



**ACN 124 752 745**

**ANNUAL FINANCIAL STATEMENTS**

**For the year ended 30 June 2014**

# 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*

Chiau Woei Lim  
*Non-Executive Director*

Neil Norris  
*Executive Director – Exploration Director*

Frank Cannavo  
*Executive 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

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands WA 6009  
AUSTRALIA  
Telephone: +61 8 9389 8033  
Facsimile: +61 8 9262 3723

### Securities Exchange Listing

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

### Solicitors

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

### Website and e-mail address

[www.gbmr.com.au](http://www.gbmr.com.au)

Email: [admin@gbmr.com.au](mailto:admin@gbmr.com.au)

**GBM Resources Limited**  
**ABN 91 124 752 745**  
**Corporate Governance Statement**

**Introduction**

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

The Board of the Company is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

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

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

**Explanation for Departures from Best Practice Recommendations**

During the Company's 2013/2014 financial year the Company has sought to comply with the Corporate Governance Principles and the corresponding Best Practice Recommendations as published by the ASX Corporate Governance Council ("Corporate Governance Principles and Recommendations") and has adopted the revised Principles and Recommendations taking effect from reporting periods beginning on or after 1 January 2008. Significant policies and details of any significant deviations from the principles are specified below.

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

**Role of the Board of Directors**

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

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

**GBM Resources Limited**  
**ABN 91 124 752 745**  
**Corporate Governance Statement**

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

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

**Board Processes**

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

**Evaluation of Senior Executive Performance**

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

*Corporate Governance Council Recommendation 2*  
*Structure the Board to Add Value*

**Board Composition**

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

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

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

At the start of the 2014 financial year the Board was comprised of four members, two Non-Executive and two Executive. The Non-Executive Directors were Mr Cameron Switzer and Mr Guan Huat Loh. On 2 September 2013 Mr Chiau Woei Lim was appointed as a Non-Executive Director. The skills, experience and expertise of all Directors is set out in the Directors' Report.

Subsequent to the end of the financial year Messrs Switzer and Loh resigned as directors of the Company and Mr Frank Cannavo was appointed as an executive director.

The Board has assessed the independence of its Non-Executive Directors in office during the period according to the definition contained within the ASX Corporate Governance Guidelines and has concluded that the two Non-Executive Directors, Mr Switzer and Mr Loh, met the recommended independence criteria. Mr Lim did not meet the recommended independence criteria due to his substantial shareholding. The Company does not comply with Recommendation 2.1 of the Corporate Governance Council.

However, the Board considers that both its structure and composition are appropriate given the size of the Company and that the interests of the Company and its shareholders are well met.

**Independent Chairman**

The Chairman is not considered to be an independent director as at the reporting date due to his executive status, and as such Recommendation 2.2 of the Corporate Governance Council has not been complied with.

**GBM Resources Limited**  
**ABN 91 124 752 745**  
**Corporate Governance Statement**

*Corporate Governance Council Recommendation 2 (continued)*  
*Structure the Board to Add Value*

**Roles of Chairman and Chief Executive Officer**

The roles of Chairman and Chief Executive Officer are not currently exercised by different individuals, and as such the Company does not comply with Recommendation 2.3 of the Corporate Governance Council.

The Board considers that the appointment of Mr Thompson as Executive Chairman and Chief Executive Officer is appropriate for the current operations and activities that the Company is currently undertaking.

**Nomination Committee**

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

**Evaluation of Board Performance**

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

**Education**

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

**Independent Professional Advice and Access to Information**

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

*Corporate Governance Council Recommendation 3*  
*Promote Ethical and Responsible Decision Making*

The Board actively promotes ethical and responsible decision making.

**Corporate Code of Conduct**

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

*Guidelines for Trading in Company Securities*

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

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

The Company's policy restricts, notwithstanding exceptional circumstances, the trading in Company's securities by those individuals covered by the policy to trading windows that are open for 10 days following the hosting of General Meetings of the Company, the release of annual, half yearly results and quarterly reports and after any other public announcement on ASX.

**GBM Resources Limited**  
**ABN 91 124 752 745**  
**Corporate Governance Statement**

*Corporate Governance Council Recommendation 3 (continued)*  
Promote Ethical and Responsible Decision Making

**Diversity**

The Board has adopted a diversity policy that details the purpose of the policy and the employee selection and appointment guidelines, consistent with the recommendations of the Corporate Governance Council. The Board believes that the adoption of an efficient diversity policy has the effect of broadening the employee recruitment pool, supporting employee retention, including different perspectives and is socially and economically responsible governance practice.

The Company employs new employees and promotes current employees on the basis of performance, ability and attitude. The Board is continually reviewing its practices with a focus on ensuring that the selection process at all levels within the organisation is formal and transparent and that the workplace environment is open, fair and tolerant.

The Company, in keeping with the recommendations of the Corporate Governance Council provides the following information regarding the proportion of gender diversity in the organisation as at 30 June 2014:

	Proportion of female / total number of persons employed
Females employed in the Company as a whole	1 / 13
Females employed in the Company in senior executive positions	0 / 0
Females appointed as a Director of the Company	0 / 5

The recommendations of the Corporate Governance Council relating to reporting require a Board to set measurable objectives for achieving diversity within the organisation, and to report against them on an annual basis. The Company has implemented measurable objectives as follows:

Measurable Objective	Objective Satisfied	Comment
Adoption and promotion of a Formal Diversity Policy.	Yes	The Company has adopted a formal diversity policy which has been made publicly available via the ASX and the Company's website.
To ensure Company policies are consistent with and aligned with the goals of the Diversity Policy.	Yes	The Company's selection, remuneration and promotion practices are merit based and as such are consistent with the goals of the Company's Diversity Policy.
To provide flexible work and salary arrangements to accommodate family commitments, study and self-improvement goals, cultural traditions and other personal choices of current and potential employees.	Yes	The Company does, where considered reasonable, and without prejudice, accommodate requests for flexible working arrangements.
To implement clear and transparent policies governing reward and recognition practices.	Yes	The Company grants reward and promotion based on merit and responsibility as part of its annual and ongoing review processes.
To provide relevant and challenging professional development and training opportunities for all employees.	Yes	The Company seeks to continually encourage self-improvement in all employees, irrespective of seniority, ability or experience, through external and internal training courses, regular staff meetings and relevant on job mentoring.

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*Corporate Governance Council Recommendation 3 (continued)*  
Promote Ethical and Responsible Decision Making

The Company has not implemented specific measurable objectives regarding the proportion of females to be employed within the organisation or implement requirements for a proportion of female candidates for employment and Board positions. The Board considers that the setting of quantitative gender based measurable targets is not consistent with the merit and ability based policies currently implemented by the Company.

The Board will consider the future implementation of gender based diversity measurable objectives when more appropriate to the size and nature of the Company's operations.

*Council Recommendation 4*  
Safeguarding Integrity in Financial Reporting

**Audit Committee**

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

**Financial Reporting**

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

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

In the absence of a formal Audit Committee, Non-Executive Directors of the Company are available for correspondence with the auditors of the Company.

