GME RESOURCES LTD

ABN 62 009 260 315

ANNUAL REPORT

2009

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CORPORATE DIRECTORY

DIRECTORS

Chairman
Michael Delaney PERROTT AM B.Com

Managing Director
David John VARCOE B.Mining Engineering (Hons), M.AusIMM

Executive Director
James Noel SULLIVAN FAICD

Director
Peter Ross SULLIVAN BE, MBA

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

COMPANY SECRETARY

Mark Pitts B.Bus CA

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

467 Canning Highway
Como WA 6152
PO Box 920
Applecross WA 6953
Telephone: (08) 9313 2144
Facsimile: (08) 9313 2188
E-Mail: enq@gmeresources.com.au
Web Site: www.gmeresources.com.au

AUDITORS

HLB Mann Judd
Chartered Accountants
15 Rheola Street
West Perth WA 6005

SHARE REGISTRY

Computershare Registry Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
Perth WA 6000
GPO Box D182
Perth WA 6001
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033

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

DIRECTORS' REPORT

Your directors present their report of GME Resources Limited and its controlled entities for the financial year ended 30 June 2009.

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)
David John Varcoe	(Managing Director)
James Noel Sullivan	(Executive 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 Group for the financial year to 30 June 2009 amounted to $628,861 (2008: $460,137).

Overview of operating activity

The Company is developing the NiWest nickel laterite Heap Leach project in the NE Goldfields. The Company has explored and developed a significant resource base containing over 1 million tonnes of nickel metal. Due to the state of the world financial markets the Company has suspended work on the NiWest Nickel feasibility study pending an improvement in the Nickel market and the ability of financial markets to support major resource projects. The Company will continue to review options for development, including joint venturing of the project. During the reporting period the company undertook limited exploration and development work.

In 2008 the Company undertook a strategic review of the NiWest Project. Based on this work, the Company believes that the optimal size of the NiWest Heap leach Project is 3.5 million tonnes per annum (Mtpa) of ore processed, producing between 30,000 and 35,000 tonnes of nickel metal per annum. The Company envisages constructing a world class Nickel and Cobalt processing plant in the Northern Goldfields.

The Company was encouraged by the improvement in the Nickel price in the last quarter of the financial year to levels that again make the proposed NiWest Heap Leach project an attractive proposition. We believe that very few nickel producers would be profitable at sub $US5 per pound prices and this price would not support any new investment in the industry. On the basis of the improving metal price, lower sulphur input costs and a reduction in capital costs the Company intends to revisit the economics of the Heap Leach project. The Company will actively seek partners to jointly develop this world class project.

Financial Position

At the end of the financial year the consolidated entity had $356,187 (2008: $5,150,024) in cash and at call deposits.

Carried forward exploration expenditure was $29,138,670 (2008: $25,119,793).

During the year issued capital increased from 253,173,931 to 253,373,931 shares at the end of 2009. The movement related to the issue of 200,000 ordinary fully paid shares by the company as payment for the Jindalee Tenements.

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

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

After Balance Date Events

On 20 July 2009 Directors closed a 1 for 12 non-renounceable entitlement issue at 5 cents.

The Company received total acceptances for shares under the Entitlement Issue for 21,114,494 ordinary fully paid shares at 5 cents each to raise a total of $1,060,725 . The Directors were very pleased with the support shown by shareholders with approximately 71.2% of available entitlements being taken up.

The rights issue was not underwritten, but the Company had reserved the right to place the shortfall of 6,071,254 shares. All shortfall shares were taken up by shareholders.

Other than the issue referred to above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the Group's operations, the results of those operations or the Group'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 activities 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 Group, 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 Group.

Information on Directors and Company Secretary

Michael Delaney Perrott AM BCom FAIM
(Chairman) 63 Years
Director since 1996

Mr Perrott has been involved in the construction and contracting industry since 1969. He is currently Chairman and director of various listed and unlisted public and private companies. Mr Perrott is also a member of the Board of Notre Dame University and SANE Australia and a council member for the State Ministerial Council for Suicide prevention.

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

Other current directorships of listed companies
Director of Schaffer Corporation Limited since February 2005 and VDM Group Ltd since July 2009.

