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ABN 91 124 752 745

**Financial Report**

**For the Half-Year Ended  
31 December 2022**

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**Corporate Directory**

**Directors**

Peter Mullens  
*Executive Chairman*

Peter Rohner  
*Managing Director*

Peter Thompson  
Non-Executive Director

Guan Huat Sunny Loh  
*Non-Executive Deputy Chairman*

**Company Secretary**

Kevin Hart  
Dan Travers

**Registered Office**

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Mt Pleasant WA 6153  
AUSTRALIA  
Telephone: +61 8 9316 9100  
Facsimile: +61 8 9315 5475

**Principal Place of Business**

Level 5, Suite 502  
303 Coronation Drive  
Milton QLD 4064  
AUSTRALIA

**Auditors**

HLB Mann Judd  
Level 4, 130 Stirling Street  
Perth WA 6000  
AUSTRALIA

**Share Registry**

Computershare Investor Services  
Level 11, 172 St Georges Terrace  
Perth WA 6000  
AUSTRALIA  
Telephone: +61 8 9323 2000

**Securities Exchange Listing**

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

**Solicitors**

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Building  
16 Milligan Street  
Perth WA 6000  
AUSTRALIA

**Website and e-mail address**

[www.gbmr.com.au](http://www.gbmr.com.au)

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## **Directors' Report**

The Directors present the consolidated financial statements of GBM Resources Limited for the half-year ended 31 December 2022.

### **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:

#### Current Directors

Peter Mullens	Executive Chairman
Peter Rohner	Managing Director
Peter Thompson	Non-Executive Director
Guan Huat Sunny Loh	Non-Executive Deputy Chairman
Brent Cook	Non-Executive Director (resigned 30 November 2022)

#### **Company Secretary**

Kevin Hart	Joint Company Secretary
Dan Travers	Joint Company Secretary

### **Review of Operations**

The consolidated net loss after income tax for the half-year was \$975,642 (31 December 2021: \$2,363,745 loss), which includes exploration costs expensed and written off of \$191,548 (31 December 2021: \$290,767); interest and finance costs of \$529,652 (31 December 2021: \$7,130), interest and finance income of \$1,870,495 (31 December 2021: \$4,360) and fair value gains of \$254,572 (31 December 2021: \$1,081,267 loss).

At the end of the half-year the Group had \$5,324,681 (30 June 2022: \$836,149) in cash and at call deposits.

Capitalised mineral exploration and evaluation expenditure at 31 December 2022 was \$44,320,413 (30 June 2022: \$37,442,813).

#### Exploration

Exploration expenditure incurred for the six months ended 31 December 2022 on the Company's wholly owned projects was \$3,404,154 (31 December 2021: \$5,032,829) and for the Farm-in projects was \$615,576 (31 December 2021: \$308,782).

GBM has executed a A\$25m farm-in agreement with Newcrest Operations Limited, a subsidiary of Newcrest Mining Limited (Newcrest) to advance gold exploration at the Mt Coolon Project in the Drummond Basin in Queensland. During the reporting period project establishment activities commenced and on ground activities are expected to commence in the first half of calendar year 2023.

The maiden drill program at the Twin Hills 309 and Lone Sister Deposits was completed and returned excellent results confirming both scale and potential with major extensions of gold mineralisation.

Field work continued on the Cloncurry Joint Venture. For the Malmsbury Joint Venture, close-spaced ground magnetic and ground gravity surveys are being designed to sharpen previously identified geophysical targets.

#### Production – White Dam

Gold Production for the six months to 31 December 2022 was 271 ounces which was lower than planned due to wet weather impacting heap leach ore feed and reducing operation time for the adsorption circuit. The key focus for the reporting period was on progressing asset divestment options. Other activities included progressing permitting related to potential mining of the White Dam North resource; planning for a drilling program at the Mary Mine Prospect and exploring ore tolling options to provide additional near-term new feed for the heap leach.

## **Directors' Report**

### **Review of Operations (continued)**

#### Corporate

During the reporting period, the Company raised approximately \$1.7 million from the issue of 31,369,262 ordinary shares to institutional and sophisticated investors.

The sale of the Mayfield Project tenement to C29 Metals Limited (C29) was completed in August 2022 with the final cash payment of \$210,000 and 1,558,963 fully paid ordinary shares in C29 being received by the Company.

