

GME Resources Limited

(ABN 62 009 260 315)

Interim Report **31 December 2013**

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2013.

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

Review of Operations

NiWest Nickel Laterite Project – (100%) Scoping Study completed

The Company reported results from an engineering scoping study on the proposed development of a combined Heap Leach (HL) and Direct Solvent Extraction (DSX) - Electrowinning (EW) operation for the Company's 100% owned NiWest Nickel Laterite Project located at Murrin Murrin in Western Australia.

The study concluded that the adopted flow sheet which includes the utilisation of a combined Heap Leaching operation and downstream processing of solutions through Direct Solvent Extraction followed by Electrowinning to produce LME Nickel Cathode is technically and economically sound.

The positive outcome from the Study is an important milestone for the Company that follows on from the successful metallurgical test programs completed earlier in the year.

Tenova Bateman Engineers and Mworx Pty Ltd were engaged to complete a scoping study that considered a range of production scenarios to establish the most economically attractive development option for the NiWest Project. The study is based on the development of a new flow sheet that utilises DSX EW processing and includes the major findings from metallurgical test programs, previous engineering studies and reported resource estimates.

The study considered a range of production rates and determined the optimum start-up operation should be around 1.5 mtpa based on utilising locally sourced reagents. The study includes the integration of the Company's proprietary acid regeneration technology in the new flow sheet, which is expected to reduce overall acid consumption by up to 30%.

Over the past five years the Company has completed numerous four metre column leach programs on laterite ores from the NiWest Project. Results from these programs have returned consistent nickel extraction rates above 70% and as high as 83% over a 120 day leach cycle.

Further details relating to the Scoping Study, forward looking, cautionary and competent person's statements are contained in the Company's ASX announcement on 11 December 2013.

The Company is currently reviewing the results from the engineering study and considering strategic alternatives to progress the next stage of detailed metallurgical test work that will feed into a Feasibility Study.

Grant of Patents

Following the end of the period the Company received advice that its patents applications for acid regeneration and ore pelletisation to be utilised in the NiWest flow sheet have been granted.

The patent application process has taken the Company close to four years and provides important legal certainty about the utilisation of the Heap Leaching and Direct Solvent Extraction – Electrowinning process as proposed in the NiWest Scoping Study.

The unique acid regeneration process which has been developed by the Company for the NiWest Project is designed to reduce acid consumption and operating costs by allowing a significant proportion of the acid applied in the heap leach stage to be reused. Test work to date indicates that up to 30% of the consumed acid can be regenerated.

The pelletisation process is designed to stabilise the ore and commence the leaching cycle prior to the pellets being stacked on the heap. Both leach cycle and stabilisation of the heap is a critical aspect in any heap leaching operation.

Large scale metallurgical test work to be undertaken this year is expected to further refine these processes and in particular investigate ways to increase the percentage of acid that can be regenerated.

Mining Leases Granted

During the reporting period the Company was advised that Mining Leases at the company's 100% owned Devon Gold Project located at Linden in the North Eastern Goldfields have been granted.

The Company is currently progressing negotiations with plant operators in the region for the processing of ore from the Devon gold mine.

Other Gold Projects

The Company holds a number of prospective gold projects in the Leonora Laverton region through its 100% owned subsidiary Golden Cliffs NL. Each of the respective project areas contains historical gold workings and have been subjected to varying levels of exploration including mapping, sampling and drilling.

The Company has now completed compiling data bases of previous exploration activities undertaken on the projects and is in the process of planning further on ground work.

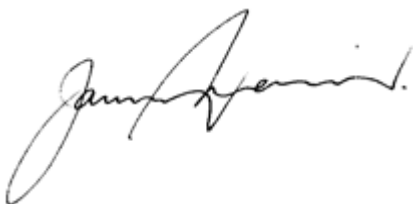
Exploration and evaluation expenditure of \$654,848 was capitalised in the half year to 31 December 2013 (December 2012: \$579,346).

The Company recorded a net profit (after tax) for the half year to 31 December 2013 of \$342,503 (December 2012: loss \$204,393).

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 6 and forms part of this directors' report for the half-year ended 31 December 2013.

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



Jamie Sullivan

Managing Director

Dated this 7th day of March 2014

Competent Person Statements

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Stephen Hyland of Ravensgate Resource Consultants. Mr Hyland 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.

The information in this report that relates to Processing / Engineering and related operating and capital cost estimates is based on information reviewed by Mr David Readett (B.E. Met Eng., FAusIMM, CP (Met)). Mr Readett is an independent consulting engineer working through a Company known as MWorx Pty Ltd. Mr Readett is a Chartered Professional Metallurgical Engineer and has 25 years of relevant experience in this area of work. Mr Readett consents to the inclusion in this announcement of the matters based on information provided by him and in the form and context in which it appears.

Forward-Looking Statements

Certain statements made in this announcement, including, without limitation, those concerning the scoping study, contain or comprise certain forward-looking statements regarding GME Resources Limited's (GME) exploration operations, economic performance and financial condition. Although GME believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. GME undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

The Company notes that an inferred resource has a lower level of confidence than an indicated or measured resource. The Company believes that based on the geological nature of its deposits and the work done over several years by its Competent Person that there is a high degree of probability that the inferred resources will upgrade to indicated resources with further exploration work.



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AUDITOR'S INDEPENDENCE DECLARATION

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

A handwritten signature in blue ink, appearing to read 'Norman Neill'.

