

GME Resources Limited

(ABN 62 009 260 315)

Interim Report **31 December 2019**

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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

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Fremantle WA 6160

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Web Site: www.gmeresources.com.au

AUDITORS

HLB Mann Judd

Chartered Accountants

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Perth WA 6000

SHARE REGISTRY

Computershare Registry Services Pty Ltd

Level 11

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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 submit the financial report of the consolidated entity (Group) for the half year ended 31 December 2019.

Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Peter Ross Sullivan	Non-Executive Chairman
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James Noel Sullivan	Executive Director
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Peter Ernest Huston	Non-Executive Director
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Review of Operations

NIWEST (NICKEL-COBALT) PROJECT

The Company's main undertaking is its 100% owned NiWest Nickel-Cobalt Project (NiWest Limited 100%) located adjacent to Glencore's Murrin Murrin Nickel Refinery in the North Eastern Goldfields of Western Australia. The NiWest project host one of the largest high grade, undeveloped nickel-cobalt deposits in Australia. The project is situated in a semi-arid region that is well serviced by existing mining towns, open access infrastructure such as bitumen roads, rail line, gas pipeline and optic fibre communications (refer Figure 1 Location Plan).

All of the sub projects areas that make up the NiWest Project have been subjected to extensive drilling and metallurgical test programs aimed at establishing JORC compliant resources and developing a viable economic process flow sheet to unlock the significant value of the metals contained within the established resources. Most recently (Aug 2018) the Company completed an expansive Pre-Feasibility Study (PFS) for the development of an integrated Heap Leaching operation coupled to a Direct Solvent Extraction processing facility capable of the producing high purity nickel and cobalt products for the batteries metals market. A summary of the PFS results, Resources and Reverse Statements is set out in this report.

Strategic Partner Discussions

Since completing the PFS, the Company has been engaging with potential investment partners for the NiWest development and this process continued during the period. The engagements are subject to confidentially agreements, as such the Company is unable to elaborate on the details of the discussions until such time that an agreement is reached.

There are a broad range of potential ownership, development and funding structures being considered. GME will continue to progress these discussions prior to commencing a Definitive Feasibility Study (DFS) on the NiWest Project.

Other NiWest related work included work on a conceptual engineering study for the development of a small open pit designed to exploit a discrete high-grade nickel cobalt deposit at the Waite Kauri Project. Previous drilling at Waite Kauri delineated a high-grade ore zone and the level of drill density required to support a conceptual pit design.

Gold Assets

The Company has been reviewing its remaining gold assets which comprise three gold projects in the Murrin Murrin – Laverton region. The projects are all at various stage of exploration and have been subjected to numerous phases of drilling by the Company and previous tenement holders.

The Company is entertaining a number of options for these assets including engaging with third parties for a possible divestment. The Company will keep shareholders informed of progress.

