



PRECIOUS METAL RESOURCES LIMITED

Precious Metal Resources Limited
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Chief Geologist

Rado Jacob Rebek
Non-Executive Director
Senior geologist

Bruce Dennis
Non-Executive Director

Peter Meers
Non-Executive Director

ASX Symbol: PMR

JORC STATEMENT

The information in this announcement 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 2004 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.

QUARTERLY ACTIVITIES REPORT

Quarterly Activities Statement period ending 30 September 2013.

This quarterly operations report is dated 31 October 2013 and is for the three months ending 30 September 2013.

Corporate

- Appointment of Mr Jacob Rebek as a Director and Senior Geologist (**ASX 13 August 2013**) to advance the Company's geological program.
- Reduction in substantial shareholder Sovereign Gold Company Limited (**Sovereign Gold**) from 81.26% shareholding to 79.5% shareholding (**ASX 19 July 2013**) following sale of 1.5 million PMR shares at 35 cents to professional and sophisticated investors in order to fund continuing exploration activities at Gossan Hill Gold Limited (**Gossan Hill**).

Exploration

During the quarter, PMR entered into a Farm-In and joint venture agreement with Gossan Hill, an 87% owned subsidiary of Sovereign Gold, with respect to the Peel Fault Gold Project located in north eastern NSW near Tamworth. (**ASX 17 July 2013**). The Peel Fault Gold Project (ELs 6648, 7725, 7726, 7862 and 7863) is a major geological suture separating sedimentary rocks in the Tamworth Trough on the west from Ordovician and Cambrian deep ocean floor volcanics and sedimentary rocks to the east including a suite of extensively serpentinised ultramafic rocks adjacent to the fault. Under the terms of the agreement PMR is able to earn up to a 70% interest in the Peel Fault Gold Project through sole funding exploration expenditure of up to \$1 million. PMR can earn 35% interest through the staged development and expenditure of \$500,000 (over 2 years) and a further 35% through the expenditure of a further \$500,000 (over a further 18 months).

Crow King target for Gossan Farm-In JV (**ASX 23 August 2013**)

Crow King (EL 6648) is a highly prospective target in the Peel Fault Gold Project with clusters of historic gold deposits over a 6.5km NW corridor. A state of the art 3D IP geophysical survey undertaken has identified key gold target areas. PMR is planning to commence an RC drilling program and deep diamond hole with the objective to test the extent of potentially economic gold mineralisation found by Icon Resources Limited.

The Prospect area is very well located with respect to infrastructure, including transport, power and water. The land tenure in the tenements is predominantly freehold.

The Peel Fault is a major underexplored gold belt with three main types of mineralisation:

- Greenstone Belt Gold: Californian Mother Lode Au. Orogenic Liswanite (Silica-Carbonate-Au)-hosted Gold – Approximately half the World's gold has been produced from greenstone hosted deposits.



