GME RESOURCES LIMITED

ABN 62 009 260 315

FINANCIAL REPORT

2019

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Competent Person Statements

Where the Company refers to an ASX Announcement made on 2 August 2018 noting the Pre-feasibility Study completed on the NiWest Nickel-Cobalt Project it confirms that it is not aware of any new information or data that materially effects the information included in that announcement and all material assumptions and technical parameters continue to apply and have not materially changed.

Forward-Looking Statements

Certain statements made in this report, including, without limitation, those concerning the Pre-Feasibility Study, contain or comprise certain forward-looking statements regarding GME Resources Limited's (GME) exploration operations, economic performance and financial condition. Although GME believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. GME undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

CORPORATE DIRECTORY

DIRECTORS

Chairman
Peter Ross SULLIVAN BE, MBA

Managing Director
James Noel SULLIVAN FAICD

Director
Peter Ernest HUSTON B. Juris, LLB (Hons), B.Com, LLM

COMPANY SECRETARY

Mark Pitts B.Bus FCA

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 5, 78 Marine Terrace
Fremantle WA 6160
Telephone: (08) 9336 3388
Facsimile: (08) 9315 5475
Web Site: www.gmeresources.com.au

AUDITORS

HLB Mann Judd
Chartered Accountants
Level 4, 130 Stirling Street
Perth WA 6000
Telephone: (08) 9227 7500

SHARE REGISTRY

Computershare Registry Services Pty Ltd
Level 11
172 St George's Terrace
Perth WA 6000
GPO Box D182
Perth WA 6840
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

SECURITIES EXCHANGE LISTING

The Company's shares are quoted on the Official List of Australian Securities Exchange Limited
Ticker code: GME

STATE OF REGISTRATION

Western Australia

DIRECTORS' REPORT

Your Directors present their report of GME Resources Limited and its controlled entities ("Group") for the financial year ended 30 June 2019. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of Directors in office at any time during or since the end of the year are:

Peter Ross Sullivan	(Non-executive Chairman)
James Noel Sullivan	(Managing Director)
Peter Ernest Huston	(Non-executive Director)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activity of the Group is mineral exploration.
No significant change in the nature of this activity occurred during the year.

Operating Results

The net loss after income tax attributable to members of the Company for the financial year to 30 June 2019 amounted to $277,265 (2018: $1,084,387).

Capital Raising

On 5 April 2019 GME announced a 1:20 Renounceable Entitlement Issue at an issue price of 5.5 cents per share to issue 24,107,011 shares. The Entitlement Issue and subsequent shortfall placement were completed in June 2019 and raised gross proceeds of approximately A$1.3 million. GME's major shareholder, Zeta Resources Limited, and the Company's Directors took up their Entitlements in full.

At the end of the financial year the Group had $1,264,607 (2018: $1,735,454) in cash and at call deposits. Net assets of $32,454,910 (2018: $31,431,604) were comprised mainly of carried forward exploration and evaluation expenditure of $31,247,420 (2018: $30,088,279).

Dividends

No dividends have been paid or declared since the start of the financial year. No recommendation is made as to dividends.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Group during the financial year, other than as set out elsewhere in this report.

Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

DIRECTORS' REPORT

Overview of Operating Activity

NIWEST NICKEL LATERITE PROJECT UPDATE

The NiWest Nickel-Cobalt Project is located adjacent to Glencore's Murrin Murrin Operation in the North Eastern Goldfields of Western Australia. The project is situated in a semi-arid region that is well serviced with existing infrastructure such as rail, arterial bitumen roads and nearby established mining towns.
Past feasibility work has focussed on examining various processing routes, including high pressure acid leach ("HPAL"), atmospheric leach ("AL") and heap leaching ("HL").

GME commenced a Pre-Feasibility Study (PFS) in August 2017 based on a dynamic on/off heap leach, pregnant leach solution ("PLS") neutralisation and DSX process flowsheet to produce nickel and cobalt sulphates.

GME released the results of the Pre-Feasibility Study ("**PFS"**) on its 100%-owned NiWest Nickel-Cobalt Project during the September 2018 quarter.

Environmental Baseline Study

During the year, GME completed a Level 1 flora, vegetation, terrestrial verterbrate fauna and fauna habitat assessment of the proposed Mt Kilkenny mining and processing area, Hepi mining area, Waite Kauri deposit and a haul road alignment. The survey results were consistent with previous surveys and did not identify any material issues of concern.

Value Engineering

Opportunities identified during PFS

The PFS (August 2018) identified a number of value engineering opportunities that have the potential to improve NiWest project economics significantly. Value engineering work undertaken during the year included the following:

- *Review of the Ore feed schedule**;***
- *Incorporation of additional Mineral Resources* not considered in the PFS;
- *Engagement with potential strategic partner/offtake parties*

GOLD PROJECTS

GME entered into a Sale and Purchase Agreement (the "Agreement") with Matsa Resources Limited in respect of GME's 100% interest in the Devon Gold Mine and associated tenements.

Terms of the Agreement provided for the sale by GME and its wholly owned subsidiary Golden Cliffs NL of the Devon Gold Mine and all associated tenements for A$100,000 and a 1% Net Smelter Royalty on all future production from the tenements (relative to their level of ownership). The transaction was settled by a A$100,000 cash payment in December 2018.

