



ABN 91 124 752 745

Financial Statements

**For the Half-Year Ended
31 December 2018**

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Directors' Report

The Directors present the consolidated financial statements of GBM Resources Limited for the half-year ended 31 December 2018.

Directors

The following persons were directors of GBM Resources Limited during the whole of the half-year and up to the date of this report, unless stated otherwise:

Peter Thompson	<i>(Executive Chairman)</i>
Sunny Loh	<i>(Non-Executive Deputy Chairman) – Appointed 6 December 2018</i>
Neil Norris	<i>(Executive Director)</i>
Hun Seng Tan	<i>(Non-Executive Director)</i>

Mr Guan Huat (Sunny) Loh

Non-Executive Deputy Chairman

Mr Loh's expertise lies in corporate strategy, finance markets, investor relations and capital restructures. Mr Loh holds a BBA from National University of Singapore and an MBA of Strategic Marketing from the University of Hull. He is also an Associate of the Institute of Chartered Secretaries and Administrators.

Mr Loh has been appointed to the role of Deputy Chairperson. In this role he will further support the Board through interaction with the Company's overseas shareholder base, and via evaluation of additional funding and corporate options to further develop and grow GBM.

Mr Loh is a substantial shareholder in GBM. He has a long and supportive relationship with the Company as both a shareholder and, previously, as a Non-Executive Director.

Mr Loh has not been a director of any other ASX listed company in the past 3 years.

Company Secretary

Kevin Hart

Review of Operations

The consolidated net loss after income tax for the half-year was \$562,506 (31 December 2017: \$1,185,497), which includes exploration costs expensed and written off of \$116,432 (31 December 2017: \$57,944), and an expense of \$nil in respect of the impairment of the Company's investment in Anchor Resources Limited (31 December 2017: \$325,951).

At the end of the half-year the Group had \$484,367 (30 June 2018: \$351,438) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure at 31 December 2018 was \$12,353,436 (30 June 2018: \$11,983,627).

Exploration

Exploration expenditure incurred for the six months ended 31 December 2018 on the Company's wholly owned projects was \$433,571 (31 December 2017: \$1,240,351) and for the Farm-in projects was \$356,964 (31 December 2017: \$351,207). Exploration activities for the period were focussed on the Company's gold project at Mt Coolon and on joint venture iron ore-copper-gold (IOCG) projects at Cloncurry.

Directors' Report

Significant Changes in the State of Affairs of the Group

During the period the Company issued 227,030,000 ordinary fully paid shares at 0.5 cents per share, raising \$1,135,150 before costs of the issue, pursuant to a share purchase plan and share placement.

Other than as stated in this report, there have been no significant changes in the state of affairs of the Group during the period ended 31 December 2018.

Events Subsequent to the Reporting Date

Other than the matters stated below, there has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

- On 6 February 2019 the Company issued 18,800,000 unlisted options exercisable at 0.9 cents each and expiring 31 January 2023 to employees pursuant to the terms and conditions of the GBM Resources Limited Incentive Option Plan.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

This report is made in accordance with a resolution of the Directors.

DATED at Perth this 15th day of March 2019.



Peter Thompson
Executive Chairman



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of GBM Resources Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
15 March 2019

A handwritten signature in blue ink, appearing to read 'D I Buckley', with a stylized flourish at the end.

D I Buckley
Partner

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GBM Resources Limited
ABN 91 124 752 745

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2018

	Note	Consolidated	
		31 December 2018 \$	31 December 2017 \$
Revenue	3	25,680	62,706
Employee expenses		(242,686)	(139,889)
Impairment expense – available for sale financial assets		-	(325,951)
Gain on disposal of exploration assets	4	100,000	-
Loss on disposal of available for sale financial assets		-	(440,833)
Project costs expensed		(47,298)	(15,035)
Depreciation and amortisation expenses		(12,387)	(14,350)
Consulting and professional expenses		(70,400)	(40,679)
Travel expenses		(44,627)	(51,933)
Exploration costs expensed and written off		(116,432)	(57,944)
Other and administration expenses		(154,356)	(161,589)
Loss before income tax		(562,506)	(1,185,497)
Income tax benefit		-	-
Net loss for the half-year attributable to the members of the parent entity		(562,506)	(1,185,497)
Other comprehensive income		-	194,925
Total comprehensive loss for the period attributable to the members of the parent entity		(562,506)	(990,572)
Loss per share			
Basic and diluted loss per share (cents)		(0.1)	(0.1)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