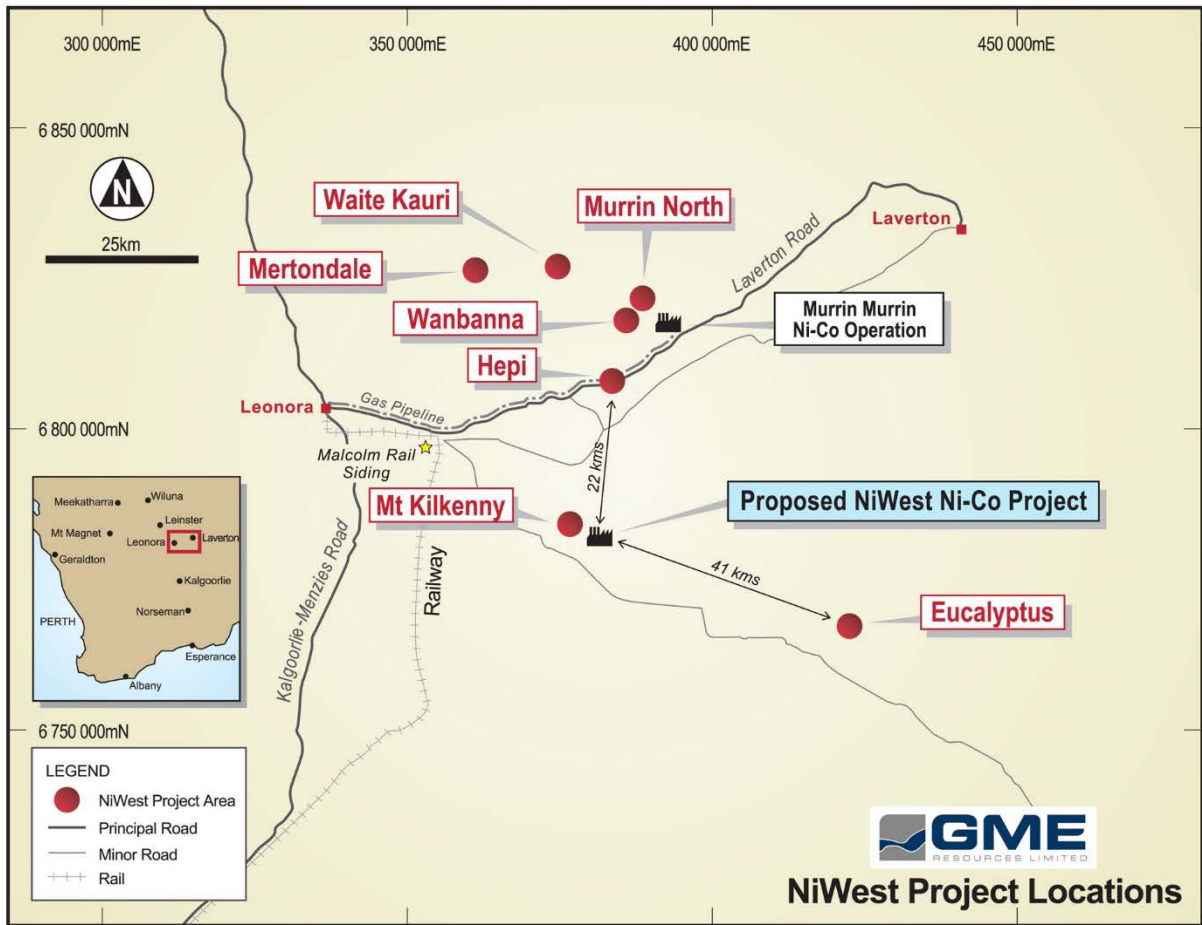


Figure 1: NiWest Project Location and Infrastructure corridors

Pre-Feasibility Study Results

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

Overview

- Head grades average 1.05% nickel and 0.07% cobalt for the first 15 years. Opportunity to extend high-grade profile through potential conversion of Inferred Resources and/or inclusion of other known deposits.
- Initial 27-year operating life at a nameplate processing capacity of 2.4Mtpa. Projected steady-state nickel and cobalt recoveries of 79% and 85% respectively.
- Total production of 456kt nickel (in nickel sulphate) and 31.4kt cobalt (in cobalt sulphate). Average annual production of 19.2kt nickel and 1.4kt cobalt over the first 15 years.
- Ungearing 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).
- Globally attractive pre-production capital intensity of sub-US\$20 per pound of average annual nickel production based on forecast pre-production capital expenditure of A\$966M.
- Projected free cashflow (post all capital expenditure and tax) of A\$3,342M.

The Company's Mineral Resource Statement (Table 1 and Table 2) has been compiled in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition) and Chapter 5 of the ASX Listing Rules and ASX Guidance Note 31.

Table 1: Mineral Resource Estimate^{1,2} for NiWest Project at 0.8% Ni Cut-off Grade

