

NiWest Nickel-Cobalt Project

Process Flowsheet Update

3 July 2017



HIGHLIGHTS

- **NiWest Nickel-Cobalt Project on track to produce nickel and cobalt sulphates for lithium ion battery market**
- **Highly successful pilot-scale solution neutralisation and Fe/Al removal completed**
- **Pilot program to produce battery-grade products from neutralised solution using Direct Solvent Extraction commencing in July**
- **Test work expanded to include potential scandium oxide production**
- **Pre-Feasibility Study to begin in July and be completed by March quarter 2018**

GME Resources Limited (“**GME**” or “**the Company**”) (GME:ASX) has completed the second successful step in its ongoing metallurgical testwork to support the production of nickel and cobalt sulphate products from the 100%-owned NiWest Nickel-Cobalt Project in Western Australia (“**NiWest**” or “**NiWest Project**”). Nickel and cobalt sulphates are direct inputs into lithium ion batteries and GME is targeting production of these premium products from the NiWest Project to supply the growing lithium ion battery market.

Testwork undertaken in March and April successfully completed solution neutralisation and iron/aluminium removal for NiWest ore at ambient temperature. A pilot plant was commissioned in May with the aim of replicating the process using a solution generated from a bulk column leach test on a representative two tonne sample from the Mt Kilkenny deposit at the NiWest Project.

The solution neutralisation and Fe/Al removal process is considered the most critical stage of the process flow sheet. The continuous pilot scale work has confirmed initial batch testing results that this process can be undertaken at ambient temperature and by utilising a single stage approach (refer Appendix 1).

This outcome validates that the solution generated from the proposed heap leach can be prepared for effective treatment via Direct Solvent Extraction (DSX) to produce final nickel and cobalt sulphate products. Not only is this expected to support reduced future capital and operating costs for the NiWest Project but it represents a clear de-risking of the most critical stage in the proposed process flow sheet at NiWest.

GME remains on track to produce battery-grade nickel and cobalt sulphates in the current quarter from pilot-scale testwork. The production of these products will facilitate discussions with potential consumers and offtake partners.

The results of the metallurgical testwork will form the basis of a Pre-Feasibility Study (PFS) for the NiWest Project set to commence in July. The PFS is expected to be completed by the March 2018 quarter. GME has sufficient cash reserves to complete its proposed work program through to the end of the PFS.



Figure 1: Pilot Plant – Solution Neutralisation Fe/Al removal tanks (left) including thickener and filter press (right)

Next Stage

The test program is now set up to move into the continuous piloting of the DSX process. The program will run for approximately 10 days, utilising the neutralised PLS generated from the Fe/Al removal stage. The DSX stage, (based on similar industry standard technology used for Copper DSX) is designed to remove all remaining Fe/Al from the PLS to produce high tenor nickel and cobalt streams. Solutions from the DSX then enter the final step of the flow sheet to produce crystal sulphates.

In preparation for the DSX continuous pilot operation, “shake-out” tests on a representative sample of neutralised PLS have been undertaken to ensure that solutions are both chemically and physically compatible with the proposed reagent system.

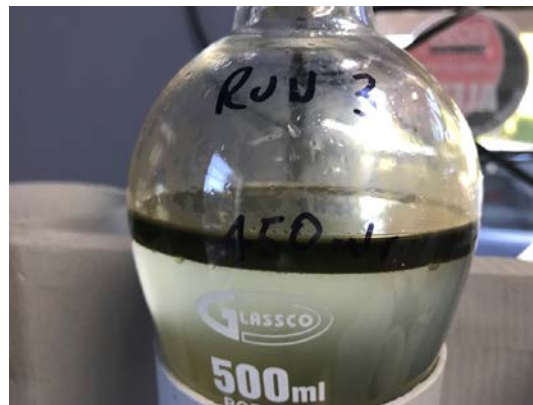


Figure 2: Batch bulk DSX test of neutralised PLS showing clear clean phase separation with no signs of interfacial residue (crud). The clean organic layer is sitting above the Ni- and Co-rich PLS.

Scandium

The Company has previously flagged potential upside to the Project through production of a third product in the form of scandium oxide. Although scandium was not assayed in the original resource drilling assay suite, recoverable quantities of scandium are reporting to the Mt Kilkenny PLS that was generated from the bulk column test work.