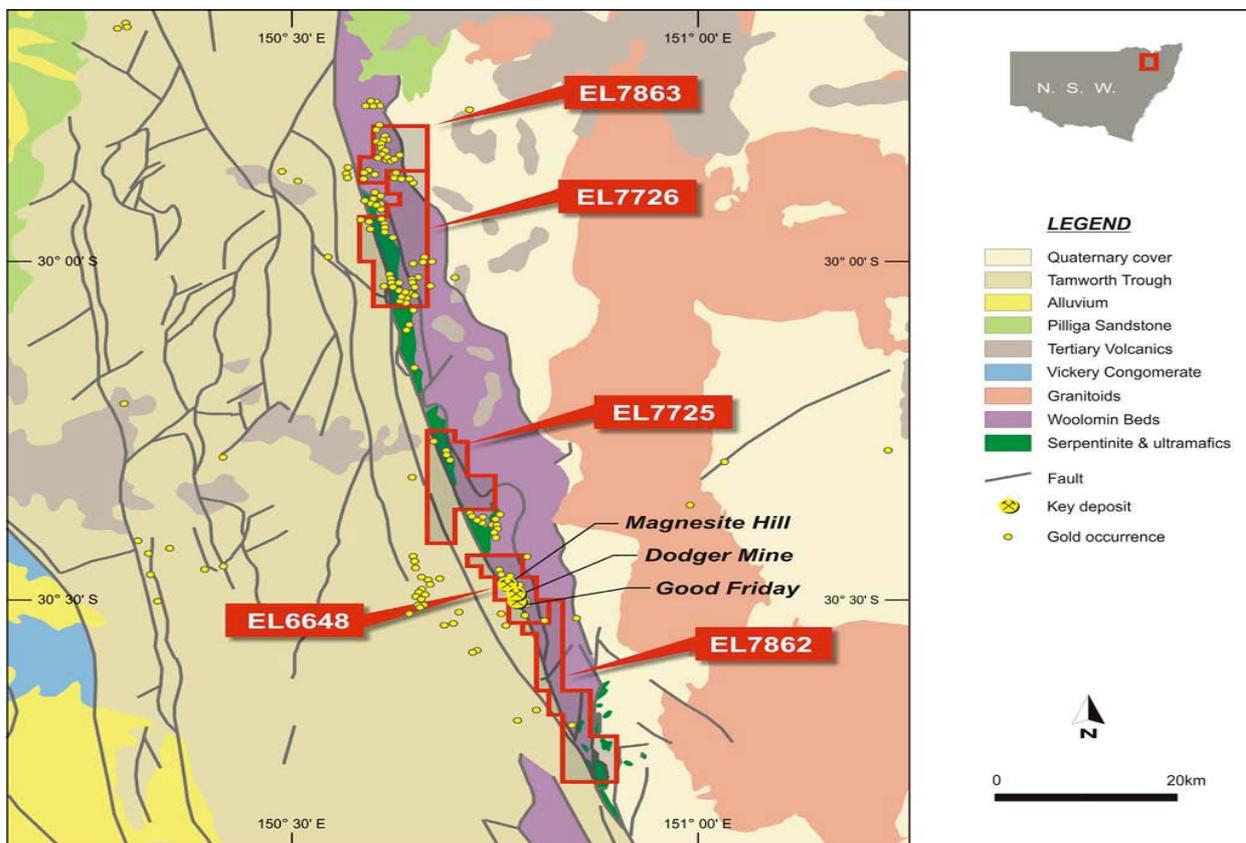
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- Intrusion-Related Gold Systems (Large tonnage Au deposits). Altered gold-bearing monzonite dykes.
- High Grade Narrow Vein Orogenic Reef/Structure.

PMR has assembled a geological team with a total of over 150 years in experience with requisite technical expertise in gold exploration and mining to advise and support the exploration programme.

Peel Fault Geological team

Dr Andrew White	45 years experience in exploration, project development, mine management and financial evaluation of mining investments
Jacob Rebek	Highly regarded mine-finder. Senior exploration management positions in CRA and Rio Tinto
Kris Butera	Successful ore finder and multi-skilled geologist with extensive experience in conducting and managing gold exploration
Michael Leu	Leading expert in Intrusion-Related Gold Systems. Extensive experience in Peel Fault mineralisation potential
Peter Kennewell	45 years exploration experience in commodities in Northern NSW

