



GME RESOURCES LIMITED

ABN 62 009 260 315

REPORT FOR THE QUARTER ENDING 30 September 2006

HIGHLIGHTS

NiWest Nickel Project

Aker Kvaerner appointed to undertake pre-feasibility study for development of a Heap Leach Project.

Sonic drilling program for collection of insitu nickel ore samples for stage two metallurgical test work completed in August.

Metallurgical tests involving agglomeration, percolation, four metre column work and Atmospheric Leach tests are in progress.

Current Measured and Indicated Heap Leach Resource - 4.6 Million Tonnes averaging 1.31% Nickel and 0.10% Cobalt, with potential to increase to over 10 million tonnes

Heap Leach Project located within a 60 kilometre radius of Infrastructure including rail, gas pipe line, bitumen road, Leonora township and the Murrin Murrin Nickel refinery.

The NiWest Project Resource Inventory stands at 48.76 million tonnes at 1.25% Nickel and 0.10% Cobalt. These Resources are located on Granted Mining Leases.

CORPORATE MATTERS

Renounceable Rights Issues raises \$1.88 million

On June 28 the company announced that it was to proceed with a capital raising via a one for fifteen Renounceable Entitlement issue at 15 cents. The issue was strongly supported with 93% of rights entitlements taken up. The new issue raised \$1.88 million.

Funds from the issue will be used to accelerate metallurgical test programs, engineering scoping studies and resource definition programs at the NiWest Nickel Project.

EXPLORATION REVIEW

NiWest Nickel Project - Heap Leach Initiatives

Pre Feasibility Study

Following encouraging results from bottle roll tests on saprock ore types, the Company has initiated a pre-feasibility study to investigate the economics of the application of heap leaching the NiWest nickel laterite resources for the recovery of nickel and cobalt. Engineering firm Aker

Kvaerner has been appointed to examine a wide range of issues relative to nickel laterite heap leaching that will focus on the Hepi and Mt Kilkenny projects. Aker Kvaerner have conducted feasibility studies for various heap leach projects, including European Nickel's heap leach project being developed in Turkey.

The pre-feasibility work will include an initial phase of, metallurgical testwork and continued infill drilling. Stage two will cover engineering design, mining studies, infrastructure requirements, preferred plant location, capital and operating costs and acid supply options.

The study is expected to be completed by March 2007. Subject to a positive outcome from this work, the Company is preparing to move into on site trial heap leach work in the second half of 2007.

Sonic Drilling and Metallurgical Test Work

During the quarter the Company completed a specialised drilling program designed to extract representative core samples required for the *stage two* metallurgical test work. The program involved drilling eighteen holes at the Hepi, Mt Kilkenny and Waite Kauri project areas. The following table shows the resources drilled and the number of holes drilled at each area.

Potential Heap Leach Resources

Project Area	Tonnes	Category	Ni%	Co%	No Holes
Hepi	1,100,000	Measured	1.44	0.10	5
Hepi North	580,000	Indicated	1.30	0.11	1
Waite Kauri	1,300,000	Measured	1.33	0.14	2
Mt Kilkenny Central	1,655,000	Indicated	1.23	0.08	8
Total	4,647,000		1.31	0.10	

An additional 2 Sonic holes were drilled into the Mt Kilkenny North area which has potential to add a further 13 million tonnes at similar grade (1.29 % Ni and 0.10 % Co) to the heap leachable resource base. These holes are also being used in the column test program now taking place at SGS Lakefield Laboratory in Perth. This program includes:

- Agglomeration and curing
- Percolation Rates test
- Atmospheric Leach tests
- Four metre column tests
- Mineralogical tests

The Sonic drilling at Waite Kauri recovered continuous samples from surface to a depth of 20 metres. However, the drill did not penetrate the harder saprolite profile. The two holes recorded bottom of hole assays of 2.46% Ni and 1.41% Ni respectively in Saprock.

Interim results from test work are expected to start flowing through by November with final results due by February 2007.

The following table shows the nickel grade of the composite samples made up from the core drilling program.

Project Area	Ni %	Co%
Hepi	1.74	0.09
Mt Kilkenny North	1.37	0.13
Mt Kilkenny Central	1.27	0.08
Waite Kauri	2.25	0.14

Ongoing Work Programs

Mt Kilkenny

Approval for a 6000 metre infill RC drilling program over the saprock resource at Mt Kilkenny Central was granted in September. Stage one of the program is planned to increase drill hole density over this area to 100 metres by 50 metres and will include the 1200 metres of strike to the north of the Central resource. Stage two, which is expected to be completed by December 2006 will complete the drill out of the resource to measured category (50 metre hole spacing). Results from this work will allow the Company to produce an upgraded resource statement for the Mt Kilkenny saprock resource.

