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ASX Announcement – 20 January 2006

The Companies Announcement Office  
Australian Stock Exchange  
Level 10 Exchange Centre  
20 Bond Street  
SYDNEY NSW 2000

Dears Sirs,

### **Drilling Identifies New Resource Potential at Eucalyptus Project**

GME Resources Ltd is pleased to announce results from a drill program recently completed at the Company's Eucalyptus project in the Murrin Murrin region of WA. The reverse circulation drill program was focused on testing a potential new resource area at Eucalyptus North East and completing the infill drilling at Camelback North and Camelback South. Both phases of the program were successful.

#### **Eucalyptus North East**

Drilling at the Eucalyptus North East area returned encouraging results with continuous mineralization intercepted on 200 metres line spacing over 1200 metres of strike. Mineralisation at the Eucalyptus North East area remains open to the south where areomagnetics indicate that the ultramafic structure continues for approximately two kilometres.

Several holes at Eucalyptus North East recorded discrete high grade zones of cobalt, the highest recorded assay being 1.11% cobalt over 2 metres in hole EBCO279. A further three holes returned assays between of 0.3% and 0.6% cobalt over similar intercepts. Further drilling will provide greater understanding of how widespread the high grade cobalt mineralization is in this area and test the continuity of mineralization to the south.

#### **Camelback**

Drilling at Camelback North and Camelback South has confirmed high grade nickel laterite mineralization in the Camelback area is now continuous over five kilometres of strike and remains open to the north. Drill hole spacing over the Camelback resource which includes Camelback South and Camelback North areas is now on 100 metres centers. The results from this recent drilling will be incorporated into the Camelback resource and are sufficient for the Company to provide an updated **indicated resource** calculation for this area during this quarter.

**Bore Well**

Ten holes were drilled the Bore Well prospect which is located in the southern most extremities of the Eucalyptus project. Aeromagentic over the area highlighted a number of targets that had not been drill tested. Whilst zones of mineralised clays up to eight metres thick were intercepted, nickel grades were generally in the 0.7% to 1% range. Two of the holes returned intercepts around 1.2% nickel with elevated cobalt grades over two and three metres. Given that most of the holes drilled, were spaced at least 250 metres apart, a further program is justified to follow up on these anomalous results later in the year.

**Planned Work Program**

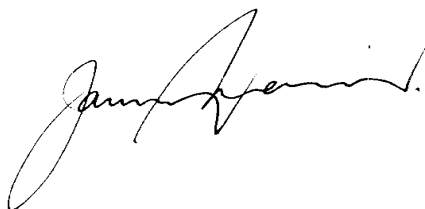
Drilling is currently in progress at the company's Hepi project which is located approximately 10 kilometres to the west of the Murrin Nickel refinery. The infill drilling program comprising of approximately 40 vertical holes is designed to test the continuity of mineralization over 1.5 kilometres of strike where previous work has identified an inferred resource of 2.6 million tonnes grading 1.26% nickel and 0.10% cobalt.

This campaign of drilling will also includes a 1000 metre program at the Mertondale project which is located approximately 30 kilometres to the North West of the Murrin Murrin nickel refinery. The Mertondale project contains an inferred resource quoted at 1.2 million tonnes grading 1.24% nickel and 0.08% cobalt.

Further work is also planned for the Eucalyptus project in March. The program will focus on the area between the Eucalyptus Central and Eucalyptus North resources. Drilling will test laterised ultramafics over three kilometres of strike. The other area of interest is to the south of the Eucalyptus Central resource where previous drilling has recorded intercepts of up to 10 metres grading 1.8% nickel.

**Results from the December 2005 drill program and a project plan of the Eucalyptus area are detailed in Appendix 1 and 2.**

Yours sincerely



**Jamie Sullivan**  
**Managing Director**

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Bill Hill who is a member of The Australasian Institute of Mining and Metallurgy. Mr Hill is self employed and consults to the Company as and when required, Mr Hill has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is 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. Mr Hill consents to the inclusion in the report of the matters based on information provided in the form and context in which it appears.*

