



## GME RESOURCES LIMITED

ABN 62 009 260 315

### REPORT FOR THE QUARTER ENDING 31 March 2007

#### HIGHLIGHTS

#### *NiWest Nickel Laterite Project*

- *Finalising Pre Feasibility Study for a Heap Leach development producing 13,000 tonnes per annum contained nickel in intermediate product*
- *120 day column leach test results confirm rapid metal extraction rates*
  - *Hepi #1* *78.4% Nickel and 94.2% Cobalt*
  - *Mt Kilkenny North#1* *78.2% Nickel and 87.5% Cobalt*
  - *Mt Kilkenny Central#1* *73.2% Nickel and 80.4% Cobalt*
- *Appointment of Project Manager for Pre Feasibility and Feasibility Study*
- *Major RC drilling program continues to upgrade resource tonnage in Measured and Indicated Categories*
- *Sonic core drill program commenced to expand the heap leach resource base*

#### HEAP LEACH PROJECT

##### *Pre Feasibility Study*

The Company is pleased to report that progress on the NiWest Nickel Laterite Project over the quarter has continued in line with expectation. Aker Kvaerner has now completed the pre feasibility study and the Company has received a draft report. The Company is currently undertaking a detailed review of the report and expects to be in a position to notify results from the study in the coming weeks.

##### *Project Information*

The NiWest Nickel Laterite Project Pre Feasibility Study incorporates the development of a 1.5 million tonne per annum Heap Leach Operation located near Murrin Murrin in the North Eastern Goldfields of Western Australia to produce 13,000 tonnes per annum of contained nickel.

The NiWest Nickel Laterite 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 is 1,280,000 tonnes of nickel and 76,000 tonnes cobalt defined by extensive drilling programs over the past three years.

The project is situated in the arid regions of WA and is located close to major infrastructure that is fundamental to the development of a long term operation. Renowned project engineers, Aker Kvaerner were engaged to complete the study based on the identified saprolite resources supported by the successful metallurgical column test work.

The projected size of the Heap Leach Operation will encompass a stand alone acid plant with targeted production in the region of 13,000 tonnes per annum of nickel. Recent metallurgical test work on two of the Company’s eight project areas provide sufficient resource base to support this production level for 12 years. Recently the Company commenced a major drilling program over saprolitic ore types at the other project areas aimed at increasing the heap leach resource base to 40 million tonnes averaging 1.30% Nickel and 0.10% Cobalt.

