



GME RESOURCES LIMITED

ABN 62 009 260 315

REPORT FOR THE QUARTER ENDING 31 December 2009

HIGHLIGHTS

- Completion of new resource models
- Improvement in metal prices over the quarter
- Reviewing options for divestment of the gold assets

NICKEL LATERITE HEAP LEACH FEASIBILITY STUDY

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.

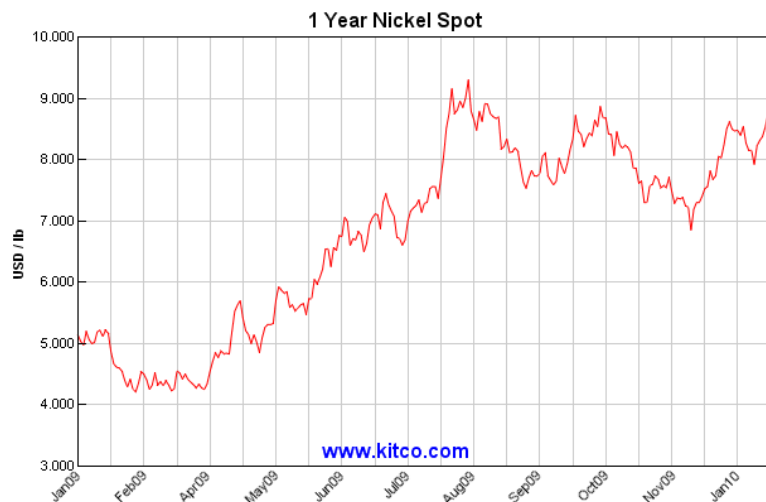


Figure 1. Nickel prices in USD / lb

The Company is encouraged by the continued strength of 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. The Company will actively seek partners to jointly develop this world class project.

Resource Development & Mine Planning

During the Quarter the Company received an updated Resource Report for four major mining areas. These are the Wanbanna, Murrin North, Mertondale and Waite Kauri projects. Although there was not a significant change to the total resource, there was a **32% increase in the tonnage of material in the Measured and Indicated categories**. Krigged resource models now represent 96% of the company's resource portfolio for nickel laterite.

The global resource calculated at a 0.7%Ni cut-off based on a combination of the Krigged resource models constructed by Ravensgate as well as GME's polygonal resource estimates for minor satellite deposit areas contains over 1 million tonnes of nickel metal.

The Krigged models are reported at 0.8% Ni cut-off (Table 1), for which, the Company expects to have a high conversion rate to reserves based on preliminary work to date.

0.8% COG	CATEGORY	Tonnes (Millions)	%Ni	%Co	Ni Metal	Co Metal	%
TOTAL	Measured	26.05	1.03	0.07	269,468	17,498	36%
	Indicated	28.21	1.00	0.07	282,289	18,548	39%
	Inferred	17.42	0.96	0.06	166,574	10,822	24%
	Combined	71.67	1.00	0.07	718,330	46,868	100%

Table 1 Krigged resources for the main project areas at Hepi, Mt Kilkenny and Eucalyptus, Wanbanna, Murrin North, Mertondale and Waite Kauri projects.

Table 2 below shows the potential to high grade the major Nickel projects by applying a 1% cut-off grade.

KRIGGED RESOURCES

1.0% COG	CATEGORY	Tonnes (Millions)	%Ni	%Co	Ni Metal	Co Metal	%
TOTAL	Measured	18.96	1.18	0.08	224,081	15,044	63%
	Indicated	8.47	1.14	0.08	96,261	6,452	28%
	Inferred	2.48	1.13	0.07	27,925	1,806	8%
	Combined	29.91	1.16	0.08	348,267	23,302	100%

Table 2 Krigged resources for the main project areas at Hepi, Mt Kilkenny and Eucalyptus, Wanbanna, Murrin North, Mertondale and Waite Kauri projects

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 2 tenements as it continues to actively manage its portfolio.

