ABN 91 124 752 745

ASX Announcement

ASX Code: GBZ

17 July 2012

SOIL GEOCHEMISTRY IDENTIFIES FURTHER TARGETS AT MILO IOCG - REE DEPOSIT IN QUEENSLAND

HIGHLIGHTS:

- **Geochemical sampling results demonstrate significant potential to further grow Milo.**
- **Mineralisation remains open to the north and south.**
- **Staged soil sampling underway aimed at further expanding the project target area.**
- **Updated resource estimate and development of scoping study underway.**

Australian resources company GBM Resources Limited (ASX:"**GBZ**" or the "**Company**") is pleased to provide results of the recently completed stage two of a soil geochemical sampling programme at the Milo IOCG-REE deposit in the North West Mineral Province of Queensland. This programme builds on the initial sampling completed by GBM in 2009.

Results have identified three areas of strong anomalism in copper (Cu) and Lanthanum (La) (which is taken to be indicative of general REE suite). The results have identified:

1. A coherent linear zone of coincident high tenor Cu-Au-La in soil extending for over 600 metres to the west from GBM drillhole BTD014 in the Milo West Prospect area. This anomaly contains peak values of 4,550 ppm Cu, 650ppm La, and 0.7 ppm Au. Drillhole BTD014 intersected 12.0 metres, averaging 0.7% CuEq*[1,2]; including 0.32%Cu and 0.15 g/t Au from 69 to 81m.

2. The likely continuation of this zone on the south west flank of the main ridge at Milo. This remains largely untested by drilling to date.

3. A large copper soil geochemical anomaly (peak assay values of 1.44% Cu, 0.35ppm Au and 120ppm La) associated with a strong magnetic and topographic high to the south west of the Milo Prospect.

GBM is pleased with the results from this second phase of the soil geochemical sampling program and is confident these targets that have been generated from the recent program have the potential to add significantly to the current Milo resource area.

The positive geochemical data, in conjunction with recently completed successful diamond drilling and finalisation of revised resource estimate and scoping study all form part of a co-ordinated strategy to demonstrate the potential of the Milo area to host an extensive mineralising system containing additional, large tonnage, IOCG-REE deposits.

Anomalies identified by recent soil geochemistry will be progressed to drill target status with some additional infill soil and rock sampling, geological mapping and interpretation.

Soil sampling program

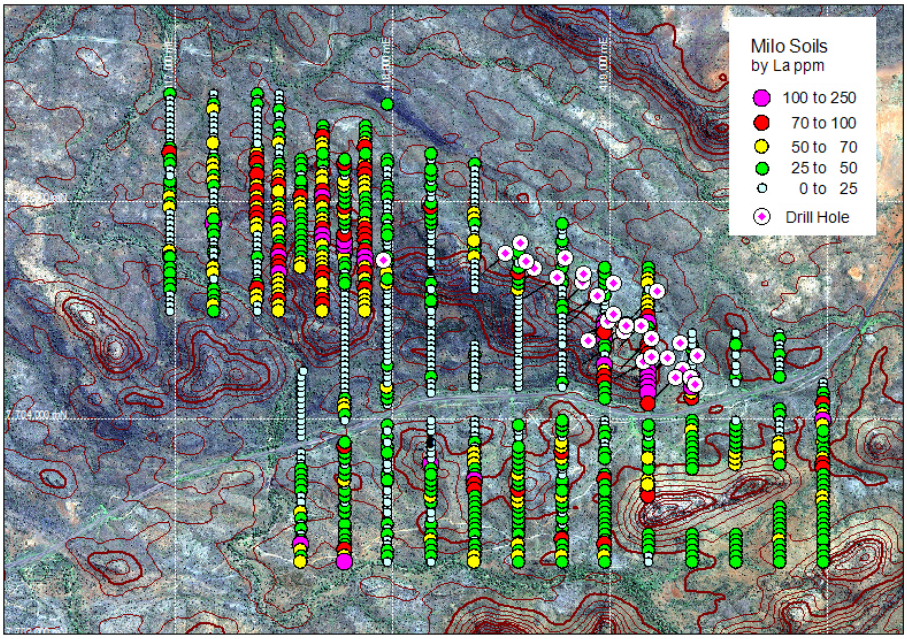
As part of a strategy to define the global potential of the Milo Project area, a staged programme of soil sampling in the 'Greater Milo' area has been initiated. Complete results for a total of 402 soil samples collected from the Greater Milo area have been received. This is the second stage of soil sampling completed to date which extends the previous coverage as several areas of anomalism remained open. Location of samples and thematic plans of the results and location of anomalies are presented in figures at the end of this release. Further sampling is in progress to infill and further extend geochemical coverage of the area, and results of the next stage are expected to be complete during the September Quarter. (Soil samples were submitted to ALS laboratories in Mount Isa for sieving to -80#, grinding and analyses by Au-AA21 and ME-ICP61 for a suite of 35 elements including Lanthanum.)