Former directorships of listed companies in last 3 years
Non executive chairman of Gage Roads Brewing Co Limited from November 2006 to October 2007. Director of Port Bouvard Limited from 1998 until March 2009, and Director of Portman Limited from June 1997 until November 2008.

David John Varcoe B. Mining Engineering (Honours) MAusIMM
(Managing Director) 46 Years
Director since 2008

Mr Varcoe is a highly qualified mining engineer with over 20 years experience that includes extensive senior managerial and technical positions with Australia and international resource companies. His experience includes positions at Sons of Gwalia, Centaur, WMC, and Goldfields St Ives and for the period prior to joining GME as Principal Consultant Rio Tinto Technical Services based in the United Kingdom and Perth WA.

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

James Noel Sullivan FAICD
(Executive Director) 48 Years
Director since 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) 53 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) 60 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 Mark Edward Pitts B.Bus CA
(Company Secretary) 47 Years

Mr Pitts was appointed to the position of Company Secretary in February 2009. Mr Pitts is a Chartered Accountant with over twenty years experience in statutory reporting and business administration. He has been directly involved with, and consulted to a number of public companies holding senior financial management positions. He is a partner in the corporate advisory firm Endeavour Corporate. Endeavour offers professional services focused on Company Secretarial support, corporate advice, supervision of ASIC and ASX reporting and compliance requirements, and commercial and financial support.

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.

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 as appropriate when reviewing remuneration packages.

Details of 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:

2009	**Short Term Benefits Salary & Fees $**	**Post Employment Benefits Superannuation $**	**Long Term Benefits Options $**	**Total $**
Executive Directors				
David J Varcoe	174,818	12,755	-	187,573
James N Sullivan	24,000	-	-	24,000
Non-Executive Directors				
Michael D Perrott	30,000	-	-	30,000
Geoffrey M Motteram	27,600	-	-	27,600
Peter R Sullivan	24,000	-	-	24,000
Executives				
Bradley J Wynne (ceased 11 Feb 2009)	91,017	8,192	-	99,209
John R Harris (ceased 30 Nov 2008)	82,275	7,405	-	89,680
Mr Mark Pitts (appointed 11 Feb 2009	23,750	-	-	23,750
	477,460	**28,352**	**-**	**505,812**

2008	Short Term Benefits Salary & Fees $	Post Employment Benefits Superannuation $	Long Term Benefits Options $	Total $
Executive Directors				
David J Varcoe	93,253	9,325	-	102,578
James N Sullivan	120,727	-	-	120,727
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	150,000	13,500	-	163,500
John R Harris	66,667	6,000	-	72,667
	520,647	**28,825**	**-**	**549,472**

The Company and its subsidiaries had no employees as at 30 June 2009.

Service agreements

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

Share based compensation

There is currently no provision in the 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 Opening Balance	Net Change	Ordinary Shares Closing Balance
Michael D Perrott	12,317,182	-	12,317,182
David J Varcoe	75,000	-	75,000
James N Sullivan	12,129,676	25,000	12,154,676
Peter R Sullivan	11,737,481	-	11,737,481
Geoffrey M Motteram	4,862,356	-	4,862,356

Meetings of Directors

During the year, 7 meetings of directors were held. Attendances were:

Name	Number Eligible to Attend	Number Attended
Michael D Perrott	7	7
David J Varcoe	7	7
James N Sullivan	7	7
Peter R Sullivan	7	7
Geoffrey M Motteram	7	7

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:

- 2,000,000 Options exercisable at $0.70 each;

The options will expire on 30 September 2010.

Audit Committee

The Board reviews the performance of the external auditors on an annual basis and meets with them during the year to review findings and assist with Board recommendations.

The Board does not have a separate Audit Committee with a composition as suggested in the best practice recommendations. The full Board carries out the function of an audit committee.

The Board believes that the Company is not of a sufficient size to warrant a separate committee and that the full board is able to meet objectives of the best practice recommendations and discharge its duties in this area.

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 auditors' expertise and experience with the Company or consolidated entity are important.

During the year HLB Mann Judd, performed no other services in addition to their statutory audit duties.

