



ACN 124 752 745

ANNUAL FINANCIAL STATEMENTS

For the year ended 30 June 2017

GBM Resources Limited

ABN 91 124 752 745

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GBM Resources Limited

ABN 91 124 752 745

Corporate Directory

Directors

Peter Thompson
Executive Chairman

Hun Seng Tan
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
Telephone: +61 3 5470 5033

Auditors

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

Share Registry

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

Securities Exchange Listing

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

Solicitors

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

Website and e-mail address

www.gbmr.com.au

Email: admin@gbmr.com.au

GBM Resources Limited

ABN 91 124 752 745

Directors' Report

The Directors present their report together with the consolidated financial statements for the Company and its controlled entities ('Group') for the financial year ended 30 June 2017.

DIRECTORS

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

Peter Thompson – B.Bus, CPA, FCIS

Executive Chairman

Experience

Mr Thompson is a CPA qualified accountant and Fellow of Governance Institute of Australia. He has over 35 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 appointed as a non-executive director of Nova MSC Berhad, a Malaysian public company on 1 June 2017.

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

Neil Norris – BSc(Hons), MAIMM, MAIG

Exploration Director - Executive

Experience

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

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

Hun Seng Tan - MBA

Non-Executive Director

Mr Tan has over 30 years' experience in the process engineering sector both in China and Singapore. He was founder of BMS Technology PL, a manufacturer for the hard disk industry in Singapore and China. Mr Tan led BMS Technology in a successful merger and later 100% acquisition of that company by Nidec Corporation of Japan which is listed on both the New York and Tokyo stock exchanges.

Mr Tan holds a Master of Business Administration from University of Hull, United Kingdom and obtained his Advanced Diploma in Management Study and Production Engineering. Mr Tan has a proven track record in business development and extensive business relations in China and the Asia capital markets.

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

COMPANY SECRETARY

Mr Kevin Hart – B.Comm FCA

Mr Hart is a Chartered Accountant and was appointed to the position of Company Secretary on 3 February 2010. He has over 30 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.

GBM Resources Limited

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Directors' Report

MEETINGS OF DIRECTORS

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

	DIRECTORS' MEETINGS	
	Number Eligible to Attend	Number Attended
P Thompson	11	11
N Norris	11	11
H Tan	11	11

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was exploration and undertaking scoping studies in respect of its gold projects in Australia.

OPERATING AND FINANCIAL REVIEW

During the financial year the Group's activities were focussed on exploration at its wholly owned Mt Coolon Gold Project. In addition, the Group undertook re-estimation of mineral resources and scoping studies at Mt Coolon.

Operating Results

The net loss after income tax attributable to members of the Group for the financial year to 30 June 2017 amounted to \$1,540,602 (2016: profit \$3,180,395). The prior year profit included a gain of \$5,299,614 on the recognition of a financial asset in respect of shares of Anchor Resources Pte Ltd. The current year loss includes an impairment charge of \$1,242,164 in respect of the change in value of investments to 30 June 2017 (2016: \$1,163,840). In addition, the Group has recognised \$163,142 in respect of exploration costs written off and expensed (2016: \$271,237).

Financial Position

At the end of the financial year, the Group had \$739,718 (2016: \$355,106) in cash on hand and on deposit. Carried forward exploration and evaluation expenditure was \$14,428,442 (2016: \$11,350,307).

As at 30 June 2017 the Group recognised an asset amounting to \$2,655,492 (2016: \$4,135,774) in respect of its investment in Anchor Resources Pte Ltd (Anchor Resources), a Company holding the Lubuk Mandi mining concession which is quoted on the Catalist Board of the Singapore Stock Exchange (SGX).

EQUITY SECURITIES ON ISSUE

	30 June 2017	30 June 2016
Ordinary fully paid shares	863,566,975	653,063,975
Options over unissued shares	203,391,744	Nil

Ordinary Fully Paid Shares

During the year ended 30 June 2017 the Company issued the following ordinary fully paid shares:

- 3,000 ordinary fully paid shares on the exercise of options;
- 160,500,000 ordinary fully paid shares at 1.6 cents per share pursuant to a share placement; and
- 50,000,000 ordinary fully paid shares at a deemed price of 3 cents per share in lieu of cash repayment of a loan (market price of GBM shares at the time of issue was 1.5 cents per share).

No shares have been issued between the end of the financial year and the date of this report.

GBM Resources Limited

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Directors' Report

Options over Ordinary Shares

During the year ended 30 June 2017, 203,391,744 options exercisable at 5 cents each and expiring 30 September 2019 were issued pursuant to a non-renounceable priority entitlement offer.

During the year ended 30 June 2017 no options have been cancelled.

No options have been issued, vested, exercised or cancelled between the end of the financial year and the date of this report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year the Company entered into a \$10 million loan arrangement to fund the development of the Mt Coolon Gold Project. A Deed of Settlement, Termination and Release was signed effective 31 March 2017 and \$1.5 million received pursuant to the agreement was settled by the issue of 50 million GBM shares.

During the year the Company entered into a binding heads of agreement (HOA) with WCB Resources Limited regarding a proposed merger. The HOA was terminated on 31 March 2017.

There were no other 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:

- In July 2017 the Company completed the sale of 14,018,618 shares in Anchor Resources Limited, receiving a total of A\$963,204 in sale proceeds.

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 2017.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

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

ENVIRONMENTAL ISSUES

The Group holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agencies during the year ended 30 June 2017.

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Directors' Report

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 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 (together known as Key Management Personnel or KMP) are set out in the attached Table.

