



ACN 124 752 745

ANNUAL REPORT

For the year ended 30 June 2010

GBM Resources Limited

ABN 44 124 752 745

Contents

	Page
Corporate Directory	1
Chairman's Report	2
Review of Operations	3-14
Tenement Schedule	15
Corporate Governance Statement	16-21
Directors' Report	22-29
Auditor's Independence Declaration	30
Consolidated Statement of Comprehensive Income	31
Consolidated Statement of Financial Position	32
Consolidated Statement of Changes in Equity	33
Consolidated Statement of Cash Flows	34
Notes to the Financial Statements	35-57
Directors' Declaration	58
Independent Auditor's Report	59-60

GBM Resources Limited

ABN 44 124 752 745

Corporate Directory

Directors

Peter May
Non-Executive Chairman

Peter Thompson
Managing Director

Cameron Switzer
Non-Executive Director

Neil Norris
Executive Director – Exploration Director

Company Secretary

Kevin Hart

Registered Office

Suite 8, 7 The Esplanade
Mt Pleasant WA 6153
AUSTRALIA
Telephone: +61 8 9316 9100
Facsimile: +61 8 9315 5475

Principal Place of Business

Suite 8, 7 The Esplanade
Mt Pleasant WA 6153
AUSTRALIA
Telephone: +61 8 9316 9100
Facsimile: +61 8 9315 5475

Exploration Office

10 Parker Street
PO Box 658
Castlemaine VIC 3450
AUSTRALIA

Auditors

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

Share Registry

Advanced Share Registry Services
150 Stirling Highway
Nedlands WA 6009
AUSTRALIA
Telephone: +61 8 9389 8033
Facsimile: +61 8 9389 7871

Stock Exchange Listing

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

Solicitors

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

Website and e-mail address

www.gbmr.com.au

Email: admin@gbmr.com.au

GBM Resources Limited

ABN 44 124 752 745

Chairman's Report

Dear Shareholder

On behalf of the Directors of GBM Resources ("GBM" or "the Company"), it gives me great pleasure to summarise the Company's activities and achievements for the year.

During the year, our main focus was exploration at the Brightlands Copper Gold Project, where our initial drilling program at the Milo Prospect intersected significant polymetallic IOCG mineralisation. The drilling program showed significant results for gold, silver cobalt, molybdenum and uranium, we are very encouraged by these results and further drilling will be undertaken in late 2010. Results from the Tiger prospect were also encouraging, and confirm that it has many key features associated with an IOCG system in this region, and subsequently further work is also planned at Tiger in late 2010.

Our growth strategy includes securing additional prospective ground in the Mt Isa region of North Queensland which is a world-class mineral province with significant potential. We were able to expand our footprint in the region by applying for a number of exploration licences applications and in particular the Highway tenement that is adjacent to our Milo prospect at Brightlands.

Our field success at the Malmsbury Gold Project has continued with the results of exploration activities, supporting our view that the Malmsbury Gold Project is emerging as a potential major gold system.

In a significant announcement, we signed a binding Farm-in Agreement with Japan's Pan Pacific Copper (PPC), one of the world's largest buyers of copper concentrate and a leading producer of copper products, primarily sold to China and other Asian countries. This joint venture relates to five project areas in the Mount Isa region. Under the Farm-in Agreement PPC could spend up to A\$55 million on project exploration and development. During the initial Farm-in period, we will manage all exploration activities on the projects on behalf of PPC.

The signing represents a major step forward in realizing value from our extensive tenement portfolio at Mount Isa that could generate significant benefits for shareholders.

The recent conclusion of a sale of a 70% interest in our phosphate project is another example of creating value in our portfolio by partnering with strategic investors, in this case the sale was structured to include a significant placement at a premium to market price, ensuring that the Company has sufficient working capital to fund an exciting exploration program for the year ahead.

The outlook for the Company for the next financial year is solid with exploration activities fully funded for 2011.

We continue to build upon the successes achieved in 2010 in line with our long term growth strategy.

On behalf of the Board we thank you for your ongoing continued support and look forward to sharing another successful year with you.

Yours sincerely,

Peter May
Chairman

GBM Resources Limited

ABN 44 124 752 745

Review of Operations

2010 Highlights Summary

During the year there has been considerable exploration activity by GBM Resources ("GBM") across its suite of projects. In addition GBM has also strengthened its position, through the signing of a major farm-in agreement with Pan Pacific Copper.

GBM also remains focused on ensuring that its management and governance systems provide the capacities required by the company to achieve its goals and to comply with all of the required laws, standards and codes.

Highlights for the year included:

➤ **Brightlands Copper Gold Project**

Exploration focus for the year has been on the Company's premier Brightlands Copper Gold Project which lies in the Eastern Succession of the Mount Isa Region and is recognised as the key host for Iron Oxide Copper Gold (IOCG) targets in the region.

Exploration during the year has resulted in the following outcomes:

1. **Milo Prospect** - Initial drilling at Milo Prospect has returned significant polymetallic intersections containing copper, gold, uranium, cobalt and molybdenum. Drilling has confirmed that this is a IOCG system with significant size potential.
2. **Tiger Prospect** - The T1 target drilling results confirm the downward continuation of the structural zone with associated copper bearing sulphide mineralisation and alteration. The structure is deep rooted and capable of tapping mineralisation at depth and work is underway to determine targets for further drill testing for economic Cu-Co-Au mineralisation. Results to date at T1 have confirmed many key features associated IOCG system in this region and justify further work.

The significant SAM and soils results on T2 together with T4 are key Tiger targets and planning is underway for an initial drilling program.

3. **Brightlands Footprint Expanded** - Strategic exploration licence applications around the Brightlands Project footprint have been applied for and in particular the Highway tenement which is adjacent to the Company's Milo prospect. Total Brightlands area is over 490 square kilometres. The Brightlands Project lies on the Cloncurry Flexure, an important control for mineralisation in the area. The project has high potential for a new mineral discovery.
4. **Magpie Mining Lease Option** - The Company signed a binding Option Agreement to acquire 100% of the "Magpie" mining license ML2643 located South-East of GBM's Brightlands Copper Gold Project in North-West Queensland.

The Magpie mining lease provides a strategic holding for GBM as it lies on the South East continuation of the geological trend hosting the Rocklands Cu-Co deposit and consolidates the Company's exploration activities in the Tiger prospect area. The project has high potential as an oxide copper deposit.

➤ **Pan Pacific Copper Co Limited Sign A\$55 million Farm-in Agreement**

A binding Farm-in Agreement with Pan Pacific Copper was signed on 12 April 2010 in relation to five project areas in the Mt Isa region of North Queensland. Under the Farm-in Agreement, Pan Pacific may spend up to A\$55m on the development of new copper-gold exploration and mining projects in North West Queensland.

GBM Resources Limited

ABN 44 124 752 745

Review of Operations

➤ **Malmsbury Gold Project, Victoria**

Results from the Diamond hole drilling confirmed that the Malmsbury Gold Project is an Intrusion-Related Gold System (IRGS) and is part of a large IRGS centred on Belltopper Hill. The extent of the hydrothermal system is in excess of 4km in strike length and the drilling confirmed the potential depth in excess of 1km.

Previous exploration by GBM has highlighted the potential for substantial gold resources to be hosted in structurally controlled zones in the Malmsbury Goldfield which has an initial Inferred Resource containing 104,000 ounces of gold at an average grade of 4.0 g/t.

The results of exploration activities support the conclusion that the Malmsbury Gold Project is emerging as a potential major gold system.

➤ **Safety Health and Environment**

The company had one LTI for the financial year and has completed 30 months with no significant environmental incidents. GBM will continue to target zero injuries and environmental incidents in line with the company's management policy.

1.0 Exploration Strategy

GBM has now completed two full years of operations at the end of the Financial Year 2010. The Board continually reviews the Company's key drivers to ensure success in achieving its strategy of discovering new mineral deposits. The key drivers are outline as follows:

Focus on the discovery of world class gold and copper gold deposits.

Targeting areas of mineralisation where there has been previous exploration and nearby historic or current mineral production.

Discovery of a new deposit in GBM's portfolio of assets is the key to adding significant value to shareholders.

Current exploration assets are on the way to achieving this outcome.

Applying a systems approach to mineral exploration.

In many instances previous exploration has focussed on small scale prospect level evaluation and failed to understand the broader geological environment or system which is essential to determine the likelihood of major deposits occurring, and provide vectors to their location and style.

Exploring in regions with historic production offer higher probability of new discovery.

Exploration success in recent decades has been strongly biased to regions with an established mining history. GBM's current projects lie in such regions or areas where recent geological interpretation indicates extension of known mineral provinces. Our focus to date has been toward regions of Eastern Australia, apart from being highly prospective from a mineral exploration perspective, offer the opportunity to acquire quality tenure in areas with good infrastructure and access to a experienced workforce.

Strengthen GBM's executive and technical capabilities

Our technical team along with a group of specialist consultants form the core of GBM's business, and is essential for a successful mineral exploration. The Board believe that highly experienced and highly motivated people are the cornerstone for successful exploration, something the Company believes will assist its development and growth plans in the coming years

Maximising in ground exploration expenditure

GBM operates from a small exploration base in regional Victoria, minimising Company overheads.

GBM Resources Limited

ABN 44 124 752 745

Review of Operations

2.0 Introduction

GBM is a mineral exploration company dedicated to the search for world class gold and copper–gold deposits in Australia. GBM currently hold licences and applications covering an area greater than 4300 square kilometres in eight major project areas in Queensland and Victoria. All projects are located in areas with a pedigree of discovery of significant gold and copper-gold deposits and contain high quality targets. With funding in place to test many of these targets GBM has an excellent prospect of discovery of one or more world class deposits within this high quality tenement package.

During 2010 exploration activity focussed heavily on the Brightlands Copper Gold Project in the highly prospective Mount Isa Region of Queensland.

GBM holds four other major tenement groups in this region which form part of the A\$55 million Farm-in Agreement with Pan Pacific Copper, a joint venture between major Japanese mining Houses, Nippon Mining & Metals Co Ltd and Mitsui Mining & Smelting Co Ltd. Projects subject to this agreement include the Talawanta-Grassy Bore Project, Bungalien Project and Mount Margaret Project in Queensland. This significant agreement will facilitate exploration of areas for undiscovered world-class IOCG style deposits, spreading the risk, accelerating the program and increasing the likelihood of discovery in the short to medium term.

Also in Queensland, GBM continues to build a strategic tenement base in the Mount Morgan Region. GBM now holds over 800 square kilometres in this region with five exploration permits and applications as part of the Dee Range Project. This project is proximal to the world-class Mount Morgan copper-gold deposit and is without question some of the most prospective and unexplored exploration areas in Australia today.

In Victoria a deep diamond drill hole in the Malmsbury Gold Project has confirmed that an intrusive Related Gold System (IRGS) is present in the area. The Malmsbury Gold Project is located in the Bendigo zone of Victoria which has produced over 70m ounces of gold and hosts the well documented slate belt style deposits, and also the highly profitable fine gold deposit at Fosterville. In addition two new licences have been applied for at Yea in Eastern Victoria where strong evidence exists to support the potential for the existence of IRGS deposits. In Western Victoria, the Willaura Project is located in prospective structures in the Mt Stavely belt that is a highly under explored volcanic belt, possibly the continuation of the prolific Mount Read Volcanics in Tasmania.

Exploration activities continue to be based at a regional office established in the rural city of Castlemaine in Central Victoria providing ideal access to GBM's Victorian Projects. The Company has in place an experienced technical team supported by consultants both local and interstate as required. The rural location provides a cost effective and practical base for the Company's exploration activities which has been vital in GBM growth in a time of global uncertainty.

In the year to 30 June 2010, GBM has completed drilling programs at its Brightlands Copper Gold Project in Queensland focussing on the Milo, Tiger and Tambourine Prospects. Thirty seven reverse circulation and six diamond drill-holes have been completed for totals of 5291 metres and 973 metres respectively. Soil sampling has also been completed at Milo and Tiger Prospects and extensive rock chip sampling at Highway and Yanasinga Prospects on the Brightlands Copper Gold Project, also at the Ulam Prospect in the Mount Morgan Region in Queensland. A significant data base relating to these tenements continues to grow as new tenements are acquired and data becomes available.

The Company is well funded with approximately A\$3.5 million in cash at the date of the Annual Report, sufficient for GBM's current and future planned exploration programs to proceed as planned.