Auditors' independence declaration

A copy of the auditor's 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.

David J Varcoe
Managing Director
Perth, Western Australia
23 September 2009

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's Independence Declaration

As lead auditor for the audit of the financial report of GME Resources Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

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

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

This declaration is in respect of GME Resources Limited.

Perth, Western Australia	**W M CLARK**
23 September 2009	**Partner, HLB Mann Judd**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

INCOME STATMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated		Parent Entity	
		2009 $	2008 $	2009 $	2008 $
Revenue	2	248,037	797,462	143,180	515,644
Interest expense		-	23,545	-	23,545
Depreciation expense		234,302	34,598	234,302	34,598
Management and consulting fees		488,035	642,892	488,035	642,892
Administration expenses		320,977	556,564	320,785	556,553
Loss before income tax benefit		795,277	460,137	899,942	741,944
Income tax benefit	3	(166,416)	-	(166,416)	-
Loss from ordinary activities after related income tax		628,861	460,137	733,526	741,944
Net loss attributable to members of the parent entity		628,861	460,137	733,526	741,944

Earnings Per Share

	Note	Consolidated 2009	Consolidated 2008
Basic earnings per share (cents per share)	16	(0.25)	(0.19)

The accompanying notes form part of these financial statements.

BALANCE SHEET
AS AT 30 JUNE 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
CURRENT ASSETS					
Cash and cash equivalents	13(b)	356,187	5,150,024	200,754	4,928,834
Receivables	4	7,291	230,023	5,034	247,974
Other financial assets	5	8,250	8,250	8,250	8,250
TOTAL CURRENT ASSETS		371,728	5,388,297	214,038	5,185,058
NON CURRENT ASSETS					
Receivables	6	-	-	10,282,448	9,245,709
Other financial assets	7	-	-	2,615,950	2,615,950
Plant and equipment	8	493,995	727,948	493,995	727,948
Exploration and evaluation expenditure carried forward	9	29,138,670	25,119,793	16,047,396	13,139,101
TOTAL NON CURRENT ASSETS		29,632,665	25,847,741	29,439,789	25,728,708
TOTAL ASSETS		30,004,393	31,236,038	29,653,827	30,913,766
CURRENT LIABILITIES					
Payables	10	102,756	713,540	1,524,989	2,059,402
TOTAL CURRENT LIABILITIES		102,756	713,540	1,524,989	2,059,402
TOTAL LIABILITIES		102,756	713,540	1,524,989	2,059,402
NET ASSETS		29,901,637	30,522,498	28,128,838	28,854,364
EQUITY					
Issued capital	11	44,526,381	44,518,381	44,526,381	44,518,381
Financial assets reserve	11	(1,125)	(1,125)	(1,125)	(1,125)
Option reserve	11	740,796	740,796	740,796	740,796
Accumulated losses		(15,364,415)	(14,735,554)	(17,137,214)	(16,403,688)
TOTAL EQUITY		29,901,637	30,522,498	28,128,838	28,854,364

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

CONSOLIDATED	Note	ORDINARY SHARES	FINANCIAL ASSETS RESERVE	OPTION RESERVE	ACCUMULATED LOSSES	TOTAL
Balance at 1 July 2007		26,480,932	(1,125)	91,396	(14,275,417)	12,295,786
Loss attributable to members of the parent entity in 2008		-	-	-	(460,137)	(460,137)
Issue of unlisted options		-	-	649,400	-	649,400
Shares issued (net of costs)	11	18,037,449	-	-	-	18,037,449
Balance at 30 June 2008		44,518,381	(1,125)	740,796	(14,735,554)	30,522,498
Loss attributable to members of the parent entity in 2009		-	-	-	(628,861)	(628,861)
Issue of unlisted options		-	-	-	-	-
Shares issued (net of costs)	11	8,000	-	-	-	8,000
Balance at 30 June 2009		44,526,381	(1,125)	740,796	(15,364,415)	29,901,637
PARENT						
Balance at 1 July 2007		26,480,932	(1,125)	91,396	(15,661,744)	10,909,459
Loss attributable to members of the parent entity in 2008		-	-	-	(741,944)	(741,944)
Issue of unlisted options		-	-	649,400	-	649,400
Shares issued (net of costs)	11	18,037,449	-	-	-	18,037,449
Balance at 30 June 2008		44,518,381	(1,125)	740,796	(16,403,688)	28,854,364
Loss attributable to members of the parent entity in 2009		-	-	-	(733,526)	(733,526)
Issue of unlisted options		-	-	-	-	-
Shares issued (net of costs)	11	8,000	-	-	-	8,000
Balance at 30 June 2009		44,526,381	(1,125)	740,796	(17,137,214)	28,128,838