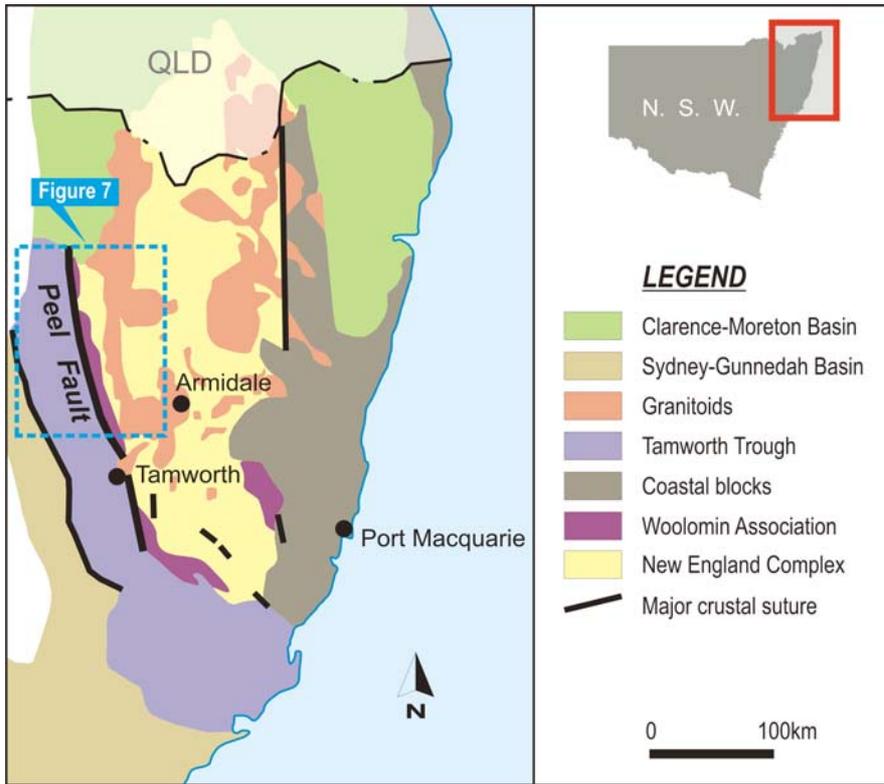


Location map showing granted tenements. ELA 4760 is not shown, but is contiguous to the west of EL7726.

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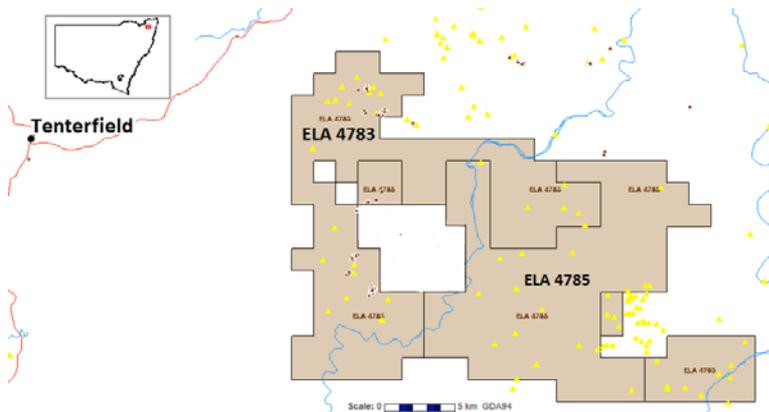
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Schematic geological map of New England showing location of the Peel Fault

PMR Offered Two Highly Prospective Gold Areas (ASX 12 July 2013)

PMR advised that it has received an Offer of Grant for two areas (ELA 4783 and ELA 4785) with high potential for IRGS type gold mineralisation east of Tenterfield in Northern New South Wales. These mines and prospects have significantly bolstered the Company's growth pipeline and provide many targets for exploration and development. PMR has a highly skilled Intrusion-Related Gold System (IRGS) exploration team. They are confident that with modern exploration methods potential exists to discover a large IRGS.



ELA 4783 and ELA 4785 are located east of Tenterfield. Yellow triangles and brown circles represent historic gold occurrences and drill holes respectively.

The ELA's host several historic gold mines, some with advanced IRGS exploration targets based on geochemical anomalies and past drill hole data. These include the historic Hortons and Surface Hill Mines.

The following extracts from public reports provide an overview of the areas offered.

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HORTONS –

Extract from Geological Survey of NSW Report GS2001/127

Mineral Resource Category	Tonnage (mt)	Grade (g/t Au)	Contained Gold (koz)
Measured	-	-	-
Indicated	0.34	1.94	21.2
Inferred	0.06	1.71	3.3
Total Measured + Indicated	0.34	1.94	21.2
Grand Total	0.40	1.90	24.5
Ore Reserve Category	Tonnage (mt)	Grade (g/t Au)	Contained Gold (koz)
Proved	-	-	-
Probable	0.23	2.33	17.9
Total	0.23	2.33	17.9
Waste	1.00		
Strip ratio	4.2		

Table 1 – Hortons: Mineral Resources and Reserves at 30 June 1999 (GS2001/127)

“The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves. Tonnages and contained gold are quoted to appropriate significant figures to reflect the precision of these estimates.

Resources	Class	COG (g/t)	Mineral Resource			Method	Audited
			Tonnage (t)	Grade (g/t Au)	Contained Au (oz)		
Hortons	Measured	0.50					
	Indicated	0.50	341,036	1.94	21,200	MIK	Audited
	Inferred	0.50	60,508	1.71	3,300		
	Subtotal		401,500	1.91	24,500		

Table 2 – Hortons: Mineral Resources at 30 June 1999 (GS2001/127)

Reserves	Type	Classification	COG	Tonnes	Grade	Au oz	Gold Price Used
Hortons	Heap Leach	Probable	0.50	239,129	2.33	17,900	\$450

Table 3 – Hortons: Mineral Reserves at 30 June 1999 (GS2001/127)

“Following a recent interim optimisation (19990617_HOR_OPT) MRT developed a new pit design (Pit HORJUN99) based on the optimal pit shell #20, which was the optimal shell for a A\$450/oz gold price. The Mineral Resource and Ore Reserves are quoted in Table 1 at the marginal cut-off grade of 0.50 g/t Au. The Ore Reserve is that part of the Mineral Resource at or above 0.50 g/t Au within the current pit design (HORJUN99). The resource model (HORIKFEB97b) was developed from exploration drilling and developed using MIK techniques by MRT (1997). This model is a “small block model” which are known to smooth grades, and as such this model may be optimistic (in the grade sense).