GBM Resources Limited

ABN 44 124 752 745

Review of Operations

3.0 Queensland Projects

‘Mount Isa – nothing else on earth measures up’

The Company has continued to expand and consolidate tenement holdings in all project areas in the Mount Isa and Mount Morgan regions throughout the financial year. Exploration on tenements in the Mount Isa Region remained the main focus with an accelerated program, particularly at the Brightlands Copper Gold Project where positive signs of IOCG style mineralisation have been confirmed in drilling at the Milo and Tiger Prospects. In addition, the signing of a major farm-in agreement with Pan Pacific Copper further validates the company's assessment of the potential of this tenement package and provides funding to accelerate exploration of the Talawanta-Grassy Bore, Mount Margaret and Bungalien projects. These properties provide a compelling opportunity for GBM to realise its goal of discovery of a world-class copper-gold deposit. Drilling results returned during 2010 further confirm the potential and value of this portfolio of mineral tenements.

The Proterozoic Mount Isa Block is recognised as one of the most fertile provinces on earth for the discovery of metallic mineral deposits. The concentration of world-class deposits is unrivalled - **nothing else on earth measures up**. The Mount Isa Inlier contains four of the world's ten largest zinc deposits, three lead deposits and three of the ten largest silver deposits. There are also numerous copper deposits with twenty four deposits each containing over 400,000 tonnes of copper including (three deposits that contain over 1 million tonnes of copper) and fifteen deposits are hosted by the Eastern Fold Belt. Most of these deposits (and all of those hosted in the Eastern Fold Belt) contain economically significant levels of associated gold mineralisation. (Queensland Department of Minerals and Energy, Taylor Wall & Associates, SRK Consulting Pty Ltd & ESRI Australia, 2000: North West Queensland Mineral Province Report. Queensland Department of Minerals and Energy, Brisbane. Queensland Minerals, a Summary of Major Mineral Resources, Mines and Projects, Fourth Edition. Queensland Department of Minerals and Energy, Brisbane)

The recent mineral exploration boom has seen at least two more significant discoveries in the region, the Rocklands copper, gold, silver deposit, and possibly the world's largest and richest Mo-Rh deposit at Merlin, South of Cloncurry in Queensland. Prior to this the last major new discovery was Ernest Henry in 1991. As a direct result of low levels of mineral exploration through the 1990's and early part of the new millennium, many areas have not been actively explored for almost two decades. In this time significant advances in understanding of ore deposit styles and exploration techniques have occurred. GBM will harness these advances, particularly in the application of electrical geophysical techniques in areas of cover, to further exploration of our tenements.

The most common deposit style in the Eastern Sequence remains Iron-Oxide-Cu-Au (IOCG), a deposit style that includes many very large deposits throughout the world, including the massive Olympic Dam Cu-Au-U Deposit in South Australia; however other styles including sediment hosted mineralisation are also represented in the region. In addition the area contains a number of Uranium occurrences.

The overlying sediments of the Georgina Basin continue to emerge as one of the world's major phosphate provinces with phosphate resources currently identified totalling over three billion tonnes. New deposits now at feasibility or construction stage continue to emphasise the potential of the area to be a long-term supplier of phosphate rock, vital to feed the growing world population. The phosphate market has been volatile over recent years, however the long-term outlook remains positive.

The Dee Range Project is located near the Mount Morgan Mine that produced over 400,000 tonnes of copper and 8 million ounces of gold. This area remains under-explored with very little work undertaken in the last 20 years.

3.1 Brightlands Copper Gold Project

Target: IOCG & ‘Tick Hill Au’ style deposits in the Eastern Fold Belt of the Proterozoic Mount Isa Inlier.

During the financial year additional applications have been lodged for key areas adjacent to the existing Brightlands exploration permit. The total area under licence and application (including competing applications) in the Brightlands Copper Gold Project is over 490 square kilometres.

GBM Resources Limited

ABN 44 124 752 745

Review of Operations

Gold and copper targets on the Brightlands Copper Gold Project area, located South West of Cloncurry have been a focus of exploration by the Company during 2010. During the year diamond and RC drill testing was completed at the Milo and Tiger prospects, and scout drilling was completed at Highway, Fine Gold Gully and Tambourine Prospects. A total of 43 drill-holes including 6 diamond drill-holes and 29 reverse circulation (RC) drill-holes were completed for a total of 2514metres of RC Drilling and 973metres of diamond drilling and 2777 metres of RC with diamond tails. Rock chip sampling was completed over the Milo, Highway and Yanasinga Prospect areas (424 samples), and further soil sampling in the Tiger Prospect area (1042 samples). Widespread mineral occurrences are considered to hold potential for IOCG and high-grade Tick Hill (Au) styles of mineralisation. Multiple exploration target areas have been identified by previous explorers. During the previous year a litho-structural review identified a total of 58 targets, both new and existing, based on structure, alteration and stratigraphic interpretation.

Most major copper gold deposits within the Mt Isa region are intimately associated with major fault zones and their detailed location determined by specific structural settings. This study identified several key regional structural features which may have been significant in focusing ore forming processes;

- Recognition that major East-North-East trending fault zones in the north of the tenement form part of the Cloncurry Flexure considered by the pmd*CRC to be a deep seated structure dating back to basin development and sedimentation.
- Confirmation that the Pilgrim Fault Zone is a long lived, deep seated, probable mantle tapping structure.
- The Wakeful Syncline is now interpreted as a major fault zone, possibly a back thrust linked to the Pilgrim Fault Zone and providing access for mantle derived fluids into the Brightlands Copper Gold Prospect area.
- The Milo Prospect area lies within a very extensive interpreted alteration and mineralising system, possibly with a buried granite at depth.

During the year a more detailed study of the northern Brightlands Tenement area built on this work.

A further study was undertaken this year specifically focusing on the Cloncurry Flexure. This study concluded that the Cloncurry Flexure is an important tectonic zone in the history of the Eastern Succession. There is ample evidence that structures within the zone are important controls on mineralisation. The Brightlands Copper Gold Project includes a significant lateral portion of the Cloncurry Flexure.

Drilling programs undertaken throughout the year is summarised below:

- **Milo & Milo West Prospects** - A total of 7 holes were drilled testing the strongly developed gossanous breccia zone defined by previous mapping and sampling. This drilling confirmed the existence of IOCG style mineralisation with significant results for Cu, Au, U, Co, Mo and Ag. Intersections are summarised in the table that follows below. GBM believe this is a large IOCG system with economically significant levels of poly-metallic mineralisation which will be further drill tested within the coming year.
- **Tiger Prospect** - A total of 17 drill holes testing the T1 and T3 targets have now been completed. Drilling has tested the T1 structure at relatively shallow depths over a strike length of 1.0 kilometre of a total 1.5 kilometres within GBM tenure. Intersections have generally been shallow and initial reverse circulation drilling was not always effective as a result of highly leached and broken ground with high water flows in the target structural zone. Results have confirmed highly anomalous levels of copper and cobalt mineralisation with alteration and structural features in keeping with IOCG style mineralization. Further structural and geophysical data will be collected to identify a clear target for further drilling.

Induced Polarisation (IP) and Sub Audio Magnetic (SAM) surveys completed in the Tiger area identified several targets for further evaluation for existence of IOCG style mineralisation. A strong IP resistivity and chargeability feature designated T2 has been tested and the anomaly is interpreted to relate to broad zones of disseminated magnetite and sulphide (dominantly pyrite with trace chalcopyrite). Additional SAM features designated T2, T4 and a further area identified by geological mapping, T5, have been covered by soil sampling. The T2 feature soil sampling has identified a clear copper anomaly and further exploration is being planned.

GBM Resources Limited

ABN 44 124 752 745

Review of Operations

- Tambourine Prospect** - A total of 13 drill-holes were completed testing a zone of highly anomalous copper mineralisation over a strike length of 1.3 kilometres identified from geological mapping and rock sampling. Of the thirteen holes drilled, ten intersected highly anomalous copper mineralisation. Zone 2 recorded peak values up to 13.8% copper and 2.6ppm for gold. Drilling at Zone 1 confirmed continuous copper mineralisation over a 600 m strike with levels up to 3.3% copper and 0.3ppm gold. A SAM geophysical survey has been completed to identify target zones of potential sulphide mineralisation for follow up drilling.

Significant intersections at the Milo Prospect

Hole ID	Interval	Length	Cu	Au	Co	Ag	Mo	U	Cu Equiv*
	m	m	%	ppm	ppm	ppm	ppm	ppm	%
BTD005	28 to 33m	5	0.25	0.02	97	0.6	4	14	0.3
BTD005	147.4 to 152m	4.6	0.27	0.17	313	1.9	239	217	0.9
BTD006	105 to 115m	10	0.15	0.06	145	3.2	74	55	0.4
BTD008	9 to 18m	8	0.60	0.04	428	0.4	26	91	1.0
BTD008	37 to 48m	12	0.21	0.09	272	0.8	69	69	0.5
BTD008	70 to 83m	13	0.26	0.02	153	1.5	8	10	0.4
BTD008	140 to 178.5m	38.5	0.32	0.10	276	4.1	220	195	0.9
BTD008	147.4 to 152m	6	0.59	0.13	262	6.7	160	170	1.2
BTD008	219 to 244m	25	0.20	0.05	28	0.7	19	8	0.3
BTD008	266 to 273m	7	0.23	0.11	206	0.5	86	55	0.5
BTD009	41 to 54m	13	0.46	0.20	549	17.5	228	205	1.4
BTD009	82 to 85m	3	0.25	0.10	300	1.5	83	80	0.6
BTD010	32 to 51m	19	0.31	0.15	282	7.7	197	125	0.9
BTD014	69 to 81m	12	0.32	0.15	168	1.6	68	96	0.7

* Copper Equivalent calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage. These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result. However it is the company's opinion that elements considered here have a reasonable potential to be recovered. It should also be noted that current state and federal legislation may impact any potential future extraction of Uranium. Prices and conversion factors used are summarised below, rounding errors may occur.

Commodity	Price	Units	unit value	unit	Conversion factor (unit value/Cu % value)
copper	6836	US\$/t	68.36	US\$/%	1.0000
gold	1212	US\$/oz	38.97	US\$/ppm	0.5700
cobalt	40000	US\$/t	0.04	US\$/ppm	0.0006
silver	18	\$/oz	0.58	US\$/ppm	0.0085
uranium	40	US\$/lb	0.08	US\$/ppm	0.0012
molybdenum	38000	US\$/t	0.04	US\$/ppm	0.0006

3.12 Magpie Mining Lease (ML 2643)

The Company signed a binding Option Agreement with Lawlor Contracting Pty Ltd to acquire 100% of the "Magpie" mining license ML2643 located South East of GBM's Brightlands Copper Gold Project in North-West Queensland.

The Magpie mining lease provides a strategic holding for GBM as it lies on the South East continuation of the geological trend hosting the Rocklands copper gold deposit and consolidates the Company's exploration activities in the Tiger prospect area. The lease is located about 7km South East of the Tiger prospect.

Historically the Magpie mining lease was shallow pit mined for high-grade copper oxide ore and shipped to Mt Isa by road for processing in the 1980's. Little exploration has been completed on the mining lease and the prospect has high potential as an oxide copper deposit.

GBM Resources Limited

ABN 44 124 752 745

Review of Operations

The key terms of the Option Agreement are:

1. First Option Fee payment of A\$15,000 for an initial six months period.
2. Extension to the First Option period with a further payment of A\$30,000 for an additional six months.
3. If GBM exercise the Option to purchase 100% of the Magpie mining lease, GBM will pay a cash consideration of A\$150,000 and issue of one million GBM fully paid ordinary shares to Lawlor Contracting Pty Ltd.

3.2 Bungalien - Horse Creek Project

Tenement area now held under application and granted licences expanded to over 720 square kilometres with applications lodged to cover additional target areas for both IOCG and sediment hosted phosphate mineralisation throughout the financial year. The Phosphate rights are subject to a joint venture agreement with Swift Ventures Pty Ltd, and the basement IOCG mineralisation is subject to a Farm-in Agreement with PPC (refer to section 5).

Target: IOCG Style deposits in the Eastern Fold Belt of the Mount Isa Inlier.

