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ABN 91 124 752 745

Financial Statements

**For The Half-Year Ended
31 December 2011**

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The information in this report that relates to Mineral Resources is based on information compiled by Kerrin Allwood, who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy. Mr Allwood is a full-time employee of the Geomodelling Pty. Ltd a New Zealand based consultancy. Mr Allwood has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Allwood consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

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Directors' Report

The Directors present the consolidated financial statements of GBM Resources Limited for the half-year ended 31 December 2011.

Directors

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

Peter Thompson	<i>(Executive Chairman)</i>
Neil Norris	<i>(Executive Director)</i>
Cameron Switzer	<i>(Non-Executive Director)</i>
Guan Huat Sunny Loh	<i>(Non-Executive Director – Appointed 1 March 2012)</i>

Company Secretary

Kevin Hart

Review of Operations

The consolidated net loss after income tax for the half-year was \$881,045 (31 December 2010: \$470,029).

At the end of the half-year the Group had \$1,887,267 (30 June 2011: \$5,198,177) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure is \$10,839,913 (30 June 2011: \$9,478,299).

Review of Exploration

During the six months ended 31 December 2011 the Company has undertaken a significant amount of exploration activity on the following key project areas:

Queensland Region

1. Brightlands Project Area in North West Queensland-focus on the Milo Iron Oxide Copper Gold (IOCG) and Rare Earth project.
2. Extensive field work on the Mount Morgan Gold Copper assets.
3. Drilling and field activities on the Pan Pacific Copper and Mitsui Farm in Agreement covering four project areas in the Mount Isa region.