Preliminary test work on the potential to recover the scandium has been positive. A test program has been designed to expand on this initiative. The test work will investigate conditions required to extract, purify and strip a scandium oxide product. This work will run concurrently to the DSX program.

The data generated from the scandium test work will be used to produce a preliminary flowsheet and mass balance. This will allow initial Scoping Study level capital and operating cost estimates to be completed that will be incorporated in the final PFS results.

Pre-Feasibility Study

As previously outlined GME is preparing to commence a PFS for the NiWest Project. This PFS will be based on the tested flow sheet design of a combined heap leach and DSX processing operation with refining capability to produce battery grade nickel and cobalt sulphates.

The Project hosts one of the largest undeveloped nickel and cobalt resources in Australia, with a Mineral Resource Estimate (JORC 2012) of 81 million tonnes averaging 1.03% nickel and 0.06% cobalt (refer Appendix 3 and ASX release 21 February 2017). More than 75% of the Mineral Resource Estimate is contained in the Measured and Indicated categories.

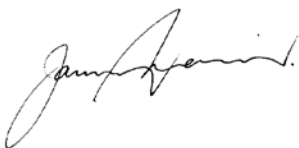
The PFS will focus on the Mt Kilkenny and Hepi project areas, with the proposed processing plant located at Mt Kilkenny. Mt Kilkenny represents the largest contained nickel-cobalt resource in the GME portfolio. The Hepi project area, located approximately 20 kilometres to the north, possesses the highest grade resource inventory. Combined Mineral Resource Estimates at these two project areas total 27.6 million tonnes averaging 1.08% Ni and 0.07% Co, with over 78% of that tonnage in the measured category.

Both the Mt Kilkenny and Hepi project areas are considered to be at an advanced stage in terms of potential for accelerated development with large-scale Measured Resource Estimates, extensive metallurgical test work and high level environmental surveys completed. This includes a 2.0GL water extraction permit at Mt Kilkenny which is sufficient to support a 1 million tonne per annum operation. The Hepi resource has been drilled to grade control level and also has a valid open pit mine approval.

The Mt Kilkenny and Hepi project areas represent little more than a third of the total NiWest resource base. This serves to highlight the embedded project and operational scalability that exists with such a large and long life nickel-cobalt resource inventory.

The PFS will investigate capital and operating costs for a heap leach operation and processing plant based on a production rate determined initially by the quantity of locally available acid. The study will also examine a range of modular scale-up options that will include a stand-alone acid plant and the option to produce scandium oxide.

The PFS is set to commence in July and is expected to be completed by the March 2018 quarter.



JAMIE SULLIVAN
MANAGING DIRECTOR
3 JULY 2017

Competent Person Statement

NiWest Nickel Cobalt Project

“Where the Company refers to the NiWest Project Mineral Resource Statement (refer Appendix 3) in this announcement referencing the release made to ASX on 21 February 2017, it confirms that it is not aware of any new information or data that materially affects the information included in that announcement and all material assumptions and technical parameters underpinning the resource estimate with that announcement continue to apply and have not materially changed.”

The information in this announcement that relates to Lateritic Nickel and Cobalt 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.

APPENDIX 1: NiWest Nickel-Cobalt Pilot Testwork and Process Flow Sheet

Continuous Pilot Test Program

Two continuous pilot-scale runs were completed under slightly different operating conditions. Run one operated from Days 1-6 and Run Two operated from Days 7-10.

The pilot plant was commissioned on 10 May 2017 and quickly achieved stable “open circuit” operations. The thickener, seed recycle, re-leach and filtration stages were commissioned on Day 2. Stable “closed circuit” operations were achieved on Day 3 and steady state conditions approximately 24 hours after that.

A step change in the control pH was implemented at Day 6 which improved the settling and solid/liquid separation characteristics.

Results achieved the targeted goals of:

- Complete acid neutralisation.
- +99% Fe and Al removal to below target solution tenors (**Run One** <100ppm Fe, <50ppm Al; **Run Two** <50ppm Fe, <25ppm Al).
- Solids underflow density from the thickener (**Run One** ~30%, **Run Two** 30-40%).
- Acceptable vacuum filtration.

