ACN 124 752 745

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2013

GBM Resources Limited

ABN 91 124 752 745

Contents

GBM Resources Limited

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Corporate Directory

Directors
Peter Thompson
Managing Director/Executive Chairman

Cameron Switzer
Non-Executive Director

Guan Huat Loh
Non-Executive Director

Chiau Woei Lim
Non-Executive Director

Neil Norris
Executive Director – Exploration Director

Company Secretary
Kevin Hart

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Exploration Office
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Auditors
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Perth WA 6000
AUSTRALIA

Share Registry
Advanced Share Registry Services
150 Stirling Highway
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Securities Exchange Listing
GBM Resources Limited - shares & options are listed on the Australian Securities Exchange (ASX Code: GBZ, GBZO)

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AUSTRALIA

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GBM Resources Limited

ABN 91 124 752 745

Corporate Governance Statement

Introduction

Since the introduction of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Guidelines" or "the Recommendations"), GBM Resources Limited ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the Recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company, the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

Further information about the Company's corporate governance practices is set out on the Company's website at www.gbmr.com.au. In accordance with the recommendations of the ASX, information published on the Company's website includes:

- Board Charter
- Nomination Committee Charter
- Remuneration Committee Charter
- Audit and Risk Committee Charter
- Corporate Code of Conduct
- Performance Evaluation Policy
- Continuous Disclosure Policy
- Risk Management Policy
- Guidelines for Trading in Company Securities
- Shareholder Communication Strategy
- Diversity Policy

Explanation for Departures from Best Practice Recommendations

During the Company's 2012/2013 financial year the Company has sought to comply with the Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("Corporate Governance Principles and Recommendations") and has adopted the revised Principles and Recommendations taking effect from reporting periods beginning on or after 1 January 2008. Significant policies and details of any significant deviations from the principles are specified below.

Corporate Governance Council Recommendation 1
Lay Solid Foundations for Management and Oversight

Role of the Board of Directors

The role of the Board is to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and ensure the Company is properly managed.

In order to fulfil this role, the Board is responsible for the overall corporate governance of the Company including formulating its strategic direction, setting remuneration and monitoring the performance of Directors and executives. The Board relies on senior executives to assist it in approving and monitoring expenditure, ensuring the integrity of internal controls and management information systems and monitoring and approving financial and other reporting.

Corporate Governance Council Recommendation 1 (continued)
Lay Solid Foundations for Management and Oversight

In complying with Recommendation 1.1 of the Corporate Governance Council, the Company has adopted a Board Charter which clarifies the respective roles of the Board and senior management and assists in decision making processes. A copy of the Board Charter is available on the Company's website.

Board Processes
An agenda for the meetings has been determined to ensure certain standing information is addressed and other items which are relevant to reporting deadlines and or regular review are scheduled when appropriate. The agenda is regularly reviewed by the Managing Director and the Company Secretary.

Evaluation of Senior Executive Performance
The Company has not complied with Recommendation 1.2 of the Corporate Governance Council. Due to the early stage of development of the Company it is difficult for quantitative measures of performance to be established. As the Company progresses its projects, the Board intends to establish appropriate evaluation procedures. The Chairman assesses the performance of the Executive Directors on an informal basis.

Corporate Governance Council Recommendation 2
Structure the Board to Add Value

Board Composition
The Constitution of the Company provides that the number of Directors shall not be less than three. There is no requirement for any share holding qualification.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the scope of activities of the Company, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the Board and are subject to re-election by shareholders at the next general meeting. In any event one third of the Directors are subject to re-election by shareholders at each general meeting.

As at 30 June 2013 the Board was comprised of four members, two Non-Executive and two Executive. The Non-Executive Directors were Mr Cameron Switzer and Mr Guan Huat Loh. On 2 September 2013 Mr Chiau Woei Lim was appointed as a Non-Executive Director. The skills, experience and expertise of all Directors is set out in the Directors' Report.

The Board has assessed the independence of its Non-Executive Directors in office during the period according to the definition contained within the ASX Corporate Governance Guidelines and has concluded that the two Non-Executive Directors, Mr Switzer and Mr Loh, met the recommended independence criteria. Mr Lim does not meet the recommended independence criteria due to his substantial shareholding . The Company does not comply with Recommendation 2.1 of the Corporate Governance Council.

However, the Board considers that both its structure and composition are appropriate given the size of the Company and that the interests of the Company and its shareholders are well met.

Independent Chairman
The Chairman is not considered to be an independent director as at the reporting date and as such Recommendation 2.2 of the Corporate Governance Council has not been complied with.

Corporate Governance Council Recommendation 2 (continued)
Structure the Board to Add Value

Roles of Chairman and Chief Executive Officer
The roles of Chairman and Chief Executive Officer are not currently exercised by different individuals, and as such the Company does not comply with Recommendation 2.3 of the Corporate Governance Council.

Nomination Committee
The Board does not have a separate Nomination Committee comprising of a majority of independent Directors and as such does not comply with Recommendation 2.4 of the Corporate Governance Council. The selection and appointment process for Directors is carried out by the full Board. The Board considers that given the importance of Board composition it is appropriate that all members of the Board partake in such decision making. The Company has adopted a Nomination Committee Charter, which is available for review on the Company's website.

Evaluation of Board Performance
The Company has not to date implemented a formal process for the evaluation of the performance of the Board and as such does not comply with Recommendation 2.5 of the Corporate Governance Council. The Board is of the opinion that the competitive environment in which the Company operates will effectively provide a measure of the performance of the Directors. In addition the Chairman assesses the performance of the Board, individual directors and key executives on an informal basis.

Education
All Directors are encouraged to attend professional education courses relevant to their roles.

Independent Professional Advice and Access to Information
Each Director has the right to access all relevant information in respect of the Company and to make appropriate enquiries of senior management. Each Director has the right to seek independent professional advice at the Company's expense, subject to the prior approval of the Chairman, which shall not be unreasonably withheld.

Corporate Governance Council Recommendation 3
Promote Ethical and Responsible Decision Making

The Board actively promotes ethical and responsible decision making.

Corporate Code of Conduct
The Board has adopted a Corporate Code of Conduct that applies to all employees, executives and directors of the Company, and as such complies with Recommendation 3.1 of the Corporate Governance Council. This Code addresses expectations for conduct in accordance with legal requirements and agreed ethical standards. A copy of the Code is available on the Company's website.

Guidelines for Trading in Company Securities
The Board has committed to ensuring that the Company, its Directors and executives comply with their legal obligations as well as conducting their business in a transparent and ethical manner. The Board has adopted a procedure on dealing in the Company's securities by directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information.

The guidelines also provide that the acknowledgement of the Chairman or the Board should be obtained prior to trading. A summary of the Guidelines are available on the Company's website.

The Company's policy restricts, notwithstanding exceptional circumstances, the trading in Company's securities by those individuals covered by the policy to trading windows that are open for 10 days following the hosting of General Meetings of the Company, the release of annual, half yearly results and quarterly reports and after any other public announcement on ASX.

Corporate Governance Council Recommendation 3 (continued)
Promote Ethical and Responsible Decision Making

Diversity

The Board has adopted a diversity policy that details the purpose of the policy and the employee selection and appointment guidelines, consistent with the recommendations of the Corporate Governance Council. The Board believes that the adoption of an efficient diversity policy has the effect of broadening the employee recruitment pool, supporting employee retention, including different perspectives and is socially and economically responsible governance practice.

