



Unit 105, Westpoint Centre  
396 Scarborough Beach Road  
Osborne Park WA 6017

Phone: (618) 9444 4976  
Fax: (618) 9201 9370

Website: [www.gmeresources.com.au](http://www.gmeresources.com.au)

ABN 62 009 260 315

14 March 2012

## HALF YEAR FINANCIAL REPORT

Please find attached the Financial Report for the Half Year ended 31 December 2011 for GME Resources Ltd.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mark Pitts', is written in a cursive style.

MARK PITTS  
*Company Secretary*

# **GME Resources Limited**

(ABN 62 009 260 315)

## **Interim Report** **31 December 2011**

---

<b>Contents</b>	<b>Page</b>
Directors' Report	2
Auditor's Independence Declaration	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9
Directors' Declaration	13
Independent Auditor's Review Report	14

## DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2011.

### Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

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

### Review of Operations

#### Nickel Heap Leach Study

The Company's "NiWest" nickel laterite project is located in the North Eastern goldfields of Western Australia. The Company is assessing the potential to develop a large scale nickel-cobalt hydrometallurgical processing plant.

The preferred development option is to construct a plant using heap leach technology. This is based on positive studies completed by GME during the last 3 years and the successful trials of this process at other nickel laterite projects globally including European Nickel and the Murrin Murrin JV (which is located adjacent to NiWest). The heap leach process has materially lower capital costs and is operationally simpler than the high pressure acid leach process (HPAL) commonly used by other nickel laterite producers.

Following up on the recent drilling campaign at Eucalyptus of 2,236 metres of Reverse Circulation (RC) modelling has commenced to update the resource estimate. The previously reported JORC resource for Eucalyptus contains over 31 million tonnes of 1% Nickel and 0.06% Cobalt (0.8%Ni cut off applied). Nickel laterite columns have been established to produce liquor for sequential direct solvent extraction (DSX) tests involving a number of reagents. The columns will run continuously for approximately 8 weeks to simulate real plant operating conditions. The total programme will take approximately 16 weeks. DSX is envisaged as an enhancement to the overall flowsheet using heap leach as the initial step in the process.

The Company is actively seeking a partner to assist with the development of the NiWest project.

#### Gold

The company recently completed a drilling program at the highly prospective Devon project south of Laverton and announced a resource of 485,000 tonnes at 3.2 grams per tonne for 50,000 ounces contained gold. (ASX Announcement 11 January 2012)

Pit optimisation work has now commenced on the project. Further metallurgical and geotechnical work has now been completed. A Mining Lease application has been made over the relevant tenement.

Additional exploration and evaluation expenditure of \$843,404 was capitalised in the half year to 31 December 2011 (December 2010: \$886,047).

The Company registered a net loss for the half year to 31 December 2011 of \$283,710 (December 2010: \$283,680).

## DIRECTORS' REPORT

### Auditor's Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 4 and forms part of this directors' report for the half-year ended 31 December 2011.

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



**David J Varcoe**

Managing Director

Dated this 14th day of March 2012

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Stephen Hyland who is a member of The Australasian Institute of Mining and Metallurgy. Mr Hyland is a Principal Consultant with Ravensgate Minerals Industry Consultants who consults to the Company. Mr Hyland has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves." Mr Hyland consents to the inclusion in the report of the matters based on information provided in the form and context in which it appears.*



Accountants | Business and Financial Advisers

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of GME Resources Limited for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to read 'W M Clark'.

Perth, Western Australia  
14 March 2012

**W M CLARK**  
Partner, HLB Mann Judd

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2011

	Notes	Consolidated	
		31 Dec 2011 \$	31 Dec 2010 \$
Revenue	2	38,172	142,812
Management and consulting expenditure		(81,000)	(140,000)
Depreciation and amortisation expense		(10,468)	(115,230)
Exploration write-off		(164,679)	-
Other expenses		(65,735)	(171,262)
<b>Loss before income tax expense</b>		<b>(283,710)</b>	(283,680)
Income tax expense		-	-
<b>Loss for the half year</b>		<b>(283,710)</b>	(283,680)
<b>Other comprehensive income</b>			
Reclassification on sale of investment		1,125	-
<b>Total comprehensive result for the half year</b>		<b>(282,585)</b>	(283,680)

Loss per share attributable to the ordinary equity holders of the company:

