



GBM Resources Limited
Interim report

ABN 91 124 752 745

For the half-year ended 31 December 2008

GBM Resources Limited

Interim report – 31 December 2008

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 30 June 2008 and any public announcements made by GBM Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' report

Your directors present their report on the consolidated entity consisting of GBM Resources Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2008.

Directors

The following persons were directors of GBM Resources Limited during the whole of the half-year and up to the date of this report:

Peter May

Chairman – Non-executive

Peter Thompson

Managing Director

Cameron Switzer

Director - Non-executive

Review of operations

GBM Resources' articulated exploration strategy remains on track and unchanged and is fully funded for the 2009 calendar year.

GBM's flagship gold, gold-copper and phosphate projects are advanced to warrant maintenance of exploration programs in 2009. This will further enhance the level of project readiness to meet the normal due diligence parameters of joint venture partners and project investors who continue to seek investment in mineral projects with commercial potential.

Outlook for 2009

In our ongoing assessment of GBM's exploration portfolio, we believe that the key focus is :

- **Brightlands (Qld) gold and copper project** where success here could be a step change in value for the Company and shareholders. GBM will focus its exploration efforts on this tenement.
- **Malmsbury's (Vic) gold project** where field work will continue as this gold project has the potential to emerge as a major gold system. GBM has successfully attained a drilling grant through the Rediscover Victoria Drilling Initiative to further test the gold mineralising system. A large tonnage Intrusive Related gold deposit is the main target.
- **Project enhancement** where the Company will look to enhance its other projects by low cost field work and assess opportunities to joint venture them, thereby retaining an interest and reducing risk.
- **Cost reduction** initiatives were completed in January 2009, whereby administration and other costs have resulted in annualised savings of \$400,000 .

The above focus and initiatives will enable the Company to carry out its exploration activities over the next 12 months.

GBM's strategic objective continues to be: "To discover a new deposit which has the potential to be commercially developed adding significant value to the Company and shareholders." It is the Directors' view that progress achieved to date continues to support this strategy.

Since the last Review of Operations dated 30th September 2008, GBM's key highlights include:

1. Malmsbury Gold Project (Vic)

The Inferred Resource for Leven Star prospect located on Belltopper Hill has increased 76% to 104,000 ounces of gold. This deposit is open both at strike and depth. The 2008 diamond drilling and field work programs, plus historical data now support the conclusion that the Malmsbury Gold Project has the potential to emerge as a major gold system in a world-class gold province. A soil sampling program is currently underway on Belltopper Hill.

2. Brightlands Gold and Copper project (Qld)

The Brightlands Project has been significantly upgraded based on the recent geological structural review combined with the known historical data. The project, southwest of Cloncurry, lies in the same structural zone which hosts the discovery of the new Rocklands copper deposit. This project is capable of hosting a major gold and copper deposit. Field work is currently underway.

3. Phosphate mineralisation at Mt Isa (Qld)

Drill results have confirmed widespread phosphate mineralisation over the Bungalien project. Peak values of more than 22% P₂O₅ were among some of the strongest results from the 1,000 metre RC program. Bungalien is among a suite of nearby phosphate projects including Horse Creek, Limestone Creek and Malbon2 which are within the area's phosphate rich Beetle Creek Formation. As previously stated, the Company's overall mineral target remains the iron oxide copper gold style deposits which these projects have potential to host.

GBM believes the phosphate discovery has added value to these projects and the Company will actively look for a JV partner to progress with the phosphate development.



Project Location Map (see GBM's web site for tenement summary)

Project Summary Update

Victoria Gold Project

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

The historic Drummond North goldfield produced 98,000 tonnes of ore at an average grade of 29g/t in the late 19th century and has had little targeted exploration activity or drilling. Many zones remain to be drill tested and resource potential evaluated.

The Drummond North goldfield includes a number of structurally controlled mineralised zones which are significant and may be proximal to a major intrusive related gold deposit.

