

# QUARTERLY REPORT

31 March 2010



## Highlights

- Decision to recommence work on feasibility studies and in-fill drilling program following improvement in metal prices and capital market conditions
- Appointment of Azure Capital as corporate adviser
- Announcement of \$1.9 million rights issue to fund feasibility studies and further resource definition

## Operations

### Nickel Heap Leach Feasibility Study

The Company's "NiWest" nickel laterite project is located in the North Eastern goldfields of Western Australia. The Company is assessing the potential to develop a large scale nickel-cobalt hydrometallurgical processing plant.

The preferred development option is to construct a plant using heap leach technology. This is based on positive studies completed by GME during last 3 years and the successful trials of this process at other nickel laterite projects globally including European Nickel and the Murrin Murrin JV (which is located adjacent to NiWest). The heap leach process has materially lower capital costs and is operationally simpler than the high pressure acid leach process commonly used by other nickel laterite producers.

During late 2008 GME's feasibility studies were put on hold to conserve cash during the time of lower metal prices. Following the recent recovery of metal prices and general capital market conditions, GME has decided to recommence its feasibility work and is currently in the process of appointing a well regarded engineering consultant to undertake a review of the scale of the project, further fine tuning of the flow sheet and to complete the balance of the feasibility study.

### Resource Development & Mine Planning

Following a recent resource model upgrade industry standard krigged resource models now represent 96% of the resource portfolio, with a significant percentage in the measured and indicated categories. This work will be further enhanced by in-fill drilling and advanced modelling techniques to support higher

### About GME Resources

GME Resources is a Perth-based nickel exploration company focused on the development of its 100%-owned NiWest Project, located in the Leonora district of Western Australia.

GME has the potential to become a top 10-global nickel producer with its NiWest Project resource totalling over 100 million tonnes of ore containing over 1 million tonnes of nickel – making it one of the most exciting undeveloped laterite nickel projects in Australia.

The bankable feasibility study (BFS) is underway for a project capable of supplying 30,000 to 35,000 tonnes of Nickel metal and 1,400 tonnes of cobalt per year.

### Quick Facts

|                              |       |
|------------------------------|-------|
| <b>ASX Code</b>              | GME   |
| <b>ASX Share Price (A\$)</b> | 0.08  |
| <b>Market Cap (A\$m)</b>     | 21.97 |

### Contact

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grade resource definition within close proximity to the proposed plant site. This drilling is expected to commence shortly.

The total NiWest resource calculated at a 0.7%Ni cut-off contains over 1 million tonnes of nickel metal. The resources are reported at 0.8% and 1.0% Ni cut-off (Table 1 and 2) and these results are tabled below.

Table 1 | Resources at 0.8% Ni cut-off grade

| Category        | Mt           | %Ni         | %Co         | Ni Metal       | Co Metal      |
|-----------------|--------------|-------------|-------------|----------------|---------------|
| Measured        | 26.05        | 1.03        | 0.07        | 269,468        | 17,498        |
| Indicated       | 28.21        | 1.00        | 0.07        | 282,289        | 18,548        |
| Inferred        | 21.74        | 0.96        | 0.06        | 209,395        | 17,781        |
| <b>Combined</b> | <b>76.00</b> | <b>1.00</b> | <b>0.07</b> | <b>761,152</b> | <b>49,827</b> |

