GME Resources Ltd 2007 Annual Report

GME

ABN 62 009 260 315

2007

Corporate Directory

Directors

Chairman
Michael Delaney PERROTT B.Com

Managing Director
James Noel SULLIVAN FAICD

Director
Peter Ross SULLIVAN BE, MBA

Director
Geoffrey Mayfield MOTTERAM B.MetE(Hons), M.AusIMM

Company Secretary
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Stock Exchange Listing

The Company's shares are quoted
on the Official List of
Australian Securities Exchange Limited
Ticker code: GME

State of Registration
Western Australia

Contents

Chairman's Letter

Dear Shareholder

It has been an exciting year for your Company with much achieved. The recently announced completion of a financially robust pre-feasibility study conducted by Aker Kvaerner to develop the Company's 100% owned NiWest Nickel Laterite Project using heap leach technology was a major milestone for the Company.

The NiWest Nickel Laterite project with defined resources containing metal content of 1,200,000 tonnes of nickel and 75,000 tonnes of cobalt has the potential to become a nickel producer of world standing.

The Company's commitment to commence Feasibility Studies that will include trial mining at the Hepi project and a trial heap leach program at Norilsk Nickel's Cawse nickel processing facility near Kalgoorlie reflects your Board's confidence in the project.

Heap leaching as a process for treating Nickel Laterites is continually being proven in our region and further strengthens our position to unlock the enormous value of this project for the benefit of our shareholders.

Your Company is well placed strategically in not having any tie up with other major miners and, in particular, nickel producers. Consequently, the opportunity to evaluate proposals as to the ultimate development of the Company's NiWest Nickel Laterite Heap Leach Project is open and not restricted.

We expect the continued demand for nickel to remain strong, albeit not at the stellar prices which were experienced during the past year, but at prices which will adequately cover the business model developed by our Company.

Our management team has been expanded during the year to allow for the increased work load and we're grateful to them and our Board for their continued involvement.

We look forward to seeing you at our Annual General Meeting.

Yours faithfully

MICHAEL PERROTT
Chairman

Review of Operations

NiWest Nickel Laterite Heap Leach Project

Over the past twelve months, significant shareholder wealth has been created through the delivery of a robust Pre Feasibility Study (PFS) on the development of the NiWest Nickel Laterite Heap Leach Project.

The PFS, produced by independent Engineering Consultants Aker Kvaerner, shows a project which has the potential to deliver substantial long term economic benefits to shareholders.

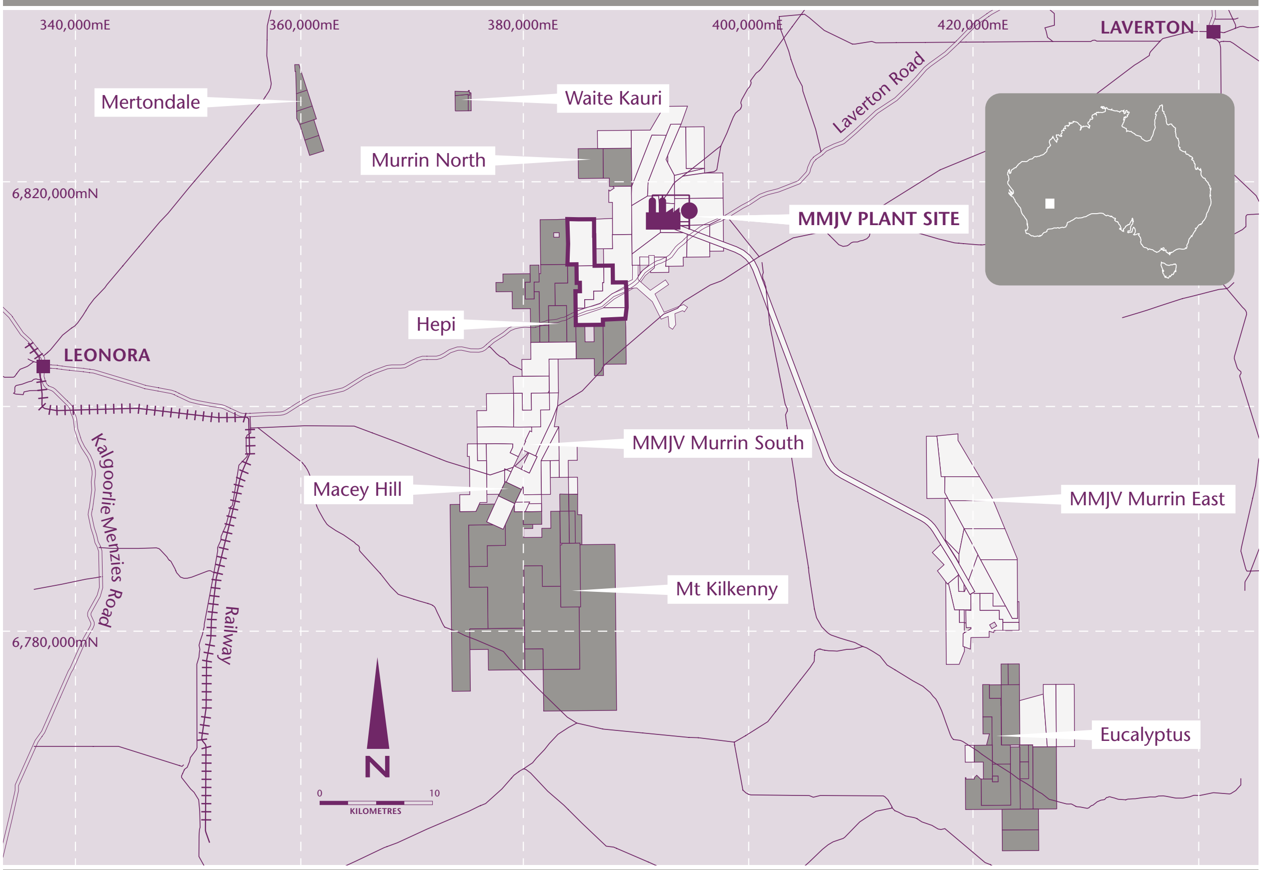
The Company has now committed to a Feasibility Study (FS) for the project which will include a demonstration 20,000 tonne mining and heap leach trial that is expected to be completed by September 2008.

The past twelve months has been a most productive year for your Company in terms of successful exploration, metallurgical programs and development studies. The combination of these activities culminated with the release of results in May from the Pre Feasibility Study (PFS) on the development of a Heap Leach Project as the preferred treatment route for the NiWest resources.

The NiWest Nickel Laterite Project comprises of eight separate project areas in the Murrin Murrin region of the North Eastern Goldfields of Western Australia. Located on granted mining leases, total resources of 128 million tonnes averaging 1.0% Nickel and 0.06% Cobalt (0.7%Ni cut off grade) have been defined through extensive systematic drilling programs.

The area is well suited to Heap Leach processing being located in low rainfall, semi desert environment that is sparsely vegetated and generally flat open country. The area is well serviced with infrastructure such as railway linked to deep water ports, bitumen road, gas pipeline and is in close proximity to the township of Leonora.

NiWest Project Areas



LEGEND ○ GME Resources Tenement ● Murrin Murrin Joint Venture ○ GME Nickel sulphide/gold rights Nickel laterite royalty

These fundamental aspects combined with the positive PFS results and encouraging media reports on the Nickel Heap Leach operation that is progressing at the neighboring Murrin Murrin Nickel Refinery underpin the growing confidence your Board has in the project.

PRE FEASIBILITY STUDY (PFS)

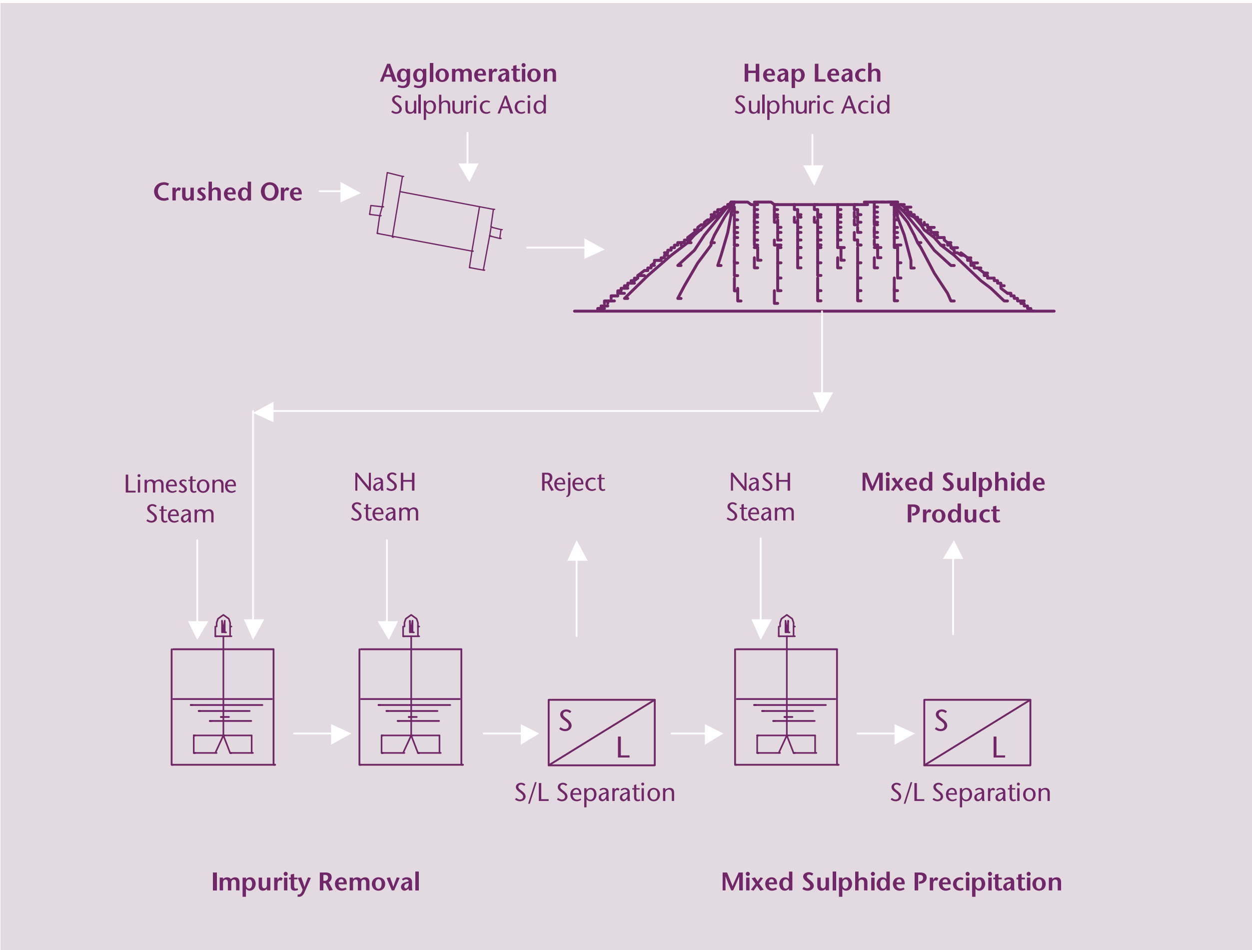
In October 2006 the Company appointed internationally recognized Engineering Consultants Aker Kvaerner to undertake a PFS on the potential development of the NiWest resources using Heap Leach technology.

Heap Leaching of Nickel Laterites is similar to traditional gold and copper heap leach processing where ore is mined, agglomerated and stacked in piles. The piles are irrigated with sulphuric acid that percolates through the ore piles dissolving the contained metals. The pregnant solution is then processed to precipitate the dissolved metals.

Aker Kvaener's scope of work included investigation of the following:

- The development of a fully integrated Nickel Laterite Heap Leach Operation capable of processing a minimum 1.5 million tonnes per annum.
- Review major findings from the metallurgical column test work completed by SGS Lakefield Oretest.
- Development of a conceptual flow sheet producing a Mixed Sulphide Precipitate (MSP).
- Prepare preliminary process flow diagrams including site layout, process design criteria, mechanical equipment lists and a description of facility for the proposed MSP flow sheet.
- Prepare operating and capital costs estimates.
- The study was based on utilizing measured and indicated resources of 32.51 million tonnes at 1.27% Nickel and 0.09% Cobalt located at the Hepi, Mt Kilkenny and Eucalyptus projects. The heap leach resource base is sufficient to support a 20 year mine life.
- Metal extraction rates of 80% for Nickel and 51.1% for Cobalt that were determined from the column test work. With overall recovery calculated at 77% Nickel and 48% Cobalt as mixed sulphides.
- Nickel production ranged between 13,000 – 15,000 tonnes per annum, averaging 14,235 tonnes per annum over 20 years.

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



Review of Operations (continued)

PROJECT FINANCIAL INDICATORS

A financial model produced for the project using the established resources, capital estimates and operating costs generated from the PFS supports an economically robust project. Based on nickel and cobalt prices of US$10 and US$20 per pound respectively, the model shows the project has the potential to produce an operating cash surplus of A$4.7 billion before tax over the projected 20 year mine life. Using a discount rate of 8% this equates to a Net Present Value of A$1.68 billion before tax.

Table 1 summarises the financials and key parameters of the project.

CAPITAL COSTS

Aker Kvaerner has estimated the total capital costs to construct the project to be $455 million. Table 2 provides a summarized breakdown of the capital requirements.