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Cash flows from operating activities					
Cash receipts from customers		266,416	281,818	166,416	-
Cash paid to suppliers and employees		(5,207,693)	(5,947,894)	(4,016,711)	(4,836,803)
Interest received		148,037	484,657	143,180	484,657
Net cash from operating activities	13(a)	(4,793,240)	(5,181,419)	(3,707,115)	(4,352,146)
Cash flows from investing activities					
Acquisition of Plant and equipment		(5,597)	(743,073)	(5,597)	(743,073)
Amounts paid on behalf of controlled entities		-	-	(1,020,368)	(1,029,263)
Net cash from investing activities		(5,597)	(743,073)	(1,025,965)	(1,772,336)
Cash flows from financing activities					
Proceeds from issue of shares		-	10,403,967	-	10,403,967
Proceeds from sale of assets		5,000	-	5,000	
Payment of costs associated with issue of shares		-	(44,118)	-	(44,118)
Net cash from financing activities		5,000	10,359,849	5,000	10,359,849
Net increase/(decrease)in cash and cash equivalents		(4,793,837)	4,435,357	(4,728,080)	4,235,367
Cash and cash equivalents at 1 July		5,150,024	714,667	4,928,834	693,467
Cash and cash equivalents at 30 June	13(b)	356,187	5,150,024	200,754	4,928,834

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. STATEMENT OF ACCOUNTING POLICIES

GME Resources Limited ('the Company') is a listed public company, incorporated and domiciled in Australia. The consolidated financial reports of the Company for the financial year ended 30 June 2009 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.

The Company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activities are mineral exploration and investment.

(b) Adoption of new and revised standards

In the year ended 30 June 2009, the Group has adopted 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 2008. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2009. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

(c) Significant accounting judgements and key estimates

The preparation of financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and "value in use". In determining value in use, future cash flows are based on:

- Estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction.
- Estimated production and sales levels.
- Estimate future commodity prices.
- Future costs of production.
- Future capital expenditure.
- Future exchange rates.

The cashflow model used to support the assessment is calculated over a period of 20 years, being the estimated life of the mine. The discount rate is 8% and for the purpose of this exercise, future nickel and cobalt prices of USD16,500 and USD44,000 per tonne respectively have been assumed with a long term AUD/USD exchange rate of $0.80.

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

The accounting policies and methods of computation adopted in the preparation of the financial report are consistent with those adopted and disclosed in the company's 2008 annual financial report for the financial year ended 30 June 2008.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(d) Going Concern

As disclosed in the financial report, the consolidated entity recorded an operating loss of $628,861 and a cash outflow from operating activities of $4,793,240 for the year ended 30 June 2009 and at balance date, had net current assets of $268,972. These factors indicate significant uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Board considers that the consolidated entity is a going concern and recognises that additional funding is required to ensure that the consolidated entity can continue to fund its operations and further develop its mineral exploration and evaluation assets during the twelve month period from the date of this financial report. Such additional funding can be derived from sources including:

- The placement of securities under the ASX Listing Rule 7.1 or otherwise;
- An excluded offer pursuant to the Corporations Act 2001; or
- The sale of assets.

Accordingly, the Directors believe that subject to prevailing equity market conditions, the consolidated entity will obtain sufficient funding to enable it and the consolidated entities to continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report. Should the consolidated entity be unable to obtain sufficient funding as outlined above, there is significant uncertainty whether or not the consolidated entity will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

(e) Statement of compliance

The financial report was authorised for issue on 26th September 2009.

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).

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(f) Principles of Consolidation (cont.)

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

(g) 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.

