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ABN 91 124 752 745

Financial Report

**For the Half-Year Ended
31 December 2020**

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Corporate Directory

Directors

Peter Mullens
Executive Chairman

Peter Rohner
Managing Director

Peter Thompson
Non-Executive Director

Brent Cook
Non-Executive Director

Guan Huat Sunny Loh
Non-Executive Deputy Chairman

Company Secretary

Kevin Hart
Dan Travers

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

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Mt Pleasant WA 6153
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Telephone: +61 8 9316 9100
Facsimile: +61 8 9315 5475

Auditors

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

Share Registry

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

Securities Exchange Listing

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

Solicitors

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

Website and e-mail address

www.gbmr.com.au

Email: reception@gbmex.com.au

Directors' Report

The Directors present the consolidated financial statements of GBM Resources Limited for the half-year ended 31 December 2020.

Directors

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

Current Directors

Peter Mullens	Executive Chairman
Peter Rohner	Managing Director
Peter Thompson	Non-Executive Director
Guan Huat Sunny Loh	Non-Executive Deputy Chairman
Brent Cook	Non-Executive Director (appointed 17 September 2020)

Former Directors

Neil Norris	Exploration Director – Executive (resigned 17 September 2020)
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Company Secretary

Kevin Hart	
Dan Travers	Joint Company Secretary (appointed 19 November 2020)

Review of Operations

The consolidated net loss after income tax for the half-year was \$1,343,951 (31 December 2019: \$848,642 loss), which includes exploration costs expensed and written off of \$197,950 (31 December 2019: \$110,725). Included in the net loss is a net profit of \$100,537 recognised on the Group's interest in the White Dam joint venture operations (2019: \$nil).

During the reporting period, Novo Resources Corp. exercised its option to acquire a 50% interest in the Group's Malmsbury Gold Project. Consideration for the acquisition of the 50% interest is 1,575,387 Novo shares. As at 31 December 2020, the transfer of consideration shares from Novo to the Group in respect of the exercise of its option had not been completed due to ongoing Foreign Investment Review Board (FIRB) review.

At the end of the half-year the Group had \$8,498,749 (30 June 2020: \$1,382,072) in cash and at call deposits. In addition, the Group holds an investment in Novo Resources Corp. valued at \$467,313 at 31 December 2020.

Capitalised mineral exploration and evaluation expenditure at 31 December 2020 was \$12,707,145 (30 June 2020: \$10,848,146).

Exploration

Exploration expenditure incurred for the six months ended 31 December 2020 on the Company's wholly owned projects was \$2,974,863, (31 December 2019: \$976,163) and for the Farm-in projects was \$81,518 (31 December 2019: \$287,470).

Exploration activities for the period were focussed on the Company's gold project at Mt Coolon and on joint venture iron ore-copper-gold (IOCG) projects at Cloncurry.

The Company also undertook initial exploration at its Malmsbury gold project in Victoria, on a cost refundable basis up to \$250,000, pursuant to a strategic partnership with Novo Resources Corp.

Significant Changes in the State of Affairs of the Group

During the reporting period, the Group entered into a strategic partnership with Novo Resources Corp. (Novo). During the reporting period Novo exercised its option to acquire a 50% interest in the Malmsbury gold project and enter into a further earn-in arrangement. As at 31 December 2020, the transfer of consideration shares from Novo to the Group in respect of the exercise of its option had not been completed due to ongoing FIRB review.

Directors' Report

During the reporting period the Group commenced gold and copper production pursuant to its interest in the White Dam joint venture.

Other than as stated above and elsewhere in this report, there have been no significant changes in the state of affairs of the Group during the period ended 31 December 2020.

Events Subsequent to the Reporting Date

Other than the matters stated below, there has not arisen in the interval between the end of the reporting period 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 13 January 2021, the Group completed the acquisition of a 100% interest in the issued capital of Straits Gold Pty Ltd (Straits) to acquire the Yandan Gold Project. Consideration for the acquisition of Straits Gold Pty Ltd was 22,222,222 ordinary fully paid shares at a price of 13.5 cents per share (total consideration \$3,000,000). Included in the completed transaction was a rehabilitation provision of approximately \$5.1 million and a corresponding environmental assurance deposit of \$5,077,151 that was transferred by Aeris to GBM.
- On 15 January 2021 the Company issued 7,407,407 shares to Aeris Resources Limited, at 13.5 cents per share, pursuant to a share placement approved by shareholders on 30 November 2020.
- On 12 February 2021 the Company issued 2,000,000 unlisted options to employees pursuant to its Performance Rights and Option Plan. The options are exercisable at 18 cents each and expire 11 February 2025.
- On 15 February 2021 the Company advised that it had entered into a non-binding agreement for the acquisition of the Twin Hills Gold Project in the Drummond Basin, Queensland. The Company will undertake due diligence before formalising a binding Tenement Sale Agreement.

