

ASX Announcement
29 February 2012

ASX Code: GBZ

Maiden 82,500 tonne Rare Earth Inferred Resource at Milo

Highlights:

- Maiden 103 million tonne Rare Earth Oxide Resource at 760ppm.
- Resource 200m wide and continuous over 800m.
- Dominant elements Neodymium, Yttrium, Dysprosium and Lanthanum.
- Current drilling extends the current mineralised zone by at least 380m which is outside the rare earth resource.
- Initial testwork shows 30% of TREEYO can be concentrated.
- Scoping Study Key consultants appointed.

Australian resources company **GBM Resources Limited** (ASX:GBZ) (“**GBM**” or “the **Company**”) is pleased to announce a maiden rare earth resource for the Milo Iron Oxide Copper Gold (IOCG) and Rare Earth Elements and Yttrium (REEY) Project in North west Queensland.

Important aspects of the resource include;

- The maiden resource includes **103 million tonnes containing an estimated 82,500 tonnes of TREEYO** at an average grade of 760ppm TREEYO based on a 400ppm cut-off grade.
- The mineralised zone is up to 200m wide and continuous over a strike length of more than 800 metres, open in all directions.
- The resource contains appreciable quantities of Neodymium, Yttrium, Dysprosium and Europium. These metals are designated as likely to be in critical undersupply. (*US Department of Energy Dec 2011: Critical Materials Strategy*)
- A scoping study has commenced and the appointment of key consultants completed. The scoping study is planned to be completed by June 2012.

cutoff (TREEYO)	tonnes	TREEYO (ppm, t)	P2O5 (%, t)	LREEO								HREEY			
				CeO ₂ (ppm, t)	La ₂ O ₃ (ppm, t)	Nd ₂ O ₃ (ppm, t)	Pr ₂ O ₃ (ppm, t)	Sm ₂ O ₃ (ppm, t)	Eu ₂ O ₃ (ppm, t)	Gd ₂ O ₃ (ppm, t)	Y ₂ O ₃ (ppm, t)	Dy ₂ O ₃ (ppm, t)	Er ₂ O ₃ (ppm, t)	Others (ppm, t)	
Grades		760	0.85	340	180	95	30	14	5	12	57	9	5	10	
Tonnages	400	103,000,000	82,500	873,000	34,600	18,600	9,800	3,080	1,460	520	1,190	5,900	970	550	1,080

Table: total tonnages and grades of TREEYO contained within the Milo Inferred Resource.
(* designates elements assessed as being in critical supply by the US Dept. of Energy, Dec 2011: Critical Materials Strategy, P4.)

TREEYO (ppm, t)	P2O5 (%, t)	LREEO								HREEY			
		CeO ₂	La ₂ O ₃	Nd ₂ O ₃	Pr ₂ O ₃	Sm ₂ O ₃	Eu ₂ O ₃	Gd ₂ O ₃	Y ₂ O ₃	Dy ₂ O ₃	Er ₂ O ₃	Others (ppm, t)	
REEYO Prices (US\$/t) <i>(metal pages 23 February 2012)</i>	0	32,000	35,000	170,000	165,000	69,000	3,420,000	105,000	93,000	1,410,000	N/A		

Table: available REE prices (Metal Pages 23rd February 2012).

GBM have undertaken two drilling programmes, soil sampling, geological mapping, structural interpretation and collected a range of geotechnical data since acquiring the area in 2009. Based on this work an inferred resource has been estimated by Geomodelling Pty. Ltd., an independent New Zealand based consultancy. This estimate confirms that Milo is a poly-metallic deposit containing significant quantities of a range of metals including REEY, Cu, Mo, Au, Ag and U. In addition significant quantities of phosphate and magnetite are also present in the deposit.

Geological and geochemical data were used to produce a 3D outline of the broad zone of REEY mineralisation at Milo. The REEY resource is summarised for a range of cut off grades in table below. **At a 400ppm TREEYO cut-off grade the resource is 103M tonnes averaging 760ppm TREEYO and containing an estimated 82,500 tonnes of TREEYO.** It is noteworthy that 21% of this material is comprised of Neodymium, Europium, Yttrium and Dysprosium, elements that have recently been deemed as in critical supply for the short to medium term by the US Department of Energy.

The resource is contained within a broad mineralised zone and using lower cut-off grades the tonnage potential increase markedly representing significant upside to the current resource, subject to outcomes of the scoping study.