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

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

2017	<u>Short term</u>		<u>Post Employment</u>	<u>Share Based Payments</u>		
	<i>Salary and fees \$</i>	<i>Other \$</i>	<i>Super - annuation \$</i>	<i>Options / shares \$</i>	<i>Total \$</i>	<i>Performance Based Payments as % of remuneration %</i>
<u>Directors</u>						
P Thompson	215,000	-	20,424	-	235,424	-
N Norris	197,565	8,436	18,769	-	224,770	-
H Tan	148,000	-	-	-	148,000	-
<i>Total Directors</i>	560,565	8,436	39,193	-	608,194	-

GBM Resources Limited

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Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

Details of Remuneration for Directors and Executive Officers (Continued)

2016	<u>Short term</u>		<u>Post Employment</u>	<u>Share Based Payments</u>		
	<i>Salary and fees \$</i>	<i>Other \$</i>	<i>Super - annuation \$</i>	<i>Options / shares \$</i>	<i>Total \$</i>	<i>Performance Based Payments as % of remuneration %</i>
<u>Directors</u>						
P Thompson	215,000	-	20,425	-	235,425	-
N Norris	200,000	8,436	19,000	-	227,436	-
H Tan	104,000	-	-	-	104,000	-
F Cannavo	15,000	-	1,710	-	16,710	-
<i>Total Directors</i>	534,000	8,436	41,135	-	583,571	-

¹During the 2017 and 2016 financial years, total remuneration payable to the Executive Directors Peter Thompson and Neil Norris continued to be paid on a temporarily reduced basis. This is a temporary measure to ensure that the current strategies in place are achieved by the Company.

²During the 2017 financial year, the Company paid Mr Tan an amount of \$100,000 in respect of his special duty role in Singapore including recovery of outstanding debt and managing the Company's interests and investments in the Lubuk Mandi gold project and Anchor Resources Limited. This amount was paid in addition to his non-executive director fees of \$4,000 per month.

Included in director remuneration in the table above for 2016 are amounts of \$96,635 that were accrued for payment as at 30 June 2016.

See disclosure relating to service agreements for further details of remuneration of executive directors.

Options Provided as Remuneration

During the years ended 30 June 2016 and 30 June 2017 no options have been granted and issued to KMP of the Company.

No shares were issued to KMP of the Company in respect of the exercise of options previously granted as remuneration.

Service Agreements

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

Peter Thompson – Executive Chairman

The service agreement has a term of 12 months from 1 September 2016. Total remuneration under the contract of \$300,000 per annum inclusive of superannuation has been temporarily reduced to \$235,425 per annum as part of the Company's cost reduction program. This reduced remuneration level will remain in place until otherwise decided by the Board.

The Service agreement contains certain provisions typically found in contracts of this nature. The Company may terminate the Service Agreement without cause by providing nine months written notice to the individual or by making a payment in lieu of notice. The Service Agreement may be terminated immediately in the case of serious misconduct.

The Service Agreement is subject to annual review.

There is no specific cash bonus or other performance based compensation contemplated in the agreement. Long term and short term incentives, may be awarded subject to Board discretion.

GBM Resources Limited

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Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

Details of Remuneration for Directors and Executive Officers (Continued)

Neil Norris - Exploration Director

The service agreement has a term of 12 months from 1 September 2016. Total remuneration under the contract of \$300,000 per annum inclusive of superannuation has been temporarily reduced to \$217,000 per annum as part of the Company's cost reduction program. This reduced remuneration level will remain in place until otherwise decided by the Board.

The Service agreement contains certain provisions typically found in contracts of this nature. The Company may terminate the Service Agreement without cause by providing nine months written notice to the individual or by making a payment in lieu of notice. The Service Agreement may be terminated immediately in the case of serious misconduct.

The Service Agreement is subject to annual review.

There is no specific cash bonus or other performance based compensation contemplated in the agreement. Long term and short term incentives, may be awarded subject to Board discretion.

Share Based Compensation

At the date of this report the Company has not entered into any agreements with KMP 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 may be issued to provide an appropriate level of incentive using a cost effective means given the Company's size and stage of development.

DIRECTORS' INTERESTS

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

Ordinary shares

Director	Ordinary shares held at 1 July 2016	Movement during the financial year	Ordinary Shares held at 30 June 2017	Ordinary shares held at the date of the Directors' Report
P Thompson	11,200,000	-	11,200,000	11,200,000
N Norris	11,141,667	-	11,141,667	11,141,667
H Tan	18,666,667	-	18,666,667	18,666,667

Options

Director	Options held at 1 July 2016	Movement during the financial year ¹	Options held at 30 June 2017	Options held at the date of the Directors' Report
P Thompson	-	2,800,000	2,800,000	2,800,000
N Norris	-	2,556,250	2,556,250	2,556,250
H Tan	-	4,666,667	4,666,667	4,666,667

¹ Options acquired pursuant to a non-renounceable entitlement offer.

GBM Resources Limited

ABN 91 124 752 745

Directors' Report

REMUNERATION REPORT (AUDITED) (CONTINUED)

LOANS TO DIRECTORS AND EXECUTIVES

There were no loans entered into with Directors or executives during the financial year ended 30 June 2017.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Other than the above, there are no transactions with Directors, or Director related entities or associates.

End of Remuneration Report

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

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

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

NON-AUDIT SERVICES

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

AUDITOR'S INDEPENDENCE DECLARATION

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

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

Dated this 22nd day of September 2017

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

PETER THOMPSON

Executive Chairman

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of GBM Resources Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in 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 relation to the GBM Resources Limited and the entities it controlled during the period.



