

ASX Announcement  
31 January 2013

<b>REPORT FOR THE QUARTER ENDED 31<sup>st</sup> DECEMBER 2012</b>
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## Key Exploration Highlights

### Milo IOCG-REE - Scoping Study confirms a positive and robust economic outcome

- Supports a decision to progress to pre-feasibility stage and to maintain ongoing exploration of the Milo ore body.
- Long Term Base Case indicates a net cash flow of \$701 million over an 11 year mine life. Upside Case has a net cash flow of \$1,160 million over the same mine life.
- Milo has the potential to become a mid-tier producer of rare earth oxide products with key credits for copper, phosphate and uranium.
- Average annual production of key commodities is estimated to be: 3,500 t of TREEYO products, 5,300 t of copper, 173,000 t of phosphate P<sub>2</sub>O<sub>5</sub> (35%) and 927,000 lbs. of uranium U<sub>3</sub>O<sub>8</sub>.
- Significant exploration upside a major highlight with strong opportunity to improve on economics through ongoing exploration and mineral recoveries.
- Maiden Milo inferred resource of 88 Mt containing 97,000 tonnes of Copper and 14 million lbs of Uranium Oxide, adding significantly to Milo's value.
- Milo now one of the largest undeveloped Uranium deposits in Queensland.
- High value rare earth elements which have been identified as likely to be in critical undersupply, comprise 24% of the Total Rare Earth Elements and Yttrium Oxide (TREEYO's) identified to date.
- GBM to investigate and progress Milo development funding opportunities in 2013.

# Pan Pacific/Mitsui Farm-in Projects NW Queensland

Exploration work continues to show promise at Pan Pacific Copper/ Mitsui Farm-in Projects.

## Mount Margaret West Project:

- Drillhole within 4km of the Ernest Henry pit intersected a broad interval over 550 metres of 'halo' copper mineralisation adjacent to magnetic anomaly.

Geophysical survey ( MT) defines two large conductivity anomalies beneath a zone of gold mineralisation which was intersected in historic drilling within FC4 South. Historic drilling in this area has intersected high gold values of up to 10.3g/t gold.

## Bungalien Project:

- A 3 hole drill program at Bronzewing Bore IOCG Prospect was completed.

## Corporate

- During the quarter the Company completed the first tranche of a share placement to a Singapore Consortium by the issue of 20,000,000 ordinary fully paid shares at 5 cents, raising \$1,000,000 before costs of the issue.
- At the Company's AGM held on the 23<sup>rd</sup> November 2012 Shareholders approved the placement of the second tranche to place up to 19.9% of shares in the capital of the Company.

The second tranche provides the consortium with a 90 day option period to increase its holding to 19.9% of the company's ordinary shares - which will be approximately 41.4 million shares at 5 cents per share - raising \$2.1 million under the second tranche option. The second tranche option expires on 20<sup>th</sup> February 2013.

- The company successfully completed the 70% acquisition of the Bungalien Phosphate rights from Swift Venture Holdings Corporation on 20 December 2012.

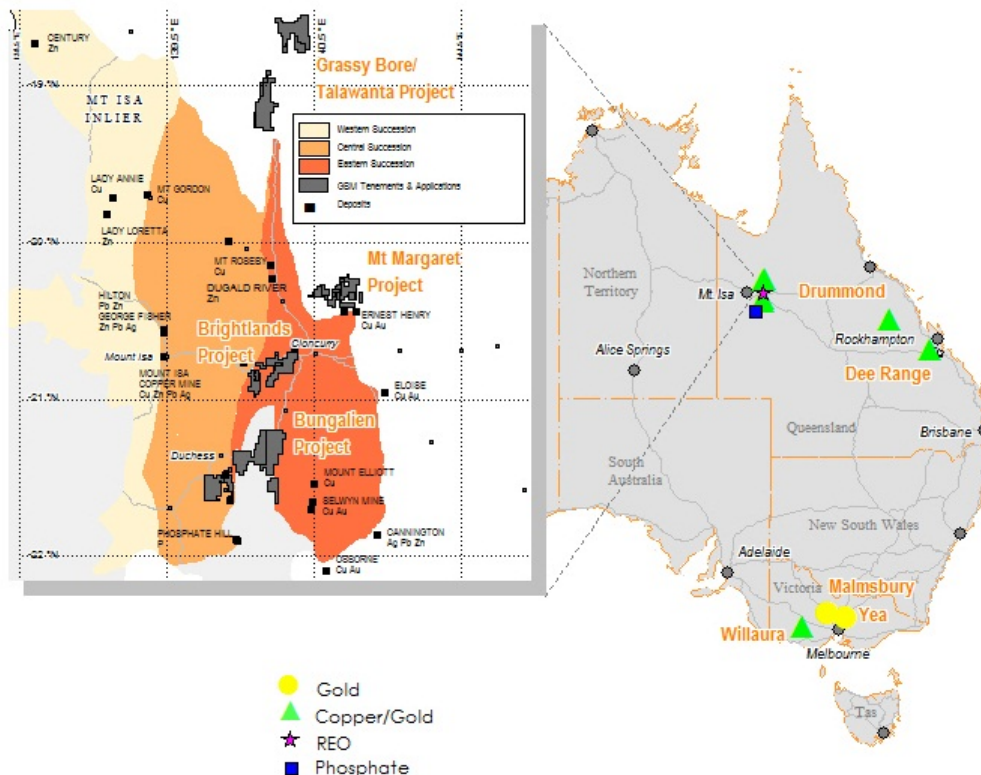


Figure: GBM Resources Project Location Plan.

## SAFETY AND ENVIRONMENT

No LTI, MTI or environmental incidents were reported during the quarter. The Company has now completed 18 consecutive months with no LTI's and 62 consecutive months with no significant environmental incidents.

GBM is committed to maintain an incident free record and 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.

In the Cloncurry area, GBM continues to maintain and enhance excellent relationships established over several years of activity with key landowners, while making significant progress with the remaining landholders. This progress has resulted in the signing of Conduct and Compensation agreements with most key landholders.

## QUEENSLAND EXPLORATION ACTIVITIES

### Mount Isa Region Copper Gold Projects

#### **Brightlands Project, 100% GBM.**

Completion of the Milo Scoping Study is a landmark achievement for GBM as this study clearly demonstrates the significant economic potential of the deposit. This study builds on the resource upgrade announced during the previous quarter. Significantly, there is potential to further increase resources via future testing of strong geochemical features, which were outlined in the September quarter.

#### **Milo IOCG and Rare Earth Project:**

The Milo Scoping Study (ASX release, 22<sup>nd</sup> November 2012) completed in 2012 demonstrates that the Milo IOCG REE deposit could support a viable mining operation based on the current resource, if developed. The scoping study is the initial stage of developing a complete economic and mining model for the deposit and was undertaken at a relatively early stage of exploration to confirm the economic potential of the poly-metallic Milo deposit.

***The in-depth study highlighted that Milo has the potential to become a mid-tier producer of rare earth oxide products with key credits for copper, phosphate and uranium.***

***Average annual production of key commodities is estimated to be: 3,500 t of TREEYO products, 5,300 t of copper, 173,000 t of phosphate P<sub>2</sub>O<sub>5</sub> (35%) and 927,000 lbs. of uranium U<sub>3</sub>O<sub>8</sub>.***

Uranium is a significant credit for the Milo Project, and the announcement on the 22<sup>nd</sup> of October 2012 by the Queensland State Government that it is moving to allow the recommencement of uranium mining is very significant for the project. The Milo inferred resource contains over 14 Mlbs of U<sub>3</sub>O<sub>8</sub> making it one of the largest undeveloped uranium deposits in Queensland.

The scoping study has demonstrated clearly that development of the Milo deposit has the potential to create significant returns for shareholders. However, this scoping study should be viewed as the "stage 1" scenario for Milo. There remains significant exploration upside at Milo as it is at an early point in its exploration cycle and the project has strong potential for further significant resource growth and the delineation of higher grade zones with infill drilling.

The Scoping Study was completed by independent consultant Mining One Pty Ltd, supported by Geomodelling Ltd, which completed the resource estimation and Core Resources Pty Ltd, which developed a potential processing flow sheet, along with costs and recoveries based on the metallurgical test work to date.

Based on the multi element resource the project will have a mine life in excess of ten years. The financial model key performance indicators (pre-tax) of the project are summarised in the table below.

<b>Project KPIs</b>	<b>Long Term</b>	<b>Upside Case*</b>
	<b>Base Case</b>	
Net Cash after capital undiscounted (\$M)	\$702	\$1,160
Payback ( undiscounted) in years	4.4	2.9
Operating Margin ( EBIT/ Revenue)	33%	38%
Operating Cost/ Revenue	67%	62%
<i>Model Differences:</i>		
<i>Improved TREEYO plant recoveries</i>	60%	70%
TREEYO Price	\$75/kg	\$75/kg
AUD:USD	.90	.90

*\* Upside Case – shows the financial affect improving recoveries of TREEYO from 60% to 70%. All other inputs remain unchanged.*

A mining schedule was developed based on a crushing rate of 10 Mtpa. This incorporates a Heavy Medium Plant resulting in 6 Mtpa passing through a treatment circuit producing rare earths, copper, phosphate rock and uranium. The concentrate products will be railed to Townsville where the Rare Earths concentrates will be further processed to produce Rare Earth Oxide products.

At this stage, social and economic studies have not been undertaken, however the Long Term Base Case could deliver over \$240M in company taxes and have an estimated site workforce of 400 with a further 110 people based in Townsville.

Capital is based on a 100% company owned and owner operator development. (No external outsourcing of capital). Start-up capital totals \$792 M covering: Concentrator and Rare Earth Oxide plant capital costs of \$656M; Mining fleet \$99M; and Infrastructure \$37M. Other capital spread over the Life of Mine, includes Tailings Dam \$60M; \$52M for sustaining capital; and \$41M for closure capital (rehabilitation).

