

ASX Announcement  
31 October 2012

<b>REPORT FOR THE QUARTER ENDED 30<sup>th</sup> SEPTEMBER 2012</b>
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## **Key Exploration Highlights**

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

#### **Resource Increase**

- Inferred resource increased to 187Mt containing 113,000 tonnes Rare Earth Oxide Resource at an average grade of 600ppm. Resource up to 200m wide and continuous over 1,000m – and still open.
- Over 23% of the TREEYO Resource comprises elements considered to be in undersupply for the medium to long term (Neodymium, Yttrium, Dysprosium and Lanthanum).
- Mineralisation remains open to the north, south and at depth. Drilling and geochemistry completed to date continues to confirm the resource is part of a much larger mineralised system.
- The Milo system is linked to the regionally significant Cloncurry Flexure. To further define the size of the Milo mineralising system, extensive soil geochemistry and mapping is in progress to target additional zones of mineralisation within this extensive hydrothermal system.

### **Scoping Study**

- Pit optimisation and metallurgical work for the scoping study is near completion and the study report will be released in November. The study has been extended to include the recently upgraded resource estimate and additional metallurgical test work which led to an increase in the time for completion.
- Initial metallurgy test work indicates that:
  - A Rare Earth concentrate can be produced.
  - A saleable 24% copper concentrate can be produced.
  - Uranium can be extracted separately and does not report to the copper equivalent or rare earth element concentrates.
  - Upgrading the ore by heavy media separation has demonstrated the potential for significant beneficiation.
  - Wet high Intensity Magnetic Separation for the Rare Earths has resulted in high recoveries of up to 80% to an initial concentrate.

These results are significant milestones in unlocking Milo's value.

## Pan Pacific/Mitui Farm-in Projects NW Queensland:

The Farm in budget of \$3.8million for this year supported a high level of field activity for the quarter including:

- Chumvale Breccia project - 2-scout hole drill program completed.
- Bungalien project – soils and surveys completed. 3 hole drill program underway.
- Mount Margaret West project - review and evaluation of existing geological and drilling data with soils and surveys completed. A 2 hole drill program underway.

## Corporate:

The Company secured an agreement to place up to 19.9% of shares in the capital of the company with a Singaporean Consortium. If fully completed, the agreement will raise up to approximately A\$3.1 million. The Placement will be made in two tranches:

- The placement of the first tranche of 20 million shares at 5 cents per share has been completed with funds of \$1.0M received. This is an 11% premium to GBM's last closing price at that time. Tranche 1 falls within GBM's existing 15% placement capacity.
- 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 is subject to Shareholder approval at the AGM to be held on 23rd November 2012.

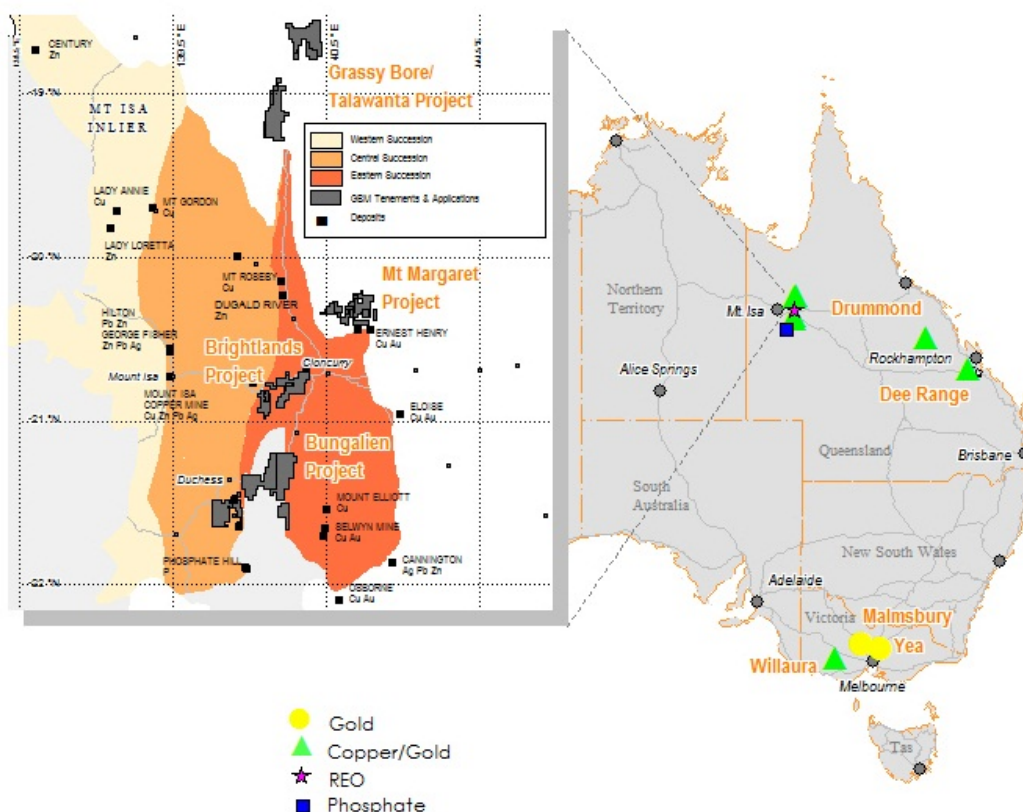


Figure: GBM Resources Project Location Plan.

## **SAFETY AND ENVIRONMENT**

No LTI, MTI or environmental incidents were reported during the quarter. The Company has now completed 15 consecutive months with no LTI's and 59 consecutive months with no significant environmental incidents.

GBM 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.

## **QUEENSLAND EXPLORATION ACTIVITIES**

### **Mount Isa Region Copper Gold Projects**

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

##### **Milo IOCG and Rare Earth Element (REE) Project:**

During the September Quarter a revised resource was completed for the Milo IOCG-REE deposit. This resource indicated a significant increase in the REE endowment of the drilled portion of the large Milo mineralising system. The Inferred resource increased to 187Mt containing 113,000 tonnes Rare Earth Oxide Resource at an average grade of 600ppm. The mineralised zone is up to 200m wide, is continuous over 1,000m, and remains open along strike.

In addition, preliminary metallurgical tests resulted in the production of a significant concentration of valuable Total Rare Earth Element and Yttrium Oxides (TREEYO) via heavy medium separation and WHIMS technology.

Further soil sampling reported on 17<sup>th</sup> July confirmed the existence of large soil geochemical anomalies west and north of the Milo Deposit with similar multi element signature. In conjunction with recently completed drilling, this information confirms the existence of a large mineralising system at Milo.

##### **Upgraded Milo Rare Earth Mineral Resource**

The Milo resource model has been updated to include results of recent drilling which returned significant intersections on both the northern and southern limits of the previous resource model. Significant Rare Earth Element intersections were recorded in these holes, including 20 metres averaging 3,979 ppm TREEYO in MIL017 and 11 metres averaging 1,382 ppm TREEYO in MIL020A. (refer ASX release dated 3 July 2012).

These results continue to confirm that the mineralisation identified to date is part of a much larger mineralising system (for detailed summary see GBZ ASX Release 3/07/2012). As with the previous model, the zone of REEY mineralisation is broad and coherent over the entire strike length of the resource, now in excess of one kilometre.

Preliminary pit optimisation and metallurgical studies are near completion as part of the Milo scoping study and have provided support for a lower cut-off grade than used in the original resource estimate. In particular, initial successful heavy media separation test work has demonstrated the potential for significant beneficiation or upgrading of ore by rejection of lighter lower grade fractions. While this work is ongoing, it must be noted that beneficiation using heavy medium separation is a widely used means of increasing the ore grade and lowering treatment costs. Preliminary results from ongoing test work has demonstrated that minerals rich in REE can be concentrated using Wet High Intensity Magnetic Separation (WHIMS) units. In initial testing WHIMS has resulted in high recoveries of up to 80% of TREEYO to a concentrate.

The revised Milo inferred mineral resource contains 113,000 tonnes of TREEYO at an average grade of 600ppm TREEYO, based on a 300ppm cut-off grade. The contained REE are comprised of 23% of REEs deemed to be in critical undersupply (US Department of Energy Dec 2011: Critical Materials Strategy, elements are; Nd, Eu, Y, Dy) and 12% Heavy Rare Earth Elements (HREE).

cutoff (TREEYO) ppm	tonnes (Mt)	Average TREEYO ppm	LREEO								HREEYO			
			*								*	*		
			CeO2 ppm	La2O3 ppm	Nd2O3 ppm	Pr2O3 ppm	Sm2O3 ppm	* Eu2O3 ppm	Gd2O3 ppm	Y2O3 ppm	Dy2O3 ppm	Er2O3 ppm	Other	
	300	187	610	260	150	80	24	12	4	10	52	8	5	1350
Contained Metal (t)			113,000	48,540	27,100	14,600	4,470	2,280	720	1,870	9,650	1,550	890	1,690
Price (\$/t, metal-pages.com 20/07/2012)				20,000	19,000	102,500	105,000	67,500	2,010,000	102,500	97,500	990,000		

*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.)*

The resource estimate was completed using a database of 31 drillholes for 11,464 metres of drilling. Samples were generally analysed for a total TREEYO 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. The 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 20m deep and a lower bulk density was estimated for this material.

Based on recent drilling, mapping and soil sampling, a revised inferred resource for TREEYO has been estimated by Geomodelling Pty Ltd, an independent based consultancy.

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 graphs below.

The preliminary work completed as part of the current Milo Scoping Study has supported the use of lower cut-off grades. This has contributed to the increased resource, as has an extension to the mineralisation identified by recent drilling.

For comparison at a 400ppm TREEYO cut-off grade, the new resource contains 90,000 tonnes TREEYO at an average grade of 750ppm TREEYO, an increase of 20% from the Maiden resource announced earlier this year.

### Scoping Study Update

The Milo Scoping Study is nearing completion and will be more robust and comprehensive than most studies undertaken at this level of a project study. Mining consultants are completing preliminary mine design, with geotechnical and recovery parameters already developed. In addition, a concept metallurgical flowsheet has been developed and capital cost estimates are nearing completion.

Ongoing metallurgical test work to determine the host minerals for TREEYO mineralisation and to investigate potential means of beneficiation and concentration has recently confirmed two key assumptions made in the initial flow sheet development.

Firstly, that heavy media separation does have the capacity to upgrade CuEq and TREEYO elements, and secondly, that WHIMS technology is effective in upgrading TREEYO concentrations. In addition, apatite flotation was demonstrated to be highly effective and should permit a high grade apatite (phosphate) concentrate to be produced as a saleable by-product from any future processing plant at Milo. These processes allow significant beneficiation, essential in developing a competitive treatment cost model for Milo ores.

The Milo Scoping Study has been extended to reflect the revised Rare Earth resource. Milo is a poly-metallic deposit containing significant quantities of a range of metals including REEY, Cu, Mo, Au, Ag and U. An estimate for the relative contribution of these elements is being determined as part of the scoping study. In addition, significant quantities of phosphate and magnetite are also present in the deposit.

The scoping study is designed to +/- 40% accuracy and will address a wide range of key aspects of the Milo Project including:

- 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.

Key external consultants appointed in February continue to support the project. Mining One Pty Ltd will complete the mining studies and have overall management of the scoping study. Brisbane-based Core Process Engineering Pty Ltd continues to manage the metallurgical test work program and Geomodelling Pty Ltd will continue with the development of the resource model covering both the rare earth and copper equivalent mineralisation.

**The company remains confident that the scoping study will justify Milo advancing to the next development phase being the pre-feasibility study.**

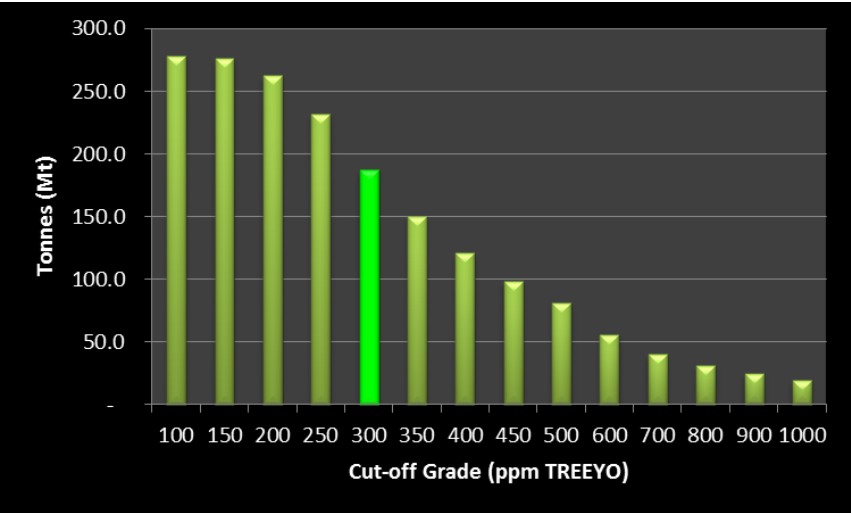


Figure: Milo Rare Earth resource tonnage curve for changing cut-off grades.

