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**GBM RESOURCES LIMITED**

**ACN 124 752 745**

**NOTICE OF GENERAL MEETING**

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**TIME:** 9am (WST)

**DATE:** Wednesday, 18 August 2010

**PLACE:** Celtic Club, 48 Ord Street, West Perth, Western Australia

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9316 9100.*

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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The general meeting of the Shareholders to which this Notice of Meeting relates will be held at 9am (WST) on Wednesday, 18 August 2010 at:

Celtic Club, 48 Ord Street, West Perth, Western Australia

**YOUR VOTE IS IMPORTANT**

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The business of the General Meeting affects your shareholding and your vote is important.

**VOTING IN PERSON**

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To vote in person, attend the General Meeting on the date and at the place set out above.

**VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to GBM Resources Limited, Suite 8, 7 The Esplanade, Mt Pleasant, WA 6153; or
- (b) facsimile to the Company on facsimile number (+61 8) 9315 5475; or
- (c) email to the Company at [info@gbmr.com.au](mailto:info@gbmr.com.au),

so that it is received not later than 9am (WST) on Monday, 16 August 2010.

**Proxy Forms received later than this time will be invalid.**

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## NOTICE OF GENERAL MEETING

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Notice is given that the general meeting of Shareholders will be held at 9am (WST) on Wednesday, 18 August 2010 at Celtic Club, 48 Ord Street, West Perth, Western Australia.

The Explanatory Statement provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company the close of business on Monday, 16 August 2010.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

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## AGENDA

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### 1. RESOLUTION 1 – APPROVAL TO ISSUE OPTIONS UNDER PRIORITY OFFER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 56,931,793 Options pursuant to a priority entitlement offer to Qualifying Optionholders, excluding Directors, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 2. RESOLUTION 2 – PARTICIPATION BY CAMERON SWITZER IN PRIORITY OFFER

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 3,756,250 Options to Cameron Switzer (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Cameron Switzer (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**3. RESOLUTION 3 – PARTICIPATION BY PETER MAY IN PRIORITY OFFER**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 1,095,350 Options to Peter May (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Peter May (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**4. RESOLUTION 4 – PARTICIPATION BY NEIL NORRIS IN PRIORITY OFFER**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 3,093,635 Options to Neil Norris (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Neil Norris (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**5. RESOLUTION 5 – PARTICIPATION BY PETER THOMPSON IN PRIORITY OFFER**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to 4,937,525 Options to Peter Thompson (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Peter Thompson (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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6. **RESOLUTION 6 – ISSUE OF SHARES AND OPTIONS - PHOSPHATE PLACEMENT**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to:*

*(a) 28,000,000 Shares raising up to a total of \$2,800,000; and*

*(b) 28,000,000 free Options,*

*on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

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**DATED: 13 JULY 2010**

**BY ORDER OF THE BOARD**



**KEVIN HART  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 9am (WST) on Wednesday, 18 August 2010 at Celtic Club, 48 Ord Street, West Perth, Western Australia.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. RESOLUTION 1 – PLACEMENT – OPTIONS

#### 1.1 General

The Company announced to the ASX on 21 June 2010 a priority entitlement offer to Qualifying Optionholders to enable them to subscribe for additional Options at an issue price of 1 cent each on the basis of one (1) Option for every one (1) Expired Option they held at the Record Date. The Company will be issuing a prospectus in respect of the offer (**Prospectus**).

Resolution 1 seeks Shareholder approval for the allotment and issue of up to 56,931,793 Options pursuant to the priority entitlement offer to Qualifying Optionholders, excluding Directors or their associates (**Option Placement**).