**Perth, Western Australia
22 September 2017**

**D I Buckley
Partner**

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

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

Liability limited by a scheme approved under Professional Standards Legislation

GBM Resources Limited

ABN 91 124 752 745

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	Note	Consolidated	
		2017	2016
		\$	\$
Revenue	3a	114,211	266,167
Other gains and losses	3b	750,000	5,299,614
Consulting and professional services		(157,498)	(128,425)
Corporate and project assessment costs		(44,099)	(21,050)
Depreciation	4	(41,087)	(48,565)
Employee benefits expense	4	(401,304)	(388,206)
Impairment expense	10	(1,242,164)	(1,163,840)
Exploration expenditure written off and expensed	4	(163,442)	(271,237)
Travel expenses		(136,707)	(112,999)
Administration and other expenses		(218,512)	(251,064)
Profit/(loss) before income tax		(1,540,602)	3,180,395
Income tax benefit	5	-	-
Profit/(loss) for the year		(1,540,602)	3,180,395
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		(1,540,602)	3,180,395
		Cents	Cents
Basic earnings/(loss) per share	6	(0.2)	0.5
Diluted earnings/(loss) per share	6	(0.2)	0.5

The accompanying notes form part of these financial statements

GBM Resources Limited
ABN 91 124 752 745
Consolidated Statement of Financial Position
As at 30 June 2017

		Consolidated	
		2017	2016
	Note	\$	\$
Current assets			
Cash and cash equivalents	20	739,718	355,106
Trade and other receivables	7	63,058	95,309
Investments – available for sale financial assets	10	2,655,492	-
Total Current Assets		3,458,268	450,415
Non-current assets			
Trade and other receivables	7	754,904	412,121
Exploration and evaluation expenditure	8	14,428,442	11,350,307
Property, plant and equipment	9	116,501	156,605
Investments – available for sale financial assets	10	75,075	4,135,774
Total Non-current Assets		15,374,922	16,054,807
TOTAL ASSETS		18,833,190	16,505,222
Current liabilities			
Trade and other payables	11	255,283	323,851
Total Current Liabilities		255,283	323,851
Non-current liabilities			
Provision for rehabilitation	12	706,907	396,054
Total Non-current Liabilities		706,907	396,054
TOTAL LIABILITIES		962,190	719,905
NET ASSETS		17,871,000	15,785,317
Equity			
Issued capital	13	31,801,764	28,785,654
Option reserve	15	610,175	-
Accumulated losses	15	(14,540,939)	(13,000,337)
TOTAL EQUITY		17,871,000	15,785,317

The accompanying notes form part of these financial statements

GBM Resources Limited
ABN 91 124 752 745
Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2017

				Share based payments reserve	Accumulated losses	Total
Consolidated	Note	Issued capital	Option reserve			
		\$	\$	\$	\$	\$

Balance at 1 July 2015		27,372,099	323,733	400,000	(16,904,465)	11,191,367
Shares issued (net of costs)	13	1,413,555	-	-	-	1,413,555
Transfer to accumulated losses on expiry of options	15	-	(323,733)	(400,000)	723,733	-
Profit attributable to members of the Company	15	-	-	-	3,180,395	3,180,395
Balance at 30 June 2016		28,785,654	-	-	(13,000,337)	15,785,317

Balance at 1 July 2016		28,785,654	-	-	(13,000,337)	15,785,317
Shares issued (net of costs)	13	3,016,110	-	-	-	3,016,110
Options issued pursuant to non-renounceable entitlement offer	15	-	610,175	-	-	610,175
Loss attributable to members of the Company	15	-	-	-	(1,540,602)	(1,540,602)
Balance at 30 June 2017		31,801,764	610,175	-	(14,540,939)	17,871,000

The accompanying notes form part of these financial statements

GBM Resources Limited
ABN 91 124 752 745
Consolidated Statement of Cash Flows
For the Year Ended 30 June 2017

	Note	Consolidated	
		2017	2016
		\$	\$
Cash flows from operating activities			
Interest received		9,315	10,685
Other income		6,553	73,361
Exclusivity fee income		-	100,000
JV management fee income		18,049	131,858
Payments to suppliers and employees		(1,084,997)	(776,390)
Net cash flows (used in) operating activities	20(c)	(1,051,080)	(460,486)
Cash flows from investing activities			
Payments for bonds and security deposits		(342,716)	-
Proceeds on sale of available for sale investments		387,270	-
Payments on acquisition of equity investments		-	(37,500)
Funds provided by JV partner under Farm-in agreement		145,979	1,103,770
Payments for exploration and evaluation, including JV Farm-in spend		(2,986,038)	(2,794,839)
Proceeds on sale of property, plant and equipment		6,000	-
Payments to acquire property, plant and equipment		(982)	-
Payments made for loans advanced		(150,000)	-
Proceeds received on reimbursement by associate		-	57,779
Net cash flows (used in) investing activities		(2,940,487)	(1,670,790)
Cash flows from financing activities			
Proceeds from the issue of shares and options		3,178,175	1,394,841
Share issue costs		(301,996)	(16,180)
Loans received		1,500,000	-
Net cash flows provided by financing activities		4,376,179	1,378,661
Net increase/(decrease) in cash and cash equivalents		384,612	(752,615)
Cash and cash equivalents at the beginning of the financial year		355,106	1,107,721
Cash and cash equivalents at the end of the financial year	20(a)	739,718	355,106

The accompanying notes form part of these financial statements

GBM Resources Limited
ABN 91 124 752 745
Notes to the Financial Statements
For the Year Ended 30 June 2017

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 2017 comprises the Company and its subsidiaries (together referred to as the 'Group').

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

a) Basis of Preparation

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

Going Concern Basis for the Preparation of Financial Statements

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

As at 30 June 2017 the Group has cash assets of \$739,718, and total current liabilities at that date amounting to \$255,283. The loss for the 2017 financial year was \$1,540,602 of which \$1,242,164 related to impairment charges recognised in respect of investments in foreign equity securities and a gain of \$750,000 recognised on the settlement of a \$1.5 million loan liability by the issue of 50 million shares at 1.5 cents per share.

In July 2017, the Company received \$963,204 on the sale of 14,018,618 shares in Anchor Resources Limited. The balance of the Company's investment in Anchor Resources Limited, comprising 17,610,618 shares, will be tradeable from 17 September 2017 on the end of the restriction period.

The Directors will continue to manage the Group's activities with due regard to current and future funding requirements. The directors reasonably expect that the Company will be able to raise sufficient capital to fund the Group's exploration and working capital requirements, and that the Group will be able to settle debts as and when they become due and payable. On this basis, the Directors are therefore of the opinion that the use of the going concern basis is appropriate in the circumstances.

