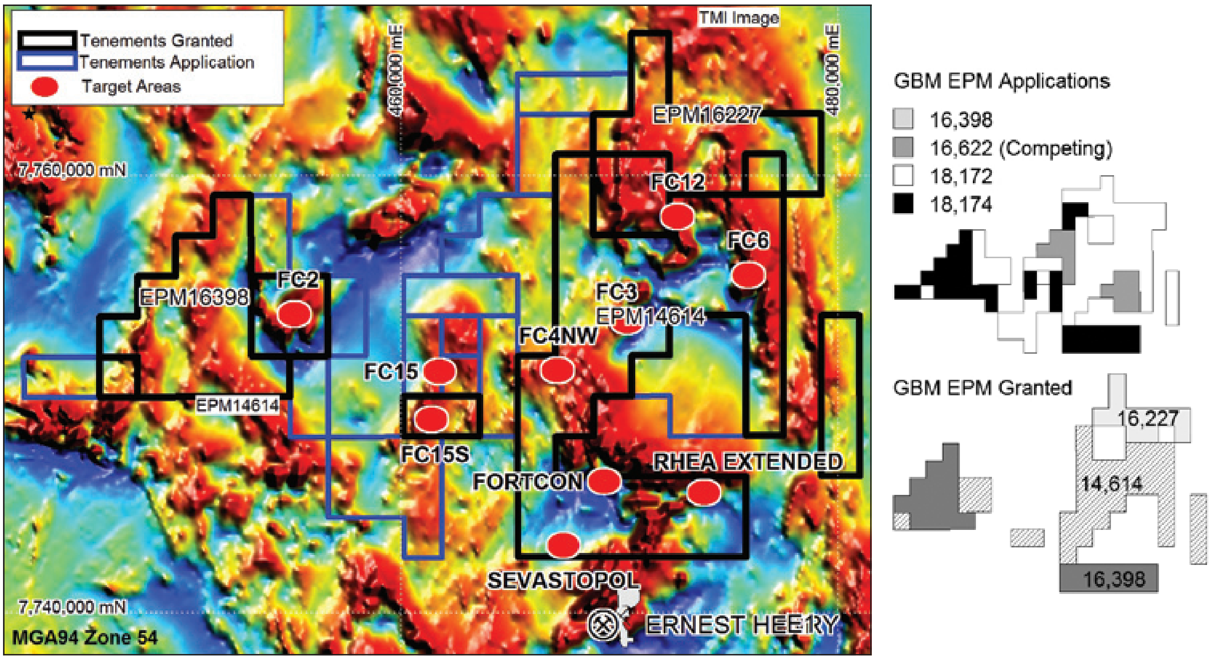


Figure 10 Mount Margaret West tenement and target plan with magnetic (TMI RTP) backdrop.

4.5 Mount Morgan Project (EPM16057, EPM17105, EPM17163, EPMA17734 & EPMA18366)

Target: Intrusive Related Copper Gold deposits near Mt Morgan

During the year GBM has continued to add to an already substantial strategic tenement holding in the Mount Morgan region of Queensland with applications covering the Limonite Hill Cu-Mo-Au prospect. The initial license, EPM 16057, has been supplemented by 7 additional licenses and applications with the total tenement holding in the area now covering some 1,083 square kilometres. The project area contains at least 10 significant exploration targets with considerable exploration upside.

The Mount Morgan Au-Cu mine yielded approximately 8 million ounces of gold and over 420,000 tonnes of copper. A total of 50 million tonnes of ore was treated at an average grade of 5.9 g/t Au and 0.7% Cu, making Mount Morgan a world class deposit. The region remains a highly attractive and under-explored exploration province.

Target areas have been identified on the basis of available geochemical, geophysical and geological data. Research has also identified a very strong geochemical trend defining a corridor, including the Mount Chalmers Au deposit near Rockhampton and the Mount Morgan Au-Cu Deposit adjacent to the Company's tenement areas. This corridor is also noted in lineament analyses, indicating that it may reflect a fundamental crustal feature contributing to mineralisation on a regional scale.

Preparations are underway for a major field mapping and sampling programme to advance existing and new targets during the current field season.

4.6 Magpie ML 2634 Option

A 3 hole drilling programme was carried out under the Option Agreement with Lawlor Contracting Pty Ltd in which GBM could acquire 100% of the Magpie Mining Lease**.** Following the completion of the drill programme a decision not to exercise the option to acquire the Magpie mining lease was reached and the option was relinquished.

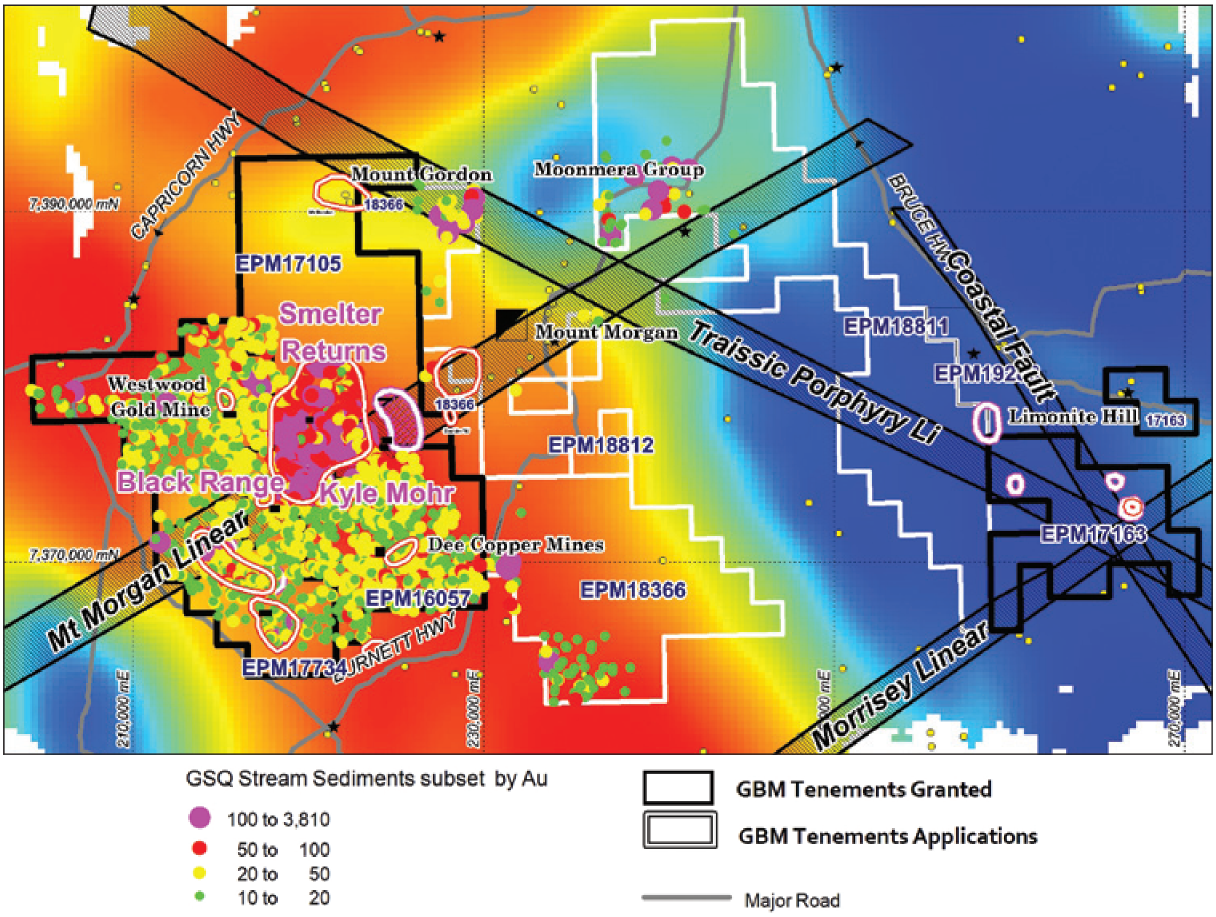


Figure 11 Dee Range Project tenement and target location plan with TMI rtp backdrop). Note extensive stream sediment anomalies(ppb) in the Kyle Mohr and Black Range area.

Review of Operations

5.0 Victorian Projects

The resurgence of gold exploration and mining in Victoria continued throughout 2011 with Fosterville Gold Mine posting record production levels and new discoveries north of Bendigo and Fosterville further confirming the prospecitvity of the region. The Ballarat Gold Mine and Morning Star continued to report high grade gold intersections as they move toward sustainable production in 2012. Victoria remains a world class gold province and has a long history of gold production commencing in the 1850's with total production 80 million oz's which represents almost 2% of the World's recorded gold production.

The significant potential for multiple styles of gold mineralisation to exist continues to be underlined by production from Fosterville, Stawell and Woods Point. Sulphide lode style (with a granite related component) at Stawell, intermediate dyke hosted mineralisation in the Woods Point – Walhalla Belt and recent work at Fosterville has highlighted the existence of a substantial gold field with a gold endowment at this time approaching 4 million oz's and growing as exploration continues.

The Victorian Geological Survey is now actively researching the potential for porphyry intrusive style mineralisation in the State, long identified but largely ignored by previous explorers. This in conjunction with ongoing geological research on both sides of Bass Strait continues to highlight the likely geological links between Tasmania and Victoria, with a possible relationship between the Mount Read Volcanic Belt in Tasmania and the Mount Stavely Zone in western Victoria. The Mount Read Volcanics are host to numerous deposits and deposit styles including the Mount Lyell Copper Mine (>1Mt Cu, 1.4 million oz's Au) and Unity Mining's Henty Gold Mine, while BCD has released a maiden resource of 48,000 tonnes of contained copper (10.6 million tonnes at 0.45% copper) for the wholly owned Thursdays Gossan oxide deposit. Exciting gold results have also been reported by BCD associated with mineralised porphyry east of the copper deposit.