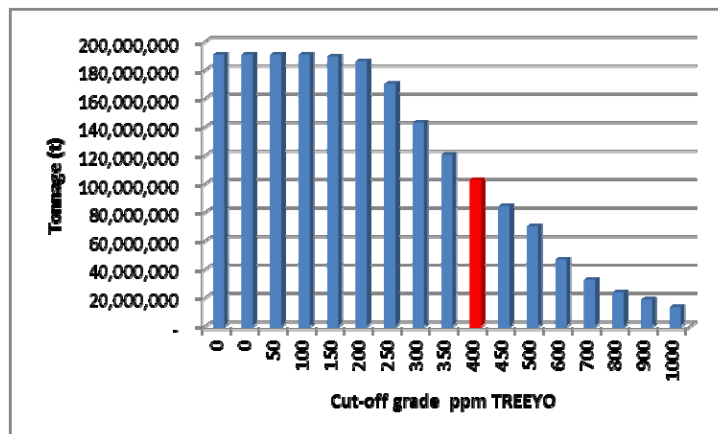


Figure: Milo resource tonnage curve for changing cut-off grades.

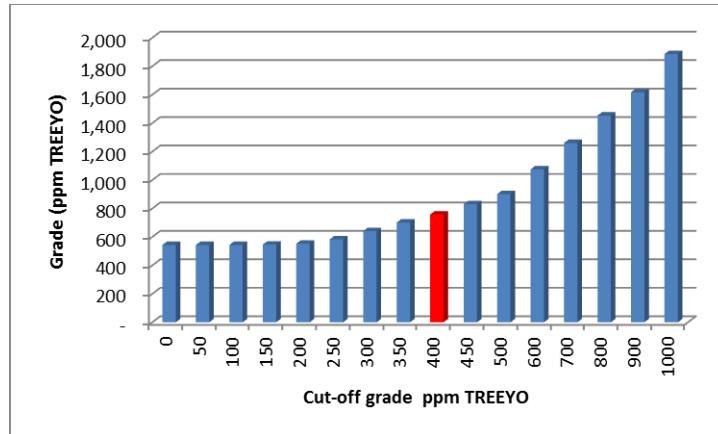


Figure: Milo resource grade curve for varying TREEYO cut-off grades.

Within the REE zone there are zones with elevated Cu-Au-Ag-Mo-U-Co values which contains significant quantities of this suite (CuEq suite) of metals. These zones have significant exploration upside as indicated by recent drilling. Drillholes completed during December intersected sulphide mineralisation suggesting that the resource may extend significantly further to the North.

Metallurgical test work and petrography has commenced to determine the host minerals for TREEYO mineralisation and to investigate potential means of beneficiation and concentration. Early testwork indicates that a mineralisation is hosted by Apatite and also a range of carbonate minerals. Initial flotation test work has indicated approximately 70% of the Yttrium and 25% of other REE's could be captured in an apatite concentrate. Apatite minerals are a group of phosphate minerals and are a common source for phosphate for fertiliser and other uses. Laser ablation analyses completed at CODES at the University of Tasmania confirm that the rare earth carbonates present contain high concentrations of REE. Tests returned an average value of 43% TREEEY from 22 analyses.

The resource estimate was completed using a database of 22 drillholes, 3696 samples analyses for a total TREEEY suite, largely from one metre intervals of NQ diamond drill core. Samples selected on nominal one metre intervals were cut using a diamond saw and samples submitted to ALS laboratories in Mt Isa for ICPMS40. Estimation used ordinary Kriging for blocks 5m high, 40m long and 20 metres across strike. A bulk density of 2.84 was used for fresh rock although this was varied to reflect increased density with sulphur (as pyrite). Oxidation was modelled to be between 10 and 20 metres deep and a lower bulk density was estimated for this material.

GBM has now commenced a scoping study which will include;

1. Delineation of a maiden copper equivalent resource;
2. Complete metallurgical testing for both the copper equivalent metals and rare earth elements;
3. Preliminary geotechnical review;
4. Preliminary mine and processing plant design;
5. Financial Modelling; and
6. Other preliminary studies including engagement with various stakeholder groups. .