The Company employs new employees and promotes current employees on the basis of performance, ability and attitude. The Board is continually reviewing its practices with a focus on ensuring that the selection process at all levels within the organisation is formal and transparent and that the workplace environment is open, fair and tolerant.

The Company, in keeping with the recommendations of the Corporate Governance Council provides the following information regarding the proportion of gender diversity in the organisation as at 30 June 2013:

	Proportion of female / total number of persons employed
Females employed in the Company as a whole	2 / 16
Females employed in the Company in senior positions	1/ 2
Females appointed as a Director of the Company	0 / 4

The recommendations of the Corporate Governance Council relating to reporting require a Board to set measurable objectives for achieving diversity within the organisation, and to report against them on an annual basis. The Company has implemented measurable objectives as follows:

Measurable Objective	Objective Satisfied	Comment
Adoption and promotion of a Formal Diversity Policy.	Yes	The Company has adopted a formal diversity policy which has been made publicly available via the ASX and the Company's website.
To ensure Company policies are consistent with and aligned with the goals of the Diversity Policy.	Yes	The Company's selection, remuneration and promotion practices are merit based and as such are consistent with the goals of the Company's Diversity Policy.
To provide flexible work and salary arrangements to accommodate family commitments, study and self-improvement goals, cultural traditions and other personal choices of current and potential employees.	Yes	The Company does, where considered reasonable, and without prejudice, accommodate requests for flexible working arrangements.
To implement clear and transparent policies governing reward and recognition practices.	Yes	The Company grants reward and promotion based on merit and responsibility as part of its annual and ongoing review processes.
To provide relevant and challenging professional development and training opportunities for all employees.	Yes	The Company seeks to continually encourage self-improvement in all employees, irrespective of seniority, ability or experience, through external and internal training courses, regular staff meetings and relevant on job mentoring.

Corporate Governance Council Recommendation 3 (continued)
Promote Ethical and Responsible Decision Making

The Company has not implemented specific measurable objectives regarding the proportion of females to be employed within the organisation or implement requirements for a proportion of female candidates for employment and Board positions. The Board considers that the setting of quantitative gender based measurable targets is not consistent with the merit and ability based policies currently implemented by the Company.

The Board will consider the future implementation of gender based diversity measurable objectives when more appropriate to the size and nature of the Company's operations.

Corporate Governance Council Recommendation 4
Safeguarding Integrity in Financial Reporting

Audit Committee
The Board does not have a separate Audit Committee with a composition as suggested by Recommendations 4.1 and 4.2 of the Corporate Governance Council, and as such does not comply with those recommendations. The full Board carries out the function of an Audit Committee. The Board believes that the Company is not of a sufficient size to warrant a separate committee and that the full Board is able to meet objectives of the best practice recommendations and discharge its duties in this area. The relevant experience of Board members is detailed in the Directors' section of the Directors' Report. The Company has adopted an Audit and Risk Committee Charter and as such complies with Recommendation 4.3 of the Corporate Governance Council.

Financial Reporting
The Board relies on senior executives to monitor the internal controls within the Company. Financial performance is monitored on a regular basis by the Managing Director who reports to the Board at the scheduled Board meetings.

The Board reviews the performance of the external auditors on an annual basis and meets with them during the year to review findings and assist with Board recommendations.

In the absence of a formal Audit Committee, Non-Executive Directors of the Company are available for correspondence with the auditors of the Company.

Corporate Governance Council Recommendation 5
Make Timely and Balanced Disclosure

Continuous Disclosure
The Board is committed to the promotion of investor confidence by providing full and timely information to all security holders and market participants about the Company's activities and to comply with the continuous disclosure requirements contained in the Corporations Act 2001 and the Australian Securities Exchange's Listing Rules. The Company has established written policies and procedures, designed to ensure compliance with the ASX Listing Rule Requirements, in accordance with Recommendation 5.1 of the Corporate Governance Council.

Continuous disclosure is discussed at all regular Board meetings and on an ongoing basis the Board ensures that all activities are reviewed with a view to the necessity for disclosure to security holders.

In accordance with ASX Listing Rules the Company Secretary is appointed as the Company's disclosure officer.

Corporate Governance Council Recommendation 6
Respect the Rights of Shareholders

Communications
The Board fully supports security holder participation at general meetings as well as ensuring that communications with security holders are effective and clear. This has been incorporated into a formal shareholder communication strategy, in accordance with Recommendation 6.1 of the Corporate Governance Council. A copy of the policy is available on the Company's website.

In addition to electronic communication via the ASX web site, the Company publishes all significant announcements together with all quarterly reports. These documents are available in both hardcopy on request and on the Company web site at www.gbmr.com.au

Shareholders are able to pose questions on the audit process and the financial statements directly to the independent auditor who attends the Company Annual General Meeting for that purpose.

Corporate Governance Council Recommendation 7
Recognise and Manage Risk

Risk Management Policy
The Board has adopted a risk management policy that sets out a framework for a system of risk management and internal compliance and control, whereby the Board delegates day-to-day management of risk to the Managing Director, therefore complying with Recommendation 7.1 of the Corporate Governance Council. The Board is responsible for supervising management's framework of control and accountability systems to enable risk to be assessed and managed.

Risk Management and the Internal Control System
The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the Board on risk management.

In order to implement the Company's Risk Management Policy, it was considered important that the Company establish an internal control regime in order to:

- Assist the Company to achieve its strategic objectives;
- Safeguard the assets and interests of the Company and its stakeholders; and
- Ensure the accuracy and integrity of external reporting.

Key identified risks to the business are monitored on an ongoing basis as follows:

- Business risk management

  The Company manages its activities within budgets and operational and strategic plans.

- Internal controls

  The Board has implemented internal control processes typical for the Company's size and stage of development. It requires the senior executives to ensure the proper functioning of internal controls and in addition it obtains advice from the external auditors as considered necessary.

- Financial reporting

  Directors approve a budget for the Company and regularly review performance against budget at Board Meetings.

- Operations review

  Members of the Board regularly visit the Company's exploration project areas, reviewing both geological practices, and environmental and safety aspects of operations.

- Environment and safety

  The Company is committed to ensuring that sound environmental management and safety practices are maintained on its exploration activities.

Corporate Governance Council Recommendation 7 (Continued)
Recognise and Manage Risk

The Company's risk management strategy is evolving and will be an ongoing process and it is recognised that the level and extent of the strategy will develop with the growth and change in the Company's activities.

Risk Reporting
As the Board has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively therefore not complying with Recommendation 7.2 of the Corporate Governance Council. The Board believes that the Company is currently effectively communicating its significant and material risks to the Board and its affairs are not of sufficient complexity to justify the implementation of a more formal system for identifying, assessing monitoring and managing risk in the Company.

The Company does not have an internal audit function.

Managing Director and Chief Financial Officer Written Statement
The Board requires the Managing Director and the Company Secretary provide a written statement that the financial statements of company present a true and fair view, in all material aspects, of the financial position and operational results and have been prepared in accordance with Australian Accounting Standards and the Corporation Act. The Board also requires that the Managing Director and Company Secretary provide sufficient assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is working effectively.