Should the Company be unable to raise the required funding, there is a material uncertainty that may cast significant doubt on whether the company will be able to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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

In the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

b) Statement of Compliance

The financial report was authorised for issue on 22nd September 2017.

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).

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Notes to the Financial Statements
For the Year Ended 30 June 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Principles of Consolidation

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

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

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

Management Fees

Revenue from farm-in management fees is recognised at the time the fees are invoiced.

e) Income Tax

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

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

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

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

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

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

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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Income Tax (Continued)

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.

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

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

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

f) Other Taxes

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

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

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

g) Financing Costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method. Borrowing costs are expensed as incurred and included in net financing costs, where there is no qualifying asset.

h) Leases

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

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

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

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

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

i) Cash and Cash Equivalents

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

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

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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:

Property and improvements	10 – 40 years
Office furniture and equipment	2.5 - 20 years
Plant and equipment	0 - 40 years
Motor Vehicles	8 years

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

(i) Impairment

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

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

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

(ii) De-recognition and Disposal

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

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

l) Investments and Other Financial Assets

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

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

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Notes to the Financial Statements
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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Investments and Other Financial Assets (Continued)

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

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

(ii) Held-to-Maturity Investments

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

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

(iii) Loans and Receivables

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

(iv) Available-for-Sale Investments

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

Upon disposal of available for sale investments the carrying value of the disposed assets are transferred to profit or loss to match with the consideration received, less costs to sell. A gain or loss on disposal is recognised in the period in which the disposal occurred.

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.

(v) Investment in Associated Entities

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements, after initially being recognised at cost. The associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate.

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Notes to the Financial Statements
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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Investments and Other Financial Assets (Continued)

Goodwill included in the carrying amount of the investment in an associate is not tested separately; rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivable and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with AASB 139. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a Group entity transacts with its associate, profits and losses resulting from those transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

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 exploitation 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.

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Notes to the Financial Statements
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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Exploration and Evaluation Expenditure (Continued)

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

n) Impairment of Assets

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

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

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

o) Trade and Other Payables

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

p) Interest Bearing Liabilities

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

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

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

q) Employee Benefits

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

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

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Notes to the Financial Statements
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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Employee Benefits (Continued)

(ii) Long Service Leave

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

r) Share Based Payments

Equity Settled Transactions:

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

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined by using a Black and Scholes model. Share rights are valued at the underlying market value of the ordinary shares over which they are granted.

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

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

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

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

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

If an equity-settled award is cancelled, the cumulative expense recognised in respect of that award is transferred from its respective reserve to accumulated losses. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

s) Share Capital

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

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Notes to the Financial Statements
For the Year Ended 30 June 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

t) Earnings Per Share

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

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

u) Business Combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. These provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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Notes to the Financial Statements
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NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u) Business Combinations (Continued)

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

v) Provision for Restoration and Rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

w) Parent Entity Financial Information

The financial information for the parent entity, GBM Resources Limited, disclosed in Note 28 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

x) 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 continuing to carry forward costs in relation to that area of interest.

Share based payments

The Group uses independent advisors to assist in valuing share based payments.

Estimates and assumptions used in these valuations are disclosed in the notes in periods when these share based payments are made.

2. FINANCIAL RISK MANAGEMENT

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

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Notes to the Financial Statements
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2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 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.

(c) Market risk

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

Currency risk

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

Interest rate risk

The Group is not exposed to significant interest rate risk and no financial instruments are employed to mitigate risk (Note 18 – Financial Instruments).

Equity price risk

The Group has exposure to price risk in respect of its holding of ordinary securities of Anchor Resources Limited (Singapore) and WCB Resources Limited (Canada). The investments are classified as an available for sale financial assets with unrealised movements in the market values of the investments recognised in equity, unless management considers that a material impairment has arisen in which case any unrealised losses will be accounted for through profit or loss. There are no hedging activities undertaken regarding these investments. (Note 18 – 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).

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		Consolidated	
		2017	2016
	Note	\$	\$
3. REVENUE AND OTHER GAINS/LOSSES			
a) Revenue			
Gain on disposal of available for sale investments		74,227	-
Gain on disposal of assets		6,000	-
Interest income		9,382	10,949
Joint venture management fee		18,049	131,857
Other income		6,553	23,361
Exclusivity fee income ¹		-	100,000
		114,211	266,167
¹ During the comparative financial year the Company granted a third party a period of exclusivity in respect of a potential corporate transaction. The exclusivity period had lapsed prior to 30 June 2016.			
b) Other gains and losses			
Gain on settlement of loan agreement ²		750,000	-
Gain on recognition of investment	10	-	5,299,614
		750,000	5,299,614
² Gain represents the difference between the loan liability settled by the issue of equity securities and the fair value of equity issued in settlement.			
4. EXPENSES			
Employee expenses			
Gross employee benefit expense:			
Wages and salaries		1,104,944	1,162,984
Directors' fees		136,000	119,000
Superannuation expense		103,295	110,782
Other employee costs		44,323	65,585
		1,388,562	1,458,351
Less amount allocated to exploration		(987,258)	(1,070,145)
Net consolidated statement of profit or loss and other comprehensive income employee benefit expense		401,304	388,206
Depreciation expense:			
Property and improvements	9	4,549	14,180
Office equipment and software	9	2,806	2,535
Site equipment	9	18,175	15,448
Motor vehicles	9	15,557	16,402
		41,087	48,565
Exploration costs:			
Unallocated exploration costs		129,719	139,371
Exploration costs written off	8	33,423	131,866
		163,142	271,237