The cost estimate includes provision for an acid plant, metal precipitation plant, power generation, site clearing, civil earthworks, borefield and site access roads. Allowances for engineering procurement construction management and contingencies are also taken into account.

Capital intensity of the project is US$11.43 per pound annual contained nickel produced which is considerably less than the alternative treatment option, HPAL, now above US$18 per pound annual production. In terms of capital costs the NiWest project is at the lower end of capital costs curve by comparison to projects such as BHPB's Ravensthorpe project, at US$19.64 per pound and Inco's Goro project at US$23.80/lb.

As the Feasibility Study progresses the Company believes that significant savings can be made in a number of areas once more accurate quantities have been defined.

Table 2

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

OPERATING COSTS

Operating cost estimates examined in the PFS captured all costs associated with the mining, crushing, agglomeration, stacking, reagents, processing and all associated services and utilities including labour requirements based on continuous 365 day operation.

Total operating costs before cobalt credits have been calculated to be US$3.30/lb Nickel or A$83 per tonne of ore treated. After cobalt credits are taken up operating costs fall to US$2.37/lb Nickel.

The operating costs generated in the PFS are in line with the Company's conceptual estimates and other reported studies completed by companies investigating nickel heap leach projects.

Further analysis of the operating costs estimates will be undertaken as the Feasibility Study progresses to investigate where potential savings can be made in the heap leach and solution processing areas.

Table 1

Heap Leach Mine Life	20 years
Resources	
Measured and Indicated	32.5 Mt at 1.27% Ni and 0.08% Co
Estimated Mineable Ore	30.0 Mt at 1.21% Ni and 0.08% Co
Average Production per annum	
Nickel in Mixed Sulphide Product	14,235 tonnes per annum
Cobalt in Mixed Sulphide Product	630 tonnes per annum
Exchange Rate	
(A$ – US$)	A$0.75
Nickel Price	US$10/lb
Cobalt Price	US$20/lb
Estimated Capital	
Capital Costs	A$455 Million
Capital Cost per annual pound Ni Production (Life of Mine)	US$11.43/lb
Estimated Operation Cost	
Operating Cost including Cobalt Credits (Life of Mine)	US$2.37/lb

HEAP LEACH RESOURCES

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 as at January 2007.

Measured and indicated 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 estimated to be 30 million tonnes at 1.21% Nickel and 0.08% Cobalt.

Heap Leach Resource Base 1% Ni Cut Off Grade

Project	Category	Million Tonnes	Grade Ni %	Grade Co %
Hepi	Measured	1.10	1.44	0.10
Hepi	Indicated	0.58	1.30	0.11
Hepi	Inferred	0.35	1.09	0.11
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
Total Measured / Indicated		**32.51**	**1.27**	**0.08**
Total Inferred		8.83	1.16	0.09
Total all categories		**41.34**	**1.24**	**0.08**

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 RESULTS

In July 2006 a Sonic drill program commenced to extract core samples at the Hepi and Mt Kilkenny projects. Holes were sited along side recorded RC drill intersections to provide correlation of the mineralisation. Eighteen widespread drill sites were selected over the identified resources to provide representative coverage of the ore types.

SGS Lakefield Perth Laboratory commenced the large scale metallurgical column test work on the Sonic core samples in September 2006.

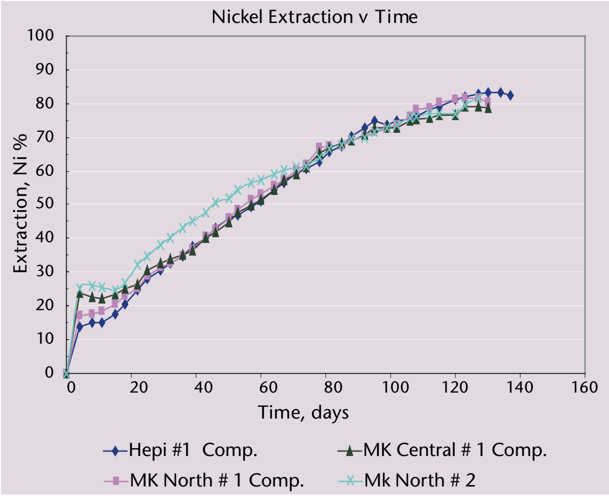
The column tests were run for 120 days and confirmed the bottle roll test results completed earlier in the year that showed nickel was readily leached by sulphuric acid solution at atmospheric conditions.

The percolation rate of the leach solutions remained high throughout the column test work and is attributed to the geotechnical stability of the ore types used to form the agglomerates. The combination of these effects in the test work resulted in metal extraction rates as high as 82.6% nickel and 99.1% cobalt.

120 Day Column Test Results

4 Metre Column Tests	Number Days	Extraction % Ni	Rate % Co	Column Head Grade % Ni
Hepi #1	120	82.6	99.1	1.74
MK North #1	120	80.5	98.7	1.29
MK Central #1	120	78.8	86.0	1.37
Mk North #2	120	81.3	89.1	1.12

4 metre Column Test Graphs



Tub of Nickel Rich Solution from column tests

Review of Operations (continued)

FEASIBILITY STUDY

As a result of the compelling economic model derived from the PFS, and the rapidly growing confidence in the ability to process the saprolite nickel ore types by heap leach processing, the Company initiated a Feasibility Study (FS) in June 2007.

A major component of the FS will be the planned trial mining of high grade ore from the Hepi project that will be used to construct a 20,000 tonne trial heap leach program. Work on the trial heap leach program is scheduled to commence in January 2008 and is expected to operate until September 2008.

The aim of the trial heap leach program is to confirm the key leaching parameters for the project in terms of agglomerate and heap stability, percolation rates and downstream processing of pregnant leach solutions.

The Company appointed Mr Mick Ryan as project manager in February 2007 to oversee all aspects of the study. Mr Ryan has significant experience in heap leach operations and nickel laterite projects including having previously held the position of General Manager Metallurgy at Murrin Murrin.

Key consultants have been engaged to undertake specialist work on the trial heap leach program and other aspects of the feasibility study.

The scheduled completion date for the FS is September 2008 although this is contingent on the granting of work approvals for the trial mining and heap leach program.

Memorandum of Understanding (MOU) with Norilsk Nickel Cawse Pty Ltd to conduct Trial Heap Leach Program at the Cawse Nickel Operation.

In August 2007, the Company agreed the terms of a MOU with Norilsk Nickel Cawse Pty Ltd to determine the viability of conducting the Trial Heap Leach at the Cawse site.

The MOU with Cawse Nickel provides for the following

- access to the site to evaluate the proposed development area
- undertake engineering and environmental studies
- future supply of utility services such as power, water and reagents
- evaluate the effects of downstream processing of the pregnant solutions

High grade saprolite ore for the trial will be sourced via open pit mining from the Hepi project and trucked 275 km to the Cawse Nickel Mine. Approval to commence the mining operation at Hepi is expected to be granted by January 2008.

Facilitation of the trial heap leach program at the Cawse site where there is existing infrastructure for reagent handling and solution processing is expected to result in a significant saving of time and capital as opposed to establishing the trial heap leach program at the NiWest site.

Excavating bulk sample Mt Kilkenny

NiWest Nickel Project. 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	128.1	1.0	0.06	1,281,000	76,800
1.0	48.76	1.25	0.1	609,500	48,700
1.2	26.08	1.42	0.11	370,300	28,700

Resource Statement – June 2007. All project areas – 1% Nickel cut off grade.

Project	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**

EXPLORATION WORK

Over the year the Company completed three reverse circulation drilling programs and two Sonic drill core programs. The reverse circulation drilling work was predominately infill drilling designed to upgrade classification of the Heap Leach resource base. It is expected to result in a significant upgrade in high grade measured resources located at Mt Kilkenny.

Updated resources calculations are in progress and should be completed later this year.

The Sonic programs provided core samples for the column test work. The following section provides an overview of the resource drilling work that was completed.

Drilling statistics are shown in table 3:

Table 3

Project	RC Metres	RC Holes	Sonic Metres	Sonic Holes
Mt Kilkenny	17183	425		
Mt Kilkenny			396	12
Hepi	1902	65		
Hepi			159	6
Eucalyptus	4649	183		
Eucalyptus			552	18
Waite Kauri			40	2
Macey Hill	177	8		
Total	**23911**	**681**	**1147**	**38**

Review of Operations (continued)

MT KILKENNY

E39/688, M39/878 – 879, E39/1107-1108, P39/4571

The Mt Kilkenny Project has been identified as the preferred site for the location for the Heap Leach Operation. To the east of the resource the country is predominately flat and ideally suited for the construction of the heap leach pads and plant infrastructure area.

As part of an initiative taken by the Company earlier in the year to assist the feasibility study a major drill out of the Mt Kilkenny resource commenced in March 2007.

The focus of the 17,183 metre drill program undertaken was to upgrade the resource classification by infill drilling. The central and southern extent of the resource is expected to upgrade to measured status where the hole spacing is on a 50 by 50 metre pattern. The northern half of the Mt Kilkenny resource is now drilled on a 50 by 100 metre grid and is expected to remain classified as an indicated resource.

Results from the programs over the central and southern zones were some of the best the Company has seen in terms of thickness and grade. Mineralized zones over 20 metres thick with solid grades averaging above 1.3% Nickel were intersected in many of the holes drilled.

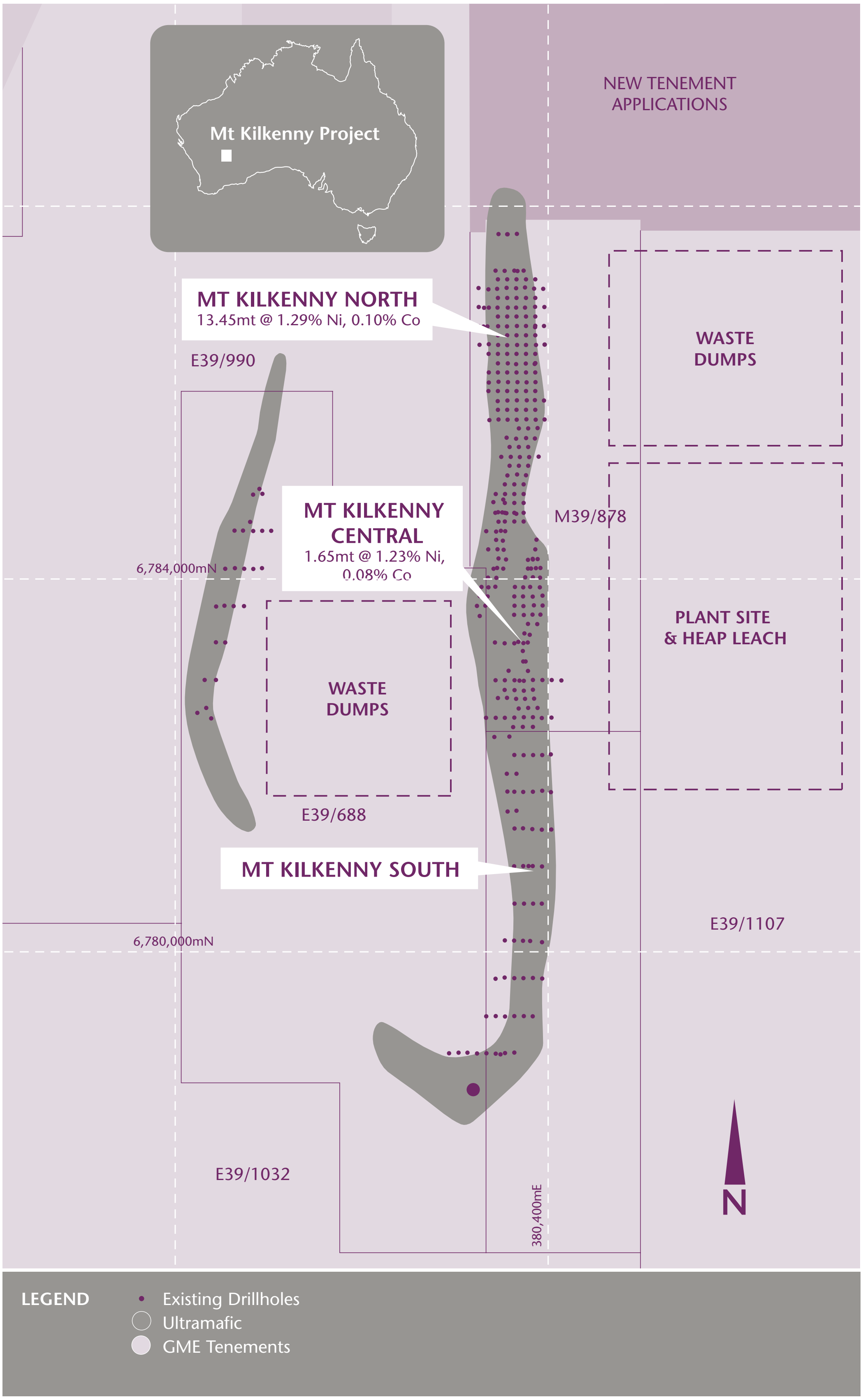
Some of the better results are listed in the table below.