*Corporate Governance Council Recommendation 5*  
Make Timely and Balanced Disclosure

**Continuous Disclosure**

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

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

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



**GBM Resources Limited**  
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*Corporate Governance Council Recommendation 6*  
*Respect the Rights of Shareholders*

**Communications**

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

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

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

*Corporate Governance Council Recommendation 7*  
*Recognise and Manage Risk*

**Risk Management Policy**

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

**Risk Management and the Internal Control System**

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

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

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

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

- Business risk management  
The Company manages its activities within budgets and operational and strategic plans.
- Internal controls  
The Board has implemented internal control processes typical for the Company's size and stage of development. It requires the senior executives to ensure the proper functioning of internal controls and in addition it obtains advice from the external auditors as considered necessary.
- Financial reporting  
Directors approve a budget for the Company and regularly review performance against budget at Board Meetings.
- Operations review  
Members of the Board regularly visit the Company's exploration project areas, reviewing both geological practices, and environmental and safety aspects of operations.
- Environment and safety  
The Company is committed to ensuring that sound environmental management and safety practices are maintained on its exploration activities.

**GBM Resources Limited**  
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**Corporate Governance Statement**

*Corporate Governance Council Recommendation 7 (Continued)*  
*Recognise and Manage Risk*

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

**Risk Reporting**

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

The Company does not have an internal audit function.

**Chief Executive Officer and Chief Financial Officer Written Statement**

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

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

*Corporate Governance Council Recommendation 8*  
*Remunerate Fairly and Responsibly*

**Remuneration Committee**

The Board does not have a separate Remuneration Committee and as such does not comply with Recommendations 8.1 and 8.2 of the Corporate Governance Council. Remuneration arrangements for Directors are determined by the full Board. The Board is also responsible for setting performance criteria, performance monitors, share option schemes, superannuation, termination and retirement entitlements, and professional indemnity and liability insurance cover.

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

**Distinguish Between Executive and Non-Executive Remuneration**

The Company does distinguish between the remuneration policies of its Executive and Non-Executive Directors in accordance with Recommendation 8.3 of the Corporate Governance Council.

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

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

# 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 2014.

### 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 30 years experience in the mining industry in Australia, UK and South America. He has held senior roles with several major companies including Xstrata Plc, MIM Holdings Ltd and Mt Edon Gold Mines.

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

Mr Thompson 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.

#### **Frank Cannavo**

Executive Director (Appointed 5 August 2014)

##### *Experience*

Mr Cannavo is an experienced public company director with significant business and investment experience working with exploration companies in the mining industry, and has been instrumental in assisting several listed and unlisted companies achieve their growth strategies through the raising of investment capital and the acquisition of assets.

Mr Cannavo is a visionary entrepreneur with a strong network of investors and industry contacts in the public company sector and the mining industry in Australia, boasts a proven track record of success and has extensive experience in capital raisings, investment activities and IPO's.

He is currently a director of Euro Petroleum Ltd, an unlisted public company with interests in graphite exploration assets in Sri Lanka and which is currently undergoing a merger with ASX company, Viculus Ltd (ASX:VCL), which is scheduled to complete in Q3 of 2014, and is also a director of Baltic Energy Pty Ltd, an unlisted private company incorporated to acquire an interest in, and develop, oil and gas assets in Eastern Europe, with the aim of an eventual listing on the ASX in late 2014.

Previously, Mr Cannavo was a founding director of Fortis Mining Ltd (resigned 23 December 2011) and played a key role in guiding Fortis Mining Ltd through its early stages of raising seed capital, acquiring exploration assets in Western Australia, and achieving a listing on the ASX in December 2010, through to its growth phase in 2011 as the company raised significant investment capital and acquired an interest in two major potash assets in Kazakhstan. Following completion of the acquisition of the Kazakhstan potash projects, Fortis Mining Ltd was renamed to Kazakhstan Potash Corporation Ltd (ASX: KPC). The IPO of Fortis Mining was considered one of the most successful IPO's of 2011. He was also previously a director of a Great Western Exploration Ltd (resigned 11 October 2013), a public listed company on the ASX with mining interests in Western Australia. In addition, he has been a director of several other ASX - listed companies including Hannans Reward Ltd (resigned 24 March 2009), Motopia Ltd (resigned 8 August 2011) and ATOS Wellness Ltd (resigned 14 January 2011).

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

# GBM Resources Limited

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## Directors' Report

### DIRECTORS (CONTINUED)

#### **Chiau Woei Lim - MBA**

Non-Executive Director (Appointed 2 September 2013)

#### *Experience*

Mr Lim is managing director and major shareholder of Angka Alamjaya SDN BHD (AASB) which owns the Lubuk Mandi Gold Mine in Malaysia. Mr Lim has a wealth of experience in quarrying, construction and property development.

He holds a MBA from Leicester University UK and science degree in Electrical and Computer Engineering from Oklahoma State University, USA.

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

### Former Directors

#### **Cameron Switzer – BSc(Hons), MAusMM, MAIG**

Non-Executive Director (resigned 5 August 2014)

#### *Experience*

Mr Switzer is a geologist with over 24 years of experience gained in 11 countries. He has held senior positions with a number of major mining companies including Senior Project Geologist at Newcrest Mining Ltd's Telfer gold mine in Western Australia and Geology Manager at Acacia Resources Ltd's Union Reef Gold Mine in the Northern Territory. Mr Switzer was also Principal Geologist with MIM Exploration Ltd for seven years during which time he gained broad experience with a range of deposits and geological and operating environments. Mr Switzer has a strong skill base in Cu Au and most recently coal.

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

Mr Switzer is also the President and CEO of TSX.V listed entity WCB Resources Ltd, a junior explorer focussed in the Asia Pacific Region.

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

#### **Guan Huat (Sunny) Loh BBA, MBA, ACIS**

Non-Executive Director (resigned 5 August 2014)

#### *Experience*

Mr Loh is the Managing Director of Swift Venture Holdings Corporation, an investment Company focussed on investing in small to mid-sized listed companies and resources based companies in Asia.

Mr Loh is the Vice Chairman and Board Member of Shanghai Fortune Capital, a professional investment banking firm based in Shanghai, which has a focus on the restructuring and disposal of state owned companies, as well as merger and acquisition advisory services.

Mr Loh 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

ABN 91 124 752 745

## 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	4	4
C Switzer	4	4
N Norris	4	3
G Loh	4	3
C Lim	3	3

### PRINCIPAL ACTIVITIES

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

### OPERATING AND FINANCIAL REVIEW

During the financial year the Group's activities were focussed on exploration at its Queensland IOCG prospects under the farm-in agreement with Mitsui and Pan Pacific, and on the 40% owned Lubuk Mandi Gold Project in Malaysia.

Full details are available in the Review of Operations in the Annual Report.

#### Operating Results

The net loss after income tax attributable to members of the Group for the financial year to 30 June 2014 amounted to \$4,872,404 (2013: \$1,727,043). Including in the loss for the financial year is \$3,510,587 in respect of exploration costs written off and expensed (2013: \$1,114,163), and the Company's share in the net loss of its equity accounted associate amounting to \$400,634 (2013: Nil).

#### Financial Position

At the end of the financial year, the Group had \$527,372 (2013: \$1,521,888) in cash on hand and on deposit. Carried forward exploration expenditure was \$10,569,552 (2013: \$13,740,089).

### EQUITY SECURITIES ON ISSUE

	30 June 2014	30 June 2013
	Ordinary fully paid shares	385,194,121
Options over unissued shares	134,746,562	-

#### Ordinary Fully Paid Shares

During the year ended 30 June 2014 the Company issued 57,779,118 ordinary fully paid shares to acquire a 40% interest in the issued capital of Angka Alamjaya Sdn Bhd (AASB) (see Significant Changes in State of Affairs note for further details).

