

GME Resources Limited

(ABN 62 009 260 315)

Interim Report 31 December 2012

Contents	Page
Directors' Report	3
Auditor's Independence Declaration	5
Consolidated Statement of Comprehensive Income	6
Consolidated Statement of Financial Position	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Consolidated Financial Statements	10
Directors' Declaration	14
Independent Auditor's Review Report	15

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2012.

Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Michael Delaney Perrott	Non-Executive Chairman
James Noel Sullivan	Executive Director
Peter Ross Sullivan	Non-Executive Director
Geoffrey Mayfield Motteram	Non-Executive Director

Review of Operations

Corporate

Capital Raising

On 6th February 2013, the Company advised that the capital raising through a non renounceable rights issue closed with 40,859,784 acceptances received, bringing the total funds raised to \$1.06 million.

Funds raised from the issue will be used to accelerate mining and environment studies at the Company's Devon Gold Project. In conjunction with the development of the gold assets, the company will continue to undertake metallurgical work and related activities on the NiWest Nickel Laterite Project.

Nickel Heap Leach Project

The Company's "NiWest" nickel laterite project is located in the North Eastern Goldfields of Western Australia. The Company is assessing the potential development of a large scale nickel-cobalt heap leach processing plant.

The company has initiated metallurgical test work designed to simplify down-stream processing of pregnant nickel solutions resulting from a heap leach operation.

The Direct SX concept is aimed at significantly reducing the capital cost of development for Nickel Laterite Heap Leach projects and thereby reducing the necessary scale of initial development.

Heap Leach liquors contain higher iron than HPAL liquors but otherwise are far more benign. The GME approach to Direct SX calls for standard iron removal followed by direct application of solvent extraction and electro-winning for nickel and cobalt metal.

This removes the capital intensive steps of intermediate product precipitation and intermediate product dissolution for refining and metal production, making the development capital more akin to an oxide copper heap leach project.

The Oretest work program proceeded through 2012 and used 4 columns in series to simulate a heap leach operation. Resultant pregnant liquors were subject to successful iron removal and nickel and cobalt recovery was successfully demonstrated in shake out SX tests. The next phase of process development will involve refining the column leach simulation at a larger scale, followed by continuous iron removal and SX recovery. The approach offers a real opportunity for economic development of the high grade nickel laterites within the NiWest tenements and GME may seek joint venturers to further the overall project development at an appropriate time.

Devon Gold Project

- RC drilling delivers shallow high grade gold results
- Resource update - Indicated tonnes increase 26%
- Overall ounces increase by 4%

Drilling Highlights

12DV014	4 metres @ 10.02 g/t	from 2 metres
12DV011	4 metres @ 7.51g/t	from 8 metres
12DV002	1 metres @ 13.65 g/t	from 6 metres
12DV006	4 metres @ 7.82g/t	from 36 metres
12DV017	2 metres @ 8.24 g/t	from 35 metres

During the period the Company completed a 23 hole RC drill program to test high grade gold mineralisation located in costeins extending to the southern boundary of the Devon lease. Highlights from the drilling as indicated above confirm that the mineralisation extends below the costeins and provide greater confidence in the potential to exploit the Devon resource. A series of cross sections demonstrate the continuity of the high grade nature of the Devon resource extending down to 80 metres below surface.

A revised resource estimate at the Devon resulted in a 4% increase in total contained gold from 50,000 ounces to 52,000 ounces. Total indicated resources tonnes increased by 26% from 274,000 tonnes to 346,000 tonnes.

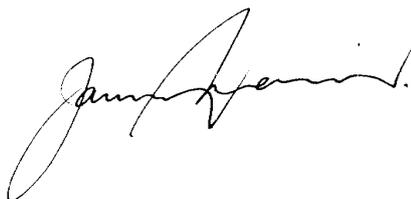
Additional exploration and evaluation expenditure of \$579,346 was capitalised in the half year to 31 December 2012 (December 2011: \$843,404).

The Company registered a net loss for the half year to 31 December 2012 of \$204,393 (December 2011: \$282,585).

Auditor's Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 5 and forms part of this directors' report for the half-year ended 31 December 2012.

