



GME RESOURCES LTD
ACN 009 260 315

Troika House, Level 2
129 Melville Parade, COMO
Western Australia 6152

Postal: Locked Bag 4
COMO WA 6952

Telephone: (08) 9474 1799

Facsimile: (08) 9474 2281

Email: enq@gme-resources.com.au

25 September 2003

BY EMAIL

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

Dear Sirs

ANNUAL REPORT

Please find attached a copy of the Annual Report for GME Resources Limited for the year ended 30 June 2003, duly signed by a director and the auditors.

Yours faithfully

NIELS J KROYER
Company Secretary

Enc: Annual Accounts for 2003

GME

GME RESOURCES LTD

ABN 62 009 260 315

ANNUAL REPORT

2003

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1. CORPORATE DIRECTORY

DIRECTORS

Chairman

Michael Delaney PERROTT BCom

Managing Director

Peter Ross SULLIVAN BE, MBA

Technical Director

Geoffrey Mayfield MOTTERAM BMetE(Hons), MAusIMM

COMPANY SECRETARY

Niels J KROYER

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 2, Troika House
129 Melville Parade
Como WA 6152
Locked Bag 4
Como WA 6952
Telephone: (08) 9474 1799
Facsimile: (08) 9474 2281
E-Mail: enq@gme-resources.com.au
Web Site: www.gme-resources.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 Stock Exchange Limited

STATE OF REGISTRATION

Western Australia

2. CHAIRMAN'S LETTER

Dear Shareholder

The main focus of your Company during the past year has continued to be its holding in NiWest Ltd.

The appointment of a Receiver to the Western Metals group has given rise to a number of issues with regard to NiWest Ltd. The likely sale of their NiWest Ltd holding represents an opportunity for the Company to move to full ownership of NiWest Ltd. The board continues to renew the possibilities available to the Company to rectify the ownership of NiWest Ltd in accordance with the Joint Venture Agreement.

We have continued to rationalise the overall tenement position where there was little prospect of advancing the Company's position with the relevant properties. The changing sentiment towards resource exploration will allow us to examine more closely the opportunity of reactivating exploration on our remaining projects.

We have reviewed a number of new business proposals put to the Company. However, none of these satisfied the Board's key criteria of adding value for the Company's shareholders.

We have reduced our overheads and preserved our cash over the period as events surrounding NiWest Ltd resolve themselves and now look forward to further opportunities being presented through this asset.

Yours faithfully

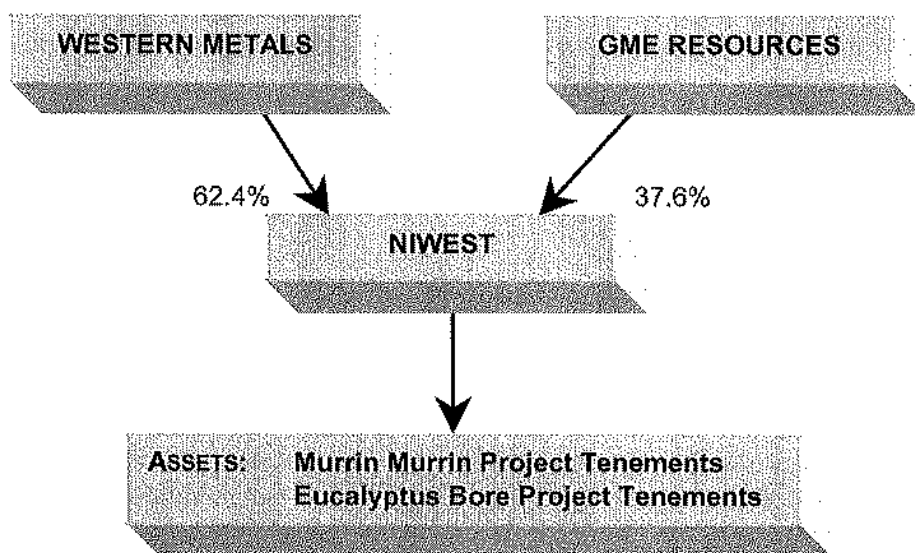


MICHAEL D PERROTT
CHAIRMAN

3. REVIEW OF OPERATIONS

3.1 NiWest Ltd

NiWest Ltd owns significant nickel laterite resources in the Murrin Murrin area of Western Australia. The interests of the parties that own NiWest Ltd are diagrammatically represented below:



In addition, GME is entitled to a royalty on production from the Mt Kilkenny tenement.

The Board of Directors of NiWest Ltd comprises three directors representing the interests of Western Metals Copper Ltd (a 100% owned subsidiary of Western Metals Ltd) and two directors representing the interests of the Company. The operations and activities of NiWest Ltd are governed by a Shareholders Deed between the Company and Western Metals Copper Ltd. The Shareholders Deed provides protection of the interests of the Company and Western Metals Copper Ltd by requiring major decisions to be made by the agreement of both entities. The Shareholders Deed also sets out the mechanisms for the conduct of NiWest Ltd's operations, including the approval of Programs and Budgets, the conduct of the Board of Directors and the role and responsibilities of the management. In addition, the Shareholders Deed grants pre-emptive rights to both shareholders with respect to their interests in NiWest Ltd.

The combined NiWest Ltd Nickel Project tenements are shown on the map at Figure 1.

The NiWest Ltd Nickel Project resources total 128 million tonnes grading 1.00% nickel and 0.06% cobalt, utilising a 0.70% nickel cut off. The current NiWest Ltd Nickel Project resource inventory is summarised in Table 1 below.

Deposit	Category	Tonnes	Ni%	Co%
Mertondale	Inferred	2,982,564	0.98%	0.08%
Murrin Murrin North	Inferred	7,266,519	0.97%	0.08%
Murrin Murrin Hepi	Inferred	5,333,998	1.04%	0.08%
Mount Kilkenny	Inferred	29,830,614	1.00%	0.05%
Waite Kauri	Measured	1,266,800	1.05%	0.05%
Waite Kauri	Inferred	7,180,663	0.96%	0.07%
Duck Hill	Inferred	4,054,700	0.96%	0.12%
Macey Hill	Inferred	343,700	1.26%	0.12%
Eucalyptus Bore	Indicated	54,945,049	1.01%	0.06%
Eucalyptus Bore	Inferred	14,900,000	1.00%	0.06%
Total Combined		128,104,607	1.00%	0.06%

The key development with regard to NiWest Ltd was the appointment of a Receiver to the Western Metals group of companies, our co-shareholder in NiWest Ltd.