The following ordinary fully paid shares have been issued since 30 June 2014, (see Events Subsequent to Balance Date note for further details):

- 57,000,000 ordinary fully paid shares on 22 July 2014; and
- 33,000,000 ordinary fully paid shares on 17 September 2014.

Other than the above, 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

### EQUITY SECURITIES ON ISSUE (CONTINUED)

#### Options over Ordinary Shares

At 30 June 2014, there were 134,746,562 options to acquire ordinary shares on issue.

During the year ended 30 June 2014, no options were issued pursuant to the terms of the Company's Option Plan.

During the year ended 30 June 2014, the following options were issued by the Company:

- 50,000,000 options issued, exercisable at 3.5 cents each on or before 30 June 2016, pursuant to a share placement;
- 20,000,000 options issued, exercisable at 3.5 cents each on or before 30 June 2016, pursuant to a corporate services agreement; and
- 64,746,562 options issued, exercisable at 3.5 cents each on or before 30 June 2016, pursuant to a priority entitlement offer which closed on 13 August 2013.

During the year ended 30 June 2014 no ordinary shares were issued on exercise of options.

There were no options lapsed unexercised during the financial year.

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

#### Performance Share Rights

The Company's Performance Share Rights Plan was approved by Shareholders at the Company's Annual General Meeting held on 30 November 2010.

At 30 June 2014, there were nil performance share rights to acquire ordinary shares on issue.

During the year ended 30 June 2014, there were no performance share rights issued, becoming vested, exercised or cancelled.

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

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

- During the year ended 30 June 2014 the Company issued 57,779,118 ordinary fully paid shares to nominees of Angka Alamjaya Sdn Bhd (AASB) in respect of the acquisition of a 40% interest in the share capital of AASB, which holds the Lubuk Mandi gold project mining concession. AASB is an associate of the Company, and its Managing Director Mr Chiau Woei Lim is a Non-Executive Director of GBM Resources Limited.

### EVENTS SUBSEQUENT TO BALANCE DATE

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

- On 22 July 2014 and 5 August 2014 the Company announced that it had entered into agreements to place 100,000,000 shares at \$0.02 per share to raise \$2,000,000, before costs. In addition the Company would issue free attaching options exercisable at 3.5 cents each and expiring 30 June 2016, on the basis of 1 option for each share subscribed for in the share placement.

The first tranche of 57,000,000 shares were issued on 22 July 2014 under the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1. A second tranche of 33,000,000 shares was issued pursuant to the placement on 17 September 2014, following shareholder approval of the issue.

- On 5 August 2014 the Company appointed Mr Frank Cannavo as an Executive Director of the Company. In addition Non-Executive Directors, Mr Cameron Switzer and Mr Sunny Loh resigned from the Board.

# GBM Resources Limited

ABN 91 124 752 745

## Directors' Report

### 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 2014.

### 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 2014.

### 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.

# GBM Resources Limited

ABN 91 124 752 745

## Directors' Report

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### Details of Remuneration for KMP (continued)

2014	<u>Short term</u>		<u>Post</u>	<u>Share</u>	Total	Share Based Payments as % of remuneration %
	Salary and fees \$	Other \$	<u>Employment</u> Super - annuation \$	<u>Based</u> Payments Options / shares \$		
<b>Directors</b>						
P Thompson <sup>1</sup>	214,136 <sup>2</sup>	-	19,808	-	233,944	-
C Switzer	36,000	-	-	-	36,000	-
N Norris <sup>1</sup>	198,296 <sup>2</sup>	20,037	18,342	-	236,675	-
G Loh	36,000	-	-	-	36,000	-
C Lim	-	-	-	-	-	-
<b>Total Directors</b>	<b>484,432</b>	<b>20,037</b>	<b>38,150</b>	<b>-</b>	<b>542,619</b>	

<sup>1</sup>From 1 July 2013 total remuneration payable to the Executive Directors Peter Thompson and Neil Norris was reduced on a temporary basis, by \$90,000 per annum as part of the Company's cash conservation measures implemented during the 2012/13 financial year. From 1 April 2014 remuneration payable to the Executive Directors was further reduced, on a temporary basis, to \$125,000 per annum, exclusive of superannuation.

<sup>2</sup>Includes payments for unused annual leave.

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

2013	<u>Short term</u>		<u>Post</u>	<u>Share</u>	Total	Share Based Payments as % of remuneration %
	Salary and fees \$	Other \$	<u>Employment</u> Super - annuation \$	<u>Based</u> Payments Options / shares \$		
<b>Directors</b>						
P Thompson	275,229	-	24,771	-	300,000	-
C Switzer	36,000	-	-	-	36,000	-
N Norris	275,229	20,037	24,771	-	320,037	-
G Loh	36,000	-	-	-	36,000	-
<b>Total Directors</b>	<b>622,458</b>	<b>20,037</b>	<b>49,542</b>	<b>-</b>	<b>692,037</b>	

#### Options Provided as Remuneration

During the years ended 30 June 2014 and 30 June 2013 no options have been granted and issued to Directors or Senior Executives of the Company.

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



# GBM Resources Limited

ABN 91 124 752 745

## Directors' Report

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### Details of Remuneration for KMP (continued)

##### Service Agreements

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

##### Peter Thompson – Executive Chairman

The service agreement has a term of 12 months from 1 July 2014. 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. The 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.

##### Neil Norris - Exploration Director

The service agreement has a term of 12 months from 1 July 2014. 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. The reduced remuneration level will remain in place until otherwise decided by the Board. In addition the Exploration Director is given the use of a company vehicle.

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.

##### Frank Cannavo - Executive Director

The service agreement has a term of 12 months from 31 July 2014. Total remuneration under the contract is \$202,575 per annum inclusive of superannuation.

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

# GBM Resources Limited

ABN 91 124 752 745

## Directors' Report

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### 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 2013	Movement during the financial year	Ordinary Shares held at 30 June 2014	Ordinary shares held at the date of the Directors' Report
P Thompson	9,862,582	-	9,862,582	9,862,582
C Switzer (resigned 5/8/14)	6,693,750	-	6,693,750	6,693,750 <sup>3</sup>
N Norris	9,550,000	-	9,550,000	9,550,000
G Loh <sup>1</sup> (resigned 5/8/14)	12,888,065	968,643	13,856,708	13,856,708 <sup>3</sup>
C Lim (appointed 2/9/13) <sup>2</sup>	-	24,077,285	24,077,285	24,077,285
F Cannavo (appointed 5/8/14)	-	-	-	-

<sup>1</sup> Shares acquired on market.

<sup>2</sup> Shares issued to Mr Lim as nominee and shareholder of Angka Alamjaya Sdn Bhd (AASB), for the acquisition of 40% interest in AASB by the Company.

<sup>3</sup> Shares held on ceasing to be a director of the Company on 5 August 2014.

#### Options

Director	Options held at 1 July 2013	Movement during the financial year <sup>4</sup>	Options held at 30 June 2014	Options held at the date of the Directors' Report
P Thompson	-	2,468,763	2,468,763	2,468,763
C Switzer (resigned 5/8/14)	-	1,878,126	1,878,126	1,878,126
N Norris	-	1,546,818	1,546,818	1,546,818
G Loh (resigned 5/8/14)	-	8,900,000	8,900,000	8,900,000
C Lim (appointed 2/9/13)	-	-	-	-
F Cannavo (appointed 5/8/14)	-	-	-	-

<sup>4</sup> Options acquired during the period pursuant to a priority entitlement offer.