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

The results of exploration activities support the conclusion that the Malsmbury gold project has the potential to emerge as a major gold system.

Mt Isa Copper Gold projects

GBM has extensive gold and copper exploration assets in the Mount Isa region which is one of the world's most prolific producers of base metals. The tenement package is highly focused on the Eastern Succession which is recognised as the key host to iron oxide copper gold (IOCG) style deposits in the region.

Since acquiring the tenements in 2008, GBM has been reviewing all data which has resulted in the key focus being :

- The Brightlands gold and copper project which is capable of hosting a major gold and copper deposit; and
- To investigate the phosphate potential which has resulted in a low cost drill program confirming phosphate mineralisation over the Bungalien project area.

Brightlands Project review

Gold and copper targets at the Brightlands Project (EPM 14416), southwest of Cloncurry in the Mt Isa region, have been upgraded after a structural analysis confirmed multiple targets with anomalous gold, gold-copper and uranium.

A new litho-structural interpretation has enhanced the prospectivity of targets and identified 58 targets based on structural, alteration and stratigraphic interpretation, many of which also have supportive geochemical data.

A summary of significant prospects include:

1. **The Range Prospect** (Au-Cu): 43 anomalous rock chip samples collected over 1.3km². Samples between 0.5 and 21.1 ppm Au, 25% contain >1% Cu and as high as 8%Cu.
2. **Tiger Prospect** (Au-Cu) sampling returned anomalous gold in rock chip samples in shear zone interpreted as part of a structural zone including structures hosting the Rocklands deposit 2 km northwest. Rock chip sampling of the structure has returned Au values up to 2.0ppm Au and up to 17.5% Cu.
3. **Fine Gold Gully** previously identified and returning significant stream sediment, rock chip and soil results located on a key structural intersection between the Wakeful Fault and a major deformation zone extending southward through several other areas of gold anomalism.

4. **Lost Track** (Au) where rock chip samples have returned anomalous gold values (peak value 13.9 ppm Au) over the Timberoo Member near the southern end of a 10 kilometre zone of deformation linking the Cone Creek Fault Zone with the Wakeful Fault zone to the north.
5. **Milo Area** (Au-Cu-U) has returned anomalous values in previous sampling programs and this has been substantiated by GBM's initial sampling which returned up to; 1.4ppm Au, 4.8% Cu, 120ppm U and 478ppm Mo. The area is associated with the Cloncurry Flexure and an extensive (kilometre scale) alteration and brecciation system. The interpreted alteration system size at Milo is capable of hosting a major deposit.

The Brightlands project has multiple significant gold and copper gold geochemical anomalies and has the potential to host a major deposit.

Phosphate Mineralisation

Bungalien is among a suite of nearby phosphate projects including Horse Creek, Limestone Creek and Malbon2, owned by the Company within the area's phosphate rich Beetle Creek Formation, part of the broader Georgina Basin mineralised footprint near Mount Isa.

These phosphate prospects near Mount Isa also have significant potential for discovery of world-class gold and copper mineralisation, with six discrete magnetic anomalies identified under the cover of the Georgina Basin.

The objective of the 1000m drill program (now completed) on the Bungalien project was to successfully demonstrate the extent and the potential for the development of phosphate.

Key results include:

1. Of 17 RC holes drilled, 5 returned peak values in excess of 10% P₂O₅ and two eastern most holes returned peak values of more than 22% P₂O₅.
2. The program demonstrated the continuity of the Beetle Creek Formation throughout the project area; this sedimentary rock sequence is the key host to phosphate mineralisation within the Georgina Basin.
3. Interpretation of the drilling results demonstrates that the project area contains some 16 square kilometres of the Beetle Creek Formation within a depth of 50 metres from surface and over a strike length of 9 kilometres. The drilling intersections confirm a very flat lying orientation for the mineralised Beetle Creek Formation, which most holes intersected between 40 to 50 metres downhole.
4. The Bungalien project is ideally supported by a road and rail corridor through its tenement boundary, enhancing potential development options.