This situation has triggered a number of rights for GME pursuant to the Shareholders Deed, as outlined above. GME is examining the various options available to it with a view to resolving the ownership issues. These will take some time to work through with the Receiver, who has indicated that he will sell the NiWest holding.

At an operational level, NiWest Ltd has advanced heritage and archeological surveys on a number of its tenements and commenced native title negotiations for the grant of mining leases over these areas.

Leonora-Laverton Gold Projects

Linden

P39/3417-18 GME 100%

P39/2974-76, MLA 39/500 Haoma Mining NL 90% GME 10%

The Linden tenements cover a total area of 479 ha near the southern margin of Lake Carey, some 75 km south of Laverton.

Prospecting licences 39/3417 and 3418 encompass the old Devon, Olympic and Danube mines. Based on a 1997 assessment of drilling of the main quartz-sulphide lode at Devon by previous explorers, GME has calculated an inferred resource of 240,000 tonnes grading 7.15 gpt Au.

The Company continues to review its development options for Linden, particularly with the activities by Sons of Gwalia Ltd at the Red October mine, 5 km to the north. A drill program to test the resource at depth was completed during the year. Whilst a number of mineralised intersections were encountered the program failed to intersect the high grade mineralisation existing at shallower depths.

Murrin Murrin (Anaconda)

P39/3158-71, 3176-79 and 3281, MLA 39/426, 456, 552, 553 and 569

Anaconda Nickel Ltd on behalf of the Murrin Murrin Joint Venture has rights to nickel-cobalt laterite mineralisation on the tenements. GME retains the right to any precious metals or other base metals discovered on these tenements, including nickel sulphides. Whilst Anaconda retains the right to the lateritic nickel-cobalt resources, it pays the Company a fee of \$100,000 per annum. In addition, it will pay the Company \$0.20 per tonne on all nickel laterite ore that is mined and treated.

Anaconda has successfully outlined the following nickel resources on the tenements as a result of its exploration efforts to the end of 1997.

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

During the year, mining was commenced on some of these resources.

Other Leonora-Laverton Gold Projects

The joint venture partners on the Abednego West and Leonora East projects continued to progress activities however no significant results were reported.

No substantial field activities were conducted on the Chain Bore, Hawks Nest, Ghan Well and Pyke Hill projects during the year.

3.2 Other Regional Projects

The Company is reviewing its remaining interests at Ilgarari, Stophanis Well and Clermont.

Inclusion of Map

4. CORPORATE GOVERNANCE

The board of directors, consisting of three directors, is responsible for corporate governance of the Company.

Mr Sullivan has been appointed Managing Director of the Company. The other two directors are non-executive directors of the Company. Mr M D Perrott is the non-executive chairman of the Company. The maximum number of directors shall not exceed 10 without the approval of shareholders at a meeting of shareholders.

Directors appointed by the board hold office only until the next Annual General Meeting and are eligible for re-election. One third of the directors, including executive directors, but excluding the managing director, shall retire by rotation at each Annual General Meeting. The managing director is not required to retire by rotation. The directors are not required to hold any qualifying shares.

Directors of the Company may be proposed by shareholders at the Annual General Meeting in accordance with the Constitution of the Company. However, in most cases, the board of directors nominates and appoints new directors with due regard to the Company's needs and skills and the contribution which a proposed director can bring to the Company. Each director has the right to seek independent professional advice at the Company's expense for which the prior approval of the Chairman is required and is not unreasonably withheld.

Directors' fees are only paid subject to shareholders' approval.

Generally the directors are remunerated for the services they render the Company and such services are normally carried out under normal commercial terms and conditions. Engagement and payment for such services are approved by the other directors with no interest in the engagement of services.

The board of directors receives and reviews exploration programs, operational reports and monitors the operational and financial performance of the consolidated entity, its operations and its risks.

The board of directors approves budgets, operational plans, strategic plans and all major business strategies. The board of directors also review the adequacy and quality of the external audit and expenditure.

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

The Constitution permits directors to acquire shares in the Company. Company policy prohibits directors and senior management from dealing in Company shares or exercising options whilst in possession of price sensitive information not yet disclosed to the market.

In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the Australian Stock Exchange, directors advise the Exchange of any transactions conducted by them in shares in the Company.

5. DIRECTORS' REPORT

Your directors present their report of GME Resources Ltd and its controlled entities for the financial year ended 30 June 2003.

5.1 Directors

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

Michael Delaney Perrott	(Chairman)
Peter Ross Sullivan	(Managing Director)
Geoffrey Mayfield Motteram	(Technical Director).

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

5.2 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.

5.3 Operating Result

The consolidated loss after income tax for the year ended 30 June 2003 was \$2,034,721 (2002: \$189,707).

5.4 Dividends

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

5.5 Review of Operations

A detailed review of operations for the financial year and up to the date of this report is included in the annual report and should be read with this directors' report.

5.6 Significant Changes in State of Affairs

The significant changes in the state of affairs of the consolidated entity during the financial year were:

On 29 May 2003 Retirewise Capital Australia Pty Ltd agreed to extend by 6 months the term of the Convertible Note held by Retirewise Capital Australia Pty Ltd which was otherwise due on 29 June 2003. The Company also issued 3,000,000 shares at 3 cents each to Retirewise Capital Australia Pty Ltd in lieu of accrued interest and part satisfaction of other amounts owed.

5.7 After Balance Date Events

Since 30 June 2003, the following significant events have occurred:

- (1) On 21 July 2003 a Voluntary Administrator was appointed to Western Metals Copper Limited, the majority and co-shareholder, with the Company, in NiWest Limited. This constitutes a default under the NiWest Shareholders Deed and gives rise to a Default Purchase Option whereby the Company has the option to acquire the NiWest holding of Western Metals Copper for an agreed value or failing agreement an independently determined value. The Company had thirty days to exercise its option and whilst an offer was made to Western Metals Copper for its interest in NiWest during this period it was not accepted. At this point in time negotiations are continuing between the two parties.
- (2) On 31 July 2003 in order to preserve the Company's cash the Directors of the Company resolved to clear debts to Director related entities by issuing shares in the Company to these entities. The debts relate to the normal consulting fees and other services provided to the Company by the Directors and some date back to August 2001. Accordingly, it was resolved to issue the following shares all at 3 cents each to:

Troika Securities Ltd	6,325,000 shares	\$189,750
Geomett Pty Ltd	1,030,333 shares	\$ 30,910
Hardrock Capital Pty Ltd	<u>1,320,000 shares</u>	<u>\$ 39,600</u>
Total	<u>8,675,333 shares</u>	<u>\$260,260</u>

The above issue of shares is subject to and will only be made after the shareholders have in a General Meeting approved it.

