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ABN 91 124 752 745

Financial Statements

**For The Half-Year Ended
31 December 2016**

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Directors' Report

The Directors present the consolidated financial statements of GBM Resources Limited for the half-year ended 31 December 2016.

Directors

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

Peter Thompson	<i>(Executive Chairman)</i>
Neil Norris	<i>(Executive Director)</i>
Hun Seng Tan	<i>(Non-Executive Director)</i>

Company Secretary

Kevin Hart

Review of Operations

The consolidated net loss after income tax for the half-year was \$1,828,735 (31 December 2015: \$408,988), which includes exploration costs expensed and written off of \$124,804 (31 December 2015: \$135,568), and an expense of \$1,073,058 in respect of the impairment of the Company's investment in Anchor Resources Limited.

At the end of the half-year the Group had \$2,390,175 (30 June 2016: \$355,106) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure at 31 December 2016 was \$13,013,484 (30 June 2016: \$11,350,307).

As at 31 December 2016 the fair value of the Company's investment in Anchor Resources Limited was \$3,062,716 (30 June 2016: \$4,135,774).

Exploration

Exploration expenditure incurred for the six months ended 31 December 2016 on the Company's wholly owned projects was \$1,684,310 (31 December 2015: \$519,499) and for the Farm-in projects was \$54,408 (31 December 2015: \$1,112,479).

Significant Changes in the State of Affairs of the Group

Other than stated below, there have been no significant changes in the state of affairs of the Group during the period ended 31 December 2016:

- During the period the Company issued 160,500,000 ordinary fully paid shares at 1.6 cents per share pursuant to a share placement raising a total of \$2,568,000 before costs;
- During the period the Company completed the issue of 203,391,744 options exercisable at 5 cents each on or before 30 September 2016 pursuant to a non-renounceable entitlement offer; and
- During the period the Company entered into a A\$10 million loan agreement to fund the re-development of the Company's Mt Coolon Gold project. As at 31 December 2016 an amount of \$1.5 million in funding had been received by the Company pursuant to the loan agreement.

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Directors' Report

Events Subsequent to the Reporting Date

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

- On 16 January 2017 the Company advised ASX that no further funds had been received from National Federal Capital (NFC) pursuant to the \$10 million loan agreement (Agreement), and that NCF was in breach of the Agreement.
- On 16 February 2017 the Company advised that it had entered into a binding Heads of Agreement (HoA) to merge with WCB Resources Limited (WCB), a company with gold exploration assets in Papua New Guinea and listed on the TSX-V exchange. The merger is subject to completion of the NFC loan agreement by 31 March 2017, shareholder and other regulatory approvals. Pursuant to the signing of the HoA the Company advanced WCB an amount of A\$150,000 which is convertible into WCB shares, at C\$0.05 per share, in the event that the HoA is terminated.
- On 9 February 2017 the Company entered into a deed of variation of the loan agreement with NFC. Refer to Note 7 for further details.

Auditor's Independence Declaration

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

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

DATED at Perth this 13th day of March 2017.



Peter Thompson
Executive Chairman

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of GBM Resources Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
13 March 2017

D I Buckley
Partner

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GBM Resources Limited
ABN 91 124 752 745

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2016

	Note	Consolidated	
		31 December 2016 \$	31 December 2015 \$
Revenue	3	14,357	260,571
Employee expenses		(238,328)	(148,849)
Impairment expense – available for sale financial assets	6	(1,073,058)	-
Project costs expensed		(37,912)	(52,305)
Depreciation and amortisation expenses		(19,717)	(21,839)
Consulting and professional expenses		(126,781)	(93,595)
Travel expenses		(91,998)	(50,289)
Exploration costs expensed and written off	11	(124,804)	(135,568)
Other and administration expenses		(130,494)	(167,114)
Loss before income tax		(1,828,735)	(408,988)
Income tax benefit		-	-
Net loss for the half-year attributable to the members of the parent entity		(1,828,735)	(408,988)
Other comprehensive income		-	-
Total comprehensive loss for the period attributable to the members of the parent entity		(1,828,735)	(408,988)
Loss per share			
Basic loss per share (cents)		(0.2)	(0.1)