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	Consolidated	
	2017	2016
	\$	\$
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 profit/(loss) before income tax from continuing operations	(1,540,602)	3,180,395
Income tax (benefit)/expense calculated at 27.5% (2016: 28.5%)	(423,666)	954,119
Gain on recognition of available for sale financial asset	-	(1,589,884)
Impairment expense	372,694	349,152
Capital raising costs claimed	(47,601)	(33,729)
Exploration costs written off	10,027	39,560
Unused tax losses and temporary differences not recognised as deferred tax assets	88,546	280,782
Income tax (benefit) reported in the consolidated statement of profit or loss and other comprehensive income	-	-
The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law.		
b) Unrecognised deferred tax assets and liabilities		
The following deferred tax assets and liabilities have not been brought to account:		
Unrecognised deferred tax assets relate to:		
Losses available for offset against future taxable income	8,107,589	6,866,950
Capital raising costs	107,735	64,737
Accrued expenses and leave liabilities	43,547	63,465
Rehabilitation provisions	212,072	118,816
	8,470,943	7,113,968
Unrecognised deferred tax liabilities relate to:		
Exploration expenditure	(4,328,532)	(3,405,092)
Net unrecognised deferred tax asset	4,142,411	3,708,876

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5. INCOME TAX (CONTINUED)

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

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

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

	Consolidated	
	2017	2016
	\$	\$

6. EARNINGS/(LOSS) PER SHARE

Profit/(loss) used in calculation of earnings/(loss) per share

(1,540,602)	3,180,395
--------------------	------------------

Basic and diluted earnings/(loss) per share

Cents	Cents
(0.2)	0.5

Weighted average number of shares used in the calculation of earnings per share

#	#
814,491,427	606,173,641

Options and performance share rights

Options and share rights to acquire ordinary shares granted by the Company and not exercised at the reporting date have been included in the determination of diluted earnings per share to the extent to which they are dilutive. There are no options on issue at 30 June 2017 that are considered to be dilutive.

	Consolidated	
	2017	2016
Note	\$	\$

7. TRADE AND OTHER RECEIVABLES

Current

Amounts due from farm-in partner	29,485	75,397
GST recoverable	10,751	14,380
Other debtors	22,822	5,532
	63,058	95,309

Non-current

Security and environmental bonds ¹	754,904	412,121
	754,904	412,121

¹ Included in non-current assets at 30 June 2017 is an amount of \$713,899 (2016: \$371,183) in respect of security deposits paid to the Queensland State Government in respect of the exploration licences and mining leases recognised on acquisition of Mt Coolon Gold Mines Pty Ltd. An additional amount of \$342,716 was lodged with the Queensland State Government in respect of security deposits relating to mining leases held by the Company.

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	Note	Consolidated	
		2017	2016
		\$	\$
8. EXPLORATION AND EVALUATION EXPENDITURE			
Exploration and evaluation phase:			
Capitalised costs at the start of the financial year		11,350,307	10,355,613
Capitalisation of Mt Coolon Gold Project additional rehabilitation costs	12	310,853	-
Costs capitalised during the financial year		2,800,705	1,126,560
Capitalised costs written off during the financial year	4	(33,423)	(131,866)
Capitalised costs at the end of the financial year		14,428,442	11,350,307

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

9. PROPERTY, PLANT AND EQUIPMENT

Carrying values at 30 June:

Property and improvements:			
Cost		193,117	193,117
Depreciation		(123,718)	(119,169)
		69,399	73,948
Office equipment and software:			
Cost		173,193	172,211
Depreciation		(169,371)	(166,566)
		3,822	5,645
Site equipment and plant:			
Cost		221,124	221,124
Depreciation		(203,638)	(185,463)
		17,486	35,661
Motor vehicles:			
Cost		161,638	161,638
Depreciation		(135,844)	(120,287)
		25,794	41,351
Total		116,501	156,605

Reconciliation of movements:

Property and improvements:			
Opening net book value		73,948	88,128
Depreciation	4	(4,549)	(14,180)
Closing net book value		69,399	73,948
Office equipment and software:			
Opening net book value		5,645	8,180
Cost of additions		983	-
Depreciation	4	(2,806)	(2,535)
Closing net book value		3,822	5,645

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		Consolidated	
		2017	2016
	Note	\$	\$
9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)			
Reconciliation of movements (Continued):			
Site equipment and plant:			
Opening net book value		35,661	51,109
Depreciation	4	(18,175)	(15,448)
Closing net book value		17,486	35,661
Motor vehicles:			
Opening net book value		41,351	57,754
Depreciation	4	(15,557)	(16,403)
Closing net book value		25,794	41,351
Total		116,501	156,605

10. AVAILABLE FOR SALE FINANCIAL ASSETS

Current			
Investment – Anchor Resources Limited		2,655,492	-
Non-current			
Investment – Anchor Resources Limited		-	4,135,774
Investment – WCB Resources Ltd		75,075	-
		75,075	4,135,774

Investment – Anchor Resources Limited

The investment relates to a holding of 31,621,236 (2016: 35,221,236) ordinary shares in Anchor Resources Ltd (Anchor), a Company quoted on the Catalist Board of the Singapore Stock Exchange (SGX). The shares are subject to a restriction of trading as follows:

Shares not subject to trading restrictions	14,010,618
Shares subject to trading restriction until 17 September 2017	17,610,618

The Group received the Anchor shares pursuant to a share swap agreement relating to its original shareholding in Angka Alamjaya Sdn Bhd (AASB), which were vended into the Initial Public Offer of Anchor.

Prior to the completion of the share swap agreement, the Group accounted for its investment in AASB as an associate using the equity method.

Balance at the start of the financial year	4,135,744	-
Gain on recognition of available for sale financial assets ¹	-	5,299,614
Carrying value of shares disposed during the year	(313,013)	-
Impairment expense ²	(1,167,239)	(1,163,840)
Carrying amount at the end of the financial year	2,655,492	4,135,744

¹ The fair value gain on recognition of the available for sale financial assets has been recognised as other income in the Statement of Profit or Loss and Other Comprehensive Income.

