



PRECIOUS METAL RESOURCES LIMITED

Precious Metal Resources Limited
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Latest News

www.pmrl.com.au

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John Dawkins AO
Non-Executive Chairman

John Foley
Non-Executive Deputy Chairman

Rado Jacob Rebek
Chief Executive Officer

Michael Leu
Non-Executive Director

Peter Kennewell
Chief Geologist

Bruce Dennis
Non-Executive Director

Peter Meers
Non-Executive Director

ASX Symbol: PMR

Corporate Restructure

Precious Metal Resources – Sovereign Gold

Precious Metal Resources Limited (ASX: PMR) (**PMR**) and Sovereign Gold Company Limited (ASX: SOC) (**Sovereign Gold**) have reached agreement on a proposed corporate restructuring to rationalise and simplify the structure and assets of each company (**Corporate Restructure**).

Background for the Proposed Corporate Restructure

PMR and Sovereign Gold currently hold exploration tenements in the New England district of New South Wales targeting gold, precious and base metals.

Both PMR and Sovereign Gold have separately entered into Joint venture agreements and memoranda of understanding with Jiangsu Geology and Engineering Co. Ltd. (**Sugec**) of Nanjing, China.

PMR currently has a \$2 million joint venture agreement and \$8 million memoranda of understanding with Sugec. It is proposed to transfer this interest to Sovereign Gold.

Proposed Corporate Restructure

The following steps are proposed in order to rationalise the structure and facilitate effective management time and focus on the various exploration project areas held by PMR and Sovereign Gold:

1. Sovereign Gold to acquire EL4474, EL5339 and EL7679 (**PMR Sugec Tenements**);
2. Sovereign to relinquish control of PMR;
3. PMR would conduct a selective reduction of capital, whereby 64,000,000 shares in PMR, held by Sovereign Gold would be cancelled;
4. Sovereign Gold would then acquire the PMR Sugec Tenements for consideration of 1 million Sovereign Gold Shares (in satisfaction of LR 10.7).

At the conclusion of the transactions, PMR will have 23 million shares on issue (currently 87 million).

The transactions are conditional to obtaining the approval of both PMR and Sovereign Gold shareholders and any other statutory or regulatory approvals or exemptions that may be necessary.

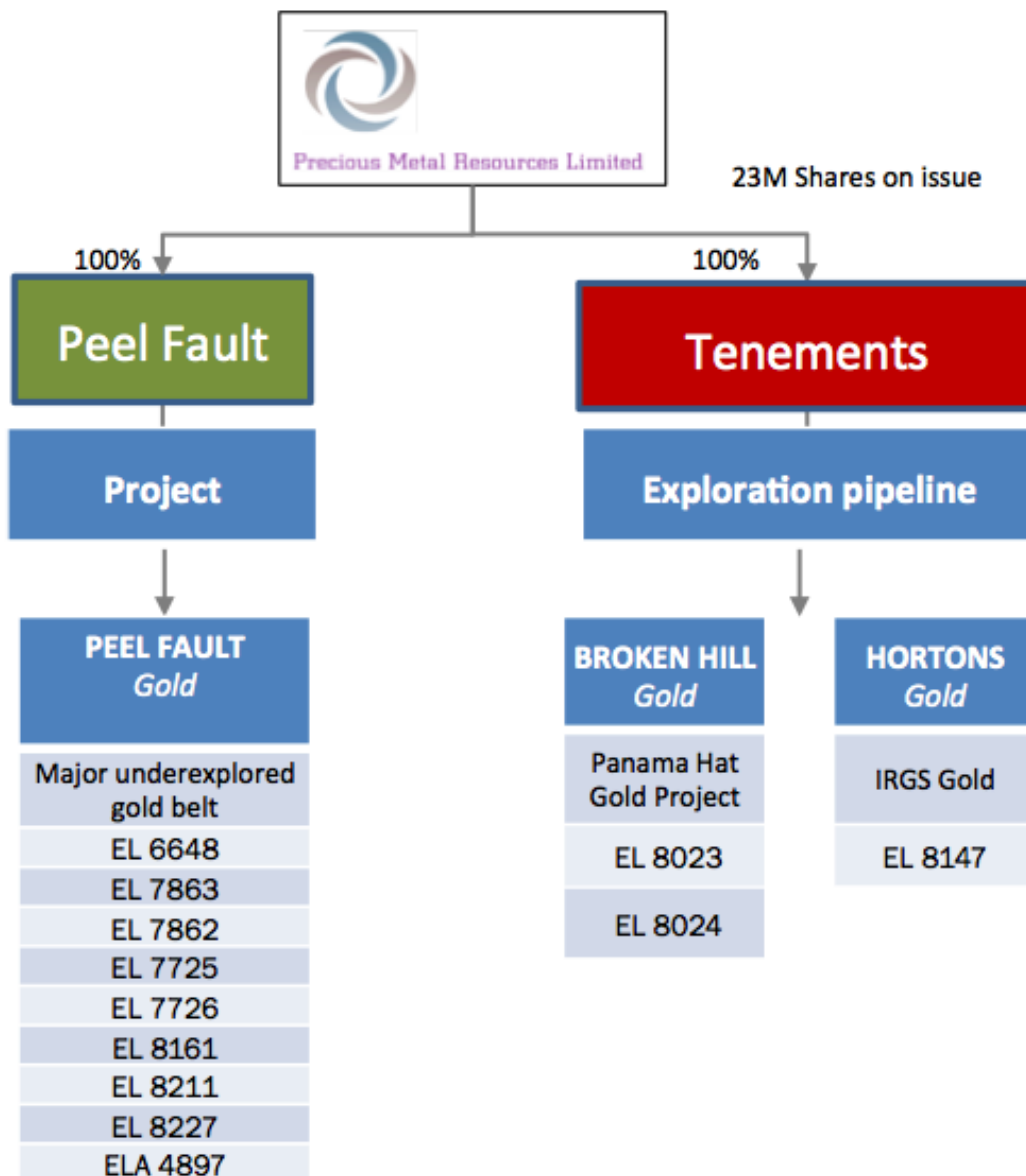
The directors of both PMR and Sovereign Gold are of the view that the proposed Corporate Restructure will provide a simpler, more efficient structure that eliminates unnecessary corporate overhead in managing the Sugec relationship, which is currently being borne by both companies.

Full details, including independent assessment of the fairness and reasonableness of the transactions, will be provided in the respective Notices of Meeting.

Precious Metals Resources Post Restructure

Upon completion of the proposed Corporate Restructure, PMR's focus will be on the rapid development of the Peel Fault Gold Project, host of several areas with historical gold workings, which are planned to be drill tested by PMR.

The Peel Fault Gold Project is located north of Tamworth in north-eastern NSW, east of the towns of Manilla, Barraba and Bingara. PMR holds 12 ELs and ELAs over prospective base and precious metal ground.



For further information please contact:

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