

ASX Announcement
31 October 2011

REPORT FOR THE QUARTER ENDED 30th September 2011

Key Activities and Highlights:

Milo IOCG- REE Prospect (NW Queensland)

- Flotation test work has been completed on the copper equivalent metal samples, which has demonstrated excellent recoveries across all key metals. This is a significant economic milestone for Milo.
- Flow sheet results are:
 - Copper recoveries of 75%-80% with a saleable copper concentrate grading 25%.
 - Molybdenum recoveries up to 80% and Uranium levels achieved over 90%.
 - Gold /silver recoveries in the order of 75%-80% to concentrate and dore.
- The flowsheet is based on a standard flotation concentrator plant to produce copper concentrate with gold, silver and molybdenum credits. Cobalt and magnetite recovery test work will be undertaken in the next phase of testing.
- Results of 2,700 samples have been submitted for analysis of Rare Earth Elements (REE) from Milo and are expected to be available in November. The Company believes the REE discovery at Milo has the potential to add significant value to the overall economics of the prospect.
- The Company has previously estimated an initial Exploration Target of between 30 million tonnes (Mt) and 80Mt of mineralised material averaging between 0.8% and 1.2% Cu equivalent¹ for the Milo breccia hosted, polymetallic IOCG mineralisation. The Exploration Target is currently under review in light of the success of recent drilling programmes and the discovery of Rare Earth Element and Yttrium (REEY) mineralisation at Milo.

Other Exploration Activities

1. Pan Pacific/ Mitsui farm-in Agreement

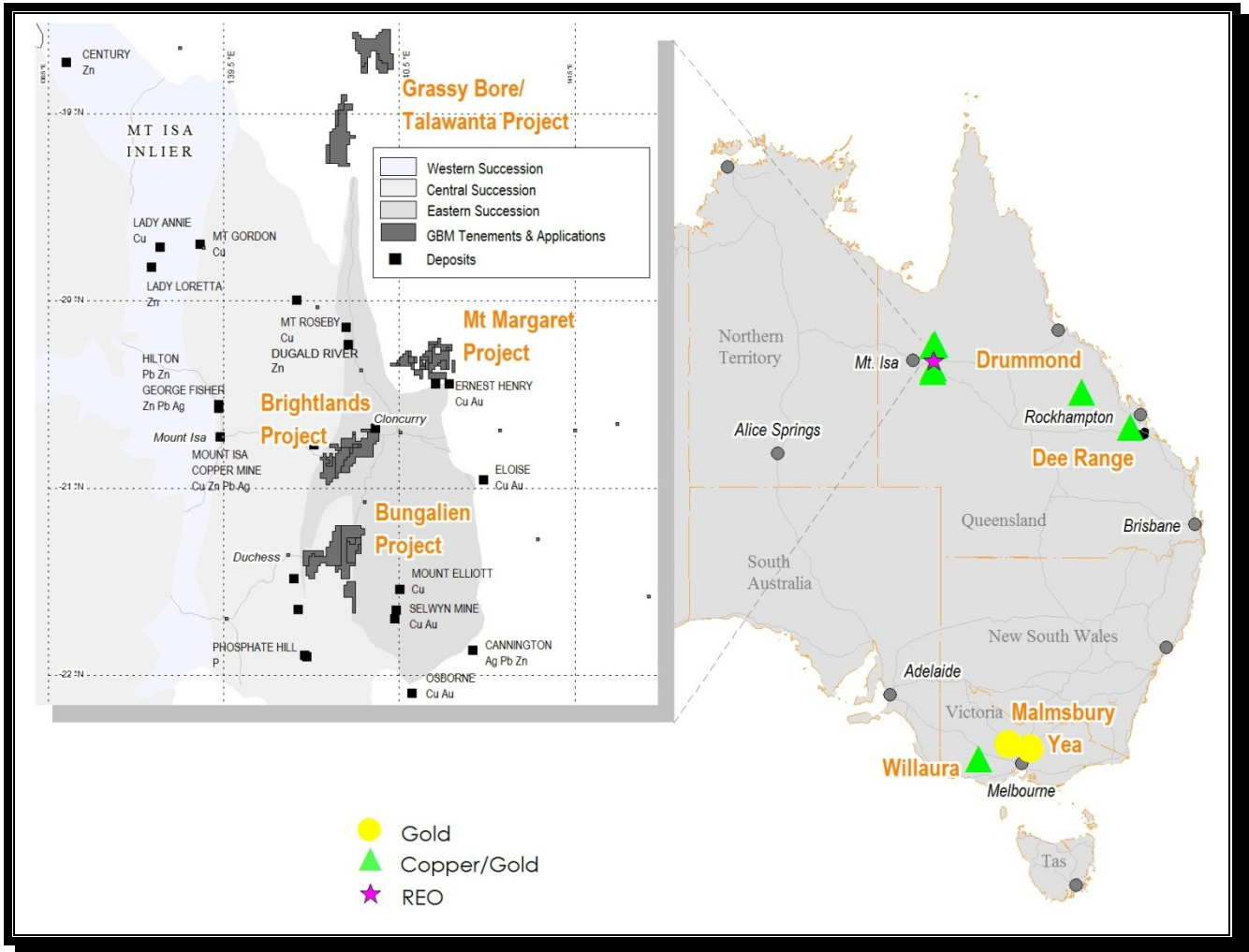
- Copper result confirms new IOCG System at the Bungalien JV Project in North West Queensland.
- The first drillhole in the current program intersected a broad interval of copper mineralisation which may represent a halo style intersection.
- Hole BNG001 returned a broad interval of anomalous copper mineralisation over 200m averaging almost 0.1% Cu, including 24m averaging 0.3% Cu.

2. Bungalien Phosphate Joint Venture

- 26 RC holes drilled, 10 returned peak values in excess of 10% Phosphate (P_2O_5). Best results include;
 - a. PRC001: 13m @ 7.0% P_2O_5 including 5m @ 12.7% P_2O_5
 - b. PRC005: 15m @ 3.7% P_2O_5 including 3m @ 12.2% P_2O_5
 - c. PRC007: 13m @ 7.6% P_2O_5 including 5m @ 13.3% P_2O_5
 - d. PRC013: 5m @ 12.3% P_2O_5 including 1m @ 26.0% P_2O_5
 - e. PRC016: 4m @ 14.3% P_2O_5
- Drilling confirms continuity of Beetle Creek Formation as key host to phosphate mineralisation across the project area and now demonstrated to within 50 metres of surface over the Horse Creek and Limestone Creek tenements.
- Proximity of road and rail transport infrastructure corridor supports development potential.

3. Victoria - Yea Gold Prospect

- Soil and rock sampling has defined a broad gold, tungsten and molybdenum corridor and supports the premise of a large Intrusive Related Gold System (IRGS) system in the prospect area.
- Scout drill-hole MGDD08 has returned significant results for tungsten and molybdenum below a strong soil anomaly at Monkey Gully Prospect, part of the Yea IRGS Project in Central Victoria.
- Hole MGDD08 returned an intersection of 17 metres @ 0.19% W_2O_3 and 261ppm Mo including 8m @ 0.34% W_2O_3 and 493ppm Mo.
- This intersection combined with previous drilling has confirmed multiple zones of mineralisation within the host granite.



SAFETY AND ENVIRONMENT

No LTI, MTI or environmental incidents were reported during the quarter. The Company has now completed 47 consecutive months with no significant environmental incidents.

GBM will continue to target zero injuries and environmental incidents in line with the Company's policy of striving to achieve the highest standards in safety and environmental management.

QUEENSLAND EXPLORATION ACTIVITIES

Mount Isa Region Copper Gold Projects

1. Brightlands Cu Au Project, 100% GBM.

GBM Resources' achieved several milestones during the quarter as part of its 2011 exploration program, with its major area of focus being progressing its Milo Prospect within the highly prospective Brightlands Cu-Au Project Area. Key developments included significant progress and very positive outcomes from preliminary metallurgical testwork and re-analyses of over 2,700 samples for a full Rare Earth Element (REE) suite, and completion of a nine hole Diamond drilling programme (3,945Metres).

Milo IOCG- REE Prospect.

Recently completed Stage 1 - Flotation Test Program has confirmed excellent recovery potential of the copper equivalent metals contained within its Milo Prospect in north-west Queensland. The Stage 1 Flotation Test Program was undertaken over 5 months and managed by Core Process Engineering in Brisbane. The flowsheet is based on a standard flotation concentrator plant designed to produce copper concentrate with gold, silver and molybdenum credits. Cobalt and magnetite recovery test work will be undertaken in the next phase of testing.

Flotation test work has been completed on three composite copper equivalent metal samples which has demonstrated good recoveries across all key metals. This is a significant economic milestone for Milo.

- Flowsheet results include:
 - Copper recoveries of 75% -80% with a saleable copper concentrate grading 25%.
 - Molybdenum recoveries up to 80% and Uranium levels achieved over 90%.
 - Gold /silver recoveries in the order of 75%-80% to concentrate and dore.

Results of the analyses for Rare Earth Elements (REE) in all previous samples acquired within Milo are expected to be available by the end of November. The Company believes that the REE discovery at Milo has the potential to add significant value to the project.

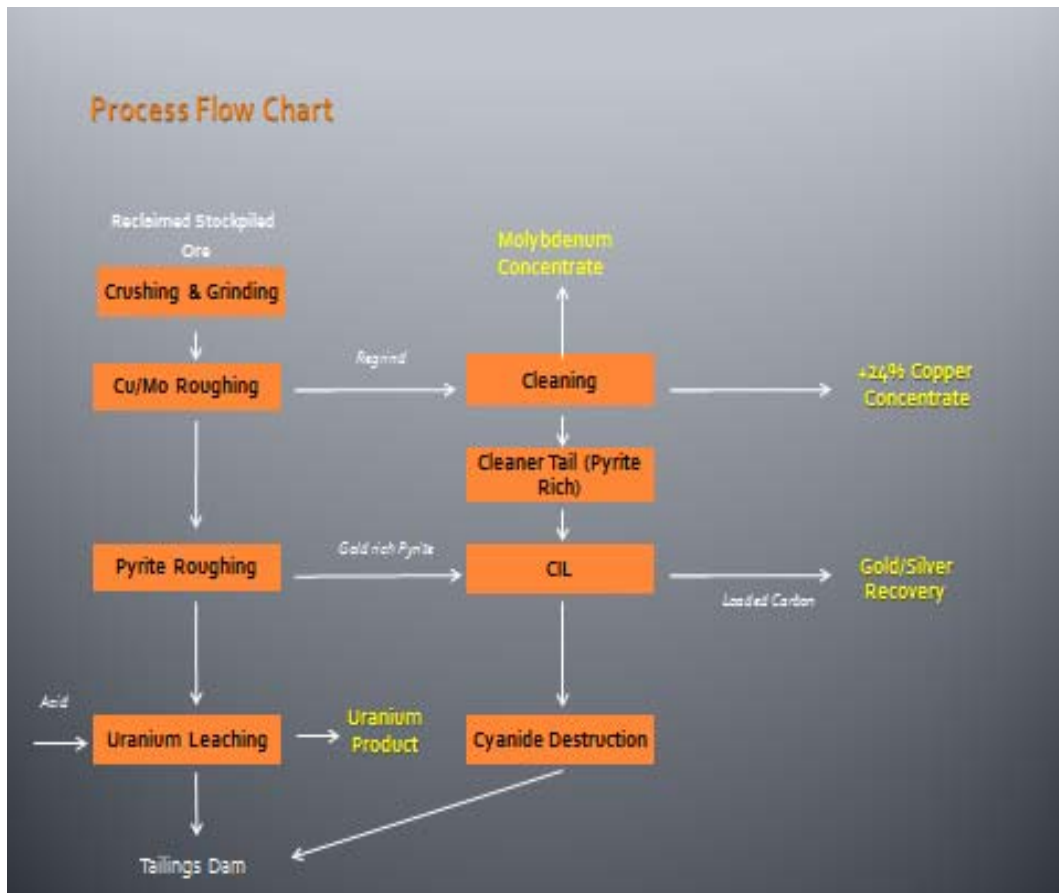
To build on the understanding of the significant prospectivity already identified at Milo, a detailed geological assessment has now commenced and the Company has rescheduled its next drill program later in the last quarter of CY2011 to coincide with progression of that work.