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

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GBM Resources Limited
ABN 91 124 752 745

Condensed Consolidated Statement of Financial Position
As At 31 December 2016

		Consolidated	
		31 December 2016 \$	30 June 2016 \$
	Note		
Current assets			
Cash and cash equivalents		2,390,175	355,106
Trade and other receivables		156,699	95,309
Investments – Available for sale financial assets	6	3,062,716	-
Total current assets		5,609,590	450,415
Non-current assets			
Trade and other receivables		412,121	412,121
Property, plant and equipment		137,871	156,605
Exploration and evaluation assets		13,013,484	11,350,307
Investments – Available for sale Financial Assets	6	-	4,135,774
Total non-current assets		13,563,476	16,054,807
Total assets		19,173,066	16,505,222
Current liabilities			
Borrowings	7	1,500,000	-
Trade and other payables		437,520	323,851
Total current liabilities		1,937,520	323,851
Non-current liabilities			
Provision for rehabilitation		396,054	396,054
Total non-current liabilities		396,054	396,054
Total liabilities		2,333,574	719,905
Net assets		16,839,492	15,785,317
Equity			
Issued capital	4	31,058,389	28,785,654
Option reserve	5	610,175	-
Accumulated losses		(14,829,072)	(13,000,337)
Total equity		16,839,492	15,785,317

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

GBM Resources Limited
ABN 91 124 752 745

Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2016

	Consolidated				Total \$
	Issued capital \$	Accumulated losses \$	Option reserve \$	Share based payments reserve \$	
At 1 July 2015	27,372,099	(16,904,465)	323,733	400,000	11,191,367
Total comprehensive result for the half-year:					
Loss for the half-year	-	(408,988)	-	-	(408,988)
Shares issued (net of costs)	609,303	-	-	-	609,303
At 31 December 2015	27,981,402	(17,313,453)	323,733	400,000	11,391,682
At 1 July 2016	28,785,654	(13,000,337)	-	-	15,785,317
Total comprehensive result for the half-year:					
Loss for the half-year	-	(1,828,735)	-	-	(1,828,735)
Shares issued (net of costs)	2,272,735	-	-	-	2,272,735
Options issued (net of costs)	-	-	610,175	-	610,175
At 31 December 2016	31,058,389	(14,829,072)	610,175	-	16,839,492

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

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GBM Resources Limited
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Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2016

	Note	Consolidated	
		31 December 2016 \$	31 December 2015 \$
Cash flows from operating activities			
Other income and recharges		6,553	36,858
Option exclusivity fee		-	100,000
Interest received		7,273	6,471
JV management fee income		531	116,858
Payments to suppliers and employees		(722,542)	(436,264)
		(708,185)	(176,077)
Net cash used in operating activities			
Cash flows from investing activities			
Refundable payments received		-	500,000
Proceeds received on reimbursement by associate		-	57,779
Funds provided by JV partner under farm-in agreement		-	973,812
Payments for exploration and evaluation, including joint venture spend		(1,638,569)	(1,793,800)
Payments for plant and equipment		(982)	-
		(1,639,551)	(262,209)
Net cash used in investing activities			
Cash flows from financing activities			
Proceeds from loans	7	1,500,000	-
Proceeds from the issue of shares	4	2,568,000	615,947
Proceeds from the issue of options	5	610,175	-
Payments for transaction costs relating to issues of securities	4	(295,370)	(6,644)
		4,382,805	609,303
Net cash from financing activities			
Net increase in cash held		2,035,069	171,017
Cash at the beginning of the period		355,106	1,107,721
Cash at the end of the period		2,390,175	1,278,738

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

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 1 Basis of preparation of half-year report

These general purpose financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures that the financial statements comply with International Financial Reporting Standard IAS 134: Interim Financial Reporting.

