



GME RESOURCES LIMITED

ABN 62 009 260 315

REPORT FOR THE QUARTER ENDING 31 December 2006

HIGHLIGHTS

NiWest Nickel Laterite Project

- *Pre feasibility study on development of Nickel Heap Leach Project underway.*
- *Metallurgical column test work continues to exhibit rapid leach rates, with 68% nickel extracted after 92 days*
- *18 million tonnes of high grade nickel laterite (+1.3% Ni) under evaluation*
- *Potential to increase Heap Leach resource from existing resource base*
- *Proposed Heap Leach development*

EXPLORATION REVIEW

Heap Leach Initiatives - Pre Feasibility Study

As announced in the September 2006 quarterly report, the Company has now initiated a pre feasibility study to examine the potential development for a low capital intensity heap leach project on saprolite ore at its Niwest Nickel Laterite Project located in the North Eastern goldfields of Western Australia.

The NiWest Nickel Project contains a global resource of 128 million tonnes averaging 1.0% nickel and 0.06% cobalt (0.7% nickel cut off grade) located between surface and 60 metres. Total metal content of 1,280,000 tonnes of nickel and 76,000 tonnes cobalt has been defined by extensive drilling programs over the past three years.

The Company has identified that a substantial proportion of the resource is a saprolitic ore type that is responding favourably to metallurgical test work on Heap Leach processing.

The project, which has the potential to become a significant long term, low cost nickel producer through the development of a Heap Leach project, is located in close proximity to established infrastructure such as railway, nickel refineries, established townships, natural gas pipeline and bitumen road access. The project which is sited in a predominately flat arid environment is considered to be highly conducive to the development of a Heap Leach operation.

Project engineering group, Aker Kvaerner, was appointed in October to coordinate the study that will examine a broad range of issues including resources, metal extraction and recovery, project engineering, infrastructure, water resources, environmental issues, capital / operating costs and other matters pertaining to the development of the Heap Leach project. The study is expected to be completed by March 2007.

Snowden have been appointed to undertake mining studies on the Hepi and Mt Kilkenny resources. Resource modelling / optimisation, pit design, and mine planning is at an advanced stage.

Metallurgical test work is being conducted at SGS Lakefield Oretest laboratory in Perth. Work undertaken by SGS Lakefield includes 4 metre column test work, atmospheric agitation leach tests and metal recovery circuit testwork. Four metre column tests from Hepi and Mt Kilkenny resources have been operating successfully for over 92 days. Details of the column tests results are listed in tables 1 and 2.

Hydrologist consultants, Rockwater Pty Ltd have been engaged to investigate saline and potable water resources suitable for processing from within the Company's tenement holdings.

Metallurgical Test Results

The Company has 4 x 4 metre column tests operating on representative core samples from the Hepi and Mt Kilkenny projects. Nickel extraction rates from the column tests up to the end of December 2006 are shown in tables 1 and 2.

The results demonstrate that the saprolite ore types at Hepi and Mt Kilkenny are amenable to Heap Leaching with nickel extraction rates expected to exceed the target of 70% within 100 days. Slumpages recorded in the columns are less than 3.5% which has resulted in maintenance of high flow rates over the test duration.