<b>Key LOM Production Profile</b>	<b>Price Assumptions</b>	<b>Revenue</b>	<b>Metallurgical</b>
	<b>US Dollar</b>	<b>AUD M</b>	<b>Recoveries</b>
<b>38,000 tonnes of TREEYO</b>	\$75/kg	3,185	60%
<b>58,000 tonnes of Cu</b>	\$4/lb	825*	75%
<b>10.2 million lbs of U<sub>3</sub>O<sub>8</sub></b>	\$50/lb	395	90%
<b>1.9 million tonnes P<sub>2</sub>O<sub>5</sub></b>	\$200/t	399	75%

**Table: Long Term Base Case - Key Life of mine parameters. \*Includes other metal credits.**

Revenue Note:

- TREEYO product range set flat at US\$75/kg for the 11 year life of the mine. The 3 year rolling average for GBM's TREEYO is \$96/kg. Over the last two years the basket price range has recorded between \$65/kg and \$280/kg. Long term US dollar at 90 cents and conservative 60% recovery. 24% of the REE resource is deemed to be in critical undersupply by the US Dept. Energy (Dec 2011: Critical Materials Strategy, P4) and accounts for 70% of the TREEYO value in the resource. Hence this provides a robust outlook for medium to long term for a positive pricing impact.

- Copper, phosphate and uranium in the medium to long term have a positive price outlook. These commodities potentially provide a natural price hedge. For example a \$75 /lb U<sub>3</sub>O<sub>8</sub> adds approximately \$230M to the revenue line.

**The scoping study has confirmed MILO's economic and development potential and justifies further investment.**

### **Next Steps and Opportunity:**

- Commence Pre-Feasibility study (PFS) in 2013 and secure funding through a JV partner or alternative means.
- Key areas of development include;
  - Metallurgical test work covering TREEYO products, larger scale testing and piloting to validate flowsheet and process design.
  - Upgrade Inferred Resource to Indicated.
  - Complete geotechnical and infrastructure studies to support the operation.
  - Commence engagement with traditional landholders, pastoralists, community and other stakeholders including local and state government.
- Opportunities:
  - Mine Life:

Potential increase in resource base. The Milo deposit has significant potential to grow. The study is based on a 31 hole (11,000m) resource, which is very early in the exploration phase. Significant sections of the top 150m of the resource outline have not been included as ore within the open cut design due to limited drilling. These have the potential to materially increase the known resource.

The Milo Resource is over a kilometre long and remains open in all directions. There are now 3 additional separate mineralised zones to be drilled within the Milo area - which is part of an extensive mineralising system.
  - Test work designed to achieve:

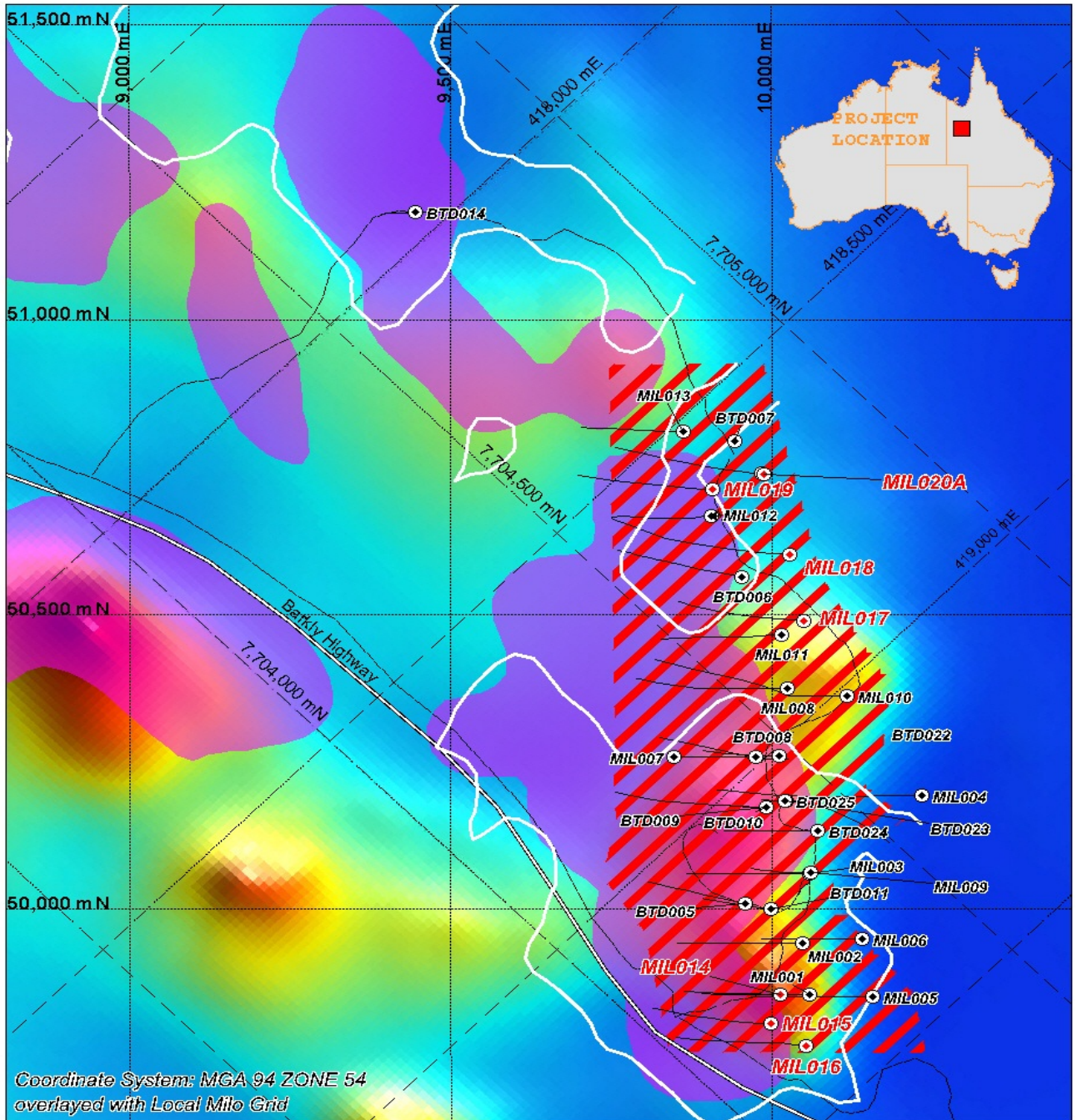
Reduced TREEYO operating costs.  
Reduced Plant capital through flow sheet improvements.  
Improved TREEYO recoveries >60%.
  - Capital:

Reduced start-up capital through outsourcing ie mining and infrastructure.

### **Forward Exploration Programme**

While sourcing funding for the development of the Milo Project remains a key priority for the board, there remain a number of high level exploration targets both adjacent to the Milo Project Area and elsewhere on the Brightlands tenement that demand further testing. Geological interpretation and assessment of these targets is ongoing.

Milo is an expanding IOCG-REE breccia style deposit. This is now validated by a positive scoping study supported by the inferred resource already announced. Strong 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.



← 1 km →

- Collar Legend**
- ⊙ Previous GBM Drilling
  - ⊙ Current GBM Drilling
- Soil Geochemistry >150ppm Cu
- Soil Geochemistry >50ppm La
- 2012 August Approximate Resource Outline

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



Figure: Current drilling completed to date with geochemistry and resource outline.