The impact of the coronavirus (COVID-19) pandemic is ongoing. The situation is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

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

DATED at Perth this 15th day of March 2021.



Peter Rohner
Managing Director

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of GBM Resources Limited for the half-year ended 31 December 2020, 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
15 March 2021



M R Ohm
Partner

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

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GBM Resources Limited
ABN 91 124 752 745

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2020

	Note	Consolidated	
		31 December 2020 \$	31 December 2019 \$
Share of joint venture income		556,763	-
Share of joint venture expenses		(456,226)	-
Net income from joint venture	15	100,537	-
Interest income		5,805	250
Other revenue	3	50,000	46,344
Fair value loss on investments	17	(314,182)	-
Employee expenses		(234,598)	(227,239)
Employee expenses – share based	13	(35,355)	(275,161)
Interest paid		(32,942)	(32,234)
Depreciation and amortisation expenses		(32,290)	(4,369)
Consulting and professional expenses		(294,873)	(62,796)
Travel expenses		(6,590)	(42,580)
Exploration costs expensed and written off	11	(197,950)	(110,725)
Administration and other expenses		(351,513)	(140,132)
Loss before income tax		(1,343,951)	(848,642)
Income tax benefit		-	-
Net loss for the half-year attributable to the members of the parent entity		(1,343,951)	(848,642)
Other comprehensive income		-	-
Total comprehensive loss for the period attributable to the members of the parent entity		(1,343,951)	(848,642)
Loss per share			
Basic loss per share (cents)		(0.4)	(0.7)
Diluted loss per share (cents)		(0.4)	(0.7)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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GBM Resources Limited
ABN 91 124 752 745

Condensed Consolidated Statement of Financial Position
As at 31 December 2020

		Consolidated	
		31 December 2020 \$	30 June 2020 \$
	Note		
Current assets			
Cash and cash equivalents		8,498,749	1,382,072
Trade and other receivables	5	566,099	32,240
Asset held-for-sale	11, 16	917,914	-
Inventory	15	360,398	-
Total current assets		10,343,160	1,414,312
Non-current assets			
Trade and other receivables	5	834,859	808,408
Exploration and evaluation expenditure	11	12,707,145	10,848,146
Property, plant and equipment		1,116,866	697,524
Financial assets	17	467,313	794,833
Total non-current assets		15,126,183	13,148,911
Total assets		25,469,343	14,563,223
Current liabilities			
Borrowings	14	-	705,833
Trade and other payables		1,389,255	902,790
Total current liabilities		1,389,255	1,608,623
Non-current liabilities			
Provision for rehabilitation		754,258	754,258
Total non-current liabilities		754,258	754,258
Total liabilities		2,143,513	2,362,881
Net assets		23,325,830	12,200,342
Equity			
Issued capital	6	49,461,485	36,986,753
Accumulated losses		(26,493,275)	(25,149,324)
Share based payment reserve		357,620	362,913
Total equity		23,325,830	12,200,342

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

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GBM Resources Limited
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Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2020

	Issued capital \$	Accumulated losses \$	Option reserve \$	Share based payment reserve \$	Total \$
At 1 July 2019	32,915,823	(24,561,487)	610,175	78,467	9,042,978
Total comprehensive result for the half-year:					
Other comprehensive income	-	-	-	-	-
Loss for the half-year	-	(848,642)	-	-	(848,642)
	-	(848,642)	-	-	(848,642)
Shares issued net of costs	2,228,111	-	-	-	2,228,111
Transfer on cancellation of options	-	610,175	(610,175)	-	-
Fair value of options vesting	-	-	-	216,726	216,726
At 31 December 2019	35,143,934	(24,799,954)	-	295,193	10,639,173
At 1 July 2020	36,986,753	(25,149,324)	-	362,913	12,200,342
Total comprehensive result for the half-year:					
Other comprehensive income	-	-	-	-	-
Profit for the half-year	-	(1,343,951)	-	-	(1,343,951)
	-	(1,343,951)	-	-	(1,343,951)
Shares issued net of costs	12,249,766	-	-	-	12,249,766
Transfer on exercise of options/rights	224,966	-	-	(224,966)	-
Fair value of options/rights vesting	-	-	-	219,673	219,673
At 31 December 2020	49,461,485	(26,493,275)	-	357,620	23,325,830