Previously a review of available exploration confirmed strong magnetic anomalies as targets for potential IOCG style mineralisation on Bungalien, Malbon2 and Horse Creek tenements. The Company's review has identified six discrete magnetic anomalies under cover of the Georgina Basin which comprises between 100 to 500 metres of sediment cover.

Lag sampling on Malbon2 returned a clear +400ppm Cu anomaly which is interpreted to represent a significant 'leakage' of bedrock geochemistry through more than 100 metres of the overlying Georgina Basin sediments. This anomaly lies on a major north-easterly trend identified in the regional magnetic image, and is interpreted as being underlain by the Wimberu Granite. The outcropping Wimberu Granite hosts a number of historic Cu-Au-U occurrences and is being actively explored by other companies.

Target: Sediment hosted Phosphate Mineralisation

Phosphate mineralisation is widespread in the Beetle Creek Formation which outcrops near the margin of the Cambrian Georgina Basin sediments in the Bungalien – Horse Creek Project area. The Cambrian Georgina Basin cover sequence in the area has potential to host phosphate deposits similar to the Phosphate Hill Mine located some 70 km south of the Bungalien tenement.

Drilling soil sampling and reverse circulation (RC) drilling completed in the previous year by GBM has successfully delineated phosphate mineralisation in the prospective Beetle Creek Formation of the Georgina Basin. This program demonstrated the continuity of the Beetle Creek Formation throughout the project area; this sedimentary rock sequence is the key host to phosphate mineralisation within the Georgina Basin. Of 17 RC holes drilled, 5 returned peak values in excess of 10% P₂O₅ and two eastern most holes returned peak values of more than 22% P₂O₅. Interpretation of the drilling results demonstrates that the project area contains some 16 square kilometres of the Beetle Creek Formation within a depth of 50 metres from surface and over a strike length of 9 kilometres. The drilling intersections confirm a very flat lying orientation for the mineralised Beetle Creek Formation, which most holes intersected between 40 to 50 metres down hole.

Work to date has confirmed the potential of the Bungalien project area to host significant phosphate mineralisation. In addition, the project is ideally supported by a road and rail corridor through its tenement boundary, enhancing potential future development options.

3.3 Talawanta - Grassy Bore Project

Target: IOCG Style deposits under cover in the Eastern Fold Belt of the Mount Isa Inlier.

During the financial year applications for additional areas were lodged to include additional targets and to assist in a rationalisation of this tenement group. The total area under application in this project is over 900 square kilometres. This project is subject to a Farm-in Agreement with PPC (refer to section 5).

GBM Resources Limited

ABN 44 124 752 745

Review of Operations

Talawanta and Grassy bore licence areas are centred on a north trending linear magnetic complex interpreted to represent a feature in the underlying Proterozoic basement (extension of Mount Isa Inlier under cover). The magnetic complex is locally extremely intense, particularly given the depth of the cover sequence which would tend to mask the magnetic response. Previous drilling has confirmed the presence of widespread copper mineralisation and associated hydrothermal alteration. This region is outside the outcropping Mount Isa Inlier under the Carpentaria Basin cover sequence, in this area reported to be 300 to 600m thick.

Talawanta is centred on a major magnetic anomaly which is the most intense anomaly in the district next to Ernest Henry. The magnetic anomaly is 15km x 7km in area. The anomaly has been drill tested by three drill holes which intersected alteration and zones of Cu–Au mineralisation.

The magnetic anomaly is clearly associated with alteration and the potential for discovering IOCG style mineralisation is considered high.

Grassy Bore is centred on a series of bull's eye magnetic and gravity features. Limited drilling has confirmed the presence of alteration and weak mineralisation. The depth of cover is reported as around 300 metres. Grassy bore also contains valid targets for IOCG style mineralisation.

Both areas contain significant geophysical anomalies capable of hosting world class IOCG style deposits.

3.4 Mount Margaret Project

Target: IOCG Style deposits under cover in the Eastern Fold Belt of the Mount Isa Inlier.

These tenements are situated in the same geophysical and geological domain as the Ernest Henry Cu-Au Mine currently operated by Xstrata Plc. During the year moves were initiated to consolidate the fragmented tenement holding with several additional areas also acquired under exploration permit applications. This project is subject to a Farm-in Agreement with PPC (refer to section 5).

Compilation of historic exploration data completed throughout this year concluded that multiple IOCG style targets remain to be adequately assessed, and that although the area is considered a 'mature' exploration project, much previous drill testing failed to penetrate more than a short distance (if at all) into the Proterozoic basement. This suggests that following careful research and collection of supplementary geophysical data, deeper, targeted drilling is warranted.

This tenement group is centred on a series of magnetic anomalies that surround prospective granites. The area also contains extensive geochemical targets (Cu, Au), though the relationship with basement magnetic features has not been established in our review to date. It is a highly mineralised district with Ernest Henry and Mt Margaret deposits located nearby.

3.5 Dee Range Project

Target: Intrusive Related Copper Gold deposits near Mt Morgan

GBM has continued to add to an already substantial strategic tenement holding in the Mount Morgan region of Queensland. The initial license, EPM 16057 has been supplemented by four additional licenses and applications with the total tenement holding in the area now covering some 800 square kilometers. The project area contains at least ten significant exploration targets with considerable exploration upside. During the year a soil sampling program was completed over the Ulam magnetic anomaly on the Mt Morrissey EPM 17163. A total of 318 soil samples were collected in two separate campaigns at the Mt Ulam region covering a large geological anomaly defined by the development of an unexplained intense magnetic low. This is interpreted to represent a potential alteration zone adjacent to a high level porphyry intrusive style of system observed in several gold deposits to the south in the Mt Rawdon district. Results from the soil geochemistry contain anomalous Gold and Arsenic with peak values of 85ppb Au and 330ppm As. The size of the anomaly is suggestive of a potential large scale intrusive related complex. The Ulam target is high priority based on geophysical signature and historic workings.

The Mount Morgan Au-Cu mine yielded approximately 8 million ounces of gold and over 420,000 tonnes of copper. A total of 50 million tonnes of ore was treated at an average grade of 5.9 g/t Au and 0.7% Cu making Mount Morgan a world class deposit which remains a highly attractive exploration target.

GBM Resources Limited

ABN 44 124 752 745

Review of Operations

Detailed review of previous exploration reports has identified a number of target areas on the basis of available geochemical, geophysical and geological data. Research has also identified a very strong geochemical trend defining a corridor including the Mount Chalmers Au deposit near Rockhampton and the Mount Morgan Au-Cu Deposit adjacent to our tenement areas. This corridor is also noted in lineament analyses indicating that it may reflect a fundamental crustal feature contributing to mineralisation at a regional scale.

4.0 Victorian Projects

The resurgence of gold mining in Victoria continued throughout 2010 with Fosterville Gold Mine posting record production levels and, Stawell and Bendigo Gold mines in Central Victoria all operating profitably and producing in total at a rate of over 220,000 ounces of gold per annum. In addition mine development is earmarked to continue at the Ballarat Gold Mine and at Morning Star (which produced its first gold for many years during 2010) and A1 mines in Eastern Victoria and numerous other projects now receiving exploration funding. Victoria remains a world-class gold province and has a long history of gold production commencing in the 1850's with total production 80M ozs which represents almost 2% of all recorded gold production. Whilst the contribution from quartz vein related styles is well known, other styles have made substantial contributions including sulphide lode style (with a granite related component) at Stawell, intermediate dyke hosted mineralisation in the Woods Point - Walhalla Belt and recent work at Fosterville has highlighted the existence of a substantial gold field with a gold endowment at this time approaching 4M ozs and growing as exploration continues.

Recent geological research on both sides of Bass Strait continues to highlight the likely geological links between Tasmania and Victoria, with a possible relationship between the Mount Read Volcanic Belt in Tasmania and the Mount Stavelly Zone in western Victoria. The Mount Read Volcanics are host to numerous deposits and deposit styles including the Mount Lyell Copper Mine (>1Mt Cu, 1.4M ozs Au), Henty Gold Mine and Beaconsfield Gold are moving toward releasing a maiden resource of 47,000 tonnes of contained copper (10.6 million tonnes at 0.45% copper) for the wholly owned Thursdays Gossan oxide deposit. Exciting gold results have also been reported recently, associated with the mineralised porphyry east of the copper deposit.

4.1 Malmsbury Project

Target: Intrusive Related Gold System (IRGS) in Central Victoria.

A one kilometre deep diamond drill hole was completed this year with assistance from the Victorian Government RDV grants programme. Results from the deep diamond hole, MD012 strongly support the conclusion that the Malmsbury Gold Project is part of a large Intrusive Related Gold System (IRGS) centred on Belltopper Hill. The extent of the hydrothermal system is in excess of 4km in strike length and this drilling confirms the potential depth in excess of 1km. Gold mineralisation was widespread throughout the hole. Of the 145 samples of mineralised material analysed over half contained between 0.1g/t Au to greater than 2 g/t Au. Mineralised samples analysed contained the suite of metals which is characteristic of an IRGS and include; Tungsten, Molybdenum, Bismuth, Tellurium, Antimony and Arsenic. Tungsten is associated with gold mineralisation as the mineral scheelite throughout the hole and increases in abundance at depth with a peak value of 4930ppm (0.49%) at 838 m downhole. Copper and silver are notably more abundant at deeper levels with peak values of 1.2% and 22ppm respectively at 714m downhole. Molybdenum, Bismuth and Tellurium are also present at lower levels (peak levels 88ppm, 300ppm and 2.2ppm respectively).

The success of this hole in demonstrating the existence of an IRGS at Malmsbury provides confidence to target the area for this economically significant class of deposit. Importantly, gold mineralization was encountered at depths of up to 950 metres in this hole and confirms the potential for gold mineralization to depths of at least one kilometre in this gold field.

The Malmsbury Gold Project covers the locations of Belltopper Hill and the historical Drummond North Goldfield. Work completed in 2008 has resulted in the Leven Star inferred resource on Belltopper Hill increasing to 800,000 tonnes at an average grade of 4.0 g/t gold containing 104,000 ounces of gold using a 2.5g/t gold cut off. The resource remains open at depth and along strike. The Leven Star deposit can be described as a distinctive gold-sulphide association and sulphide-carbonate alteration similar to gold mineralisation at Northgate's Fosterville gold mine which now has a known gold endowment of 4 million ounces.

GBM Resources Limited

ABN 44 124 752 745

Review of Operations

The historical Drummond North Goldfield produced 98,000 tonnes of ore at an average grade of 29g/t in the late 19th century and has had little targeted exploration activity, and remarkably, no record of drilling has been located to date. Many zones remain to be drill tested and resources evaluated. The Drummond North Goldfield includes a number of structurally controlled mineralised zones which are significant and hold similarities to the Belltopper Hill mineralisation suggesting that these too are part of a large IRGS.

The Malmsbury Gold Project is distinctly different from the typical central Victorian Slate Belt style deposits. Key differences include; association of gold with the disseminated auriferous arsenical sulphide minerals, elemental associations, disseminated and stockwork gold host and fine grained gold distribution.

The results of the deep diamond drill-hole in conjunction with other exploration data confirm that the Malmsbury Gold Project has the potential to emerge as a major gold system hosting capable of hosting significant gold deposits.

4.2 Willaura Project

Target: Intrusive Related Cu-Au Deposits in Western Victoria

The Willaura Project is located within the Stavelly Zone of Western Victoria which has been interpreted as a possible continuation of the Mount Read Volcanic Belt in Western Tasmania. The Stavelly Zone contains a number of well known copper and base metal occurrences including the Thursdays Gossan intrusive related gold deposits (IRGD) which has returned up to 229 metres averaging 0.22% Cu in previous drilling. BCD Resources NL (previously Beaconsfield Gold NL) have published an inferred resource in a supergene deposit with a strike length of 1200 metres, width up to 500 metres and sixty metres thick containing 47,000 tonnes of copper. Drilling by BCD Resources (BCD) has returned high grade primary (chalcopyrite) intersections including 4.2% Cu and 1.1 g/t Au over 7.7 metres in the primary zone below the defined supergene resource. Elsewhere in the region BCD Resources has discovered high grade gold mineralisation associated with porphyry intrusions. The link to the Mount Read Volcanics continues to be supported by recent interpretations by GeoScience Victoria and is indicative of significant exploration potential for mineral discovery. The Stavelly Zone is still considered to be one of the most under-explored volcanic belts in Australia.

