



GME RESOURCES LIMITED

ABN 62 009 260 315

REPORT FOR THE QUARTER ENDING 30 September 2009

HIGHLIGHTS

- **Improvement in metal prices over the quarter**
- **Company to revisit the economics of the Heap leach project**
- **Successful rights issue**
- **Reviewing options for development of the gold assets**

NICKEL LATERITE HEAP LEACH FEASIBILITY STUDY

The Company has suspended work on the NiWest Nickel feasibility study pending an improvement in the Nickel market and the ability of financial markets to support major resource projects. The Company will continue to review options for development, including joint venturing of the project.

In 2008 the Company undertook a strategic review of the NiWest Project. Based on this work, the Company believes that the optimal size of the NiWest Heap leach Project is between 3.5 and 4.5 million tonnes per annum (Mtpa) of ore processed, producing between 30,000 and 35,000 tonnes of nickel metal per annum. The Company envisages constructing a world class Nickel and Cobalt processing plant in the Northern Goldfields.

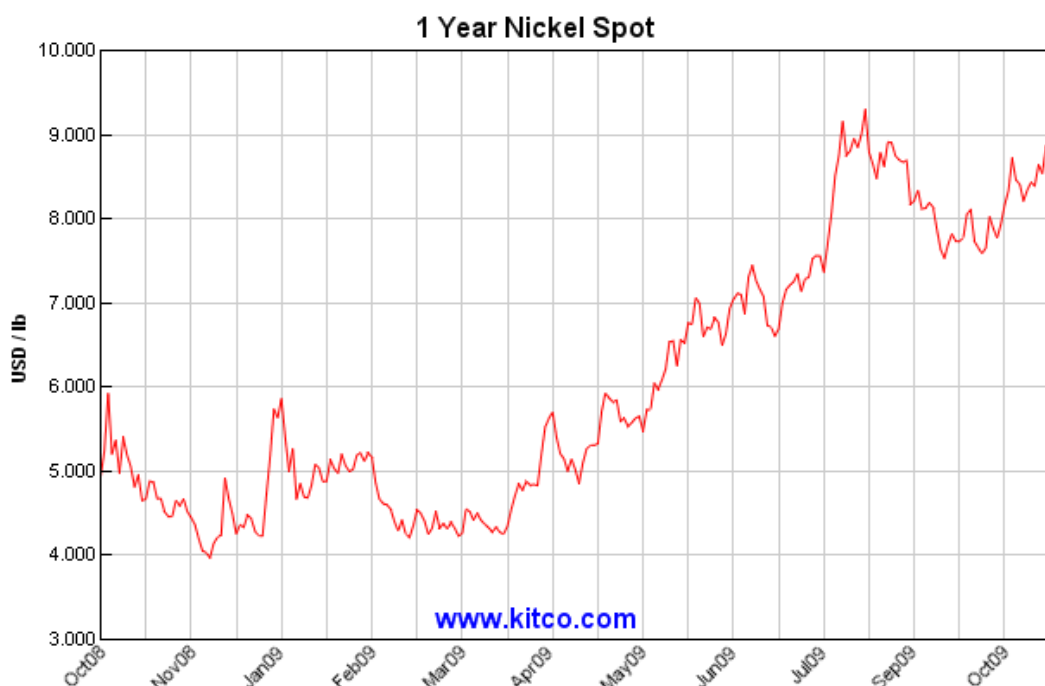


Figure 1. Nickel prices in USD / lb

The Company is encouraged by the improvement in the Nickel price this quarter to levels that again make the proposed NiWest Heap Leach project an attractive proposition. (Refer Figure 1) On the basis of the improving metal price, lower sulphur input costs and a reduction in capital costs, the Company is currently reviewing the capital and operating costs of the Heap Leach project.

Resource Development & Mine Planning

No changes or updates were made to the resource during the period. The tables below summarise the JORC Compliant resource position.

A global resource is reported at a 0.7%Ni cut-off based on a combination of the Krigged resource models constructed by Ravensgate for the Hepi, Mt Kilkenny and Eucalyptus areas as well as GME's polygonal resource estimates for satellite deposit areas (Table 2). This demonstrates the size and quality of the resource which contains over 1 million tonnes of nickel metal. Krigged models are being developed for another 4 resource areas at Mertondale, Wanbanna, Murrin North and Waite Kauri which will add to the quality of the underlying resource s for the project.