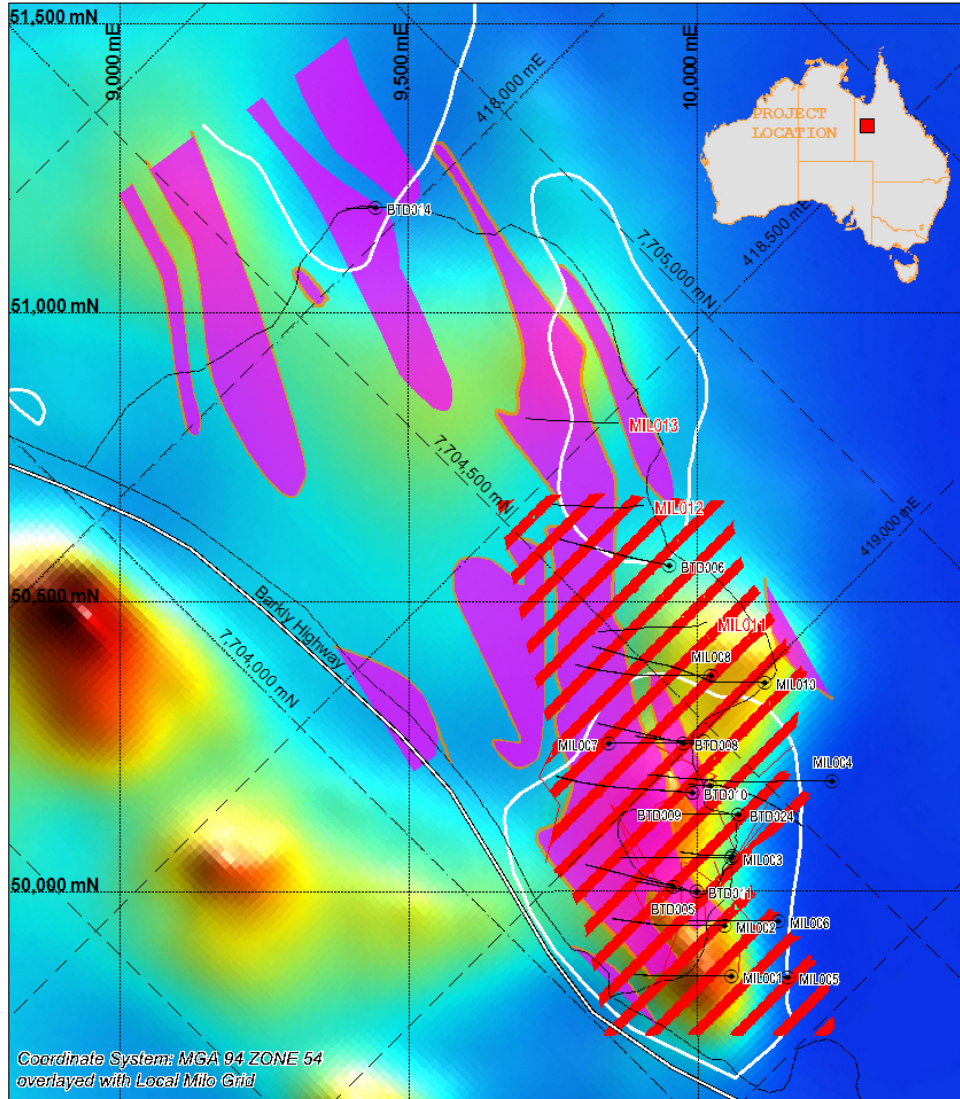
Key external consultants appointed include Mining One Pty Ltd who will complete the mining studies and have overall management of the scoping study. Brisbane based Core Process Engineering Pty Ltd will undertake the metallurgical test work and Geomodelling Pty Ltd will continue with the development of the resource work covering both the rare earth and copper equivalent mineralisation.

The scoping study is expected to be complete by mid-year and will provide the basis to lead into the next development phase for Milo being the pre-feasibility study in the second half of the year.

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1km

- Key**
- Previous GBM Drilling
 - Current GBM Drilling
 - Soil Geochemistry >200ppm Cu
 - Soil Geochemistry >30ppm La
 - Resource Outline