The results to date confirm the phosphate potential of these projects which lie within the rich Beetle Creek Formation

Other Projects

Dee Range copper gold project (Qld)

A review of available geological, geophysical and exploration data relating to the Mount Morrissey area has identified four significant exploration targets. Mount Morrissey is located close to the company's Dee Range area which comprises four permits close to the Mount Morgan Mine which produced 8 million ounces of gold and more than 400,000 tonnes of copper in a mining history spanning more than 100 years.

Willaura copper gold project (Vic)

Previous exploration has identified three discrete magnetic features with coincident geochemical anomalies considered worthy of further investigation for intrusive related gold mineralisation. These anomalies are located in the Stavely region of western Victoria.

The Stavely Belt is considered by GBM as one of Australia's most under-explored volcanic terrains with recent exploration results released by Beaconsfield Gold representing some of the first high grade gold and base metal intersections in this terrain and confirming the prospectivity of the region for IRDG style deposits.

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 page 7.

This report is made in accordance with a resolution of directors.



Mr. Peter May
Chairman

Perth WA
16 March 2009

Competent Person Statement

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

Auditor's Independence Declaration

As lead auditor for the review of the financial report of GBM Resources Limited for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of GBM Resources Limited.



Perth, Western Australia
16 March 2009

W M CLARK
Partner, HLB Mann Judd

GBM Resources Limited
Consolidated income statement
For the half-year ended 31 December 2008

| | Half-year | |
|---|--------------------|------------------|
| | 31 Dec 2008 | 31 Dec 2007 |
| | \$ | \$ |
| Revenue | | |
| Other income | 56,468 | 22,124 |
| Employee benefits expense | (34,580) | (129,056) |
| Consulting and professional fees | (231,669) | (185,538) |
| Depreciation | (18,330) | - |
| Exploration expenditure | (52,752) | - |
| Travel | (56,854) | - |
| Other expenses | (108,149) | (62,560) |
| Loss before income tax | (445,866) | (355,030) |
| Income tax expense | - | - |
| Loss for the half-year | (445,866) | (355,030) |
| | Cents | Cents |
| Loss per share attributable to the ordinary equity holders of the company: | | |
| Basic earnings per share | (0.68) | (1.84) |

The above consolidated income statement should be read in conjunction with the accompanying notes.

GBM Resources Limited
Consolidated balance sheet
As at 31 December 2008

| | Note | 31 Dec 2008 \$ | 30 June 2008 \$ |
|----------------------------------|------|----------------------|-----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 1,529,343 | 2,764,821 |
| Receivables | | <u>284,146</u> | <u>291,509</u> |
| Total current assets | | <u>1,813,489</u> | <u>3,056,330</u> |
| Non-current assets | | | |
| Property, plant and equipment | | 121,457 | 113,843 |
| Deferred exploration expenditure | 3 | <u>3,704,438</u> | <u>2,997,966</u> |
| Total non-current assets | | <u>3,825,895</u> | <u>3,111,809</u> |
| Total assets | | <u>5,639,384</u> | <u>6,168,139</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | | <u>267,734</u> | 350,623 |
| Total current liabilities | | <u>267,734</u> | <u>350,623</u> |
| Total liabilities | | <u>267,734</u> | <u>350,623</u> |
| Net assets | | <u>5,371,650</u> | <u>5,817,516</u> |
| EQUITY | | | |
| Issued capital | 2 | 6,490,252 | 6,490,252 |
| Reserves | | 373,962 | 373,962 |
| Accumulated losses | | <u>(1,492,564)</u> | <u>(1,046,698)</u> |
| Total equity | | <u>5,371,650</u> | <u>5,817,516</u> |

