ASX Release
15th January 2014

PRECIOUS METAL RESOURCES LIMITED

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ASX Symbol: PMR

Halls Peak – Base metal mineralisation continuity confirmed (bonus high grade silver)

- **DDH HP 027 – Second of six holes completed**
- **Four base metal zones identified in HP 026, also intersected in HP027, separated by 10-20m**
- **Underlying silver zone also encountered, but at much higher grade (3.5m @ 949 g/t, including 1.6m @ 1,900 g/t)**
- **Suggests mineralised beds of SEDEX origin, as modelled**

Precious Metal Resources (ASX: PMR), a 78% subsidiary of Sovereign Gold Company Limited (ASX: SOC) has received results from the second diamond drill hole of a six hole program being conducted at Gibsons Mine at Halls Peak base metal field in northern NSW.

Four base metal mineralised zones and an underlying silver bearing zone were found to be continuous between holes DDH HP 026 (ASX, 3/1/14) and DDH HP 027, separated by 10 to 20 metres. Each zone has similar thickness and comparable metal contents, see below. The zones are dipping steeply at this location, and their dip and outcrop direction will be determined when results of the next hole drilled, DDH HP 028 are received and processed; plan views and cross sections are being developed and will be included.

Downhole intersection (m)		Common characteristics
DDH HP 026	DDH HP 027	
10.5	7.4	Copper, silver, lead and zinc higher in DDH HP 026
7.0	6.2	High lead and zinc at base
9.5	12.2	High silver at base, high copper at top and base
5.2	7.5	Potential direct shipping mineralisation at top and base of zone
1.2 +	3.5	Very high silver grades

DDH 027 silver zone

1,900 g/t (61.1 oz/t) silver has been intersected over a downhole interval of 1.6 metres (62.5 – 64.1m).

This forms part of a larger interval of **3.5m @ 949 g/t silver (30.5 oz/t)** extending from 61.5 to 65.0 metres downhole depth. This intersection is interpreted as a higher grade portion of the similar silver zone penetrated in DDH HP 026 (1.2m @ 395 g/t or 12.7 oz/t silver).

DDH HP 027 was drilled from the same drill pad as DDH HP 026, but at a steeper inclination, with the two intersections 20 metres apart.

Down Hole Intersection (m)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Interval (m)
61.5 to 65.0	0.9	0.4	0.3	950 (30.5 oz/t)	3.5
Including					
62.5 to 64.1	1.3	0.7	0.5	1,900 (61.1 oz/t)	1.6

JORC STATEMENT

The information in this report that relates to mineral exploration is based on information compiled by Peter John Kennewell, who is a member of the Australasian Institute of Mining and Metallurgy. Peter John Kennewell is a director of Precious Metal Resources Limited, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Identified Mineral Resources, and Ore Reserves". Peter John Kennewell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

In both holes this silver mineralised zone is occurring beneath four zones of base metal mineralisation. Two of these contain potential direct shipping zinc-lead-copper-silver mineralisation at grades below:

Downhole Intersection (m)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Interval (m)
39.0 to 42.5	13.9	4.6	3.6	73 (2.3 oz/t)	3.5
53.8 to 55.7	27.1	8.7	1.5	59 (1.9 oz/t)	1.9

Drill hole information

Hole ID	Easting (m)	Northing (m)	RL (m)	Grid	Collar Azimuth (Degrees)	Collar Dip (degrees)	Total Depth (m)
HP 026	407648	6597956	785	MGA94 Zone 56	168	60	81.40
HP 027	407653	6597962	785	MGA94 Zone 56	177	70	78.4

