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ASX Announcement

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Drilling provides significant extension to Copper Zone at the Milo Project

Australian resources company **GBM Resources Limited** (ASX:**GBZ**) ("**GBM**" or "the **Company**") is pleased to announce results from recent drilling have significantly expanded the copper zone at the Milo Iron Oxide Copper Gold (IOCG), Rare Earth Elements and Yttrium (REEY) Project in North- west Queensland.

GBM drilled three diamond core holes during December, which provided important additional information on the nature and extent of copper mineralisation at Milo, including:

- Drillhole MIL011 intersected strong mineralisation over a significant distance downhole, with a 124m interval returning an average of 0.5% CuEq.[*1,2] from 82m, including 21m averaging 1.0% CuEq;

- Confirmed that the mineralised zone continues strongly and with significant widths at least 80 metres beyond drillhole MIL008, being the previously defined, northernmost extent of copper mineralisation in the central Milo Prospect area;

- Initial indications from Drillholes MIL012 and MIL013 (results pending) are that they have also intersected zones of mineralisation, suggesting that the mineralisation may extend for a further 300 metres along strike to the north of MIL011;

- Drillhole MIL011 also encountered several zones of Rare Earth and Yttrium (REEY) enrichment; including 27m and a 13m zone averaging 0.1% TREEYO

- This series of drillholes confirms that the zone of sulphide mineralisation at Milo now extends at least 380 metres beyond previous drilling, a 70% increase in the strike of drill tested mineralisation.

Drilling has focused on confirming extensions of the known zone of breccia hosted IOCG style mineralisation beyond the 500 metres tested by drilling to date. Geological mapping confirmed continuation of the host calc-silicate gossan and breccia zone over an additional 400 metres along strike to the north of previous drilling, with malachite staining observed in outcrop at a number of locations being the target of the current drill testing.

Photograph: NQ2 drill-core from Milo prospect hole MIL011 167.5m, showing strong chalcopyrite mineralisation in shale host rock.

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 equivalent *[3] for the Milo breccia hosted, polymetallic IOCG mineralisation.

GBM has now commenced a scoping study which is expected to be completed during the June Quarter this year. Logging and sampling of holes drilled immediately before the end of the 2011 field season has now commenced.

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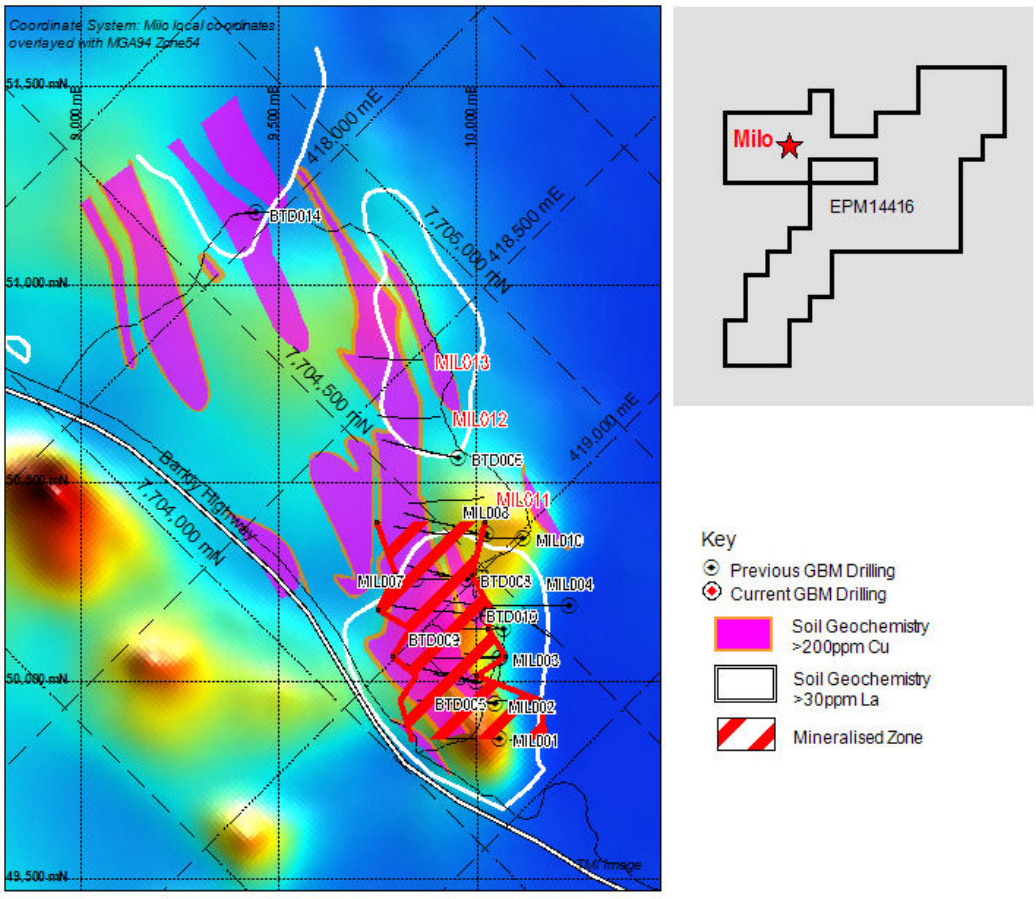