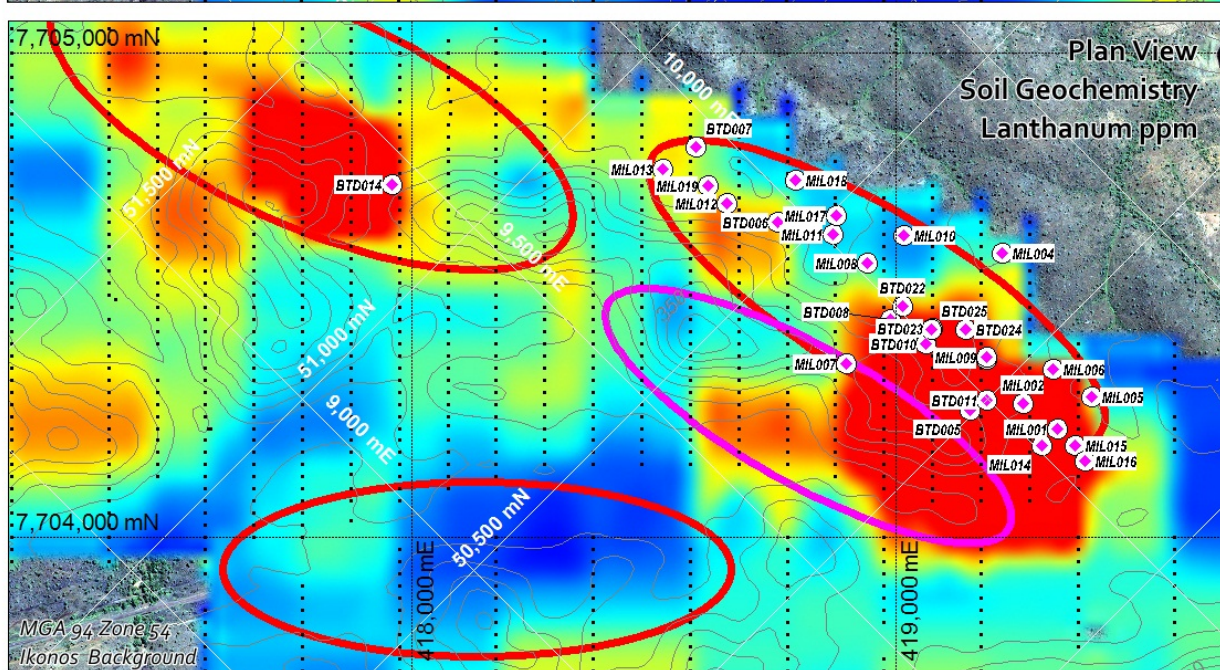
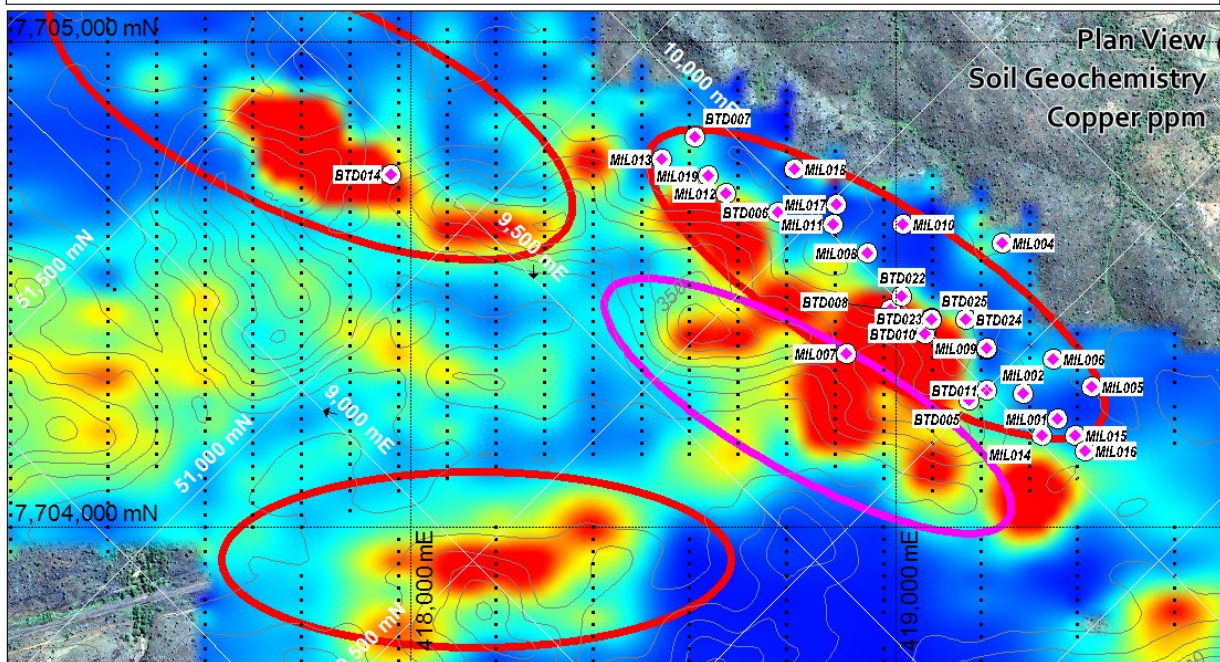
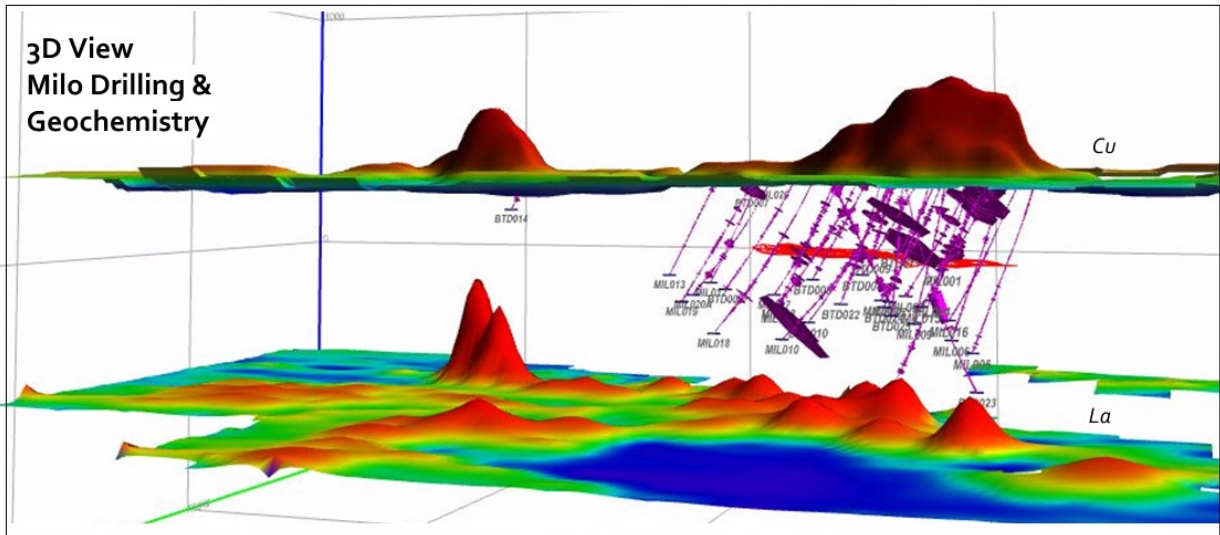


Figure: Milo project showing geochemistry as thematic over relief (top) and in plans (below).

## Pan Pacific Copper/ Mitsui Farm in Projects

This Farm In Agreement is now in its third year of an initial six year farm-in period. The current year budget has been revised upwards to an approved figure of \$4.6M for this year ending 31 March 2013. Under the Farm-in Agreement, Pan Pacific / Mitsui, through their co-established Australian subsidiary Cloncurry Exploration and Development Pty Ltd ("CED"), can spend up to A\$55 million on the development of new copper-gold exploration and mining projects in northwest Queensland.

### Activity Overview:

During the December Quarter exploration continued at a high level before winding down for the wet season in mid-December. This activity included completion of drilling programs for the year, additional geophysical surveys, and the collection of MMI soil samples over three prospects and is summarized below:

- A ground gravity survey was completed over the FC12 prospect in the Mount Margaret area. MT surveys were completed over the Bronzewing Bore prospect (Bungalien tenement area) and over part of the FC4-South prospect within the Mount Margaret tenements.
- A three-hole drill program was completed at the Bronzewing Bore prospect (Bungalien tenement) and a two-hole drill program was completed at the FC4\_South prospect (Mount Margaret tenements). IOCG-style Cu-Au mineralisation was intersected in both these drill programs.
- Mobile Metal Ion (MMI) soil survey grids were completed over the FC12 and FC15 prospects, and infill grids collected within the FC2\_West prospect (all within the Mount Margaret Group of tenements).

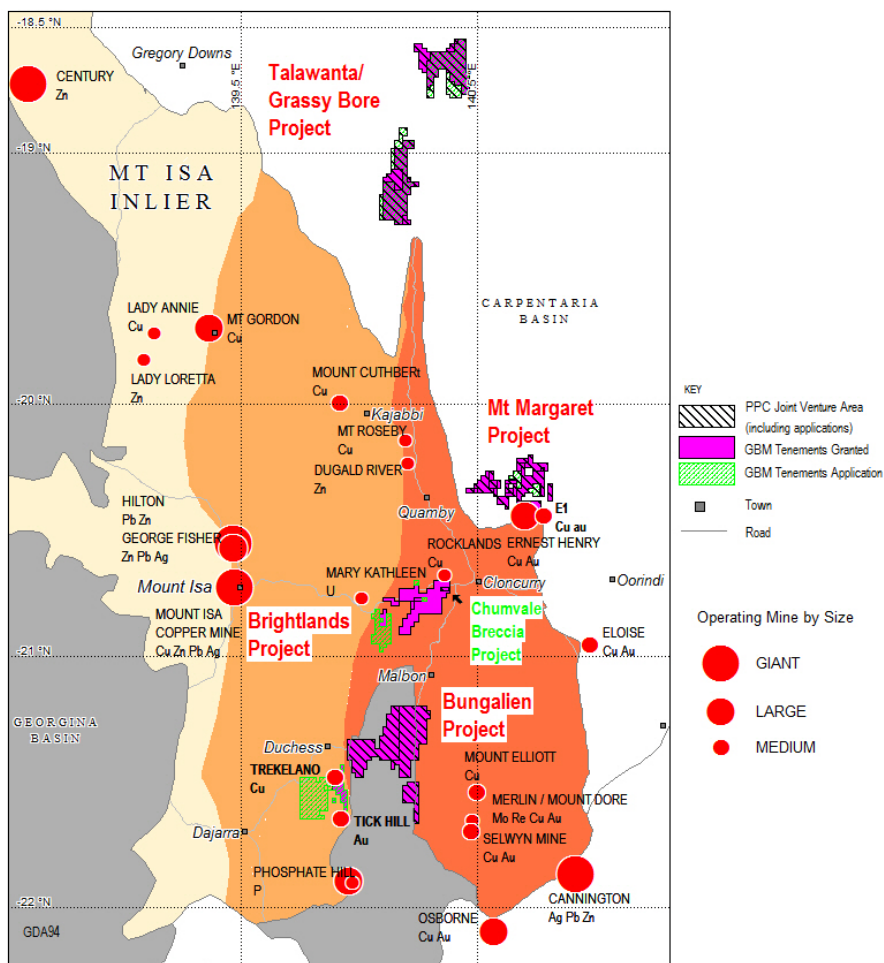


Figure: Location map showing Farm in Areas.



## **Chumvale Breccia Project**

The 8km<sup>2</sup> Chumvale Breccia project (EPM 14416, Brightlands) includes an extensive outcropping breccia ridge that is highly anomalous for Zn (and locally Cu) in rock chip samples. This breccia zone contains several targets considered prospective for IOCG style mineralisation. To date only one of these targets has been drill tested as part of the farm in agreement. At this target strong surface Zn anomalism was confirmed in 2011 via two scout drill-holes targeting a steeply-dipping conductive body defined by NSAMT survey lines over the outcropping breccia. The apparent conductive body beneath the outcropping breccia was confirmed by a line of IP and a further two drill-holes were completed in the September quarter 2012 to determine if copper mineralisation developed at depth associated with these conductivity anomalies.

