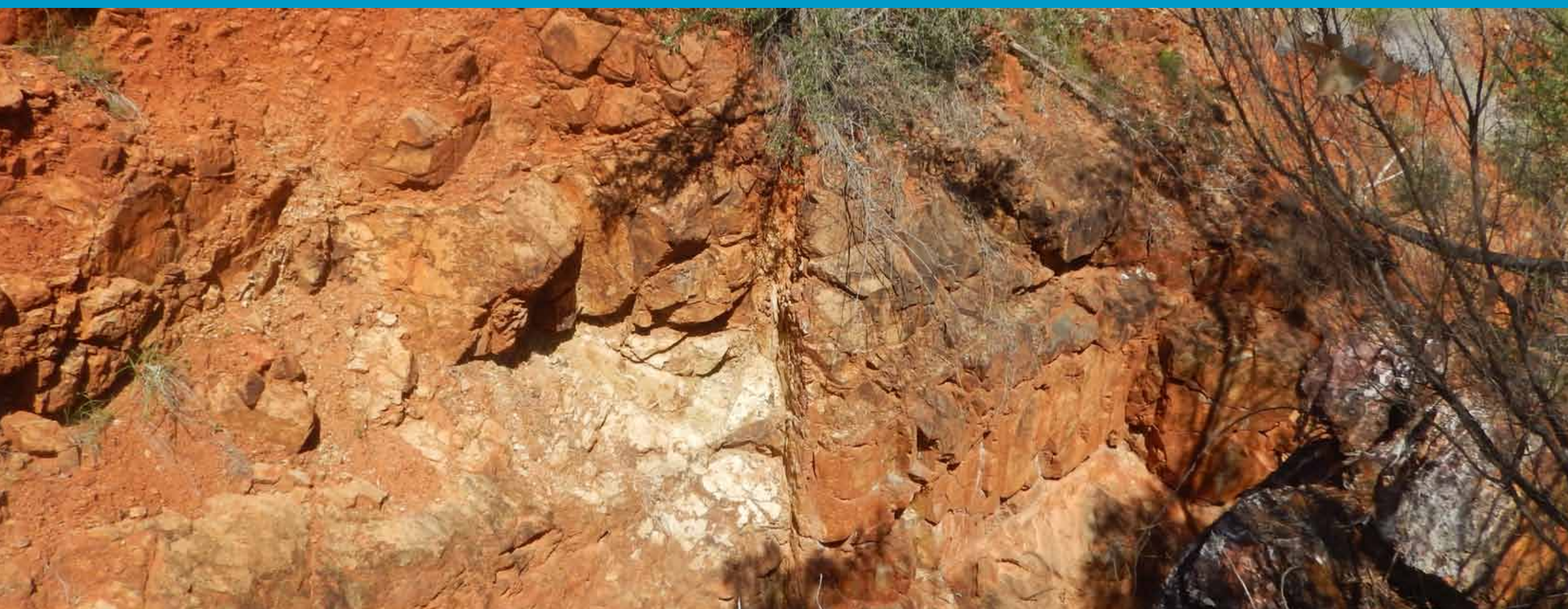
gbm RESOURCES LTD

ABN 91 124 752 745



Annual Report

2016

Contents

Chairman’s Report

Dear Shareholders

On behalf of the Board of Directors of GBM Resources I am pleased to present you with the Company’s 2016 Annual Report.

As a board we set several key corporate and project objectives for the year with the key objective to become a gold producer in the near-term. This objective remains on track with the progress of the Company’s flagship Mount Coolon Gold Project.

We have increased the size, scope and viability of the Mount Coolon Gold Project over the last financial year. The Scoping Study demonstrated positive project economics of heap leaching the oxide resource at the Eugenia Deposit and has the potential to see the Company achieve near-term gold production with potential to generate a strong positive cash flow and growth opportunities. Further exploration works are currently being completed in parallel with the Eugenia Deposit with a focus on investigating development options including the potential for near-term production from toll milling of the Koala and Glen Eva gold resources.

Exploration work completed by the Company at Mount Morgan has led to the re-classification of Mount Morgan as a porphyry-related deep epithermal style. This follows with acquiring one of the largest-known mineralised porphyry copper systems in eastern Australia, The Moonmera Copper-Molybdenum Project from Rio Tinto, which lies less than 10 km away from Mount Morgan. The focus for the Company in 2017 will be around unlocking the potential higher-grade mineralisation zones by undertaking a project wide data compilation and review.

In keeping with our strategy, the Company is also pleased to advise that the Lubuk Mandi Gold Mine in Malaysia listed on the Singapore Exchange, and following the Joint Venture partner’s operations incorporated into a new company, GBM now has an 11% equity interest, via its holding of 35 million ordinary shares in Anchor Resources Limited.

We have also continued into our fifth consecutive year with an excellent record of zero harm in safety and environment. This is a credit to our people and an indication of the Company’s committed approach to operating in a safe, sustainable, socially and environmental responsible manner.

On behalf of the Board, I would like to thank all our shareholders, employees, contractors and suppliers who have contributed to our success and achievements during the year.

Yours sincerely

Peter Thompson
Executive Chairman

Company Snapshot

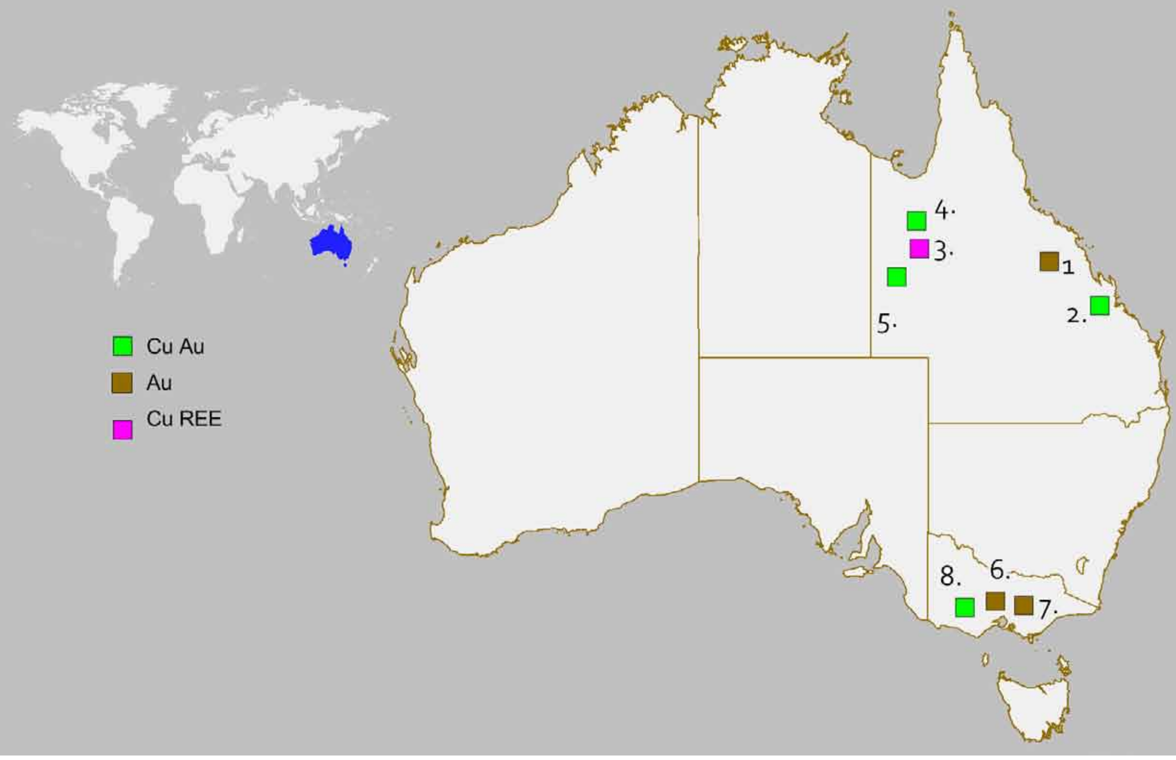


Figure 1: Project Location Plan.

GBM Project Locations

1. **Mount Coolon Gold Mines**
100% owned
Project area 773km²
Target Epithermal and IRGS Gold
Defined Resources totalling 315,000 ounces of gold
Plus additional exploration target between
120,000-230,000 ounces of gold

2. **Mount Morgan**
100% owned
Project area 781km² (granted),
Target Copper-Gold Porphyry

3. **Brightlands**
100% owned
Project area 292km²
Defined Cu-U-Mo-REE-P Resource containing
108,000 t TREEYO,97,000t Cu 14 M lbs U_3O_8

4. **Pan Pacific Copper and Mitsui Corporation Farm-In Projects**
100% moving to 49% GBM
Project area 631km²
Target IOCG

5. **Mayfield**
100% owned
Project area 302km²
Target IOCG

6. **Malmsbury**
100% owned
Project area 25km²
Defined Resource containing
104,000 ounces of gold

7. **Yea**
100% owned
Project area 187km²
Target IRGS

8. **Willaura**
100% owned
Project area 223km²
Target Cu-Au porphyry

9. **Lubuk Mandi**
Equity investment
Tailing treatment gold operations
Listed on Singapore Exchange in April 2016

Our Vision

GBM Resources Limited is focused on delivering value to our shareholders through discovery, acquisition and development of projects in key commodities of gold and copper globally.

Our Values

SAFETY	We take care of our safety, health and wellness by recognising, assessing and managing risk to continue our goal of zero harm.
SUSTAINABILITY	We have the highest regard and support for the environment and local communities in which we operate.
INTEGRITY	We behave ethically and respect each other and the customs, cultures and laws in which we operate.
RESPONSIBILITY	We deliver on our commitments and work together with all stakeholders.

Highlights in 2016

- Our Excellent record continues of zero LTI's and environmental incidents this year – this is the fifth consecutive year that GBM has achieved zero harm. This is a credit to our people and an indication of the Company's stringent and high safety and environment standards – now and into the future.
- Mount Coolon Gold Project:
    - The mineral resource at Mount Coolon Gold Project has been upgraded compliant with JORC code 2012 and estimated to contain 315,000 ounces of gold.
    - Successful exploration has identified six major gold mineralisation systems hosting defined resources at Eugenia, Koala and Glen Eva. To date 45 exploration prospects associated within these areas have been identified and will be systematically assessed.
    - Significant resource increase at Koala Gold Mine by 135% to 1.4 million tonnes at an average grade of 2.6 g/t containing an estimated 118,700 ounces. The Koala Gold Deposit now has an identified gold endowment (past production and current resources) containing an estimated 378,000 ounces with significant exploration upside.
    - Scoping Study demonstrates positive project economics of heap leaching the oxide resource at Eugenia Deposit. The mine is a small open pit, heap leach gold operation, to operate over a 16-month period, with the potential to generate a strong positive cash flow. Next step is to proceed with and complete a Feasibility Study.

  The Company continues to evaluate the known eight mineralising systems with the aim to advance a number of near-term production options by the end of this calendar year.
- Acquired 100% of the Moonmera Copper – Molybdenum Project from Rio Tinto Exploration Pty Ltd, one of the largest known mineralised porphyry copper systems in eastern Australia. The tenement is located less than 10 km from Mount Morgan, and will form part of, GBM's Mount Morgan Project in Central Queensland.
- The Lubuk Mandi Gold Mine in Peninsular Malaysia, successfully listed on the Singapore Exchange (SGX). GBM holds an equity interest in Anchor Resources Limited the company holding the mining concession for the Lubuk Mandi Gold Mine. The stock code on SGX for Anchor is 43E.
- Subsequent to the end of the 2016 financial year, the Company completed A$2.6 million capital raising by way of a placement of 160,500,000 ordinary fully paid shares at 1.6 cents each to fund exploration and feasibility studies at the 100% owned Mount Coolon Gold Project.

Old Koala Open Pit Mine, Mount Coolon

Review of Operations

Exploration Strategy and Activity

GBM remains strategically focused on our Company's vision, and our exploration efforts over the year has been to review and develop our large and prospective landholding in highly prospective regions in Queensland and Victoria, Australia. GBM's flagship project is the 100% owned Mount Coolon Gold Mines Pty Ltd, which was successfully acquired from Drummond Gold Limited in 2015. The Project features a number of deposits and prospects containing high-grade gold mineralisation and is the major focus for the Company as we investigate options for near-term gold production and growth opportunities. We believe this is a convincing demonstration of the potential of this region.

To unlock the potential, GBM's focus is on a number of key drivers for both short and long-term success:

- ✔ Identify opportunities for early production and cashflow in deposits with potential for major resource growth.
- ✔ Focus on the discovery of world-class gold and copper-gold deposits.
- ✔ Competent, rapid and cost effective evaluation of discoveries.
- ✔ Apply a systematic approach to mineral exploration and development.
- ✔ Explore in regions with historic production offers a higher probability of new discovery.
- ✔ Strengthen GBM's executive and technical capabilities.
- ✔ Maximise in-ground exploration expenditure.

Mount Coolon area


Drilling at 'the Brothers', Bungalien

Whilst the focus of exploration in 2016 was on increasing the Mineral Resource at Mount Coolon, review of historic exploration data and drill testing of targets was also completed during the year.

The ongoing review of available exploration data at Mount Coolon identified eight key mineralising systems which will be systematically assessed. The Mount Coolon assets located in the Drummond Basin, one of Australia's most prominent regions for large, epithermal vein and stockwork style gold deposits.

The completion of a deep diamond tail at Bungalien 'The Brothers' prospect and the commencement of drilling at two prospects (FC2 and FC12) at the Mount Margaret West project has provided the confidence to conduct further exploration work over these highly prospective areas.

These targets are part of the Bungalien and Mount Margaret Projects of which our Farm-In Joint Venture partners Pan Pacific Copper and Mitsui Corporation of Japan completed the final year of an initial six-year Farm-In agreement during the March quarter this year. Discussions have continued with Pan Pacific Copper and they have indicated that they wish to proceed to formalise a joint venture to further progress the exploration and development of the tenement areas, however, Mitsui have elected not to continue and will withdraw from the project.

The acquisition from Rio Tinto Exploration of the Moonmera Copper-Molybdenum porphyry Project during the March quarter this year has undoubtedly raised the prospectivity of the Mt Morgan project area.

The Moonmera Project is one of the largest known mineralised porphyry copper systems in eastern Australia and is located less than 10km from the world-class Mount Morgan mine in Central Queensland.

Total exploration expenditure on the Company's tenements for 2016 was A$2.6 million compared to a total of A$2.7 million in the 2015 year GBM will be stepping up activities in the 2017 financial year with a focus of bringing the Mount Coolon Gold Project into gold production.

Review of Operations

Assets

Diversified Portfolio of tenements – Located in world-class gold and copper regions

GBM listed on the ASX in 2007 and its main focus is in key commodities of gold and copper-gold assets in Australia. GBM tenements covers an area greater than 3,213 square kilometres in eight major project areas in Queensland and Victoria. GBM is a holder of 35 million shares in Anchor Resources Limited (Singapore listed) which owns the Lubuk Mandi Gold Mine in Malaysia. In 2016 financial year our portfolio expanded to include the Moonmera Copper-Molybdenum Project (located less than 10km from the Mount Morgan Mine) and forms part of the Mount Morgan Project area.

Mount Coolon Gold Project *(100% GBM)*

GBM has increased the size, scope and viability of the Mount Coolon Gold Project over the last financial year, and aims to move into near-term production with potential to generate a strong positive cash flow.

2016 PROJECT HIGHLIGHTS

- Acquired Mt Coolon Gold Mine in April 2015 from Drummond Gold Limited,
- Gold Resource of ~315,000 ounces of gold, up from 268,000 ounces.
- Exploration Target range has been estimated for the Perseverance-Elizabeth area of the Bimurra Prospect of between 10 million tonnes at an average grade of 0.7 g/t Au containing an estimated 230,000 ounces of gold and 4 million tonnes at an average grade of 1.2 g/t Au containing an estimated 120,000 ounces of gold.
- Koala Gold Mine resource increased by 135% to 1.4 million tonnes at an average grade of 2.6 g/t, containing an estimated 118,700 ounces.
- Priority IP Drill Target at Tower Hill, parallel to the Koala Gold Mine – Qld State Government co-funded Collaborative Drilling Grant to test the IP/magnetic anomaly.
- Eugenia Scoping Study shows robust economics.
- Six major gold mineralising systems identified.