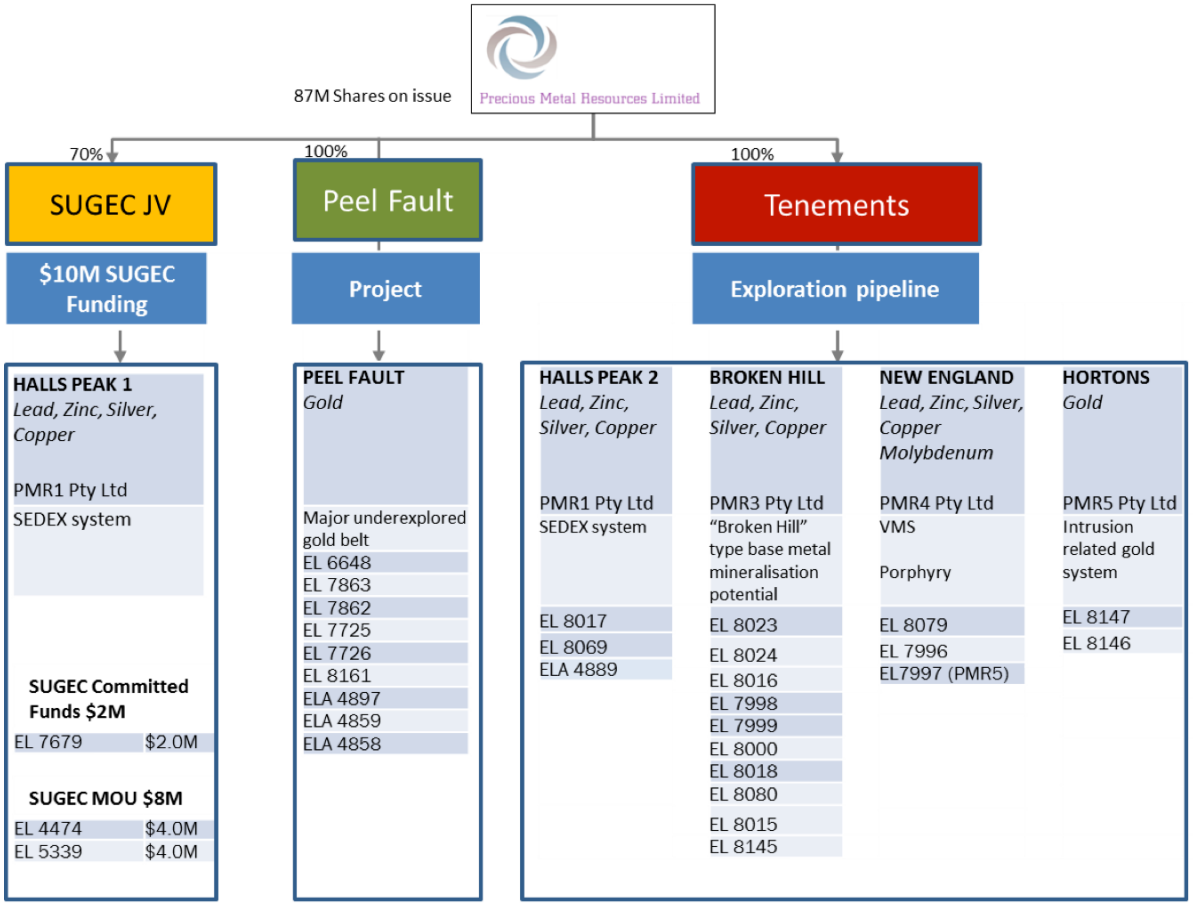
DDH HP 027 Results

Top (m)	Base (m)	Interval (m)	Recovery (%)	Ag Grade (g/t)	Cu Grade (%)	Pb Grade (%)	Zn Grade (%)	Weighted Average Grades of mineralised zones
0.00	**2.10**	2.10	31%	17.40	0.17	0.29	0.36	
2.10	**2.30**	0.20	100%	6.55	0.12	0.41	0.06	
2.30	**4.10**	1.80	100%	13.75	0.05	0.13	0.09	
4.10	**6.40**	2.30	39%	11.05	0.55	0.87	1.60	

