



ACN 124 752 745

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2020

GBM Resources Limited

ABN 91 124 752 745

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GBM Resources Limited

ABN 91 124 752 745

Corporate Directory

Directors

Peter Mullens
Executive Chairman

Peter Rohner
Managing Director

Peter Thompson
Executive Director

Brent Cook
Non-Executive Director

Guan Huat Loh
Non-Executive Deputy Chairman

Company Secretary

Kevin Hart

Registered Office

Suite 8, 7 The Esplanade
Mt Pleasant WA 6153
AUSTRALIA
Telephone: +61 8 9316 9100
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Principal Place of Business

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Facsimile: +61 8 9315 5475

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000
AUSTRALIA

Share Registry

Computershare Investor Services
Level 11, 172 St Georges Terrace
Perth WA 6000
AUSTRALIA
Telephone: +61 8 9323 2000

Securities Exchange Listing

GBM Resources Limited - shares are listed on the
Australian Securities Exchange (ASX Code: GBZ)

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Building
16 Milligan Street
Perth WA 6000
AUSTRALIA

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GBM Resources Limited

ABN 91 124 752 745

Directors' Report

The Directors present their report together with the consolidated financial statements for the Company and its controlled entities ('Group') for the financial year ended 30 June 2020.

DIRECTORS

The names of Directors in office at any time during or since the end of the year are:

Peter Mullens – B.Sc (Geology), Fellow AUSIMM

Executive Chairman (appointed 9 October 2019, effective 25 November 2019)

Mr. Mullens has over 35 years' experience in the mining industry from early exploration to development and mine production. He has been involved with major companies having worked for Rio Tinto and Mt Isa Mines at world class Broken Hill and Mt Isa Ag, Pb, Zn mines located in Australia.

Mr Mullens has been closely involved in companies raising in excess of USD \$250 million since 2002. He is currently Non-Executive Chairman of Royal Road Minerals (TSX-RYR) who are exploring in Colombia. In addition, he has a part time position with a Uranium Explorer, NX Gold Limited (TSX-NXN) as General Manager Australia.

He has had a history of success with junior exploration companies over the last 20 years including acquiring Aquiline Resources' Argentinean projects and the resulting sale to Pan American Silver for CAD \$ 630 million in 2009, Chief Geologist and director for Laramide Resources, and co-founder and director of Lydian Resources (TSX-LYD) which discovered the 4 million-ounce Amulsar Gold Deposit located in Armenia.

In the last 3 years Mr Mullens was a director of GPM Metals, a company listed on the TSX (from March 2018 to June 2019).

Peter Rohner – B.Sc (Metallurgy), Grad Dip Applied Finance & Investment,
Managing Director (appointed 25 November 2019)

Mr Rohner has over 30 years' experience in the mining industry. In particular, he has been heavily involved in mineral process technology development including development of the Jameson flotation cell, IsaMill fine grinding and, more recently, significant involvement in further development of Glencore's Albion Process (fine grind oxidative leach) technology.

Mr Rohner is currently a Technical Director of both the Core Group, which provides metallurgical processing solutions to its global clients, and Stibium China Holdings Ltd, which owns a producing gold asset in South Africa. He is also a director of Stibium Mining Pty Ltd and in the last 3 years a former director of Tartana Resources Limited (from 29 September 2017 to 12 August 2020).

Peter Thompson – B.Bus, CPA, FCIS

Executive Director (resigned Executive Chairman and Managing Director 25 November 2019)

Experience

Mr Thompson is a CPA qualified accountant and Fellow of Governance Institute of Australia. He has over 35 years' experience in the mining industry in Australia, UK and South America. He has held senior roles with several major companies including Xstrata Plc, MIM Holdings Ltd and Mt Edon Gold Mines.

Since 2000, Mr Thompson has been involved in the development of various infrastructure projects, including mine and refinery expansions and establishment of infrastructure including roads, rail, port and power utilities. Mr Thompson was appointed as a non-executive director of Nova MSC Berhad, a Malaysian public company on 1 June 2017.

Mr Thompson has held no other directorships of listed companies in the last 3 years.

Mr Guan Huat (Sunny) Loh – BBA, ACS, ACIS, MBA

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.

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Directors' Report

DIRECTORS (CONTINUED)

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 last 3 years.

Neil Norris – B.Sc (Hons), MAIMM, MAIG

Exploration Director - Executive (resigned 17 September 2020)

Experience

Mr. Norris is a geologist with over 25 years' experience gained in Australia and overseas. Recently he was Group Exploration Manager for Perseverance Corporation Limited and spent over ten years with Newmont Australia Limited holding senior positions in both mining and exploration areas. A key achievement was his development of the geological models which contributed to the discovery of the Phoenix ore body at Fosterville. Mr. Norris was also involved in the discovery of the world class Cadia and Ridgeway deposits. Mr. Norris has a track record in the successful identification of mineral deposits and his experience will greatly advance GBM's exploration efforts.

Mr Norris has held no other directorships of listed companies in the last 3 years.

Brent Cook – B.Sc (Geology)

Non-Executive Director (appointed 17 September 2020)

Experience

Mr. Cook is an economic geologist with over 40 years' experience in exploration, mining and finance. During his career he has worked on numerous deposit types in over 60 countries. From 1999 to 2003, Mr Cook was chief analyst at Global Resource Investments (now Sprott Global) and an advisor to three micro-cap junior exploration funds. Since 2003 Mr Cook has also acted as an independent advisor and mining analyst, working with a number of junior mining companies, money management groups and individual investors. From 2008 to 2016 he was owner and author of the resource investment letter Exploration Insights. Mr Cook brings a wealth of knowledge from his experiences within the Financial and Mining sectors.

Mr Cook has held no other directorships of listed companies in the last 3 years.

COMPANY SECRETARY

Mr Kevin Hart – B.Comm FCA

Mr Hart is a Chartered Accountant and was appointed to the position of Company Secretary on 3 February 2010. He has over 30 years' experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

He is currently a partner in an advisory firm which specialises in the provision of company secretarial services to ASX listed entities.

MEETINGS OF DIRECTORS

During the financial year, the following meetings of Directors (including committees) were held:

DIRECTORS' MEETINGS		
	Number Eligible to Attend	Number Attended
P Mullens	9	9
P Rohner	8	8
P Thompson	12	12
N Norris	12	12
S Loh	12	11

GBM Resources Limited

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Directors' Report

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was exploration in respect of its gold projects in Australia and the construction of the White Dam Sulphidisation-Acidification-Recycling-Thickening (SART) Plant in South Australia. Corporate activities included the consolidation of the Group's ordinary share capital and subsequent capital raising. At the Company's Annual General Meeting on 25 November 2019, shareholders approved that every 10 shares held and 10 options held be consolidated into 1 ordinary share or 1 option. During the latter half of the financial year corporate activities focussed on equity raisings from share placements, a non-renounceable entitlement issue and shortfall offer.

OPERATING AND FINANCIAL REVIEW

Corporate

During the financial year there was a restructuring of the Board of Directors with the appointment of Peter Rohner as Managing Director and Peter Mullens as Executive Chairman. Subsequent to year end Brent Cook, an economic geologist was appointed as an independent non-executive Director of the Company.

Exploration

Planning for the current exploration program, incorporating 5,000 metres of drilling, commenced at the Mt Coolon Gold Project in Queensland with priority drill targets identified adjacent to the existing Koala, Glen Eva and Eugenia resources.

A strategic partnership with Novo Resources Corp (a Canadian Listed – TSX-V:NVO) was completed with Novo having a six month due diligence period to exercise an option to acquire a 50% interest in the Malmsbury Project in Victoria. Subsequent to year end, Novo exercised the option. Refer to Subsequent Events section of the Directors' Report.

White Dam Plant Construction

In December 2019, the Company completed the acquisition of a 100% interest in Millstream Resources Pty Ltd (Millstream). Millstream may earn an initial 50% interest in the White Dam Gold-Copper Heap Leach Project (with an option to acquire a 100% interest) pursuant to a joint venture agreement with Round Oak Minerals Pty Ltd. The focus for the second half of the financial year was the construction of the White Dam SART plant in order to earn the initial interest in the White Dam Project. In July staged commissioning activities commenced as circuits in the plant were progressively completed. Receipt of revenue from the heap leach operation is expected to commence in quarter four of calendar year 2020.

COVID-19

GBM's business continues to operate in full compliance with the COVID-19 advice from the Australian Government and relevant health authorities.