Information on Directors and Company Secretary

Peter Ross Sullivan BE, MBA
(Non-executive Director)
Director since 1996

Mr Sullivan was appointed chairman in March 2017. Mr Sullivan is an engineer and has been involved in the management and strategic development of resource companies and projects for more than 20 years.

Other current directorships of listed companies
Mr Sullivan has been a director of Resolute Mining Limited since June 2001, Zeta Resources Limited since June 2013, and Panoramic Resources Ltd since October 2015.

Former directorships of listed companies in last 3 years –
Pan Pacific Petroleum NL September 2014 – April 2018; Bligh Resources Ltd from 13 July 2017 to 13 August 2019.

James Noel Sullivan FAICD
(Managing Director)
Director since 2004

Mr Sullivan has over 20 years' experience in commerce providing services to the mining and allied industries.

DIRECTORS' REPORT

Mr Sullivan was instrumental in establishing and managing the Golden Cliffs Prospecting Syndicate which acquired and pegged a number of prospective tenements in the Eastern Goldfields. The Golden Cliffs Prospecting Syndicate was subsequently acquired by the Company in 1996. Mr Sullivan has extensive knowledge in mining and prospecting in the North Eastern Goldfields and in particular on matters involving tenement administration, native title negotiation and supply and logistics of services. Mr Sullivan's practical knowledge in these areas is of great benefit to the Company as it seeks to develop its assets for the benefit of its shareholders.

Other current directorships of listed companies - none

Former directorships of listed companies in last 3 years –
Bligh Resources Ltd from 13 July 2017 to 13 August 2019.

Peter Ernest Huston B. Juris, LLB (Hons), B.Com, LLM

Mr Peter Huston was appointed as a Non-executive Director in March 2017. Previously he spent 12 years as a Partner in the law firm now known as Norton Rose and over 10 years as a Director in boutique private equity at Troika Securities Limited. Mr Huston advised principally in the area of corporate litigation, mergers, acquisitions, takeovers and public listings. He has been involved in a number of significant and well-known corporate transactions and continues as a private adviser to a discrete number of substantial corporations, partnerships and family offices. Mr Huston holds a Bachelor of Jurisprudence, Bachelor of Laws (Honours), Bachelor of Commerce, Master of Laws and is admitted to practice in the Supreme Court, Federal Court and High Court of Australia.

Other current directorships of listed companies **-** none

Former directorships of listed companies in last 3 years
Non-executive Chairman of Resolute Mining Ltd until June 2017

Mark Edward Pitts B.Bus FCA, GAICD
(Company Secretary)

Mr Pitts was appointed to the position of Company Secretary in February 2009. Mr Pitts is a Chartered Accountant with over 30 years' experience in statutory reporting and business administration. He has been directly involved with, and consulted to a number of public companies holding senior financial management positions. He is a partner in the corporate advisory firm Endeavour Corporate. Endeavour offers professional services focused on Company Secretarial support, commercial and financial advice and supervision of ASIC and ASX compliance requirements.

REMUNERATION REPORT (AUDITED)

The remuneration report is set out in the following manner:

- Policies used to determine the nature and amount of remuneration
- Key Management Personnel
- Service agreements
- Share based compensation
- Details of remuneration
- Key Management Personnel interests
- Other transactions with Key Management Personnel
- Loans to/from Key Management Personnel

Remuneration Policy

The Board of Directors is responsible for remuneration policies and the packages applicable to the Directors of the Company. The broad remuneration policy is to ensure that packages offered properly reflect a person's duties and responsibilities and that remuneration is competitive and attracts, retains, and motivates people of the highest quality.

The Managing Director, Executive and Non-executive Directors are remunerated for the services they render to the Company and such services are carried out under normal commercial terms and conditions. Engagement and payment for such services are approved by the other Directors who have no interest in the engagement of services.

At the date of this report the Company had not entered into any packages with Directors or executives which include performance-based components. The Company does not operate an employee share option plan.

Details of Key Management Personnel (KMP)

Directors	
Peter Ross Sullivan	Non-executive Chairman
James Noel Sullivan	Managing Director
Peter Ernest Huston	Non-executive Director
Executives	
Mark Edward Pitts	Company Secretary

Service Agreements

There are no service/employment agreements with any of the Company's KMP.

Share Based Compensation

There is currently no provision in the policies of the Group for the provision of share-based compensation to Directors. The interest of Directors in shares is set out elsewhere in this report.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED) (CONTINUED)

Details of Remuneration for KMP

Details of the nature and amount of each element of the emoluments of the key management personnel of the companies in the Group are:

2019	Short Term Benefits Salary & Fees $	Post- Employment Benefits Superannuation $	Long Term Benefits Options $	Total $	Performance Related %
Executive Directors					
James N Sullivan	164,384	15,616	-	180,000	-
Non-executive Directors					
Peter R Sullivan	30,000	-	-	30,000	-
Peter E Huston	24,000	-	-	24,000	-
Executives					
Mr Mark Pitts	60,000	-	-	60,000	-
	278,384	**15,616**	**-**	**294,000**	

No cash bonuses were granted during 2019.