Metallurgy – Flowsheet Development

A flotation testwork campaign was managed by Core Processing Engineering between April and September 2011. The campaign aimed to establish flotation characteristics and demonstrate the ability to produce a saleable copper, gold and molybdenite concentrate, a low grade gold concentrate for cyanidation and tailings for uranium leaching, by processing a series of samples provided by GBM Resources. The testwork showed good recoveries across these key metals.

Below is the metal recovery flowsheet used which is based on a standard flotation concentrator plant to produce a saleable copper concentrate with Au, Ag, Mo and U credits.

All tests to date have used a primary grind size of 80% passing 150 microns and the samples tested to date have proved to be moderately soft. Importantly, this may have a favourable capital and operating cost impact in any future development of the Milo Project.



Core Process Engineering has been commissioned to manage the initial test work on the Rare Earth Elements (REE) at Milo and will arrange further testwork to advance the flowsheet development for the poly-metallic minerals. This is seen as another key step in adding value to Milo in the path to commercialisation of the project.

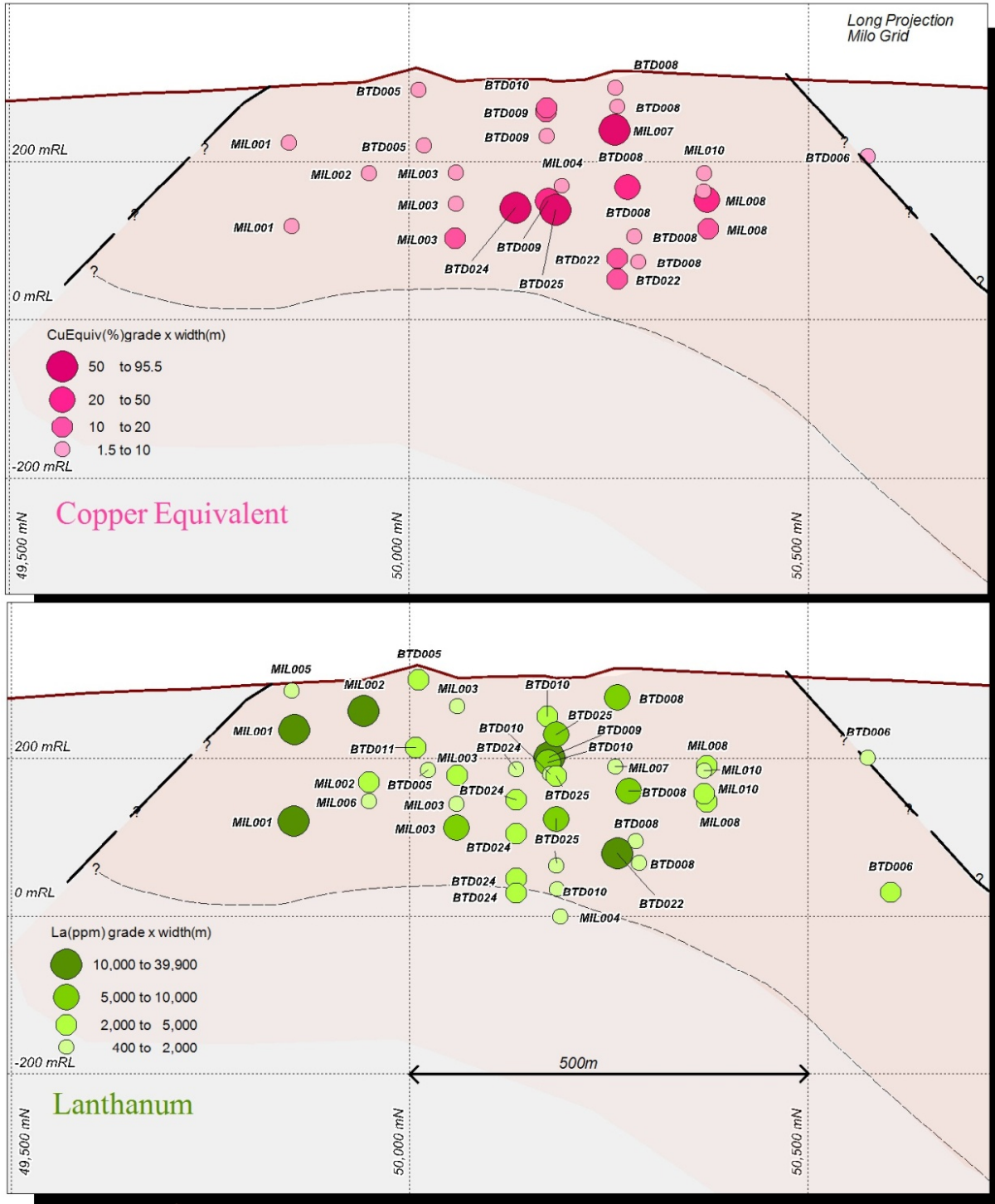
The company considers these metallurgical results to be very positive in demonstrating that the poly-metallic materials can be recovered, providing increased confidence in the value of the Milo Project.

The Company has previously estimated an initial Exploration Target of between 30 million tonnes (Mt) and 80Mt of mineralised material averaging between 0.8% and 1.2% Cu equivalent¹ for the Milo breccia hosted, polymetallic IOCG mineralisation. This is currently under review in light of the success of recent drilling programmes and the discovery of Rare Earth Element and Yttrium (REEY) mineralisation at Milo.

Forward Programme

GBM plans to maintain a high level of activity at Milo during the December Quarter of 2011. The programme will include additional drilling of the northern and southern continuation of mineralisation, progression of metallurgical testwork, and geological modelling of all data including a complete set of analyses for REEY, to model more fully the extent and grade of the widespread REE mineralisation within the area tested to date.

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)–REEY development. The PFS is currently planned to commence in 2012.



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

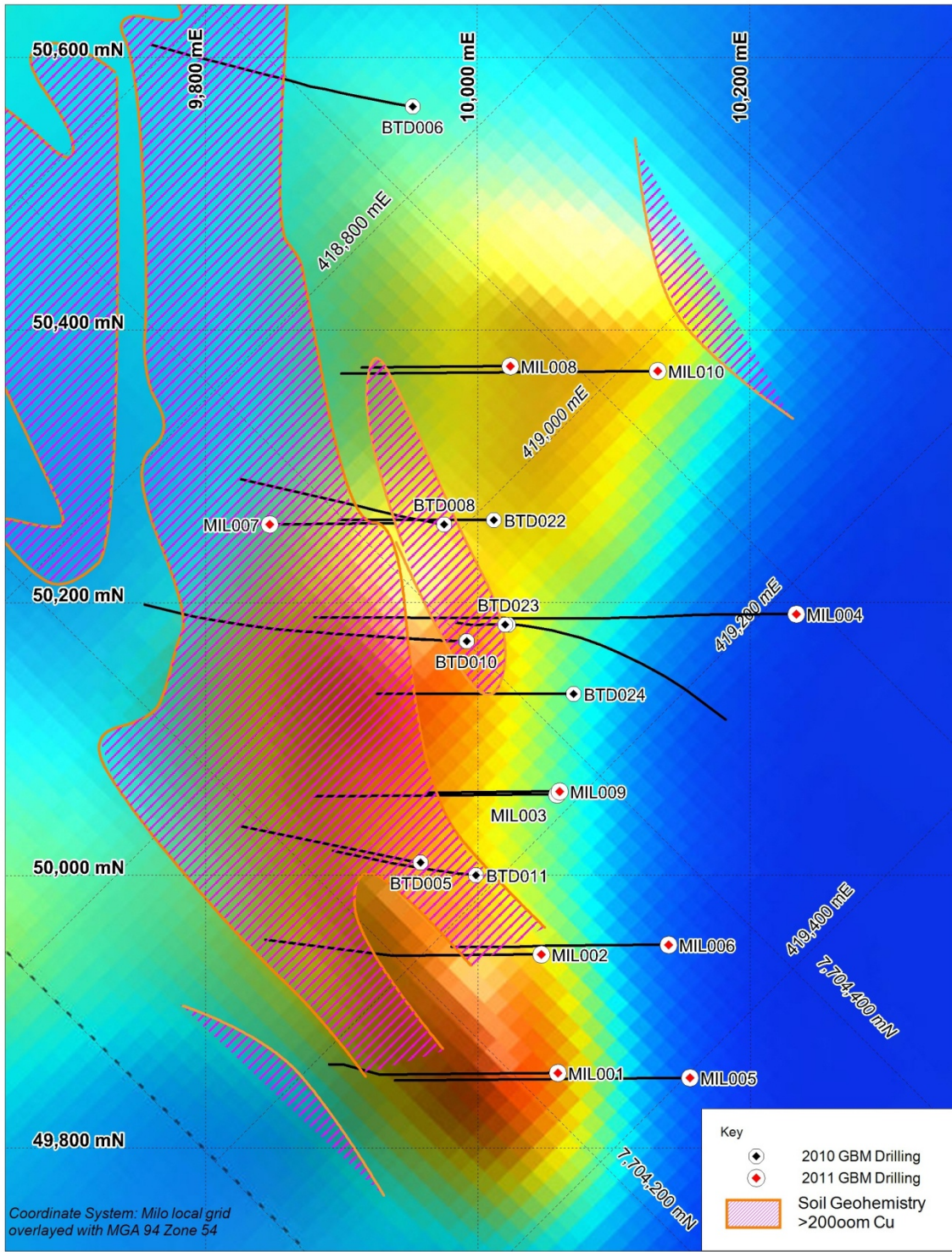


Figure: Milo drillhole location over magnetic image.

