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ABN 91 124 752 745

Financial Statements

**For the Half-Year Ended
31 December 2017**

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Directors' Report

The Directors present the consolidated financial statements of GBM Resources Limited for the half-year ended 31 December 2017.

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 \$1,185,497 (31 December 2016: \$1,828,735), which includes exploration costs expensed and written off of \$57,944 (31 December 2016: \$124,804), and an expense of \$325,951 in respect of the impairment of the Company's investment in Anchor Resources Limited (31 December 2016: \$1,073,058).

At the end of the half-year the Group had \$936,196 (30 June 2017: \$739,718) in cash and at call deposits. Capitalised mineral exploration and evaluation expenditure at 31 December 2017 was \$15,575,742 (30 June 2017: \$14,428,442).

As at 31 December 2017 the fair value of the Company's investment in Anchor Resources Limited was \$261,896 (30 June 2017: \$2,655,492) and the fair value of the Company's investment in Kingston Resources Limited was \$270,000 (30 June 2017: Nil).

Exploration

Exploration expenditure incurred for the six months ended 31 December 2017 on the Company's wholly owned projects was \$1,240,351 (31 December 2016: \$1,684,310) and for the Farm-in projects was \$351,207 (31 December 2016: \$54,408). Exploration activities for the period were focussed on the Company's gold project at Mt Coolon and copper-gold projects at Mt Morgan.

On 4 December 2017 the Company published its scoping study for the Mt Coolon Gold Project comprising various development and production strategies for the three current gold deposits.

In December 2017 the Company entered into a non-binding ore purchase term sheet with Minjar Gold (Minjar) contemplating the treatment of certain resources from Mt Coolon at Minjar's Pajingo gold processing plant.

In December 2017 the Company entered into a binding heads of agreement with Minjar to acquire the Twin Hills Gold Project for the issue of 50 million ordinary fully paid shares and cash of \$1.5 million on a deferred settlement basis. Settlement of the acquisition is subject to completion of due diligence.

Significant Changes in the State of Affairs of the Group

Other than as stated in this report, there have been no significant changes in the state of affairs of the Group during the period ended 31 December 2017.

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.

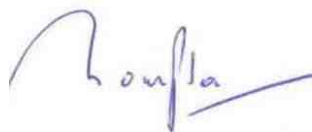
- Subsequent to the end of the reporting period the Group sold its investments in Anchor Resources Limited and Kingston Resources Limited for \$282,201 and \$294,550 respectively.

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 12th day of March 2018.



Peter Thompson
Executive Chairman

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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 2017, 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
12 March 2018**

**D I Buckley
Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

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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 2017

	Note	Consolidated	
		31 December 2017 \$	31 December 2016 \$
Revenue	3	62,706	14,357
Employee expenses		(139,889)	(238,328)
Impairment expense – available for sale financial assets	6	(325,951)	(1,073,058)
Loss on disposal of available for sale financial assets		(440,833)	-
Project costs expensed		(15,035)	(37,912)
Depreciation and amortisation expenses		(14,350)	(19,717)
Consulting and professional expenses		(40,679)	(126,781)
Travel expenses		(51,933)	(91,998)
Exploration costs expensed and written off	10	(57,944)	(124,804)
Other and administration expenses		(161,589)	(130,494)
Loss before income tax		(1,185,497)	(1,828,735)
Income tax benefit		-	-
Net loss for the half-year attributable to the members of the parent entity		(1,185,497)	(1,828,735)
Other comprehensive income		194,925	-
Total comprehensive loss for the period attributable to the members of the parent entity		(990,572)	(1,828,735)
Loss per share			
Basic loss per share (cents)		(0.1)	(0.2)