The Company entered into an agreement to issue two \$5,000,000 secured convertible notes to Collins Street Convertible Note Fund to raise up to \$10 million to fund exploration at the Company's highly prospective gold projects in the Drummond Basin.

In December 2022, the Company lodged with ASIC a prospectus for the offer of up to 38,738,706 options pursuant to a priority entitlement offer with eligible holders having the opportunity to subscribe (at \$0.005) for options exercisable at \$0.075 per new option and expiring 24 months from the date of issue. The options were issued in February 2023 (refer to Events Subsequent to the Reporting Date).

### **Significant Changes in the State of Affairs of the Group**

Other than as stated above and elsewhere in this report, there have been no significant changes in the state of affairs of the Group during the period ended 31 December 2022.

### **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 6 February 2023, the Company announced the termination of the agreement with Smartset Services Inc. (Smartset) for the sale of the Mount Morgan Gold Copper Project Tenements due to Smartset's inability to complete the capital raising condition precedent by the agreed date.
- On 7 February 2023, the Company issued 38,738,706 options under the Priority Option Offer, to raise \$193,694 (before costs). Each option has an issue price of \$0.005, is exercisable at \$0.075 and expires on 7 February 2025.
- On 20 February 2023, the Company issued 4,200,000 options to employees under the Company's Share and Option Plan. Each option is exercisable at \$0.061 and expires on 19 February 2027.
- On 10 March 2023, the Company announced the sale of its remaining 50% interest in the Malmsbury Gold Project to Novo Resources Corp (Novo). The sale includes cash consideration of A\$1 million plus the issue of 4,037,872 Novo shares and 2,018,936 Novo options (warrants). The Novo shares and options will be escrowed for a period of 12 months from settlement.

**Directors' Report**

**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 15<sup>th</sup> day of March 2023.



**Peter Rohner**  
**Managing Director**

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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 2022, 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  
15 March 2023



**M R Ohm**  
Partner

**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 2022**

		Consolidated	
		31 December 2022	31 December 2021
		\$	\$
Note			
	Share of joint venture income	-	504,334
	Share of joint venture expenses	-	(444,626)
	Net income from joint venture	-	59,708
	Revenue from gold and silver sales	<b>1,032,490</b>	1,146,384
	Interest income	<b>27,485</b>	4,360
3	Gain on sale of assets	<b>231,621</b>	7,954
3	Other revenue	<b>228,104</b>	25,688
	Processing expenses	<b>(1,609,749)</b>	(499,233)
	Royalty expenses	-	(79,781)
	Employee expenses	<b>(464,867)</b>	(195,685)
	Employee expenses – share based	<b>(237,673)</b>	(56,052)
	Consulting and professional expenses	<b>(281,619)</b>	(287,204)
3	Interest and finance costs	<b>1,313,358</b>	(7,130)
8	Exploration costs expensed and written off	<b>(191,548)</b>	(290,767)
	Depreciation and amortisation expenses	<b>(574,482)</b>	(166,471)
2	Impairment losses	-	(405,277)
10	Fair value gain/(loss) on investments	<b>254,572</b>	(1,081,267)
	Foreign exchange gain/(loss)	<b>(1,547)</b>	-
	Administration and other expenses	<b>(701,787)</b>	(538,972)
	<b>Loss before income tax</b>	<b>(975,642)</b>	(2,363,745)
	Income tax benefit	-	-
	<b>Net loss for the half-year attributable to the members of the parent entity</b>	<b>(975,642)</b>	(2,363,745)
	Other comprehensive income	-	-
	<b>Total comprehensive loss for the period attributable to the members of the parent entity</b>	<b>(975,642)</b>	(2,363,745)
	<b>Loss per share</b>		
	Basic loss per share (cents)	<b>(0.2)</b>	(0.5)
	Diluted loss per share (cents)	<b>(0.2)</b>	(0.5)