² The directors have reviewed the decline in value of the investment and have considered it to be significant and as such it has been reclassified from equity to profit or loss.

The investment is within the level 1 fair value hierarchy.

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	Consolidated	
	2017	2016
Note	\$	\$

10. AVAILABLE FOR SALE FINANCIAL ASSETS (CONTINUED)

Investment – WCB Resources Limited

The investment relates to a holding of 3,000,000 (2016: nil) ordinary shares in WCB Resources Limited (WCB), a Company quoted on the Venture Board of the Toronto Stock Exchange (TSX:V). The shares were acquired by the Company at a deemed price of CAD\$0.05 per share in full settlement and satisfaction of a loan previously advanced to WCB by the Company.

Balance at the start of the financial year	-	-
Recognition of investment on issue of shares	150,000	-
Impairment expense ³	(74,925)	-
Carrying amount at the end of the financial year	75,075	-

³ The directors have reviewed the decline in value of the investment and have considered it to be significant and as such it has been reclassified from equity to profit or loss.

The investment is within the level 1 fair value hierarchy.

11. TRADE AND OTHER PAYABLES

Current

Acquisition costs payable ¹	12,500	12,500
Trade creditors ²	70,009	81,490
Sundry creditors and accruals	63,060	114,946
Employee leave liabilities	109,714	114,915
	255,283	323,851

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

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

12. PROVISIONS

Non-current

Rehabilitation provision ¹	706,907	396,054
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¹ A provision of \$396,054 for rehabilitation was recognised during the 2015 financial year on acquisition of Mt Coolon Gold Mines Pty Ltd. An additional \$310,853 provision for rehabilitation was recognised in the 2017 financial year following an environmental approval assessment (Note 8).

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	Issue price	2017 No.	2016 No.	2017 \$	2016 \$
13. ISSUED CAPITAL					
Issued capital at the balance date		863,566,975	653,063,975	31,801,764	28,785,654
Movements in issued capital:					
On issue at the start of the year		653,063,975	557,894,121	28,785,654	27,372,099
Entitlement Issue \$0.015		-	92,982,354	-	1,394,735
Shares issued to acquire the Moonmera Prospect \$0.016		-	2,187,500	-	35,000
Shares issued on the exercise of options \$0.035		3,000	-	105	-
Share placement \$0.016		160,500,000	-	2,568,000	-
Shares issued in settlement of loan liability \$0.015		50,000,000	-	750,000	-
Share issue costs		-	-	(301,995)	(16,180)
On issue at the end of the reporting year		863,566,975	653,063,975	31,801,764	28,785,654

Shares Subject to Restriction Agreement

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

	2017 No.	2016 No.
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14. OPTIONS

Details of the Company's Incentive Option Scheme are provided at Note 16.

(a) Options over unissued shares

Options on issue at the balance date	203,391,744	-
Movements in options:		
Options on issue at the start of the year	-	177,746,562
Options issued pursuant to a non-renounceable entitlement offer ¹	203,391,744	-
Options exercised ²	-	(3,000)
Options cancelled on expiry of exercise period	-	(177,743,562)
Options on issue at the end of the reporting year	203,391,744	-

¹ Options exercisable at 5 cents each and expiring 30 September 2019 issued pursuant to a non-renounceable entitlement offer.

² Election to exercise options made prior to the expiry of options on 30 June 2016. The resulting shares were issued subsequent to the end of the financial year.

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	Note	Consolidated	
		2017	2016
		\$	\$
15. RESERVES AND ACCUMULATED LOSSES			
Share based payments reserveⁱ			
Opening balance		-	400,000
Transfer to accumulated losses on expiry of exercise period		-	(400,000)
Closing balance		-	-
Option reserveⁱⁱ			
Opening balance		-	323,733
Options subscribed for under non-renounceable entitlement offer		610,175	-
Transfer to accumulated losses on expiry of exercise period		-	(323,733)
Closing balance		610,075	-
Accumulated losses			
Opening balance		(13,000,337)	(16,904,465)
Transfer from share based payments reserve on expiry of options		-	400,000
Transfer from option reserve on expiry of options		-	323,733
Net profit/(loss) attributable to the members of the Company		(1,540,602)	3,180,395
Closing balance		(14,540,939)	(13,000,337)

ⁱ *Share based payments reserve*

The share based payments reserve represents the fair value of performance share rights and options, issued as consideration for services to employees or consultants as remuneration, or to third parties for the acquisition of assets, goods or services.

ⁱⁱ *Option reserve*

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

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16. EMPLOYEE BENEFITS

Details of the Company's performance right and share option plans, under which performance rights and options are issuable to employees, directors and consultants are summarised below. Details of share rights and options issued to Directors and executives are set out in the Remuneration Report that forms part of the Directors' Report.

Incentive Option Plan

The Company has a formal option plan for the issue of options to employees, directors and consultants, which was last approved by shareholders at the Company's Annual General Meeting on 28 October 2016. Options are granted free of charge and are exercisable at a fixed price in accordance with the terms of the grant. Options over unissued shares are issued under the terms of the Plan at the discretion of the Board.

There are no options on issue under the Incentive Option Plan at 30 June 2017 (2016: nil).

Performance Rights Plan

The Company has a formal plan for the issue of performance share rights to employees, which was approved by shareholders at the Company's Annual General Meeting on 28 October 2016. Share rights are granted free of charge and are exercisable into ordinary fully paid shares in accordance with the terms of the grant. Share rights are issued to employees under the terms of the Plan at the discretion of the Board.

There are no share rights on issue under the Performance Rights Plan at 30 June 2017 (2016: nil).

17. SEGMENT REPORTING

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

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics.

The Group's core activity is mineral exploration and resource development within Australia. During the 2016 and 2017 financial years the Group has recognised an investment in a company in Singapore (note 10).