2018	Short Term Benefits Salary & Fees $	Post- Employment Benefits Superannuation $	Long Term Benefits Options $	Total $	Performance Related %
Executive Directors					
James N Sullivan	164,384	15,616	-	180,000	-
Non-executive Directors					
Peter R Sullivan	30,000	-	-	30,000	-
Peter E Huston	24,000	-	-	24,000	-
Executives					
Mr Mark Pitts	60,000	-	-	60,000	-
	278,384	**15,616**	**-**	**294,000**	

No cash bonuses were granted during 2018.

DIRECTORS' REPORT

KMP Interests

The relevant interests of KMP either directly or through entities controlled by the KMP in the share capital of the Company as at the date of the Directors' Report and at the end of the financial year are:

2019

Director	Ordinary Shares Opening Balance	Net Change	Ordinary Shares Closing Balance
Peter R Sullivan	31,314,281	1,565,711	32,879,992
James N Sullivan	24,415,212	1,220,760	25,635,972
Peter E Huston	41,185,534	2,059,276	43,244,810
Mark E Pitts	-	-	-

Other transactions with KMP

During the year, the Group paid $21,750 (2018: $24,535) for commercial rent and outgoings of a property owned by the Leonora Property Syndicate, an entity in which Peter Sullivan and James Sullivan have an interest.

The balance owed to the Leonora Property Syndicate as at 30 June 2019 was $Nil (2018: $7,285).

In addition to the fees paid to Mark Pitts for Company Secretarial Services, the Company also paid $17,618 (2018: $7,481) to Endeavour Corporate, of which Mark Pitts is a partner, for accounting services.

The Company has an amount payable of $6,944 (2018: $8,531) to Endeavour Corporate as at 30 June 2019.

The Company has an amount payable of $ 33,000 (2018: $nil) to Hardrock Capital Pty Ltd, a company of which Peter Sullivan is a director, in relation to Directors' fees.

Loans to KMP

There were no loans entered into with KMP during the financial year under review.

END OF REMUNERATION REPORT

Meetings of Directors

During the year, 1 meeting of directors was held. Attendances were:

Name	Number Eligible to Attend	Number Attended
Peter R Sullivan	1	1
James N Sullivan	1	1
Peter E Huston	1	1

DIRECTORS' REPORT

Interest in the shares of the company and related bodies corporate

Options

At the date of this report there were no options on issue.
There were no shares issued during the year or since the end of the year upon exercise of options.

Audit Committee

The Board reviews the performance of the external auditors on an annual basis and meets with them during the year to review findings and assist with Board recommendations.

The Board does not have a separate audit committee with a composition as suggested in the best practice recommendations. The full Board carries out the function of an audit committee.

The Board believes that the Company is not of a sufficient size to warrant a separate committee and that the full board is able to meet objectives of the best practice recommendations and discharge its duties in this area.

Indemnifying Officers or Auditors

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or the auditor of the Company or of a related body corporate, indemnified or made any relative agreement for indemnifying against a liability incurred as an officer or auditor, including costs and expenses in defending legal proceedings.

Environmental Regulation

The Group's exploration and mining tenements are located in Western Australia. There are significant regulations under the Western Australian Mining Act 1978 and the Environmental Protection Acts that apply. Licence requirements relating to ground disturbance, rehabilitation and waste disposal exist for all tenements held.

The Directors are not aware of any significant breaches during the period covered by this report.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

DIRECTORS' REPORT

Non-audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 12 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Auditor Independence and Non-Audit Services

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 audit of the financial report. This Independence Declaration is set out on the following page and forms part of this directors' report for the year ended 30 June 2019.

This report is signed in accordance with a Resolution of Directors.

James Sullivan
Managing Director
Perth, Western Australia
17th September 2019

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of GME Resources Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**M R Ohm**
17 September 2019	**Partner**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Revenue			
Other income	2(a)	130,063	100,000
		130,063	100,000
Depreciation and amortisation expense	5/6	(1,762)	(2,462)
Impairment of exploration and evaluation expenditure	7	(589,141)	(1,148,922)
Management and consulting fees		(114,000)	(114,000)
Administration expenses	2(b)	(412,335)	(538,646)
Results from operating activities		(987,175)	(1,704,030)
Financial income		3,130	6,447
Financial expense		-	-
Net financing (expense)/income		3,130	6,447
Loss before income tax		(984,045)	(1,697,583)
Income tax benefit	3	706,780	613,196
Loss for the year		(277,265)	(1,084,387)
Other comprehensive income		-	-
Total comprehensive loss for the year		(277,265)	(1,084,387)
Basic loss per share (cents per share)	14	(0.06)	(0.23)
Diluted loss per share (cents per share)		(0.06)	(0.23)

The accompanying notes form part of this financial statement.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
CURRENT ASSETS			
Cash and cash equivalents	11(a)	1,264,607	1,735,454
Trade and other receivables	4	18,062	97,007
Prepayments		22,495	33,162
TOTAL CURRENT ASSETS		1,305,164	1,865,623
NON-CURRENT ASSETS			
Trade and other receivables	4	17,290	17,286
Plant and equipment	5	2,138	2,793
Intangible assets	6	-	1,107
Deferred exploration and evaluation expenditure	7	31,247,420	30,088,279
TOTAL NON-CURRENT ASSETS		31,266,848	30,109,465
TOTAL ASSETS		32,572,012	31,975,088
CURRENT LIABILITIES			
Trade and other payables	8	117,102	543,484
TOTAL CURRENT LIABILITIES		117,102	543,484
TOTAL LIABILITIES		117,102	543,484
NET ASSETS		32,454,910	31,431,604
EQUITY			
Issued capital	9	56,640,810	55,340,239
Accumulated losses		(24,185,900)	(23,908,635)
TOTAL EQUITY		32,454,910	31,431,604