Drilling near Koala Pit

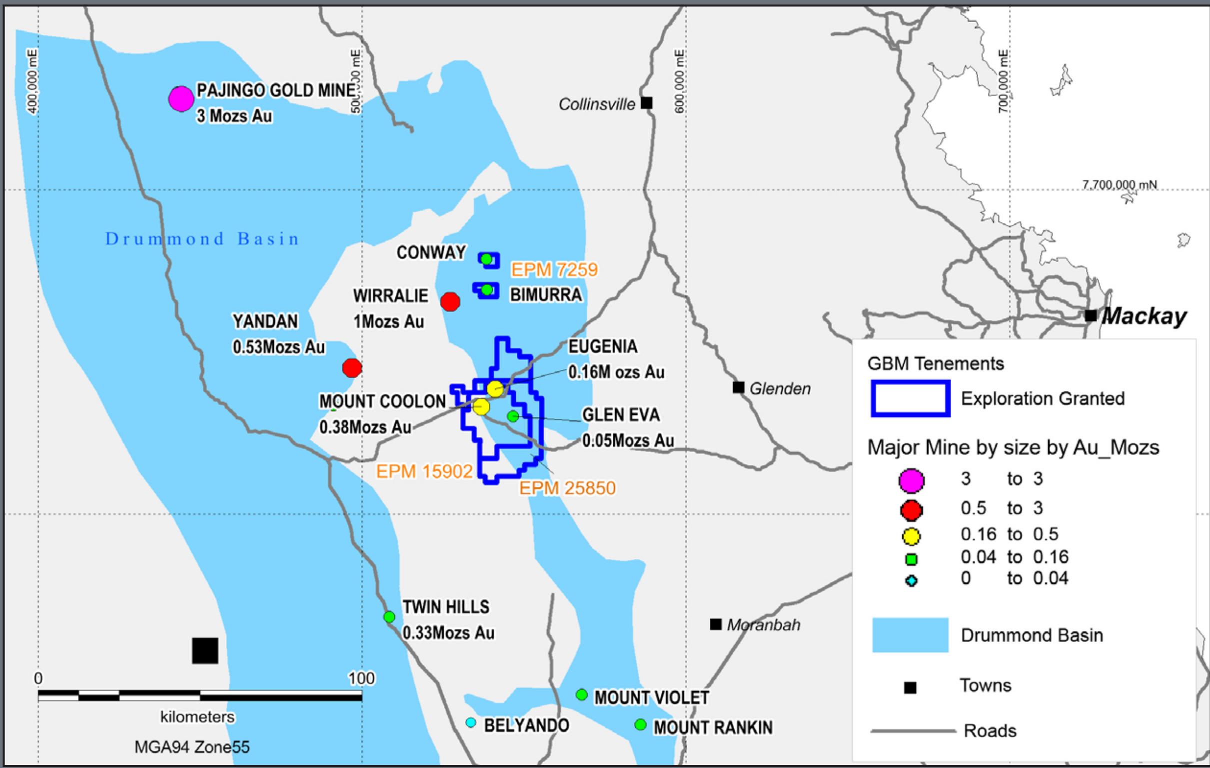


Figure 2: Mt Coolon Project tenement group and prospect location plan.

The Mount Coolon Gold Project has continued to be the priority for the Company with the potential for both near-term production and larger discoveries with long-term production potential being pursued. In April 2015, GBM completed the acquisition of Mount Coolon Gold Mines from Drummond Gold Pty Ltd which holds a portfolio of tenements and associated gold resources.

Situated on Queensland's Drummond Basin, a prolific gold province, which has proven fertile for discovery of epithermal and intrusive relation gold systems, has a total known gold endowment in excess of 7.5 million ounces of gold.

Located approximately 250km to the West of Mackay in North Queensland, the tenement package includes four granted Mining Leases and four granted Exploration Permits covering a total area of 773km^2 and holds potential for further significant discoveries both at the know deposits, and at a number of targeted exploration prospects already identified.

Upgrade and Growing Resource

The year has seen the successful progression of the Company's resource expansion strategy, delivering a significant increase in Mount Coolon's gold resource

The three main deposits (Koala, Glen Eva and Eugenia) which contribute to the resources at the Mount Coolon Gold Project have been examined, reviewed and upgraded during the year to comply with the requirements of the guidelines of the JORC code (2012 edition).

GBM made a significant 135% increase to the Koala Gold Mine resource to 1.4 million tonnes, averaging 2.6 g/t Au containing an estimated 118,700 ounces of gold. This brings Mount Coolon gold resource to approximately 314,700 ounces of gold with an average grade of 1.5 g/t. A total of 57% of gold ounces are within the Measured and Indicated categories, providing GBM with more confidence in exploring and continuing to prove and add to the global resource.

Review of Operations

Positive Scoping Study for Eugenia Deposit

Demonstrated positive project economics.

GBM completed the Eugenia heap leach Scoping Study in August this year (refer ASX announcement 23 August 2016). The study confirmed the potential economic viability of heap leaching the oxide portion of the Eugenia Gold Deposit.

The Study demonstrated that the short-term operation could generate a strong cash flow estimated in excess of A$22 million using a gold price of A$1,650 per ounce. The Company in parallel, is also evaluating toll milling opportunities for the Koala and Glen Eva open cuts which have the potential to see the Company achieve gold production in the near-term.

The mine is planned to be a small open cut operation to operate over a 16-month period. Mining is planned using truck and excavator mining technique involving conventional drill and blast, load and haul using contract mining equipment. The mineralised material will be crushed and paddock dumped onto prepared heap leach areas, before stacking and preparing for the leach process.

The outcome of the Eugenia Heap Leach Scoping Study demonstrates that a short-term operation could generate a strong positive cash flow by the December 2017 quarter.

Ore Tonnes	1,771,000	*t*
Ore Grade	0.71	*g/t*
Waste Tonnes	1,634,000	*t*
Total Tonnes	3,409,000	*t*
Strip Ratio	0.92	*w/o*
Recovered Ounces	32,588	*ozs*
Op. Cost/oz (C1)	848	*$/oz*
Operating life	16	*Months*
Revenue *(based on $AU1,650/oz)*	52,426,000	*$*
Net Operating Cash flow before tax	22,321,000	$
Capital	8,312,000	$

Note: C1 = mining and processing expenditure + site general and administration + transport and refining costs

Table 1: Eugenia Heap Leach Scoping Study Cash Flow Model Summary.

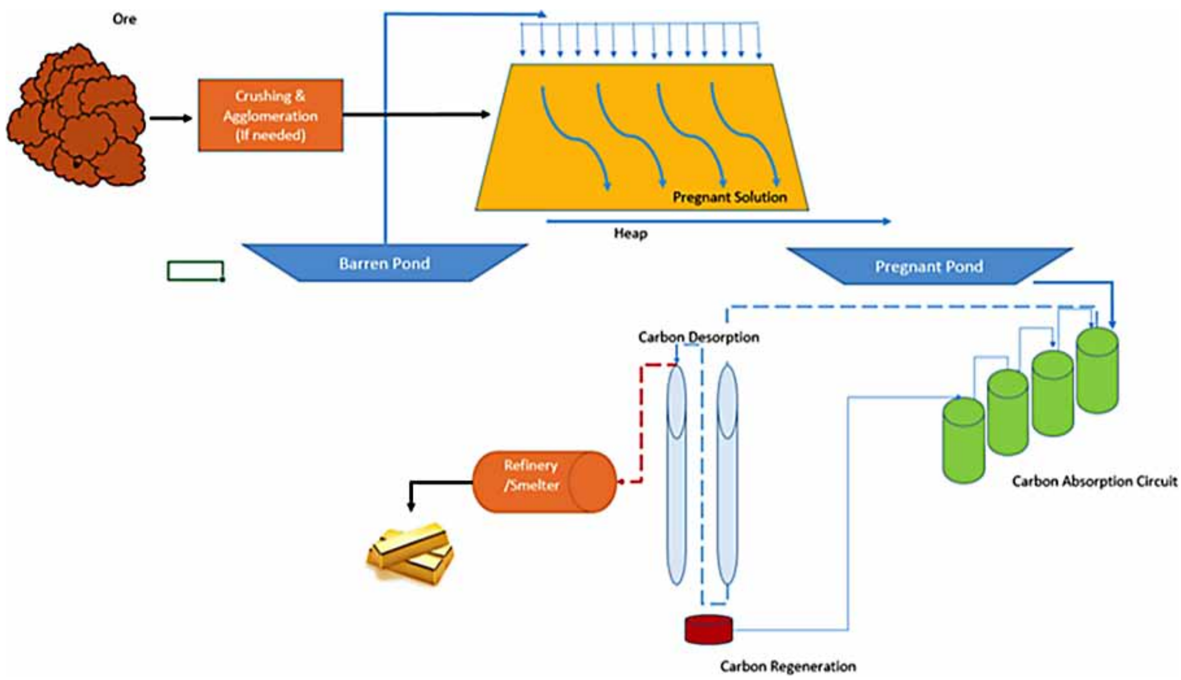


Figure 3. Schematic diagram illustrating the heap leach process.

Six Major Gold Mineralising Systems

Eugenia System

The gold mineralisation at Eugenia is a complex arrangement of at least 5 styles of structurally-controlled quartz veins and sulphide disseminations, characteristic of a low sulphidation epithermal deposit type. The host rocks are crystal-rich dacitic ignimbrites located in the Devono-Carboniferous Drummond Basin. The host units are reported to have a shallow dip to the west combined with inferences of a steeper 'feeder' zone in the centre of the mineralisation. An intermediate argillic alteration assemblage is extensively developed at Eugenia, which exhibits both vertical and lateral zonation. Higher grade gold mineralisation occurs as quartz-carbonate veins and horizons within the porous host lithologies. Outcrop is very limited with thick soil cover, namely the Tertiary Suttor Formation to the north and Quaternary sands to the south. The weathering profile has been interpreted as a truncated lateritic profile with depth to fresh rock averaging 50m below surface. There is evidence of localised supergene enrichment of the gold associated with the base of oxidation.

The Eugenia deposit still has exploration upside with extensions indicated by some drill hole intersections to the east, and also potential to discover a higher grade 'feeder' vein below the existing deposit yet to be fully explored.

Koala System

The detailed review of the geology of the Koala Deposit confirmed that lower grade stockwork mineralisation extends for several metres on either side of the central high-grade chalcedony zone both below the open pit, and around the old underground workings. The new resource model (tabulated below) includes this mineralisation which contributes to the increase in contained ounces in a resource which is considered to be of sufficient grade to support open pit mining.

Resource Category		Ore Type	Cutoff Grade (g/t Au)	Tonnes (t)	Grade Au (g/t)	Contained Gold (ozs)
Indicated	open pit	Fresh	0.4	250,000	2.9	22,800
		Oxide	0.4	30,000	1.1	1,100
		Transition	0.4	90,000	3.3	9,600
	underground	Fresh	2.0	50,000	3.0	5,100
		Sub Total Indicated		**420,000**	**2.8**	**38,500**
Inferred	open pit	Fresh	0.4	600,000	2.3	44,900
		Oxide	0.4	40,000	0.8	1,200
		Transition	0.4	110,000	1.6	5,600
	underground	Fresh	2.0	230,000	3.9	28,500
		Sub Total Inferred		**980,000**	**2.6**	**80,200**
Total	open pit	Fresh	0.4	850,000	2.5	67,700
		Oxide	0.4	70,000	0.9	2,200
		Transition	0.4	190,000	2.4	15,100
	underground	Fresh	2.0	280,000	3.7	33,700
		TOTAL		**1,400,000**	**2.6**	**118,700**

Table 2: Koala summary reported by resource category and oxidation state.
Please note rounding: tonnes (1,000 t), grade (0.1 g/t) and contained gold (100 ounces).

The total historical production from underground mining to 1940 was 303,408 tonnes @ 18.4g/t Au, for 179,475 ounces of gold and 60,000 ounces of silver. A further 270,000 tonnes averaging 5.6 g/t Au yielded 53,000 ounces of gold from open cut mining in the 1990s. GBM believe that drilling may not have tested the limits of mineralisation either at depth or along strike. The known mineralisation has been mined and prospected over a strike length in excess of one kilometre. In addition, a number of structural targets exist in the area nearby which hold potential to host structural repeats of the Koala Gold Mine setting.

Review of Operations

Glen Eva Gold Mine

The Deposit currently hosts a Resource estimated at 154,000 tonnes averaging 7.5 g/t Au containing 37,200 ounces of gold. This high-grade Deposit remains open at depth, and exploration along strike does not appear to have penetrated the shallow cover that obscures the extensions to the mineralisation. A number of prospects have been generated in close proximity to the Glen Eva Gold Mine by mapping, geophysical analyses and soil sampling including; Four Posts, Fence, Serpent and Arsenic Anomaly. More distal prospects include Eastern Siliceous Zone, Canadian-Blackbutt, Last Stand and Porcupine each show evidence of gold mineralisation and alteration and remain to be investigated in detail by GBM.

Bimurra Prospect

GBM completed an initial review of the exploration data available which identifies extensive gold mineralisation at the Bimurra Gold Prospect. An Exploration Target range has been estimated for the Perseverance-Elizabeth area of the Bimurra Prospect of between 10 million tonnes at an average grade of 0.7 g/t Au containing an estimated 230,000 ounces of gold and 4 million tonnes at an average grade of 1.2 g/t Au containing an estimated 120,000 ounces of gold (refer ASX announcement 21 September 2015).

It should be noted that the potential quantity and grade is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Bimurra Project area prospect represents a large mineralising hydrothermal system (The Bimurra Hydrothermal System) hosting numerous prospects and mineral occurrences, almost all fit into the styles generally associated with epithermal low sulphidation mineralising systems. Previous explorers have identified and named nine gold prospects; Blenheim, Hilltop, Perserverance, Elizabeth, Bimurra East, Camp Creek, Ramillies, Bungobine Peak and Bimurra North East. In addition, a number of conceptual targets have been identified based on structural interpretation, soil and rock chip geochemistry. The area is also dotted with occasional unnamed pits and shafts from historic prospecting activity.

GBM is in the process of locating and compiling data from previous explorers and to date have assembled a data set which includes analyses, survey information and geological data including 9,285 samples from 130 drill holes. Initial interpretation and modelling is now well advanced for the main Bimurra mineral occurrence, which includes the Perseverance and Elizabeth zones, the two most intensely tested areas by previous explorers.

Detailed mapping has identified many continuous and semi-continuous zones of chalcedonic quartz veining, stockwork and brecciation. Rock sampling and drill testing, both diamond and reverse circulation percussion, has confirmed that gold mineralisation continues to depth and over significant strike lengths.

Conway System

Contains multiple prospects and is considered to hold potential for both bonanza epithermal vein style deposits and bulk tonnage low grade disseminated deposits. Prospects identified by previous explorers include: Wobegong, Red Flag Hill, Quartz Reef Hill, Split Hill, Bustard Egg Hill, Mill Hill, Big Sinter Hill and Sinter Valley.

High-grade results have been reported by previous explorers including 2 metres @27.0 g/t Au and 2 metres @9.3 g/t Au at Wobegong Prospect (refer Drummond Gold Ltd. IPO Prospectus 6 November 2007). Future work by GBM will seek to verify previous drill results and include them in a database to support analyses and interpretation.

Verbena Sinter

Located 15 kilometres south east of Mount Coolon and Koala Gold Mine on the same structural corridor. The sinter outcrops over a 1.5 kilometre strike length and up to 600 metres wide. Rock chip sampling and shallow Reverse Circulation (RC) drilling have in the past confirmed the presence of gold mineralisation, but no Resource has been substantiated.

It is considered possible that an improved understanding of the nature of the hydrothermal system operating at the Verbena Sinter may lead to future discovery of epithermal gold mineralisation at this prospect.

FY2017 Outlook

Further exploration works are currently being completed in parallel with the ongoing Eugenia Heap Leach Study, with a focus on investigating development options including the potential for near-term production from toll milling of the Koala and Glen Eva gold resources. The Company expects to be in a position by the end of December quarter this calendar year to confirm the intention to proceed with the development of either toll milling the open cuts, progress with the Eugenia Heap Leach or both.

Resource drilling to upgrade geological and geotechnical understanding of areas around the old Koala underground mine workings is placed to continue during the September quarter.

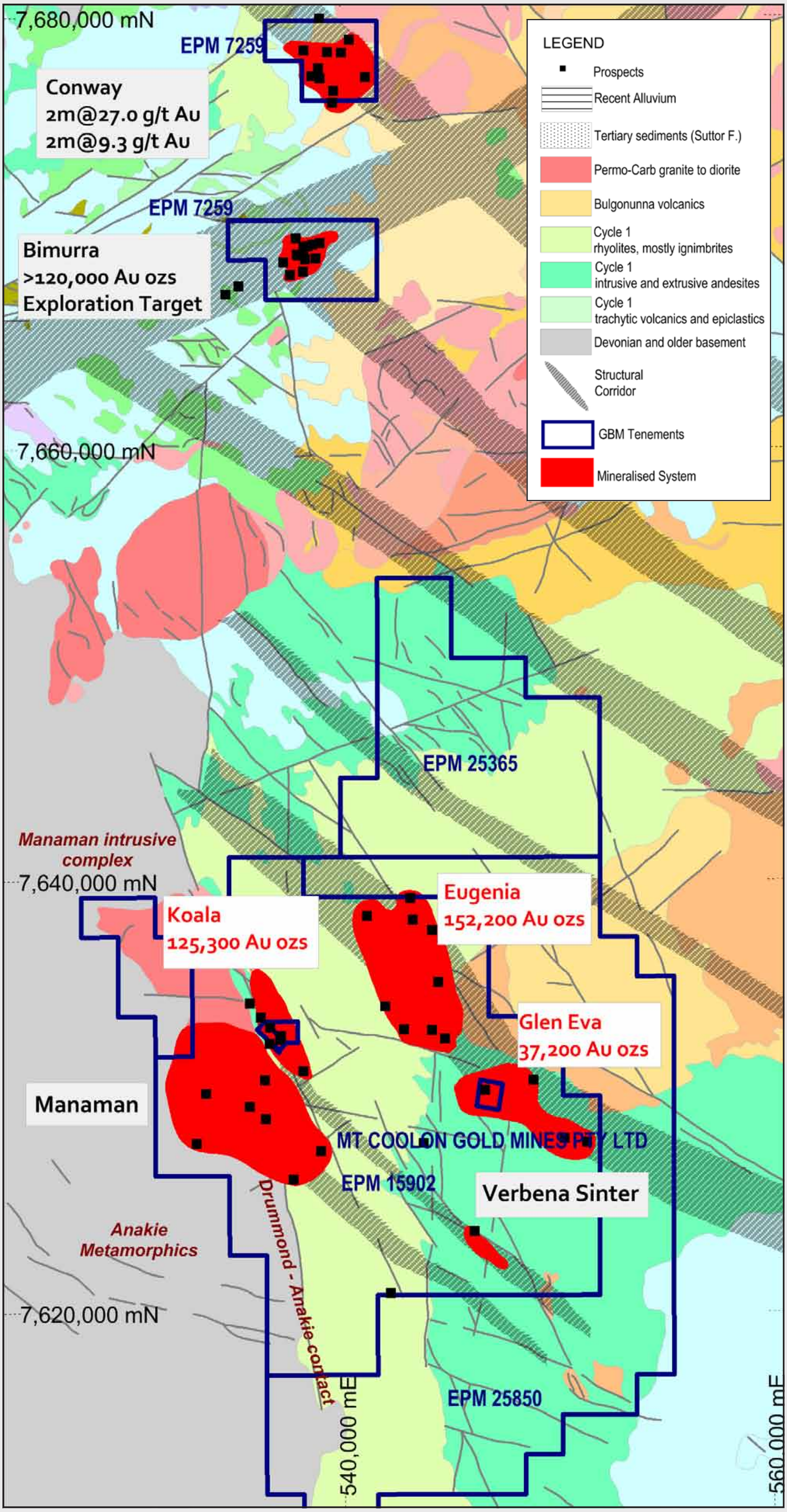


Figure 4: Mt Coolon Prospect Location Map.