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



**GBM Resources Limited**  
**ABN 91 124 752 745**

**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2022**

		Consolidated	
		31 December 2022	30 June 2022
		\$	\$
	Note		
<b>Current assets</b>			
Cash and cash equivalents	4	5,324,681	836,149
Trade and other receivables	5	151,246	243,683
Prepayments		188,301	-
Asset held for sale	6	-	945,891
Inventories	7	731,955	1,049,947
<b>Total current assets</b>		<b>6,396,183</b>	<b>3,075,670</b>
<b>Non-current assets</b>			
Prepayments	13	2,012,500	-
Exploration and evaluation expenditure	8	44,320,413	37,442,813
Right-of-use assets	9	133,942	176,239
Property, plant and equipment		3,027,943	3,533,402
Financial assets	10	250,000	1,634,642
Bonds and security deposits	5	9,842,639	9,842,639
<b>Total non-current assets</b>		<b>59,587,437</b>	<b>52,629,735</b>
<b>Total assets</b>		<b>65,983,620</b>	<b>55,705,405</b>
<b>Current liabilities</b>			
Trade and other payables	11	1,120,132	2,914,290
Employee leave liabilities		259,612	232,018
Lease liabilities	12	86,893	84,033
Borrowings	13	121,840	32,344
Provisions	14	98,964	-
<b>Total current liabilities</b>		<b>1,687,441</b>	<b>3,262,685</b>
<b>Non-current liabilities</b>			
Lease liabilities	12	53,068	97,460
Borrowings	13	9,907,079	35,250
Provisions	14	14,491,450	13,865,305
<b>Total non-current liabilities</b>		<b>24,451,597</b>	<b>13,998,015</b>
<b>Total liabilities</b>		<b>26,139,038</b>	<b>17,260,700</b>
<b>Net assets</b>		<b>39,844,582</b>	<b>38,444,705</b>
<b>Equity</b>			
Issued capital	15	64,480,762	62,217,473
Option capital		-	977,990
Accumulated losses		(25,530,988)	(25,523,814)
Share based payment reserve		894,808	773,056
<b>Total equity</b>		<b>39,844,582</b>	<b>38,444,705</b>

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 2022**

	Issued Capital	Option Capital	Accumulated losses	Share based payment reserve	Convertible Note Reserve	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2021	53,575,033	-	(24,881,473)	646,861	-	29,340,421
Total comprehensive loss for the half-year:						
Loss for the half-year	-	-	(2,363,745)	-	-	(2,363,745)
Other comprehensive income	-	-	-	-	-	-
	-	-	(2,363,745)	-	-	(2,363,745)
Shares issued net of costs	7,428,252	-	-	-	-	7,428,252
Exercise of options	69	-	-	-	-	69
Fair value of options/rights vesting	-	-	-	56,052	-	56,052
At 31 December 2021	61,003,354	-	(27,245,218)	702,913	-	34,461,049
<b>At 1 July 2022</b>	<b>62,217,473</b>	<b>977,990</b>	<b>(25,523,814)</b>	<b>773,056</b>	<b>-</b>	<b>38,444,705</b>
Total comprehensive loss for the half-year:						
Loss for the half-year	-	-	(975,642)	-	-	(975,642)
Other comprehensive income	-	-	-	-	-	-
	-	-	(975,642)	-	-	(975,642)
Shares issued net of costs	1,598,473	-	-	-	-	1,598,473
Issue of convertible notes	-	-	-	-	110,806	110,806
Exercise of options/rights	664,816	(9,522)	-	(226,727)	-	428,567
Cancellation of Options	-	(968,468)	968,468	-	-	-
Fair value of options/rights vesting	-	-	-	237,673	-	237,673
At 31 December 2022	64,480,762	-	(25,530,988)	784,002	110,806	39,844,582

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

**GBM Resources Limited**  
**ABN 91 124 752 745**

**Condensed Consolidated Statement of Cash Flows**  
**For the half-year ended 31 December 2022**

	Consolidated	
	31 December 2022 \$	31 December 2021 \$
<b>Cash flows from operating activities</b>		
Cash receipts from gold sales	1,032,490	1,650,718
Payments to suppliers and employees	(3,169,440)	(1,978,441)
Recognition of share of joint venture operating cash assets	-	48,386
Other income	-	4,950
Government assistance, grants and tax incentives	146,926	184,000
Interest received	27,485	4,360
JV management fee income	78,596	57,390
Interest and other costs of finance paid	(135,382)	(7,130)
Net cash used in operating activities	<b>(2,019,325)</b>	<b>(35,767)</b>
<b>Cash flows from investing activities</b>		
Payments for environmental bonds and deposits	-	(2,475,708)
Proceeds from release of bonds and deposits	-	38,874
Payments to acquire property, plant and equipment	(26,726)	(192,629)
Payments to acquire business	-	(560,950)
Funds provided by JV partner under farm-in agreement	956,088	2,088,142
Proceeds from sale of investments	1,832,409	912,271
Proceeds from sale of tenements	210,000	538,488
Payments for exploration and evaluation, including joint venture spend	(6,018,900)	(6,267,044)
Net cash used in investing activities	<b>(3,047,129)</b>	<b>(5,918,556)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	1,669,540	7,400,000
Share issue costs	(71,068)	(438,748)
Proceeds from the exercise of options	404,042	69
Proceeds from borrowings	7,743,229	29,689
Repayment of borrowings	(147,678)	(11,267)
Repayment of lease liabilities	(41,532)	(32,566)
Net cash from financing activities	<b>9,556,533</b>	<b>6,947,177</b>
Net increase in cash held	<b>4,490,079</b>	<b>992,854</b>
Cash at the beginning of the period	<b>836,149</b>	<b>5,676,340</b>
Effect of foreign currency exchange on cash	<b>(1,547)</b>	<b>(5,768)</b>
<b>Cash at the end of the period</b>	<b>5,324,681</b>	<b>6,663,426</b>