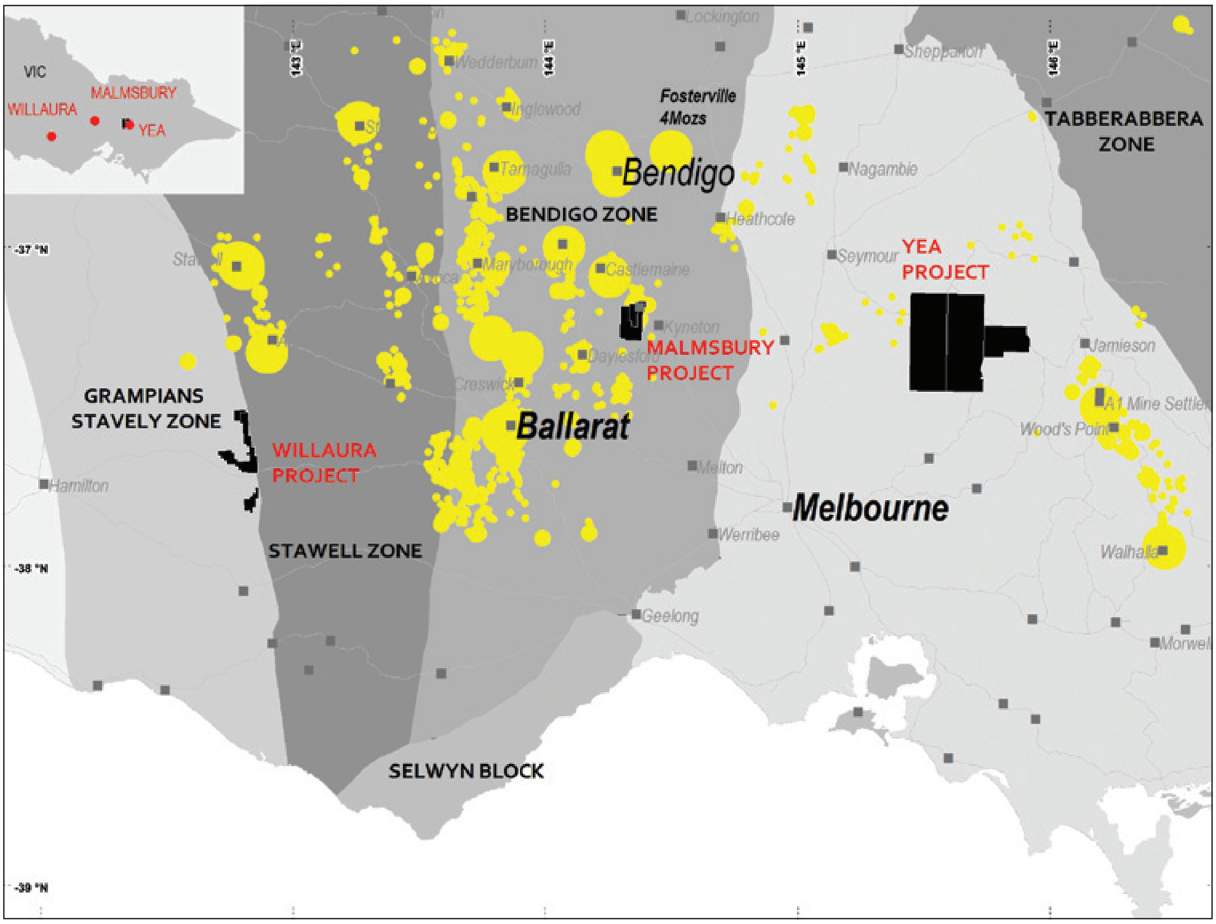


Figure 12 Victorian gold Project location plan. Note large dots are greater than 1 million ounces, and small dots less than 10,000 ounces.

5.1 Malmsbury Project (EL4515, ELA5120)

Target: Intrusive Related Gold System (IRGS) in Central Victoria

A 1 kilometre deep diamond drill hole was completed in March 2010 with assistance from the Victorian Government RDV grants programme. Results from the deep diamond hole, MD012 strongly support the conclusion that the Malmsbury Gold Project is part of a large Intrusive Related Gold System (IRGS) centred on Belltopper Hill. The success of this hole in demonstrating the existence of an IRGS at Malmsbury provides confidence to target the area for this economically significant class of deposit. Importantly, gold mineralisation was encountered at depths of up to 950 metres in this hole and confirms the potential for gold mineralisation to depths of at least 1 kilometre in this gold field.

The Malmsbury gold project covers the locations of Belltopper Hill and the historical Drummond North gold fields. Work completed in 2008 has resulted in the Leven Star deposit inferred resource on Belltopper Hill increasing to 800,000 tonnes at an average grade of 4.0 g/t gold containing 104,000 ounces of gold using a 2.5g/t gold cut off. The resource remains open at depth and along strike. The Leven Star deposit can be described as a distinctive gold–sulphide association and sulphide-carbonate alteration similar to gold mineralisation at Northgate's Fosterville gold mine, which now has a known gold endowment of 4 million ounces.

The historical Drummond North Goldfield produced 98,000 tonnes of ore at an average grade of 29g/t in the late 19th century and has little targeted exploration activity, and remarkably, no record of drilling has been located to date. Many zones remain to be drill tested and evaluated. The Drummond North Goldfield includes a number of structurally controlled mineralised zones which are significant and hold similarities to the Belltopper Hill mineralisation, suggesting that these too are part of a large IRGS.

The Malmsbury gold project is distinctly different from the typical central Victorian Slate Belt style deposits. Key differences include association of gold with the disseminated auriferous arsenical sulphide minerals, elemental associations, disseminated and stockwork gold host and fine grained gold distribution.

The results of the deep diamond drillhole, in conjunction with other exploration data, confirm that the Malmsbury gold project has the potential to emerge as a major gold system capable of hosting significant gold deposits.

5.2 Willaura Project (EL4631 & EL4751)

Target: Intrusive Related Cu-Au Deposits in Western Victoria

In the Willaura tenements GBM is targeting intrusive related gold deposits similar to Cadia and Mount Lyell (Cu-Au). However as with all tenements, potential for other styles will be considered as part of the Company's evaluation. In addition a number of other magnetic features adjacent to the regionally significant Moysten Fault along the eastern margin of EL4631 remain to be evaluated. GBM has identified potential on an adjacent area to host a significant deposit based on strong geophysical targets, and thus applied for, and was granted, EL5346.

The Willaura Project is located within the Stavely Zone of Western Victoria which has been interpreted as a possible continuation of the Mount Read Volcanic Belt in Western Tasmania. The Stavely Zone contains a number of well known copper and base metal occurrences including the Thursdays Gossan intrusive related gold deposits (IRGD) which has returned up to 229 metres averaging 0.22% Cu in previous drilling. BCD Resources NL(previously Beaconsfield Gold NL) has published an inferred resource in a supergene deposit with a strike length of 1,200 metres, width up to 500 metres and 60 metres thick containing 48,000 tonnes of copper.

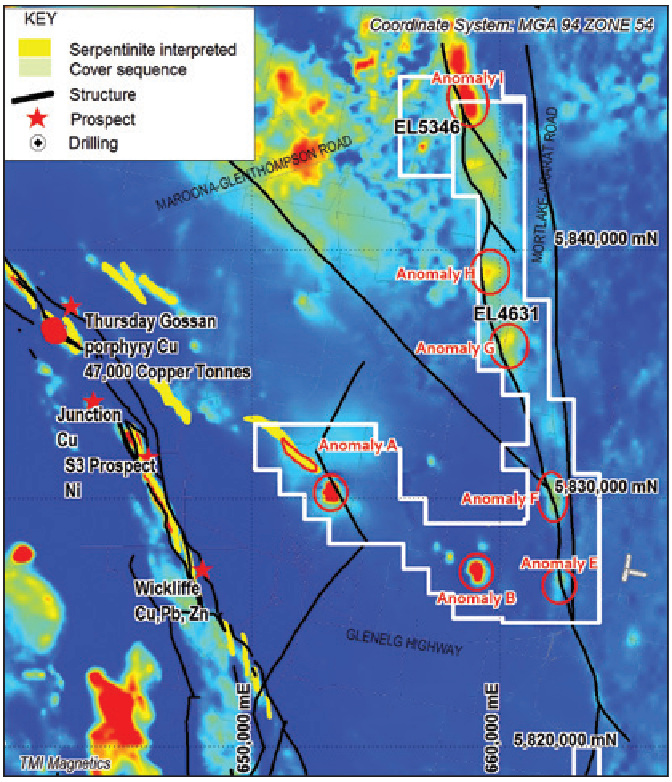


Figure 13 Lake Bolac (EL4631) and associated EL5346 plan with Targets over TMI RTP magnetic image.

Drilling by BCD has returned high grade primary (chalcopyrite) intersections including 4.2% Cu and 1.1 g/t Au over 7.7 metres in the primary zone below the defined supergene resource. Elsewhere in the region Beaconsfield has discovered high grade Gold mineralisation associated with porphyry intrusions. The link to the Mount Read Volcanics continues to be supported by recent interpretations by GeoScience Victoria and is indicative of significant exploration potential for a mineral discovery. The Stavely Zone is still considered to be one of the most under-explored volcanic belts in Australia. GBM remains committed to testing a number of strong geophysical targets, some with associated Cu-Au geochemical anomalies which have been outlined by previous explorers in the Willaura tenements.

5.3 Yea Project (EL5292 & EL5293)

Target: Intrusive Related Gold System (IRGS) in Central Victoria

These licences cover areas are located in the Melbourne structural zone in Central Victoria. Previous exploration has defined at least 2 areas of strong tungsten-molybdenum-gold (+/- tin) geochemistry in soil sampling. The key target from initial examination is the Monkey Creek Prospect where limited previous drilling has returned highly anomalous gold and tungsten values, but failed to test the interpreted core of the mineralised zone. Regional mapping indicates a large thermal metamorphic halo with limited outcropping granite. The area is considered prospective for Intrusive Related Gold Systems which elsewhere in the world host significant gold deposits. Initial data review and a reconnaissance field trip confirmed that the Monkey Gully Prospect was of significant interest and a scout drillhole MGD08 has been completed at this prospect. In addition, a total of 156 soil samples and 42 rock samples have been collected in the area. The results of the scout drill hole are still pending.

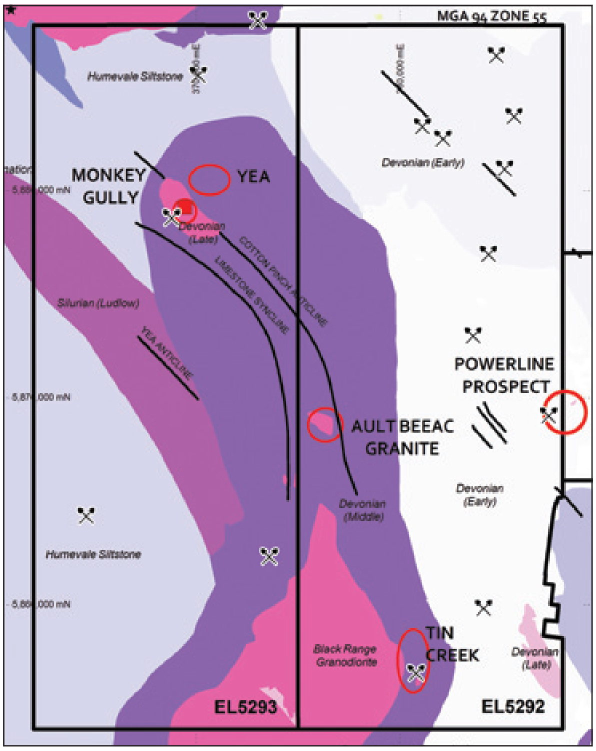


Figure 14 Yea project area tenement plan with initial targets areas.

6.0 Tenements

GBM has continued to assess opportunities to add quality exploration targets to its portfolio by acquisition of new tenements. The Company's tenement holding has continued to grow and it now holds 37 tenements in nine project areas that cover a total area of approximately 5,839 square kilometres in some of Australia's most prospective mineral provinces, this includes 15 applications totalling 2,515 square kilometres yet to be approved.

During the year 5 tenements were granted, 2 in the Yea region (Tin Creek EL5292 and Monkey Gully EL5293), 1 in the Willaura region (Willaura EL5346) of Victoria, 1 in the Drummond Basin (Diamond Creek EPM19193) and 1 in the Bungalien region (Limestone Creek EPM17849) in Queensland. Applications that were lodged during the year include Rubicon EL5347, in the Yea area of Central Victoria and Limonite Hill East EPMA 19388, in the Dee Range area of Queensland.

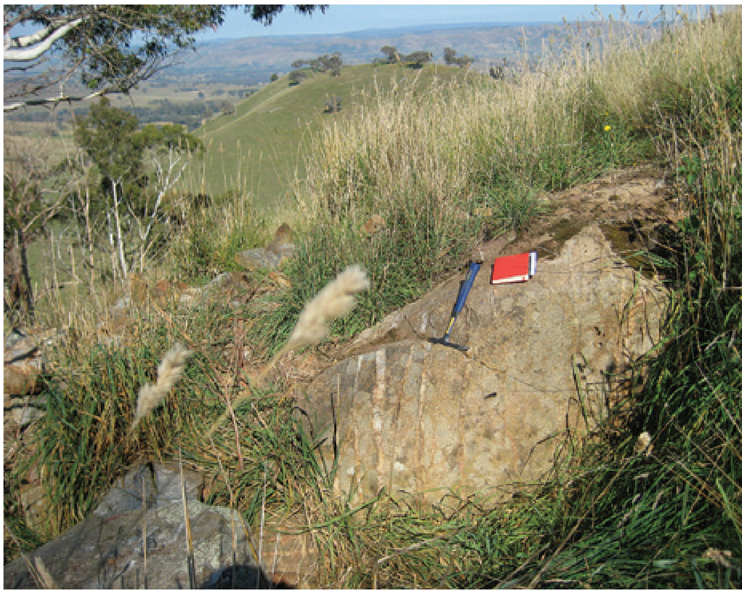
All of these licences and applications are held 100% by the Company (or its wholly owned subsidiaries), however all tenements in the Talawanta-Grassy Bore, Mount Margaret and Bungalien Projects are subject to a Farm-In Agreement with Pan Pacific Copper and Mitsui Corporation. Application EPM18051 is a competing application and at this stage no indication of priority has been received by the Company.