(h) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except those that relate to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

(i) 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.

(j) 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.

(k) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(k) Income Tax (cont.)

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.

Tax consolidation legislation

GME Resources Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

GME Resources Limited recognises both its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(k) Income Tax (cont.)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

(l) 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.

(m) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(m) Plant and Equipment (cont.)

(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.

(n) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(n) Investments and other financial assets (cont.)

(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.

(o) 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 other wise 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(p) 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.

(q) 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.

(r) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(s) Earnings per share

Basic EPS is calculated as net result 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 result 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 FOR THE YEAR ENDED 30 JUNE 2009

2. REVENUE AND EXPENSES

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
(a) Revenue				
Operating Activities				
Interest received	148,037	515,644	143,180	515,644
Proceeds from:				
Facilitation fee for prospecting rights	100,000	281,818	-	-
Total revenue	248,037	797,462	143,180	515,644
(b) Expenses:				
Depreciation – plant and equipment	234,302	34,598	234,302	34,598

3. INCOME TAX

(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:

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Accounting loss before tax from continuing operations	(795,277)	(460,137)	(899,942)	(741,944)
Income tax benefit calculated at 30%	(238,583)	(138,041)	(269,982)	(222,583)
Non-deductible expenses				
Adjustments to head entity in respect of tax consolidation	-	-	(301,776)	(248,785)
Unused tax losses and tax offset not recognised as deferred tax assets	2,543,274	2,869,707	2,543,274	2,869,707
Adjustments in respect of deferred income tax of previous years	491,654	-	491,654	
R&D tax concession	(158,723)	285,000	(158,723)	285,000
Unrecognised deferred tax assets / (liabilities)	(2,143,947)	(3,016,805)	(1,810,772)	(2,683,480)
Under provision for income tax benefit in prior years	(491,654)	-	(491,654)	-
Other	(2,021)	141	(2,021)	141
Tax refund received	(166,416)	-	(166,416)	-
Income tax benefit	(166,416)	-	(166,416)	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
3. INCOME TAX				
(b) Unrecognised deferred tax balances				
Unrecognised deferred tax assets comprise:				
Losses available for offset against future taxable income	9,672,923	6,657,676	9,672,923	6,657,676
Project pool differences	-	1,008,113	-	1,008,113
Capital raising costs	13,586	20,179	13,586	20,179
Provision for non-recovery of investments	1,169,023	1,168,635	1,169,023	1,168,635
Accrued expenses and liabilities	3,000	7,837	2,400	7,237
	10,858,532	8,862,440	10,857,932	8,861,840
Unrecognised deferred tax liabilities comprise:				
Exploration expenditure	8,741,601	7,535,938	4,814,219	3,941,730
Deductible prepayment	-	15,868	-	15,868
Accrued income	-	9,269	-	9,269
Capital allowance differences	123,347	179,081	123,347	179,081
	8,864,948	7,740,156	4,937,566	4,145,948
Income tax expense not recognised directly in equity:				
Capital raising costs	98,191	98,191	98,191	98,191

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.

4. RECEIVABLES (CURRENT)

Sundry debtors	7,291	230,023	5,034	247,974

5. OTHER FINANCIAL ASSETS (CURRENT)

Available-for-sale				
Listed investments	8,250	8,250	8,250	8,250

6. RECEIVABLES (NON CURRENT)

Loans to controlled entities (wholly owned)	-	-	11,605,143	10,568,404
Provision for impairment loss	-	-	(1,322,695)	(1,322,695)
	-	-	10,282,448	9,245,709

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.
The recoverability of the carrying value of loans to controlled entities is dependent upon the successful development and commercial exploitation or alternatively sale of the respective areas in which those controlled entities have an interest , at amounts sufficient to recover the loans.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $

7. OTHER FINANCIAL ASSETS (NON CURRENT)

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
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 entities is dependent on the successful development and commercial exploitation or, alternatively, sale of the respective areas in which those controlled entities have an interest at amount sufficient to recover the investment.

