

QUARTERLY REPORT

31 December 2011



Highlights

Gold Resource estimated for Devon :

- **485,000 tonnes at 3.2 g/t for 50,000 ounces**

Metallurgical and geotechnical test work undertaken for Devon in support of a small operation

Pit optimisation commenced for Devon

Direct solvent extraction (DSX) test work for Nickel commenced

Resource update for Eucalyptus underway

Operations

Nickel Heap Leach Study

The Company's "NiWest" nickel laterite project is located in the North Eastern goldfields of Western Australia. The Company is assessing the potential to develop a large scale nickel-cobalt hydrometallurgical processing plant.

The preferred development option is to construct a plant using heap leach technology. This is based on positive studies completed by GME during the last 3 years and the successful trials of this process at other nickel laterite projects globally including European Nickel and the Murrin Murrin JV (which is located adjacent to NiWest). The heap leach process has materially lower capital costs and is operationally simpler than the high pressure acid leach process (HPAL) commonly used by other nickel laterite producers.

The Company is actively seeking a partner to assist with the development of the NiWest project.

About GME Resources

GME Resources is a Perth-based nickel exploration company focused on the development of its 100%-owned NiWest Project, located in the Leonora district of Western Australia.

GME has the potential to become a top 10-global nickel producer with its NiWest Project resource totalling over 100 million tonnes of ore containing over 1 million tonnes of nickel – making it one of the most exciting undeveloped laterite nickel projects in Australia.

A study is underway for a project capable of supplying 30,000 tonnes of Nickel metal and 1,400 tonnes of cobalt per year.

Quick Facts

ASX Code	GME
ASX Share Price (A\$)	0.09
Market Cap (A\$m)	29

Contact

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Australia

Resource Development & Mine Planning

Nickel

Following up on the recent drilling campaign at Eucalyptus of 2,236 metres of Reverse Circulation (RC) modelling has commenced to update the resource estimate. The previously reported JORC resource for Eucalyptus contains over 31 million tonnes of 1% Nickel and 0.06% Cobalt (0.8%Ni cut off applied). The work is expected to increase tonnes and grades of this significant deposit. The work will be completed shortly.

Nickel laterite columns have been established to produce liquor for sequential direct solvent extraction (DSX) tests involving a number of reagents. The columns will run continuously for approximately 8 weeks to simulate real plant operating conditions. The total programme will take approximately 16 weeks. DSX is envisaged as an enhancement to the overall flowsheet using heap leach as the initial step in the process.

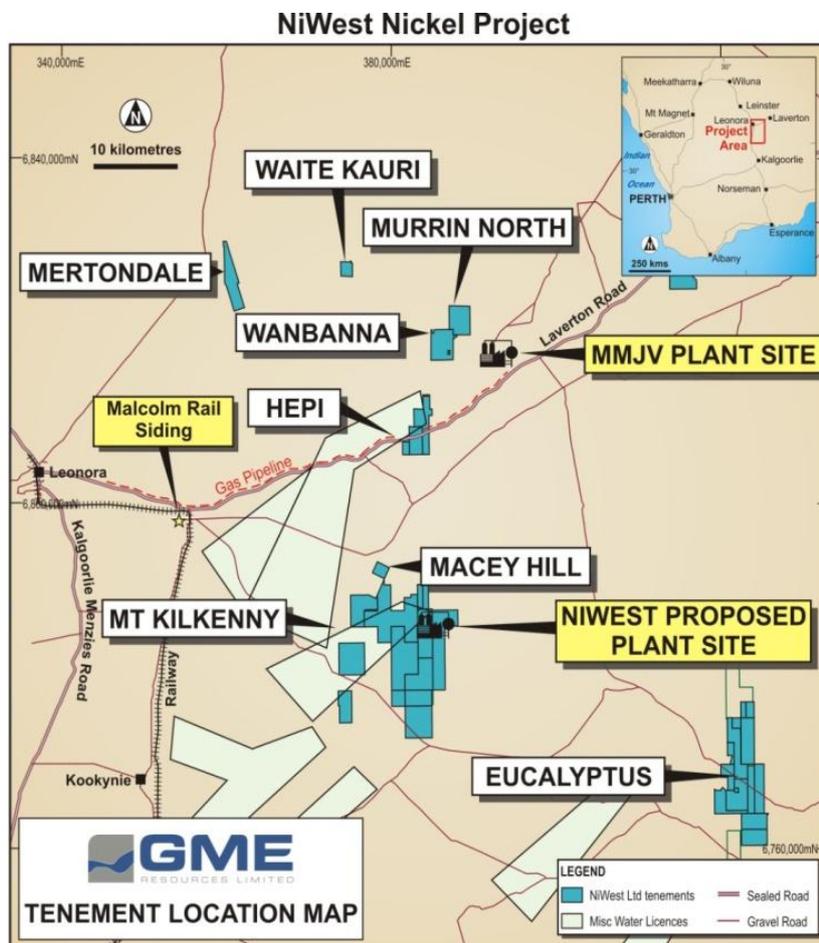


Figure 1 NiWest Project area map.