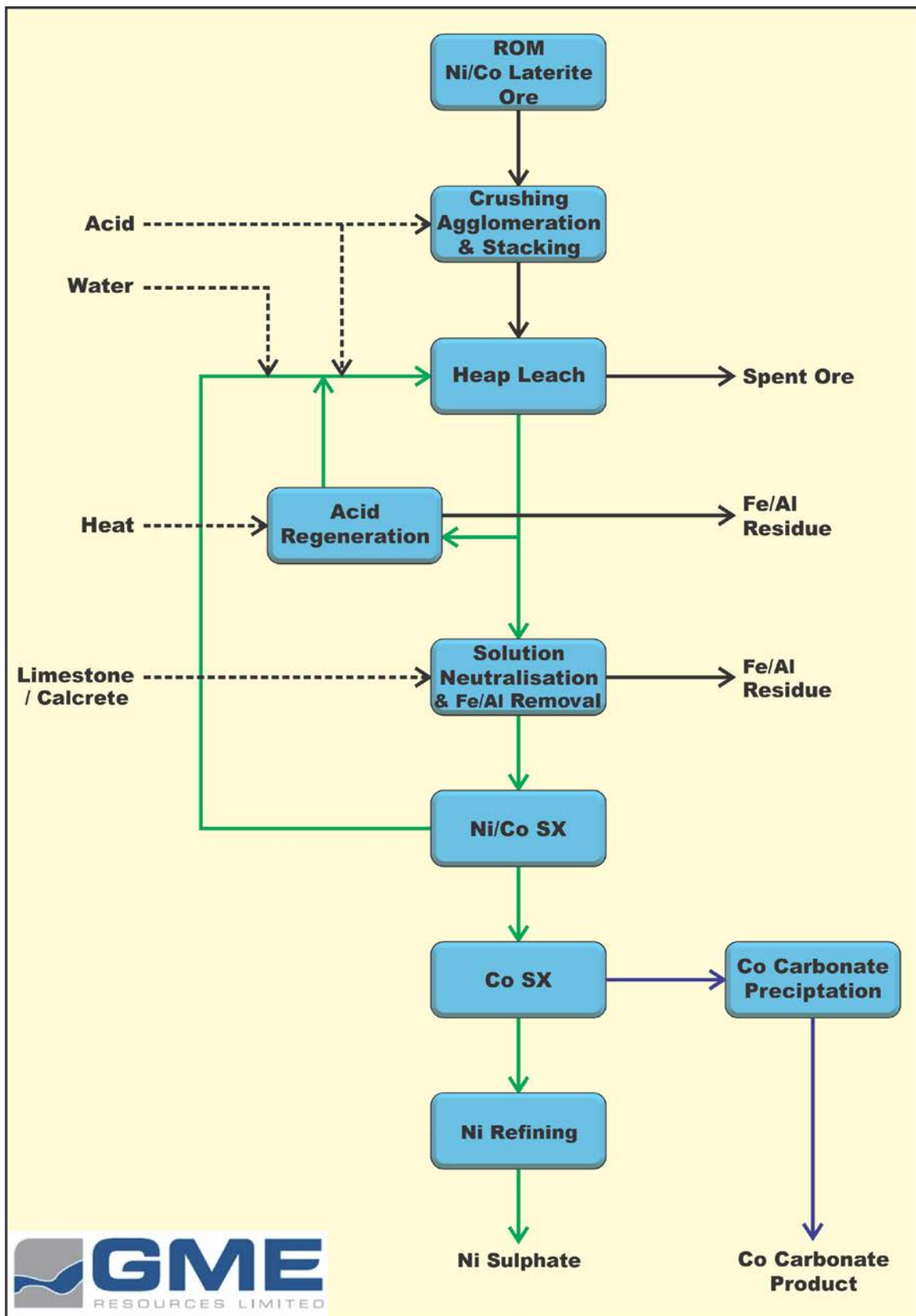
Detailed assays and analysis of solutions and solids allowed for a complete circuit mass balance to be completed for each run. The mass balance indicated that the Fe/Al/Gypsum residue generated from the circuit contained 0.2 - 0.4% nickel by weight. This equates to a highly acceptable net loss of nickel in the range of 2.5 - 5.0%.

The results were in line with expectations from earlier batch testing results. Under increased nickel tenor operations, and the recycle systems anticipated in a commercial facility, the calculated nickel losses are estimated to be below 3%.