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 2022**

**NOTE 1 BASIS OF PREPARATION OF HALF-YEAR REPORT**

These general purpose financial statements for the half-year reporting period ended 31 December 2022 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 Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

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 Group 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 2022 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 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.

**Significant accounting judgements and key estimates**

The preparation of half-year reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2022, other than as follows:

**Impairment**

The Directors noted an impairment indicator in relation to the White Dam cash-generating unit (CGU) as at 31 December 2022. An assessment of recoverable amount has been performed in comparison to carrying amount with reference to prior valuations performed on the assets constituting the CGU, in addition to current discussions held with potential purchasers of White Dam. On the basis of the Directors' assessment, the recoverable amount of the cash-generating unit is in excess of its carrying amount and no impairment is required.

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

**Going Concern**

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.

As at 31 December 2022, the Group has cash assets of \$5,324,681, total current assets of \$6,396,183 and total current liabilities of \$1,687,441. The loss for the reporting period was \$975,642 and operating and investing cash outflows were \$5,066,454. Notwithstanding the fact that the Group incurred an operating loss the Directors are of the opinion that the Company is a going concern for the following reasons:

**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2022**

**NOTE 1 BASIS OF PREPARATION OF HALF-YEAR REPORT (continued)**

- the Company executed a A\$25m farm-in agreement with Newcrest Operations Limited in October 2022. The agreement provides the potential for substantial funding to advance exploration on the known mineral resources together with the other targets in the Mount Coolon Project area.
- The Group continues to assess and advance divestment opportunities for non-core assets.
- Interest payable on the \$10 million convertible note (3 year term) has been prepaid for two years (years 2 and 3).
- expenditure on future exploration activity is largely discretionary and is entirely dependent on available cash.

The Company will continue to assess its short to medium term funding requirements and consider appropriate capital raising strategies where appropriate.

The Directors will continue to manage the Group's activities with due regard to current and future funding requirements. The Directors reasonably expect that the Company will be able to raise sufficient capital to fund the Group's exploration and working capital requirements if required, and that the Group will be able to settle debts as and when they become due and payable.

The Group's ability to continue as a going concern and meet future working capital requirements is dependent on the above points being realised. Should the Company not be successful in generating the required cash flows, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

**Adoption of new and revised accounting standards**

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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group for the reporting period ended 31 December 2022.

The consolidated half-year financial statements were approved by the Board of Directors on 15<sup>th</sup> March 2023.

**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 has two operating segments, these being mineral exploration and resource development within Australia and production of minerals in Australia.

The following tables present revenue and profit information and certain asset and liability information regarding operating segments.

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**GBM Resources Limited**  
**ABN 91 124 752 745**