The declarations have been received by the Board, in accordance with Recommendation 7.3 of the Corporate Governance Council.

Corporate Governance Council Recommendation 8
Remunerate Fairly and Responsibly

Remuneration Committee
The Board does not have a separate Remuneration Committee and as such does not comply with Recommendations 8.1 and 8.2 of the Corporate Governance Council. Remuneration arrangements for Directors are determined by the full Board. The Board is also responsible for setting performance criteria, performance monitors, share option schemes, superannuation, termination and retirement entitlements, and professional indemnity and liability insurance cover.

The Board considers that the Company is effectively served by the full Board acting as a whole in remuneration matters, and ensures that all matters of remuneration continue to be decided upon in accordance with Corporations Act requirements, by ensuring that no Director participates in any deliberations regarding their own remuneration or related issues.

Distinguish Between Executive and Non-Executive Remuneration
The Company does distinguish between the remuneration policies of its Executive and Non-Executive Directors in accordance with Recommendation 8.3 of the Corporate Governance Council.

Executive Directors receive salary packages which may include performance based components, designed to reward and motivate, including the granting of share options, subject to shareholder approval and vesting conditions relating to continuity of engagement.

Non-Executive Directors receive fees agreed on an annual basis by the Board, within total Non-Executive remuneration limits voted upon by shareholders at Annual General Meetings. In the current financial year, no Non-Executive Director received shares or share options as remuneration.

GBM Resources Limited

ABN 91 124 752 745

Directors' Report

The Directors present their report together with the consolidated financial statements for the Company and its controlled entities ('Group') for the financial year ended 30 June 2013.

DIRECTORS

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

Peter Thompson – B.Bus, CPA, FCIS
Managing Director / Executive Chairman

Experience
Mr Thompson is a CPA qualified accountant and Fellow of Chartered Secretaries Australia. He has over 30 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.

Cameron Switzer – BSc(Hons), MAusMM, MAIG
Non-Executive Director

Experience
Mr Switzer is a geologist with over 24 years of experience gained in 11 countries. He has held senior positions with a number of major mining companies including Senior Project Geologist at Newcrest Mining Ltd's Telfer gold mine in Western Australia and Geology Manager at Acacia Resources Ltd's Union Reef Gold Mine in the Northern Territory. Mr Switzer was also Principal Geologist with MIM Exploration Ltd for seven years during which time he gained broad experience with a range of deposits and geological and operating environments. Mr Switzer has a strong skill base in Cu Au and most recently coal.

Mr Switzer has a track record in the successful identification of mineral deposits, highly successful project generation, exploration management, validation of resources and the subsequent commercialisation of resources. Mr Switzer is a geological consultant based in Queensland.

Mr Switzer is also the President and CEO of TSX.V listed entity WCB Resources Ltd, a junior explorer focussed in the Asia Pacific Region.

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

Guan Huat (Sunny) Loh BBA, MBA, ACIS
Non-Executive Director

Experience
Mr Loh is the Managing Director of Swift Venture Holdings Corporation, an investment Company focussed on investing in small to mid sized listed companies and resources based companies in Asia.

Mr Loh is the Vice Chairman and Board Member of Shanghai Fortune Capital, a professional investment banking firm based in Shanghai, which has a focus on the restructuring and disposal of state owned companies, as well as merger and acquisition advisory services.

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

DIRECTORS (CONTINUED)

Chiau Woei Lim - MBA
Non-Executive Director (Appointed 2 September 2013)

Experience
Mr Lim is managing director and major shareholder of Angka Alamjaya SDN BHD (AASB) which owns the Lubuk Mandi Gold Mine in Malaysia. Mr Lim has a wealth of experience in quarrying, construction and property development.

He holds a MBA from Leicester University UK and science degree in Electrical and Computer Engineering from Oklahoma State University, USA.

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

Neil Norris – BSc(Hons), MAIMM, MAIG
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.

COMPANY SECRETARY

Mr Kevin Hart - FCA

Mr Hart is a Chartered Accountant and was appointed to the position of Company Secretary on 3 February 2010. He has over 20 years' experience in accounting and the management and administration of public listed entities in the mining and exploration industry.

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

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

	DIRECTORS' MEETINGS	
	Number Eligible to Attend	Number Attended
P Thompson	**8**	**8**
C Switzer	**8**	**7**
N Norris	**8**	**8**
G Loh	**8**	**6**

PRINCIPAL ACTIVITIES
The principal activity of the Group during the financial year was gold and copper exploration in Australia.

OPERATING AND FINANCIAL REVIEW

During the financial year the Group's activities were focussed on exploration at its IOCG style targets at the Brightlands Project in Queensland and for gold mineralisation at the Mt Morgan Gold Project in Queensland and Malmsbury Gold Project in Victoria. Full details are available in the Review of Operations in the Annual Report.

Operating Results
The net loss after income tax attributable to members of the Group for the financial year to 30 June 2013 amounted to $1,727,043 (2012: $1,196,811).

Financial Position
At the end of the financial year, the Group had $1,521,888 (2012: $1,590,824) in cash on hand and on deposit. Carried forward exploration expenditure was $13,740,089 (2012: $13,202,731).

EQUITY SECURITIES ON ISSUE

	30 June 2013	30 June 2012
Ordinary fully paid shares	**327,415,003**	236,181,003
Options over unissued shares	**-**	129,493,124
Performance Share Rights	**-**	350,000

Ordinary Fully Paid Shares

During the year ended 30 June 2013 the Company issued the following ordinary fully paid shares:

- 20,000,000 shares at 5 cents each pursuant to a share placement;
- 10,000,000 shares at 5 cents each on the acquisition of the remaining Bungalien phosphate assets not already owned by the Company;
- 10,884,000 shares at 5 cents each pursuant to a share purchase plan;
- 350,000 shares on the exercise of employee performance rights; and
- 50,000,000 shares at 2 cents each pursuant to a share placement.

Since 30 June 2013 the Company has issued 57,779,118 shares to nominees of Angka Alamjaya Sdn Bhd in respect of the acquisition of a 40% interest of that Company, which holds the Lubuk Mandi gold project mining concession.

Other than the above, no shares have been issued between the end of the financial year and the date of this report.

Options over Ordinary Shares

At 30 June 2013, there were nil (2012: 129,493,124) options to acquire ordinary shares on issue.

During the year ended 30 June 2013, no options were issued pursuant to the terms of the Company's Option Plan (2012: Nil).

During the year ended 30 June 2013 no options were issued by the Company.

During the year ended 30 June 2013 no ordinary shares were issued on exercise of options (2012: Nil).

There were 129,493,124 listed options (GBZOA) which expired unexercised during the financial year (2012: Nil).

EQUITY SECURITIES ON ISSUE (CONTINUED)

Options over Ordinary Shares (Continued)

Other than the following option issues, no options have been issued, exercised or cancelled between the end of the financial year and the date of this report:

- 50 million options issued, exercisable at 3.5 cents each on or before 30 June 2016, pursuant to a share placement;
- 20 million options issued, exercisable at 3.5 cents each on or before 30 June 2016, pursuant to a corporate services agreement; and
- 64,746,562 options issued, exercisable at 3.5 cents each on or before 30 June 2016, pursuant to a priority entitlement offer closing on 13 August 2013.