“The waste material within the pit contains 40 kt @ 1.90 g/t Au (2 koz) Inferred material. The Hortons ore-body is not drilled out, and is still open up and down plunge (north and south) and “up-dip” (east). It is estimated that infill drilling has the potential of adding 170,000 tonnes @ 2 g/t Au to the reserves. These “potential reserves” are largely contained within the current pit design, and as such the proposed drill program would improve the economics of the Hortons Project.

“Three separate 40ppb gold-in-soil soil anomalies occur within 600 metres of Hortons. All anomalies require follow-up surface geochemical sampling. The area has potential to host Hortons style mineralisation.

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“Geological mapping at 1:1,000 scale was completed at Hortons, in addition to relogging of all previous drilling to produce 3D geological model. The geological mapping showed that Montys-Surface Hill granite contact, with carapace and fine grained granite transitional contact units, occurs only 100m east of Hortons. The high grade Hortons mineralisation is hosted by carapace aplite unit and covered by layer of Montys granite, with the contact dipping to the west. Mineralisation occurs where there is significant thickness of pegmatite developed in the domed roof of the aplite. Mineralisation is controlled by both syn- and post- mineral faults and is associated is sericite alteration.”

Surface Hill – Extract from Geological Survey of NSW Report GS2001 /127

“Detailed composite rock chip sampling was conducted over the 400m by 200m to 500m wide plus 50ppb gold-in-soil anomaly. Rock chip samples were collected as 20m composites along 100m spaced east-west lines. Results delineated 3 major NNE trending gold zones, 200m to 300m in length and varying between 20m and 140m in width. Gold grades were commonly between 0.2ppm and 0.7ppm Au, with the best result 3.0ppm.

“Seventeen composite rockchip samples were collected from historic workings, ten of which assayed above 0.3 ppm Au, including 1.69, 1.77, 3.23 and 5.07 ppm Au.

“Geological mapping identifying north north east trending faults within a west north west structural corridor. The prospective area is hosted by Surface Hill Granite, with several aplite sill layers and with alteration localised near faults. Areas of strong sericite alteration were identified in the east.”

Surface Hill Extract from Geological Survey of NSW Report GS2001/471

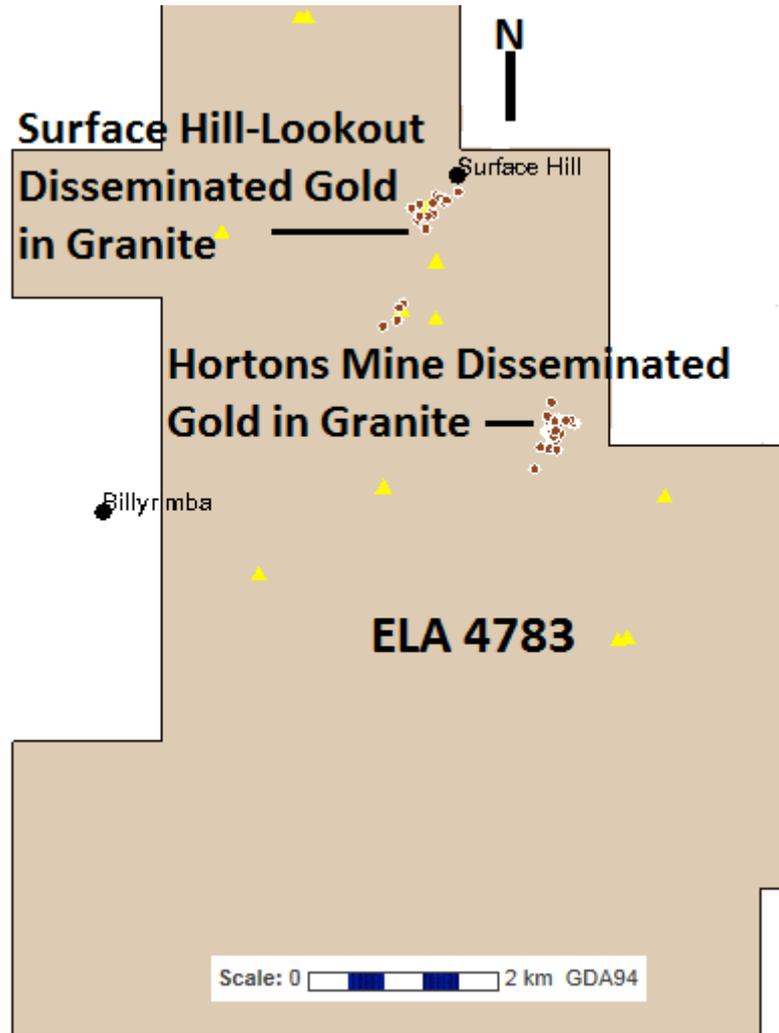
“Gridding, limited geological mapping (1:1000 scale), rock chip sampling and soil sampling was conducted at Surface Hill. A significant soil gold anomaly covering an area of 200m x 250m was outlined. A 14 hole RCP drilling program was conducted, SHRC 1 - 14, for a total of 1423m, with significant but low-grade (0.4 to 0.5 g/t Au) gold mineralisation intersected in 10 holes.

