

24 May 2011

ASX Announcement

Drilling and Field Programs Underway on GBM Resources' Bungalien Phosphate Joint Venture Project in North West Queensland

HIGHLIGHTS:

- **Drilling begins at the Bungalien Phosphate project.**
- **A\$280,000 exploration program will include over 1,500m of drilling.**
- **25 RC shallow hole program to advance work completed in December 2008 where peak phosphate values of more than 22% P₂O₅ were recorded.**
- **Geochemical surveys to be completed.**

Australian resources company **GBM Resources Limited** (ASX: **GBZ**) ("**GBM**" or "**the Company**") is pleased to advise that a 25 hole, RC drilling program is underway on the Bungalien Phosphate Joint Venture project areas located southeast of Mount Isa in North Queensland.

More than 1,500m of shallow holes will be completed, along with geochemical surveys, in the new exploration program which is following up promising results returned from a drilling program undertaken at Bungalien in December 2008.

The current phosphate 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 upon completion of the A\$ 280,000 exploration program SVH can elect to acquire a 70% interest in the phosphate assets and fund all future exploration expenditure on the project. GBM retains a 30% free carried interest until completion of a bankable feasibility study.



Picture shows drilling underway at the Bungalien Phosphate projects

The Bungalien Phosphate Projects (EPM14355, 14120 & 15150 and EPMA 17849, 18207 & 18208)

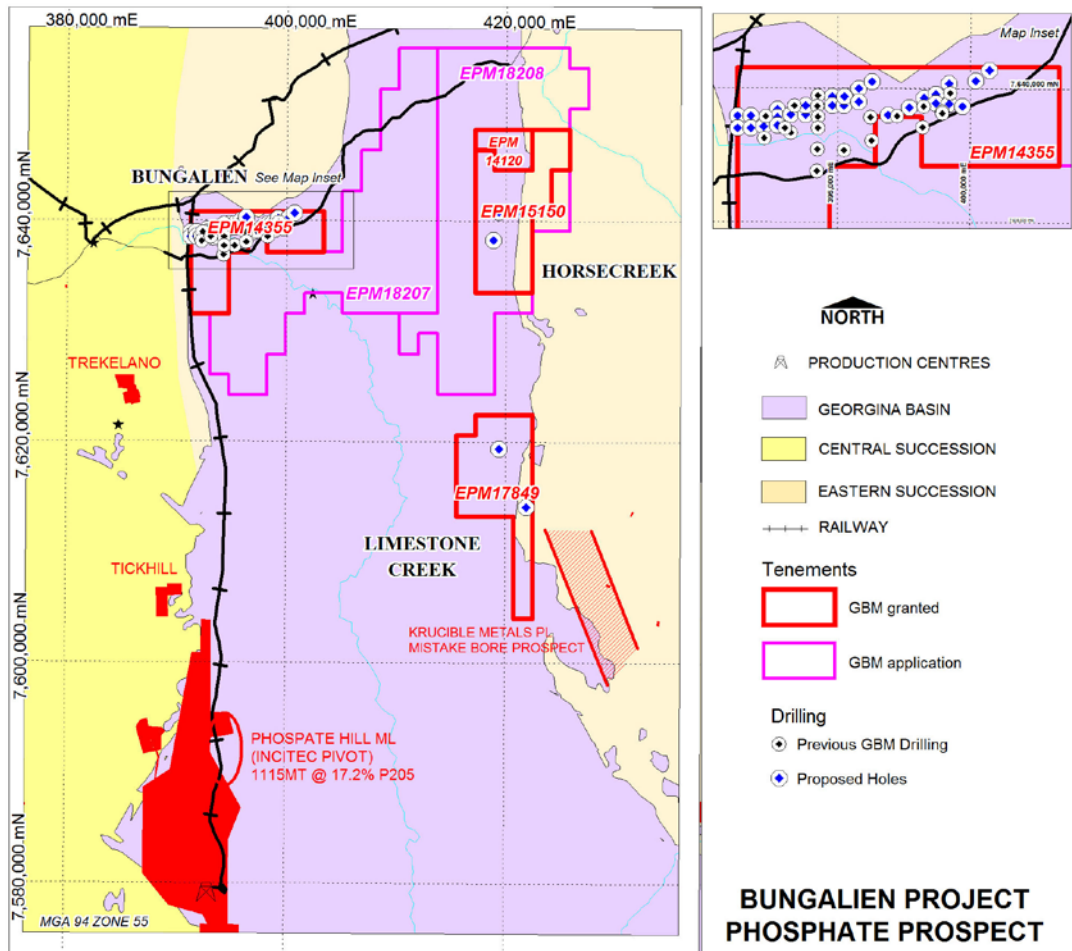
Bungalien is among a suite of nearby phosphate projects including Horse Creek, Limestone Creek and Malbon2, owned by the Company within the area's phosphate rich Beetle Creek Formation, part of the broader Georgina Basin mineralised footprint near Mount Isa.

Drilling completed by GBM Resources in December 2008, confirmed widespread phosphate mineralisation at the Bungalien tenement. Peak phosphate values of more than 22% P_2O_5 were among some of the strongest results from the 1,000 metre Reverse Circulation program.

The program demonstrated the continuity of the Beetle Creek Formation throughout the project area, with this sedimentary rock sequence the key host to phosphate mineralisation within the Georgina Basin.

Interpretation of the drilling results also demonstrated that the project area contains some 16 square kilometres of the Beetle Creek Formation within a depth of 50 metres from surface and over a strike length of 9 kilometres.

The Bungalien project is ideally supported by a road and rail corridor through its tenement boundary, enhancing potential development options.



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