### **2.2.2 Work Completed**

Logging and sampling of the two diamond drill-holes BTD045 and BTD046 was completed in the December quarter and the geochemical assay results were received from the ALS laboratory<sup>\*3</sup>. The assays for both holes returned highly anomalous Zn in the upper parts of the holes (from surface), whereas minor Cu occurred locally. In the vertical hole BTD045, Zn values are up to 5.5 wt. % in the upper 50m, while the average from 6-70m down-hole is 1.1 wt. % Zn. The 43m interval from 6 to 49m down-hole averages 1.6 Wt. % Zn and includes 15m between 10 and 25m down-hole that averages 3.5 wt. % Zn. Minor Cu (typically <100ppm occurs with the Zn in BTD045 although it is more abundant in the last 200m of the hole (below the breccia in mafic rocks) with a peak value of 713 ppm.

### **Forward Programme**

In addition to the work outlined below, other targets within the Chumvale Breccia area will be reviewed in light of additional information.

- A Petrological study of Zn-bearing drill-core through XRD analysis of selected Zn-rich samples and thin section analysis. Analyses will be undertaken at the James Cook University in Townsville and likely to be completed in January.
- Re-logging of the four completed drill-holes taking account the distribution of the Zn and Cu in the assay data, and distribution within the breccia body. Update cross-sections.
- Review potential models for Zn deposition and possibility of Cu ± Au mineralisation within the Chumvale breccia system.

## **Bungalien Project**

### **Bronzewing Bore prospect**

A three-hole drill program at the Bronzewing Bore prospect was completed in the December Quarter. The diamond tails for holes BNG005 and BNG006 were completed at depths of 851m and 590m respectively. Both drill-holes were testing an apparent chargeable anomaly in the basement indicated by a 3D IP survey. This drill program followed the successful 2011, 3-hole program at the prospect, all of which intersected anomalous Cu mineralisation.

Drill-hole BNG005 intersected widespread, low-grade chalcopyrite mineralisation<sup>\*3</sup>. Chalcopyrite is observed in the core soon after passing through the unconformity at 326m down-hole until near the E.O.H at 851m. This represents a >500m intersection of anomalous Cu associated with IOCG-style alteration. Results for this hole remain outstanding.

Significant local occurrences of chalcopyrite were also observed beneath the unconformity (344.8m down-hole) in drill-hole BNG006, although the occurrences are of lesser extent and grade than those intersected in hole BNG005. The chalcopyrite is associated with carbonate and chlorite veins ± magnetite and feldspar, and locally with quartz veins. The mineralisation is typically hosted by fine-grained mafic rocks, and locally adjacent to minor granite veins.

A total of 70 drill-core samples from drill-hole BNG006 were dispatched to ALS for geochemical analysis and the results received in late November. The assay results confirmed the logged Cu occurrences with a peak value of 0.24 wt. % Cu over the metre between 387-388m down-hole within a 3 metre interval that averaged 0.13 wt. % Cu. Minor Au occurred locally with a peak value of 0.03ppm.

All five holes drilled into the basement at Bronzewing Bore (including the 2011 drill-holes BNG001, 2, 3) have intersected anomalous Cu mineralisation associated with IOCG-style mineralisation, with the best visible intersections to date coming from holes BNG001 and BNG005.

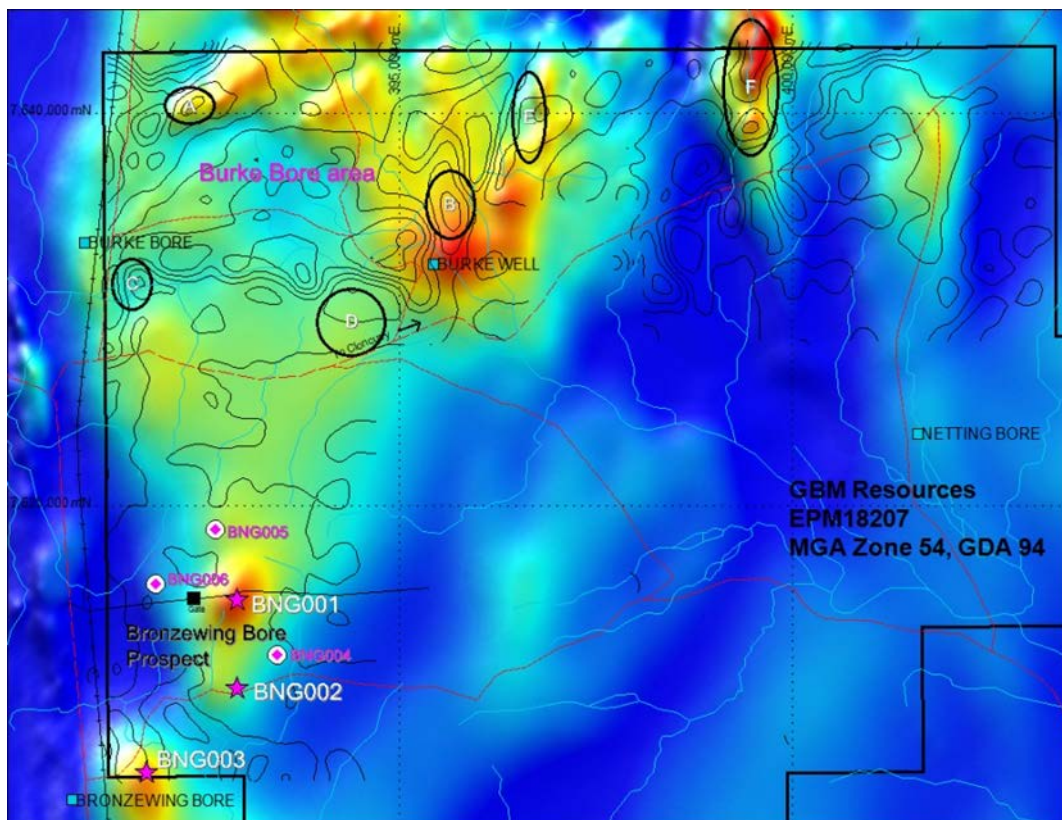
An MT survey consisting of 48 stations was carried out over the Bronzewing Bore prospect. Preliminary results have been received in the form of pseudo-sections and stitched 1D sections along E-W lines through the survey points. A 3D model will be completed in 2013.

## Malbon2

The results of a Mobile Metal Ion (MMI) soil survey over the Malbon 2 area were received from the SGS laboratory in the December Quarter. The Cambrian cover is 120m thick in this area and a previous explorer had defined a Cu-in-soil anomaly at this location. MMI analysis is designed to see through overlying cover and detect possible sulphide-bearing bodies in the basement. Preliminary interpretation of the results of the MMI survey appears to support a Cu anomaly in the basement.

## Forward programme

Exploration activity in the March Quarter will include interpretation of outstanding geochemical assay results for drill-hole BNG005 at Bronzewing Bore. These results have been delayed due to a backlog of samples at the Amdel laboratory in Adelaide. Other work will include a request to Quantec Geoscience for the completion of a 3D model of the MT survey results from Bronzewing Bore, development of a preliminary 2013 drilling proposal for the Bronzewing Bore Prospect, Down-hole IP surveys in drill-holes BNG004, BNG005 and BNG006 at Bronzewing Bore, continuing interpretation and analysis of Malbon 2 MMI soil survey results and evaluation and ranking of target areas in the Burke Bore area to the north of Bronzewing Bore.



*Residual gravity contours (0.2Mgal) over background image of TMI\_RTP for the Burke Bore area (and showing the Bronzewing Bore prospect to the south). Six target areas in the Burke Bore area for follow-up exploration are enclosed in black and labelled A to F. 2011 drill collars (BNG001, 2, 3) and 2012 drill collars (BNG004, 5, 6) at Bronzewing Bore shown.*

## Mount Margaret West Project

The first hole (MMA001) into the initial magnetic-gravity target at the FC4-South prospect intersected a broad interval of low-grade copper mineralisation\*<sup>2</sup> averaging 302 ppm from near the top of basement (the relatively shallow cover rock sequence extends to 62m) to 615m. Within this zone numerous higher grade intervals were intersected including 12m @ 0.26 wt% Cu. Intense shearing and patchy red rock alteration observed throughout the hole shows strong affinities with the Ernest Henry deposit, located less than 4 km to the south-west of MMA001. Ernest Henry is a large IOCG deposit containing a mineral endowment estimated as 300Mt @ 1.1% Cu and 0.5 g/t Au. Also nearby are the E1 and Monakoff deposits recently purchased by Xstrata which have a published resource of 52Mt averaging 0.77% Cu and 0.23g/t Au.

Copper mineralisation as chalcopyrite and bornite is widespread throughout MMA001, typically in sheared mafic rocks, although it has also been observed in veins, including Quartz +/- Carbonate veins. Strong correlation between Cu-Au-Mo-Ag is noted. Peak assays from 1m intervals are 1.74 wt% Cu, 0.56 ppm Au, 274 ppm Mo and 6.5 ppm Ag. Results of Hole MMA001 are summarised below:

Hole ID	From m	To m	Interval m	Cu %	Au ppm
MMA001	63.4	615	551.6	0.03	0.01
MMA001	95	98	3	0.33	0.03
MMA001	275	280	5	0.18	0.04
MMA001	497	502	5	0.14	0.09
MMA001	575	580	5	0.11	0.05
MMA001	598	610	12	0.26	0.09

*Table: Significant copper intersections from MMA001*

Hole MMA002 intersected magnetite and pyrite bearing mafic rocks coincident with a strong IP chargeability anomaly. Small patchy zones of chalcopyrite were observed throughout the hole with stronger intercepts between 251-270m within siliceous shale and 371-390m and 423-430m in meta-mafic volcanic. Molybdenite was noted locally. Results for this hole remain outstanding.

A Magnetotelluric (MT) geophysical survey undertaken concurrently with drilling at FC4-South has defined two large and discrete conductivity anomalies beneath an area of strongly anomalous gold mineralisation defined by historic drilling. Neither target has been drill tested but both show a spatial relationship with the distribution of gold mineralisation. These features, along with a series of historic, poorly tested Induced Polarity (IP) chargeability anomalies within FC4S, will be ranked and drill tested in order of priority during the 2013 field season. Drilling by previous explorers in this area intersected anomalously high gold values for the region, up to 10.3 g/t Au.