0.7% COG	CATEGORY	Tonnes (Millions)	%Ni	%Co	Ni Metal (tonnes)	Co Metal (tonnes)
TOTAL	Measured	45.86	0.96	0.06	441,692	28,229
	Indicated	32.28	0.92	0.06	295,631	18,502
	Inferred	30.32	0.89	0.06	270,250	19,600
	Combined	108.46	0.93	0.06	1,007,573	66,331

0.8% COG	CATEGORY	Tonnes (Millions)	%Ni	%Co	Ni Metal (tonnes)	Co Metal (tonnes)
TOTAL	Measured	34.22	1.04	0.07	355,198	23,037
	Indicated	22.41	0.99	0.06	222,273	14,189
	Inferred	19.09	0.96	0.06	184,038	11,303
	Combined	75.73	1.01	0.06	761,509	48,529

1.0% COG	CATEGORY	Tonnes (Millions)	%Ni	%Co	Ni Metal (tonnes)	Co Metal (tonnes)
TOTAL	Measured	19.21	1.19	0.08	228,996	15,215
	Indicated	8.47	1.14	0.08	96,299	6,461
	Inferred	5.07	1.14	0.07	57,741	3,786
	Combined	32.74	1.17	0.08	383,036	25,463

1.2% COG	CATEGORY	Tonnes (Millions)	%Ni	%Co	Ni Metal (tonnes)	Co Metal (tonnes)
TOTAL	Measured	7.43	1.37	0.09	101,534	6,681
	Indicated	2.23	1.31	0.09	29,165	1,981
	Inferred	1.29	1.28	0.09	16,591	1,106
	Combined	10.96	1.34	0.09	147,290	10,067

Table 1 Global nickel resources for the NiWest Project at varying cut-off grades as reported from the block model.

Gold

The company recently completed a drilling program at the highly prospective Devon project south of Laverton (at Linden figure 2) and have just announced a resource of 485,000 tonnes at 3.2 grams per tonne for 50,000 ounces contained gold. (ASX Announcement 11 January 2012) The estimated JORC (2004) resources for the Devon deposit are based on an Ordinary Kriged block model and using a 1.0 g/t Au cut-off are shown in table 2.

Pit optimisation work has now commenced on the project. Further metallurgical and geotechnical work has now been completed. A Mining Lease application has been made over the relevant tenement.

Classification	Material Tonnes	Grade g/t	Contained Ounces gold
Measured	0	-	0
Indicated	274,345	3.09	27,300
Inferred	210,627	3.37	22,800
Total	484, 971	3.21	50,000

Table 2 Devon Resource details, some rounding has occurred.