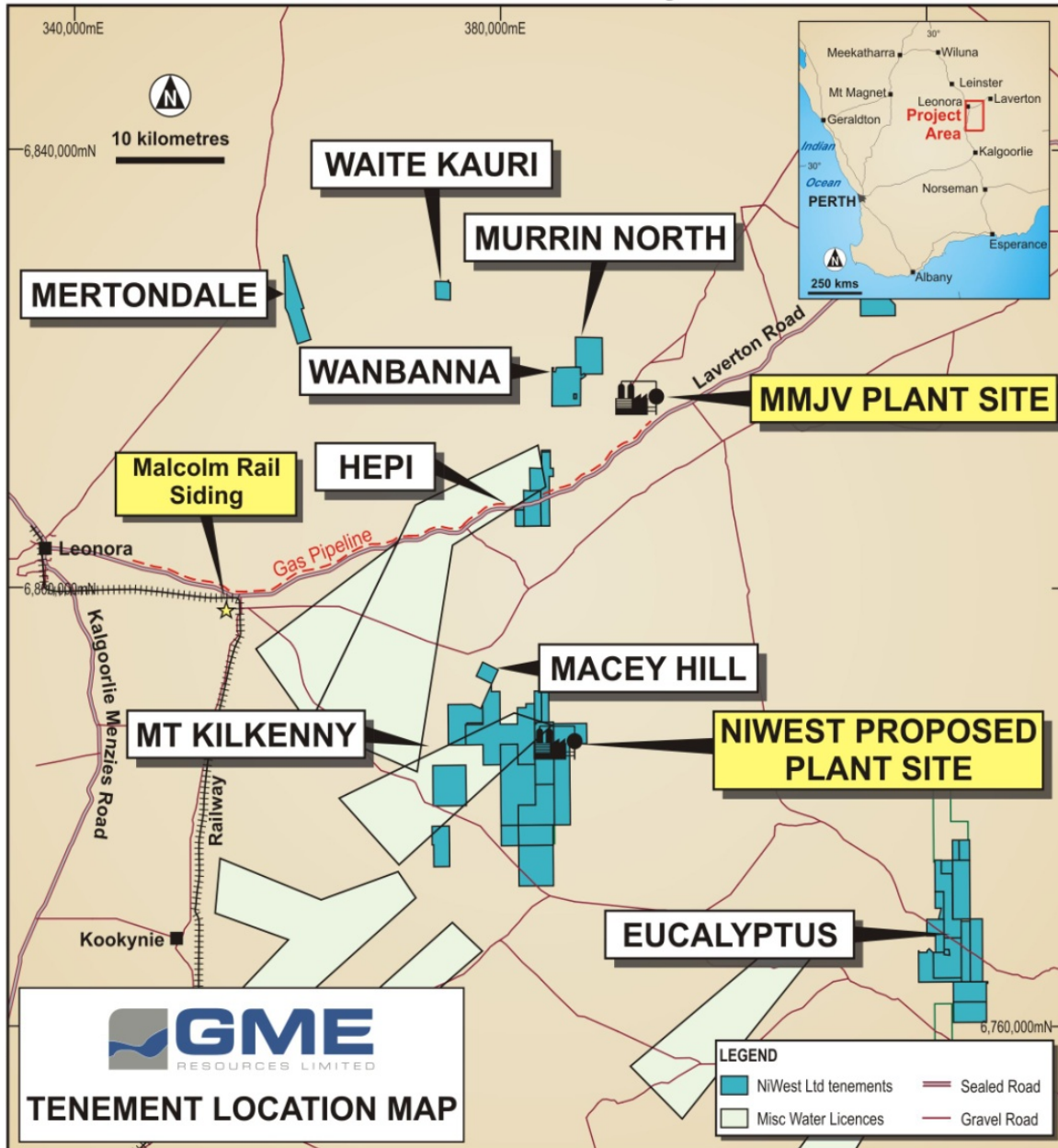
Table 2 | Resources at 1.0% Ni cut-off grade

| Category        | Mt           | %Ni         | %Co         | Ni Metal       | Co Metal      |
|-----------------|--------------|-------------|-------------|----------------|---------------|
| Measured        | 18.96        | 1.18        | 0.08        | 224,081        | 15,044        |
| Indicated       | 8.47         | 1.14        | 0.08        | 96,261         | 6,452         |
| Inferred        | 5.16         | 1.14        | 0.07        | 58,709         | 3,810         |
| <b>Combined</b> | <b>32.60</b> | <b>1.16</b> | <b>0.08</b> | <b>379,050</b> | <b>25,307</b> |

## Tenement Management

The Company maintains a substantial tenement position in excess of 550 square kilometres in the North East Goldfields covering areas prospective for nickel, gold and other minerals. During the period the company acquired 1 new tenements and surrendered 7 tenements as it continues to actively manage its portfolio.

## NiWest Nickel Project



### Gold Tenements

Golden Cliffs NL, a 100% owned subsidiary of GME holds a portfolio of gold tenements located in the North Eastern goldfields of WA. The package represents a sizable tenement position in a very prospective region hosting projects as the Sons of Gwalia Mine, Granny Smith, Mount Morgans, Lancefield, Navigators' Leonora Project, A1 Minerals' Delta Project and Sunrise Dam.