The Mount Margaret Project area includes three granted exploration permits – Mt Malakoff Ext EPM16398, Dry Creek EPM18172, and Dry Creek Ext EPM 18174 - which together cover an area of 350 square kilometres. Two applications are in process: Cotswold EPMA16622 and Mt Marge EPMA19834 (for a total 48.2 square kilometres).

The Mount Margaret region received considerable attention from a number of explorers following the discovery of the Ernest Henry deposit in 1991. As a result, much open-file data exists for the project and a review of the data has produced a series of targets within established prospects and 'greenfield' areas. Field work commenced in the second half of 2012 focusing on FC4S, while work in other target areas is ongoing. Recent results from surface and drilling work indicate the Mount Margaret project possesses exciting potential for an IOCG discovery beneath the Carpentaria Basin cover rocks.



Photographs: Top, chalcopyrite-pyrite mineralisation in quartz-carbonate-feldspar vein. From MMA001 (NQ diamond drill core). Bottom, Ernest Henry style 'Red Rock' alteration with magnetite-pyrite-chalcopyrite-molybdenite. From MMA002 (NQ diamond drill core).

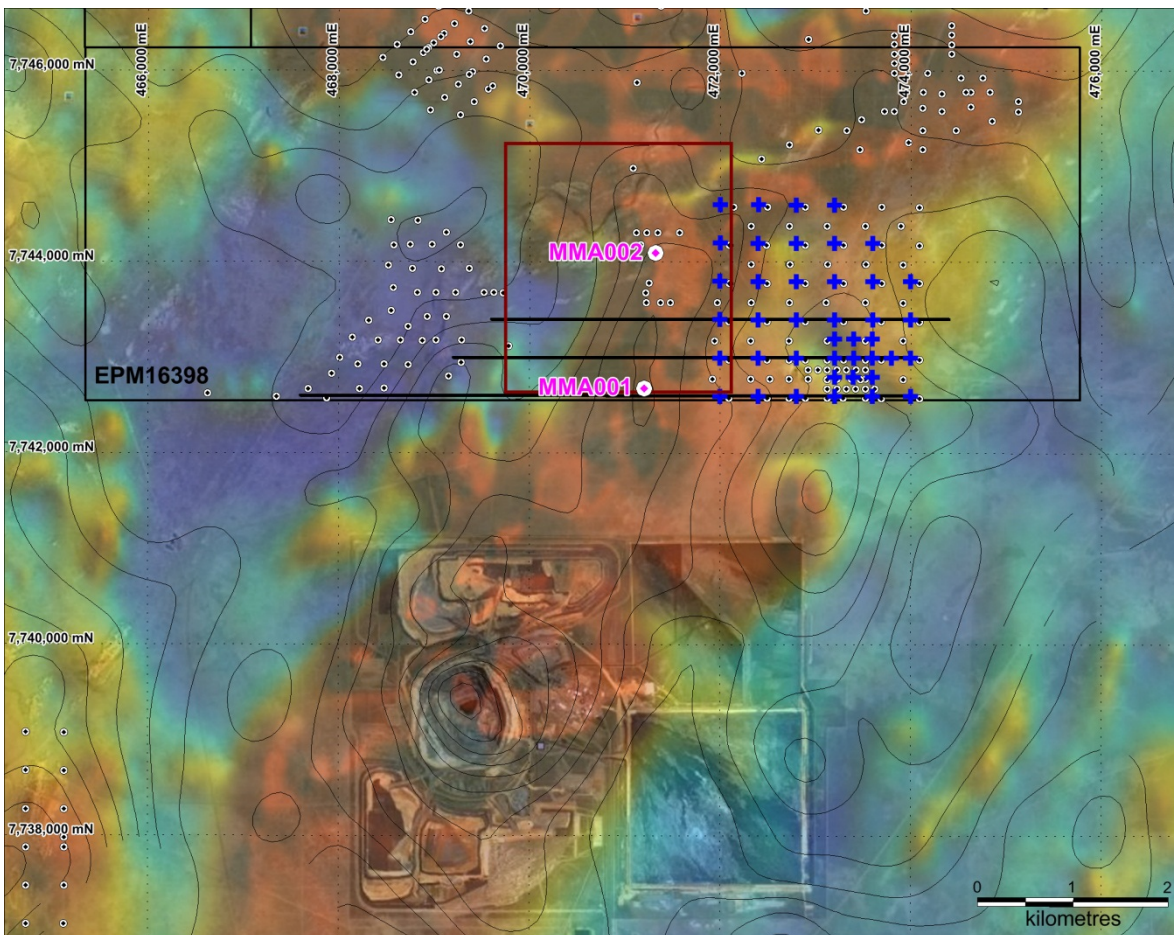
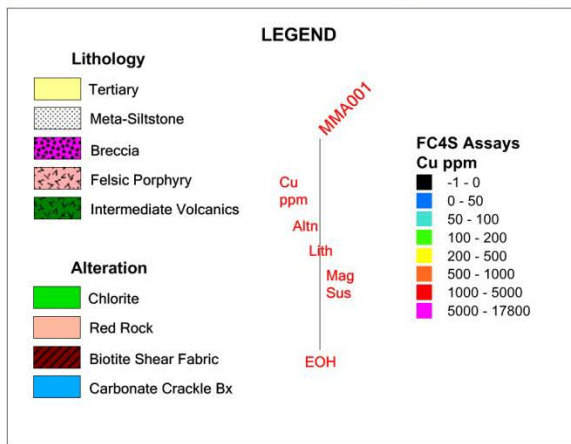
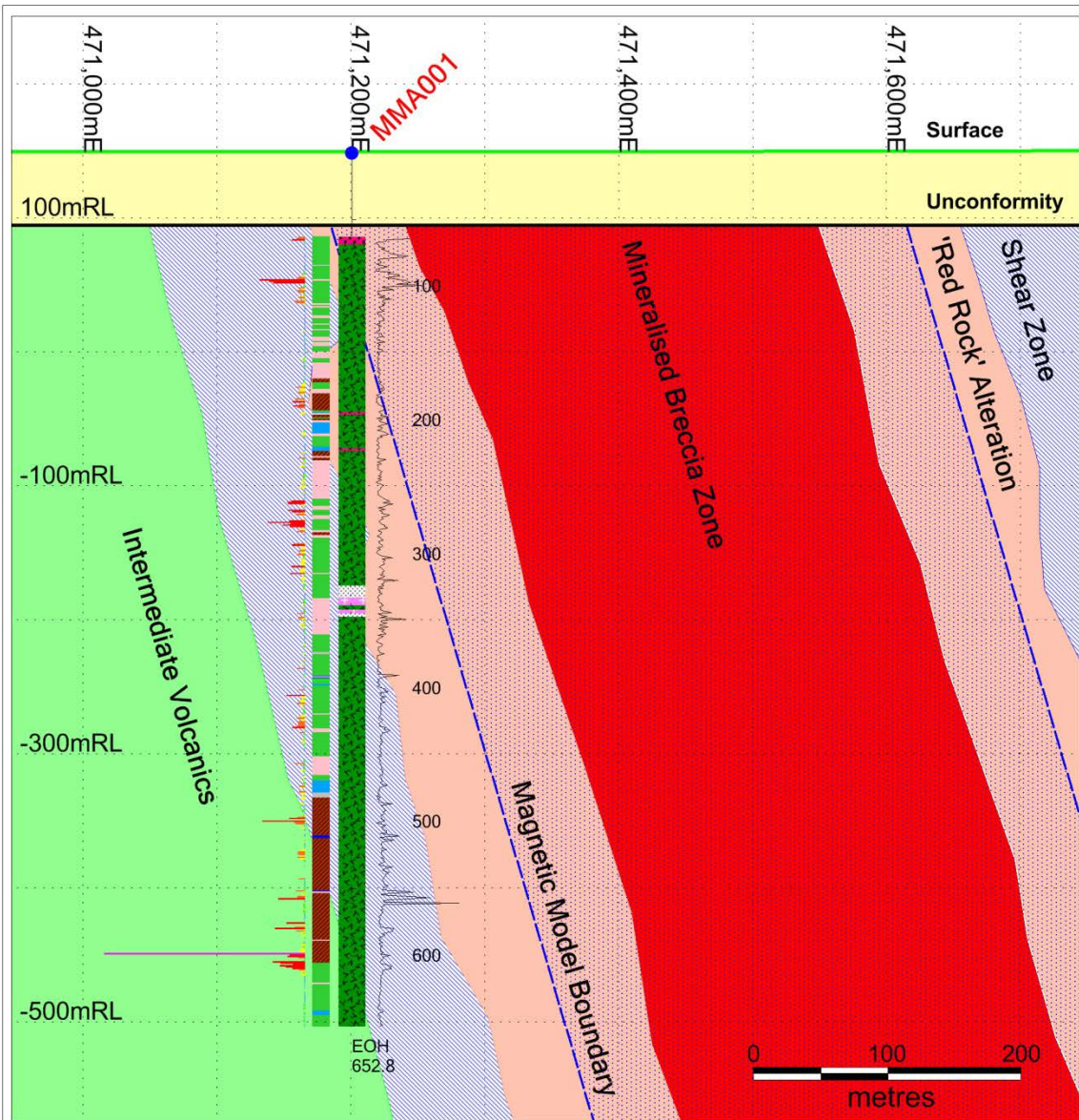


Figure: Plan view of FC4S- Ernest Henry area showing drillhole locations. GBM MT survey stations (blue crosses), gravity survey area (brown box) and IP lines (black) also shown. Backdrop transparent RTP magnetic image over satellite image.