Deposit	JORC Classification	Tonnes (million)	Nickel Grade (%)	Cobalt Grade (%)	Nickel Metal (kt)	Cobalt Metal (kt)
Mt Kilkenny¹	Measured	8.8	1.11	0.063	98	5.6
	Indicated	12.7	1.09	0.079	138	10.0
	Inferred	4.5	0.98	0.051	44	2.3
	Total*	26.0	1.08	0.069	279	17.9
Eucalyptus¹	Indicated	23.7	1.04	0.064	247	15.3
	Inferred	12.8	0.95	0.056	121	7.1
	Total*	36.5	1.01	0.061	368	22.4
Hepi¹	Measured	1.6	1.20	0.078	19	1.2
	Indicated	1.5	1.01	0.073	15	1.1
	Inferred	1.4	0.95	0.074	14	1.1
	Total*	4.5	1.06	0.075	48	3.4
Mertondale²	Indicated	1.9	0.98	0.070	18	1.3
	Total*	1.9	0.98	0.070	18	1.3
Waite Kauri²	Measured	1.5	1.01	0.062	15	0.9
	Indicated	0.3	0.91	0.025	3	0.1
	Inferred	0.0	0.09	0.015	0	0.0
	Total*	1.8	0.98	0.054	18	1.0
Murrin North²	Measured	3.4	0.98	0.062	33	2.1
	Indicated	0.1	0.88	0.051	1	0.1
	Inferred	0.1	0.86	0.083	1	0.1
	Total*	3.7	0.97	0.062	35	2.3
Wanbanna²	Indicated	10.1	1.03	0.066	104	6.7
	Inferred	0.7	0.99	0.070	7	0.5
	Total*	10.8	1.03	0.066	111	7.2
NiWest Project	Measured	15.2	1.08	0.064	165	9.8
	Indicated	50.4	1.04	0.068	527	34.5
	Inferred	19.5	0.95	0.057	186	11.0
	TOTAL*	85.2	1.03	0.065	878	55.4

* Columns may not total exactly due to rounding . Tonnes are reported as dry tonnage

1 ASX Release 2 August 2018

2 ASX Release 21 February 2017

Table 2: Mineral Resource Estimate^{1,2} for NiWest Project at 1.0% Ni Cut-off Grade

Deposit	JORC Classification	Tonnes (million)	Nickel Grade (%)	Cobalt Grade (%)	Nickel Metal (kt)	Cobalt Metal (kt)
Mt Kilkenny ¹	Measured	5.7	1.22	0.072	70	4.1
	Indicated	7.8	1.20	0.094	93	7.3
	Inferred	1.7	1.11	0.060	19	1.1
	Total*	15.2	1.20	0.082	182	12.4
Eucalyptus ¹	Indicated	12.5	1.16	0.074	145	9.2
	Inferred	3.1	1.08	0.062	34	1.9
	Total*	15.6	1.15	0.072	178	11.2
Hepi ¹	Measured	1.1	1.34	0.088	14	0.9
	Indicated	0.7	1.12	0.086	8	0.6
	Inferred	0.4	1.07	0.104	5	0.5
	Total*	2.2	1.21	0.090	27	2.0
Mertondale ²	Indicated	0.7	1.14	0.070	8	0.5
	Total*	0.7	1.14	0.070	8	0.5
Waite Kauri ²	Measured	0.5	1.25	0.087	6	0.5
	Indicated	0.1	1.08	0.015	1	0.0
	Inferred	0.0	1.07	0.000	0	0.0
	Total*	0.6	1.23	0.079	7	0.5
Murrin North ²	Measured	1.2	1.14	0.070	14	0.9
	Indicated	0.0	1.04	0.070	0	0.0
	Inferred	0.0	0.00	0.000	0	0.0
	Total*	1.3	1.14	0.070	14	0.9
Wanbanna ²	Indicated	4.7	1.19	0.080	56	3.8
	Inferred	0.3	1.16	0.080	3	0.2
	Total*	5.0	1.19	0.080	59	4.0
NiWest Project	Measured	8.5	1.22	0.074	104	6.4
	Indicated	26.5	1.18	0.081	311	21.4
	Inferred	5.6	1.09	0.066	61	3.7
	TOTAL*	40.6	1.17	0.077	476	31.4

* Columns may not total exactly due to rounding. Tonnages are reported as dry tonnage

1 ASX Release 2 August 2018

2 ASX Release 21 February 2017

NiWest Ore Reserve Statement

The Company's Ore Reserve Statement (Table C1) has been compiled in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition) and Chapter 5 of the ASX Listing Rules and ASX Guidance Note 31.