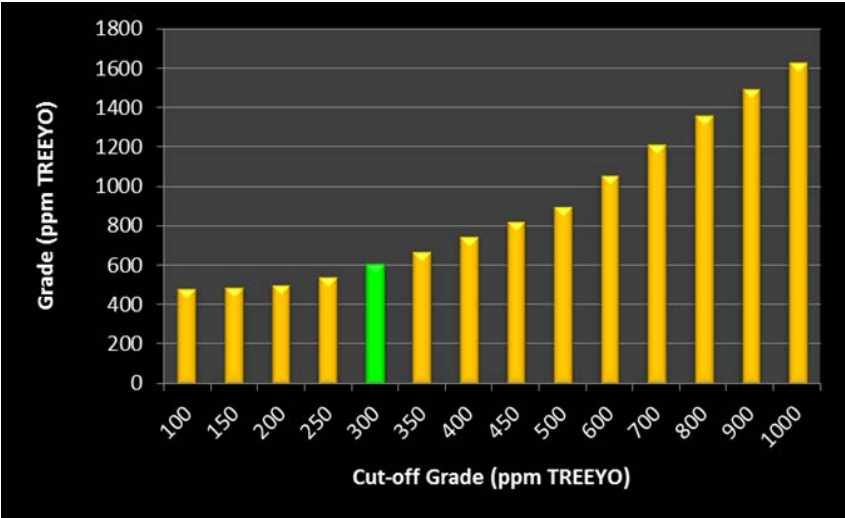


Figure: Milo resource grade curve for varying TREEYO cut-off grades.

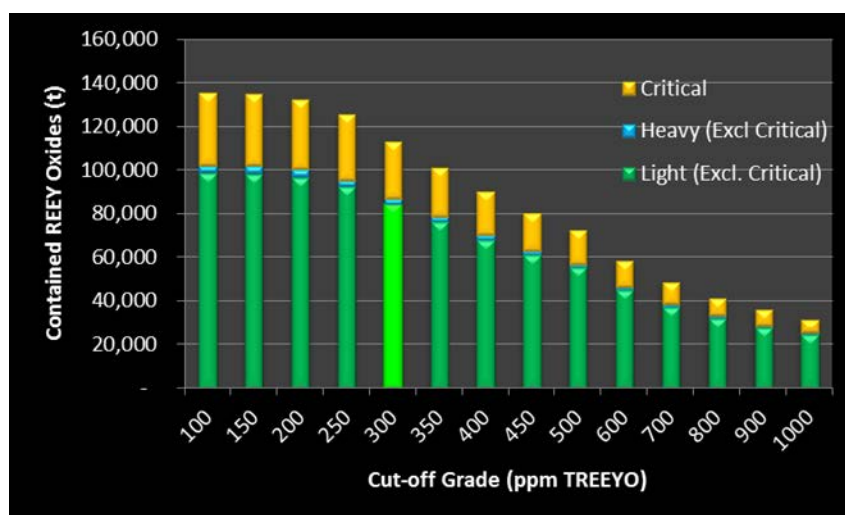


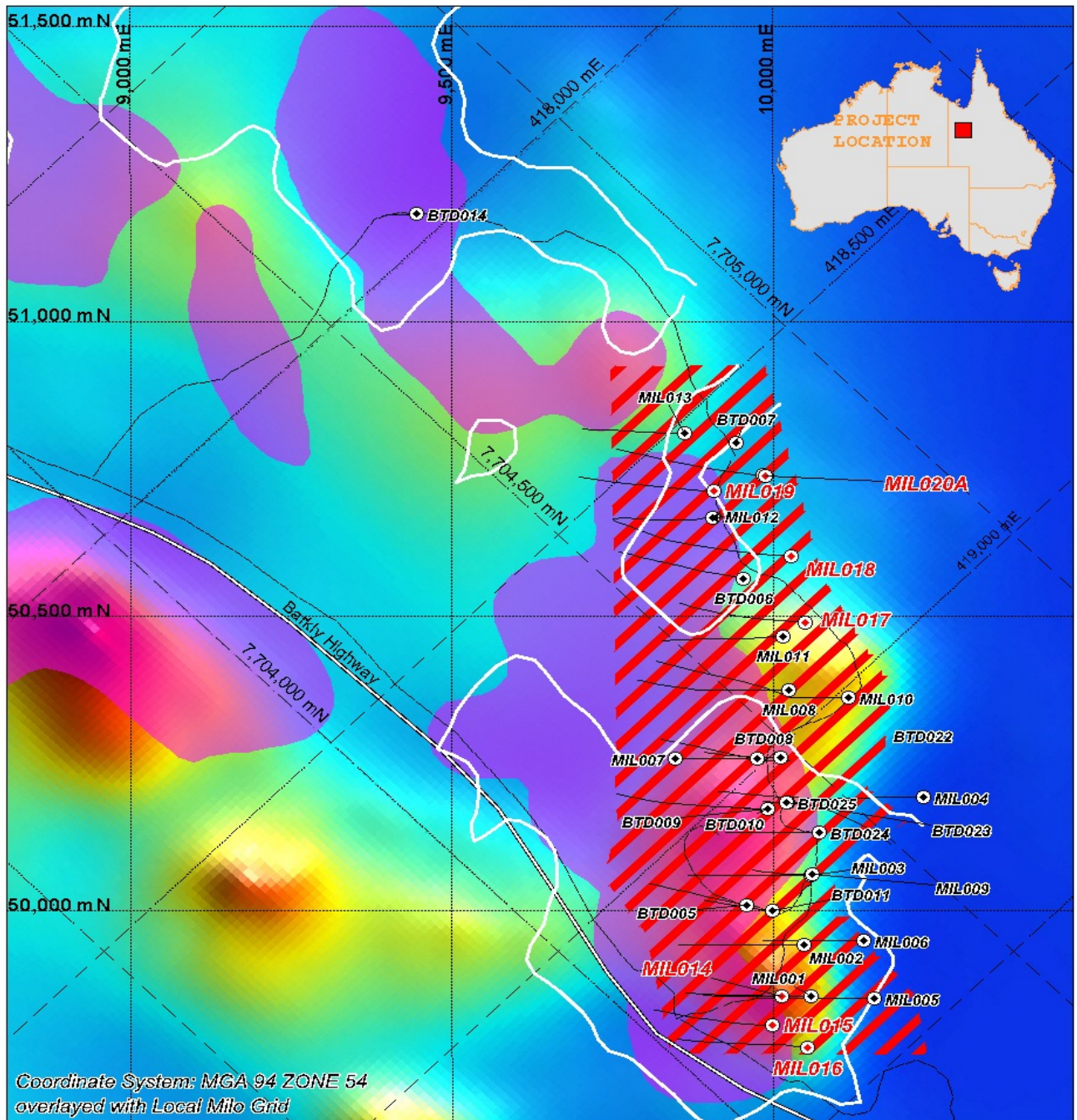
Figure: Milo resource contained REEYO curve for varying TREEYO cut-off grades.

## Forward Programme

Completion of a revised resource estimate and the inclusion of this resource into the scoping study means that the study will be available in November. This will include completion of the current programme (stage 2) of metallurgical testing, and will provide the basis to lead into the next development phase for Milo - the Pre-feasibility Study to be undertaken as soon as practicable.

Milo is an expanding IOCG-REE breccia style deposit with a large maiden inferred resource already announced. New 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.





#### Collar Legend

- Previous GBM Drilling
- Current GBM Drilling

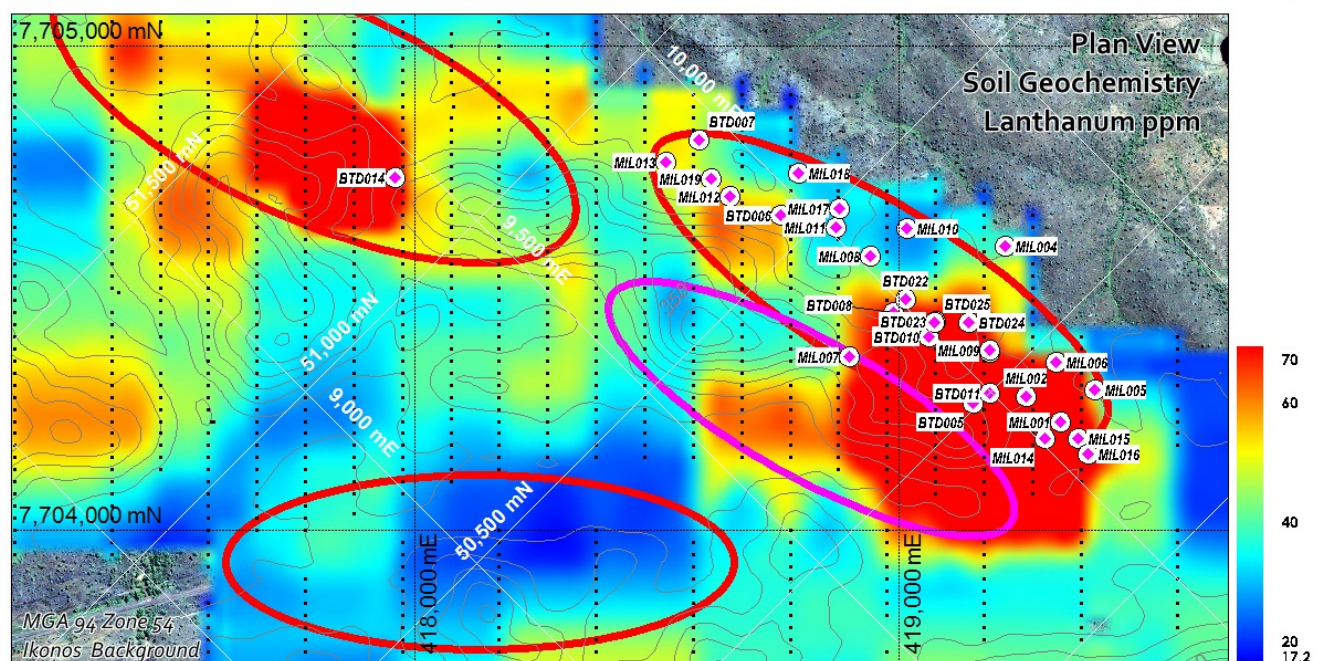
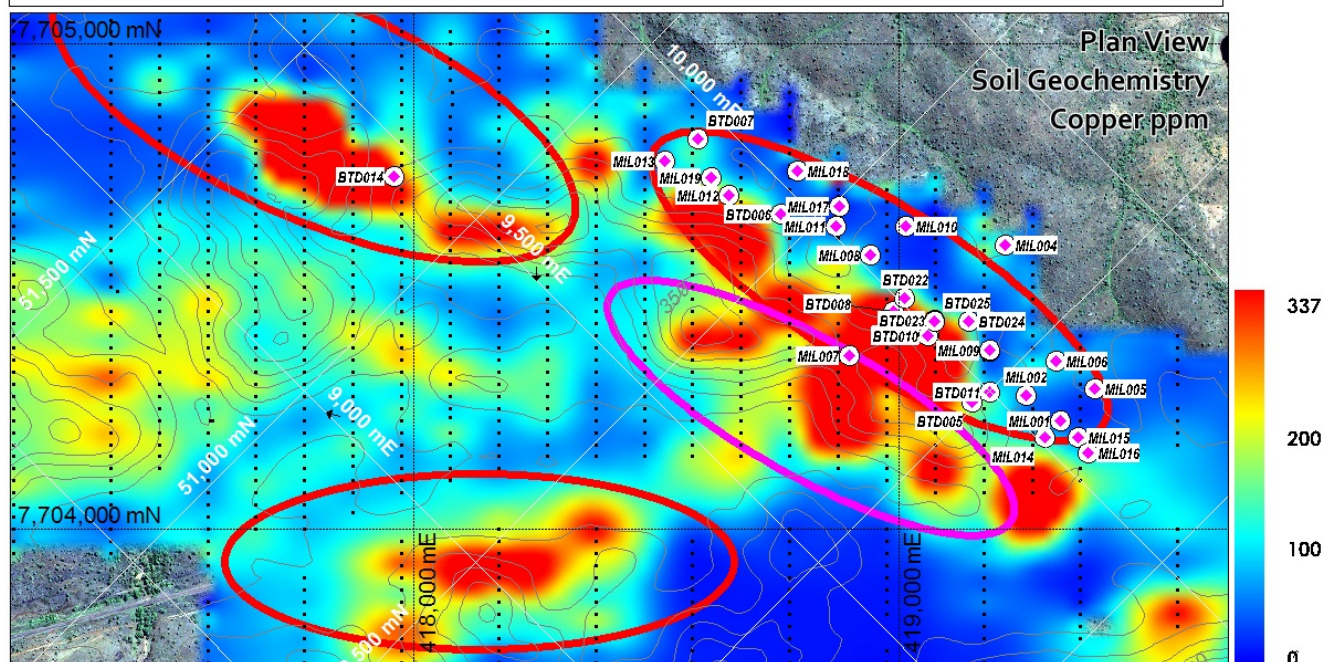
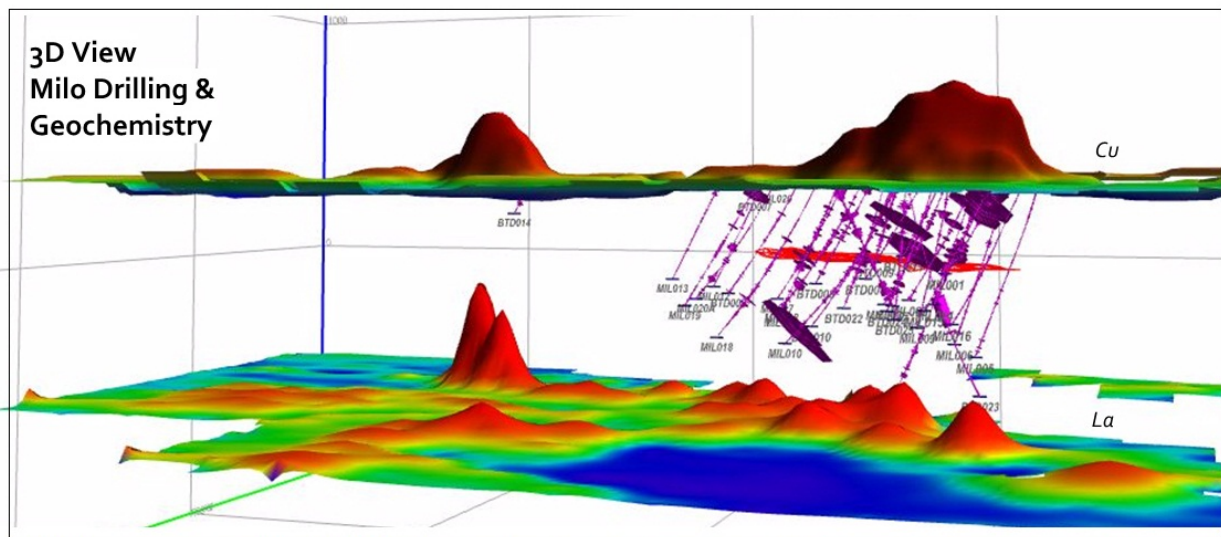
- Soil Geochemistry  
>150ppm Cu
- Soil Geochemistry  
>50ppm La
- 2012 August  
Approximate  
Resource Outline