<b>gbm</b> RESOURCES LTD	
Date: 2-12-12	<b>Mt Margaret Project FC4S Prospect 2012 Drilling Program Schematic Section 7742650N</b>
Author: G Dean	
Revision:	
Scale: 1:35,000	Projection: GDA94 (MGA54)

Figure: East-west cross-section through MMA001 showing logged downhole data and Copper assays. A schematic geological interpretation is shown, based on drill core observations, subsequent magnetic modeling, and characteristics of the nearby Ernest Henry IOCG deposit.

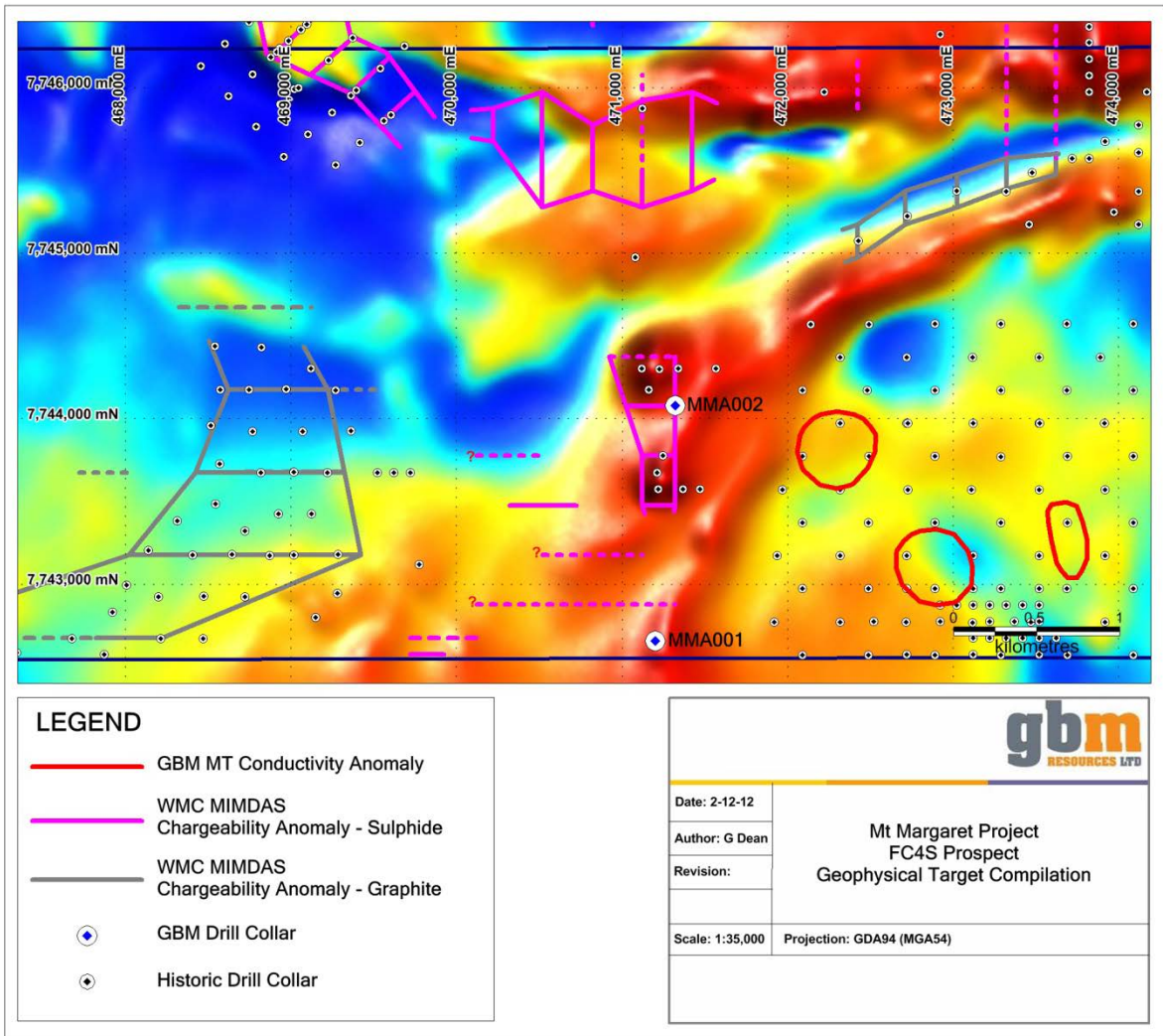


Figure: Plan of FC4S showing a compilation geophysical anomalies and open-file drilling.

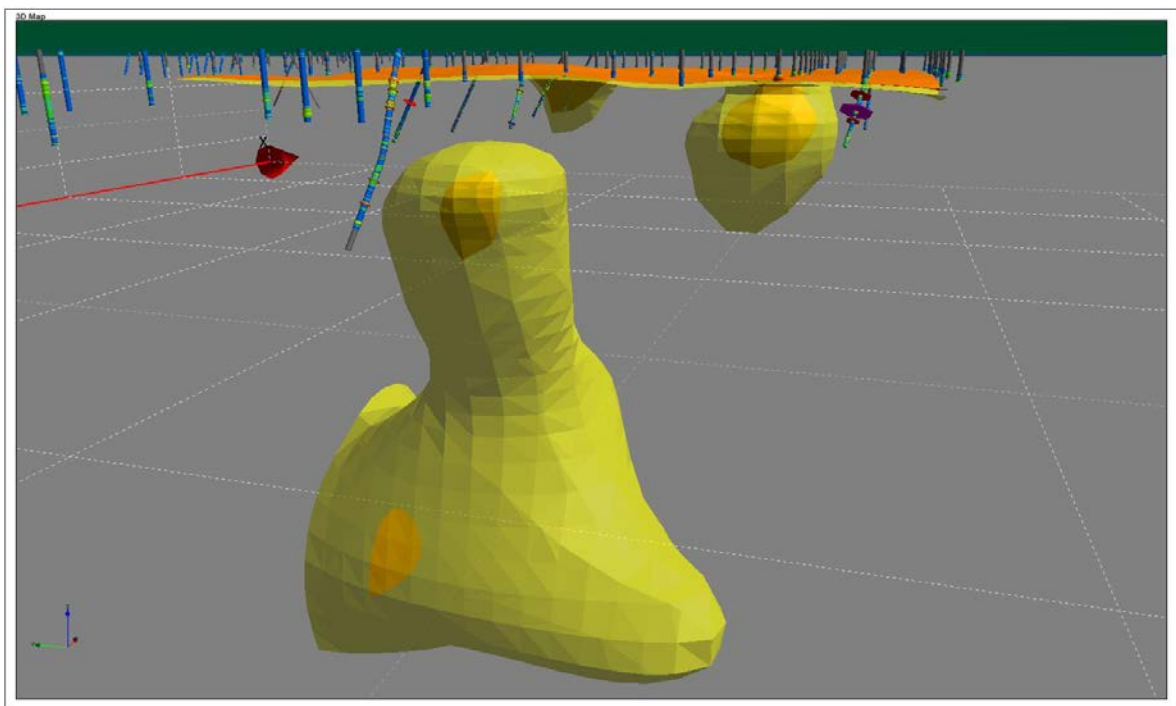


Figure: 3D view of MT 3D Inversion looking to north-east of 50 and 100 ohm/m MT conductivity shells with historic drilling.

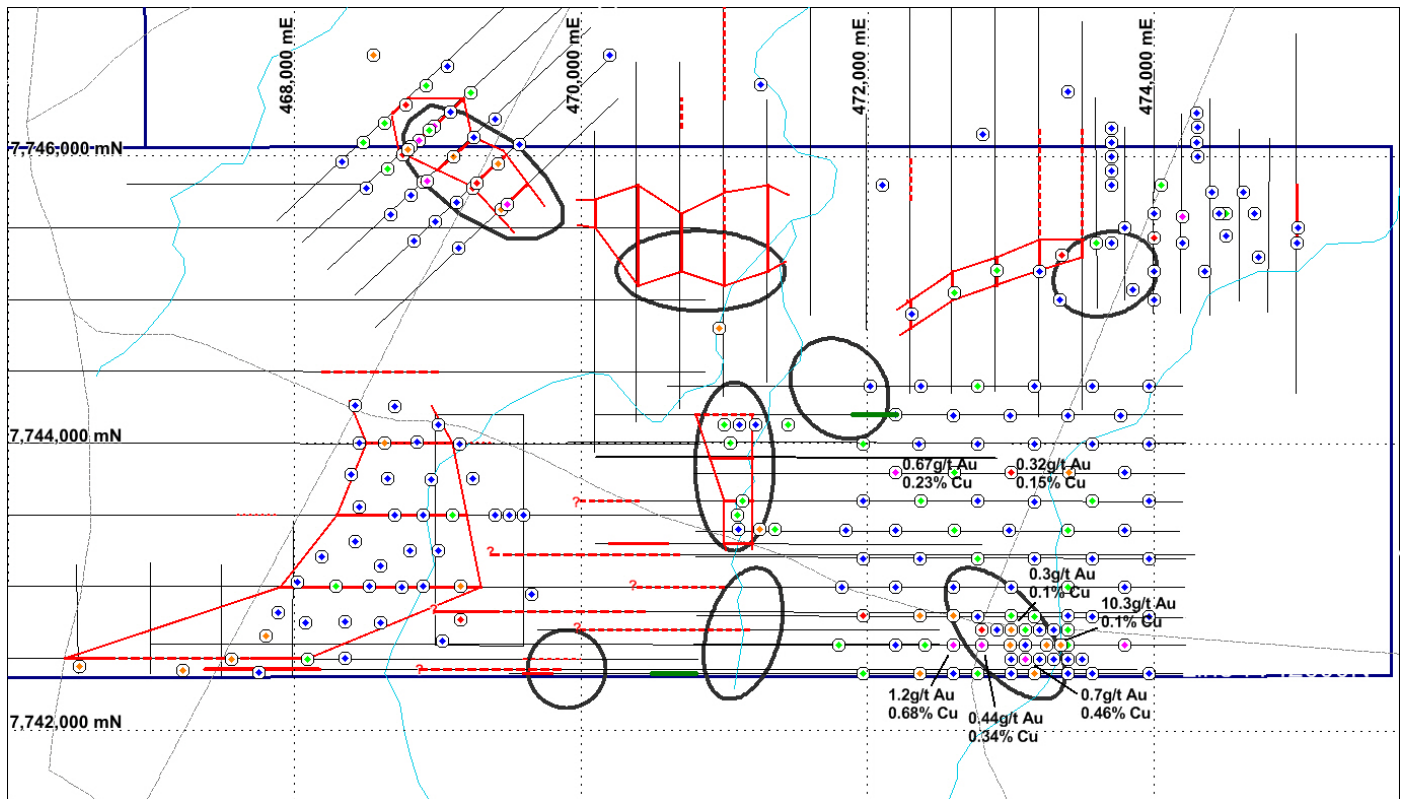


Figure: Data compilation for FC4S prospect showing all IP and MIMDAS/MT lines, historic drilling (coded by max Cu), and GBM-picked chargeability anomalies. MT anomalies are shown in green. Target areas of interest circled.