The accompanying notes form part of this financial statement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED	Note	Issued Capital	Accumulated Losses	Total
		$	$	$
Balance at 30 June 2017		53,370,931	(22,824,248)	30,546,683
Loss for the year		-	(1,084,387)	(1,084,387)
Total comprehensive loss for the year		-	(1,084,387)	(1,084,387)
Transaction with owners in their capacity as owners				
Shares issued net of costs		1,969,308	-	1,969,308
Balance at 30 June 2018		55,340,239	(23,908,635)	31,431,604
Loss for the year		-	(277,265)	(277,265)
Total comprehensive loss for the year		-	(277,265)	(277,265)
Transaction with owners in their capacity as owners				
Shares issued net of costs		1,300,571	-	1,300,571
Balance at 30 June 2019		56,640,810	(24,185,900)	32,454,910

The accompanying notes form part of this financial statement.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Cash flows from operating activities			
Payments to suppliers and employees		(554,829)	(512,325)
Interest received		3,130	6,447
Research and development tax offset		706,780	613,196
Other income – Proceeds from royalty and facilitation fee		100,000	100,000
– Proceeds from sale of Gold Project		100,000	-
Net cash inflow/(outflow) from operating activities	11(a)	355,081	207,318
Cash flows from investing activities			
Payments for exploration and evaluation		(2,126,499)	(2,667,894)
Net cash outflow from investing activities		(2,126,499)	(2,667,894)
Cash flows from financing activities			
Proceeds from issue of shares		1,325,648	2,039,824
Payment of costs associated with issue of shares		(25,077)	(70,516)
Net cash inflow/(outflow) from financing activities		1,300,571	1,969,308
Net increase/(decrease) in cash and cash equivalents		(470,847)	(491,268)
Cash and cash equivalents held at the start of the year		1,735,454	2,226,722
Cash and cash equivalents held at the end of the year	11(b)	1,264,607	1,735,454

The accompanying notes form part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF ACCOUNTING POLICIES

GME Resources Limited (the “Company”) is a listed public Company, incorporated and domiciled in Australia. The consolidated financial statements of the Company for the financial year ended 30 June 2019 comprise the Company and its subsidiaries (together referred to as the “Consolidated Entity” or “Group”).

(a) Basis of preparation

The financial statements are general-purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations and comply with other requirements of the law. The financial statements have also been prepared on a historical cost basis.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

The financial statements are presented in Australian dollars.

The Company is a listed public company, incorporated in Australia and operating in Australia. The Group’s principal activities are mineral exploration.

(b) Adoption of new and revised standards

In the year ended 30 June 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group’s operations and effective for the current annual reporting period.

It has been determined by the Directors that there is no material impact, of the new and revised Standards and Interpretations on business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2019. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2019. Those which may have a material impact on the Group are set out below.

AASB 16 Leases

AASB 16 replaces AASB 117 Leases. AASB 16 removes the classification of leases as either operating leases of finance leases-for the lessee – effectively treating all leases as finance leases.

AASB 16 is applicable to annual reporting periods beginning on or after 1 July 2019.
Impact on operating leases

AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. On initial application of AASB 16, for all leases (except as noted below), the Group will:

- Recognise right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments.
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss.
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the cash flow statement.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(b) Adoption of new and revised standards (continued)

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.
Under AASB 16, right-of-use assets will be tested for impairment in accordance with AASB 136 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Company will opt to recognise a lease expense on a straight-line basis as permitted by AASB 16.

The Group has elected not to early adopt AASB 16 and have not quantified the material effect of application of future periods.

(c) Critical accounting judgements and key estimates

The preparation of financial statements 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.

Exploration and evaluation costs

The Company has assessed the exploration and evaluation costs in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources,* and believes there are no indicators for impairment.

Supporting the view that no impairment indicators are present, the NiWest PFS has confirmed the technical and financial robustness of a long-life operation directly producing high-purity nickel and cobalt sulphate products to be delivered into the forecast rapid growth of lithium-ion battery raw material markets.

The model used to support the assessment was calculated over a period of 20 years, being the estimated life of the mine.

In reviewing the model for this financial year, the Board assessed a number of economic assumptions and outcomes:

- Life-of-mine price estimates of US$8.00/lb nickel (includes US$0.75/lb sulphate premium) and US$25/lb cobalt (zero sulphate premium). A$/US$ assumption of 0.75.
- Ungeared post-tax NPV8% of A$791M and internal rate of return (IRR) of 16.2% (equivalent pre-tax values of A$1,390M and 21.2%, respectively). Payback period (pre-tax) of 4.4 years.
- Average cash unit operating cost (post royalties and cobalt credits) of US$3.24/lb contained nickel (US$3.00/lb for the first 15 years).
- Forecast pre-production capital expenditure of A$966M, representing a globally attractive preproduction capital intensity of sub-US$20 per pound of average annual nickel production.
- Projected free cashflow (post all capital expenditure and tax) of A$3,342M.

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

Due to the focus on the NiWest Nickel project, the Directors have elected to impair the Group's other areas of interest as no substantive expenditure is currently budgeted or planned.