Review of Operations

Mount Morgan Porphyry Copper-Gold Project, Queensland (*100% GBM***)**

Significant exploration potential in multi-million ounce gold province.

2016 PROJECT HIGHLIGHTS

- Re-classification of Mount Morgan as a porphyry-related deep epithermal style deposit.
- GBM acquired 100% of the Moonmera Copper-Molybdenum Project from Rio Tinto Exploration Pty Ltd in February 2016.
- Outstanding exploration project – one of the largest known porphyry copper systems in Eastern Australia.
- GBM currently undertaking project wide data compilation and review, with a view to investigate options to further fund and explore this project including joint venture and farm-in options.

The Mount Morgan Project has a highly prospective exploration tenement portfolio incorporating 11 granted leases covering a total of approximately 781 square kilometres. The tenements include: Smelter Return, Limonite Hill and other buried targets within the Bajool Project, Sandy Creek and Oakey Creek and the Mt Gordon porphyry system.

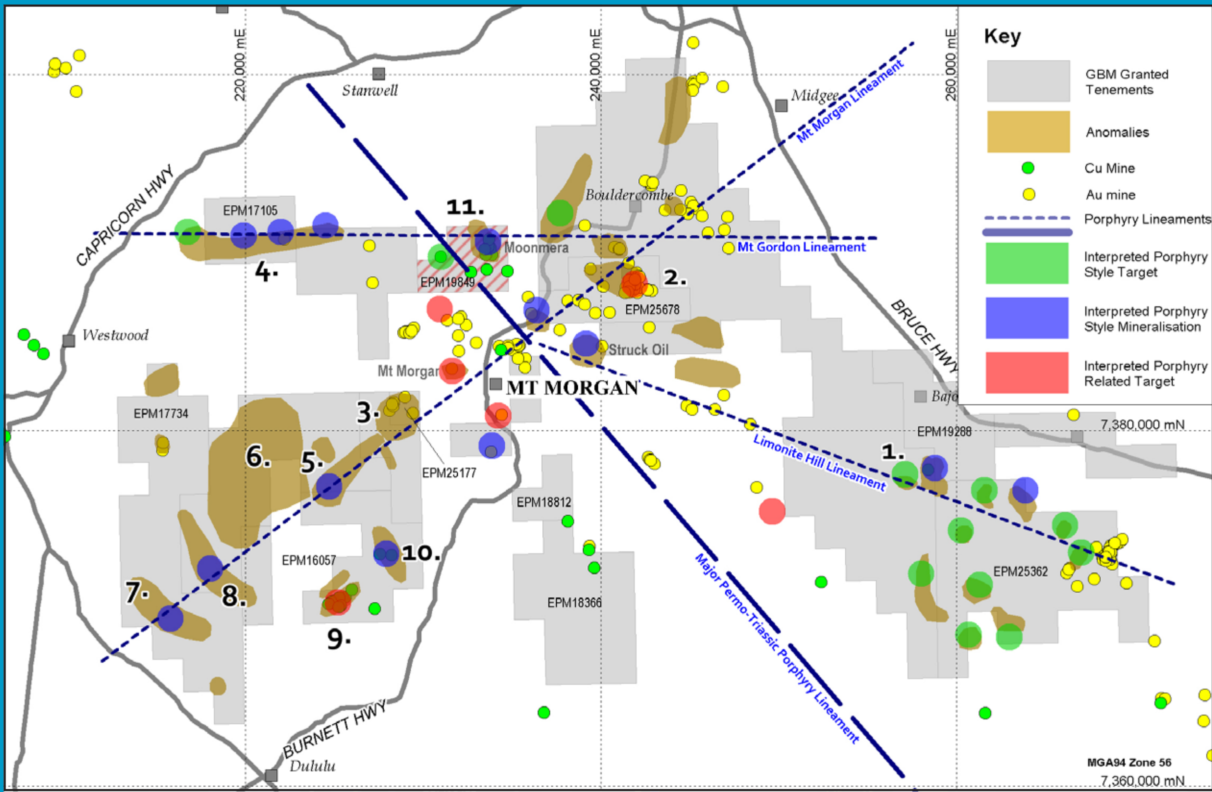
The Project tenements surround the world-class Mount Morgan Au Cu deposit which has produced in excess of 8 million ounces of gold and 400,000 tonnes of copper.

The Company completed work with world-renowned porphyry consultant Dr Greg Corbett of CMC Consulting during the year, which has led to the re-classification of Mount Morgan as a porphyry-related deep epithermal style deposit.

The Company acquired the Moonmera Copper-Molybdenum Project from Rio Tinto Exploration in February this year and is a significant addition to GBM's existing Mount Morgan Copper Gold Project portfolio.

The single, very large 2 x 2.5 kilometre porphyry located within tenement (EPM19849) was acquired from Rio for the equivalent of A$35,000 in GBM ordinary shares. The terms of the acquisition include a Net Smelter Royalty (1%) on all minerals produced from the project area and a Vendor Back-in Option whereby Rio has the option to purchase, at fair market value, a 65% interest in the project in the event that a Mineral Resource is identified within the tenement that has an in-situ value of A$1.5 billion or greater. If the Back-in Option is exercised, both parties become Joint Venture partners. In addition GBM granted Rio a first right of refusal over the following Victorian exploration prospects; Willaura, Lake Bolac, Monkey Gully, Tin Creek and Rubicon.

Drilling FC2, Mount Margaret West



1. Limonite Hill
– 12m @ 1.4% Cu & 700 pm Mo
– Limonite Hill Cu-Mo porphyry
– Series of "Mag Lows" within structural corridor
– Veneer of cover sediments

2. Mt. Usher
– 100k oz Au production from alluvial and hard rock
– Junction of 2 major structural linears
– Large mag high rimmed by historic workings

3. Mt. Victoria
– Alluvial gold workings
– 28m @ 0.26 g/t Au in Devonian basement

4. Mt. Gordon
– Porphyry Cu-Au-Mo
– 23m @ 0.3% Cu, 0.2 g/t Au
– 4km magnetic low
– Shallow drilling only

5. Smelter Returns
– 300x400m skarn indentified
– Shallow drilling only
– 8m @ 0.3% Cu, 0.8 g/t Au
– Large untested high tenor Au-Cu soil anomalies

6. Kyle Mohr
– Intrusive hosted
– Pervasive porphry alteration
– Strong Au-Cu in soils
– No drilling

7. Black Range 1
– 2km alteration zone
– Central breccia gossan with Zn-Cu-Pb-Ag

8. Sandy Creek
– 4km porphyry-style alteration zone
– Hydrothermal breccia CuO at surface
– Rock-chips to 39% Cu, 8.5 g/t Au 44ppm Ag
– No drilling

9. Dee Copper Mines
– High grade Au-Cu veins
– Porphyry-related 'D-veins?'
– Not tested at depth

10. Oakey Creek
– 3x1km porphyry-style alteration
– Rock-chips to 6.7% Cu & 40 ppm Ag
– Not drilled

11. Moonmera
– 3x2km porphyry system
– Crackle veins, pebble breccias
– Pervasive low-grade Cu-Mo
– Discrete high-grade zones
– Large tonnage potential

Figure 5: GBM tenements and prospect areas. Moonmera Prospect area hatched in red.

Mineralisation at Moonmera was first reported more than a century ago, at the time when minor small-scale mining at the deposit was taking place. Historic drilling has shown the potential for high-grade mineralisation at the prospect with intersections reported above 3% copper and 300pm molybdenum.[1]

In 1983, previous explorers explored for a small higher-grade resource for Mount Morgan mine mill feed. Some reported intersections from this shallow drilling program are[2]:

- DDH61/13 – 12m @ 1.11 % Cu and 113ppm Mo from 27m in sericitised breccia & quartz diorite
  - Incl. 3m @ 3.4 % Cu and 142 ppm Mo
- PDH63 – 3m @ 3.0 % Cu & 160 ppm Mo from 13m in quartz-sericite porphyry
- PDH43 – 9m @ 1.34 % Cu & 460 ppm Mo from 10m in quartz diorite porphyry breccia
- PDH38 – 7m @ 1.3 % Cu & 155 ppm Mo from 9m in altered breccia
- DDH61/3 – 7m @ 1.1% Cu from 11m in altered intrusive

Mapping by previous explorers, CRA Exploration, revealed a highly complex, multi-phase porphyry intrusive system with widespread crackle-veining, mineralised breccia and disseminated sulphide and oxide mineralisation. In 2014 Rio modelling of the high-quality magnetic data produced a largely untested anomaly wholly concealed beneath the Jurassic cap that obscures the western half of the prospect.

1 (Whitcher, I.G., 1962 'Final Report on Investigation of the Moonmera Copper Mineralisation, Mount Morgan District, Queensland' CRAE Report No. 4078).

2 (A. Taube B.Sc. Aust IMM., April 1983 'Results of Geopeko Investigation of the Moonmera Prospect C.M.L.'s 128 and 129; Mount Morgan 1 and the Moonmera triangle Area, A. to P.508M GEOPEKO A Division of Peko-Wallsend Operations Ltd).

Review of Operations

FY2017 Outlook

GBM's growth strategy is focused around unlocking the potential mineralisation zones by undertaking a project wide data compilation and review, with a view to investigate options to further fund and explore this project including joint venture and farm-in options.

GBM has been developing a coherent geological model of the mineralisation as well as validating historic data from previous mining operations within the Mount Morgan Deposit.

The future exploration programme at Moonmera will include the processing and interpretation of historic drilling, geophysical and surface geochemical data. Existing Induced Potential (IP) geophysical surveys have detected known sulphide mineralisation.

Systematic soil geochemistry over suitable areas and a new IP survey using modern techniques and high-power transmitters may delineate high-grade mineralised zones within the greater magnetic anomaly. The western lobe target has no previous IP coverage due to the rugged topography associated with the Jurassic sandstone cap. Drill-testing of electrical targets will follow.

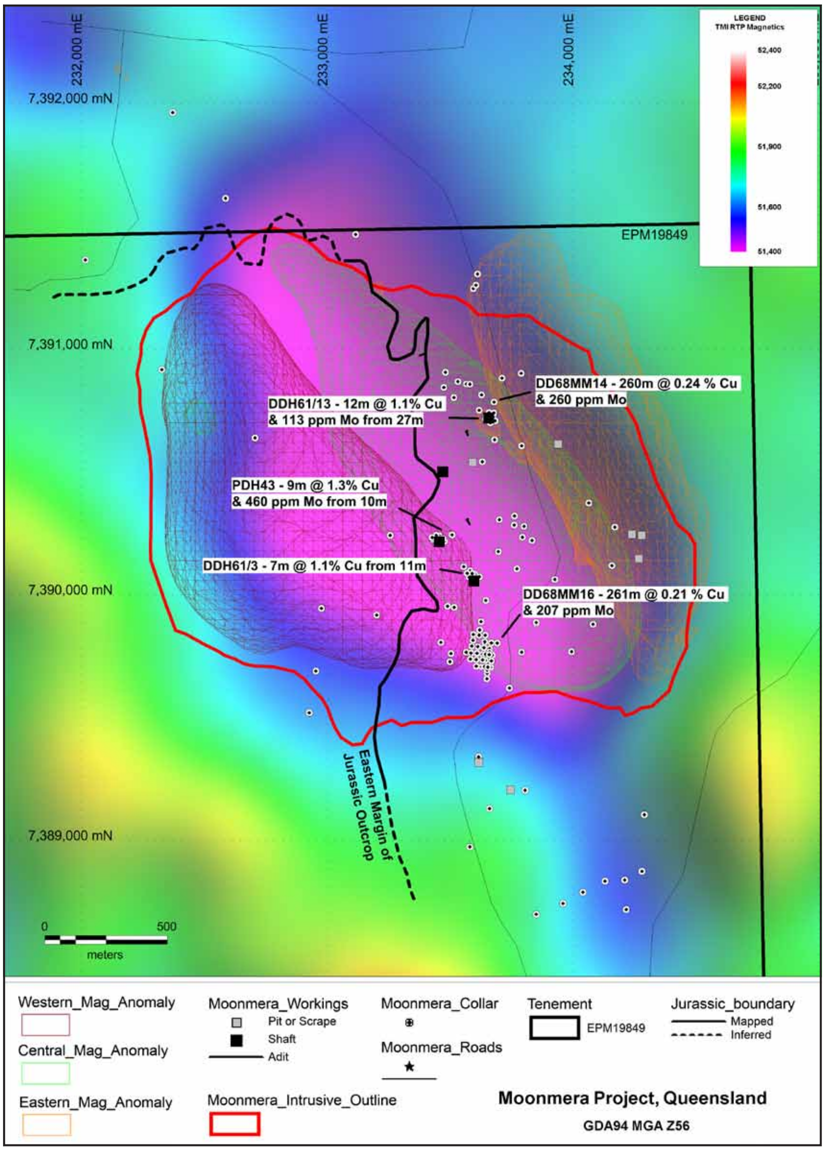


Figure 6: Plan view of Moonmera with outlines of the west, central and east lobes of the Rio magnetic inversion highlighting the cluster of historic drilling where the central and east anomalies approach the surface. The margin of the Jurassic plateau covering the western lobe is marked in black.

Other Exploration Interests

Brightlands and Milo Iron-Oxide Copper-Gold (IOCG) REE Project

Exploration opportunity with multiple targets for copper-gold mineralisation.

In addition, the Milo IOCG system with an estimated resource containing 97,000 tonnes of copper, 14 million pounds of U_3O_8 and 108,000 tonnes of TREEYO shows significant exploration upside.

The Milo Project on Brightlands EPM14416 is located due east of Mount Isa, and just 20 kilometres west of Cloncurry on the Barkley Highway, far northwest Queensland. Brightland contains numerous targets for structurally hosted and IOCG style copper and gold copper mineralisation.

Previous exploration by GBM has successfully delineated a large polymetallic resource at Milo. However, many targets remain to be fully evaluated, and the Milo area still holds potential for significant resource extension.

A zone of TREEYO-P_2O_5 enrichment overprints and forms a halo to the base metal mineralisation. The REE zone occurs as a moderate to steeply east dipping, northwest striking zone with a width of 100 metres to 200 metres. This zone is very continuous at low grades (<200 ppm TREEYO) and has a simple shape.

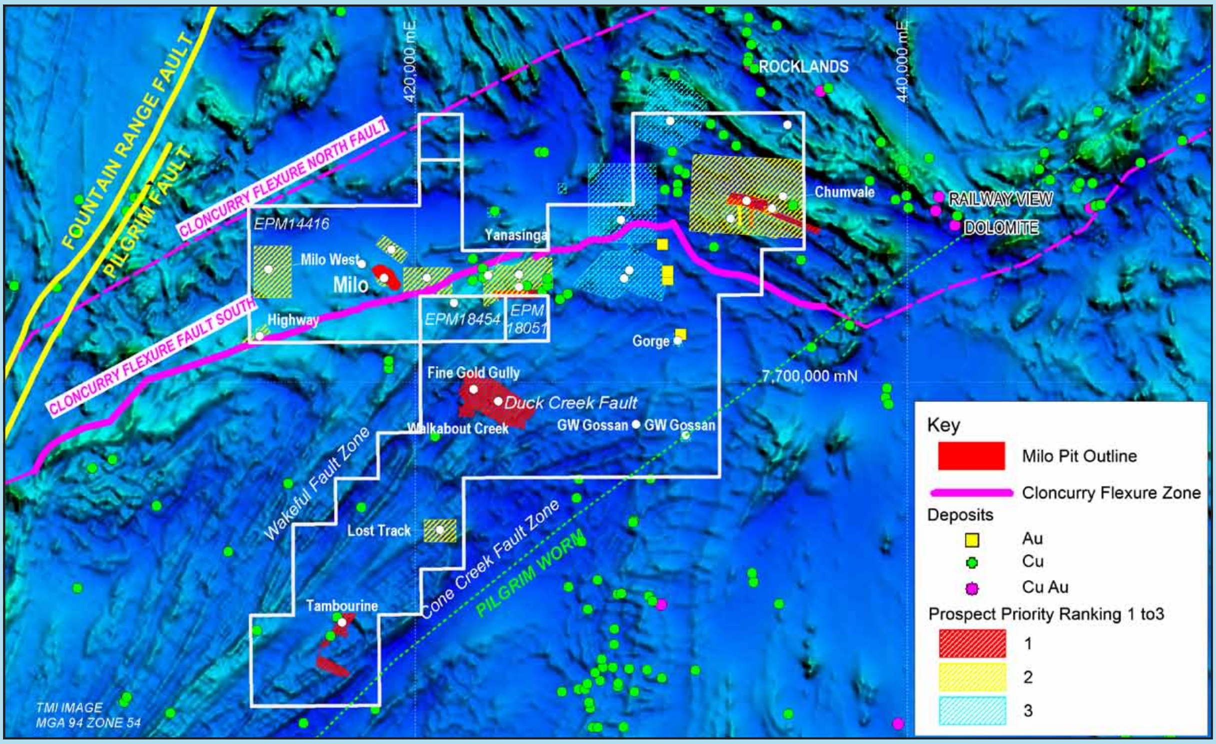


Figure 7: Brightlands tenement group showing major regional structures over detailed TMI RTP image with prospects and target areas.