Mt Kilkenny Resource – 1% Ni cut off grade

	Million Tonnes	%Ni	%Co
Indicated	13.73	1.29	0.10
Inferred	1.38	1.14	0.07
Total	**15.11**	**1.28**	**0.10**

Hole	Easting	Northing	From	To	Interval	Ni %	Co %
MKC0348	384042	6783907	8	28	20	1.38	0.11
MKC0351	384025	6783807	8	28	20	1.67	0.09
MKC0352	383985	6783811	6	35	29	1.27	0.05
MKC0355	383992	6783703	4	30	26	1.44	0.07
MKC0356	383984	6783698	14	31	17	1.86	0.17
MKC0357	383934	6783710	9	36	27	1.36	0.10
MKC0368	383864	6785703	6	35	29	1.27	0.07
MKC0373	383875	6785603	12	32	20	1.60	0.09
MKC0434	383987	6784400	4	25	21	1.57	0.10
MKC0435	383928	6784407	22	44	22	1.50	0.13
MKC0441	383905	6784302	12	43	31	1.37	0.09
MKC0484	383639	6783109	3	40	37	1.27	0.07
MKC0487	383792	6783104	0	41	41	1.34	0.03
MKC0519	383484	6783996	21	53	32	1.36	0.09
MKC0534	383718	6784804	13	33	20	1.72	0.11
MKC0535	383763	6784901	10	37	27	1.19	0.08
MKC0585	383917	6786445	26	53	27	1.82	0.18
MKC0597	383908	6786650	38	66	28	1.63	0.13

Mt Kilkenny Project Plan Showing Proposed Site Layout



HEPI

M39/717 – 718, M39/819

The Hepi project has been the focus of a number of drilling programs over the past year following the discovery of a 2 % nickel horizon in the central area of the resource. The work completed at Hepi has resulted in the majority of the resource now being classified at measured category.

The resource at Hepi is in close proximity to bitumen road access (300 metres) and has been selected as the preferred site to commence the trial mining operation. Mined ore from the trial pit will be trucked 275 kilometres to the Cawse Minesite where the heap leach program will be conducted

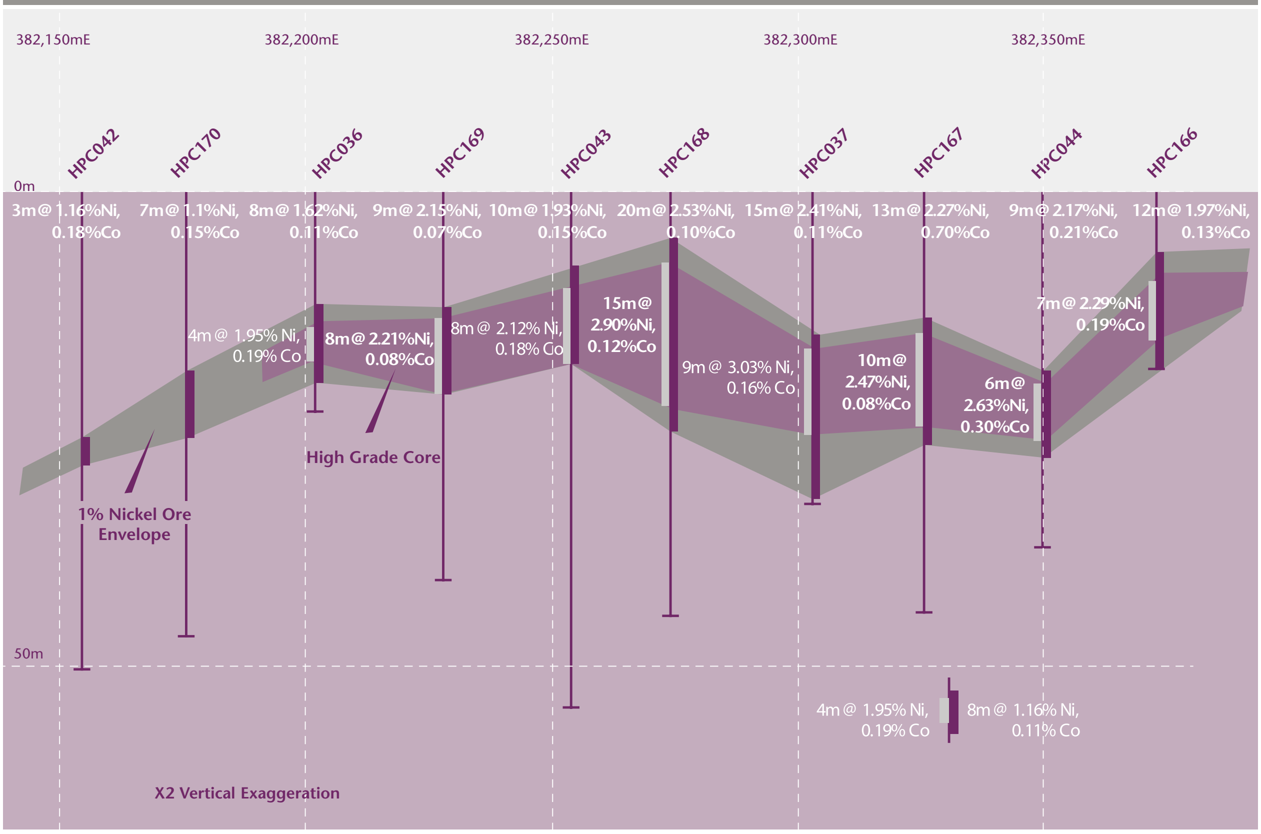
Environmental surveys have been completed over the area affected by the mine and waste dumps. Permitting applications advertised in August 2007 to commence clearing and develop the mine are progressing through the relevant government authorities. Approval to commence site work is expected to be granted by January 2008.

The following cross section at 6806550 north shows the continuity of the +2%Ni high grade horizon at Hepi where the trial pit is planned.

Hepi Resource – 1% Ni cut off grade

	Million Tonnes	%Ni	%Co
Measured	1.10	1.44	0.10
Indicated	0.58	1.30	0.11
Inferred	0.35	1.09	0.11
Total	**2.03**	**1.34**	**0.1**

Hepi Section Plan 6,806,550 North



The following table contains the significant results from drilling at the Hepi project

1% nickel cut off grade

Hole	Easting	Northing	From	To	Interval	Ni %	Co %
HPC030	382100	6806320	19	28	9	1.76	0.09
Including	382100	6806320	22	26	4	2.10	0.09
HPC036	382199	6806552	12	20	8	1.62	0.11
Including	382199	6806552	14	18	4	1.95	0.19
HPC037	382304	6806541	18	33	15	2.41	0.11
Including	382304	6806541	19	28	9	3.03	0.16
HPC007	382177	6806597	15	22	7	1.48	0.07
HPC008	382276	6806597	13	20	7	1.74	0.22
Including	382276	6806597	14	18	4	2.08	0.31
HPC009	382386	6806603	15	23	7	1.40	0.10
HPC143	382320	6806755	11	19	8	1.49	0.12
HPC151	382341	6806651	12	26	14	1.64	0.08
HPC161	382260	6806602	7	20	13	1.27	0.10
HPC162	382308	6806605	12	22	10	1.61	0.11
HPC163	382357	6806603	15	23	9	1.41	0.05
HPC166	382393	6806561	12	24	12	1.97	0.13
HPC167	382333	6806563	16	31	15	2.09	0.06
HPC168	382276	6806554	7	28	21	2.45	0.09
HPC169	382233	6806533	14	23	9	2.15	0.07
HPC172	382198	6806500	14	28	14	1.56	0.08
HPC173	382198	6806500	14	28	14	1.56	0.08

Review of Operations (continued)

EUCALYPTUS PROJECT

P39/3459 – 3460, E39/480, E39/703, M39/289, M39/344, M39/430, M39/313, M39/568, M39/570, M39/616, M39/665 – 666, M39/802

Eucalyptus Resource – 1% Ni cut off grade

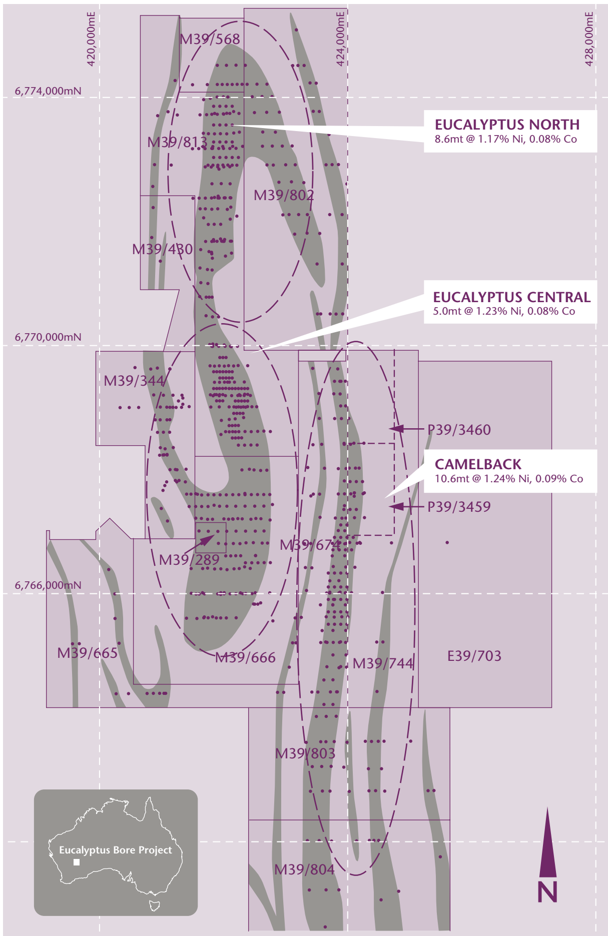
	Million Tonnes	%Ni	%Co
Indicated	17.10	1.24	0.08
Inferred	7.10	1.16	0.09
Total	**24.20**	**1.22**	**0.08**

Exploration work completed at the Eucalyptus project was a combination of Sonic and reverse circulation drilling programs. Infill drilling made up the majority of the work with 183 holes drilled for 4649 metres. Eighteen Sonic holes were completed for 552 metres. Core sample from the Sonic drilling will be used to commence a new round of column tests.

Infill reverse circulation drilling program focused on the Camelback resource where hole density was increased to 50 by 100 metre and included the re-drilling of older RAB and Air Core holes. Results from the drilling were in line with previous programs and confirmed the continuity of the mineralisation over a five kilometre strike length.

Some of the better results are listed in the following table.

Eucalyptus Project Plan



Hole	Easting	Northing	From	To	Interval	Ni %	Co %
EBC0425	422257	6767500	3	39	36	1.16	0.07
EBC0466	424918	6768732	14	48	34	1.15	0.06
EBC0467	423945	6768725	30	46	16	1.30	0.08
EBC0468	423982	6768714	5	24	19	1.22	0.04
EBC0469	423935	6768637	9	39	30	1.39	0.05
EBC0482	423940	6767699	11	23	12	1.41	0.13
EBC0509	423904	6766618	8	17	9	1.66	0.10
EBC0535	423843	6765912	17	45	28	1.58	0.11
EBC0538	423763	6765822	12	23	11	1.51	0.07
EBC0541	423743	6765714	21	39	18	1.51	0.08
EBC0542	423841	6765710	13	23	10	1.56	0.06

MURRIN NORTH

M39/758 and MLA39/757

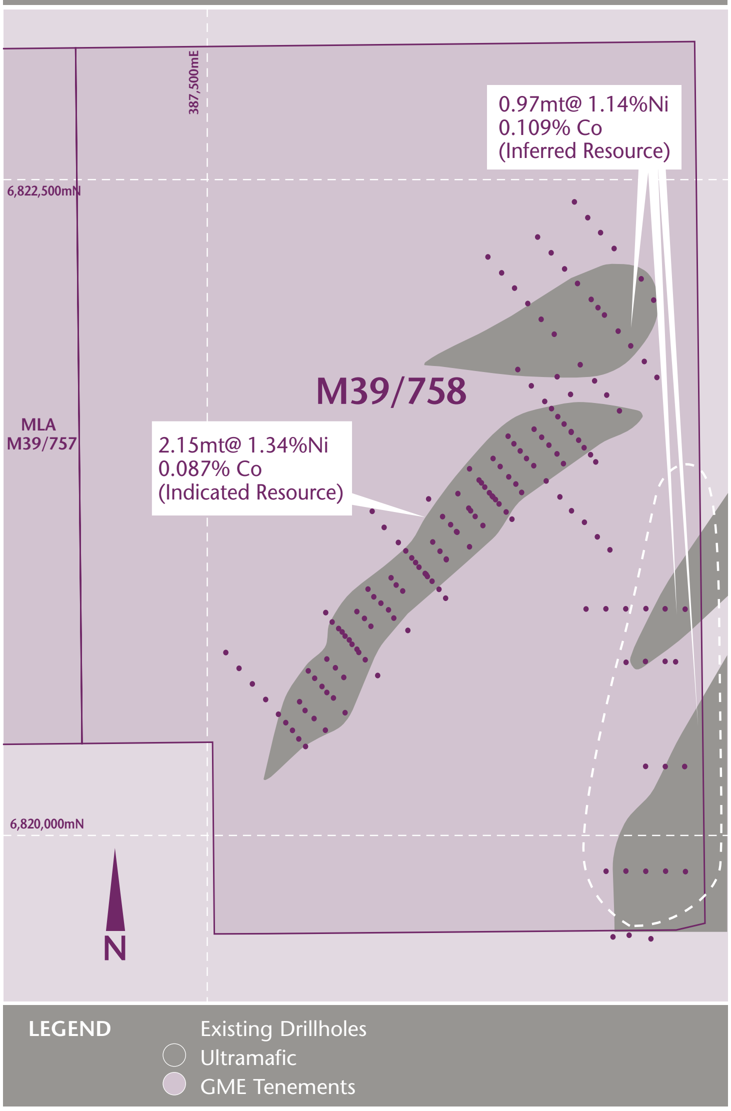
The Murrin North project contains a significant high grade nickel laterite resource located approximately four kilometres to the North West of the Murrin Murrin JV nickel refinery. Limited work was undertaken at the project over the past year as the Company focused its effort on the Heap Leach project. Although no test work has been undertaken on the Murrin North resource it is considered to be a high clay ore type that is suitable for treatment through a HPAL plant. Further test work is planned to assess the suitability of the ore types at Murrin North for heap leaching later in the year.