The accounting policies and methods of computation adopted in the preparation of the financial statements are consistent with those adopted and disclosed in the Company's financial statements for the financial year ended 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(d) Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group recorded an operating loss of $277,265, and a cash inflow from operating activities of $355,081 for the year ended 30 June 2019 and at balance date, had net current assets of $1,188,062.

Notwithstanding the positive results and current working capital position, should the Company not be successful in obtaining adequate funding, or should cashflows not eventuate as planned, there is a material uncertainty that may cast significant doubt as to the ability of the Group to continue as a going concern and whether it can realise its assets and extinguish its liabilities in the ordinary course of business.

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 Group not continue as a going concern.

(e) Statement of compliance

The financial statements were authorised for issue on 17th September 2019.

The financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(f) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights if an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including;

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(f) Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss or other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members are eliminated in full on consolidation.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit and loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(g) Revenue from contracts with customers

Applicable to 30 June 2019

Revenue arises mainly from the receipt of a facilitation fees. The Group generates revenue in Australia.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

In determining the amount of revenue and profits to record, and related balance sheet items (such as contract fulfilment assets, capitalisation of costs to obtain a contract, trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions. This includes an assessment of the costs the Group incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(g) Revenue from contracts with customers (continued)

Revenue is recognised either when the performance obligation in the contract has been performed, so 'point in time' recognition or 'over time' as control of the performance obligation is transferred to the customer.

Transaction price
At contract inception the total transaction price is estimated, being the amount to which the Group expects to be entitled and has rights to under the present contract.

The transaction price does not include estimates of consideration resulting from change orders for additional goods and services unless these are agreed.

Once the total transaction price is determined, the Group allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when (or as) those performance obligations are satisfied.

For each performance obligation, the Group determines if revenue will be recognised over time or at a point in time. Where the Group recognises revenue over time for long term contracts, this is in general due to the Group performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract.

For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Group has promised to transfer to the customer. The Group applies the relevant output or input method consistently to similar performance obligations in other contracts.

When using the output-method the Group recognises revenue on the basis of direct measurements of the value to the customer of the goods and services transferred to date relative to the remaining goods and services under the contract. Where the output method is used, in particular for long term service contracts where the series guidance is applied, the Group often uses a method of time elapsed which requires minimal estimation. Certain long-term contracts use output methods based upon estimation of number of users, level of service activity or fees collected.

If performance obligations in a contract do not meet the over-time criteria, the Group recognises revenue at a point in time. This may be at the point of physical delivery of goods and acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria.

Disaggregation of revenue

The Group disaggregates revenue from contracts with customers by contract type, which includes during the current financial year facilitation fees only.as management believe this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows.

Performance obligations

The nature of contracts or performance obligations categorised within this revenue type include an annual facilitation fee receivable.
The service contracts in this category include contracts with no performance obligations.

Applicable to 30 June 2018

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income
Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(g) Revenue from contracts with customers (continued)

Royalty income
Revenue from royalties is measured at the fair value of the consideration received and receivable. Revenue is recognised when the significant risk and rewards of ownership have been transferred, recovery of the consideration is probable and the amount of revenue can be measured reliably.

Facilitation fee
Revenue from facilitation fees is measured at the fair value of the consideration received and receivable. Revenue is recognised when the significant risk and rewards of ownership have been transferred, recovery of the consideration is probable and the amount of revenue can be measured reliably.

(h) Borrowing costs

Borrowing costs are recognised as an expense when incurred except those that relate to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

(i) Cash and cash equivalents

Cash and short-term deposits in the Consolidated Statement of Financial Position comprise cash at bank and on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first our basis.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

(l) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(l) Income tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation
GME Resources Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own. GME Resources Limited recognises both its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amount receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(n) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:
Plant and equipment – 4 to 5 years.
The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the Consolidated Statement of Profit or Loss and other Comprehensive Income.

(ii) Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(o) Investments and other financial assets

Applicable to 30 June 2019

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(o) Investments and other financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

a. they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows

b. the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest

are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI.

Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(o) Investments and other financial assets continued

This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139.

Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(o) Investments and other financial assets continued

Applicable to 30 June 2018

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.
The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(o) Investments and other financial assets continued

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
- has transferred substantially all the risks and rewards of the asset, or
- has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Impairment of financial assets

The Group assesses at each balance date whether a financial asset or Group of financial assets is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

(o) Investments and other financial assets continued

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant.

If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Group of financial assets with similar credit risk characteristics and that Group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(o) Investments and other financial assets continued

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed in subsequent periods.

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of profit or loss and other comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(p) Deferred exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; and
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy 1(q)).

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine development assets.

Revenue from trial mining operations which are considered necessary to provide the basis for any development activity, is offset against any deferred exploration and evaluation expenditure in respect of that operation.

(q) Impairment of tangible and intangible assets other than goodwill

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(q) Impairment of tangible and intangible assets other than goodwill (continued)

amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimate used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in previous years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such reversal, the depreciation charge is adjusted in future periods to allocate the assets revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(r) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(s) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Earnings per share

Basic EPS is calculated as net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net result attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with potential dilutive ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and potential dilutive ordinary shares, adjusted for any bonus element.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of GME Resources Limited.

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(v) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. (refer also note 1(b))

(w) Parent entity financial information

The financial information for the parent entity, disclosed in Note 20 has been prepared on the same basis as the consolidated financial statements.

Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Consolidated 2019 $	Consolidated 2018 $
2. OTHER INCOME AND EXPENSES		
(a) Other income:		
Facilitation fee for prospecting rights	100,000	100,000
Profit on sale of Devon Gold Mine	30,063	-
Total revenue	130,063	100,000
(b) Administration costs:		
Audit and taxation compliance fees	57,540	38,274
Accounting fees	42,774	37,739
Consulting fees	6,663	154,735
Corporate compliance costs	63,769	56,106
Insurance	19,090	24,432
Office costs	87,657	103,572
Research & development claim preparation	106,017	91,979
Other	28,825	35,809
	412,335	538,646

3. INCOME TAX

(a) Income tax recognised in profit and loss

The major components of tax benefit are:

	2019 $	2018 $
Adjustments recognised in the current year in relation to the current tax – R&D tax offset	706,780	613,196
Total tax benefit	706,780	613,196

The prima facie income tax expense on pre-tax accounting result from operations reconciles to the income tax provided in the financial statements as follows:

	2019 $	2018 $
Accounting profit/(loss) before tax from continuing operations	(984,045)	(1,697,583)
Income tax expense/(benefit) calculated at 27.5% (2018: 27.5%)	(270,612)	(466,835)
Non-deductible expenses	371	-
R&D tax incentive	706,780	613,196
Tax losses and deferred tax balances not recognised	270,241	466,835
Income tax benefit reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	706,780	613,196

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

3. INCOME TAX (Continued)

(b) Unrecognised deferred tax balances

	Consolidated 2019 $	Consolidated 2018 $
Deferred tax assets comprise:		
Tax losses carried forward	10,880,978	11,457,795
Accrued expenses	11,956	20,272
Other deferred tax balances	497	
	10,892,933	11,478,067
Deferred tax liabilities comprise:		
Exploration expenditure capitalised	8,593,041	9,026,483
Prepayments	-	9,949
	8,593,041	9,036,432
Income tax benefit not recognised directly in equity during the year:		
Capital raising costs	17,168	-

Potential deferred tax assets attributable to tax losses and capital losses carried forward have not been brought to account because the Directors do not believe it is appropriate to regard realisation of the future tax benefit as probable. The deductible temporary differences and tax losses do not expire under current tax legislation.

Tax Consolidation
Effective 1 July 2003, for the purposes of income taxation, the Company and its 100% wholly-owned subsidiaries formed a tax consolidated group. The head entity of the tax consolidated group is GME Resources Limited.

4. TRADE AND OTHER RECEIVABLES

	2019 $	2018 $
Current		
GST Refundable	15,961	78,999
Other	2,101	18,008
	18,062	97,007
Non-current		
Bonds	17,290	17,286

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Consolidated 2019 $	2018 $

5. PLANT AND EQUIPMENT (NON-CURRENT)

	2019 $	2018 $
Plant and equipment - at cost	745,610	745,610
Less accumulated depreciation	(743,472)	(742,817)
Total plant and equipment	2,138	2,793
Reconciliation of the carrying amount of plant and equipment:		
Carrying amount at the beginning of the year	2,793	4,148
Depreciation	(655)	(1,355)
Carrying amount at the end of the year	2,138	2,793

6. INTANGIBLE ASSETS (NON-CURRENT)

	2019 $	2018 $
Software – at cost	18,453	18,453
Less accumulated amortisation	(18,453)	(14,762)
	-	3,691
Reconciliation of the carrying amount of intangible assets		
Carrying amount at the beginning of the year	1,107	2,214
Amortisation	(1,107)	(1,107)
Carrying amount at the end of the year	-	1,107

7. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (NON-CURRENT)

	2019 $	2018 $
Exploration and evaluation phase - at cost		
Movements:		
Balance at beginning of the year	30,088,279	28,450,995
Direct expenditure	1,748,282	2,786,206
	31,836,561	31,237,201
Less impairment of exploration and evaluation expenditure (1)	(589,141)	(1,148,922)
	31,247,420	30,088,279

(1) 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 investment. Where facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, the expenditure has been impaired down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Consolidated 2019 $	2018 $
8. PAYABLES (CURRENT)		
Trade payables and accruals	117,102	543,484
	117,102	543,484

Trade payables and accruals are non-interest bearing and normally settled on 30-day terms.
Details of exposure to interest rate risk and fair value in respect of liabilities are set out in Note 16.
There are no secured liabilities as at 30 June 2019.

9. ISSUED CAPITAL

	2019	2018
506,242,920 (2018: 482,140,229) ordinary shares, fully paid	56,640,810	55,340,239
Ordinary shares		
Balance at the beginning of the year	55,340,239	53,370,931
Rights Issue	1,325,648	2,039,824
Costs associated with issue	(25,077)	(70,516)
Balance at the end of the year	56,640,810	55,340,239
	No of Shares	**No of Shares**
Balance at the beginning of the year	482,140,229	463,596,374
Rights Issue	24,102,691	18,543,855
Balance at the end of the year	506,242,920	482,140,229

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.
The shares have no par value.