As previously announced, the Company is in discussions concerning the sale and other possible corporate actions for its gold assets.

# Corporate and Funding

## Appointment of Azure Capital

During the quarter the Company appointed Azure Capital (“Azure”) to provide general corporate and strategic advice on the development of the NiWest project. Azure is a leading corporate adviser in the resource sector and has successfully assisted a number of companies to attract development capital for major projects. The firm is currently ranked 2<sup>nd</sup> (by volume of deals) in the Australian Mining M&A league tables.

## Rights Issue Announcement

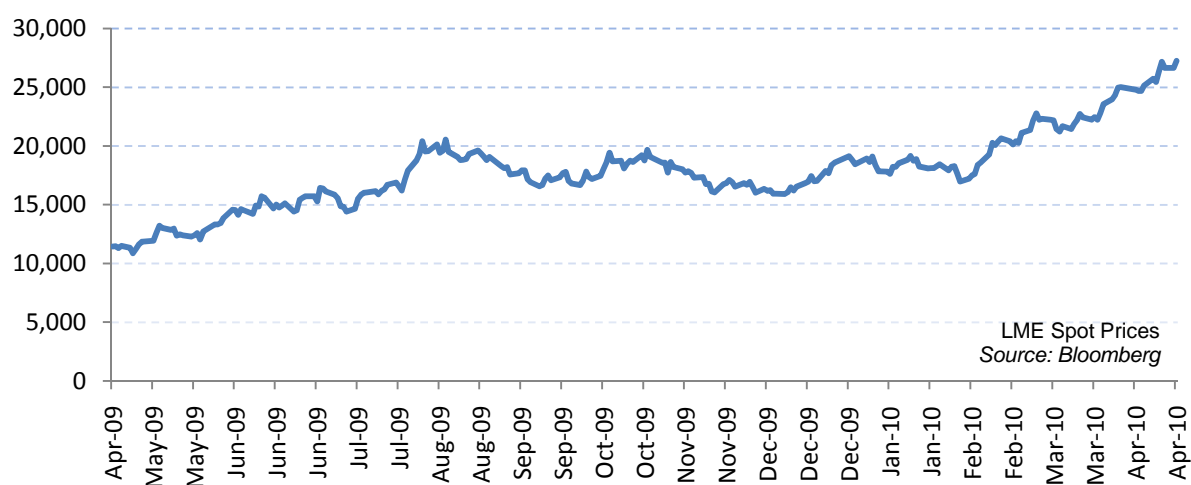
In order to provide ongoing funding for GME’s activities on 13 April 2010 (post the end of the quarter) the Company announced a 1 for 10 non-renouceable rights issue to raise up to \$1.92 million (before issue costs). This issue is not underwritten, but Azure Capital has agreed to assist Directors in placing any shortfall on a “best endeavours” basis.

The issue closes on 14 May 2010 and shares will be issued 21 May 2010.

