

ASX Announcement  
12 April 2012

ASX Code: GBZ

## **GBM RESOURCES FURTHER EXPANDS “FLAGSHIP” MILO IOCG - REE DEPOSIT IN QUEENSLAND**

### **Key Highlights:**

- **Scout holes MIL012 and 13 confirm northern extension of system beyond the resource outline.**
- **MIL012 returned 25m @ 1% Cu Eq; including 9m @ 2% Cu Eq with rare earth elements of 24m @ 2457ppm and 18m @ 1460ppm of TREEYO.**
- **Drilling has now recommenced at Milo to further test the North and South extensions of the system.**
- **Current Holes MIL014 and 15 testing the southern extension show strong sulphide mineralisation and potential to extend the resource outline south.**
- **Milo Scoping Study on track.**

Australian resources company **GBM Resources Limited** (ASX:GBZ) (“**GBM**” or “the **Company**”) is pleased to provide an update of activities at the Milo IOCG-REE deposit in the North West Mineral Province of Queensland.

Drilling has recommenced with the objective of extending the previously announced maiden inferred resource of 103Mt at an average grade of 760ppm TREEYO, containing an estimated 83,500 tonnes of total rare earth elements and yttrium oxide (TREEYO) (refer ASX release 29 February 2012). Drilling will test both to the north and south sides of the current resource boundary. Improvements to access tracks completed prior to the end of the 2011 field season, has enabled the company to gain early access in 2012. A diamond drill rig was mobilised to site during March to commence the 2012 programme.

This early work has already shown promise. Field logging of Hole MIL014 core indicates a broad zone of sulphide mineralisation extending for approximately 150 metres downhole from about 50 metres, including a zone of massive and semi-massive pyrite from 100 metres to 135 metres downhole (see Photograph 1). This mineralisation is located above previously drilled hole MIL001 which returned the best REE mineralisation encountered in drilling at Milo to date. In Hole MIL015 field observations highlight obvious chalcopyrite from 164m -169m (see Photograph 2). Assay results are expected during the June quarter.

Assay results have now been received for drill holes MIL012 and 013 which were completed in late December 2011. Both holes encountered broad zones of mineralisation confirming the northward extension of the system beyond the resource outline.

Significant results are summarised in the table below and illustrated in the plan view in the attached figure. Both holes were diamond drilled from surface at declinations of approximately 60° degrees toward 270° (Milo Grid). Samples were half NQ or HQ size core.

Hole ID	Interval m	Length m	Cu %	Au ppm	Co ppm	Ag ppm	Mo ppm	U ppm	Cu Equiv* %	Cut-off %CuEq
MIL011	82 to 206	124	0.18	0.05	162	3.9	104	96	0.5	0.1
	incl. 128 to 136	8	0.26	0.08	231	8.0	186	177	0.8	0.5
	incl. 149 to 170	21	0.39	0.10	275	9.1	184	188	1.0	0.7
	incl. 188 to 192	4	0.29	0.05	238	6.8	172	157	0.8	0.5
MIL012	41 to 66	25	0.36	0.11	330	1.7	131	257	1.0	0.1
	55 to 64	9	0.66	0.22	637	3.3	253	571	2.0	1
	201 to 227	27	0.05	0.00	179	0.1	8	9	0.2	0.1
MIL013	49 to 71	22	0.09	0.01	108	0.7	66	67	0.3	0.1

Table; CuEq results summary for Milo drillholes MIL011 (reported previously), MIL012 and MIL013

Hole ID	selected from	to	interval	CeO2 ppm	La2O3 ppm	Y2O3 ppm	Dy2O3 ppm	Eu2O3 ppm	Nd2O3 ppm	Pr2O3 ppm	Tb2O3 ppm	Yb2O3 ppm	Other ppm	TREEYO ppm
MIL011	81	273	192	208	168	54	7.6	4.4	67	20	1.3	3.9	27	561
Incl.	249	266	17	547	474	94	12.4	3.4	169	54	2.2	5.1	51	1411
MIL012	41	65	24	848	18	167	3.3	2.4	66	26	3.6	19.8	461	2457
MIL012	89	155	66	129	61	32	5.6	1.4	47	13	1.0	2.7	21	313
MIL012	202	220	18	654	455	81	12.2	4.0	149	47	2.4	4.9	50	1460

Table; significant TREEYO intersections from recent drillholes. (note complete REE results not available for hole MIL013).