**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2022**

**NOTE 2 SEGMENT INFORMATION (CONTINUED)**

<b>31 December 2022</b>	<b>Mineral Exploration \$</b>	<b>Mineral Production \$</b>	<b>Consolidated \$</b>
Interest and financing income (note 3)	1,697,331	173,164	<b>1,870,495</b>
Other income	459,725	1,032,490	<b>1,492,215</b>
Segment income	2,157,056	1,205,654	<b>3,362,710</b>
Segment expenses	(2,042,548)	(2,295,804)	<b>(4,338,352)</b>
Segment profit/(loss)	114,508	(1,090,150)	<b>(975,642)</b>
Current assets	5,621,769	774,414	<b>6,396,183</b>
Non-current assets	51,797,272	7,790,165	<b>59,587,437</b>
Current liabilities	(1,229,604)	(457,837)	<b>(1,687,441)</b>
Non-current liabilities	(20,418,433)	(4,033,164)	<b>(24,451,597)</b>
Net assets	35,771,004	4,073,578	<b>39,844,582</b>
	<b>Mineral Exploration \$</b>	<b>Mineral Production \$</b>	<b>Consolidated \$</b>
<b>31 December 2021</b>			
Interest income	4,360	-	<b>4,360</b>
Other income	33,642	1,650,718	<b>1,684,360</b>
Segment income	38,002	1,650,718	<b>1,688,720</b>
Segment expenses <sup>1</sup>	(2,464,157)	(1,588,308)	<b>(4,052,465)</b>
Segment profit/(loss)	(2,426,155)	62,410	<b>(2,363,745)</b>
Current assets	7,351,260	1,568,806	<b>8,920,066</b>
Non-current assets	32,695,688	4,709,530	<b>37,405,218</b>
Current liabilities	(2,740,527)	(695,838)	<b>(3,436,365)</b>
Non-current liabilities	(6,436,062)	(1,991,808)	<b>(8,427,870)</b>
Net assets	30,870,359	3,590,690	<b>34,461,049</b>

<sup>1</sup> Mineral production expenses includes a \$405,277 impairment charge on the White Dam Sulphidisation-Acidification-Recycling-Thickening (SART) Plant, following an independent valuation.

**NOTE 3 LOSS FROM ORDINARY ACTIVITIES**

Included in loss before income tax are the following specific items of income/(expense):

	<b>Consolidated</b>	
	<b>31 December 2022 \$</b>	<b>31 December 2021 \$</b>
Gain on disposal of exploration assets <sup>1</sup>	<b>274,389</b>	-
(Loss)/gain on disposal of investments	<b>(42,768)</b>	7,954
Total gain on disposal of assets	<b>231,621</b>	7,954

<sup>1</sup> Gain on sale of the Mayfield Project to C29 Metals Limited (refer note 6).

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2022**

**NOTE 3 LOSS FROM ORDINARY ACTIVITIES (continued)**

	Consolidated	
	31 December 2022 \$	31 December 2021 \$
Joint venture management fee income	78,595	20,738
Research and development rebate	146,926	-
Other income	2,583	4,950
<b>Total other revenue</b>	<b>228,104</b>	<b>25,688</b>
Discount on rehabilitation provision (note 14)	1,843,010	-
Convertible note establishment fee	(300,000)	-
Interest expense – convertible notes	(218,630)	-
Interest expense – leases	(2,810)	(3,484)
Interest expense – other	(8,212)	(3,646)
<b>Total interest and financing income/(expense)</b>	<b>1,313,358</b>	<b>(7,130)</b>

**NOTE 4 CASH AND CASH EQUIVALENTS**

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
<b>a) Cash and cash equivalents</b>		
Cash at bank and on hand	5,324,681	810,078
Bank at call cash account	-	26,071
	<b>5,324,681</b>	<b>836,149</b>
<b>b) Cash balances not available for use</b>		
Included in cash and cash equivalents are amounts pledged as guarantees for the following:		
Corporate credit card facility	-	26,071

**c) Cash available for specific use**

Included in cash and cash equivalents is \$451,585 (30 June: \$334,651) relating to cash calls received in advance from farm in and joint venture partners. These funds are for specific use on tenements covered under the Cloncurry Joint Venture agreement.

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2022**

**NOTE 5 TRADE AND OTHER RECEIVABLES**

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
<b>Current</b>		
Trade receivables	79,055	5,427
Refundable exploration costs <sup>1</sup>	-	92,144
GST recoverable	71,368	146,112
Other debtors	823	-
	<b>151,246</b>	<b>243,683</b>
<b>Non-current</b>		
Environmental bonds and security deposits for:		
Mount Coolon Gold Project	1,238,000	1,238,000
Yandan Project	5,077,151	5,077,151
White Dam	1,940,000	1,940,000
Twin Hills	1,467,656	1,467,656
Other	119,832	119,832
	<b>9,842,639</b>	<b>9,842,639</b>

<sup>1</sup> Amounts refundable to the Group from joint venture partners. in respect of exploration activities undertaken during the options period.

