



## GME RESOURCES LTD

ABN 62 009 260 315

# REPORT FOR THE QUARTER ENDING 30 June 2004

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### HIGHLIGHTS

- **Royalty payment from Minara Resources Limited**

During the quarter the Company received a payment from Minara Resources Limited for royalties that stemmed from the mining of ore from tenements sold to Minara Resources Limited in 1995. The payment received was \$495,781, which included an amount of \$95,781 for interest that has been accruing on the payment. It is anticipated that a further payment may be received in 2005.

### CORPORATE REVIEW

#### NIWEST LTD

- **Completion of Niwest Limited transaction**

During the quarter the Company completed the transaction involving the acquisition of the remaining shares in Niwest Limited which the Company did not already own. Niwest, which houses nickel laterite resources in the Leonora – Laverton area of Western Australia, is now a 100% owned subsidiary of the Company.

### EXPLORATION REVIEW

#### New Exploration Programme

During the quarter the Company engaged the services of geological consultants CSA Australia Pty Ltd to undertake a review of the nickel laterite resources. This review also included the planning of future exploration work to be carried out on the nickel resources over the next 12 months.

Reverse Circulation drilling will commence in late July. The majority of the drilling will be located on the high-grade resources of the Kilkenny, Hepi, Murrin Murrin North and Waite Kauri projects. This initial infill drilling campaign will be approximately 4000 metres and will upgrade several of the projects to indicated mineral resource of JORC category. A priority for the Company is to delineate high-grade resources in excess of 1.3% nickel grade.

Additional work is planned for the Eucalyptus Bore project in the second quarter. Previous work on this project has indicated potential to exploit a number of areas within the resource at grades around 1.5% nickel. The previous management of NiWest has undertaken conceptual planning of open pit mining of these resources. The Company will be working to collaborate this information with the view to establishing an alternative high-grade feed option for the Murrin Murrin Joint Venture. The majority of the Eucalyptus Bore resource is located on an approved mining lease.

## Resources Status

The total nickel resources are tabulated below on the basis of a 0.7% Ni lower cut-off grade.

**Table 1: NiWest Resource for each of the Project areas**

Deposit	Category	Tonnes	Ni%	Co%
Mertondale	Inferred	2,982,564	0.98%	0.08%
Murrin Murrin North	Inferred	7,266,519	0.97%	0.08%
Murrin Murrin Hepi	Inferred	5,333,998	1.04%	0.08%
Mount Kilkenny	Inferred	29,830,614	1.00%	0.05%
Waite Kauri	Measured	1,266,800	1.05%	0.05%
Waite Kauri	Inferred	7,180,663	0.96%	0.07%
Duck hill	Inferred	4,054,700	0.96%	0.12%
Macey hill	Inferred	343,700	1.26%	0.12%
Eucalyptus Bore	Indicated	54,945,049	1.01%	0.06%
Eucalyptus Bore	Inferred	14,900,000	1.00%	0.06%
<b>Total Combined</b>		<b>128,104,608</b>	<b>1.00%</b>	<b>0.06%</b>

NiWest has also completed a resource calculation at the 0.5%, 0.7% and 1.0% Ni cut-off values and these results are shown below.

**Table 2: NiWest Resource at Various Cut-off Grades**

Ni Cut-off	Tonnes	Grade Ni	Grade Co
0.50%	227,553,267	0.81%	0.05%
0.70%	128,104,608	1.00%	0.06%
1.00%	40,227,667	1.28%	0.09%

## Native Title

The Company is progressing Native Title Negotiation at Waite Kauri and is anticipating the commencement of negotiation on the balance of the Niwest tenements in the next few months. The majority of the Eucalyptus Bore resource is located on an approved mining lease.

## LEONORA-LAVERTON GOLD PROJECTS

GME holds significant areas in the Leonora-Laverton which are prospective for gold.

It has undertaken a review of these gold prospects, with a view to increase the exploration activity on them. A number of these properties are now subject to joint venture agreements under which active exploration is occurring.

**Linden**

P39/3417-3418

The Devon Gold Mine located on prospecting licence 39/3418 hosts an inferred undiluted resource of 240,000 tonnes at 7.15g/t (Peebles, 1997). Preliminary sensitivity studies show the economics of a shallow open cut mining operation at Devon as quite robust for a range of gold prices. Further work is planned to bring more of the resource up to a measured mineral resource category. Once this work is completed, it will be possible to complete a realistic economic model for an open cut operation.