None of the subscribers pursuant to this issue are related parties of the Company. Director participation in the priority offer is subject to Resolutions 2 to 5 of this Notice of Meeting.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 1 will be to allow the Directors to issue the Options pursuant to the Option Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

#### 1.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Option Placement:

- (a) the maximum number of Options to be issued is 56,931,793;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Options will be issued for \$0.01;

- (d) the Options will be allotted and issued to Qualifying Optionholders, excluding Directors or their associates;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1. It is the Company's intention to seek quotation for the options on the ASX following completion of the priority offer. However, there is no guarantee that ASX will grant quotation of these options and/or quote these options on ASX, as ASX has the discretion to grant quotation for an entity's securities and there are minimum requirements that must be met before quotation may be granted (including, without limitation, minimum spread requirements); and
- (f) the Company intends to use the funds raised from the Option Placement towards working capital for the Company and to the funding of ongoing exploration programs in Victoria and Queensland.

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## 2. RESOLUTION 2, 3, 4 AND 5 – PLACEMENT OPTIONS - DIRECTORS

### 2.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of up to 12,882,760 Options (**Options**) to Messrs Cameron Switzer, Peter May, Neil Norris and Peter Thompson (**Related Parties**) on the terms and conditions set out below. The Related Parties will be allotted and issued the Options under the Prospectus.

The purpose of Resolutions 2, 3, 4 and 5 is to enable the Related Parties to participate in a priority offer of Options to Qualifying Optionholders.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The issue of the Options to the Related Parties requires the Company to obtain Shareholder approval because the issue of Options constitutes giving a financial benefit and as Directors, Messrs Cameron Switzer, Peter May, Neil Norris and Peter Thompson are related parties of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Options to the Related Parties.

## 2.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Options:

- (a) the related parties are Messrs Cameron Switzer, Peter May, Neil Norris and Peter Thompson and they are related parties by virtue of being Directors;
- (b) the maximum number of Options (being the nature of the financial benefit being provided) to be issued to the Related Parties is:
  - (i) 3,756,250 Options to Cameron Switzer;
  - (ii) 1,095,350 Options to Peter May;
  - (iii) 3,093,635 Options to Neil Norris; and
  - (iv) 4,937,525 Options to Peter Thompson;
- (c) the Options will be issued to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Options will be issued on one date;
- (d) the Options will be issued for \$0.01 each;
- (e) the Company intends to use the funds raised from the Option Placement to the related parties towards working capital for the Company and to the funding of ongoing exploration programs in Victoria and Queensland
- (f) the terms and conditions of the Options are set out in Schedule 1. It is the Company's intention to seek quotation for the options on the ASX following completion of the priority offer. However, there is no guarantee that ASX will grant quotation of these options and/or quote these options on ASX, as ASX has the discretion to grant quotation for an entity's securities and there are minimum requirements that must be met before quotation may be granted (including, without limitation, minimum spread requirements);
- (g) the value of the Options and the pricing methodology is set out in Schedule 2;
- (h) the relevant interests of the Related Parties in securities of the Company are set out below;

<b>Related Party</b>	<b>Shares</b>	<b>Options</b>
Cameron Switzer	6,393,750	Nil
Peter May	2,097,250	Nil
Neil Norris	9,250,000	Nil
Peter Thompson	9,562,582	Nil



- (i) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

<b>Related Party</b>	<b>Current Financial Year<sup>1</sup></b>	<b>Previous Financial Year</b>
Cameron Switzer	\$18,964	\$34,621
Peter May	\$23,356	\$24,500
Neil Norris	\$198,588	\$25,243
Peter Thompson	\$159,909	\$199,384

<sup>1</sup> This refers to the remuneration of the Directors from 1 July 2009 to 31 May 2010.

- (j) if the Options issued to the Related Parties are exercised, a total of 12,882,760 Shares would be allotted and issued. This will increase the number of Shares on issue from 158,393,504 to 171,276,264 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 7.52%, comprising 2.19% by Cameron Switzer, 0.64% by Peter May, 1.81% by Neil Norris and 2.88% by Peter Thompson.