The situation is evolving, and whilst there are currently no significant impacts, there remains some uncertainty and risks with potential impacts on the White Dam JV Heap Leach Operation and our exploration programs in the second half of 2020.

Operating Results

The net loss after income tax attributable to members of the Group for the financial year to 30 June 2020 amounted to \$1,198,012 (2019: \$4,239,459) and included \$225,562 (2019: \$3,156,526) in respect of exploration costs written off, impaired and expensed.

Financial Position

At the end of the financial year, the Group had \$1,382,072 (2019: \$332,540) in cash on hand and on deposit. Carried forward exploration and evaluation expenditure was \$10,848,146 (2019: \$9,644,180).

EQUITY SECURITIES ON ISSUE

	30 June 2020	30 June 2019 (pre-consolidation)
Ordinary fully paid shares	225,038,134	1,090,596,975
Options over unissued shares	25,954,152	222,191,744
Rights over unissued shares	1,128,000	-

GBM Resources Limited

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Directors' Report

EQUITY SECURITIES ON ISSUE (CONTINUED)

Ordinary Fully Paid Shares

During the financial year, following approval by shareholders at the Company's Annual General Meeting, the issued capital of the Company was consolidated on the basis that every 10 shares be consolidated into 1 share and every 10 options be consolidated into 1 option.

During the 2020 financial year the Company issued 115,978,314 ordinary fully paid shares at a weighted average of 3.9 cents per share (post-consolidation basis). Of the shares issued, 82,148,305 shares were issued pursuant to share placements; 15,000,000 shares were issued as consideration for the acquisition of Millstream Resources (note 11); 9,090,909 shares were issued to Novo Resources Corporation as part of a share swap (note 15) and 9,739,100 shares were issued to directors in lieu of accrued salaries (note 15).

Subsequent to the end of the financial year 104,233,077 fully paid ordinary shares were issued.

Options over Ordinary Shares

At the date of this report, unissued shares of the Group under option are:

Date Granted	Expiry Date	Exercise Price	Number of options at 30 June 2020	Number of options at date of report
5 February 2019	31 January 2023	\$0.085 ¹	1,880,000	1,880,000
17 December 2019	16 December 2022	\$0.05	8,000,000	8,000,000
6 April 2020	6 April 2023	\$0.105 ²	16,074,152	16,074,152
6 July 2020	6 July 2023	\$0.11	-	50,770,890
15 September 2020	14 September 2024	\$0.21	-	300,000

¹ In accordance with ASX Listing Rule 6.22.2 and following completion of the Entitlement Offer, the exercise price for each option was reduced from 9 cents to 8.5 cents.

² In accordance with ASX Listing Rule 6.22.2 and following completion of the Entitlement Offer, the exercise price for each option was reduced from 11 cents to 10.5 cents.

During the year, no options were exercised and 203,391,744 options were cancelled (pre-consolidation basis) on expiry date.

Subsequent to 30 June 2020 and the date of this report, a total of 51,445,867 options were issued: 51,145,867 expiring on 6 July 2023 with an exercise price of \$0.11 and 300,000 expiring on 14 September 2024 with an exercise price of \$0.21. Of these options, 374,977 options with an exercise price of \$0.11 and expiring 6 July 2023, have been exercised. No options have been cancelled since the end of the financial year.

Performance Rights over Ordinary Shares

During the year ended 30 June 2020, the Company granted 1,128,000 performance rights under a consultancy agreement, with 564,000 rights vesting on 1 July 2020, 282,000 rights vesting on 30 September 2020 and the remainder of the rights vesting on 30 December 2020. Since 30 June 2020 and the date of this report, 564,000 performance rights have been exercised and converted into ordinary shares, and a further 1,250,000 performance rights have been issued. No performance rights have been cancelled since the end of the financial year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than as stated in the Operational and Financial Review section above, there were no other significant changes in the state of affairs of the Group during the financial year, not otherwise disclosed in this Directors' Report or in the Review of Operations.

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Directors' Report

EVENTS SUBSEQUENT TO BALANCE DATE

Other than as stated below, there has not arisen in the interval between the end of the financial year 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.

- In July 2020 the Company raised approximately \$5.6 million (before costs) via an entitlement offer and share placement, resulting in the issue of 102,291,583 fully paid ordinary shares at an issue price of 5.5 cents per share and 51,145,867 options exercisable at 11 cents and expiring 6 July 2023.
- Since the end of the financial year, in addition to the shares and options issued pursuant to the entitlement offer and share placement, a further 300,000 options, 1,250,000 performance rights and 1,002,517 shares were issued. Subsequent to year end, 374,977 options and 564,000 performance rights were exercised. Refer to Directors' Report – Equity Securities on Issue for further detail.
- In July, the Company executed the Joint Venture agreement on the White Dam Gold-Copper Heap Leach Operation in South Australia with Round Oak Minerals Pty Limited.
- In early September, a 5,000 m diamond and RC drilling program commenced at the Company's 100% owned Mt Coolon Gold Project in northern Queensland.
- On 17 September, Mr Neil Norris resigned as Executive Director and Mr Brent Cook was appointed as Independent Non-Executive Director of the Company.
- On 24 September, Novo Resources Corp exercised its option to earn an initial 50% in the Malmsbury Gold Project. The exercise consideration is the issue of 1,575,387 Novo shares (to be escrowed for a 4 month period) to the Company at settlement which is subject to certain conditions relating to the transfer of the Project interest. Novo has the right to earn an additional 10% interest in Malmsbury by incurring \$5 million in exploration expenditure over a four year period.

The impact of the coronavirus (COVID-19) pandemic is ongoing. The situation is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

DIVIDENDS

No dividends were paid during the year and the Directors recommend that no dividends be paid or declared for the financial year ended 30 June 2020.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Comments on expected results of the operations of the Company are included in this report under the Review of Operations.

Disclosure of other information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL ISSUES

The Group holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement.

There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agencies during the year ended 30 June 2020.

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Directors' Report

REMUNERATION REPORT (AUDITED)

The remuneration report is set out in the following manner:

- Policies used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share based compensation

Remuneration Policy

The Board of Directors is responsible for remuneration policies and the packages applicable to the Directors of the Company. Whilst the broad remuneration policy is to ensure that packages offered properly reflect a person's duties and responsibilities and that remuneration is competitive and attracts, retains, and motivates people of the highest quality, the Board has consciously been focused on conserving the Company's funds to ensure the maximum amount is spent on exploration, and this is reflected in the modest level of Director fees.

The policy of the Group is to offer competitive salary packages which provide incentive to Directors and executives and are designed to reward and motivate. Total remuneration for all Non-Executive Directors was voted on by shareholders, whereby it is not to exceed in aggregate \$200,000 per annum. Non-Executive Directors receive fees agreed on an annual basis by the Board.

At the date of this report, the Company had not entered into any remuneration packages with Directors or senior executives which include specific performance-based components. Long term and short term incentives, may be awarded subject to Board discretion.

Details of Remuneration for Directors and Executive Officers

The remuneration of each Director of the Company and relevant executive officers (together known as Key Management Personnel or KMP) are set out in the table below.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board of Directors obtains independent advice when appropriate in reviewing remuneration packages.

During the year, there were no senior executives who were employed by the Company for whom disclosure is required.

2020	<u>Short term</u>		<u>Post Employment</u>	<u>Share Based Payments</u>		
	<i>Salary and fees</i> \$	<i>Other</i> \$	<i>Super - annuation</i> \$	<i>Options / shares</i> \$	<i>Total</i> \$	<i>Performance Based Payments as % of remuneration</i> %
<u>Directors</u>						
P Mullens	50,400	-	4,788	108,358	163,546	-
P Rohner	50,400	-	4,788	108,358	163,546	-
P Thompson ^{1, 2}	112,462	-	10,684	-	123,146	-
S Loh	48,000	-	-	-	48,000	-
N Norris ^{1, 2}	108,187	8,176	10,278	-	126,641	-
Total Directors	369,449	8,176	30,538	216,716	624,879	-

¹ During the year and following shareholder approval, 5,291,467 ordinary shares were issued to P Thompson and 4,447,633 ordinary shares were issued to N Norris in lieu of accrued and unpaid salaries of \$158,744 and \$133,429 respectively. The table above does not include the share based payment as the accrued salaries were disclosed as remuneration in the year in which they were accrued.

² Post employment entitlements were paid in July 2020. Refer to the service agreements for further detail.