A reverse circulation drilling programme is planned to test the sparsely drilled ultramafic on the eastern zone of the tenement. The following plan shows these inferred resources where potential exists to build the resource at Murrin North.

Murrin North Resource – 1% Ni cut off grade

	Million Tonnes	%Ni	%Co
Indicated	2.15	1.34	0.09
Inferred	0.97	1.14	0.10
Total	**3.12**	**1.28**	**0.10**

Murrin North Project Plan



WAITE KAURI

M37/1215

The Waite Kauri project area is located approximately 20 kilometres to the North West of the Murrin Murrin Nickel Refinery. The area contains a measured resource of 1.3 million tonnes grading 1.33 % nickel and 0.14% cobalt. A clearly defined high grade area is located on the eastern limb of the project. Initial percolation tests conducted on Sonic drill sample taken from the Waite Kauri resource failed. The Sonic holes were unable to penetrate the full mineralised profile and will be re drilled at a later time.

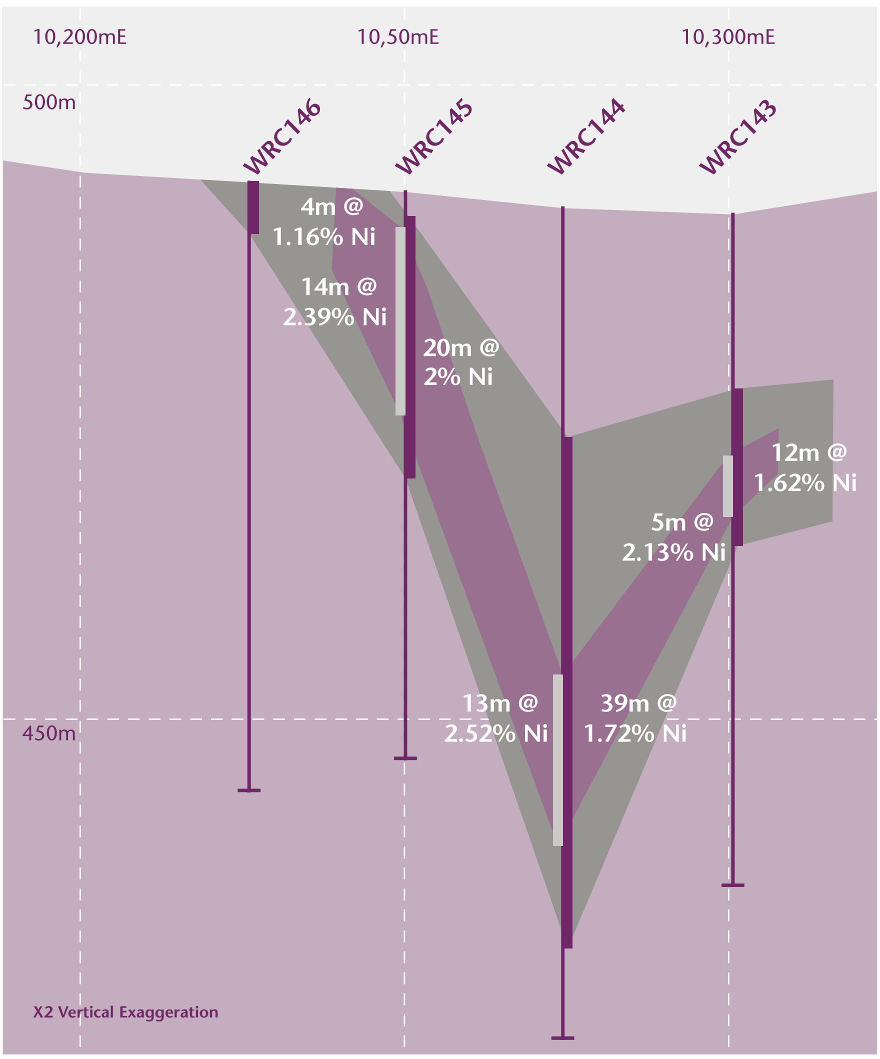
Although the Waite Kauri resource is yet to be fully tested on its amenability to heap leaching it has the potential to provide a high grade ore feed suitable for Toll Treatment through either the Murrin Murrin Nickel refinery or Norilsk Cawse high pressure acid leach plants.

The following diagram shows the high grade section at 10000 north.

Waite Kauri Resource – 1% Ni cut off grade

	Million Tonnes	%Ni	%Co
Measured	1.30	1.33	0.14
Total	**1.30**	**1.33**	**0.14**

Waite Kauri Project Section 10,000mN



MERTONDALE

(NiWest Ltd 100%) MLA 37/581

DUCK HILL

(NiWest Ltd 50%) MLA 31/214

No on ground exploration work was undertaken on the above projects over the period as the Company waits granting of new mining titles.

Follow up drilling work is planned to upgrade resources contained at the projects once new titles have been received.

GOLDEN CLIFFS NICKEL LATERITE ROYALTY – MMJV

M39/426, 456, 552 & 569

Minara Resources Limited on behalf of the Murrin Murrin Joint Venture (MMJV) has rights to nickel-cobalt laterite mineralisation on the above tenements. GME, through its subsidiary Golden Cliffs NL, retains the rights to precious metals or other base metals discovered on these tenements, including nickel sulphides. To maintain these rights Minara pays the company a facility fee of $100,000 per year and, in addition to this, a royalty of $0.20 cents per tonne payable on ore processed. The royalty payment is triggered as increments of 500,000 tonnes of ore are processed.

The Statement of Resources provided below was supplied by MMJV in 1997. These resources do not form part of the NiWest Nickel Laterite Project and are not included in the NiWest project resource statement.

Statement of Resources located on Murrin Murrin Joint Venture Royalty Tenements

Deposit	Million Tonnes	%Ni	%Co	Cut-off %Ni	Resource Status
MM4	5.6	1.03	0.07	0.8	Measured
MM4	4.8	0.97	0.07	0.8	Indicated
MM4E	3.8	1.07	0.09	0.8	Inferred
MM13	7.2	1.11	0.07	0.8	Inferred
Total	**21.4**	**1.05**	**0.07**	**0.8**	

The Company did not receive any royalty payments for treatment of ore this year. The MMJV has not informed the Company as to when the next royalty payment will be made, however processing of ore is expected to continue in the future and may also include processing of low grade ore by heap leaching.

CORPORATE ISSUES

On 7 June, the Company appointed Mr Bradley Wynne as Company Secretary and Chief Financial Officer. Mr Wynne takes over from Mr Mark Pitts, who after two years as company secretary has retired from the position.

Mr Wynne has relevant experience in the engineering, oil and gas and mining industries. He has held senior financial management positions in the mining sector with companies including St Barbara Mines Ltd and Xstrata Zinc.

In June the Company also relocated to larger offices in anticipation of increased staff levels as the FS progresses.

CAPITAL RAISING

The Company completed two Capital raisings over the year. In both cases the issues were Renounceable Rights and were not underwritten. The first issue in July 2006 raised $1.88 million to advance the PFS and column test work. The second issue in August 2007 raised $10.4 million dollars to progress the FS. Both issues were strongly supported by shareholders with 93% and 94% take up of entitlements.

Review of Operations (continued)

GOLD ASSETS

GME and its subsidiary Golden Cliffs NL own a number of prospective gold projects in the Leonora – Laverton region. The amount of work undertaken on the respective areas varies from soil sampling through to diamond drilling and resource definition.

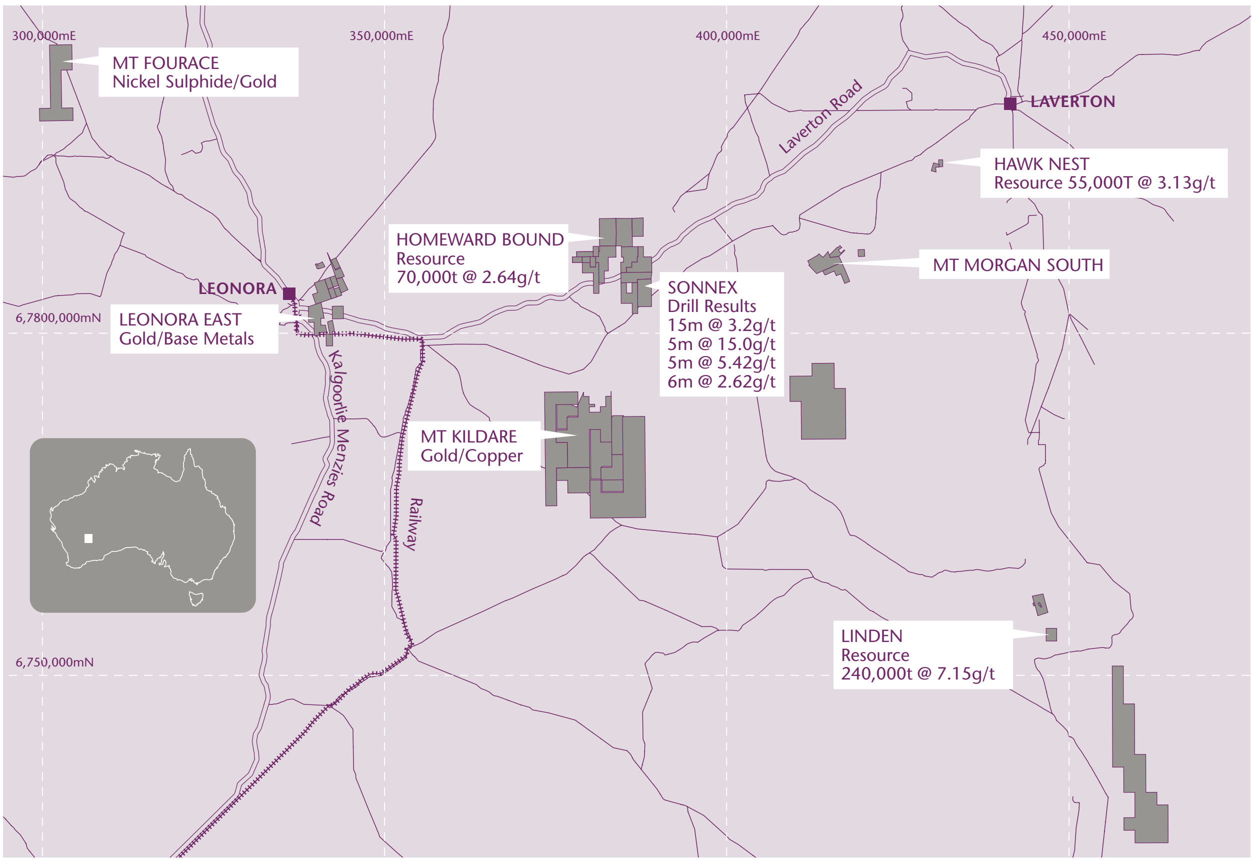
The majority of the tenements that make up the gold assets are in the process of reversion, where new prospecting licenses have been applied for but are yet to be granted. Several new tenements were applied for that either adjoined existing holdings or were considered prospective for gold or base metals.

Mapping and rock chip sampling was completed on the granted tenements in the Leonora East tenement holding. Fifteen of the thirty one samples taken from around old workings returned gold assays of 1 gram per tonne or better. Further work is required to ascertain the potential of the area. The better results from the sampling program are listed in the following table.

Rock chip sample – Leonora East

Sample	Au grams/tonne
NW14401	5.25
NW14402	68.80
NW14404	7.48
NW14413	13.20
NW14417	10.30
NW14418	6.07
NW14419	13.50

Gold and Base Metal Tenement Portfolio.



Corporate Governance Statement

INTRODUCTION

The Board of Directors of GME Resources Limited has adopted the following Corporate Governance Principles and is responsible for the adherence to these Principles. These Principles and Practices are reviewed regularly and upgraded or changed to reflect changes in law and what is regarded as best practice. A description of the Company's main Corporate Governance Principles and Practices is set out below.

ROLE OF THE BOARD

The Board has adopted the following Statement of Matters for which the Board will be responsible:

(1) Reviewing and determining the Company's strategic direction and operational policies;

(2) Review and approve business plans, budgets and forecasts and set goals for management;

(3) Appoint and remunerate Chief Executive Officer and Senior Staff;

(4) Review performance of Chief Executive Officer and Senior Staff;

(5) Review financial performance against Key Performance Indicators on a monthly basis;

(6) Approve acquisition and disposal of tenements;

(7) Approve exploration and mining programs;

(8) Approve capital, development and other large expenditures;

(9) Review risk management and compliance;

(10) Oversee the Company's control and accountability systems;

(11) Reporting to shareholders; and

(12) Ensure compliance with environmental, taxation, Corporations Act and other laws and regulations.