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

5.8 Likely Developments

The consolidated entity will continue its mineral exploration and investment with the object of finding a mineralised resource.

5.9 Information On Directors

Director	Qualifications and Experience
<p>Michael Delaney Perrott BCom (Director) 57 Years</p>	<p>Mr Perrott has been involved in the construction and contracting industry since 1969 and also has considerable experience in the resource, mining and general business sector. Mr Perrott has been part of the successful establishment and growth of a number of public and private companies. His current civic appointments include Governor of Notre Dame University and membership of the National Advisory Council for Suicide Prevention.</p>
<p>Peter Ross Sullivan BE, MBA (Engineer) 47 years</p>	<p>Mr Sullivan is an engineer and has been involved in the development of resource companies and projects for more than 15 years.</p> <p>His project engineering experience was followed by four years in corporate finance with an investment bank and two years in a corporate development role with an Australian resource group. Mr Sullivan has considerable experience in the management and strategic development of resource companies. He is currently Managing Director of Resolute Mining Limited.</p>
<p>Geoffrey Mayfield Motteram BMetE(Hons), MAusIMM (Metallurgical Engineer) 54 years</p>	<p>Mr Motteram is a metallurgical engineer with over 25 years' experience in the development of projects in the Australian resources industry.</p> <p>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 Anaconda Nickel Limited in 1994 and controlled the technical development of the Anaconda Nickel Ltd Murrin Murrin Joint Venture until the end of 1997. He is a former director of Anaconda Nickel Limited.</p>

5.10 Directors' Interests

The relative interest 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 is:

Director	Ordinary Shares
Michael D Perrott	4,676,580
Peter R Sullivan	6,793,430
Geoffrey M Motteram	1,446,384

5.11 Meetings of Directors

During the year, 5 meetings of directors were held. Attendances were:

Name	Number Eligible to Attend	Number Attended
Michael D Perrott	5	5
Peter R Sullivan	5	5
Geoffrey M Motteram	5	5

5.12 Share Options

At the end of the financial year, the Company had no options on issue to acquire ordinary shares. No options were issued during, or have been issued since the end of, the financial year.

5.13 Audit Committee

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

5.14 Directors' Benefits

Other than as disclosed in Note 23 (Related Party Disclosures) during or since the financial year, no Director of the Company has received or become entitled to receive a benefit because of a contract that the Director or a firm of which the Director is a member or an entity in which the Director has a substantial financial interest made with the Company or an entity that the Company controlled, or a body corporate that was related to the Company, when the contract was made or when the Director received, or became entitled to receive the benefit other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in Note 18 to the financial statements.

5.15 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; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer or auditor for the costs or expenses to defend legal proceedings.

5.16 Environmental Regulation

The consolidated entity's exploration and mining tenements are located in Western Australia and Queensland. There are significant regulations under the Western Australian Mining Act 1978 and the Queensland Mineral Resources Act 1989 and both states' 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.

5.17 Proceedings on Behalf of Company

No person has applied for leave of Court 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.

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



PR Sullivan
Managing Director

Date

22 September 2003

Perth
Western Australia

**STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003**

	Note	Consolidated		Parent Entity	
		2003 \$	2002 \$	2003 \$	2002 \$
Revenues from ordinary activities	2	<u>240,382</u>	<u>307,065</u>	<u>140,382</u>	<u>207,065</u>
Interest expense	3	80,707	77,034	80,707	77,034
Carrying value of tenements sold	3	-	38,053	-	38,053
Writedown in value of carried forward exploration expenditure	3	346,467	202,625	166,467	202,625
Writedown in value of investments	3	1,673,122	-	1,673,122	-
Management and consulting fees		132,000	132,000	132,000	132,000
Other expenses from ordinary activities		42,807	47,060	42,807	47,059
Loss from ordinary activities before income tax expense		<u>2,034,721</u>	<u>189,707</u>	<u>1,954,721</u>	<u>289,706</u>
Income tax expense relating to ordinary activities	4	-	-	-	-
Loss from ordinary activities after related income tax		<u>2,034,721</u>	<u>189,707</u>	<u>1,954,721</u>	<u>289,706</u>
Net loss attributable to members of the parent entity	14	<u>2,034,721</u>	<u>189,707</u>	<u>1,954,721</u>	<u>289,706</u>
Earnings Per Share					
Basic earnings per share (cents per share)	24	<u>(1.94)</u>	<u>(0.18)</u>		
Diluted earnings per share (cents per share)	24	<u>(1.94)</u>	<u>(0.18)</u>		

The accompanying notes form part of these financial statements.

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2003**

	Note	Consolidated		Parent Entity	
		2003 \$	2002 \$	2003 \$	2002 \$
CURRENT ASSETS					
Cash assets	15(b)	152,534	261,636	152,534	261,636
Receivables	5	13,839	35,913	13,608	35,682
TOTAL CURRENT ASSETS		<u>166,373</u>	<u>297,549</u>	<u>166,142</u>	<u>297,318</u>
NON CURRENT ASSETS					
Receivables	6	753,710	560,858	753,710	560,858
Investments accounted for using the equity method	7	1,464,923	3,138,045	-	-
Other financial assets	8	-	-	2,080,523	3,753,645
Plant and equipment	9	-	-	-	-
Exploration costs carried forward	10	1,622,513	1,888,735	1,052,560	1,143,284
TOTAL NON CURRENT ASSETS		<u>3841,146</u>	<u>5,587,638</u>	<u>3,886,793</u>	<u>5,457,787</u>
TOTAL ASSETS		<u>4,007,519</u>	<u>5,885,187</u>	<u>4,052,935</u>	<u>5,755,105</u>
CURRENT LIABILITIES					
Payables	11	800,917	691,751	1,248,256	1,043,592
Borrowings	12	623,003	665,116	623,003	665,116
TOTAL CURRENT LIABILITIES		<u>1,423,920</u>	<u>1,356,867</u>	<u>1,871,259</u>	<u>1,708,708</u>
TOTAL LIABILITIES		<u>1,423,920</u>	<u>1,356,867</u>	<u>1,871,259</u>	<u>1,708,708</u>
NET ASSETS		<u>2,583,599</u>	<u>4,528,320</u>	<u>2,181,676</u>	<u>4,046,397</u>
EQUITY					
Contributed equity	13	15,553,431	15,463,431	15,553,431	15,463,431
Accumulated losses	14	(12,969,832)	(10,935,111)	(13,371,755)	(11,417,034)
TOTAL EQUITY		<u>2,583,599</u>	<u>4,528,320</u>	<u>2,181,676</u>	<u>4,046,397</u>

The accompanying notes form part of these financial statements.