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

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2016 and any public announcements made by GBM Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

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

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year. The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

The consolidated half-year financial statements were approved by the Board of Directors on 13th March 2017.

Going Concern Basis for Preparation of Financial Statements

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

As at 31 December 2016 the Group has cash assets of \$2,390,175, and total current liabilities at that date amounting to \$1,937,520. The loss for the six month period to 31 December 2016 was \$1,828,735 of which \$124,804 related to the write off of exploration costs and \$1,073,058 related to an impairment expense in respect of the diminution in the fair value of the Company's investment in Anchor Resources Limited. Operating cash outflows for the six months to 31 December 2016 were \$708,185.

During the six months to 31 December 2016 the Company successfully raised \$2,568,000 (before costs) pursuant to a share placement and \$610,175 (before costs) pursuant to a non-renounceable entitlement offer of options (Entitlement Issue).

The Group will be required to raise additional funds in order to meet its budgeted expenditure. The Group has the ability to scale back discretionary expenditure pending the timing of raising of additional funds.

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 1 Basis of preparation of half-year report (Continued)

The Group holds an investment in Anchor Resources Limited, which is quoted on the Catalist Board of the Singapore Stock Exchange. As at 31 December 2016 the fair value of the investment in Anchor Resources Limited was \$3,062,716. The investment in shares in Anchor Resources is subject to certain trading restrictions which expire in March and September 2017 respectively.

Note 2 Segment information

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

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

The reportable segments (stated in Australian \$), are represented as follows:

2016

6 months ended 31 December 2016	Australia	Singapore	Consolidated
	\$	\$	\$
Revenue			
Total segment revenue	14,357	-	14,357
Segment net reporting loss after tax	(755,677)	(1,073,058)	(1,828,735)
Interest revenue	7,273	-	7,273
Depreciation	(19,717)	-	(19,717)
Exploration expenditure written off and expensed	(124,804)	-	(124,804)
Income tax benefit	-	-	-
Segment assets at 31 December 2016	16,110,350	3,062,716	19,173,066
Capital expenditure during the period	(982)	-	(982)
Segment liabilities at 31 December 2016	(2,333,574)	-	(2,333,574)
Segment non-current assets at 31 December 2016	13,563,476	3,062,716	16,626,192

2015

For the six month period ended 31 December 2015 the only reportable segment was mineral exploration in Australia.

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 3 Revenue

	Consolidated	
	31 December 2016 \$	31 December 2015 \$
Other income and recharges	6,553	36,857
Option exclusivity fee ¹	-	100,000
Interest income	7,273	6,856
Joint venture management fee income	531	116,858
	14,357	260,571

¹ Amounts received during the period in respect of a period of exclusivity in relation to discussions regarding potential investment in certain exploration prospects.

Note 4 Issued capital

Issued capital - Shares	31 December 2016 #	31 December 2015 #	31 December 2016 \$	31 December 2015 \$
	At the beginning of the period	653,063,975	557,894,121	28,785,654
Entitlement issue ¹	-	41,063,104	-	615,947
Share placement ²	160,500,000	-	2,568,000	-
Options exercised ³	3,000	-	105	-
Costs related to share issues	-	-	(295,370)	(6,644)
At the end of the period	813,566,975	598,957,225	31,058,389	27,981,402

¹ 41,063,104 ordinary fully paid shares issued at 1.5 cents per share pursuant to a non-renounceable entitlement issue which closed on 17 December 2015.

² 160,500,000 ordinary fully paid shares issued at 1.6 cents per share pursuant to a share placement.

³ 3,000 ordinary fully paid shares issued at 3.5 cents each on the exercise of options.