Table 1

Column Test Extraction Rates

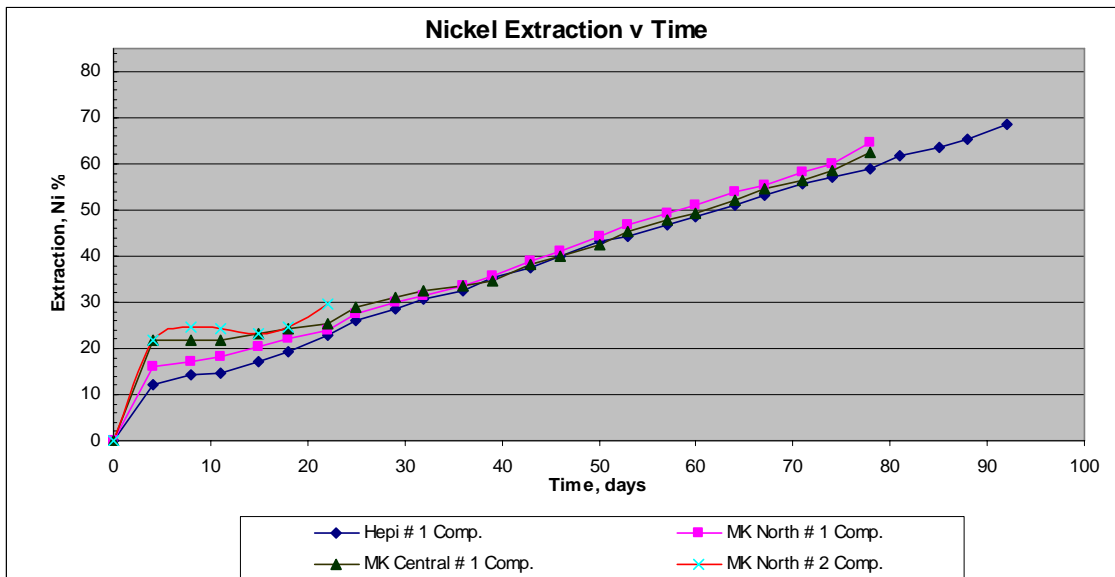


Table 2

4 Metre Column	Number Days	Extraction %Ni	Extraction %Co	Column Head Grade
Hepi	92	68.4	42.9	1.74
MK Central #1	78	62.5	56	1.29
MK North #1	78	64.6	21.4	1.37
MK North #2	22	29.5	7.7	1.12

Increase in Heap Leach resources under evaluation.

As a result of the re-logging program the Company has identified that the Mt Kilkenny North resource is predominately a saprolitic ore type and considered amenable to Heap Leaching. The Mt Kilkenny North resource contains 13.45 million tonnes grading 1.29% nickel and 0.10% cobalt.

The inclusion of this resource has resulted in a four fold increase in the Heap Leach Resources, from 4.6 million tonnes to over 18 million tonnes. Table 3 shows the Heap Leach resource base that forms the basis of the pre feasibility study.

Table 3
1% Nickel cut off grade

Project	Million Tonnes	%Ni	%Co	Contained	Metal
				Nickel	Cobalt
Hepi	2.03	1.34	0.10	27200	2000
Mt Kilkenny Central	1.65	1.23	0.08	20300	1300
Mt Kilkenny North	13.45	1.29	0.10	173500	13400
Waite Kauri	1.30	1.30	0.14	16900	1800
Total	18.43	1.29	0.10	237900	18500

The Company expects to build on the Heap Leach Resources as the re-logging program is extended to cover the remaining four project areas. In particular, the Eucalyptus project, which contains over 24 million tonnes of +1.2% nickel has potential to add significantly to the current Heap Leach resource base. Preliminary work at Eucalyptus has identified saprolite and saprock ore types similar to the Hepi and Mt Kilkenny resources. Further work programs are planned at Eucalyptus this quarter.

Proposed Heap Leach Project Development

Heap Leach Trial Project

Subject to completion of successful column test work and pre feasibility studies the Company is planning to progress with a 20,000 tonne on site trial heap leach. Work on the trial is expected to commence in the second half of 2007. It is expected the trial leach will take up to nine months to complete based on four months to establish onsite infrastructure and leach rates of 150 days.

Stage One Development - 300,000 – 350,000 tpa Demonstration Plant

The Company is currently proposing a two stage development for its Heap Leach operation. Stage one demonstration plant, which will flow on from the successful completion the 20,000

tonne trial heap is a proposed 300,000 – 350,000 tonnes per annum operation utilising purchased acid and contract agglomeration and stacking plant.

The stage one development is expected to yield approximately 3000 tonnes of nickel and 180 tonnes of cobalt per annum. Anticipated nickel grade of the demonstration project is 1.4% and metal extraction target is 70% for nickel and 50% for cobalt.

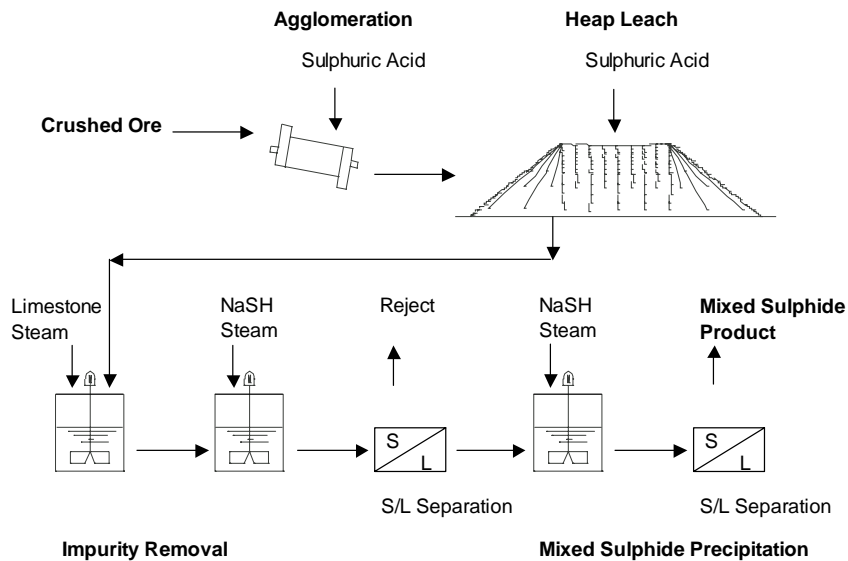
Development of the stage one operation is expected to commence in 2008 and run for 2-3 years whilst design and construction proceeds for an acid and metal recovery plant for the full scale operation.