It should be noted EPMA18207, EPMA18208, EPMA19255 and EPMA19256 are overlying applications encompassing existing, granted tenements.

7.0 Sustainable Development

GBM is committed to the safe and responsible development of Australia's mineral resources.

GBM continues to demonstrate that the health and safety of personnel, and the environment in which we operate, form key components of our business plan and are key aspects of the way in which we conduct our business. The company is committed to maintaining a working environment and culture that places the safety of all as the number one priority. Supporting key policies, the company has established an Occupational Health and safety Management plan and a range of management standards and operating procedures. During the year the company has added key policies covering the important issues of discrimination and harassment in the workplace.



Safety & Training

Our commitment to continuous improvement was again demonstrated with company standards, procedures and work practices reviewed by management and staff.

Training was completed throughout the year with a number of personnel being re-inducted. Training also included how to complete a Job Safety Analysis, breathalyser testing and the role of the site senior executive.

The Company's emergency management system was bolstered with the introduction of the drill site injury emergency procedure. In addition, a review commenced of the exploration risk assessment.

Community & Environment

The Company remains committed to working with the communities in which we operate, with the aim of reducing our Environmental impact whilst achieving mutually acceptable rehabilitation outcomes.

GBM will identify and show consideration for the rights, beliefs and concerns of relevant landholders and all other parties that have a legitimate interest in our exploration activities. To achieve this we will ensure that all of our employees and contractors are aware of their role in implementing company environmental responsibilities, policies and commitments.

Each exploration site undergoes a rigorous examination for the environmental aspect prior to, during and after work has been conducted on the site.

Statistics/Achievements:

- One lost time injury was sustained during operations in 2010/11
- One medically treated injury was sustained during operations in 2010/11
- No significant environmental incidents were sustained in the reporting period
- Introduction of the drill site-specific injury emergency procedure
- Commenced a review of the GBM exploration risk assessment

Review of Operations

Explanation 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

[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 downhole intersections available over significant widths to date.

The information in this report that relates to Mineral Resources and Exploration Results is based on information compiled by Neil Norris, who is a Member 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.

The Pan Pacific Copper Co and Mitsui & Co Farm-In Agreement

Under the Farm-in Agreement, Pan Pacific / Mitsui, through their co-established Australian subsidiary, Cloncurry Exploration and Development Pty Ltd ("CED"), can spend up to A$55 million on the development of new copper-gold exploration and mining projects in northwest Queensland.

Highlights of the Farm-in Agreement include:

- Farm–in Agreement covers the project areas of Talawanta/ Grassy Bore, Mt Margaret ,Bungalien and the Chumvale prospect (see Fig 3).
- CED has the right to earn a 51% interest in the projects by spending a total of A$15 million within a six year period. CED is required to spend a minimum of A$2 million on exploration during the first two years of the agreement.
- During the initial farm-in period, GBM will manage all exploration activities on the projects on behalf of CED.
- CED may subsequently increase its interest up to 90% in the projects (other than the Chumvale Breccia Prospect) by spending A$1.026 million for each 1% increment for total additional expenditure of $A40 million.
- Upon CED acquiring a 90% interest in the projects, GBM will retain a free carried interest of 10% through to the completion of a Bankable Feasibility Study on the projects.

The Swift Venture Holdings Phosphate Joint Venture

The Phosphate JV 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.

Tenement Schedule

Project/Name	Tenement No.	Owner	GBMR Equity	Manager	Granted	Expiry	Approx Area[*3] (km^2)	Status	State
Victoria									
Malmsbury									
Belltopper	EL4515*1	GBMR/Belltopper Hill	100%	GBMR	6/10/2005	5/10/2013	25	Granted	VIC
Lauriston	EL5120	GBMR	100%	GBMR	17/12/2008	16/12/2013	81	Granted	VIC
Willaura									
Lake Bolac	EL4631	GBMR	100%	GBMR	21/03/2002	26/03/2012	98	Granted	VIC
Woorndoo	EL4751	GBMR	100%	GBMR	19/11/2003	18/11/2012	23	Granted	VIC
Willaura	EL5346	GBMR	100%	GBMR	2/06/2011	1/06/2014	11	Granted	VIC
Yea									
Monkey Gully	EL5293	GBMR	100%	GBMR	23/03/2011	23/03/2016	442	Granted	VIC
Tin Creek	EL5292	GBMR	100%	GBMR	23/03/2011	23/03/2016	442	Granted	VIC
Rubicon	EL5347	GBMR	100%	GBMR			155	Appl'n	VIC
Queensland									
Drummond Basin									
Diamond Creek	EPM19193	GBMR	100%	GBMR	27/06/2011	26/06/2014	247	Granted	QLD
Dee Range									
Dee Range	EPM16057	GBMR	100%	GBMR	27/09/2007	26/09/2012	88	Granted	QLD
Boulder Creek	EPM17105	GBMR	100%	GBMR	26/03/2008	25/03/2010	178	Pending	QLD
Mt Morrisey	EPM17163	GBMR	100%	GBMR	23/04/2008	23/04/2010	161	Pending	QLD
Black Range	EPM17734	GBMR	100%	GBMR	20/05/2009	19/05/2014	150	Granted	QLD
Smelter Return	EPMA18366	GBMR	100%	GBMR			195	Appl'n	QLD
Limonite Hill	EPMA18811	GBMR	100%	GBMR			260	Appl'n	QLD
Limonite Hill East	EPMA19288	GBMR	100%	GBMR			29	Appl'n	QLD
Mt Hoopbound	EPMA18812	GBMR	100%	GBMR			23	Appl'n	QLD
Mount Isa Region									
Talawanta – Grassy Bore									
Talawanta	EPM15406	GBMR*2/Isa Tenements	100%	GBMR	15/01/2008	14/01/2011	325	Pending	QLD
Grassy Bore	EPM15681	GBMR*2/Isa Tenements	100%	GBMR	28/09/2007	28/09/2010	325	Pending	QLD
Talawanta2	EPMA19255	GBMR/Isa Tenements	100%	GBMR			325	Appl'n	QLD
Grassy Bore2	EPMA19256	GBMR/Isa Tenements	100%	GBMR			322	Appl'n	QLD
Mount Margaret									
Mt Margaret W. Ext	EPM16227	GBMR*2 /Isa Tenements	100%	GBMR	31/07/2007	30/07/2012	36	Granted	QLD
Mt Margaret W.	EPM14614	GBMR*2/Isa Tenements	100%	GBMR	2/08/2005	1/08/2010	129	Pending	QLD
Mt Malakoff Ext	EPM16398	GBMR*2/Isa Tenements	100%	GBMR	19/10/2010	18/10/2015	84	Granted	QLD
Cotswold	EPM16622	GBMR*2/Isa Tenements	100%	GBMR			45	Appl'n	QLD
Dry Creek	EPMA18172	GBMR/Isa Tenements	100%	GBMR			227	Appl'n	QLD
Dry Creek Ext.	EPMA18174	GBMR/Isa Tenements	100%	GBMR			39	Appl'n	QLD
Brightlands									
Brightlands	EPM14416	GBMR*2/Isa Brightlands	100%	GBMR	5/08/2005	4/08/2010	251	Pending	QLD
Brightlands W.	EPM18051	GBMR/Isa Brightlands	100%	GBMR			99	Appl'n	QLD
Brightlands W. Ext	EPMA18672	GBMR/Isa Brightlands	100%	GBMR			97	Appl'n	QLD
Wakeful	EPMA18454	GBMR/Isa Brightlands	100%	GBMR			13	Appl'n	QLD
Highway	EPMA18453	GBMR/Isa Brightlands	100%	GBMR			36	Appl'n	QLD
Bungalien									
Bungalien	EPM14355	GBMR*2/Isa Tenements	100%	GBMR	13/10/2004	12/10/2011	61	Granted	QLD
Horse Creek	EPM15150	GBMR*2/Isa Tenements	100%	GBMR	13/07/2006	12/07/2011	80	Pending	QLD
Limestone Creek	EPM17849	GBMR/Isa Tenements	100%	GBMR	20/10/2010	19/10/2015	72	Granted	QLD
Malbon 2	EPM14120	GBMR*2/Isa Tenements	100%	GBMR	24/08/2004	23/08/2010	15	Pending	QLD
Bungalien2	EPMA18207	GBMR/Isa Tenements	100%	GBMR			325	Appl'n	QLD
Horsecreek2	EPMA18208	GBMR/Isa Tenements	100%	GBMR			325	Appl'n	QLD
Totals							**5,839**		

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.
[*3] For Qld tenements, 1 sublock ~3.2km^2. Underlined areas indicate the tenement is contained in new application area

GBM Resources Limited tenement summary at 30th June 2011.

Corporate Governance Statement

Introduction

Since the introduction of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines" or "the Recommendations"), GBM Resources Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company, the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

Further information about the Company's corporate governance practices is set out on the Company's website at *www.gbmr.com.au*. In accordance with the recommendations of the ASX, information published on the Company's website includes:

Board Charter
Nomination Committee Charter
Remuneration Committee Charter
Audit and Risk Committee Charter
Corporate Code of Conduct
Performance Evaluation Policy
Continuous Disclosure Policy
Risk Management Policy
Guidelines for Trading in Company Securities
Shareholder Communication Strategy
Diversity Policy

Explanation for Departures from Best Practice Recommendations

During the Company's 2010/2011 financial year the Company has complied with the Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("Corporate Governance Principles and Recommendations")[1] and has adopted the revised Principles and Recommendations taking effect from reporting periods beginning on or after 1 January 2008. Significant policies and details of any significant deviations from the principles are specified below.

Corporate Governance Council Recommendation 1
Lay Solid Foundations for Management and Oversight

Role of the Board of Directors

The role of the Board is to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and ensure the Company is properly managed.

In order to fulfil this role, the Board is responsible for the overall corporate governance of the Company including formulating its strategic direction, setting remuneration and monitoring the performance of Directors and executives. The Board relies on senior executives to assist it in approving and monitoring expenditure, ensuring the integrity of internal controls and management information systems and monitoring and approving financial and other reporting.

In complying with Recommendation 1.1 of the Corporate Governance Council, the Company has adopted a Board Charter which clarifies the respective roles of the Board and senior management and assists in decision making processes. A copy of the Board Charter is available on the Company's website.

Board Processes

An agenda for the meetings has been determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and or regular review are scheduled when appropriate. The agenda is regularly reviewed by the Managing Director and the Company Secretary.

Evaluation of Senior Executive Performance

The Company has not complied with Recommendation 1.2 of the Corporate Governance Council. Due to the early stage of development of the Company it is difficult for quantitative measures of performance to be established. As the Company progresses its projects, the board intends to establish appropriate evaluation procedures. The Chairman assesses the performance of the Executive Directors on an informal basis.