Top (m)	Base (m)	Interval (m)	Recovery (%)	Ag Grade (g/t)	Cu Grade (%)	Pb Grade (%)	Zn Grade (%)	Weighted Average Grades of mineralised zones
6.40	**8.20**	1.80	95%	4.91	0.11	0.11	0.30	
8.20	**8.50**	0.30	100%	31.40	0.43	0.99	4.53	**7.4m at 0.59% Cu, 1.12% Pb, 3.51% Zn, 37.94 Ag g/t (1.22 Ag oz/t)**
8.50	**9.10**	0.60	100%	77.20	0.54	1.00	2.67	
9.10	**9.70**	0.60	93%	90.60	0.39	1.14	2.48	
9.70	**10.50**	0.80	95%	27.00	0.42	0.84	1.72	
10.50	**11.50**	1.00	96%	24.30	0.57	0.81	2.64	
11.50	**12.50**	1.00	95%	39.80	0.46	2.23	4.23	
12.50	**13.50**	1.00	100%	24.20	0.48	0.85	5.93	
13.50	**14.40**	0.90	97%	44.00	1.48	1.07	4.01	
14.40	**15.60**	1.20	96%	17.60	0.41	1.00	3.12	
15.60	**16.90**	1.30	100%	6.35	0.17	0.71	5.01	
16.90	**18.40**	1.50	73%	5.37	0.14	0.57	5.16	
18.40	**19.20**	0.80	75%	12.60	0.47	1.50	4.84	**6.20m at 0.99% Cu, 1.02% Pb, 4.46% Zn, 11.62 Ag g/t**
19.20	**20.40**	1.20	92%	11.05	0.97	0.99	5.80	
20.40	**22.30**	1.90	100%	3.28	0.15	0.05	0.61	
22.30	**23.40**	1.10	100%	24.30	2.53	2.96	11.60	
23.40	**24.60**	1.20	100%	13.10	1.26	0.51	2.41	
24.60	**25.90**	1.30	100%	0.81	0.02	0.00	0.06	
25.90	**26.40**	0.50	100%	2.15	0.02	0.01	0.15	
26.40	**29.00**	2.60	100%	0.98	0.01	0.00	0.06	
29.00	**30.30**	1.30	100%	0.95	0.04	0.00	0.11	
30.30	**30.70**	0.40	100%	10.75	5.72	0.01	0.14	**12.15m at 1.44% Cu, 1.34% Pb, 4.15% Zn, 23.85 Ag g/t**
30.70	**32.60**	1.90	100%	3.54	0.70	0.01	0.14	
32.60	**33.40**	0.80	100%	11.25	1.26	0.18	0.81	
33.40	**35.60**	2.20	45%	3.33	0.23	0.09	0.36	
35.60	**36.50**	0.90	100%	3.24	0.00	0.01	0.13	
36.50	**37.40**	0.90	78%	6.69	0.01	0.01	0.52	
37.40	**38.10**	0.70	100%	1.08	0.00	0.02	0.13	
38.10	**38.60**	0.50	0%	0.00	0.00	0.00	0.00	
38.60	**39.00**	0.40	25%	2.39	0.01	0.03	0.39	
39.00	**40.90**	1.90	100%	34.60	0.85	2.82	6.17	
40.90	**42.45**	1.55	103%	120.00	6.94	6.76	23.30	
42.45	**45.50**	3.05	100%	4.93	0.03	0.13	0.41	
45.50	**48.50**	3.00	100%	1.48	0.03	0.05	0.09	
48.50	**48.90**	0.40	93%	0.63	0.03	0.05	0.19	
48.90	**49.70**	0.80	96%	0.68	0.05	0.03	1.41	
49.70	**50.20**	0.50	94%	6.69	0.27	0.75	3.32	
50.20	**50.50**	0.30	90%	29.20	0.49	6.16	10.65	**7.45m at 0.56% Cu, 3.11% Pb, 8.88% Zn, 22.35 Ag g/t**
50.50	**50.75**	0.25	80%	18.25	2.16	2.28	5.60	
50.75	**51.00**	0.25	88%	9.15	0.10	0.77	2.27	
51.00	**52.95**	1.95	93%	4.01	0.01	0.10	0.19	

Top (m)	Base (m)	Interval (m)	Recovery (%)	Ag Grade (g/t)	Cu Grade (%)	Pb Grade (%)	Zn Grade (%)	Weighted Average Grades of mineralised zones
52.95	**53.80**	0.85	93%	4.87	0.33	0.48	2.43	
53.80	**54.60**	0.80	94%	60.70	2.46	8.00	38.10	
54.60	**55.70**	1.10	91%	56.90	0.78	9.22	19.05	
55.70	**57.65**	1.95	49%	14.25	0.18	1.76	3.66	
57.65	**59.40**	1.75	100%	5.49	0.05	0.13	0.28	
59.40	**61.50**	2.10	52%	16.65	0.14	0.39	0.66	
61.50	**62.50**	1.00	100%	115.00	0.09	0.27	0.50	**3.5m at 0.32% Cu, 0.44% Pb, 0.88% Zn, 949.51 Ag g/t (30.5 Ag oz/t)**
62.50	**64.10**	1.60	100%	1900.00	0.54	0.65	1.27	
64.10	**65.00**	0.90	100%	187.00	0.18	0.24	0.62	
65.00	**66.40**	1.40	100%	44.40	0.02	0.05	0.14	
66.40	**67.60**	1.20	100%	3.17	0.00	0.01	0.02	