**STATEMENTS OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2003**

	Note	Consolidated		Parent Entity	
		2003 \$	2002 \$	2003 \$	2002 \$
Cash Flows From Operating Activities					
Payments for:					
Exploration and evaluation		(84,597)	(47,723)	(80,095)	(33,186)
Administration		(107,597)	(61,830)	(107,597)	(61,830)
Proceeds from reimbursement of exploration and evaluation		15,000	135,000	15,000	-
Proceeds from facilitation fee for prospecting rights		100,000	100,000	-	-
Interest received		7,439	2,934	7,439	2,934
Other		133,075	193,000	133,075	133,000
Net Operating Cash Flows	15(a)	<u>63,320</u>	<u>321,381</u>	<u>(32,178)</u>	<u>40,918</u>
Cash Flows Related to Investing Activities					
Payments for:					
Equity investments		-	(120,975)	-	(120,975)
Proceeds from sale of prospects		-	71,250	-	71,250
Loans to associated entity		(172,422)	(146,300)	(172,422)	(146,300)
Net Investing Cash Flows		<u>(172,422)</u>	<u>(196,025)</u>	<u>(172,422)</u>	<u>(196,025)</u>
Cash Flows Relating to Financing Activities					
Loans from wholly owned entity		-	-	100,000	295,000
Loans repaid to wholly owned entity		-	-	(4,502)	(14,537)
Net Financing Cash Flows		<u>-</u>	<u>-</u>	<u>95,498</u>	<u>280,463</u>
Net Increase/(Decrease) in Cash Held		(109,102)	125,356	(109,102)	125,356
Cash at the Beginning of the Year		261,636	136,280	261,636	136,280
Cash at the End of the Year	15(b)	<u>152,534</u>	<u>261,636</u>	<u>152,534</u>	<u>261,636</u>

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

1. STATEMENT OF ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the consolidated entity of GME Resources Ltd and controlled entities, and GME Resources Ltd as an individual parent entity. GME Resources Ltd is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its controlled entities as defined in AASB1024, "Consolidated Accounts". A list of controlled entities appears in Note 8. Consistent accounting policies have been employed in the preparation and the presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the Company obtains control and until such time as the Company ceases to control such entity.

In preparing the consolidated financial statements, all inter Company balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(b) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full to the profit and loss account in the year in which the decision to abandon the area is made.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that restoration will be completed within one year of abandoning the site.

(c) Income Tax

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating result before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating result before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(d) Plant and Equipment

The depreciable amount of plant and equipment is depreciated over the estimated useful life of each asset commencing from the time the asset is held ready to use. Predominantly, the straight line method of depreciation has been used.

Class of fixed assets	Depreciation rate
Plant and equipment	20 - 27%

(e) Investments

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets of other non-listed investments.

(f) Investments in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting.

(g) Cash

For the purpose of the statements of cash flows, cash includes deposits which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis, net of outstanding bank overdrafts.

(h) Revenue Recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue is recognised when all obligations by the consolidated entity have been fulfilled and the right to the revenue has been established.

(i) Converting Financial Instruments

Convertible notes are recorded as a liability. On conversion, ordinary shares issued are recognised at the aggregate of the carrying amounts of the liability, together with any amount received on conversion.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

1. STATEMENT OF ACCOUNTING POLICIES (continued)

(j) Goods and Services Tax (GST)

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 statement of financial position are shown inclusive of GST.

(k) Earnings per share

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

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

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential 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 dilutive potential ordinary shares, adjusted for any bonus element.

(l) Going Concern

These financial statements have been prepared on a going concern basis, notwithstanding the deficit in working capital. The directors believe that the going concern basis is appropriate for the following reasons:

- (1) further capital raisings from the finance market are possible;
- (2) after deducting amounts owing to substantial shareholders and director related entities, who in the directors' opinion are unlikely to demand immediate payment of amounts outstanding to the detriment of the Company, the working capital is in surplus; and
- (3) the intention to clear the debts to director related entities by issuing shares in the company to these entities after balance date, subject to shareholders approval.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

	Consolidated		Parent Entity	
	2003 \$	2002 \$	2003 \$	2002 \$
2. REVENUE FROM ORDINARY ACTIVITIES				
Operating activities:				
Interest received	7,304	2,815	7,304	2,815
Proceeds from:				
Facilitation fee for prospecting rights	100,000	100,000	-	-
Royalty fees	133,000	133,000	133,000	133,000
Other revenue	78	-	78	-
	240,382	235,815	140,382	135,815
Non operating activities:				
Proceeds from disposal of tenements	-	71,250	-	71,250
Total revenue	240,382	307,065	140,382	207,065

3. LOSS FROM ORDINARY ACTIVITIES

Loss from ordinary activities before
income tax has been determined after:

(a) Charging as an expense:

Writedown in value of carried forward expenditure	346,467	202,625	166,467	202,625
Interest – other persons	80,707	77,034	80,707	77,034
Carrying value of tenements sold	-	38,053	-	38,053
Writedown in value of investments	1,673,122	-	1,673,122	-

(b) Net gains

Profit on sale of tenements	-	33,197	-	33,197
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