Review of Operations

Mayfield IOCG Project

Exploration opportunity with high order copper-gold geochemical and drilling anomalies adjacent to the high-grade Tick Hill Gold Mine and Trekelano Copper Mine in Queensland's North West Mineral Province.

The Mayfield Project is located approximately 150 kilometres south east of Mount Isa within the Mary Kathleen Zone of the Eastern Succession.

At either end of the project sit the Trekelano Cu-Au mine with a resource (2006) of 3.1 million tonnes @ 2.1% Cu and 0.64g/t Au, and the Tick Hill mine which produced 470,000 tonnes averaging 28g/t Au.

The structural setting and fertile Corella Formation rocks combine to produce a highly prospective belt with numerous IOCG-style Cu-Au and base-metal occurrences defined within. Almost the entire Pilgrim Fault Zone is currently under lease and recent work by various companies, including Hammer Metals at their Kalman Project, supports the potential for discovery within the Mayfield Project.

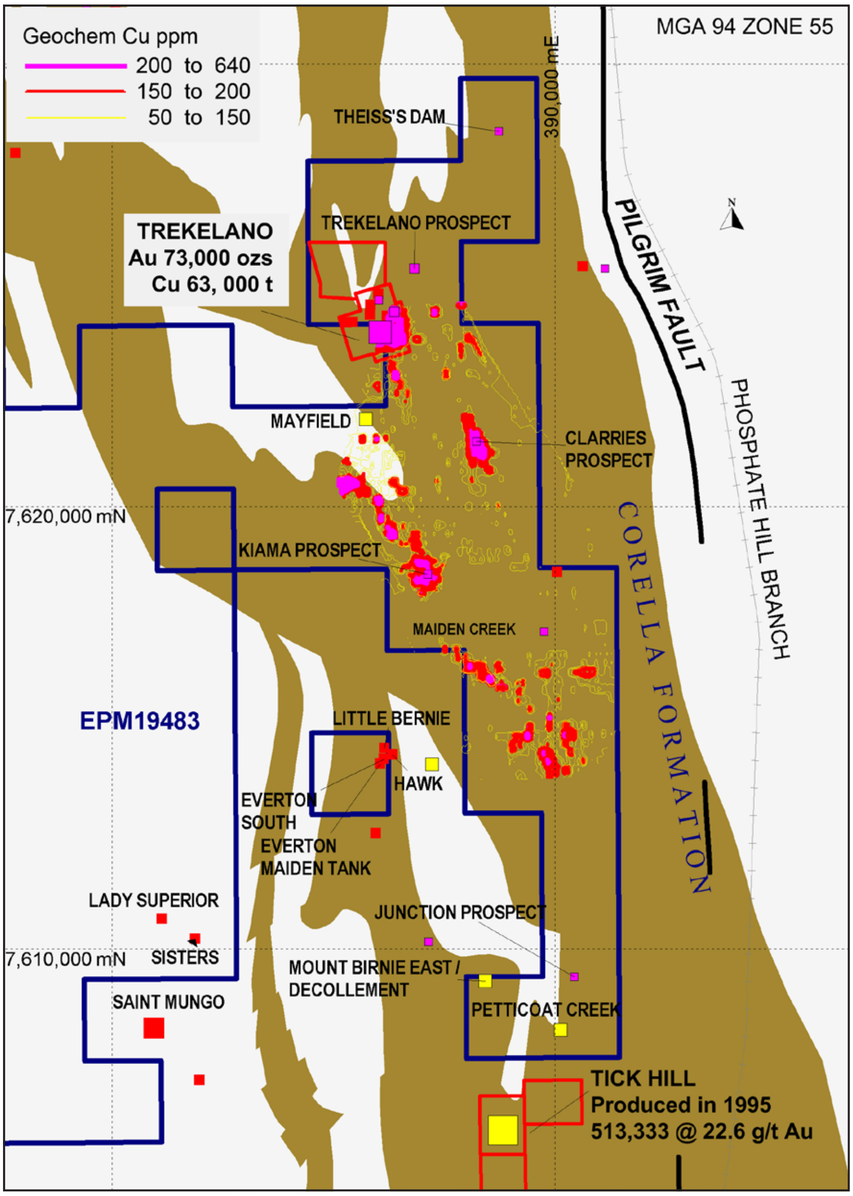


Figure 8: Mayfield project locations.

Pan Pacific /Mitsui Farm-in Projects

Partnering with world-class companies to explore and develop outstanding exploration opportunities in the prolific North West province of Queensland

2016 PROJECT HIGHLIGHTS

- Drilling targets F2 &F12 prospects at Mount Margaret West Project.
- Completion of a deep diamond tail at Bungalien 'The Brothers' prospect.
- Target style IOCG mineralisation.
- The Bungalien and Mount Margaret Projects are part of the Joint Venture.

The Mount Margaret West project is part of a Farm-in Joint Venture with leading multinational companies, Pan Pacific Co Ltd and Mitsui & Co Ltd through their Australian registered subsidiary Cloncurry Exploration & Development (CED). The project is situated less than four kilometres south from Ernest Henry Cu-Au-Magnetite Mine, which was discovered in 1991.

The Mount Margaret tenements are in an area of shallow cover (<100) over Proterozoic rocks that include the host to the nearby Ernst Henry Mine.

The project area contains multiple targets considered highly prospective for IOCG style mineralisation. Exploration by CED to date has been focused on reviewing the historical work (drilling, geophysics, soil sampling) conducted by companies such as Chevron, BHP, WMC, MIMEX and Xstrata with the aim to identify gaps in the previous exploration efforts and to delineate and explore new areas that remain untested.

Priority was given during the year to the completion of a deep diamond tail at Bungalien 'The Brothers' prospect and the commencement of drilling at two highly ranked prospect areas (FC2 and FC12). Both prospect displaying classic IOCG-style anomalous magnetic and gravity signatures and inadequate historic drill testing through thin cover sediments.

A total of 5 moderate depth drillholes have been completed by the Joint Venture across both prospects, including two at FC12 during this year. As a result of this drilling program, FC2 remains highly prospective for the discovery of economic Cu-Au mineralisation whilst FC12 has been downgraded due to poor assay results and unfavourable host rock lithology.

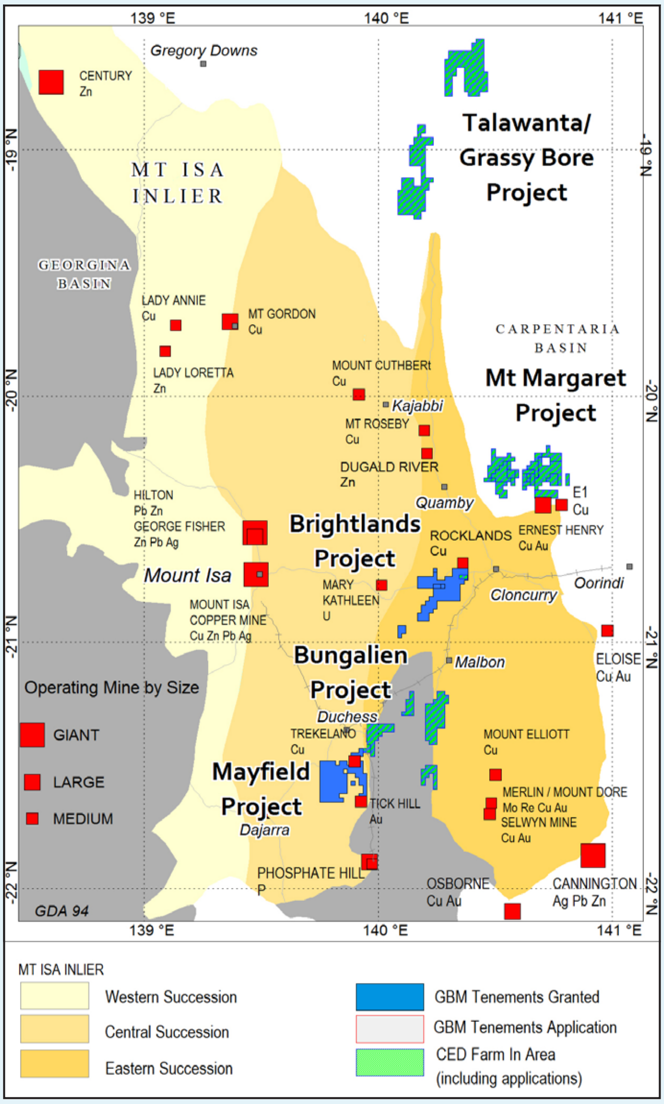


Figure 9: GBM-CED JV tenement location plan.

These targets are part of the Bungalien and Mount Margaret Projects of which our Joint Venture partners Pan Pacific Copper of Japan completed the final year of an initial six-year Farm-In agreement during the March quarter this year.

Discussions are continuing with Pan Pacific Copper as they have indicated that they wish to proceed to formalise a joint venture to further progress the exploration and development of the tenement areas.

Review of Operations

Victoria Gold Projects Intrusive related Gold Systems (IRGS) *(100% GBM)*

Malmsbury Gold Project (EL4515 and EL5120)

Exploration opportunity with 104,000 ounces of gold already in resources and significant exploration upside.

The Malmsbury Gold Project is part of a large Intrusive Related Gold System (IRGS) centred on Belltopper Hill and IRGS systems are known to persist to much greater depths in other regions and GBM considers the Malmsbury Project (located in Central Victoria) has the potential to host a large IRGS in a world class gold province.

Surface geology at Malmsbury reveals a large area of alteration and mineralisation associated with a demonstrated endowment of almost 200,000 ounces within 200 metres of surface. This endowment comprises 91,000 ounces of historical production and 104,000 ounces of the current Leven Star Resource.

At this time, historical production from a number of shafts in the project area is still unknown. Many zones remain to be drill tested and resources evaluated. The current estimate of gold endowment is considered incomplete in the near-surface environment. This endowment is based on mineralisation within a 2 kilometre section of the Drummond North Goldfield which remains open in all directions.

Completion of a 12 hole diamond drilling program during 2008 which targeted the Leven Star Zone, part of the Malmsbury Project, resulted in the deposit's Inferred Resource increasing to 0.8 million tonnes at an average grade of 4.0 g/t Au containing 104,000 ounces of gold using a 2.5 g/t Au cut-off grade. This cut-off was chosen to reflect a grade, which based on experience is considered to be applicable to extraction by underground mining methods.

This resource is contained within a 450 metre section of the Leven Star Zone within the Drummond North Goldfield which has an identified strike length of over 4,000 metres. The resource is considered open both to depth and along strike.

Yea W-Mo-Au IRGS Prospect

A detailed grid soil sampling program was completed at the Monkey Gully prospect located near Yea, north-east of Melbourne. The program was designed to infill existing soil sampling and attempt to define the distribution of W-Mo relative to surface mapping to better understand the controls on mineralisation.

Excellent correlation was reported for the elements of interest at Monkey Gully; Mo-W-Cu (co-efficient of determination, R2 > 0.97) and Fe, As (R2 > 0.91).

The recent Niton work also supported the evidence for the gold-bearing nature of the system at Monkey Gully with more than 60 results reporting anomalous gold, all from the central dyke/W-Mo zone. Conventional soil sampling has returned peaks of 3.1 ppm Au (historic) and 0.1 ppm Au (GBM) and gold was weakly anomalous in MGDD08 (peak 0.3 ppm) and in historic drilling (peak 0.8 ppm).

Two target styles have been proposed at Monkey Gully; a near surface target of multiple close-spaced dykes and dyke contacts and a deeper mineralised carapace over the tonalite source intrusion. Given the size of the central magnetic high (2 kilometre x 0.8 kilometre) and the modelled association with a mineralised tonalite carapace, the deep target has significant exploration potential for a large-tonnage W-Mo +- Au IRGS deposit.

Willaura Prorphyry Cu–Au Prospect

A Target Exploration Grant was awarded during the year to GBM for a work proposal relating to Anomaly 'I' within EL5423 Lake Bolac. The proposed program consists of soil sampling, IP geophysics and RC and DD drill testing.

Grant funding of A$184,950 is available for the three-staged program and is conditional upon GBM meeting existing expenditure requirements for EL5423.

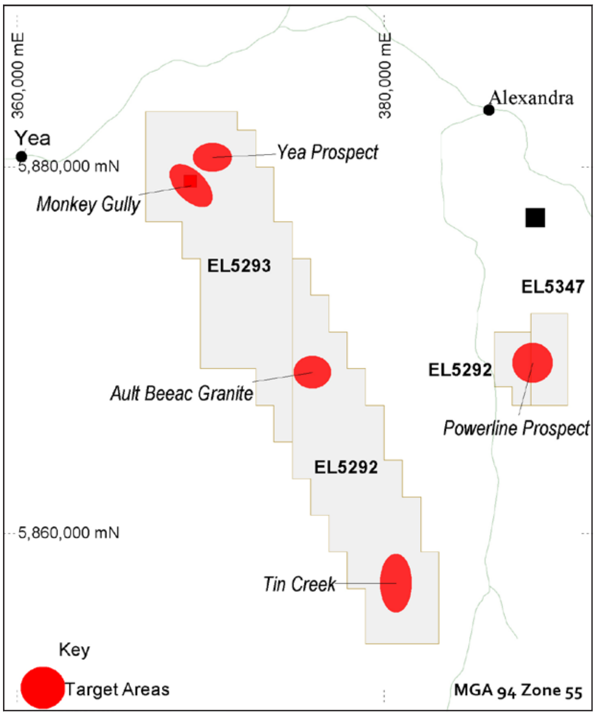


Figure 10: Yea project location and tenement plan.

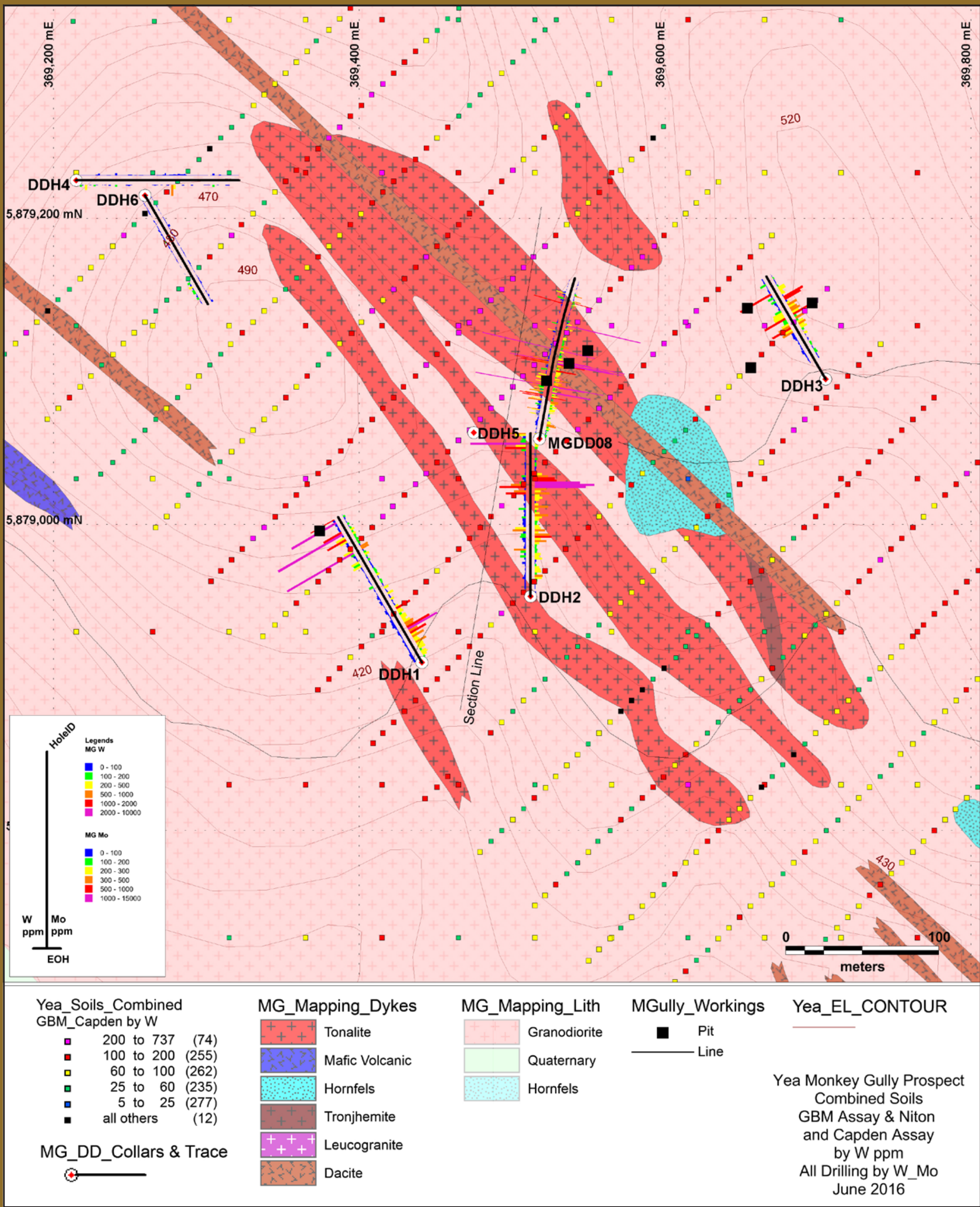


Figure 11: Yea Monkey Gully prospect mapping, soil sampling (conventional and Niton assays) and drill collar/trace location plan with downhole W-Mo shown.