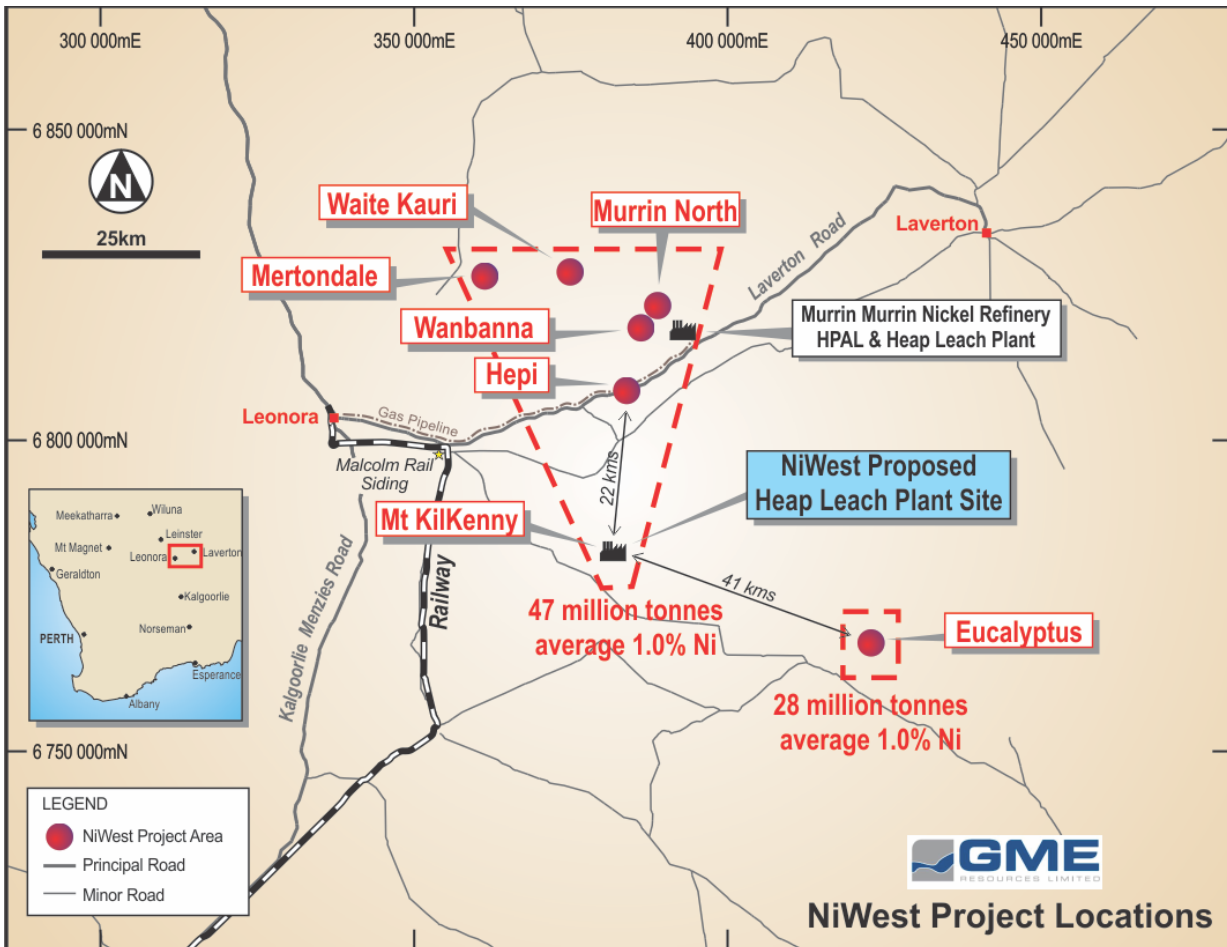
Critically, the continuous pilot test procedure has confirmed initial batch testing results that supports the solution neutralisation and Fe/Al removal step can be undertaken at ambient temperature and utilise a single stage approach.

A total of 2m³ of neutralised Pregnant Liquor Solution (PLS) was generated during testing. The quantity of PLS is more than sufficient for the next phase of work that will include continuous

piloting of the DSX process followed by production of the final pure nickel and cobalt sulphate products. The DSX pilot is scheduled to commence in July.