8. PLANT AND EQUIPMENT (NON CURRENT)

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Plant and equipment - at cost	781,697	781,348	781,697	781,348
Less accumulated depreciation	(287,702)	(53,400)	(287,702)	(53,400)
Total plant and equipment	493,995	727,948	493,995	727,948
Reconciliation of the carrying amount of plant and equipment:				
Carrying amount at the beginning of the year	727,948	19,473	727,948	19,473
Additions	5,597	743,073	5,597	743,073
Disposals	(5,248)	-	(5,248)	-
Depreciation	(234,302)	(34,598)	(243,302)	(34,598)
Carrying amount at the end of the year	493,995	727,948	493,995	727,948

9. EXPLORATION AND EVALUATION EXPENDITURE CARRIED FORWARD (NON CURRENT)

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
Deferred exploration and evaluation expenditure - at cost				
Movements:				
Balance at beginning of the year	25,119,793	12,440,384	13,139,101	1,570,782
Direct expenditure	4,018,877	12,679,409	2,908,295	11,568,319
	29,138,670	25,119,793	16,047,396	13,139,101
Less expenditure written off	-	-	-	-
	29,138,670	25,119,793	16,047,396	13,139,101

The ultimate recoupment of the above deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or, alternatively, sale of the respective areas at amounts sufficient to recover the investment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
10. PAYABLES (CURRENT)				
Trade payables and accruals	102,756	653,540	100,756	651,540
Unearned income	-	60,000	-	-
Amount payable to wholly owned entity	-	-	1,424,233	1,407,862
	102,756	713,540	1,524,989	2,059,402

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 2009.

11. CONTRIBUTED EQUITY AND RESERVES

Issued and paid up capital

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
253,373,931 (2008: 253,173,931) ordinary shares, fully paid	44,526,381	44,518,381	44,526,381	44,518,381
Ordinary shares				
Balance at the beginning of the year	44,518,381	26,480,932	44,518,381	26,480,932
Entitlement issue (a)	-	10,403,967	-	10,403,967
Costs associated with entitlement issue	-	(44,118)	-	(44,118)
Issue of shares pursuant to acquisition of tenements (b)	8,000	7,677,600	8,000	7,677,600
Balance at the end of the year	44,526,381	44,518,381	44,526,381	44,518,381

	No of Shares	No of Shares	No of Shares	No of Shares
Balance at the beginning of the year	253,173,931	220,365,998	253,173,931	220,365,998
Entitlement issue	-	20,807,933	-	20,807,933
Issue of shares pursuant to acquisition of tenements (a)	200,000	12,000,000	200,000	12,000,000
Balance at the end of the year	253,373,931	253,173,931	253,373,931	253,173,931

(a) During the year, the company issued 200,000 shares as consideration for the Jindalee tenement package at an issue price of 4 cents per share.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

11. CONTRIBUTED EQUITY AND RESERVES

Options over Unissued Capital

	$0.70	$0.75	$0.80
Balance at the beginning of the year	2,000,000	250,000	100,000
Expired	-	(250,000)	(100,000)
Balance at the end of the year	2,000,000	-	-

Unlisted 75 and 80 cent Options expired on 30 June 2009. The unlisted 70 cent Options outstanding at year end will expire on 30 September 2010.

Reserves

Nature and purpose
The financial assets reserve is used to record movements in the fair value of available for sale assets.
The option reserve is used to record the fair value of options issued.

12. CONTROLLED ENTITIES

Name of Controlled Entity/ (Country Of Incorporation)	Percentage Owned		Company's Cost of Investment	
	2009 %	2008 %	2009 $	2008 $
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 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
(a) Reconciliation of cash flows from operating activities				
Loss from ordinary activities after tax	(628,861)	(460,137)	(733,526)	(741,944)
Depreciation / amortisation	234,302	34,598	234,302	34,598
Exploration costs capitalised (excluding creditors)	(4,301,940)	(4,352,409)	(2,875,250)	(3,241,319)
Decrease/(increase) in receivables	191,744	(17,021)	242,938	(35,204)
Decrease/(increase) in other current assets		-		-
Increase/(decrease) in sundry creditors	(288,485)	(386,450)	(575,100)	(368,277)
Other non cash transactions (including issue of options)	-	-	(479)	-
Net cash flows from operating activities	(4,793,240)	(5,181,419)	(3,707,115)	(4,352,146)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
13. STATEMENT OF CASH FLOWS				
(b) Reconciliation of cash and cash equivalents				
Cash balance comprises:				
Cash at bank	159,340	5,104,824	3,907	4,904,834
Deposits at call	196,847	45,200	196,847	24,000
	356,187	5,150,024	200,754	4,928,834