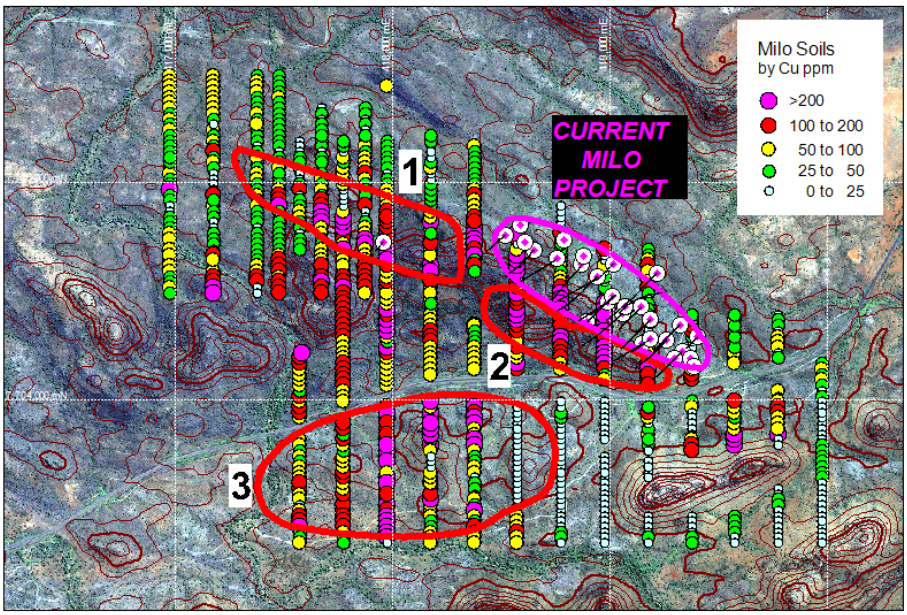
Results of drilling completed earlier this year, as reported in previous releases (ASX release dated 12 June and 3 July 2012), significantly extended known mineralisation along strike, both southwards and to the north, and is considered to justify a re-estimation of the Milo resource. This is in progress and expected to be finalised soon.

Milo is an expanding IOCG-REE breccia style deposit with a large maiden resource already announced. This geochemical evidence of a continuation of mineralisation in the Milo area, both to the north and also to the south west, strongly supports the concept that Milo is part of an extensive mineralising system. On a larger scale the Milo system is linked to the regionally significant Cloncurry Flexure, a clearly defined deep structural feature with extensive evidence of widespread hydrothermal activity.

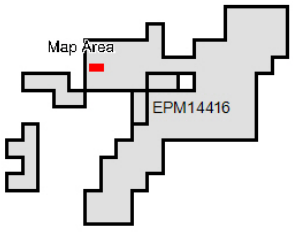
For further information please contact:
Peter Thompson
Managing Director
GBM Resources Limited
Tel: 08 9316 9100

Colin Hay
Professional Public Relations (PPR)
Tel: 0404 683355
E: colin.hay@ppr.com.au





MGA 94 Zone 55
Ikonos Image



NORTH

EPM14416
MILO PROJECT
GEOCHEMISTRY
Cu & La

gbm RESOURCES LTD

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 50^0 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.*

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.