Basic loss per share	(0.09)	(0.09)
Diluted loss per share	(0.09)	(0.09)

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2011**

		<b>Consolidated</b>	
	Notes	<b>31 Dec 2011</b>	30 June 2011
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		<b>744,058</b>	1,759,613
Trade and other receivables		<b>7,384</b>	6,242
Other financial assets		-	8,250
<b>Total Current Assets</b>		<b>751,442</b>	1,774,105
<b>Non-Current Assets</b>			
Property, plant and equipment		<b>16,768</b>	27,236
Exploration and evaluation costs carried forward	3	<b>32,476,200</b>	31,797,475
<b>Total Non-Current Assets</b>		<b>32,492,968</b>	31,824,711
<b>Total Assets</b>		<b>33,244,410</b>	33,598,816
<b>Current Liabilities</b>			
Payables		<b>57,973</b>	120,950
<b>Total Current Liabilities</b>		<b>57,973</b>	120,950
<b>Total Liabilities</b>		<b>57,973</b>	120,950
<b>Net Assets</b>		<b>33,186,437</b>	33,477,866
<b>Equity</b>			
Issued capital	4	<b>49,084,479</b>	49,093,323
Financial assets reserve		-	(1,125)
Option reserve		<b>973,537</b>	973,537
Accumulated Losses		<b>(16,871,579)</b>	(16,587,869)
<b>Total Equity</b>		<b>33,186,437</b>	33,477,866

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	<b>Consolidated</b>				
	Issued Capital	Financial Asset Reserve	Option Reserve	Accumulated Losses	Total Equity
	\$	\$		\$	\$
<b>Balance at 1 July 2010</b>	47,487,575	(1,125)	973,537	(16,000,267)	32,459,720
Loss for the year	-	-	-	(283,680)	(283,680)
<b>Total comprehensive income for the half year</b>	-	-	-	(283,680)	(283,680)
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued during the year	-	-	-	-	-
Share issue costs	(6,799)	-	-	-	(6,799)
<b>Balance at 31 December 2010</b>	47,480,776	(1,125)	973,537	(16,283,947)	32,169,241
<b>Balance at 1 July 2011</b>	49,093,323	(1,125)	973,537	(16,587,869)	33,477,866
Loss for the year	-	-	-	(283,710)	(283,710)
Reclassification on sale of investment	-	1,125	-	-	1,125
<b>Total comprehensive income for the half year</b>	-	1,125	-	(283,710)	(282,585)
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued during the year	-	-	-	-	-
Share issue costs	(8,844)	-	-	-	(8,844)
<b>Balance at 31 December 2011</b>	49,084,479	-	973,537	(16,871,579)	33,186,437

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	<b>Consolidated</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>\$</b>	<b>\$</b>
	Inflows/(Outflows)	
<b>Cash flows from operating activities</b>		
Proceeds from facilitation fee for prospecting rights	-	100,000
Payments to suppliers and employees	<b>(184,284)</b>	(270,310)
Exploration and evaluation expenditure	<b>(862,022)</b>	(856,817)
Interest received	<b>28,172</b>	34,950
Other Income	<b>10,000</b>	7,862
Net cash inflow/(outflow) from operating activities	<b>(1,008,134)</b>	(984,315)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	-
Payment for costs of issue of shares	<b>(8,844)</b>	(6,800)
Net cash inflow/(outflow) from financing activities	<b>(8,844)</b>	(6,800)
<b>Cash flows from investing activities</b>		
Acquisition of plant and equipment	-	-
Proceeds from sale of equity investments	<b>1,423</b>	-
Net cash inflow/(outflow) from investing activities	<b>1,423</b>	-
Net increase/(decrease) in cash and cash equivalents	<b>(1,015,555)</b>	(991,115)
Cash and cash equivalents held at the start of the period	<b>1,759,613</b>	1,957,866
<b>Cash and cash equivalents held at the end of the half year.</b>	<b>744,058</b>	966,751

The accompanying notes form part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

The half-year condensed consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The half-year report does not include full disclosures of the type normally included in the annual financial statements. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as in the full financial report.

It is recommended that these financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2011 and any public announcements made by GME Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

#### (b) Basis of preparation

The half-year statements have been prepared on a historical cost basis, except for available-for-sale financial assets which are measured at fair value. The Company is domiciled in Australia and all amounts are presented in Australian dollars unless otherwise noted.