In the Willaura tenements GBM is targeting intrusive related gold deposits similar to Cadia and Mount Lyell (Cu-Au), however as with all tenements, potential for other styles will be considered as part of the company's evaluation.

GBM remain committed to testing a number of strong geophysical targets, some with associated Cu-Au geochemical anomalies which have been outlined by previous explorers in the Willaura tenements. Three magnetic features with associated Cu geochemical anomalies (anomaly's A, B and C) were previously highlighted by GBM in EL4631 and EL4751 as targets for early testing.

In addition a number of other magnetic features adjacent to the regionally significant Moysten Fault along the eastern margin of EL4631 remain to be evaluated.

4.3 Yea Project

Target: Intrusive Related Gold System (IRGS) in Central Victoria.

These licences have recently been lodged to cover areas located in the Melbourne structural zone in Central Victoria. Previous exploration has defined at least two areas of strong tungsten-molybdenum-gold (+/- tin) geochemistry in soil sampling. The key target from initial examination is the Monkey Creek Prospect where limited previous drilling has returned highly anomalous gold and tungsten values, but failed to test the interpreted core of the mineralised zone. Regional mapping indicates a large thermal metamorphic halo with no outcropping granite. The project area is considered to display many of the essential elements of a large IRGS and the company will test this within the coming year.

GBM Resources Limited

ABN 44 124 752 745

Review of Operations

5.0 Pan Pacific A\$55 million Farm-in Agreement

GBM and Pan Pacific Copper Co Limited (Pan Pacific) signed a binding Farm-in Agreement relating to five project areas in the Mt Isa region of North Queensland.

Pan Pacific whose two shareholders are Nippon Mining & Metals 66% and Mitsui Mining & Smelting 34% is an integrated copper business involved in the full value chain including the procurement and development of copper resources, the production of refined copper and related by-products and the marketing of those products in Japan, Korea, other countries and in particular to meet the increasing demand from China.

Pan Pacific is the world's largest buyer of copper concentrate procuring 1.7m tonnes per annum. It operates copper smelting facilities in Japan and Korea and is the leading producer of copper products in Asia with annual sales revenue of approximately A\$ 6.60bn

Pan Pacific also invests directly in copper resources projects at various stages of development including the Caserones copper deposit in Chile and the Quechua copper deposit in Peru and the Board are delighted to have entered into this agreement with a leading international company in the copper market.

Under the Farm-in Agreement, Pan Pacific could spend up to A\$55m on the development of new copper-gold exploration and mining projects in northwest Queensland.

During the Farm-in period, GBM will manage all exploration activities for Pan Pacific at the Mt Isa projects, which cover 1,580 square kilometres of highly prospective multi-minerals ground in the Eastern Succession of the Mount Isa Inlier. This area is considered highly prospective for large Iron Oxide Copper Gold style deposits.

Key terms of the Farm-in Agreement are;

1. Pan Pacific will earn a 51% interest in the Mount Isa projects by spending a total of A\$15 million within a six year period.
2. Pan Pacific has a minimum expenditure commitment of A\$2 million during the first two years.
3. Pan Pacific can subsequently increase its interest by spending A\$1.026m for each additional 1.0% interest in the projects and together can earn another 39% interest by spending an additional total amount of A\$40.0m.
4. If Pan Pacific reaches a 90% interest in the joint venture projects, GBM will retain a free carried interest of 10% through to the completion of a Bankable Feasibility Study.
5. GBM will manage the Farm-in activities on behalf of Pan Pacific and will receive a 12% fee on expenditure incurred.

The Farm-in Agreement with a major strategic global partner achieves a key strategy for GBM. It means that these projects can be advanced and have the required level of funding to target a potential new discovery.

The signing of the Farm-in Agreement with Pan Pacific represents a major step forward in realizing value from GBM's extensive tenement portfolio in the Mount Isa region which could generate significant benefits for shareholders.

6.0 Sustainable Development

GBM is committed to safe and responsible development of Australia's mineral resources.

GBM continued to upgrade and extend the Safety Health and Environmental Systems which the Company established as a key priority after listing on the ASX in October 2007. GBM is committed to maintaining a working environment and culture that places the safety of all as the number one priority. Supporting key policies, the company has established an Occupational Health and Safety Management plan and a range of management standards and operating procedures. These have been, and will continue to be reviewed by staff and management as part of a process of continuous improvement in all aspects of the company's operations.

GBM is encouraging a culture of awareness and respect for the environments in which we operate. Exploration activities include assessment of each site with all practicable measures taken to minimise any environmental impacts, and to implement rehabilitation in a timely manner.

GBM remains a member of the Mining Council of Australia (MCA), actively participating in the activities of the Victorian Branch. GBM is a signatory to the MCA's Enduring Value, the Australian Minerals Industry framework for sustainable development.

GBM Resources Limited

ABN 44 124 752 745

Review of Operations

Key achievements in operations during 2010 financial year:

- One LTI was sustained on our sites throughout the financial year, this is not in line with GBM's target of zero injuries.
- No MTI's were sustained on our sites throughout the financial year.
- Zero significant environmental incidents were sustained on our sites throughout the financial year.
- Review of key policies (Occupational Health and Safety Policy, Fit for Work Policy and Occupational Rehabilitation Policy).
- Review of sections of the safety management system and Management Standards.
- A Parental Leave Policy was introduced during the year.

GBM is committed to establishing a culture of understanding and respect for the communities in which we work. To this end consultation was conducted with our neighbours and is considered a key part of doing business. Periodic information updates are provided to all stakeholders.

7.0 Tenements

On listing in October 2007 GBM held five mineral tenements in three project areas in two states. The Company's tenement holding has continued to grow and it now holds 32 tenements in eight project areas that cover a total area of approximately 4,200 square kilometres in some of Australia's most prospective mineral provinces.

During the year two applications were lodged in the Yea area of Central Victoria, and also for additional area in the Brightlands, Mount Margaret, Talawanta-Grassy Bore and Mount Morgan Project areas. All of these licences and applications (see table following) are held 100% by the Company (or its wholly owned subsidiaries), however all tenements in the Talawanta-Grassy Bore, Mount Margaret and Bungalien Projects are subject a Farm In Agreement with Pan Pacific Copper. Application EPM18051 is a competing application and at this stage no indication of priority has been received by the company.

Competent Persons Statement

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

GBM Resources Limited

ABN 44 124 752 745

Tenement Schedule

Project / Name	Tenement No.	Owner	GBMR Equity	Manager	Granted	Expiry	Approx Area* ³ (km ²)	Status	State
Victoria									
Malmsbury									
Belltopper	EL4515* ¹	GBMR/Belltopper Hill	100%	GBMR	6/10/2005	5/10/2010	25	Granted	Vic
Lauriston	EL5120	GBMR	100%	GBMR	17/12/2008	16/12/2013	143	Granted	Vic
Willaura									
Lake Bolac	EL4631	GBMR	100%	GBMR	21/03/2002	20/03/2012	98	Granted	Vic
Woorndoo	EL4751	GBMR	100%	GBMR	19/11/2003	18/11/2010	29	Granted	Vic
Yea									
Tin Creek	EL5292	GBMR	100%	GBMR			442	Appl'n	Vic
Monkey Gully	EL5293	GBMR	100%	GBMR			442	Appl'n	Vic
Queensland									
Dee Range									
Dee Range	EPM16057	GBMR	100%	GBMR	27-Sep-07	26-Sep-12	88	Granted	Q'ld
Boulder Creek	EPM17105	GBMR	100%	GBMR	26-Mar-08	25-Mar-10	178	Renewal	Q'ld
Mt Morrissey	EPM17163	GBMR	100%	GBMR	23-Apr-08	23-Apr-10	161	Granted	Q'ld
Black Range	EPM17734	GBMR	100%	GBMR	20-May-09	19-May-14	180	Granted	Q'ld
Smelter Return	EPMA18366	GBMR	100%	GBMR			195	Appl'n	Q'ld
Mount Isa Region									
Talawanta - Grassy Bore									
Talawanta	EPM15406	GBMR* ² /Isa Tenements	100%	GBMR	15-Jan-08	14-Jan-11	<u>325</u>	Granted	Q'ld
Grassy Bore	EPM15681	GBMR* ² /Isa Tenements	100%	GBMR	28-Sep-07	28-Sep-10	<u>325</u>	Granted	Q'ld
Talawanta	EPM 18290	GBMR/Isa Tenements	100%	GBMR			455	Appl'n	Q'ld
Grassy Bore	EPM 18291	GBMR/Isa Tenements	100%	GBMR			455	Appl'n	Q'ld
Mount Margaret									
Mt Margaret W.	EPM16227	GBMR* ² /Isa Tenements	100%	GBMR	31-Jul-07	30-Jul-12	<u>36</u>	Granted	Q'ld
Mt Margaret West	EPM14614	GBMR* ² /Isa Tenements	100%	GBMR	2-Aug-05	1-Aug-10	<u>129</u>	Granted	Q'ld
Mt Malakoff Ext	EPM16398	GBMR* ² /Isa Tenements	100%	GBMR			84	Appl'n	Q'ld
Cotswold	EPM16622	GBMR* ² /Isa Tenements	100%	GBMR			45	Appl'n	Q'ld
Dry Creek	EPM 18172	GBMR/Isa Tenements	100%	GBMR			227	Appl'n	Q'ld
Dry Creek	EPM 18174	GBMR/Isa Tenements	100%	GBMR			39	Appl'n	Q'ld
Brightlands									
Brightlands	EPM14416	GBMR* ² /Isa Brightlands	100%	GBMR	5-Aug-05	4-Aug-10	251	Granted	Q'ld
Wakeful	EPM18454	GBMR/Isa Brightlands	100%	GBMR			13	Appl'n	Q'ld
Highway	EPM18453	GBMR/Isa Brightlands	100%	GBMR			36	Appl'n	Q'ld
	EPM18672	GBMR/Isa Brightlands	100%	GBMR			97	Appl'n	Q'ld
Brightlands West	EPM18051	GBMR/Isa Brightlands	100%	GBMR			99	Appl'n	Q'ld
Bungalien									
Bungalien	EPM14355	GBMR* ² /Isa Tenements	100%	GBMR	13-Oct-04	12-Oct-09	<u>61</u>	Renewal	Q'ld
Horse Creek	EPM15150	GBMR* ² /Isa Tenements	100%	GBMR	13-Jul-06	12-Jul-11	<u>80</u>	Granted	Q'ld
Limestone Creek	EPM17849	GBMR/Isa Tenements	100%	GBMR			72	Appl'n	Q'ld
Malbon 2	EPM14120	GBMR* ² /Isa Tenements	100%	GBMR	24-Aug-04	23-Aug-10	<u>15</u>	Granted	Q'ld
Bungalien 2	EPM18207	GBMR/Isa Tenements	100%	GBMR			325	Appl'n	Q'ld
Horse Creek 2	EPM18208	GBMR/Isa Tenements	100%	GBMR			325	Appl'n	Q'ld

Note *¹ subject to a 2.5% net smelter royalty to vendors.

*² subject to a 2% net smelter royalty is payable to Newcrest Mining Ltd.

*³ For Q'ld tenements, 1 subblock ~3.2km². Underlined areas indicate the tenement is contained in new application area.

*⁴ anniversary falling within current calendar year

GBM Resources Limited tenement summary at 21st September 2010.

GBM Resources Limited
ABN 44 124 752 745
Corporate Governance Statement

Introduction

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

The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

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

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

Explanation for Departures from Best Practice Recommendations

During the Company's 2009/2010 financial year the Company has complied with the Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("Corporate Governance Principles and Recommendations")ⁱ and has adopted the revised Principles and Recommendations taking effect from reporting periods beginning on or after 1 January 2008. Significant policies and details of any significant deviations from the principles are specified below.

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

Role of the Board of Directors

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

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

GBM Resources Limited
ABN 44 124 752 745
Corporate Governance Statement

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

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

Board Processes

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

Evaluation of Senior Executive Performance

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

Corporate Governance Council Recommendation 2
Structure the Board to Add Value

Board Composition

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

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

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

The Board is comprised of four members, two Non-Executive and two Executive. The Non-Executive Directors are Mr Peter May (Chairman) and Mr Cameron Switzer. The skills, experience and expertise of all Directors is set out in the Directors' Report on pages 22 and 23.