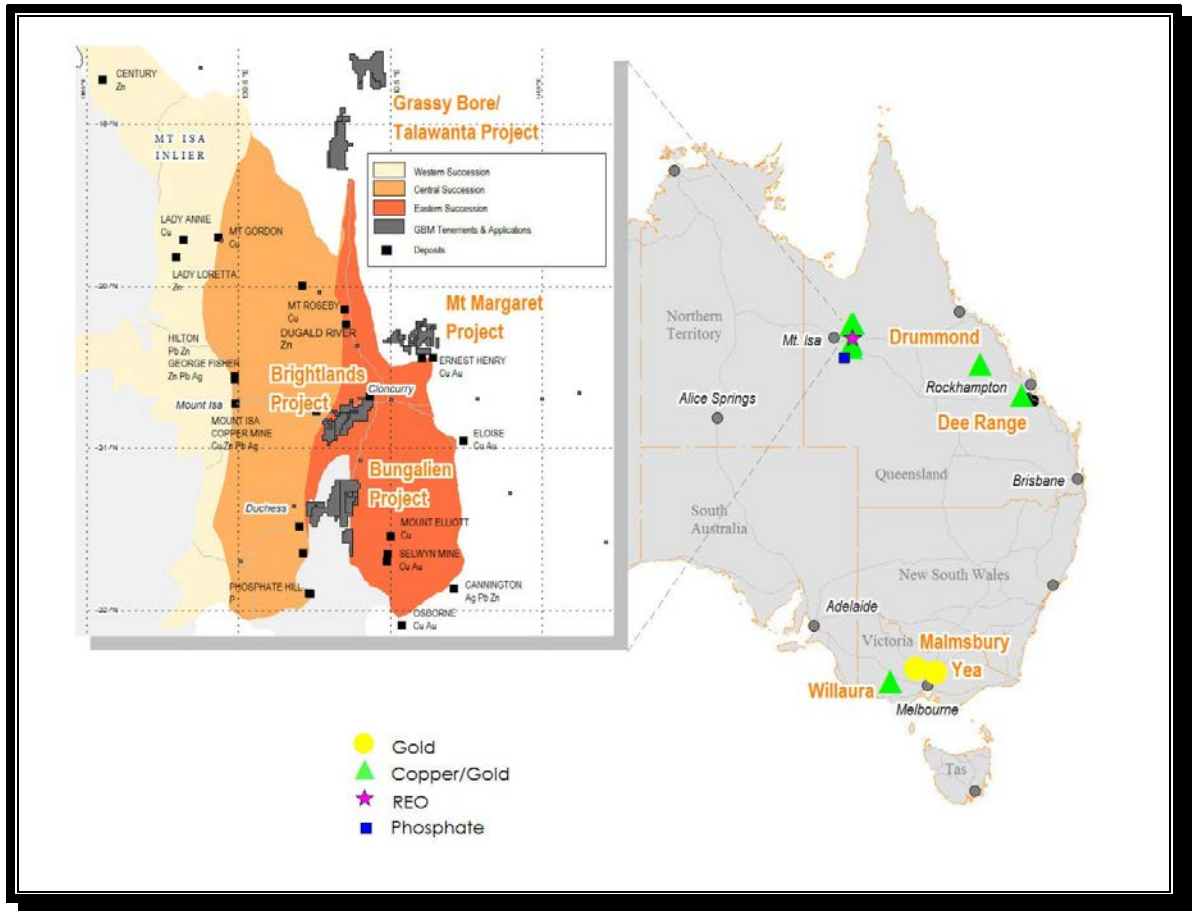
Victoria Region

- Drilling and field work completed on the YEA Gold Tungsten project.

Exploration expenditure incurred for the six months ended 31 December 2011 on the Company's wholly owned projects was \$1,505,774 and for the Farm-in projects was \$1,865,486.

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Directors' Report



Project Location Map

Highlights and key achievements for the 6 months ended 31 December 2011 are as follows:

Queensland

Milo Iron Oxide Copper Gold and Rare Earth Project

- The Company announced a maiden Inferred REEY Resource at its Milo Project of 103 million tonnes at 760ppm rare earth oxides for 82,500 tonnes of total rare earth and yttrium oxide (TREEYO). The discovery of rare earths potentially adds both significant value and can underwrite the development of Milo.
- A three-hole diamond drill program completed at Milo in December 2012 confirmed significant extension to the copper zone at Milo. The zone of sulphide mineralisation now extends at least 380 metres beyond previous drilling.
- Metallurgical test-work commenced on samples from Milo in respect of both REEY and IOCG mineralisation. Initial copper floatation tests have demonstrated that a saleable copper concentrate grading 24% copper can be produced. Test work on the rare earths demonstrates a high apatite recovery containing 30% of the TREEY. This work is ongoing and will form part of the Scoping Study that is currently underway.

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Directors' Report

Pan Pacific Copper and Mitsui Farmin Projects

- Drilling on the projects under the Farm-in agreement with Pan Pacific Copper and Mitsui yielded a number of positive results including the identification of a new IOCG system, called Bronzewing Bore at the Bungalien Project. The Company carried out a number of geophysical surveys over various targets across the Farm-in projects which will be used in conjunction with the drill results from the period's drilling to define priority drill targets for the upcoming field season in 2012.

Mount Morgan Gold Copper Project

- The Mount Morgan project is located SW of Rockhampton near the world class Mt Morgan mine which produced 8.0 M ounces of gold and 400,000 tonnes of copper. An extensive soil and rock sampling program at a number of high priority targets within the Mount Morgan project area was undertaken in the second half. Results from the Sand Creek prospect has defined a large zone of anomalous copper and gold and has been interpreted as a large porphyry copper-gold system. Rock chip assays to 39% copper and 8.5g/t gold. This is a significant copper-gold anomaly which will be drill tested in the 2012 exploration field season.

Victoria

YEA Gold Tungsten Molybdenum Project

- Project includes two exploration licences EL5292 and 5293 and one application ELA5347 which cover an area of over 1,000 square kilometres in Central Victoria. Scout drillhole MGDD08 completed on the Yea IGRS project area has returned a significant interval of tungsten / molybdenum mineralisation. Results from this drilling and other sampling programs strongly support the existence of an Intrusive Related gold System (IGRS) at GBM's Yea Project in Central Victoria. The 2012 field program is planned to cover infill and extension of the soil grid within the W-Au corridor.

Key priorities for the upcoming 2012 exploration field season include:

1. Milo Project

Complete the MILO Project Scoping Study by midyear covering:

- Delineation of a maiden copper equivalent resource;
- Complete metallurgical testing for both the copper equivalent and rare earth elements;
- Preliminary mine and processing plant design; and
- Financial modelling to demonstrate commercialisation of the Milo ore body.

This will provide the basis to lead into the next development phase for Milo being the pre-feasibility study in the second half year.

2. Pan Pacific Copper and Mitsui Farm in Areas

Completed the drilling and field activities that have been prioritised from 2011.

3. Gold Assets

Continue developing the potential of the Mount Morgan and Victorian gold assets.