10. CONTROLLED ENTITIES

Name of Controlled Entity/ (Country of Incorporation)	Percentage Owned 2019 %	2018 %	Company's Cost of Investment 2019 $	2018 $
GME Sulpher Inc (USA)	100	100	-	-
GME Investments Pty Ltd (Australia)	100	100	-	-
Golden Cliffs NL (Australia)	100	100	616,893	616,893
NiWest Limited (Australia)	100	100	4,561,313	4,561,313
			5,178,206	5,178,206

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

11. CONSOLIDATED STATEMENT OF CASH FLOWS

	Consolidated 2019 $	Consolidated 2018 $
a) Reconciliation of cash flows from operating activities		
Loss from ordinary activities after tax	(277,265)	(1,084,387)
Depreciation / amortisation	1,762	2,462
Profit on sale of Devon project	(30,063)	-
Exploration costs impaired/written off	589,141	1,148,922
Decrease/(increase) in receivables and prepayments	89,612	96,467
Increase/(decrease) in sundry creditors	(118,106)	43,854
Proceeds on sale of Devon project	100,000	-
Net cash inflows/(outflows) from operating activities	355,081	207,318

b) Reconciliation of cash and cash equivalents

Cash balance comprises:

	2019 $	2018 $
Cash at bank	9,003	15,842
Deposits at call	1,255,604	1,719,612
	1,264,607	1,735,454

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short term deposits are made for varying periods between 3 to 6 months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

12. AUDITOR'S REMUNERATION

Amounts received or due and receivable by the auditors of GME Resources Ltd for:

	2019 $	2018 $
- an audit or review of the financial statements of the Company and any other entity in the Group	49,540	35,000
- other services in relation to the Company and any other entity in the Group (tax compliance services)	8,000	3,274
	57,540	38,274

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

13. SEGMENT REPORTING

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, being the Board of GME Resources Limited, 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.

	Consolidated	
	2019	**2018**
	$	**$**
14. EARNINGS/(LOSS) PER SHARE		
Basic and diluted loss per share (cents)	(0.06)	(0.23)
Loss used in calculation of basic and diluted loss per share	(277,765)	($1,084,387)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted loss per share	484,991,259	464,454,941

The Company does not have any options on issue.

15. DIRECTORS' AND EXECUTIVES' DISCLOSURES

(a) Details of Key Management Personnel

Directors	
Peter Ross Sullivan	Non-executive Chairman
James Noel Sullivan	Managing Director
Peter Ernest Huston	Non-executive Director
Executives	
Mark Edward Pitts	Company Secretary

b) Key Management Personnel Compensation

	Consolidated	
	2019	**2018**
	$	**$**
Short-term employee benefits	278,384	278,384
Post-employment benefits	15,616	15,616
Long-term employee benefits	-	-
	294,000	294,000

c) Other transactions and balances with Key Management Personnel

Other transactions with KMP

During the year, the Group paid $21,750 (2018: $24,535) for commercial rent and outgoings of a property owned by the Leonora Property Syndicate, an entity in which Peter Sullivan and James Sullivan have an interest.

The balance owed to the Leonora Property Syndicate as at 30 June 2019 was $Nil (2018: $7,285).

In addition to the fees paid to Mark Pitts for Company Secretarial Services, the Company also paid $17,618 (2018: $7,481) to Endeavour Corporate, of which Mark Pitts is a partner, for Accounting services.

The Company has an amount payable of $6,944 (2018: $8,531) to Endeavour Corporate as at 30 June 2019.

The Company has an amount payable of $ 33,000 (2018: $nil) to Hardrock Capital Pty Ltd, a company of which Peter Sullivan is a director, in relation to Directors' fees.

16. FINANCIAL INSTRUMENT DISCLOSURES

Financial risk management objectives

The Group is exposed to market risk (including interest rate), credit risk and liquidity risk.

The Group does not issue derivative financial instruments, nor does it believe that it has exposure to such trading or speculative holdings through its investments in associates.

Risk management is carried out by the Board as a whole, which provides the principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, and liquidity risk. The Group uses different methods to measure different types of risk to which it is exposed. Where appropriate these methods will include sensitivity analysis in the case of interest rate, and other price risks and aging analysis for credit risk.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

16. FINANCIAL INSTRUMENT DISCLOSURES (CONTINUED)

a) Categories of financial instruments

2019	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing: Within 1 year	Fixed Interest Rate Maturing: Over 1 year	Non-interest Bearing	Total
Financial Assets		**$**	**$**	**$**	**$**	**$**
Cash assets	0.34%	9,003	1,255,604	-	-	1,264,607
Receivables	n/a	-	-	-	18,062	18,062
		9,003	1,255,604	-	18,062	1,282,669
Payables	n/a	-	-	-	117,102	117,102
		-	-	-	117,102	117,102

2018	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing: Within 1 year	Fixed Interest Rate Maturing: Over 1 year	Non-interest Bearing	Total
Financial Assets		**$**	**$**	**$**	**$**	**$**
Cash assets	0.41%	15,842	1,719,612	-	-	1,735,454
Receivables	n/a	-	-	-	97,007	97,007
		15,842	1,719,612	-	97,007	1,832,461
Payables	n/a	-	-	-	543,484	543,484
		-	-	-	543,484	543,484

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

16. FINANCIAL INSTRUMENT DISCLOSURES (CONTINUED)

b) Interest rate risk sensitivity analysis

The Company and the Group are exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, in respect of the cash balances and deposits.