Stage Two Development - Full Scale Operating Plant 1.5 – 2.0 mtpa

A larger scale heap leach operation proposed to treat between 1.5 and 2.0 mtpa with ore grades of 1.25% nickel and 0.10% cobalt are expected to commence ramping up production in 2011 and achieve full operating levels by 2012. Feasibility studies in 2009, followed by construction of a stand alone sulphur burning acid plant on site will provide the basis for a minimum 10 year heap leach operation supported by the current heap leach resource base of 18.5 million tonnes.

Production targets of between 13,000 -17,500 tonnes of nickel and 750 – 1000 tonnes of cobalt in concentrate per annum is expected from 2012.

The following diagram shows the basic flow sheet of the proposed Nickel Heap Leach Operation.



Work Completed

During the reporting period the Company completed 2360 metres of infill RC drilling at Mt Kilkenny project. The drilling was focused on the Mt Kilkenny Central area and was designed to close off mineralisation laterally and increase hole density to a 100 metre by 50 metre grid pattern. Significant results from the drilling are listed in APPENDIX 1.

In addition to the pre feasibility work, digital and land topographical surveys were completed over Hepi and Mt Kilkenny project areas during the quarter. The surveys will be used for future mine and infrastructure planning.

Planned Work

The Company had planned to commence a 3000 metre drill program at Eucalyptus and Mt Kilkenny in January 2007. Due to widespread heavy rain over the Goldfields in early January this program has now been deferred to late February. The program will now be increased to approximately 6000 metres to cover drilling work planned for March 2007.

Work on environmental base line studies and water resources will commence in the current reporting period.

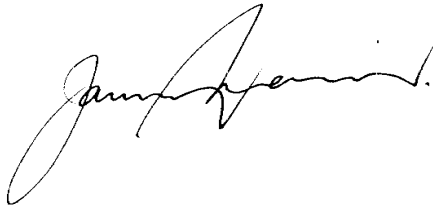
Other Projects

During the quarter a reconnaissance rock chip sampling and geological mapping program was completed at the Company's Leonora East gold project. A total of 31 rock chip samples from shaft collars were submitted for assaying. Fifteen of the samples recorded significant gold readings. Assay results from the program are listed in the following table.

Rock chip sample results from Leonora East gold project.

Sample	Au ppm
NW14401	5.25
NW14402	68.80
NW14404	7.48
NW14409	1.83
NW14410	1.61
NW14411	1.10
NW14413	13.20
NW14414	1.13
NW14416	1.17
NW14417	10.30
NW14418	6.07
NW14419	13.50
NW14420	1.12
NW14425	1.02
NW14426	0.85

The Company has been reviewing a number of prospective gold and base metal projects in the Goldfields to compliment and strengthen the current portfolio. A decision on how best to realise the value of these assets will be made in the near future.



JAMIE SULLIVAN
MANAGING DIRECTOR

Date: 18 January 2007

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.