0.7% COG	CATEGORY	Tonnes (Millions)	%Ni	%Co	Ni Metal	Co Metal	%
TOTAL	Measured	27.18	0.98	0.06	266,198	17,023	24%
	Indicated	29.07	0.94	0.06	274,699	17,785	26%
	Inferred	56.01	0.93	0.07	521,395	40,719	50%
	Combined	112.26	0.95	0.07	1,062,292	75,527	100%

Table 2 **Global Resource** at 0.7% Nickel cut-off incorporating both Polygonal and Krigged resource models

The Krigged models are reported at 0.8% Ni cut-off (Table 3), for which, the Company expects to have a high conversion rate to reserves based on preliminary work to date.

KRIGGED RESOURCES for HEPI, MT KILKENNY AND EUCALYPTUS

0.8% Cut Off	Tonnes (Millions)	Ni %	Co %	%
Measured	19.70	1.049	0.068	36%
Indicated	17.39	1.001	0.066	32%
Inferred	17.73	0.959	0.062	32%
Total	54.82	1.004	0.066	100%

Table 3 Krigged resources for the main project areas at Hepi, Mt Kilkenny and Eucalyptus.

At a production rate of 3.5Mtpa the measured and indicated resource in Table 3 supports a mine life of 10 years with another 5 years based on the inferred ore. The Company will continue to develop its 0.8% cut-off resource base to support a long life operation.

Table 4 shows the potential to high grade the major Nickel projects by applying a 1% cut-off grade.

KRIGGED RESOURCES for HEPI, MT KILKENNY AND EUCALYPTUS

1.0% Cut Off	Tonnes (Millions)	Ni %	Co %	%
Measured	16.61	1.183	0.079	69%
Indicated	3.72	1.127	0.073	15%
Inferred	3.69	1.139	0.075	15%
Total	24.02	1.167	0.078	100%

Table 4 Krigged resources for the main project areas at Hepi, Mt Kilkenny and Eucalyptus.

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 3 new tenements and surrendered 1 tenement as it continues to actively manage its portfolio.