4. TAX NOTE	Consolidated		Parent Entity	
	2003 \$	2002 \$	2003 \$	2002 \$
Income Tax				
(a) The prima facie tax on operating result is reconciled to the income tax provided in the financial statements as follows:				
Prima facie tax benefit on operating loss before income tax at 30%	(610,416)	(56,912)	(586,416)	(86,912)
Tax effect of permanent differences:				
Non-deductible expenditures				
Regarding capital raising, corporate advice etc	229	-	229	-
Profit on sale of tenements	-	(9,959)	-	(9,959)
Tax profit on sale of tenements	-	8,197	-	8,197
Writedown in value of investments	501,936	-	501,936	-
Exploration expenditures written off	103,940	60,787	49,940	60,787
Exploration expenditures incurred	(21,779)	8,257	(20,428)	(10,114)
Underprovision for income tax in prior year	18,285	-	285	-
	<u>(7,805)</u>	<u>10,370</u>	<u>(54,454)</u>	<u>(38,001)</u>
Tax effect of timing differences	190	1,171	190	1,171
	<u>(7,615)</u>	<u>11,541</u>	<u>(54,264)</u>	<u>(36,830)</u>
Benefit of prior year losses recouped	-	(11,541)	-	(11,541)
Tax losses transferred	-	-	46,649	48,371
Future Income tax benefits not brought to account	7,615	-	7,615	-
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(b) The directors estimate that the potential future income tax benefits not brought to account are:	<u>919,736</u>	<u>912,121</u>	<u>879,901</u>	<u>872,286</u>

The potential future income tax benefit will only be obtained if:

- (i) the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another company in the consolidated entity in accordance with Division 170 of the Income Tax Assessment Act 1997;
- (ii) the relevant company and/or the consolidated entity continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the relevant company and/or the consolidated entity in realising the benefit.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

	Consolidated		Parent Entity	
	2003 \$	2002 \$	2003 \$	2002 \$
5. RECEIVABLES (CURRENT)				
Sundry debtors	13,839	35,913	13,608	35,682
	<u>13,839</u>	<u>35,913</u>	<u>13,608</u>	<u>35,682</u>
6. RECEIVABLES (NON CURRENT)				
Loan to associated entity	753,710	560,858	753,710	560,858
Loans to controlled entities (wholly owned)	-	-	1,322,695	1,322,695
Provision for non recovery	-	-	(1,322,695)	(1,322,695)
	<u>753,710</u>	<u>560,858</u>	<u>753,710</u>	<u>560,858</u>
7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (NON CURRENT)				
Associated Company	1,464,923	3,138,045	-	-
	<u>1,464,923</u>	<u>3,138,045</u>	<u>-</u>	<u>-</u>

The loan to associated entity balance is a non interest bearing unsecured loan to NiWest Limited in which the Company has a 37.62% equity interest. Western Metals Copper Limited the company who owns the remaining 62.38% equity in NiWest Limited has also contributed funds under the same conditions and in proportion to their equity interest.

The associated company balances above resulted from the sale of nickel tenements on 14 September 2000 to NiWest Limited ("NiWest"). NiWest is principally involved in mineral exploration. In direct exchange for the tenements sold, the Company was issued 40% of the issued capital in NiWest. The cost of the investment was accounted for as the carrying value of the tenements sold to NiWest at the time, plus incidental costs. During the year the Company elected to dilute its interest to 37.62% rather than contribute \$790,333 in outstanding cash calls.

Subsequent to balance date a Voluntary Administrator was appointed to Western Metals Copper Limited, the majority and co-shareholder with the Company in NiWest. This constitutes a default under the NiWest Shareholders Deed and gives rise to a Default Purchase Option whereby the Company has the option to acquire the NiWest holding of Western Metals Copper for an agreed value or failing agreement an independently determined value. The Company had thirty days to exercise its option and whilst an offer was made to Western Metals Copper for its interest in NiWest during this period it was not accepted. At this point in time negotiations are continuing between the two parties.

The ultimate recoupment of the above investment is therefore dependent on:

- (i) the successful development and commercial exploitation or, alternatively, sale of the respective tenement areas by NiWest, or
- (ii) the sale by the Company of its investment at an amount in excess of the carrying value.

In view of the appointment of a Voluntary Administrator to the major shareholder and funder of NiWest, the recoverability of the above investment is also subject to the ability of NiWest to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

	Consolidated		Parent Entity	
	2003 \$	2002 \$	2003 \$	2002 \$
The consolidated entity's share of aggregate assets and liabilities as disclosed by the associates is:				
Current assets	12,415	109,850	-	-
Non-current assets	2,217,699	5,507,568	-	-
Total assets	<u>2,230,114</u>	<u>5,617,418</u>	-	-
Current liabilities	2,257	7,900	-	-
Non-current liabilities	762,934	651,077	-	-
Total liabilities	<u>765,191</u>	<u>658,977</u>	-	-
Net assets	<u>1,464,923</u>	<u>4,958,441</u>	-	-

8. OTHER FINANCIAL ASSETS (NON CURRENT)

Unlisted Investments:				
Associate entities (refer note 7)	-	-	3,138,045	3,138,045
Controlled entities	-	-	616,893	616,893
Provision for diminution in value	-	-	(1,674,415)	(1,293)
	<u>-</u>	<u>-</u>	<u>2,080,523</u>	<u>3,753,645</u>

Name of Controlled Entity/ (Country Of Incorporation)	Percentage Owned	
	2003	2002
	%	%
GME Sulphur Inc (USA)	100	100
GME Investments Pty Ltd (Australia)	100	100
Golden Cliffs NL (Australia)	100	100

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

	Consolidated		Parent Entity	
	2003	2002 \$	2003	2002 \$
9. PLANT AND EQUIPMENT (NON CURRENT)				
Plant and equipment - at cost	3,140	3,140	3,140	3,140
Less provision for depreciation	<u>(3,140)</u>	<u>(3,140)</u>	<u>(3,140)</u>	<u>(3,140)</u>
Total Plant and Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10. EXPLORATION EXPENDITURE CARRIED FORWARD (NON CURRENT)				
Deferred exploration expenditure - at cost				
Movements:				
Balance at beginning of the year	1,888,735	2,231,160	1,143,284	1,350,245
Direct expenditure	80,245	48,253	75,743	33,717
Re-imbursement of expenditure from unrelated parties	-	<u>(150,000)</u>	-	-
	<u>1,968,980</u>	<u>2,129,413</u>	<u>1,219,027</u>	<u>1,383,962</u>
Less carrying value of tenements sold	-	(38,053)	-	(38,053)
Less exploration expenditure written off	<u>(346,467)</u>	<u>(202,625)</u>	<u>(166,467)</u>	<u>(202,625)</u>
	<u>1,622,513</u>	<u>1,888,735</u>	<u>1,052,560</u>	<u>1,143,284</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
11. PAYABLES (CURRENT)				
Sundry creditors	467,453	358,287	467,453	358,288
Unearned income	60,000	60,000	-	-
Loan from related parties (i)	273,464	273,464	273,464	273,464
Amount payable to wholly owned entity	-	-	507,339	411,840
	<u>800,917</u>	<u>691,751</u>	<u>1,248,256</u>	<u>1,043,592</u>

- (i) The loan from M R, P R, D A and J N Sullivan ("Vendors") arose as a result of a purchase of a number of tenements (approved by shareholders on 20 June 1996). P R Sullivan is a director of the company.

