GME Resources Limited

(ABN 62 009 260 315)

Interim Report

31 December 2009

Contents

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2009.

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
David John Varcoe	Managing Director
James Noel Sullivan	Executive Director
Peter Ross Sullivan	Non-Executive Director
Geoffrey Mayfield Motteram	Non-Executive Director

Review of Operations

Although the project continued to show positive technical and economic merit all work has been suspended on the NiWest Nickel Feasibility study pending a review of Nickel demand and world financial markets. The Company is working towards a feasibility study into establishing a 3.5 million tonne per annum heap leach facility capable of producing up to 35,000 tonnes of nickel in sulphide concentrate.

The work completed over the period included review and recalculation of a number of resource areas, project review and assessment of options to sell or joint venture the Company's gold assets.

The Company is committed to ensuring the tenements are maintained in good order and will review opportunities to develop the project as they arise.

Additional exploration and evaluation expenditure of $650,922 was capitalised in the half year to 31 December 2009 (December 2008 $3,318,582).

The Company registered a net loss for the half year to 31 December 2009 of $125,828 (December 2008 $381,925).

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 2009.

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

David J Varcoe
Managing Director
Dated this 11th day of March 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 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.

HLB Mann Judd

Accountants | Business and Financial Advisers

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 2009, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of GME Resources Limited and the entities it controlled during the period.

Perth, Western Australia	**W M CLARK**
11 March 2010	**Partner, HLB Mann Judd**

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CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

		Consolidated	
	Notes	**31 Dec 2009 $**	31 Dec 2008 $
Revenue	2	**116,013**	383,993
Management and consulting expenditure		**(40,743)**	(416,242)
Depreciation and amortisation expense		**(115,356)**	(117,414)
Other expenses		**(85,742)**	(232,262)
Loss before income tax expense	2	**(125,828)**	(381,925)
Income tax expense		**-**	-
Loss for the half year		**(125,828)**	(381,925)
Other comprehensive income		**-**	-
Total comprehensive result for the half year		**(125,828)**	(381,925)
Loss per share attributable to the ordinary equity holders of the company:			
Basic loss per share		**(0.05)**	(0.15)
Diluted loss per share		**(0.05)**	(0.15)

The accompanying notes form part of this financial statement

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	Notes	Consolidated 31 Dec 2009 $	Consolidated 30 June 2009 $
Assets			
Current Assets			
Cash and cash equivalents		**660,092**	356,187
Trade and other receivables		**6,328**	7,291
Other financial assets		**8,250**	8,250
Total Current Assets		**674,670**	371,728
Non-Current Assets			
Property, plant and equipment		**378,638**	493,995
Exploration and evaluation costs carried forward	3	**29,789,592**	29,138,670
Total Non-Current Assets		**30,168,230**	29,632,665
Total Assets		**30,842,900**	30,004,393
Current Liabilities			
Payables		**15,037**	102,756
Total Current Liabilities		**15,037**	102,756
Total Liabilities		**15,037**	102,756
Net Assets		**30,827,863**	29,901,637
Equity			
Issued capital	4	**45,578,435**	44,526,381
Financial assets reserve		**(1,125)**	(1,125)
Option reserve		**740,796**	740,796
Accumulated Losses		**(15,490,243)**	(15,364,415)
Total Equity		**30,827,863**	29,901,637

The accompanying notes form part of this financial statement.

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	CONSOLIDATED				
	Issued Capital	Financial Asset Reserve	Option Reserve	Accumulated Losses	Total Equity
	$	$		$	$
Balance at 1 July 2008	44,518,381	(1,125)	740,796	(14,735,554)	30,522,498
Loss for the year	-	-	-	(381,925)	(381,925)
Total comprehensive income for the half year	-	-	-	(381,925)	(381,925)
Transactions with owners in their capacity as owners:					
Shares issued during the year	8,000	-	-	-	8,000
Balance at 31 December 2008	44,526,381	(1,125)	740,796	(15,117,479)	30,148,573
Balance at 1 July 2009	44,526,381	(1,125)	740,796	(15,364,415)	29,901,637
Loss for the year	-	-	-	(125,828)	(125,828)
Total comprehensive income for the half year	-	-	-	(125,828)	(125,828)
Transactions with owners in their capacity as owners:					
Shares issued during the year	1,070,724	-	-	-	1,070,724
Share issue costs	(18,670)	-	-	-	(18,670)
Balance at 31 December 2009	45,578,435	(1,125)	740,796	(15,490,243)	30,827,863

The accompanying notes form part of this financial statement

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009

	Consolidated	
	31 Dec 2009 $	31 Dec 2008 $
	Inflows/(Outflows)	
Cash flows from operating activities		
Proceeds from facilitation fee for prospecting rights	**100,000**	100,000
Payments to suppliers and employees	**(149,978)**	(481,856)
Exploration and evaluation expenditure	**(698,676)**	(3,240,739)
Interest received	**15,505**	117,825
Net cash inflow/(outflow) from operating activities	**(733,149)**	(3,504,770)
Cash flows from financing activities		
Proceeds from issue of shares	**1,055,724**	-
Payment for costs of issue of shares	**(18,670)**	-
Net cash inflow/(outflow) from financing activities	**1,037,054**	-
Cash flows from investing activities		
Acquisition of plant and equipment	**-**	(5,597)
Proceeds from sale of plant and equipment	**-**	5,000
Net cash inflow/(outflow) from investing activities	**-**	(597)
Net increase/(decrease) in cash and cash equivalents	**303,905**	(3,505,367)
Cash and cash equivalents held at the start of the period	**356,187**	5,150,024
Cash and cash equivalents held at the end of the half year.	**660,092**	1,644,657

The accompanying notes form part of this financial statement

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The half-year condensed consolidated financial statements are a general purpose financial report 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 report does not include full disclosures of the type normally included in the annual financial statements. Therefore, it 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 2009 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.