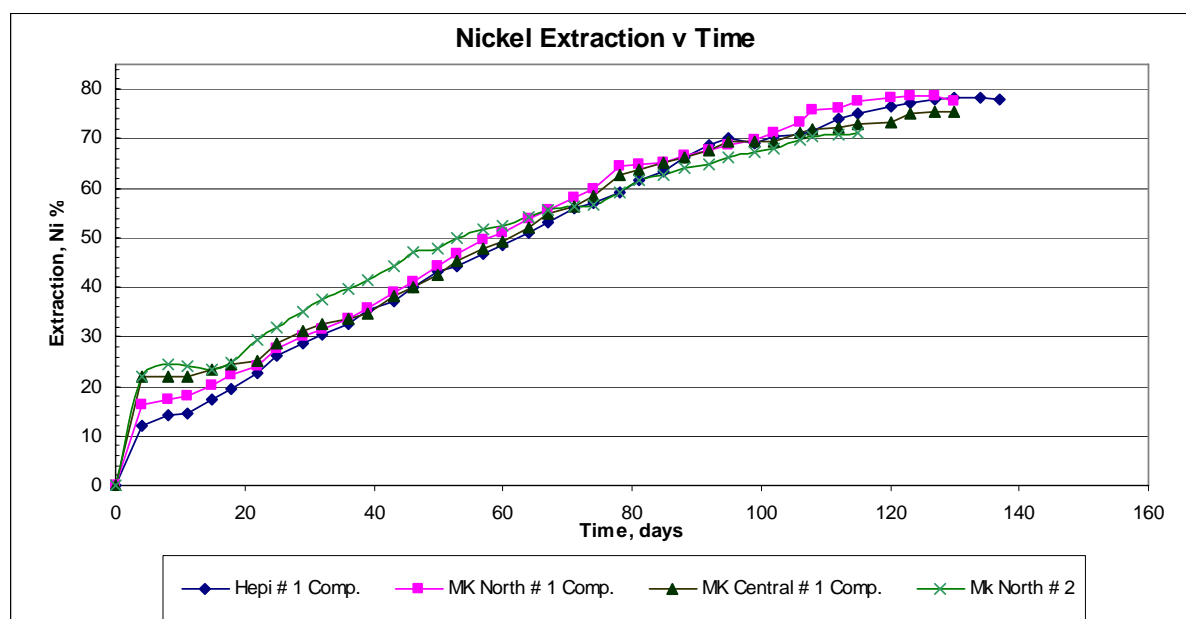
### Column Test Results

Column test work on the Hepi and Mt Kilkenny projects, initiated in October 2006 were decommissioned after 120 days of operation. The highly successful round of test work resulted in significantly higher metal extraction rates than the Company had been anticipating. Metal extraction rates from the three columns were all well above the targeted rate of 70% nickel and peaked at 78% nickel and 94.2% cobalt from the Hepi column.

The column tests demonstrate that the agglomerated saprolite ore types from the Hepi and Mt Kilkenny projects remain sufficiently stable to maintain high percolation rates over the 120 day leach cycle. The rapid extraction of metal from the columns emphasises the combination of these two factors being fundamental to establishing a successful heap leach.

The fourth column MK North #2, which has now also exceed the targeted 70% nickel extraction, has been operating for 116 days is expected to be decommissioned shortly. Details of the extraction rates from the column tests are shown in tables one and two.

Figure 1 - Nickel Extraction Graph



**Table 1 - 120 Day Column Test Results**

<b>4 Meter Column Tests</b>	<b>Number Days</b>	<b>Extraction %Ni</b>	<b>Rate %Co</b>	<b>Column Head Grade % Ni</b>
Hepi #1	120	<b>78.4</b>	<b>94.2</b>	1.74
MK North #1	120	<b>78.2</b>	<b>87.5</b>	1.29
MK Central #1	120	<b>73.2</b>	<b>80.4</b>	1.37
Mk North #2	116	<b>71.2</b>	<b>40.0</b>	1.12

***Appointment of Project Manager***

In February 2007, the Company appointed Mr Mick Ryan as project manager to the Niwest Nickel Laterite Project. Mr Ryan has over 20 years experience in the development of Heap Leach and Nickel Laterite projects. Mr Ryan's relevant experience includes

- Telfer Heap Leach project development and operation
- Red Dome Copper Gold Heap Leach project development and operation
- General Manager Metallurgy for Anaconda Nickel during the development of the Murrin Murrin Project.
- Project Manager for the Syerston Nickel Cobalt Laterite project in NSW.
- Project Manager for Intec's hydrometallurgical process development at Hellyer in Tasmania.

Mr Ryan's appointment, to head the development of the project, comes at an important time as the Company embarks on a major drilling program aimed at upgrading and increasing the resource base followed by a trial heap leach operation later in the year.

***Resource Upgrade Drilling Program***

A major reverse circulation drilling program commenced in early March. The program consists of approximately 500 holes for 20,000 metres aimed at upgrading resources at the Eucalyptus and Mt Kilkenny projects.

In addition to the reverse circulation drilling work, a program of 30 sonic holes will be completed to supply core samples to commence a new round of column test work. The majority of the sonic program will be undertaken at the Eucalyptus project where potential exists to double the current high grade resource suitable for heap leach from 16 million tonnes to 40 million tonnes

***Planned Work******Feasibility Study***

The Company has initiated various early work programs in anticipation of commitment to a formal Feasibility Study. These programs include drilling to expand the resource tonnage in the measured and indicated categories suitable for heap leach processing as well as drilling to define water resources and various environmental studies.

### *Heap Leach Testwork*

- Further column leach tests will be conducted on the Sonic drill core intersections produced from the Eucalyptus area. Geotechnical work is also being undertaken on the strength of the agglomerates from the decommissioned columns to ascertain optimal design and height for the heaps.
- SGS Lakefield has commenced downstream processing work on neutralization and metal recovery from the column leach solutions. This work will include direct recovery of metal from solution using SX EW technology by passing external refining payment.