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17. SEGMENT REPORTING (CONTINUED)

The reportable segments are represented as follows:

	Australia \$	Singapore \$	Consolidated \$
30 June 2017			
Revenue			
Joint venture management fee	18,049	-	18,049
Gain on disposal of available for sale financial asset	-	74,227	74,227
Total segment revenue	18,049	74,227	92,276
Segment net operating profit/(loss) after tax	(447,620)	(1,092,982)	(1,540,602)
Other revenue - unallocated	21,935	-	21,935
Depreciation	(41,087)	-	(41,087)
Exploration expenditure written off and expensed	(163,142)	-	(163,142)
Segment assets	16,177,698	2,655,492	18,833,190
Capital expenditure during period	982	-	982
Other non-current assets acquired	3,078,135	-	3,078,135
Segment liabilities	(962,190)	-	(962,190)
Segment non-current assets	15,374,922	2,655,492	18,030,414
 30 June 2016			
Revenue			
Joint venture management fee	131,858	-	131,858
Gain on recognition of available for sale financial asset	-	5,299,614	5,299,614
Total segment revenue	131,858	5,299,614	5,431,472
Segment net operating profit/(loss) after tax	(955,379)	4,135,774	(3,180,395)
Other revenue - unallocated	134,309	-	134,309
Depreciation	(48,565)	-	(48,565)
Exploration expenditure written off and expensed	(271,237)	-	(271,237)
Segment assets	12,369,448	4,135,774	16,505,222
Capital expenditure during period	-	-	-
Other non-current assets acquired	994,694	5,299,614	6,294,308
Segment liabilities	(719,905)	-	(719,905)
Segment non-current assets	11,919,033	4,135,774	16,054,807

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18. 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.

Currency risk

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

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)):

Consolidated	Carrying amount \$	Contractual cash flows \$	6 months or less \$	6-12 months \$	1-2 years \$	2-5years \$	More than 5 years \$
30 June 2017							
Trade and other payables	97,626	97,626	97,626	-	-	-	-
	97,626	97,626	97,626	-	-	-	-
30 June 2016							
Trade and other payables	99,800	99,800	99,800	-	-	-	-
	99,800	99,800	99,800	-	-	-	-

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

Interest rate risk

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

	Consolidated	
	2017	2016
	\$	\$
Fixed rate instruments:		
Financial liabilities	-	-
	-	-
Variable rate instruments:		
Financial assets	739,718	355,106
	739,718	355,106

The Group is not materially exposed to interest rate risk on its variable rate investments.

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18. FINANCIAL INSTRUMENTS (CONTINUED)

Equity risk

The Group is exposed to equity price risk, which arises through its holding of available for sale financial assets, being the investment in shares in Anchor Resources Limited and WCB Resources Limited (see note 10 for details).

Sensitivity analysis – Equity Price Risk

The Group's equity investments are listed on the Catalist Board of the Singapore Securities Exchange (SGX) and the Venture Board of the Toronto Stock Exchange (TSX-V). A 10% change in the equity price of the Group's investments at the reporting date would have the following impact on the financial statements:

	Profit or Loss		Equity	
	10% increase	10% decrease	10% increase	10% decrease
	\$	\$	\$	\$
30 June 2017				
Available for sale financial assets	273,057	(273,057)	273,057	(273,057)
30 June 2016				
Available for sale financial assets	413,577	(413,577)	413,577	(413,577)

Fair values

Fair values versus carrying amounts

The carrying amounts of financial assets and liabilities not measured at fair value on a recurring basis, as described in the consolidated statement of financial position represent their estimated net fair value.

19. 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.

Minimum expenditure requirements for the following 12 months on the Group's exploration licences as at 30 June 2017, including licences subject to farm-in arrangements are approximately \$2,807,000 (2016: \$2,985,900).

(b) Operating Lease Commitments

The Group has no operating lease commitments.

(c) Contractual Commitment

The Group has no contractual commitments.

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	Consolidated	
	2017	2016
	\$	\$

20. NOTES TO THE STATEMENT OF CASH FLOWS

a) Cash and cash equivalents

Cash at bank and on hand	633,880	251,806
Bank at call cash account	105,838	103,300

Total cash and cash equivalents	739,718	355,106
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The Bank at call account holds funds at call subject to certain restrictions (note 20(b)) and pays interest at an average of 3.0% (2016:2.45%), and matures on 24 September 2017.

b) Cash balances not available for use

Included in cash and cash equivalents are amounts pledged as guarantees for the following:

Corporate credit card facility	105,838	103,300
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c) Reconciliation of Loss from Ordinary Activities after Income Tax to Net Cash Used in Operating Activities

Profit/(Loss) after income tax	(1,540,602)	3,180,395
<i>Add (less) non-cash items:</i>		
Gain on equity settlement of loan liability	(750,000)	-
Gain on recognition of financial asset	-	(5,299,614)
Gain on sale of investments	(74,227)	-
Gain on sale of assets	(6,000)	-
Impairment charge	1,242,614	1,163,840
Depreciation	41,087	48,565
Exploration expenditure written off and expensed	163,142	271,238
<i>Changes in assets and liabilities:</i>		
Increase/(decrease) in trade creditors and accruals	(127,753)	130,018
(Increase)/decrease in sundry receivables	659	45,072
Net cash flow from operations	(1,051,080)	(460,486)

Material non-cash transactions

2016

During the 2016 financial year the Group issued 2,187,500 ordinary fully paid shares at a fair value of 1.6 cents per share to Rio Tinto Exploration Pty Ltd in consideration for the acquisition of the Moonmera copper-gold prospect adjacent to the Group's existing Mt Morgans copper-gold project, in eastern Queensland.

2017

During the 2017 financial year the Group issued 50,000,000 ordinary fully paid shares at a fair value of 1.5 cents per share in settlement of a \$1.5 million loan liability (Note 13).