NiWest Nickel Project

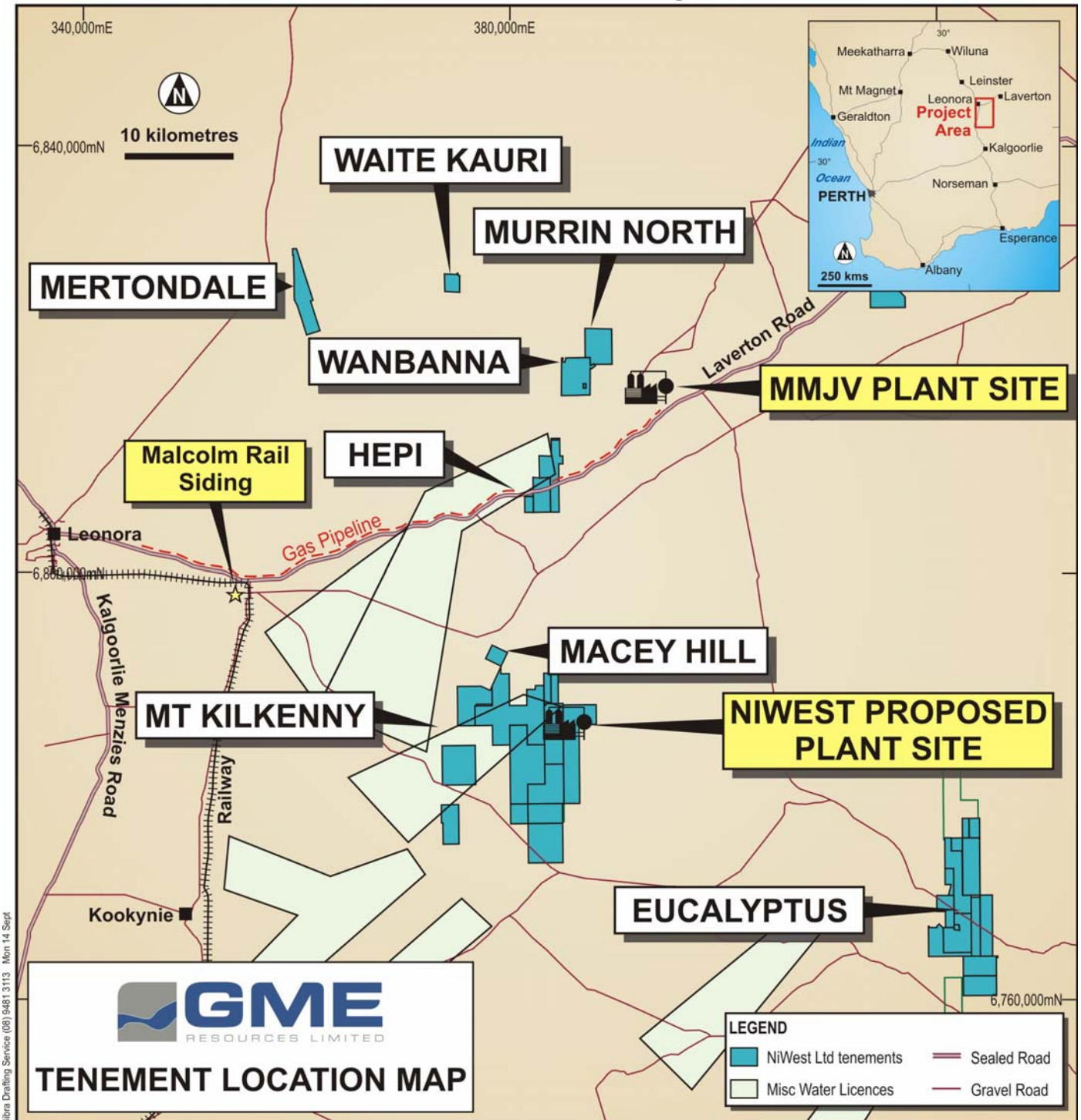


Figure 2 Nickel Project Tenement Map

Gold Tenements

Golden Cliffs NL, a 100% owned subsidiary company holds a highly prospective portfolio of gold tenements located in the North Eastern goldfields of WA.

During the reporting period the Company conducted a review of the gold assets and particularly the exploration potential. The company is of the view that gold resources at Linden and Laverton Downs could be mined economically with ore toll treated at nearby gold plants. A significant amount of work has taken place evaluating these deposits including an extensive review of historical data. The company is seeking expressions of interest for joint venturing these projects. An information package has been prepared and discussions are being held with numerous parties.