	CeO2	La2O3	Nd2O3	Pr2O3	Sm2O3	Eu2O3	Gd2O3	Y2O3	Dy2O3	Er2O3	Others (ppm, t)
REEYO Prices (US\$/t) <small>(metal pages 5 April 2012)</small>	24,500	24,000	130,000	130,000	86,000	3,010,000	103,000	130,000	1,160,000	N/A	

Table: available REE prices (red denotes elements in critical undersupply, US Dept. of Energy, Dec 2011: Critical Materials Strategy).



Photograph 1: massive sulphides (largely pyrite) in wet drill core from 132 metres in drill hole MD014 (NQ2 drill core, diameter 53mm).



*Photograph 2: Hole MIL015 showing obvious chalcopyrite from 164m-169m*

GBM Resources is also pleased to report that the Milo Scoping Study is on track to be completed by mid-year. The Study covers the key activities of:

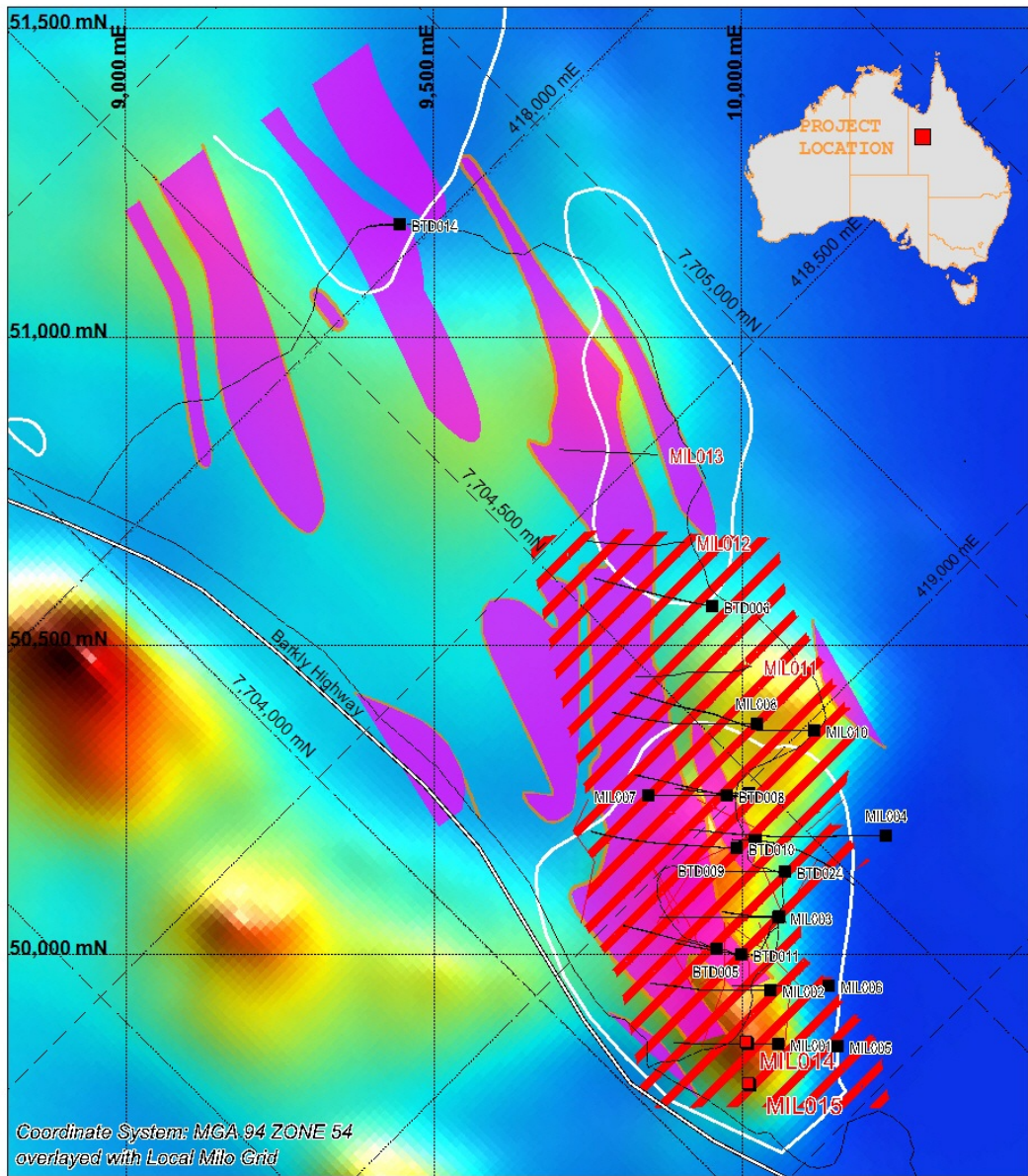
- Delineation of a maiden copper equivalent resource;
- Metallurgical testing for both the copper equivalent and rare earth elements;
- Preliminary mine and processing plant design; and
- Financial modelling to demonstrate commercialisation of the Milo ore body.