#### LOANS TO DIRECTORS AND EXECUTIVES

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

#### OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

During the financial year the Company issued 57,779,118 ordinary fully paid shares to nominees of Angka Alamjaya Sdn Bhd (AASB) to acquire a 40% interest in the issued capital of AASB, a Company associated with Mr Chiau Woei Lim. As a nominee of AASB, Mr Lim received 24,077,285 shares in GBM Resources. Mr Lim is a shareholder and director of AASB. The fair value of shares issued to nominees of AASB to acquire the 40% interest was \$2,831,177.

During the financial year the Company incurred costs of \$1,237,364 in respect of AASB's operations on a reimbursable basis. As at 30 June 2014 an amount of \$732,491 has been reimbursed to the Company by AASB. An amount of \$504,873 is payable to the Company by AASB as at 30 June 2014.

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

#### End of Remuneration Report

# GBM Resources Limited

ABN 91 124 752 745

## Directors' 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

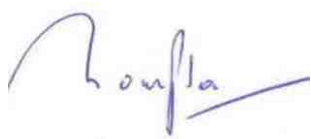
No non-audit services were provided by the external auditors in respect of the current or preceding financial year.

### 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 30<sup>th</sup> day of September 2014

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 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia  
30 September 2014

L Di Giallonardo  
Partner

**GBM Resources Limited**  
**ABN 91 124 752 745**  
**Consolidated Statement of Comprehensive Income**  
For the Year Ended 30 June 2014

	Note	Consolidated 2014 \$	2013 \$
Revenue	3	<b>273,469</b>	430,401
Consulting and professional services		<b>(184,573)</b>	(203,394)
Corporate and project assessment costs		<b>(111,716)</b>	(179,741)
Share of net loss of Associate	11	<b>(400,634)</b>	-
Depreciation	4	<b>(36,439)</b>	(39,663)
Employee benefits expense	4	<b>(315,813)</b>	(435,636)
Employee share based payments	15	-	(23,333)
Exploration expenditure written off and expensed	4	<b>(3,510,587)</b>	(1,114,163)
Other share based payments	15	<b>(400,000)</b>	-
Travel expenses		<b>(164,043)</b>	(130,417)
Administration and other expenses		<b>(169,792)</b>	(316,047)
Loss before income tax		<b>(5,020,128)</b>	(2,011,993)
Income tax benefit	5	<b>147,724</b>	284,950
Loss for the year		<b>(4,872,404)</b>	(1,727,043)
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(4,872,404)</b>	<b>(1,727,043)</b>
		<b>Cents</b>	Cents
Basic loss per share	6	<b>(1.3)</b>	(0.7)
Diluted loss per share	6	<b>(1.3)</b>	(0.7)

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 2014

	Note	Consolidated 2014 \$	2013 \$
<b>Current assets</b>			
Cash and cash equivalents	20	527,372	1,521,888
Trade and other receivables	7	570,943	134,795
Assets held for sale	8	308,499	-
Total Current Assets		<b>1,406,814</b>	1,656,683
<b>Non-current assets</b>			
Trade and other receivables	7	30,936	43,608
Exploration and evaluation expenditure	9	10,569,552	13,740,089
Property, plant and equipment	10	100,033	444,971
Investments accounted for using the equity method	11	2,438,523	-
Total Non-current Assets		<b>13,139,044</b>	14,228,668
<b>TOTAL ASSETS</b>		<b>14,545,858</b>	15,885,351
<b>Current liabilities</b>			
Trade and other payables	12	446,066	446,085
Total Current Liabilities		<b>446,066</b>	446,085
<b>TOTAL LIABILITIES</b>		<b>446,066</b>	446,085
<b>NET ASSETS</b>		<b>14,099,792</b>	15,439,266
<b>Equity</b>			
Issued capital	13	23,927,441	21,118,244
Option reserve	15	323,733	-
Share based payments reserve	15	400,000	-
Accumulated losses	15	(10,551,382)	(5,678,978)
<b>TOTAL EQUITY</b>		<b>14,099,792</b>	15,439,266

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 2014

<b>Consolidated</b>	Note	Issued capital \$	Option reserve \$	Share based payments reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2012		18,228,936	698,146	920,638	(5,559,052)	14,288,668
Share based payments	15	-	-	23,333	-	23,333
Shares issued	13	2,854,308	-	-	-	2,854,308
Loss attributable to members of the Company	15	-	-	-	(1,727,043)	(1,727,043)
Transfer to issued capital on exercise of performance rights	15	35,000	-	(35,000)	-	-
Transfer to accumulated losses on expiry of options	15	-	(698,146)	(908,971)	1,607,117	-
Balance at 30 June 2013		<u>21,118,244</u>	<u>-</u>	<u>-</u>	<u>(5,678,978)</u>	<u>15,439,266</u>
<b>Balance at 1 July 2013</b>		<b>21,118,244</b>	<b>-</b>	<b>-</b>	<b>(5,678,978)</b>	<b>15,439,266</b>
Share based payments	15	-	-	400,000	-	400,000
Shares issued	13	2,809,197	-	-	-	2,809,197
Options issued pursuant to priority entitlement offer	15	-	323,733	-	-	323,733
Loss attributable to members of the Company	15	-	-	-	(4,872,404)	(4,872,404)
Balance at 30 June 2014		<u>23,927,441</u>	<u>323,733</u>	<u>400,000</u>	<u>(10,551,382)</u>	<u>14,099,792</u>

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 2014

	Note	Consolidated 2014 \$	2013 \$
<b>Cash flows from operating activities</b>			
Interest received		21,416	43,743
Research and development concession refund		147,724	543,642
JV management fee income		250,447	383,737
Payments to suppliers and employees		<b>(942,688)</b>	<b>(1,151,823)</b>
Net cash flows (used in) operating activities	20(b)	<b>(523,101)</b>	<b>(180,701)</b>
<b>Cash flows from investing activities</b>			
Proceeds on redemption of security bonds		14,277	-
Payments on acquisition of equity investments		<b>(7,980)</b>	-
Funds provided by JV partner under Farm-in agreement		2,087,059	3,528,289
Payments for exploration and evaluation, including JV Farm-in spend		<b>(2,261,651)</b>	<b>(5,838,058)</b>
Payments to acquire property, plant and equipment		-	<b>(32,784)</b>
Payments made on behalf of associate		<b>(1,237,364)</b>	-
Proceeds received on reimbursement by associate		732,491	-
Net cash flows (used in) investing activities		<b>(673,168)</b>	<b>(2,342,553)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of shares and options		323,733	2,544,200
Share issue costs		<b>(121,980)</b>	<b>(89,882)</b>
Net cash flows from financing activities		<b>201,753</b>	<b>2,454,318</b>
Net decrease in cash and cash equivalents		<b>(994,516)</b>	<b>(68,936)</b>
Cash and cash equivalents at the beginning of the financial year	20(a)	<b>1,521,888</b>	1,590,824
<b>Cash and cash equivalents at the end of the financial year</b>	20(a)	<b>527,372</b>	<b>1,521,888</b>

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 2014

**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 2014 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.

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

In the year ended 30 June 2014, 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 2014. 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.