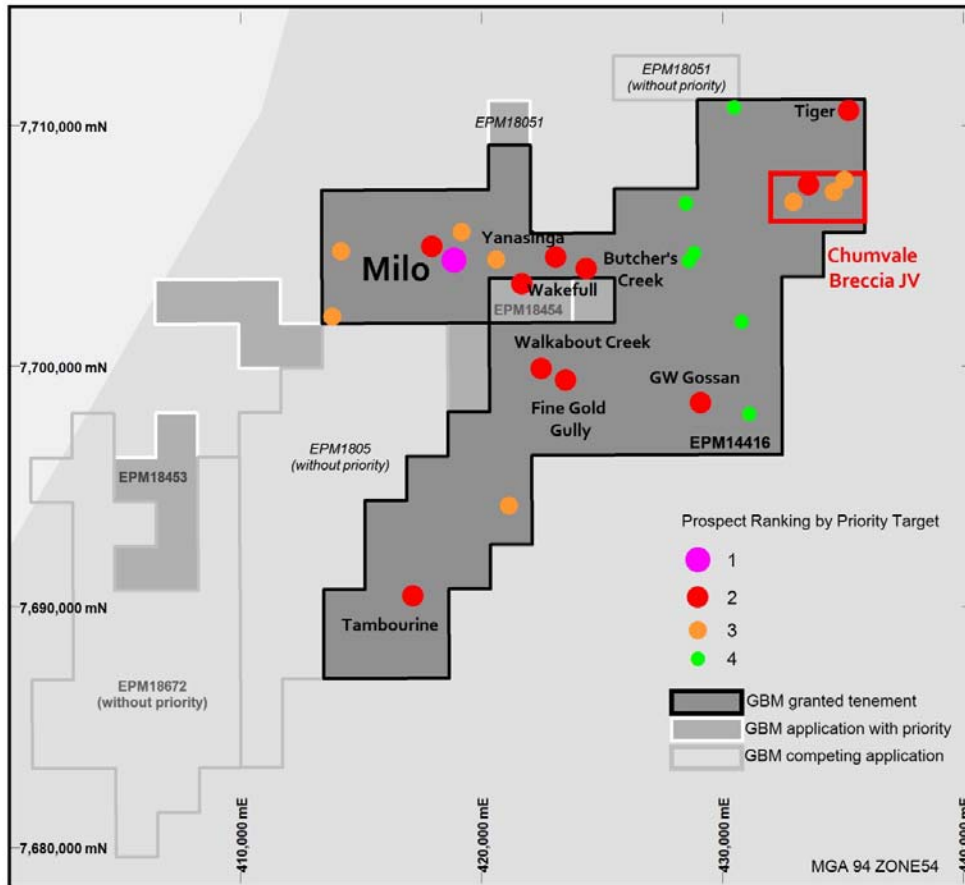


Figure: Brightlands Copper Gold Project Area

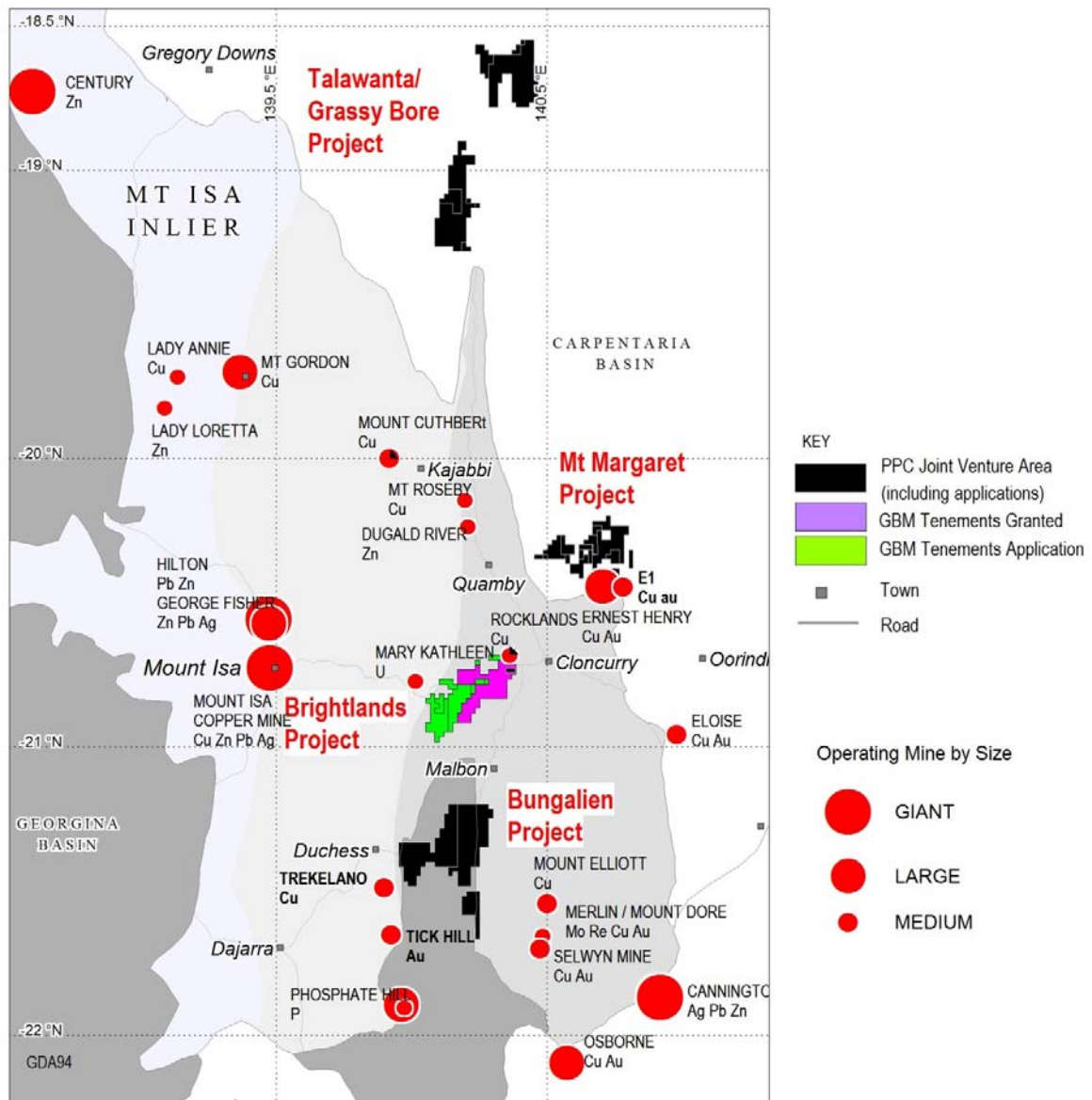
2.0 Pan Pacific Copper/ Mitsui Farm in Projects

The September quarter saw completion of two additional diamond drill holes at the Bronzewing Bore Prospect in the Bungalien Project area, and holes at each of the Grassy Bore and Talawanta tenements. Detailed gravity surveys have been completed on the Talawanta and Grassy Bore project areas, and in the Horse Creek area of the Bungalien tenements. Three diamond holes have been planned and access tracks and pads prepared for a drilling start in early October on the Chumvale area. IP/MT surveys have been carried out on the Chumvale and Bungalien prospect areas. IP/MT surveys have been planned for Grassy Bore and Talawanta.

Exploration activity was accelerated on projects included in this agreement which has an approved budget of over \$3.0M for the year to March 30 2012. These projects cover 1,580km of highly prospective multi-minerals ground in the Eastern Succession of the Mount Isa Inlier.

GBM and PPC executed a binding agreement on 12 April 2010 in relation to five project areas in the Mt Isa region of North Queensland. Subsequently the company announced on 11 February 2011 that Japanese company, Mitsui & Co has acquired 25% of Pan Pacific Copper's interest in its \$55 million Farm-in Agreement with GBM Resources. Mitsui & Co is a major global general trading company with total assets over US\$120 billion spanning 66 countries and employing over 40,000 people. Mitsui's vast range of business activities cover mineral resources and energy, global marketing networks, lifestyle business and infrastructure.

Under the Farm-in Agreement, Pan Pacific / Mitsui, through their co-established Australian subsidiary Cloncurry Exploration and Development Pty Ltd ("CED"), can earn up to a 90% interest by spending A\$55million on the development of new copper-gold exploration and mining projects in northwest Queensland.



Figure; GBM tenements in the Mount Isa Region.

Bungalien IOCG Project

The first hole (BNG001) into the initial target, now referred to as Bronzewing Bore, intersected a broad interval of anomalous copper mineralisation over 200m averaging almost 0.1% Cu, and including 24m averaging 0.28% Cu. This is the first hole drilled into this geophysical feature and is a new discovery of IOCG style copper mineralisation at Bungalien.

In hole BNG001 copper mineralisation as chalcopyrite is associated with intense magnetite mineralisation forming up to 70% of the rock as matrix to a polymict breccia and as fracture fill. Fine grained disseminated chalcopyrite and pyrite is also observed throughout the host granite in many places.

Results of Hole BNG001 are summarised below:

Hole ID	From m	To m	Interval m	Cu %	Au ppm
BNG001	380	580	200	0.09	0.01
BNG001	437	578	141	0.12	0.01
BNG001	469	493	24	0.28	0.01



Photograph; chalcopyrite-pyrite-magnetite mineralisation in granite breccia.(NQ diamond drill core).

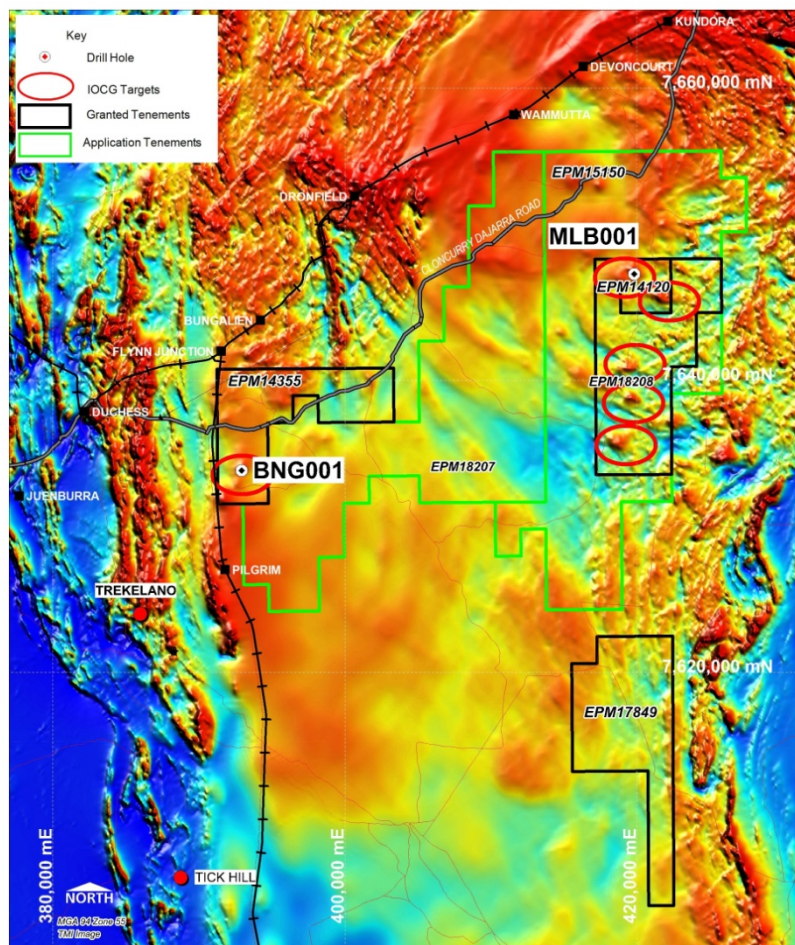


Figure: Bungalien Project area showing IOCG targets and recent drillhole locations.