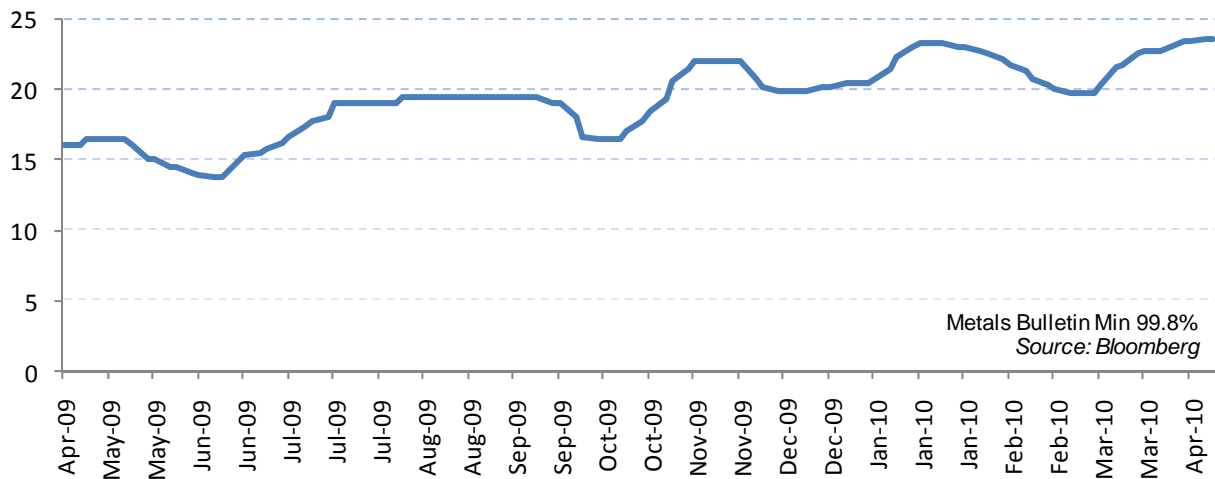
# Markets

The continued strength of the nickel and cobalt prices, particularly in this quarter, are extremely encouraging and will materially improve the economics of the NiWest project.

## 1 Year Nickel Price Performance (US\$/t)



## 1 Year Cobalt Price Performance (US\$/lb)



## Outlook

Strength in the metals prices coupled with resumption in global demand continue to underwrite the development of quality nickel projects. The NiWest project has many advantages including a large resource base, location close to major infrastructure and is supported by sound engineering and test work. Furthermore, Minara have demonstrated a successful heap leach operation for nickel laterite in the region. Finally, the arid climate and flat country provide suitable conditions for a heap leach project and WA's solid mining laws provide a strong tenure position. In this coming quarter the Company will review an innovative option for a small scale quick start up nickel plant based at Hepi where trial mining and processing have already been approved.

**DAVID VARCOE**

**MANAGING DIRECTOR**

Date: 28 April 2010

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Stephen Hyland, Mr Bill Hill and Mr Steve Goertz who are members of The Australasian Institute of Mining and Metallurgy. Mr Hyland is a Principal Consultant with Ravensgate Minerals Industry Consultants who consults to the Company. Mr Hill is self employed and consults to the Company as and when required, Mr Hill and Mr Hyland have sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves. Mr Hill, Mr Goertz and Mr Hyland consent to the inclusion in the report of the matters based on information provided in the form and context in which it appears.*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

GME RESOURCES LIMITED

ABN

62 009 260 315

Quarter ended ("current quarter")

31 MARCH 2010

### Consolidated statement of cash flows

| <b>Cash flows related to operating activities</b>  | Current quarter<br>\$A'000 | Year to date<br>(9 months)<br>\$A'000 |
|--|----------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors  | -                          | -                                     |
| 1.2 Payments for (a) exploration and evaluation<br>(b) development<br>(c) production<br>(d) administration | (133)<br><br><br>(45)      | (832)<br><br><br>(195)                |
| 1.3 Dividends received   | -                          | -                                     |
| 1.4 Interest and other items of a similar nature received  | 3                          | 19                                    |
| 1.5 Interest and other costs of finance paid   | -                          | -                                     |
| 1.6 Income taxes paid  | -                          | -                                     |
| 1.7 Other (provide details if material)  | -                          | 100                                   |
| <b>Net Operating Cash Flows</b>  | <b>(175)</b>               | <b>(908)</b>                          |
| <b>Cash flows related to investing activities</b>  |                            |                                       |
| 1.8 Payment for purchases of: (a)prospects<br>(b)equity investments<br>(c)other fixed assets               | -<br>-<br>-                | -<br>-<br>-                           |
| 1.9 Proceeds from sale of: (a)prospects<br>(b)equity investments<br>(c)other fixed Assets                  | -<br>-<br>-                | -<br>-<br>-                           |
| 1.10 Loans to other entities   | -                          | -                                     |
| 1.11 Loans repaid from other entities  | -                          | -                                     |
| 1.12 Other (provide details if material)   | -                          | -                                     |
| <b>Net investing cash flows</b>  | <b>-</b>                   | <b>-</b>                              |
| 1.13 Total operating and investing cash flows (carried forward)  | (175)                      | (908)                                 |