## EPM14416 MILO PROJECT DRILLING, GEOCHEMISTRY & RESOURCE OUTLINE



Figure: 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 and has an approved budget of \$3.8M 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\$55million on the development of new copper-gold exploration and mining projects in northwest Queensland.

### Activity Overview:

A high level of activity was maintained during the September quarter as follow up drilling at Bronzewing Bore, scout holes at Boomerang Bore and Chumvale Breccia were commenced. Geophysical surveys completed in the quarter included DHEM and one line of infill IP at the Bronzewing Bore prospect (Bungalien 2), gravity surveys at the FC6, FC2, FC4\_South prospects (Mount Margaret West) and in the Burke Bore area to the north of Bronzewing Bore. Mobile Metal Ion (MMI) soil geochemical surveys were completed at FC2 West in the Mount Margaret West project area and at Malbon 2 (now within the Horse Creek 2 tenement). After combining the results of detailed analysis of existing geophysical and drilling data with new data gathered by GBM, a 5-hole drilling program was designed for the FC4\_south prospect. The drilling of the first three was scheduled to commence in mid-October. A preliminary 3-hole drilling program has been designed for the FC2 West area. Gravity and MMI soil programs have been designed for the FC12 and FC15 prospects, and a MMI soil program for the FC6 prospect (all in Mount Margaret West). These surveys are to commence in the December quarter.

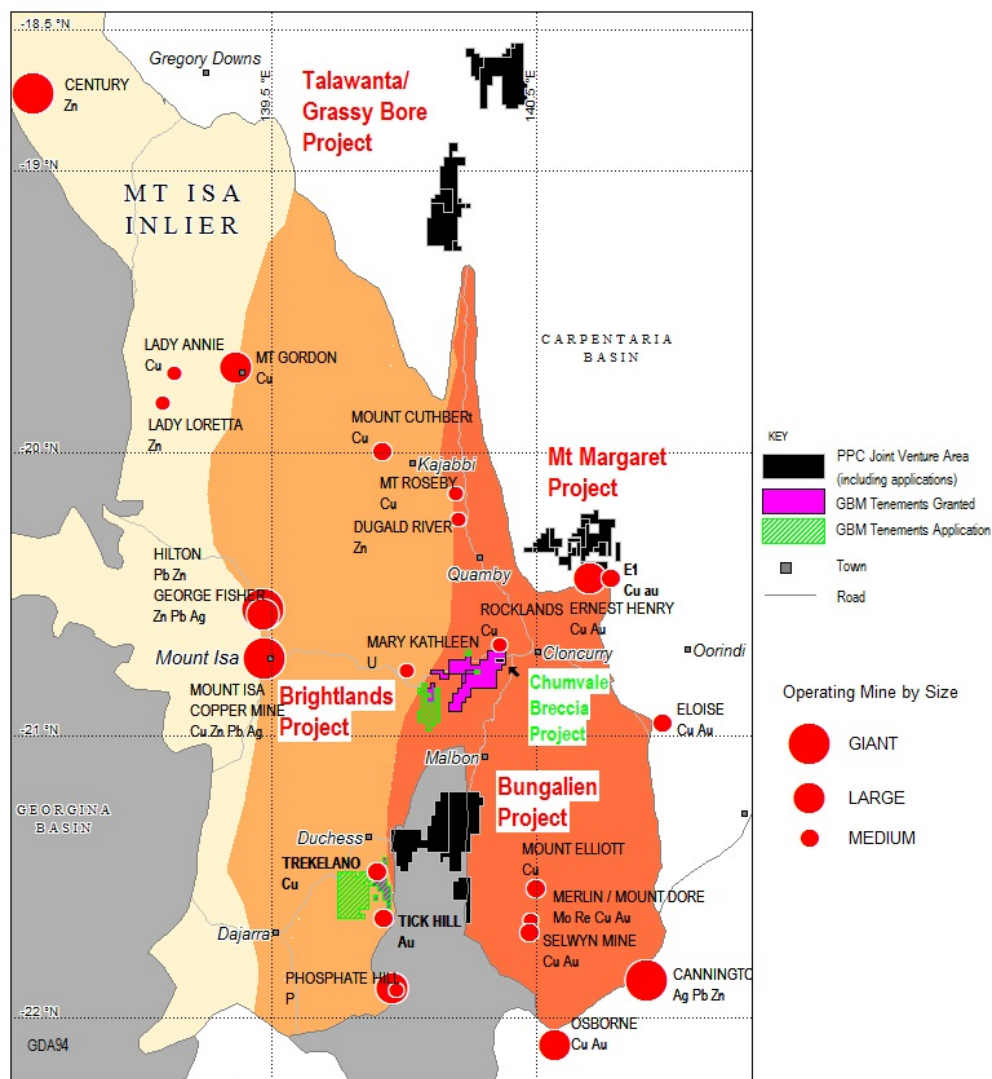


Figure: Location map showing Farm in Areas.

## **Chumvale Breccia Project**

The Chumvale Breccia project covers an area of approximately 8km<sup>2</sup> within the Brightlands EPM 14416 permit. The project area encloses a prominent WNW-ESE trending massive breccia outcrop that is highly anomalous for Zn (and locally Cu) in rock chip samples. High Zn and minor Cu anomalies were returned in assays from two scout holes drilled into the breccia in 2011 by the JV. The two holes were drilled into an apparent steeply-dipping conductive body, or pair of bodies, defined by NSAMT survey lines over the outcropping breccia in 2011.

A 2-hole drilling program was completed in September. Drill-hole BTDO45 is near-vertical and targeted a strong apparent conductivity anomaly, and was designed to penetrate through to unweathered breccia at depth, or pass through the footwall of the breccia. Anomalous Zn (and Cu) mineralisation occurs within and adjacent to the breccia and a sulphide source for the Zn in particular has not yet been established by previous drilling. BTDO45 was completed to a depth of 762m. The 2nd hole (BTDO46) was designed to test a smaller apparent conductivity anomaly to the south and to pass through the hanging-wall of the breccia. Hole BTDO46 was completed at a depth of 381.5m down-hole due to problems caused by loss of water-return. Both holes have been logged and samples sent to ALS for geochemical analysis.

Analytical results remain outstanding.

### **Forward Programme**

Following the receipt of assay results for holes BTDO45 and BTDO46 the core will be re-examined and re-logged taking account of the distribution of the Zn and Cu in the assay data. The results will be compared with holes BTDO44 and BTDO43 which were drilled in 2011. Other targets within the Chumvale Breccia area will be reviewed in light of additional information.

## **Bungalien Project**

Exploration in the Bungalien group of tenements to date has included scout drill testing of a number of geophysical targets in the Proterozoic basement beneath overlying Cambrian cover rocks. The targets have been defined by gravity, magnetics and IP surveys. IOCG-style mineralisation was intersected in three scout drill- holes at the Bronzewing Bore prospect by the JV in 2011, including a 219m intercept in drill-hole BNG001 that averaged 842ppm Cu between 361-580m down-hole.

### ***Bronzewing Bore prospect***

Analysis of the results of the 3D IP survey completed around drill-hole BNG001 at the Bronzewing Bore prospect are consistent with the probable presence of a shallow chargeable anomaly to the SW of BNG001, and a deeper (probably in basement) chargeable anomaly to the north and northwest of BNG001.

A three-hole drill program began at the Bronzewing Bore prospect in August testing apparent chargeability anomalies defined by 3D IP models constructed for the Bronzewing Bore prospect. Prop 4 was designed to test an apparent shallow chargeable anomaly whereas Props 5 and 7 were designed to test apparent deeper (basement) chargeable anomalies.

The RC (Reverse Circulation) component of the drilling was completed in early August. Prop 4 (BNG004) was completed to a depth of 200m (E.O.H.), while 210m RC pre-collars were completed on Prop 5 (BNG005) and Prop 7 (BNG006). A diamond tail has commenced in drill-hole BNG005 and was still underway at the end of the quarter. The RC samples for this hole have been submitted for analysis.

Final results for a down-hole EM (DHEM) survey in the 2011 drill-hole BNG001 at Bronzewing Bore were received in August. Models constructed from the EM and also the collected magnetic data independently suggest a continuation of the intersected magnetite-pyrite-chalcopyrite mineralisation to the south of the hole. The models show strong agreement with assay and magnetic susceptibility data derived from the core (see figures below). The models suggest that the continuation of the intersected mineralisation plunges to the south and further testing is warranted.

### ***Malbon2 prospect***

A Mobile Metal Ion (MMI) soil survey comprising 369 samples was completed over the Malbon 2 area in August and dispatched to SGS for analysis. This technique is designed to see through overlying cover. The Cambrian cover in this area is on the order of 100-120m, as established from previous drilling. The survey consists of 369 sample points at 100m spacing along 10 lines at a spacing of 400m. The aim of the survey is to verify a Cu soil anomaly picked up in conventional soil sampling by Acacia Metals in 1993.

### ***Northwest Bungalien prospect- Burke Bore area***

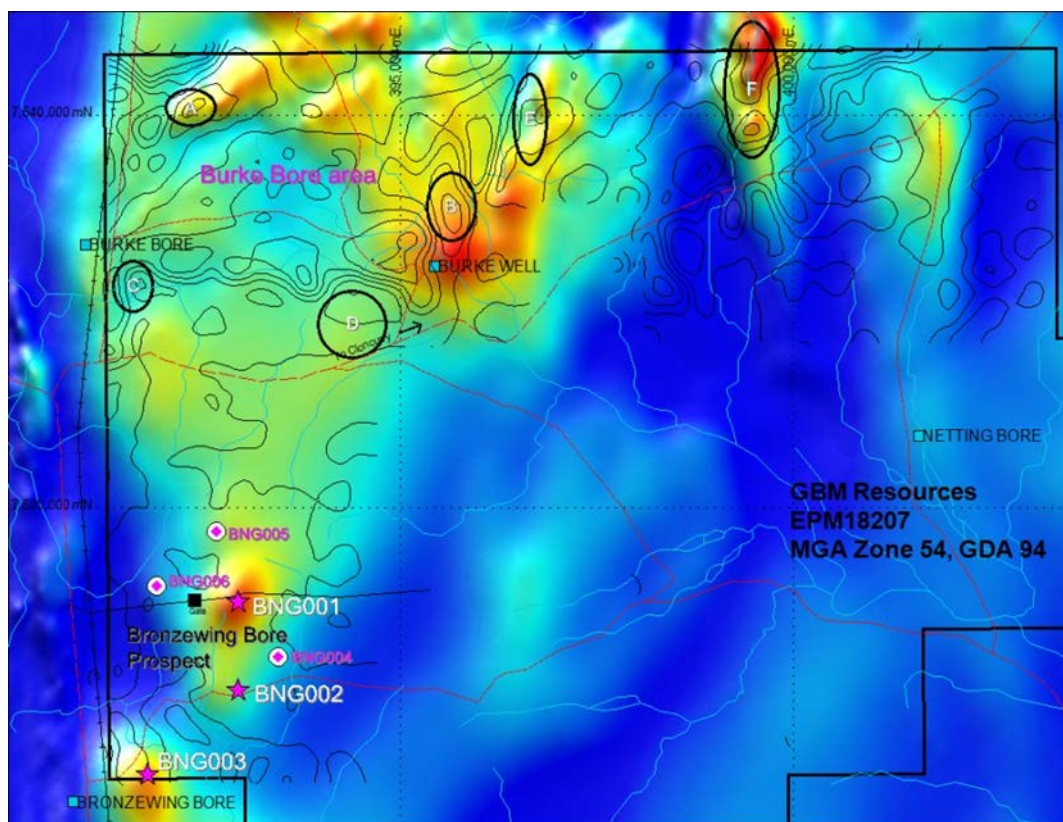
A large ground-gravity survey (ca. 1700 gravity stations) in the Burke Bore area, located to the north of the Bronzewing Bore prospect, was completed late July. The final results of the survey have been merged with the regional gravity data. The merged data suggests a number of areas worthy of further exploration (see figure below). A number of relatively discrete gravity highs are associated with areas of higher magnetic response and are thus likely to represent basement features. Gravity highs without a coincident magnetic response could be in the basement or the Cambrian cover rocks. The depth to basement is unknown in this area although previous drilling suggests it is likely to be on the order of 100-200m.