Corporate Governance Council Recommendation 2
Structure the Board to Add Value

Board Composition

The Constitution of the Company provides that the number of Directors shall not be less than three. There is no requirement for any share holding qualification.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the scope of activities of the Company, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the Board and are subject to re election by shareholders at the next general meeting. In any event one third of the Directors are subject to re election by shareholders at each general meeting.

The Board is currently comprised of three members, one Non-Executive and two Executive. The Non-Executive Director is Mr Cameron Switzer. The skills, experience and expertise of all Directors is set out in the Directors' Report on page 27. Until 31 October 2010 the Board was comprised of an additional Non-Executive member, who also carried out the duties of Chairman.

The Board has assessed the independence of its non executive directors in office during the period according to the definition contained within the ASX Corporate Governance Guidelines and has concluded that one of the Non-Executive Directors and the current Non-Executive Director, Mr Switzer does not meet the recommended independence criteria, by virtue of his provision of material geological consulting services to the Company. As a result the Company does not comply with Recommendation 2.1 of the Corporate Governance Council. However, the Board considers that both its structure and composition are appropriate given the size of the Company and that the interests of the Company and its shareholders are well met.

Independent Chairman

Until 31 October 2010, the position of Chairman was held by an independent director. The current Chairman is not considered to be an independent director as at the reporting date and as such Recommendation 2.2 of the Corporate Governance Council has not been complied with.

Roles of Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer are not currently exercised by different individuals, and as such the Company does not comply with Recommendation 2.3 of the Corporate Governance Council. Until 31 October 2010 the role of Chairman was held by a director other than the Chief Executive Officer.

Nomination Committee

The Board does not have a separate Nomination Committee comprising of a majority of independent Directors and as such does not comply with Recommendation 2.4 of the Corporate Governance Council. The selection and appointment process for Directors is carried out by the full Board. The Board considers that given the importance of Board composition it is appropriate that all members of the Board partake in such decision making. The Company has adopted a Nomination Committee Charter, which is available for review on the Company's website.

Evaluation of Board Performance

The Company has not to date implemented a formal process for the evaluation of the performance of the Board and as such does not comply with Recommendation 2.5 of the Corporate Governance Council. The Board is of the opinion that the competitive environment in which the Company operates will effectively provide a measure of the performance of the Directors, in addition the Chairman assesses the performance of the Board, individual directors and key executives on an informal basis.

Education

All Directors are encouraged to attend professional education courses relevant to their roles.

Independent Professional Advice and Access to Information

Each Director has the right to access all relevant information in respect of the Company and to make appropriate enquiries of senior management. Each Director has the right to seek independent professional advice at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

Corporate Governance Council Recommendation 3
Promote Ethical and Responsible Decision Making

The Board actively promotes ethical and responsible decision making.

Corporate Code of Conduct

The Board has adopted a Corporate Code of Conduct that applies to all employees, executives and directors of the Company, and as such complies with Recommendation 3.1 of the Corporate Governance Council. This Code addresses expectations for conduct in accordance with legal requirements and agreed ethical standards. A copy of the Code is available on the Company's website.

Guidelines for Trading in Company Securities

The Board has committed to ensuring that the Company, its Directors and executives comply with their legal obligations as well as conducting their business in a transparent and ethical manner. The Board has adopted a procedure on dealing in the Company's securities by directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information.

Corporate Governance Statement

The guidelines also provide that the acknowledgement of the Chairman or the Board should be obtained prior to trading. A summary of the Guidelines are available on the Company's website.

The Company's policy restricts, notwithstanding exceptional circumstances, the trading in Company's securities by those individuals covered by the policy to trading windows that are open for 10 days following the hosting of General Meetings of the Company, the release of annual, half yearly results and quarterly reports and after any other public announcement on ASX.

Diversity

The Board has adopted a diversity policy that details the purpose of the policy and the employee selection and appointment guidelines, and as such complies with the recommendations of the Corporate Governance Council. The Board believes that the adoption of an efficient diversity policy has the effect of broadening the employee recruitment pool, supporting employee retention, including different perspectives and is socially and economically responsible governance practice.

The recommendations of the Corporate Governance Council relating to reporting are effective from 1 July 2011 and require the Board to set 'measurable objectives' for achieving gender diversity and to report against them on an annual basis. The Board is currently reviewing its practices with a focus on ensuring that the selection process at all levels within the organisation is formal and transparent and that the workplace environment is open, fair and tolerant.

The Company, in keeping with the recommendations of the Corporate Governance Council provides the following information regarding the proportion of females employed in the organisation as at 30 June 2011:

	Proportion of females/total number of persons	Note
Females employed in the Company as a whole	4/13	
Females employed in the Company in Senior Executive positions	0/0	1
Females appointed as a Director of the Company	0/3	

Note 1 – There are no senior executives employed by the Company other than the Members of the Board. During the year ended 30 June 2011 the position of Senior Geologist has been held by a female member of staff.

Corporate Governance Council Recommendation 4
Safeguarding Integrity in Financial Reporting

Audit Committee

The Board does not have a separate Audit Committee with a composition as suggested by Recommendations 4.1 and 4.2 of the Corporate Governance Council, and as such does not comply with those recommendations. The full Board carries out the function of an audit committee. The Board believes that the Company is not of a sufficient size to warrant a separate committee and that the full Board is able to meet objectives of the best practice recommendations and discharge its duties in this area. The relevant experience of Board members is detailed in the Directors' section of the Directors' Report. The Company has adopted an Audit and Risk Committee Charter and as such complies with Recommendation 4.3 of the Corporate Governance Council.

Financial reporting

The Board relies on senior executives to monitor the internal controls within the Company. Financial performance is monitored on a regular basis by the Managing Director who reports to the Board at the scheduled Board meetings.

The Board reviews the performance of the external auditors on an annual basis and meets with them during the year to review findings and assist with Board recommendations.

In the absence of a formal audit committee, Non-executive Directors of the Company are available for correspondence with the auditors of the Company.

Corporate Governance Council Recommendation 5
Make Timely and balanced disclosure

Continuous Disclosure

The Board is committed to the promotion of investor confidence by providing full and timely information to all security holders and market participants about the Company's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the Australian Securities Exchange's Listing Rules. The Company has established written policies and procedures, designed to ensure compliance with the ASX Listing Rule Requirements, in accordance with Recommendation 5.1 of the Corporate Governance Council.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed with a view to the necessity for disclosure to security holders.

In accordance with ASX Listing Rules the Company Secretary is appointed as the Company's disclosure officer.

Corporate Governance Council Recommendation 6
Respect the Rights of Shareholders

Communications

The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear. This has been incorporated into a formal shareholder communication strategy, in accordance with Recommendation 6.1 of the Corporate Governance Council. A copy of the policy is available on the Company's website.

In addition to electronic communication via the ASX website, the Company publishes all significant announcements together with all quarterly reports. These documents are available in both hardcopy on request and on the Company website at *www.gbmr.com.au*

Shareholders are able to pose questions on the audit process and the financial statements directly to the independent auditor who attends the Company Annual General Meeting for that purpose.

Corporate Governance Council Recommendation 7
Recognise and manage risk

Risk management policy

The Board has adopted a risk management policy that sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the Managing Director, therefore complying with Recommendation 7.1 of the Corporate Governance Council. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed.

Risk management and the internal control system

The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

In order to implement the Company's Risk Management Policy, it was considered important that the Company establish an internal control regime in order to:

- Assist the Company to achieve it's strategic objectives;
- Safeguard the assets and interests of the Company and its stakeholders; and
- Ensure the accuracy and integrity of external reporting.

Key identified risks to the business are monitored on an ongoing basis as follows:

- Business risk management
  The Company manages its activities within budgets and operational and strategic plans.
- Internal controls
  The Board has implemented internal control processes typical for the Company's size and stage of development. It requires the senior executives to ensure the proper functioning of internal controls and in addition it obtains advice from the external auditors as considered necessary.
- Financial reporting
  Directors approve a budget for the Company and regularly review performance against budget at Board Meetings.
- Operations review
  Members of the Board regularly visit the Company's exploration project areas, reviewing both geological practices, and environmental and safety aspects of operations.
- Environment and safety
  The Company is committed to ensuring that sound environmental management and safety practices are maintained on its exploration activities.

The Company's risk management strategy is evolving and will be an ongoing process and it is recognised that the level and extent of the strategy will develop with the growth and change in the Company's activities.

Risk Reporting

As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively therefore not complying with Recommendation 7.2 of the Corporate Governance Council. The Board believes that the Company is currently effectively communicating its significant and material risks to the Board and its affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing monitoring and managing risk in the Company.

The Company does not have an internal audit function.

Managing Director and Chief Financial Officer Written Statement

The Board requires the Managing Director and the Company Secretary provide a written statement that the financial statements of company present a true and fair view, in all material aspects, of the financial position and operational results and have been prepared in

Corporate Governance Statement

accordance with Australian Accounting Standards and the Corporation Act. The Board also requires that the Managing Director and Company Secretary provide sufficient assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is working effectively.

The declarations have been received by the Board, in accordance with Recommendation 7.3 of the Corporate Governance Council.

Corporate Governance Council Recommendation 8
Remunerate Fairly and Responsibly

Remuneration Committee

The Board does not have a separate Remuneration Committee and as such does not comply with Recommendations 8.1 and 8.2 of the Corporate Governance Council. Remuneration arrangements for Directors are determined by the full Board. The Board is also responsible for setting performance criteria, performance monitors, share option schemes, superannuation, termination and retirement entitlements, and professional indemnity and liability insurance cover.

The Board considers that the Company is effectively served by the full Board acting as a whole in remuneration matters, and ensures that all matters of remuneration continue to be decided upon in accordance with Corporations Act requirements, by ensuring that no Director participates in any deliberations regarding their own remuneration or related issues.

Distinguish Between Executive and Non-Executive Remuneration

The Company does distinguish between the remuneration policies of its Executive and Non-Executive Directors in accordance with Recommendation 8.3 of the Corporate Governance Council.

Executive Directors receive salary packages which may include performance based components, designed to reward and motivate, including the granting of share options, subject to shareholder approval and vesting conditions relating to continuity of engagement.

Non-Executive Directors receive fees agreed on an annual basis by the Board, within total Non-Executive remuneration limits voted upon by shareholders at Annual General Meetings. In the current financial year, no Non-Executive Director received shares or share options as remuneration.

Directors' Report

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 2011.

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
Managing Director/Executive Chairman
(Appointed Chairman 31 October 2010)

Experience
Mr Thompson is a CPA qualified accountant and Fellow of Chartered Secretaries Australia. He has over 30 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 has held no other directorships of listed companies in the last 3 years.

Cameron Switzer
BSc(Hons), MAusMM, MAIG
Non-Executive Director

Experience
Mr Switzer is a geologist with over 24 years of experience gained in 11 countries. He has held senior positions with a number of major mining companies including Senior Project Geologist at Newcrest Mining Ltd's Telfer gold mine in Western Australia and Geology Manager at Acacia Resources Ltd's Union Reef Gold Mine in the Northern Territory. Mr Switzer was also Principal Geologist with MIM Exploration Ltd for seven years during which time he gained broad experience with a range of deposits and geological and operating environments. Mr Switzer has a strong skill base in Cu Au and most recently coal.

Mr Switzer has a track record in the successful identification of mineral deposits, highly successful project generation, exploration management, validation of resources and the subsequent commercialisation of resources. Mr Switzer is a geological consultant based in Queensland.

Mr Switzer is also the President and CEO of TSX.V listed entity WCB Resources Ltd, a junior explorer focussed in the Asia Pacific Region.

Mr Switzer 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 25 years experience gained in Australia and overseas. Recently 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.

Former Director

Peter May
Mr May resigned as Chairman and as director of the Company on 31 October 2010.