MANAGING DIRECTOR

GME's most senior employee is the Managing Director who is appointed and subject to annual reviews by the Board. The Managing Director recommends policies, strategic direction and business plans for the Board's approval and is responsible for managing the Company's day-to-day business.

BOARD INDEPENDENCE

The Board consists of four directors, but up to ten directors can serve on the board. Mr James Sullivan is the only executive the remainder are non executive. Currently the four directors are:

Michael D Perrott, Chairman
61 years, Director since 1996

James N Sullivan, Managing Director
46 years, Director since 2004

Peter R Sullivan, Director
51 years, Director since 1996

Geoffrey M Motteram, Director
58 years, Director since 1997

Mr Motteram is the only director considered Independent on the Board according to the definitions by the Australian Securities Exchange Corporate Governance Council ("Council").

The Managing Director, Mr J Sullivan is a full time executive, and is also a substantial shareholder of the Company. Both the Chairman, Mr Perrott, and Mr P Sullivan are also not considered "Independent" by the definitions of the Council as they are both directly or indirectly substantial shareholders in the Company.

As such, the Company does not comply with the Council's recommendation, Item 2.1, that the majority of the Company's directors should be Independent Directors. The Board has however adopted a series of safeguards to ensure that independent judgement is applied when considering the business of the Board:

- Directors are entitled to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required but this is not unreasonably withheld.
- Directors having a conflict of interest with an item for discussion by the Board must absent themselves from a board meeting where such item is being discussed before commencement of discussion on such topic.
- The Independent Director confers on a "needs" basis with the Chairman with such discussion if warranted and considered necessary by the Independent Director.
- The Board considers Non-executive Directors to be independent even if they have minor dealings with the Company provided they are not a substantial shareholder. Transactions with a value in excess of 5% of the Company's annual operating costs are considered material. A director will not be considered independent if he has transactions in excess of this materiality threshold.

TENURE OF THE BOARD

The Directors are expected to review their membership of the Board from time to time taking into account the length of service on the Board, age, qualification and experience. In light of the needs of the Company and direction of the Company together with such other criteria considered desirable for composition of a balanced board and the overall interests of the Company.

A director is expected to resign if the remaining directors recommend that a director should not continue in office, but is not obliged to do so.

Corporate Governance Statement (continued)

CHAIRMAN

The current Chairman is Mr Michael D Perrott, Mr Perrott brings a wealth of business experience, connections and drive to the Board.

The Chairman's role is separated from the role of the Managing Director.

The Chairman's role includes:

- Providing effective leadership on formulating the Board's strategy;
- Representing the views of the Board to the public;
- Ensuring that that the Board meets at regular intervals throughout the year and that minutes of meeting accurately record decisions taken and where appropriate the views of individual directors;
- Guiding the agenda, information flow and conduct of all board meetings;
- Reviewing the performance of the board of directors; and
- Monitoring the performance of the management of the Company.

COMMITTEES

Due to the small size of the Company and the number of board members, the Board does not have a formal nomination committee structure. Any new directors will be selected according to the needs of the Company at that particular time, the composition and the balance of experience on the Board as well as the strategic direction of the Company.

Should the need arise to consider a new board member, some or all of the Directors would form the committee to consider the selection process and appointment of a new director.

At each annual general meeting the following directors retire:

- One third of directors (excluding the Managing Director);
- Directors appointed by the Board to fill casual vacancies or otherwise;
- Directors who have held office for more than three years since the last general meeting at which they were elected.

DETAILS ON CURRENT DIRECTORS

Details on current directors including their skills and experience are included in the Directors' Report.

ETHICAL AND RESPONSIBLE DECISION-MAKING

In making decisions, the Directors of the Company, its officers and employees, take into account the needs of all stakeholders:

- Shareholders;
- Employees;
- Community;
- Creditors;
- Contractors; and
- Government (Federal, State and Local).

The Directors, officers and employees of the Company are expected to:

- Comply with the laws and regulations both by the letter and in spirit;
- Act honestly and with integrity;
- Avoid conflicts of interest by not placing themselves in situations which result in divided loyalties;
- Use the Company's assets responsibly and in the interests of the Company, not take advantage of property, information or position for personal gain or to compete with the Company;
- To keep non-public information confidential except where disclosure is authorised or legally mandated; and
- Responsible and accountable for their actions and report any unethical behaviour.

TRADING IN COMPANY SECURITIES

The Directors, officers and employees of the Company must not acquire or dispose of securities in the Company whilst in possession of price sensitive information not yet released to the market. Subject to this condition and the trading prohibition applying to periods prior to major announcements, including announcement of drilling results, announcement of half-yearly and full year results and the holding of a general meeting, trading can occur at any time.

Directors must advise the Company which in turn advises the Australian Securities Exchange of any transactions conducted by them in the Company's securities within five business days after the transaction occurs.

INTEGRITY OF FINANCIAL REPORTING

GME's Managing Director and Chief Financial Officer report in writing to the Board:

- That the Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group; and
- That the above statement is founded on a sound system of internal control and risk management which implements the policies adopted by the Board and that the Company's risk management and internal controls are operating efficiently in all material respects.

AUDIT COMMITTEE

The Company does not have a formal audit committee as, in the opinion of the directors, the scope and size of the Company's operations do not warrant it. As such the Company is not in strict compliance of the Council's Recommendation 4.2 that the Board should establish an audit committee. It should be noted however that when the Council's Recommendation was made it was emphasised that it was more relevant for large companies.

The Board regularly reviews the scope of audits, the level of audit fees and the performance of auditors.

The Board also is continually assessing to ensure the independence of the external auditor is maintained. The company will and does, if necessary, use other consultants to avoid any potential independence issues.

TIMELY AND BALANCED DISCLOSURE TO AUSTRALIAN SECURITIES EXCHANGE

The Company has procedures in place to identify matters that are likely to have a material effect on the price of the Company's securities and to ensure those matters are notified to the Australian Securities Exchange in accordance with its listing rule disclosure requirements.

Information to the market and media is handled by the Chairman, the Managing Director or the Company Secretary. In particular, the Company Secretary has been nominated as the person responsible for communications with Australian Securities Exchange. This role includes responsibility for compliance with the continuous disclosure requirements of the Australian Securities Exchange Listing Rules and overseeing and coordinating information disclosures to Australian Securities Exchange, analysts, brokers, shareholders, the media and the public.

All disclosures to Australian Securities Exchange are posted on the Company's website soon after clearance has been received from Australian Securities Exchange.

The Chairman, the Managing Director and Company Secretary are monitoring information in the marketplace to ensure that a false market does not emerge in the Company's securities.

COMMUNICATION WITH SHAREHOLDERS

It is the Company's communication policy to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Company.

The information is communicated to the shareholders through:

- Continuous disclosure announcements made to the Australian Securities Exchange;
- Distribution of the annual report to shareholders together with a notice of meeting;
- Posting of half-yearly results and all Australian Securities Exchange announcements on the Company's website;
- Posting of all major drilling results;
- Posting of all media announcements on the Company's website; and
- Calling of annual general meetings and other meetings of shareholders to obtain approval for board action as considered appropriate.

On the Company's website, information about the Company's projects is shown.

At annual general meetings and other general meetings of shareholders, shareholders are encouraged to ask questions of the Board of Directors relating to the operation of the Company.

RISK MANAGEMENT

Due to its size of operation and size of the board, there is no formal board committee to identify, assess and monitor and manage risk. Responsibility for day to day control and risk management lies with the Managing Director and Company Secretary (financial risk) with reporting responsibility to the Board. The Board participate and monitor risks including but not limited to compliance with development and environmental approvals, tendering, contracting and development, pricing of products, quality, safety, strategic issues, financial risk, joint venture, accounting and insurance. Any changes in the risk profile for the Company are communicated to its stakeholders via an announcement to the Australian Securities Exchange.

Corporate Governance Statement (continued)

PERFORMANCE

The Board has adopted a self-evaluation process to measure its own performance. The Chairman evaluates the performance of each director and the Board evaluates the performance of the Chairman. Performance of senior executives is evaluated by the Managing Director in cooperation with the Chairman. All performance evaluations are measured against budget, goals and objectives set.

All directors of the board have access to the Company Secretary who is appointed by the Board. The Company Secretary reports to the Chairman, in particular to matters relating to corporate governance.

All board members have access to professional independent advice at the Company's expense provided they first have obtained the Chairman's approval which will not be unreasonably withheld.

REMUNERATION

Managing Director and Non-executive Directors

The directors are remunerated for the services they render to the Company and such services are normally carried out under normal commercial terms and conditions. Remuneration is also determined having regard to how directors are remunerated for other similar companies, the time spent on the Company's matters and the performance of the Company. Engagement and payment for such services are approved by the other directors with no interest in the engagement of services.

The Board has no retirement or termination benefits. Payments to all directors are set out in the Director's Report.

Senior Executives

The remuneration of senior executives is discussed and determined by the Board upon receiving advice from the Managing Director. The remuneration packages are set at levels intended to attract and retain the executives capable of managing the Company's operations.

The remuneration of senior executives, where applicable, is set out in the Directors' Report.

General

Due to the staff size and the close involvement of the Board in the operations of the Company, the Company does not operate a formal remuneration committee. All remuneration paid to the Chairman, Non-executive Directors, Executive Director and Senior Executives are all reviewed and discussed by the Board.

The Company does not operate an employee share option plan and there are no options outstanding issued to directors.

INTERESTS OF STAKEHOLDERS

It is the Company's objective to create wealth for its shareholders and provide a safe and challenging environment for employees and for the Company to be a valuable member of the community as a whole.

The Company's ethical and responsible behaviour is set out under the heading *"Ethical and Responsible Decision-making".*

The Company's core values are summarised as follows:

- Provide value to its shareholders through growth in its market capitalisation;
- Act with integrity and fairness;
- Create a safe and challenging workplace;
- Be participative and recognise the needs of the community;
- Protect the environment;
- Be commercially competitive; and
- Strive for high quality performance and development.

Directors' Report

Your directors present their report of GME Resources Limited and its controlled entities for the financial year ended 30 June 2007.

DIRECTORS

The names of directors in office at any time during or since the end of the year are:

Michael Delaney Perrott
(Non executive – Chairman)

James Noel Sullivan
(Managing Director)

Peter Ross Sullivan
(Non executive – Director)

Geoffrey Mayfield Motteram
(Non executive – Director)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity are mineral exploration and investment.

No significant change in the nature of these activities occurred during the year.

OPERATING AND FINANCIAL REVIEW

Operating Results

The net loss after income tax attributable to members of the consolidated entity for the financial year to 30 June 2007 amounted to $403,906 (2006: $379,353).

Overview of operating activity

Over the past twelve months, significant shareholder wealth has been created through the delivery of a robust Pre Feasibility Study (PFS) on the development of the NiWest Nickel Laterite Heap Leach Project.

The PFS, produced by Independent Project Engineers Aker Kvaerner, shows a project which has the potential to deliver substantial long term economic benefits to shareholders.

The Company has now committed to a Feasibility Study (FS) for the project which will include a demonstration 20,000 tonne mining and heap leach trial that is expected to be completed by September 2008.

For a more detailed summary of activities for the year refer to the Review of Operations set out elsewhere in this Annual Report.

Financial Position

At the end of the financial year the consolidated entity had $714,667 (2006: $365,547) in cash and at call deposits.

Cash increased subsequent to the end of the financial year with the successful conclusion of a Renounceable Entitlement Issue (refer Note 22 in the Financial Report). Carried forward exploration expenditure was $12,440,384 (2006: $9,097,138).

During the year issued capital increased from 202,807,215 in 2006 to 220,365,998 ordinary shares at the end of 2007, the movement of 17,558,783 ordinary shares resulted from a 1:15 entitlement issue on the 18th August 2006, as well as the exercise of 5,000,000 unlisted options in the company.

DIVIDENDS

No dividends have been paid or declared since the start of the financial year. No recommendation is made as to dividends.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 28 June 2006, Directors announced a 1 for 15 Renounceable Entitlement Issue at 15 cents. The entitlement issue was not underwritten, and on 11 August 2006 the offer closed with almost 93% acceptances. The Company's share registry received acceptances for 12,558,783 ordinary shares at an issue price of 15 cents per share raising a total of $1,883,817.

The Company elected not to place the shortfall of 961,698 shares or 7.2%.

During the year, the Company announced the completion of its Pre-Feasibility Study. The PFS illustrates that the project is capable of delivering long term economic benefits to shareholders. Based on Nickel prices of US$10/lb and expected cash operating costs of US$2.50/lb (after Cobalt credits), the financial model shows the project has the potential to generate an operating surplus of $3.7 billion over its 20 year mine life. Production from the 1.5 million tonne per annum Heap Leach operation is expected to be over 13,100 tonnes of Nickel and 630 tonnes of Cobalt annually.

Other than the issues referred to above, there were no significant changes in the state of affairs of the consolidated entity during the financial year.

AFTER BALANCE DATE EVENTS

On 3 August 2007, Directors closed a 1 for 10 renounceable entitlement issue at 50 cents. The entitlement issue was not underwritten and closed with 94.4% acceptances. The Company's share registry received acceptances for 20,807,933 ordinary shares at an issue price of 50 cents per share raising a total of $10,403,966.50 (before costs of the issue).