Forward Program

Exploration for the remainder of 2011 programme will include; implementation, processing and interpretation of IP and other geophysical data, return and interpretation of additional drill hole analyses.

The Bungalien Project area contains a number of other significant geophysical targets in the highly prospective Eastern Succession of the Mt Isa Inlier under cover of the Georgina Basin. The area is considered by GBM to be highly prospective for IOCG style mineralisation and further targets will be tested in the 2012 field season along with significant additional testing of the Bronzewing Bore Prospect area.

Talawanta- Grassy Bore Cu Au Projects

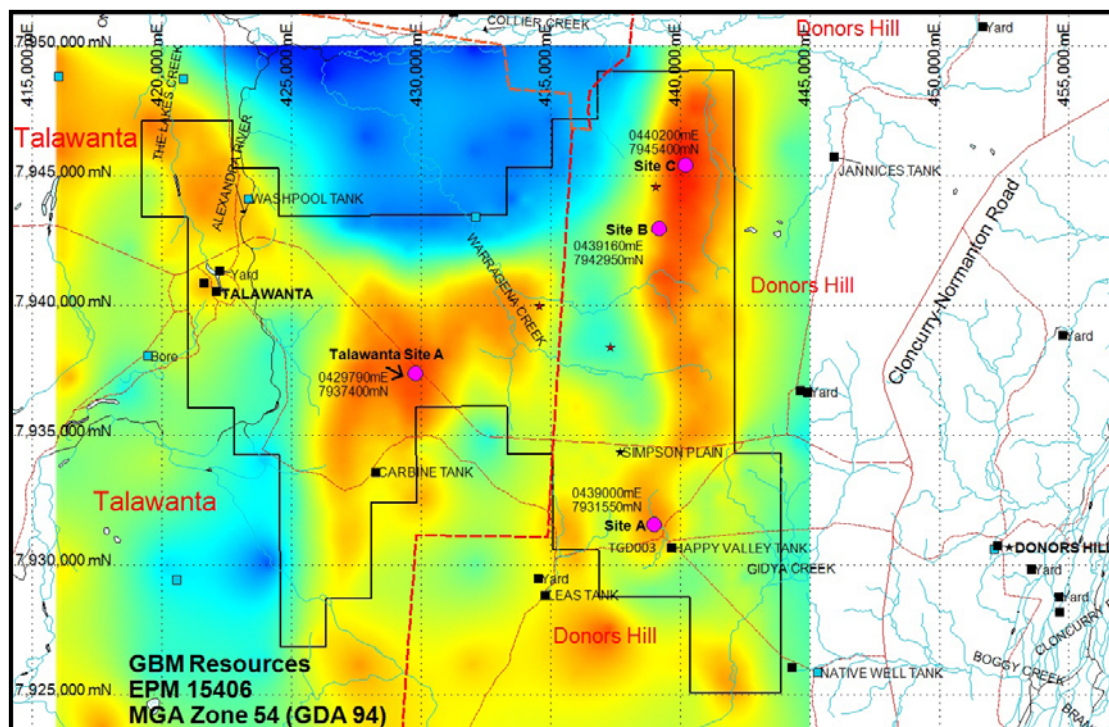
Work completed during the September Quarter included; completion of gravity surveys at Talawanta and at Grassy Bore, scout diamond drill hole with rotary-mud pre-collars at Grassy Bore (Ibis South Prospect), scout diamond drill hole with rotary-mud pre-collars at Talawanta, and construction of tracks and pads for a further 2 drill holes planned for Talawanta.

The gravity survey (500m spacing) completed on Talawanta defined large, discrete gravity highs within a broader magnetic high, adjacent to a large gravity and magnetic low, interpreted as a granite. As a result of the survey, four geological drill targets were defined, one of which has been drilled (TGD003) and completed in the September quarter. Results will be reported when they become available.

The gravity survey completed at Grassy Bore during the quarter (with a 200m spacing) defined a discrete gravity high that is coincident with a magnetic high. This feature is reminiscent of many of the IOCG deposits in the Cloncurry district and is therefore a viable future target for drilling and/or IP/MT surveys.

The scout drill hole (with rotary mud pre-collar) at the Ibis South prospect in the Grassy Bore tenement was targeted at a discrete coincident gravity and magnetic high within a north-south trending zone of gravity and magnetic highs. The hole passed through basement at ca. 265m down-hole and intersected an extensive homogenous hydrothermal assemblage (actinolite-magnetite skarn) until the hole was terminated at a depth of 731m. One thin pegmatite vein was observed in the core. Almost no sulphides were observed in the core however minor Au (to 0.34ppm) has been detected from limited assays completed to date (10 representative samples).

The skarn is similar to intervals found within the hole completed late in 2010 at the Ibis Prospect (TGD001) to the north that included high-temperature clinopyroxene ± actinolite ± albite ± magnetite ± titanite veins that are also found in the periphery of several IOCG deposits in the Cloncurry district (e.g. Ernest Henry). Further exploration in 2012 is warranted to test this large hydrothermal system for areas of Cu-Au mineralisation.



Merged gravity over Talawanta tenements. The large gravity highs are located within a broad magnetic high adjacent to a possible granite intrusion to the north. Proposed drill sites are labelled A, B, C on Donors Hill Station and Talawanta Site A on Talawanta station. Diamond drill hole TGD003 was completed at Site A on Donors Hill in this quarter.

The first scout hole on the Talawanta tenement (TGD003) was targeted at a discrete, gravity and magnetic high, at the southern end (but separated from) a north-south trending gravity high. The diamond drill hole (with mud-rotary pre-collar) passed through the unconformity at ca. 640m and intersected a weathered chloritic, magnetite-bearing meta-gabbro until the hole was terminated at 808m, very minor pyrite was observed in the core locally.

Forward Program

The Talawanta and Grassy Bore Projects contain significant geophysical targets in the northern continuation of the highly prospective Eastern Succession of the Mt Isa Inlier under cover. The area referred to as the Boomara Ridge is considered by GBM to be highly prospective for IOCG style mineralisation.

The 2011/2012 program will include: Continuation of drilling program at Talawanta. Three more targets have been selected, and access tracks and pads prepared for two of these holes, deep-ground penetrating TM surveys to assist in targeting at Talawanta and at the Ibis Prospect in the south (currently awaiting landholder agreement), finalise logging and sampling of TGD003, additional sampling of TDG002.

Mt Margaret West IOCG Project

The Mt Margaret West Project area is located immediately north of the Ernest Henry IOCG deposit. The complex tenement group contains a number of mature prospect areas where GBM believe that further testing of discrete magnetic features considered targets for IOCG style mineralisation is warranted.

Forward Program

Geophysical surveys in the Mt Margaret West Project area have commenced with a highly sensitive SQUITEM survey in progress at the time of writing and IP surveys scheduled to be completed prior to the onset of the wet season. It is also planned to complete initial scout drill holes prior to the wet season. A database review is ongoing, however significant progress was made throughout the quarter. The targets being identified are considered under explored and further exploration is being planned. The area is adjacent to the Ernest Henry and Mt Margaret deposits and is considered by GBM to be highly prospective for further IOCG style discoveries.

3.0 Phosphate Joint Venture

During the quarter results from a programme comprising 26 reverse circulation drillholes completed during the previous quarter were received. Drilling extended the coverage of the Bungalien area previously drilled by GBM in 2008, and also included scout holes in the Limestone Creek EPM17849 and Horse Creek EPM15150 tenements. Drillhole locations are summarised in the figure below.

This work was completed as part of a joint venture between GBM and Singapore-based investor, Swift Venture Holdings. This project area is underlain by the Georgina Basin sequence which contains the region's phosphate-rich Beetle Creek Formation. The recent program was designed to advance the work GBM completed in December 2008 when peak phosphate values of more than 22% P₂O₅ were recorded from phosphate mineralization interpreted to be within 50 meters of surface.

26 RC holes drilled, 10 returned peak values in excess of 10% Phosphate (P₂O₅). Best results include;

- PRC001: 13m @ 7.0% P₂O₅ including 5m @ 12.7% P₂O₅
- PRC005: 15m @ 3.7% P₂O₅ including 3m @ 12.2% P₂O₅
- PRC007: 13m @ 7.6% P₂O₅ including 5m @ 13.3% P₂O₅
- PRC013: 5m @ 12.3% P₂O₅ including 1m @ 26.0% P₂O₅
- PRC013: 24m @ 4.2% P₂O₅ including 5m @ 12.3% P₂O₅
- PRC016: 4m @ 14.3% P₂O₅

Drilling confirms continuity of Beetle Creek Formation as key to phosphate mineralisation which lies across the total project area covering some 720 square kilometres.

Peak phosphate values exceeding 25% P₂O₅ were among the higher grade results from the 1,436 metre RC drill program. Results include many intersections of significant widths of plus 10% P₂O₅ mineralisation. Phosphate intersections are summarised in the Table 1 below and drillhole locations shown on the included figure.

In addition, scout drill holes PRC024, PRC025 and PRC026 intersected phosphate mineralisation in new areas indicating the likely continuity of the Beetle Creek Formation at shallow depths across large sections of the project area. Drillhole PRC026 intersected 7m @ 4.19% P₂O₅ in Horse Creek EPM15150 and PRC024 intersected 9m @ 2.14% P₂O₅ in Limestone Creek EPM17849. These holes demonstrate that substantial areas of these large tenements hold potential for untested phosphate mineralisation at shallow depths.

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

The largest phosphate deposits in Australia are found in the Georgina Basin, of which the largest is the Phosphate Hill Mine owned by Incitec Pivot, located approximately 50 kilometres south of GBM's Bungalien Project. GBM's Bungalien Project is located in close proximity to road and rail transport infrastructure corridor which has potential to support the development potential of the project.