The debt may be satisfied by the issue of shares in the Company, should the Company have insufficient financial resources. However, the Vendors may at their discretion extend the payment date for the loan. Interest will accrue at 12% p.a. for each period the loan is extended. Interest accrued and unpaid as at 30 June 2003 of \$182,779 is included in sundry creditors (2002: \$149,963).

12. BORROWINGS (CURRENT)

Unsecured convertible note (i)	500,000	500,000	500,000	500,000
Unsecured Loan (ii)	<u>123,003</u>	<u>165,116</u>	<u>123,003</u>	<u>165,116</u>
	<u>623,003</u>	<u>665,116</u>	<u>623,003</u>	<u>665,116</u>

- (i) The convertible note was issued on 30 June 1997 to Retirewise Capital Australia Pty Ltd. Under the original terms of the note the funds were to be advanced unsecured for a period of five years expiring on 29 June 2002. Since then Retirewise Capital Australia Pty Ltd has twice agreed to extend the term of the Convertible Note, the most recent time being on 29 May 2003 where they agreed to extend the Convertible Note 6 months to 29 December 2003. During the extended period Retirewise Capital Australia Pty Ltd will have the right to convert the note at 6 cents per share in the Company (originally 14 cents per share). Interest is payable half yearly at a rate of 7% per annum on the Convertible Note.

- (ii) The unsecured loan carries interest at the Bank Bill Rate plus three per cent per annum. The loan may be satisfied at the lender's option by the issue of shares in the Company, should the Company have insufficient financial resources. However, the lender may at its discretion extend the payment date for the loan.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
13. ISSUED CAPITAL				
(a) Share capital				
107,806,334 shares (2002: 104,806,334 shares):	<u>15,553,431</u>	<u>15,463,431</u>	<u>15,553,431</u>	<u>15,463,431</u>
	<u>15,553,431</u>	<u>15,463,431</u>	<u>15,553,431</u>	<u>15,463,431</u>
(b) Movements in ordinary share capital				
01/07/03 Opening balance	104,806,334	104,806,334	104,806,334	104,806,334
29/05/03 Issue of shares	<u>3,000,000</u>	-	<u>3,000,000</u>	-
30/06/03 Closing balance	<u>107,806,334</u>	<u>104,806,334</u>	<u>107,806,334</u>	<u>104,806,334</u>
(c) Ordinary shares				

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

Options Over Unissued Capital

At 30 June 2003, no options were on issue.

14. ACCUMULATED LOSSES

Accumulated losses at the beginning of the year	10,935,111	10,745,404	11,417,034	11,127,328
Net loss for the current year	<u>2,034,721</u>	<u>189,707</u>	<u>1,954,721</u>	<u>289,706</u>
Accumulated losses at the end of the year	<u>12,969,832</u>	<u>10,935,111</u>	<u>13,371,755</u>	<u>11,417,034</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
15. STATEMENT OF CASH FLOWS				
(a) Reconciliation of the loss from ordinary activities after tax to the net cash flows from operations				
Loss from ordinary activities after tax	(2,034,721)	(189,707)	(1,954,721)	(289,706)
Write off of exploration expenditure	346,467	202,625	166,467	202,625
Items disclosed as investing activities rather than operating activities	-	133,449	-	133,449
Exploration costs capitalised (excluding creditors)	(115,676)	(33,252)	(96,173)	(18,717)
Reimbursement of exploration cost capitalised (excluding debtors)	15,000	135,000	-	-
Writedown in value of investments	1,673,122	-	1,673,122	-
Non cash interest paid	44,016	-	44,016	-
Net gain from sale of non current assets (excluding creditors and debtors)	-	(33,197)	-	(33,197)
Accrued loan interest refinanced as loan debt	3,875	44,219	3,875	44,219
Decrease/(Increase) in receivables	22,074	(27,108)	22,074	(27,108)
Increase/(Decrease) in sundry creditors	109,163	89,352	109,162	29,353
Net Cash Flows from Operating Activities	<u>63,320</u>	<u>321,381</u>	<u>(32,178)</u>	<u>40,918</u>
(b) Reconciliation of Cash				
Cash balance comprises:				
Cash at bank	141,534	250,636	141,534	250,636
Deposits at call	11,000	11,000	11,000	11,000
	<u>152,534</u>	<u>261,636</u>	<u>152,534</u>	<u>261,636</u>
(c) Non Cash Financing and Investing Activities				
(i) Outstanding cash calls offset as result of decision to dilute interest in associated entity rather than contribute funds				
	<u>790,333</u>	<u>314,563</u>	<u>790,333</u>	<u>314,563</u>

ii) The \$500,000 convertible note issued to the Company from Retirewise Capital Pty Ltd was due to expire on 29 June 2003. On 29 May 2003 the Company negotiated a 6 months extension on the convertible note on the same terms and conditions, however 3,000,000 shares were allotted and issued by the Company to Retirewise at 3 cents each to repay unpaid interest to 30 June 2003 of \$44,016 with the balance of \$45,984 offset against loan principal owing to Retirewise.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
16. AUDITORS' REMUNERATION				
Amounts received or due and receivable by the auditors of GME Resources Ltd for:				
- an audit or review of the financial statements of the company and any other entity in the consolidated entity	9,000	6,500	9,000	6,500
- other services in relation to the company and any other entity in the consolidated entity	3,500	3,856	3,500	3,856
	<u>12,500</u>	<u>10,356</u>	<u>12,500</u>	<u>10,356</u>