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Directors' Report

REMUNERATION REPORT (AUDITED)

2019	<i>Short term</i>		<i>Post Employment</i>	<i>Share Based Payments</i>		
	<i>Salary and fees \$</i>	<i>Other \$</i>	<i>Super - annuation \$</i>	<i>Options / shares \$</i>	<i>Total \$</i>	<i>Performance Based Payments as % of remuneration %</i>
<i>Directors</i>						
P Thompson ¹	224,000	-	21,280	-	245,280	-
S Loh	28,000	-	-	-	28,000	-
N Norris ¹	207,173	14,865	19,681	-	241,719	-
H Tan	48,000	-	-	-	48,000	-
<i>Total Directors</i>	507,173	14,865	40,961	-	562,999	-

¹ Included in director remuneration in the table above for 2019 are amounts of \$288,175 that were accrued for payment as at 30 June 2019.

See disclosure relating to service agreements for further details of remuneration of executive directors.

Options Provided as Remuneration

During the year ended 30 June 2020 and following shareholder approval, 8,000,000 unlisted options over unissued shares of the Company were issued to directors, with 50 per cent each being issued to Messrs Peter Mullens and Peter Rohner. No options were issued to KMP of the Company in the previous financial year.

No shares were issued to KMP of the Company in respect of the exercise of options previously granted as remuneration.

Key management personnel have the following interests in unlisted options over unissued shares of the Company.

Name	Balance at beginning of the year	Received during the year as remuneration	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
P Mullens	-	4,000,000	-	4,000,000	4,000,000
P Rohner	-	4,000,000	-	4,000,000	4,000,000

Further details of the options granted are disclosed in Note 18 to the financial report.

Service Agreements

Remuneration and other terms of employment for the Executive Directors are set out in Service Agreements:

Peter Mullens – Executive Chairman

Mr Mullens received a base salary inclusive of statutory superannuation of \$91,980 per annum from the commencement of the agreement until 30 June 2020, at which time the agreement expired and was renewed. On 1 July Mr Mullens entered into a 3 year service agreement with the Company with a base salary inclusive of statutory superannuation of \$180,000 per annum which is subject to annual review.

The Service agreement contains certain provisions typically found in contracts of this nature. The Company may terminate the Service Agreement without cause by providing six months written notice to the individual or by making a payment in lieu of notice. The Service Agreement may be terminated immediately in the case of serious misconduct.

There is no specific cash bonus or other performance based compensation contemplated in the agreement. Long term and short term incentives, may be awarded subject to Board discretion.

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Directors' Report

REMUNERATION REPORT (AUDITED)

Peter Rohner – Managing Director

Mr Rohner received a base salary inclusive of statutory superannuation of \$91,980 per annum from the commencement of the agreement until 30 June 2020, at which time the agreement expired and was renewed. On 1 July Mr Rohner entered into a 3 year service agreement with the Company with a base salary inclusive of statutory superannuation of \$250,000 per annum which is subject to annual review.

The Service agreement contains certain provisions typically found in contracts of this nature. The Company may terminate the Service Agreement without cause by providing six months written notice to the individual or by making a payment in lieu of notice. The Service Agreement may be terminated immediately in the case of serious misconduct.

There is no specific cash bonus or other performance based compensation contemplated in the agreement. Long term and short term incentives, may be awarded subject to Board discretion.

Peter Thompson – Executive Director

Under an original service agreement dated December 2010, Mr Thompson was entitled to \$300,000 per annum inclusive of superannuation which had been temporarily reduced to \$245,280 per annum as part of the Company's cost reduction program.

The Service agreement contains certain provisions typically found in contracts of this nature. Under the original agreement, the Company may terminate the Service Agreement without cause by providing nine months written notice to the individual or by making a payment in lieu of notice. The Service Agreement may be terminated immediately in the case of serious misconduct. There is no specific cash bonus or other performance based compensation contemplated in the agreement. Long term and short term incentives, may be awarded subject to Board discretion.

As part of the Board restructure, Mr Thompson stepped down from his executive roles and entered into an amended service agreement effective from 25 November 2019 to 31 July 2020. Under the terms of the amended agreement, Mr Thompson receives a base salary inclusive of statutory superannuation of \$91,980 per annum with no accrued leave entitlements and is entitled to a redundancy payment of \$104,000, in addition to amounts disclosed in the remuneration table, which was settled in July 2020. The notice period is one month.

Neil Norris - Exploration Director

Under an original service agreement dated December 2010, Mr Norris was entitled to \$300,000 per annum inclusive of superannuation which had been temporarily reduced to \$226,854 per annum as part of the Company's cost reduction program.

The Service agreement contains certain provisions typically found in contracts of this nature. Under the original agreement, the Company may terminate the Service Agreement without cause by providing nine months written notice to the individual or by making a payment in lieu of notice. The Service Agreement may be terminated immediately in the case of serious misconduct. There is no specific cash bonus or other performance based compensation contemplated in the agreement. Long term and short term incentives, may be awarded subject to Board discretion.

As part of the Board restructure, Mr Norris stepped down from his executive role and entered into an amended service agreement effective from 25 November 2019 to 31 July 2020. Under the terms of the amended agreement, Mr Norris receives a base salary inclusive of statutory superannuation of \$91,980 per annum with no accrued leave entitlements and is entitled to a redundancy payment of \$80,000, in addition to amounts disclosed in the remuneration table, which was settled in July 2020. The notice period is one month.

Share Based Compensation

At the date of this report the Company has not entered into any agreements with KMP which include performance based components. Options issued to Directors are approved by shareholders and were not the subject of an agreement or issued subject to the satisfaction of a performance condition.

Options may be issued to provide an appropriate level of incentive using a cost effective means given the Company's size and stage of development.

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Directors' Report

REMUNERATION REPORT (AUDITED)

DIRECTORS' INTERESTS

The relevant interest of each Director in the ordinary shares and options issued by the Company as notified by the Directors to the Australian Securities Exchange at the date of this report, is set out in the table below.

Ordinary shares

Director	Ordinary shares held at 1 July 2019 ¹	Received during the year as remuneration	Movement during the financial year	Ordinary Shares held at 30 June 2020	Ordinary shares held at the date of the Directors' Report
P Thompson ²	2,420,000	-	5,291,467	7,711,467	7,711,467
S Loh	6,081,115	-		6,081,115	6,081,115
N Norris ²	2,414,167	-	4,447,633	6,861,800	6,861,800
P Mullens ³	--	-	7,575,758	7,575,758	7,975,758
P Rohner ⁴	--	-	6,594,263	6,594,263	7,692,265

¹ Ordinary shares at the beginning of the financial year have been re-stated on a post consolidation basis where every 10 shares has been converted into 1 share.

² Movement during the year represents shares received in lieu of accrued salaries. The salaries were shown as remuneration in the year in which they were accrued.

³ Movement during the year represents initial holding on appointment as a Director on 9 October 2019.

⁴ Movement during the year includes 1,563,152 initial holding on appointment as a Director on 25 November 2019.

Options

Director	Options held at 1 July 2019	Received during the year as remuneration	Movement during the financial year	Options held at 30 June 2020	Options held at the date of the Directors' Report
P Thompson ¹	2,800,000	-	(2,800,000)	-	-
S Loh ¹	23,983,198	-	(23,983,198)	-	-
N Norris ¹	2,556,250	-	(2,556,250)	-	-
P Mullens	-	4,000,000	200,000	4,000,000	4,200,000
P Rohner	-	4,000,000	406,144	4,000,000	4,406,144

¹ Cancellation of unexercised options on expiry date

LOANS TO DIRECTORS AND EXECUTIVES

There were no loans entered into with Directors or executives during the financial year ended 30 June 2020.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

During the year, the Company incurred costs of \$126,219 with Core Metallurgy Pty Ltd an entity associated with Mr Peter Rohner, for project consulting fees relating to White Dam Project design and construction. At 30 June 2020, a balance of \$13,628 was owing to Core Metallurgy Pty Ltd.

Office rent of \$10,000 and consulting fees of \$11,430 were incurred with Ironbark Pacific Pty Ltd, an entity associated with Mr Peter Mullens. At 30 June 2020, a balance of \$10,827 was owing to Ironbark Pacific Pty Ltd.

End of Remuneration Report

GBM Resources Limited

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Directors' Report

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the year, the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

Other than the above, the Group has not, during or since the end of the financial year, given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums for the Directors, officers or auditors of the Company or the controlled entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

NON-AUDIT SERVICES

No non-audit services were provided by the external auditors in respect of the current or preceding financial year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001, is set out on the following page.

Signed in accordance with a resolution of the Board of Directors.