### Forward Programme

The forward program for the Mount Margaret group of tenements will include additional geophysics (gravity and IP and/or MT), submission and analysis of MMI soil samples collected late in 2012, scout drill-testing of targets chosen from a number of prospects via combined geophysics, soil and historic drilling results. Drill testing of the inferred magnetic body adjacent to MMA001 and the conductivity anomalies defined by the MT survey at FC4\_South (A) is also planned.

## **QUEENSLAND EXPLORATION ACTIVITIES**

### **Mount Morgan Copper Gold Project**

This strategic group of exploration leases is considered by GBM to be highly prospective for the discovery of large Gold Copper systems and will form a key focus for GBM during 2013. Planning of sampling, mapping and drill programs is now underway with the objective of commencing as soon as possible after the Queensland wet season.

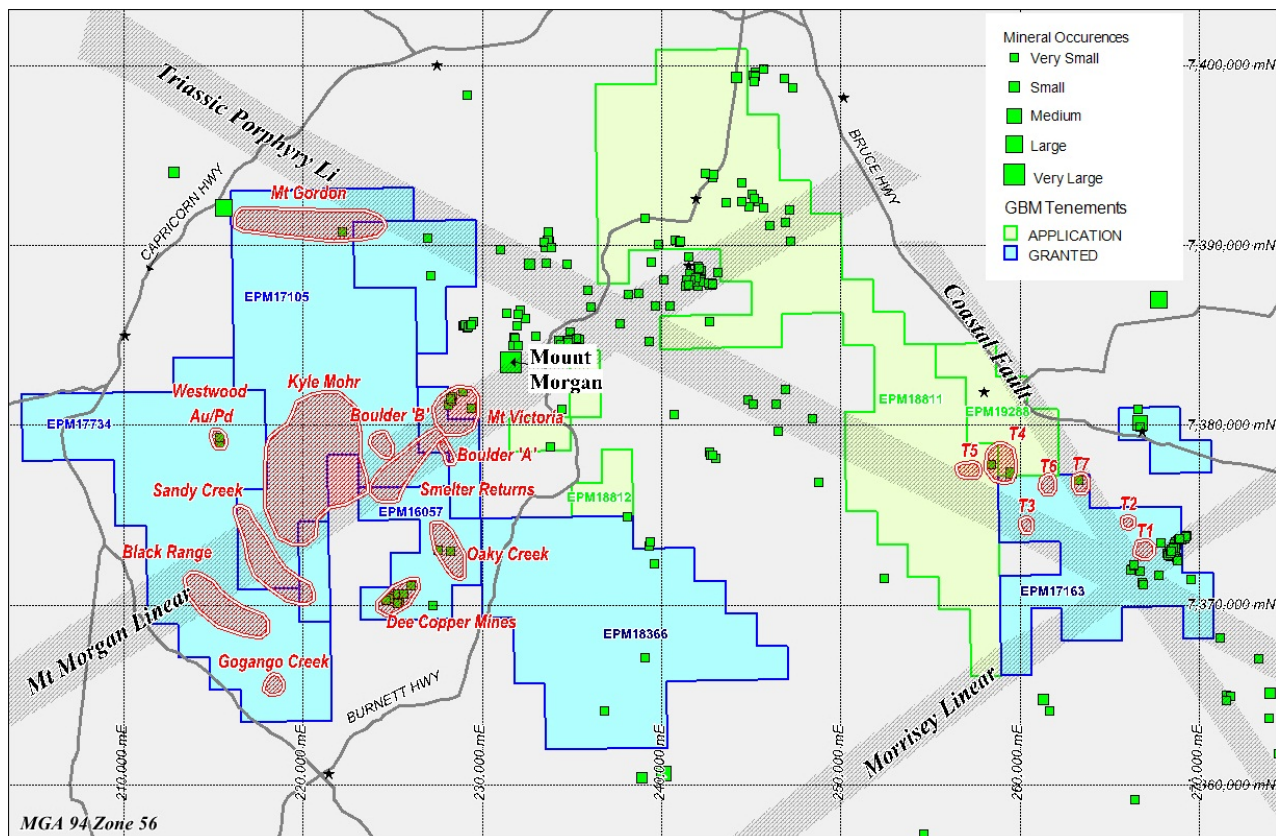
The Mount Morgan Project is located 40km south west of Rockhampton in Queensland in close proximity to the world class Mt Morgan Copper-Gold mine which produced in excess of 8.0M ounces of gold (Au) and 400,000 tonnes of copper (Cu) metal. Recent work by GBM has been successful in the definition of large zones of anomalous gold and copper in soil in the Mount Morgan project area along the Mount Battery/Iron Bark Fault corridor, a structural trend extending through the Sandy Creek, Kyle Mohr and Smelter Return Prospects to Mount Morgan. Results from extensive soil and rock sampling programs completed during 2012 are summarised below.

- Intrusive Related gold and copper mineralisation (IRGS) at Smelter Return and Sandy Creek Prospects, near Mt Morgan.
- Large high-tenor Au (+Cu) soil anomalies associated with major structures.
- Rock-chip assays to 39% Cu, 8.5g/t Au and 44ppm Ag at Sandy Creek.
- Within structural corridor hosting Mt Morgan mine.
- Anomaly is open along fault strike into GBM ground towards Mt Morgan.

The project area includes eight licenses (seven granted) covering over 1,000 km<sup>2</sup>. Within these existing titles, numerous targets are defined ranging from early stage stream sediment anomalies to drill ready geophysical / geochemical targets.

Historic exploration in the Mount Morgan area has primarily focused on the discovery of a Mount Morgan analogue which has, up until recently, been interpreted by many as a VHMS (massive sulphide) type. Until the recent GBM work, no activity targeting intrusion related systems had been completed, nor had there been a thorough examination and interpretation of geophysical datasets or detailed compilation of existing exploration data.





Figure; Mount Morgan Project area plan showing key targets and Tenement status.

## VICTORIAN EXPLORATION ACTIVITIES

### Malmsbury Project (includes EL5415 Malmsbury & EL5120 Lauriston)

No field work was completed this quarter. Planning is underway to extend the soil grid completed during the previous quarter to the east. Existing sampling shows strong gold anomalism at the east end of a number of grid lines. A short program of core logging of previously unlogged GBM diamond core was completed.

### Willaura Project (includes EL4631 Lake Bolac, ELA 5423 Lake Bolac 2 & EL5346 Willaura)

No field work was completed during the September Quarter. Planning is underway for partial leach (MMI) / pH soil and ground magnetic surveys to be completed in the March Quarter 2013. A selection of previously defined buried targets along the Moysten Fault will be assessed and then ranked for drill testing in the next field season.

### Yea Project (includes Tin Creek EL5292 & Monkey Gully EL5293)

No field work was completed this quarter. Interpretation of prospect-scale (1:4,000) mapping of Monkey Gully prospect completed during 2012 indicates that the Monkey Gully mineralisation is associated with a multi-phase intrusive complex, and in particular with a series of north-west trending tonalite dykes. Drill hole MGDD08 was collared in between two of the tonalite dykes and likely intersected one at around 110m downhole, suggesting a steep northerly dip to the dykes. The best tungsten intersection from MGDD08 was located at the contact of tonalite-granodiorite. Given the number of dykes present, a significant volume of potentially mineralised and largely untested 'dyke contact' exists at Monkey Gully. The presence of these dykes supports the existence of a hidden, and also potentially margin-mineralised, tonalite intrusion within the granodiorite.

Planning of a detailed ground magnetic survey to assist in delineating the potential host tonalite dykes is underway. The program is scheduled to be conducted during the next quarter. Petrography and additional rock sampling are also required. Detailed analysis of the State airborne magnetic data may reveal similar Monkey Gully style features beneath the Black Range hornfels unit.

## TENEMENT SUMMARY

Ongoing tenement maintenance, including reporting and renewals has continued throughout the quarter. The current status of GBM tenements is summarised below. During the Quarter two Exploration Permits for Minerals (EPM's) applications in Queensland were granted, namely Cotswold EPM16622 (granted on 30/11/2012 for five years) and Limonite Hill Granted on 21/11/2012 for five years. In Victoria a statutory reduction was completed for the Lauriston EL5120.