For the purpose of preparing the half-year statements, the half-year has been treated as a discrete reporting period.

#### (c) Significant accounting judgements and key estimates

The preparation of interim 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.

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 half-year financial report are consistent with those adopted and disclosed in the company's 2011 annual financial report for the financial year ended 30 June 2011.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

#### (d) Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2011, the Directors have 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 2011.

It has been determined by the Directors 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.

The Directors also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2011. 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 is necessary to Group accounting policies.

#### (e) Going Concern

As disclosed in the financial report, the consolidated entity recorded an operating loss of \$282,585 and a cash outflow from operating activities of \$1,008,134 for the half-year ended 31 December 2011 and at balance date, had net current assets of \$693,469.

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 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 a material uncertainty in relation to 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

### NOTE 2: LOSS FROM ORDINARY ACTIVITIES

	<b>Consolidated</b>	
	<b>31 Dec 2011</b>	<b>31 Dec 2010</b>
	<b>\$</b>	<b>\$</b>

The following revenue items are relevant in explaining the financial performance for the half-year:

#### (a) Revenue

Interest Received	<b>28,172</b>	34,950
Proceeds from:		
Facilitation fee for prospecting rights	-	100,000
Other	<b>10,000</b>	7,862
	<b>38,172</b>	142,812

### NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	<b>Consolidated</b>	
	<b>31 Dec 2011</b>	<b>30 June 2011</b>
	<b>\$</b>	<b>\$</b>

Costs carried forward in respect of areas of interest in the following phases:

#### Exploration and evaluation phase – at cost

Balance at beginning of the period	<b>31,797,475</b>	30,261,011
Direct expenditure	<b>843,404</b>	1,702,588
	<b>32,640,879</b>	31,963,599
Less expenditure written off	<b>(164,679)</b>	(166,124)
<b>Total deferred exploration and evaluation expenditure</b>	<b>32,476,200</b>	31,797,475

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 expenditure.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2011

### NOTE 4: ISSUED CAPITAL

	Consolidated	
	31 Dec 2011	30 Jun 2011
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	<b>49,084,479</b>	49,093,323
	<b>No.</b>	<b>\$</b>
<i>Movements in ordinary shares on issue</i>		
At 1 July 2011	322,635,902	49,093,323
Rights Issue Costs	-	(8,844)
At 31 December 2011	<b>322,635,902</b>	<b>49,084,479</b>

### Options

At 31 December 2011, the Company has 10,000,000 unlisted options to acquire ordinary shares on issue. These options expired in accordance with their terms on 28 February 2012.

### NOTE 5: DIVIDENDS

No dividends were paid or declared during the period.

### NOTE 6: SEGMENT REPORTING

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance. The Board of GME Resources Limited reviews internal reports prepared as consolidated financial statements and strategic decisions of the Group are determined upon analysis of these internal reports. During the period, the Group operated predominantly in one business and geographical segment being the resources sector in Australia. Accordingly, under the 'management approach' outlined only one operating segment has been identified and no further disclosure is required in the notes to the consolidated financial statements.

### NOTE 7: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

### NOTE 8: EVENTS AFTER BALANCE DATE

No events or circumstances have arisen since 31 December 2011 that would require disclosure in the financial report.

## DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 12 are in accordance with the Corporations Act 2001 including:
  - a. Complying with the Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year then ended.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors, made pursuant to s303(5) of the Corporations Act 2001.



**David J Varcoe**  
Director

Dated this 14th day of March 2012 .



Accountants | Business and Financial Advisers

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GME Resources Limited

### Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of GME Resources Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

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



Accountants | Business and Financial Advisers

*Matters relating to the electronic presentation of the reviewed half-year financial report*

This review report relates to the half-year financial report of the company for the half-year ended 31 December 2011 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of GME Resources Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Continuation as a Going Concern*

Without qualifying our opinion, we draw attention to Note 1 to the financial report which indicates that the company is dependent on securing further funding in order to continue funding its operations for the next twelve months from the date of signing these financial statements. If the Company is not successful in securing this funding or any other sources of funding, there is a material uncertainty that may cast significant doubt whether the company would be able to continue as a going concern and therefore whether it would be able to realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

**HLB MANN JUDD**  
Chartered Accountants

A handwritten signature in blue ink that reads 'W M Clark'.

**W M CLARK**  
Partner

**Perth, Western Australia**  
14 March 2012