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	Consolidated	
	2017	2016
	\$	\$

21. AUDITOR'S REMUNERATION

Amounts received or receivable by HLB Mann
Judd for:

- Audit and review of financial reports	30,500	29,500
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	2017	2016
	%	%

22. CONTROLLED ENTITIES

a) Particulars in Relation to Ownership of Controlled Entities

Belltopper Hill Pty Ltd	100	100
Syndicated Resources Pty Ltd	100	100
Willaura Minerals Pty Ltd	100	100
Isa Brightlands Pty Ltd	100	100
Isa Tenements Pty Ltd	100	100
Bungalien Phosphate Pty Ltd	100	100
Mt Coolon Gold Mines Pty Ltd	100	100

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in the note. Details of transactions between the Group and other related parties are disclosed in note 24.

23. KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Details of Key Management Personnel

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

Non-Executive Director

Hun Seng Tan – Non-Executive Director

Executive Directors

Peter Thompson – Managing Director/Executive Chairman
Neil Norris – Exploration Director

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23. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

Total remuneration paid to key management personnel during the year:

	Consolidated	
	2017	2016
	\$	\$
Short-term benefits	569,001	542,436
Post-employment benefits	39,193	41,135
	608,194	583,571

b) Other Transactions and Balances with Key Management Personnel

There are no other transactions with Directors, or Director related entities or associates, other than those reported in note 24. As at 30 June 2016 an amount of \$96,635 has been accrued for payment to Key Management Personnel in respect of remuneration.

24. RELATED PARTY TRANSACTIONS

Total amounts receivable and payable from entities in the wholly-owned group (see Note 24 for details of controlled entities) at balance date:

Non-Current Receivables

Loans to controlled entities	15,632,859	12,669,799
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Non-Current Payables

Loans from controlled entities	-	-
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25. DIVIDENDS

There are no dividends paid or payable during the year ended 30 June 2017 or the 30 June 2016 comparative year.

26. 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:

- In July 2017 the Company completed the sale of 14,018,618 shares in Anchor Resources Limited, receiving a total of A\$963,204 in sale proceeds.

GBM Resources Limited
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Notes to the Financial Statements
For the Year Ended 30 June 2017

27. CONTINGENCIES

(i) Contingent liabilities

There were no material contingent liabilities not provided for in the financial statements of the Group as at 30 June 2017 or 30 June 2016.

(i) Native Title and Aboriginal Heritage

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

(iii) Contingent assets

There were no material contingent assets as at 30 June 2017 or 30 June 2016.

	2017 \$	2016 \$
28. PARENT ENTITY INFORMATION		
<i>Financial position</i>		
Assets		
Current assets	3,457,916	489,218
Non-current assets	14,668,619	15,620,201
Total Assets	18,126,535	16,109,419
Liabilities		
Current liabilities	(255,535)	(324,102)
Non-current liabilities	-	-
Total Liabilities	(255,535)	(324,102)
NET ASSETS	17,871,000	15,785,317
Equity		
Issued capital	31,801,764	28,785,654
Option reserve	610,175	-
Accumulated losses	(14,540,939)	(13,000,337)
TOTAL EQUITY	17,871,000	15,785,317
<i>Financial performance</i>		
Profit/(loss) for the year	(1,540,602)	3,180,395
Other comprehensive income	-	-
Total comprehensive profit/(loss)	(1,540,602)	3,180,395

Contingent liabilities

For full details of contingent liabilities see Note 27.

Commitments

For full details of commitments see Note 19.

GBM Resources Limited

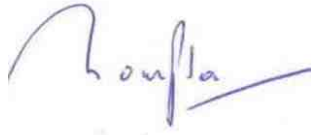
ABN 91 124 752 745

Directors' Declaration

For the Year Ended 30 June 2017

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 2017 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 2017.

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

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

PETER THOMPSON
Executive Chairman

Dated this 22nd day of September 2017

INDEPENDENT AUDITOR'S REPORT

To the members of GBM Resources Limited

Report on the Audit of the Financial Report*Opinion*

We have audited the financial report of GBM Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern*, we have determined the matters described below to be the key audit matters to be communicated in our report

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Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of exploration and evaluation expenditure Note 1(m) of the financial report	At 30 June 2017, the exploration and evaluation expenditure was carried at \$14,428,442 (2016: \$11,350,307). In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group capitalises acquisition costs of rights to explore and applies the cost model after recognition. Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset. We considered this to be a key audit matter because this is one of the significant assets of the Group. There is a risk that the capitalised expenditure no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. Our procedures included but were not limited to the following: • We obtained an understanding of the key processes associated with management's review of the exploration and evaluation asset carrying values; • We considered the Directors' assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its area of interest; • We tested a sample of exploration expenditures to see that it met requirements for capitalisation; • We examined the exploration budget for 2017/18 and discussed with management the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and minutes of Directors' meetings to ensure that the Group had not decided to discontinue exploration and evaluation at its area of interest; and • We examined the disclosures made in the financial report.
Impairment of available-for-sale investments Note xx of the financial report	At 30 June 2017, the available-for-sale investments were valued at \$2,730,567 (2016: \$4,135,774). We focused on this area due to the size of the balance and the significant judgement required in determining whether available-for-sale investments are impaired where there is a decline in fair value below cost. The available-for-sale investments were classified as 'level 1' financial instruments as quoted prices in active markets were available. The Group performs an impairment review of its available-for-sale investments semi-annually and records impairment charges when there has been a significant or prolonged decline in the fair value below cost. In determining what is "significant" or "prolonged" the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. Our audit procedures included but were not limited to the following: ▪ We assessed the Group's valuation of these financial instruments and performed valuation testing on the available-for-sale investments; ▪ We reviewed the company's impairment policy, and assessed the adequacy of its impairment charges on available-for-sale investments at year end; and ▪ We also considered whether the disclosures in relation to available-for-sale investments comply with the relevant disclosure requirements.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of GBM Resources Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.



HLB Mann Judd
Chartered Accountants



D I Buckley
Partner

Perth, Western Australia
22 September 2017