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

|      |  |            |            |
|------|--|------------|------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (175)      | (908)      |
|      | <b>Cash flows related to financing activities</b>          |            |            |
| 1.14 | Proceeds from issues of shares, options, etc.              | -          | 1,056      |
| 1.15 | Proceeds from sale of forfeited shares                     | -          | -          |
| 1.16 | Proceeds from borrowings                                   | -          | -          |
| 1.17 | Repayment of borrowings                                    | -          | -          |
| 1.18 | Dividends paid   | -          | -          |
| 1.19 | Other – Costs of issue                                     | -          | (19)       |
|      | <b>Net financing cash flows</b>                            | -          | 1,037      |
|      | <b>Net increase (decrease) in cash held</b>                | (175)      | 129        |
| 1.20 | Cash at beginning of quarter/year to date                  | 660        | 356        |
| 1.21 | Exchange rate adjustments to item 1.20                     | -          | -          |
| 1.22 | <b>Cash at end of quarter</b>                              | <b>485</b> | <b>485</b> |

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 2                          |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | -                          |

1.25 Explanation necessary for an understanding of the transactions

|  |
|--|
|  |
|--|

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

|     |
|-----|
| NIL |
|-----|

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

|     |
|-----|
| NIL |
|-----|

+ See chapter 19 for defined terms.

### Financing facilities available

Add notes as necessary for an understanding of the position.

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | N/A                         | N/A                    |
| 3.2 Credit standby arrangements | N/A                         | N/A                    |

### Estimated cash outflows for next quarter

|                                | \$A'000    |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 400        |
| 4.2 Development                | -          |
| <b>Total</b>                   | <b>400</b> |

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

|  | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 2                          | 25                          |
| 5.2 Deposits at call                             | 483                        | 635                         |
| 5.3 Bank overdraft                               | -                          | -                           |
| 5.4 Other (provide details)                      | -                          | -                           |
| <b>Total: cash at end of quarter</b> (item 1.22) | <b>485</b>                 | <b>660</b>                  |

### Changes in interests in mining tenements

|   | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|---|--------------------|-------------------------------|----------------------------------|----------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | P37/5650           | Withdrawn                     | 100%                             | 0%                         |
|   | P37/5651           | Withdrawn                     | 100%                             | 0%                         |
|   | P37/5652           | Withdrawn                     | 100%                             | 0%                         |
|   | P37/5653           | Withdrawn                     | 100%                             | 0%                         |
|   | P37/5654           | Withdrawn                     | 100%                             | 0%                         |
|   | P37/5655           | Withdrawn                     | 100%                             | 0%                         |
|   | P37/5656           | Withdrawn                     | 100%                             | 0%                         |
| 6.2 Interests in mining tenements acquired or increased           | E39/1470           | Acquired                      | 0%                               | 100%                       |

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

|  | Total number   | Number quoted | Issue price per security (see note 3) (cents)  | Amount paid up per security (see note 3) (cents)                                |
|--|--|---------------|--|---|
| 7.1 <b>Preference securities</b><br><i>(description)</i>   | NIL  |               |  |   |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |  |               |  |   |
| 7.3 <b>+Ordinary securities</b>  | 274,638,425  | 274,638,425   |  |   |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |  |               |  |   |
| 7.5 <b>+Convertible debt securities</b><br><i>(description)</i>  | NIL  | NIL           |  |   |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |  |               |  |   |
| 7.7 <b>Options</b><br><i>(description and conversion factor)</i>   | <i>Unlisted options</i><br>2,000,000<br>5,000,000<br>5,000,000 |               | <i>Exercise Price</i><br>\$0.70 per option<br>\$0.13 per option<br>\$0.18 per option | <i>Expiry Date</i><br>30 September 2010<br>28 February 2012<br>28 February 2012 |
| 7.8 Issued during quarter  | 5,000,000<br>5,000,000   |               | \$0.13 per option<br>\$0.18 per option   | 28 February 2012<br>28 February 2012  |
| 7.9 Exercised during quarter   | NIL  |               |  |   |
| 7.10 Expired during quarter  | NIL  |               |  |   |
| 7.11 <b>Debentures</b><br><i>(totals only)</i>   | NIL  |               |  |   |
| 7.12 <b>Unsecured notes</b><br><i>(totals only)</i>  | NIL  |               |  |   |

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



28 April 2010

Sign here: ..... Date: .....  
(Company secretary)

Print name: .....  
MARK PITTS

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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