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



Jamie Sullivan

Managing Director

Dated this 15th day of March 2013

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Stephen Hyland who is a member 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 Hyland has 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 Hyland consents to the inclusion in the report of the matters based on information provided in the form and context in which it appears.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of GME Resources Limited for the half-year ended 31 December 2012, 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 2013

N G NEILL
Partner, HLB Mann Judd

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Notes	Consolidated	
		31 Dec 2012 \$	31 Dec 2011 \$
Revenue	2	16,071	38,172
Management and consulting expenditure		(23,000)	(81,000)
Depreciation and amortisation expense		(2,267)	(10,468)
Exploration write-off		(31,496)	(164,679)
Other expenses		(163,701)	(65,735)
Loss before income tax expense		(204,393)	(283,710)
Income tax expense		-	-
Loss for the half year		(204,393)	(283,710)
Other comprehensive income		-	-
Reclassification on sale of investment		-	1,125
Total comprehensive result for the half year		(204,393)	(282,585)
Loss per share attributable to the ordinary equity holders of the company:			
Basic loss per share (cents)		(0.06)	(0.09)
Diluted loss per share (cents)		(0.06)	(0.09)

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

		Consolidated	
	Notes	31 Dec 2012	30 June 2012
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		124,291	866,555
Total Current Assets		<u>124,291</u>	<u>866,555</u>
Non-Current Assets			
Trade and other receivables		188,440	183,000
Plant and equipment		5,937	8,204
Exploration and evaluation costs carried forward	3	32,652,781	32,104,931
Total Non-Current Assets		<u>32,847,158</u>	<u>32,296,135</u>
Total Assets		<u>32,971,449</u>	<u>33,162,690</u>
Current Liabilities			
Trade and other payables		71,876	58,724
Total Current Liabilities		<u>71,876</u>	<u>58,724</u>
Total Liabilities		<u>71,876</u>	<u>58,724</u>
Net Assets		<u>32,899,573</u>	<u>33,103,966</u>
Equity			
Issued capital	4	50,111,454	50,111,454
Reserves		973,537	973,537
Accumulated Losses		(18,185,418)	(17,981,025)
Total Equity		<u>32,899,573</u>	<u>33,103,966</u>

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	CONSOLIDATED				
	Issued Capital	Financial Asset Reserve	Option Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2011	49,093,323	(1,125)	973,537	(16,587,869)	33,477,866
Loss for the year	-	-	-	(283,710)	(283,710)
Reclassification on sale of investment	-	1,125	-	-	1,125
Total comprehensive income for the half year	-	1,125	-	(283,710)	(282,585)
Transactions with owners in their capacity as owners:					
Shares issued during the year	-	-	-	-	-
Share issue costs	(8,844)	-	-	-	(8,844)
Balance at 31 December 2011	49,084,479	-	973,537	(16,871,579)	33,186,437
Balance at 1 July 2012	50,111,454	-	973,537	(17,981,025)	33,103,966
Loss for the year	-	-	-	(204,393)	(204,393)
Total comprehensive income for the half year	-	-	-	(204,393)	(204,393)
Transactions with owners in their capacity as owners:					
Shares issued during the year	-	-	-	-	-
Share issue costs	-	-	-	-	-
Balance at 31 December 2012	50,111,454	-	973,537	(18,185,418)	32,899,573

The accompanying notes form part of these financial statements.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Payments to suppliers and employees	(145,676)	(184,284)
Exploration and evaluation expenditure	(607,219)	(862,022)
Interest received	9,181	28,172
Other Income	-	10,000
Net cash inflow/(outflow) from operating activities	(743,714)	(1,008,134)
Cash flows from financing activities		
Payment for costs of issue of shares	-	(8,844)
Net cash inflow/(outflow) from financing activities	-	(8,844)
Cash flows from investing activities		
Proceeds from sale of plant and equipment	1,450	-
Proceeds from sale of equity investments	-	1,423
Net cash inflow/(outflow) from investing activities	1,450	1,423
Net increase/(decrease) in cash and cash equivalents	(742,264)	(1,015,555)
Cash and cash equivalents held at the start of the period	866,555	1,759,613
Cash and cash equivalents held at the end of the half year.	124,291	744,058

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The half-year condensed consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The half-year statements do not include full disclosures of the type normally included in the annual financial statements. Therefore, they cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as in the full financial report.