Performance Share Rights

The Company's Performance Share Rights Plan was approved by Shareholders at the Company's Annual General Meeting held on 30 November 2010.

At 30 June 2013, there were nil (2012: 350,000) unvested performance share rights to acquire ordinary shares on issue. The 350,000 performance share rights on issue at 30 June 2012 vested and became exercisable on 31 December 2012.

During the year ended 30 June 2013, nil (2012: 1,300,000) performance share rights were issued pursuant to the terms of the Company's Performance Share Rights Plan to employees of the Company.

During the year ended 30 June 2013 350,000 (2012: 1,750,000) ordinary shares were issued on the exercise of vested performance share rights.

There were no performance share rights cancelled due to cessation of employment during the financial year (2012: 300,000). There were no performance share rights lapsing on expiry date during the financial year (2012: Nil).

None of the performance share rights on issue entitle the holder to participate in any share issue of the Company or any other body corporate.

No performance share rights have been issued, exercised or cancelled between the end of the financial year and the date of this report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Other than the following, 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.

- On 20 December 2012, the Company issued 10,000,000 million shares to Swift Venture Corporation (and its nominees) to acquire the 70% interest in the Bungalien phosphate rights not already owned by the Company;
- On 11 June 2013 the Company announced that it had entered into a binding terms sheet to acquire, subject to shareholder approval and other conditions precedent, a 40% interest in Angka Alamjaya Sdn Bhd (AASB), a Malaysian company which holds the mining concession over the historic Lubuk Mandi Gold Mine in Malaysia.

  Shareholder approval for the acquisition was received at the Company's General Meeting on 22 July 2013 and the issue of 57,779,118 ordinary fully paid shares to acquire the 40% interest in AASB was completed on 30 August 2013.

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 22 July 2013 the Company obtained shareholder approval to proceed with the issue of shares for the acquisition of the 40% interest in AASB and to proceed with a Priority Entitlement Offer of options to holders of listed GBZOA options that expired on 30 June 2013;
- On 13 August 2013, the Company's Priority Entitlement Offer closed with the subsequent issue of 64,746,562 listed options (GBZO) exercisable at 3.5 cents each on or before 30 June 2016. Entitlements under the offer were allotted on 19 August 2013 and the offer was finalised with the issue of the shortfall options on 27 August 2013. Total proceeds of $323,733 were received from the issue of these options;
- On 22 August 2013 the Company completed the issue of 50 million listed options (GBZO) exercisable at 3.5 cents each on or before 30 June 2016, pursuant to shareholder approval received on 22 July 2013 and which were securities attaching to a share placement completed on 28 June 2013;
- On 30 August 2013 the Company issued 20 million listed options (GBZO) exercisable at 3.5 cents each on or before 30 June 2016, to Alvito Capital Holdings Inc for corporate advisory and promotional services provided to the Company;
- On 19 August 2013 the Company advised that it had completed the Acquisition and Joint Venture Agreement pursuant to which the Company would acquire a 40% interest in AASB, a Malaysian Company holding the mining concession for the Lubuk Mandi Gold Project, and enter into a joint venture with AASB to assess, and if positive, commence recommissioning of the Lubuk Mandi Gold Project;

  On 30 August 2013 the Company completed the issue of 57,779,118 ordinary fully paid shares to nominees of AASB in respect of the acquisition; and
- On 2 September 2013 the Company appointed Mr Chiau Woei Lim, Managing Director of AASB, to the Board as a Non-Executive Director of GBM Resources Limited.

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 2013.

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 2013.

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 mine development, 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 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.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Details of Remuneration for Directors and Executive Officers (continued)

2013	**Short term**		**Post Employment**	**Share Based Payments**		
Remuneration of Directors and Executives	Salary and fees $	Other $	Super - annuation $	Options / shares $	Total $	Share Based Payments as % of remuneration %
Directors						
P Thompson	**275,229**	**-**	**24,771**	**-**	**300,000**[1]	**-**
C Switzer	**36,000**	**-**	**-**	**-**	**36,000**	**-**
N Norris	**275,229**	**20,037**	**24,771**	**-**	**320,037**[1]	**-**
G Loh	**36,000**	**-**	**-**	**-**	**36,000**	**-**
Total Directors	**622,458**	**20,037**	**49,542**	**-**	**692,037**	

[1] From 1 July 2013 total remuneration payable to the Executive Directors Peter Thompson and Neil Norris has been reduced by $90,000 per annum as part of the Company's cash conservation measures implemented during the 2012/13 financial year. See disclosure relating to service agreements for further details of remuneration of executive directors.

2012	**Short term**		**Post Employment**	**Share Based Payments**		
Remuneration of Directors and Executives	Salary and fees $	Other $	Super - annuation $	Options / shares $	Total $	Share Based Payments as % of remuneration %
Directors						
P Thompson	275,230	-	24,770	-	300,000	-
C Switzer	36,000	-	-	-	36,000	-
N Norris	275,230	14,026	24,770	-	314,026	-
G Loh (appointed 1 March 2012)	12,000	-	-	-	12,000	-
Total Directors	598,460	14,026	49,540	-	662,026	

Options Provided as Remuneration

During the years ended 30 June 2013 and 30 June 2012 no options have been granted and issued to Directors or Senior Executives of the Company.

No shares were issued to Directors or Senior Executives of the Company in respect of the exercise of options previously granted as remuneration.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Details of Remuneration for Directors and Executive Officers (continued)

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

Managing Director
The service agreement has a term of 12 months from 1 July 2013. Total remuneration under the contract of $300,000 per annum inclusive of superannuation has been reduced to $210,000 per annum as part of the Company's cost reduction program. The 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.

Exploration Director
The service agreement has a term of 12 months from 1 July 2013. Total remuneration under the contract of $300,000 per annum inclusive of superannuation has been reduced to $210,000 per annum as part of the Company's cost reduction program. The reduced remuneration level will remain in place until otherwise decided by the Board. In addition the Exploration Director is given the use of a company vehicle.

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 Directors or Senior Executives 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 are issued to provide an appropriate level of incentive using a cost effective means given the Company's size and stage of development.

End of Remuneration Report

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 2012	Movement during the financial year	Ordinary Shares held at 30 June 2013	Ordinary shares held at the date of the Directors' Report
P Thompson	9,562, 582	300,000	9,862,582	9,862,582
C Switzer	6,393,750	300,000	6,693,750	6,693,750
N Norris	9,250,000	300,000	9,550,000	9,550,000
G Loh	11,067,131	1,820,934	12,888,065	13,799,377
C Lim (appointed 2/9/13)	-	-	-	24,077,285

Options

Director	Options held at 1 July 2012	Movement during the financial year[1]	Options held at 30 June 2013	Options held at the date of the Directors' Report
P Thompson	4,937,525	(4,937,525)	-	2,468,763
C Switzer	4,346,875	(4,346,875)	-	1,878,126
N Norris	3,093,635	(3,093,635)	-	1,546,818
G Loh	17,800,000	(17,800,000)	-	8,900,000
C Lim (appointed 2/9/13)	-	-	-	-

[1] Options expired at 30 June 2013.

LOANS TO DIRECTORS AND EXECUTIVES

There were no loans entered into with Directors or executives during the financial year under review.