Company Secretary

Kevin Hart
FCA

Mr Hart is a Chartered Accountant and was appointed to the position of Company Secretary on 3 February 2010. He has over 20 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.

Directors' Report

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	13	13
C Switzer	13	13
N Norris	13	13
P May (resigned 31 October 2010)	5	3

Principal Activities

The principal activity of the Group during the financial year was gold and copper exploration in Australia.

Operating and Financial Review

During the financial year the Group's activities were focussed on exploration at its IOCG style targets at the Brightlands Project in Queensland and for gold mineralisation at the Malmsbury Gold Project in Victoria. Full details are available in the Review of Operations in the Annual Report.

Operating Results

The net loss after income tax attributable to members of the Group for the financial year to 30 June 2011 amounted to $1,212,306 (2010: $2,122,794).

Financial Position

At the end of the financial year, the Group had $5,198,177 (2010 $756,129) in cash on hand and on deposit. Carried forward exploration expenditure was $9,478,299 (2010 $6,999,649).

Equity Securities on Issue

	30 June 2011	30 June 2010
Ordinary fully paid shares	**219,793,503**	158,393,504
Options over unissued shares	**113,793,124**	–
Performance Share Rights	**1,100,000**	–

Ordinary Fully Paid Shares

During the year ended 30 June 2011 the Company issued the following ordinary fully paid shares pursuant to share placements:

- 22,800,000 ordinary fully paid shares at $0.10 each; and
- 37,499,999 ordinary fully paid shares at $0.12 each.

No shares have been issued between the end of the financial year and the date of this report.

Options over Ordinary Shares

At 30 June 2011, there were 113,793,124 (2010: Nil) options to acquire ordinary shares on issue.

During the year ended 30 June 2011, no options were issued pursuant to the terms of the Company's Option Plan (2010: Nil).

During the year ended 30 June 2011 the following options were issued by the Company:

- 69,814,553 listed options, exercisable at 20 cents each on or before 30 June 2013, in respect of a priority entitlement offer of listed options at 1 cent each;
- 22,800,000 listed options, exercisable at 20 cents each on or before 30 June 2013, were issued as securities attaching to share placements; and
- 21,178,571 listed options, exercisable at 20 cents each on or before 30 June 2013, were issued in respect of corporate advisory services in relation to share placements.

During the year ended 30 June 2011 no ordinary shares were issued on exercise of options (2010: Nil)

There were no options expiring unexercised or cancelled during the financial year (2010: Nil).

None of the options on issue entitle the holder to participate in any share issue of the Company or any other body corporate.

No options have been issued, exercised or cancelled between the end of the financial year and the date of this report.

Performance Share Rights

The Company's Performance Share Rights Plan was approved by Shareholders at the Company's Annual General Meeting held on 30 November 2010.

At 30 June 2011, there were 1,100,000 (2010: N/a) unvested performance share rights to acquire ordinary shares on issue. The 1,100,000 performance share rights on issue at the date of this report vest, and are convertible into ordinary shares of the Company, on 16 December 2011.

During the year ended 30 June 2011, 2,200,000 (2010: N/a) performance share rights were issued pursuant to the terms of the Company's Performance Share Rights Plan to employees of the Company.

During the year ended 30 June 2011 1,100,000 (2010: N/a) ordinary shares were issued on the exercise of vested performance share rights.

There were no performance share rights expiring unexercised or cancelled during the financial year (2010: N/a).

None of the performance share rights on issue entitle the holder to participate in any share issue of the Company or any other body corporate.

No performance share rights have been issued, exercised or cancelled between the end of the financial year and the date of this report.

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 2011.

Significant Changes in State of Affairs

There were no 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

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.

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 2011. Refer to the review of operations report for details of GBM's Sustainable Development work.

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 mine development, 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 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.

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

Directors' Report

Remuneration Report (Audited) (continued)

Details of Remuneration for Directors and Executive Officers (continued)

2011	Short term		Post Employment	Share Based Payments		
Remuneration of Directors and Executives	Salary and fees $	Other $	Super-annuation $	Options/ shares $	Total $	Share Based Payments as % of remuneration
Directors						
P Thompson	**307,908**	**–**	**14,450**	**–**	**322,358**	**0%**
C Switzer[(i)]	**27,747**	**1,000**	**–**	**–**	**28,747**	**0%**
N Norris	**285,641**	**22,245**	**14,450**	**–**	**322,336**	**0%**
P May (resigned 31/10/10)	**34,584**	**–**	**–**	**–**	**34,584**	**0%**
Total Directors	**655,880**	**23,245**	**28,900**	**–**	**708,025**	

(i) Includes geological consultancy services paid to Switzer Geological Services $1,000;

2010	Short term		Post Employment	Share Based Payments		
Remuneration of Directors and Executives	Salary and fees $	Other $	Super-annuation $	Options/ shares $	Total $	Share Based Payments as % of remuneration
Directors						
P May	29,189	–	–	140,000	169,189	82.7%
P Thompson	159,910	–	–	420,000	579,910	72.4%
C Switzer (ii)	19,625	111,163	–	252,000	382,788	65.8%
N Norris	222,471	–	–	420,000	642,471	65.4%
Total Directors	431,195	111,163	–	1,232,000	1,774,358	

(ii) Includes geological consultancy services paid to Switzer Geological Services $111,163;

(iii) The Company implemented cost reduction initiatives on 1 April 2009 for 12 months in which cash remuneration for the Managing Director and Exploration Manager were reduced by 30%. Further, all director fees were reduced by 30% from 1 April 2009 to 31 March 2010 which form part of the annualised savings of $400,000 to the Company. These savings directly improve the cash position of the Company and positively reflect the commitment by executive management and the Board in achieving the objectives of the Company. On 7 August 2009 Shareholders approved the allotment and issue of a total of 8,800,000 Shares to Cameron Switzer, Peter May, Peter Thompson and Neil Norris in lieu of historical and future consulting fees for the period between 1 April 2009 to 31 March 2010. The issue price was 3 cents per share a 50% premium to the two cent right issue entitlement offer to shareholders. The shares are recorded at fair value of $0.14 each on the date of shareholder approval.

Options Provided as Remuneration

2011

During the year no options were granted and issued to Directors or Senior Executives of the Company.

No shares were issued to Directors or Senior Executives of the Company in respect of the exercise of options previously granted as remuneration.

2010

During the year no options were granted and issued to Directors or Senior Executives of the Company.

No shares were issued to Directors or Senior Executives of the Company in respect of the exercise of options previously granted as remuneration.

Service Agreements

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

Managing Director

The service agreement has a term of 31 months from 1 December 2010. 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.

Exploration Director

The service agreement has a term of 31 months from 1 December 2010. 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 Directors or Senior Executives 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 are issued to provide an appropriate level of incentive using a cost effective means given the Company's size and stage of development.

End of Remuneration Report

Director's 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 2010	Movement during the financial year	Ordinary Shares held at 30 June 2011	Ordinary shares held at the date of the Directors' Report
P Thompson	9,562, 582	–	9,562,582	9,562,582
C Switzer	6,393,750	–	6,393,750	6,393,750
N Norris	9,250,000	–	9,250,000	9,250,000

Options

Director	Options held at 1 July 2010	Movement during the financial year(i)	Options held at 30 June 2011	Options held at the date of the Directors' Report
P Thompson	–	4,937,525	4,937,525	4,937,525
C Switzer	–	4,346,875	4,346,875	4,346,875
N Norris	–	3,093,635	3,093,635	3,093,635

(i) Options acquired under the Company's Priority Entitlement Offer which closed on 3 September 2010. All options are vested and exercisable.

Loans to Directors and Executives

There were no loans entered into with Directors or executives during the financial year under review.

Other transactions with Directors and executives are set out in Note 20 to the Financial Report.

Directors' 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 29th day of September 2011

Peter Thompson
Executive Chairman

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of GBM Resources Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of GBM Resources Limited.

Perth, Western Australia
29 September 2011

W M CLARK
Partner, HLB Mann Judd

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2011

	Note	Consolidated 2011 $	2010 $
Revenue	3	**425,676**	48,247
Consulting and professional services		**(276,386)**	(450,089)
Depreciation		**(23,727)**	(35,712)
Employee benefits expense		**(539,495)**	(91,842)
Exploration expenditure written off and expensed	4	**(323,229)**	–
Share based payments	13	**(137,500)**	(1,400,000)
Travel expenses		**(46,474)**	(45,373)
Administration and other expenses		**(291,171)**	(148,025)
Loss before income tax		**(1,212,306)**	(2,122,794)
Income tax benefit/(expense)	5	**–**	–
Loss for the year		**(1,212,306)**	(2,122,794)
Other comprehensive income		**–**	–
Total comprehensive loss for the year		**(1,212,306)**	(2,122,794)

	Note	Cents	Cents
Basic earnings (loss) per share	6	**(0.6)**	(1.4)
Diluted earnings (loss) per share	6	**(0.6)**	(1.4)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
Current assets			
Cash and cash equivalents	18	**5,198,177**	756,129
Trade and other receivables	7	**136,041**	395,216
Total Current Assets		**5,334,218**	1,151,345
Non-current assets			
Trade and other receivables	7	**38,729**	33,729
Exploration and evaluation expenditure	8	**9,478,299**	6,999,649
Property, plant and equipment	9	**454,256**	83,930
Total Non Current Assets		**9,971,284**	7,117,308
TOTAL ASSETS		**15,305,502**	8,268,653
Current liabilities			
Trade and other payables	10	**1,376,782**	239,148
Total Current Liabilities		**1,376,782**	239,148
TOTAL LIABILITIES		**1,376,782**	239,148
NET ASSETS		**13,928,720**	8,029,505
Equity			
Issued capital	11	**16,950,744**	11,179,440
Option reserve	13	**698,146**	–
Share based payments reserve	13	**642,071**	–
Accumulated losses	13	**(4,362,241)**	(3,149,935)
TOTAL EQUITY		**13,928,720**	8,029,505

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2011

Consolidated	Note	Issued capital $	Option reserve $	Share based payments reserve $	Accumulated losses $	Total $
Balance at 1 July 2009		7,347,040	328,796	45,166	(1,838,603)	5,882,399
Share based payments	13	–	–	437,500	–	437,500
Shares issued	11	3,832,400	–	–	–	3,832,400
Loss attributable to members of the Company	13	–	–	–	(2,122,794)	(2,122,794)
Transfer on expiry of options	13	–	(328,796)	(482,666)	811,462	–
Balance at 30 June 2010		11,179,440	–	–	(3,149,935)	8,029,505
Balance at 1 July 2010		**11,179,440**	**–**	**–**	**(3,149,935)**	**8,029,505**
Share based payments	**13**	**–**	**–**	**741,071**	**–**	**741,071**
Shares issued	**11**	**5,672,304**	**–**	**–**	**–**	**5,672,304**
Options issued	**13**	**–**	**698,146**	**–**	**–**	**698,146**
Loss attributable to members of the Company	**13**	**–**	**–**	**–**	**(1,212,306)**	**(1,212,306)**
Transfer on exercise of performance rights	**13**	**99,000**	**–**	**(99,000)**	**–**	**–**
Balance at 30 June 2011		**16,950,744**	**698,146**	**642,071**	**(4,362,241)**	**13,928,720**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2011

	Note	Consolidated 2011 $	2010 $
Cash flows from operating activities			
Interest received		**148,631**	48,452
Exploration grant income		**60,000**	–
JV management fee income		**220,077**	–
Cash paid to suppliers and employees		**(985,165)**	(753,324)
Net cash flows (used in) operating activities	18(b)	**(556,457)**	(704,872)
Cash flows from investing activities			
Funds provided by JV partner under Farm-in agreement		**1,833,978**	–
Payments for exploration and evaluation, including JV Farm-in spend		**(3,440,743)**	(2,864,463)
Payments to acquire property, plant and equipment		**(399,641)**	(10,842)
Proceeds from sale of property, plant and equipment		**35,890**	–
Payments for deposits		**(5,000)**	(30,000)
Net cash flows (used in) investing activities		**(1,975,516)**	(2,905,305)
Cash flows from financing activities			
Proceeds from the issue of shares and options		**7,478,146**	3,020,435
Share issue costs		**(504,125)**	(195,000)
Net cash flows from financing activities		**6,974,021**	2,825,435
Net increase/(decrease) in cash and cash equivalents		**4,442,048**	(784,742)
Cash and cash equivalents at the beginning of the financial year	18(a)	**756,129**	1,540,871
Cash and cash equivalents at the end of the financial year	18(a)	**5,198,177**	756,129

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2011

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 2011 comprises the Company and its subsidiaries (together referred to as the 'Group').