Dated this 30th day of September 2020



PETER MULLENS

Executive Chairman

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of GBM Resources Limited for the year ended 30 June 2020, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
30 September 2020



D I Buckley
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

GBM Resources Limited

ABN 91 124 752 745

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

		Consolidated	
	Note	2020	2019
		\$	\$
Interest income		801	5,332
Other revenue	3	104,192	148,513
Fair value gain on investments		366,061	-
Consulting and professional services		(391,973)	(116,929)
Corporate and project assessment costs		-	(77,393)
Depreciation and amortisation expenses	4	(7,932)	(18,959)
Employee expenses	4	(620,596)	(732,762)
Exploration expenditure expensed and written off	4	(225,562)	(3,156,526)
Travel expenses		(55,192)	(75,592)
Finance costs		(73,427)	-
Administration and other expenses		(294,384)	(215,143)
Loss before income tax		(1,198,012)	(4,239,459)
Income tax benefit	5	-	-
Loss for the year		(1,198,012)	(4,239,459)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,198,012)	(4,239,459)
		Cents	Cents
Basic loss per share	6	(0.7)	(4.0)
Diluted loss per share	6	(0.7)	(4.0)

The accompanying notes form part of these financial statements

GBM Resources Limited
ABN 91 124 752 745
Consolidated Statement of Financial Position
As at 30 June 2020

		Consolidated	
		2020	2019
	Note	\$	\$
Current assets			
Cash and cash equivalents	22	1,382,072	332,540
Trade and other receivables	7	32,240	7,298
Total Current Assets		1,414,312	339,838
Non-current assets			
Trade and other receivables	7	808,408	802,021
Exploration and evaluation expenditure	8	10,848,146	9,644,180
Property, plant and equipment	9	697,524	73,141
Financial assets	10	794,833	-
Total Non-current Assets		13,148,911	10,519,342
TOTAL ASSETS		14,563,223	10,859,180
Current liabilities			
Borrowings	12	705,833	350,000
Trade and other payables	13	902,790	711,944
Total Current Liabilities		1,608,623	1,061,944
Non-current liabilities			
Provision for rehabilitation	14	754,258	754,258
Total Non-current Liabilities		754,258	754,258
TOTAL LIABILITIES		2,362,881	1,816,202
NET ASSETS		12,200,342	9,042,978
Equity			
Issued capital	15	36,986,753	32,915,823
Option reserve	17	-	610,175
Accumulated losses	17	(25,149,324)	(24,561,487)
Share based payment reserve	17	362,913	78,467
TOTAL EQUITY		12,200,342	9,042,978

The accompanying notes form part of these financial statements

GBM Resources Limited
ABN 91 124 752 745
Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2020

Consolidated	Note	Issued capital	Option reserve	Accumulated losses	Share based payment reserve	Total
		\$	\$	\$	\$	\$
Balance at 1 July 2018		31,795,094	610,175	(20,322,028)	-	12,083,241
Shares issued (net of costs)	15	1,120,729	-	-	-	1,120,729
Loss attributable to members of the Company	17	-	-	(4,239,459)	-	(4,239,459)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year		-	-	(4,239,459)	-	(4,239,459)
Options issued as remuneration		-	-	-	78,467	78,467
Balance at 30 June 2019		32,915,823	610,175	(24,561,487)	78,467	9,042,978
Balance at 1 July 2019		32,915,823	610,175	(24,561,487)	78,467	9,042,978
Shares issued (net of costs)	15	4,070,930	-	-	-	4,070,930
Loss attributable to members of the Company	17	-	-	(1,198,012)	-	(1,198,012)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year		-	-	(1,198,012)	-	(1,198,012)
Performance rights issued		-	-	-	67,720	67,720
Options expired		-	(610,175)	610,175	-	-
Options issued as remuneration		-	-	-	216,726	216,726
Balance at 30 June 2020		36,986,753	-	(25,149,324)	362,913	12,200,342

The accompanying notes form part of these financial statements

GBM Resources Limited
ABN 91 124 752 745
Consolidated Statement of Cash Flows
For the Year Ended 30 June 2020

		Consolidated	
		2020	2019
	Note	\$	\$
Cash flows from operating activities			
Interest received		732	3,631
Other income		5,832	-
Government assistance		50,000	-
JV management fee income		48,390	48,514
Interest and other costs of finance paid		(67,594)	-
Payments to suppliers and employees		(928,092)	(847,289)
Net cash flows used in operating activities	22(c)	(890,732)	(795,144)
Cash flows from investing activities			
Payments for bonds and security deposits		(6,318)	(53,832)
Funds provided by JV partner under Farm-in agreement		405,513	528,505
Payments for exploration and evaluation, including JV Farm-in spend		(1,269,939)	(1,262,487)
Proceeds on sale of exploration assets		-	100,000
Payments to acquire property, plant and equipment		(566,163)	-
Net cash flows used in investing activities		(1,436,907)	(687,814)
Cash flows from financing activities			
Proceeds from the issue of shares		3,172,259	1,135,150
Share issue costs		(145,088)	(21,090)
Proceeds from issue of convertible notes		350,000	350,000
Net cash flows provided by financing activities		3,377,171	1,464,060
Net increase/(decrease) in cash and cash equivalents		1,049,532	(18,898)
Cash and cash equivalents at the beginning of the financial year		332,540	351,438
Cash and cash equivalents at the end of the financial year	22(a)	1,382,072	332,540

The accompanying notes form part of these financial statements

GBM Resources Limited
ABN 91 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

GBM Resources Limited ('the Company') is a listed public company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2020 comprises the Company and its subsidiaries (together referred to as the 'Group').

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, and Australian Accounting Standards and Interpretations. The financial report has also been prepared on an historical cost basis, unless otherwise stated. The financial report is presented in Australian dollars. For the purpose of preparation of the consolidated financial statements the Company is a for-profit entity.

Going Concern Basis for the 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.

As at 30 June 2020 the Group has cash assets of \$1,382,072, and total current liabilities at that date amounting to \$1,608,623 (including a convertible note liability of \$705,833). The loss for the 2020 financial year was \$1,198,012 and operating cash outflows were \$890,732.

Subsequent to the end of the financial year the Company raised a further \$5.6 million pursuant to a non-renounceable pro-rata entitlement offer and share placement.

The Directors will continue to manage the Group's activities with due regard to current and future funding requirements. The directors reasonably expect that the Company will be able to raise sufficient capital to fund the Group's exploration and working capital requirements if required, and that the Group will be able to settle debts as and when they become due and payable.

Adoption of New and Revised Standards - Changes in accounting policies on initial application of accounting standards

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

AASB 16 Leases

AASB 16 Leases replaced existing accounting requirements for leases under AASB 117 Leases. Under AASB 16, the Group accounts for operating leases as a lessee results in the recognition of a right-of-use (ROU) asset and an associated lease liability on the statement of financial position. The lease liability represents the present value of future lease payments, with the exception of short term and low value leases. An interest expense is recognised on the lease liabilities and a depreciation charge recognised for the ROU assets.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Refer to note 1(h) for the Group's accounting policy on the adoption of AASB 16 Leases.

New standards and interpretations not yet adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2020. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

GBM Resources Limited
ABN 91 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Statement of Compliance

The financial report was authorised for issue on 30 September 2020.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

c) Principles of Consolidation

The consolidated financial statements comprise the financial statements of GBM Resources Limited and its subsidiaries as at 30 June each year (the Group). The financial statements for the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the control is transferred out of the Group.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition. Non-controlling interests represent the portion of profit and loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position.

d) Revenue Recognition

Revenue is recognised to the extent that control has passed and it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Management Fees

Revenue from farm-in management fees is recognised at the time the fees are invoiced for services rendered.

e) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

GBM Resources Limited
ABN 91 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are re-assessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

f) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

g) Financing Costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method. Borrowing costs are expensed as incurred and included in net financing costs, where there is no qualifying asset.

h) Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

GBM Resources Limited
ABN 91 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-use asset

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

i) Cash and Cash Equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at bank and in hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

j) Trade and Other Receivables

Trade receivables, which generally have 30–90 day terms, are recognised at fair value and then are subsequently measured at amortised cost and carried at original invoice amount less an allowance for any expected credit loss. The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due. Bad debts are written off to the allowance when the debt is considered uncollectible.

k) Plant and Equipment

Plant and equipment is stated at cost, less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Property and improvements	10 – 40 years
Office furniture and equipment	2.5 - 20 years
Plant and equipment	0 - 40 years
Motor Vehicles	8 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

GBM Resources Limited
ABN 91 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

(ii) De-recognition and Disposal

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognised.

l) Financial Instruments

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

- (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
- (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Fair value hierarchy

All assets and liabilities measured at fair value are classified using a three level hierarchy based on the lowest level of input that is significant to the entire fair value measurement, being Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

GBM Resources Limited
ABN 91 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable and willing market participants at the measurement date and is based on the fair value hierarchy

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12 month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

m) Exploration and Evaluation Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

GBM Resources Limited
ABN 91 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a re-valuation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at re-valued amount, in which case the reversal is treated as a re-valuation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

o) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

p) Interest Bearing Liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised.