17. SEGMENT REPORTING

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	\$	\$	\$	\$
18. REMUNERATION OF DIRECTORS				
(a) Directors' Remuneration				
Amounts paid or due and payable to the directors of each entity in the consolidated entity and any related bodies corporate, from all companies in the consolidated entity including insurance premiums to indemnify liabilities while acting as a director.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The number of parent entity directors whose income from the parent entity and any related bodies corporate was within the following bands:				
0 - 9,999	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
(b) Executive Officers Remuneration				
Income received and due and receivable by executive officers of the consolidated entity, from all entities in the consolidated entity and any related entities, whose income is \$100,000 or more.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

19. FINANCIAL INSTRUMENT DISCLOSURES**(a) Interest Rate Risk**

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

2003	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing		Non-interest Bearing	Total
			Within 1 year	Over 1 year		
Financial Assets		\$	\$	\$	\$	\$
Cash assets	3.5%	141,534	11,000	-	-	152,534
Receivables		-	-	-	767,549	767,549
		<u>141,534</u>	<u>11,000</u>	<u>-</u>	<u>767,549</u>	<u>920,083</u>
Financial Liabilities						
Payables	12.0%	-	273,464	-	527,453	800,917
Borrowings	7.2%	123,003	500,000	-	-	623,003
		<u>123,003</u>	<u>773,464</u>	<u>-</u>	<u>527,453</u>	<u>1,423,920</u>

2002	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing		Non-interest Bearing	Total
			Within 1 year	Over 1 year		
Financial Assets		\$	\$	\$	\$	\$
Cash assets	4.1%	250,636	11,000	-	-	261,636
Receivables		-	-	-	596,771	596,771
		<u>250,636</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>858,407</u>
Financial Liabilities						
Payables	12.0%	-	273,464	-	418,287	691,751
Borrowings	7.3%	165,116	500,000	-	-	665,116
		<u>165,116</u>	<u>773,464</u>	<u>-</u>	<u>418,287</u>	<u>1,356,867</u>

(b) Credit Risk

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

19. FINANCIAL INSTRUMENT DISCLOSURES (continued)

(c) Net Fair Values

The net fair value of the financial assets and financial liabilities approximates their carrying value. 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.

20. COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities, not provided for in the financial statements of the consolidated entity as at 30 June 2003, other than:

(a) Mineral Tenement Leases

In order to maintain current rights of tenure to mining tenements, the consolidated entity in its own right or in conjunction with its joint venture partners may be required to outlay amounts of approximately \$773,600 (2002: \$596,399) 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. Within this figure is an amount of \$542,420 (2002: \$325,519) relating to the Company's share of its obligations of its associate Niwest Limited. These obligations are expected to be fulfilled in the normal course of operations by the consolidated entity or its joint venture partners and are subject to variations dependent on various matters, including the results of exploration on the mineral tenements.

(b) Claims of Native Title

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

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

21. 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 20 – Commitments and Contingent Liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

22. SUBSEQUENT EVENTS

On 21 July 2003 a Voluntary Administrator was appointed to Western Metals Copper Limited, the majority and co-shareholder, with the Company, in NiWest Limited. This constitutes a default under the NiWest Shareholders Deed and gives rise to a Default Purchase Option whereby the Company has the option to acquire the NiWest holding of Western Metals Copper for an agreed value or failing agreement an independently determined value. The Company had thirty days to exercise its option and whilst an offer was made to Western Metals Copper for its interest in NiWest during this period it was not accepted. At this point in time negotiations are continuing between the two parties.

On 31 July 2003 in order to preserve the Company's cash the Directors of the Company resolved to clear debts to Director related entities by issuing shares in the Company to these entities. The debts relate to the normal consulting fees and other services provided to the Company by the Directors and some date back to August 2001. Accordingly, it was resolved to issue the following shares all at 3 cents each to:

Troika Securities Ltd	6,325,000 shares	\$189,750
Geomelt Pty Ltd	1,030,333 shares	\$ 30,910
Hardrock Capital Pty Ltd	<u>1,320,000 shares</u>	<u>\$ 39,600</u>
Total	<u>8,675,333 shares</u>	<u>\$260,260</u>

The above issue of shares is subject to and will only be made after the shareholders have in a General Meeting approved it.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)**

23. RELATED PARTIES

Related parties of GME Resources Ltd fall into the following categories:

(a) Directors

- (i) The names of persons who were directors of the Company at any time during the financial year are as follows:

MD Perrott
PR Sullivan
GM Motteram.

- (ii) Information on the remuneration of directors is set out in note 18.

(b) Directors' Holdings of Shares and Options

The relevant interests of directors of the reporting entity and their director related entities in shares and options of entities within the consolidated entity at year end are set out below.

	Number Held 2003	Number Held 2002
Ordinary shares	12,916,394	12,916,394

(c) Transactions with Director Related Entities

(All transactions were made under normal commercial terms and conditions unless otherwise stated).

Consultancy services have been provided by Hardrock Capital Pty Ltd, a company of which Mr Sullivan is a director, to the value of \$24,000 (2002: \$24,000). Including GST a total \$39,600 remains unpaid as at 30 June 2003 to Hardrock Capital Pty Ltd for these and past years services (2002: \$36,800).

Interest of \$32,816 has accrued during the year (2002: \$32,816) on a loan from MR, PR, DA and JN Sullivan. PR Sullivan is a director of the Company. The loan of \$273,464 arose as a result of a purchase of a number of tenements (approved by shareholders on 20 June 1996). Total interest accrued and unpaid as at 30 June 2003 in relation to this loan is \$182,779 (2002: \$149,963). For more details regarding the loan refer to Note 11 Payables (Current).

Consultancy services have been provided by Geomett Pty Ltd, a company of which Mr Motteram is a director, to the value of \$18,000 (2002: \$18,000). Including GST a total \$30,460 remains unpaid as at 30 June 2003 to Geomett Pty Ltd for these and past years services (2002: \$10,660).

Office management services, which includes administration support, office facilities, accounting and company secretarial services were provided during the year from Troika Management Ltd, an entity of which Mr Perrott is associated, to the value of \$60,000 (2002: \$60,000). Troika Management Ltd also provided consultancy services to the value of \$30,000 (2002: \$30,000). Including GST a total \$189,750 remains unpaid as at 30 June 2003 to Troika Management Ltd for these and past years services (2002: \$140,250).