At the date of authorisation of this financial report, there were a number of Standards and Interpretations that were issued but not yet effective, however the Directors anticipate that the adoption of these standards and interpretations in future reporting periods will have no material impact on 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.

Adoption of New and Revised Standards –
Changes in accounting policies on initial application of accounting standards
In the year ended 30 June 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies other than those set out below.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

b) Statement of Compliance

The financial report was authorised for issue on 29th September 2011.

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, complieswith 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. Minority interests represent the portion of profit and loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position.

1. Statement of Significant Accounting Policies (continued)

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.

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.

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.

Notes to the Financial Statements
For the Year Ended 30 June 2011

1. Statement of Significant Accounting Policies (continued)

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 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.

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 eases.

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 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).

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 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 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:

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.

1. Statement of Significant Accounting Policies (continued)

k) Plant and Equipment (continued)

(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. For plant and equipment, impairment losses are recognised in the income statement in the cost of sales line item. However, because land and buildings are measured at re-valued amounts, impairment losses on land and buildings are treated as a re-valuation decrement.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2011

1. Statement of Significant Accounting Policies (continued)

l) Investments and Other Financial Assets (continued)

(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.

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.

m) Exploration and Evaluation Expenditure

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 exploration 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.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

1. Statement of Significant Accounting Policies (continued)

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.

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 derecognised.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2011

1. Statement of Significant Accounting Policies (continued)

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, further details of which are given in Note 14. 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 income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. 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) 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 the continuing carrying forward of costs in relation to that area of interest.

Share based payments

The Group uses independent advisors to assist in valuing share based payments. Refer Note 14 for details of estimates and assumptions used.

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 Group has no investments and 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.

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

As the Group has significant interest bearing assets, the Group's income and operating cash flows are materially exposed to changes in market interest rates. The assets are short term interest bearing deposits, and no financial instruments are employed to mitigate risk. (Note 16 – 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).

Notes to the Financial Statements

For the Year Ended 30 June 2011

	Note	Consolidated 2011 $	2010 $
3. Revenue			
Interest income		**145,297**	48,247
Joint venture management fee		**220,077**	–
Exploration grant income		**60,000**	–
Gain on sale of assets		**302**	–
		425,676	48,247
4. Expenses			
Employee expenses			
Gross employee benefit expense:			
Wages and salaries		**1,077,184**	262,379
Directors' fees		**121,856**	86,935
Superannuation expense		**77,693**	23,090
Other employee costs		**94,098**	4,908
		1,370,831	377,312
Less amount allocated to exploration		**(831,336)**	(285,470)
Net statement of comprehensive income employee benefit expense		**539,495**	91,842
Depreciation expense:			
Office equipment and software	9	**16,086**	26,748
Site equipment	9	**745**	1,491
Motor vehicles	9	**6,896**	7,473
		23,727	35,712
Exploration costs:			
Unallocated exploration costs		**239,204**	–
Exploration costs written off	8	**84,025**	–
		323,229	–

5. Income Tax

a) Income tax recognised inprofit and loss

The prima facie tax benefit on the operating result is reconciled to the income tax provided in the financialstatements as follows:

	Consolidated 2011 $	2010 $
Accounting loss before income tax from continuing operations	**(1,212,306)**	(2,122,794)
Income tax benefit calculated at 30%	**(363,692)**	(636,838)
Share based payments	**41,250**	420,000
Capital raising costs claimed	**(153,726)**	(87,264)
Exploration costs written off	**96,969**	–
Unused tax losses and temporary differences not recognised as deferred tax assets	**379,199**	304,102
Income tax expense/(benefit) reported in the statement of comprehensive income	**–**	–

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

5. Income Tax (continued)

b) Unrecognised deferred tax assets and liabilities

The following deferred tax assets and liabilities have not been brought to account:

	Consolidated 2011 $	Consolidated 2010 $
Unrecognised deferred tax assets relate to:		
Losses available for offset against future taxable income	**3,690,966**	2,754,047
Capital raising costs	**447,011**	268,428
Accrued expenses and liabilities	**86,129**	2,709
	4,224,106	3,025,184
Unrecognised deferred tax liabilities relate to:		
Exploration expenditure	**(2,843,490)**	(2,099,895)
Prepaid expenses and accrued income	**–**	–
	(2,843,490)	(2,099,895)
Net unrecognised deferred tax asset	**1,380,616**	925,289

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 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

6. Earnings per Share

	2011 $	2010 $
(Loss)/Profit used in calculation of loss per share	**(1,212,306)**	(2,122,794)
	Cents	Cents
Basic earnings/(loss) per share	**(0.6)**	(1.4)
	#	#
Weighted average number of shares used in the calculation of earnings per share	**191,651,357**	146,849,600

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.

Notes to the Financial Statements

For the Year Ended 30 June 2011

7. Trade and Other Receivables

	Note	Consolidated 2011 $	Consolidated 2010 $
Current			
Deposits paid		**–**	30,000
GST recoverable		**56,499**	337,211
Other debtors		**79,542**	28,005
		136,041	395,216
Non-current			
Security and environmental bonds		**38,729**	33,729
		38,729	33,729

8. Exploration and Evaluation Expenditure

	Note	2011 $	2010 $
Capitalised costs at the start of the financial year		**6,999,649**	4,216,273
Acquisition costs		**–**	–
Costs capitalised during the financial year		**2,562,675**	2,783,376
Capitalised costs written off during the financial year	4	**(84,025)**	–
Capitalised costs at the end of the financial year		**9,478,299**	6,999,649

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

9. Property, Plant and Equipment

Carrying values at 30 June 2010:

	2011 $	2010 $
Land:		
Cost	**308,499**	–
Depreciation	**–**	–
	308,499	–
Office equipment and software:		
Cost	**104,665**	99,642
Depreciation	**(77,453)**	(61,368)
	27,212	38,274
Site equipment and plant:		
Cost	**22,544**	7,244
Depreciation	**(2,634)**	(1,888)
	19,910	5,356
Motor vehicles:		
Cost	**107,002**	59,787
Depreciation	**(8,367)**	(19,487)
	98,635	40,300
Total	**454,256**	83,930

9. Property, Plant and Equipment (continued)

	Note	Consolidated 2011 $	2010 $
Reconciliation of movements:			
Land:			
Opening net book value		**–**	–
Cost of additions		**308,499**	–
Disposals		**–**	–
Depreciation		**–**	–
Closing net book value		**308,499**	–
Office equipment and software:			
Opening net book value		**38,274**	55,503
Cost of additions		**5,024**	9,519
Disposals		**–**	–
Depreciation	4	**(16,086)**	(26,748)
Closing net book value		**27,212**	38,274
Site equipment and plant:			
Opening net book value		**5,356**	5,524
Cost of additions		**15,299**	1,323
Disposals		**–**	–
Depreciation	4	**(745)**	(1,491)
Closing net book value		**19,910**	5,356
Motor vehicles:			
Opening net book value		**40,300**	47,773
Cost of additions		**100,819**	–
Disposals		**(35,588)**	–
Amortisation	4	**(6,896)**	(7,473)
Closing net book value		**98,635**	40,300
Total		**454,256**	83,930

10. Trade and Other Payables

	Consolidated 2011 $	2010 $
Current		
Trade creditors	**367,600**	174,307
Sundry creditors and accruals	**271,540**	55,810
Employee leave liabilities	**50,633**	9,031
	689,773	–
Advanced JV Farm-in funds unspent	**687,009**	239,148
	1,376,782	239,148

Notes to the Financial Statements

For the Year Ended 30 June 2011

11. Issued Capital

	Issue price	2011 No.	2010 No.	2011 $	2010 $
Issued capital at the balance date		**219,793,503**	158,393,504	**16,950,744**	11,179,440
Movements in issued capital:					
On issue at the start of the year		**158,393,504**	109,598,504	**11,179,440**	7,347,040
Share placement	$0.02	**–**	25,000,000	**–**	500,000
Issued in lieu of capital raising costs	$0.14	**–**	1,000,000	**–**	140,000
Issued to directors and consultants in lieu of cash remuneration	$0.14	**–**	10,000,000	**–**	1,400,000
Share placement	$0.20	**–**	12,500,000	**–**	2,500,000
Exercise of options	$0.22	**–**	295,000	**–**	64,900
Share placement	$0.10	**22,800,000**	–	**2,280,000**	–
Share placement	$0.12	**37,499,999**	–	**4,500,000**	–
Shares issued on the exercise of vested performance rights		**1,100,000**	–	**99,000**	–
Share issue costs					
– Share based payments		**–**	–	**(603,571)**	(577,500)
– Share issue costs – cash		**–**	–	**(504,125)**	(195,000)
On issue at the end of the reporting year		**219,793,503**	158,393,504	**16,950,744**	11,179,440

Shares Subject to Restriction Agreement

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

12. Options and Performance Rights

a) Options over unissued shares

Details of the Company's Incentive Option Scheme are provided at Note 14.

	Issue price	2011 No.	2010 No.	2011 $	2010 $
Options on issue at the balance date		**113,793,124**	–	**698,146**	–
Movements in options:					
Options on issue at the start of the year		**–**	64,109,552	**–**	328,796
Listed options with 25 cents exercise price issued in lieu of capital raising costs	$0.07	**–**	6,250,000	**–**	437,500
Options exercised		**–**	(295,000)	**–**	–
Options expired unexercised – reserve transferred to accumulated losses on expiry		**–**	(70,064,552)	**–**	(766,296)
Listed options issued – priority entitlement issue	$0.01	**69,814,553**	–	**698,146**	–
Options attaching to share placements	Nil	**22,800,000**	–	**–**	–
Options issued for corporate services		**21,178,571**	–	**–**	–
Options on issue at the end of the reporting year		**113,793,124**	–	**698,146**	–

12. Options and Performance Rights (continued)

i) Options Issued, Exercised and Expired During the Year
During the financial year the Company granted options over unissued shares as follows:

Number of Options Granted	Exercise Price	Expiry Date
113,793,124	20 cents	30 June 2013

During the year, no options over unissued shares were exercised (2010: 295,000). During the year, no options were cancelled or lapsed unexpired (2010: 70,064,552)

ii) Options on Issue at the Balance Date
The number of options outstanding over unissued ordinary shares at 30 June 2011 is 113,793,124 (2010: Nil).

iii) Subsequent to the Balance Date
No options have been granted, exercised or cancelled subsequent to the reporting date.

iv) Basis and assumptions used in the valuation of options granted in the period.
Listed options issued during the reporting period were valued at the prevailing market price on ASX of the security being issued.

b) Performance Share Rights
Details of the Company's Performance Rights Plan are provided at Note 14.