Table 3: NiWest Ore Reserve Estimate¹ at 0.5% Ni cut-off

Orebody	JORC Classification	Tonnes (million)	Nickel Grade (%)	Cobalt Grade (%)
Mt Kilkenny	Probable	27.9	0.96	0.06
Eucalyptus	Probable	32.2	0.87	0.05
Hepi	Probable	4.7	0.91	0.06
Total*	Probable	64.9	0.91	0.06

* Columns may not total exactly due to rounding errors. Tonnages are reported as dry tonnage

1 ASX Release 2 August 2018

DIRECTORS' REPORT

Results from Operations

The Company recorded a net loss (after tax) for the half year to 31 December 2019 of \$247,860 (31 December 2018 net profit after tax: \$269,498).

Exploration and evaluation expenditure of \$609,045 was capitalised in the half year to 31 December 2019 (30 June 2019: \$1,748,282).

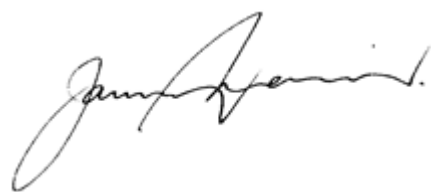
Subsequent Events

No other matters or circumstances have arisen since the end of the reporting period 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.

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 9 and forms part of this directors' report for the half-year ended 31 December 2019.

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

A handwritten signature in black ink, appearing to read 'James Sullivan', enclosed in a thin black rectangular border.

James Sullivan

Managing Director

Dated this 4th day of March 2020

Competent Person Statements

NiWest Nickel Project

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Mark Gunther, a consultant to the Company. Mr Gunther is a Principal Consultant with Eureka Geological Services. Mr Gunther is a fellow of The Australasian Institute of Mining and Metallurgy. Mr Gunther has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Gunther consents to the inclusion in the report of the matters based on information provided in the form and context in which it appears. This Mineral Resource Estimate has not been updated to JORC 2012 on the basis that the available information has not materially changed since the last review.

The information in this report that relates to Processing / Engineering and related operating and capital cost estimates is based on information reviewed by Mr David Readett (B.E. Met Eng., FAusIMM, CP (Met)). Mr Readett is an independent consulting engineer working through a Company known as MWorx Pty Ltd. Mr Readett is a Chartered Professional Metallurgical Engineer and has 25 years of relevant experience in this area of work. Mr Readett consents to the inclusion in this announcement of the matters based on information provided by him and in the form and context in which it appears.

Gold Projects

The information in this report that relates to Mining and Exploration Results is based on information compiled by Mr Mark Gunther who is a member of The Australasian Institute of Geoscientists. Mr Gunther has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Gunther consents to the inclusion in the report of the matters based on information provided in the form and context in which it appears.

Forward-Looking Statements

Certain statements made in this report, including, without limitation, those concerning the scoping 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.

The Company notes that an inferred resource has a lower level of confidence than an indicated or measured resource. The Company believes that based on the geological nature of its deposits and the work done over several years by its Competent Person that there is a high degree of probability that the inferred resources will upgrade to indicated resources with further exploration work.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of GME Resources Limited for the half-year ended 31 December 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
4 March 2020



M R Ohm
Partner

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

		Consolidated	
	Notes	31 Dec 2019	31 Dec 2018
		\$	\$
Continuing Operations			
Other income	2	100,514	102,034
Management and consulting expenditure		(57,000)	(37,000)
Depreciation and amortisation expense		(250)	(1,587)
Exploration written off	4	(137,603)	(215,187)
Other expenses		(153,521)	(285,543)
		(247,860)	(437,283)
Profit/(loss) before income tax		(247,860)	(437,283)
Income tax benefit		-	706,781
Net profit/(loss) for the half year		(247,860)	269,498
Other comprehensive income		-	-
Total comprehensive income/(loss) for the half year		(247,860)	269,498
Basic earnings/(loss) per share (cents)		(0.05)	0.06
Diluted earnings/(loss) per share (cents)		(0.05)	0.06