Golden Cliffs NL Gold Projects

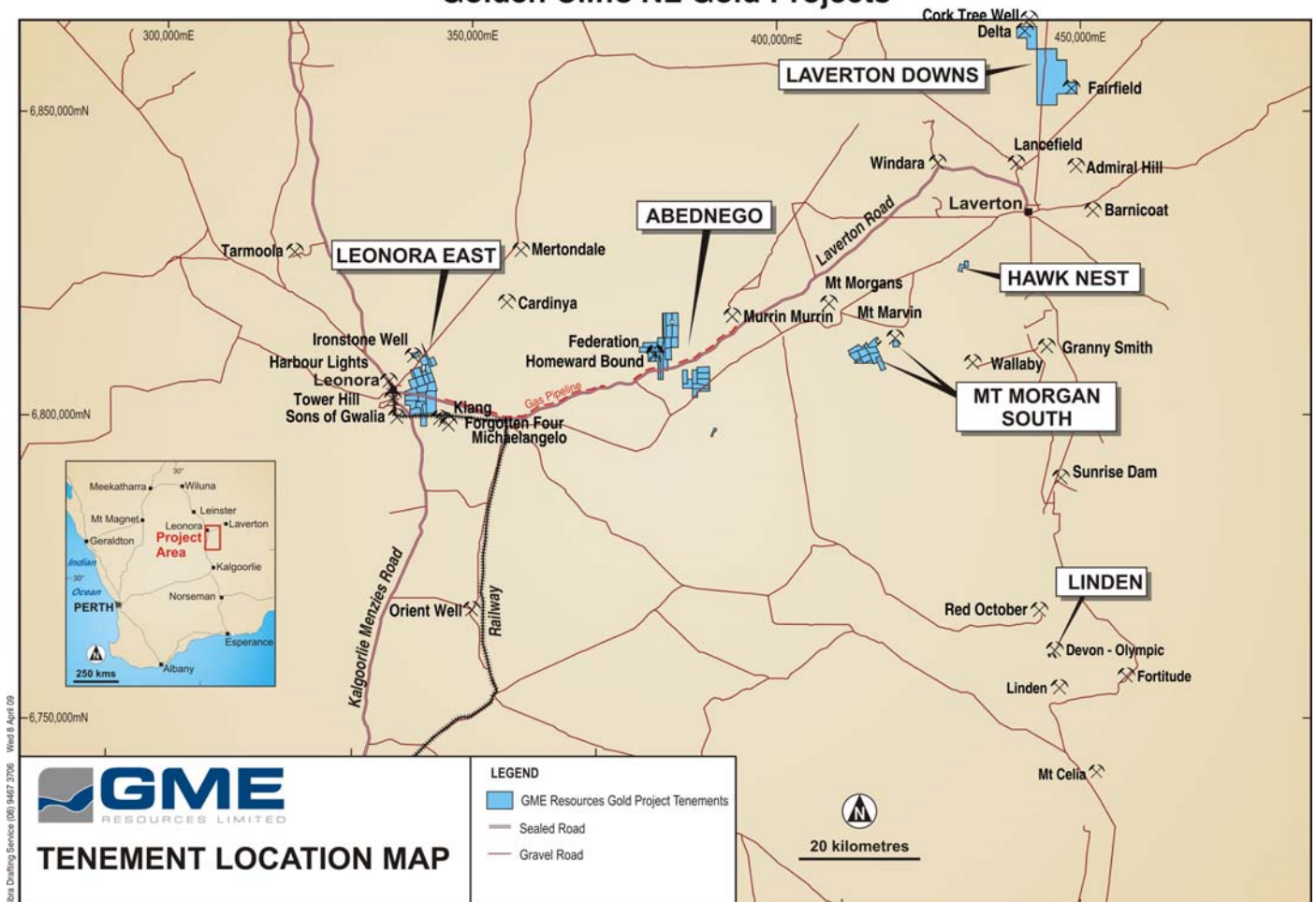


Figure 3 Gold tenements

Non-Renounceable Entitlement issue

The Company announced a Non renounceable entitlement issue during the last quarter. A total of 21,114,494 new shares were offered to shareholders on the basis of 1 new share for every 12 held. The issue raised \$1.06m and was fully subscribed after shareholder and shortfall applications.



DAVID VARCOE
MANAGING DIRECTOR

Date: 30 October 2009

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")

30 SEPT 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(131) (77)	(131) (77)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(201)	(201)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c)other fixed assets	- - -	- - -
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed Assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid from other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(201)	(201)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(201)	(201)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	(1,056)	(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	19
Net financing cash flows		1,037	1,037
Net increase (decrease) in cash held		836	836
1.20	Cash at beginning of quarter/year to date	356	356
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,192	1,192

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 \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	107
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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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 \$A'000	Amount used \$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	284
4.2 Development	-
Total	284

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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	191	140
5.2 Deposits at call	1,001	216
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,192	356

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	L39/0173	Withdrawn	100%	0%
6.2 Interests in mining tenements acquired or increased	L39/0175 L40/0025 E39/1419	Acquired	0% 0% 0%	100% 100% 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 Preference securities <i>(description)</i>	NIL			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	274,488,425	274,488,425		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	21,114,494	21,114,494	\$0.05	\$0.05
7.5 +Convertible debt securities <i>(description)</i>	NIL	NIL		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	<i>Unlisted options</i> 2,000,000		<i>Exercise Price</i> \$0.70 per option	<i>Expiry Date</i> 30 September 2010
7.8 Issued during quarter	NIL			
7.9 Exercised during quarter	NIL			
7.10 Expired during quarter	NIL			
7.11 Debentures <i>(totals only)</i>	NIL			
7.12 Unsecured notes <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.



30 Oct 2009

Sign here: Date:
(Company secretary)

Print name: MARK PITTS
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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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