



**GME RESOURCES LTD**

ABN 62 009 260 315

## **REPORT FOR THE QUARTER ENDING**

**30 September 2004**

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### **HIGHLIGHTS**

- **First phase of Infill drilling confirms presences of high-grade nickel and cobalt mineralisation at Kilkenny project.**

Infill drilling at the Kilkenny and Hepi projects has returned intercepts of further high-grade nickel and cobalt mineralisation. At Kilkenny, a number of holes recorded intersections in excess of 1.5% nickel and 0.2% cobalt.

This programme represents the first phase of a number of infill drilling programmes that are to be undertaken by the company. The results are extremely encouraging and add further confidence to the robust nature of the resource in both grade and dimension. Full details of the results are listed in the exploration review.

### **CORPORATE REVIEW**

#### **NATIVE TITLE**

- **Native Title negotiation underway**

During the quarter the Company commenced negotiations with the Wongatha People whose native title claim covers all of the NiWest and GME tenements in the North Eastern goldfields of WA. Meetings have been held over several days and negotiations are at an advanced stage. The company is optimistic that an agreement will be reached in the near future.

### **EXPLORATION REVIEW**

During this reporting period the company completed a Reverse Circulation drilling programme at the Kilkenny and Hepi projects located respectively 30 kilometers south and 10 kilometers west of the Murrin Murrin Joint Venture nickel cobalt refinery.

#### **Kilkenny Project**

An inferred resource containing 12.0 million tonnes grading 1.28% nickel and 0.07% cobalt had previously been established on the tenement.

Drilling centered on the north - eastern ultramafic area where previous drilling had intersected nickel and cobalt grades in excess of 1.3% nickel and 0.20% cobalt.

A total of 52 vertical holes for 1883 metres were drilled at an average hole depth of 36.2 metres.

Of the 52 holes completed, 24 intersected high-grade mineralisation. A number of holes were positioned to locate the outer extremities of the resource. The results from holes located on the ultramafic unit between **6787100N** and **6786100N** (AMG) confirmed that significant high-grade nickel and cobalt mineralisation exists over a distance of 1000 metres in length and up to 400 metres wide. Combining results from previous and new drilling, the average intersection (using a 1% nickel cut off grade) of mineralisation over this area is 6.9 metres thick with a weighted average grade of 1.48% nickel and 0.16% cobalt. Further high-grade mineralisation has been intercepted between **6784600** and **6785600**. This zone is located directly south of the North Eastern zone and is up to 250 metres wide and 1000 metres in length. The southern area will be subject to further drilling in the next quarter to ascertain whether the mineralisation links to the northeast zone.

### **Hepi Project**

An inferred resource containing 2.6 million tonnes grading 1.26% nickel and 0.10% cobalt had previously been established on the tenements.

The drill programme was designed to test continuity of the high-grade component of the resource and to test the correlation of RC drilling with previous RAB drill results. Table 3 shows clear correlation between the two sets of results, providing confidence that the previous resource estimate can be confirmed.

The programme has confirmed the continuity of the high-grade mineralisation between **6806600N** and **6805900N** (AMG) over an area 700 metres in length and up to 150 metres wide. The average intersection (using a 1% nickel cut off grade) of mineralisation over this area is 4.8 metres thick with a weighted average grade of 1.35% nickel and 0.13% cobalt (cobalt values from new drilling only).

Tables 1 & 2 on the following page show the results of the significant intercepts on each of the projects and table 3 shows the correlation of results from RAB drilling to RC drilling at the Hepi project.

### **New Exploration Programme**

The company has completed a review of the Eucalyptus project areas that contains nickel resources with grades of 1.3% nickel. Further drilling will be undertaken in the December quarter at Eucalyptus Central, Eucalyptus North and Camel Back. The total programme will involve approximately 3000 metres of reverse circulation drilling of which the majority will be carried out at the Eucalyptus project. Approximately 400 metres will be drilled at Kilkenny.

The drill programme will be centered on the existing high-grade areas of the respective resources in an effort to confirm continuity of mineralisation. The Eucalyptus Bore project has an established inferred resource of 16.9 million tonnes grading 1.28% nickel and 0.09% cobalt.

*The information in this report that relates to Mineral Resources is based on information compiled by Mick Elias, and Steve Goetz, both who are members and Fellows of The Australasian Institute of Mining and Metallurgy. Mr Elias has sufficient experience, which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 1999 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves. This report accurately reflects the information compiled by that member.*

**SIGNIFICANT RESULTS** (Locations are AMG)

**Table 1**  
**KILKENNY**  
**PROJECT**

Hole ID	Northing	Easting	From (m)	To (m)	Thickness	%Ni	%Co
MKC0003	6787104	383422	42	45	3	0.99	0.13
MKC0004	6787113	383523	39	49	10	1.57	0.13
MKC0005	6787110	383624	39	46	7	1.76	0.13
MKC0006	6787118	383720	53	62	9	1.73	0.12
MKC0007	6787105	383817	43	47	4	1.75	0.10
MKC0015	6786702	383431	33	37	4	1.53	0.02
MKC0016	6786701	383528	41	44	3	1.53	0.22
MKC0018	6786705	383730	46	53	7	1.32	0.14
MKC0022	6786303	383430	39	43	4	1.27	0.21
MKC0023	6786303	383535	39	43	4	2.11	0.57
MKC0025	6786302	383729	42	46	4	1.11	0.21
MKC0028	6785904	383531	21	25	4	1.10	0.10
MKC0030	6785907	383740	43	47	4	1.41	0.12
MKC0031	6785909	383826	49	52	3	0.99	0.06
MKC0035	6785501	383732	22	32	10	1.27	0.07
MKC0037	6785102	383532	6	8	2	1.20	0.17
MKC0038	6785111	383636	5	7	2	1.34	0.21
MKC0039	6785103	383731	15	20	5	1.09	0.09
MKC0041	6784696	383521	18	20	2	1.52	0.05