### **Forward program**

The forward program at Bungalien will include completion of the diamond tail in drill-hole BNG006, testing an apparent, deep, basement chargeability anomaly ca. 900m WNW of BNG001 for IOCG-style mineralization. Logging and sampling of BNG005 and BNG006 will be completed and the results compared with earlier holes to modify prospect-scale sections.

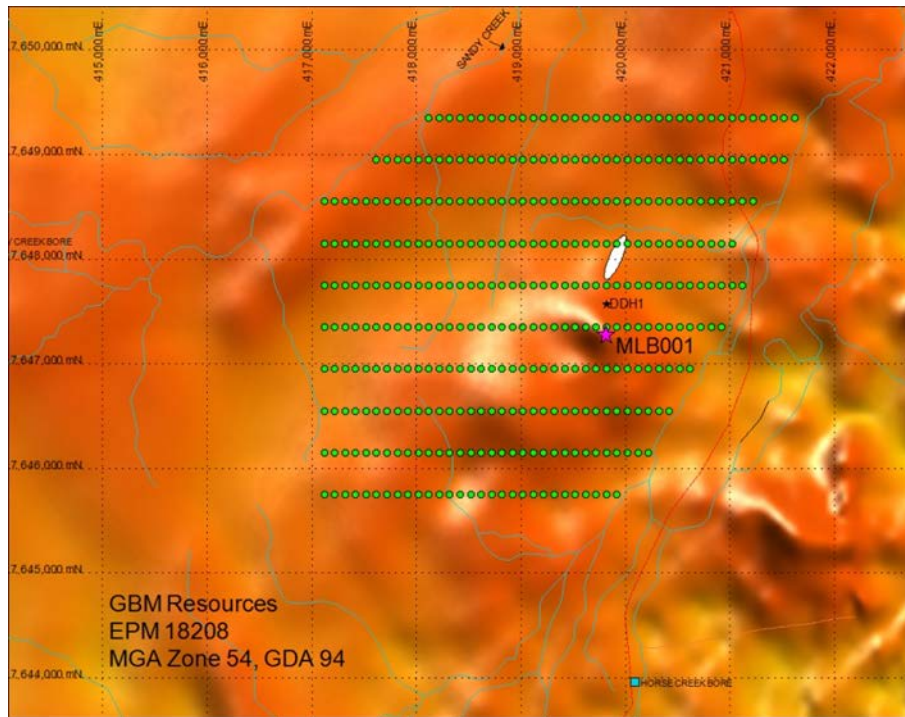
An MT survey has been planned over the Bronzewing Bore prospect and is scheduled for early October. This survey has the ability to see to greater depths than an IP survey. Quantec Geoscience have been contracted to carry out this survey.

Down-hole IP surveys will be planned for holes BNG004, BNG005 and BNG006, and take place this exploration season if possible.



*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 the Black area and labelled A to F. 2011 drill collars (BNG001, 2, 3) and 2012 drill collars (BNG004, 5, 6) at Bronzewing Bore shown.*





*Sample location points for MMI soil sampling program over the Malbon 2 area, background is TMI\_RTP. The collar positions for the 2011 JV drill-hole MLB001 is shown along with the DDH1 drilled by Acacia Metals in 1993. The white area to north of MLB001 is the centre of the Cu in soil anomaly detected by Acacia Metals.*

## Mount Margaret West Project

The Mount Margaret West group of tenements are located in close proximity (to the north and northwest) of the Ernest Henry Cu-Au-magnetite mine. Ernest Henry is the largest IOCG deposit in the Cloncurry district. The Proterozoic rocks lie beneath shallow cover (typically <100m) over the majority of the Mount Margaret West project area.

2012 field-based exploration activities at Mount Margaret West commenced late in the June quarter with gravity and IP surveys and this work was continued in the September quarter, along with soil sampling and detailed analysis of existing geophysical and drilling data over the area.

Work completed during the September quarter included the ongoing review and evaluation of existing geophysical, geological and drilling data over the tenements, particularly the large quantity of historical data at the FC4S prospect. Fieldwork consisted of the completion of ground gravity regional and infill grids at FC6, FC2 and FC4S. An MMI soil program was also completed over the FC2 area. Ground gravity programs were planned for FC12 and FC15, and further MMI soils planned at FC6, FC12 and FC15. A diamond drilling program was planned for FC4S and a scout drilling program outlined for FC2 West targets. Detailed analysis was commenced on the results of the MMI soil grid at the FC2 West area.

### **FC2 prospect**

A program of MMI (Mobile Metal Ion) soils was completed in August over the large under-explored tenement area west of FC2 prospect (figure below). A total of 296 samples were collected from a nominal 400x400m grid. The sampling method consisted of down-hole composite sampling of a 15cm horizon consistently between 10cm and 25cm below surface within damp, clay/silt-rich quaternary sediments. The results of this survey have been received and are currently being analysed.

A large ground gravity survey initiated last month was completed and is designed to cover the area of sparse existing data coverage west of the FC2 prospect, following the identification of a strong residual gravity anomaly in the state dataset.

A program for three scout drill-holes to test two of the identified areas of interest has been completed and drilling is underway.

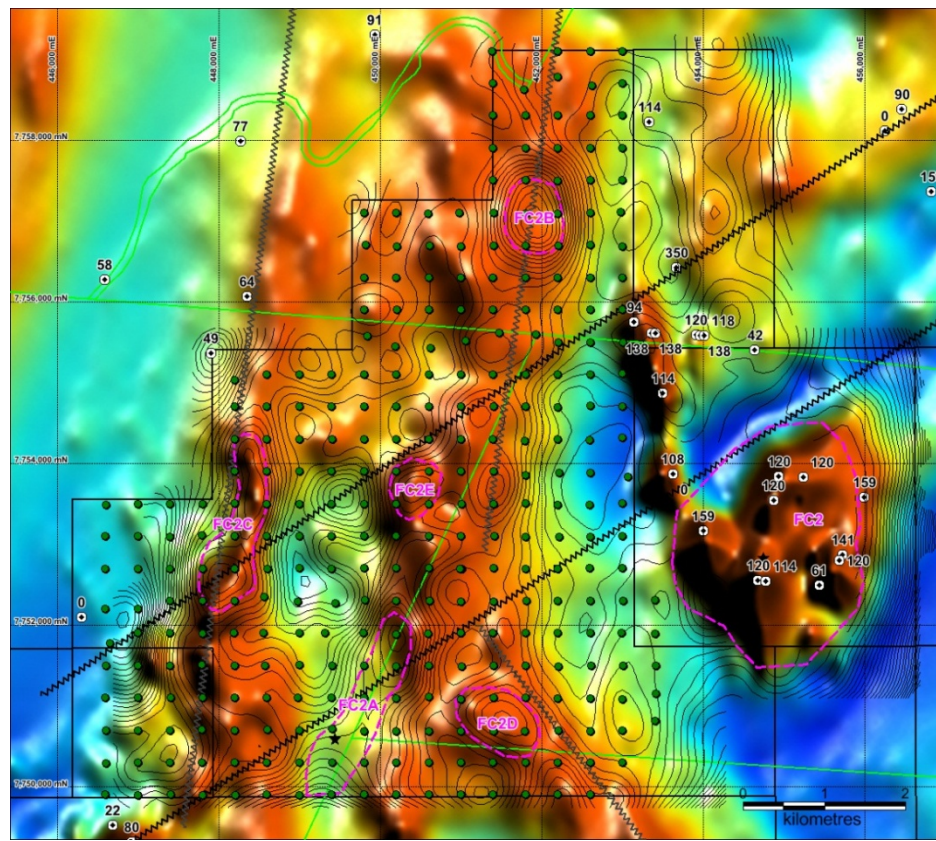


Figure: Completed soil grid over the FC2 West area. The background image is RTP magnetics with GBM gravity contours (0.2 Mgal). Also shown are GBM targets derived from gravity and magnetics (pink polygons numbered FC2A-E), all historic drill-holes with EOH depths, interpreted structural lineaments, and property boundaries (green). Note the significant NE-trending structural linear bisecting FC2A target.

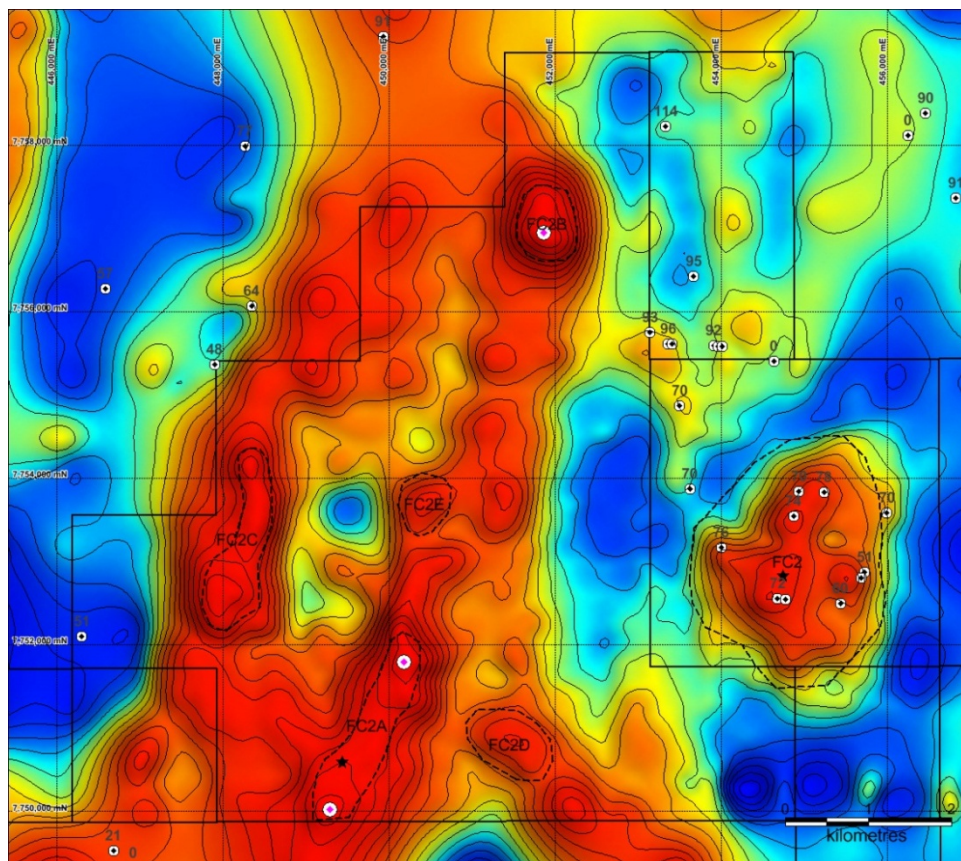


Figure: Residual gravity grid of merged Haines (GBM) and state gravity data over FC2 area. Contours are 0.2 Mgal. Primary targets identified are FC2A and FC2B. Collar positions for a preliminary proposal for a diamond drill program to test these features are shown as pink symbols. Historic drill collars with depth to basement also shown.



Results were received from SGS Labs during September and initial data analysis was completed.

Further analysis involved the production of Correlation Coefficient spreadsheets for all elements and subsequent determination of related elements.

The figures below show the current planned location of three proposed drill holes at FC2 West (FC2A and B). The MMI data appears to bolster the prospectivity of FC2A, particularly the southern hole. The Au-Ag anomalies at FC2D and particularly FC2C, are coincident with regional structural trends and improves their prospectivity. Infill soils will be completed and if warranted, drill-tested.