The sensitivity analyses below have been determined based on the exposure to interest rates for instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At reporting date, if interest rates had been 50 basis points higher and all other variables were held constant, the Group's net loss before tax and equity would reduce by $4,677 and increase by $4,677, respectively (2018: $10,520). A reduction in the interest rate would have an equal but opposite effect.

c) Liquidity risk

The Company manages liquidity risk by continually monitoring cash reserves and cash flow forecasts to ensure that financial commitments can be met as and when they fall due.

d) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is not significantly exposed to credit risk from its operating activities, however, the Board does monitor receivables as and when they arise. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset mentioned above. The Group does not hold collateral as security.

No material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments and cash deposits.

e) Capital management risk

The Company controls the capital of the Group in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern.

The Company effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of expenditure and debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

f) Net fair values

The net fair value of the financial assets and financial liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Consolidated Statement of Financial Position and in the notes to and forming part of the financial statements.

17. COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities, not provided for in the financial statements of the Group as at 30 June 2019, other than:

a) Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the Group in its own right or in conjunction with its joint venture partners may be required to outlay amounts of approximately $1,964,224 (2018: $1,938,440) per annum on an ongoing basis in respect of tenement lease rentals and to meet the minimum expenditure requirements of the Western Australian Mines Department. These obligations are expected to be fulfilled in the normal course of operations by the Group or its joint venture partners and are subject to variations dependent on various matters, including the results of exploration on the mineral tenements.

b) Claims of Native Title

Legislative developments and judicial decisions (in particular the uncertainty created in the area of Aboriginal land rights by the High Court decision in the “Mabo” case and native title legislation) may have an adverse impact on the Group’s exploration and future production activities and its ability to fund those activities. It is impossible at this stage to quantify the impact (if any) which these developments may have on the Group’s operations.

Native title claims have been made over ground in which the Group currently has an interest. It is possible that further claims could be made in the future. The Company has established access agreements with the major claimant groups in the area. All of the mineral resources are located on granted mining leases. Once granted there is no opportunity for veto of project development under the Native Title act, however owners must adhere to the provisions of the Aboriginal Heritage Act 1972 which regulates how to deal with specific heritage sites that may exist on the tenement.

	Consolidated	
	2019	**2018**
c) Non-cancellable Operating Lease Commitments	**$**	**$**
Within one year	24,000	44,064
One year or later and no later than five years	48,000	26,298
	72,000	70,362

Operating lease commitments relate to commercial lease of business premises.

18. INTERESTS IN BUSINESS UNDERTAKINGS – FARM-INS

The Company has entered into a number of agreements with other companies to gain interests in project areas. These interests will be earned by expending certain amounts of money on exploration expenditure within a specific time. The Company can, however, withdraw from these projects at any time without penalty. The amounts required to be expended in the next year have been included in Note 17 – Commitments and Contingent Liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

19. RELATED PARTIES

Total amounts receivable and payable from entities in the wholly-owned group at balance date:

	2019 $	2018 $
Non-current receivables		
Loans net of provisions for non- recovery	32,109,079	30,449,581
Current payables		
Loans	635,678	579,153

20. PARENT ENTITY DISCLOSURE

As at, and throughout the financial year ended 30 June 2019 the parent Company of the Group was GME Resources Limited.

	2019 $	2018 $
Results of the parent entity		
Loss after tax for the year	(162,078)	(35,219)
Other comprehensive income	-	-
Total comprehensive result for the year	(162,078)	(35,219)
Financial position of the parent entity at year end		
Current assets	1,305,163	1,865,623
Non-current assets	34,744,457	33,524,279
Total assets	36,049,621	35,389,902
Current liabilities	743,863	1,122,637
Total liabilities	743,863	1,122,637
Total equity of the parent entity comprising of:		
Share capital	56,640,810	55,340,239
Accumulated losses	(21,335,051)	(21,172,973)
Total equity	35,305,758	34,167,265

21. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of GME Resources Limited (the "Company"):

   a. The financial statements, notes, and the additional disclosures are in accordance with the Corporations Act 2001 including:

      i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its performance for the year then ended; and

      ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

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

James Sullivan
Managing Director
Perth, Western Australia
17th September 2019

INDEPENDENT AUDITOR'S REPORT
To the members of GME Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of GME Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern,* we have determined the matter described below to be the key audit matter to be communicated in our report**.**

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Key audit matter	How our audit addressed the key audit matter
Capitalised exploration and evaluation Refer to Note 7	
In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises exploration and evaluation expenditure and as at 30 June 2019 had a deferred exploration and evaluation expenditure balance of $31,247,420. In addition, for the year ended 30 June 2019, the Group impaired $589,141 of exploration and evaluation expenditure. Exploration and evaluation expenditure was determined to be a key audit matter as it is important to the users' understanding of the financial statements as a whole and was an area which involved the most audit effort and communication with those charged with governance.	Our procedures included but were not limited to: - Obtaining an understanding of the key processes associated with management's review of the carrying value of exploration and evaluation; - Considering the Directors' assessment of potential indicators of impairment in addition to making our own assessment; - Obtaining evidence that the Group has current rights to tenure of its areas of interest; - Considering the nature and extent of planned ongoing activities; - Substantiating a sample of expenditure by agreeing to supporting documentation; and - Examining the disclosures made in the annual report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of GME Resources Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
17 September 2019

M R Ohm
Partner