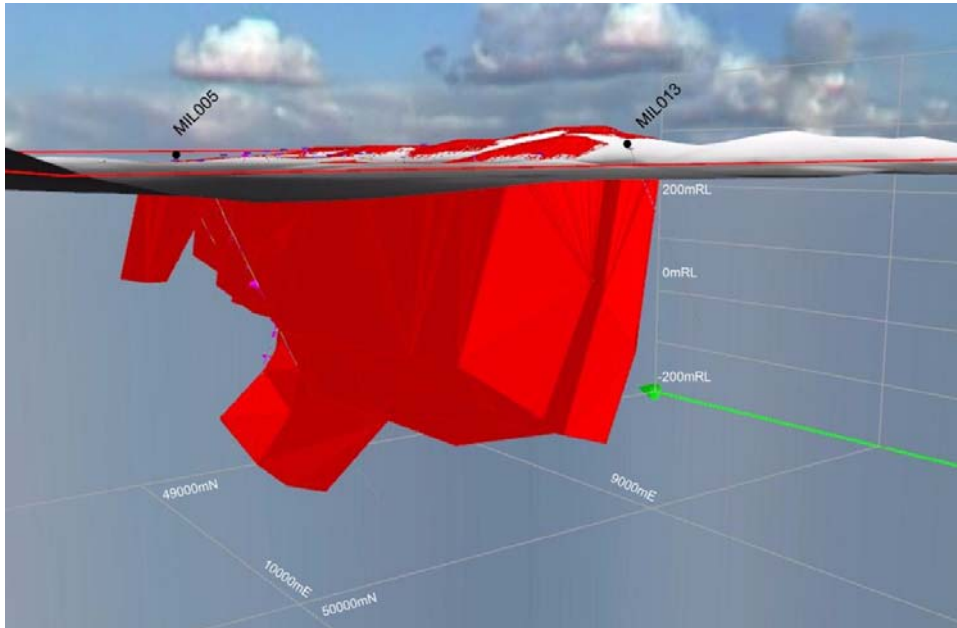


**EPM14416
MILO PROJECT
DRILLING, GEOCHEMISTRY
& RESOURCE OUTLINE**

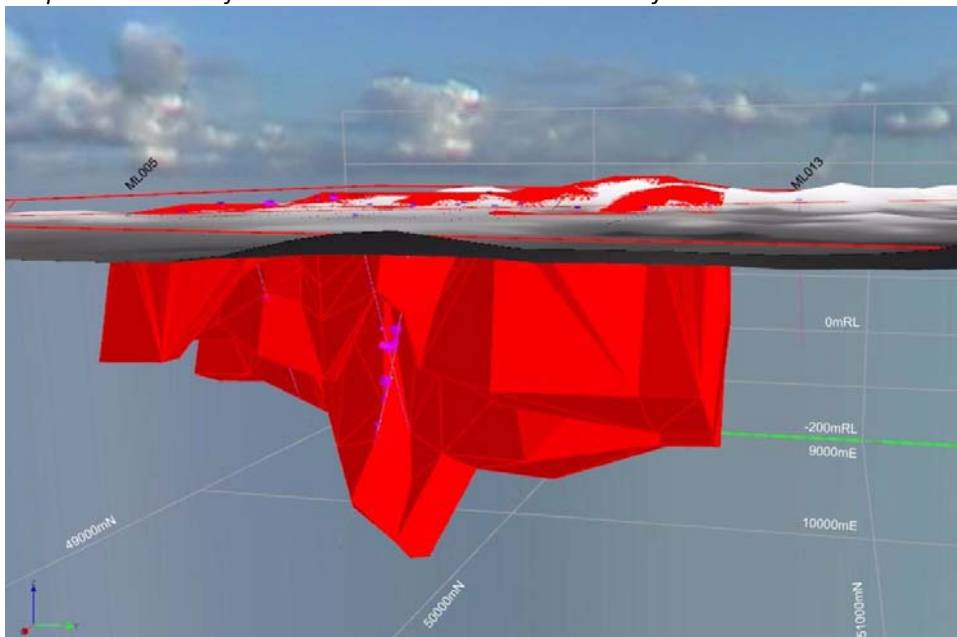
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Figure; computer model of the Milo TREEYO mineralised zone looking to grid South West. Drillholes MIL005 and MIL013 test the mineralised zone on sections approximately 1 kilometre apart. Note the blunt north end to the model reflecting the lack of data along strike . MIL013 was completed during is outside the current model and along with MIL014 will provide initial information on the northern extension of the zone.



Alternative view looking approximately grid west. The current model extends to approximately 400 m below surface and is limited by drilling.

Abbreviations:

REE(O) Rare Earth Elements(oxides). There are 14 rare earth elements; Lanthanum (La), Cerium (Ce), Praseodymium (Pr), Neodymium (Nd), Samarium (Sm), Europium (Eu), Gadolinium (Gd), Terbium (Tb), Dysprosium (Dy), Holmium (Ho), Erbium (Er), Thulium (Tm), Ytterbium (Yb), Lutetium (Lu) but excluding Promethium (Pm).

TREEY(O) Total Rare Earth element and Yttrium (oxides) (Yttrium (Y) is not always considered as a Rare Earth Element but does have many similar properties

CuEq Copper Equivalent, as defined in Note 1 below.

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° to 70° to 225° 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.

The information in this report that relates to Mineral Resources is based on information compiled by Kerrin Allwood, who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy. Mr Allwood is a full-time employee of the Geomodelling Pty. Ltd a New Zealand based consultancy. Mr Allwood 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 Allwood consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.