**Leonora East**P37/4106, P37/5330 - 5333, 37/5477  
(Medusa Mining earning in)

No reports on exploration activities were received during the reporting period.

**Abednego West**P39/2690 – 2691, P39/3732 – 3733, P39/3735 – 3741, P39/3743 - 3751  
(Placer 80% GME 20%)

The Abednego project (30 square kilometres) is located approximately 50 kilometres east of Leonora on the Leonora – Laverton road. Placer has earned an 80% interest in the project by spending \$500,000. Limited work has been carried out on the project over the past six months. Within the project are five prospective areas of gold mineralisation. All of these prospects have been subjected to varying amounts of drilling. The historical workings at the Federation mine host a global resource of 70,000 tonnes at 2.7g/t. A number of high-grade intersections have been encountered at several of the prospects. The Sonex prospect located in the southeastern corner of the project area is open to the south. The mineralisation runs into the northern area of the adjoining NiWest Hepi project.

Placer is currently reviewing its position in regard to this project.

**Other Leonora/Laverton Gold Properties**

No substantive field activities were conducted during the quarter on the Company's other gold properties. Expenditure was incurred on tenement administration, studies, information review and reporting.

**OTHER REGIONAL PROJECTS****Ilgarari**

EL52/1482

During the quarter the Company carried out a geochemical soil sampling programme designed to investigate possible extensions of known copper mineralisation along strike of the Ilgarari copper mine. The results received are encouraging and have identified several new copper anomalies. The full 7 kilometres of strike was not tested, but results indicate that further follow up work is required.

**OTHER ACTIVITIES**

During the quarter a number of new prospects were reviewed, however none of these met the Company's requirements.

The Board continues to review new opportunities for the Company.

So far as it relates to ore and mineralisation within NiWest Tenements, this report is based on information compiled by Mr Steven Goertz, a member of the Australian Institute of Mining and Metallurgy and who has had more than five years' experience in the field of activity being reported on. This report accurately reflects the information compiled by that member.



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**PETER SULLIVAN**  
**MANAGING DIRECTOR**

Date: 26 July 2004

## TENEMENT DIRECTORY

Mining tenements held at 30 June 2004 are as follows:

<b>Project</b>	<b>Tenements</b>	<b>Interest at Beginning of Quarter</b>	<b>Interest at End of Quarter</b>
Abednego West	P39/2690 – 2691 converted to MLA39/427 P39/3732 - 3733, 3735 - 3741, 3743 – 3751 converted to MLA39/823, 824, 825	20% 20%	20% 20%
Chain Bore	MLA37/581	100%	100%
Hawks Nest	M38/218, P38/2515 converted to MLA38/683	100%	100%
Ilgarari	M52/539-540 (conditionally surrendered in favour of EL52/1482) EL52/1482	100%	100%
Leonora East	P37/4106 converted to MLA37/566 P37/4807 - 4811 converted to MLA37/876 P37/5330 - 5333, P37/5477 converted to MLA 37/1059	100% (diluting) 100% 100% (diluting)	100% (diluting) 100% 100% (diluting)
Linden	P39/2974 - 2976 converted to MLA39/500 P39/3417 - 3418 converted to MLA39/797, 798	10% 100%	10% 100%
Mt Kilkenny	EL39/688, MLA 39/877 - 879	100% of Non Lateritic Nickel Mineral Rights	100% of Non Lateritic Nickel Mineral Rights
Mount Marven	P39/2753 converted to MLA39/481	100%	100%
Mount Morgans Sth	P39/3347 – 3352 converted to MLA39/703, P39/3353 - 3356 converted to MLA39/702, P39/3531, 3532 converted to MLA39/777	100%	100%
Murrin Murrin (Golden Cliffs)	P39/3172 - 3175 converted to MLA39/554 P39/3180 - 3183 converted to MLA39/457	100% 100%	100% 100%
Murrin Murrin (Anaconda)	ML39/426, 456, 552, 553 and 569	Lateritic nickel fee & royalty plus 100% of Non Lateritic Nickel Mineral Rights	Lateritic nickel fee & royalty plus 100% of Non Lateritic Nickel Mineral Rights
Pyke Hill	ELA39/633	100%	100%

**LEGEND:**

<b>E</b> Exploration Licence	<b>P</b> Prospecting Licence	<b>M</b> Mining Lease.	<b>EPM</b> Exploration Permit for Minerals
<b>ELA</b> Exploration Licence Appln	<b>PLA</b> Prospecting Licence Appln	<b>MLA</b> Mining Lease Appln	<b>EPMA</b> Exploration Permit for Minerals Appln