Where borrowings contain a conversion option and the number of shares to be issued is fixed the amount of borrowing is initially recognised at fair value of a similar liability that does not have an equity conversion option. The equity conversion feature is the residual. Subsequently the borrowing is measured at amortised cost and the equity portion is not remeasured.

q) Employee Benefits

(i) Wages, Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and non-accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

GBM Resources Limited
ABN 91 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

r) Share Based Payments

Equity Settled Transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined by using a Black and Scholes model. Share rights are valued at the underlying market value of the ordinary shares over which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of GBM Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The charge or credit to the consolidated statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, the cumulative expense recognised in respect of that award is transferred from its respective reserve to accumulated losses. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

s) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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Notes to the Financial Statements
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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Earnings Per Share

Basic earnings/loss per share ("EPS") is calculated by dividing the net profit or loss attributable to members of the Company for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus element.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion, by the weighted average number of ordinary shares and potential dilutive ordinary shares, adjusted for any bonus element.

u) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 9, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

v) Provision for Restoration and Rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

w) Parent Entity Financial Information

The financial information for the parent entity, GBM Resources Limited, disclosed in Note 30 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

x) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Accounting for capitalised mineral exploration and evaluation expenditure

The Group's accounting policy is stated at 1(m). A regular review is undertaken of each area of interest to determine the reasonableness of continuing to carry forward costs in relation to that area of interest.

Share based payments

The Group uses independent advisors to assist in valuing share based payments.

Estimates and assumptions used in these valuations are disclosed in the notes in periods when these share based payments are made.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the Group's activities, staffing and geographic regions in which the Group operates. The situation continues to be monitored and there does not currently appear to be direct material impact upon the financial statements as at the reporting date as a result of the Coronavirus (COVID-19) pandemic.

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Notes to the Financial Statements
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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

y) Government assistance and grants

Assistance received from the government by way of grant or other forms of assistance designed to provide an economic benefit to the Group, is presented in the statement of financial position as deferred income, in instances where the grant is related to assets. In all other cases, grant money is presented in the profit and loss as other income. Grants are recognised when there is reasonable assurance that conditions will be complied with and the grant will be received.

2. FINANCIAL RISK MANAGEMENT

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Group's exposure to the specific risks, and the policies and processes for measuring and managing those risks. Further quantitative disclosures are included throughout this financial report. The Board of Directors has overall responsibility for the risk management framework.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

Trade and other receivables

The current nature of the business activity does not result in trading receivables. The receivables that the Group recognises through its normal course of business are short term in nature and the most significant (in quantity) is the receivable from the Australian Taxation Office and interest receivable. The risk of non recovery of receivables from this source is considered to be negligible.

Cash deposits

The Group's primary banker is Commonwealth Bank. At balance date all operating accounts and funds held on deposit are with this bank. The Directors believe any risk associated with the use of only one bank is mitigated by its size and reputation. Except for this matter the Group currently has no significant concentrations of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Group's current and future operations, and consideration is given to the liquid assets available to the Group before commitment is made to future expenditure or investment.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

Currency risk

The Group is not exposed to any currency risk other than the respective functional currencies of each Company within the Group, the Australian dollar (AUD).

Interest rate risk

The Group is not exposed to significant interest rate risk and no financial instruments are employed to mitigate risk (Note 20 – Financial Instruments).

Equity price risk

The Group was not exposed to any material equity price risk during the financial year (Note 20 – Financial Instruments).

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2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors capital expenditure and cash flows as mentioned in (b).

	Note	Consolidated	
		2020	2019
		\$	\$

3. OTHER REVENUE AND OTHER GAINS/LOSSES

Other Revenue

Gain on disposal of exploration assets	-	100,000
Joint venture management fee	48,390	48,513
Government grant income	50,000	-
Other income	5,802	-
	104,192	148,513

4. EXPENSES

Employee expenses

Gross employee benefit expense:

Wages and salaries ¹	475,599	866,966
Directors' fees	148,800	76,000
Superannuation expense ¹	53,930	71,923
Share based remuneration	275,160	78,467
Other employee costs	22,740	24,636

Less amount allocated to exploration

	976,229	1,117,992
	(355,633)	(385,230)
	620,596	732,762

¹ Prior year includes accrued salary expense of \$263,173 and accrued superannuation of \$25,001. The accrued salary expense was settled through the issue of ordinary shares (refer to the remuneration report).

Depreciation expense:

Property and improvements	9	2,644	2,962
Office equipment and software	9	1,604	1,932
Site equipment	9	2,880	4,632
Motor vehicles	9	804	9,433

7,932 **18,959**

Exploration costs:

Unallocated exploration costs expensed		106,540	124,538
Exploration costs written off	8	119,022	3,031,988

225,562 **3,156,526**

Consulting and professional services expenditure includes share-based payments of \$67,720 (2019: nil).

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Notes to the Financial Statements
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	Consolidated	
	2020	2019
	\$	\$
5. INCOME TAX		
a) Income tax recognised in profit or loss		
The prima facie tax benefit on the operating result is reconciled to the income tax provided in the financial statements as follows:		
Accounting loss before income tax from continuing operations	(1,198,012)	(4,239,459)
Income tax benefit calculated at 27.5% (2019: 27.5%)	(329,453)	(1,165,851)
Share based payments	94,292	21,578
Capital raising costs claimed	(34,724)	(33,141)
Exploration costs written off and impaired	32,731	833,797
Unrealised movement in fair value of financial asset	(100,667)	-
Unused tax losses and temporary differences not recognised as deferred tax assets	337,821	343,617
Income tax (benefit) reported in the consolidated statement of profit or loss and other comprehensive income	-	-
The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law.		
b) Unrecognised deferred tax assets and liabilities		
The following deferred tax assets and liabilities have not been brought to account:		
Unrecognised deferred tax assets relate to:		
Losses available for offset against future taxable income	9,317,684	8,598,138
Capital raising costs	86,076	37,858
Accrued expenses and leave liabilities	107,113	149,564
Rehabilitation provisions	207,421	207,421
	9,718,294	8,992,981
Unrecognised deferred tax liabilities relate to:		
Exploration expenditure	(2,983,240)	(2,652,150)
Net unrecognised deferred tax asset	6,735,054	6,340,831

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Notes to the Financial Statements
For the Year Ended 30 June 2020

5. INCOME TAX (CONTINUED)

The deductible temporary differences and tax losses do not expire under current tax legislation. Potential deferred tax assets attributable to tax losses carried forward have not been brought to account because the Directors do not believe it is appropriate to regard realisation of the future tax benefit as probable.

The potential future income tax benefit will only be obtained if:

- (i) the Group derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised in accordance with Division 170 of the Income Tax Assessment Act 1997;
- (ii) the Group companies continue to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the Group in realising the benefits.

	Consolidated	
	2020	2019
	\$	\$
6. EARNINGS/(LOSS) PER SHARE		
Loss used in calculation of earnings/(loss) per share	(1,198,012)	(4,239,459)
	Cents	Cents
Basic and diluted loss per share	(0.7)	(4.0)
	#	#
Weighted average number of shares used in the calculation of earnings per share ¹	162,301,589	105,773,922

¹ The weighted average number of shares is calculated on a post-consolidation basis.

Options and performance share rights

Options and share rights to acquire ordinary shares granted by the Company and not exercised at the reporting date have been included in the determination of diluted earnings per share to the extent to which they are dilutive. There are no options or share rights on issue at 30 June 2020 that are considered to be dilutive.

	Consolidated	
	2020	2019
	\$	\$
7. TRADE AND OTHER RECEIVABLES		
Current		
GST recoverable	30,612	4,271
Other debtors	1,628	3,027
	32,240	7,298
Non-current		
Security and environmental bonds ¹	808,408	802,021
	808,408	802,021

¹ Included in non-current assets at 30 June 2020 is an amount of \$762,829 (2019: \$762,829) in respect of security deposits paid to the Queensland State Government in respect of the exploration licences and mining leases recognised on acquisition of Mt Coolon Gold Mines Pty Ltd.