APPENDIX 2: Project location plan



APPENDIX 3: NiWest Nickel-Cobalt Project Mineral Resource Estimate (JORC 2012)

Table 1: Mineral Resource Estimate at 0.8% Ni Cut-off Grade

JORC Category	Tonnes (Mt)	Ni Grade %	Co Grade %	Ni Metal (kt)	Co Metal (kt)
Measured	34	1.07	0.07	362	23
Indicated	28	1.02	0.06	282	17
Inferred	19	0.97	0.06	186	12
Total	81	1.03	0.06	830	52

Table 2: Mineral Resource Estimate by project area at 0.8% Ni Cut-off Grade

JORC Category	Tonnes (Mt)	Ni Grade %	Co Grade %	Ni Metal (kt)	Co Metal (kt)
Eucalyptus	34.9	1.00	0.06	349	21.7
Measured	7.5	1.02	0.07	76.2	4.8
Indicated	11.2	1.02	0.06	114.3	6.7
Inferred	16.2	0.98	0.06	158.1	10.0
Mt Kilkenny	24.2	1.08	0.07	261	16.5
Measured	19.8	1.09	0.07	216.3	13.9
Indicated	2.9	1.02	0.06	29.2	1.7
Inferred	1.5	0.98	0.05	15.2	0.8
Wanbanna*	10.8	1.03	0.07	111.2	7.2
Measured	0.0	0.0	0.0	0.0	0.0
Indicated	10.1	1.03	0.07	104.2	6.7
Inferred	0.7	0.99	0.07	7.0	0.5
Hepi	3.4	1.09	0.06	37	2.0
Measured	1.8	1.19	0.06	21.3	1.1
Indicated	1.1	1.01	0.06	11.6	0.7
Inferred	0.5	0.90	0.04	4.4	0.2
Murrin North	3.7	0.97	0.06	35.7	2.3
Measured	3.4	0.98	0.06	33.2	2.1
Indicated	0.2	0.88	0.05	1.3	0.1
Inferred	0.1	0.86	0.08	1.2	0.1
Waite Kauri	1.8	0.98	0.05	18	1.0
Measured	1.5	1.01	0.06	14.8	0.91
Indicated	0.3	0.91	0.03	3.2	0.09
Inferred	0.02	0.09	0.02	0.02	0.00
Mertondale	1.9	0.98	0.07	18.4	1.3
Measured	-	-	-	-	-
Indicated	1.9	0.98	0.07	18.4	1.3
Inferred	-	-	-	-	-
TOTAL	81	1.03	0.06	830	52
Measured	34	1.07	0.07	362	23
Indicated	28	1.02	0.06	282	17
Inferred	19	0.98	0.06	186	12

Table 3: Mineral Resource Estimate by project area at 1.0% Ni Cut-off Grade

JORC Category	Tonnes (Mt)	Ni Grade %	Co Grade %	Ni Metal (kt)	Co Metal (kt)
Eucalyptus	13.3	1.19	0.07	158.7	9.7
Measured	3.3	1.19	0.07	38.9	2.42
Indicated	5.0	1.18	0.07	58.9	3.60
Inferred	5.0	1.21	0.08	60.9	3.78
Mt Kilkenny	12.7	1.24	0.08	158.3	10.1
Measured	10.9	1.25	0.08	137.4	9.00
Indicated	1.2	1.19	0.06	14.8	0.8
Inferred	0.5	1.15	0.06	6.1	0.3
Wanbanna*	5.1	1.19	0.08	60.6	4.0
Measured	-	-	-	-	-
Indicated	4.8	1.19	0.08	56.9	3.7
Inferred	0.3	1.16	0.08	3.7	0.3
Hepi	1.5	1.33	0.07	20.6	1.1
Measured	1.0	1.40	0.07	14.6	0.8
Indicated	0.4	1.22	0.07	5.3	0.3
Inferred	0.1	1.08	0.04	0.7	0.03
Murrin North	1.25	1.14	0.07	14.0	0.9
Measured	1.24	1.14	0.07	14.2	0.89
Indicated	0.01	1.04	0.04	0.1	0.01
Inferred	-	-	-	-	-
Waite Kauri	0.58	1.23	0.08	7.0	0.46
Measured	0.52	1.25	0.09	6.49	0.45
Indicated	0.06	1.08	0.02	0.65	0.01
Inferred	-	-	-	-	-
Mertondale	0.7	1.14	0.07	7.9	0.46
Measured	-	-	-	-	-
Indicated	0.7	1.14	0.07	7.9	0.46
Inferred	-	-	-	-	-
Total	35.1	1.21	0.08	427	27
Measured	17.0	1.24	0.08	212	14
Indicated	12.1	1.18	0.07	144	9
Inferred	6.0	1.20	0.07	71	4