Directors' Report

Events Subsequent to the Reporting Date

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

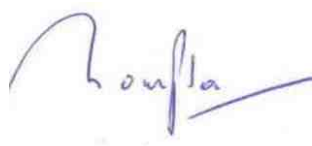
- On 24th February 2012 the Company issued 700,000 ordinary fully paid shares and 5,700,000 listed options exercisable at 20 cents each on or before 30 June 2013 to consultants in respect of remuneration for the provision of corporate and company promotion services.

Auditor's Independence Declaration

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

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

DATED at Perth this 14th day of March 2012.



Peter Thompson
Executive Chairman

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of GBM Resources Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
14 March 2012

W M CLARK
Partner, HLB Mann Judd

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GBM Resources Limited
ABN 91 124 752 745

Condensed Statement of Comprehensive Income
For the half-year ended 31 December 2011

	Note	Consolidated	
		31 December 2011 \$	31 December 2010 \$
Revenue	3	231,496	176,938
Total Revenue		231,496	176,938
Employee expenses		(276,664)	(89,024)
Share based payments expense		(240,500)	-
Depreciation and amortisation expenses		(22,481)	(13,080)
Consulting and professional expenses		(146,816)	(255,806)
Travel expenses		(31,429)	(23,180)
Exploration costs expensed		(236,311)	-
Other and administration expenses		(158,340)	(265,877)
Loss before income tax		(881,045)	(470,029)
Income tax benefit/expense		-	-
Net loss for the half-year attributable to the members of the parent entity		(881,045)	(470,029)
Other comprehensive Income		-	-
Total comprehensive result for the period attributable to the members of the parent entity		(881,045)	(470,029)
Loss per share			
Basic loss per share (cents)		(0.4)	(0.3)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

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GBM Resources Limited
ABN 91 124 752 745

Condensed Statement of Financial Position
As At 31 December 2011

		Consolidated	
		31	30
		December	June
		2011	2011
		\$	\$
Current assets	Note		
Cash and cash equivalents		1,887,267	5,198,177
Trade and other receivables		118,486	136,041
Total current assets		2,005,753	5,334,218
Non-current assets			
Trade and other receivables		184,904	38,729
Property, plant and equipment		472,834	454,256
Exploration and evaluation assets		10,839,913	9,478,299
Total non-current assets		11,497,651	9,971,284
Total assets		13,503,404	15,305,502
Current liabilities			
Trade and other payables		215,229	1,376,782
Total current liabilities		215,229	1,376,782
Total liabilities		215,229	1,376,782
Net assets		13,288,175	13,928,720
Equity			
Issued capital	4	17,049,744	16,950,744
Option reserve	5	698,146	698,146
Share based payments reserve		783,571	642,071
Accumulated losses		(5,243,286)	(4,362,241)
Total equity		13,288,175	13,928,720

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

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GBM Resources Limited
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Condensed Statement of Changes in Equity
For the half-year ended 31 December 2011

	Consolidated				
	Issued capital \$	Accumulated losses \$	Option reserve \$	Share based payments reserve \$	Total \$
At 1 July 2010	11,179,440	(3,149,935)	-	-	8,029,505
Total comprehensive result for the half-year:					
Loss for the half-year	-	(470,029)	-	-	(470,029)
Transactions with owners in their capacity as owners:					
Shares and Options issued	2,280,000	-	698,146	-	2,978,146
Costs of securities issued	(188,360)	-	-	-	(188,360)
Options issued in lieu of share issue costs	(223,571)	-	-	223,571	-
At 31 December 2010	13,047,509	(3,619,964)	698,146	223,571	10,349,262
At 1 July 2011	16,950,744	(4,362,241)	698,146	642,071	13,928,720
Total comprehensive result for the half-year:					
Loss for the half-year	-	(881,045)	-	-	(881,045)
Movement in share based payments reserve in respect of performance rights vesting	-	-	-	60,500	60,500
Transfer from share based payment reserve to issued capital on exercise of performance rights	99,000	-	-	(99,000)	-
Options issued in lieu of corporate services	-	-	-	180,000	180,000
At 31 December 2011	17,049,744	(5,243,286)	698,146	783,571	13,288,175

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

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GBM Resources Limited
ABN 91 124 752 745