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 reports 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.

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and "value in use". In determining value in use, future cash flows are based on:

- Estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction.
- Estimated production and sales levels.
- Estimate future commodity prices.
- Future costs of production.
- Future capital expenditure.
- Future exchange rates.

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

Subject to the above, the accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2009 annual financial report for the financial year ended 30 June 2009.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(d) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2009 the Group has 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 2009.

Principles of Consolidation

AASB 127 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. This is different to the Group's previous accounting policy where transactions with minority interests were treated as transactions with parties external to the group.

The standard also specifies the accounting when control is lost. Any remaining interest in the entity must be remeasured to fair value and a gain or loss is recognizes in profit or loss. This is consistent with the entity's previous accounting policy if significant influence is not retained.

The Group will in future allocate losses to the non-controlling interest in its subsidiaries even if the accumulated losses should exceed the non-controlling interest in the subsidiary's equity. Under the previous policy, excess losses were allocated to the parent entity.

Lastly, dividends received from investments in subsidiaries, jointly controlled entities or associates after 1 July 2009 are recognised as revenue even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a result of the dividend payment. Under the entity's previous policy, these dividends would have been deducted from the cost of the investment.

The changes were implemented prospectively from 1 July 2009. There has been no impact on the current period as none of the non-controlling interests have a deficit balance. There have also been no transactions whereby an interest in an entity is retained after the loss of control of that entity, no transactions with non-controlling interests and no dividends paid out of pre-acquisition profits.

Business Combinations

All payments to purchase a business are now recorded at fair value at the acquisition date, with contingent payments included at their respective fair values. Under the Group's previous policy, contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of the acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net assets.

If the Group recognises acquired deferred tax assets after the initial recognition accounting there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's net profit after tax.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(d) Adoption of new and revised Accounting Standards continued

Segment Reporting

The Group/Company has adopted AASB 8 *Operating Segments* from 1 July 2009. AASB 8 replaces AASB 114 *Segment Reporting*. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in a change in the number of reportable segments presented by the Group as operating segments are reported in a manner that is consistent with internal reporting provided to the chief operating decision maker.

The Group has also reviewed all new standard and interpretations that have been issued but are not yet effective for the half year ended 31 December 2009. As a result of this 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 the Groups accounting policies.

(e) Going Concern

As disclosed in the financial report, the consolidated entity recorded an operating loss of $125,828 and a cash outflow from operating activities of $733,149 for the half-year ended 31 December 2009 and at balance date, had net current assets of $659,633. These factors indicate significant uncertainty whether the consolidated entity will 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 report.

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 this financial report. 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 report. Should the consolidated entity be unable to obtain sufficient funding as outlined above, there is significant uncertainty 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 report.

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 FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

NOTE 2: LOSS FROM ORDINARY ACTIVITIES

	Consolidated	
	31 Dec 2009 $	31 Dec 2008 $
The following revenue items are relevant in explaining the financial performance for the half-year:		
(a) Revenue		
Interest Received	**15,505**	117,825
Proceeds from:		
Facilitation fee for prospecting rights	**100,000**	100,000
Other	**508**	166,168
	116,013	383,993

NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 Dec 2009 $	30 June 2009 $
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	29,138,670	25,119,793
Expenditure incurred	650,922	4,018,877
	29,789,592	29,138,670
Less expenditure written off	-	-
Total deferred exploration and evaluation expenditure	**29,789,592**	29,138,670

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 FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

NOTE 4: ISSUED CAPITAL

	Consolidated	
	31 Dec 2009 $	30 Jun 2009 $
Ordinary shares		
Issued and fully paid	**45,578,435**	44,526,381

	No.	**$**
Movements in ordinary shares on issue		
At 1 July 2009	253,373,931	44,526,381
Rights Issue	21,114,494	1,055,724
In consideration for mining rights and interests in tenements	150,000	15,000
Rights issue costs	-	(18,670)
At 31 December 2009	**274,638,425**	**45,578,435**

Options

At 31 December 2009, the Company has 2,000,000 unlisted options to acquire ordinary shares on issue.

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

No events or circumstances have arisen since 31 December 2009 that would require disclosure in the financial report.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 14
   a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
   b. give a true and fair view of the consolidated entity's financial position as at 31 December 2009 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.

David J Varcoe
Director

Dated this 11th day of March 2010

HLB Mann Judd
Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of
GME RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report, which comprises the condensed statement of financial position as at 31 December 2009, the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows and notes to the financial statements for the half-year ended on that date, and the directors' declaration, of GME Resources Limited and the entities it controlled during the half-year ended 31 December 2009 ("consolidated entity").

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and Other Financial Reports 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 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 2009 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 GME Resources Limited, 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.

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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 2009 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.

Continuation as a Going Concern

Without qualification to the conclusion expressed above, we draw attention to Note 1(e) to the financial statements which indicates that the company will require additional sources of funding to enable it to carry out its objectives. If the company is unable to generate additional cash flows, there is significant uncertainty whether the company will 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 report.

Recoverability of Exploration and Evaluation Expenditure Carried Forward

Without qualification to the conclusion expressed above, we draw attention to Note 1(c) to the financial statements which indicates the factors required for the group to recover the carrying value of exploration and evaluation expenditure carried forward. If the factors for recoverability are not achieved in the future, an impairment loss will be required to be determined and brought to account.

HLB Mann Judd.

HLB MANN JUDD
Chartered Accountants

Perth, Western Australia
11 March 2010

W M CLARK
Partner