“The best result was hole SHRC2 18 - 48m = 30m @ 2.22 g/t Au, including 20 - 28m = 8m @ 3.40 g/t Au and 32 - 44m = 12m @ 3.07 g/t Au.”

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ELA 4783 showing location of historical Hortons and Surface Hill Mines. Yellow triangles and brown circles represent historic gold occurrences and drill holes respectively.

JORC Code Compliant Public Reports

The information in this report contains summaries of Exploration Results and Mineral Resources as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code").

The summaries are made in, or based on, statements made in previous geological reports, which are publicly available (with or without payment of a fee) from a government department, authority or agency of an Australian State or Territory of the Commonwealth; or the ASX.

Copies of the Code-compliant Public Reports or Public Reporting on which the summaries are based will be provided free of charge, to any person who requests it.

In addition, further information 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 2004 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.

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Geophysical Induced Polarisation (IP) Anomalies over upper Electronically Conductive Zone, Halls Peak Base Metal Province (ASX 2 July 2013)

Survey area includes:

- Faints CEC DDH 2 – 342 oz/t (10,650 g/t) silver over 0.18 metres; 78.68 oz/t (2,450 g/t) silver over 0.66 metres
- Gibsons Allstate DDHA 4 – 11.3 oz/t (352.3 g/t) silver over 6.25m
- Gibsons Allstate DDHA 6 – 6.3 oz/t (197.1 g/t) silver over 17.68m

Electrically conductive beds shown to crop out beneath former silver-lead-zinc-copper mines in the Halls Peak Base Metal Province contain sulphide mineralisation at depth, which can be mapped using induced polarisation (IP) geophysical surveys.

Such IP surveys involve passing a current through the ground, which results in electrical energy being stored in small crystals, which may include iron, lead, copper and zinc sulphides, as it is in a battery. When the current is turned off, small currents flow from the crystals and are measured, allowing the depth and location of the sulphide minerals to be mapped.

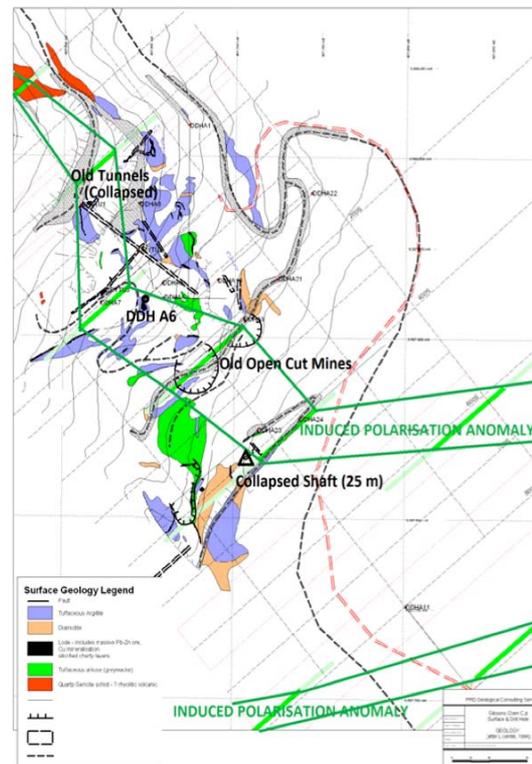
The presence of extensive IP anomalies extending from previously mined outcrops of base metal mineralisation suggests strongly that the anomalies are produced by copper-lead-zinc mineralisation.