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

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GBM Resources Limited
ABN 91 124 752 745

Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2020

		Consolidated	
		31 December 2020 \$	31 December 2019 \$
	Note		
Cash flows from operating activities			
Cash receipts from joint venture gold sales		556,763	-
Payments to suppliers and employees		(1,692,182)	(510,779)
Recognition of share of joint venture operating cash assets	15	313,820	-
Other income		-	682
Government assistance		50,000	-
Interest received		2,861	206
JV management fee income		-	40,868
Interest and other costs of finance paid		(38,775)	(32,234)
Net cash used in operating activities		(807,513)	(501,257)
Cash flows from investing activities			
Payments for environmental bonds and deposits		(23,508)	(4,500)
Payments to acquire property, plant and equipment		(516,441)	-
Funds provided by JV partner under farm-in agreement		-	343,071
Payments for exploration and evaluation, including joint venture spend		(2,900,142)	(637,634)
Net cash (used in) investing activities		(3,440,091)	(299,063)
Cash flows from financing activities			
Loans received		-	350,000
Proceeds from the issue of shares		12,062,663	1,384,602
Share issue costs		(698,382)	(32,099)
Net cash from financing activities		11,364,281	1,702,503
Net increase in cash held		7,116,667	902,183
Cash at the beginning of the period		1,382,072	332,540
Cash at the end of the period		8,498,749	1,234,723

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2020

Note 1 Basis of preparation of half-year report

These general purpose financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures that the financial statements comply with International Financial Reporting Standard IAS 134: Interim Financial Reporting.

The financial report has been prepared on the historical cost basis.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2020 and any public announcements made by GBM Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Other than as shown below, the same accounting policies, accounting judgements, key estimates and methods of computation have been followed in these half-year financial statements as compared with the most recent annual financial statements. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Accounting policy – Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on a weighted average basis and includes all costs incurred, based on a normal production capacity, in bringing each product to its present location and condition. Cost of inventories comprises direct labour, materials, contractor expenses, depreciation and an allocation of overhead. Net realisable value is the estimated future sales price of the product produced based on the estimated gold and copper price less the estimated costs of completion and the estimated costs necessary to make the sale.

Accounting policy – Gold Sales

Under AASB 15 Revenue from Contracts with Customers, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control requires judgement. With the sale of gold bullion, this occurs when physical bullion from a contracted sale is transferred from the Company's account into the account of the buyer.

Accounting policy – Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group considers the White Dam Production Joint Venture as a joint operation and has recognised its share of jointly held assets, liabilities, revenue and expenses. These have been incorporated in the financial statements under the appropriate classifications. Details of these interests are shown in Note 15.

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

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.

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2020

Note 1 Basis of preparation of half-year report (continued)

Adoption of new and revised accounting standards

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2020. 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 its business and, therefore, no change necessary to Group accounting policies.

The consolidated half-year financial statements were approved by the Board of Directors on 15th March 2021.

Note 2 Segment information

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 has two operating segments, these being mineral exploration and resource development within Australia and production of minerals in Australia.

The following tables present revenue and profit information and certain asset and liability information regarding operating segments for the reporting period. In the comparative period, the Group operated in the one segment of mineral exploration.