Six holes are planned to test for extensions of high grade mineralisation discovered MKC203 in the June drilling program. MKC203 is located at the southern most area of mineralisation at Mt Kilkenny intersected 18 metres averaging 1.35% Nickel.

Hepi

Drilling planned for Hepi project will involve 15 holes that will test for extensions to the Hepi North area and close off mineralisation on the eastern edges of the main resource.

Site Surveys

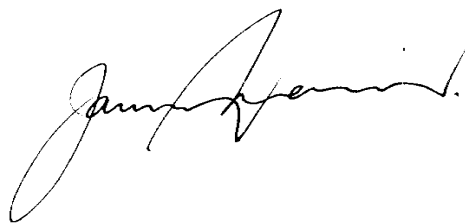
Topographical surveys will be completed at Hepi and Mt Kilkenny over the next quarter. These surveys are required for planning purposes for location of plant infrastructure and heap leach layout.

Water Supply

Draw down tests will be conducted on identified aquifers within the NiWest tenements in the Murrin Murrin area

Other Projects

The Company is currently reviewing a number of prospective gold and base metal projects in the Goldfields to compliment and strengthen the current portfolio. A geological review and mapping program was undertaken at the Leonora East project.



JAMIE SULLIVAN
MANAGING DIRECTOR

Date: 26 OCT 2006

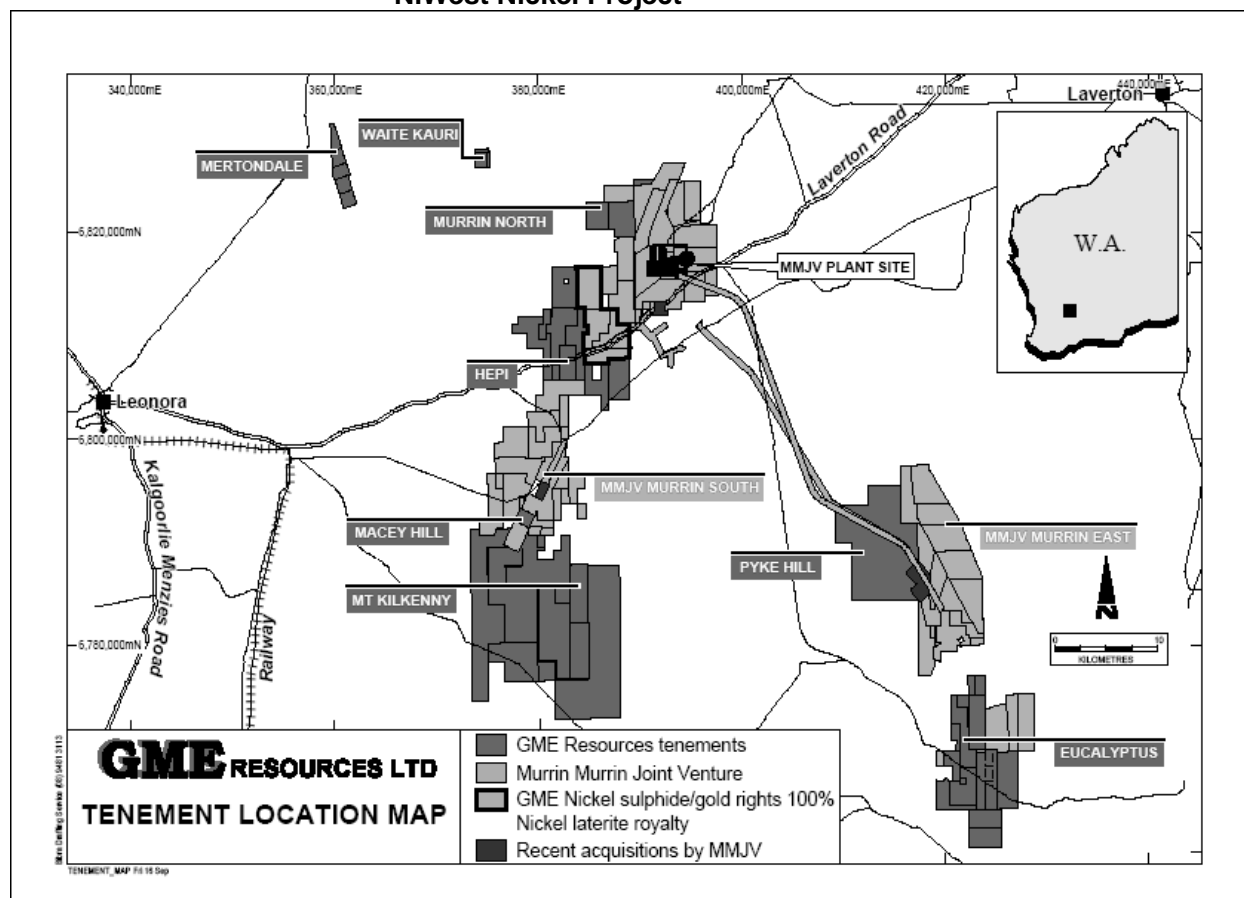
The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Bill Hill and Mr Steve Goertz, both whom are members of The Australasian Institute of Mining and Metallurgy. Mr Hill is self employed and consults to the Company as and when required, Mr Goertz is a former employee. Both Messrs Hill and Goertz have sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they are 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. Both Mr Hill and Mr Goertz consent to the inclusion in the report of the matters based on information provided in the form and context in which it appears.