14. AUDITOR'S REMUNERATION

	Consolidated 2009 $	Consolidated 2008 $	Parent Entity 2009 $	Parent Entity 2008 $
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 Group	32,654	18,500	32,654	18,500
- other services in relation to the company and any other entity in the Group	-	10,093	-	10,093
	32,654	28,593	32,654	28,593

15. SEGMENT REPORTING

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

	Consolidated	
	2009	2008
	$	$
16. EARNINGS PER SHARE		
Basic and diluted loss per share (cents)	(0.25)	(0.19)
Loss used in calculation of basic and diluted earnings per share	628,861	460,137
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings per share	253,296,671	246,816,898

No adjustment was made for the 2,000,000 options on issue at 30 June 2009 (2008: 2,350,000) as they are not considered to be dilutive.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

17. DIRECTORS' AND EXECUTIVES DISCLOSURES

a) Details of Key Management Personnel

(i) Directors

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

(ii) Executives

Bradley John Wynne	- Chief Financial Officer (ceased 11 February 2009)
Mark Pitts	- Company Secretary (commenced 11 February 2009)
John Richard Harris	- Chief Geologist (ceased 30 November 2008)

(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.

As part of his package, Mr David Varcoe is entitled to 2,000,000 options exercisable at $0.65, 500,000 options exercisable at $0.80, and 500,000 options exercisable at $1.00. These options have an expiry date of 18 February 2012 and are subject to shareholder approval.

(ii) Compensation of Key Management Personnel for the year ended 30 June 2009

2009	**Short Term Benefits**	**Post Employment Benefits**	**Long Term Benefits**	**Total**
	Salary & Fees	**Superannuation**	**Options**	
	$	**$**	**$**	**$**
Executive Directors				
David J Varcoe	174,818	12,755	-	187,573
James N Sullivan	24,000	-	-	24,000
Non-Executive Directors				
Michael D Perrott	30,000	-	-	30,000
Geoffrey M Motteram	27,600	-	-	27,600
Peter R Sullivan	24,000	-	-	24,000
Executives				
Bradley J Wynne (ceased 11 Feb 2009)	91,017	8,192	-	99,209
John R Harris (ceased 30 Nov 2008)	82,275	7,405	-	89,680
Mr Mark Pitts (appointed 11 Feb 2009	23,750	-	-	23,750
	477,460	**28,352**	**-**	**505,812**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

17. DIRECTORS' AND EXECUTIVES DISCLOSURES (CONTINUED)

(iii) Compensation of Key Management Personnel for the year ended 30 June 2008

2008	Short Term Benefits Salary & Fees $	Post Employment Benefits Superannuation $	Long Term Benefits Options $	Total $
Executive Directors				
David J Varcoe	93,253	9,325	-	102,578
James N Sullivan	120,727	-	-	120,727
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	150,000	13,500	-	163,500
John R Harris	66,667	6,000	-	72,667
	520,647	**28,825**	**-**	**549,472**

(c) Shareholdings of Key Management Personnel (Consolidated)

	Ordinary Shares 1/7/2008	Net Change	Ordinary Shares 30/6/2009
Michael Delaney Perrott	12,317,182	-	12,317,182
David John Varcoe	75,000	-	75,000
James Noel Sullivan	12,129,676	25,000	12,154,676
Peter Ross Sullivan	11,737,481	-	11,737,481
Geoffrey Mayfield Motteram	4,862,356	-	4,862,356

(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
FOR THE YEAR ENDED 30 JUNE 2009

18. FINANCIAL INSTRUMENT DISCLOSURES

(a) Categories of financial instruments

2009	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	6.43%	159,340	196,847	-	-	356,187
Other financial assets	-	-	-	-	8,250	8,250
Receivables	-	-	-	-	7,291	7,291
		159,340	196,847	-	15,541	371,728
Payables	-	-	-	-	102,756	102,756
		-	-	-	102,756	102,756

2008	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	7.28%	5,104,824	45,200	-	-	5,150,024
Other financial assets	-	-	-	-	8,250	8,250
Receivables	-	-	-	-	230,023	230,023
		5,104,824	45,200	-	238,273	5,388,297
Financial Liabilities						
Payables	-	-	-	-	415,242	415,242
		-	-	-	415,242	415,242

(b) Interest rate risk sensitivity analysis

The Company and the Group are exposed 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, in respect of the cash balances and deposits.