31 December 2020	Mineral Exploration \$	Mineral Production \$	Consolidated \$
Interest income	5,805	-	5,805
Other income	50,000	556,763	606,763
Segment income	55,805	556,763	612,568
Segment expenses	(1,500,293)	(456,226)	(1,956,519)
Segment profit/(loss)	(1,444,488)	100,537	(1,343,951)
Current assets	9,486,771	856,389	10,343,160
Non-current assets	15,124,839	1,344	15,126,183
Current liabilities	(902,702)	(486,553)	(1,389,255)
Non-current liabilities	(754,258)	-	(754,258)
Net assets	22,954,650	371,180	23,325,830

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2020

Note 3 Revenue

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Government cash flow assistance grants	50,000	-
Other income and recharges	-	5,476
Joint venture management fee income	-	40,868
	50,000	46,344

Note 4 Acquisition of Millstream Resources Pty Ltd

During the comparative period the Group completed the acquisition of a 100% interest in the issued capital of Millstream Resources Pty Ltd (Millstream). Millstream acquired an initial 50% interest in the White Dam heap leach project in South Australia pursuant to a joint venture agreement with Round Oak Limited. Consideration for the acquisition of Millstream Resources Pty Ltd was 15,000,000 ordinary fully paid shares at a price of 3.5 cents per share (total consideration \$525,000 – refer note 6). The fair value attributed to the exploration assets was \$524,415.

Note 5 Trade and other receivables

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Current		
Refundable exploration costs – Novo ¹	250,000	-
GST recoverable	111,697	30,612
Other debtors	204,402	1,628
	566,099	32,240
Non-current		
Environmental bonds and security deposits	834,859	808,408

¹ Amounts refundable to the Group from Novo Resources Corp. in respect of exploration activities undertaken during the options period (Note 16).

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2020

Note 6 Issued capital

	31 December 2020 #	31 December 2019 #	31 December 2020 \$	31 December 2019 \$
At the beginning of the period	225,038,134	1,090,596,975	36,986,753	32,915,823
Share placement ¹	-	90,909,091	-	300,000
Share consolidation ²	-	(1,063,355,337)	-	-
Share placement ³	-	36,153,400	-	1,084,602
Shares issued to directors ⁴	-	9,739,100	-	350,608
Shares issued to acquire subsidiary ⁵	-	15,000,000	-	525,000
Exercise of options ⁶	501,795	-	55,197	-
Entitlement Issue ⁷	55,884,212	-	3,073,632	-
Share placement ⁸	46,407,371	-	2,552,405	-
Shares issued in lieu of payment for consulting services ⁹	1,389,669	-	104,997	-
Performance rights exercised ¹⁰	2,096,000	-	224,966	-
Share placement ¹¹	48,000,000	-	6,480,000	-
Shares issued on convertible note exercise ¹²	23,333,333	-	700,000	-
Costs related to share issues	-	-	(716,465)	(32,099)
At the end of the period	402,650,514	179,043,229	49,461,485	35,143,934

¹ Placement Shares issued at 0.5 cents per share (on a pre-consolidated basis).

² Share consolidation on a 1:10 basis, as approved at the Company's 2019 Annual General Meeting.

³ Placement Shares issued at 3 cents per share.

⁴ Shares issued to directors at a deemed price of 3.6 cents per share in lieu of payment of accrued salaries (refer note 13).

⁵ Shares issued at 3.5 cents per share in consideration for the acquisition of a 100% interest in the issued capital of Millstream Resources Pty Ltd – refer note 4.

⁶ Options exercised – exercisable at 11 cents per option and expiring 6 July 2023.

⁷ Pro rata non-renounceable entitlement issued at 5.5 cents per share.

⁸ Placement shares issued at 5.5 cents per share.

⁹ Shares issued to consultant in lieu of cash payment for services – 509,904 shares at 5.5 cents per share, 492,613 shares at 6.7 cents per share and 387,152 shares at 11.3 cents per share.

¹⁰ Shares issued on the exercise of performance rights – 846,000 shares at 9.6 cents per share and 1,250,000 shares at 11.5 cents per share.

¹¹ Placement shares issued at 13.5 cents per share.

¹² Shares issued on the conversion of a convertible note at 3 cents per share.

Note 7 Dividends

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2020.

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2020

Note 8 Contingencies and commitments

(i) Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting date.

(ii) Contingent assets

There has been no change in contingent assets since the last annual reporting date.

(iii) Exploration commitments

There has been no material change in exploration commitments since the last annual reporting date.