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

		Consolidated	
	Notes	31 Dec 2019	30 Jun 2019
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		567,912	1,264,607
Trade and other receivables	3	117,064	18,062
Prepayments		31,054	22,495
Total Current Assets		716,030	1,305,164
Non-Current Assets			
Trade and other receivables	3	17,290	17,290
Plant and equipment		1,888	2,138
Deferred exploration and evaluation expenditure	4	31,718,862	31,247,420
Total Non-Current Assets		31,738,040	31,266,848
Total Assets		32,454,070	32,572,012
Liabilities			
Current Liabilities			
Trade and other payables	5	247,020	117,102
Total Current Liabilities		247,020	117,102
Total Liabilities		247,020	117,102
Net Assets		32,207,050	32,454,910
Equity			
Issued capital	6	56,640,810	56,640,810
Accumulated losses		(24,433,760)	(24,185,900)
Total Equity		32,207,050	32,454,910

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Consolidated		
	Issued	Accumulated	Total
	Capital	Losses	Equity
	\$	\$	\$
Balance at 1 July 2018	55,340,239	(23,908,635)	31,431,604
Profit for the period	-	269,498	269,498
Total comprehensive income for the period	-	269,498	269,498
Balance at 31 December 2018	55,340,239	(23,639,137)	31,701,102
Balance at 1 July 2019	56,640,810	(24,185,900)	32,454,910
Loss for the period	-	(247,860)	(247,860)
Total comprehensive loss for the period	-	(247,860)	(247,860)
Balance at 31 December 2019	56,640,810	(24,433,760)	32,207,050

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(225,836)	(403,931)
Exploration and evaluation expenditure	(471,374)	(1,553,225)
Interest received	515	2,034
Facilitation fee received	-	100,000
R&D tax refund received	-	706,781
Net cash inflow/(outflow) from operating activities	<u>(696,695)</u>	<u>(1,148,341)</u>
Cash flows from investing activities		
Net cash inflow/(outflow) from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Net cash inflow/(outflow) from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	(696,695)	(1,148,341)
Cash and cash equivalents held at the start of the period	1,264,607	1,735,454
Cash and cash equivalents held at the end of the period	<u>567,912</u>	<u>587,113</u>

The accompanying notes form part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The condensed interim consolidated financial statements (the interim financial statements) are general purpose interim financial statements and have been prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The interim financial statements comprise the condensed interim financial statements for the Group. For the purposes of preparing the interim financial statements, the Company is a for-profit entity. The interim financial statements were authorised for issue on 3rd March 2020.

The interim financial statements do not include full disclosures of the type normally included in the full financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report. It is recommended interim financial statements be read in conjunction with the full financial report for the year ended 30 June 2019 and any public announcements made by GME Resources Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted are consistent those of the previous financial year and corresponding half-year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The interim financial statements have been prepared on a historical cost basis. Cost is based on fair value of the consideration given in exchange for assets.

For the purpose of preparing the interim financial statements, the half-year has been treated as a discrete reporting period.

(b) Adoption of new and revised standards

New Standards and Interpretations applicable for the half year ended 31 December 2019

In the period ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that, with the exception below, there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet effective

The Directors have also reviewed all Standards and Interpretations in issue not yet effective for the period ended 31 December 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 effective on the Company and, therefore, no change is necessary to Group accounting policies.

AASB 16 Leases

Change in accounting policy

AASB 16 Leases supersedes AASB 117 Leases. The Group has adopted AASB 16 from 1 July 2019. The changes result in almost all leases where the Group is the lessee being recognised on the Statement of Financial Position and removes the former distinction between 'operating and 'finance' leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(b) Adoption of new and revised standards continued

AASB 16 Leases continued

Change in accounting policy continued

The Group leases its head office premises. Prior to 1 July 2019, leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, where the Company is a lessee, the Group recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Group (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease. If this rate is not readily determinable, the Group uses its incremental borrowing rate.

Lease payments included in the initial measurement if the lease liability consist of:

- Fixed lease payments less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Any amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of purchase options, if the Group is reasonably certain to exercise the options; and
- Termination penalties of the lease term reflects the exercise of an option to terminate the lease.

Extension options are included in a number of property leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if, at commencement date, it is reasonably certain that the options will be exercised.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there is a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and any initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the terms of a lease require the Group to restore the underlying asset, or the Group has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

As the Group's only lease relating to its head office had a term less than 12 months, The Group has applied the optional exemptions to not capitalise this lease and instead account for the lease expense on straight line basis over the lease term.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

(c) Significant accounting judgements and key estimates

The preparation of half-year 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.