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

The current Phosphate JV exploration program is being undertaken under an agreement, which raised \$1.8m in working capital, reached last year (*refer ASX announcement dated 21 September 2010*) with Singapore-based investor Swift Venture Holdings Corporation (SVH) over GBM's phosphate assets. Under the terms of the agreement all future exploration expenditure will be met by SVH. GBM retains a 30% free carried interest until completion of a bankable feasibility study.

Forward Programme

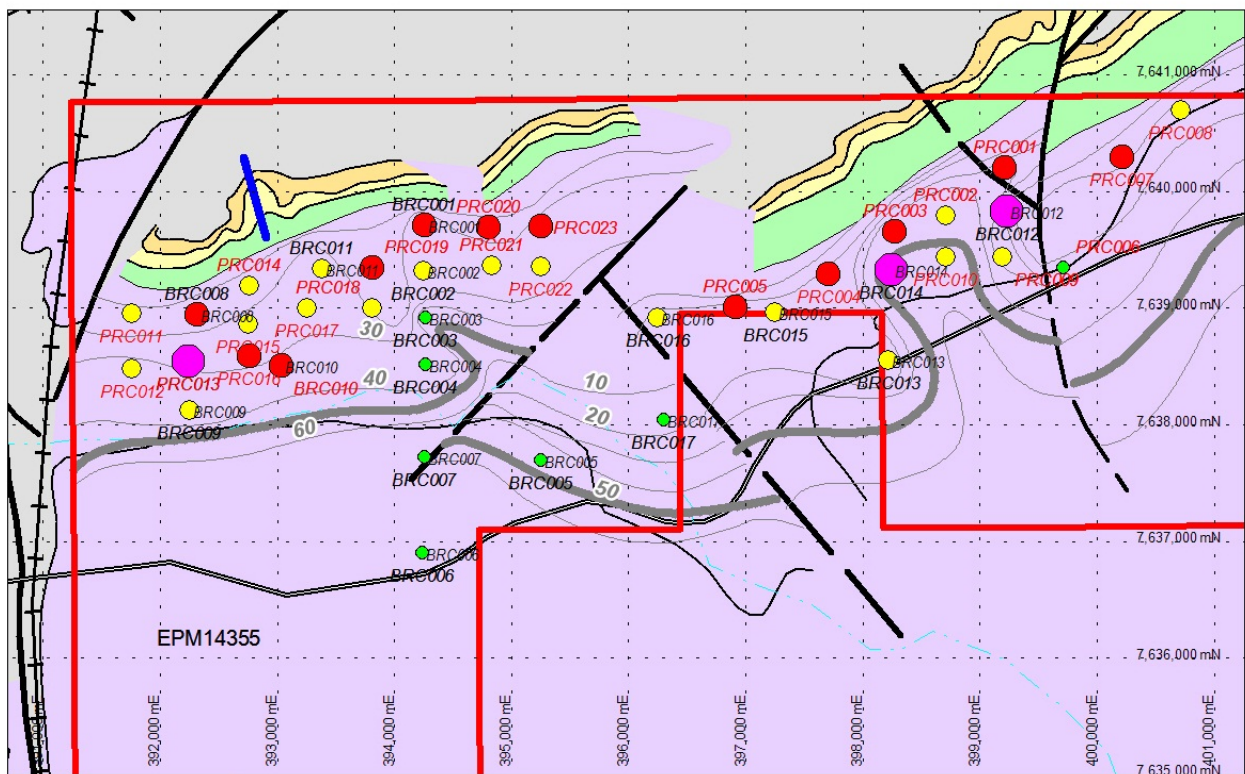
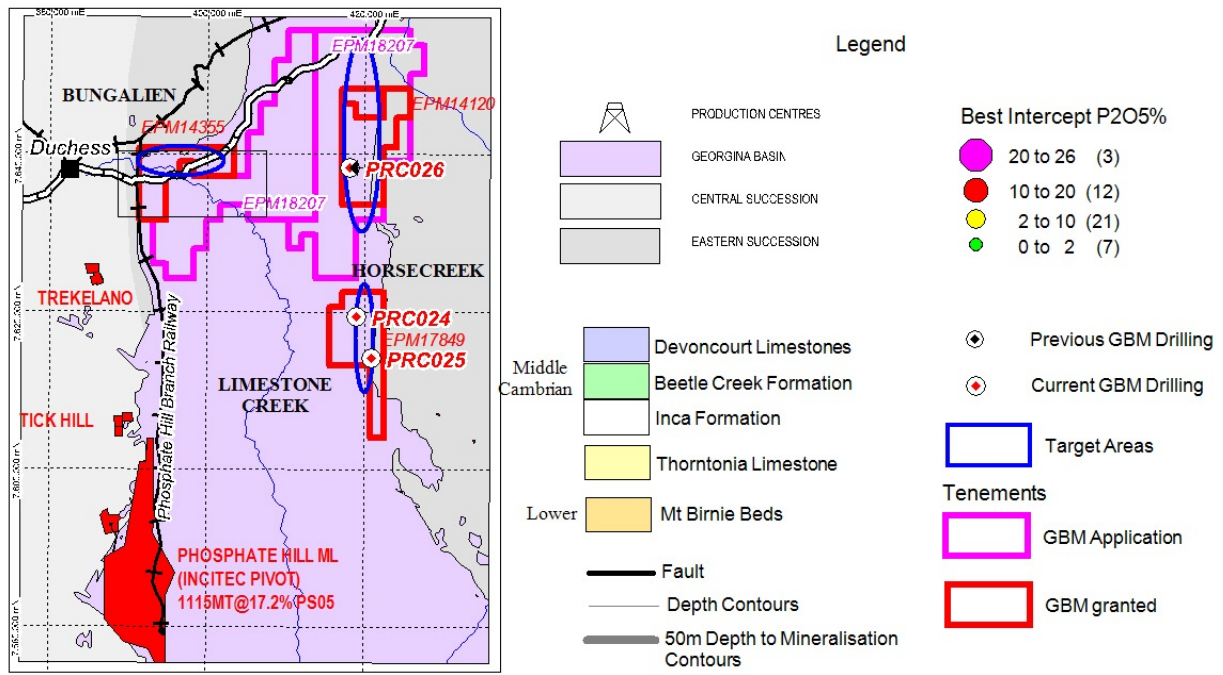
GBM has successfully targeted the Georgina Basin margin for phosphate mineralisation. The under explored nature of the current titles and their relative position to the Georgina Basin margin typifies the highly prospective nature. The presence of existing infrastructure such as the Mt Isa railway line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

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

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

Hole	From	To	Interval (m)	P2O5%
PRC001	36	49	13	7.03
including	36	41	5	12.7
PRC002	47	50	3	5.96
PRC003	51	63	12	6.26
including	53	61	8	8.3
PRC003	55	61	6	9.33
PRC004	41	50	9	4.66
including	41	42	1	10.99
PRC005	29	44	15	3.72
including	30	33	3	12.16
including	30	36	6	7.78
PRC007	18	31	13	7.6
including	18	23	5	13.3
PRC008	37	52	15	3.35
including	38	42	4	5.5
PRC009	34	51	17	3.74
PRC010	58	65	7	2.6
PRC011	13	18	5	3.77
including	15	18	3	4.64
PRC012	33	37	4	1.8
including	44	52	8	3.21
PRC013	22	46	24	4.19
including	22	29	7	1.49
including	31	46	15	5.96
including	32	37	5	12.29
including	32	34	2	18.9
including	32	33	1	25.99
PRC014	23	26	3	2.23
PRC015	37	43	6	2.29
PRC016	24	29	5	2.2
PRO016	33	46	13	6.4
including	37	43	6	11.5
including	38	42	4	14.26
PRC017	37	43	6	4
including	37	40	3	5.87
PRC018	35	41	6	3.06
including	35	36	1	8.81
PRC019	29	37	8	6.57
including	29	34	5	8.61
including	29	32	3	10.48
including	29	31	2	12.93
including	29	30	1	15.21
PRC020	22	33	11	3.71
including	22	24	2	12.22
including	22	23	1	14.55
PRC021	25	38	13	2.62
including	29	31	2	6.24
PRC022	37	42	5	2.29
PRC023	39	56	17	3.51
including	44	47	3	8.26
including	44	45	1	10.85
PRC024	46	55	9	2.14
PRC025	38	61	23	1.49
PRC026	54	61	7	4.19
including	55	59	4	5.69

Table: Summary of significant drill intersections*⁴ from recent drilling at Bungalien Project (nominal 1% P₂O₅ cut-off).



Figure; Drillhole locations and tenement summary for Bungalien Phosphate Project. Note 50 metre depth contour for Beetle Creek Formation and thematic shading of drill collars based on highest P₂O₅ interval.

QUEENSLAND EXPLORATION ACTIVITIES

Mount Morgan Copper Gold Project Region

Data compilation and program planning for a number of prospects south and west of Mt Morgan was completed during July. An ongoing programme of soil sampling, mapping and rock sampling was commenced during August and to the end of the quarter a total of 1,207 soil samples and 105 rock samples had been collected and submitted for analysis. This programme is expected to continue until early December when onset of the wet season is likely to curtail activities. Initial results are being compiled and this is expected to continue for the remainder of the year. A summary of planned programs is presented below. Initial work will target the series of strong stream sediment anomalies in the vicinity of the Kyle Mohr Intrusive Complex using both gridded and ridge-and-spur soil sampling methods. Data compilation and planning for the more advanced prospects (i.e. those with historic mining or exploration drilling records) will continue contemporaneously with the soil programs.