There is no expected credit loss in relation to the trade and other receivables at the balance date.

The carrying amount of trade and other receivables are assumed to approximate their fair values due to their short-term nature.

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Notes to the Financial Statements
For the Year Ended 30 June 2020

	Note	Consolidated	
		2020	2019
		\$	\$
8. EXPLORATION AND EVALUATION EXPENDITURE			
Exploration and evaluation phase:			
Capitalised costs at the start of the financial year		9,644,180	11,983,627
Acquisition costs capitalised (note 11)		524,415	-
Exploration and evaluation costs incurred (excluding joint venture costs incurred)		905,113	855,718
Capitalised rehabilitation costs (note 14)		-	47,351
Less: previously capitalised costs written off ¹	4	(119,022)	(3,031,988)
Less: exploration costs not capitalised	4	(106,540)	(210,528)
Capitalised costs at the end of the financial year		10,848,146	9,644,180

Ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or alternatively, sale of the respective areas.

¹Capitalised costs written off during the year relate to areas of interest where substantive expenditure is neither budgeted nor planned.

	Note	Consolidated	
		2020	2019
		\$	\$
9. PROPERTY, PLANT AND EQUIPMENT			
Carrying values at 30 June:			
Property and improvements:			
Cost		193,117	193,117
Depreciation		(132,836)	(130,192)
		60,281	62,925
Office equipment and software:			
Cost		176,223	176,223
Depreciation		(175,065)	(173,461)
		1,158	2,762
Site equipment and plant:			
Cost		134,910	134,910
Depreciation		(131,140)	(128,260)
		3,770	6,650
Motor vehicles:			
Cost		130,633	130,633
Depreciation		(130,633)	(129,829)
		-	804
Mine properties-Capital Work in Progress:			
Cost		632,315	-
Depreciation		-	-
		632,315	-
Total		697,524	73,141

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Notes to the Financial Statements
For the Year Ended 30 June 2020

		Consolidated	
		2020	2019
	Note	\$	\$
9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)			
Reconciliation of movements:			
Property and improvements:			
Opening net book value		62,925	65,887
Depreciation	4	(2,644)	(2,962)
Closing net book value		60,281	62,925
Office equipment and software:			
Opening net book value		2,762	4,695
Depreciation	4	(1,604)	(1,933)
Closing net book value		1,158	2,762
Site equipment and plant:			
Opening net book value		6,650	11,821
Net book value of disposals		-	(539)
Depreciation	4	(2,880)	(4,632)
Closing net book value		3,770	6,650
Motor vehicles:			
Opening net book value		804	10,238
Depreciation	4	(804)	(9,433)
Closing net book value		-	804
Mine properties-Capital Work in Progress:			
Opening net book value		-	-
Additions	4	632,315	-
Closing net book value		632,315	-
Total		697,524	73,141

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Notes to the Financial Statements
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	Consolidated	
	2020	2019
	\$	\$

10. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Balance at the start of the financial year	-	-
Investments acquired ¹	428,772	-
Gain on investment recognised through profit or loss ²	366,061	-
Balance at the end of the financial year	794,833	-

¹ Fair value of 197,907 fully paid ordinary shares received from Novo Resources Corp (Novo), a TSX-V listed company, under a share swap agreement with the Company. In exchange, the Company issued Novo 9,090,909 fully paid ordinary shares plus 4,545,454 options with an exercise price of A\$0.11 per share with an expiry date of 6 April 2023.

² Adjustment to carrying value of investment in Novo based on TSX closing price and the AUD/CAD exchange rate at 30 June 2020. The gain on the investment has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Investments designated at fair value through profit or loss have been measured at Level 1 in the fair value hierarchy. Refer to accounting policy at note 1(l).

11. ACQUISITION OF MILLSTEAM RESOURCES PTY LTD

During the period the Group completed the acquisition of a 100% interest in the issued capital of Millstream Resources Pty Ltd (Millstream). Millstream may earn an initial 50% interest in the White Dam Heap Leach Project in South Australia pursuant to a joint venture agreement with Round Oak Limited.

Consideration for the acquisition of Millstream Resources Pty Ltd was 15,000,000 ordinary fully paid shares at a price of 3.5 cents per share (total consideration \$525,000).

	\$
Acquisition consideration	525,000
Net assets acquired:	
GST recoverable	660
Trade payables	(75)
	585
Fair value attributed to exploration assets	524,415

This acquisition has been treated as an acquisition of assets.

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	Note	Consolidated	
		2020	2019
		\$	\$
12. Borrowings			
Current			
Convertible note liability		705,833	350,000
Balance at the start of the financial year		350,000	-
Proceeds from drawdown		350,000	350,000
Interest accrued		73,219	-
Principal and Interest repayments		(67,386)	-
Balance at the end of the financial year		705,833	350,000

The Company entered into a convertible note agreement during the 2019 financial year for funding of up to \$700,000. The convertible notes pay interest at 10% per annum (paid quarterly) and are repayable on or before 30 November 2020.

The face value of the notes are \$10, and are convertible at any time by the holder into fully paid ordinary shares in the capital of the Company at a conversion price of \$0.03. The conversion option has an immaterial fair value at the balance date. The convertible notes are secured by way of a mortgage over the issued share capital of Mt Coolon Gold Mines Pty Ltd which holds the Mt Coolon Gold Project. The carrying amount of the Mt Coolon Gold Project at the balance date is approximately \$8.3 million.

The convertible note is a level 2 financial instrument within the fair value hierarchy.

	Note	Consolidated	
		2020	2019
		\$	\$
13. TRADE AND OTHER PAYABLES			
Current			
Unspent funds received from farm-in partner		62,895	112,779
Acquisition costs payable ¹		12,500	12,500
Trade creditors ²		309,389	39,014
Sundry creditors and accruals ³		393,816	356,412
Employee liabilities		20,071	191,239
Share subscription liability		104,119	-
		902,790	711,944

¹ Acquisition costs payable to Drummond Gold Limited pursuant to the acquisition of Mt Coolon Gold Mines Pty Ltd.

² Trade payables are non-interest bearing and are normally settled on 30 day terms.

³ Includes \$184,000 accrued director remuneration (2019: \$352,629).

14. PROVISIONS
Non-current

Rehabilitation provision ¹	754,258	754,258
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¹ An additional \$47,351 provision for rehabilitation was recognised in the 2019 financial year following an environmental approval assessment (note 8).

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Notes to the Financial Statements
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	2020 No.	2019 No.	2020 \$	2019 \$
15. ISSUED CAPITAL				
Issued capital at the balance date	225,038,134	1,090,596,975	36,986,753	32,915,823
Movements in issued capital:				
On issue at the start of the year	1,090,596,975	863,566,975	32,915,823	31,795,094
Share purchase plan ¹	-	47,030,000	-	235,150
Share placement ¹	-	180,000,000	-	900,000
Share placement ²	90,909,091	--	300,000	-
Share consolidation ⁶	(1,063,355,337)	-	-	-
Share placement ³	36,153,400	-	1,084,602	-
Shares issued to directors ⁴	9,739,100	-	350,608	-
Shares issued to acquire subsidiary ⁵	15,000,000	-	525,000	-
Share placement ⁷	13,846,600	-	415,398	-
Share placement ⁸	23,057,396	-	1,268,157	-
Share swap Novo Resources ⁹	9,090,909	-	428,772	-
Share issue costs	-	-	(301,607)	(14,421)
On issue at the end of the reporting year	225,038,134	1,090,596,975	36,986,753	32,915,823

¹ Placement Shares issued at 0.5 cents per share.

² Placement Shares issued at 0.33 cents per share.

³ Placement Shares issued at 3 cents per share.

⁴ Shares issued to directors at a deemed price of 3.6 cents per share in lieu of payment of accrued salaries.

⁵ Shares issued at 3.5 cents per share in consideration for the acquisition of a 100% interest in the issued capital of Millstream Resources Pty Ltd – refer note 11.

⁶ Share consolidation on a 1:10 basis, as approved at the Company's 2019 Annual General Meeting.

⁷ Placement Shares issued at 3 cents per share.

⁸ Placement Shares issued at 5.5 cents per share.

⁹ Share swap with Novo Resources Corp (Novo) where they Company received in exchange 197,907 fully paid ordinary shares in Novo.

The Company's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

Shares Subject to Restriction Agreement

At balance date there were no ordinary shares subject to any restrictions.