APPENDIX 1

Mt Kilkenny drill results from November 2006 program

1% nickel cut off grade

Hole	GDA94 east	GDA94 west	From	To	Int	Ni %	Co %
MKC207	383837	6782755	6	10	4	1.50	0.10
MKC207	383837	6782755	17	19	2	1.08	0.04
MKC209	383906	6782854	6	22	16	1.39	0.04
MKC210	383809	6782853	4	23	19	1.31	0.04
MKC211	383686	6782954	5	7	2	1.21	0.05
MKC212	383785	6782958	1	9	8	1.09	0.03
MKC213	383587	6783055	9	31	22	1.26	0.08
MKC216	383974	6783560	0	8	8	1.36	0.07
MKC220	383985	6783756	3	11	8	1.17	0.03
MKC220	383985	6783756	11	13	2	1.09	0.02
MKC220	383985	6783756	20	22	2	1.04	0.02
MKC221	383784	6783757	3	9	6	1.08	0.22
MKC225	383690	6783855	4	24	20	1.29	0.04
MKC226	383789	6783853	3	5	2	1.00	0.08
MKC228	383995	6783859	11	15	4	1.53	0.13
MKC232	383884	6783958	4	16	12	1.33	0.14
MKC233	383783	6783955	7	12	5	1.22	0.14
MKC235	383867	6784053	8	17	9	1.67	0.37
MKC235	383867	6784053	36	41	5	1.05	0.08
MKC241	383520	6784157	33	52	19	1.08	0.11
MKC241	383520	6784157	56	61	5	1.03	0.11
MKC242	383489	6784158	21	32	11	1.20	0.08
MKC244	383411	6783955	13	22	9	1.27	0.15
MKC244	383411	6783955	22	29	7	1.06	0.08
MKC244	383411	6783955	33	37	4	1.15	0.05
MKC245	383529	6784253	5	11	6	1.13	0.05
MKC254	383989	6784453	9	17	8	1.13	0.06
MKC255	384023	6784557	11	13	2	1.11	0.10
MKC259	383569	6784653	10	13	3	1.41	0.26
MKC261	383768	6784847	10	24	14	1.44	0.06
MKC262	383690	6784851	27	41	14	1.47	0.05
MKC263	383785	6784953	13	34	21	1.81	0.09
MKC264	383690	6784962	17	26	9	1.35	0.07
MKC266	383784	6785052	16	24	8	1.32	0.07
MKC269	383783	6785158	8	10	2	1.02	0.04
MKC270	383687	6785161	13	16	3	1.28	0.07
MKC275	383749	6785452	5	7	2	1.00	0.05
MKC275	383749	6785452	13	19	6	1.06	0.04
MKC276	383851	6785450	8	11	3	1.18	0.04
MKC277	383835	6785559	9	22	13	1.25	0.10
MKC279	383814	6785649	23	31	8	1.08	0.04
MKC280	383914	6785649	23	37	14	1.31	0.10
MKC281	383936	6785767	39	45	6	1.55	0.18