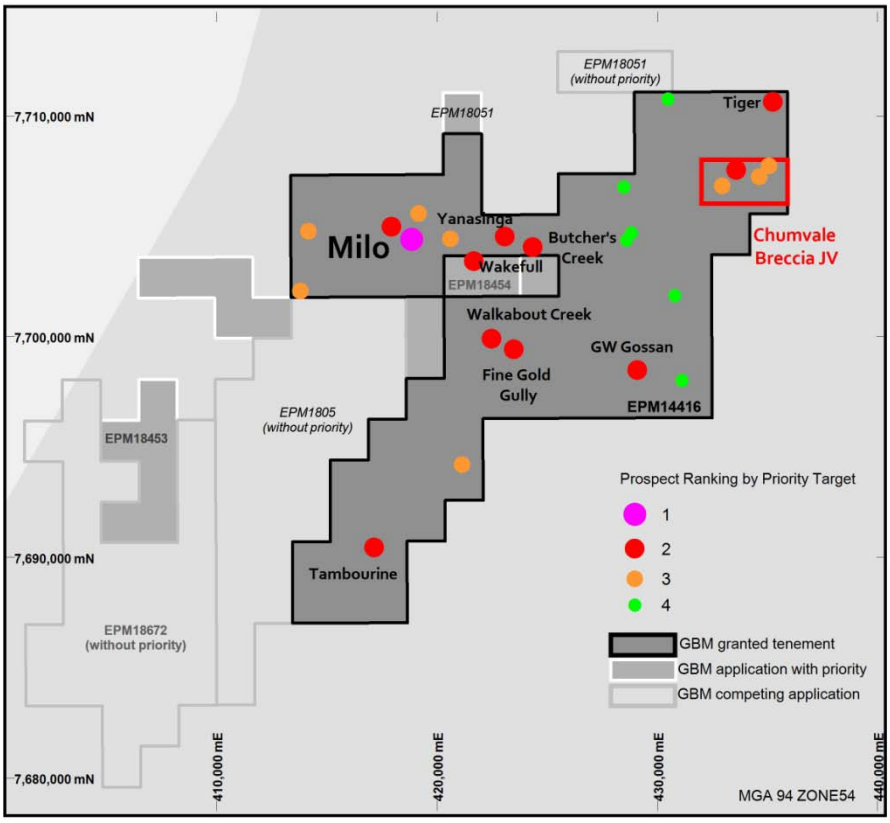
Figure: Milo drillhole plan showing location of existing drillholes(recently completed holes in red), mineralised zone, soil geochemical contours for La and Cu over low level TMI.rtp image.

Hole ID	Interval	Length	Cu	Au	Co	Ag	Mo	U	Cu Equiv*	Cut -off
	m	m	%	ppm	ppm	ppm	ppm	ppm	%	%CuEq
MIL011	82 to 206	124	0.18	0.05	162	3.9	104	96	0.5	0.1
	incl. 128 to 136	8	0.26	0.08	231	8.0	186	177	0.8	0.5
	incl. 149 to 170	21	0.39	0.10	275	9.1	184	188	1.0	0.7
	incl. 188 to 192	4	0.29	0.05	238	6.8	172	157	0.8	0.5

Table: Summary of Cu Eq intersections in drillhole MIL011

Hole ID	selected from	to	interval m.	CeO2 ppm	La2O3 ppm	Y2O3 ppm	Dy2O3 ppm	Eu2O3 ppm	Gd2O3 ppm	Nd2O3 ppm	Pr2O3 ppm	Sm2O3 ppm	Other ppm	TREEYO ppm	TREEYO %
MIL011	82	99	17	250	200	49	6.9	7.0	8.7	64.4	20.4	9.7	11.7	629	0.06
incl.	83	90	7	365	305	66	8.9	5.3	11.8	91.7	29.1	13.3	14.6	910	0.09
MIL011	118	175	57	183	138	54	8.5	7.9	9.6	63.1	18.6	10.6	13.6	506	0.05
incl.	143	156	13	202	141	66	10.6	9.3	11.8	76.2	22.1	13.1	16.5	568	0.06
MIL011	191	228	37	242	207	53	6.8	2.2	8.4	72.8	22.7	10.8	11.0	636	0.06
incl.	204	217	13	378	330	74	9.4	2.6	12.2	112.5	35.4	16.0	14.3	984	0.10
MIL011	244	271	27	373	321	64	8.4	2.3	11.4	114.5	36.6	15.7	12.4	958	0.10
incl.	249	268	19	530	455	90	11.9	3.3	16.3	162.8	52.0	22.3	17.6	1362	0.14

Table: Summary ot TREEYO intersections in MIL011(Note: intervals based on 200 ppm TREEYO cut-off, higher grade intervals based on nominal 500ppm TREEYO cut-off).



Brightlands Copper Gold Project Area

Reference Notes

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

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

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

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

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.