The Company elected not to place the shortfall of 1,228,667 shares or 5.6%.

On 7 August 2007, the Company announced that it had signed an MOU with Norilsk Nickel Cawse Pty Ltd, covering the conduct of a Trial Nickel Laterite Heap Leach project at the Cawse Nickel plant site, located near Kalgoorlie in Western Australia. The framework agreement paves the way for GME to carry out a heap leach program of up to 20,000 tonnes of ore adjacent to the Cawse HPAL plant site. This program will be a central part of the GME Feasibility Study for Heap Leach treatment of the NiWest nickel laterite ores and will demonstrate heap stability, nickel extraction, acid consumption and metal recovery circuits.

Other than the issues referred to above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS

The consolidated entity's areas of interest are in the exploration stage, and although the results of work carried out to date are encouraging it is not possible to predict the likely developments. The consolidated entity will continue its mineral exploration and investment with the object of finding further mineralised resources and exploiting those already discovered.

The Board is following a strategic plan for the growth of the consolidated entity, however, further information about likely developments future prospects and business strategies as they pertain to the operations and expected results of those operations have not been included in this report, as the Directors' reasonably believe that disclosure of this information would be likely to result in unreasonable prejudice to the consolidated entity.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Michael Delaney Perrott *BCom FAIM*
(Chairman) 61 Years
Director since 1996

Mr Perrott has been involved in industries associated with construction, contracting, mining and land development since 1969. He is currently Chairman and director of various listed and unlisted public and private companies. He is a member of the Board of Notre Dame University and a council member of National Advisory Council for Suicide Prevention and Community Life.

Mr Perrott has been Chairman of the Company since his appointment as a director in 1996.

Other current directorships of listed companies

Director of Port Bouvard Limited since 1998 and Chairman since December 2000, director and chairman of Gage Roads Brewing Co Limited since October 2006, director of Portman Limited since June 1997 and Schaffer Corporation Limited since February 2005.

Former directorships of listed companies in last 3 years

Chairman of Bone Medical Limited from May 2001 to August 2005 and Asset Backed Holdings Limited from October 2000 to October 2003.

James Noel Sullivan
(Managing Director) 46 Years
Director since 2004

Mr Sullivan was appointed Managing Director of the Company in October 2004. Mr Sullivan has over 20 years experience in commerce providing services to the mining and allied industries.

Mr Sullivan was instrumental in establishing and managing the Golden Cliffs Prospecting Syndicate which acquired and pegged a number of prospective tenements in the Eastern Goldfields. The Golden Cliffs Prospecting Syndicate was subsequently acquired by the company in 1996. Mr Sullivan has extensive knowledge in mining and prospecting in the North Eastern Goldfields and in particular on matters involving tenement administration, native title negotiation and supply and logistics of services. Mr Sullivan's practical knowledge in these areas will be of great benefit to the Company as it seeks to develop its assets for the benefit of its shareholders.

Mr Sullivan has not been a Director of any other public listed entities during the past three years.

Peter Ross Sullivan *BE, MBA*
(Non Executive Director) 51 years
Director since 1996

Mr Sullivan is an engineer and has been involved in the management and strategic development of resource companies and projects for more than 20 years.

Mr Sullivan has been a director of the Company since his appointment in 1996.

Other current directorships of listed companies

Mr Sullivan has been a director of Resolute Mining Limited since June 2001.

Former directorships of listed companies in last 3 years

Mr Sullivan was a Director of Valhalla Uranium Limited for the period September 2005 to September 2006.

Geoffrey Mayfield Motteram *BMetE (Hons), MAusIMM*
(Non Executive Director) 58 years
Director since 1997

Mr Motteram is a metallurgical engineer with over 30 years' experience in the development of projects in the Australian resources industry.

He has extensive experience in gold and base metals having been involved with WMC's Kwinana Nickel Refinery and Kalgoorlie Nickel Smelter. He subsequently joined BHP, and later Metals Exploration, where he was involved in the evaluation of gold and base metal projects. Since 1989 he has acted as a Mining Project and Metallurgical Consultant. He was involved in the formation of Minara Resources Limited (formerly Anaconda Nickel Limited) in 1994 and controlled the technical development of the Murrin Murrin Joint Venture until the end of 1997. He is a former director of Minara Resources Limited.

Mr Motteram has been a non executive director of the Company since 1997, and provides technical support to the Company.

Other current directorships of listed companies

Mr Motteram has been a director of Mount Magnet South Limited since 31 May 2006.

Mr Bradley John Wynne *B.Com(Dist) CA*
(Company Secretary) 32 Years

Mr Wynne was appointed to the position of Company Secretary in June 2007. Mr Wynne is highly experienced in the engineering, oil and gas and mining industries. He has held senior financial management positions in the mining sector with companies including St Barbara Mines Ltd and Xstrata Zinc. Mr Wynne is also Chief Financial Officer of the Company.

REMUNERATION REPORT

The remuneration report is set out in the following manner:

- Policies used to determine the nature and amount of remuneration.
- Details of remuneration
- Service agreements
- Share based compensation

Remuneration policy

The Board of Directors is responsible for remuneration policies and the packages applicable to the Directors of the Company. The broad remuneration policy is to ensure that packages offered properly reflect a person's duties and responsibilities and that remuneration is competitive and attracts, retains, and motivates people of the highest quality.

The Managing Director and Non-executive Directors are remunerated for the services they render to the Company and such services are carried out under normal commercial terms and conditions. Engagement and payment for such services are approved by the other directors who have no interest in the engagement of services.

At the date of this report the Company had not entered into any packages with Directors or senior executives which include performance based components.

Directors' Report (continued)

Details of remuneration for Directors

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The Board of Directors obtains independent advice when appropriate when reviewing remuneration packages.

Details of the nature and amount of each element of the emoluments of directors and executives of the Company (and each of the officers of the Company and the consolidated entity receiving the highest remuneration) are:

	Short Term Benefits	Post Employment Benefits	Long Term Benefits	Total
	Salary & Fees	Superannuation	Options	
2007	**$**	**$**	**$**	**$**
Executive Directors				
James N Sullivan	134,167	–	–	134,167
Non-Executive Directors				
Michael D Perrott	30,000	–	–	30,000
Geoffrey M Motteram	36,000	–	–	36,000
Peter R Sullivan	24,000	–	–	24,000
Executives				
Bradley J Wynne (appointed May 2007)	16,670	1,500	25,333	43,503
	240,837	1,500	25,333	267,670
2006				
Executive Directors				
James N Sullivan	123,341	–	–	123,341
Non-Executive Directors				
Michael D Perrott	30,000	–	–	30,000
Geoffrey M Motteram	24,000	–	–	24,000
Peter R Sullivan	24,000	–	–	24,000
	201,341	–	–	201,341

The Company and its subsidiaries had one employee as at 30 June 2007.

Service agreements

There are no service agreements with any of the Company's Directors.

Share based compensation

There is currently no provision in policies of the consolidated entity for the provision of share based compensation to directors. The interest of Directors in shares and options is set out elsewhere in this report.

Directors and Executives Interests

The relevant interests of directors either directly or through entities controlled by the directors in the share capital of the company as at the date of this report are:

Director	Ordinary Shares Balance 1/7/06	Net Change (i)	Ordinary Shares Balance 30/6/07	Share issue subsequent to Balance Date (ii)	Ordinary Shares Balance at the date of this Report
Michael D Perrott	9,810,099	1,387,340	11,197,439	1,119,743	12,317,182
James N Sullivan	10,194,009	651,135	10,845,162	1,084,514	11,929,676
Peter R Sullivan	12,309,492	987,796	13,297,288	1,329,726	14,627,014
Geoffrey M Motteram	4,144,054	276,270	4,420,324	442,032	4,862,356

(i) Net change – movement for the year was in respect of 15:1 entitlement taken up in August 2006. An entity associated with Michael Perrott purchased 733,334 shares in an off-market transfer during the year.

(ii) Renounceable entitlement issue refer note 22.

Meetings of Directors

During the year, 6 meetings of directors were held. Attendances were:

Name	Number Eligible to Attend	Number Attended
Michael D Perrott	6	6
James N Sullivan	6	6
Peter R Sullivan	6	6
Geoffrey M Motteram	6	6

Loans to Directors and Executives

There were no loans entered into with Directors or executives during the financial year under review.

Related party transactions with directors and executives are set out in Note 17 to the Financial Report.

Unlisted Options

At the date of this report the number of unlisted Options on issue were as follows:

- 250,000 Options exercisable at $0.75 each; and
- 100,000 Options exercisable at $0.80 each.

All of the above unlisted Options will expire on 30 June 2009.

AUDIT COMMITTEE

The Company does not have an audit committee as, in the opinion of the directors, the scope and size of the Company's operations do not warrant it.

INDEMNIFYING OFFICERS OR AUDITORS

The company has not, during or since the financial year, in respect of any person who is or has been an officer or the auditor of the Company or of a related body corporate:

- indemnified or made any relative agreement for indemnifying against a liability incurred as an officer or auditor, including costs and expenses in defending legal proceedings.

ENVIRONMENTAL REGULATION

The consolidated entity's exploration and mining tenements are located in Western Australia. There are significant regulations under the Western Australian Mining Act 1978 and the Environmental Protection Acts that apply. Licence requirements relating to ground disturbance, rehabilitation and waste disposal exist for all tenements held.

The directors are not aware of any significant breaches during the period covered by this report.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court, pursuant to section 237 of the Corporations Act 2001, to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company or consolidated entity are important.

During the year HLB Mann Judd has performed certain other services in addition to their statutory audit duties, details of all amounts paid or payable to the auditor are set out in Note 14.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with and did not compromise, the auditor independence requirements of the Corporations Act 2001.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is signed in accordance with a Resolution of Directors.

James N Sullivan
Managing Director

Perth, Western Australia
20 September 2007

Auditors' Independence Declaration

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditors' Independence Declaration

As lead auditor for the audit of GME Resources Limited for the year ended 30 June 2007, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of GME Resources Limited

Dated at West Perth this 20th day of September, 2007.

N G NEILL
Partner

HLB Mann Judd
Chartered Accountants

HLB Mann Judd (WA Partnership)
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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au
Partners: Terry M Blenkinsop, Litsa Christodulou, Wayne M Clark, Lucio Di Giallonardo, Colin D Emmott, Trevor G Hoddy, Norman G Neill, Peter J Speechley

Financial Report Contents

The financial report provides information for both GME Resources Limited in its own right and the consolidated entity being GME Resources Limited and its controlled entities. The financial report is presented in Australian currency. GME Resources Limited is a public company, it was incorporated and is domiciled in Australia and is listed on the Australian Stock Exchange.

Consolidated Income Statement

FOR THE YEAR ENDED 30 JUNE 2007

		Consolidated		Parent Entity	
		2007	2006	2007	2006
	Note	$	$	$	$
Revenue	2	180,137	154,402	80,137	54,402
Interest expense		–	–	–	–
Depreciation expense		8,539	8,112	8,539	8,112
Write down in value of carried forward exploration expenditure		–	65,335	–	64,987
Management and consulting fees		259,222	249,841	259,222	249,841
Administration expenses		316,282	210,467	316,284	210,467
Loss before income tax expense		403,906	379,353	503,908	479,005
Income tax expense	3	–	–	–	–
Loss from ordinary activities after related income tax		403,906	379,353	503,908	479,005
Net loss attributable to members of the parent entity		403,906	379,353	503,908	479,005

Earnings Per Share

Basic earnings per share (cents per share)	16	(0.19)	(0.19)
Diluted earnings per share (cents per share)	16	(0.19)	(0.19)

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet

AS AT 30 JUNE 2007

		Consolidated		Parent Entity	
		2007	2006	2007	2006
	Note	$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	13(b)	714,667	365,547	693,467	365,547
Receivables	4	213,002	95,035	212,770	41,448
Other financial assets	5	8,250	8,250	8,250	8,250
TOTAL CURRENT ASSETS		935,919	468,832	914,487	415,245
NON CURRENT ASSETS					
Receivables	6	–	–	8,186,475	5,391,513
Other financial assets	7	–	–	2,615,950	2,615,950
Plant and equipment	8	19,473	24,377	19,473	24,377
Exploration costs carried forward	9	12,440,384	9,097,138	1,570,782	1,037,228
TOTAL NON CURRENT ASSETS		12,459,857	9,121,515	12,392,680	9,069,068
TOTAL ASSETS		13,395,776	9,590,347	13,307,167	9,484,313
CURRENT LIABILITIES					
Payables	10	1,099,990	241,361	2,397,708	1,421,652
TOTAL CURRENT LIABILITIES		1,099,990	241,361	2,397,708	1,421,652
TOTAL LIABILITIES		1,099,990	241,361	2,397,708	1,421,652
NET ASSETS		12,295,786	9,348,986	10,909,459	8,062,661
Equity					
Issued Capital	11	26,480,932	23,221,622	26,480,932	23,221,622
Financial Assets Reserve	11	(1,125)	(1,125)	(1,125)	(1,125)
Option Reserve	11	91,396	–	91,396	–
Accumulated losses		(14,275,417)	(13,871,511)	(15,661,744)	(15,157,836)
Total Equity		12,295,786	9,348,986	10,909,459	8,062,661