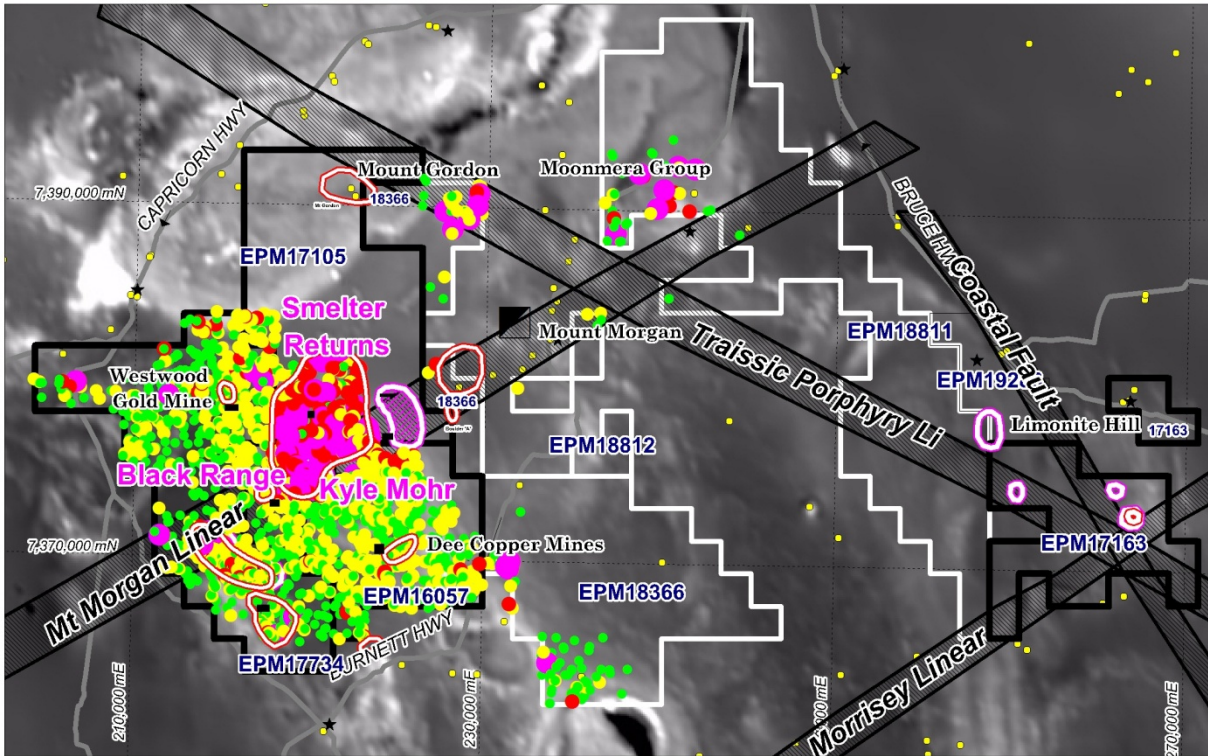
GeoEye satellite imagery (0.5m resolution) has been purchased covering the three granted tenements west of Mt Morgan (500 km²) to assist in mapping, planning and interpretation.

Five prospect areas for initial testing; Kyle Mohr, Black Range & Gogango Creek, Sandy Creek, and Smelter Returns, all located west of the Mount Morgan mine and within the postulated south-east-trending 'mine corridor'.

- **Kyle Mohr:** An extensive area of strongly anomalous stream sediment data is located over the northern half of the Late Permian Kyle Mohr Intrusive Complex. Of the 247 stream sediment Au assays within the target area 68% are greater than 49ppb and 21% greater than 99ppb. The anomaly is spatially associated with the central more-felsic component of the zoned I-type intrusive complex. Historic data consists of extensive stream sediments, some airborne and ground geophysics, with localised follow-up only and a single drill hole. A satisfactory explanation for the anomalous surface geochemistry remains elusive. All >100ppb catchments in the northern half of the Complex will be sampled at 100m point spacing with line separation generally between 200m and 400m. The program design will also allow for sampling across Alcoa magnetic anomalies and CPM gravity highs.
- **Black Range & Gogango Creek:** The two targets are located on the margin of a small Late Permian intrusive complex hosted by a mix of volcanics, clastic sediments and limestone. Black Range is characterised by a 4.5km elongate high-tenor stream sediment anomaly (30 samples >50ppb Au, peak 272ppb Au) with a central coincident small K:Th anomaly and a number of large quartz 'blows' near the western end. BR2 is represented by a discrete coincident magnetic low, K:Th anomalies and some anomalous geochemistry (peak 114ppb). Previous work over the prospects is minimal; no drilling has been completed.
- **Sandy Creek:** The Sandy Creek prospect consists of a number of strongly Au-Cu anomalous rock-chip assays (300x200m area, peak 2.9g/t Au and 1.6% Cu) from malachite-stained, gossanous and variously altered Late Devonian felsic volcanic breccias and silicified arenites. The prospect is associated with a strong and discrete K:Th anomaly (approx. 4x2km in area) adjacent to a major north-east trending fault which is potentially the south-west extension of the Mt Morgan fault system. A number of linear magnetic features adjacent to and parallel with the nearby KMIC margin trend through the prospect. Previous work is minimal. From the sparse information available some affinities with the Mt Morgan orebody are noted; Devonian dacitic and andesitic volcanic breccias, proximity to a major fault (possibly the same fault or fault system), elevated potassium, pyrite-hematite-silica-limonite-jarosite alteration, anomalous Cu-Au-As, and spherulitic texture within the rhyodacites (cf Mt Morgan 'hurgledurgleites' within rhyodacite, an interpreted magnesian alteration texture outside the main silicified ore zone).
- **Smelter Returns** Au-Cu anomaly was first defined by Dominion in the early 1990's from regional stream and rock sampling, although Central Pacific Minerals (CPM) had earlier produced a strong stream sediment anomaly at the western margin of the prospect which was not investigated further. Follow-up grid soils, rockchip sampling and detailed lithology and alteration mapping by Dominion provided enough encouragement to warrant drill testing. Twenty four shallow RC holes were completed in 1993 within the 10km² prospect, most targeting the southern zone of structural complexity and intense magnetite/hornblende skarn development hosted by mixed volcanic and sedimentary rocks. Best results were 8m @ 0.33% Cu & 0.84g/t Au from 32m in DRP08 and 4m @ 0.68% Cu from 16m in DRP09. Peak assays from 2m intervals were 0.99% Cu and 1.78g/t Au. Widespread propylitic alteration was mapped surrounding local zones of potassic alteration, silicification and stratabound skarn. Petrography confirmed the alteration styles and also determined that the gold in soils was locally derived (and not windblown smelter emissions from Mt Morgan).

FORWARD PROGRAMME

- Ongoing collation and interpretation of historic exploration data.
- Completion of a ridge and spur soil program for Kyle Mohr, Sandy Creek and Smelter Returns targeting areas of >100ppb Au anomalism.
- For prospects with historic drilling data (Smelter Returns, Dee Copper Mines, Mt Gordon, Limonite Hill), simple 3D Discover models will be generated and work programs planned accordingly.



GSQ Stream Sediments subset by Au

- 100 to 3,810
- 50 to 100
- 20 to 50
- 10 to 20

- ▭ GBM Tenements Granted
- ▭ GBM Tenements Applications

— Major Road

Figure: Mount Morgan Project tenement areas and initial targets.

VICTORIAN EXPLORATION ACTIVITIES

Yea Gold Project

A scout drillhole MGDD08 recently completed on the Yea IGRS project area has returned a significant interval of tungsten / molybdenum mineralisation. Results from this drilling and other sampling programmes strongly support the existence of an Intrusive Related Gold System (IRGS) at GBM's Yea Project in Central Victoria.



Photograph; Diamond drilling in progress on hole MGDD08 at the Monkey Gully Prospect.

The Yea project includes two exploration licences EL5292 and 5293 and one application ELA5347 which cover an area of over 1,000 square kilometres in Central Victoria. The project is 100% owned and operated by GBM Resources.

The target for this project is large IRGS-style Au, W, Mo, Cu deposits hosted within the Black Range Granodiorite and the associated hornfelsed sedimentary margin SE of Yea, and the Marysville Igneous Complex to the south. A number of prospects along a NW lineament have been defined by previous exploration work.

The Monkey Gully Prospect was singled out for immediate work prior to the wet season due to a defined gold-tungsten-molybdenum soil geochemical anomaly with a peak value of 3.1 ppm Au and six previously drilled holes which included an intersection of 6 metres @ 0.43% W₂O₃ (source). The Au-W-Mo association in a granitic host rock is considered to strongly support the existence of an IRGS at Monkey Gully.

A two-hole scout drilling programme was planned to test the strongest part of the geochemical anomaly and provide confirmation of previous results as drill core from previous drilling was destroyed. Permitting was expedited quickly with a high level of co-operation from both the landholder and government departments. This allowed the drilling to be completed (almost) before the onset of winter rains.

The first drillhole MGD007 was abandoned at 16.8 metres in broken ground, and the second MGDD08 completed to a depth of 228 metres, inclined at 65°. Samples were analysed by ALS using fire assay and four-acid digest ICP MS-AES methods. A number of high-grade W-Mo results were re-analysed using fused-disk XRF for comparative purposes. Samples were taken at 1 metre intervals in highly mineralised zones and 2 metre intervals elsewhere based on visual observation.

Logging confirmed the existence of a stockwork of thin quartz comprised of several generations of veining. Molybdenum and tungsten mineralisation was observed as coarse molybdenite and scheelite with associated pyrrhotite and chalcopyrite. The mineralisation is within and adjacent to an interpreted high temperature vein set consistent with observations of occasional surface outcrops. The overall sulphide content of the mineralisation is low, generally less than 2%.

Both surface mapping and logging confirm at least four felsic igneous rock types are present; fine to medium grained homogenous granodiorite, porphyritic hornblende tonalite, tronjhemite dykes and strongly porphyritic hornblende dacite dykes. The presence of variable intrusive rock types indicates multiple phases of intrusion and associated fluid

flow within a fractionated system. Interpretation of drilling and surface data suggests that a number of mineralised zones may be present as discrete vein systems with a vertical or steep NW dip and an ENE strike. There is also evidence that tungsten mineralisation may be strongest where developed in the tonalite host rock. The concept that there may be a larger IRGS system at depth feeding structurally controlled vein sets will be investigated in future field programs.

Results for Tungsten and Molybdenum from GBM’s drilling at Monkey Gully are summarised in the table below. The peak value for tungsten was 5,030ppm from 166 to 167 metres and for molybdenum 1,850ppm from 131 to 132 metres. Copper is also anomalous throughout most of the hole (peak assay 784ppm Cu).

Hole ID	From (m)	To (m)	Length (m)	W (%)	W ₂ O ₃ (%)	Mo (ppm)
MGDD08	69	71	2	0.256	0.323	318
MGDD08	78	80	2	0.271	0.342	1,067
MGDD08	101	118	17	0.154	0.194	262
<i>including</i>	110	118	8	0.269	0.339	493
MGDD08	131	132	1	0.231	0.291	1,850
MGDD08	166	169	3	0.191	0.241	62

Table: MGDD08 best intersections.