The continuation of the IP anomalies suggests that this mineralisation extends further into the hill, beneath the overlying rocks, as is also apparent in the VTEM survey.

Previous IP surveys have now been reassessed at both Gibsons Mine and Faints-Firefly Mine. These are 1 km apart, but are shown by the VTEM survey to occur on outcrops of the same upper electrical conductive horizon.

At **Gibsons Mine** accurate location of Allstate Exploration's 1970 IP survey confirms an anomaly beneath the area historically mined for silver-copper-lead.

Drill holes Allstate 3, 4 and 6 were drilled within the IP anomaly in 1970, and confirmed the presence of high-grade copper-lead-zinc-silver mineralisation within the anomaly.

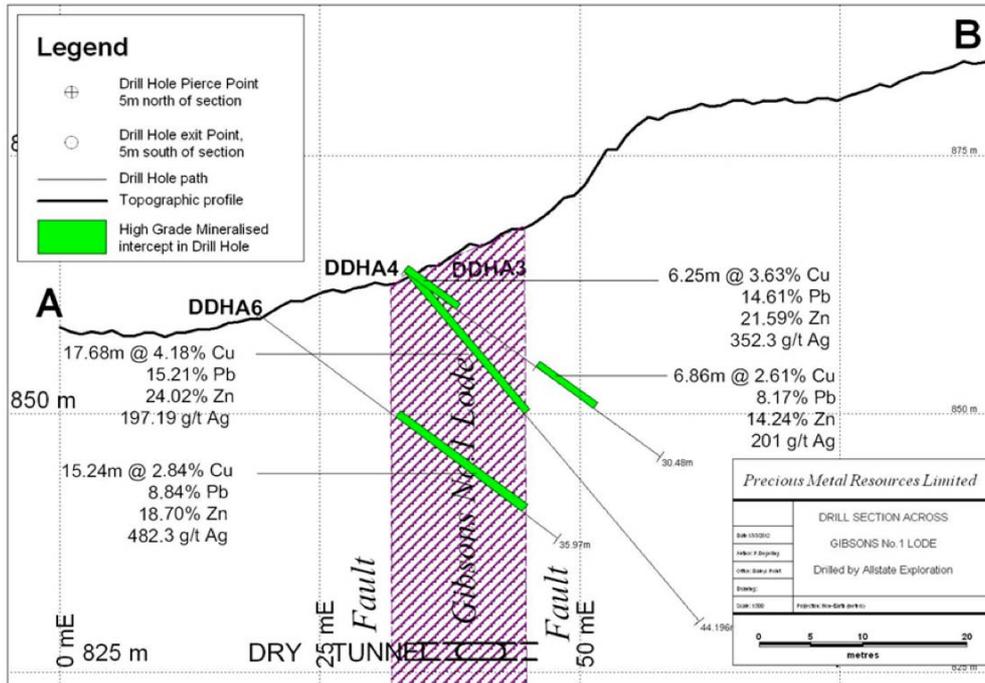


Gibsons Mine showing IP anomaly and mined areas.

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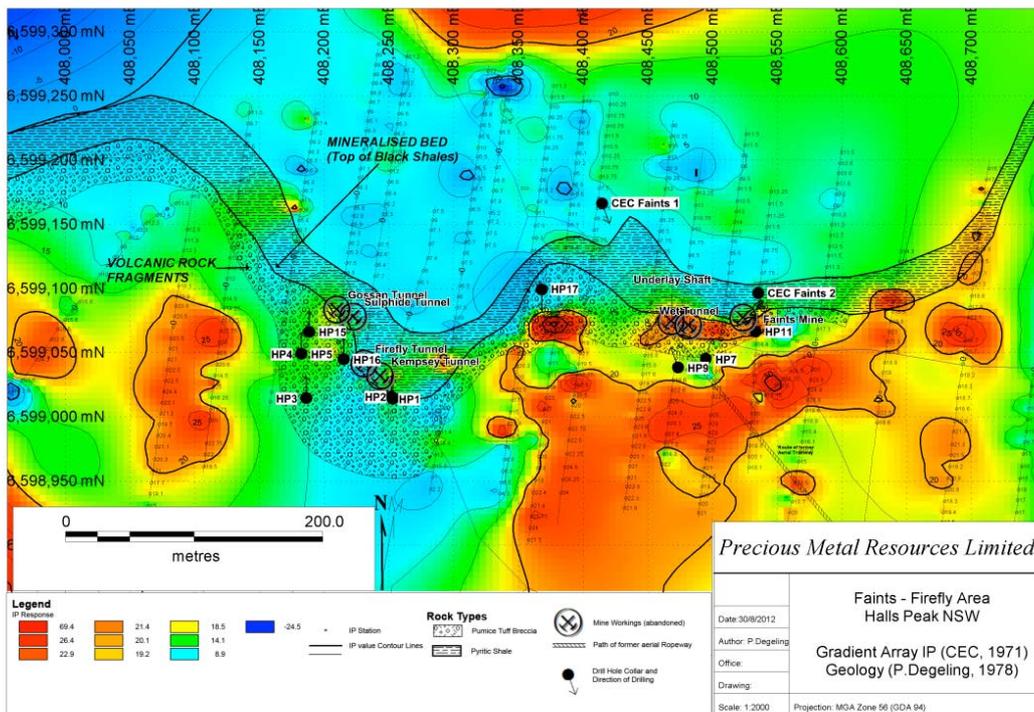