NIWEST NICKEL PROJECT RESOURCE STATEMENT – JUNE 2006

All Project areas at 1% Nickel cut off grade

Project	Category	Million Tonnes	% Ni	% Co
Mt Kilkenny	Indicated	13.73	1.29	0.10
Mt Kilkenny	Inferred	1.38	1.14	0.07
Eucalyptus	Indicated	17.10	1.24	0.08
Eucalyptus	Inferred	7.10	1.16	0.09
Waite Kauri	Measured	1.30	1.33	0.14
Murrin North	Indicated	2.15	1.34	0.09
Murrin North	Inferred	0.97	1.14	0.11
Hepi	Measured	1.10	1.44	0.10
Hepi	Indicated	0.58	1.30	0.11
Hepi	Inferred	0.35	1.09	0.11
Mertondale	Inferred	1.20	1.24	0.08
Macey Hill	Inferred	0.30	1.40	0.15
Duck Hill	Inferred	1.50	1.27	0.30
Total	Indicated/Measured	35.96	1.28	0.09
Total	Inferred	12.80	1.18	0.12
Total	Combined	48.76	1.25	0.10

NiWest Nickel Project



TENEMENT DIRECTORY

Project	Tenements	Company Interest	Comments
Abednego West	MLA39/427 MLA39/824 MLA 39/825 MLA39/823	Golden Cliffs 100%	Placer Royalty
Chain Bore	MLA37/581	GME 100%	
Clermont	EPMA11575, EPMA11806, EPMA12164	GME 40%	Joint Venture with Australian Gold Fields NL (in Liquidation)
Duck Hill	MLA31/214	Niwest 50%	Murchison Metals 50%
Eucalyptus	P39/3459 - 3460 converted to MLA39/744 EL39/703 ML39/666 ML39/430 and ML39/344 ML39/665 - 666 and ML 39/674 M39/313 ML 39/568, 39/570, 39/616 and 39/802 M39/289 E39/480 converted to MLA39/803 - 804	NiWest 100% NiWest 100% nickel rights	Anglo 100% Gold Rights plus nickel royalty Oldcity Pty Ltd Nickel Royalty
Hawks Nest	M38/218, P38/2515 converted to MLA 38/683	GME 100%	
Ilgarari	E52/1452	100% rights to non copper minerals	Copper Royalty
Laverton Downs	E38/506 converted to MLA38/587 - 588 and 38/782 - 784	NiWest 100% nickel rights	Millennium Minerals 100% Gold Rights
Leonora East	P37/4106 converted to MLA37/566 P37/5330 - 5333, P37/5477 converted to MLA37/1059 P37/5650 - 5656 MLA37/876 ELA37/871	GME 100% Golden Cliffs 100% Golden Cliffs 100%	
Linden	P39/3417 - 3418 converted to MLA39/797 - 798 P39/2974 - 2976 converted to MLA 39/500 ELA 39/1181 ELA39/1251	GME100% GME 10% Golden Cliffs 100% Golden Cliffs 100%	90% Haoma Mining NL
Macey Hill	ML39/845	NiWest 100%	
Mertondale	P37/4201 - 37/4205 converted to MLA37/591	NiWest 100%	
Mt Kilkenny	E39/688 ML39/878 – 879, ELA 39/1107- 09 P39/4404, P39/4412 -4417 E39/990 J/V JINDALEE RESOURCES	NiWest 100% Niwest 100%	Farmin to Earn 80%

Project	Tenements	Company Interest	Comments
Mt Morgan South	MLA39/702 - 703, MLA 39/481, MLA39/777	GME 100%	
Murrin Murrin	MLA39/554 and MLA39/457	Golden Cliffs 100%	
Mt Fouracre	ELA37/845	Golden Cliffs 100%	
Murrin Murrin (Minara Resources)	ML39/426, 456, 552, 553 and 569	Golden Cliffs 100% rights to non nickel laterite	Nickel laterite royalty 20 cents per tonne
Murrin Murrin HEPI	ML 39/717 - 718 ML39/819	Niwest 100%	
Murrin Murrin North	ML39/758 MLA39/757 and MLA39/759	Niwest 100%	
Pyke Hill	EL39/633	GME 100%	
Waite Kauri	M37/1216	Niwest 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