**Going Concern Basis for 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 disclosed in Note 25, subsequent to the balance date the Company has raised \$2,000,000 before costs by way of share placements. The Directors are confident that the proceeds of these share placements, together with the Group's current cash balances, will enable the Group to continue as a going concern.

**b) Statement of Compliance**

The financial report was authorised for issue on 30 September 2014.

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).

**GBM Resources Limited**  
**ABN 91 124 752 745**  
**Notes to the Financial Statements**  
For the Year Ended 30 June 2014

**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. Minority interests represent the portion of profit and loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position.

**d) Revenue Recognition**

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

*Interest Revenue*

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

*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.

**GBM Resources Limited**  
**ABN 91 124 752 745**  
**Notes to the Financial Statements**  
For the Year Ended 30 June 2014

**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.

**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.

**GBM Resources Limited**  
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**Notes to the Financial Statements**  
For the Year Ended 30 June 2014

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**j) Trade and Other Receivables**

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

**k) Plant and Equipment**

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

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

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

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

***(i) Impairment***

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

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

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

***(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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For the Year Ended 30 June 2014

**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.

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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For the Year Ended 30 June 2014

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**l) Investments and Other Financial Assets (Continued)**

*(v) Investment in Associated Entities (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 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 exploration of the area of interest, or alternatively, by its sale; or
  - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

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For the Year Ended 30 June 2014

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**m) Exploration and Evaluation Expenditure (Continued)**

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

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

**n) Impairment of Assets**

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

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

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.

**GBM Resources Limited**  
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**Notes to the Financial Statements**  
For the Year Ended 30 June 2014

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

*(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).



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For the Year Ended 30 June 2014

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**r) Share Based Payments (continued)**

*Equity-Settled Transactions (Continued):*

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 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.

**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.

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**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**u) 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.

**(a) Credit risk**

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

Trade and other receivables

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

Cash deposits

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

**(b) Liquidity risk**

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

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

**GBM Resources Limited**  
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**2. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Market risk**

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

Currency risk

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

Interest rate risk

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

	Note	Consolidated 2014 \$	2013 \$
<b>3. REVENUE</b>			
Interest income		23,022	46,664
Joint venture management fee		250,447	383,737
		<b>273,469</b>	<b>430,401</b>
<b>4. EXPENSES</b>			
Employee expenses			
Gross employee benefit expense:			
Wages and salaries		1,264,570	1,668,099
Directors' fees		102,000	72,000
Superannuation expense		116,359	147,137
Other employee costs		17,543	78,504
		<b>1,500,472</b>	<b>1,965,740</b>
Less amount allocated to exploration		<b>(1,184,659)</b>	<b>(1,530,104)</b>
Net consolidated statement of comprehensive income employee benefit expense		<b>315,813</b>	<b>435,636</b>
Depreciation expense:			
Office equipment and software	10	18,027	21,250
Site equipment	10	2,083	2,083
Motor vehicles	10	16,329	16,330
		<b>36,439</b>	<b>39,663</b>
Exploration costs:			
Unallocated exploration costs		121,118	136,381
Exploration costs written off	9	3,389,469	977,782
		<b>3,510,587</b>	<b>1,114,163</b>

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Note	Consolidated 2014 \$	2013 \$
<b>5. INCOME TAX</b>		
<b>a) Income tax recognised in profit and loss</b>		
The prima facie tax benefit on the operating result is reconciled to the income tax provided in the financial statements as follows:		
Accounting loss before income tax from continuing operations		
	<b>(5,020,128)</b>	(2,011,993)
Income tax benefit calculated at 30%	<b>(1,506,038)</b>	(603,598)
Share based payments	<b>120,000</b>	7,000
Share of net loss of equity accounted associate	<b>120,190</b>	-
Capital raising costs claimed	<b>(58,908)</b>	(58,789)
Exploration costs written off	<b>1,016,841</b>	293,335
Unused tax losses and temporary differences not recognised as deferred tax assets	<b>307,915</b>	362,052
R&D tax concession	<b>(147,724)</b>	(284,950)
Income tax (benefit) reported in the consolidated statement of comprehensive income	<b>(147,724)</b>	(284,950)
The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.		
<b>b) Unrecognised deferred tax assets and liabilities</b>		
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	<b>5,718,137</b>	5,484,166
Capital raising costs	<b>78,199</b>	130,512
Accrued expenses and liabilities	<b>35,960</b>	73,976
	<b>5,832,296</b>	5,688,654
Unrecognised deferred tax liabilities relate to:		
Exploration expenditure	<b>(3,170,866)</b>	(4,122,027)
	<b>(3,170,866)</b>	(4,122,027)
Net unrecognised deferred tax asset	<b>2,661,430</b>	1,566,627

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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.

	<b>Consolidated 2014</b>	2013
	\$	\$
<b>6. LOSS PER SHARE</b>		
Loss used in calculation of loss per share	<b>(4,872,404)</b>	(1,727,043)
	<b>Cents</b>	Cents
Basic earnings/(loss) per share	<b>(1.3)</b>	(0.7)
	<b>#</b>	#
Weighted average number of shares used in the calculation of earnings per share	<b>375,696,184</b>	266,121,118

**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.

**7. TRADE AND OTHER RECEIVABLES**

**Current**

Amounts due from farm-in partner	29,932	95,129
Amounts due from Associate (Note 24)	504,873	-
GST recoverable	36,138	36,118
Other debtors	-	3,548
	<b>570,943</b>	134,795

**Non-current**

Security and environmental bonds	30,936	43,608
	<b>30,936</b>	43,608

**8. ASSETS HELD FOR SALE**

Land reclassified as held for sale	<b>308,499</b>	-
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During the financial period the Board made the decision to dispose of the freehold land held at its Malmsbury Gold Project in Victoria. The carrying value of \$308,499 has been reclassified from non-current assets (property, plant and equipment) to current assets. (Refer Note 10).

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	Note	Consolidated 2014 \$	2013 \$
<b>9. EXPLORATION AND EVALUATION EXPENDITURE</b>			
Exploration and evaluation phase:			
Capitalised costs at the start of the financial year		<b>13,740,089</b>	13,202,731
Costs capitalised during the financial year		<b>218,932</b>	1,515,140
Capitalised costs written off during the financial year	4	<b>(3,389,469)</b>	(977,782)
Capitalised costs at the end of the financial year		<b>10,569,552</b>	13,740,089

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

**10. PROPERTY, PLANT AND EQUIPMENT**

**Carrying values at 30 June:**

Land:			
Cost		-	308,499
Depreciation		-	-
		-	308,499
Office equipment and software:			
Cost		<b>153,402</b>	153,402
Depreciation		<b>(141,114)</b>	(123,087)
		<b>12,288</b>	30,315
Site equipment and plant:			
Cost		<b>22,545</b>	22,545
Depreciation		<b>(8,883)</b>	(6,800)
		<b>13,662</b>	15,745
Motor vehicles:			
Cost		<b>130,633</b>	130,633
Depreciation		<b>(56,550)</b>	(40,221)
		<b>74,083</b>	90,412
Total		<b>100,033</b>	444,971

**Reconciliation of movements:**

Land:			
Opening net book value		<b>308,499</b>	308,499
Transferred to assets held for sale (Note 8)		<b>(308,499)</b>	-
Closing net book value		-	308,499