**NOTE 6 ASSETS HELD FOR SALE**

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
Mount Morgan <sup>1</sup>	-	760,280
Mayfield <sup>2</sup>	-	185,611
	<b>-</b>	<b>945,891</b>

<sup>1</sup> In June 2021, the Group executed a binding Letter of Intent with Canadian listed company, Smartset Services Inc. ("Smartset"), for the sale of the Mt Morgan Gold-Copper Project, subject to shareholder approval. Smartset was not able to complete the capital raising condition precedent by the agreed date and terms or provide some certainty that a later date to complete the capital raising could be achieved. As such, the agreement was terminated in February 2023 and the carrying value of the Mt Morgan asset was transferred to Capitalised Exploration and Evaluation expenditure (note 8) whilst other funding options for the asset are pursued.

<sup>2</sup> The agreement with C29 Metals Limited ("C29") for the sale of the Mayfield Project tenement EM19483 was completed during the reporting period. The Group received consideration comprising of a cash payment of \$210,000 and 1,558,963 shares in C29 Metals Limited (valued at \$250,000). The profit on the sale (\$274,389) is recognised in other income.

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2022**

**NOTE 7 INVENTORIES**

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
Copper on hand	367,987	366,908
Gold on hand	199,465	525,547
Reagents and consumables	164,503	157,492
	<b>731,955</b>	<b>1,049,947</b>

**NOTE 8 EXPLORATION AND EVALUATION EXPENDITURE**

The capitalised exploration and evaluation expenditure of \$44,320,413 (30 June 2022: \$37,442,813) represents expenditure and acquisition costs incurred by the Group on its exploration assets.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

	Consolidated	
	31 December 2022 \$	31 December 2021 \$
Capitalised exploration costs at the beginning of the period	37,442,813	19,574,428
Tenement acquisition costs capitalised <sup>1</sup>	-	460,000
Exploration and evaluation costs incurred (excluding joint venture costs incurred)	3,404,154	5,032,829
Capitalised rehabilitation costs (note 14)	2,904,714	-
Transfer from/(to) asset held for sale (refer note 6)	760,280	(632,696)
Less: exploration costs expensed	(191,548)	(290,767)
Capitalised exploration costs at the end of the period	<b>44,320,413</b>	<b>24,143,794</b>

<sup>1</sup> Fair value of shares issued to acquire exploration permit application EPM 27554 in the Drummond Basin from Yacimiento Pty Ltd and to acquire EPM17850 from Native Mineral Resources Pty Ltd.

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2022**

**NOTE 9 RIGHT-OF-USE ASSETS**

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
Opening balance	176,239	-
Right-of-use asset additions	-	253,784
Depreciation expense	(42,297)	(77,545)
	<b>133,942</b>	<b>176,239</b>

The Group leases office space in Brisbane, Australia under an agreement for a term of 3 years.

**NOTE 10 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS**

	Consolidated	
	6 months to 31 December 2022 \$	Year to 30 June 2022 \$
Balance at the start of the period	1,634,642	3,516,640
Investments acquired – Consolidated Uranium <sup>1</sup>	-	2,287,075
Investments acquired – C29 Metals Limited <sup>2</sup>	250,000	-
Shares transferred <sup>3</sup>	-	(110,120)
Disposal of investments <sup>4</sup>	(1,889,214)	(1,581,022)
Fair value gain/(loss) on investment recognised through profit or loss <sup>5</sup>	254,572	(2,477,931)
Balance at the end of the period	<b>250,000</b>	<b>1,634,642</b>

<sup>1</sup> Fair value of fully paid ordinary shares received from Consolidated Uranium Inc. (a Canadian company listed on TSXV: CUR) as part consideration for the Milo Project.

<sup>2</sup> Fair value of fully paid ordinary shares received from C29 Metals Limited (ASX: C29) as part consideration for the Mayfield Project.

<sup>3</sup> Shares transferred to suppliers as consideration for services received.

<sup>4</sup> The fair value of shares sold.

<sup>5</sup> Adjustment to carrying value of investment in shares based on TSX closing price and the AUD/CAD exchange rates at the end of each reporting period. The loss on the investment has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Investments designated at fair value through profit or loss have been measured at Level 1 in the fair value hierarchy.

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2022**

**NOTE 11 TRADE AND OTHER PAYABLES**

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
<b>Current</b>		
Unspent funds received from farm-in partner	436,360	334,651
Acquisition costs payable <sup>1</sup>	12,500	12,500
Trade creditors <sup>2</sup>	509,810	1,934,172
Sundry creditors and accruals	65,006	400,234
Employee liabilities	96,456	148,645
Share subscription liability	-	24,525
Royalty payable	-	59,563
	<b>1,120,132</b>	<b>2,914,290</b>

<sup>1</sup> Acquisition costs payable to Drummond Gold Limited pursuant to the acquisition of Mt Coolon Gold Mines Pty Ltd.