The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	<b>Price</b>	<b>Date</b>
Highest	31.5 cents	24 November 2009
Lowest	3 cents	25 June 2009
Last	6.5 cents	9 July 2010

- (l) the primary purpose of the issue of Options to the Related Parties is to enable them to participate in the priority offer to Qualifying Optionholders on the same basis as other Optionholders;
- (m) Cameron Switzer declines to make a recommendation to Shareholders in relation to Resolution 2 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 2, recommend that Shareholders vote in favour of Resolution 2. The Board (other than Cameron Switzer) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution;
- (n) Peter May declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 3, recommend that Shareholders vote in favour of

Resolution 3. The Board (other than Peter May) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution;

- (o) Neil Norris declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 4, recommend that Shareholders vote in favour of Resolution 4. The Board (other than Neil Norris) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution; and
- (p) Peter Thompson declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 5, recommend that Shareholders vote in favour of Resolution 5. The Board (other than Peter Thompson) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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### 3. RESOLUTION 6 – ISSUE OF SHARES AND OPTIONS - PHOSPHATE PLACEMENT

#### 3.1 Overview

The Company has tenements that are prospective for phosphate in the Cambrian Georgina Basin Sediments within the Bungalien, Horse Creek and Limestone Creek Projects in Queensland Australia (**Assets**).

In July 2010, the Company entered into a terms sheet with Swift Ventures Holdings Corporation (**Swift**) relating to the exploration, defining mineralisation, development and mining for profit of the Assets (**Terms Sheet**).

Under the Terms Sheet, Swift, at its discretion, has agreed to subscribe, within 60 days from signing, for 28,000,000 Shares at an issue price of \$0.10 per Share for a total subscription value of \$2,800,000 (**Subscription Funds**). On 5 July 2010, Swift paid to the Company \$280,000 as an option fee (\$2,520,000 remaining to be paid). In addition, the Company has agreed to issue 28,000,000 free Options to Swift once the Subscription Funds have cleared.

Swift may, on or before 30 August 2010, withdraw from the Terms Sheet. If Swift elects to withdraw from the Terms Sheet, the Company will only issue 2,800,000 Shares and 2,800,000 free Options to Swift and the Company will retain the \$280,000 already received.

Under the Terms Sheet, GBM has agreed to produce an agreed development plan relating to the Assets and to spend up to A\$600,000 on phosphate exploration. Upon completion of the development plan and agreed exploration expenditure, Swift shall have the right to acquire an 80% interest in the Assets. Upon Swift exercising this right, the Company and Swift will enter into a joint venture agreement, under which Swift shall have an 80% ownership interest in the Assets,

and the Company shall be entitled to a 20% ownership interest on a free carried basis.

### **3.2 General**

Resolution 6 seeks Shareholder approval for the allotment and issue of up to 28,000,000 Shares at an issue price of \$0.10 per Share to raise up to \$2,800,000 to Swift (**Share Placement**) and 28,000,000 free Options to Swift (**Option Placement**).

Swift is not a related party of the Company.

A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

The effect of Resolution 6 will be to allow the Directors to issue the Shares pursuant to the Share Placement and Options pursuant to the Option Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **3.3 Technical information required by ASX Listing Rule 7.1 for Option Placement**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Option Placement:

- (a) the maximum number of Options to be granted is 28,000,000;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Options will be issued for nil cash consideration;
- (d) the Options will be allotted and issued to Swift (or its nominees);
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the Option Placement as the Options are being issued in consideration for entering into the Terms Sheet.

### **3.4 Technical information required by ASX Listing Rule 7.1 for Share Placement**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Share Placement:

- (a) the maximum number of Shares to be issued is 28,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price will be \$0.10 per Share;
- (d) the Shares will be allotted and issued to Swift (or its nominees);
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Share Placement towards working capital for the Company and to the funding of ongoing exploration programs in Victoria and Queensland.

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## **4. ENQUIRIES**

Shareholders are requested to contact Kevin Hart on (+ 61 8) 9316 9100 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**\$** means Australian dollars.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Company** or **GBM** means GBM Resources Limited (ACN 124 752 745).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director Option** means an Option issued pursuant to Resolutions 2, 3, 4 and 5 with the terms and conditions set out in Schedule 2.