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At **Faints-Firefly Mines** an induced polarisation survey was completed in 1971 by Carpentaria Exploration Company Pty Ltd (CEC), (GS 1971/749), and similarly shows an IP anomaly beneath the area of the old mines. Electrical conductive zones are shown in red. This zone appears to be subhorizontal, and extends east- west for about 400 metres.

The mineralised bed, which contains the historic mine workings, is shown below. The IP survey shows that less intense IP anomalies were mined in the past, with more intense anomalies extending beneath overlying barren rocks into the hill, where they have not yet been drilled.



Assaying of CEC Faints DDH 2 core drilled in 1971 showed extreme silver grades (342 ozs/tonne, or 1.07% silver) together with high copper, lead and zinc grades. This core is within a larger silver rich interval of 2.4 metres averaging 50.6 ozs/tonne silver.

Grades within this interpreted steeply dipping vent zone are below:

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Top (m)	Base (m)	Metres	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
83.49	83.67	0.18	10,650	2.83	18.25	36
83.67	84.33	0.66	2,450	0.93	14.95	34.4
84.33	84.43	0.10	396	0.16	1.475	2.39
84.43	84.66	0.23	513	0.16	0.78	1.56
84.66	85.95	1.29	170	0.10	0.77	0.87
Weighted Average						
83.49	85.95	2.45	1,575 g/t	0.53%	5.86%	12.53%

The subhorizontal IP anomaly is interpreted to crop out as the mineralised zone shown on the map, and to have been mined in Faints Mine, from which 2060 tonnes of mineralised rock were produced at 541 g/t silver, 1% copper, 19.8% lead and 26.2% zinc. It is also interpreted to have been penetrated by the upper part of CEC Faints DDH 2, with the grades outlined below:

Top (m)	Base (m)	Metres	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
13.26	21.34	8.08	24.42	0.51	2.53	1.95
27.74	37.13	9.39	34.48	0.13	1.15	2.73

Re evaluation of the induced polarisation surveys demonstrates the potential for the high grade mineralisation described above to be more intensely developed in places within the shallow electrically conductive bed shown by the VTEM survey. This bed extends for over one kilometre between the Gibsons and Faints-Firefly Mine areas.

Allstate DDHs 6 (location GDA94 56J 407655E, 6597910N) and 3 and 4 (locations GDA 94 56J 407670E, 6597915N) were drilled at Gibson's Open Cut in 1970 by Allstate Explorations NL. The three drill holes on the geological section through this intersection show a true thickness of the previously assayed mineralisation of five metres. The true thickness may be less than this, as the angle between the strike of the mineralisation and the section is not recorded.

CEC Faints DDH 2 (location GDA 94 56J 498856E, 6599094N) was drilled in the Faints-Firefly Mining Area on azimuth 170 degrees magnetic, at inclination 60 degrees. True thickness of the interval 83.49 to 85.95 is interpreted to be 1.8 metres. Total depth of the hole was 154.53 metres. Recovery of the interval 83.49 to 85.95 was 91%.

All assay samples were crushed and pulverized to 85% >75 micron, and assayed by four acid ICP-MS procedures; high grade results were then verified by ore grade four acid (OG-62). The high grade silver analysis was carried out by High Grade Ag - 4 - Acid (Ag - OG62h), and Ag Concentrate by FA - GRAV (Ag - GRA23).