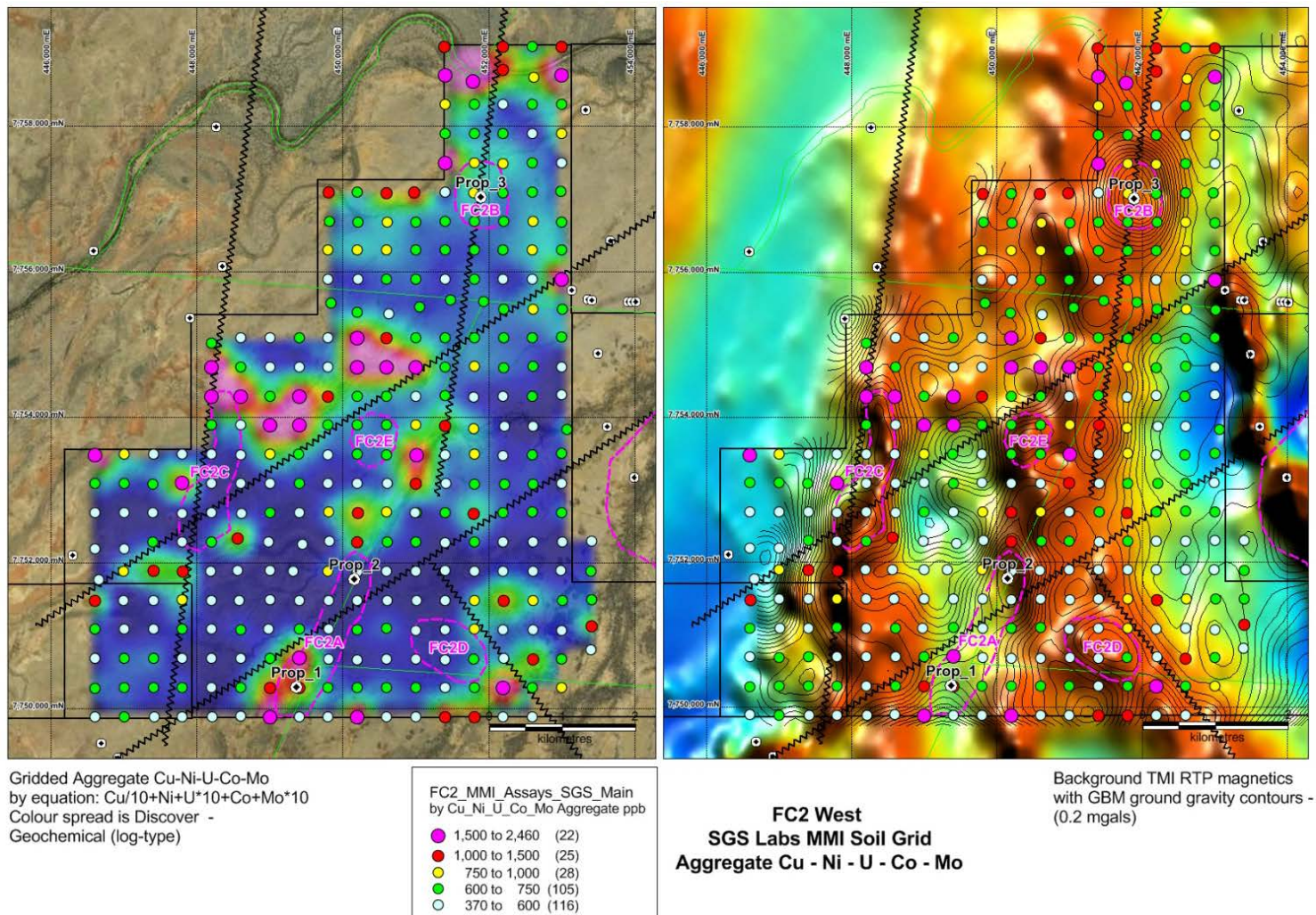


Figure: Showing aggregate Cu-Ni-U-Co-Mo MMI soil results over the FC2 West area. Areas of interest from gravity and magnetic data interpretation are shown as pink enclosures, and 3 proposed scout drill-holes shown as Props 1-3. Background is gridded weighted aggregate Cu-Ni-U-Co-Mo (left) and TMI RTP (right).



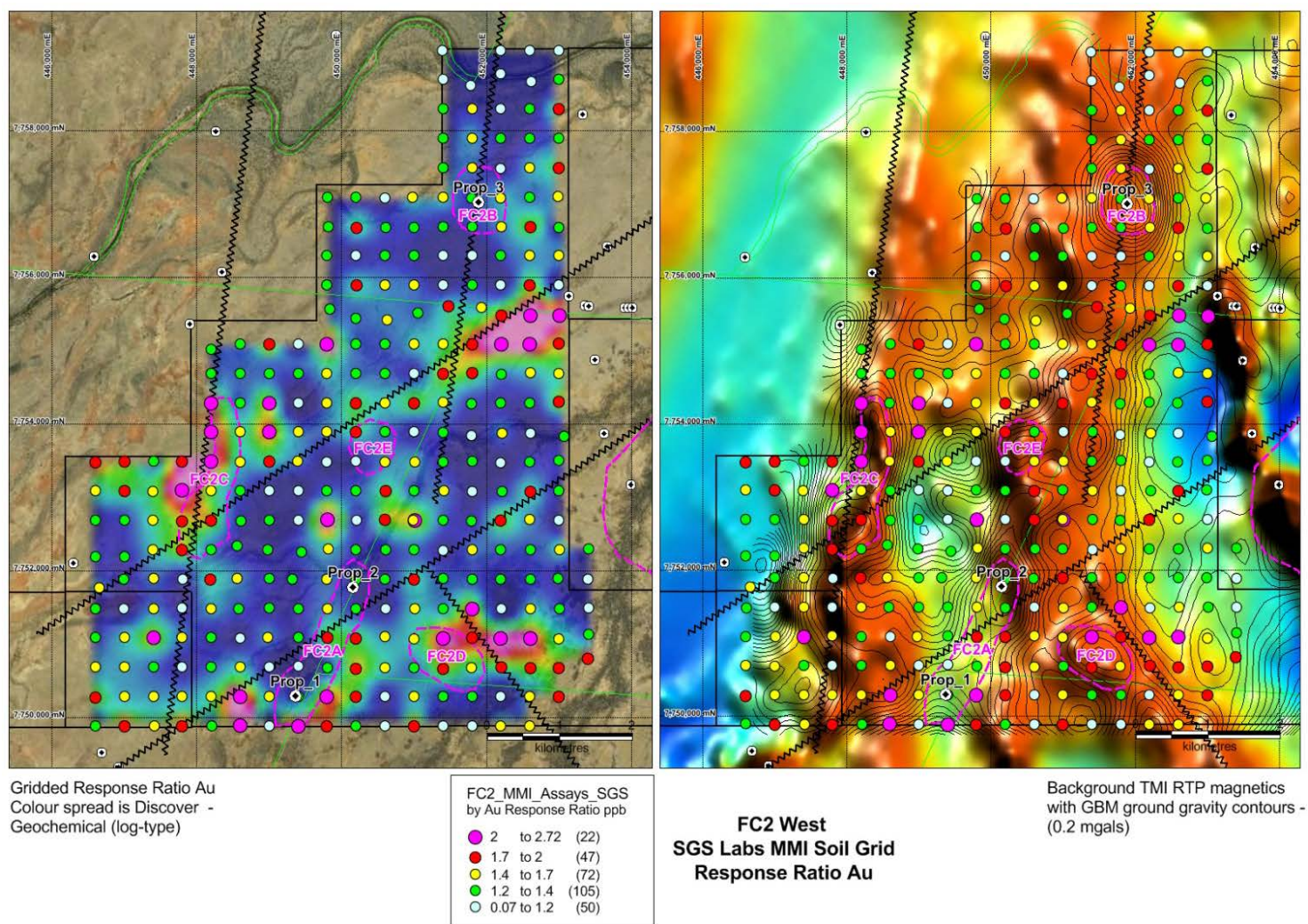


Figure: Au results (RR, 'response ratio', see text above) for MMI soil survey over the FC2 West area. Areas of interest from gravity and magnetic data interpretation are shown as pink enclosures, and 3 proposed scout drill-holes are shown as Props 1-3. Background is gridded response ratio Au (left) and TMI\_RTP (right).

### FC4S prospect

At FC4S field work during the quarter consisted of two small infill gravity surveys within the Ernest Henry-managed property block which were designed to complement existing gravity data. The data was subsequently merged with state data and a number of gridded images created, one of which is included below. The merged image supports the presence of a north-south gravity ridge coincident with the ridge of high magnetic response which hosts Ernest Henry mine. A second discrete and untested gravity high exists near the eastern tenement margin.

Significant effort in the quarter was put to locating, reprocessing, interpreting and displaying the abundance of historic data, particularly geophysical and drilling data, within the FC4S tenement block. A selection of this work is shown below as images depicting 2D and 3D geophysical data with historic drill holes and interpreted IP, MIMDAS and MT anomaly positions. From this work, a program of 5 proposed diamond drill holes was designed to test a range of target styles, including a coincident mag-gravity high, MIMDAS chargeability anomalies and geological targets.



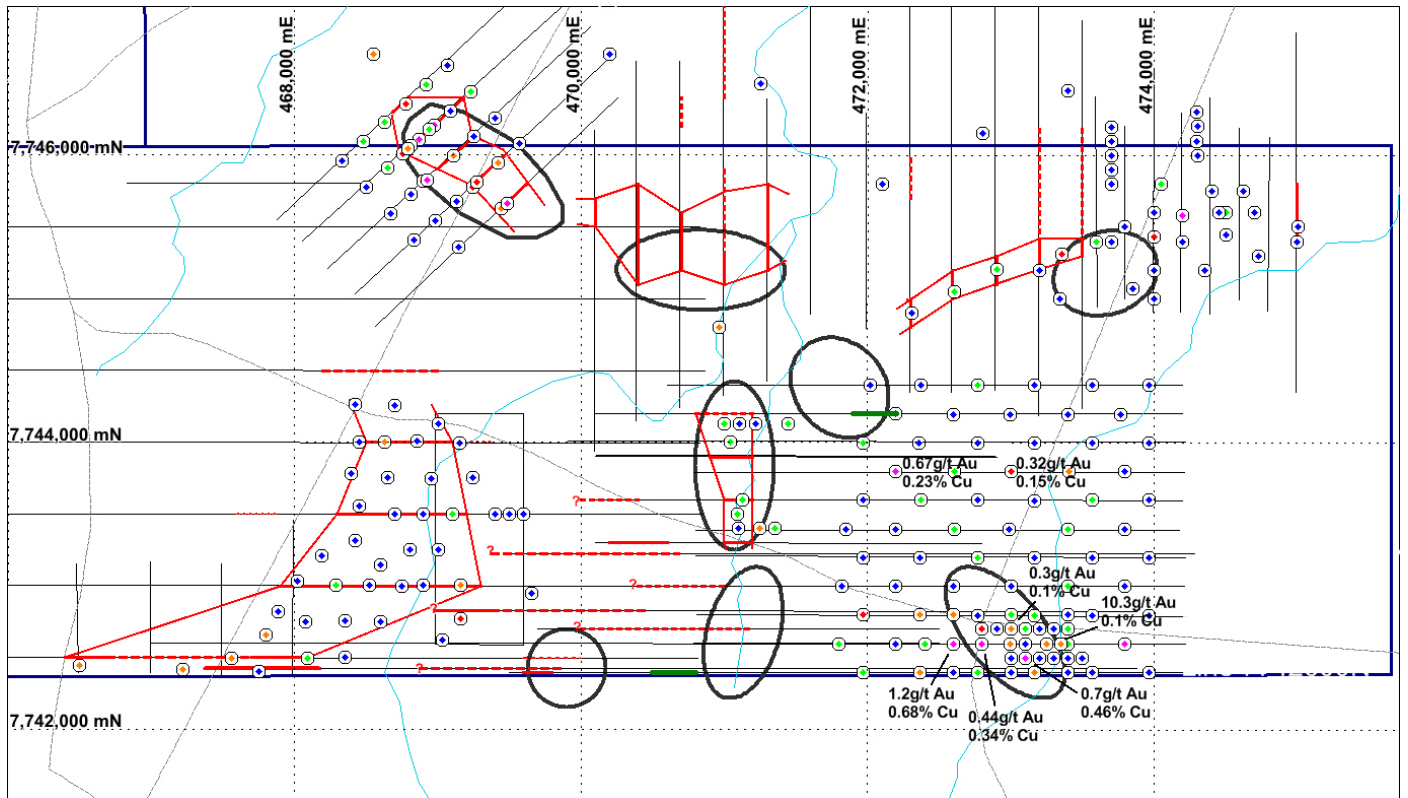


Figure: Data compilation for FC4S prospect showing all IP and MIMDAS/MT lines, historic drilling (coded by max Cu), and GBM-picked chargeability anomalies. MT anomalies are shown in green. Target areas of interest are circled.