Note 9 Events occurring after the balance date

Other than the matters stated below, there has not arisen in the interval between the end of the reporting period 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 13 January 2021, the Group completed the acquisition of a 100% interest in the issued capital of Straits Gold Pty Ltd (Straits) to acquire the Yandan Gold Project. Consideration for the acquisition of Straits Gold Pty Ltd was 22,222,222 ordinary fully paid shares at a price of 13.5 cents per share (total consideration \$3,000,000). Included in the completed transaction was a rehabilitation provision of approximately \$5.1 million and a corresponding environmental assurance deposit of \$5,077,151.
- On 15 January 2021 the Company issued 7,407,407 shares to Aeris Resources Limited, at 13.5 cents per share, pursuant to a share placement approved by shareholders on 30 November 2020.
- On 12 February 2021 the Company issued 2,000,000 unlisted options to employees pursuant to its Performance Rights and Option Plan. The options are exercisable at 18 cents each and expire 11 February 2025.
- On 15 February 2021 the Company advised that it had entered into a non-binding agreement for the acquisition of the Twin Hills Gold Project in the Drummond Basin, Queensland. The Company will undertake due diligence before formalising a binding Tenement Sale Agreement.

The impact of the coronavirus (COVID-19) pandemic is ongoing. The situation is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided. It is not practicable to estimate the potential impact, positive or negative, after the reporting date.

Note 10 Fair value

The fair value of financial assets and liabilities measured at fair value on a non-recurring basis approximate their carrying amount at balance date.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2020

Note 11 Exploration and evaluation assets

The capitalised exploration and evaluation costs of \$12,707,145 (30 Jun 2020: \$10,848,146) represent expenditure and acquisition costs incurred by the Group on its exploration assets.

Exploration costs included in profit or loss of \$197,950 (31 Dec 19: \$110,725) include an amount of \$nil (31 Dec 19: \$68,630) in respect of the expensing previously capitalised exploration and evaluation costs on tenements derecognised or no longer held.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
Capitalised exploration costs at the beginning of the period	10,848,146	9,644,180
Acquisition costs capitalised (refer note 4)	-	524,415
Exploration and evaluation costs incurred (excluding joint venture costs incurred)	2,974,863	451,748
Less: transfer 50% in Malmsbury Project to asset held for sale (refer note 16)	(917,914)	-
Less: previously capitalised exploration costs written off	-	(68,630)
Less: exploration costs not capitalised	(197,950)	(42,095)
Capitalised exploration costs at the end of the period	12,707,145	10,509,618

Note 12 Earnings/(Loss) per share

	Consolidated	
	31 December 2020	31 December 2019
Basic and diluted loss per share	(0.4 cents)	(0.7 cents)
Loss used in calculation of basic and diluted loss per share	\$(1,343,951)	\$(848,642)
Weighted average number of shares used in calculation of earnings per share	350,657,605	119,176,484

Options and performance share rights

Options and share rights to acquire ordinary shares granted by the Company and not exercised at the reporting date have been included in the determination of diluted earnings per share to the extent to which they are dilutive. There are no options or share rights on issue at 31 December 2020 and 31 December 2019 that are considered to be dilutive.

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2020

Note 13 Share based payment expense

	Consolidated	
	31 December 2020 \$	31 December 2019 \$
Fair value of options granted ¹	35,355	216,726
Fair value of performance rights granted ²	143,750	-
Fair value of shares issued to directors in lieu of payment of accrued salary costs (refer note 6)	-	350,608
Less amounts accrued in respect of salary costs	-	(292,173)
Total share-based payments expense for the period	179,105	275,161
Reconciliation:		
Share based payment expense recognised in Profit or Loss	35,355	275,161
Share based payment expense recognised in capitalised exploration costs	143,750	-
Total share-based payments expense for the period	179,105	275,161

¹ Fair value of options issued

During the reporting period the Company issued 300,000 unlisted options exercisable at 21 cents each and expiring 14 September 2024.

The options were valued using the Black-Scholes option model using the following inputs:

Date of grant	Number of options	Exercise price	Expiry period	Share price at grant	Risk free rate	Volatility	Valuation of options
15 Sept 2020	300,000	\$0.21	4 Years	\$0.138	0.4%	158.4%	\$35,355

² Fair value of performance rights issued

During the reporting period the Company issued 1,250,000 performance rights, vesting on 30 September 2020. The performance rights have been recognised at 11.5 cents each based on the underlying share price at the date of grant. The performance rights expense has been allocated to capitalised exploration in respect of the services provided.