Review of Operations

Tenement Summary

GBM Resources strong tenement portfolio consists of 37 Exploration Permit for Minerals and four Mining leases in nine provinces around Queensland and Victoria all of which are granted covering a total of 3212 square kilometres in the Country's most prospective areas.

During the reporting period GBM acquired Moonmera EPM 19849 from Rio Tinto. The tenement covers an area of five sub-blocks (19 square kilometres) and holds a key part in GBMs Mount Morgan Project.

In addition one new tenement was granted during the reporting period, Brightlands West Ext EPM 18672 consisting of five sub-blocks located in the Mt Isa region, North West Queensland forming part of the Brightlands Project.

All of these licences (see tenement schedule) are held 100% by the Company (or its wholly owned subsidiaries). However, a farm-in agreement exists between GBM Resources and Cloncurry Exploration and Development Pty. Ltd. (owned by Pan Pacific Copper and Mitsui Corporation), and subsequently all tenements in the Mount Margaret and Bungalien Projects are moving to 51% ownership by our Joint Venture partners.

In addition the transfer of EPM 19483 Mayfield from Newcrest into GBM was approved during the reporting period.

A summary of GBM's tenements is provided in Table 3 on page 21 of this report.

Inspecting core at Bimurra

Abbreviations

CuEq	*Copper Equivalent, as defined in note in Milo Section.*
EM	*Electro Magnetic (geophysical surveys)*
IP	*Induced Polarisation (geophysical surveys)*
RC	*Reverse circulation drilling*
REE(O)	*Rare Earth Elements (oxides). There are 14 rare earth elements: Lanthanum (La), Cerium (Ce), Praseodymium (Pr), Neodymium (Nd), Samarium (Sm), Europium (Eu), Gadolinium (Gd), Terbium (Tb), Dysprosium (Dy), Holmium (Ho), Erbium (Er), Thulium (Tm), Ytterbium (Yb), Lutetium (Lu) but excluding Promethium (Pm).*
TREEY(O)	*Total Rare Earth element and Yttrium (oxides) (Yttrium (Y) is not always considered as a Rare Earth Element but does have many similar properties.*

Exploration Results previously reported under JORC 2004

Competent Person's Statement for Exploration Results included in this report that were previously reported pursuant to JORC 2004: This information has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Neil Norris, who is a Member of The Australasian Institute of Mining and Metallurgy and The Australasian Institute of Geoscientists. Mr Norris is a full-time employee of the company, and is a holder of shares and options in the company. Mr Norris has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Norris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Exploration Results and Mineral Resources previously reported under JORC 2012

The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

Tenement Schedule

Project/Name	Tenement No.	Owner	Manager	Interest	Status	Granted	Expiry	Approx Area (km²)	Sub-blocks
VICTORIA									
Malmsbury									
Belltopper	EL4515	GBMR*1/Belltopper Hill	GBMR	100%	pending	06-Oct-05	05-Oct-15	25	25
Willaura									
Willaura	EL5346	GBMR	GBMR	100%	pending	02-Jun-11	01-Jun-16	5	5
Lake Bolac2	EL5423	GBMR	GBMR	100%	Granted	03-Dec-12	02-Dec-17	218	218
Yea									
Monkey Gully	EL5293	GBMR	GBMR	100%	pending	23-Mar-11	22-Mar-16	86	86
Tin Creek	EL5292	GBMR	GBMR	100%	pending	23-Mar-11	22-Mar-16	91	91
Rubicon	EL5347	GBMR	GBMR	100%	Granted	27-Feb-12	26-Feb-17	10	10
QUEENSLAND									
Mount Morgan									
Dee Range	EPM16057	GBMR	GBMR	100%	Granted	27-Sep-07	26-Sep-16	46	14
Boulder Creek	EPM17105	GBMR	GBMR	100%	Granted	26-Mar-08	25-Mar-17	88	27
Black Range	EPM17734	GBMR	GBMR	100%	Granted	20-May-09	19-May-18	81	25
Smelter Return	EPM18366	GBMR	GBMR	100%	Granted	21-Jun-12	20-Jun-17	98	30
Limonite Hill	EPM18811	GBMR	GBMR	100%	Granted	21-Nov-12	20-Nov-17	260	80
Limonite Hill East	EPM19288	GBMR	GBMR	100%	Granted	31-Oct-13	30-Oct-18	29	9
Mt Hoopbound	EPM18812	GBMR	GBMR	100%	Granted	26-Jul-12	25-Jul-17	23	7
Moonmera	EPM19849	GBMR*3	GBMR	100%	Granted	12-Apr-13	11-Apr-18	16	5
Mt Victoria	EPM25177	GBMR	GBMR	100%	Granted	26-Aug-14	25-Aug-17	3	1
Bajool	EPM25362	GBMR	GBMR	100%	Granted	27-Nov-14	26-Nov-17	111	34
Mountain Maid	EPM25678	GBMR	GBMR	100%	Granted	09-Apr-15	08-Apr-18	26	8
Mount Isa Region									
Mount Margaret									
Mt Malakoff Ext	EPM16398	GBMR*2 /Isa Tenements	GBMR	100%	Granted	19-Oct-10	18-Oct-20	85	26
Cotswold	EPM16622	GBMR*2 /Isa Tenements	GBMR	100%	Granted	30-Nov-12	29-Nov-17	46	14
Mt Marge	EPM19834	GBMR/Isa Tenements	GBMR	100%	Granted	04-Mar-13	03-Mar-18	3	1
Dry Creek	EPM18172	GBMR*2/Isa Tenements	GBMR	100%	Granted	13-Jul-12	12-Jul-17	189	58
Dry Creek Ext	EPM18174	GBMR*2/Isa Tenements	GBMR	100%	Granted	25-Oct-11	24-Oct-16	39	12
Corella	EPM25545	GBMR/Isa Tenements	GBMR	100%	Granted	20-Mar-15	19-Mar-17	59	18
Tommy Creek	EPM25544	GBMR/Isa Tenements	GBMR	100%	Granted	11-Nov-14	10-Nov-16	33	10
Brightlands									
Brightlands	EPM14416	GBMR*2/Isa Brightlands	GBMR	100%	Granted	5-Aug-05	4-Aug-16	254	78
Brightlands West	EPM18051	GBMR/Isa Brightlands	GBMR	100%	Granted	22-Oct-13	21-Oct-18	7	2
Brightlands West Ext.	EPM18672	GBMR/Isa Brightlands	GBMR	100%	Granted	16-Jun-16	15-Jun-21	16	5
Wakeful	EPM18454	GBMR/Isa Brightlands	GBMR	100%	Granted	23-Jan-12	22-Jan-17	6	2
Highway	EPM18453	GBMR/Isa Brightlands	GBMR	100%	Granted	23-Jan-12	22-Jan-17	10	3
Bungalien									
Limestone Creek	EPM17849	GBMR/Isa Tenements	GBMR	100%	Granted	20-Oct-10	19-Oct-20	49	15
Bungalien 2	EPM18207	GBMR*2/Isa Tenements	GBMR	100%	Granted	24-May-12	23-May-17	120	37
The Brothers	EPM25213	GBMR/Isa Tenements	GBMR	100%	Granted	16-Oct-14	15-Oct-19	10	3
Mayfield									
Mayfield	EPM19483	GBMR*2/Isa Tenements	GBMR	100%	Granted	11-Mar-14	10-Mar-19	302	93
Mt Coolon									
Mt Coolon	EPM15902	GBMR/MCGM	GBMR	100%	Granted	13-Jun-08	12-Jun-18	325	100
Mt Coolon East	EPM25850	GBMR/MCGM	GBMR	100%	Granted	07-Sep-15	06-Sep-20	260	80
Mt Coolon North	EPM25365	GBMR/MCGM	GBMR	100%	Granted	18-Sep-14	17-Sep-19	146	45
Conway	EPM7259	GBMR/MCGM	GBMR	100%	Granted	18-May-90	17-May-19	39	12
Koala 1	ML 1029	GBMR/MCGM	GBMR	100%	Granted	30-May-74	31-Jan-24	0.7	
Koala Camp	ML 1085	GBMR/MCGM	GBMR	100%	Granted	27-Jan-94	31-Jan-24	0.0	
Koala Plant	ML 1086	GBMR/MCGM	GBMR	100%	Granted	27-Jan-94	31-Jan-24	1.0	
Glen Eva	ML 10227	GBMR/MCGM	GBMR	100%	Granted	05-Dec-96	31-Dec-16	1.3	

Notes: *1 subject to a 2.5% net smelter royalty to vendors.
*2 subject to a 2% net smelter royalty is payable to Newcrest Mining Ltd. On all or part of the tenement area.
*3 subject to 1% smelter royaly and other conditions to Rio Tinto; transfer documents with Department.

Table 3: GBM Tenement summary table as at 30 June 2016.

Annual Mineral Resources Statement

The following Annual Statement of Mineral Resources statement reflects the Company's mineral resources as at 30 June 2016.

For the purpose of preparing this Annual Statement of Mineral resources as at 30th of June 2016, GBM has completed a review of each resource taking into account long term metal price, foreign exchange rates, cost assumptions based on current industry conditions, any changes that may affect the capability for these resources to be exploited or which may result in material changes to cut-off grades and physical mining parameters. It should be emphasised that this is a summary only and for further detail the reader is referred to the respective ASX releases.

In relation to commodities key to GBM's resource base the company holds the following views;

- Operating costs in the industry have significantly decreased since the end of the commodities boom. In particular the availability and cost of labour, fuel and mining equipment has reduced.
- The gold price is widely forecast to hold at least in the short to medium term with a number of forecasters seeing potential for further increases in the medium to long term.
- Copper is widely forecast to enter a period of production shortfall in the long term putting upward pressure on prices. However short term price forecasts are contradictory suggesting increased supply pressure and lower prices in the coming year.
- REE demand continues to grow and uncertainty continues over the level of REE production sourced from illegal mining in China. This should result in price increases in the medium to longer term.
- AUS$ is widely tipped to fall from the current level of around US$0.75 to as low as US$0.65 which would have a further positive impact for Australian sourced metal production.

With these factors in mind the company believes that there is a reasonable expectation that resources at all projects will eventually support mining operations.

Mount Coolon Gold Mines Limited

The Mount Coolon Project is located in the Drummond Basin in Queensland. Tenements and resources are owned by 100% owned subsidiary, Mount Coolon Gold Mines Pty. Ltd.

Details relating to changes in the Mount Coolon resources since the last Annual Statement of Mineral Resources are contained in ASX releases on the 08/07/2016 'Koala Gold Resource Increased by 135%' and on the 23/08/2016, 'Eugenia Heap Leach Scoping Study Demonstrates Potential Economic Viability, Mt Coolon Gold Project, Queensland'.

Project	Location	Resource Category									Total			Cut-off
		Measured			Indicated			Inferred						
		000't	Au g/t	Au ozs	000't	Au g/t	Au ozs	000't	Au g/t	Au ozs	000't	Au g/t	Au ozs	
Koala	Open Pit				370	2.8	33,500	750	2.1	51,700	1,110	2.4	85,000	0.4
	Underground Extension				50	3	5,100	230	3.9	28,500	280	3.7	33,700	2.0
	Tailings	114	1.6	6,200	9	1.6	400				124	1.6	6,600	1
	Total	**114**	**1.7**	**6,200**	**429**	**2.8**	**39,000**	**980**	**2.5**	**80,200**	**1,514**	**2.6**	**125,300**	
Eugenia	Oxide				1,305	0.9	39,300	219	0.7	5,100	1,524	0.9	44,400	0.4
	Sulphide				2,127	0.9	62,300	1,195	1.2	45,500	3,322	1.0	107,800	0.4
	Total				**3,432**	**0.9**	**101,600**	**1,414**	**1.1**	**50,600**	**4,846**	**1.0**	**152,200**	**0.4**
Glen Eva	Below pit				132	7.8	33,200	21	5.9	4,000	154	7.5	37,200	3.0
Total		**114**	**1.7**	**6,200**	**3,993**	**1.4**	**173,800**	**2,415**	**1.7**	**134,800**	**6,514**	**1.5**	**314,700**	

Table 4: Koala resource summary. Details of individual resources are located as follows: Koala Resources ASX release 08/07/2016 Koala Gold Resource Increased by 135% (CP K Allwood), and for Eugenia Resources ASX release 23/08/2016 Eugenia Heap Leach Scoping Study Demonstrates Potential Economic Viability, Mt Coolon Gold Project, Queensland (CP S McManus), Glen Eva resources ASX release 27/8/2015 Resource Upgrade for Mount Coolon Gold Project (CP S Tear).

Changes to resources estimates for individual deposit has resulted in the estimate of total contained gold at Mount Coolon has increased by 46,100 ounces or 17%. The key change is an increase in the open pit resources at Koala from 1,300 ounces to 85,000 ounces by re-modelling the resource to reflect possible extensions to the known pit and an additional pit surrounding old workings. This increase was also accompanied by a reduction in shallow underground resources at Koala (ASX 08/07/2016).

Malmsbury Gold Project Resources

The Malmsbury Gold Project is located in Victoria. For original release refer to ASX release dated 19th of January 2009 (CP K Allwood).

Resource Classification	Tonnes	Au (g/t)	Au (ozs)
Inferred	820,000	4.0	104,000

Note: there has been no change in the resource for the Malmsbury Project from the previous year.

Milo IOCG Project

Details of the Milo resource can be located in ASX release dated 22nd of November 2012 (CP K. Allwood).

TREEYO Inferred Resource

					LREEO							HREEY			
	cutoff (TREEYO ppm)	tonnes (Mt)	TREEYO (ppm, t)	P205 (%, t)	Ce02 (ppm, t)	La203 (ppm, t)	Nd203 (ppm, t)	Pr203 (ppm, t)	Sm203 (ppm, t)	Eu203 (ppm, t)	Gd203 (ppm, t)	Y203 (ppm, t)	Dy203 (ppm, t)	Er203 (ppm, t)	Others (ppm, t)
Grades	300	176	620	0. 75	260	150	80	24	12	4	10	52	8	5	9
Contained Metal			108,000	1,330,000	46,140	26,460	13,850	4,230	2,170	710	1,780	9,150	1,480	850	1,620

Copper Equivalent Resource

Resource Classification	cutoff (CuEQ %)	tonnes (Mt)	CuEQ (%, t)	Au (ppm, ozs)	Cu (ppm, t)	Ag (ppm, ozs)	Mo (ppm/t)	Co (ppm/t)	U_3O_8 (ppm/Mlbs)
Inferred	0.10	88.4	0.34	0.04	1,090	1.63	65	130	72
Contained Metal			301,000	126,000	96,500	4,638,000	5,700	11,700	14.0

Note: There has been no change to Milo Resources during the current reporting year.

Explanatory Notes

** Copper Equivalent calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage. These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result. However it is the company's opinion that elements considered here have a reasonable potential to be recovered. It should also be noted that current state and federal legislation may impact any potential future extraction of Uranium. Prices and conversion factors used are summarised below, rounding errors may occur.*

Annual Mineral Resources Statement

Commodity	Price	Units	Unit Value	Unit	Conversion Factor (unit value/Cu % value)
Copper	6,836	US$/t	68.36	US$/%	1.0000
Gold	1,212	US$/oz	38.97	US$/ppm	0.5700
Cobalt	40,000	US$/t	0.04	US$/ppm	0.0006
Silver	18	$/oz	0.58	US$/ppm	0.0085
Uranium	40	US$/lb	0.08	US$/ppm	0.0012
Molybdenum	38,000	US$/t	0.04	US$/ppm	0.0006

Table 5: Milo copper equivalent prices and conversion factors (see explanatory note on prevous page).

The information in this Annual Mineral Resources Statement is based on and fairly represents information and supporting documentation prepared by the competent persons named in the relevant sections of this report.

The information in this Annual Mineral Resources Statement as a whole that relates to Mineral Resources is based on information compiled by Neil Norris, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Norris is a holder of shares and options in the company and is a full-time employee of the company. Mr Norris has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Norris consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Historic decline portal at Koala

Sustainable Development

GBM is committed to providing a safe and healthy work environment for all of its employees, contractors, consultants and visitors at all of their sites. GBM's aim is to operate in a safe and environmentally responsible manner that meets the industry's highest standards in health and safety.

Of core importance to GBM is the protection of the environment and the health and safety of its people. GBM's strong commitment to safety ensures that all employees, including employees of contractors, suppliers and consultants, are fully instructed, trained and assessed in their activities by providing the facilities, equipment, tools, procedures, safety programs and training for employees to carry out their assigned tasks in a safe and appropriate manner. As routine procedure the company manages risk through the identification, elimination, monitoring and control of risk hazards, and implements procedures accordingly, while reviewing performance on a daily basis.

GBM Resources works together with the relevant government Departments and community groups in developing and implementing standards and procedures that improves the health and safety of all of its people as well as the local community and maintains the protection of the environment by strictly implementing and maintaining an effective health, safety and environmental management system.

GBM seeks continuous improvement in occupational safety and health performance utilising best practice procedures and taking into account evolving knowledge and technology.