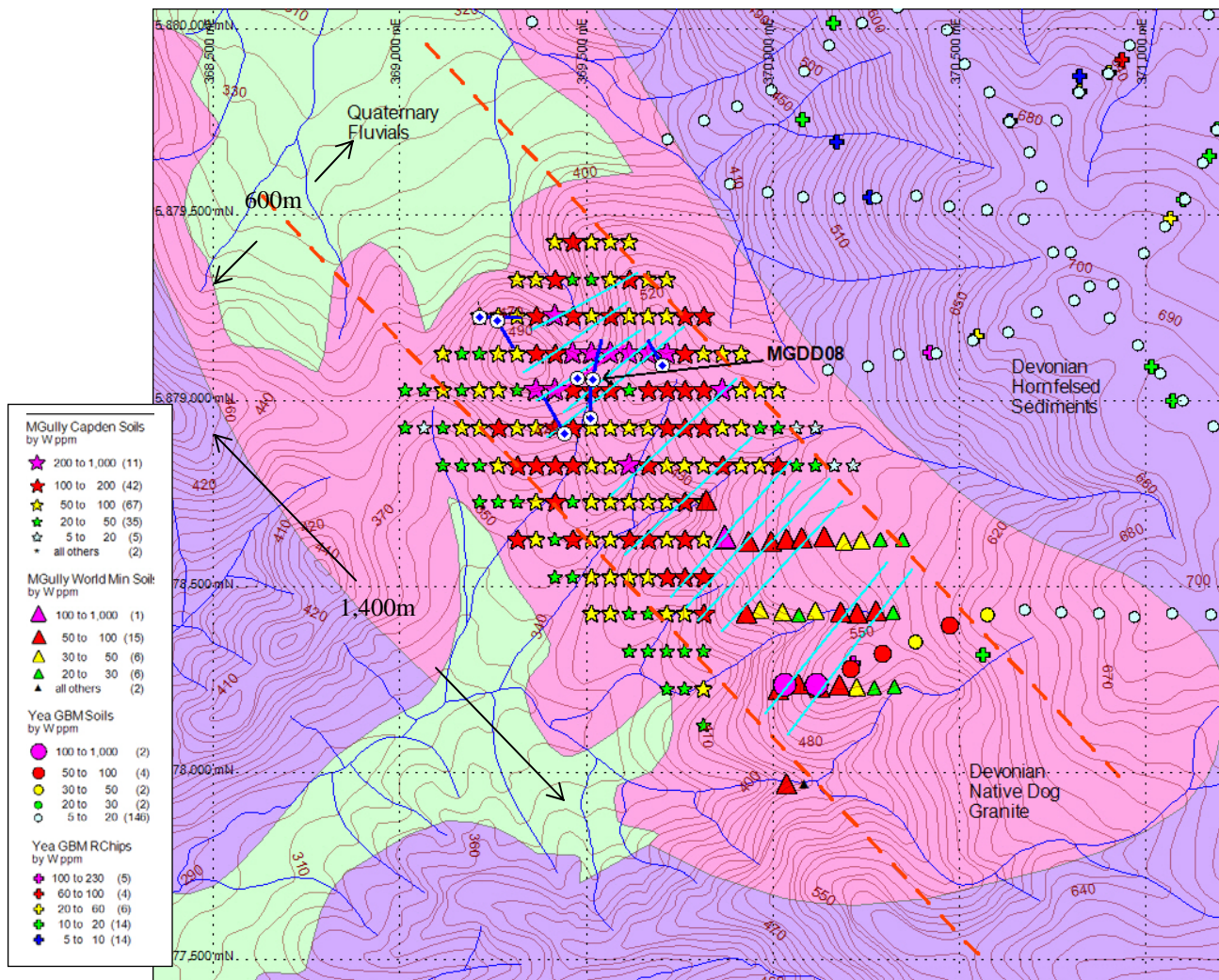
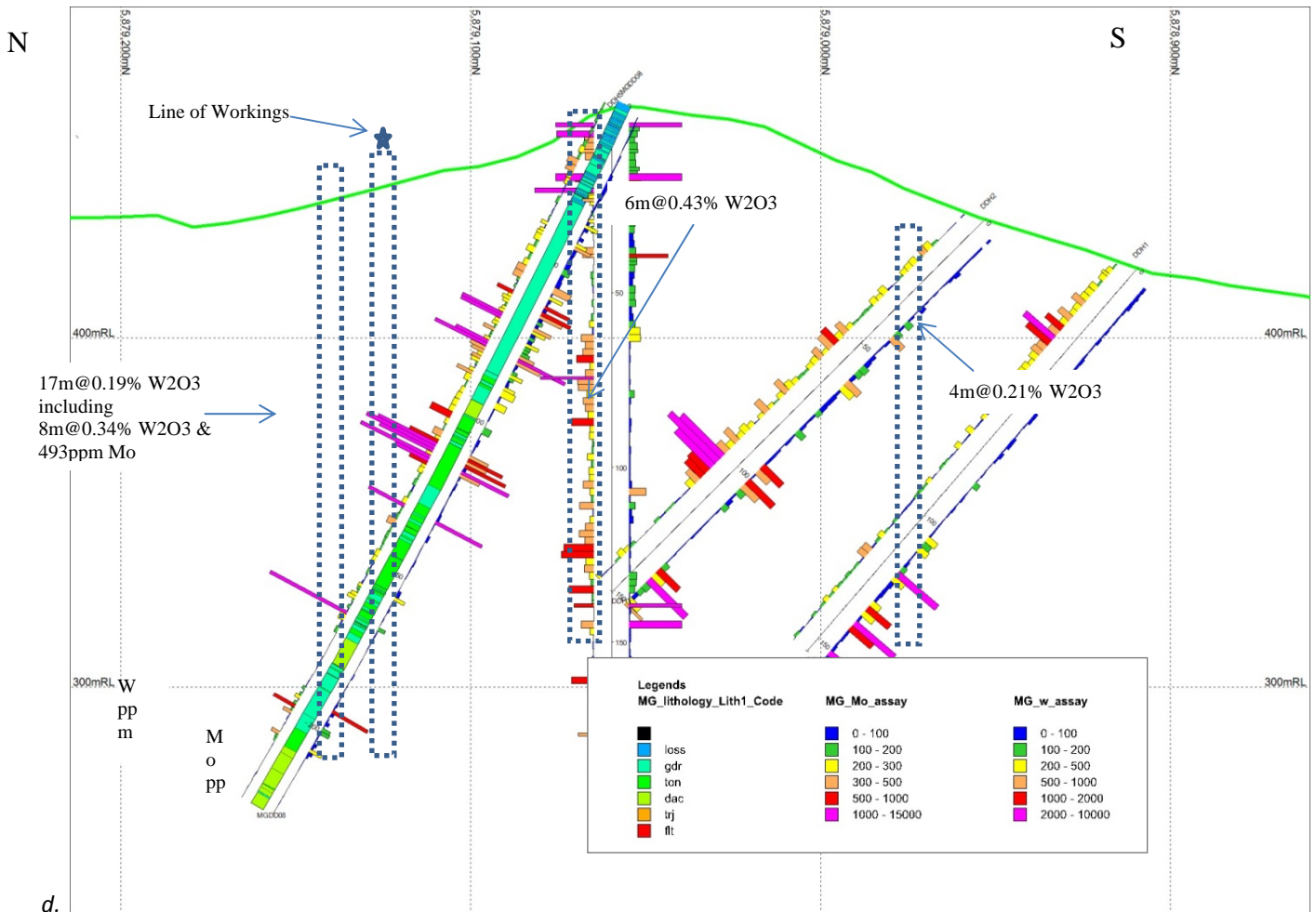


Figure: Monkey Gully prospect showing tungsten-in-soil results, historic and GBM drill collars and traces, the interpreted W-Mo-Au corridor (dashed orange lines) and mineralised vein sets (blue lines). State 1:100,000 geology as background



d. Figure: North-south drilling cross-section with historic and GBM drilling showing down-hole W-Mo assay results.

A program of ridge and spur soil and rock-chip sampling was completed in the Monkey Gully area concurrently with the drilling. The program was designed to test whether a larger IRGS system is present beneath Monkey Gully and the nearby existing Mumbil Mines Ltd Au-Bi-W prospect. Mumbil defined by soil sampling and trenching a zone of high-grade mineralisation located 2km NE of Monkey Gully (within GBM's EL5293). Best Mumbil results were 6m @ 1.6g/t Au from trenching and 43.5g/t Au from rock-chips. The prospect was never drilled. GBM's recent work confirmed anomalous Au at the Mumbil prospect in tourmalinised metasediments hosting extensive comb quartz veining (0.67g/t Au peak) and anomalous Au-As-Bi in soils in the area between the two prospects.

The drilling results when combined with the extensive Au-As soil anomalism and Au-Bi in tourmaline-altered metasediments within the prospect area are considered highly supportive of the existence of an IRGS in the Monkey Gully area. The 2012 field program will be in two parts; infill and extension of the soil grid within the W-Au corridor and diamond drilling to test for depth extensions of known mineralised vein sets and repeats of vein sets within the corridor. Appropriate geophysical techniques to delineate a possible larger mineralised system at depth will also be investigated.

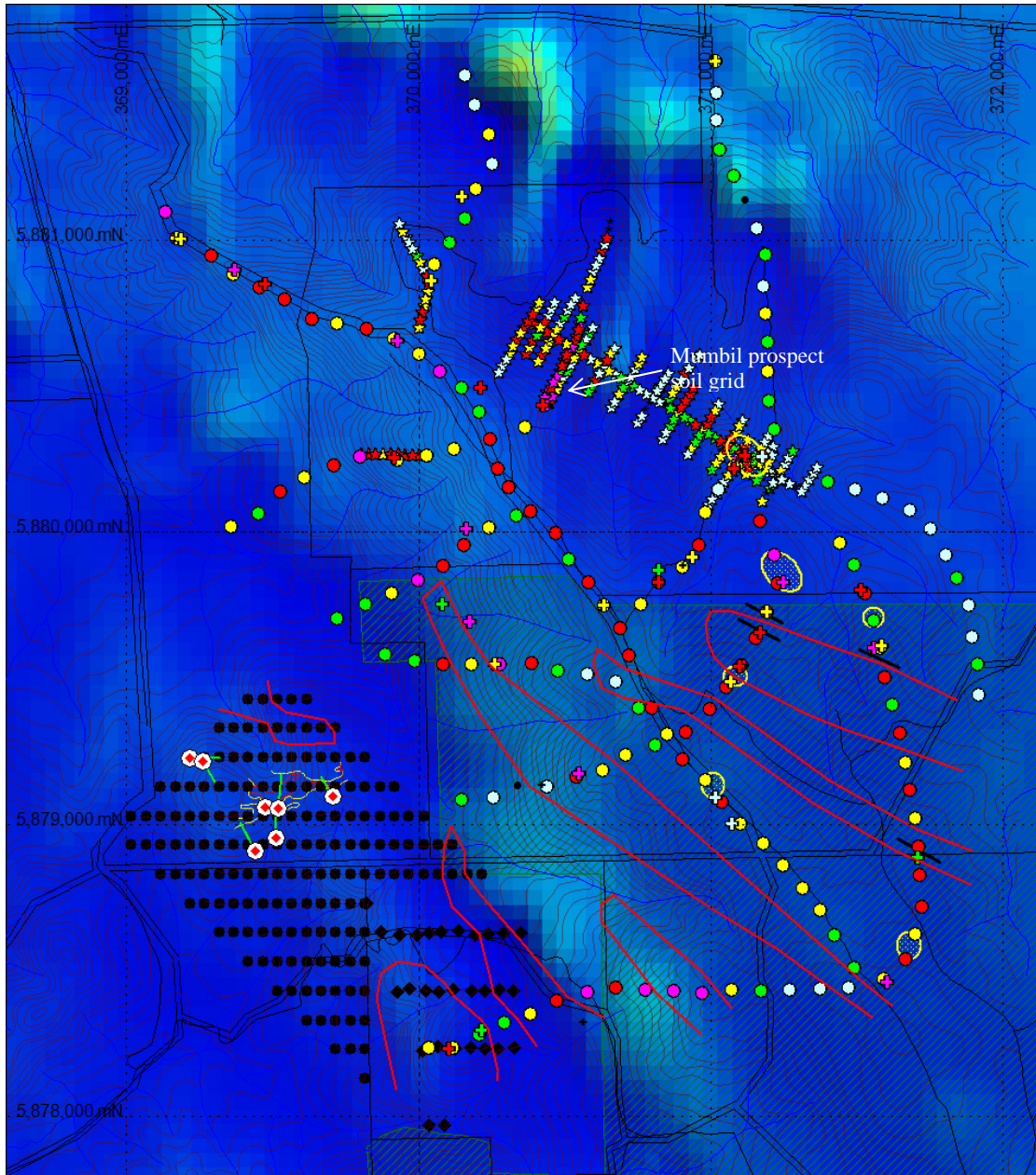


Figure: Larger Monkey Gully prospect area with arsenic-in-soil results. Contoured gold-in-soils shown as red polygons.