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 2017

		Consolidated	
		31 December 2017 \$	30 June 2017 \$
	Note		
Current assets			
Cash and cash equivalents		936,196	739,718
Trade and other receivables		96,400	63,058
Investments – Available for sale financial assets	6	531,896	2,655,492
Total current assets		1,564,492	3,458,268
Non-current assets			
Trade and other receivables		744,904	754,904
Property, plant and equipment		105,181	116,501
Exploration and evaluation assets		15,575,742	14,428,442
Investments – Available for sale financial assets	6	-	75,075
Total non-current assets		16,425,827	15,374,922
Total assets		17,990,319	18,833,190
Current liabilities			
Trade and other payables		402,984	255,283
Total current liabilities		402,984	255,283
Non-current liabilities			
Provision for rehabilitation		706,907	706,907
Total non-current liabilities		706,907	706,907
Total liabilities		1,109,891	962,190
Net assets		16,880,428	17,871,000
Equity			
Issued capital	4	31,801,764	31,801,764
Reserves		805,100	610,175
Accumulated losses		(15,726,436)	(14,540,939)
Total equity		16,880,428	17,871,000

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 2017

	Issued capital \$	Accumulated losses \$	Option reserve \$	Revaluation reserve \$	Total \$
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
At 1 July 2017	31,801,764	(14,540,939)	610,175	-	17,871,000
Total comprehensive result for the half-year:					
Other comprehensive income	-	-	-	194,925	194,925
Loss for the half-year	-	(1,185,497)	-	-	(1,185,497)
At 31 December 2017	31,801,764	(15,726,436)	610,175	194,925	16,880,428

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
ABN 91 124 752 745

Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2017

	Note	Consolidated	
		31 December 2017 \$	31 December 2016 \$
Cash flows from operating activities			
Other income and recharges		5,563	6,553
Interest received		6,450	7,273
JV management fee income		43,481	531
Payments to suppliers and employees		(382,607)	(722,542)
Net cash used in operating activities		(327,113)	(708,185)
Cash flows from investing activities			
Proceeds from redemption of environmental bonds and deposits		10,000	-
Proceeds on sale of available for sale assets		1,626,812	-
Funds provided by JV partner under farm-in agreement		362,346	-
Payments for exploration and evaluation, including joint venture spend		(1,472,537)	(1,638,569)
Payments for plant and equipment		(3,030)	(982)
Net cash provided by/(used in) investing activities		523,591	(1,639,551)
Cash flows from financing activities			
Proceeds from loans		-	1,500,000
Proceeds from the issue of shares	4	-	2,568,000
Proceeds from the issue of options	5	-	610,175
Payments for transaction costs relating to issues of securities	4	-	(295,370)
Net cash from financing activities		-	4,382,805
Net increase in cash held		196,478	2,035,069
Cash at the beginning of the period		739,718	355,106
Cash at the end of the period		936,196	2,390,175

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

**Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2017**

Note 1 Basis of preparation of half-year report

These general purpose financial statements for the half-year reporting period ended 31 December 2017 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 2017 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 2017. 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 12th March 2018.

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.

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. Should these measures not be achieved there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

As at 31 December 2017 the Group has cash assets of \$936,196, and total current liabilities at that date amounting to \$402,984. The loss for the six months to 31 December 2017 was \$1,185,497 of which \$57,944 related to the expensing of exploration costs and \$766,784 related to realised and unrealised losses in respect of the Company's investment in Anchor Resources Limited. Operating cash outflows for the six months to 31 December 2017 were \$327,113.

As at 31 December 2017 the fair value of the investment in Anchor Resources Limited was \$261,896. These shares were disposed of in January 2018 for net proceeds of \$282,201.

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2017

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

In addition, the Group holds an investment in 13,500,000 shares in Kingston Resources Limited, a Company listed on ASX, amounting to a fair value of \$270,000 as at 31 December 2017. These shares were disposed of in February 2018 for net proceeds of \$294,550.

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 an investment).