Note 5 Options

	31 December 2016 #	31 December 2015 #
At the beginning of the period	-	177,746,562
Options issued pursuant to a non-renounceable entitlement offer ¹	203,391,744	-
	203,391,744	177,746,562

¹ 203,391,744 options, exercisable at 5 cents each on or before 30 September 2019 issued pursuant to a non-renounceable entitlement offer which closed on 6 October 2016, raising \$610,175.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 6 Investments – Available for Sale Financial Assets

	Consolidated	
	31 December 2016 \$	31 December 2015 \$
Fair value at the beginning of the financial period	4,135,774	-
Impairment expense ¹	(1,073,058)	-
Fair value at the end of the financial period	3,062,716	-

The available for sale financial asset relates to the Company's holding of 35,221,236 ordinary shares in Anchor Resources Limited (Anchor), a company quoted on the Catalist Board of the Singapore Stock Exchange (SGX).

The shares are subject to a restriction of trading as follows:

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

¹ The Directors have reviewed the decline in value of the investment and have considered it to be significant and as such it has been reclassified from equity to profit or loss.

Note 7 Borrowings

	Consolidated	
	31 December 2016 \$	31 December 2015 \$
Loans payable	1,500,000	-

During the period ended 31 December 2016 the Company entered into a \$10 million loan agreement (Agreement) with National Federal Capital (NFC) to fund the redevelopment of the Mt Coolon Gold Project. The funds were due to be received in \$5 million tranches on 21 November 2016 and 28 February 2017. The loan was unsecured and not interest bearing.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 7 Borrowings (Continued)

On 16 January 2017 the Company advised ASX that no further funds had been received from NCF pursuant to the Agreement, and that as such NCF was in breach of the Agreement.

On 9 February 2017 the Company entered into a deed of variation to the loan agreement with NFC which extended the settlement date to 31 March 2017 and the repayment schedule adjusted to commence in April 2019.

Pursuant to the terms of the deed of variation, the loan is repayable by the delivery of 6,056 ounces of gold and A\$10 million, in quarterly instalments of 1,514 ounces of gold and cash of \$2,500,000 commencing April 2019.

In all other respects the terms of the Loan Agreement remain unaltered and continue if full force and effect.

Note 8 Dividends

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2016.

Note 9 Contingencies and commitments

(i) Contingent liabilities

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

(ii) Contingent assets

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

(iii) Exploration commitments

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

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2016

Note 10 Events occurring after the balance date

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

- On 16 January 2017 the Company advised ASX that no further funds had been received from National Federal Capital (NFC) pursuant to the \$10 million loan agreement (Agreement), and that NCF was in breach of the Agreement.
- On 16 February 2017 the Company advised that it had entered into a binding Heads of Agreement (HoA) to merge with WCB Resources Limited (WCB), a company with gold exploration assets in Papua New Guinea and listed on the TSX-V exchange. The merger is subject to completion of the NFC loan agreement by 31 March 2017, shareholder and other regulatory approvals. Pursuant to the signing of the HoA the Company advanced WCB an amount of A\$150,000 which is convertible into WCB shares, at C\$0.05 per share, in the event that the HoA is terminated.
- On 9 February 2017 the Company entered into a deed of variation of the loan agreement with NFC. Refer to Note 7 for further details.

Note 11 Exploration costs expensed and written off

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Exploration costs expensed when incurred	103,671	88,291
Previously capitalised exploration costs written off ¹	21,133	47,277
Total exploration costs included in the Condensed Statement of Profit or Loss and Other Comprehensive Income for the period	124,804	135,568

¹ Write downs in the carrying values of previously capitalised exploration costs relate to amounts that management consider unlikely to be recoverable or otherwise realisable in the current economic conditions.

Note 12 Fair value of financial instruments

The fair value of financial assets and liabilities at the period end approximate their carrying values.

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Directors' Declaration

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

- (a) the half-year financial statements and notes set out on pages 6 to 15 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standard AASB134 – *Interim Financial Reporting*, and the Corporations Regulations 2001, and other mandatory reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed at Perth this 13th day of March 2017.



Peter Thompson
Executive Chairman

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GBM Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of GBM Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

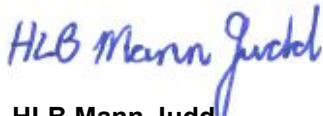
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB Mann Judd
Chartered Accountants



D I Buckley
Partner

Perth, Western Australia
13 March 2017

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