Forward Programme

Exploration for the second half of 2011 will include; Interpretation of drill logging/assay results and soil program results, assessment of suitable geophysical techniques to delineate further drill targets in the prospect area, prospect-scale mapping of Monkey Gully/Mumbil area, dataset interpretation and Phase 2 drill program planning, track and drill-site rehabilitation at Monkey Gully

4.0 Tenement Summary

Tenement maintenance, including reporting and renewals has been ongoing during the quarter.

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	5/10/2012	25	Granted	Vic
Lauriston	EL5120	GBMR	100%	GBMR	17/12/2008	16/12/2013	81	Renewal	Vic
Willaura									
Lake Bolac	EL4631	GBMR	100%	GBMR	21/03/2002	20/03/2012	98	Granted	Vic
Woorndoo	EL4751	GBMR	100%	GBMR	19/11/2003	18/11/2012	23	Granted	Vic
Willaura	EL5346	GBMR	100%	GBMR	02-Jun-11	01-Jun-14	11	Granted	Vic
Yea									
Tin Creek	EL5292	GBMR	100%	GBMR	23-Mar-11	22-Mar-16	442	Granted	Vic
Monkey Gully	EL5293	GBMR	100%	GBMR	23-Mar-11	22-Mar-16	442	Granted	Vic
Rubicon	EL5347	GBMR	100%	GBMR			155	Appl'n	Vic
Queensland									
Dee Range									
Dee Range	EPM16057	GBMR	100%	GBMR	27-Sep-07	26-Sep-12	88	Granted	Q'ld
Boulder Creek	EPM17105	GBMR	100%	GBMR	26-Mar-08	25-Mar-10	178	Renewal	Q'ld
Mt Morrissey	EPM17163	GBMR	100%	GBMR	23-Apr-08	23-Apr-10	161	Renewal	Q'ld
Black Range	EPM17734	GBMR	100%	GBMR	20-May-09	19-May-14	150	Granted	Q'ld
Smelter Return	EPMA18366	GBMR	100%	GBMR			195	Appl'n	Q'ld
Limonite Hill	EPMA18811	GBMR	100%	GBMR			260	Appl'n	Q'ld
Mt Hoopbound	EPMA18812	GBMR	100%	GBMR			23	Appl'n	Q'ld
Limonite Hill East	EPMA19288	GBMR	100%	GBMR			29	Appl'n	Q'ld
Drummond Basin									
Diamond Creek	EPM 19193	GBMR	100%	GBMR	27-Jun-11	26-Jun-14	247	Granted	Q'ld
Mount Isa Region									
Talawanta - Grassy Bore									
Talawanta	EPM15406	GBMR* ² /Isa Tenements	100%	GBMR	15-Jan-08	14-Jan-11	<u>325</u>	Renewal Pending	Q'ld
Grassy Bore	EPM15681	GBMR* ² /Isa Tenements	100%	GBMR	28-Sep-07	28-Sep-10	<u>325</u>	Renewal Pending	Q'ld
Talawanta	EPMA 19255	GBMR/Isa Tenements	100%	GBMR			325	Appl'n	Q'ld
Grassy Bore	EPMA 19256	GBMR/Isa Tenements	100%	GBMR			322	Appl'n	Q'ld
Mount Margaret									
Mt Margaret W. Ext	EPM16227	GBMR* ² /Isa Tenements	100%	GBMR	31-Jul-07	30-Jul-12	<u>36</u>	Granted	Q'ld
Mt Margaret West	EPM14614	GBMR* ² /Isa Tenements	100%	GBMR	2-Aug-05	1-Aug-10	<u>129</u>	Renewal Pending	Q'ld
Mt Malakoff Ext	EPM16398	GBMR* ² /Isa Tenements	100%	GBMR	19-Oct-10	18-Oct-15	84	Granted	Q'ld
Cotswold	EPM16622	GBMR* ² /Isa Tenements	100%	GBMR			45	Appl'n	Q'ld
Dry Creek	EPM 18172	GBMR/Isa Tenements	100%	GBMR			227	Appl'n	Q'ld
Dry Creek Extended	EPM 18174	GBMR/Isa Tenements	100%	GBMR			39	Appl'n	Q'ld
Brightlands									
Brightlands	EPM14416	GBMR* ² /Isa Brightlands	100%	GBMR	5-Aug-05	4-Aug-12	251	Granted	Q'ld
Wakeful	EPM18454	GBMR/Isa Brightlands	100%	GBMR			13	Appl'n	Q'ld
Highway	EPM18453	GBMR/Isa Brightlands	100%	GBMR			36	Appl'n	Q'ld
Brightlands West Ext.	EPM18672	GBMR/Isa Brightlands	100%	GBMR			97	Appl'n	Q'ld
Brightlands West	EPM18051	GBMR/Isa Brightlands	100%	GBMR			99	Appl'n	Q'ld
Bungalien									
Bungalien	EPM14355	GBMR* ² /Isa Tenements	100%	GBMR	13-Oct-04	12-Oct-09	<u>61</u>	Renewal Pending	Q'ld
Horse Creek	EPM15150	GBMR* ² /Isa Tenements	100%	GBMR	13-Jul-06	12-Jul-11	<u>80</u>	Granted	Q'ld
Limestone Creek	EPM17849	GBMR/Isa Tenements	100%	GBMR	20-Oct-10	19-Oct-15	72	Granted	Q'ld
Malbon 2	EPM14120	GBMR* ² /Isa Tenements	100%	GBMR	24-Aug-04	23-Aug-10	<u>15</u>	Renewal Pending	Q'ld
Bungalien 2	EPM18207	GBMR/Isa Tenements	100%	GBMR			325	Appl'n	Q'ld
Horse Creek 2	EPM18208	GBMR/Isa Tenements	100%	GBMR			325	Appl'n	Q'ld
							4532		

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 Q'ld tenements, 1 subblock ~3.2km². Underlined areas indicate the tenement is contained in new application area.

Table; GBM Resources Tenement Summary October 25th 2011.

CORPORATE

Expenditure for the Quarter and Working Capital

The Company spent A\$2.7million in the quarter, of which \$2.4 million was for exploration and \$296k for administration costs. Cash at 30th September 2011 was \$3.9 million.

For Further information please contact:

Peter Thompson
Managing Director
GBM Resources Limited
Tel: 08 9316 9100

Media
Colin Hay
Professional Public Relations
Tel: 0 404 683 355
E:Colin.Hay@ppr.com.au

Explanatory notes:

^{*1}Copper Equivalent calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage. These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result. However it is the company's opinion that elements considered here have a reasonable potential to be recovered. It should also be noted that current state and federal legislation may impact any potential future extraction of Uranium. Prices and conversion factors used are summarised below, rounding errors may occur.

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

^{*2} Intersections quoted are length weighted averages of results for individual sample intervals. Samples were taken at 1 metre intervals in RC drilling by multistage splitter and generally 1 metre intervals of half sawn core with maximum of 2metres for diamond drilling. Analyses were completed by ALS in Mt Isa for all elements other than gold by ME-ICP61, over limit (>1%) Cu by Cu-OG46 and AU by Au-AA25 in Brisbane. Holes range in declination from 50° to 70° to 225° MGA at Milo and 270° MGA at Tiger. Mineralised zones are interpreted to dip steeply in the opposite direction, holes are therefore drilled approximately perpendicular to the interpreted strike of mineralised zones.

^{*3} It should be noted that this is an exploration target only, potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. The tonnage estimate is based on a 475 metre strike length with an average combined width of 80 metres and depth of 500 metres being the volume broadly tested by drilling to date. A nominal bulk density of 3.0 t/m³ 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.

^{*4} All holes at Bungalien are vertical, drilled by reverse circulation method and sampled on one metre interval using a three tier riffle splitter. Samples were submitted to Beureau Veritas Mt Isa Laboratory for analyses of 22 elements by SC202/IC3E/M.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Neil Norris, who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy. Mr Norris is a full-time employee of the company. Mr Norris has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Norris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/01, 01/06/10, 17/12/10

Name of entity

GBM Resources Limited

Quarter ended ("current quarter")

ABN 91 124 752 745

30 September 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for: (a) exploration and evaluation (including JV Farm-in spend)	(2,358)	(2,358)
(b) development	-	-
(c) production	-	-
(d) administration	(296)	(296)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	48	48
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – Grants and JV management fees	147	147
Net Operating Cash Flows	(2,459)	(2,459)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(31)	(31)
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other - JV Farm-in contributions received	1,226	1,226
Net investing cash flows	1,195	1,195
1.13 Total operating and investing cash flows (carried forward)	(1,264)	(1,264)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,264)	(1,264)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (capital raising costs)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,264)	(1,264)
1.20	Cash at beginning of quarter/year to date	5,198	5,198
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	3,934	3,934

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	159
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Director remuneration – fees and consultancy.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/a

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Expenditure for the quarter of \$940,609 has been incurred by other entities under joint venture farm-in agreements on projects held by the Company.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	1,200
4.2	Development	
4.3	Production	
4.4	Administration	300
Total		1,500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	3,816	5,085
5.2	Deposits at call	118	113
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		3,934	5,198

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	N/a		
6.2	Interests in mining tenements acquired or increased	N/a		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-			
7.2 Changes during quarter	-			
7.3 +Ordinary securities	219,793,503	219,793,503		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	- -	- -		
7.5 +Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter	-	-		
7.7 Options <i>(description and conversion factor)</i>	113,793,124	113,793,124	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 30/6/2013
7.8 Issued during quarter	-	-		
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	-	-		
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		
7.13 Performance Share Rights <i>(description and vesting dates)</i>	1,100,000	-	<i>Vesting date</i> 16/12/2011	<i>Expiry date</i> 15/12/2016
7.14 Issued during quarter	-	-		
7.15 Exercised during quarter	-	-		
7.16 Expired during quarter	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
.....
Company Secretary

Date: 31 October 2011

Print name: Kevin Hart

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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