NiWest Nickel Project

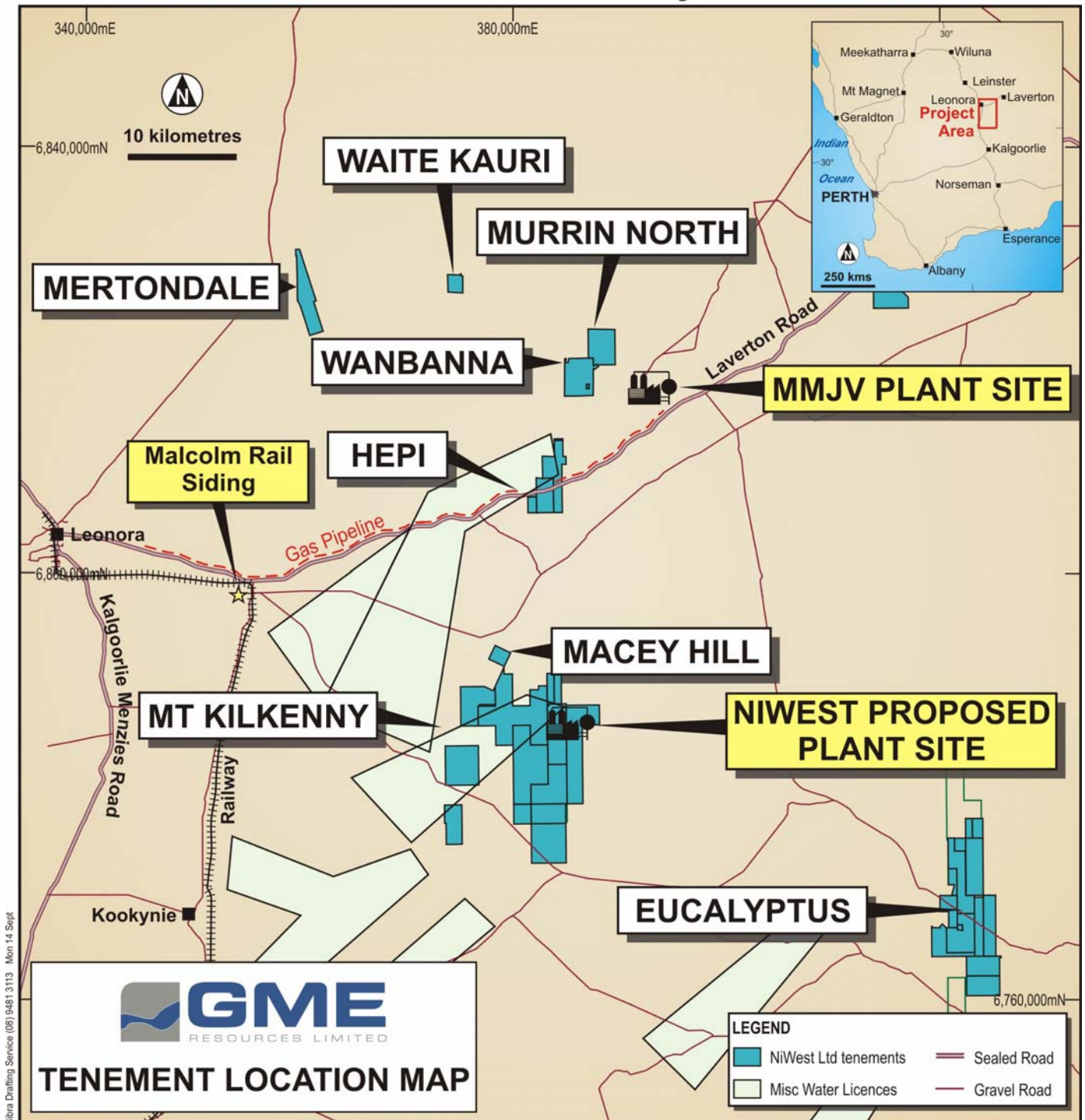


Figure 2 Nickel Project Tenement Map

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.

The Company is in discussions concerning the sale of a number of its gold assets.