The Board has assessed the independence of its non executive directors according to the definition contained within the ASX Corporate Governance Guidelines and has concluded that one of the current Non-Executive Directors, Mr Switzer does not meet the recommended independence criteria, by virtue of his provision of material geological consulting services to the Company. As a result the Company does not comply with Recommendation 2.1 of the Corporate Governance Council. However, the Board considers that both its structure and composition are appropriate given the size of the Company and that the interests of the Company and its shareholders are well met.

Independent Chairman

The Chairman is considered to be an independent director and as such Recommendation 2.2 of the Corporate Governance Council has been complied with.

GBM Resources Limited

ABN 44 124 752 745

Corporate Governance Statement

Corporate Governance Council Recommendation 2 (continued)

Structure the Board to Add Value

Roles of Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer are exercised by different individuals, and as such the Company complies with Recommendation 2.3 of the Corporate Governance Council.

Nomination Committee

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

Evaluation of Board Performance

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

Education

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

Independent Professional Advice and Access to Information

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

Corporate Governance Council Recommendation 3

Promote Ethical and Responsible Decision Making

The Board actively promotes ethical and responsible decision making.

Corporate Code of Conduct

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

Guidelines for Trading in Company Securities

The Board has committed to ensuring that the Company, its Directors and executives comply with their legal obligations as well as conducting their business in a transparent and ethical manner. The Board has adopted a procedure on dealing in the Company's securities by directors, officers and employees which prohibits dealing in the Company's securities when those persons possess inside information, and as such complies with Recommendation 3.2 of the Corporate Governance Council.

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

GBM Resources Limited
ABN 44 124 752 745
Corporate Governance Statement

Corporate Governance Council Recommendation 4
Safeguarding Integrity in Financial Reporting

Audit Committee

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

Financial reporting

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

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

In the absence of a formal audit committee the Non-executive Directors of the Company are available for correspondence with the auditors of the Company.

Corporate Governance Council Recommendation 5
Make Timely and balanced disclosure

Continuous Disclosure

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

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

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

Corporate Governance Council Recommendation 6
Respect the Rights of Shareholders

Communications

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

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

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

GBM Resources Limited
ABN 44 124 752 745
Corporate Governance Statement

Corporate Governance Council Recommendation 7
Recognise and manage risk

Risk management policy

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

Risk management and the internal control system

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

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

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

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

- Business risk management

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

- Internal controls

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

- Financial reporting

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

- Operations review

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

- Environment and safety

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

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

GBM Resources Limited
ABN 44 124 752 745
Corporate Governance Statement

Corporate Governance Council Recommendation 7 (continued)

Recognise and manage risk

Risk Reporting

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

The Company does not have an internal audit function.

Managing Director and Chief Financial Officer Written Statement

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

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

Corporate Governance Council Recommendation 8

Remunerate Fairly and Responsibly

Remuneration Committee

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

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

Distinguish Between Executive and Non-Executive Remuneration

The Company does distinguish between the remuneration policies of its Executive and Non-Executive Directors in accordance with Recommendation 8.2 of the Corporate Governance Council.

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

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

During the financial year ended 30 June 2010 each Director received shares in lieu of cash remuneration. The issue of the shares is not considered to be performance based or other reward remuneration as the securities were issued in place of cash remuneration to which the Directors would otherwise have been entitled to, and had agreed to forego to preserve the cash resources of the Company.

GBM Resources Limited
ABN 44 124 752 745
Directors' Report
For the Year Ended 30 June 2010

The Directors present their report together with the consolidated financial statements for the Company and its controlled entities ('Group') for the financial year ended 30 June 2010.

DIRECTORS

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

Peter May - B.Comm, G.Dip.APP.Fin, M.MinEcon

Non-Executive Chairman

Experience

Mr May has a background in banking, finance, management consulting and corporate advisory services primarily focussing on clients in the resources, manufacturing and technology sectors.

Mr May has completed a Masters in Mineral and Energy Economics and has had involvement in evaluation of projects, mergers, acquisition and divestment opportunities. He has also worked with clients in aspects of business development and strategic planning with an industry focus on clients in the energy and natural resources sectors.

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

Peter Thompson – B.Bus, CPA, FCIS

Managing Director - Executive

Experience

Mr Thompson is a CPA qualified accountant and Fellow of Chartered Secretaries Australia. He has over 30 years experience in the mining industry in Australia, UK and South America. He has held senior roles with several major companies including Xstrata Plc, MIM Holdings Ltd and Mt Edon Gold Mines.

Since 2000, Mr Thompson has been involved in the development of various infrastructure projects, including mine and refinery expansions and establishment of infrastructure including roads, rail, port and power utilities.

Mr Thompson was an executive director of Golden West Resources Limited until 15 February 2008. He has held no other directorships of listed companies in the last 3 years.

Cameron Switzer – BSc(Hons), MAusMM, MAIG

Non-Executive Director

Experience

Mr Switzer is a geologist with over 20 years of experience gained in 11 countries. He has held senior positions with a number of major mining companies including Senior Project Geologist at Newcrest Mining Ltd's Telfer gold mine in Western Australia and Geology Manager at Acacia Resources Ltd's Union Reef Gold Mine in the Northern Territory. Mr Switzer was also Principal Geologist with MIM Exploration Ltd for seven years during which time he gained broad experience with a range of deposits and geological and operating environments.

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

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

GBM Resources Limited

ABN 44 124 752 745

Directors' Report

For the Year Ended 30 June 2010

Neil Norris – BSc(Hons), MAIMM, MAIG

Exploration Director - Executive

Experience

Mr. Norris is a geologist with over 25 years experience gained in Australia and overseas. Recently he was Group Exploration Manager for Perseverance Corporation Limited and spent over ten years with Newmont Australia Limited holding senior positions in both mining and exploration areas. A key achievement was his development of the geological models which contributed to the discovery of the Phoenix ore body at Fosterville. Mr. Norris was also involved in the discovery of the world class Cadia and Ridgeway deposits. Mr. Norris has a track record in the successful identification of mineral deposits and his experience will greatly advance GBM's exploration efforts.

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

Company Secretary

Mr Kevin Hart (Appointed 3 February 2010)

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

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

Stuart Usher (Resigned 3 February 2010)

Mr. Usher is a CPA, an Associate member of the Chartered Institute of Secretaries and Administrators and a member of 'Chartered Secretaries Australia' where he has attained the status of Chartered Company Secretary. He has extensive experience in the management and corporate affairs of public listed companies.

MEETINGS OF DIRECTORS

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

DIRECTORS' MEETINGS		
	Number Eligible to Attend	Number Attended
P May	8	8
P Thompson	8	8
C Switzer	8	8
N Norris	8	8

PRINCIPAL ACTIVITIES

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

OPERATING AND FINANCIAL REVIEW

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

Operating Results

The net loss after income tax attributable to members of the Group for the financial year to 30 June 2010 amounted to \$2,122,794 (2009: \$791,905).

Financial Position

At the end of the financial year, the Group had \$756,129 (2009 \$1,540,871) in cash and on deposit. Carried forward exploration expenditure was \$6,999,649 (2009 \$4,216,273).

GBM Resources Limited

ABN 44 124 752 745

Directors' Report

For the Year Ended 30 June 2010

DIVIDENDS

No dividends were paid during the year and the Directors recommend that no dividends be paid or declared for the financial year ended 30 June 2010.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year, not otherwise disclosed in this Directors' Report or in the Review of Operations.

EVENTS SUBSEQUENT TO BALANCE DATE

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

On 8 August 2010 the Company announced that Swift Venture Holdings Corporation (SVH) had entered into an agreement, by the payment of \$280,000, to acquire a 60 day option to purchase an 80% interest in the Company's phosphate assets located south-east of Mt Isa, Queensland. Acquisition of the 80% interest by SVH was subject to subscription in a placement of 28 million shares in GBM Resources Limited at \$0.10 each and 28 million options exercisable at \$0.20 each on or before 30 June 2013, by 30 August 2010. On 31 August 2010 the Company announced that it had granted an extension to the agreement of 21 days to 20 September 2010. On 21 September 2010 the Company announced a revision to the transaction, amended terms being a reduction in the placement securities from 28 million shares and options to 17.8 million shares and options, on the same terms as previously proposed, raising \$1.78 million. Key differences from the prior phosphate agreement are:

1. GBM increases its retained interest to 30%, a 10% increase;
2. A\$280,000 of GBM's working capital will be allocated to phosphate exploration which reduces its commitment from the previous \$600,000. All future exploration expenditure will be met by SVH; and
3. The Company has reduced the share subscription by 10.2 million shares and options.

The Company will now retain 30% of the phosphate assets, free carried until completion of a bankable feasibility study. The placement was completed on 29 September 2010.

On 17 August 2010 the Company completed a placement of 5 million ordinary fully paid shares and 5 million options exercisable at \$0.20 each on or before 30 June 2013, raising \$500,000 before costs.

On 3 September 2010 the Company closed a pro-rata entitlement priority offer to option holders whose options expired on 30 June 2010, to acquire options for \$0.01 each, exercisable at \$0.20 each on or before 30 June 2013. The Offer closed fully subscribed with the issue of 69,814,553 options raising \$698,146 before costs.

On 10 September 2010 the Company announced that it had signed an agreement to acquire the Magpie mining lease ML2643. Terms of the Option Agreement are first and extension Option Fee payments of \$15,000 and \$30,000 respectively. If the Company elects to exercise the option the consideration to acquire the lease will be \$150,000 cash plus 1 million fully paid shares in the Company.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Comments on expected results of the operations of the Company are included in this report under the review of operations.

Disclosure of other information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL ISSUES

The Group holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agencies during the period ended 30 June 2010. Refer to the review of operations report for details of GBM's Sustainable Development work.

GBM Resources Limited

ABN 44 124 752 745

Directors' Report

For the Year Ended 30 June 2010

REMUNERATION REPORT (AUDITED)

The remuneration report is set out in the following manner:

- Policies used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share based compensation

Remuneration Policy

The Board of Directors is responsible for remuneration policies and the packages applicable to the Directors of the Company. Whilst the broad remuneration policy is to ensure that packages offered properly reflect a person's duties and responsibilities and that remuneration is competitive and attracts, retains, and motivates people of the highest quality, the Board has consciously been focused on conserving the Company's funds to ensure the maximum amount is spent on exploration and mine development, and this is reflected in the modest level of Director fees.

The policy of the Group is to offer competitive salary packages which provide incentive to Directors and executives and are designed to reward and motivate. Total remuneration for all Non Executive Directors was voted on by shareholders, whereby it is not to exceed in aggregate \$200,000 per annum. Non executive Directors receive fees agreed on an annual basis by the Board.

At the date of this report, the Company had not entered into any remuneration packages with Directors or senior executives which include performance based components.

Details of Remuneration for Directors and Executive Officers

The remuneration of each Director of the Company and relevant executive officers are set out in the attached Table.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board of Directors obtains independent advice when appropriate, in reviewing remuneration packages.

During the year, there were no senior executives which were employed by the Company for whom disclosure is required.

	<u>Short term</u>		<u>Post</u>	<u>Share</u>		
			<u>Employment</u>	<u>Based</u>		
				<u>Payments</u>		
Remuneration of	Salary	Other	Super -	Options /	Total	Share Based
Directors and	and fees		annuation	shares (ii)		Payments as %
Executives	\$	\$	\$	\$	\$	of
						remuneration
Directors						
P May	29,189	-	-	140,000	169,189	82.7%
P Thompson	159,910	-	-	420,000	579,910	72.4%
C Switzer (i)	19,625	111,163	-	252,000	382,788	65.8%
N Norris	222,471	-	-	420,000	642,471	65.4%
Total Directors	431,195	111,163	-	1,232,000	1,774,358	

(i) Includes geological consultancy services paid to Switzer Geological Services \$111,163;

(ii) The Company implemented cost reduction initiatives on 1 April 2009 for 12 months in which cash remuneration for the Managing Director and Exploration Manager were reduced by 30%. Further, all director fees were reduced by 30% from 1 April 2009 to 31 March 2010 which form part of the annualised savings of \$400,000 to the Company. These savings directly improve the cash position of the Company and positively reflects the commitment by executive management and the Board in achieving the objectives of the Company. On 7 August 2009 Shareholders approved the allotment and issue of a total of 8,800,000 Shares to Cameron Switzer, Peter May, Peter Thompson and Neil Norris in lieu of historical and future consulting fees for the period between 1 April 2009 to 31 March 2010. The issue price was 3 cents per share a 50% premium to the two cent right issue entitlement offer to shareholders. The shares are recorded at Fair value of \$0.14 each on the date of shareholder approval.