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Notes to the Financial Statements
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	2020 No.	2019 No.
16. OPTIONS		
Details of the Company's Incentive Option Scheme are provided at Note 18.		
(a) <u>Options over unissued shares</u>		
Options on issue at the balance date	25,954,152	222,191,744
Movements in options:		
Options on issue at the start of the year (pre-consolidation)	222,191,744	203,391,744 ¹
Cancelled during the year ¹	(203,391,744)	
Adjustment on consolidation of capital	(16,920,000)	
Issued to directors (note 18)	8,000,000	
Options issued ³	16,074,152	
Options issued pursuant to the GBM Resources Incentive Option Plan	-	18,800,000 ²
Options on issue at the end of the reporting year	25,954,152	222,191,744

¹ Listed options exercisable at 5 cents each and expiring 30 September 2019 issued pursuant to a non-renounceable entitlement offer.

² Unlisted options exercisable at 8.5 cents (initially 0.9 cents) and expiring 31 January 2023 (refer note 18).

³ Listed options exercisable at 10.5 cents each and expiring 6 April 2023 issued pursuant to a non-renounceable entitlement offer.

	Consolidated 2020 \$	2019 \$
Note		
17. RESERVES AND ACCUMULATED LOSSES		
Option reserve¹		
Opening balance	610,175	610,175
Transfer to accumulated losses on expiry of options	(610,175)	-
Closing balance	-	610,175
Accumulated losses		
Opening balance	(24,561,487)	(20,322,028)
Transfer from option reserve on expiry of options	610,175	-
Net loss attributable to the members of the Company	(1,198,012)	(4,239,459)
Closing balance	(25,149,324)	(24,561,487)
Share based payments reserve²		
Opening balance	78,467	-
Change during the financial year	284,446	78,467
Closing balance	362,913	78,467

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For the Year Ended 30 June 2020

17. RESERVES AND ACCUMULATED LOSSES (CONTINUED)

¹ *Option reserve*

The option reserve represents the proceeds received on the issue of options.

² *Share based payments reserve*

The share based payments reserve represents the fair value of vested equity instruments issued as remuneration or consideration.

18. SHARE BASED PAYMENTS

Details of the Company's incentive performance right and option plans, under which performance rights and options are issuable to employees, directors and consultants are summarised below. Details of share rights and options issued to Directors and executives are set out in the Remuneration Report that forms part of the Directors' Report. The plan was last approved by shareholders at the Company's Annual General Meeting on 25 November 2019.

Incentive Options

Options are granted free of charge and are exercisable at a fixed price in accordance with the terms of the grant. Options over unissued shares are issued under the terms of the Plan at the discretion of the Board.

Options granted during the year

During the year the Company granted 8,000,000 options (2019: 18,800,000 pre-consolidation) over unissued shares, which have been valued as follows using the Black-Scholes valuation model and expensed in the financial statements over the periods that they vest:

Grant date	Options issued	Exercise price	Expiry date	Volatility ¹	Interest rate	Value \$
25 Nov 19	8,000,000	5 cents	16 Dec 22	111.8%	0.82%	\$216,727

¹ Historical volatility has been used as the basis for determining expected share price volatility.

Options exercised during the year

During the year the Company issued no shares (2019: nil) on the exercise of unlisted options.

Options cancelled during the year

During the year no unlisted options (2019: nil) were cancelled upon termination of employment, or on the expiry of the exercise period.

Options on issue under the plan at balance date

The number of options outstanding over unissued ordinary shares at 30 June 2020 is 9,880,000 as follows.

Grant date	Exercise price	Expiry date	Balance at 30 June	Vested and Exercisable at 30 June
5 Feb 19	8.5 cents	31 Jan 23	1,880,000 ¹	1,880,000
25 Nov 19	5 cents	16 Dec 22	8,000,000	8,000,000

¹ Prior to the consolidation of capital on a 10 for 1 basis, there were 18,800,000 options on issue at 9 cents. Following completion of the Entitlement Offer, and in accordance with ASX Listing Rule 6.22.2, the exercise price for each option was reduced from 9 cents to 8.5 cents.

Subsequent to balance date

Subsequent to balance date 300,000 unlisted options were issued. The options have an exercise price of \$0.21 each and expire on 14 September 2024.

GBM Resources Limited
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Notes to the Financial Statements
For the Year Ended 30 June 2020

18. SHARE BASED PAYMENTS (CONTINUED)

Reconciliation of movement of options

Set out below is a summary of options granted under the plan:

	2020		2019	
	No.	WAEP (cents)	No.	WAEP (cents)
Options outstanding at the start of the year	18,800,000	0.09	-	-
Consolidation of capital adjustment	(16,920,000)	0.09	-	-
Options granted during the year	8,000,000	5.0	18,800,000	0.09
Options outstanding at the end of the year	9,880,000	5.8	18,800,000	0.09

Weighted average contractual life

The weighted average contractual life for un-exercised options is 29.8 months (2019: 43 months).

Performance Rights

Performance rights granted during the year

During the year the Company granted 1,128,000 performance rights (2019: nil) over unissued shares, which have been valued at the Company's share price at grant date and expensed in the financial statements over the periods that they vest. The performance rights vest in 3 tranches as follows: 564,000 rights vesting on 1 July 2020; 282,000 rights vesting on 30 September 2020 and 282,000 rights vesting on 30 December 2020. An amount of \$67,720 has been expensed in the current financial year.

During the year no shares were issued on the exercise of performance rights and no performance rights were cancelled.

Subsequent to balance date

Subsequent to balance date, the Company issued 564,000 shares on the exercise of performance rights. In addition, a further 1,250,000 performance rights were issued with an expiry date of 30 September 2022.

19. SEGMENT REPORTING

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 core activity is mineral exploration and resource development within Australia. The reportable segments are as per the primary financial statements.

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20. FINANCIAL INSTRUMENTS

Credit risk

The Directors do not consider that the Group's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made (note 2(a)).

Impairment losses

The Directors do not consider that any of the Group's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the reporting period.

Currency risk

The Group does not have any direct exposure to foreign currency risk, other than in respect of its impact on the economy and commodity prices generally (note 2 (c)).

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements (note 2(b)):

Consolidated	Carrying amount \$	Contractual cash flows \$	6 months or less \$	6-12 months \$	1-2 years \$	2-5years \$	More than 5 years \$
30 June 2020							
Borrowings	705,833	735,292	735,292	-	-	-	-
Trade and other payables	703,204	703,204	703,204	-	-	-	-
	1,409,037	1,438,496	1,438,496	-	-	-	-
30 June 2019							
Borrowings	350,000	385,292	17,646	367,646	-	-	-
Trade and other payables	395,426	395,426	395,426	-	-	-	-
	745,426	780,718	413,072	367,646	-	-	-

Interest rate risk

At the reporting date the interest profile of the Group's interest-bearing financial instruments were:

	Consolidated	
	2020	2019
	\$	\$
Fixed rate instruments:		
Financial liabilities	(700,000)	(350,000)
	(700,000)	(350,000)
Variable rate instruments:		
Financial assets	1,382,072	332,540
	1,382,072	332,540

The Group is not materially exposed to interest rate risk on its variable rate investments.

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Notes to the Financial Statements
For the Year Ended 30 June 2020

20. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

Fair values versus carrying amounts

The carrying amounts of financial assets and liabilities not measured at fair value on a recurring basis, as described in the consolidated statement of financial position represent their estimated net fair value.

21. COMMITMENTS

(a) Exploration

The Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Group's exploration programmes and priorities. As at balance date, total exploration expenditure commitments on tenements held by the Group have not been provided for in the financial statements. These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements.

Minimum expenditure requirements for the following 12 months on the Group's exploration licences as at 30 June 2020, including licences subject to farm-in arrangements are approximately \$1,115,000 (2019: \$1,821,500).

(b) Lease Commitments

During the financial year, premises in Queensland and Victoria were leased on a month by month basis or under short term leases of 12 months or less. The Group has availed itself of the exemption in AASB 16 Leases to not capitalise these leases. An amount of \$19,612 has been expensed in relation to short term leases.

(c) Contractual Commitment

The Group has no contractual commitments.