Other transactions with Directors and executives are set out in Note 20 to the Financial 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 27th day of September 2013

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 2013, 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.

This declaration is in respect of GBM Resources Limited and the entities it controlled during the year.

Perth, Western Australia
27 September 2013

L Di Giallonardo
Partner

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

GBM Resources Limited

ABN 91 124 752 745

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2013

	Note	Consolidated 2013 $	2012 $
Revenue	3	**430,401**	447,951
Consulting and professional services		**(203,394)**	(294,136)
Corporate and project assessment costs		**(179,741)**	-
Depreciation	4	**(39,663)**	(41,992)
Employee benefits expense	4	**(435,636)**	(480,427)
Employee share based payments	13	**(23,333)**	(137,167)
Exploration expenditure written off and expensed	4	**(1,114,163)**	(212,797)
Other share based payments		**-**	(375,400)
Travel expenses		**(130,417)**	(94,102)
Administration and other expenses		**(316,047)**	(267,433)
Loss before income tax		**(2,011,993)**	(1,455,503)
Income tax benefit	5	**284,950**	258,692
Loss for the year		**(1,727,043)**	(1,196,811)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(1,727,043)**	(1,196,811)
		Cents	Cents
Basic loss per share	6	**(0.7)**	(0.5)
Diluted loss per share	6	**(0.7)**	(0.5)

The accompanying notes form part of these financial statements

GBM Resources Limited

ABN 91 124 752 745

Consolidated Statement of Financial Position

As at 30 June 2013

	Note	Consolidated 2013 $	2012 $
Current assets			
Cash and cash equivalents	18	**1,521,888**	1,590,824
Trade and other receivables	7	**134,795**	411,712
Total Current Assets		**1,656,683**	2,002,536
Non-current assets			
Trade and other receivables	7	**43,608**	40,687
Exploration and evaluation expenditure	8	**13,740,089**	13,202,731
Property, plant and equipment	9	**444,971**	478,561
Total Non-current Assets		**14,228,668**	13,721,979
TOTAL ASSETS		**15,885,351**	15,724,515
Current liabilities			
Trade and other payables	10	**446,085**	1,435,847
Total Current Liabilities		**446,085**	1,435,847
TOTAL LIABILITIES		**446,085**	1,435,847
NET ASSETS		**15,439,266**	14,288,668
Equity			
Issued capital	11	**21,118,244**	18,228,936
Option reserve	13	**-**	698,146
Share based payments reserve	13	**-**	920,638
Accumulated losses	13	**(5,678,978)**	(5,559,052)
TOTAL EQUITY		**15,439,266**	14,288,668

The accompanying notes form part of these financial statements

GBM Resources Limited

ABN 91 124 752 745

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2013

Consolidated	Note	Issued capital $	Option reserve $	Share based payments reserve $	Accumulated losses $	Total $
Balance at 1 July 2011		16,950,744	698,146	642,071	(4,362,241)	13,928,720
Share based payments	13	70,000	-	442,567	-	512,567
Shares issued	11	1,044,192	-	-	-	1,044,192
Loss attributable to members of the Company	13	-	-	-	(1,196,811)	(1,196,811)
Transfer to issued capital on exercise of performance rights	13	164,000	-	(164,000)	-	-
Balance at 30 June 2012		18,228,936	698,146	920,638	(5,559,052)	14,288,668
Balance at 1 July 2012		**18,228,936**	**698,146**	**920,638**	**(5,559,052)**	**14,288,668**
Share based payments	**13**	**-**	**-**	**23,333**	**-**	**23,333**
Shares issued	**11**	**2,854,308**	**-**	**-**	**-**	**2,854,308**
Loss attributable to members of the Company	**13**	**-**	**-**	**-**	**(1,727,043)**	**(1,727,043)**
Transfer to issued capital on exercise of performance rights	**13**	**35,000**	**-**	**(35,000)**	**-**	**-**
Transfer to accumulated losses on expiry of options	**13**	**-**	**(698,146)**	**(908,971)**	**1,607,117**	**-**
Balance at 30 June 2013		**21,118,244**	**-**	**-**	**(5,678,978)**	**15,439,266**

The accompanying notes form part of these financial statements

GBM Resources Limited

ABN 91 124 752 745

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2013

	Note	Consolidated 2013 $	2012 $
Cash flows from operating activities			
Interest received		**43,743**	120,663
Research and development concession refund		**543,642**	-
JV management fee income		**383,737**	325,329
Payments to suppliers and employees		**(1,151,823)**	(1,231,333)
Net cash flows (used in) operating activities	18(b)	**(180,701)**	(785,341)
Cash flows from investing activities			
Funds provided by JV partner under Farm-in agreement		**3,528,289**	2,711,077
Payments for exploration and evaluation, including JV Farm-in spend		**(5,838,058)**	(6,537,696)
Payments to acquire property, plant and equipment		**(32,784)**	(39,585)
Net cash flows (used in) investing activities		**(2,342,553)**	(3,866,204)
Cash flows from financing activities			
Proceeds from the issue of shares and options		**2,544,200**	1,115,000
Share issue costs		**(89,882)**	(70,808)
Net cash flows from financing activities		**2,454,318**	1,044,192
Net decrease in cash and cash equivalents		**(68,936)**	(3,607,353)
Cash and cash equivalents at the beginning of the financial year	18(a)	**1,590,824**	5,198,177
Cash and cash equivalents at the end of the financial year	18(a)	**1,521,888**	1,590,824

The accompanying notes form part of these financial statements

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 2013 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.

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

In the year ended 30 June 2013, 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 2013. 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 27 September 2013.

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. Minority 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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Income Tax (Continued)

Unrecognised deferred income tax assets are re-assessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

f) Other Taxes

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

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

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

g) Financing Costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method. Borrowing costs are expensed as incurred and included in net financing costs.

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:

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Investments and Other Financial Assets (Continued)

(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.

(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.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Exploration and Evaluation Expenditure (Continued)

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.

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.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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).

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) Share Based Payments (continued)

Equity-Settled Transactions (Continued):

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) 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 the continuing carrying forward of 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.

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.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 16 – 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).

		Consolidated	
		2013	2012
	Note	**$**	$
3. REVENUE			
Interest income		**46,664**	122,622
Joint venture management fee		**383,737**	325,329
		430,401	447,951
4. EXPENSES			
Employee expenses			
Gross employee benefit expense:			
Wages and salaries		**1,668,099**	1,763,943
Directors' fees		**72,000**	48,000
Superannuation expense		**147,137**	158,475
Other employee costs		**78,504**	131,919
		1,965,740	2,102,337
Less amount allocated to exploration		**(1,530,104)**	(1,621,910)
Net consolidated statement of comprehensive income employee benefit expense		**435,636**	480,427
Depreciation expense:			
Office equipment and software	9	**21,250**	24,385
Site equipment	9	**2,083**	2,083
Motor vehicles	9	**16,330**	15,524
		39,663	41,992
Exploration costs:			
Unallocated exploration costs		**136,381**	159,310
Exploration costs written off	8	**977,782**	53,487
		1,114,163	212,797