NIWEST NICKEL LATERITE PROJECT RESOURCE STATEMENT

JUNE 2006

TOTAL RESOURCES AT VARIOUS CUT OFF GRADES

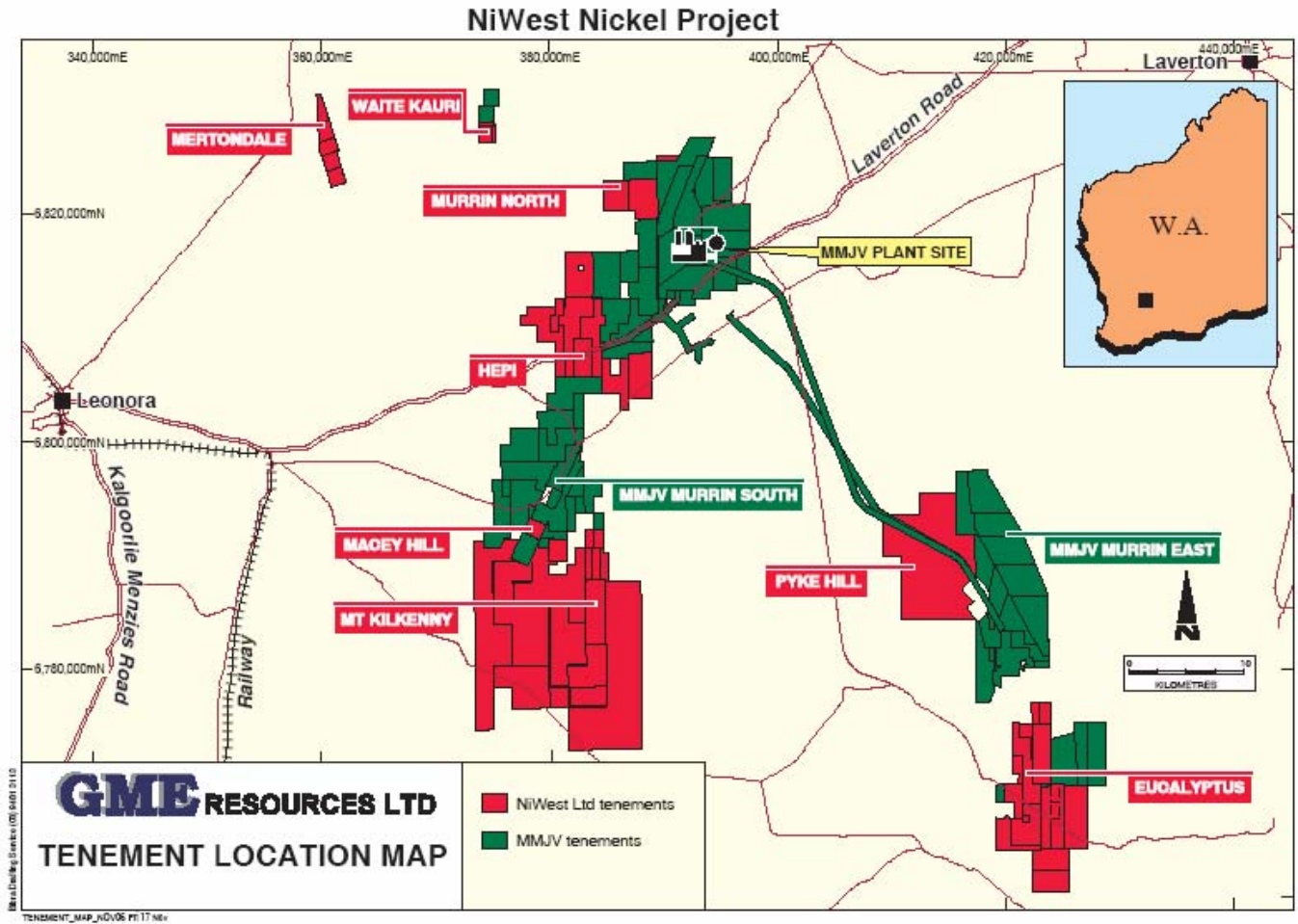
Ni Cut Off Grade %	Million Tonnes	% Ni	% Co	Tonnes Contained	Metal
				Nickel	Cobalt
0.5	227.55	0.81	0.05	1,843,000	113,800
0.7	128.10	1.00	0.06	1,281,000	76,800
1.0	48.76	1.25	0.10	609,500	48,700
1.2	26.08	1.42	0.11	370,300	28,700

HIGH GRADE RESOURCE BASE

1% NICKEL CUT OFF GRADE

Project Area	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 LATERITE PROJECT LOCATION PLAN



TENEMENT DIRECTORY

Project	Tenements	Company Interest	Comments
Abednego West	MLA39/427 MLA39/824 MLA 39/825 MLA39/823	Golden Cliffs 100%	Placer Royalty
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	GME 100% 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%
Mt Morgan South	MLA39/702 - 703, MLA 39/481, MLA39/777	GME 100%	

GME Resources Limited
Quarterly Report –December 2006

Project	Tenements	Company Interest	Comments
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

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

GME RESOURCES LIMITED

ABN

62 009 260 315

Quarter ended ("current quarter")

31 DECEMBER 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(393)	(744)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	31	40
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	100
Net Operating Cash Flows	(458)	(843)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c)other fixed assets	- - -	- - -
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed Assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid from other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(458)	(843)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(458)	(843)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	200	2,084
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	200	2,084
	Net increase (decrease) in cash held	(258)	1,241
1.20	Cash at beginning of quarter/year to date	1,853	354
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,595	1,595

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	48
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	N/A	
3.2 Credit standby arrangements	N/A	

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	-
Total	400

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,595	1,853
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,595	1,853

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	MLA 37/581	Application 100% GME	100%	NIL
6.2 Interests in mining tenements acquired or increased	N/A			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	NIL			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	216,165,998	216,165,998		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	800,000	800,000		
7.5 +Convertible debt securities <i>(description)</i>	NIL			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	<i>Unlisted options</i> 1,600,000 1,600,000 1,000,000	- - -	<i>Exercise Price</i> \$0.20 per option \$0.30 per option \$0.40 per option	<i>Expiry Date</i> 30 June 2007 30 June 2007 30 June 2007
7.8 Issued during quarter	NIL			
7.9 Exercised during quarter	400,000 400,000	- -	\$0.20 per option \$0.30 per option	
7.10 Expired during quarter	NIL			
7.11 Debentures <i>(totals only)</i>	NIL			
7.12 Unsecured notes <i>(totals only)</i>	NIL			

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 18 January 2006
(Company secretary)

Print name: MARK PITTS
.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==