GBM recognises the importance of communication and consultation with all staff and stakeholders to foster a culture of commitment to health, safety and the environment by promoting healthy lifestyles through appropriate awareness and training programs.

During the 12 month reporting period the total recordable injury frequency rate per million hours worked was maintained at 0.0 based on combined GBM and contractors working hours (16179.5). This compares to the 2013/14 average LTIFR published by Safe Work Australia for the Exploration sector of 2.88 (most recent figure available).

GBM's stringent safety standards and procedures was once again demonstrated by excellent results of zero LTI's, MTI's and Environmental Incidents an indication of the Company's high Safety and Environment standards.

Community & Environment

GBM frequently engages and interacts with the local community groups and landowners and is open and transparent in all their dealings. GBM focuses strongly on identifying sensitive cultural and social issues, explaining any potential social and environmental impacts that might occur, and strongly respects cultural values, traditions and beliefs, and ensures that communities are fairly compensated for any activities undertaken on their properties.

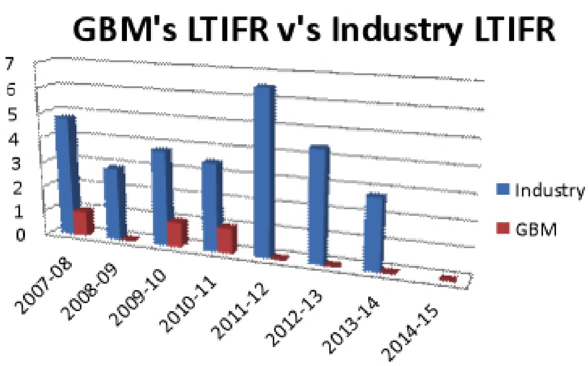
GBM Resources is committed to monitoring and managing the environmental impacts of our activities to secure a sustainable environmental future for communities surrounding our sites, even after the activities cease.

GBM continually strives to improve its environmental performance and strictly complies with the environmental laws and regulations as a minimum standard. GBM -proactively manages and assesses environmental risks on a site-specific basis to achieve planned environmental outcomes.

GBM informs and consults with the community about its activities and projects on a regular basis. As part of GBM's strict environmental controls, it is now standard procedure for rehabilitation of areas disturbed by company activities occurs immediately after work has been completed and results have been reviewed.

Statistics/Achievements

- No lost time injuries were sustained during the 2015/16 field season (LTI frequency rate of 0.0 against an industry average of 2.8 (2013/2014).
- No medically treated injuries were sustained during operations in 2015/16.
- No environmental incidents occurred during the reporting period.
- Refresher First Aid Courses were undertaken during the year for all staff members.
- Ongoing reviews of GBM's Risk Register and procedures continued throughout the year.



Graph 1: GBM's year-on-year safety performance against industry average.

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 2016.

Directors

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

Peter Thompson
BBus, CPA, FCIS
Executive Chairman

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

Neil Norris
BSc (Hons), MAIMM, MAIG, GAICD
Exploration Director – Executive

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.

Hun Seng Tan
MBA
Non-Executive Director

Experience
Mr Tan has over 30 years' experience in the process engineering sector both in China and Singapore. He was founder of BMS Technology PL, a manufacturer for the hard disk industry in Singapore and China. Mr Tan led BMS Technology in a successful merger and later 100% acquisition of that company by Nidec Corporation of Japan which is listed on both the New York and Tokyo stock exchanges.

Mr Tan holds a Master of Business Administration from University of Hull, United Kingdom and obtained his Advanced Diploma in Management Study and Production Engineering. Mr Tan has a proven track record in business development and extensive business relations in China and the Asia capital markets.

Mr Tan 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.

Former Directors

Frank Cannavo
Non-Executive Director (Resigned 25 November 2015)

Experience
Mr Cannavo is an experienced public company director with significant business and investment experience working with exploration companies in the mining industry, and has been instrumental in assisting several listed and unlisted companies achieve their growth strategies through the raising of investment capital and the acquisition of assets.

Previously, Mr Cannavo was a founding director of Fortis Mining Ltd (resigned 23 December 2011) Following completion of the acquisition of the Kazakhstan potash projects, Fortis Mining Ltd was renamed to Kazakhstan Potash Corporation Ltd (ASX: KPC). He was also previously a director of a Great Western Exploration Ltd (resigned 11 October 2013), a public listed company on the ASX with mining interests in Western Australia. In addition, he has been a director of several other ASX-listed companies including Hannans Reward Ltd (resigned 24 March 2009), Motopia Ltd (resigned 8 August 2011) and ATOS Wellness Ltd (resigned 14 January 2011).

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

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 Thompson	**10**	**10**
N Norris	**10**	**10**
H Tan	**10**	**10**
F Cannavo (resigned 25 November 2015)	**5**	**3**

Principal Activities

The principal activity of the Group during the financial year was gold and IOCG (iron ore copper-gold) exploration in Australia.

Operating and Financial Review

During the financial year the Group's activities were focussed on exploration and resource estimation at its wholly owned Mt Coolon Gold Project and at its Queensland IOCG prospects under the farm-in agreement with Mitsui and Pan Pacific.

Operating Results

The net profit after income tax attributable to members of the Group for the financial year to 30 June 2016 amounted to $3,180,395 (2015: loss $4,545,251). Including in the profit for the financial year is gain of $5,299,614 on the recognition of a financial asset in respect of shares of Anchor Resources Pte Ltd and an associated impairment charge of $1,163,840 in respect of the change in value of that investment to 30 June 2016, $271,237 in respect of exploration costs written off and expensed (2015: $2,996,328), and the Company's share of the net loss of its equity accounted investments amounting to $nil (2015: $630,691).

Financial Position

At the end of the financial year, the Group had $355,106 (2015: $1,107,721) in cash on hand and on deposit. Carried forward exploration and evaluation expenditure was $11,350,307 (2015: $10,355,613).

As at 30 June 2016 the Group recognised an asset amounting to $4,135,774 in respect of its investment in Anchor Resources Pte Ltd (Anchor Resources), a Company holding the Lubuk Mandi mining concession which is quoted on the Catalist Board of the Singapore Stock Exchange (SGX). Prior to quotation of Anchor Resources the Group accounted for its interest in the Lubuk Mandi project via an equity accounted investment in Angka Alamjaya Sdn Bhd (AASB), the entity which was subsequently vended into the Anchor Resources Initial Public Offer. The carrying value of the Group's equity accounted investment in AASB as at 30 June 2015 was $nil.

Equity Securities on Issue

	30 June 2016	30 June 2015
Ordinary fully paid shares	**653,063,975**	557,894,121
Options over unissued shares	**Nil**	177,746,562

Ordinary Fully Paid Shares

During the year ended 30 June 2016 the Company issued the following ordinary fully paid shares:

- 92,982,354 ordinary fully paid shares pursuant to a non-renounceable entitlement issue at 1.5 cents per share; and
- 2,187,500 ordinary fully paid shares in consideration for the acquisition of Moonmera copper-gold prospect from Rio Tinto at a deemed price of 1.6 cents per share.

No shares have been issued between the end of the financial year and the date of this report, other than the following:

- 160,500,000 ordinary fully paid shares to professional and sophisticated investors pursuant to a share placement at 1.6 cents per share; and
- 3,000 ordinary fully paid shares issued on the exercise of GBZO options at 3.5 cents per share.

Options over Ordinary Shares

During the year ended 30 June 2016, no options were issued by the Company, and no shares were issued on the exercise of options.

During the year ended 30 June 2016 the Company cancelled 177,743,562 listed options exercisable at 3.5 cents each and expiring 30 June 2016 on expiry of the exercise period.

No options have been issued, vested, exercised or cancelled between the end of the financial year and the date of this report.

- An application for the exercise of 3,000 options exercisable at 3.5 cents each and expiring 30 June 2016 (GBZO) was received prior to 30 June 2016. The shares were issued subsequent to the end of the financial period.

Directors' Report

Significant Changes in State of Affairs

There were no 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.

Events Subsequent to Balance Date

Other than the following, 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:

- On 26 July 2016 the Company completed the issue of 160,500,000 ordinary fully paid shares at 1.6 cents per share pursuant to a share placement raising $2,568,000 before costs.
- On 23 August 2016 the Company issued a scoping study in respect of the heap leach production opportunity at the Eugenia deposit at the Mt Coolon Gold Project.
- On 5 September 2016 the Company lodged a prospectus in relation to a non-renounceable entitlement offer of options to raise up to $610,175.

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 2016.

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 2016.

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 performance-based components.

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 attached Table.

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.

2016	Short term		Post Employment	Share Based Payments		
Remuneration of KMP Directors	Salary and fees $	Other $	Super-annuation $	Options/shares $	Total $	Share Based Payments as % of remuneration %
P Thompson	**215,000**	**–**	**20,425**	**–**	**235,425**	**–**
N Norris	**200,000**	**8,436**	**19,000**	**–**	**227,436**	**–**
H Tan	**104,000**	**–**	**–**	**–**	**104,000**	**–**
F Cannavo	**15,000**	**–**	**1,710**	**–**	**16,710**	**–**
Total Directors	**534,000**	**8,436**	**41,135**	**–**	**583,571**	

2015	Short term		Post Employment	Share Based Payments		
Remuneration of KMP Directors	Salary and fees $	Other $	Super-annuation $	Options/shares $	Total $	Share Based Payments as % of remuneration %
P Thompson[1]	207,500	–	19,712	–	227,212	–
C Switzer	3,000	–	–	–	3,000	–
N Norris[1]	193,700	11,124	18,401	–	223,225	–
G Loh	3,000	–	–	–	3,000	–
C Lim	–	–	–	–	–	–
F Cannavo	119,917	–	10,252	–	130,169	–
H Tan	16,000	–	–	–	16,000	–
Total Directors	543,117	11,124	48,365	–	602,606	

[1] During the 2015 and 2016 financial years, total remuneration payable to the Executive Directors Peter Thompson and Neil Norris continued to be paid on a temporarily reduced basis. This is a temporary measure to ensure that the current strategies in place are achieved by the Company.

Included in director remuneration for 2016 are amounts of $96,635 that have been accrued for payment as at 30 June 2016.

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

Directors' Report

Remuneration Report (Audited) (continued)

Options Provided as Remuneration

During the years ended 30 June 2016 and 30 June 2015 no options have been granted and issued to KMP of the Company.

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

Service Agreements

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

Peter Thompson – Executive Chairman

The service agreement has a term of 12 months from 1 September 2015. Total remuneration under the contract of $300,000 per annum inclusive of superannuation has been temporarily reduced to $235,425 per annum as part of the Company's cost reduction program. This reduced remuneration level will remain in place until otherwise decided by the Board.

The Service agreement contains certain provisions typically found in contracts of this nature. 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.

The Service Agreement is subject to annual review.

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.

Neil Norris – Exploration Director

The service agreement has a term of 12 months from 1 September 2015. Total remuneration under the contract of $300,000 per annum inclusive of superannuation has been temporarily reduced to $217,000 per annum as part of the Company's cost reduction program. This reduced remuneration level will remain in place until otherwise decided by the Board.

The Service agreement contains certain provisions typically found in contracts of this nature. 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.

The Service Agreement is subject to annual review.

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.

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.

Remuneration Report (Audited) (continued)

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 2015	Movement during the financial year	Ordinary shares held at 30 June 2016	Ordinary shares held at the date of the Directors' Report
P Thompson	9,862,582	1,337,418	11,200,000	11,200,000
N Norris	9,550,000	1,591,667	11,141,667	11,141,667
H Tan	16,000,000	2,666,667	18,666,667	18,666,667
F Cannavo (resigned 25/11/15)	–	–	–	–

Options Director	Options held at 1 July 2015	Movement during the financial year[1]	Options held at 30 June 2016	Options held at the date of the Directors' Report
P Thompson	2,468,763	(2,468,763)	–	–
N Norris	1,546,818	(1,546,818)	–	–
H Tan	–	–	–	–
F Cannavo (resigned 25/11/15)	–	–	–	–

[1] Options cancelled on expiry of exercise period.

Loans to Directors and Executives

There were no loans entered into with Directors or executives during the financial year ended 30 June 2016.

Other Transactions with Key Management Personnel

During the 2015 financial year an amount of $296,963 was incurred by the Company on behalf of Angka Alamjaya Sdn Bhd (AASB) a Company associated with Mr Chiau Woei Lim then a director of the Company. In the 2015 financial year a total of $700,020 was reimbursed to the Company by AASB.

At 30 June 2016 an amount of $nil (2015: $101,856) was outstanding and payable to the Group by AASB.

Other than the above, there are no transactions with Directors, or Director related entities or associates.

End of Remuneration Report

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 14th day of September 2016

Peter Thompson
Executive Chairman

HLB Mann Judd

Accountants | Business and Financial Advisers

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 2016, 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
14 September 2016

D I Buckley
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

	Note	Consolidated 2016 $	2015 $
Revenue	3	**266,167**	287,393
Other gains and losses	11	**5,299,614**	–
Consulting and professional services		**(128,425)**	(254,656)
Corporate and project assessment costs		**(21,050)**	(84,963)
Share of net loss of associate	12	**–**	(630,691)
Depreciation	4	**(48,565)**	(38,192)
Employee benefits expense	4	**(388,206)**	(410,865)
Impairment expense	11/8	**(1,163,840)**	(58,499)
Exploration expenditure written off and expensed	4	**(271,237)**	(2,996,328)
Travel expenses		**(112,999)**	(156,020)
Administration and other expenses		**(251,064)**	(202,430)
Profit/(loss) before income tax		**3,180,395**	(4,545,251)
Income tax benefit	5	**–**	–
Profit/(loss) for the year		**3,180,395**	(4,545,251)
Other comprehensive income		**–**	–
Total comprehensive profit/(loss) for the year		**3,180,395**	(4,545,251)

	Note	Cents	Cents
Basic earnings/(loss) per share	6	**0.5**	(0.9)
Diluted earnings/(loss) per share	6	**0.5**	(0.9)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Current assets			
Cash and cash equivalents	22	**355,106**	1,107,721
Trade and other receivables	7	**95,309**	123,655
Total Current Assets		**450,415**	1,231,376
Non-current assets			
Trade and other receivables	7	**412,121**	411,857
Exploration and evaluation expenditure	9	**11,350,307**	10,355,613
Property, plant and equipment	10	**156,605**	205,171
Investments – available for sale financial assets	11	**4,135,774**	–
Total Non-current Assets		**16,054,807**	10,972,641
TOTAL ASSETS		**16,505,222**	12,204,017
Current liabilities			
Trade and other payables	13	**323,851**	616,596
Total Current Liabilities		**323,851**	616,596
Non-current liabilities			
Provision for rehabilitation	14	**396,054**	396,054
Total Non-current Liabilities		**396,054**	396,054
TOTAL LIABILITIES		**719,905**	1,012,650
NET ASSETS		**15,785,317**	11,191,367
Equity			
Issued capital	15	**28,785,654**	27,372,099
Option reserve	17	**–**	323,733
Share based payments reserve	17	**–**	400,000
Accumulated losses	17	**(13,000,337)**	(16,904,465)
TOTAL EQUITY		**15,785,317**	11,191,367

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2016

Consolidated	Note	Issued capital $	Option reserve $	Share based payments reserve $	Accumulated losses $	Total $
Balance at 1 July 2014		23,927,441	323,733	400,000	(12,359,214)	12,291,960
Shares issued (net of costs)	15	3,444,658	–	-	–	3,444,658
Loss attributable to members of the Company	17	–	–	-	(4,545,251)	(4,545,251)
Balance at 30 June 2015		27,372,099	323,733	400,000	(16,904,465)	11,191,367
Balance at 1 July 2015		**27,372,099**	**323,733**	**400,000**	**(16,904,465)**	**11,191,367**
Shares issued (net of costs)	**15**	**1,413,555**	**–**	**–**	**–**	**1,413,555**
Transfer to accumulated losses on expiry of options	**17**	**–**	**(323,733)**	**(400,000)**	**723,733**	**–**
Profit attributable to members of the Company	**17**	**–**	**–**	**–**	**3,180,395**	**3,180,395**
Balance at 30 June 2016		**28,785,654**	**–**	**–**	**(13,000,337)**	**15,785,317**

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities			
Interest received		**10,685**	20,502
Other income		**73,361**	
Exclusivity fee income		**100,000**	–
JV management fee income		**131,858**	250,375
Payments to suppliers and employees		**(776,390)**	(1,188,788)
Net cash flows (used in) operating activities	22(c)	**(460,486)**	(917,911)
Cash flows from investing activities			
Payments for bonds and security deposits		**–**	(23,640)
Proceeds on redemption of bonds and security deposits		**–**	14,595
Payments on acquisition of equity investments	30	**(37,500)**	(800,000)
Funds provided by JV partner under Farm-in agreement		**1,103,770**	2,086,461
Payments for exploration and evaluation, including JV Farm-in spend		**(2,794,839)**	(2,740,369)
Proceeds on sale of property, plant and equipment		**–**	264,452
Payments to acquire property, plant and equipment		**–**	(954)
Payments made on behalf of associate		**–**	(296,963)
Proceeds received on reimbursement by associate		**57,779**	700,020
Net cash flows (used in) investing activities		**(1,670,790)**	(796,398)
Cash flows from financing activities			
Proceeds from the issue of shares and options		**1,394,841**	2,567,500
Share issue costs		**(16,180)**	(272,842)
Net cash flows from financing activities		**1,378,661**	2,294,658
Net increase/(decrease) in cash and cash equivalents		**(752,615)**	580,349
Cash and cash equivalents at the beginning of the financial year	22(a)	**1,107,721**	527,372
Cash and cash equivalents at the end of the financial year	22(a)	**355,106**	1,107,721

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the Year Ended 30 June 2016

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 2016 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.

