



GME RESOURCES LTD

ABN 62 009 260 315

Level 2, 907 Canning Highway
Canning Bridge
Western Australia 6153

**Postal: Post Office Box 920
CANNING BRIDGE WA 6953**

Phone: (618) 93159057
Fax: (618) 93159037

Email: enq@gmeresources.com.au

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

Dears Sirs

PRE FEASIBILITY STUDY CONFIRMS MAJOR NEW NICKEL HEAP LEACH PROJECT

- **Annual Production - 13,100 tonnes Nickel and 630 tonnes Cobalt**
- **Minimum Mine Life 20 years**
- **Operating Surplus - A\$3.70 billion (pre tax)**
- **Operating Costs - US\$2.49/lb (after Co credit)**
- **Capital Costs - A\$455 million**
- **NPV - A\$1.47 billion (pre tax)**
- **Strong Potential for Existing Resource Base to Support Higher Production**

The Company is pleased to report the results from the Pre Feasibility Study (PFS) on the development of the NiWest Nickel Laterite Heap Leach project at Murrin Murrin in the North Eastern goldfields of Western Australia.

The PFS shows a project which has the potential to deliver significant long term economic benefits to shareholders. The low cost per annual pound of Nickel produced confirms Heap Leach as the preferred development route for GME's laterite ores. At US\$11.43/lb the NiWest capital cost rates as one of the lowest cost nickel projects internationally.

The PFS was undertaken by leading independent project engineers Aker Kvaerner who have relevant experience in the design and development of nickel laterite heap leach projects.

The Company will now commit to a bankable feasibility study (BFS) for the project which will include a demonstration 20,000 tonne mining and heap leach trial. The BFS is expected to be completed by June 2008.

Production

The NiWest Heap Leach project will be based on an operation treating 1.5 million tonnes of ore per annum and production of a high grade Mixed Sulphide Product that yields 13,000 tonnes of nickel and 630 tonnes cobalt annually. The project will be self contained with its own acid plant.

Resources and Recoveries

The PFS utilises the **measured and indicated resources** (at a 1% nickel cut off grade) located at the Hepi, Mt Kilkenny and Eucalyptus project areas. These resources total 32.5 million tonnes at 1.27% Nickel and 0.08% Cobalt. Taking into account future conversion of these resources to reserves, the mineable ore has been assumed to be 30 million tonnes at 1.21% Nickel and 0.08% Cobalt.

Total resources at the Hepi and Mt Kilkenny projects represent the first 12 years of production. The balance of the heap leach resource tonnes will come from the Eucalyptus project area where similar saprolite ore types have been identified. Metallurgical column test work will commence on the Eucalyptus resource in June 2007.

Capital Costs

Total capital costs have been estimated at A\$455 million. The Company believes that significant savings can be made in a number of areas once more accurate quantities have been defined.

The following table provides a summary of Capital Costs.

Capital Breakdown	Million A\$
Bulk and Civil Earthworks	48.0
Process and Acid Plant	283.3
EPCM	48.3
Contingencies	75.9
Total	455.5

Operating Costs

Total operating costs before cobalt credits have been calculated to be US\$3.30/lb Nickel or A\$85 per tonne of ore treated. After cobalt credits are taken up operating costs fall to US\$2.49/lb Nickel. The operating costs are in line with the Company's conceptual estimates although there are a number of areas that have been identified where savings can be made.

Test work has also been commissioned to investigate the economics of introducing a SX EW plant to produce LME grade product. Refining costs allowed for in the PFS total approximately \$1.0 billion over the life of the mine.

Project Financial Indicators

A financial model of the project has been produced. Based on nickel and cobalt prices of US\$10 and US\$20 per pound respectively, the model shows the project will produce a cash surplus of A\$3.7 billion before tax. Using a discount rate of 8% this gives an NPV A\$1.47 billion.

The following table summarises the financials and key parameters of the project

Heap Leach Mine Life	20 years
Resources	
Measured and Indicated	32.5 Mt at 1.27% Ni and 0.10% Co
Estimated Mineable Ore	30.0 Mt at 1.21% Ni and 0.08% Co
Production per annum	
Nickel in Mixed Sulphide Product	13,100 Tonnes
Cobalt in Mixed Sulphide Product	630 Tonnes
Exchange Rate	
(A\$ - US\$)	A\$0.75
Nickel Price	US\$10/lb
Cobalt price	US\$20/lb
Capital	
Capital Costs	A\$455 Million
Capital Cost per annual pound Ni Production (Life of Mine)	US\$11.43/lb
Operation Cost	
Operating Cost including Cobalt Credits (Life of Mine)	US\$2.49/lb
Operating Surplus	
Operating Surplus (pre tax)	A\$3.7 Billion
NPV 8% discount (pre tax)	A\$1. 47 Billion

Project Upside

Table 1 shows the combined heap leach resources (1% nickel cut off grade) at the Hepi, Mt Kilkenny and Eucalyptus resources. The Measured and Indicated resources are expected to increase further as a result of the current infill drilling program aimed at upgrading the inferred resources. Based on previous infill drilling programs, resource conversion from inferred to indicated category is approximately 90%.

Table 1 - Heap Leach Resources

<i>1% Cut off grade</i>			
Category	Tonnes	Ni%	Contained Nickel
Measured & Indicated	32,500,000	1.27	412,750
Inferred	8,830,000	1.15	101,545
Combined Total	41,330,000	1.24	514,295

Table 2 shows the increase in tonnes and metal content when the resources are calculated at 0.8% nickel cut off grade.

Table 2 – Heap Leach Resources

0.8% Cut Off Grade			
Category	Tonnes	Ni%	Contained Nickel
Measured & Indicated	45,730,000	1.11	507,603
Inferred	13,980,000	1.00	139,800
Combined Total	59,710,000	1.08	647,403

Although the PFS is based on a processing rate of 1.5 million tonnes per annum, the resource base can support a substantially higher annual processing rate. The BFS will investigate further the grade/tonnage relationship and the incremental capital costs to determine the optimum project size.

Feasibility Study

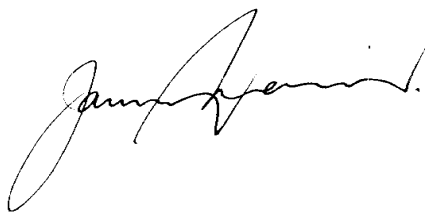
The Company is to immediately commence the BFS. A number of initiatives to compliment the fast tracking of the BFS have been advanced including

- An extensive infill drilling program to upgrade Mt Kilkenny and Eucalyptus resources.
- A Sonic core drilling program to facilitate a new round of column test work
- Environmental surveys and studies at Hepi and Mt Kilkenny projects
- Water resource drilling and evaluation
- Resource model and reserve studies for Hepi and Mt Kilkenny
- Drill out at Hepi for the trial pit design
- Engineering and design for the 20,000 tonne Trial Heap Leach

Capital Raising

Further capital is required to complete this work. The Company has received strong support from its shareholders and is in the process of finalising a capital raising by way of a renounceable rights issue. Full details of this rights issue will be announced shortly.

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 and Mr Steve Geortz who 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 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 and Mr Geortz consent to the inclusion in the report of the matters based on information provided in the form and context in which it appears.