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	Note	Consolidated 2014 \$	2013 \$
<b>10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>			
<b>Reconciliation of movements:</b>			
Office equipment and software:			
Opening net book value		30,315	45,492
Cost of additions		-	6,073
Depreciation	4	(18,027)	(21,250)
Closing net book value		12,288	30,315
Site equipment and plant:			
Opening net book value		15,745	17,828
Depreciation	4	(2,083)	(2,083)
Closing net book value		13,662	15,745
Motor vehicles:			
Opening net book value		90,412	106,742
Depreciation	4	(16,329)	(16,330)
Closing net book value		74,083	90,412
Total		100,033	444,971

**11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

**a) Carrying value of investments**

Associated companies	2,438,523	-
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**b) Details of associated companies**

Name	Country of Incorporation	Shares	Ownership interest		Carrying amount of investment	
			30 Jun 2014	30 Jun 2013	30 Jun 2014	30 Jun 2013
			%	%	\$	\$
Angka Alamjaya Sdn Bhd (AASB)	Malaysia	Ord	40%	Nil	\$2,438,523	Nil

During the period the Company acquired a 40% interest in the ordinary share capital of Angka Alamjaya Sdn Bhd (AASB), a Malaysian company that holds the mining concession for the Lubuk Mandi Gold Project in Malaysia. Consideration for the acquisition was 57,779,118 fully paid GBM Resources Ltd shares at a fair value of 4.9 cents per share (Note 23).

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**11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)**

**c) Movements during the period in equity accounted investments in associated companies**

	Note	Consolidated	
		2014	2013
		\$	\$
Balance at the beginning of the financial period		-	-
Initial investment in AASB during the period – issue of 57,779,118 ordinary fully paid shares @ 4.9 cents per share	13	2,831,177	-
Share of AASB loss after tax for the financial period		(400,634)	-
Other movements for the financial period <sup>1</sup>		7,980	-
		<hr/>	
Balance at the end of the financial period		<b>2,438,523</b>	-

<sup>1</sup> Other costs for the financial period relate to costs associated with the acquisition of the initial 40% interest in the share capital of Angka Alamjaya Sdn Bhd (AASB).

**d) Associate's summarised statement of comprehensive income**

Revenue	-	-
Loss from continuing operations	(1,001,584)	-
Other comprehensive income for the period	-	-
	<hr/>	
Total comprehensive loss for the period	<b>(1,001,584)</b>	-

**e) Associate's summarised assets and liabilities**

Current assets	2,267,480	-
Non-current assets	10,475,867	-
Current liabilities	(1,661,466)	-
Non-current liabilities <sup>1</sup>	(4,985,573)	-
	<hr/>	
Net assets	<b>6,096,308</b>	-

<sup>1</sup> Note, non-current liabilities include convertible debt funding of \$4,985,573 (2013: Nil).

**f) Reconciliation of the above summarised financial information to the carrying amount of the investment in Associate recognised in the consolidated financial statements**

Net assets of Associate	6,096,308	-
Proportion of Group's ownership interest in Associate	40%	-
	<hr/>	
Carrying amount of the Group's ownership interest in Associate	<b>2,438,523</b>	-

**12. TRADE AND OTHER PAYABLES**

**Current**

Trade creditors	290,049	141,486
Sundry creditors and accruals	101,149	208,012
Employee leave liabilities	54,868	96,587
	<hr/>	
	<b>446,066</b>	446,085



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	Issue price	2014 No.	2013 No.	2014 \$	2013 \$
<b>13. ISSUED CAPITAL</b>					
Issued capital at the balance date		<b>385,194,121</b>	327,415,003	<b>23,927,441</b>	21,118,244
Movements in issued capital:					
On issue at the start of the year		<b>327,415,003</b>	236,181,003	<b>21,118,244</b>	18,228,936
Share purchase plan	\$0.05	-	10,884,000	-	544,200
Share placement	\$0.05	-	20,000,000	-	1,000,000
Shares issued to acquire phosphate rights	\$0.05	-	10,000,000	-	500,000
Shares issued on the exercise of vested performance rights	\$0.10	-	350,000	-	35,000
Share placement	\$0.02	-	50,000,000	-	1,000,000
Shares issued to acquire interest in AASB (Note 11)	\$0.049	<b>57,779,118</b>	-	<b>2,831,177</b>	-
Share issue costs		-	-	<b>(21,980)</b>	(189,892)
On issue at the end of the reporting year		<b>385,194,121</b>	327,415,003	<b>23,927,441</b>	21,118,244

**Shares Subject to Restriction Agreement**

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

	2014 No.	2013 No.
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**14. OPTIONS AND PERFORMANCE RIGHTS**

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	<b>134,746,562</b>	-
Movements in options:		
Options on issue at the start of the year	-	129,493,124
Options issued for corporate services (Note 15)	<b>20,000,000</b>	-
Options issued pursuant to priority entitlement offer	<b>64,746,562</b>	-
Options issued attaching to share placement	<b>50,000,000</b>	-
Options cancelled on expiry		(129,493,124)
Options on issue at the end of the reporting year	<b>134,746,562</b>	-

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**14. OPTIONS AND PERFORMANCE RIGHTS (CONTINUED)**

a) Options Issued, Exercised and Expired During the Year

During the financial year the Company issued and granted 134,746,562 options over unissued shares (2013: nil).

During the year, no options over unissued shares were exercised (2013: Nil).

During the year, no options were cancelled on expiry of their exercise term (2013: 129,493,124).

b) Options on Issue at the Balance Date

The number of options outstanding over unissued ordinary shares at 30 June 2014 is 134,746,562 (2013: nil).

c) Subsequent to the Balance Date

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

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

Date Issued	Number of Options Issued	Exercise Price (\$)	Expiry Date	Valuation of Options
30 August 2013	20,000,000	\$0.035	30 June 2016	\$400,000. Market value of listed option (GBZO) issued on 30 August 2013 was \$0.05.

Other options issued during the financial year were issued as free attaching securities to a share placement and options issued pursuant to a priority entitlement off to holders of options expiring on 30 June 2013. Participants in the priority entitlement offer subscribed a total of \$323,733, being 0.5 cents per option. This subscription amount is recognised in the Company's option reserve (Note 15).

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>

**(b) Performance Share Rights**

Details of the Company's Performance Rights Plan are provided at Note 16.

Performance rights on issue at the balance date	-	-
Movements in share rights:		
Share rights on issue at the start of the year	-	350,000
Share rights issued to employees during the year	-	-
Vested share rights exercised during the year	-	(350,000)
Unvested share rights lapsed	-	-
Performance share rights on issue at the end of the reporting year	-	-
Number of vested performance share rights at the end of the reporting year	-	-

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**14. OPTIONS AND PERFORMANCE RIGHTS (CONTINUED)**

a) Performance share rights Issued, Exercised and Expired during the Year

During the financial year the Company granted nil performance share rights (2013: nil)

During the year, no vested share rights were exercised into ordinary fully paid shares (2013: 350,000).

No unvested performance share rights were cancelled on cessation of employment (2013: nil).

b) Performance share rights on Issue at the Balance Date

The number of share rights, vested unexercised and un-vested at 30 June 2014 is nil (2013: nil).

c) Subsequent to the Balance Date

No share rights have been granted, exercised or cancelled subsequent to the reporting date.

d) Basis and assumptions used in the valuation of share rights granted in the period

Share rights are valued at the underlying market value of the ordinary shares over which they are granted.