	Issue price	**2011 No.**	2010 No.	**2011 $**	2010 $
Performance rights on issue at the balance date		**1,100,000**	–	**–**	–
Movements in share rights:					
Share rights on issue at the start of the year		**–**	–	**–**	–
Share rights issued to employees during the year	Nil	**2,200,000**	–	**–**	–
Vested share rights exercised during the year		**(1,100,000)**	–	**–**	–
Performance share rights on issue at the end of the reporting year		**1,100,000**	–	**–**	–
Number of vested performance share rights at the end of the reporting year		**–**	–	**–**	–

i) Performance share rights Issued, Exercised and Expired during the Year
During the financial year the Company granted performance share rights as follows:

Number of Share Rights Granted	Exercise Price	Vesting Date
1,100,000	Nil	16 March 2011
1,100,000	Nil	16 December 2011

During the year, 1,100,000 vested share rights were exercised (2010: Nil). During the year, no share rights were cancelled or lapsed unexpired (2010: Nil)

ii) Performance share rights on Issue at the Balance Date
The number of share rights, vested unexercised and un-vested at 30 June 2011 is 1,100,000 (2010: Nil).

iii) Subsequent to the Balance Date
No share rights have been granted, exercised or cancelled subsequent to the reporting date.

iv) Basis and assumptions used in the valuation of share rights granted in the period.
Share rights are valued at the underlying market value of the ordinary shares over which they are granted.

Notes to the Financial Statements

For the Year Ended 30 June 2011

13. Reserves and Accumulated Losses

	Consolidated 2011 $	Consolidated 2010 $
Share based payments reserve[i]		
Opening balance	**–**	45,166
Employee share based payments – performance rights	**137,500**	–
Share based payments – options issued for corporate services	**603,571**	437,500
Transferred to accumulated losses on expiry of options	**–**	(482,666)
Transferred to issued capital on exercise of performance rights	**(99,000)**	–
Closing balance	**642,071**	–
Option reserve[ii]		
Opening balance	**–**	328,796
Listed options issued – priority entitlement issue	**698,146**	–
Transferred to accumulated losses on expiry of options	**–**	(328,796)
Closing balance	**698,146**	–
Accumulated Losses		
Opening balance	**(3,149,935)**	(1,838,603)
Transferred from share based payments reserve on expiry of options	**–**	482,666
Transferred from option reserve on expiry of options	**–**	328,796
Net loss attributable to the members of the Company	**(1,212,306)**	(2,122,794)
Closing balance	**(4,362,241)**	(3,149,935)

(i) Share based payments reserve

The share based payments reserve represents the fair value of performance share rights and options, estimated by option valuation models, issued as consideration for services to employees or consultants as remuneration, or to third parties for the acquisition of assets, goods or services.

(ii) Option reserve

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

14. Employee Benefits

Details of the Company's share right and option plans, under which share 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 Note 20.

Incentive Option Plan

The Company has a formal option plan for the issue of options to employees, directors and consultants, which was approved by shareholders at the Company's Annual General Meeting on 30 November 2010. 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 2011 (2010: nil). Refer to Note 12(a).

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 30 November 2010. 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 1,100,000 share rights on issue under the Performance Rights Plan at 30 June 2011 (2010: nil). Refer to Note 12(b).

15. 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 sole activity is mineral exploration and resource development wholly within its Brightlands IOCG project in North Queensland, and its Malmsbury Gold Project in Victoria, Australia, therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming these financial statements.

16. 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. Refer to 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.

Liquidity risk
The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. Refer to Note 2(b):

Consolidated	Carrying amount $	Contractual cash flows $	6 months or less $	6-12 months $	1-2 years $	2-5 years $	More than 5 years $
30 June 2011							
Trade and other payables	**(367,600)**	**(367,600)**	**(367,600)**	**–**	**–**	**–**	**–**
	(367,600)	**(367,600)**	**(367,600)**	**–**	**–**	**–**	**–**
30 June 2010							
Trade and other payables	(174,307)	(174,307)	(174,307)	–	–	–	–
	(174,307)	(174,307)	(174,307)	–	–	–	–

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

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 price generally Refer to Note 2 (c).

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

	Consolidated	
	2011 $	2010 $
Fixed rate instruments:		
Financial liabilities	**–**	–
	–	–
Variable rate instruments:		
Financial assets	**5,198,177**	756,129
	5,198,177	756,129

Notes to the Financial Statements
For the Year Ended 30 June 2011

16. Financial Instruments (continued)

Fair value sensitivity analysis for fixed rate investments
The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit and Loss		Equity	
	100bp increase $	100bp decrease $	100bp increase $	100bp decrease $
30 June 2011				
Variable rate instruments	**51,982**	**(51,982)**	**51,982**	**(51,982)**
30 June 2010				
Variable rate instruments	7,561	(7,561)	7,561	(7,561)

Fair values

Fair values versus carrying amounts
The carrying amounts of financial assets and liabilities as described in the statement of financial position represent their estimated net fair value.

17. 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. This commitment does not include the expenditure commitments which are the responsibility of the joint venture partners.

b) Operating Lease Commitments
The Group has no operating lease commitments.

	Consolidated	
	2011 $	2010 $
c) Contractual Commitment		
Capital commitment	**–**	270,000

The capital commitment in 2010 related to a contract for the acquisition for land.

18. Notes to the Statement of Cash Flows

	Consolidated 2011 $	Consolidated 2010 $
a) Cash Assets		
Cash at bank and on hand	**5,085,938**	643,890
Bank at call cash account	**112,239**	112,239
Total cash and cash equivalents	**5,198,177**	756,129

The Bank at call account holds funds at call subject to certain trading restrictions and pays interest at an average of 5.25% (2010:5.25%).

	Consolidated 2011 $	Consolidated 2010 $
b) Reconciliation of Loss from Ordinary Activities after Income Tax to Net Cash Provided by Operating Activities		
Profit/(Loss) after income tax	**(1,212,306)**	(2,122,794)
Add (less) non cash items:		
Gain on sale of assets	**(302)**	–
Depreciation	**23,727**	35,712
Share based payments	**137,500**	1,400,000
Exploration expenditure written off and expensed	**323,230**	–
Changes in assets and liabilities:		
Increase/(decrease) in trade creditors and accruals	**74,946**	(18,025)
(Increase)/decrease in sundry receivables	**96,748**	235
Net cash flow from operations	**(556,457)**	(704,872)

During the financial year the Company issued 21,178,571 listed options exercisable at 20 cents each on or before 30 June 2013 for corporate services provided in respect to capital raisings. The value of the options granted amounted to $603,571.

During the comparative year the Company issued 6,250,000 options at $0.07 each amounting to $437,500 and 1,000,000 ordinary fully paid shares at $0.14 each, amounting to $140,000, in lieu of cash payments for capital raising costs in relation to share placements.

During the comparative year the Company issued 10,000,000 ordinary fully paid shares at $0.14 each to directors and consultants of the Company in lieu of cash remuneration.

Notes to the Financial Statements

For the Year Ended 30 June 2011

19. Controlled Entities

	2011 %	2010 %
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

	$	$
b) GBM Resources Limited – Investments in controlled entities		
Belltopper Hill Pty Ltd	**596,850**	596,850
Syndicated Resources Pty Ltd	**100**	100
Willaura Minerals Pty Ltd	**810,000**	810,000
Isa Brightlands Pty Ltd	**1**	1
Isa Tenements Pty Ltd	**1**	1
	1,406,952	1,406,952
c) Loans to/(from) Controlled Entities		
Belltopper Hill Pty Ltd	**2,044,873**	1,981,365
Syndicated Resources Pty Ltd	**–**	–
Willaura Minerals Pty Ltd	**(810,000)**	(810,000)
Isa Brightlands Pty Ltd	**4,466,859**	2,461,145
Isa Tenements Pty Ltd	**810,211**	583,869
d) Contribution to Consolidated Result		
GBM Resources Limited	**(1,212,306)**	(2,122,794)
Belltopper Hill Pty Ltd	**–**	–
Syndicated Resources Pty Ltd	**–**	–
Willaura Minerals Pty Ltd	**–**	–
Isa Brightlands Pty Ltd	**–**	–
Isa Tenements Pty Ltd	**–**	–
Total	**(1,212,306)**	(2,122,794)

20. 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 Directors
Peter May – Chairman (resigned 31 October 2010)
Cameron Switzer – Non-executive Director

Executive Directors
Peter Thompson – Managing Director
Neil Norris – Exploration Director

b) Option Holdings of Key Management Personnel

Director	Balance at Beginning of Year	Options acquired under priority entitlement offer	Options Exercised	Options Expired	Balance at End of Year	Vested at 30 June 2011 Exercisable
P May	–	–	–	–	–	–
P Thompson	–	4,937,525	–	–	4,937,525	4,937,525
C Switzer	–	4,346,875	–	–	4,346,875	4,346,875
N Norris	–	3,093,635	–	–	3,093,635	3,093,635

c) Shareholdings of Key Management Personnel

Director	Balance at Beginning of Year	Granted as Remuneration	Issued on Exercise of Options	Net Change Other	Balance at End of Year
P May	2,097,250	–	–	(2,097,250)(i)	–
P Thompson	9,562,582	–	–	–	9,562,582
C Switzer	6,393,750	–	–	–	6,393,750
N Norris	9,250,000	–	–	–	9,250,000

(i) Balance at date of resignation as a director.

d) Other Transactions and Balances with Key Management Personnel

Transactions with Directors occurring during the year with entities over which Directors have control or exert significant influence. These transactions have been included in the remuneration disclosures of the Remuneration Report, in the Directors' Report. Transactions are on normal commercial terms and no more favourable than those available, or which might reasonably be expected to be available, for a similar transaction to unrelated parties on an arms length basis.

	Consolidated	
	2011 $	2010 $
Liabilities Arising from Transactions with Directors		
Trade and other payables – Switzer Geological Services	**–**	4,400

Notes to the Financial Statements

For the Year Ended 30 June 2011

	Consolidated	
	2011 **$**	2010 $

21. Related Party Transactions

Total amounts receivable and payable from entities in the wholly-owned group (see note 19 for details of controlled entities) at balance date:

	2011 $	2010 $
Non Current Receivables		
Loans to controlled entities	**7,321,943**	5,026,379
Non Current Payables		
Loans from controlled entities	**(810,000)**	(810,000)

22. Events Subsequent to Balance Date

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.

23. Dividends

There are no dividends paid or payable during the year ended 30 June 2011 or the 30 June 2010 comparative year.

24. Contingencies

(i) Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Group as at 30 June 2011 or 30 June 2010 other than:

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.

(ii) Contingent assets

There were no material contingent assets as at 30 June 2011 or 30 June 2010.

25. Parent Entity Information

	Consolidated 2011 $	Consolidated 2010 $
Financial position		
Assets		
Current assets	**5,125,314**	1,121,240
Non-current assets	**10,990,188**	7,957,413
Total Assets	**16,115,502**	9,078,653
Liabilities		
Current liabilities	**(1,376,782)**	(239,148)
Non-current liabilities	**(810,000)**	(810,000)
Total Liabilities	**(2,186,782)**	(1,049,148)
NET ASSETS	**13,928,720**	8,029,505
Equity		
Issued Capital	**16,950,744**	11,179,440
Option Reserve	**698,146**	–
Share based payments reserve	**642,071**	–
Accumulated losses	**(4,362,241)**	(3,149,935)
TOTAL EQUITY	**13,928,720**	8,029,505
Financial performance		
Loss for the year	**(1,212,306)**	(2,122,794)
Other comprehensive income	**–**	–
Total comprehensive income	**(1,212,306)**	(2,122,794)

Contingent liabilities

For full details of contingent liabilities see Note 24.

Commitments

For full details of commitments see Note 17.

Directors' Declaration

For the Year Ended 30 June 2011

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 2011 and of its performance for the year then ended; and

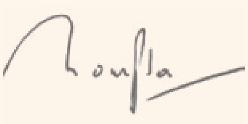
      ii. complying with Accounting Standards and Corporations Regulations 2001;

   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 2011.