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2007

Consolidated	Note	Ordinary Shares	Financial Assets Reserve	Option Reserve	Accumulated Losses	Total
Balance at 1 July 2005		21,549,718	–	–	(13,492,158)	8,057,560
Loss attributable to members of the parent entity in 2006		–	–	–	(379,353)	(379,353)
Revaluation of financial assets		–	(1,125)	–	–	(1,125)
Shares issued	11	1,671,904	–	–	–	1,671,904
Balance at 30 June 2006		23,221,622	(1,125)	–	(13,871,511)	9,348,986
Revaluation of financial assets		–	–	–	–	–
Loss attributable to members of the parent entity in 2007		–	–	–	(403,906)	(403,906)
Issue of unlisted options		–	–	91,396	–	91,396
Shares issued (net of costs)	11	3,259,310	–	–	–	3,259,310
Balance at 30 June 2007		26,480,932	(1,125)	91,396	(14,275,417)	12,295,786
PARENT						
Balance at 1 July 2005		21,549,718	–	–	(14,678,831)	6,870,887
Loss attributable to members of the parent entity in 2006		–	–	–	(479,005)	(479,005)
Revaluation of financial assets		–	(1,125)	–	–	(1,125)
Shares issued	11	1,671,904	–	–	–	1,671,904
Balance at 30 June 2006		23,221,622	(1,125)	–	(15,157,836)	8,062,661
Loss attributable to members of the parent entity in 2007		–	–	–	(503,908)	(503,908)
Revaluation of financial assets		–	–	–	–	–
Issue of unlisted options		–	–	91,396	–	91,396
Shares issued (net of costs)	11	3,259,310	–	–	–	3,259,310
Balance at 30 June 2007		26,480,932	(1,125)	91,396	(15,661,744)	10,909,459

The accompanying notes form part of these financial statements.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2007

	Note	Consolidated 2007 $	Consolidated 2006 $	Parent Entity 2007 $	Parent Entity 2006 $
Cash Flows From Operating Activities					
Cash receipts from customers		100,000	220,000	–	–
Cash paid to suppliers and employees		(3,086,693)	(1,932,387)	(301,596)	(487,318)
Interest received		80,137	54,321	80,137	54,321
Net cash from operating activities	13(a)	(2,906,556)	(1,658,066)	(221,459)	(432,997)
Cash Flows From Investing Activities					
Acquisition of Plant and equipment		(3,634)	–	(3,634)	–
Amounts paid on behalf of controlled entities		–	–	(2,706,297)	(1,225,069)
Net cash from investing activities		(3,634)	–	(2,709,931)	(1,225,069)
Cash Flows From Financing Activities					
Proceeds from issue of shares		3,283,817	1,696,174	3,283,817	1,696,174
Payment of costs associated with issue of shares		(24,507)	(24,270)	(24,507)	(24,270)
Net cash from Financing activities		3,259,310	1,671,904	3,259,310	1,671,904
Net Increase in Cash and cash equivalents		349,120	13,838	327,920	13,838
Cash and cash equivalents at 1 July		365,547	351,709	365,547	351,709
Cash and cash equivalents at 30 June	13(b)	714,667	365,547	693,467	365,547

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

1. STATEMENT OF ACCOUNTING POLICIES

GME Resources Limited ('the Company') is a listed public company, incorporated and domiciled in Australia. The consolidated financial report of the Company for the financial year ended 30 June 2007 comprise the Company and its subsidiaries (together referred to as 'the Group').

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of the law. The financial report has also been prepared on a historical cost basis, unless otherwise stated, except for available for sale investments which have been measured at fair value.

The financial report is presented in Australian dollars.

(b) Adoption of new and revised standards

In the year ended 30 June 2007, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2006. It has been determined by the Group that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore, no change is necessary to group accounting policies.

(c) Statement of compliance

The financial report was authorised for issue on 19th September 2007.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Principles of Consolidation

The consolidated financial statements comprise the financial statements of GME Resources Limited and its subsidiaries as at 30 June each year (the Group).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet

(e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(f) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(g) Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(h) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(i) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(j) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – over 4 to 5 years.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount

For plant and equipment, impairment losses are recognised in the income statement in the cost of sales line item.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(k) Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(l) Exploration and Evaluation Expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability, and
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy 1(m)).

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

(m) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(n) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(o) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with potential dilutive ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and potential dilutive ordinary shares, adjusted for any bonus element.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2007

2. REVENUE AND EXPENSES

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
(a) Revenue				
Operating Activities				
Interest received	80,137	54,321	80,137	54,321
Proceeds from:				
Facilitation fee for prospecting rights	100,000	100,000	–	–
Other revenue	–	81	–	81
Total revenue	180,137	154,402	80,137	54,402
(b) Expenses				
Depreciation – plant and equipment	8,539	8,112	8,539	8,112
Write down in value of carried forward exploration expenditure	–	65,335	–	64,987

3. INCOME TAX

	Consolidated		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
(a) Income tax recognised in profit and loss				
The prima facie tax benefit on operating result is reconciled to the income tax provided in the financial statements as follows:				
Accounting loss before tax from continuing operations	403,906	379,353	503,908	479,005
Income tax benefit calculated at 30%	121,172	113,806	151,172	143,702
Non-deductible expenses	(5,474)	–	(5,474)	–
Adjustments to head entity in respect of tax consolidation	–	–	812,909	412,962
Other	7,352	7,281	7,352	7,281
Adjustments in respect of deferred income tax of previous years	–	(15,289)	–	1,959,227
Unrecognised deferred tax assets / (liabilities)	(123,050)	(105,798)	(965,959)	(2,523,172)
Income Tax expense/(benefit) reported in the income statement	–	–	–	–
(b) Unrecognised deferred tax balances				
Unrecognised deferred tax assets comprise:				
Losses available for offset against future taxable income	3,932,639	2,797,214	3,932,639	2,797,214
Capital raising costs	25,104	35,137	25,104	35,137
Accrued expenses and liabilities	3,000	3,000	2,400	2,400
	3,960,743	2,835,351	3,960,143	2,834,751
Unrecognised deferred tax liabilities comprise:				
Exploration expenditure	3,732,115	2,729,141	471,235	311,168
Depreciation for tax purposes	(222)	412	(222)	412
	3,731,893	2,729,554	471,013	311,581
Income tax expense not recognised directly in equity:				
Capital raising costs	24,315	33,953	24,315	33,953

Potential deferred tax assets attributable to tax losses and capital losses carried forward have not been brought to account because directors do not believe it is appropriate to regard realisation of the future tax benefit as probable.

Tax Consolidation

Effective 1 July 2003, for the purposes of income taxation, the Company and its 100% wholly-owned subsidiaries formed a tax consolidated group, the head entity of the tax consolidated group is GME Resources Limited.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2007

4. RECEIVABLES (CURRENT)

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Sundry debtors	213,002	95,035	212,770	41,448

5. OTHER FINANCIAL ASSETS (CURRENT)

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Available-for-sale				
Listed investments	8,250	8,250	8,250	8,250

6. RECEIVABLES (NON CURRENT)

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Loans to controlled entities (wholly owned)	–	–	9,509,170	6,714,208
Provision for impairment loss	–	–	(1,322,695)	(1,322,695)
	–	–	8,186,475	5,391,513

An existing provision for non recoverability has been reclassified as an impairment loss recognised against loans to controlled entities. The provision is considered prudent as these entities have continued to incur losses during the year. The provision allows for the possibility of these loans not being recoverable.

7. OTHER FINANCIAL ASSETS (NON CURRENT)

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Unlisted Investments:				
Controlled entities (refer note 12)	–	–	5,178,206	5,178,206
Provision for diminution in value	–	–	(2,562,256)	(2,562,256)
	–	–	2,615,950	2,615,950

All investments comprise ordinary shares and no shares held in related corporations are listed on a prescribed stock exchange.

The recoverability of the carrying value of shares in controlled and associated entities is dependent on the successful development and commercial exploration or, alternatively, sale of the respective areas in which those controlled entities have an interest.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2007

8. PLANT AND EQUIPMENT (NON CURRENT)

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Plant and equipment – at cost	38,275	34,641	38,275	34,641
Less provision for depreciation	(18,802)	(10,264)	(18,802)	(10,264)
Total Plant and Equipment	19,473	24,377	19,473	24,377
Reconciliation of the carrying amount of plant and equipment:				
Carrying amount at the beginning of the year	24,377	32,489	24,377	32,489
Additions	3,635	–	3,635	–
Disposals	–	–	–	–
Depreciation	(8,539)	(8,112)	(8,539)	(8,112)
Carrying amount at the end of the year	19,473	24,377	19,473	24,377

9. EXPLORATION EXPENDITURE CARRIED FORWARD (NON CURRENT)

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
Deferred exploration expenditure – at cost				
Movements:				
Balance at beginning of the year	9,097,138	7,663,965	1,037,228	1,080,246
Direct expenditure	3,343,246	1,498,508	533,554	21,969
	12,440,384	9,162,473	1,570,782	1,102,215
Less exploration expenditure written off	–	(65,335)	–	(64,987)
	12,440,384	9,097,138	1,570,782	1,037,228

The ultimate recoupment of the above deferred exploration expenditure is dependent on the successful development and commercial exploitation or, alternatively, sale of the respective areas.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2007

10. PAYABLES (CURRENT)

	Consolidated		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
Trade payables and accruals	1,039,990	181,361	1,037,990	179,361
Unearned income	60,000	60,000	–	–
Amount payable to wholly owned entity	–	–	1,359,718	1,242,291
	1,099,990	241,361	2,397,708	1,421,652

Trade payables and accruals are non interest bearing and normally settled on 30 day terms.

Details of exposure to Interest rate risk and fair value in respect of liabilities are set out in note 18. There are no secured liabilities as at 30 June 2007.

11. CONTRIBUTED EQUITY AND RESERVES

		Consolidated		Parent Entity	
		2007 $	2006 $	2007 $	2006 $
Issued and paid up capital					
220,365,998 (2006: 202,807,215) ordinary shares, fully paid		26,480,932	23,221,622	26,480,932	23,221,622
Ordinary shares					
Balance at the beginning of the year		23,221,622	21,549,718	23,221,622	21,549,718
Entitlement issue	(a)	1,883,817	1,696,174	1,883,817	1,696,174
Costs associated with entitlement issue		(24,507)	(24,270)	(24,507)	(24,270)
Issue of shares pursuant to exercise of options	(b)	1,400,000	–	1,400,000	–
Balance at the end of the year		26,480,932	23,221,622	26,480,932	23,221,622

		No of Shares	No of Shares	No of Shares	No of Shares
Balance at the beginning of the year		202,807,215	191,499,384	202,807,215	191,499,384
Entitlement issue	(a)	12,558,783	11,307,831	12,558,783	11,307,831
Issue of shares pursuant to exercise of options	(b)	5,000,000	–	5,000,000	–
Balance at the end of the year		220,365,998	202,807,215	220,365,998	202,807,215

(a) On 18 August 2006 the Company received acceptances for 12,558,783 ordinary shares at an issue price of 15 cents per share pursuant to a renounceable entitlement issue of 1:15 shares.

(b) During the year, the company received valid exercise notices for 2,000,000 options exercisable at 20 cents each, 2,000,000 options exercisable at 30 cents each, and 1,000,000 options exercisable at 40 cents each.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2007

11. CONTRIBUTED EQUITY AND RESERVES (continued)

	Option Exercise Price				
	$0.20	$0.30	$0.40	$0.75	$0.80
Options over Unissued Capital					
Balance at the beginning of the year	2,000,000	2,000,000	1,000,000		
8 November 2006 Exercise of options	(400,000)				
21 December 2006 Exercise of options		(400,000)			
13 April 2007 Exercise of options	(800,000)				
22 May 2007 Exercise of options		(400,000)	(400,000)		
22 June 2007 Exercise of options	(800,000)	(800,000)	(400,000)		
26 June 2007 Issue of options				250,000	100,000
27 June 2007 Exercise of options		(400,000)	(200,000)		
Balance at the end of the year	–	–	–	250,000	100,000

Unlisted Options outstanding at year end will expire on 30 June 2009.

Reserves

Nature and purpose
The Financial Assets reserve is used to record movements in the fair value of available for sale assets.

12. CONTROLLED ENTITIES

Name of Controlled Entity/ (Country Of Incorporation)	Percentage Owned 2007 %	Percentage Owned 2006 %	Company's Cost of Investment 2007 $	Company's Cost of Investment 2006 $
GME Sulphur Inc (USA)	100	100	–	–
GME Investments Pty Ltd (Australia)	100	100	–	–
Golden Cliffs NL (Australia)	100	100	616,893	616,893
NiWest Limited (Australia)	100	100	4,561,313	4,561,313
			5,178,206	5,178,206

13. STATEMENT OF CASH FLOWS

	Consolidated		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
(a) Reconciliation of cash flows from operating activities				
Loss from ordinary activities after tax	(403,906)	(379,353)	(503,908)	(479,005)
Depreciation / amortisation	8,539	8,112	8,539	8,112
Write off of exploration expenditure	–	65,335	–	64,987
Exploration costs capitalised (excluding creditors)	(3,343,246)	(1,445,433)	(533,554)	(20,364)
Decrease/(Increase) in receivables	(117,967)	100,000	(171,322)	–
Decrease/(Increase) in other current assets	–	(27,540)	–	(27,540)
Increase/(Decrease) in sundry creditors	924,691	20,813	953,453	20,813
Other non cash transactions (including issue of options)	25,333	–	25,333	–
Net Cash Flows from Operating Activities	(2,906,556)	(1,658,066)	(221,459)	(432,997)
(b) Reconciliation of Cash and cash equivalents				
Cash balance comprises:				
Cash at bank	690,667	354,547	690,667	354,547
Deposits at call	24,000	11,000	2,800	11,000
	714,667	365,547	693,467	365,547

14. AUDITORS' REMUNERATION

	Consolidated		Parent Entity	
	2007 $	2006 $	2007 $	2006 $
Amounts received or due and receivable by the auditors of GME Resources Ltd for:				
– an audit or review of the financial statements of the company and any other entity in the consolidated entity	16,150	12,500	16,150	12,500
– other services in relation to the company and any other entity in the consolidated entity	6,721	17,730	6,721	17,730
	22,871	30,230	22,871	30,230

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2007

15. SEGMENT REPORTING

There are no individual segments to be reported as the Company's operations are predominantly in the mining industry in Australia.