GBM Resources Limited
ABN 44 124 752 745
Directors' Report
For the Year Ended 30 June 2010

REMUNERATION REPORT (AUDITED) (CONTINUED)

Details of Remuneration for Directors and Executive Officers (Continued)

2009	<u>Short term</u>		<u>Post</u>	<u>Share</u>	Total	Share Based Payments as % of remuneration
	Salary and fees \$	Other \$	<u>Employment</u> Super - annuation \$	<u>Based</u> Payments Options / shares \$		
Remuneration of Directors and Executives						
Directors						
P May	24,500	-	-	-	24,500	-
P Thompson	199,384	-	-	-	199,384	-
C Switzer	34,621	-	-	-	34,621	-
N Norris (appointed 3 April 2009)	35,243	-	-	-	35,243	-
Total Directors	293,748	-	-	-	293,748	

Options Provided as Remuneration

2010

During the year no options were granted and issued to Directors or Senior Executives of the Company.

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

2009

During the year no options were granted and issued to Directors or Senior Executives of the Company.

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

Service Agreements

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

Managing Director

The service agreement has a term of 1 year from 1 April 2010. The Service agreement contains certain provisions typically found in contracts of this nature. The Company may terminate the Service Agreement without cause by providing three months written notice to the individual or by making a payment in lieu of notice. The Service Agreement may be terminated by providing one month notice with cause, or immediately in the case of serious misconduct.

The Service Agreement is subject to annual review.

There is no cash bonus or other performance based compensation contemplated in the agreement.

GBM Resources Limited

ABN 44 124 752 745

Directors' Report

For the Year Ended 30 June 2010

REMUNERATION REPORT (AUDITED) (CONTINUED)

Exploration Director

The service agreement has a term of 1 year from 1 April 2010. The Service agreement contains certain provisions typically found in contracts of this nature. The Company may terminate the Service Agreement without cause by providing three months written notice to the individual or by making a payment in lieu of notice. The Service Agreement may be terminated by providing one month notice with cause, or immediately in the case of serious misconduct.

The Service Agreement is subject to annual review.

There is no cash bonus or other performance based compensation contemplated in the agreement.

Share Based Compensation

At the date of this report the Company has not entered into any agreements with Directors or Senior Executives which include performance based components. Options issued to Directors are approved by shareholders and were not the subject of an agreement or issued subject to the satisfaction of a performance condition. Options are issued to provide an appropriate level of incentive using a cost effective means given the Company's size and stage of development.

End of Remuneration Report

DIRECTOR'S INTERESTS

The relevant interest of each Director in the ordinary shares and options issued by the Company as notified by the Directors to the Australian Securities Exchange at the date of this report, is set out in the table below.

Ordinary shares

Director	Ordinary shares held at 1 July 2009	Movement during the financial year	Ordinary Shares held at 30 June 2010	Ordinary shares held at the date of the Directors' Report
P May	1,097,250	1,000,000	2,097,250	2,097,250
P Thompson	6,562,582	3,000,000	9,562,582	9,562,582
C Switzer	4,593,750	1,800,000	6,393,750	6,393,750
N Norris	6,250,000	3,000,000	9,250,000	9,250,000

Options

Director	Options held at 1 July 2009	Movement during the financial year	Options held at 30 June 2010	Options held at the date of the Directors' Report (i)
P May	1,032,350	(1,032,350)	-	-
P Thompson	4,937,525	(4,937,525)	-	4,937,525
C Switzer	4,346,875	(4,346,875)	-	4,346,875
N Norris	3,093,635	(3,093,635)	-	3,093,635

(i) Options acquired under the Company's Priority Entitlement Offer which closed on 3 September 2010. All options are vested and exercisable.

LOANS TO DIRECTORS AND EXECUTIVES

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

Other transactions with Directors and executives are set out in Note 20 to the Financial Report.

GBM Resources Limited
ABN 44 124 752 745
Directors' Report
For the Year Ended 30 June 2010

OPTIONS OVER ORDINARY SHARES

At 30 June 2010, there were Nil (2009: 64,109,552) options to acquire ordinary shares on issue.

During the year ended 30 June 2010, no options were issued pursuant to the terms of the Company's Option Plan.

During the year ended 30 June 2010 the following options were issued by the Company:

- 6,250,000 listed options, exercisable at 25 cents each on or before 30 June 2010, in respect of capital raising costs following a share placement.

During the year ended 30 June 2010 the following ordinary shares were issued on exercise of options:

- 295,000 shares issued at 22 cents each on exercise of unlisted options with an expiry date of 30 June 2010.

On 30 June 2010 the following options lapsed on expiry:

- 49,629 552 listed options exercisable at 25 cents each, on or before 30 June 2010;
- 19,705,000 unlisted options exercisable at 22 cents each, on or before 30 June 2010; and
- 730,000 unlisted options exercisable at 25 cents each on or before 30 June 2010.

There were no other options expiring unexercised or cancelled during the financial year.

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

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

During the year, the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors and Officers Liability insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company. The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the amount of the premium is subject to a confidentiality clause under the insurance policy.

Other than the above, the Group has not, during or since the end of the financial year, given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums for the Directors, officers or Auditors of the Company or the controlled entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

NON-AUDIT SERVICES

No non-audit services were provided by the external auditors in respect of the current or preceding financial year.

GBM Resources Limited

ABN 44 124 752 745

Directors' Report

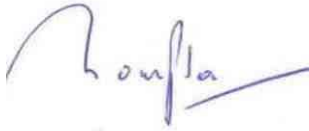
For the Year Ended 30 June 2010

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001, is set out on the following page.

Signed in accordance with a resolution of the Board of Directors.

Dated this 29th day of September 2010

A handwritten signature in blue ink, appearing to read 'P. Thompson', with a long horizontal stroke extending to the right.

PETER THOMPSON

Managing Director

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of GBM Resources Limited for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of GBM Resources Limited.



Perth, Western Australia
29 September 2010

W M CLARK
Partner, HLB Mann Judd

GBM Resources Limited
ABN 44 124 752 745
Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2010

	Note	Consolidated	
		2010	2009
		\$	\$
Revenue	3	48,247	76,162
Consulting and professional services		(450,089)	(457,926)
Depreciation		(35,712)	(34,878)
Employee benefits expense		(91,842)	(74,597)
Exploration expenditure written off	8	-	(55,094)
Share based payments		(1,400,000)	-
Travel expenses		(45,373)	(74,471)
Administration and other expenses		(148,025)	(171,101)
Loss before income tax		(2,122,794)	(791,905)
Income tax benefit/(expense)	5	-	-
Loss for the year		(2,122,794)	(791,905)
Other comprehensive income		-	-
Total comprehensive loss for the year		(2,122,794)	(791,905)
		Cents	Cents
Basic earnings (loss) per share	6	(1.4)	(1.2)
Diluted earnings (loss) per share		(1.4)	(1.2)

The accompanying notes form part of these financial statements

GBM Resources Limited
ABN 44 124 752 745
Consolidated Statement of Financial Position
As at 30 June 2010

		Consolidated	
	Note	2010	2009
		\$	\$
Current assets			
Cash and cash equivalents	18	756,129	1,540,871
Trade and other receivables	7	395,216	322,299
Total Current Assets		1,151,345	1,863,170
Non-current assets			
Trade and other receivables	7	33,729	30,000
Exploration and evaluation expenditure	8	6,999,649	4,216,273
Property, plant and equipment	9	83,930	108,800
Total Non Current Assets		7,117,308	4,355,073
TOTAL ASSETS		8,268,653	6,218,243
Current liabilities			
Trade and other payables	10	239,148	335,844
Total Current Liabilities		239,148	335,844
TOTAL LIABILITIES		239,148	335,844
NET ASSETS		8,029,505	5,882,399
Equity			
Issued Capital	11	11,179,440	7,347,040
Option Reserve	13	-	328,796
Share based payments reserve	13	-	45,166
Accumulated losses	13	(3,149,935)	(1,838,603)
TOTAL EQUITY		8,029,505	5,882,399

The accompanying notes form part of these financial statements

GBM Resources Limited
ABN 44 124 752 745
Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2010

Consolidated	Note	Issued capital \$	Option reserve \$	Share based payments reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2008		6,490,252	328,796	45,166	(1,046,698)	5,817,516
Shares issued	11	856,788	-	-	-	856,788
Loss attributable to members of the Company	13	-	-	-	(791,905)	(791,905)
Balance at 30 June 2009		7,347,040	328,796	45,166	(1,838,603)	5,882,399
Share based payments	12	-	437,500	-	-	437,500
Shares issued	11	3,832,400	-	-	-	3,832,400
Loss attributable to members of the Company	13	-	-	-	(2,122,794)	(2,122,794)
Transfer on expiry of options	13	-	(766,296)	(45,166)	811,462	-
Balance at 30 June 2010		11,179,440	-	-	(3,149,935)	8,029,505

The accompanying notes form part of these financial statements

GBM Resources Limited
ABN 44 124 752 745
Consolidated Statement of Cash Flows
For the Year Ended 30 June 2010

		Consolidated	
		2010	2009
	Note	\$	\$
Cash flows from operating activities			
Interest received		48,452	76,162
Cash paid to suppliers and employees		(753,324)	(674,101)
Net cash flows (used in) operating activities	18(b)	(704,872)	(597,939)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(10,842)	(29,835)
Payments for deposits		(30,000)	-
Payments to acquire tenements		-	(100,000)
Payments for exploration and evaluation		(2,864,463)	(1,173,401)
Net cash flows (used in) investing activities		(2,905,305)	(1,303,236)
Cash flows from financing activities			
Proceeds from the issue of shares		3,020,435	727,225
Share issue costs		(195,000)	(20,000)
Net cash flows from financing activities		2,825,435	707,225
Net decrease in cash and cash equivalents		(784,742)	(1,193,950)
Cash and cash equivalents at the beginning of the financial year	18(a)	1,540,871	2,764,821
Cash and cash equivalents at the end of the financial year	18(a)	756,129	1,570,871

The accompanying notes form part of these financial statements

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

GBM Resources Limited ('the Company') is a listed public company domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2010 comprises the Company and its subsidiaries (together referred to as the 'Group').

At the date of authorisation of this financial report, there were a number of Standards and Interpretations that were issued but not yet effective, however the Directors anticipate that the adoption of these standards and interpretations in future reporting periods will have no material impact on the group.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, and Australian Accounting Standards and Interpretations. The financial report has also been prepared on an historical cost basis, unless otherwise stated. The financial report is presented in Australian dollars.

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

In the year ended 30 June 2010, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies other than those set out below.

During the year certain accounting policies have changed as a result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009. The affected policies and standards are:

- Principles of consolidation – revised AASB 127 *Consolidated and Separate Financial Statements and changes made by AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity and Associate*;
- Segment reporting – new AASB 8 *Operating Segments*;
- Financial Instruments – revised AASB 7 *Financial Instruments: Disclosures*

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2010. 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.

b) Statement of Compliance

The financial report was authorised for issue on 29th September 2010.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

c) Principles of Consolidation

The consolidated financial statements comprise the financial statements of GBM Resources Limited and its subsidiaries as at 30 June each year (the Group). The financial statements for the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the control is transferred out of the Group.

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Principles of Consolidation (continued)

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition. Minority interests represent the portion of profit and loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position.

d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

e) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Income Tax (continued)

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

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

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

f) Other Taxes

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

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

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

g) Financing Costs

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

h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs – refer Note 1(g).

Finance leased assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed

i) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Trade and Other Receivables

Trade receivables, which generally have 30–90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

k) Plant and Equipment

Plant and equipment is stated at cost, less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Office furniture and equipment	2.5 - 20 years
Plant and equipment	0 - 40 years
Motor Vehicles	8 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the income statement in the cost of sales line item. However, because land and buildings are measured at re-valued amounts, impairment losses on land and buildings are treated as a re-valuation decrement.

(ii) De-recognition and Disposal

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is de-recognised.

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I) Investments and Other Financial Assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity.

Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are de-recognised or impaired, as well as through the amortisation process.

(iii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-Sale Investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Exploration and Evaluation Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

n) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a re-valuation decrease).