Induced Polarisation surveys –

CEC Survey: A Scintrex IPC-7 Control Box and IPR-7 Receiver were used in conjunction with the gradient array electrode configuration. Potential electrodes were 10m and 20m apart.

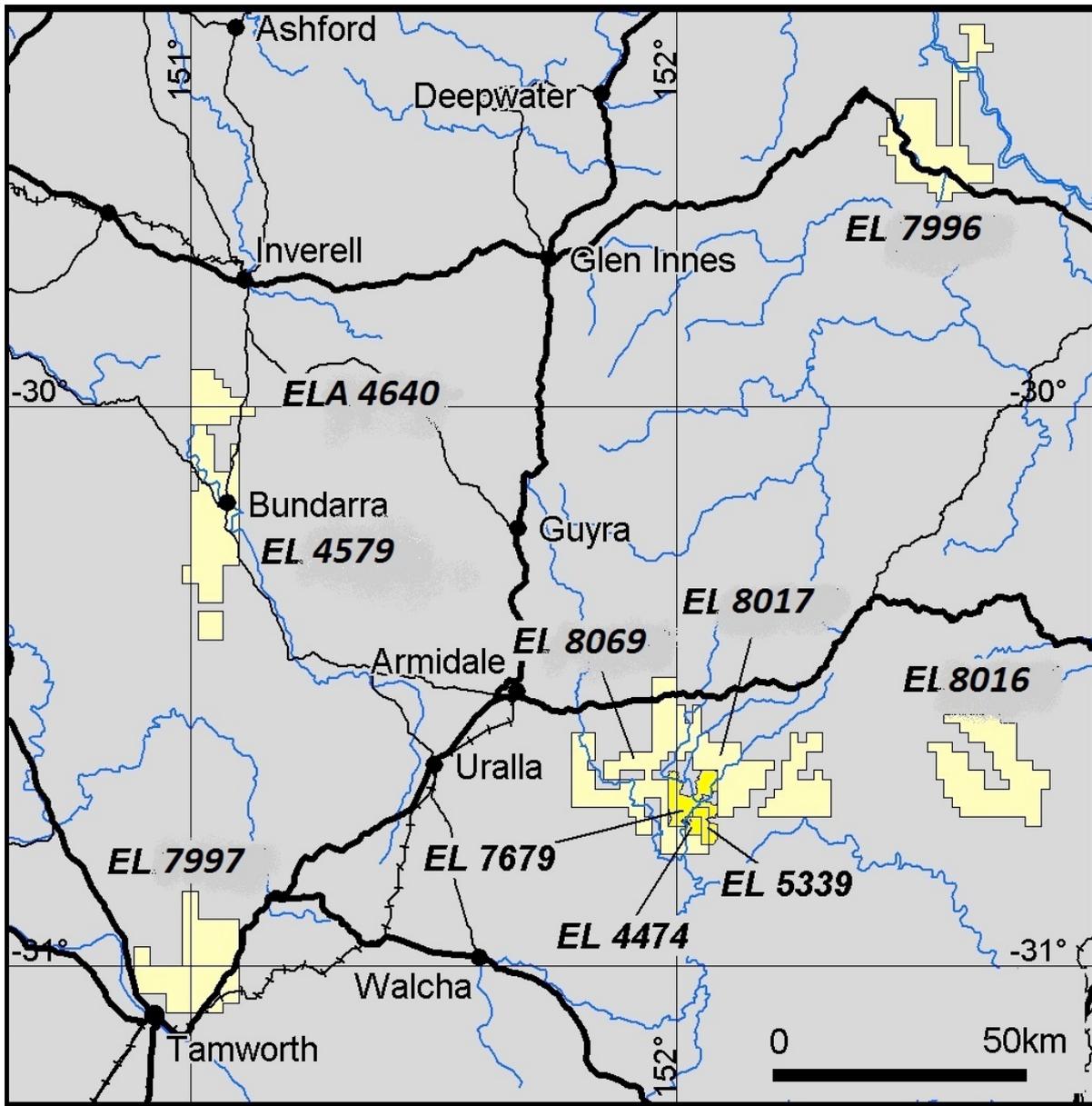
Allstate survey: Details of the equipment used in this survey in 1970 have not been preserved.

References to mines refer to geographical names, and no inference should be made that PMR is operating any mines at this stage of its development.

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Location map of PMR (Armidale) licences and applications

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