	Note	Consolidated 2013 $	2012 $
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:			
Accounting loss before income tax from continuing operations		**(2,011,993)**	(1,455,503)
Income tax benefit calculated at 30%		**(603,598)**	(436,651)
Share based payments		**7,000**	153,770
Capital raising costs claimed		**(58,789)**	(87,110)
Exploration costs written off		**293,335**	16,046
Unused tax losses and temporary differences not recognised as deferred tax assets		**362,052**	353,945
R&D tax concession		**(284,950)**	(258,692)
Income tax (benefit) reported in the consolidated statement of comprehensive income		**(284,950)**	(258,692)

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 corporate 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:			
Unrecognised deferred tax assets relate to:			
Losses available for offset against future taxable income		**5,484,166**	4,654,374
Capital raising costs		**130,512**	164,087
Accrued expenses and liabilities		**73,976**	131,338
		5,688,654	4,949,799
Unrecognised deferred tax liabilities relate to:			
Exploration expenditure		**(4,122,027)**	(3,912,746)
		(4,122,027)	(3,912,746)
Net unrecognised deferred tax asset		**1,566,627**	1,037,053

5. INCOME TAX (CONTINUED)

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

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

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

	Consolidated	
	2013	2012
	$	$
6. LOSS PER SHARE		
Loss used in calculation of loss per share	**(1,727,043)**	(1,196,811)
	Cents	Cents
Basic earnings/(loss) per share	**(0.7)**	(0.5)
	#	#
Weighted average number of shares used in the calculation of earnings per share	**266,121,118**	222,862,253

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.

	Consolidated	
	2013	2012
	$	$
7. TRADE AND OTHER RECEIVABLES		
Current		
Amounts due from farm-in partner	**95,129**	-
Research and development tax concession	**-**	258,692
GST recoverable	**36,118**	59,158
Other debtors	**3,548**	93,862
	134,795	411,712
Non-current		
Security and environmental bonds	**43,608**	40,687
	43,608	40,687

	Note	Consolidated 2013 $	2012 $
8. EXPLORATION AND EVALUATION EXPENDITURE			
Exploration and evaluation phase:			
Capitalised costs at the start of the financial year		**13,202,731**	9,478,299
Costs capitalised during the financial year		**1,515,140**	3,777,919
Capitalised costs written off during the financial year	4	**(977,782)**	(53,487)
Capitalised costs at the end of the financial year		**13,740,089**	13,202,731

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

9. PROPERTY, PLANT AND EQUIPMENT

Carrying values at 30 June 2013:

Land:		
Cost	**308,499**	308,499
Depreciation	**-**	-
	308,499	308,499
Office equipment and software:		
Cost	**153,402**	147,330
Depreciation	**(123,087)**	(101,838)
	30,315	45,492
Site equipment and plant:		
Cost	**22,545**	22,545
Depreciation	**(6,800)**	(4,717)
	15,745	17,828
Motor vehicles:		
Cost	**130,633**	130,633
Depreciation	**(40,221)**	(23,891)
	90,412	106,742
Total	**444,971**	478,561

Reconciliation of movements:

Land:		
Opening net book value	**308,499**	308,499
Cost of additions	**-**	-
Disposals	**-**	-
Depreciation	**-**	-
Closing net book value	**308,499**	308,499

	Note	Consolidated 2013 $	2012 $
9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)			
Reconciliation of movements:			
Office equipment and software:			
Opening net book value		**45,492**	27,212
Cost of additions		**6,073**	42,665
Disposals		**-**	-
Depreciation	4	**(21,250)**	(24,385)
Closing net book value		**30,315**	45,492
Site equipment and plant:			
Opening net book value		**17,828**	19,910
Cost of additions		**-**	-
Disposals		**-**	-
Depreciation	4	**(2,083)**	(2,082)
Closing net book value		**15,745**	17,828
Motor vehicles:			
Opening net book value		**106,742**	98,635
Cost of additions		**-**	23,631
Disposals		**-**	-
Depreciation	4	**(16,330)**	(15,524)
Closing net book value		**90,412**	106,742
Total		**444,971**	478,561
10. TRADE AND OTHER PAYABLES			
Current			
Trade creditors		**141,486**	580,918
Sundry creditors and accruals		**208,012**	515,190
Employee leave liabilities		**96,587**	81,698
		446,085	1,177,806
Advanced JV Farm-in funds unspent		**-**	258,041
		446,085	1,435,847

	Issue price	**2013 No.**	2012 No.	**2013 $**	2012 $
11. ISSUED CAPITAL					
Issued capital at the balance date		**327,415,003**	236,181,003	**21,118,244**	18,228,936
Movements in issued capital:					
On issue at the start of the year		**236,181,003**	219,793,503	**18,228,936**	16,950,744
Shares issued on the exercise of vested performance rights	$0.09	**-**	1,100,000	**-**	99,000
Shares issued on the exercise of vested performance rights	$0.10	**-**	650,000	**-**	65,000
Share placement	$0.08	**-**	13,937,500	**-**	1,115,000
Shares issued in consideration for corporate services	$0.10	**-**	700,000	**-**	70,000
Share purchase plan	$0.05	**10,884,000**	-	**544,200**	-
Share placement	$0.05	**20,000,000**	-	**1,000,000**	-
Shares issued to acquire phosphate rights	$0.05	**10,000,000**	-	**500,000**	-
Shares issued on the exercise of vested performance rights	$0.10	**350,000**	-	**35,000**	-
Share placement	$0.02	**50,000,000**	-	**1,000,000**	-
Share issue costs		**-**	-	**(189,892)**	(70,808)
On issue at the end of the reporting year		**327,415,003**	236,181,003	**21,118,244**	18,228,936

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

	Issue price	**2013 No.**	2012 No.	**2013 $**	2012 $
12. OPTIONS AND PERFORMANCE RIGHTS					

Details of the Company's Incentive Option Scheme are provided at Note 14.

(a) ***<u>Options over unissued shares</u>***

Options on issue at the balance date	**-**	129,493,124	**-**	698,146
Movements in options:				
Options on issue at the start of the year	**129,493,124**	113,793,124	**698,146**	698,146
Options issued for corporate services (Note 13)	**-**	15,700,000	**-**	-
Options cancelled on expiry	**(129,493,124)**	-	**(698,146)**	
Options on issue at the end of the reporting year	**-**	129,493,124	**-**	698,146

12. OPTIONS AND PERFORMANCE RIGHTS (CONTINUED)

a) Options Issued, Exercised and Expired During the Year

During the financial year the Company granted no options over unissued shares (2012: 15,700,000).

During the year, no options over unissued shares were exercised (2012: Nil).

During the year, 129,493,124 options were cancelled on expiry of their exercise term (2012: Nil).

b) Options on Issue at the Balance Date

The number of options outstanding over unissued ordinary shares at 30 June 2013 is nil (2012: 129,493,124).

c) Subsequent to the Balance Date

Other than the following option issues, no options have been issued, exercised or cancelled between the end of the financial year and the date of this report:

- 50 million options issued, exercisable at 3.5 cents each on or before 30 June 2016, pursuant to a share placement;
- 20 million options issued, exercisable at 3.5 cents each on or before 30 June 2016, pursuant to a corporate services agreement; and
- 64,746,562 options issued, exercisable at 3.5 cents each on or before 30 June 2016, pursuant to a priority entitlement offer closing on 13 August 2013.

d) Basis and assumptions used in the valuation of options granted in the period

There were no options granted during the period.