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Impairment of Assets (continued)

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at re-valued amount, in which case the reversal is treated as a re-valuation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

o) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

p) Interest Bearing Liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

q) Employee Benefits

(i) Wages, Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and non-accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

r) Share Based Payments

Equity Settled Transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model, further details of which are given in Note 14.

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s) Share Based Payments (continued)

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of GBM Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

Equity Settled Transactions:

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

t) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

u) Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing the net profit or loss attributable to members of the Company for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus element.

Diluted EPS is calculated by dividing the basic EPS earnings, adjusted by the after tax effect of financing costs associated with dilutive potential ordinary shares and the effect on revenues and expenses of conversion, by the weighted average number of ordinary shares and potential dilutive ordinary shares, adjusted for any bonus element.

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Accounting for capitalised mineral exploration and evaluation expenditure

The Group's accounting policy is stated at 1(m). A regular review is undertaken of each area of interest to determine the reasonableness of the continuing carrying forward of costs in relation to that area of interest.

Share based payments

The Group uses independent advisors to assist in valuing share based payments. Refer Note 14 for details of estimates and assumptions used.

2. FINANCIAL RISK MANAGEMENT

The Group has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Group's exposure to the specific risks, and the policies and processes for measuring and managing those risks. Further quantitative disclosures are included throughout this financial report. The Board of Directors has overall responsibility for the risk management framework.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

Trade and other receivables

The Group has no investments and the current nature of the business activity does not result in trading receivables. The receivables that the Group recognises through its normal course of business are short term in nature and the most significant (in quantity) is the receivable from the Australian Taxation Office and interest receivable. The risk of non recovery of receivables from this source is considered to be negligible.

Cash deposits

The Group's primary banker is Commonwealth Bank. At balance date all operating accounts and funds held on deposit are with this bank. The Directors believe any risk associated with the use of only one bank is mitigated by its size and reputation. Except for this matter the Group currently has no significant concentrations of credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Group's current and future operations, and consideration is given to the liquid assets available to the Group before commitment is made to future expenditure or investment.

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

Currency risk

The Group is not exposed to any currency risk other than the respective functional currencies of the Company, the Australian dollar (AUD).

Interest rate risk

As the Group has significant interest bearing assets, the Group's income and operating cash flows are materially exposed to changes in market interest rates. The assets are short term interest bearing deposits, and no financial instruments are employed to mitigate risk. (Note 16 – Financial Instruments).

(d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors capital expenditure and cash flows as mentioned in (b).

		Consolidated	
		2010	2009
		\$	\$
Note			
3. REVENUE			
Interest income		48,247	76,162
		48,247	76,162
4. EXPENSES			
Employee expenses			
Gross employee benefit expense:			
Wages and salaries		262,379	454,293
Directors' fees		86,935	70,597
Superannuation expense		23,090	40,853
Other employee costs		4,908	4,000
		377,312	569,743
Less amount allocated to exploration		(285,470)	(495,146)
Net statement of comprehensive income			
employee benefit expense		91,842	74,597
Depreciation expense:			
Office equipment and software	9	26,748	27,145
Site equipment	9	1,491	260
Motor vehicles	9	7,473	7,473
		35,712	34,878
Exploration costs:			
Exploration costs written off	8	-	55,094
		-	55,094

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

Note	Consolidated	
	2010 \$	2009 \$
5. INCOME TAX		
a) Income tax recognised in profit and loss		
The prima facie tax benefit on the operating result is reconciled to the income tax provided in the financial statements as follows:		
Accounting loss before income tax from continuing operations	(2,122,794)	(791,905)
Income tax benefit calculated at 30%	(636,838)	(237,571)
Share based payments	420,000	-
Capital raising costs claimed	(87,264)	(40,914)
Exploration costs written off	-	16,528
Unused tax losses and temporary differences not recognised as deferred tax assets	304,102	261,957
Income tax expense/(benefit) reported in the statement of comprehensive income	-	-
The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.		
b) Unrecognised deferred tax assets and liabilities		
The following deferred tax assets and liabilities have not been brought to account:		
Unrecognised deferred tax assets comprise:		
Losses available for offset against future taxable income	2,754,047	1,600,264
Capital raising costs	268,428	119,142
Accrued expenses and liabilities	2,709	63,560
	3,025,184	1,782,966
Unrecognised deferred tax liabilities comprise:		
Exploration expenditure	(2,099,895)	(1,264,882)
Prepaid expenses and accrued income	-	(46,749)
	(2,099,895)	(1,311,631)
	925,289	471,335

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

5. INCOME TAX (CONTINUED)

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

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

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

6. EARNINGS PER SHARE

	2010 \$	2009 \$
(Loss)/Profit used in calculation of loss per share	(2,122,794)	(791,905)
	Cents	Cents
Basic earnings/(loss) per share	(1.4)	(1.2)
	#	#
Weighted average number of shares used in the calculation of earnings per share	146,849,600	65,759,103

Options

Options to acquire ordinary shares granted by the Company and not exercised at the reporting date are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options are not considered to be dilutive and accordingly have not been included in the determination of basic earnings per share.

7. TRADE AND OTHER RECEIVABLES

Current

	2010 \$	2009 \$
Deposits paid	30,000	-
GST recoverable	337,211	145,172
Other debtors	28,005	177,127
	395,216	322,299

Non-current

Security and environmental bonds	33,729	30,000
	33,729	30,000

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

		Consolidated	
	Note	2010 \$	2009 \$
8. EXPLORATION AND EVALUATION EXPENDITURE			
Capitalised costs at the start of the financial year		4,216,273	2,997,966
Acquisition costs		-	100,000
Costs capitalised during the financial year		2,783,376	1,173,401
Capitalised costs written off during the financial year	4	-	(55,094)
Capitalised costs at the end of the financial year		6,999,649	4,216,273

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

9. PLANT AND EQUIPMENT

Carrying values at 30 June 2010:

Office equipment and software:			
Cost		99,642	90,124
Depreciation		(61,368)	(34,621)
		38,274	55,503
Site equipment and plant:			
Cost		7,244	5,921
Depreciation		(1,888)	(397)
		5,356	5,524
Motor vehicles:			
Cost		59,787	59,787
Depreciation		(19,487)	(12,014)
		40,300	47,773
Total		83,930	108,800

Reconciliation of movements:

Office equipment and software:			
Opening net book value		55,503	58,410
Cost of additions		9,519	24,238
Disposals		-	-
Depreciation	4	(26,748)	(27,145)
Closing net book value		38,274	55,503
Site equipment and plant:			
Opening net book value		5,524	5,784
Cost of additions		1,323	-
Disposals		-	-
Depreciation	4	(1,491)	(260)
Closing net book value		5,356	5,524

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

		Consolidated	
		2010	2009
Note		\$	\$
9. PLANT AND EQUIPMENT (CONTINUED)			
Reconciliation of movements:			
Motor vehicles:			
Opening net book value		47,773	49,064
Cost of additions		-	6,182
Disposals		-	-
Amortisation	4	(7,473)	(7,473)
Closing net book value		40,300	47,773
Total		83,930	108,800

10. PAYABLES

Current

Trade creditors	174,307	70,903
Sundry creditors and accruals	55,810	258,687
Employee leave liabilities	9,031	6,254
	239,148	335,844

11. ISSUED CAPITAL

	Issue price	2010 No.	2009 No.	2010 \$	2009 \$
Issued capital at the balance date		158,393,504	109,598,504	11,179,440	7,347,040
Movements in issued capital:					
On issue at the start of the period		109,598,504	65,759,103	7,347,040	6,490,252
Entitlement issue	\$0.02	-	43,839,401	-	876,788
Share placement	\$0.02	25,000,000	-	500,000	-
Issued in lieu of capital raising costs	\$0.14	1,000,000	-	140,000	-
Issued to directors and consultants in lieu of cash remuneration	\$0.14	10,000,000	-	1,400,000	-
Share placement	\$0.20	12,500,000	-	2,500,000	-
Exercise of options	\$0.22	295,000	-	64,900	-
Share issue costs	-	-	-	(772,500)	(20,000)
On issue at the end of the reporting period		158,393,504	109,598,504	11,179,440	7,347,040

Shares Subject to Restriction Agreement

At balance date there no ordinary shares subject to any restrictions.

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

12. OPTIONS

The Company has a formal option plan called the GBM Resources Incentive Option Scheme. These options are granted free of charge and are exercisable at a fixed price in accordance with the terms of the grant.

In addition, options over unissued shares are issued at the discretion of the Board.

	Issue price	2010 No.	2009 No.	2010 \$	2009 \$
Options on issue at the balance date		-	64,109,552	-	328,796
Movements in options:					
Options on issue at the start of the period		64,109,552	64,109,552	328,796	328,796
Listed options with 25 cents exercise price issued in lieu of capital raising costs	\$0.07	6,250,000	-	437,500	-
Options exercised		(295,000)	-	-	-
Options expired unexercised – reserve transferred to accumulated losses on expiry		(70,064,552)	-	(766,296)	-
Options on issue at the end of the reporting period		-	64,109,552	-	328,796

a) Options Issued, Exercised and Expired During the Year

During the financial year the Company granted options over unissued shares as follows:

Number of Options Granted	Exercise Price	Expiry Date
6,250,000	25 cents	30 June 2010

During the year, the following options over unissued shares were exercised:

Number of Options Exercised	Exercise Price	Expiry Date
295,000	22 cents	30 June 2010

The following options expired in accordance with their terms during the year:

Number of Unlisted Options Expired	Exercise Price	Expiry Date
50,359,552	25 cents	30 Jun 2010
19,705,000	22 cents	30 Jun 2010

b) Options on Issue at the Balance Date

The number of options outstanding over unissued ordinary shares at 30 June 2010 is Nil (2009: 64,109,552).

c) Subsequent to the Balance Date

- 5,000,000 options exercisable at 20 cents each on or before 30 June 2013 were issued attaching to a share placement completed on 17 August 2010.
- 69,814,553 options exercisable at 20 cents each on or before 30 June 2013 were issued pursuant to the Company's Entitlement Priority Offer that closed on 3 September 2010.

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

Listed options issued during the reporting period were valued at the prevailing market price on ASX of the security being issued.

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

	Consolidated	
	2010	2009
	\$	\$
13. RESERVES AND ACCUMULATED LOSSES		
Share based payments reserve (i)		
Opening balance	45,166	45,166
Employee share based payments	-	-
Transferred to accumulated losses on expiry of options	(45,166)	-
Closing balance	-	45,166
Option reserve (ii)		
Opening balance	328,796	328,796
Share based payments	437,500	-
Transferred to accumulated losses on expiry of options	(766,296)	-
Closing balance	-	328,796
Accumulated Losses		
Opening balance	(1,838,603)	(1,046,698)
Transferred from share based payments reserve on expiry of options	45,166	-
Transferred from option reserve on expiry of options	766,296	-
Net loss attributable to the members of the Company	(2,122,794)	(791,905)
Closing balance	(3,149,935)	(1,838,603)

(i) Share based payments reserve

The share based payments reserve represents the fair value of options, estimated by option valuation models, issued as consideration for services to employees or consultants as remuneration, or to third parties for the acquisition of assets, goods or services.

(ii) Option reserve

The option reserve represents the proceeds received on the issue of options.

14. EMPLOYEE BENEFITS

The Company has had on issue during the year, options to Directors, employees and consultants.

Details of options issued to employees and consultants are summarised below. Details of options issued to Directors and executives are set out in Note 20.

Directors', Employee and Other Permitted Persons Option Plan

The terms of the Option Incentive Scheme ("Option Plan") were approved by the Board and the shareholders of the Company prior to the Company's Initial Public Offering. Each option is convertible to one ordinary share. The exercise price of the options, determined in accordance with the rules of the plan, must not be less than the market price on the date the options are granted. The terms and conditions with respect to expiry, exercise and vesting provisions are at the discretion of the Board of the Company. There are no voting or dividend rights attached to the options. Voting and dividend rights will only be attached once an option is exercised into ordinary shares. The total number of shares which are the subject of options issued under the Option Plan immediately following an issue of options under the Option Plan must not exceed 5% of the then issued share capital of the Company on a diluted basis. There are no options on issue under the Plan at 30 June 2010 (2009: nil).