**Appendix 1****December 2005 drill results Eucalyptus Project.**

1% Nickel Cut Off Grade

**Eucalyptus North East****GDA-94**

<b>Hole</b>	<b>Northing</b>	<b>Easting</b>	<b>From</b>	<b>To</b>	<b>Interval</b>	<b>Ni %</b>	<b>Co %</b>
EBC0267	6774403	422244	15	19	4	1.04	0.29
EBC0269	6773997	422169	7	10	3	1.00	0.05
EBC0276	6773648	422582	13	15	2	1.08	0.03
EBC0277	6778640	422507	5	18	13	1.20	0.11
<b>Including</b>	6778640	422507	<b>6</b>	<b>11</b>	<b>5</b>	<b>1.51</b>	<b>0.15</b>
EBC0278	6773428	422659	7	12	5	1.12	0.06
EBC0278	6773428	422659	16	21	5	1.21	0.05
EBC0279	6773434	422687	30	37	7	1.30	0.07
<b>Including</b>	6773434	422687	<b>17</b>	<b>19</b>	<b>2</b>	<b>1.08</b>	<b>1.11</b>
EBC0282	6773216	422802	25	31	6	1.25	0.05
EBC0285	6773015	422875	13	17	4	1.47	0.07
EBC0285	6773015	422875	19	23	4	1.36	0.05
EBC0288	6772776	422927	37	65	28	1.19	0.11
EBC0289	6772800	423018	38	43	5	1.13	0.11
EBC0290	6772596	422921	25	31	6	1.15	0.06
EBC0290	6772596	422921	34	42	8	1.10	0.06
EBC0291	6772596	423001	44	49	5	1.00	0.06
EBC0292	6772598	423080	34	38	4	1.19	0.12
EBC0292	6772598	423080	53	56	3	1.32	0.06

**Camelback North**

<b>Hole</b>	<b>Northing</b>	<b>Easting</b>	<b>From</b>	<b>To</b>	<b>Interval</b>	<b>Ni %</b>	<b>Co %</b>
EBC0293	676532	423789	21	30	9	1.25	0.07
EBC0294	6769326	423809	27	42	15	1.12	0.07
EBC0295	6769322	423839	8	19	11	1.23	0.08
EBC0301	6768527	423990	20	58	38	1.26	0.05
<b>Including</b>	6768527	423990	<b>21</b>	<b>33</b>	<b>12</b>	<b>1.46</b>	<b>0.07</b>
EBC0304	6768323	424009	22	28	6	1.21	0.08
EBC0305	6768322	424059	11	22	11	1.27	0.10
EBC0307	6768218	424020	19	24	5	1.19	0.02

EBC0308	6768118	424026	23	26	3	1.21	0.08
EBC0309	6768116	424076	27	32	5	1.30	0.20
EBC0312	6768019	424090	41	44	3	1.17	0.04
EBC0314	6767927	424066	29	37	8	1.34	0.10
EBC0315	6767920	424013	23	26	3	1.14	0.06
EBC0316	676807	424085	26	36	9	1.30	0.08
EBC0317	6767687	423977	20	24	4	1.52	0.13
EBC0318	6767692	424087	22	24	2	1.08	0.22
EBC0319	6767605	424003	18	21	3	1.05	0.08
EBC0322	6767608	424069	14	19	5	1.25	0.12

### Camelback South

Hole	Northing	Easting	From	To	Interval	Ni %	Co %
EBC0324	6765413	423797	10	12	2	1.00	0.11
EBC0326	6765219	423826	15	17	2	1.38	0.75
EBC0326	6765219	423826	21	22	1	1.19	0.06
EBC0329	6765000	423800	8	11	3	1.11	0.07
EBC0329	6765000	423800	12	16	4	1.15	0.07
EBC0332	6744605	423699	11	16	8	1.31	0.09
EBC0334	6764418	423647	27	33	6	1.61	0.12
EBC0335	6764415	423785	7	13	6	1.49	0.16
EBC0336	6764198	423688	12	22	10	1.27	0.09
EBC0336	6764198	423688	33	40	7	1.15	0.04

### Bore Well

Hole	Northing	Easting	From	To	Interval	Ni %	Co %
EBC0345	6762299	423570	4	6	2	1.05	0.29
EBC0346	6762445	423567	5	7	2	1.02	0.15
EBC0348	6762300	422799	16	18	2	1.21	0.06
EBC0348	6762300	422799	27	28	1	1.02	0.06
EBC0349	6762165	422797	12	14	2	1.02	0.10
EBC0350	6762599	422799	16	20	3	1.18	0.25

Appendix 2

Eucalyptus Project Map