Precious Metal Resources Assets Overview



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Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	• Half HQ core
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Consistent cut distance relative to mark up or orientation line along core.
	• *Aspects of the determination of mineralisation that are Material to the Public Report.*	• Mineralisation within sheared shales and very soft white clay like rock has resulted in reduced core recoveries in parts of the hole. This problem has been ameliorated by the use of special drilling mud. • Reduced recovery of this very soft clay like rock has biased the assay grades towards the grade of the harder recovered rock. • This may have lowered or raised the grade reported over intervals of core loss. • The grade of sheared shale may be comparable to the enclosed unsheared shale. Very soft clay like rock has been recorded in the past as having base metal grades ranging from anomalous to high. • As the type of rock lost during drilling is uncertain, the significance of any bias due to core loss cannot be quantified. • It is unclear whether sample loss has any positive or negative relationship with grade, as discussed above.

Criteria	JORC Code explanation	Commentary
	• *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Sawn half HQ core with sample lengths ranging from 0.1 metres to 2.51metres was sent to ALS laboratories and was pulverised to produce a 30g charge for fire assay (Au_AA25), and 4 acid digestion for 48 element ICP-AES and ICP-MS analysis (ME-MS61)
Drilling techniques *Drill sample recovery*	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).* • *Method of recording and assessing core and chip sample recoveries and results assessed.*	• HQ diamond triple tube coring by Warman 600 drilling rig was used throughout the hole. • No core orientation was carried out. • Lithological logging, photography • Core samples were measured with a standard tape within the core trays. Length of core was then compared to the interval drilled, and any core loss was attributed to individual rock units based on the amount of fracturing, abrasion of core contacts, and the conservative judgment of the core logger. • Results of core loss are discussed in "Sampling techniques", above).
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• Experienced driller contracted to carry out drilling. • Drilling produced large diameter HQ core from short runs to maximise core recovery. • Core was washed before placing in the core trays. • Core was assessed by eye before cutting to ensure representative sampling.

Criteria	JORC Code explanation	Commentary
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• See "*Aspects of the determination of mineralisation that are Material to the Public Report" above.*
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• Core samples were not geotechnically logged. • Core samples have been geologically logged to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• The core logging was qualitative in nature. • All core was photographed
	• *The total length and percentage of the relevant intersections logged.*	• 100% • Total length of the relevant intersection is 67.6 metres. • Total depth of the hole was 78.4 metres. • 100% of the relevant intersections were logged.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• Half HQ core cut with a diamond bladed core saw.
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	• Not applicable at this stage of the program.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• For core samples: a) the samples are of sawn core; b) the quality of the core is that of good quality core, with many zones of very friable rock recovered with a minimum of core loss; c) this sample preparation technique is appropriate and industry standard for the assay results being reported.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• No sub sampling has been carried out to date.

Criteria	JORC Code explanation	Commentary
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	• Appropriate measures taken – half core remaining if further analysis warranted. • Duplicate assays and assays of blanks and comparable standards are routinely carried out at the laboratory to check laboratory procedures and techniques.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Yes, sample sizes are appropriate to the grain size of the material being sampled
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• Analyses by Australian Laboratory Services Pty. Ltd. (ALS), • ALS is accredited to ISO/IEC 17025-2005 standards and has ISO 9001-2008 Registration in Australia.. • Appropriate techniques of fire assay for gold and ICP-AES and ICP-MS for multielement analysis were used. Techniques are considered total for the type of mineralization sampled.
	• *For geophysical tools, spectrometres, handheld XRF instruments, etc, the parametres used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	• Not relevant at this stage of the program
	• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Internal standards and blanks not used at this early stage
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• Not relevant at this stage of the program
	• *The use of twinned holes.*	• Not relevant at this stage of the program
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Core measured, photographed and logged by geologists. Digitally recorded plus back-up records.
	• *Discuss any adjustment to assay data.*	• There is no adjustment to assay data