Adoption of New and Revised Standards –
Changes in accounting policies on initial application of accounting standards
In the year ended 30 June 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

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 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

b) Statement of Compliance

The financial report was authorised for issue on 14 September 2016.

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 comprehensive income and within equity in the consolidated statement of financial position.

1. Statement of Significant Accounting Policies (continued)

d) Revenue Recognition

Revenue is recognised to the extent that 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.

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:

- 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.

Notes to the Financial Statements

For the Year Ended 30 June 2016

1. Statement of Significant Accounting Policies (continued)

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.

h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs – refer Note 1(g).

Finance leased assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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 and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

1. Statement of Significant Accounting Policies (continued)

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.

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) Investments and Other Financial Assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

i) Financial Assets at Fair Value through Profit or Loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

1. Statement of Significant Accounting Policies (continued)

l) Investments and Other Financial Assets (continued)

ii) Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity.

Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are de-recognised or impaired, as well as through the amortisation process.

iii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

iv) Available-for-Sale Investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

v) Investment in Associated Entities

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements, after initially being recognised at cost. The associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate.

Goodwill included in the carrying amount of the investment in an associate is not tested separately; rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivable and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

1. Statement of Significant Accounting Policies (continued)

l) Investments and Other Financial Assets (continued)

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with AASB 139. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a Group entity transacts with its associate, profits and losses resulting from those transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

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 exploration 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.

Notes to the Financial Statements

For the Year Ended 30 June 2016

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.

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.

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.

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.

1. Statement of Significant Accounting Policies (continued)

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 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.

t) Earnings Per Share

Basic earnings 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.

1. Statement of Significant Accounting Policies (continued)

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.

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 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

1. Statement of Significant Accounting Policies (continued)

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 31 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.

Notes to the Financial Statements

For the Year Ended 30 June 2016

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 Group has no investments and 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

As the Group has significant interest bearing assets, the Group's income and operating cash flows are materially exposed to changes in market interest rates. The assets are short term interest bearing deposits, and no financial instruments are employed to mitigate risk (Note 20 – Financial Instruments).

(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 2016 $	2015 $

3. Revenue

	Note	2016 $	2015 $
Gain on disposal of assets		**–**	14,452
Interest income		**10,949**	21,194
Joint venture management fee		**131,857**	250,375
Other income		**23,361**	1,372
Exclusivity fee income[1]		**100,000**	–
		266,167	287,393

[1] During the financial year the Company granted a third party a period of exclusivity in respect of a potential corporate transaction. The exclusivity period had lapsed prior to 30 June 2016.

4. Expenses

	Note	2016 $	2015 $
Employee expenses			
Gross employee benefit expense:			
Wages and salaries[1]		**1,162,984**	1,267,405
Directors' fees[1]		**119,000**	4,000
Superannuation expense		**110,782**	120,515
Other employee costs		**65,585**	70,530
		1,458,351	1,462,450
Less amount allocated to exploration		**(1,070,145)**	(1,051,585)
Net consolidated statement of profit or loss and other comprehensive income employee benefit expense		**388,206**	410,865

[1] As at 30 June 2016 amounts have been accrued for $72,635 for executive director remuneration and $24,000 accrued in respect of non-executive director fees. The accrued amounts are included in the above employee costs.

	Note	2016 $	2015 $
Depreciation expense:			
Property and improvements	10	**14,180**	3,667
Office equipment and software	10	**2,535**	11,834
Site equipment	10	**15,448**	5,239
Motor vehicles	10	**16,402**	17,452
		48,565	38,192
Exploration costs:			
Unallocated exploration costs		**139,371**	120,977
Exploration costs written off	9	**131,866**	2,875,351
		271,237	2,996,328

Notes to the Financial Statements

For the Year Ended 30 June 2016

5. Income Tax

a) Income tax recognised in profit and loss

The prima facie tax benefit on the operating result is reconciled to the income tax provided in the financial statements as follows:

	Consolidated 2016 $	Consolidated 2015 $
Accounting profit/(loss) before income tax from continuing operations	**3,180,395**	(4,545,251)
Income tax benefit calculated at 30%	**954,119**	(1,363,575)
Gain on recognition of available for sale financial asset	**(1,589,884)**	–
Impairment expense	**349,152**	–
Share of net loss of equity accounted associate	**–**	189,207
Capital raising costs claimed	**(33,729)**	(63,578)
Exploration costs written off	**39,560**	862,605
Unused tax losses and temporary differences not recognised as deferred tax assets	**280,782**	375,341
Income tax (benefit) reported in the consolidated statement of comprehensive income	**–**	–

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the small business company tax rate when compared with the previous reporting period.

b) Unrecognised deferred tax assets and liabilities

The following deferred tax assets and liabilities have not been brought to account:

	Consolidated 2016 $	Consolidated 2015 $
Unrecognised deferred tax assets relate to:		
Losses available for offset against future taxable income	**6,866,950**	6,348,935
Capital raising costs	**64,737**	96,473
Accrued expenses and leave liabilities	**63,465**	23,054
Rehabilitation provisions	**118,816**	118,816
	7,113,968	6,587,278
Unrecognised deferred tax liabilities relate to:		
Exploration expenditure	**(3,405,092)**	(3,106,684)
Net unrecognised deferred tax asset	**3,708,876**	3,480,594

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.

6. Earnings/(Loss) per Share

	Consolidated 2016 $	Consolidated 2015 $
Profit/(loss) used in calculation of earnings/(loss) per share	**3,180,395**	(4,545,251)
	Cents	Cents
Basic and diluted loss per share	**0.5**	(0.9)
	#	#
Weighted average number of shares used in the calculation of earnings per share	**606,173,641**	487,748,368

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 on issue at 30 June 2016 that are considered to be dilutive.

7. Trade and Other Receivables

		Consolidated 2016 $	Consolidated 2015 $
Current			
Amounts due from farm-in partner		**75,397**	–
Amounts due from associate	26	**–**	101,816
GST recoverable		**14,380**	20,882
Other debtors		**5,532**	957
		95,309	123,655
Non-current			
Security and environmental bonds[1]		**412,121**	411,857
		412,121	411,857

[1] Included in non-current assets at 30 June 2016 is an amount of $371,183 (2015: $371,183) 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 (Note 30).

8. Assets Held For Sale

	2016	2015
Land reclassified as held for sale	**–**	–
Reconciliation:		
Balance at the start of the financial year	**–**	308,499
Impairment charge	**–**	(58,499)
Sale of asset	**–**	(250,000)
Balance at the end of the financial year	**–**	–

During the 2015 financial year the Company recognised an impairment charge of $58,499 in respect of the reclassified asset to its estimated recoverable value of $250,000 at the time of this assessment. The sale of the property was completed prior to 30 June 2015. The total proceeds received upon settlement were $264,452, the profit on sale recognised was $14,452, after taking into account the previous impairment charge of $58,499.

Notes to the Financial Statements

For the Year Ended 30 June 2016

9. Exploration and Evaluation Expenditure

	Note	Consolidated 2016 $	2015 $
Exploration and evaluation phase:			
Capitalised costs at the start of the financial year		**10,355,613**	10,569,552
Fair value of exploration costs recognised on acquisition of Mt Coolon Gold Mines Pty Ltd	30	**–**	1,880,984
Costs capitalised during the financial year		**1,126,560**	780,428
Capitalised costs written off during the financial year	4	**(131,866)**	(2,875,351)
Capitalised costs at the end of the financial year		**11,350,307**	10,355,613

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

10. Property, Plant and Equipment

Carrying values at 30 June:

	Note	2016 $	2015 $
Property and improvements:			
Cost		**193,117**	193,117
Depreciation		**(119,169)**	(104,989)
		73,948	88,128
Office equipment and software:			
Cost		**172,211**	172,211
Depreciation		**(166,566)**	(164,031)
		5,645	8,180
Site equipment and plant:			
Cost		**221,124**	221,124
Depreciation		**(185,463)**	(170,015)
		35,661	51,109
Motor vehicles:			
Cost		**161,638**	161,638
Depreciation		**(120,287)**	(103,884)
		41,351	57,754
Total		**156,605**	205,171

Reconciliation of movements:

	Note	2016 $	2015 $
Property and improvements:			
Opening net book value		**88,128**	–
Net book value of assets recognised on acquisition of Mt Coolon Gold Mines Pty Ltd	30	**–**	91,795
Depreciation	4	**(14,180)**	(3,667)
Closing net book value		**73,948**	88,128
Office equipment and software:			
Opening net book value		**8,180**	12,288
Net book value of assets recognised on acquisition of Mt Coolon Gold Mines Pty Ltd	30	**–**	6,772
Cost of additions		**–**	954
Depreciation	4	**(2,535)**	(11,834)
Closing net book value		**5,645**	8,180

	Note	Consolidated 2016 $	2015 $
10. Property, Plant and Equipment (continued)			
Site equipment and plant:			
Opening net book value		**51,109**	13,662
Net book value of assets recognised on acquisition of Mt Coolon Gold Mines Pty Ltd	30	**–**	42,686
Depreciation	4	**(15,448)**	(5,239)
Closing net book value		**35,661**	51,109
Motor vehicles:			
Opening net book value		**57,754**	74,083
Net book value of assets recognised on acquisition of Mt Coolon Gold Mines Pty Ltd	30	**–**	1,123
Depreciation	4	**(16,403)**	(17,452)
Closing net book value		**41,351**	57,754
Total		**156,605**	205,171

11. Available For Sale Financial Assets

		2016 $	2015 $
Investment – Anchor Resources Pte Ltd		**4,135,774**	–

The investment relates to a holding of 35,221,236 ordinary shares in Anchor Resources Pte Ltd (Anchor), a Company quoted on the Catalist Board of the Singapore Stock Exchange (SGX). The shares are subject to a restriction of trading as follows:

Shares subject to trading restriction until 17 March 2017	17,610,618
Shares subject to trading restriction until 17 September 2017	17,610,618

The Group received the Anchor shares pursuant to a share swap agreement relating to its original shareholding in Angka Alamjaya Sdn Bhd (AASB), which were vended into the Initial Public Offer of Anchor.

Prior to the completion of the share swap agreement, the Group accounted for its investment in AASB as an associate using the equity method (Note 12).

		2016 $	2015 $
Balance at the start of the financial year		**–**	–
Gain on recognition of available for sale financial assets[1]		**5,299,614**	–
Impairment expense[2]		**(1,163,840)**	
Carrying amount at the end of the financial year		**4,135,744**	–

[1] The fair value gain on recognition of the available for sale financial assets has been recognised as other income in the Statement of Profit or Loss and Other Comprehensive Income (Note 12).

[2] The directors have reviewed the decline in value of the investment and have considered it to be significant and as such it has been reclassified from equity to profit or loss.

12. Investments Accounted for Using the Equity Method

a) Details of associated companies

Name	Country of Incorporation	Shares	Ownership Interest 30 June 2016 %	Ownership Interest 30 June 2015 %	Carrying Amount of investment 30 June 2016 $	Carrying Amount of investment 30 June 2015 $
Angka Alamjaya Sdn Bhd (AASB)	Malaysia	Ord	**–**	26.7%	**–**	–

In the prior year the Group held a 26.7% interest in Angka Alamjaya Sdn Bhd (AASB). In March 2016 the Company entered into a share swap agreement with Anchor Resources Pte Ltd (Anchor). The Group has accounted for its interest in Anchor shares as an available for sale financial asset (Note 11). This transaction has resulted in the recognition of a gain in profit or loss using the market value of Anchor shares at the time of listing on the Singapore Exchange.

	Note	Consolidated 2016 $	Consolidated 2015 $
b) Movements during the period in equity accounted investments in associated companies			
Balance at the beginning of the financial period		**–**	630,691
Share of AASB loss after tax for the financial period		**–**	(630,691)
Balance at the end of the financial period		**–**	–

13. Trade and Other Payables

	Note	2016 $	2015 $
Current			
Acquisition costs payable[1]	30	**12,500**	50,000
Unspent farm-in contribution liability[2]		**–**	216,129
Trade creditors		**81,490**	232,093
Sundry creditors and accruals		**114,946**	41,527
Employee leave liabilities		**114,915**	76,847
		323,851	616,596

[1] Acquisition costs payable to Drummond Gold Limited pursuant to the acquisition of Mt Coolon Gold Mines Pty Ltd (Note 30).

[2] Liability recognised for farm-in contributions received by the Company prior to the end of the financial year for which corresponding project costs had not yet been incurred at that date (Note 22(b)).

14. Provisions

	Note	2016 $	2015 $
Non-current			
Rehabilitation provision[1]	30	**396,054**	396,054

[1] A provision for rehabilitation was recognised during the 2015 financial year on acquisition of Mt Coolon Gold Mines Pty Ltd (Note 30).

15. Issued Capital

	Issue price	2016 No.	2015 No.	2016 $	2015 $
Issued capital at the balance date		**653,063,975**	557,894,121	**28,785,654**	27,372,099
Movements in issued capital:					
On issue at the start of the year		**557,894,121**	385,194,121	**27,372,099**	23,927,441
Share placement	$0.02	**–**	100,000,000	**–**	2,000,000
Share placement	$0.025	**–**	22,700,000	**–**	567,500
Shares issued to acquire interest in Mt Coolon Gold Mines Pty Ltd (Note 30)	$0.023	**–**	50,000,000	**–**	1,150,000
Entitlement Issue	$0.015	**92,982,354**	–	**1,394,735**	–
Shares issued to acquire the Moonmera Prospect	$0.016	**2,187,500**	–	**35,000**	–
Share issue costs		**–**	–	**(16,180)**	(272,842)
On issue at the end of the reporting year		**653,063,975**	557,894,121	**28,785,654**	27,372,099

Shares Subject to Restriction Agreement
At balance date there were no ordinary shares subject to any restrictions.

16. Options

Details of the Company's Incentive Option Scheme are provided at Note 18.

a) Options over unissued shares

	2016 No.	2015 No.
Options on issue at the balance date	**–**	177,746,562
Movements in options:		
Options on issue at the start of the year	**177,746,562**	134,746,562
Options issued attaching to share placement[1]	**–**	43,000,000
Options exercised[2]	**(3,000)**	–
Options cancelled on expiry of exercise period	**(177,743,562)**	–
Options on issue at the end of the reporting year	**–**	177,746,562

[1] Options exercisable at 3.5 cents each and expiring 30 June 2016 issued as attaching securities to share placements.

[2] Election to exercise options made prior to the expiry of options on 30 June 2016. The resulting shares were issued subsequent to the end of the financial year.

17. Reserves And Accumulated Losses

	Consolidated 2016 $	2015 $
Share based payments reserve[i]		
Opening balance	**400,000**	400,000
Transfer to accumulated losses on expiry of exercise period	**(400,000)**	–
Closing balance	**–**	400,000
Option reserve[ii]		
Opening balance	**323,733**	323,733
Transfer to accumulated losses on expiry of exercise period	**(323,733)**	–
Closing balance	**–**	323,733
Accumulated losses		
Opening balance	**(16,904,465)**	(12,359,214)
Transfer from share based payments reserve on expiry of options	**400,000**	–
Transfer from option reserve on expiry of options	**323,733**	–
Net profit/(loss) attributable to the members of the Company	**3,180,395**	(4,545,251)
Closing balance	**(13,000,337)**	(16,904,465)

[i] *Share based payments reserve*
The share based payments reserve represents the fair value of performance share rights and options, issued as consideration for services to employees or consultants as remuneration, or to third parties for the acquisition of assets, goods or services.

[ii] *Option reserve*
The option reserve represents the proceeds received on the issue of options.

18. Employee Benefits

Details of the Company's performance right and share 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.

Incentive Option Plan
The Company has a formal option plan for the issue of options to employees, directors and consultants, which was last approved by shareholders at the Company's Annual General Meeting on 21 November 2013. 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.

There are no options on issue under the Incentive Option Plan at 30 June 2016 (2015: nil) – (Note 16(a)).

Performance Rights Plan
The Company has a formal plan for the issue of performance share rights to employees, which was approved by shareholders at the Company's Annual General Meeting on 21 November 2013. Share rights are granted free of charge and are exercisable into ordinary fully paid shares in accordance with the terms of the grant. Share rights are issued to employees under the terms of the Plan at the discretion of the Board.

There are no share rights on issue under the Performance Rights Plan at 30 June 2016 (2015: nil).

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. During the 2015 and 2016 financial years the Group has recognised investments in companies in Malaysia and Singapore (Notes 11 and 12). During the 2016 financial year the Group has not recognised an asset or liability, or income/expense in relation to its investment in Malaysia.