**Table 2**  
**HEPI PROJECT**

HPC0002	6805906	381853	1	7	6	0.90	0.04
HPC0003	6805911	381955	8	11	3	1.25	0.20
HPC0004	6806304	381950	12	15	3	0.95	0.14
HPC0005	6806313	382042	24	27	3	1.20	0.08
HPC0007	6806451	382040	15	20	5	1.65	0.13
HPC0008	6806451	382139	14	19	5	1.98	0.30
HPC0009	6806457	382249	19	21	2	1.61	0.30
HPC0010	6806612	382101	10	14	4	1.13	0.08
HPC0011	6806601	382159	21	24	3	1.12	0.09

**TABLE 3 TWIN HOLE COMPARISON - HEPI PROJECT**

RAB HOLE	WIDTH	GRADE	RC HOLE	WIDTH	GRADE
HPRB103	6m	1.48%Ni	HPC007	7m	1.49%Ni
HPRB105	10m	1.52%Ni	HPC008	10m	1.48%Ni
HPRB028	10m	1.14%Ni	HPC009	9m	1.28%Ni

## 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%
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%

## CHANGE OF MANAGING DIRECTOR

Mr Jamie Sullivan was appointed Managing Director from 1 October 2004 replacing Mr Peter R Sullivan, who will continue as a director of the Company.

## 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.

## EL52/1482 ILGARARI

During the quarter the Company entered into an option agreement to dispose of the Igarari Copper project to Murchison Copper Mines Pty Ltd (MCM). Under the terms of the agreement MCM have paid an amount of \$10,000 in return for a three-month option period to evaluate the project. MCM can extend this option for a further three months by paying the company an additional \$10,000. To exercise the option to acquire the project MCM must pay \$100,000 by the 31<sup>st</sup> January 2005. In addition to this the company retains a royalty on copper production from the tenement that is capped at \$100,000. All other mineral rights are to be retained by the company.

**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.

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**JAMIE SULLIVAN**  
**MANAGING DIRECTOR**

Date: 26 OCTOBER 2004

## TENEMENT DIRECTORY

Tenements held at 30<sup>th</sup> September 2004

Project	Tenements	Company Interest	Comments
Abednego West	P39/2690 - 2691 converted to MLA39/427 P39/3732 - 3733 P39/3735 - 3741 converted to MLA39/824 P3743 - 3746 converted to MLA 39/825 P39/3751 converted to MLA39/823	All tenements 20%	All tenements Delta Gold 80%
Chain Bore	MLA37/581	100%	
Clermont	EPMA11575, EPMA11806, EPMA12164	40%	Joint Venture with Australian Gold Fields NL (in Liquidation)
Duck Hill	E31/100 converted to MLA31/214	50%	GME 50%, Zuks 50%
Eucalyptus	P39/3459 - 3460 converted to MLA39/744 ELA39/703 E39/256 converted to MLA39/666 P39/2445 - 2446 converted to MLA39/430 and MLA39/344 E39/386 converted to MLA39/665 - 666 and MLA 39/674 M39/313 E39/480 converted to MLA39/803 - 804 E39/368 converted to MLAs 39/568, 39/570, 39/616 and 39/802 M39/289	Anglo 100% NiWest 100%  Oldcity 100%	NiWest 100% nickel rights  NiWest 100% nickel rights
Hawks Nest	M38/218, P38/2515 converted to MLA 38/683	100%	
Ilgarari	E52/1452	100%	Murchison Copper Mines Option to purchase copper rights only
Laverton Downs	E38/506 converted to MLA38/587 - 588 and 38/782 - 784	100% nickel rights only	
Leonora East	P37/4106 converted to MLA37/566 P37/5330 - 5333, P37/5477 converted to MLA37/1059 MLA37/876	All tenements 100%	Montrose earning 70%  Montrose earning 70%
Linden	P39/3417 - 3418 converted to MLA39/797 - 798 P39/2974 - 2976 converted to MLA 39/500	100% 10%	90% Haoma Mining NL
Macey Hill	P39/3815 converted to MLA39/845	100%	
Mertondale	P37/4201 - 37/4205 converted to MLA37/591	100%	
Mt Kilkenny	E39/688 converted to MLA39/878 - 879	100%	
Mt Morgan South	MLA39/702 - 703, MLA 39/481, MLA39/777	100%	
Murrin Murrin (Golden Cliffs)	MLA39/554 and MLA39/457	100%	
Murrin Murrin (Minara Resources)	MLA39/426, 456, 552, 553 and 569	All tenements 100% rights to non nickel laterite	Nickel laterite royalty 20 cents per tonne
Murrin Murrin HEPI	P39/3366, 3369, 3372 - 3375 converted to MLA 39/717 - 718 P39/3742 converted to MLA39/819	All tenements 100%	
Murrin Murrin North	P39/3515 - 3517 converted to MLA39/758 MLA39/757 and MLA39/759	All tenements 100%	

Project	Tenements	Company Interest	Comments
Pyke Hill	ELA39/633	100%	
White Kauri	P37/4149 converted to MLA37/580 P37/5264 converted to MLA37/1091 PLA37/5555	All tenements 100%	

**LEGEND:**

<i>E:</i> Exploration Licence	<i>P:</i> Prospecting Licence	<i>EPM:</i> Exploration Permit for Minerals	<i>PLA:</i> Prospecting Licence Application
<i>M:</i> Mining Lease	<i>ELA:</i> Exploration Licence Application	<i>EPM A:</i> Exploration Permit for Minerals Application	<i>MLA:</i> Mining Lease Application