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

GBM Resources Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2008

| | Half-year | |
|--|--------------------|--------------------|
| | 31 Dec 2008 | 31 Dec 2007 |
| | \$ | \$ |
| Total equity at the beginning of the half-year | 5,817,516 | (460,881) |
| Loss for the period and total recognised income and expense for the period | (445,866) | (355,030) |
| Transactions with equity holders in their capacity as equity holders: | | |
| Contributions of equity, net of transaction costs | - | 6,752,053 |
| Costs of equity | - | (547,427) |
| | - | 6,204,626 |
| Total equity at the end of the half-year | 5,371,650 | 5,388,715 |

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

GBM Resources Limited
Consolidated cash flow statement
For the half-year ended 31 December 2008

| | Half-year | |
|---|--------------------|------------------|
| | 31 Dec 2008 | 31 Dec 2007 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Payments to suppliers and employees (inclusive of goods and services tax) | (346,967) | (269,933) |
| Interest received | 57,311 | 22,125 |
| Net cash used in operating activities | (289,656) | (247,808) |
| Cash flows from investing activities | | |
| Payments for exploration | (819,879) | (24,784) |
| Payments for exploration tenements | (100,000) | (157,246) |
| Payment of option fees | - | (25,000) |
| Payments for plant and equipment | (25,943) | (69,553) |
| Net cash used in investing activities | (945,822) | (276,583) |
| Cash flows from financing activities | | |
| Proceeds from issues of shares | - | 4,793,900 |
| Costs of share issues | - | (563,764) |
| Net cash provided by financing activities | - | 4,230,136 |
| Net increase/ (decrease) in cash and cash equivalents | (1,235,478) | 3,705,745 |
| Cash and cash equivalents at the beginning of the half-year | 2,764,821 | 59,007 |
| Cash and cash equivalents at end of the half-year | 1,529,343 | 3,764,752 |

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by GBM Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The half-year report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale financial assets which are measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

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

Significant accounting judgments and key estimates

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

In preparing this half-year report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2008.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2008, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2008.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

2 Issued Capital

| | Consolidated | |
|--|-----------------------|------------------------|
| | 31 Dec 2008 Number | 30 June 2008 Number |
| <i>Ordinary shares</i> | | |
| Issued and fully paid | 65,759,103 | 65,759,103 |
| | Number | \$ |
| <i>Movements in ordinary shares on issue</i> | | |
| At 1 Jul 2008 | 65,759,103 | 6,490,252 |
| Movements | - | - |
| At 31 Dec 2008 | 65,759,103 | 6,490,252 |

3 Deferred exploration and evaluation expenditure

| | Consolidated | |
|--|---|---------------------------------|
| | 31 December 2008 (6 Months) \$ | 30 June 2008 (year) \$ |
| Costs carried forward in respect of areas of interest in the following phases: | | |
| Exploration and evaluation phase – at cost | | |
| Balance at beginning of the financial period | 2,997,966 | - |
| Expenditure incurred | 659,224 | 1,591,116 |
| Acquisition of tenements | 100,000 | - |
| Tenements acquired on acquisition of subsidiaries | - | 1,406,850 |
| | 3,757,190 | 2,997,966 |
| Expenditure written off | (52,752) | - |
| Balance at the end of the financial period | 3,704,438 | 2,997,966 |

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale or farm out of the exploration interests.

4 Segment reporting

The company only operates in one geographical and business segment.

5 Events occurring after the balance sheet date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significant affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 13 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that GBM Resources Limited will be able to pay its debts as and when they become due and payable.

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



Mr. Peter May
Chairman

Perth WA
16 March 2009

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of
GBM RESOURCES LIMITED****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report, which comprises the condensed balance sheet as at 31 December 2008, the condensed income statement, condensed statement of changes in equity, condensed cash flow statement and notes to the financial statements for the half-year ended on that date, and the directors' declaration, of GBM Resources Limited and the entities it controlled during the half-year ended 31 December 2008 ("consolidated entity").

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of GBM Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of GBM Resources Limited on 16 March 2009.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of GBM Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB MANN JUDD
Chartered Accountants



W M CLARK
Partner

Perth, Western Australia
16 March 2009