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GME RESOURCES LTD

ABN 62 009 260 315

16 August 2006

Australia Stock Exchange
Company Announcements Officer
Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Sirs,

Price Query

In response to your correspondence dated the 16 August 2006 regarding increases in the Company's share price and trading volumes, the Company's response is as follows.

1. The Company is not aware of any information that has not been announced through the ASX that would affect the trading of securities in the Company.

2. Not applicable

3. There are no abnormal changes to the year end 2006 financial accounts that would be likely to affect the Company.

4. The Company has no explanation as to why there has been an increase in trading volumes and prices of its securities. (See additional notation following)

5. The Company confirms that it is in compliance of Listing Rule 3.1

The Company, through its subsidiary NiWest Ltd is the sole owner of significant high grade nickel laterite resources within close proximity of the Murrin Murrin Nickel Refinery located in the North Eastern Goldfields of Western Australia. Total resources at 1% Nickel cut off grade are quoted at 48.77 million tonnes averaging 1.25% Nickel and 0.10% Cobalt for contained metal in excess of 600,000 tonnes nickel and 48,000 tonnes cobalt.

The Company believes that investors are now analysing GME's recent reporting (June 2006 quarterly report) of positive metallurgical test work and the potential to develop some of these resources through low capital and low operating cost Heap Leach Technology.

Recent media reports covering global corporate activity involving take over targets Inco and Falconbridge has fuelled speculation of Glencore International's intent over its recent increase in shareholding of Joint Venture partner Minara Resources Ltd.

LME Nickel prices recorded a 19 year high ($US29,200 per tonne) over the past two days as supplies for the metal are squeezed reportedly caused by Korean steelmaker Posco attempting to buy back nickel metal to cover its hedging position.

Should you require any further clarification please do not hesitate to contact the undersigned.

Yours sincerely,

Jamie Sullivan
Managing Director

ASX
AUSTRALIAN STOCK EXCHANGE

Australian Stock Exchange Limited
ABN 98 008 624 691
Level 8
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2 The Esplanade
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16 August 2006

Mr Mark Pitts
Company Secretary
GME Resources Limited
Level 2
907 Canning Highway
Mount Pleasant
WA 6153

By Facsimile: 08 9315 9037

Dear Mark

GME Resources Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from $0.195 at the start of trading on 15 August 2006 to $0.25 today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

   Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the operating profit before abnormal items and income tax so that the figure for the financial year ended 30 June 2006 would vary from the previous financial year by more than 15%? If so, please provide details as to the extent of the likely variation.

4. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?

5. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at elizabeth.harris@asx.com.au or by facsimile on facsimile number (08) 92212020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3:00pm.W.S.T on** Wednesday, 16 August 2006.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

Elizabeth Harris
<u>Adviser, Issuers (Perth)</u>

Direct Line: (08) 9224 0011