Golden Cliffs NL Gold Projects

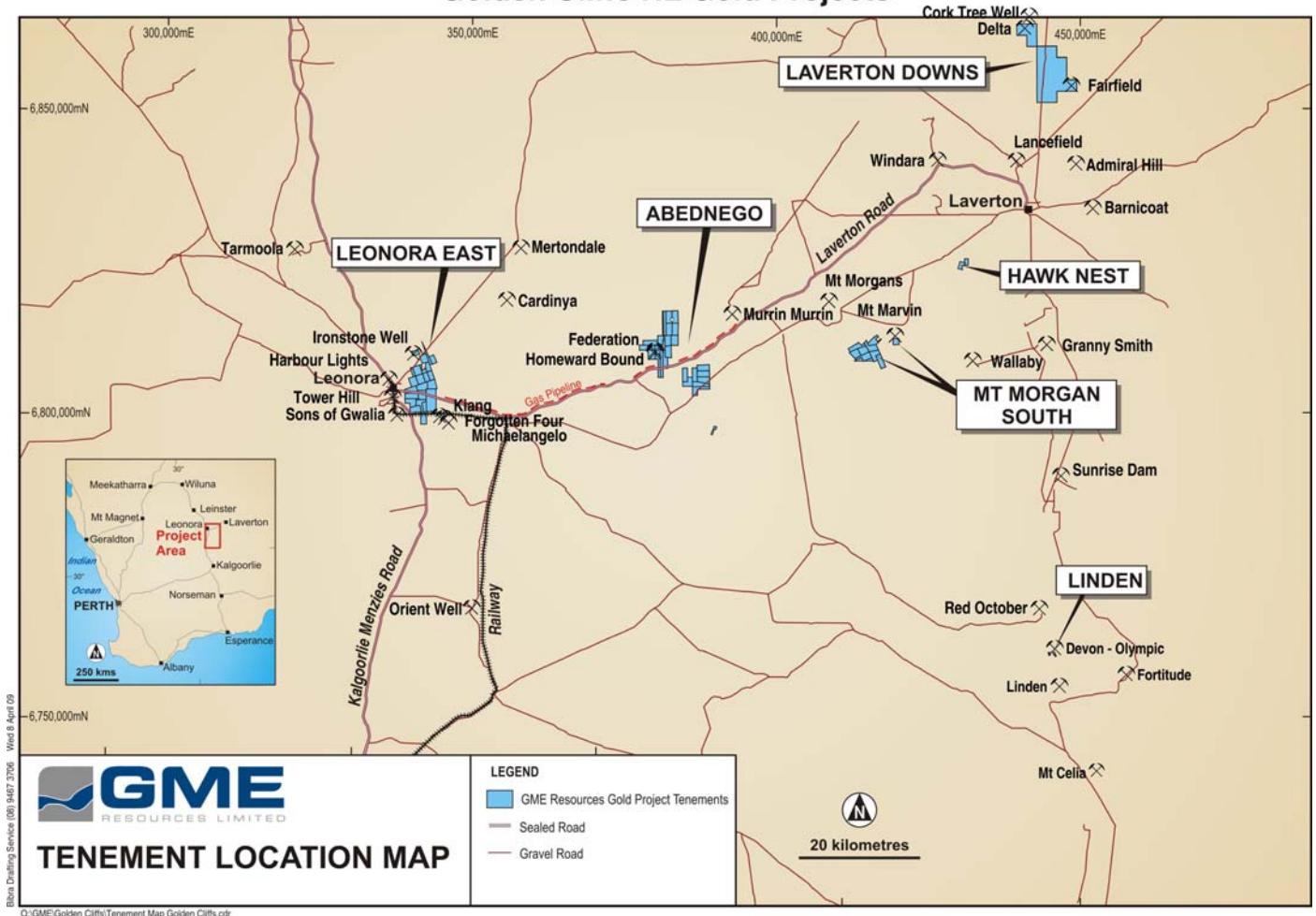


Figure 3 Gold tenements

David Varcoe

DAVID VARCOE
MANAGING DIRECTOR

Date: 28 January 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, Mr Goertz 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 DECEMBER 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 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	(568) (73)	(699) (150)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	9	16
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	100	100
Net Operating Cash Flows	(532)	(733)
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)	(532)	(733)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(532)	(733)
	Cash flows related to financing activities		
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
	Net financing cash flows	-	1,037
	Net increase (decrease) in cash held	(532)	304
1.20	Cash at beginning of quarter/year to date	1,192	356
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	660	660

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	87
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

150,000 Shares issued in consideration for minor mining rights and interests in tenements.
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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	204
4.2 Development	-
Total	204

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	25	191
5.2 Deposits at call	635	1,001
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	660	1,192

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	L37/0179	Withdrawn	100%	0%
	L37/0182		100%	0%
6.2 Interests in mining tenements acquired or increased	M39/0958	Acquired	0%	100%
	P39/4999		0%	100%
	P39/5000		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 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	274,638,425	274,638,425		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	150,000	150,000		
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.



28 January 2010

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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