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Notes to the Financial Statements
For the Year Ended 30 June 2020

	Consolidated	
	2020	2019
	\$	\$
22. NOTES TO THE STATEMENT OF CASH FLOWS		
a) Cash and cash equivalents		
Cash at bank and on hand	1,356,030	326,403
Bank at call cash account	26,042	6,137
Total cash and cash equivalents	1,382,072	332,540
b) Cash balances not available for use		
Included in cash and cash equivalents are amounts pledged as guarantees for the following:		
Corporate credit card facility	26,042	6,137
c) Reconciliation of Loss from Ordinary Activities after Income Tax to Net Cash Used in Operating Activities		
Loss after income tax	(1,198,012)	(4,239,459)
<i>Add (less) non-cash items:</i>		
Profit on sale of exploration assets	-	(100,000)
Share based payments-employees	275,160	78,467
Share based payments-suppliers	67,720	-
Depreciation	7,932	18,959
Fair value gain on financial assets	(366,061)	-
Exploration expenditure written off, expensed and impaired	225,562	3,156,526
<i>Changes in assets and liabilities:</i>		
Increase/(decrease) in trade creditors and accruals	121,909	271,065
(Increase)/decrease in sundry receivables	(24,942)	19,298
Net cash flows used in operations	(890,732)	(795,144)

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For the Year Ended 30 June 2020

	Consolidated	
	2020	2019
	\$	\$

23. AUDITOR'S REMUNERATION

Amounts received or receivable by HLB Mann
Judd for:

- Audit and review of financial reports	31,775	31,300
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	2020	2019
	%	%

24. CONTROLLED ENTITIES

a) Particulars in Relation to Ownership of Controlled Entities

Belltopper Hill Pty Ltd	100	100
Syndicated Resources Pty Ltd	100	100
Willaura Minerals Pty Ltd	100	100
Isa Brightlands Pty Ltd	100	100
Isa Tenements Pty Ltd	100	100
Koala Quarries Pty Ltd*	100	100
Mt Coolon Gold Mines Pty Ltd	100	100
Millstream Resources Pty Ltd	100	-

*Formerly Bungalien Phosphate Pty Ltd

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in the note. Details of transactions between the Group and other related parties are disclosed in note 26.

25. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Details of Key Management Personnel

The following were key management personnel of the Group at any time during the year and unless otherwise stated were key management personnel for the entire year.

Non-Executive Director

Guan Huat Loh – Non-Executive Director

Executive Directors

Peter Thompson – Executive Director

Neil Norris – Exploration Director (resigned 17 September 2020)

Peter Rohner – Managing Director (appointed 25 November 2019)

Peter Mullens – Executive Chairman (appointed 9 October 2019)

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Notes to the Financial Statements
For the Year Ended 30 June 2020

25. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

Total remuneration paid to key management personnel during the year:

	Consolidated	
	2020	2019
	\$	\$
Short-term benefits	377,625	522,038
Post-employment benefits	30,538	40,961
Share based payments	216,716	-
	624,879	562,999

b) Other Transactions and Balances with Key Management Personnel

There are no other transactions with Directors, or Director related entities or associates, other than those reported in note 25 and note 26. As at 30 June 2020 an amount of \$184,000 (2019: \$352,629) has been accrued for payment to Key Management Personnel in respect of remuneration or entitlements.

26. RELATED PARTY TRANSACTIONS

a) Total amounts receivable and payable from entities in the wholly-owned group (see Note 24 for details of controlled entities) at balance date:

Non-Current Receivables

Loans to controlled entities	19,081,662	17,737,919
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Non-Current Payables

Loans from controlled entities	-	-
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b) Transactions with Directors

During the year \$126,219, was paid to Core Metallurgy Pty Ltd an entity associated with Mr Peter Rohner, for project consulting fees relating to White Dam Project design and construction. At 30 June 2020, a balance of \$13,628 was owing to Core Metallurgy Pty Ltd.

Office rent of \$10,000 and consulting fees of \$11,429 were paid to Ironbark Pacific Pty Ltd, an entity associated with Mr Peter Mullens. At 30 June 2020, a balance of \$10,827 was owing to Ironbark Pacific Pty Ltd.

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Notes to the Financial Statements
For the Year Ended 30 June 2020

27. DIVIDENDS

There are no dividends paid or payable during the year ended 30 June 2020 or the 30 June 2019 comparative year.

28. EVENTS SUBSEQUENT TO BALANCE DATE

Other than as stated below, there has not arisen in the interval between the end of the financial year 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.

- In July 2020 the Company raised approximately \$5.6 million (before costs) via an entitlement offer and share placement, resulting in the issue of 102,291,583 fully paid ordinary shares at an issue price of 5.5 cents per share and 51,145,867 options exercisable at 11 cents and expiring 6 July 2023.
- Since the end of the financial year, in addition to the shares and options issued pursuant to the entitlement offer and share placement, a further 300,000 options, 1,250,000 performance rights and 1,002,517 shares were issued. Subsequent to year end, 374,977 options and 564,000 performance rights were exercised. Refer to Directors' Report – Equity Securities on Issue for further detail.
- In July, the Company executed the Joint Venture agreement on the White Dam Gold-Copper Heap Leach Operation in South Australia with Round Oak Minerals Pty Limited.
- In early September, a 5,000 m diamond and RC drilling program commenced at the Company's 100% owned Mt Coolon Gold Project in northern Queensland.
- On 17 September, Mr Neil Norris resigned as Executive Director and Mr Brent Cook was appointed as Independent Non-Executive Director of the Company.
- On 24 September, Novo Resources Corp exercised its option to earn an initial 50% in the Malmsbury Gold Project. The exercise consideration is the issue of 1,575,387 Novo shares (to be escrowed for a 4 month period) to the Company at settlement which is subject to certain conditions relating to the transfer of the Project interest. Novo has the right to earn an additional 10% interest in Malmsbury by incurring \$5 million in exploration expenditure over a four year period.

The impact of the coronavirus (COVID-19) pandemic is ongoing. The situation is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

29. CONTINGENCIES

(i) Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Group as at 30 June 2020 or 30 June 2019.

(i) Native Title and Aboriginal Heritage

Native title claims have been made with respect to areas which include tenements in which the Group has an interest. The Group is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the Group or its projects. Agreement is being or has been reached with various native title claimants in relation to Aboriginal Heritage issues regarding certain areas in which the Group has an interest.

(iii) Contingent assets

There were no material contingent assets as at 30 June 2020 or 30 June 2019.

GBM Resources Limited
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Notes to the Financial Statements
For the Year Ended 30 June 2020

	2020 \$	2019 \$
30. PARENT ENTITY INFORMATION		
<i>Financial position</i>		
Assets		
Current assets	1,411,374	337,463
Non-current assets	12,397,767	9,767,711
Total Assets	13,809,141	10,105,174
Liabilities		
Current liabilities	(1,608,799)	(1,062,196)
Non-current liabilities	-	-
Total Liabilities	(1,608,799)	(1,062,196)
NET ASSETS	12,200,342	9,042,978
Equity		
Issued capital	36,986,753	32,915,823
Option reserve	-	610,175
Accumulated losses	(25,149,324)	(24,561,487)
Share based payment reserve	362,913	78,467
TOTAL EQUITY	12,200,342	9,042,978
<i>Financial performance</i>		
Loss for the year	(1,198,012)	(4,239,459)
Other comprehensive income	-	-
Total comprehensive loss	(1,198,012)	(4,239,459)

Contingent liabilities

For full details of contingent liabilities see Note 29.

Commitments

For full details of commitments see Note 21.

GBM Resources Limited
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Directors' Declaration
For the Year Ended 30 June 2019

1. In the opinion of the Directors:
 - a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year then ended; and
 - ii. complying with Accounting Standards and Corporations Regulations 2001.
 - 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.
 - c) the financial statements and notes are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

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



PETER MULLENS
Executive Chairman

Dated this 30th day of September 2020

INDEPENDENT AUDITOR'S REPORT

To the members of GBM Resources Limited

Report on the Audit of the Financial Report*Opinion*

We have audited the financial report of GBM Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
<p>Carrying value of exploration and evaluation expenditure Note 8 in the financial report</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> - We obtained an understanding of the key processes associated with management's review of the carrying value of exploration and evaluation expenditure; - We considered the Directors' assessment of potential indicators of impairment; - We obtained evidence that the Group has current rights to tenure of its areas of interest; - We substantiated a sample of additions to exploration expenditure during the year; and - We examined the disclosures made in the financial report.
<p>Accounting for acquisition of Millstream Note 11 of the financial report</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> - We read the sale and purchase agreement to understand key terms and conditions; - We agreed the fair value of the gross consideration paid to supporting information; - We considered the allocation of the excess of the value of the consideration over the net assets acquired to exploration and evaluation expenditure; - We assessed the classification of the constructed plant asset; - We analysed the Joint Venture accounting and the commencement of Joint Venture operations in line with commencing of commissioning of the plant; and - We assessed the adequacy of the Group's disclosures in the financial report with respect to this asset acquisition.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of GBM Resources Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.


Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
30 September 2020



D I Buckley
Partner