	Issue price	**2013 No.**	2012 No.	**2013 $**	2012 $
(b) Performance Share Rights					
Details of the Company's Performance Rights Plan are provided at Note 14.					
Performance rights on issue at the balance date		**-**	350,000	**-**	-
Movements in share rights:					
Share rights on issue at the start of the year		**350,000**	1,100,000	**-**	-
Share rights issued to employees during the year	Nil	**-**	1,300,000	**-**	-
Vested share rights exercised during the year		**(350,000)**	(1,750,000)	**-**	-
Unvested share rights lapsed		**-**	(300,000)		
Performance share rights on issue at the end of the reporting year		**-**	350,000	**-**	-
Number of vested performance share rights at the end of the reporting year		**-**	-	**-**	-

12. OPTIONS AND PERFORMANCE RIGHTS (CONTINUED)

a) Performance share rights Issued, Exercised and Expired during the Year

During the financial year the Company granted nil performance share rights (2012: 1,300,000)

During the year, 350,000 vested share rights were exercised into ordinary fully paid shares (2012: 1,750,000).

No unvested performance share rights were cancelled on cessation of employment (2012: 300,000).

b) Performance share rights on Issue at the Balance Date

The number of share rights, vested unexercised and un-vested at 30 June 2013 is nil (2012: 350,000).

c) Subsequent to the Balance Date

No share rights have been granted, exercised or cancelled subsequent to the reporting date.

d) Basis and assumptions used in the valuation of share rights granted in the period

Share rights are valued at the underlying market value of the ordinary shares over which they are granted.

	Consolidated	
	2013	2012
	$	$
13. RESERVES AND ACCUMULATED LOSSES		
Share based payments reserve (i)		
Opening balance	**920,638**	642,071
Employee share based payments – performance rights	**23,333**	137,167
Share based payments – options issued for corporate services	**-**	305,400
Transferred to issued capital on exercise of performance rights	**(35,000)**	(164,000)
Transferred to accumulated losses on cancellation of expired options	**(908,971)**	-
Closing balance	**-**	920,638
Option reserve (ii)		
Opening balance	**698,146**	698,146
Transferred to accumulated losses on cancellation of expired options	**(698,146)**	-
Closing balance	**-**	698,146
Accumulated Losses		
Opening balance	**(5,559,052)**	(4,362,241)
Net loss attributable to the members of the Company	**(1,727,043)**	(1,196,811)
Transferred from reserves on cancellation of expired options	**1,607,117**	-
Closing balance	**(5,678,978)**	(5,559,052)

13. RESERVES AND ACCUMULATED LOSSES (CONTINUED)

(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.

14. EMPLOYEE BENEFITS

Details of the Company's share right and option plans, under which share 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 Note 20.

Incentive Option Plan

The Company has a formal option plan for the issue of options to employees, directors and consultants, which was approved by shareholders at the Company's Annual General Meeting on 30 November 2010. 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 2013 (2012: nil). Refer to Note 12(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 30 November 2010. 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 nil share rights on issue under the Performance Rights Plan at 30 June 2013 (2012: 350,000). Refer to Note 12(b).

15. 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 sole activity is mineral exploration and resource development wholly within its Brightlands IOCG project in North Queensland, and its Malmsbury Gold Project in Victoria, 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.

16. 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. Refer to 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.

Liquidity risk

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

	Carrying amount $	Contractual cash flows $	6 months or less $	6-12 months $	1-2 years $	2-5years $	More than 5 years $
Consolidated							
30 June 2013							
Trade and other payables	**141,486**	**141,486**	**141,486**	**-**	**-**	**-**	**-**
	141,486	**141,486**	**141,486**	**-**	**-**	**-**	**-**
Consolidated							
30 June 2012							
Trade and other payables	580,918	580,918	580,918	-	-	-	-
	580,918	580,918	580,918	-	-	-	-

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

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. Refer to Note 2 (c).

Interest rate risk

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

	Consolidated	
	2013	2012
	$	$
Fixed rate instruments:		
Financial liabilities	**-**	-
	-	-
Variable rate instruments:		
Financial assets	**1,521,888**	1,590,824
	1,521,888	1,590,824

16. FINANCIAL INSTRUMENTS (CONTINUED)

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.

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit and Loss		Equity	
	100bp increase	**100bp decrease**	**100bp increase**	**100bp decrease**
	$	$	$	$
30 June 2013				
Variable rate instruments	**15,219**	**(15,219)**	**15,219**	**(15,219)**
30 June 2012				
Variable rate instruments	15,908	(15,908)	15,908	(15,908)

Fair values

Fair values versus carrying amounts
The carrying amounts of financial assets and liabilities as described in the consolidated statement of financial position represent their estimated net fair value.

17. 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. This commitment does not include the expenditure commitments which are the responsibility of the joint venture partners.

(b) Operating Lease Commitments

The Group has no operating lease commitments.

(c) Contractual Commitment

The Group has no contractual commitments.

	Consolidated 2013 $	2012 $

18. NOTES TO THE STATEMENT OF CASH FLOWS

a) Cash Assets

Cash at bank and on hand	**1,389,984**	1,465,538
Bank at call cash account	**131,904**	125,286
Total cash and cash equivalents	**1,521,888**	1,590,824

The Bank at call account holds funds at call subject to certain trading restrictions and pays interest at an average of 5.20% (2012:5.20%).

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

Profit/(Loss) after income tax	**(1,727,043)**	(1,196,811)
Add (less) non-cash items:		
Depreciation	**39,662**	41,992
Share based payments	**23,333**	512,567
Exploration expenditure written off and expensed	**1,114,163**	212,797
Changes in assets and liabilities:		
Increase/(decrease) in trade creditors and accruals	**18,530**	(633)
(Increase)/decrease in sundry receivables	**91,962**	(96,561)
(Increase)/decrease in research and development tax concession receivable	**258,692**	(258,692)
Net cash flow from operations	**(180,701)**	(785,341)

During the 2013 financial year the Company issued 10,000,000 ordinary fully paid shares in consideration for the acquisition of the 70% Bungalien Phosphate rights from Swift Venture Corporation. The value of the shares amounted to $500,000.

During the 2012 financial year the Company issued 15,700,000 listed options, exercisable at 20 cents each on or before 30 June 2013, in consideration for corporate and public relations services to the Company. The value of the options granted amounted to $305,400).

During the 2012 financial year the Company issued 700,000 ordinary fully paid shares in consideration for corporate services to the Company. The value of the shares issued amounted to $70,000.

