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The Companies Announcement Office  
Australian Stock Exchange Limited  
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**BY E-MAIL**

Dear Sirs

## **RESOURCE UPDATE**

The Company is pleased to release an updated resource statement for its nickel laterite projects located near the Murrin Murrin nickel refinery. The objective of the recent drilling campaigns has been to upgrade the resources from inferred to indicated status. The conversion rate of inferred resources at Mt Kilkeny and Eucalyptus to indicated resources is very encouraging and the Company is confident that the ongoing program of infill drilling will continue to deliver increases to the resource base. The Company is also investigating the significance of trace nickel sulphide discovered in petrology samples taken at the Mt Kilkeny project.

### **Resource Statement**

The following table provides an updated resource statement for the Company's nickel laterite projects. The drilling campaigns that have been carried out over the past nine months have been centred over high grade inferred resources with the objective to convert these resources to indicated status.

*Resource by project area at 1% nickel cut off grade.*

<b>Project</b>	<b>Category</b>	<b>Million Tonnes</b>	<b>% Ni</b>	<b>% Co</b>
Mt Kilkeny	Indicated	9.30	1.30	0.11
Mt Kilkeny	Inferred	3.25	1.13	0.08
Eucalyptus	Indicated	9.25	1.24	0.08
Eucalyptus	Inferred	9.46	1.19	0.06
Waite Kauri	Inferred	1.30	1.33	0.14
Murrin North	Inferred	2.70	1.26	0.11
Hepi	Inferred	2.60	1.26	0.10
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</b>	<b>18.55</b>	<b>1.27</b>	<b>0.10</b>
Total	Inferred	22.31	1.23	0.10
<b>Combined</b>	<b>Ind &amp; Inf</b>	<b>40.85</b>	<b>1.25</b>	<b>0.10</b>

The Company's strategy of rolling drill campaigns has proved to be highly successful and a cost effective manner to complete the first stage of the resource assessment. The Company is confident that additional resource increases will be achieved from further systematic exploration of the under explored areas at the Eucalyptus and Mt Kilkenny projects and from future infill drill programmes planned on the remaining projects.

Within the Eucalyptus project, three separate high-grade zones have been identified and drilled to indicated category. Eucalyptus Central, Eucalyptus North and the Camelback have all returned consistent high-grade nickel laterite results. Mineralisation at all of the above resources is not yet closed off. In addition to these three resources, drilling at Mt Kilkenny has been focused on the 2.5 kilometres of strike over the northern zone of mineralisation. The results from Mt Kilkenny confirm that the area contains wide spread high-grade nickel laterite mineralisation with elevated cobalt grades.

### **Resource Expansion**

Considerable potential exists to build on the established resource base within the Company's projects areas. The Eucalyptus project in particular, which comprises over 55 square kilometres, requires further systematic examination. Other than the three high-grade zones (Eucalyptus Central, Eucalyptus North and Camelback) that have been the focus of drilling in the past nine months, large areas remain sparsely drilled and a number of high-grade intercepts require follow up work. At the Mt Kilkenny project, further resource potential exists on the undeveloped 3.5 kilometres of nickel laterite mineralisation to the south of the northern deposit. Results from wide spaced drilling over this area indicates that a number of mineralised zones require follow up exploration.

Significant potential exists to increase the resources base through screening upgrade of the silica rich zones located around existing chrysoprase workings. At both Eucalyptus and to a lesser extent Mt Kilkenny, silica banding has been identified in chrysoprase pits. Sampling of the nickeliferous clays between the silica banding has provided assay results in a range between 1.2% and 2.3% Ni. By comparison, drill intercepts located close by, indicate the mineralisation to be less than 1% nickel.

Test work on screening of the ore at the Waite Kauri has already shown that grades can be increased by as much as 80%. An initial programme of drilling, within the silica areas, will be undertaken to evaluate the screening concept. Should the screening work prove successful, potential exists to unlock substantial tonnages that have previously been considered to be of low economic value.

### **Planned WORK PROGRAMME**

(Attached plans provide details of the Eucalyptus and Mt Kilkenny projects)

#### **Mt Kilkenny**

A total of four RC drill holes to be located within the northern zone of mineralisation will be drilled to a depth of 75 metres. This program has a dual purpose 1) to increase the density of the laterite drilling and 2) to gather petrological samples for nickel sulphide analysis from a broader area of the underlying ultramafic unit.