<sup>2</sup> Trade payables are non-interest bearing and are normally settled on 30 day terms.

**NOTE 12 LEASE LIABILITIES**

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
Current liability	86,893	84,033
Non-current liability	53,068	97,460
Total lease liabilities	<b>139,961</b>	<b>181,493</b>
	<b>6 months to 31 December 2022 \$</b>	Year to 30 June 2022 \$
<b>Movement in lease liabilities</b>		
Opening balance	181,493	-
Increase in liability on new lease	-	253,784
Principal repayments	(41,532)	(72,291)
Lease liabilities at the end of the period	<b>139,961</b>	<b>181,493</b>

During the current reporting period, \$2,810 interest expense on leases was recognised in the Statement of Profit or Loss and Other Comprehensive Income.

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2022**

**NOTE 13 BORROWINGS**

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
<b>Current</b>		
Secured loan <sup>1</sup>	33,917	32,344
Insurance premium funding	87,923	-
	<b>121,840</b>	<b>32,344</b>
<b>Non-Current</b>		
Secured loan <sup>1</sup>	17,885	35,250
Convertible note liability <sup>2</sup>	9,889,194	-
	<b>9,907,079</b>	<b>35,250</b>
 Total Borrowings	 <b>10,028,919</b>	 <b>67,594</b>

<sup>1</sup> The Company has entered into loan agreements to finance vehicles/mobile equipment at the White Dam project. The loans have a term of 3 years and are secured over the assets financed, which have a net book value of \$83,575 at 31 December 2022 (30 June 2022: \$89,978).

<sup>2</sup> The Company entered into a convertible note agreement during the reporting period for funding of up to \$10,000,000 via the issue of two convertible notes each with a face value of \$5,000,000. The convertible notes were issued on 21 October 2022 and 30 December 2022. Each note is due for repayment 3 years after its issue date.

Interest on the convertible notes is calculated at 10.5% per annum and is paid monthly in advance for the first 12 months from issue date. The remainder of the interest due has been prepaid and is classified as Prepayments on the Statement of Financial Position (current: \$87,500; non-current \$2,012,500).

The outstanding face value of the notes is convertible at any time by the holder into fully paid ordinary shares in the capital of the Company at a conversion price of \$0.0875. The convertible notes are secured by way of a mortgage over property of Mt Coolon Gold Mines Pty Ltd (which holds the Mt Coolon Gold Project) and Straits Gold Pty Ltd (which holds the Yandan Project).

The value of the notes has been split between the financial liability and an equity component, representing the residual attributable to the option to convert the financial liability into equity.

The carrying value of the convertible loan as at 31 December 2022, based on a discount rate of 11.2%, is calculated as follows:

	31 December 2022 \$
Balance at beginning of reporting period	-
Proceeds from drawdowns	10,000,000
Amount classified as equity	(110,806)
Balance at the end of the reporting period	<b>9,889,194</b>

**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2022**

**NOTE 14 PROVISIONS**

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
<b>Current</b>		
Royalty Provision <sup>1</sup>	98,964	-
<b>Non-Current</b>		
Rehabilitation Provision <sup>2</sup>	12,571,391	11,509,687
Royalty Provision <sup>1</sup>	1,920,059	2,355,618
	<b>14,491,450</b>	<b>13,865,305</b>

<sup>1</sup> Provision for royalty payments on the acquisition of the White Dam Gold Copper Project.

<sup>2</sup> During the reporting period, the value of the rehabilitation provision for the Yandan project was increased by approximately \$2.8 million to \$9.67 million which represents the Estimated Rehabilitation Cost (ERC) as advised by the Department of Environment and Science (DES). Whilst the Group has recognised the entire value as calculated by DES, the Group has submitted an application for an order under section 539B of the Environmental Protection Act to stay the operation of the Original Decision as confirmed by the Review Decision pending the resolution of the appeal or further order of the Land Court. This process is ongoing at this time.

The present value of the provision for future rehabilitation costs was reassessed during the reporting period, resulting in a reduction of the rehabilitation provision of \$1,843,010. This effect of discounting on the provision is recognised in the Statement of Profit or Loss and Other Comprehensive Income as financing income.