It is recommended that these financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2012 and any public announcements made by GME Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

(b) Basis of preparation

The half-year statements have been prepared on a historical cost basis, except for available-for-sale financial assets which are measured at fair value. The Company is domiciled in Australia and all amounts are presented in Australian dollars unless otherwise noted.

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

(c) Significant accounting judgements and key estimates

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

In preparing these interim statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2012.

(d) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2012, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2012.

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

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. 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 is necessary to Group accounting policies.

(e) Going Concern

As disclosed in the financial report, the consolidated entity recorded an operating loss of \$204,393 and a cash outflow from operating activities of \$743,713 for the half-year ended 31 December 2012 and at balance date, had net current assets of \$52,415.

The Board considers that the consolidated entity is a going concern and recognises that additional funding is required to ensure that the consolidated entity can continue to fund its operations and further develop its mineral exploration and evaluation assets during the twelve month period from the date of these financial statements.

Such additional funding can be derived from sources including:

- The placement of securities under the ASX Listing Rule 7.1 or otherwise;
- An excluded offer pursuant to the Corporations Act 2001; or
- The sale of assets

Accordingly the Directors believe that subject to prevailing equity market conditions, the consolidated entity will obtain sufficient funding to enable it to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial statements. Should the consolidated entity be unable to obtain sufficient funding as outlined above, there is a material uncertainty, which may cast significant doubt in relation to whether or not the consolidated entity will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

The Group successfully raised \$1.06 million after 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 2: LOSS FROM ORDINARY ACTIVITIES

	Consolidated	
	31 Dec 2012	31 Dec 2011
	\$	\$
The following revenue items are relevant in explaining the financial performance for the half-year:		
(a) Revenue		
Interest Received	14,621	28,172
Gain on disposal of plant and equipment	1,450	-
Other	-	10,000
	16,071	38,172

NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 Dec 2012	30 June 2012
	\$	\$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of the period	32,104,931	31,797,475
Direct expenditure	579,346	1,611,051
	32,684,277	33,408,526
Less expenditure written off	(31,496)	(1,303,595)
Total deferred exploration and evaluation expenditure	32,652,781	32,104,931

The ultimate recoupment of the above deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or alternatively sale of the respective areas at amounts sufficient to recover the expenditure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2012

NOTE 4: ISSUED CAPITAL

	Consolidated	
	31 Dec 2012 \$	30 Jun 2012 \$
<i>Ordinary shares</i>		
Issued and fully paid	50,111,454	50,111,454
	No.	\$
<i>Movements in ordinary shares on issue</i>		
At 1 July 2012	343,175,391	50,111,454
Shares issued	-	-
At 31 December 2012	343,175,391	50,111,454

NOTE 5: DIVIDENDS

No dividends were paid or declared during the period.

NOTE 6: SEGMENT REPORTING

The Group has adopted AASB 8 *Operating Segments* which requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance. The Board of GME Resources Limited reviews internal reports prepared as consolidated financial statements and strategic decisions of the Group are determined upon analysis of these internal reports. During the period, the Group operated predominantly in one business and geographical segment being the resources sector in Australia. Accordingly, under the 'management approach' outlined only one operating segment has been identified and no further disclosure is required in the notes to the consolidated financial statements.

NOTE 7: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

NOTE 8: EVENTS AFTER BALANCE DATE

On 6th February 2013, the Company advised that a capital raising through a non renounceable rights issue closed with 40,859,784 acceptances received, bringing the total funds raised to \$1.06 million.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 13 are in accordance with the Corporations Act 2001 including:
 - a. Complying with the Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year then ended.
2. In the directors' opinion 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 signed in accordance with a resolution of the Board of Directors, made pursuant to s303(5) of the Corporations Act 2001.



Jamie Sullivan

Director

Dated this 15th day of March 2013 .



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GME Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of GME Resources Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2012, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year 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 is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Accountants | Business and Financial Advisers

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the consolidated entity for the half-year ended 31 December 2012 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 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*.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(e) in the financial report, which indicates that additional funding is required to ensure that the consolidated entity can continue to fund its operations and further develop its mineral exploration and evaluation assets during the twelve month period from the date of these financial statements. Should the consolidated entity be unable to obtain sufficient funding as stated in Note 1(e), there is a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB MANN JUDD
Chartered Accountants

A handwritten signature in blue ink that reads 'Norman Neill'.

N G NEILL
Partner

Perth, Western Australia
15 March 2013