#### **Eucalyptus**

- *Eucalyptus West*

Ten RC drill holes are planned to test high-grade mineralisation over 800 metres of strike on the Western zone. Previous drill spacing in this area was too wide with most holes located off the mineralized zone. Several high-grade intercepts were encountered on the zone including one hole which returned 32 metres grading 1.4% Ni.

- *Camelback North*

A ten-hole programme is planned to test 1.5km of strike to the north of the Camelback resource. This area has been identified as a narrow high-grade zone. Like Eucalyptus West previous drilling has indicated holes spacing were too wide with the majority holes missing the target. Several holes did intercept the target with one hole recording 23 metres @ 1.49% Ni.

- *Chrysoprase Area*

Six holes will be drilled within the Chrysoprase area to obtain material for screen up grade test work. Results will also be used to compare previous composite sampling techniques to one metres sample splits.

### **Waite Kauri**

Four holes will be drilled to recover material for screen upgrade test work. Drilling will test both high and low-grade mineralisation. Wet and dry screen test work on various size screens from 2 mm to 10mm will be undertaken to ascertain optimum screen sizing. Should the screen tests prove to be successful a further work will be commissioned to fully assess the project.

### **Murrin Murrin North**

An infill RC drill program comprising 1480 metres will commence in April. Previous drilling on the project delineated an inferred a resource of 2.7 million tonnes grading 1.26% nickel and 0.11% cobalt. Drilling will focus on the high-grade mineralisation within the resource and if successful a further campaign will be undertaken to bring the resource to indicated category. The project area is located 4 km north west of the Murrin Murrin nickel cobalt refinery.

### **Nickel Sulphide Initiatives**

CSA Australia were commissioned to provide an assessment of the Company's projects for the potential to host nickel sulphide mineralisation. The report identified four targets at the Mt Kilkenny project as having suitable chemistry to indicate a potential source for underlying nickel sulphides. As part of the recent infill-drilling programme, over the nickel laterite resource, five vertical RC drill holes were drilled into fresh rock under these targets to collect rock chip samples for petrology analysis.

Petrological studies of the five-rock chip samples taken from the bottom of hole drilling confirmed that three of the samples contained traces of nickel sulphide (millerite and pentlandite). These results are highly encouraging given that the drill holes were extended only a short distance, into the ultramafic rock.

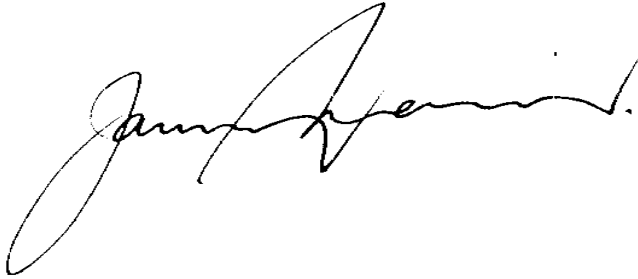
The ultramafic unit at Mt Kilkenny is at least six kilometres in length. In the northern zone of the nickel laterite resource, the ultramafic unit is located 50 to 60 metres below the surface. Very little is known about the geology of this unit. The five holes that provided the samples are the first known holes to have penetrated the partially altered olivine cumulate ultramafic.

The company's consultants have also identified an additional five-nickel sulphide exploration targets at the Eucalyptus project and two targets at the Waite Kauri project. The geology of the ultramafic units that underlie the majority nickel laterite resources at Eucalyptus, Mt Kilkenny and Waite Kauri represent serpentinised, olivine rich komatiites of the kind that host large bodies of the disseminated nickel sulphides of the Mt Keith type and the massive nickel sulphide bodies of the Kambalda type. (Source N. Sheppy)

At Eucalyptus, a diamond drill hole, by previous explorers, reported several intercepts of nickel sulphide grading 0.5% between 193 metres and 226 metres. This hole was located close to the overall basal contact above a bulge in the magnetic data. Other target zones have been identified by a number of factors such as anomalous PGE occurrences combined with geochemistry and aeromagnetic features.

GME, as part of their nickel laterite resource delineation program will continue where appropriate to progress exploration to help define targets for economic nickel sulphide mineralisation.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Jamie Sullivan', written in a cursive style.

**JAMIE SULLIVAN**  
Managing Director

*The information in this report that relates to Mineral Resources is based on information compiled by Mr Bill Hill and Mr Steve Goertz, who are Members of The Australasian Institute of Mining and Metallurgy. Mr Hill 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".*