### *Water and Environmental*

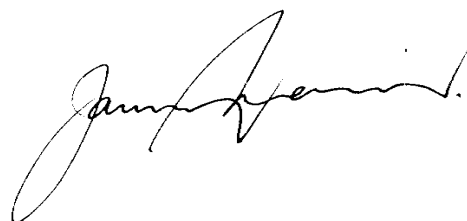
- Rockwater have been engaged to assist in water resource definition within the project area.
- Environmental flora and fauna surveys are being undertaken with the project area.

### **Gold Tenements**

The Company continues to review these assets and other prospective holdings in the area. Work on the gold tenements over the quarter was limited to several site visits.

### **Executive Options**

The Directors have resolved to issue (subject to shareholder approval) Mr Jamie Sullivan with 500,000 Executive Options, to be exercised at 80 cents on or before 30 June 2009. The issue is proposed to Mr Sullivan to provide an incentive as the Company moves into its development phase.



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

Date: 20 APRIL 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.*

## NIWEST NICKEL LATERITE PROJECT RESOURCE STATEMENT

JUNE 2006

### TOTAL RESOURCES AT VARIOUS CUT OFF GRADES

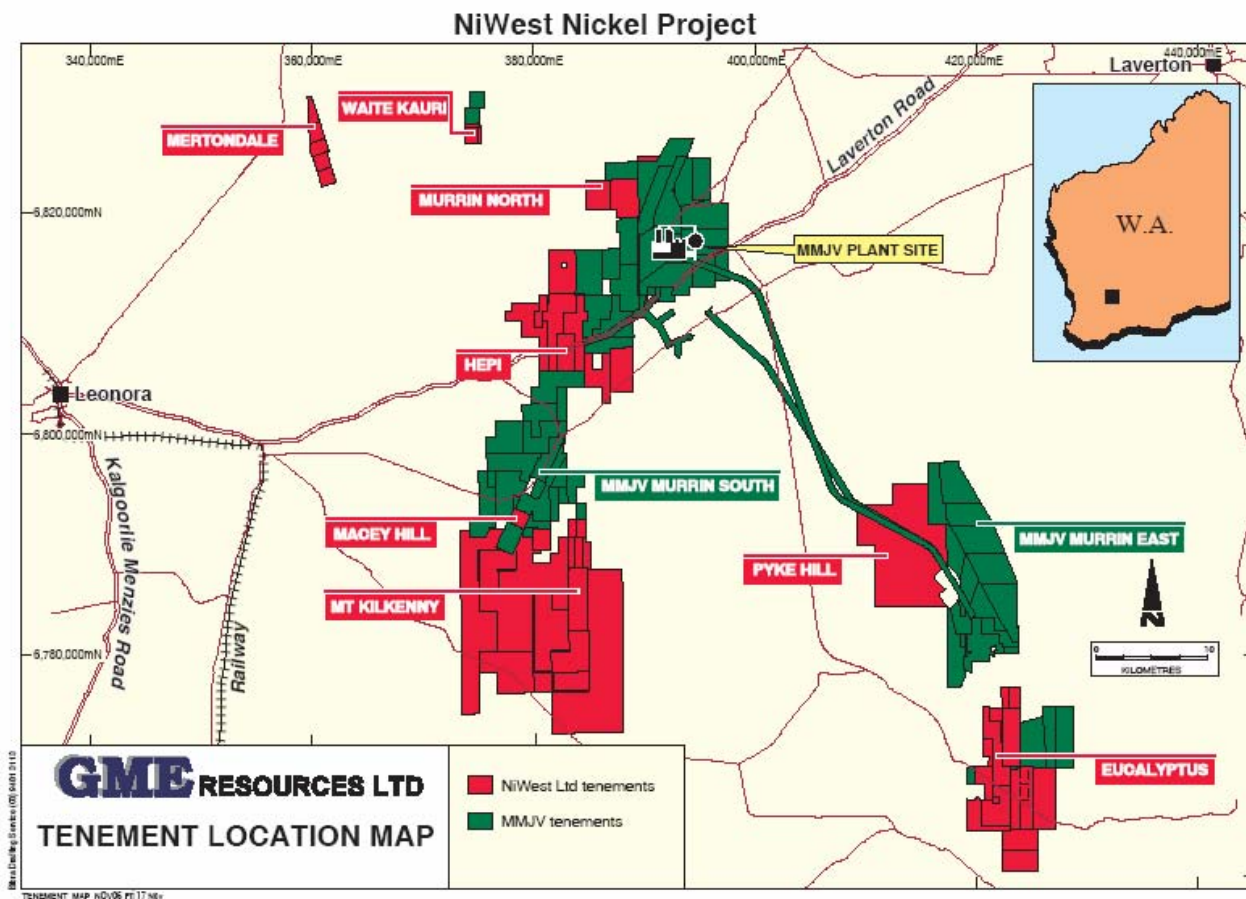
Ni Cut Off Grade %	Million Tonnes	% Ni	% Co	Tonnes Contained	
				Nickel	Cobalt
0.5	227.55	0.81	0.05	1,843,000	113,800
<b>0.7</b>	<b>128.10</b>	<b>1.00</b>	<b>0.06</b>	<b>1,281,000</b>	<b>76,800</b>
1.0	48.76	1.25	0.10	609,500	48,700
1.2	26.08	1.42	0.11	370,300	28,700