Criteria	JORC Code explanation	Commentary
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• Drill collars recorded with Garmin GPS that has an accuracy in the order of 2 metres for location.
	• *Specification of the grid system used.*	• MGA94 (Zone 56)
	• *Quality and adequacy of topographic control.*	• Topographic control based on Department of Lands digital terrain model.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• Not relevant to current drilling.
	• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	• Not relevant to current drilling.
	• *Whether sample compositing has been applied.*	• No sample compositing has been applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• The orientation of the mineralisation is unknown. The drilling program is aimed at determining orientation of the base of mineralisation by drilling three holes.
	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• It is uncertain whether sampling bias has been introduced, or whether the thickness drilled is a true thickness.
Sample security	• *The measures taken to ensure sample security.*	• Core samples are stored at the secure Sovereign Gold Uralla core yard before express overnight freight to Australian Laboratory Services Pty. Ltd. (ALS) Brisbane. Sample movements and security documented by ALS Chain of Custody.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Not undertaken at this stage

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	• EL4474 is held by PMR1 Pty. Ltd., a wholly owned subsidiary of Precious Metal Resources Limited. It is currently under MOU with SUGEC Resources Limited who may earn a 30% interest in EL 4474 for expenditure of $A 4 million.
	• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Tenure is current and in good standing.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The mineralised structure currently being drilled was discovered in about 1914. Two tunnels were dug totalling about 250 metres with small amounts of stoping recorded. • Open cut mining by other parties has been undertaken in the 1950s and 1960s. • Drilling of a total of 4000 metres of core was carried out in the 1960s and 1970s by BHP, CRA, Carpentaria Exploration, Allstate and Halls Peak Mining. • BHP mined a bulk sample of 100o tonnes of high grade mineralisation from the nearby Khans Mine in 1974. • PMR logged and assayed 4,000 metres of previously unassayed core from earlier drilling programs in 2011/12.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Black shale hosted SEDEX mineralisation.

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Drill hole Information</td><td>• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
o easting and northing of the drill hole collar
o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
o dip and azimuth of the hole
o down hole length and interception depth
o hole length.</td><td>
<table>
<tr><th>Hole ID</th><th>Easting (m)</th><th>Northing (m)</th><th>RL (m)</th><th>Grid</th><th>Collar Azimuth (Degrees)</th><th>Collar Dip (degrees)</th><th>Total Depth (m)</th></tr>
<tr><td>HP 026</td><td>407648</td><td>6597956</td><td>785</td><td>MGA94 Zone 56</td><td>168</td><td>60</td><td>81.40</td></tr>
<tr><td>HP 027</td><td>407653</td><td>6597962</td><td>785</td><td>MGA94 Zone 56</td><td>177</td><td>70</td><td>78.4</td></tr>
</table>
</td></tr>
<tr><td></td><td>• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</td><td>• Not relevant</td></tr>
<tr><td>Data aggregation methods</td><td>• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</td><td>• Uncut</td></tr>
<tr><td></td><td>• `Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</td><td>• All aggregate intercepts detailed on tables are weighted averages.</td></tr>
<tr><td></td><td>• The assumptions used for any reporting of metal equivalent values should be clearly stated.</td><td>• None used</td></tr>
<tr><td>Relationship between mineralisa-</td><td>• These relationships are particularly important in the reporting of Exploration Results.</td><td>• True width not currently known. All lengths are down-hole lengths and not true width.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
tion widths and intercept lengths	• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	• The precise geometry is not currently known but is being tested by the planned drilling, with diamond drill hole azimuths designed to drill normal to the interpreted mineralised structure.
	• *If it is not known and only the down-hole lengths are reported, there should be a clear statement to this effect (eg 'down-hole length, true width not known').*	• Down-hole length reported, true width not known.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Due to intense shearing and folding of the black shales hosting the mineralisation no meaningful sections can be prepared at this time. • The drilling is aimed at clarifying the structure of the mineralisation.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Representative reporting of all relevant grades is provided in tables to avoid misleading reporting of Exploration Results.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Overview of exploration data leading to selection of drill targets provided.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• Test for lateral and depth extensions, resource delineation of the mineralised structure.

Criteria	JORC Code explanation	Commentary
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Due to intense shearing and folding of the black shales hosting the mineralisation no meaningful sections can be prepared at this time. • The drilling is aimed at clarifying the structure of the mineralisation.