The reportable segments are represented as follows:

30 June 2016	Australia $	Singapore $	Consolidated $
Revenue			
Joint venture management fee	**131,858**	**–**	**131,858**
Gain on recognition of available for sale financial asset	**–**	**5,299,614**	**5,299,614**
Total segment revenue	**131,858**	**5,299,614**	**5,431,472**
Segment net operating profit/(loss) after tax	**(955,379)**	**4,135,774**	**(3,180,395)**
Other revenue – unallocated	**134,309**	**–**	**134,309**
Depreciation	**(48,565)**	**–**	**(48,565)**
Exploration expenditure written off and expensed	**(271,237)**	**–**	**(271,237)**
Segment assets	**12,369,448**	**4,135,774**	**16,505,222**
Capital expenditure during period	**–**	**–**	**–**
Segment liabilities	**(719,905)**	**–**	**(719,905)**
Segment non-current assets	**11,919,033**	**4,135,774**	**16,054,807**

30 June 2015	Australia $	Malaysia $	Consolidated $
Revenue			
Joint venture management fee	250,375	–	250,375
Total segment revenue	250,375	–	250,375
Segment net operating loss after tax	(3,914,560)	(630,691)	(4,545,251)
Other revenue – unallocated	–	–	37,018
Share of loss of associates and joint ventures	–	(630,691)	(630,691)
Depreciation	(38,192)	–	(38,192)
Exploration expenditure written off and expensed	(2,996,328)	–	(2,996,328)
Segment assets	12,204,017	–	12,204,017
Capital expenditure during period	954	–	954
Investment in acquisition of subsidiary	2,000,000	–	2,000,000
Segment liabilities	(1,012,650)	–	(1,012,650)
Segment non-current assets	10,972,641	–	10,972,641

Notes to the Financial Statements

For the Year Ended 30 June 2016

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 $	2-5 years $	More than 5 years $
30 June 2016							
Trade and other payables	**99,800**	**99,800**	**99,800**	**–**	**–**	**–**	**–**
	99,800	**99,800**	**99,800**	**–**	**–**	**–**	**–**
30 June 2015							
Trade and other payables	616,596	616,596	616,596	–	–	–	–
	616,596	616,596	616,596	–	–	–	–

The Group does not have any interest bearing liabilities to report a weighted average interest rate.

Interest rate risk

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

	Consolidated	
	2016 $	2015 $
Fixed rate instruments:		
Financial liabilities	**–**	–
	–	–
Variable rate instruments:		
Financial assets	**355,106**	1,107,721
	355,106	1,107,721

Fair value sensitivity analysis for fixed rate investments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

20. Financial Instruments (continued)

Equity risk

The Group is exposed to equity price risk, which arises through its holding of an available for sale financial asset, being the investment in shares in Anchor Resources Limited (see Note 11 for details).

Sensitivity analysis – Equity Price Risk

The Group's equity investment is listed on the Catalist Board of the Singapore Securities Exchange (SGX). A 10% change in the equity price of the Group's investment at the reporting date would have the following impact on the financial statements:

	Profit and Loss		Equity	
	10% increase $	10% decrease $	10% increase $	10% decrease $
30 June 2016				
Available for sale financial assets	**413,577**	**(413,577)**	**413,577**	**(413,577)**
30 June 2015				
Available for sale financial assets	–	–	–	–

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 2016, including licences subject to farm-in arrangements are approximately $2,985,900 (2015: $2,886,800).

b) Operating Lease Commitments

The Group has no operating lease commitments.

c) Contractual Commitment

The Group has no contractual commitments.

22. Notes to the Statement of Cash Flows

	Consolidated	
	2016 $	2015 $
a) Cash and cash equivalents		
Cash at bank and on hand	**251,806**	1,007,721
Bank at call cash account	**103,300**	100,000
Total cash and cash equivalents	**355,106**	1,107,721

The Bank at call account holds funds at call subject to certain restrictions (Note 21(b)) and pays interest at an average of 2.45% (2015:3.30%), and matures on 24 September 2016.

22. Notes to the Statement of Cash Flows (continued)

	Consolidated 2016 $	Consolidated 2015 $
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	**103,300**	100,000

Also included in cash and cash equivalents as at 30 June 2016 are amounts of $Nil (2015: 216,129) in respect of funds received from the Company's farm-in partner and for which costs had not been incurred at that date. This amounts has been recognised as a liability as at 30 June 2015 (Note 13).

c) Reconciliation of Loss from Ordinary Activities after Income Tax to Net Cash Used In Operating Activities

	2016 $	2015 $
Profit/(Loss) after income tax	**3,180,395**	(4,545,251)
Add (less) non-cash items:		
Gain on recognition of financial asset	**(5,299,614)**	–
Gain on sale of assets	**–**	(14,452)
Impairment charge	**1,163,840**	58,499
Depreciation	**48,565**	38,192
Exploration expenditure written off and expensed	**271,238**	2,996,328
Share of net loss of equity accounted associate	**–**	630,691
Changes in assets and liabilities:		
Increase/(decrease) in trade creditors and accruals	**130,018**	(84,338)
(Increase)/decrease in sundry receivables	**45,072**	2,420
Net cash flow from operations	**(460,486)**	(917,911)

Material non-cash transactions

2016
During the 2016 financial year the Group issued 2,187,500 ordinary fully paid shares at a fair value of 1.6 cents per share to Rio Tinto Exploration Pty Ltd in consideration for the acquisition of the Moonmera copper-gold prospect adjacent to the Group's existing Mt Morgans copper-gold project, in eastern Queensland.

2015
During the 2015 financial year the Group issued 50,000,000 ordinary fully paid shares at a fair value of 2.3 cents per share to Drummond Gold Limited as part consideration for the acquisition of a 100% interest in the issued capital of Mt Coolon Gold Mines Pty Ltd (Note 30).

23. Auditor's Remuneration

	2016 $	2015 $
Amounts received or receivable by HLB Mann Judd for:		
– Audit and review of financial reports	**29,500**	29,000

24. Controlled Entities

	Consolidated 2016 %	Consolidated 2015 %
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
Bungalien Phosphate Pty Ltd	**100**	100
Mt Coolon Gold Mines Pty Ltd	**100**	100

Balances and transactions between the Company and its subsidiaries, which are realted 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 25.

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 Directors
Hun Seng Tan – Non-Executive Director
Frank Cannavo – Non-Executive Director (resigned 25 November 2015)

Executive Directors
Peter Thompson – Managing Director/Executive Chairman
Neil Norris – Exploration Director

	Consolidated 2016 $	Consolidated 2015 $
Total remuneration paid to key management personnel during the year:		
Short-term benefits	**542,436**	554,241
Post-employment benefits	**41,135**	48,365
	583,571	602,606

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 26. As at 30 June 2016 an amount of $96,635 has been accrued for payment to Key Management Personnel in respect of remuneration.

Notes to the Financial Statements

For the Year Ended 30 June 2016

26. Related Party Transactions

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

	Consolidated	
	2016 $	2015 $
Non-Current Receivables		
Loans to controlled entities	**12,669,799**	11,724,203
Non-Current Payables		
Loans from controlled entities	**–**	–

Transactions with Associate – Angka Alamjaya Sdn Bhd (AASB)
During the financial year the Company incurred costs of $nil (2015: $296,963) in respect of AASB's operations on a reimbursable basis. As at 30 June 2016 an amount of $57,779 (2015: $700,020) has been reimbursed to the Company with an amount receivable of $44,037 written off as unrecoverable, and an amount of $nil (2015: $101,816) is outstanding as at 30 June 2016 (Note 7).

27. Events Subsequent to Balance Date

Other than the following, 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:

- On 26 July 2016 the Company completed the issue of 160,500,000 ordinary fully paid shares at 1.6 cents per share pursuant to a share placement raising $2,568,000 before costs.
- On 23 August 2016 the Company issued a scoping study in respect of the heap leach production opportunity at the Eugenia deposit at the Mt Coolon Gold Project.
- On 5 September 2016 the Company lodged a prospectus in relation to a non-renounceable entitlement offer of options to raise up to $610,175.

28. Dividends

There are no dividends paid or payable during the year ended 30 June 2016 or the 30 June 2015 comparative year.

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 2015 or 30 June 2016.

ii) 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 2015 or 30 June 2016.

30. Acquisition of Subsidiary – Mt Coolon Gold Mines Pty Ltd

During the 2015 financial year the Company completed the acquisition of the issued capital of Mt Coolon Gold Mines Pty Ltd from Drummond Gold (now DGO Gold Limited) for the total consideration of $850,000 plus 50,000,000 ordinary fully paid shares. The acquisition has been accounted for as an asset acquisition rather than a business combination.

Consideration
The fair value of consideration provided for the acquisition was:

Details			Fair Value ($)
Cash payable		$850,000	$850,000
Shares transferred	50 million shares at fair value of 2.3 cents per share[1]		$1,150,000
Total Consideration Payable			**$2,000,000**

[1] The fair value of the shares was determined as the listed share price of the Company's shares as at 10 April 2015, being the trading day prior to completion of the transaction.

Upon settlement an amount of $50,000 was payable to Drummond Gold Limited (now DGO Gold Limited) pursuant to the transaction pending completion of administrative matters relating to existing royalties (Note 12). Subsequently $37,500 was paid to re-purchase a royalty over the project area. A minor royalty remains over certain prospects at the project and the Group has retained the remaining $12,500 payable to DGO to settle this outstanding royalty.

Acquisition related costs
Costs incurred by the Company in relation to the acquisition of Mt Coolong Gold Mines Pty Ltd amounting to $84,963 have been included as an expense in the Statement of Profit or Loss and Other Comprehensive Income. As the acquisition is being reinstated for as an asset acquisition, the Company was entitled to capitalise these costs, however has resolved to expense them.

Identifiable assets acquired and liabilities assumed
The following table sets out the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	$
Security Deposits (Note 7)	371,183
Other receivables	1,511
Property, plant and equipment[i]	142,376
Capitalised exploration costs (Note 9)	1,880,984
Rehabilitation provision (Note 14)	(396,054)
Total net assets acquired	**2,000,000**

[i] Included in the identifiable property, plant and equipment assets are the following specific net book values (Note 10):

	$
Property and improvements	91,795
Office equipment and software	6,772
Site equipment and plant	42,686
Motor vehicles	1,123
Total property, plant and equipment	**142,376**

Statement of Cash Flows	
Total cash consideration	850,000
Less: amount payable (Note 13)	(50,000)
Total cash paid	**800,000**

Notes to the Financial Statements

For the Year Ended 30 June 2016

31. Parent Entity Information

	2016 $	2015 $
Financial position		
Assets		
Current assets	**489,218**	1,230,271
Non-current assets	**15,620,201**	10,577,944
Total Assets	**16,109,419**	11,808,215
Liabilities		
Current liabilities	**(324,102)**	(616,848)
Non-current liabilities	**–**	–
Total Liabilities	**(324,102)**	(616,848)
NET ASSETS	**15,785,317**	11,191,367
Equity		
Issued capital	**28,785,654**	27,372,099
Option reserve	**–**	323,733
Share based payments reserve	**–**	400,000
Accumulated losses	**(13,000,337)**	(16,904,465)
TOTAL EQUITY	**15,785,317**	11,191,367
Financial performance		
Profit/(loss) for the year	**3,180,395**	(4,545,251)
Other comprehensive income	**–**	–
Total comprehensive profit/(loss)	**3,180,395**	(4,545,251)

Contingent liabilities

For full details of contingent liabilities see Note 29.

Commitments

For full details of commitments see Note 21.

Directors' Declaration

For the Year Ended 30 June 2016

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 2016 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 2016.

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

Peter Thompson
Executive Chairman

Dated this 14th day of September 2016

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of GBM Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of GBM Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the Group. The Group comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error.

In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial report 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 internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of GBM Resources Limited is 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 2016 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(b).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. 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.

Auditor's opinion

In our opinion the remuneration report of GBM Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D Buckley

D I Buckley
Partner

Perth, Western Australia
14 September 2016

ASX Additional Information

Pursuant to the Listing Rules of the Australian Securities Exchange Limited, the shareholder information set out below was applicable as at 12 September 2016.

a. Distribution of Equity Securities

Range	Quoted Shares (GBZ) Number of Holders	Securities Held
1 – 1,000	51	10,266
1,001 – 5,000	68	261,064
5,001 – 10,000	131	1,151,920
10,001 – 100,000	452	18,780,054
100,001 and over	283	793,363,671
	985	**813,566,975**

There are 470 shareholders holding less than a marketable parcel of shares.

b. Substantial Shareholders

An extract of the Company's register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Shareholder	Shares Held	% of Issued Capital
Longru Zheng	88,718,593	10.90%
Chew Leok Chuan	71,731,560	8.82%

c. Twenty Largest Shareholders

Shareholder	Shares Held	% of Issued Capital
Citicorp Nominees Pty Ltd	158,868,208	19.53%
BNP Paribas Nominees Pty Ltd <DRP>	118,435,775	14.56%
Longru Zheng	88,718,593	10.90%
HSBC Custody Nominees (Australia) Limited	70,201,438	8.63%
Chew Leok Chuan	61,598,226	7.57%
Weijun Chen	39,520,100	4.86%
Bikun Lin	32,261,307	3.97%
Richgroup Holdings International Pte Ltd	22,000,000	2.70%
Kok Yong Lim	20,000,000	2.46%
BNP Paribas Nominees Pty Ltd <UOB Kay Hian Pte Ltd DRP>	12,219,618	1.50%
Superfine Nominees Pty Ltd	11,200,000	1.38%
Lay Hong Lim	6,943,346	0.85%
Cheng Ee Huang	6,400,000	0.79%
Sung Yoon Chon	5,693,896	0.70%
Neil Norris <North Atlantic S/F A/c>	5,600,000	0.69%
Bradley Green	5,000,000	0.61%
KH & RL Payne	4,770,000	0.59%
De Gracie Nominees Pty Ltd <Le Havre A/c>	4,375,000	0.54%
Kevin Hendry	2,833,334	0.35%
Vissing Holding Pty Ltd <Fisher Super Fund A/c>	2,683,335	0.33%
Total	**679,322,176**	**83.50%**

d. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

e. Restricted Securities

There are no restricted securities.

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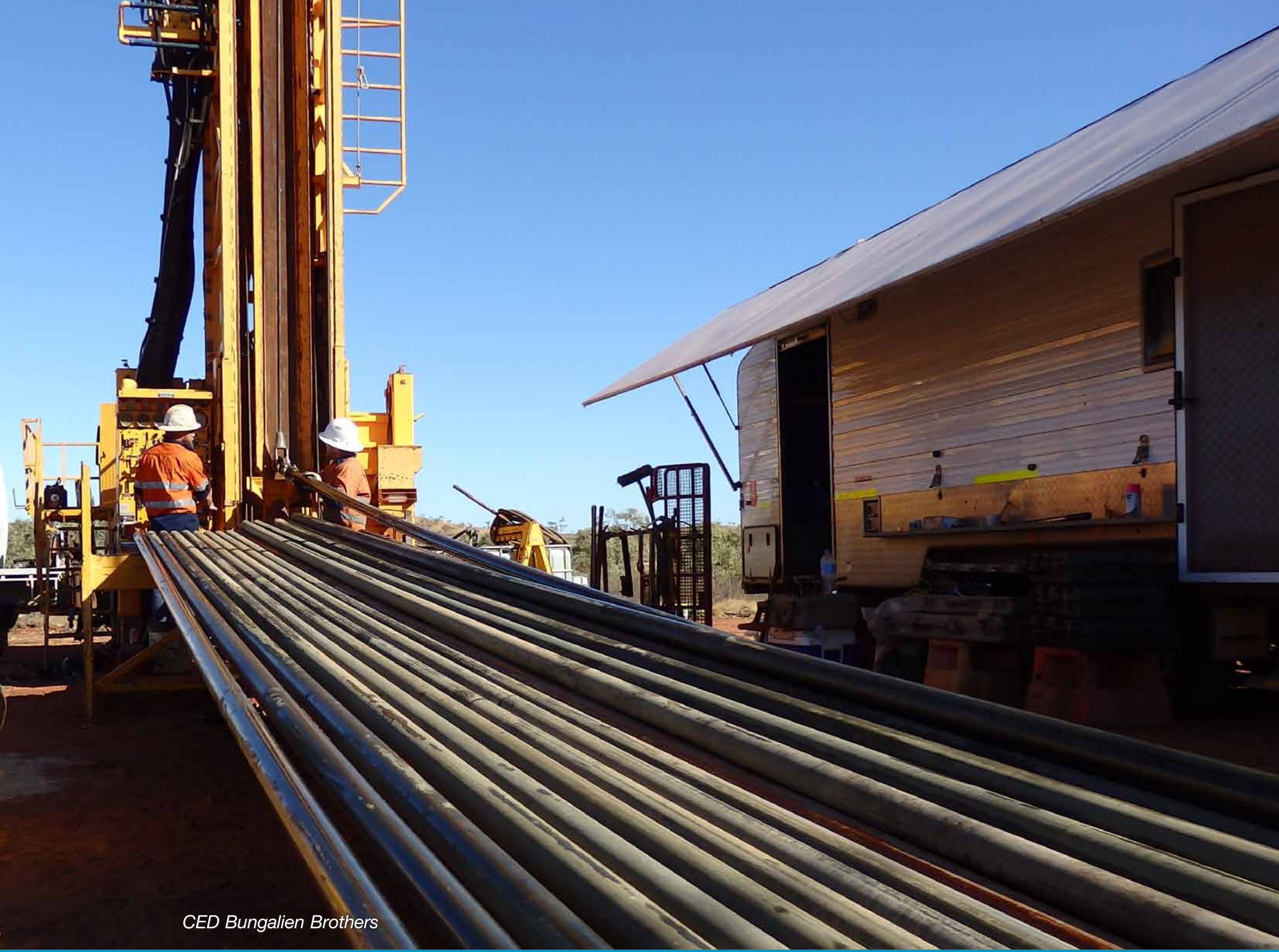

CED Bungalien Brothers

Corporate Directory

Directors
Peter Thompson – *Executive Chairman*
Hun Seng Tan – *Non-Executive Director*
Neil Norris – *Executive Director – Exploration Director*

Company Secretary
Kevin Hart

Registered Office
Suite 8, 7 The Esplanade
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Auditors
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Perth WA 6000
AUSTRALIA

Share Registry
Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009
AUSTRALIA
Telephone: +61 8 9389 8033
Facsimile: +61 8 9262 3723

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

Solicitors
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Lawyers and Consultants
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