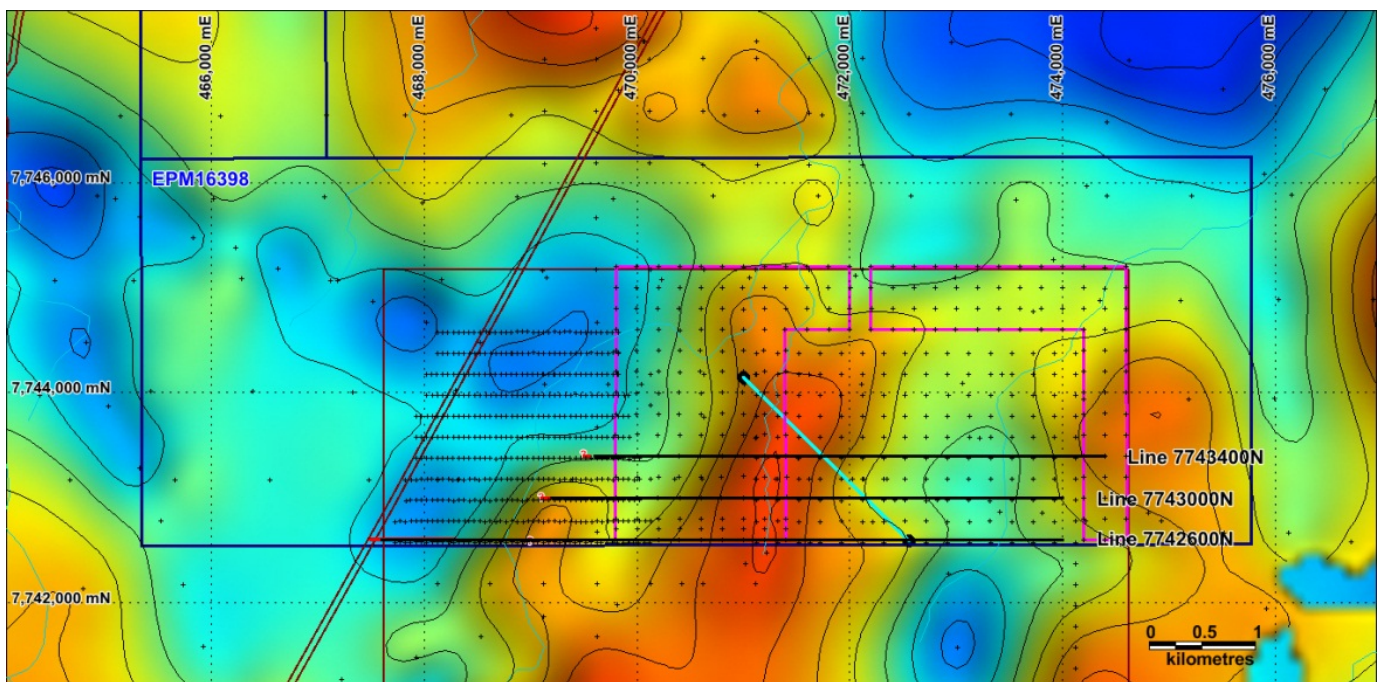


Figure: All field work completed by GBM at FC4S. Gravity point data shown, outlined in pink where commissioned by GBM. Search IP lines (solid black) and Squitem line (blue) also shown. Background image is gridded residual gravity with 0.2 Mgal contours.



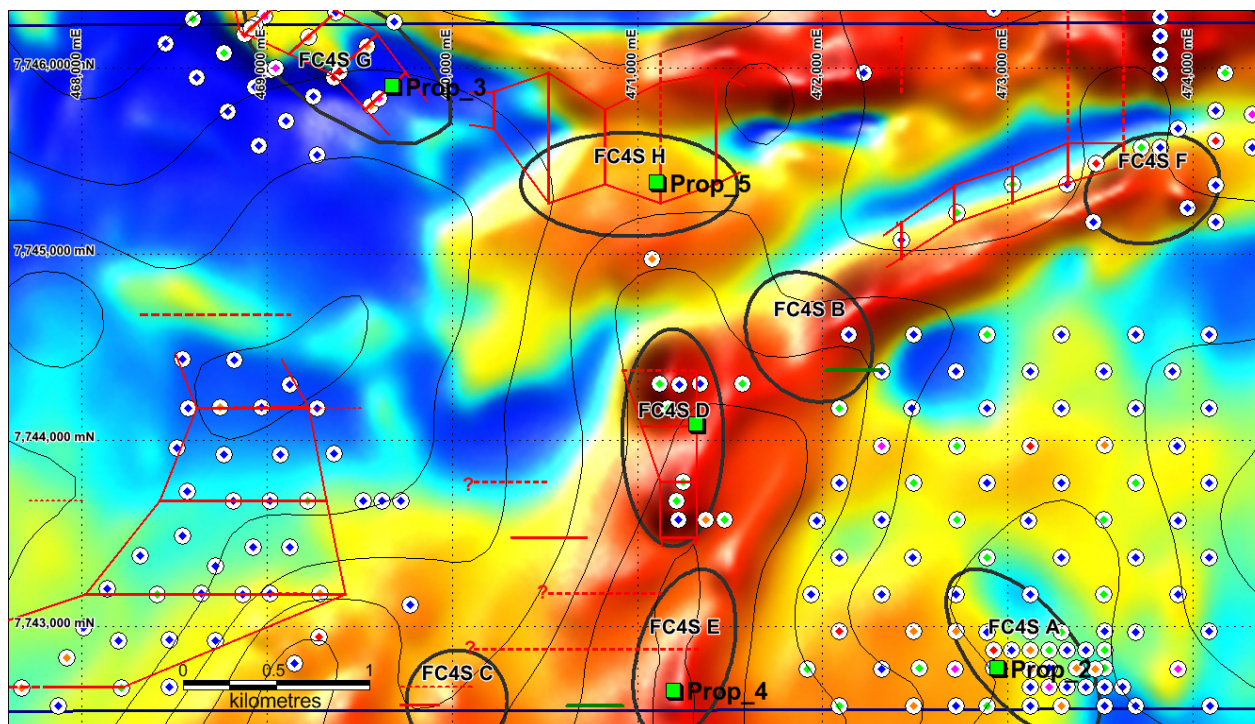


Figure: Planned drill collar locations at FC4S. Gravity contours, IP/MIMDAS chargeability anomalies, drilling coded for max Cu and GBM target areas shown over RTP airborne magnetic image. Drilling had commenced on Prop 4 at the time of writing.

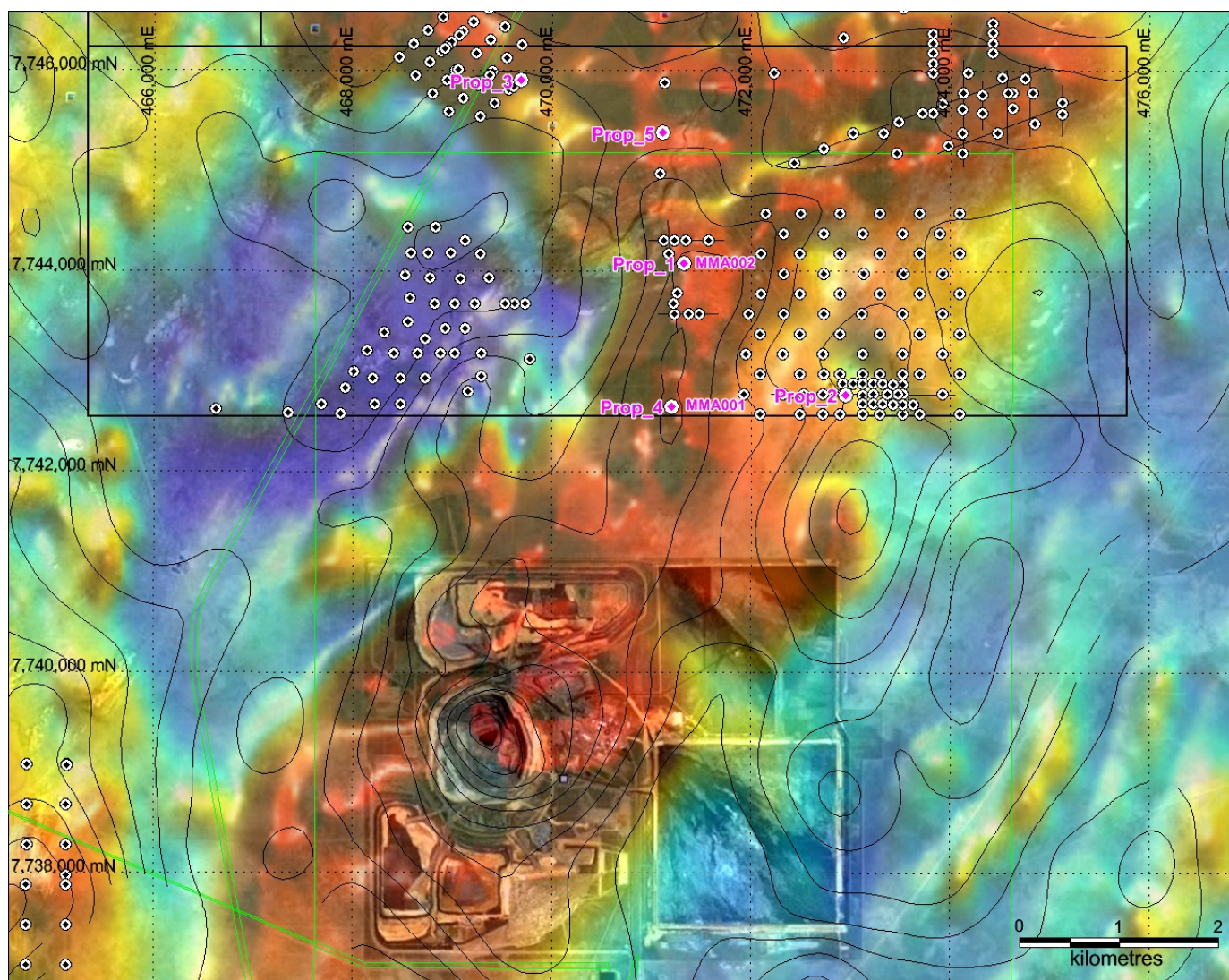


Figure: Currently drilling at location "Prop 4" and its relationship with the Ernst Henry Mining Operation.



Despite the history of previous exploration over the FC4S prospect, a number of untested (or only partially tested) areas have been identified as worthy of drill testing. It is likely that the highly conductive near-surface horizon within the cover rocks in the SE of FC4S has prevented IP surveys from adequately testing the basement in this area. The planned MT survey has the ability to see through this conductive cover to much greater depths.

The completed ground-gravity surveys over the relatively under-explored western FC2 area has defined a number of targets of interest, some of which show a correlation with elements of interest in preliminary analysis of MMI soil results for the same area. Gravity and MMI soil surveys are also warranted over other areas of interest, e.g. the FC12 and FC15 prospects.

#### **Forward Programme**

FC4S: Drilling of high priority targets will be completed during the December quarter.

FC6, FC12, FC15: A mix of ground gravity and MMI soil surveys are planned for the three target areas.

#### **Talawanta - Grassy Bore Project**

The Talawanta-Grassy Bore project consists of two granted exploration permits: EPM15406 (Talawanta) and EPM15681 (Grassy Bore). The two tenements lie within a north-south trending zone of prominent magnetism, commonly associated with gravity highs that are believed to reflect Proterozoic basement features beneath ca. 300 to 650m of younger cover rocks. The JV conducted ground gravity surveys over areas of coincident magnetic and gravity highs in 2010 and 2011 and drilled three scout drill-holes into selected targets. Two scout drill holes at the Ibis and Ibis-south prospects intersected extensive magnetite-bearing alteration systems.

Two scout drill-holes (TGD004 and 005) drilled into large, coincident magnetic and gravity targets beneath some 300m of cover rocks on the Landing Ground prospect (Grassy Bore tenement) were completed in early July. A 3D inversion of the air-borne magnetic data was used to constrain the drill targets. The Landing Ground prospect is located 10km NNW of the Ibis prospect. Both holes TGD004 (710m E.O.H.) and TGD005 (789m E.O.H.) intersected strongly altered magnetite-rich granitic and mafic rocks.

The pads and access tracks for drill-holes TGD004 and TGD005 on the Landing ground prospect were rehabilitated in September.

In TGD004 the Proterozoic unconformity was reached at 336m down-hole in TGD004. The Proterozoic rocks intersected consist of altered mafic and felsic igneous rocks including minor porphyry and pegmatite until the E.O.H. at 710m. Magnetite-feldspar-actinolite-chlorite alteration is common throughout the hole. Magnetite is typically in the 1-10% range and up to 70% locally. Fe assays are typically in the 10-20 wt % range with a peak value of 38 wt %. Minor pyrite is commonly observed with rare chalcopryrite.