GBM Resources Limited
ABN 91 124 752 745

Condensed Consolidated Statement of Financial Position
As At 31 December 2018

		Consolidated	
		31 December 2018 \$	30 June 2018 \$
	Note		
Current assets			
Cash and cash equivalents		484,367	351,438
Trade and other receivables	5	111,988	47,060
Total current assets		596,355	398,498
Non-current assets			
Trade and other receivables	5	800,371	746,488
Property, plant and equipment		79,714	92,101
Exploration and evaluation assets	11	12,353,436	11,983,627
Total non-current assets		13,233,521	12,822,216
Total assets		13,829,876	13,220,714
Current liabilities			
Trade and other payables		481,506	430,566
Total current liabilities		481,506	430,566
Non-current liabilities			
Provision for rehabilitation		706,907	706,907
Total non-current liabilities		706,907	706,907
Total liabilities		1,188,413	1,137,473
Net assets		12,641,463	12,083,241
Equity			
Issued capital	6	32,915,822	31,795,094
Reserves		610,175	610,175
Accumulated losses		(20,884,534)	(20,322,028)
Total equity		12,641,463	12,083,241

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

GBM Resources Limited
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Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2018

	Issued capital \$	Accumulated losses \$	Option reserve \$	Revaluation reserve \$	Total \$
At 1 July 2017	31,801,764	(14,540,939)	610,175	-	17,871,000
Total comprehensive result for the half-year:					
Other comprehensive income	-	-	-	194,925	194,925
Loss for the half-year	-	(1,185,497)	-	-	(1,185,497)
	-	(1,185,497)	-	194,925	(990,572)
At 31 December 2017	31,801,764	(15,726,436)	610,175	194,925	16,880,428
At 1 July 2018	31,795,094	(20,322,028)	610,175	-	12,083,241
Total comprehensive result for the half-year:					
Other comprehensive income	-	-	-	-	-
Loss for the half-year	-	(562,506)	-	-	(562,506)
	-	(562,506)	-	-	(562,506)
Shares issued net of costs	1,120,728	-	-	-	1,120,728
At 31 December 2018	32,915,822	(20,884,534)	610,175	-	12,641,463

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

GBM Resources Limited
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Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2018

	Consolidated	
	31 December 2018	31 December 2017
Note	\$	\$
Cash flows from operating activities		
Other income and recharges	-	5,563
Interest received	3,430	6,450
JV management fee income	22,209	43,481
Payments to suppliers and employees	(465,316)	(382,607)
Net cash used in operating activities	(439,677)	(327,113)
Cash flows from investing activities		
Payments for environmental bonds and deposits	(53,832)	-
Proceeds from redemption of environmental bonds and deposits	-	10,000
Proceeds on sale of exploration assets	100,000	-
Proceeds on sale of available for sale assets	-	1,626,812
Funds provided by JV partner under farm-in agreement	185,078	362,346
Payments for exploration and evaluation, including joint venture spend	(772,700)	(1,472,537)
Payments for plant and equipment	-	(3,030)
Net cash provided by/(used in) investing activities	(541,454)	523,591
Cash flows from financing activities		
Proceeds from the issue of shares	1,135,150	-
Payments for transaction costs relating to issues of securities	(21,090)	-
Net cash from financing activities	1,114,060	-
Net increase in cash held	132,929	196,478
Cash at the beginning of the period	351,438	739,718
Cash at the end of the period	484,367	936,196

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2018

Note 1 Basis of preparation of half-year report

These general purpose financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures that the financial statements comply with International Financial Reporting Standard IAS 134: Interim Financial Reporting.

The financial report has been prepared on the historical cost basis.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made by GBM Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies, accounting judgements, key estimates and methods of computation have been followed in these half-year financial statements as compared with the most recent annual financial statements. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year. The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2018. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

The Group does not consider that the adoption of AASB16 Leases will have a material impact in respect of the Group's lease arrangements.

The consolidated half-year financial statements were approved by the Board of Directors on 15th March 2019.

Going Concern Basis for Preparation of Financial Statements

The financial statements have been prepared on the going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. The ability of the Group to continue to adopt the going concern assumption will depend on future successful capital raisings, the successful exploration and subsequent exploitation of the Group's tenements and/or sale of non-core assets.