	<b>Consolidated</b>	
	<b>2014</b>	2013
	\$	\$
<b>15. RESERVES AND ACCUMULATED LOSSES</b>		
<b>Share based payments reserve (i)</b>		
Opening balance	-	920,638
Employee share based payments – performance rights vesting	-	23,333
Share based payments – options issued for corporate services (Note 14)	<b>400,000</b>	-
Transferred to issued capital on exercise of performance rights	-	(35,000)
Transferred to accumulated losses on cancellation of expired options	-	(908,971)
Closing balance	<b>400,000</b>	-
<b>Option reserve (ii)</b>		
Opening balance	-	698,146
Options issued pursuant to priority entitlement offer (Note 14)	<b>323,733</b>	-
Transferred to accumulated losses on cancellation of expired options	-	(698,146)
Closing balance	<b>323,733</b>	-
<b>Accumulated losses</b>		
Opening balance	<b>(5,678,978)</b>	(5,559,052)
Net loss attributable to the members of the Company	<b>(4,872,404)</b>	(1,727,043)
Transferred from reserves on cancellation of expired options	-	1,607,117
Closing balance	<b>(10,551,382)</b>	(5,678,978)

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**15. RESERVES AND ACCUMULATED LOSSES (CONTINUED)**

(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.

**16. EMPLOYEE BENEFITS**

Details of the Company's share right and option plans, under which share 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 Note 23.

**Incentive Option Plan**

The Company has a formal option plan for the issue of options to employees, directors and consultants, which was approved by shareholders at the Company's Annual General Meeting on 30 November 2010. 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 2014 (2013: nil). Refer to Note 14(a).

**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 30 November 2010. 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 2014 (2013: nil). Refer to Note 14(b).

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**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 activity is mineral exploration and resource development within Australia, and mineral exploration and resource development in Malaysia (via the investment in an associate).

The reportable segments are represented as follows:

<u>30 June 2014</u>	Australia \$	Malaysia \$	Consolidated \$
<b>Revenue</b>			
Joint venture management fee	250,447	-	250,447
Total segment revenue	250,447	-	250,447
<b>Segment net operating loss after tax</b>	(4,471,770)	(400,634)	(4,872,404)
Interest revenue	23,022	-	23,022
Share of profit of associates and joint ventures	-	(400,634)	(400,634)
Depreciation	(36,439)	-	(36,439)
Exploration expenditure written off and expensed	(3,510,587)	-	(3,510,587)
Income tax benefit	147,724	-	147,724
<b>Segment assets</b>	12,107,335	2,438,523	14,545,858
Capital expenditure during period	218,932	-	218,932
<b>Segment liabilities</b>	446,066	-	446,066
<b>Segment non-current assets</b>	10,700,521	2,438,523	13,139,044

30 June 2013

There was only one reportable segment for the year ended 30 June 2013, being exploration in Australia.

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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. Refer to Note 2(a).

***Impairment losses***

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

***Liquidity risk***

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

	Carrying amount \$	Contractual cash flows \$	6 months or less \$	6-12 months \$	1-2 years \$	2-5years \$	More than 5 years \$
<b>Consolidated 30 June 2014</b>							
Trade and other payables	290,049	290,049	290,049	-	-	-	-
	<b>290,049</b>	<b>290,049</b>	<b>290,049</b>	-	-	-	-
<b>Consolidated 30 June 2013</b>							
Trade and other payables	141,486	141,486	141,486	-	-	-	-
	<b>141,486</b>	<b>141,486</b>	<b>141,486</b>	-	-	-	-

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

***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. Refer to Note 2 (c).

***Interest rate risk***

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

	Consolidated 2014 \$	2013 \$
<b>Fixed rate instruments:</b>		
Financial liabilities	-	-
	<b>-</b>	<b>-</b>
<b>Variable rate instruments:</b>		
Financial assets	527,372	1,521,888
	<b>527,372</b>	<b>1,521,888</b>

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**18. FINANCIAL INSTRUMENTS (CONTINUED)**

*Fair value sensitivity analysis for fixed rate investments*

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

*Cash flow sensitivity analysis for variable rate instruments*

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

	Profit and Loss		Equity	
	100bp increase \$	100bp decrease \$	100bp increase \$	100bp decrease \$
<b>30 June 2014</b>				
Variable rate instruments	5,274	(5,274)	5,274	(5,274)
<b>30 June 2013</b>				
Variable rate instruments	15,219	(15,219)	15,219	(15,219)

***Fair values***

*Fair values versus carrying amounts*

The carrying amounts of financial assets and liabilities 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 2014, including licences subject to farm-in arrangements are approximately \$1,756,500.

*(b) Operating Lease Commitments*

The Group has no operating lease commitments.

*(c) Contractual Commitment*

The Group has no contractual commitments.

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	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
	\$	\$
<hr/>		
<b>20. NOTES TO THE STATEMENT OF CASH FLOWS</b>		
<b>a) Cash Assets</b>		
Cash at bank and on hand	<b>438,765</b>	1,389,984
Bank at call cash account	<b>88,607</b>	131,904
	<hr/>	<hr/>
Total cash and cash equivalents	<b>527,372</b>	1,521,888

The Bank at call account holds funds at call subject to certain trading restrictions and pays interest at an average of 3.30% (2013:5.20%).

**b) Reconciliation of Loss from Ordinary Activities after Income Tax to Net Cash Used In Operating Activities**

Profit/(Loss) after income tax	<b>(4,872,404)</b>	(1,727,043)
<i>Add (less) non-cash items:</i>		
Depreciation	<b>36,439</b>	39,662
Share based payments	<b>400,000</b>	23,333
Exploration expenditure written off and expensed	<b>3,510,587</b>	1,114,163
Share of net loss of equity accounted associate	<b>400,634</b>	-
<i>Changes in assets and liabilities:</i>		
Increase/(decrease) in trade creditors and accruals	<b>(295)</b>	18,530
(Increase)/decrease in sundry receivables	<b>1,938</b>	91,962
(Increase)/decrease in research and development tax concession receivable	<b>-</b>	258,692
	<hr/>	<hr/>
Net cash flow from operations	<b>(523,101)</b>	(180,701)

Material non-cash transactions

2014

During the 2014 financial year the Company completed the following material non-cash settled transactions:

- Issued 20,000,000 listed GBZO options, exercisable at 3.5 cents each and expiring 30 June 2016, in consideration for corporate advisory and public relations services. The fair value of the options issued amounted to \$400,000.
- Issued 57,779,118 ordinary fully paid shares to nominees of Angka Alamjaya Sdn Bhd (AASB) for a 40% interest in the issued capital of AASB, a Company which holds the mining concession for the Lubuk Mandi Gold Project in Malaysia. The fair value of the shares issued amounted to \$2,831,177 (Note 11).

2013

During the 2013 financial year the Company completed the following material non-cash settled transaction:

- Issued 10,000,000 ordinary fully paid shares in consideration for the acquisition of the 70% Bungalien Phosphate rights from Swift Venture Corporation. The value of the shares amounted to \$500,000.