### 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
<b>Total</b>	<b>Indicated/Measured</b>	<b>35.96</b>	<b>1.28</b>	<b>0.09</b>
Total	Inferred	12.80	1.18	0.12
<b>Total</b>	<b>Combined</b>	<b>48.76</b>	<b>1.25</b>	<b>0.10</b>

**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
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%	

**GME Resources Limited**  
**Quarterly Report –March 2007**

Project	Tenements	Company Interest	Comments
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%	
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>	<i>Exploration Licence</i>	<i>P:</i>	<i>Prospecting Licence</i>	<i>EPM:</i>	<i>Exploration Permit for Minerals</i>	<i>PLA:</i>	<i>Prospecting Licence Application</i>
<i>M:</i>	<i>Mining Lease</i>	<i>ELA:</i>	<i>Exploration Licence Application</i>	<i>EPM</i>	<i>Exploration Permit for Minerals Application</i>	<i>MLA:</i>	<i>Mining Lease Application</i>

# 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 MARCH 2007

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 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	(712)	(1,456)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	26	66
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	100
<b>Net Operating Cash Flows</b>	<b>(708)</b>	<b>(1,551)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c)other fixed assets	- - (3)	- - (3)
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)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(711)</b>	<b>(1,554)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(711)	(1,554)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	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	-	-
	<b>Net financing cash flows</b>	-	2,084
	<b>Net increase (decrease) in cash held</b>	(711)	530
1.20	Cash at beginning of quarter/year to date	1,595	354
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>884</b>	<b>884</b>

**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

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**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
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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
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+ 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	-
<b>Total</b>	<b>400</b>

### 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	884	1,595
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>884</b>	<b>1,595</b>

### 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	NIL		
6.2	Interests in mining tenements acquired or increased	NIL		

+ 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 <b>Preference securities</b> <i>(description)</i>	NIL			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	216,165,998	216,165,998		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	NIL			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	<i>Unlisted options</i> 1,600,000 1,600,000 1,000,000 250,000	- - - -	<i>Exercise Price</i> \$0.20 per option \$0.30 per option \$0.40 per option \$0.75 per option	<i>Expiry Date</i> 30 June 2007 30 June 2007 30 June 2007 30 June 2009
7.8 Issued during quarter	250,000	-	\$0.75 per option	30 June 2009
7.9 Exercised during quarter	NIL	-		
7.10 Expired during quarter	NIL	-		
7.11 <b>Debentures</b> <i>(totals only)</i>	NIL	-		
7.12 <b>Unsecured notes</b> <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.



20 April 2007

Sign here: ..... Date: .....  
(Company secretary)

MARK PITTS

Print name: .....

## 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.

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