This will provide the basis to lead into the next development phase for Milo - the Pre-feasibility Study to be undertaken in the second half of this year.

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← 1km →

- Key**
- Previous GBM Drilling
  - Current GBM Drilling
  - Soil Geochemistry >200ppm Cu
  - Soil Geochemistry >30ppm La
  - ▨ Resource Outline

■  
**EPM14416**  
**MIL0 PROJECT**  
**DRILLING, GEOCHEMISTRY**  
**& RESOURCE OUTLINE**



**Abbreviations:**

**REE(O)** Rare Earth Elements(oxides). There are 14 rare earth elements; Lanthanum (La), Cerium (Ce), Praseodymium (Pr), Neodymium (Nd), Samarium (Sm), Europium (Eu), Gadolinium (Gd), Terbium (Tb), Dysprosium (Dy), Holmium (Ho), Erbium (Er), Thulium (Tm), Ytterbium (Yb), Lutetium (Lu) but excluding Promethium (Pm).

**TREEY(O)** Total Rare Earth element and Yttrium (oxides) (Yttrium (Y) is not always considered as a Rare Earth Element but does have many similar properties)

**CuEq** Copper Equivalent, as defined in Note 1 below.

Reference Notes

\*1 Copper Equivalent calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent copper percentage. These results are exploration results only and no allowance is made for recovery losses that may occur should mining eventually result. However it is the company's opinion that elements considered here have a reasonable potential to be recovered. It should also be noted that current state and federal legislation may impact any potential future extraction of Uranium. Prices and conversion factors used are summarised below, rounding errors may occur.

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

\*2 Intersections quoted are length weighted averages of results for individual sample intervals. Samples were taken at 1 metre intervals in RC drilling by multistage splitter and generally 1 metre intervals of half sawn core with maximum of 2 metres for diamond drilling. Analyses were completed by ALS in Mt Isa for all elements other than gold by ME-MS61r, over limit (>1%) Cu by Cu-OG46 and AU by Au-AA25 in Brisbane. Holes generally range in declination from 50° to 70° to 225° MGA at Milo. Mineralised zones are interpreted to dip steeply in the opposite direction, holes are therefore drilled approximately perpendicular to the interpreted strike of mineralised zones.

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

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