The Group will be required to raise additional funds in order to meet its budgeted expenditure. The Group has the ability to scale back discretionary expenditure pending the timing of raising of additional funds. Should these measures not be achieved there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As at 31 December 2018 the Group has cash assets of \$484,367, and total current liabilities at that date amounting to \$481,506. The loss for the six months to 31 December 2018 was \$562,506 of which \$116,432 related to the expensing of exploration costs. Operating cash outflows for the six months to 31 December 2018 were \$439,677.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2018

Note 2 Segment information

Operating segments are identified and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's Board of Directors, being the Group's Chief Operating Decision Maker, as defined by AASB 8.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Group's activity is mineral exploration and resource development within Australia.

The reportable segments are as per the primary financial statements.

Note 3 Revenue

	Consolidated	
	31 December 2018 \$	31 December 2017 \$
Other income and recharges	-	12,775
Interest income	3,471	6,450
Joint venture management fee income	22,209	43,481
	25,680	62,706

Note 4 Gain on disposal of exploration assets

During the reporting period the Company received \$100,000 on the disposal of an exploration licence. The exploration licence was carried at nil value prior to disposal.

Note 5 Trade and other receivables

	Consolidated	
	31 December 2018 \$	30 June 2018 \$
Current		
Funds recoverable from joint venture partner	77,963	-
Trade and other receivables	34,025	47,060
	111,988	47,060
Non-current		
Environmental bonds and security deposits	800,371	746,488

GBM Resources Limited
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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2018

Note 6 Issued capital

	31 December 2018 #	31 December 2017 #	31 December 2018 \$	31 December 2017 \$
Issued capital - Shares				
At the beginning of the period	863,566,975	863,566,975	31,795,094	31,801,764
Share purchase plan ¹	47,030,000		235,150	
Share placement ¹	180,000,000	-	900,000	-
Costs related to share issues	-	-	(14,422)	-
At the end of the period	1,090,596,975	863,566,975	32,915,822	31,801,764

¹ Shares issued at 0.5 cents per share.

Note 7 Dividends

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2018.

Note 8 Contingencies and commitments

(i) Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

(ii) Contingent assets

There has been no change in contingent assets since the last annual reporting date.

(iii) Exploration commitments

There has been no material change in exploration commitments since the last annual reporting date.

Note 9 Events occurring after the balance date

Other than the matters stated below, there has not arisen in the interval between the end of the reporting period and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

- On 6 February 2019 the Company issued 18,800,000 unlisted options exercisable at 0.9 cents each and expiring 31 January 2023 to employees pursuant to the terms and conditions of the GBM Resources Limited Incentive Option Plan.

Note 10 Fair value

The fair value of financial assets and liabilities measured at fair value on a non-recurring basis approximate their carrying amount at balance date.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2018

Note 11 Exploration and evaluation assets

The capitalised exploration and evaluation costs of \$12,353,436 (30 Jun 2018: \$11,983,627) represent expenditure incurred by the Group on its exploration assets.

Exploration costs included in profit or loss of \$116,432 (31 Dec 17: \$57,944) include an amount of \$59,199 (31 Dec 17: \$nil) in respect of the expensing previously capitalised exploration and evaluation costs on tenements derecognised or no longer held.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Directors' Declaration

The Directors of GBM Resources Limited ("the Company") declare that:

- (a) the half-year financial statements and notes set out on pages 6 to 13 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standard AASB134 – *Interim Financial Reporting*, and the Corporations Regulations 2001, and other mandatory reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors, made pursuant to s303(5) of the Corporations Act 2001.

Signed at Perth this 15th day of March 2019.

A handwritten signature in blue ink, appearing to read 'P. Thompson', with a long horizontal stroke extending to the right.

Peter Thompson
Executive Chairman

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GBM Resources Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of GBM Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of GBM Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1 in the half-year financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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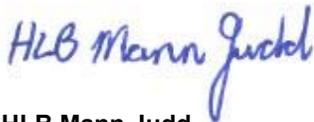
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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

**HLB Mann Judd
Chartered Accountants**

**Perth, Western Australia
15 March 2019**

A handwritten signature in blue ink that reads 'D I Buckley'.

**D I Buckley
Partner**