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

**Expired Options** means:

- (a) listed Options trading under ASX Code "GBZO" that had an exercise price of \$0.25 each and an expiry date of 30 June 2010 (which expired on 30 June 2010);
- (b) unlisted Options that had an exercise price of \$0.22 each and an expiry date of 30 June 2010 (which expired on 30 June 2010); and
- (c) unlisted Options that had an exercise price of \$0.25 each and an expiry date of 30 June 2010 (which expired on 30 June 2010).

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Notice** or **Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share with the terms and conditions set out in Schedule 1.

**Optionholder** means a holder of an Option or Director Option as the context requires.

**Proxy Form** means the proxy form accompanying the Notice.

**Qualifying Optionholder** means any person or entity that held Expired Options at 5pm 30 June 2010.

**Record Date** means 5pm on 30 June 2010.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Swift** means Swift Ventures Holdings Corporation.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

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The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
  - (b) The Options will expire at 5.00pm (WST) on 30 June 2013 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (c) The amount payable upon exercise of each Option will be \$0.20 (**Exercise Price**).
  - (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
  - (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
  - (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
  - (h) The Company will apply to the ASX for quotation of these options upon completion of the priority offer. Optionholders acknowledge that there is no guarantee that ASX will grant quotation of these options and/or quote the options on ASX, as ASX has discretion to grant quotation for an entity's securities and there are minimum requirements that must be met before quotation may be granted (including, without limitation, minimum spread requirements).
  - (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
  - (j) The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
  - (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
  - (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
  - (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

## SCHEDULE 2 – VALUATION OF OPTIONS

The Options to be issued to the Related Parties pursuant to Resolutions 2, 3, 4 and 5 have been independently valued by Stanton's International Securities.

Using the theoretical Black & Scholes option model and based on the assumptions set out below, the Options were ascribed a value range, as follows:

<b>Assumptions:</b>		
Valuation date		25 June 2010
Consideration payable per Option		\$0.01
Market price of Shares		\$0.053
Exercise price		\$0.20
Expiry date		30 June 2013
Risk free interest rate		4.80%
Volatility		120.42%
<b>Indicative value per Director Option</b> (after deducting \$0.01 consideration)		\$0.0163
	Number of options	Total value of options
Cameron Switzer	3,756,250	\$61,227
Peter May	1,095,350	\$17,854
Neil Norris	3,093,635	\$50,426
Peter Thompson	4,937,525	\$80,482

Note: The Valuations noted above are not necessarily the market prices that the Options could be traded at and they are not automatically the market prices for taxation purposes.

## PROXY FORM

**APPOINTMENT OF PROXY  
GBM RESOURCES LIMITED  
ACN 124 752 745**

### GENERAL MEETING

I/We

of

being a member of GBM Resources Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR  the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 9am (WST), on Wednesday, 18 August 2010 at the Celtic Club, 48 Ord Street, West Perth, Western Australia, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

If the Chair of the General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolution 3** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolution 3 and that votes cast by the Chair of the General Meeting for Resolution 3 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolution 3 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 3.

*OR*

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#### Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Issue Options under Priority Offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Issue of Options – Cameron Switzer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Issue of Options – Peter May	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of Options – Neil Norris	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Issue of Options – Peter Thompson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Issue of Shares and Options – Phosphate Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_ %

**Signature of Member(s):** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Individual or Member 1**

**Sole Director/Company Secretary**

**Member 2**

**Director**

**Member 3**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

**GBM RESOURCES LIMITED**  
**ACN 124 752 745**

**Instructions for Completing 'Appointment of Proxy' Form**

1. **(Appointing a Proxy):** A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to GBM Resources Limited, Suite 8, 7 The Esplanade, Mt Pleasant, WA 6153; or
  - (a) facsimile to the Company on facsimile number (+61 8) 9315 5475; or
  - (b) email to the Company at [info@gbmr.com.au](mailto:info@gbmr.com.au),

so that it is received not later than 9am (WST) on Monday, 16 August 2010.

**Proxy forms received later than this time will be invalid.**