16. EARNINGS PER SHARE

	Consolidated	
	2007 $	2006 $
Basic and diluted loss per share (cents)	(0.19)	(0.19)
Loss used in calculation of basic and diluted earnings per share	403,906	379,353
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings per share	214,454,271	201,475,060

No adjustment was made for the 350,000 options on issue at 30 June 2007 (2006: 5,000,000) as they are not considered to be dilutive.

17. DIRECTORS' AND EXECUTIVES DISCLOSURES

a) Details of Key Management Personnel

(i) Directors

Michael Delaney Perrott – Non executive Chairman
James Noel Sullivan – Managing Director
Peter Ross Sullivan – Non executive Director
Geoffrey Mayfield Motteram – Non executive Director

(b) Compensation of Key Management Personnel

(i) Compensation Policy

The Board of Directors is responsible for remuneration policies and the packages applicable to the Directors of the Company. The board remuneration policy is to ensure that packages offered properly reflect a person's duties and responsibilities and that remuneration is competitive and attracts, retains, and motivates people of the highest quality.

The Managing Director and Non-executive Directors are remunerated for the services they render to the Company and such services are carried out under normal commercial terms and conditions. Engagement and payment for such services are approved by the other directors who have no interest in the engagement of services.

There are no retirement or termination benefits payable to the Board or senior executives.

At the date of this report the Company had not entered into any packages with Directors or senior executives which include performance based components, the Company does not operate an employee share option plan and there are no options outstanding issued to directors.

(ii) Compensation of Key Management Personnel for the year-ended 30 June 2007

	Fees	Total
Michael Delaney Perrott	30,000	30,000
James Noel Sullivan	134,167	134,167
Peter Ross Sullivan	24,000	24,000
Geoffrey Mayfield Motteram	36,000	36,000

(iii) Compensation of Key Management Personnel for the year-ended 30 June 2006

	Fees	Total
Michael Delaney Perrott	30,000	30,000
James Noel Sullivan	123,341	123,341
Peter Ross Sullivan	24,000	24,000
Geoffrey Mayfield Motteram	24,000	24,000

(c) Shareholdings of Key Management Personnel (Consolidated)

	Ordinary Shares 1/7/2006	Net Change	Ordinary Shares 30/6/07
Michael Delaney Perrott	9,810,099	1,387,340	11,197,439
James Noel Sullivan	10,194,009	651,153	10,845,162
Peter Ross Sullivan	12,309,492	987,796	13,297,288
Geoffrey Mayfield Motteram	4,144,054	276,270	4,420,324

(d) Other transactions and balances with Key Management Personnel

There were no other transactions with key management personnel during this financial year.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2007

18. FINANCIAL INSTRUMENT DISCLOSURES

(a) Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

2007	Weighted Average Effective Interest Rate	Floating Interest Rate $	Fixed Interest Rate Maturing Within 1 year $	Fixed Interest Rate Maturing Over 1 year $	Non-interest Bearing $	Total $
Financial Assets						
Cash assets	6.14%	690,667	24,000	–	–	714,667
Other financial assets		–	–	–	8,250	8,250
Receivables		–	–	–	213,002	213,002
		690,667	24,000	–	221,252	935,919
Financial Liabilities						
Payables		–	–	–	1,099,990	1,099,990
		–	–	–	1,099,990	1,099,990

2006	Weighted Average Effective Interest Rate	Floating Interest Rate $	Fixed Interest Rate Maturing Within 1 year $	Fixed Interest Rate Maturing Over 1 year $	Non-interest Bearing $	Total $
Financial Assets						
Cash assets	5.25%	354,547	11,000	–	–	365,547
Other financial assets		–	–	–	8,250	8,250
Receivables		–	–	–	93,035	93,035
		354,547	11,000	–	101,285	466,832
Financial Liabilities						
Payables		–	–	–	245,361	245,361
		–	–	–	245,361	245,361

18. FINANCIAL INSTRUMENT DISCLOSURES (continued)

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, to recognised financial assets is the carrying amount as disclosed in the balance sheet and notes to the financial statements.

The consolidated entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

(c) Net Fair Values

The net fair value of the financial assets and financial liabilities approximates their carrying value. Other than listed investments that are measured at the quoted bid price at balance date adjusted for transaction costs expected to be incurred, no financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial statements.

19. COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities, not provided for in the financial statements of the consolidated entity as at 30 June 2007, other than:

(a) Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the consolidated entity in its own right or in conjunction with its joint venture partners may be required to outlay amounts of approximately $1,156,480 (2006: $1,202,000) per annum on an ongoing basis in respect of tenement lease rentals and to meet the minimum expenditure requirements of the Western Australian and Queensland Mines Department. These obligations are expected to be fulfilled in the normal course of operations by the consolidated entity or its joint venture partners and are subject to variations dependent on various matters, including the results of exploration on the mineral tenements.

(b) Claims of Native Title

Legislative developments and judicial decisions (in particular the uncertainty created in the area of Aboriginal land rights by the High Court decision in the “Mabo” case and native title legislation) may have an adverse impact on the consolidated entity’s exploration and future production activities and its ability to fund those activities. It is impossible at this stage to quantify the impact (if any) which these developments may have on the consolidated entity’s operations.

Native title claims have been made over ground in which the consolidated entity currently has an interest. It is possible that further claims could be made in the future. However, the Company has not undertaken the considerable legal, historical, anthropological and ethnographic research which would be necessary to determine whether any current or future claims, if made, will succeed and, if so, what the implications would be for the consolidated entity.

	Consolidated		Parent Entity	
	2007	2006	2007	2006
	$	$	$	$
(c) Non Cancellable Operating Lease Commitments				
Within one year	46,748	27,966	46,748	27,966
One year or later and no later than five years	93,496	20,974	93,496	20,974
	140,244	48,940	140,244	48,940

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2007

20. INTERESTS IN BUSINESS UNDERTAKINGS – JOINT VENTURES

The Company has entered into a number of agreements with other companies to gain interests in project areas. These interests will be earned by expending certain amounts of money on exploration expenditure within a specific time. The Company can however, withdraw from these projects at any time without penalty. The amounts required to be expended in the next year have been included in Note 19 – Commitments and Contingent Liabilities.

21. RELATED PARTIES

Total amounts receivable and payable from entities in the wholly-owned group at balance date:

	2007 $	2006 $
Non-Current Receivables		
Loans net of provisions for non recovery	8,186,475	5,391,513
Current Payables		
Loans	1,359,718	1,242,291

22. EVENTS SUBSEQUENT TO BALANCE DATE

On 5 July 2007, Directors announced a 1 for 10 Renounceable Entitlement Issue at 50 cents. The entitlement issue was not underwritten, and on 3 August 2007 the offer closed with more than 94% acceptances. The Company's share registry received acceptances for 20,807,933 ordinary shares at an issue price of 50 cents per share raising a total of $10,403,966.50.

The Company elected not to place the shortfall of 1,228,667 shares or 5.6%.

On 7 August 2007, the Company announced that it had signed an MOU with Norilsk Nickel Cawse Pty Ltd, covering the conduct of a Trial Nickel Laterite Heap Leach project at the Cawse Nickel plant site, located near Kalgoorlie in Western Australia. The framework agreement paves the way for GME to carry out a heap leach program of up to 20,000 tonnes of ore adjacent to the Cawse HPAL plant site. This program will be a central part of the GME Bankable Feasibility Study for Heap Leach treatment of the NiWest nickel laterite ores and will demonstrate heap stability, nickel extraction, acid consumption and metal recovery circuits.

Directors' Declaration

1. In the opinion of the directors:
   a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001 including:
      i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year then ended; and
      ii. complying with Accounting Standards and Corporations Regulations 2001;
   b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors by the Managing Director and the Chief Financial Officer, in accordance with Section 295A of the Corporations Act 2001, for the financial year ended 30 June 2007.

This declaration is signed in accordance with a resolution of the Board of Directors.

James N Sullivan
Managing Director

Perth, Western Australia
20 September 2007

Independent Auditor's Report

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of GME RESOURCES LIMITED

We have audited the accompanying financial report of GME Resources Limited ("the company"), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both the company and the GME Resources Limited Group ("the consolidated entity") as set out on pages 31 to 52. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1 (c), the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

HLB Mann Judd (WA Partnership)
15 Rheola Street West Perth 6005. PO Box 263 West Perth 6872 Western Australia. DX 238 (Perth) Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au
Partners: Terry M Blenkinsop, Litsa Christodulou, Wayne M Clark, Lucio Di Giallonardo, Colin D Emmott, Trevor G Hoddy, Norman G Neill, Peter J Speechley

Independent Auditor's Report (continued)

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of GME Resources Limited and included in the Directors' Report, would be on the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of GME Resources Limited is in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year then ended; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1 (c).

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

N G NEILL
Partner

Perth, Western Australia
20 September 2007

Shareholder Information

The shareholder information set out below was applicable as at 20 September 2007.

A. Distribution of Securities

(a) Analysis of numbers of shareholders by size and holding:

Category (size of holding)	Holders
1 – 1,000	358
1,001 – 5,000	374
5,001 – 10,000	240
10,001 – 100,000	655
100,000 and over	190
	1,817

(b) There were 313 holders of less than a marketable parcel of ordinary shares.

(c) The percentage of the total holding of the twenty largest shareholders is:

Ordinary Shares
64.68%

B. Voting Rights

The voting rights attaching to each class of shares are set out below:

(a) Ordinary Shares:

On a show of hands, every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

C. Substantial Shareholders

Substantial shareholders who have notified the Company as at 20 September 2007, are:

Name	%
Retirewise Capital Pty Ltd and associated entities	26.94
Mandalup Investments Pty Ltd	6.88
Peter Ross Sullivan	6.06
Guiness Peat Group plc, Mid-East Minerals Limited and Retford Resources NL	5.60
Duncraig Investment Services Pty Ltd	5.11

Shareholder Information

The names of the 20 largest security holders of each class of equity security as at 20 September 2007 are listed below:

ORDINARY SHARES

Name	Number	Issued Shares Held %
ANZ Nominees Limited	23,653,290	9.81
Retirewise Capital Pty Ltd	23,021,134	9.55
Retirewise Capital Australia Pty Ltd	19,565,988	8.11
Retford Resources NL	13,499,280	5.60
Mandalup Investments Pty Ltd (Mandalup Discretionary Account)	12,534,835	5.20
Duncraig Investment Services Pty Ltd	12,317,182	5.11
UBS Nominees Pty Ltd	7,800,000	3.23
Peter Ross Sullivan	5,626,133	2.33
James Noel Sullivan	4,691,637	1.95
Geomett Pty Ltd	4,420,324	1.83
Mandalup Investments Pty Ltd (Mandalup Super Fund)	4,056,212	1.68
Topsfield Pty Ltd	3,703,793	1.54
Hardrock Capital Pty Ltd	3,660,845	1.52
Gravelstone Pty Ltd (Malavoca Super Fund)	3,389,172	1.41
Tunza Holdings Pty Ltd	2,673,871	1.11
Donald Anthony Sullivan	2,517,500	1.04
Mervyn Ross and Mary Sullivan	2,510,898	1.04
Sullivans Garage Pty Ltd	2,440,532	1.01
Ingot Capital Management Pty Ltd	2,127,326	0.88
Douglas Stuart Butcher	1,760,000	0.73
	155,969,952	**64.68**

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 converted E31/733	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, MLA 38/683	GME 100%	
Ilgarari	E52/1482	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, MLA37/1059 P37/5650 – 5656 P37/6931 P37/7279 MLA37/876 ELA37/871	GME 100% Golden Cliffs 100% Golden Cliffs 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, E39/1337	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 PLA37/7180 – 7184	NiWest 100% NiWest 100%	

Tenement Directory (continued)

Project	Tenements	Company Interest	Comments
Mt Kilkenny	E39/688 ML39/878 – 879, EL 39/1107 – 1108, P39/4571 E39/990 J/V JINDALEE RESOURCES	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	EL37/845	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	Niwest 100%	
Waite Kauri	M37/1216	Niwest 100%	
Misc Licences	MLA39/173, MLA39/174, MLA39/175, MLA39/179, MLA31/46, MLA40/25	NiWest 100%	Haul Roads, Ground Water Resources

Legend

E: Exploration Licence
M: Mining Lease
P: Prospecting Licence
ELA: Exploration Licence Application
EPM: Exploration Permit for Minerals
EPMA: Exploration Permit for Minerals Application
PLA: Prospecting Licence Application
MLA: Mining Lease Application