Project / Name	Tenement No.	Owner	GBMR Equity	Manager	Granted	Expiry	Approx Area (km <sup>2</sup> )	sub-blocks/grats	Status
<b>Victoria</b>									
<b>Malmsbury</b>									
Belltopper	EL4515* <sup>1</sup>	GBMR/Belltopper Hill	100%	GBMR	06-Oct-05	05-Oct-13	25	25	Granted
Lauriston	EL5120	GBMR	100%	GBMR	17-Dec-08	16-Dec-13	31	31	Granted
<b>Willaura</b>									
Lake Bolac	EL4631	GBMR	100%	GBMR	21-Mar-02	20-Mar-14	20	20	Granted
Willaura	EL5346	GBMR	100%	GBMR	02-Jun-11	01-Jun-14	11	11	Granted
Lake Bolac2	EL5423	GBMR	100%	GBMR	03-Dec-12	02-Dec-17	218	218	Granted
<b>Yea</b>									
Monkey Gully	EL5293	GBMR	100%	GBMR	23-Mar-11	22-Mar-16	442	442	Granted
Tin Creek	EL5292	GBMR	100%	GBMR	23-Mar-11	22-Mar-16	442	442	Granted
Rubicon	EL5347	GBMR	100%	GBMR	27-Feb-12	26-Feb-17	155	155	Granted
<b>Queensland</b>									
<b>Drummond Basin</b>									
Diamond Creek	EPM 19193	GBMR	100%	GBMR	27-Jun-11	26-Jun-14	247	76	Granted
<b>Dee Range</b>									
Dee Range	EPM16057	GBMR	100%	GBMR	27-Sep-07	26-Sep-14	88	14	Granted
Boulder Creek	EPM17105	GBMR	100%	GBMR	26-Mar-08	25-Mar-13	178	54	Granted
Mt Morrisey	EPM17163	GBMR	100%	GBMR	22-May-08	21-May-13	94	29	Granted
Black Range	EPM17734	GBMR	100%	GBMR	20-May-09	19-May-14	150	50	Granted
Smelter Return	EPM18366	GBMR	100%	GBMR	21-Jun-12	20-Jun-17	195	60	Granted
Limonite Hill	EPM18811	GBMR	100%	GBMR	21-Nov-12	20-Nov-17	260	80	Granted
Limonite Hill East	EPMA19288	GBMR	100%	GBMR			29	9	Appl'n
Mt Hoopbound	EPM18812	GBMR	100%	GBMR	26-Jul-12	25-Jul-17	23	7	Granted
<b>Mount Isa Region</b>									
<b>Talawanta - Grassy Bore</b>									
Talawanta	EPM15406	GBMR* <sup>2</sup> /Isa Tenements	100%	GBMR	15-Jan-08	14-Jan-13	<u>325</u>	<u>100</u>	Granted
Grassy Bore	EPM15681	GBMR* <sup>2</sup> /Isa Tenements	100%	GBMR	28-Sep-07	27-Sep-15	<u>325</u>	<u>100</u>	Granted
Talawanta2	EPMA19255	GBMR/Isa Tenements	100%	GBMR			325	100	Appl'n
Grassy Bore2	EPMA19256	GBMR/Isa Tenements	100%	GBMR			322	99	Appl'n
<b>Mount Margaret</b>									
Mt Malakoff Ext	EPM16398* <sup>4</sup>	GBMR* <sup>2</sup> /Isa Tenements	100%	GBMR	19-Oct-10	18-Oct-15	84	26	Granted
Cotswold	EPM16622* <sup>4</sup>	GBMR* <sup>2,4</sup> /Isa Tenements	100%	GBMR	30-Nov-12	29-Nov-17	45	14	Granted
Mt Marge	EPMA19834	GBMR/Isa Tenements	100%	GBMR			3.2	1	Appl'n
Dry Creek	EPM18172	GBMR/Isa Tenements	100%	GBMR	13-Jul-12	12-Jul-17	227	70	Granted
Dry Creek Ext	EPM18174	GBMR/Isa Tenements	100%	GBMR	25-Oct-11	24-Oct-14	39	12	Granted
<b>Brightlands</b>									
Brightlands	EPM14416	GBMR* <sup>2</sup> /Isa Brightlands	100%	GBMR	5-Aug-05	4-Aug-14	253	78	Granted
Brightlands West	EPMA18051	GBMR/Isa Brightlands	100%	GBMR			6.5	2	Appl'n
Brightlands West Ext.	EPMA18672	GBMR/Isa Brightlands	100%	GBMR			97	30	Appl'n
Wakeful	EPM18454	GBMR/Isa Brightlands	100%	GBMR	23-Jan-12	22-Jan-17	13	4	Granted
Highway	EPM18453	GBMR/Isa Brightlands	100%	GBMR	23-Jan-12	22-Jan-17	36	11	Granted
<b>Bungalien</b>									
Limestone Creek	EPM17849	GBMR/Isa Tenements	100%	GBMR	20-Oct-10	19-Oct-15	78	24	Granted
Bungalien 2	EPM18207	GBMR/Isa Tenements	100%	GBMR	24-May-12	23-May-17	325	100	Granted
Horse Creek 2	EPM18208	GBMR/Isa Tenements	100%	GBMR	2-Aug-12	1-Aug-17	325	100	Granted
<b>Mayfield</b>									
Mayfield	EPMA19483	GBMR* <sup>2,4</sup> /Isa Tenements	100%	GBMR			302	93	Proposal
Mayfield2	EPM14111* <sup>4</sup>	GBMR* <sup>2,4</sup> /Isa Tenements	100%	GBMR	9-Aug-05	8-Aug-11	<u>84</u>	<u>26</u>	Renewal
<p>Note *<sup>1</sup> subject to a 2.5% net smelter royalty to vendors.  *<sup>2</sup> subject to a 2% net smelter royalty is payable to Newcrest Mining Ltd.  *<sup>3</sup> For Q'ld tenements, 1 sublock ~3.2km<sup>2</sup>. Underlined areas indicate the tenement is contained in new application area.  *<sup>4</sup> subject to approval by DME</p>									

Project	Hole_ID	mFrom	mTo	Hole_Type	Hole_diameter	Date_Started	Date_Completed	Grid_ID	Easting	Northing	RL	Lease_ID	Prospect
Bungalien	BNG005	0	210	RC	HQ	17-Aug-12	22-Aug-12	MGA94_54	392660	7634688	378	EPM18207	BRONZWNG_BORE
Bungalien	BNG005	210	851.1	DD	NQ	27-Aug-12	07-Oct-12	MGA94_54	392660	7634688	378	EPM18207	BRONZWNG_BORE
Bungalien	BNG006	0	204	RC	HQ	25-Aug-12	26-Aug-12	MGA94_54	391899	7633998	369	EPM18207	BRONZWNG_BORE
Bungalien	BNG006	204	590.3	DD	NQ	7-Oct-12	22-Oct-12	MGA94_54	391899	7633998	369	EPM18207	BRONZWNG_BORE
Mt Margaret	MMA001	0	63.4	RM	119mm	12-Oct-12	12-Oct-12	MGA94_54	471201	7742658	166	EPM16398	FC4_SOUTH
Mt Margaret	MMA001	63.4	652.8	DD	NQ2	14-Oct-12	22-Oct-12	MGA94_54	471201	7742658	166	EPM16398	FC4_SOUTH
Mt Margaret	MMA002	0	86.1	RM	119mm	22-Oct-12	22-Oct-12	MGA94_54	471312	7744086	163	EPM16398	FC4_SOUTH
Mt Margaret	MMA002	86.1	510	DD	NQ2	23-Oct-12	28-Oct-12	MGA94_54	471312	7744086	163	EPM16398	FC4_SOUTH

Table; GBM Drillhole location summary December Quarter 2012.

## CORPORATE

The Company spent \$2,564,000 in the quarter, of which \$2,293,000 was for exploration and \$271,000 for administration costs. Cash at 31 December 2012 was \$1.5 million.

### For Further information please contact:

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Professional Public Relations  
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### 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 2 metres 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. Mineralised zones are interpreted to dip steeply in the opposite direction to drilling, holes are therefore drilled approximately perpendicular to the interpreted strike of mineralised zones.

\*3 Holes drilled by reverse circulation method are sampled on one metre interval using a three tier riffle splitter. Diamond core is cut with a diamond saw and half core is generally sampled on one metre intervals. Analyses were completed by AMDEL in Mt Isa for all elements other than gold by IC2E and IC2M and AU by FA01.

The information in this report that relates to Exploration Results and Mineral Resources (Malmsbury) 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.

The information in this report that relates to Mineral Resources (Milo) 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.

# 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**

**31 December 2012**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for: (a) exploration and evaluation (including JV Farm-in spend)	(2,293)	(4,334)
(b) development	-	-
(c) production	-	-
(d) administration	(271)	(599)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	15	30
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - Grants and JV management fees	-	198
- R&D concession refund	285	544
<b>Net Operating Cash Flows</b>	<b>(2,264)</b>	<b>(4,161)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	(33)
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	1,006	2,656
<b>Net investing cash flows</b>	<b>1,006</b>	<b>2,623</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,258)</b>	<b>(1,538)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,258)	(1,538)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	500	1,544
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)	(65)	(82)
	<b>Net financing cash flows</b>	435	1,462
	<b>Net increase (decrease) in cash held</b>	(823)	(76)
1.20	Cash at beginning of quarter/year to date	2,338	1,591
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	1,515	1,515

**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	168
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	<i>Director remuneration – fees and salaries.</i>	

**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

*During the quarter the Company issued 10 million ordinary fully paid shares at a deemed value of 5 cents each to acquire Swift Venture Corporation's 70% interest in the Bungalien phosphate assets.*

- 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 \$1,258,077 (\$2,886,892 year to date) incurred by other entities under joint venture farm-in agreements on projects held by the Company has been included at 1.2(a).*

**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	350
4.2	Development	
4.3	Production	
4.4	Administration	270
<b>Total</b>		<b>620</b>

**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	1,397	2,220
5.2	Deposits at call	118	118
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>		<b>1,515</b>	<b>2,338</b>

**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			
6.2	Interests in mining tenements acquired or increased	EPM's 16622 and 18811	Granted – 100% application	100%

+ 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 <b>Preference securities</b> <i>(description)</i>	-			
7.2 Changes during quarter	-			
7.3 <b>+Ordinary securities</b>	277,065,003	277,065,003		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	30,000,000 -	30,000,000 -		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-		
7.6 Changes during quarter	-	-		
7.7 <b>Options</b> <i>(description and conversion factor)</i>	129,493,124	129,493,124	<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 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		
7.13 <b>Performance Share Rights</b> <i>(description and vesting dates)</i>	350,000	-	<i>Vesting date</i> 31/12/2012	<i>Expiry date</i> 31/12/2017
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 January 2013

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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