19. AUDITOR'S REMUNERATION

Amounts received or receivable by HLB Mann Judd for:		
- Audit and review of financial reports	**27,750**	26,970

	2013	2012
	%	%
20. CONTROLLED ENTITIES		
a) Particulars in Relation to Ownership of Controlled Entities		
Belltopper Hill Pty Ltd	**100**	100
Syndicated Resources Pty Ltd	**100**	100
Willaura Minerals Pty Ltd	**100**	100
Isa Brightlands Pty Ltd	**100**	100
Isa Tenements Pty Ltd	**100**	100
Bungalien Phosphate Pty Ltd	**100**	100

	2013	2012
	$	$
b) GBM Resources Limited - Investments in Controlled Entities		
Belltopper Hill Pty Ltd	**596,850**	596,850
Syndicated Resources Pty Ltd	**100**	100
Willaura Minerals Pty Ltd	**-**	810,000
Isa Brightlands Pty Ltd	**1**	1
Isa Tenements Pty Ltd	**1**	1
Bungalien Phosphate Pty Ltd	**10**	10
	596,962	1,406,962

During the 2013 financial year the Company recognised a provision against the investment in Willaura Minerals Pty Ltd. The fair value of this investment had previously been recognised as fair value acquisition costs on consolidation in respect of the Willaura Minerals assets acquired on the Company's initial public offer. The impairment expense has been included in the write off of exploration costs (note 4).

c) Loans to/(from) Controlled Entities		
Belltopper Hill Pty Ltd	**2,204,082**	2,044,873
Syndicated Resources Pty Ltd	**-**	-
Willaura Minerals Pty Ltd	**-**	(810,000)
Isa Brightlands Pty Ltd	**7,630,888**	4,466,859
Isa Tenements Pty Ltd	**1,368,324**	810,211
Bungalien Phosphate Pty Ltd	**-**	-
d) Contribution to Consolidated Result		
GBM Resources Limited	**(1,726,492)**	(1,196,811)
Belltopper Hill Pty Ltd	**-**	-
Syndicated Resources Pty Ltd	**-**	-
Willaura Minerals Pty Ltd	**-**	-
Isa Brightlands Pty Ltd	**-**	-
Isa Tenements Pty Ltd	**-**	-
Bungalien Phosphate Pty Ltd	**-**	-
Total	**(1,726,492)**	(1,196,811)

21. 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
Cameron Switzer – Non-Executive Director
Guan Huat Loh – Non-Executive Director

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

Total remuneration paid to key management personnel during the year:

	Consolidated	
	2013	2012
	$	$
Short-term benefits	**642,495**	612,486
Post-employment benefits	**49,542**	49,540
	692,037	662,026

b) Option Holdings of Key Management Personnel

Director	Balance at Beginning of Year	Options Exercised	Options expired	Balance at End of Year	Vested at 30 June 2013 Exercisable
P Thompson	4,937,525	-	(4,937,525)	-	-
C Switzer	4,346,875	-	(4,346,875)	-	-
N Norris	3,093,635	-	(3,093,635)	-	-
G Loh	17,800,000	-	(17,800,000)	-	-

c) Shareholdings of Key Management Personnel

Director	Balance at Beginning of Year	Granted as Remuneration	Issued on exercise of options	Net change other	Balance at End of Year
P Thompson	9,562,582	-	-	300,000	9,862,582
C Switzer	6,393,750	-	-	300,000	6,693,750
N Norris	9,250,000	-	-	300,000	9,550,000
G Loh	11,067,131	-	-	1,565,000	12,632,131

d) Other Transactions and Balances with Key Management Personnel

During the financial year the Company acquired the 70% interest in the Bungalien phosphate rights that it didn't own from Swift Venture Corporation, a Company associated with one of the directors of the Company, Mr Sunny Loh. Subsequent to shareholder approval at the Company's annual general meeting, the Company issued, on 20 December 2012, 10 million shares to Swift Venture Corporation (and its nominees) as consideration for the acquisition.

Other than the above, there are no transactions with Directors, or Director related entities or associates, other than those reported in the remuneration disclosures in the Remuneration Report contained in the Directors' Report.

	Consolidated 2013 $	2012 $
22. RELATED PARTY TRANSACTIONS		
Total amounts receivable and payable from entities in the wholly-owned group (see Note 20 for details of controlled entities) at balance date:		
Non-Current Receivables		
Loans to controlled entities	**11,203,294**	10,087,783
Non-Current Payables		
Loans from controlled entities	**-**	(810,000)

23. 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 22 July 2013 the Company obtained shareholder approval to proceed with the issue of shares for the acquisition of the 40% interest in Angka Alamjaya Sdn Bhd (AASB) and to proceed with a Priority Entitlement Offer of options to holders of listed GBZOA options that expired on 30 June 2013;
- On 13 August 2013, the Company's Priority Entitlement Offer closed with the subsequent issue of 64,746,562 listed options (GBZO) exercisable at 3.5 cents each on or before 30 June 2016. Entitlements under the offer were allotted on 19 August 2013 and the offer was finalised with the issue of the shortfall options on 27 August 2013. Total proceeds of $323,733 were received from the issue of these options;
- On 22 August 2013 the Company completed the issue of 50 million listed options (GBZO) exercisable at 3.5 cents each on or before 30 June 2016, pursuant to shareholder approval received on 22 July 2013 and which were securities attaching to a share placement completed on 28 June 2013;
- On 30 August 2013 the Company issued 20 million listed options (GBZO) exercisable at 3.5 cents each on or before 30 June 2016, to Alvito Capital Holdings Inc for corporate advisory and promotional services provided to the Company;
- On 19 August 2013 the Company advised that it had completed the Acquisition and Joint Venture Agreement pursuant to which the Company would acquire a 40% interest in AASB, a Malaysian Company holding the mining concession for the Lubuk Mandi Gold Project, and enter into a joint venture with AASB to assess, and if positive, commence recommissioning of the Lubuk Mandi Gold Project.

  On 30 August 2013 the Company completed the issue of 57,779,118 ordinary fully paid shares to nominees of AASB in respect of the acquisition; and
- On 2 September 2013 the Company appointed Mr Chiau Woei Lim, Managing Director of AASB, to the Board as a Non-Executive Director of GBM Resources Limited.

24. DIVIDENDS

There are no dividends paid or payable during the year ended 30 June 2013 or the 30 June 2012 comparative year.

25. CONTINGENCIES

(i) Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Group as at 30 June 2013 or 30 June 2012.

(i) Native Title and Aboriginal Heritage

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

(iii) Contingent assets

There were no material contingent assets as at 30 June 2013 or 30 June 2012.

	2013 **$**	2012 $
26. PARENT ENTITY INFORMATION		
Financial position		
Assets		
Current assets	**1,656,683**	2,002,536
Non-current assets	**14,228,668**	14,531,979
Total Assets	**15,885,351**	16,534,515
Liabilities		
Current liabilities	**(446,085)**	(1,435,847)
Non-current liabilities	**-**	(810,000)
Total Liabilities	**(446,085)**	(2,245,847)
NET ASSETS	**15,439,266**	14,288,668
Equity		
Issued capital	**21,118,244**	18,228,936
Option reserve	**-**	698,146
Share based payments reserve	**-**	920,638
Accumulated losses	**(5,678,978)**	(5,559,052)
TOTAL EQUITY	**15,439,266**	14,288,668
Financial performance		
Loss for the year	**(1,726,492)**	(1,196,811)
Other comprehensive income	**-**	-
Total comprehensive loss	**(1,726,492)**	(1,196,811)

Contingent liabilities

For full details of contingent liabilities see Note 25.

Commitments

For full details of commitments see Note 17.

GBM Resources Limited

ABN 91 124 752 745

Directors' Declaration

For the Year Ended 30 June 2013

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 2013 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 2013.

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

PETER THOMPSON
Executive Chairman

Dated this 27th day of September 2013

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 2013, the consolidated statement of 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 consolidated entity. The consolidated entity 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 company'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 consolidated entity's financial position as at 30 June 2013 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 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
27 September 2013