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	Consolidated 2014 \$	2013 \$
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**21. AUDITOR'S REMUNERATION**

Amounts received or receivable by HLB Mann  
Judd for:

- Audit and review of financial reports	30,100	27,750
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	2014 %	2013 %
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**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

	2014 \$	2013 \$
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**b) GBM Resources Limited - Investments in Controlled Entities**

Belltopper Hill Pty Ltd	596,850	596,850
Syndicated Resources Pty Ltd	100	100
Willaura Minerals Pty Ltd	-	-
Isa Brightlands Pty Ltd	1	1
Isa Tenements Pty Ltd	1	1
Bungalien Phosphate Pty Ltd	10	10
	596,962	596,962

During the 2013 financial year the Company recognised a provision against the investment in Willaura Minerals Pty Ltd. The fair value of this investment had previously been recognised as fair value acquisition costs on consolidation in respect of the Willaura Minerals assets acquired on the Company's initial public offer.

**c) Loans to/(from) Controlled Entities**

Belltopper Hill Pty Ltd	2,228,211	2,204,082
Syndicated Resources Pty Ltd	-	-
Willaura Minerals Pty Ltd	-	-
Isa Brightlands Pty Ltd	7,672,176	7,630,888
Isa Tenements Pty Ltd	1,368,324	1,368,324
Bungalien Phosphate Pty Ltd	-	-

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	2014	2013
	\$	\$
<b>22. CONTROLLED ENTITIES (CONTINUED)</b>		
<b>d) Contribution to Consolidated Result</b>		
GBM Resources Limited	(1,760,069)	(1,726,492)
Belltopper Hill Pty Ltd <sup>1</sup>	(1,254,868)	-
Syndicated Resources Pty Ltd	-	-
Willaura Minerals Pty Ltd	-	-
Isa Brightlands Pty Ltd <sup>1</sup>	(88,514)	-
Isa Tenements Pty Ltd <sup>1</sup>	(1,368,319)	-
Bungalien Phosphate Pty Ltd	-	-
	(4,471,770)	(1,726,492)
Total	(4,471,770)	(1,726,492)

<sup>1</sup>Contribution to net result by subsidiary companies relates to previously capitalised exploration costs written off during the financial year.

**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 Directors**

Cameron Switzer – Non-Executive Director

Guan Huat Loh – Non-Executive Director

Chiau Woei Lim – Non-Executive Director (appointed 2 September 2013)

**Executive Directors**

Peter Thompson – Managing Director/Executive Chairman

Neil Norris – Exploration Director

Total remuneration paid to key management personnel during the year:

	<b>Consolidated</b>	
	2014	2013
	\$	\$
Short-term benefits	504,469	642,495
Post-employment benefits	38,150	49,542
	542,619	692,037

**b) Other Transactions and Balances with Key Management Personnel**

During the financial year the Company issued 57,779,118 ordinary fully paid shares to nominees of Angka Alamjaya Sdn Bhd (AASB) to acquire a 40% interest in the issued capital of AASB, a Company associated with Mr Chiau Woei Lim. As a nominee of AASB, Mr Lim received 24,077,285 shares in GBM Resources. Mr Lim is a shareholder and director of AASB. The fair value of shares issued to nominees of AASB to acquire the 40% interest was \$2,831,177 (Note 11).

Other than the above, there are no transactions with Directors, or Director related entities or associates, other than those reported in Note 24.

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	<b>Consolidated</b>	
	<b>2014</b>	2013
	\$	\$
<hr/>		
<b>24. RELATED PARTY TRANSACTIONS</b>		
Total amounts receivable and payable from entities in the wholly-owned group (see Note 22 for details of controlled entities) at balance date:		
<b>Non-Current Receivables</b>		
Loans to controlled entities	<b>11,268,711</b>	11,203,294
<b>Non-Current Payables</b>		
Loans from controlled entities	-	-

**Transactions with Associate – Angka Alamjaya Sdn Bhd (AASB)**

During the financial year the Company incurred costs of \$1,237,364 in respect of AASB's operations on a reimbursable basis. As at 30 June 2104 an amount of \$732,491 has been reimbursed to the Company by AASB. An amount of \$504,873 is payable to the Company by AASB as at 30 June 2014 (Note 7).

**25. EVENTS SUBSEQUENT TO BALANCE DATE**

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

- On 22 July 2014 and 5 August 2014 the Company announced that it had entered into agreements to place 100,000,000 shares at \$0.02 per share to raise \$2,000,000, before costs. In addition the Company would issue free attaching options exercisable at 3.5 cents each and expiring 30 June 2016, on the basis of 1 option for each share subscribed for in the share placement.

The first tranche of 57,000,000 shares were issued on 22 July 2014 under the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1. A second tranche of 33,000,000 shares was issued on 17 September 2014, following shareholder approval of the issues.

- On 5 August 2014 the Company appointed Mr Frank Cannavo as an Executive Director of the Company. In addition Non-Executive Directors, Mr Cameron Switzer and Mr Sunny Loh resigned from the Board.

**26. DIVIDENDS**

There are no dividends paid or payable during the year ended 30 June 2014 or the 30 June 2013 comparative year.

**GBM Resources Limited**  
**ABN 91 124 752 745**  
**Notes to the Financial Statements**  
For the Year Ended 30 June 2014

**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 2014 or 30 June 2013.

*(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 2014 or 30 June 2013.

	2014	2013
	\$	\$

**28. PARENT ENTITY INFORMATION**

*Financial position*

**Assets**

Current assets	1,406,756	1,656,683
Non-current assets	13,139,102	14,228,668
<b>Total Assets</b>	<b>14,545,858</b>	<b>15,885,351</b>

**Liabilities**

Current liabilities	(446,066)	(446,085)
Non-current liabilities	-	-
<b>Total Liabilities</b>	<b>(446,066)</b>	<b>(446,085)</b>

**NET ASSETS**

	<b>14,099,792</b>	15,439,266
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**Equity**

Issued capital	23,927,441	21,118,244
Option reserve	323,733	-
Share based payments reserve	400,000	-
Accumulated losses	(10,551,382)	(5,678,978)

**TOTAL EQUITY**

	<b>14,099,792</b>	15,439,266
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*Financial performance*

Loss for the year	(4,872,404)	(1,726,492)
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>(4,872,404)</b>	<b>(1,726,492)</b>

*Contingent liabilities*

For full details of contingent liabilities see Note 27.

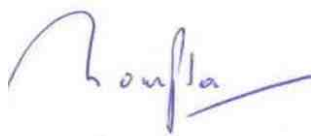
*Commitments*

For full details of commitments see Note 19.

**GBM Resources Limited**  
**ABN 91 124 752 745**  
**Directors' Declaration**  
For the Year Ended 30 June 2014

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 2014 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 2014.

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



**PETER THOMPSON**  
Executive Chairman

Dated this 30<sup>th</sup> day of September 2014

## INDEPENDENT AUDITOR'S REPORT

To the members of GBM Resources Limited

### Report on the Financial Report

We have audited the accompanying financial report of GBM Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

#### ***Directors' responsibility 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 is free from material misstatement, whether due to fraud or error.

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

#### ***Auditor's responsibility***

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

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

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

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

#### ***Independence***

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

**Auditor's opinion**

In our opinion:

- (a) the financial report of GBM Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(b).

**Report on the Remuneration Report**

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's opinion**

In our opinion the remuneration report of GBM Resources Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**30 September 2014**



**L Di Giallonardo**  
**Partner**