**NOTE 15 ISSUED CAPITAL**

	6 months to 31 December 2022 #	Year to 30 June 2022 #	6 months to 31 December 2022 \$	Year to 30 June 2022 \$
At the beginning of the period	522,928,466	433,246,182	62,217,473	53,575,033
Shares issued to acquire tenements <sup>1</sup>	-	3,562,500	-	460,000
Share placement	31,369,262	74,000,000	1,669,540	7,400,000
Exercise of options	8,380,893	11,989,349	654,816	1,199,188
Exercise of rights	86,957	130,435	10,000	15,000
Costs related to share issues	-	-	(71,067)	(431,748)
At the end of the period	<b>562,765,578</b>	522,928,466	<b>64,480,762</b>	62,217,473

<sup>1</sup> Shares issued for the acquisition of exploration permit applications from Yacimiento Pty Ltd and an exploration tenement from Native Mineral Resources Limited.

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**Notes to the Condensed Consolidated Financial Statements**  
**For the half-year ended 31 December 2022**

**NOTE 16 SHARE BASED PAYMENTS**

Options

Following shareholder approval, the Company issued 8,000,000 unlisted options to the Managing Director. The options are exercisable at 6.9 cents each, vested on issue and expire on 1 December 2026.

The options were valued using the Black-Scholes option model using the following inputs:

Date of grant	Number of options	Exercise price	Expiry period	Share price at grant	Risk free rate	Volatility	Valuation of options
30 Nov 2022	8,000,000	\$0.069	4 Years	\$0.048	3.28%	73%	\$184,704

The fair value of options is apportioned over the vesting period of the options. A total expense of \$197,401 has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 December 2022 in respect of options whose value is being brought to account over their vesting period.

During the reporting period, 8,000,000 unquoted employee options and 380,893 loyalty options vested, and 38,738,706 loyalty options were cancelled.

Subsequent to the end of the reporting period, 4,200,000 unquoted employee options and 38,738,706 unquoted options (priority entitlement offer) were issued. No options were exercised and 1,880,000 employee options were cancelled subsequent to the end of the reporting period.

Performance rights

During the reporting period 85,957 performance rights were exercised and 395,000 performance rights vested. No performance rights were issued or cancelled.

The fair value of performance rights is apportioned over the vesting period of the rights. A total expense of \$40,272 has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income for the period ended 31 December 2022 in respect of performance rights whose value is being brought to account over their vesting period.

**NOTE 17 FAIR VALUE**

The carrying amount of the financial assets and financial liabilities that are recognised in the condensed consolidated financial statements approximate their fair values.

The methods and valuation techniques used for the purposes of measuring fair value are unchanged from the previous reporting period.

**NOTE 18 DIVIDENDS**

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2022.

Notes to the Condensed Consolidated Financial Statements  
For the half-year ended 31 December 2022

**NOTE 19 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*

Minimum expenditure requirements for the following 12 months on the Group's exploration licences as at 31 December 2022 are approximately \$3.2 million.

**NOTE 20 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 6 February 2023, the Company announced the termination of the agreement with Smartset Services Inc. (Smartset) for the sale of the Mount Morgan Gold Copper Project Tenements due to Smartset's inability to complete the capital raising condition precedent by the agreed date.
- On 7 February 2023, the Company issued 38,738,706 options under the Priority Option Offer, to raise \$193,694 (before costs). Each option has an issue price of \$0.005, is exercisable at \$0.075 and expires on 7 February 2025.
- On 20 February 2023, the Company issued 4,200,000 options under the Company's Share and Option Plan. Each option is exercisable at \$0.061 and expires on 19 February 2027.
- On 10 March 2023, the Company announced the sale of its remaining 50% interest in the Malmsbury Gold Project to Novo Resources Corp (Novo). The sale includes cash consideration of A\$1,000,000 plus the issue of 4,037,872 Novo shares and 2,018,936 Novo options (warrants). The Novo shares and options will be escrowed for a period of 12 months from settlement.

**Directors' Declaration**

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

- (a) the attached interim financial statements and notes thereto 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 2022 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 15<sup>th</sup> day of March 2023.



**Peter Rohner**  
**Managing Director**



## **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 2022, 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 information, 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 does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 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*.

#### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Material uncertainty related to going concern*

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

#### *Responsibility of the directors for the 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.

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*Auditor's responsibility for the review of the financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2022 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**15 March 2023**



**M R Ohm**  
**Partner**

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