Significant Cu (as chalcopryrite) in TGD004 was returned assays, including 4m averaging 962ppm Cu with a peak value of 0.23 wt % Cu (and 0.07ppm Au) at 454-455m. This was identified in breccia veins in altered mafic rock, associated with high P and minor Ag. There is an 18m interval averaging 200ppm Cu between 667-684m down-hole. The Cu interval is hosted in altered magnetite-rich porphyritic mafic rock with some veining, including stock-work veining locally. A highly anomalous gold result of 2.43ppm Au was returned for 408-409m in a zone of quartz-calcite-chlorite veining in a mafic rock.

TGD005 passed through the Proterozoic unconformity at 390m down-hole in TGD005. The Proterozoic rocks intersected consisted of altered granite, pegmatite and locally porphyritic mafic rocks until the E.O.H. at 789m. Chlorite-actinolite alteration is common throughout the rocks beneath the unconformity, with lesser carbonate and feldspar veining and alteration.

Magnetite is typically 1-5% and up to 30% locally. Cu is common in assays with peak values of 328ppm between 440-441m, and 300ppm between 785-786m down-hole. Gold of 0.02-0.08ppm is common in assays from 744-775m, with a peak of 0.08 occurring between 764-765m. Both Cu and Au appear to be increasing towards the end of the hole.

The common occurrence of sulphides in the form of pyrite and lesser chalcopryrite within the magnetite-bearing host rocks in both TGD004 and TGD005 is an encouraging sign with respect to the exploration potential of the Landing Ground anomalies.

## Forward Program

A trial geophysical survey (full-tensor MT) is being undertaken for detecting any sulphide bodies within the magnetite-rich bodies intersected in the drilling to date. This option will be reassessed at the beginning of the 2013 exploration season.

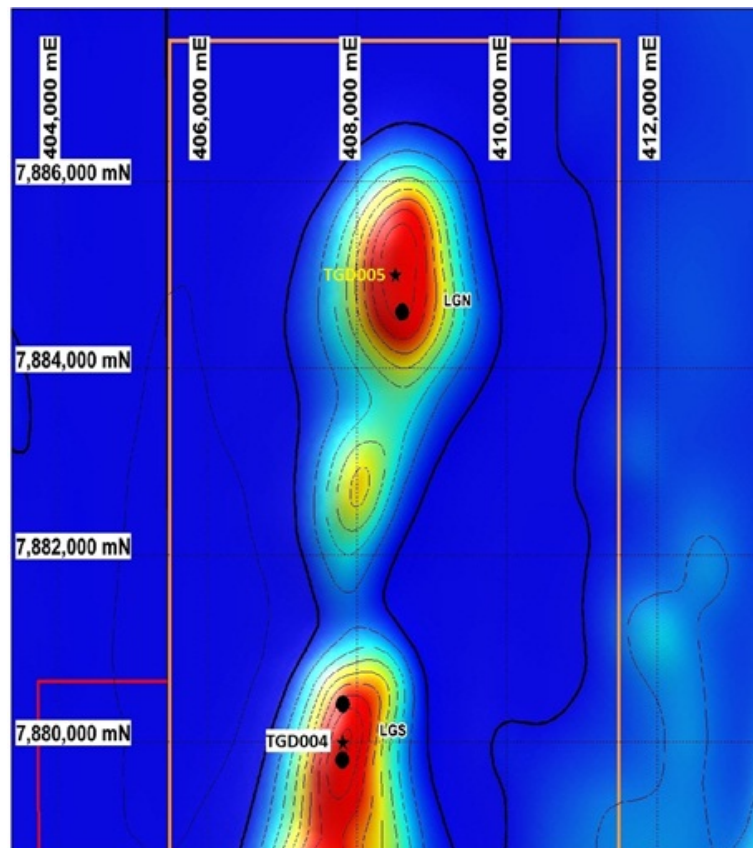


Figure: Showing gravity image and contours (HP5K) over the Landing Ground Prospect showing collar positions for scout drill-holes TGD004 and TGD005.

## QUEENSLAND EXPLORATION ACTIVITIES

### Mount Morgan Copper Gold Project Region

A compilation of geological data collected at Black Range and Sandy Creek during the last quarter has been completed during the quarter.

The Mount Morgan Project is located 40km south west of Rockhampton in Queensland and 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 Fault, a structural trend extending through the Sandy Creek Prospect, and the Smelter Return Prospect to Mount Morgan. Results from extensive soil and rock sampling program completed during 2011 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 (five granted) covering over 1,000 km<sup>2</sup>. Within these existing titles, numerous targets are defined ranging from early stage stream sediment anomalies through 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 GBM's recent 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.

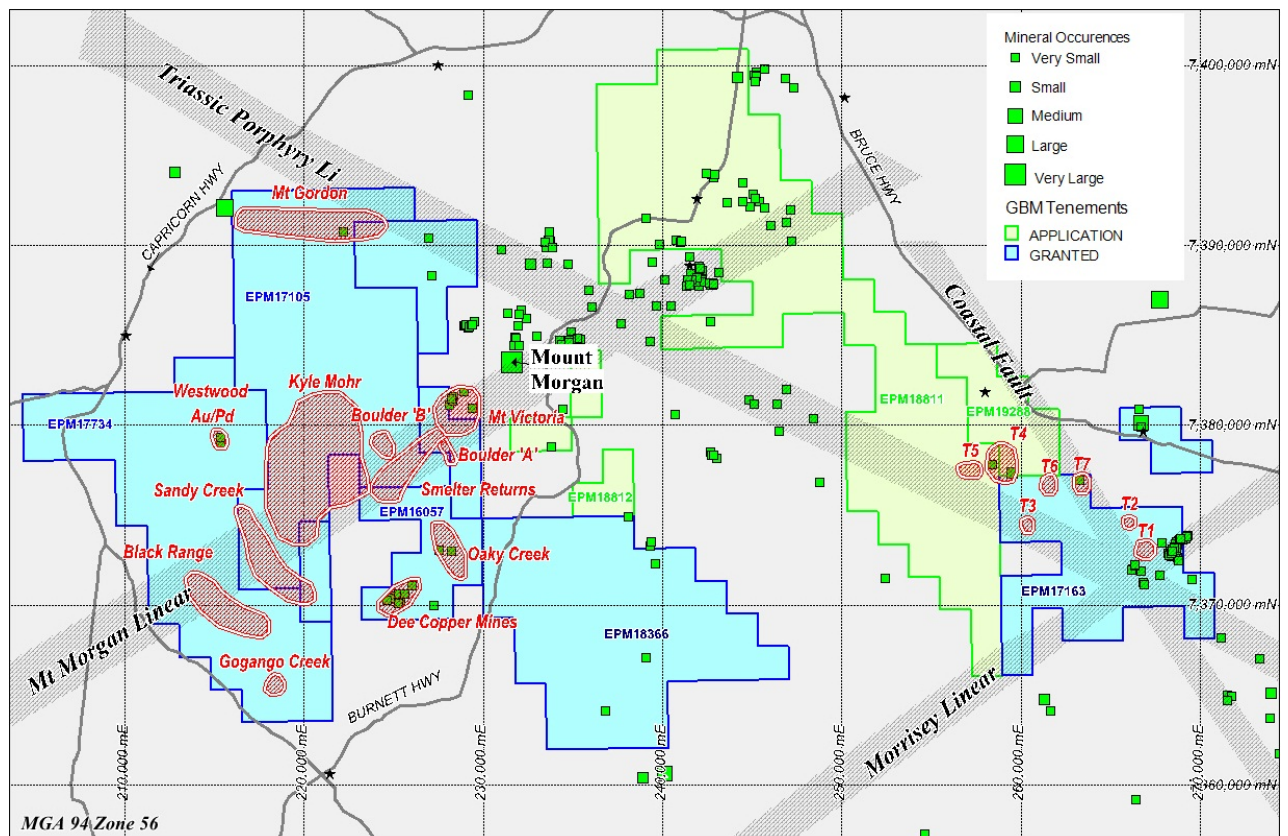


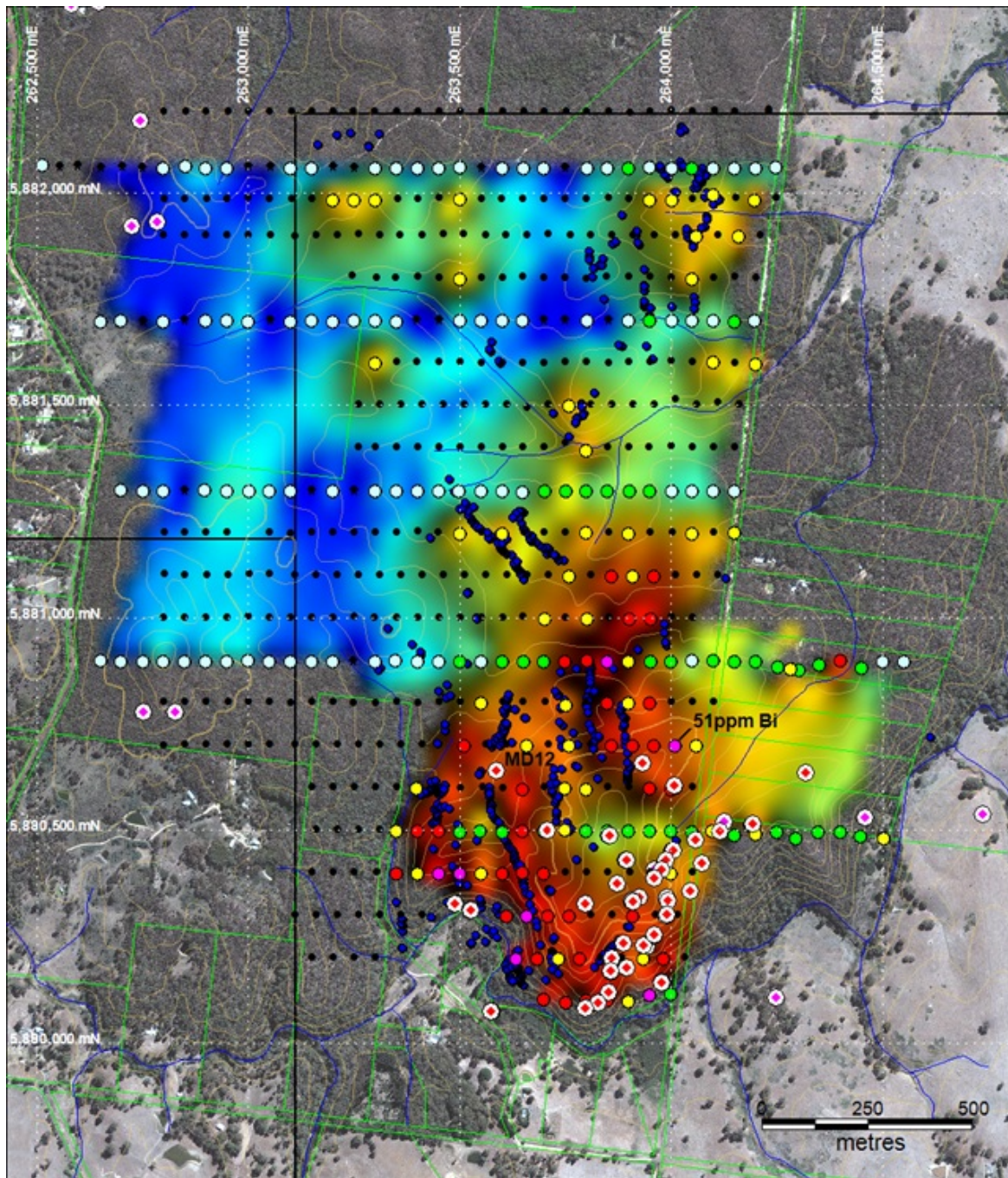
Figure showing targets and tenement.



## VICTORIAN EXPLORATION ACTIVITIES

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

A detailed review of the geological structure of the Malmsbury Project was completed during the quarter. This review confirmed the existence of multiple mineralised structures in the project area. This review and associated interpretation will assist in planning of future drill programs, and in conjunction with extensive soil geochemistry work completed last quarter, clearly demonstrates the extensive nature of gold mineralisation on and around Belltopper Hill.



*Figure: Malmsbury All\_GBM\_Soils gridded and thematic mapped for Bismuth. Data is gridded by ID2 and all below detect assays filtered. 51 ppm outlier also filtered. Whilst assay values are low (<5 ppm,) data grids nicely showing an ovoid pattern over Belltopper Hill. Further sampling to the east is required.*

### **Forward Program**

Planning for the extension of the soil grid to the east. Existing sampling shows strong gold anomalism at the east end of a number of grid lines. Historic Molopo drilling logs (3 diamond holes in the Panama-Missing Link area) have been entered into the database.

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

No field work was completed during the September Quarter.

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

Interpretation of prospect-scale (1:4,000) mapping of the Monkey Gully prospect completed during May indicate 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.

### **FORWARD PROGRAM**

Planning of a detailed ground magnetic survey to assist in delineating the potential host tonalite dykes will be undertaken during the next quarter. Petrography and additional rock sampling are also required.

## **TENEMENT SUMMARY**

Tenement maintenance, including reporting and renewals has been ongoing during the quarter. The current status of GBM tenements is summarised below. During the quarter EPM 18172 Dry Creek and EPM18208 Horse Creek 2 were granted simplifying previously complex tenement blocks in these areas.