In preparing these interim statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2019.

(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 a loss for the period of \$247,860, and a cash outflow from operating activities of \$696,695 for the period ended 31 December 2019 and at balance date, had net current assets of \$469,010.

The directors have reviewed the Group's financial position and forecast cash flows and have assessed that the Group will be required to raise additional funds by way of issuing equity to continue its exploration program as forecast and fund its administrative costs. The directors reasonably expect that the Group will be able to raise additional funds as required to meet future costs associated with its operating and exploration activities for at least the next 12 months but is able to curtail expenditure if required. The directors are therefore of the opinion that the use of the going concern basis is appropriate in the circumstances.

Should the Group be unable to raise the additional funds required, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal 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.

NOTE 2: LOSS/PROFIT FROM ORDINARY ACTIVITIES

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$

The following revenue items are relevant in explaining the financial performance for the half-year:

(a) Other income

Facilitation fee	100,000	100,000
Interest received	514	2,034
	100,514	102,034

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE HALF YEAR ENDED 31 DECEMBER 2019**

NOTE 3: TRADE AND OTHER RECEIVABLES

	Consolidated	
	Half year ended 31 Dec 2019	Year ended 30 June 2019
	\$	\$
Current		
GST refundable	17,064	15,961
Facilitation fee	100,000	2,101
	<u>117,064</u>	<u>18,062</u>
Non-current		
Bonds	17,290	17,290
	<u>17,290</u>	<u>17,290</u>

**NOTE 4: DEFERRED EXPLORATION AND EVALUATION
EXPENDITURE**

	Half year ended 31 Dec 2019	Year ended 30 June 2019
	\$	\$
Balance at beginning of the period	31,247,420	30,088,279
Direct expenditure	609,045	1,748,282
	<u>31,856,465</u>	<u>31,836,561</u>
Less expenditure written off	(137,603)	(589,141)
Total deferred exploration and evaluation expenditure	<u>31,718,862</u>	<u>31,247,420</u>

The ultimate recoupment of the above deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or alternatively sale of the respective areas at amounts sufficient to recover the expenditure.

NOTE 5: TRADE AND OTHER PAYABLES

	Consolidated	
	Half year ended 31 Dec 2019	Year ended 30 June 2019
	\$	\$
Trade payables and accruals	247,020	117,102
	<u>247,020</u>	<u>117,102</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

NOTE 6: ISSUED CAPITAL

	Consolidated	
	Half year ended 31 Dec 2019 \$	Year ended 30 June 2019 \$
<i>Ordinary shares</i>		
Issued and fully paid	56,640,810	56,640,810
	No.	\$
<i>Movements in ordinary shares on issue</i>		
At 1 July 2019	506,242,920	56,640,810
At 31 December 2019	506,242,920	56,640,810

NOTE 7: DIVIDENDS

No dividends were paid or declared during the period.

NOTE 8: SEGMENT REPORTING

The Group has adopted AASB 8 *Operating Segments* which requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance. The Board of GME Resources Limited reviews internal reports prepared as consolidated financial statements and strategic decisions of the Group are determined upon analysis of these internal reports. During the period, the Group operated predominantly in one business and geographical segment being the resources sector in Australia. Accordingly, under the 'management approach' outlined only one operating segment has been identified and no further disclosure is required in the notes to the consolidated financial statements.

NOTE 9: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 10: FINANCIAL INSTRUMENTS

The group has a number of financial instruments which are not measured at fair value in the statement of financial position. The Directors consider that the carrying amount of these financial instruments are a reasonable approximation of their fair value.

NOTE 11: EVENTS AFTER BALANCE DATE


No other matters or circumstances have arisen since the end of the reporting period 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

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 18 are in accordance with the *Corporations Act 2001* including:
 - a. complying with the Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year then ended.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors, made pursuant to s303(5) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read 'James Sullivan', enclosed within a thin black rectangular border.

James Sullivan

Director

Dated this 4th day of March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GME Resources Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of GME Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of GME Resources Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1(d) 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 conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with

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Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
4 March 2020



M R Ohm
Partner