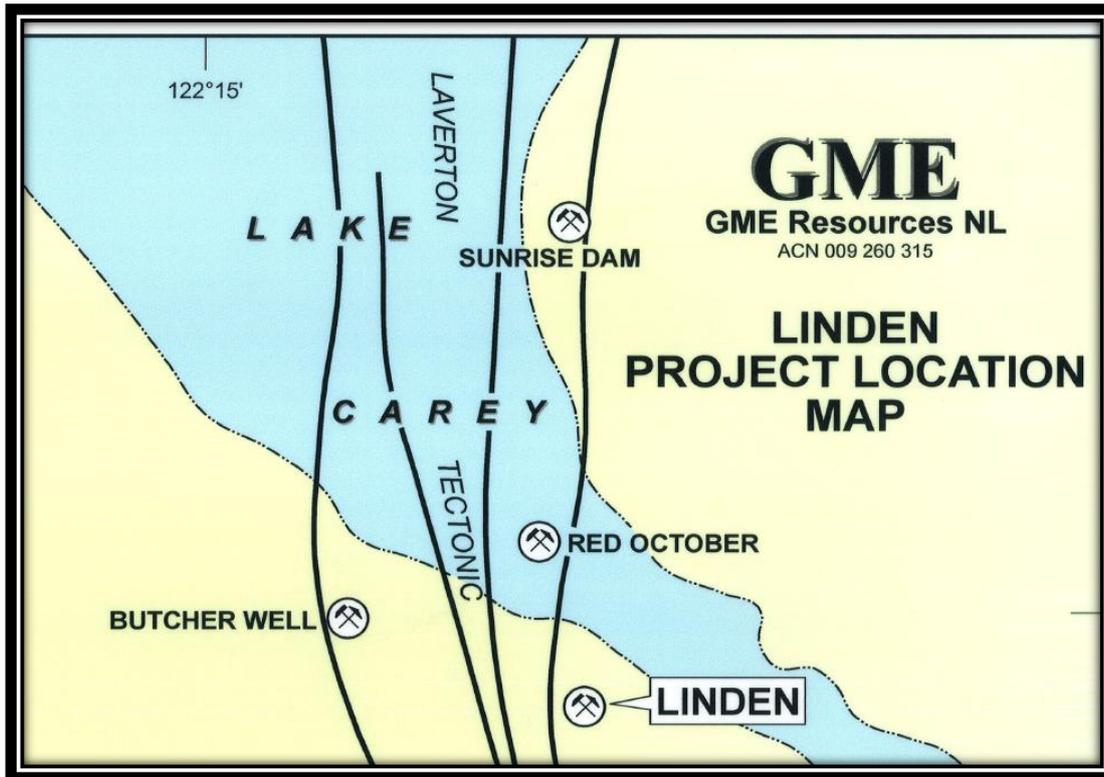


Figure 2 The Devon project is located at Linden south of Laverton, WA.

The Linden Project tenements are situated over the Laverton Greenstone Belt within the Central Laverton Domain of the Laverton Tectonic Zone. The Sunrise Dam (>10 million ounces) and Red October (>0.5 million ounces) deposits occur some 15 km and 5 km respectively north of Linden.

The main lode at the Devon mine (P39/4638) consists of banded quartz-sulphide veins.

Markets

The continued strength of the Nickel price is extremely encouraging and will materially improve the economics of the NiWest project. Price appears to be supported above the cost of producing nickel pig iron which is one of the major sources on nickel globally. This cost is in the range \$9.00 to \$10.00 per pound. Strength in metals prices coupled with resumption in global demand continue to underwrite the development of quality nickel projects. The NiWest project has many advantages including a large resource base, location close to major infrastructure and is supported by sound engineering and test work. Nickel laterite projects are steadily increasing their share of the global nickel market and now represent over 50% of nickel production with a number of companies globally undertaking studies using the heap leach route.

Nickel Price
8.93 USD/lb
19 Jan '12



DAVID VARCOE

MANAGING DIRECTOR

Date: 30 January 2012

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

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

GME Resources Ltd

ABN

62 009 260 315

Quarter ended ("current quarter")

31 December 2011

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 & evaluation	(396)	(862)
(b) development	-	-
(c) production	-	-
(d) administration	(58)	(184)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	11	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	10	10
Net Operating Cash Flows	(433)	(1008)
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	-	1
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	1
1.13 Total operating and investing cash flows (carried forward)	(433)	(1,007)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(433)	(1004)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
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 (provide details if material)	-	(8)
	Net financing cash flows	-	(8)
	Net increase (decrease) in cash held	(433)	(1015)
1.20	Cash at beginning of quarter/year to date	1,177	1,759
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	744	744

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	(94)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

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

+ 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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	75
4.2 Development	100
4.3 Production	
4.4 Administration	50
Total	225

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	(13)	13
5.2 Deposits at call	757	1,164
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	744	1,177

+ See chapter 19 for defined terms.

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	100%	100%	0%
	P37/7185 P39/4716 P39/4717 P39/4718 P39/4719 P39/4720 P39/4721 P39/4722 P39/4723 P39/4934 E37/0871 P37/6932 P37/7279 P37/7280 P37/7281 P37/7282 P37/7425 P37/7426 P37/7427 P37/7428 P37/7429 P37/7430 P37/7431 P37/7432			
6.2	Interests in mining tenements acquired or increased	100%	0%	100%
	E39/1634 E39/1635 L37/0205			

+ See chapter 19 for defined terms.

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	NIL			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	322,635,902	322,635,902		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities (description)	NIL	NIL		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	Unlisted 5,000,000 5,000,000		<i>Exercise price</i> \$0.13 per Option \$0.18 per Option	<i>Expiry date</i> 28 Febuary 2012 28 Febuary 2012
7.8	Issued during quarter	-			
7.9	Exercised during quarter	-			
7.10	Expired during quarter	-			
7.11	Debentures (totals only)	-			

+ See chapter 19 for defined terms.

Appendix 5B Mining exploration entity quarterly report

7.12	Unsecured notes (totals only)	-	
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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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here



(Director/Company secretary)

Date:....30 January 2012....

Print name:MARK PITTS.....

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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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+ See chapter 19 for defined terms.