The sensitivity analyses below have been determined based on the exposure to interest rates for instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net loss before tax and equity would increase by $1,781 and decrease by $1,781 respectively (2008:$25,750).

The Group's sensitivity to interest rates has increased during the current period due to an increase in funds in term deposits.

(c) Liquidity risk

The Company manages liquidity risk by continually monitoring cash reserves and cash flow forecasts to ensure that financial commitments can be met as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

18. FINANCIAL INSTRUMENT DISCLOSURES (CONTINUED)

(d) Capital management risk

The Company controls the capital of the Group in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern.

The Company effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of expenditure and debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

(e) 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 Group as at 30 June 2009, other than:

(a) Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the Group in its own right or in conjunction with its joint venture partners may be required to outlay amounts of approximately $2,951,417 (2008: $1,715,449) 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 Group 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 Group'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 Group's operations.

Native title claims have been made over ground in which the Group 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 Group.

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
(c) Non Cancellable Operating Lease Commitments				
Within one year	27,676	50,828	27,676	50,828
One year or later and no later than five years	27,676	60,008	27,676	60,008
	55,352	110,836	55,352	110,836

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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:

	2009 $	2008 $
Non-Current Receivables		
Loans net of provisions for non recovery	10,282,448	9,245,709
Current Payables		
Loans	1,424,233	1,407,862

22. EVENTS SUBSEQUENT TO BALANCE DATE TO REVIEW

On 20 July 2009 Directors closed a 1 for 12 non-renounceable entitlement issue at 5 cents.

The Company received total acceptances for shares under the Entitlement Issue for 15,043,240 ordinary fully paid shares at 5 cents each to raise a total of $752,162. The Directors were very pleased with the support shown by shareholders with approximately 71.2% of available entitlements being taken up.

The rights issue was not underwritten, but the Company had reserved the right to place the shortfall of 6,071,254 shares. All shortfall shares were taken up by shareholders.

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

DIRECTORS' DECLARATION

1. In the opinion of the directors:

    a). the financial statements and notes of the company and of the Group are in accordance with the Corporations Act 2001 including:

    - i. giving a true and fair view of the company's and Group's financial position as at 30 June 2009 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 2009.

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

David J Varcoe
Managing Director
Perth, Western Australia
23rd September 2009

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of
GME RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of GME Resources Limited ("the company"), which comprises the balance sheet as at 30 June 2009, the income statement, statement of changes in equity, cash flow statement and notes to the financial statements for the year ended on that date, and the directors' declaration for both the company and the consolidated entity as set out on pages 2 to 36. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the 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(e), 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 controls 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 controls. 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.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

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 2009 and of their performance for the year ended on that date; 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(e).

Continuation as a Going Concern

Without qualification to the opinion expressed above, we draw attention to Note 1(d) to the financial statements which indicates that the company will require additional sources of funding to enable it to carry out its objectives. If the company is unable to generate additional cash flows, there is significant uncertainty whether the company will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Recoverability of Exploration and Evaluation Carried Forward

Without qualification to the opinion expressed above, we draw attention to Note 1(c) to the financial statements which indicates the factors required for the group to recover the carrying value of exploration and evaluation expenditure carried forward. If the factors for recoverability are not achieved in the future, an impairment loss will be required to be determined and brought to account.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 15 to 16 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of GME Resources Limited for the year ended 30 June 2009 complies with section 300A of the Corporations Act 2001.

HLB Mann Judd.

HLB MANN JUDD
Chartered Accountants

Perth, Western Australia
23 September 2009

W M CLARK
Partner