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

15. SEGMENT REPORTING

Operating segments are identified and segment information disclosed, where appropriate, on the basis of internal reports reviewed by the Company's board of directors, being the Group's Chief Operating Decision Maker, as defined by AASB 8. Adoption of AASB 8 by the Group has not resulted in a redefinition of previously reported operating segments.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. The Group's sole activity is mineral exploration and resource development wholly within its Brightlands IOCG project in North Queensland, and its Malmsbury Gold Project in Victoria, Australia, therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

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

16. FINANCIAL INSTRUMENTS

Credit risk

The Directors do not consider that the Group's financial assets are subject to anything more than a negligible level of credit risk, and as such no disclosures are made, Note 2(a).

Impairment losses

The Directors do not consider that any of the Group's financial assets are subject to impairment at the reporting date. No impairment expense or reversal of impairment charge has occurred during the reporting period.

Liquidity risk

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

	Carrying amount \$	Contractual cash flows \$	6 months or less \$	6-12 months \$	1-2 years \$	2-5years \$	More than 5 years \$
Consolidated 30 June 2010							
Trade and other payables	(174,307)	(174,307)	(174,307)	-	-	-	-
	<u>(174,307)</u>	<u>(174,307)</u>	<u>(174,307)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Consolidated 30 June 2009							
Trade and other payables	(70,903)	(70,903)	(70,903)	-	-	-	-
	<u>(70,903)</u>	<u>(70,903)</u>	<u>(70,903)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

16. FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk

The Group does not have any direct exposure to foreign currency risk, other than in respect of its impact on the economy and commodity price generally, Note 2 (c).

Interest rate risk

At the reporting date the interest profile of the Group's interest-bearing financial instruments was, Note 2(c):

Note	Consolidated	
	2010	2009
	\$	\$
Fixed rate instruments:		
Financial liabilities	-	-
	-	-
Variable rate instruments:		
Financial assets	756,129	1,540,871
	756,129	1,540,871

Fair value sensitivity analysis for fixed rate investments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit and Loss		Equity	
	100bp increase	100bp decrease	100bp increase	100bp decrease
	\$	\$	\$	\$
30 June 2010				
Variable rate instruments	7,561	(7,561)	7,561	(7,561)
30 June 2009				
Variable rate instruments	15,409	(15,409)	15,409	(15,409)

Fair values

Fair values versus carrying amounts

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

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

17. COMMITMENTS

(a) Exploration

The Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Group's exploration programmes and priorities. As at balance date, total exploration expenditure commitments on tenements held by the Group have not been provided for in the financial statements. These obligations are also subject to variations by farm-out arrangements or sale of the relevant tenements. This commitment does not include the expenditure commitments which are the responsibility of the joint venture partners.

(b) Operating Lease Commitments

The Group has no operating lease commitments.

	Note	Consolidated	
		2010	2009
		\$	\$
<i>(c) Contractual Commitment</i>			
Capital commitment		270,000	-

The capital commitment relates to a contract for the acquisition for land. The contract is subject to a number of conditions that have not all been satisfied at the date of this report.

18. NOTES TO THE STATEMENT OF CASH FLOWS

a) Cash Assets

Cash at bank and on hand	643,890	1,173,705
Bank at call cash account	112,239	367,166
Total cash and cash equivalents	756,129	1,540,871

The Bank at call account holds funds at call subject to certain trading restrictions and pays interest at an average of 5.25% (2009: 4%).

b) Reconciliation of Loss from Ordinary Activities after Income Tax to Net Cash Provided by Operating Activities

Profit/(Loss) after income tax	(2,122,794)	(791,905)
<i>Add (less) non cash items:</i>		
Depreciation	35,712	34,878
Share based payments	1,400,000	-
Exploration expenditure written off and expensed	-	55,094
<i>Changes in assets and liabilities, net of the effects of the purchase of subsidiaries:</i>		
Increase/(decrease) in trade creditors and accruals	(18,025)	(14,779)
(Increase)/decrease in sundry receivables	235	118,773
Net cash flow from operations	(704,872)	(597,939)

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

18. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

During the year the Company issued 6,250,000 options at \$0.07 each amounting to \$437,500 and 1,000,000 ordinary fully paid shares at \$0.14 each, amounting to \$140,000, in lieu of cash payments for capital raising costs in relation to share placements.

During the year the Company issued 10,000,000 ordinary fully paid shares at \$0.14 each to directors and consultants of the Company in lieu of cash remuneration.

19. CONTROLLED ENTITIES

	2010	2009
a) Particulars in Relation to Ownership of Controlled Entities		
	%	%
Belltopper Hill Pty Ltd	100	100
Syndicated Resources Pty Ltd	100	100
Willaura Minerals Pty Ltd	100	100
Isa Brightlands Pty Ltd	100	100
Isa Tenements Pty Ltd	100	100
b) GBM Resources Limited - Investments in controlled entities		
	\$	\$
Belltopper Hill Pty Ltd	596,850	596,850
Syndicated Resources Pty Ltd	100	100
Willaura Minerals Pty Ltd	810,000	810,000
Isa Brightlands Pty Ltd	1	1
Isa Tenements Pty Ltd	1	1
	1,406,952	1,406,952
c) Loans to/(from) Controlled Entities		
	\$	\$
Belltopper Hill Pty Ltd	1,981,365	1,698,038
Syndicated Resources Pty Ltd	-	-
Willaura Minerals Pty Ltd	(810,000)	(810,000)
Isa Brightlands Pty Ltd	2,461,145	270,965
Isa Tenements Pty Ltd	583,869	468,717
d) Contribution to Consolidated Result		
	\$	\$
GBM Resources Limited	(2,122,794)	(791,905)
Belltopper Hill Pty Ltd	-	-
Syndicated Resources Pty Ltd	-	-
Willaura Minerals Pty Ltd	-	-
Isa Brightlands Pty Ltd	-	-
Isa Tenements Pty Ltd	-	-
Total	(2,122,794)	(791,905)

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

20. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Details of Key Management Personnel

The following were key management personnel of the Group at any time during the reporting period and unless otherwise stated were key management personnel for the entire period.

Non-Executive Directors

Peter May – Chairman

Cameron Switzer – Non-executive Director

Executive Directors

Peter Thompson – Managing Director

Neil Norris – Exploration Director

b) Option Holdings of Key Management Personnel

Director	Balance at Beginning of Year	Granted as Remuneration	Options Exercised	Options expired	Balance at End of Year	Vested at 30 June 2010 Exercisable
P May	1,032,350	-	-	(1,032,350)	-	-
P Thompson	4,937,525	-	-	(4,937,525)	-	-
C Switzer	4,346,875	-	-	(4,346,875)	-	-
N Norris	3,093,635	-	-	(3,093,635)	-	-

c) Shareholdings of Key Management Personnel

Director	Balance at Beginning of Year	Granted as Remuneration (i)	Issued on exercise of options	Net change other	Balance at End of Year
P May	1,097,250	1,000,000	-	-	2,097,250
P Thompson	6,562,582	3,000,000	-	-	9,562,582
C Switzer	4,593,750	1,800,000	-	-	6,393,750
N Norris	6,250,000	3,000,000	-	-	9,250,000

(i) Granted to Directors in lieu of reduced cash remuneration for the period from 1 April 2009 to 31 March 2010. The shares were issued on 2 November 2009 after shareholder approval granted on 7 August 2009.

d) Other Transactions and Balances with Key Management Personnel

Transactions with Directors occurring during the year with entities over which Directors have control or exert significant influence. These transactions have been included in the remuneration disclosures of the Remuneration Report, in the Directors Report. Transactions are on normal commercial terms and no more favourable than those available, or which might reasonably be expected to be available, for a similar transaction to unrelated parties on an arms length basis.

Liabilities Arising from Transactions with Directors

	Consolidated	
	2010	2009
	\$	\$
Trade and other payables – Switzer Geological Services	4,400	-

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

	<u>Consolidated</u>	
	<u>2010</u>	<u>2009</u>
	\$	\$
21. RELATED PARTY TRANSACTIONS		
Total amounts receivable and payable from entities in the wholly-owned group (see note 19 for details of controlled entities) at balance date:		
Non Current Receivables		
Loans to controlled entities	<u>5,026,379</u>	<u>2,437,720</u>
Non Current Payables		
Loans from controlled entities	<u>(810,000)</u>	<u>(810,000)</u>

22. EVENTS SUBSEQUENT TO BALANCE DATE

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

On 8 August 2010 the Company announced that Swift Venture Holdings Corporation (SVH) had entered into an agreement, by the payment of \$280,000, to acquire a 60 day option to purchase an 80% interest in the Company's phosphate assets located south-east of Mt Isa, Queensland. Acquisition of the 80% interest by SVH was subject to subscription in a placement of 28 million shares in GBM Resources Limited at \$0.10 each and 28 million options exercisable at \$0.20 each on or before 30 June 2013, by 30 August 2010. On 21 September 2010 the Company announced a revision to the transaction, amended terms being a reduction in the placement securities from 28 million shares and options to 17.8 million shares and options, on the same terms as previously proposed, raising \$1.78 million. Key differences from the prior phosphate agreement are:

1. GBM increases its retained interest to 30%, a 10% increase;
2. A\$280,000 of GBM's working capital will be allocated to phosphate exploration which reduces its commitment from the previous \$600,000. All future exploration expenditure will be met by SVH; and
3. The Company has reduced the share subscription by 10.2 million shares and options.

The Company will now retain 30% of the phosphate assets, free carried until completion of a bankable feasibility study. The placement was completed on 29 September 2010.

On 17 August 2010 the Company completed a placement of 5 million ordinary fully paid shares and 5 million options exercisable at \$0.20 each on or before 30 June 2013, raising \$500,000 before costs.

On 3 September 2010 the Company closed a pro-rata entitlement priority offer to option holders whose options expired on 30 June 2010, to acquire options for \$0.01 each, exercisable at \$0.20 each on or before 30 June 2013. The Offer closed fully subscribed with the issue of 69,814,553 options raising \$698,146 before costs.

On 10 September 2010 the Company announced that it had signed an agreement to acquire the Magpie mining lease ML2643. Terms of the Option Agreement are first and extension Option Fee payments of \$15,000 and \$30,000 respectively. If the Company elects to exercise the option the consideration to acquire the lease will be \$150,000 cash plus 1 million fully paid shares in the Company.

GBM Resources Limited
ABN 44 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2010

23. DIVIDENDS

There are no dividends paid or payable during the year ended 30 June 2010 or the 30 June 2009 comparative year.

24. CONTINGENCIES

(i) Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Group as at 30 June 2010 or 30 June 2009 other than:

Native Title and Aboriginal Heritage

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

(ii) Contingent assets

There were no material contingent assets as at 30 June 2010 or 30 June 2009.

25. PARENT ENTITY INFORMATION

	Company	
<i>Financial position</i>	2010	2009
	\$	\$
Assets		
Current assets	1,121,240	1,846,201
Non-current assets	7,957,413	5,182,042
Total Assets	9,078,653	7,028,243
Liabilities		
Current liabilities	(239,148)	(335,844)
Non-current liabilities	(810,000)	(810,000)
Total Liabilities	(1,049,148)	(1,145,844)
NET ASSETS	8,029,505	5,882,399
Equity		
Issued Capital	11,179,440	7,347,040
Option Reserve	-	328,796
Share based payments reserve	-	45,166
Accumulated losses	(3,149,935)	(1,838,603)
TOTAL EQUITY	8,029,505	5,882,399
<i>Financial performance</i>		
Loss for the year	(2,122,794)	(791,905)
Other comprehensive income	-	-
Total comprehensive income	(2,122,794)	(791,905)

Contingent liabilities

For full details of contingent liabilities see Note 24.

Commitments

For full details of commitments see Note 17.

GBM Resources Limited
ABN 44 124 752 745
Directors Declaration
For the Year Ended 30 June 2010

1. In the opinion of the Directors:
 - a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the year then ended; and
 - ii. complying with Accounting Standards and Corporations Regulations 2001;
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c) the financial statements and notes are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2010.

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



PETER THOMPSON
MANAGING DIRECTOR

Dated this 29th day of September 2010

INDEPENDENT AUDITOR'S REPORT

To the members of GBM RESOURCES LTD

Report on the Financial Report

We have audited the accompanying financial report of GBM Resources Ltd ("the company"), which comprises the consolidated statement of financial position as at 30 June 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 31 to 58.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

Auditor's Opinion

In our opinion:

- (a) the financial report of GBM Resources Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(b).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of GBM Resources Ltd for the year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.



HLB MANN JUDD
Chartered Accountants



W M CLARK
Partner

Perth, Western Australia
29 September 2010