Condensed Statement of Cash Flows
For the half-year ended 31 December 2011

		Consolidated	
		31	31
		December	December
		2011	2010
Note		\$	\$
	Cash flows from operating activities		
	Interest received	83,112	31,887
	Exploration grant income	-	66,000
	JV management fee income	147,146	82,083
	Payments to suppliers and employees	(605,046)	(506,357)
	Net cash used in operating activities	(374,788)	(326,387)
	Cash flows from investing activities		
	Funds provided by JV partner under Farm-in agreement	1,226,213	762,188
	Payments for exploration and evaluation, including joint venture spend	(4,121,276)	(1,649,831)
	Proceeds from sale of plant and equipment	-	35,890
	Payments for plant and equipment	(41,059)	(335,570)
	Net cash used in investing activities	(2,936,122)	(1,187,323)
	Cash flows from financing activities		
	Proceeds from issue of securities	-	3,378,146
	Payments for transaction costs relating to share issues	-	(188,360)
	Net cash from financing activities	-	3,189,786
	Net (decrease)/increase in cash held	(3,310,910)	1,676,076
	Cash at the beginning of the period	5,198,177	756,129
	Cash at the end of the period	1,887,267	2,432,205

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

**Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2011**

Note 1 Basis of preparation of half-year report

These general purpose financial statements for the half-year reporting period ended 31 December 2011 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the Corporations Act 2001.

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

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2011 and any public announcements made by GBM Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies, accounting judgements, key estimates and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements.

The financial statements have been prepared on the going concern basis.

Adoption of new and revised accounting standards

In the half year ended 31 December 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2011. It has been determined by the Group that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

The consolidated half-year financial statements were approved by the Board of Directors on 14th March 2012.

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Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2011

Note 2 Segment information

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 sole activity is mineral exploration and resource development wholly within Australia, therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming these financial statements.

Note 3 Revenue

	Consolidated	
	31 December 2011	31 December 2010
	\$	\$
Interest income	84,350	28,553
Joint venture management fee income	147,146	82,083
Exploration grant income	-	66,000
Gain on sale of assets	-	302
	231,496	176,938

Note 4 Issued capital

	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	#	#	\$	\$
Issued capital - Shares				
At the beginning of the period	219,793,503	158,393,504	16,950,744	11,179,440
Share placement - \$0.10	-	5,000,000	-	500,000
Share placement -\$0.10	-	17,800,000	-	1,780,000
Capital raising costs – options issued	-	-	-	(223,571)
Shares issued on the exercise of vested performance rights	1,100,000	-	99,000	-
Costs related to share issues	-	-	-	(188,360)
	220,893,503	181,193,504	17,049,744	13,047,509

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Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2011

Note 5 Options

	31 December 2011 #	31 December 2010 #	Option Capital ¹	
			31 December 2011 \$	31 December 2010 \$
At the beginning of the period	113,793,124	-	698,146	-
Option – priority entitlement issue	-	69,814,553	-	698,146
Placement – attaching options	-	23,800,000	-	-
Options issued for capital raising costs	-	11,178,571	-	-
Options issued in lieu of corporate services	10,000,000	-	-	-
	123,793,124	103,793,124	698,146	698,146

¹ Option capital relates to subscriptions received by the Company for the issue of listed options. Fair value expenses in relation to options issued in lieu of payment for goods or services are recognised in the Share Based Payments Reserve.

During the period the Company issued 10,000,000 listed options, exercisable at 20 cents each on or before 30 June 2013, in lieu of payment for corporate services fees of \$180,000.

Note 6 Performance Rights

	31 December 2011 #	31 December 2010 #
Performance rights on issue at the beginning of the period	1,100,000	-
Less: Vested performance share rights exercised	(1,100,000)	-
	-	-

On 16 December 2011, 1,100,000 performance share rights, previously issued to employees of the Company, vested and became eligible for exercise. The rights were exercised into shares by employees on 22 December 2011.

Note 7 Dividends

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2011.

**Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2011**

Note 8 Contingencies

(i) Contingent liabilities

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

(ii) Contingent assets

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

Note 9 Events occurring after the balance date

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

- On 24th February 2012 the Company issued 700,000 ordinary fully paid shares and 5,700,000 listed options exercisable at 20 cents each on or before 30 June 2013 to consultants in respect of remuneration for the provision of corporate and company promotion services.

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Directors' Declaration

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

- (a) the half-year financial statements and notes set out on pages 8 to 15 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standard AASB134 – *Interim Financial Reporting*, and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed at Perth this 14th day of March 2012.



Peter Thompson
Executive Chairman

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GBM Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of GBM Resources Limited ("the company"), which comprises the condensed statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the consolidated entity for the half-year ended 31 December 2011 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB MANN JUDD
Chartered Accountants



Perth, Western Australia
14 March 2012

W M CLARK
Partner

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