Two applications to replace existing permits with new titles simplifying the tenement block and increasing the total area have been granted for the Bungalien project area. EPM 18207 (Bungalien 2) was granted as from the 24 May 2012 and incorporates and replaces EPM 14355 (Bungalien). EPM 18208 (Horse Creek 2) was granted as of the 2 August 2012 and incorporates and replaces EPM 15150 (Horse Creek) and EPM 14120 (Malbon 2). Limestone Creek, EPM 17849, is the other tenement held by the JV. The JV tenement area has increased to 717km<sup>2</sup> within the Bungalien IOCG project area.

The Mount Margaret West group of tenements consist of Mt Malakoff Ext EPM 16398, Dry Creek EPM 18172, Dry Creek Ext EPM18174 (all granted) and Cotswold EPM 16622 (application). To clarify recent tenement changes at the Mt Margaret project; EPM18172 Dry Creek (70 sub-blocks, 227 km<sup>2</sup>) was granted in July for five years, consolidating EPM 14614 Mt Margaret West and EPM 16227 Mt Margaret West Extended (both licenses conditionally surrendered).



Project / Name	Tenement No.	Owner	GBMR Equity	Manager	Granted	Expiry	Approx Area (km <sup>2</sup> )	sub-blocks/grats	Status	State
<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	Vic
Lauriston	EL5120	GBMR	100%	GBMR	17-Dec-08	16-Dec-13	81	81	Granted	Vic
<b>Willaura</b>										
Lake Bolac	EL4631	GBMR	100%	GBMR	21-Mar-02	20-Mar-14	20	20	Granted	Vic
Willaura	EL5346	GBMR	100%	GBMR	02-Jun-11	01-Jun-14	11	11	Granted	Vic
Lake Bolac2	ELA5423	GBMR	100%	GBMR			218	218	Appl'n	Vic
<b>Yea</b>										
Monkey Gully	EL5293	GBMR	100%	GBMR	23-Mar-11	22-Mar-16	442	442	Granted	Vic
Tin Creek	EL5292	GBMR	100%	GBMR	23-Mar-11	22-Mar-16	442	442	Granted	Vic
Rubicon	EL5347	GBMR	100%	GBMR	27-Feb-12	26-Feb-17	155	155	Granted	Vic
<b>Queensland</b>										
<b>Drummond Basin</b>										
Diamond Creek	EPM19193	GBMR	100%	GBMR	27-Jun-11	26-Jun-14	247	76	Granted	Q'ld
<b>Dee Range</b>										
Dee Range	EPM16057	GBMR	100%	GBMR	27-Sep-07	26-Sep-14	88	14	Granted	Q'ld
Boulder Creek	EPM17105	GBMR	100%	GBMR	26-Mar-08	25-Mar-13	178	54	Granted	Q'ld
Mt Morrissey	EPM17163	GBMR	100%	GBMR	22-May-08	21-May-13	161	29	Granted	Q'ld
Black Range	EPM17734	GBMR	100%	GBMR	20-May-09	19-May-14	150	50	Granted	Q'ld
Smelter Return	EPM18366	GBMR	100%	GBMR	21-Jun-12	20-Jun-17	195	60	Granted	Q'ld
Limonite Hill	EPMA18811	GBMR	100%	GBMR			260	80	Proposal	Q'ld
Limonite Hill East	EPMA19288	GBMR	100%	GBMR			29	9	Appl'n	Q'ld
Mt Hoopbound	EPM18812	GBMR	100%	GBMR	26-Jul-12	25-Jul-17	23	7	Granted	Q'ld
<b>Mount Isa Region</b>										
<b>Talawanta - Grassy Bore</b>										
Talawanta	EPM15406	GBMR* <sup>2</sup> / <u>Isa Tenements</u>	100%	GBMR	15-Jan-08	14-Jan-13	325	100	Granted	Q'ld
Grassy Bore	EPM15681	GBMR* <sup>2</sup> / <u>Isa Tenements</u>	100%	GBMR	28-Sep-07	27-Sep-15	325	100	Granted	Q'ld
Talawanta2	EPMA19255	GBMR/ <u>Isa Tenements</u>	100%	GBMR			325	100	Appl'n	Q'ld
Grassy Bore2	EPMA19256	GBMR/ <u>Isa Tenements</u>	100%	GBMR			322	99	Appl'n	Q'ld
<b>Mount Margaret</b>										
Mt Malakoff Ext	EPM16398	GBMR* <sup>2</sup> / <u>Isa Tenements</u>	100%	GBMR	19-Oct-10	18-Oct-15	84	26	Granted	Q'ld
Cotswold	EPMA16622	GBMR* <sup>2, 4</sup> / <u>Isa Tenements</u>	100%	GBMR			45	14	Appl'n	Q'ld
Mt Marge	EPMA19834	GBMR/ <u>Isa Tenements</u>	100%	GBMR			3.2	1	Appl'n	Q'ld
Dry Creek	EPM18172	GBMR/ <u>Isa Tenements</u>	100%	GBMR	13-Jul-12	12-Jul-17	227	70	Granted	Q'ld
Dry Creek Ext	EPM18174	GBMR/ <u>Isa Tenements</u>	100%	GBMR	25-Oct-11	24-Oct-14	39	12	Granted	Q'ld
<b>Brightlands</b>										
Brightlands	EPM14416	GBMR* <sup>2</sup> / <u>Isa Brightlands</u>	100%	GBMR	5-Aug-05	4-Aug-14	253	78	Granted	Q'ld
Brightlands West	EPMA18051	GBMR/ <u>Isa Brightlands</u>	100%	GBMR			6.5	2	Appl'n	Q'ld
Brightlands West Ext.	EPMA18672	GBMR/ <u>Isa Brightlands</u>	100%	GBMR			97	30	Appl'n	Q'ld
Wakeful	EPM18454	GBMR/ <u>Isa Brightlands</u>	100%	GBMR	23-Jan-12	22-Jan-17	13	4	Granted	Q'ld
Highway	EPM18453	GBMR/ <u>Isa Brightlands</u>	100%	GBMR	23-Jan-12	22-Jan-17	36	11	Granted	Q'ld
<b>Bungalien</b>										
Limestone Creek	EPM17849	GBMR/ <u>Isa Tenements</u>	100%	GBMR	20-Oct-10	19-Oct-15	78	24	Granted	Q'ld
Bungalien 2	EPM18207	GBMR/ <u>Isa Tenements</u>	100%	GBMR	24-May-12	23-May-17	325	100	Granted	Q'ld
Horse Creek 2	EPM18208	GBMR/ <u>Isa Tenements</u>	100%	GBMR	2-Aug-12	1-Aug-17	325	100	Granted	Q'ld
<b>Mayfield</b>										
Mayfield	EPMA19483	GBMR* <sup>2, 4</sup> / <u>Isa Tenements</u>	100%	GBMR			302	93	Proposal	Q'ld
Mayfield2	EPM14111	GBMR* <sup>2, 4</sup> / <u>Isa Tenements</u>	100%	GBMR	9-Aug-05	8-Aug-11	84	26	Renewal	Q'ld
<p>Note *<sup>1</sup> subject to a 2.5% net smelter royalty to vendors.</p> <p>*<sup>2</sup> subject to a 2% net smelter royalty is payable to Newcrest Mining Ltd.</p> <p>*<sup>3</sup> For Q'ld tenements, 1 subblock ~3.2km<sup>2</sup>. Underlined areas indicate the tenement is contained in new application area.</p> <p>*<sup>4</sup> subject to approval by DME</p>										

Table: GBM Resources Tenement Summary as at 26<sup>th</sup> September 2012.

Project	Hole_ID	mFrom	mTo	Hole_Type	Hole_Diameter	Date_Started	Date_Completed	Grid_ID	Easting	Northing	RL	Lease_ID	Prospect
Bungalien	BNG004	0	200	RC	HQ	20-Aug-12	21-Aug-12	MGA94_54	393443	7633092	369	EPM18207	BRONZWNG_BORE
Bungalien	BNG005	0	210	RC	HQ	17-Aug-12	22-Aug-12	MGA94_54	392660	7634688	378	EPM18207	BRONZWNG_BORE
Bungalien	BNG005	210	851.13	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	EPM18208	BRONZWNG_BORE
Chumvale	BTD045	0	223.1	DD	HQ	12-Aug-12	30-Aug-12	MGA94_54	434506	7707146	263	EPM14416	CHUMVALE
Chumvale	BTD045	223.1	762	DD	NQ2	30-Aug-12	03-Sep-12	MGA94_54	434506	7707146	263	EPM14416	CHUMVALE
Chumvale	BTD046	0	71.1	DD	HQ	03-Sep-12	05-Sep-12	MGA94_54	434506	7707147	263	EPM14416	CHUMVALE
Chumvale	BTD046	71.1	381.5	DD	NQ2	05-Sep-12	14-Sep-12	MGA94_54	434506	7707147	263	EPM14417	CHUMVALE
Bungalien	HRC001	0	204	RC	HQ	03-Jul-12	05-Jul-12	MGA94_54	418804	7635319	298	EPM18208	BOOMERANG
Bungalien	HRC002	0	204	RC	HQ	06-Jul-12	09-Jul-12	MGA94_54	419520	7640650	292	EPM18208	BOOMERANG
Talawanta-Gr	TGD005	0	348.8	RM	HQ	27-Jun-12	29-Jun-12	MGA94_54	408600	7884800	68	EPM15681	TALA_GRASSYBORE
Talawanta-Gr	TGD005	348.8	710	DD	HQ	29-Jun-12	06-Jul-12	MGA94_54	408600	7884800	68	EPM15681	TALA_GRASSYBORE

*Table: GBM Drillhole location summary September Quarter 2012.*

## CORPORATE

- The Company spent A\$2,369,000 in the quarter, of which \$2,041,000 was for exploration and \$328,000 for administration costs. Cash at 30 September 2012 was \$2.4 million.
- A Share Purchase Plan, announced on 16 July 2012, closed on 20 August 2012 raising \$544,200 following the issue of 10,884,000 ordinary fully paid shares at 5 cents each.
- On 18 September the Company announced that the Swift Resources Limited initial public offer was not proceeding and that the Bungalien phosphate rights would revert to an unincorporated joint venture where Swift Venture Corp's interest would be 70% and GBM's interest 30%.
- Subsequent to the end of the quarter the Company announced it had completed the placement of 20 million ordinary fully paid shares at 5 cents each, raising \$1 million before costs, to a Singaporean investment consortium. The consortium has an option to acquire up to a 19.9% interest in the ordinary share capital of GBM at 5 cents per share in a second tranche placement, which is subject to Shareholder approval at GBM's annual General Meeting on 23<sup>rd</sup> November 2012.
- Subsequent to the end of the quarter the Company announced that it had agreed to acquire Swift Venture Corp's interest in the Bungalien phosphate rights by the issue of 10 million ordinary fully paid shares. The issue of the consideration shares is subject to Shareholder approval at GBM's AGM on 23<sup>rd</sup> November 2012.

### For Further information please contact:

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## Explanatory notes:

<sup>\*1</sup> 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

<sup>\*2</sup> 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. Holes range in declination from 50° to 70° to 225° MGA at Milo and 270° MGA at Tiger. Mineralised zones are interpreted to dip steeply in the opposite direction, holes are therefore drilled approximately perpendicular to the interpreted strike of mineralised zones.

<sup>\*4</sup> All RC holes at Bronzewing Bore and Boomerang are vertical. The Bronzewing Bore holes are diamond holes with reverse circulation pre-collars and the Boomerang holes are RC. 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 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**

**30 September 2012**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for: (a) exploration and evaluation (including JV Farm-in spend)	(2,041)	(2,041)
(b) development	-	-
(c) production	-	-
(d) administration	(328)	(328)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	15	15
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - Grants and JV management fees	198	198
- R&D concession refund	259	259
<b>Net Operating Cash Flows</b>	<b>(1,897)</b>	<b>(1,897)</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)	(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	1,650	1,650
<b>Net investing cash flows</b>	<b>1,617</b>	<b>1,617</b>
1.13 Total operating and investing cash flows (carried forward)	(280)	(280)

+ See chapter 19 for defined terms.



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

1.13	Total operating and investing cash flows (brought forward)	(280)	(280)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	1,044	1,044
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)	(17)	(17)
	<b>Net financing cash flows</b>	1,027	1,027
	<b>Net increase (decrease) in cash held</b>	747	747
1.20	Cash at beginning of quarter/year to date	1,591	1,591
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	2,338	2,338

**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	162
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	<b>Explanation necessary for an understanding of the transactions</b> <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

--

- 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 \$1,628,815 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	800
4.2 Development	
4.3 Production	
4.4 Administration	300
<b>Total</b>	<b>1100</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	2,220	1,473
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>2,338</b>	<b>1,591</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	EPM18172 EPM18208	Granted Granted	Nil Nil	100% 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>	247,065,003	247,065,003		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	10,884,000 - -	10,884,000 - -		
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 October 2012

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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