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

2017

6 months ended 31 December 2017	Australia \$	Singapore \$	Consolidated \$
Revenue			
Total segment revenue	62,706	-	62,706
Segment net reporting loss after tax	(613,638)	(571,859)	(1,185,497)
Interest revenue	6,450	-	6,450
Depreciation	(14,350)	-	(14,350)
Exploration expenditure written off and expensed	(57,944)	-	(57,944)
Income tax benefit	-	-	-
Segment net assets at 31 December 2017	16,618,532	261,896	16,880,428
Capital expenditure during the period	3,030	-	3,030
Segment liabilities at 31 December 2017	(1,109,891)	-	(1,109,891)
Segment non-current assets at 31 December 2017	16,163,931	-	16,163,931

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2017

Note 2 Segment information (Continued)

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

Note 3 Revenue

	Consolidated	
	31 December 2017 \$	31 December 2016 \$
Other income and recharges	12,775	6,553
Interest income	6,450	7,273
Joint venture management fee income	43,481	531
	62,706	14,357

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2017

Note 4 Issued capital

	31 December 2017 #	31 December 2016 #	31 December 2017 \$	31 December 2016 \$
Issued capital - Shares				
At the beginning of the period	863,566,975	653,063,975	31,801,764	28,785,654
Share placement ¹	-	160,500,000	-	2,568,000
Options exercised ²	-	3,000	-	105
Costs related to share issues	-	-	-	(295,370)
At the end of the period	863,566,975	813,566,975	31,801,764	31,058,389

¹ 160,500,000 ordinary fully paid shares issued at 1.6 cents per share pursuant to a share placement.

² 3,000 ordinary fully paid shares issued at 3.5 cents each on the exercise of options.

Note 5 Options

	31 December 2017 #	31 December 2016 #
At the beginning of the period	203,391,744	-
Options issued pursuant to a non-renounceable entitlement offer ¹	-	203,391,744
	203,391,744	203,391,744

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 2017

Note 6 Investments – Available for Sale Financial Assets

		Consolidated		
		31 December 2017 \$	30 June 2017 \$	
a) Current:				
Investment – Anchor Resources Limited		261,896	2,655,492	
Investment – Kingston Resources Limited		270,000	-	
		531,896	2,655,492	
b) Non-Current:				
Investment – WCB Resources Limited		-	75,075	
		-	75,075	
c) Reconciliation of movements for the period:				
	2017 No. shares	2016 No. shares	2017 \$	2016 \$
Investment in Anchor Resources:				
As at 1 July	31,621,236	35,221,236	2,655,492	4,135,774
Shares disposed during the period	(24,621,236)	-	(2,067,645)	-
Movement in carrying value ²	-	-	(325,951)	(1,073,058)
As at 31 December	7,000,000 ³	35,211,236	261,896	3,062,716
Investment in Kingston Resources:				
As at 1 July	-	-	-	-
Shares acquired on exchange of WCB Resources shares pursuant to merger ¹	13,500,000	-	270,000	-
As at 31 December	13,500,000 ³	-	270,000	-
Investment in WCB Resources:				
As at 1 July	3,000,000	-	75,075	-
Shares disposed on exchange of Kingston Resources shares pursuant to merger ¹	(3,000,000)	-	(75,075)	-
As at 31 December	-	-	-	-

¹During the period ended 31 December 2017 WCB Resources Limited completed a merger with Kingston Resources Limited. Upon completion of the merger the Company was issued with 13,500,000 ordinary fully paid shares in exchange for its 3,000,000 WCB Resources Limited shares.

²Unrealised movement in value of investments determined by reference to quoted share prices.

³Shares sold subsequent to the end of the reporting period.

The above level 1 available for sale investments have been determined by reference to their bid prices at the reporting date.

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2017

Note 7 Dividends

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2017.

Note 8 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.

Note 9 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.

- Subsequent to the end of the reporting period the Group sold its investments in Anchor Resources Limited and Kingston Resources Limited for \$282,201 and \$294,550 respectively.

Note 10 Exploration costs expensed and written off

	Consolidated	
	31 December 2017	31 December 2016
	\$	\$
Exploration costs expensed when incurred	57,944	103,671
Previously capitalised exploration costs written off ¹	-	21,133
Total exploration costs included in the Condensed Statement of Profit or Loss and Other Comprehensive Income for the period	57,944	124,804

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 11 Fair value of financial instruments

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

The method of valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

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 2017 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 12th day of March 2018.



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

Conclusion

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 2017, 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.

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 2017 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*.

Material uncertainty related to going concern

We draw attention to Note 1 in the half-year financial report, which indicates the existence of material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

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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 2017 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*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
12 March 2018



D I Buckley
Partner