(d) Transactions with Associated Entities

During the year the Company received royalty income from NiWest Limited to the value of \$133,000 (2002: \$133,000). The proceeds from these funds were applied against outstanding cash calls made from NiWest Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003 (continued)

	Consolidated	
	2003	2002
24. EARNINGS PER SHARE		
Basic and diluted earnings (loss) per share (cents)	<u>(1.94)</u>	<u>(0.18)</u>
Loss used in calculation of basic and diluted earnings per share	2,034,721	189,707
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted earnings per share.	105,077,567	104,806,334

DIRECTORS' DECLARATION

The directors of the company declare that

1. the financial statements and notes set out on pages 13 to 34, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2003 and of the performance for the year ended on that date of the company and consolidated entity.
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 made in accordance with a resolution of the Board of Directors.



PR SULLIVAN
Managing Director

Perth, WA
22 September 2003



Chartered Accountants

INDEPENDENT AUDIT REPORT

To the members of
GME RESOURCES LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position as at 30 June 2003, statement of financial performance, statement of cash flows and accompanying notes to the financial statements for the year then ended, and the directors' declaration of GME Resources Limited ("the company"). The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether or not the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

HLB Mann Judd (WA Partnership)
15 Rheola Street West Perth 6005. PO Box 263 West Perth 6872 Western Australia. DX 238 (Perth) Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.
Email: hlb@mjwa.com.au. Website: <http://www.hlb.com.au>

Partners: Ian H Barnden, Terry M Benkinsop, Lisa Christodulou, Wayne M Clark, Lucho Di Girolando, Colin D Emmett, Peter M Forbes, Trevor G Hoddy, Norman G. Neill, Peter J Speechley

HLB Mann Judd (WA Partnership) is a member of  International and the HLB Mann Judd National Association of Independent accounting firms

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit opinion

In our opinion, the financial report of GME Resources Limited is in accordance with:

- (a) 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 2003 and of their performance for the year then ended; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Inherent Uncertainty regarding carrying value of investment

Without qualification to the opinion expressed above, attention is drawn to the following matter. As outlined in Note 7, there is significant uncertainty whether the consolidated entity will be able to recover the carrying value of its investment in its Associated entity as described in Notes 7 and 8 in the financial report.



HLB MANN JUDD
Chartered Accountants



N G NEILL
Partner

Perth, Western Australia
23 September 2003

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 22 September 2003.

A. Distribution of Securities

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

Category (size of holding)	Ordinary Shares
1 - 1,000	328
1,001 - 5,000	201
5,001 - 10,000	115
10,001 - 100,000	340
100,000 and over	123
	1,107

(b) There were 564 holders of less than marketable parcel of ordinary shares.

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

Ordinary Shares	61.85%
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B. Voting Rights

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

(a) Ordinary Shares:

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

C. Substantial Shareholders

Substantial shareholders who have notified the Company as at 22 September 2003, are:

Name	%
Retirewise Capital Pty Ltd	21.61
Guinness Peat Group plc, Mid-East Minerals Limited and Refford Resources NL	5.97
Peter Ross Sullivan	6.30
James Noel Sullivan	5.65

SHAREHOLDER INFORMATION

The names of the 20 largest security holders of each class of equity security as at 22 September 2003 are listed below:

TWENTY LARGEST SECURITY HOLDERS
ORDINARY SHARES

Name	Number	Issued Shares Held %
Retirewise Capital Pty Ltd	23,296,011	21.62
Retford Resources NL	6,437,385	5.97
Troika Securities Ltd	4,676,580	4.34
James Noel Sullivan	4,665,763	4.33
Gratedock Pty Ltd	3,278,805	3.04
Hardrock Capital Pty Ltd	3,146,389	2.92
Peter Ross Sullivan	2,996,875	2.78
Mark Nicholaeff	2,450,849	2.27
Donald Anthony Sullivan	2,372,083	2.20
MDN Nominees Pty Ltd	1,623,465	1.51
Geomett Pty Ltd	1,446,384	1.34
Tunza Holdings Pty Ltd	1,424,292	1.32
Mervyn Ross Sullivan	1,393,750	1.29
Douglas Stuart Butcher	1,200,000	1.11
Whipstick Ltd	1,200,000	1.11
Suzanne Maree Walley	1,043,560	0.97
Townson Holdings Pty Ltd	1,020,332	0.95
Nigel Kirwan	1,000,000	0.93
Topsfield Pty Ltd	1,000,000	0.93
Zelman Pty Ltd	1,000,000	0.93
	<u>66,672,523</u>	<u>61.85</u>

TENEMENT DIRECTORY

Project	Tenements	Company Interest	Comments
Abednego West	P39/2690 – 2691 converted to MLA39/427, P39/3732-33, PL39/3735-3741, 3743-3751	Contributing 20%	AurionGold 80%
Chain Bore	P37/4490, 4616-4618 converted to MLA37/581	100%	
Clermont	EPMA11575, 11793, 11806, 12164	Contributing 40%	Joint Venture with Australian Gold Fields NL (in Liquidation) 60%
Ghan Well	EL39/679 P39/4049	100%	
Hawks Nest	M38/218, P38/2515 converted to MLA 38/683	100%	
Ilgarari	M52/539-540	100%	
Leonora East	P37/4106 converted to MLA37/566, P37/4807-4811 converted to MLA 37/876, P37/5330-5333, P37/5477	100%	Montrose Minerals earning 70%
Linden	P39/2974-76 converted to MLA 39/500 P39/3417-18	10% 100%	
Mount Marven	M39/162, M39/325, P39/2753 converted to MLA39/481	100%	
Mt Morgan South	P39/3347 – 3352 converted to MLA39/703, P39/3353 – 3356 converted to MLA 39/702, P39/3531 – 3532	100%	
Murrin Murrin (Golden Cliffs)	P39/3172 – 3175 converted to MLA39/554, P39/3180-3183 converted to MLA39/457	100%	
Murrin Murrin (Anaconda)	P39/3158 – 3171, P39/3176 – 3179 & P39/3281, Converted to MLA39/426, 456, 552, 553 & 569	100% of Non Lateritic Nickel Mineral Rights	Anaconda Nickel Ltd has rights to all lateritic nickel
Patricia Joint Venture (Stophanis Well)	E31/90 converted to MLA31/168 & 169, E31/97 converted to MLA 31/170 & 233, E31/129, parts converted to MLA31/260-262, E31/165, 202 & 223, P31/1453-58 parts converted to MLA31/234-235, Pinjin ELA's 31/420, 421 & 426	50%	
Pyke Hill	ELA39/633 P39/4050	100%	

LEGEND:

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