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2020

Note 14 Borrowings

	Consolidated	
	31	30
	December	June
	2020	2020
	\$	\$
Convertible note liability	-	705,833

The Company entered into a convertible note agreement during the 2019 financial year for funding of up to \$700,000. The convertible notes pay interest at 10% per annum (paid quarterly) and were repayable on or before 30 November 2020.

The notes were converted on 27 October 2020 into 23,333,333 fully paid ordinary shares in the capital of the Company at a conversion price of \$0.03.

The convertible notes were secured by way of a mortgage over the issued share capital of Mt Coolon Gold Mines Pty Ltd which holds the Mt Coolon Gold Project. The mortgage has been discharged.

Note 15 White Dam Joint Venture

During the reporting period the Group recognised the following amounts in profit or loss in respect of its 50% interest in the production from the White Dam gold-copper joint venture:

	Consolidated	
	31	30
	December	June
	2020	2020
	\$	\$
Revenue from sales of gold	556,763	-
Company share of JV operational costs	(456,226)	-
Net income/(expenditure) from joint venture activities	100,537	-

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2020

Note 15 White Dam Joint Venture (continued)

At the end of the reporting period the Group recognised the following assets and liabilities in its Statement of Financial Position in respect of its proportional interest in the White Dam gold-copper joint venture:

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
Assets		
Cash and cash equivalents	313,820	-
Trade and other receivables	171,326	-
GST receivable	7,446	-
Prepayments	3,399	-
Inventory	360,398	-
Other non-current assets	1,344	-
Total share of joint venture assets	857,733	-
Liabilities		
Trade payables	(484,434)	-
Other liabilities	(2,119)	-
Total share of joint venture liabilities	(486,553)	-
Share of joint venture net assets	371,180	-

Under the terms of the joint venture agreement, the Company has the option to acquire 100% of the White Dam Project (plant, equipment and tenements) for an exercise price of \$500,000 plus a 2% royalty on any copper and gold production revenue. In the event of option exercise, the Company would also assume the environmental liabilities for eventual White Dam closure, currently standing at \$1.9 million. The option can be exercised up to 30 June 2021.

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Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2020

Note 16 Malmsbury Gold Project Option

During the reporting period the Group entered into a strategic partnership with Novo Resources Corp. (Novo).

Novo exercised an option to acquire a 50% interest in the Malmsbury gold project on 24 September 2020 and entered into a further earn-in arrangement. Consideration for the acquisition of the 50% interest is 1,575,387 Novo shares. As at 31 December 2020, the transfer of consideration shares from Novo to the Group in respect of the exercise of its option had not been completed due to ongoing FIRB review. At balance date, capitalised exploration and evaluation expenditure of \$917,914, representing a 50% interest in the Malmsbury project, have been transferred to assets held-for-sale.

In addition to the acquisition of an initial 50% interest, Novo has entered into an earn-in arrangement with the Group to earn an additional 10% interest by incurring A\$5 million (less up to A\$250,000 to be reimbursed to the Group for expenditure incurred during the option period) in exploration expenditure over a four-year period.

The Group has recognized a receivable of \$250,000 as at 31 December 2020 in respect of exploration costs incurred during the option period (note 5).

Note 17 Financial assets

The Group has an investment in the issued capital of Novo Resources Corp. During the reporting period the Group disposed of 5,397 shares in consideration for consulting services received.

	Shares	Carrying value (A\$)
Balance at 1 July 2020	197,907	\$794,833
Shares transferred in consideration for services received	(5,937)	(\$13,338)
Fair value gain/(loss) during the reporting period	-	(\$314,182)
Balance at 31 December 2020 (C\$2.39, A\$2.43 per share)	191,970	\$467,313

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Directors' Declaration

The Directors of GBM Resources Limited ("the Company") declare that:

- (a) the half-year financial statements and notes set out on pages 6 to 19 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standard AASB134 – *Interim Financial Reporting*, and the Corporations Regulations 2001, and other mandatory reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
- (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.

This declaration is made in accordance with a resolution of the Directors, made pursuant to s303(5) of the Corporations Act 2001.

Signed at Perth this 15th day of March 2021.



Peter Rohner
Managing Director

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GBM Resources Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of GBM Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and

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its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
15 March 2021



M R Ohm
Partner