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



Peter Thompson
Executive Chairman

Dated this 29th day of September 2011

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of GBM Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of GBM Resources Limited ("the company"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 is free from material misstatement, whether due to fraud or error.

In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

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HLB Mann Judd

Accountants | Business and Financial Advisers

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report and remuneration report of GBM Resources Limited for the financial year ended 30 June 2011 included on GBM Resources Limited's website. The company's directors are responsible for the integrity of the GBM Resources Limited website. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report identified in this report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of GBM Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(b).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of GBM Resources Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

W M CLARK
Partner

Perth, Western Australia
29 September 2011

Additional Information for Listed Public Companies

Pursuant to the Listing Rules of the Australian Securities Exchange Limited, the shareholder information set out below was applicable as at 30 September 2011.

a. Distribution of Equity Securities

	Listed Shares		Listed Options	
Range	Number of Holders	Securities Held	Number of Holders	Securities Held
1 – 1,000	32	3,567	1	550
1,001 – 5,000	102	398,243	8	33,600
5,001 – 10,000	196	1,722,941	7	57,250
10,001 – 100,000	783	35,145,819	88	4,238,530
100,001 and over	325	182,522,933	109	109,463,194
	1,438	219,793,503	213	113,793,124

There are 202 shareholders holding unmarketable parcels represented by 8,333 shares.
There are 36 optionholders holding unmarketable parcels represented by 24,999 options.

b. 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:

	Issued Ordinary Shares	
Shareholder Name	Number	%
UOB Kay Hian Pte Ltd	11,630,983	5.29%

c. Twenty Largest Shareholders

Shareholder	Shares Held	% of Issued Capital
UOB Kay Hian Pte Ltd	11,630,983	5.29%
Swift Venture Holdings Corporation	8,366,708	3.81%
Bell Potter Nominees Ltd	7,150,000	3.25%
Superfine Nominees Pty Ltd	5,729,167	2.61%
Carpentaria Corporation Pty Ltd <Daikoku Inv A/c>	4,556,250	2.07%
Australian Global Capital Pty Ltd	4,500,000	2.05%
Sunny Loh Guan Huat	3,985,768	1.81%
HSBC Custody Nominees (Australia) Limited	3,967,050	1.80%
CIMB Securities (Singapore) Pte Ltd	3,820,000	1.74%
De Gracie Nominees Pty Ltd <Le Havre A/c>	3,750,000	1.71%
De Gracie Nominees Pty Ltd <Le Havre Family A/c>	3,000,000	1.37%
Regalquest Investments Pty Ltd	3,000,000	1.37%
Kevin James Hendry	2,833,334	1.29%
Neil Norris <North Atlantic S/F A/c>	2,500,000	1.14%
Deck Chair Holdings Pty Ltd	2,300,000	1.05%
Fullerton Private Capital Pty Ltd	2,200,000	1.00%
Foundation Asset Pty Ltd	2,183,333	0.99%
Peter Anthony & Laura Anne Lynch	2,037,750	0.93%
William Holborow	1,916,666	0.86%
Carpentaria Corporation Pty Ltd <Cam Switzer S/F A/c>	1,837,500	0.83%
	81,264,509	36.97%

Additional Information for Listed Public Companies

d. Twenty Largest Option Holders

Optionholder	Options Held	% of Issued Options
Swift Venture Holdings Corporation	17,800,000	15.64%
HSBC Custody Nominees (Australia) Limited	13,000,000	11.42%
Sung Yoon Chon	8,000,000	7.03%
Bell Potter Nominees Limited	6,500,000	5.71%
Jason Separovic	5,400,000	4.75%
Superfine Nominees Pty Ltd	3,437,500	3.02%
John Saunders	2,763,368	2.43%
De Gracie Nominees Pty Ltd <Le Havre A/c>	2,593,635	2.28%
Carpentaria Corporation Pty Ltd <Daikoku Inv A/c>	2,378,125	2.09%
Kevin Harvey & Ruth Linda Payne	2,235,500	1.97%
Fullerton Private Capital Pty Ltd	1,935,000	1.70%
Regalquest Investments Pty Ltd	1,500,025	1.32%
Manhattan Investments Pty Ltd	1,500,000	1.32%
Hans Jurriaan Willink	1,422,687	1.25%
PM Options Pty Ltd	1,410,000	1.24%
Netwealth Investments Limited	1,383,000	1.22%
Carpentaria Corporations Pty Ltd <Cam Switzer S/F A/c>	1,378,125	1.21%
Sung Yoon Chon	1,075,000	0.95%
Endeavour Corporate Pty Ltd	1,000,000	0.87%
Constance Tan	1,000,000	0.87%
	77,711,965	**68.29%**

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.

Corporate Directory

Directors
Peter Thompson
Managing Director/
Executive Chairman

Cameron Switzer
Non-Executive Director

Neil Norris
Executive Director/
Exploration Director

Company Secretary
Kevin Hart

Registered Office
Suite 8, 7 The Esplanade
Mt Pleasant WA 6153
AUSTRALIA
Telephone: +61 8 9316 9100
Facsimile: +61 8 9315 5475

Principal Place of Business
Suite 8, 7 The Esplanade
Mt Pleasant WA 6153
AUSTRALIA
Telephone: +61 8 9316 9100
Facsimile: +61 8 9315 5475

Website and e-mail address
Website: *www.gbmrcom.au*
Email: *admin@gbmr.com.au*

Exploration Office
10 Parker Street
PO Box 658
Castlemaine VIC 3450
AUSTRALIA
Telephone: +61 3 5470 5033

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

Share Registry
Advanced Share Registry Services
150 Stirling Highway
Nedlands WA 6009
AUSTRALIA
Telephone: +61 8 9389 8033
Facsimile: +61 8 9389 7871

Securities Exchange Listing
GBM Resources Limited –
shares & options are listed on
the Australian Securities Exchange
(ASX Code: GBZ, GBZOA)

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

gbm RESOURCES LTD

Suite 8, 7 The Esplanade, Mt Pleasant WA 6153 Australia
Telephone: +61 8 9316 9100 • Facsimile: +61 8 9315 5475
Website: *www.gbmr.com.au* • Email: *admin@gbMrcom.au*

NOTICE OF ANNUAL GENERAL MEETING

&

EXPLANATORY STATEMENT

To be held

At 9.00am, Monday, 28th November 2011

at

South of Perth Yacht Club, Coffee Point, Applecross WA 6153

24th October 2011

Dear Fellow GBM Resources Shareholder,

Please find enclosed the Notice of Annual General Meeting for the Shareholders' Meeting to be held at South of Perth Yacht Club, Coffee Point, Applecross WA 6153 at 9.00am on Monday, 28th November 2011.

The purpose of the meeting is to conduct the annual business of the Company, being consideration of the annual financial statements, the remuneration report and in addition seek shareholder approval in accordance with the Corporations Act 2001 and the Listing Rules of the ASX to a number of resolutions, which are set out in the attached Notice of Meeting paper.

Your Directors seek your support and look forward to your attendance at the meeting.

Yours sincerely

Peter Thompson
Executive Chairman

GBM RESOURCES LIMITED
ABN 91 124 752 745

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of GBM Resources Limited will be convened at 9.00am on Monday, 28th November 2011 at South of Perth Yacht Club, Coffee Point, Applecross, WA 6153.

AGENDA

ORDINARY BUSINESS

1. **Discussion of Financial Statements and Reports**
   To discuss the Financial Report, the Directors' Report and Auditor's Report for the year ended 30 June 2011.

2. **Adoption of the Remuneration Report**
   To adopt the Remuneration Report for the financial year ended 30 June 2011.

   "That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2011."

3. **Election of Director – Mr Cameron Switzer**
   To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

   "To elect as a Director, Mr Cameron Switzer who retires in accordance with the Company's Constitution and being eligible, offers himself for re-election."

GENERAL NOTES

1. With respect to Agenda Item 2, the vote on this item is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

   The Chairman of the meeting intends to vote undirected proxies, that are able to be voted, in favour of the adoption of the remuneration report.

2. **Voting Prohibition Statement:** A vote on Agenda Item 2 must not be cast (in any capacity) by or on behalf of any Key Management Personnel (which includes the Directors of the Company), details of whose remuneration are included in the Remuneration Report, or any closely related party of that person (or those persons).

   However, a person described above may vote on Agenda Item 2 if the person does so as a proxy appointed by writing, that specifies how the proxy is to vote on the Resolution, or where no voting directions have been given and the proxy votes consistent with the stated intention to vote valid undirected proxies, and the vote is not cast on behalf of a member of the Key Management Personnel or any closely related party of that person (or persons).

3. The Explanatory Statement to Shareholders attached to this Notice of Annual General Meeting is hereby incorporated into and forms part of this Notice of Annual General Meeting.

4. The Directors have determined in accordance with Regulation 7.11.37 of the Corporations Regulations that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 5.00pm on 26th November 2011.

BY ORDER OF THE BOARD

Kevin R Hart
COMPANY SECRETARY

Dated this 24th day of October 2011

GBM RESOURCES LIMITED
ABN 91 124 752 745

EXPLANATORY STATEMENT

The purpose of the Explanatory Statement is to provide shareholders with information concerning all of the Agenda items in the Notice of Annual General Meeting.

1. Discussion of Financial Statements & Reports

GBM Resources Limited's financial reports and the directors' declaration and reports and the auditor's report are placed before the meeting thereby giving shareholders the opportunity to discuss those documents and to ask questions. The auditor will be attending the Annual General Meeting and will be available to answer any questions relevant to the conduct of the audit and his report.

2. Adoption of Remuneration Report

During this item there will be opportunity for shareholders at the meeting to comment on and ask questions about the remuneration report. The remuneration report is set out in the Directors' Report section of the Annual Report.

The vote on the proposed resolution in Agenda Item 2 is advisory only and will not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Under the Corporations Act 2001, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGM's, shareholders will be required to vote at the second of those AGM's on a resolution ('spill resolution') that another meeting be held within 90 days at which all of the Company's directors (excluding the Managing Director) must offer themselves for re-election.

The Board considers that its current practices of setting executive and non-executive remuneration are within normal industry expectations, and provides an effective balance between the need to attract and retain the services of the highly skilled key management personnel that the Company requires. As such the directors recommend that shareholders vote in favour of the Company's remuneration report at Agenda Item 2.

If you choose to appoint a proxy you are encouraged to direct your proxy how to vote on Agenda Item 2 by marking either **For, Against or Abstain** on the voting form.

If you appoint the Chairman as your proxy, and you do not direct them how to vote, you must mark the box on the proxy form acknowledging that the Chairman (a member of the key management personnel) may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as a proxy holder will be disregarded because of that interest.

If you do not mark this box then your votes will not be counted for Agenda Item 2.

The Chairman of the meeting intends to vote undirected proxies, that are able to be voted, in favour of the adoption of the remuneration report.

3. Re-Election of Director – Mr Cameron Switzer
as an Ordinary Resolution

Mr Switzer is a geologist with over 20 years of experience gained in 11 countries. He has held senior positions with a number of major mining companies including Senior Project Geologist at Newcrest Mining Ltd's Telfer gold mine in Western Australia and Geology Manager at Acacia Resources Ltd's Union Reef Gold Mine in the Northern Territory. Mr Switzer was also Principal Geologist with MIM Exploration Ltd for seven years during which time he gained broad experience with a range of deposits and geological and operating environments.

Mr Switzer has a track record in the successful identification of mineral deposits, project generation, exploration management, validation of resources and the subsequent commercialisation of resources. Mr Switzer is a geological consultant based in Queensland.

Mr Switzer was appointed as a founding Director of the Company on 3 April 2007.