**Perth, Western Australia
7 March 2014**

**N G Neill
Partner**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

		Consolidated	
	Notes	31 Dec 2013	31 Dec 2012
		\$	\$
Revenue	2	207,798	16,071
Management and consulting expenditure		(45,032)	(23,000)
Depreciation and amortisation expense		(708)	(2,267)
Exploration write-off		-	(31,496)
Other expenses		(96,717)	(163,701)
Profit/(Loss) before income tax		65,341	(204,393)
Income tax (expense)/benefit		277,162	-
Net Profit/(Loss) for the half year		342,503	(204,393)
Other comprehensive income		-	-
Total comprehensive result for the half year		342,503	(204,393)
Profit/(loss) per share attributable to the ordinary equity holders of the company:			
Basic profit/(loss) per share (cents)		0.09	(0.06)
Diluted profit/(loss) per share (cents)		0.09	(0.06)

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

		Consolidated	
	Notes	31 Dec 2013	30 June 2013
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		565,290	761,847
Trade and other receivables		19,613	14,849
Prepayments		22,457	-
Total Current Assets		607,360	776,696
Non-Current Assets			
Trade and other receivables		14,000	183,000
Plant and equipment		3,409	4,117
Exploration and evaluation costs carried forward	3	33,002,336	32,347,488
Total Non-Current Assets		33,019,745	32,534,605
Total Assets		33,627,105	33,311,301
Current Liabilities			
Trade and other payables		51,212	77,911
Total Current Liabilities		51,212	77,911
Total Liabilities		51,212	77,911
Net Assets		33,575,893	33,233,390
Equity			
Issued capital	4	51,180,072	51,180,072
Reserves		973,537	973,537
Accumulated losses		(18,577,716)	(18,920,219)
Total Equity		33,575,893	33,233,390

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	CONSOLIDATED			
	Issued Capital	Option Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2012	50,111,454	973,537	(17,981,025)	33,103,966
Loss for the period	-	-	(204,393)	(204,393)
Total comprehensive result for the period	-	-	(204,393)	(204,393)
Transactions with owners in their capacity as owners:				
Shares issued during the period	-	-	-	-
Share issue costs	-	-	-	-
Balance at 31 December 2012	50,111,454	973,537	(18,185,418)	32,899,573
Balance at 1 July 2013	51,180,072	973,537	(18,920,219)	33,233,390
Profit for the period	-	-	342,503	342,503
Total comprehensive result for the period	-	-	342,503	342,503
Transactions with owners in their capacity as owners:				
Shares issued during the period	-	-	-	-
Share issue costs	-	-	-	-
Balance at 31 December 2013	51,180,072	973,537	(18,577,716)	33,575,893

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Consolidated	
	31 Dec 2013	31 Dec 2012
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(164,205)	(145,676)
Exploration and evaluation expenditure	(687,416)	(607,219)
Interest received	8,902	9,181
Research and development refund	277,162	-
Royalty received	200,000	-
Net cash inflow/(outflow) from operating activities	(365,557)	(743,714)
Cash flows from financing activities		
Payment for costs of issue of shares	-	-
Net cash inflow/(outflow) from financing activities	-	-
Cash flows from investing activities		
Proceeds from sale of plant and equipment	-	1,450
Bonds returned	169,000	-
Net cash inflow/(outflow) from investing activities	169,000	1,450
Net increase/(decrease) in cash and cash equivalents	(196,557)	(742,264)
Cash and cash equivalents held at the start of the period	761,847	866,555
Cash and cash equivalents held at the end of the period.	565,290	124,291

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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 condensed 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 2013 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. 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) Accounting policies and methods of computation

The accounting policies and method of computation adopted are consistent with those of the previous financial year and corresponding interim accounting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(d) Significant accounting judgements and key estimates

The preparation of half-year 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 2013.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(e) Going Concern

As disclosed in the financial report, the consolidated entity recorded an operating profit after tax of \$342,503 and a cash outflow from operating activities of \$365,557 for the half-year ended 31 December 2013 and at balance date, had net current assets of \$556,148.

The Board considers that the consolidated entity is a going concern however it does recognise that additional funding is required to ensure that the consolidated entity can continue with 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

NOTE 2: LOSS FROM ORDINARY ACTIVITIES

	Consolidated	
	31 Dec 2013	31 Dec 2012
	\$	\$
The following revenue items are relevant in explaining the financial performance for the half-year:		
(a) Revenue		
Royalty income	200,000	-
Interest received	7,798	14,621
Gain on disposal of plant and equipment	-	1,450
	207,798	16,071

NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 Dec 2013	30 June 2013
	\$	\$
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	32,347,488	32,104,931
Direct expenditure	654,848	972,412
	33,002,336	33,077,343
Less expenditure written off	-	(729,855)
Total deferred exploration and evaluation expenditure	33,002,336	32,347,488

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 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

NOTE 4: ISSUED CAPITAL

	Consolidated	
	31 Dec 2013 \$	30 Jun 2013 \$
<i>Ordinary shares</i>		
Issued and fully paid	51,180,072	51,180,072
	No.	\$
<i>Movements in ordinary shares on issue</i>		
At 1 July 2013	384,663,864	51,180,072
At 31 December 2013	384,663,864	51,180,072

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: FINANCIAL INSTRUMENTS

The Directors consider that the carrying value of the financial assets and financial liabilities as recognised in the consolidated financial statements approximate their fair values.

NOTE 9: EVENTS AFTER BALANCE DATE

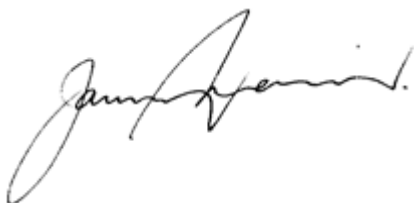
No matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 14 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 2013 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 7th day of March 2014 .



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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 2013, 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 2013 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

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 2013 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 entity's ability to continue as a going concern and therefore, the consolidated entity 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
7 March 2014