



PRECIOUS METAL RESOURCES LIMITED

Precious Metal Resources Limited
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Chief Executive Officer

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Latest News

www.pmrl.com.au

Directors / Officers

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

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.

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QUARTERLY ACTIVITIES REPORT

This quarterly operations report is dated 30 April 2014 and is for the three months ending 31 March 2014.

Corporate

- Jacob Rebek was appointed Chief Executive Officer and Michael Leu remains a Non-executive director
- Shareholders approved the acquisition of 100% of the Peel Fault Gold Project from Mount Adrah Gold Limited, consideration 2 million PMR shares.
- Agreement reached with Sovereign Gold Company Limited to rationalise and simplify the structure and assets of each company, subject to shareholder approval.

Peel Fault Gold Project Acquisition

On 4 April 2014, PMR shareholders approved the acquisition of the Peel Fault Gold Project from Mount Adrah Gold Limited (formerly called Gossan Hill Gold Limited) (**Mount Adrah**), a 72% owned subsidiary of Sovereign Gold Company Limited (**Sovereign Gold**), by issuing 2 million shares to Mount Adrah. The Peel Fault Gold Project is located in northeastern NSW near Tamworth comprising EL's 6648, 7725, 7726, 7862, 7863, 8161, 8211, 8227 (formerly ELA 4859) and ELA 4897. It is focused on a major gold-bearing 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.

Proposed Corporate Restructure

On 9 April 2014, PMR announced a proposed corporate restructure with Sovereign Gold.

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 with respect to EL4474, EL5339 and EL7679 (**PMR SUGEC Tenements**). It is proposed, subject to shareholder approval, to transfer this interest to Sovereign Gold.

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 the 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).

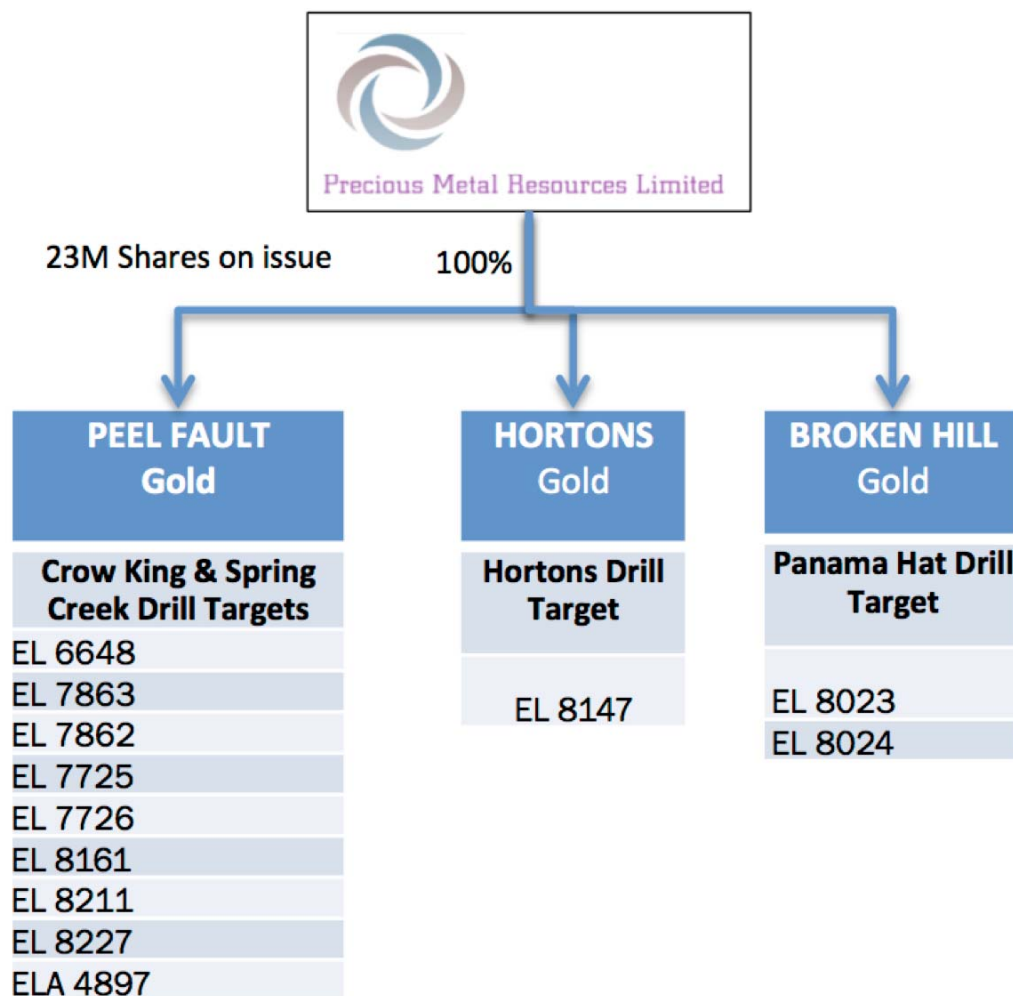
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The transactions are conditional to obtaining the approval of both PMR and Sovereign Gold shareholders and any other statutory or regulatory approvals or exemptions that may be necessary.

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.

Further information, including independent assessment of the fairness and reasonableness of the transactions, will be provided in the forthcoming respective Notices of Meeting.

Upon completion of the proposed Corporate Restructure, PMR's focus will be drill testings of the following targets identified by exploration work completed to date at Crow King and Spring Creek in the Peel Fault Zone, Panama Hat in Broken Hill area and Hortons. These drill targets have been selected on basis of study of mineralisation exposed in historic gold workings. In the case of Crow King, Spring Creek and Hortons, encouraging gold intersections have been obtained in initial wide spaced scout drilling which warrants follow up drillings at closer spacings.



Tenement and Exploration Review

Limited ground exploration was undertaken in the March quarter.

PMR completed a thorough review of its tenement portfolio during the quarter.

Previous exploration has been reviewed and a determination made to prioritise and focus the exploration effort on those areas deemed to have the best chance for exploration and short-term commercial success.

As a result of the review a decision was made to relinquish a number of tenements reported in this quarterly report.

The Company will now concentrate its exploration effort in the Peel Fault zone, at Broken Hill (Panama Hat) and Hortons, where early potential for significant gold discoveries has been identified by work to date.

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Tenement information required under LR 5.3.3

Tenement No.	Location
New South Wales	
EL 4474*	Halls Peak
EL 5339*	Halls Peak
EL 7679*	Halls Peak
EL 8023	Broken Hill
EL 8024	Broken Hill
EL 8147	Timbarra
EL 6648	Peel Fault
EL 7863	Peel Fault
EL 7862	Peel Fault
EL 7725	Peel Fault
EL 7726	Peel Fault
EL 8161	Peel Fault
EL 8211	Peel Fault
ELA 4897	Peel Fault
EL 8227 ^	Peel Fault
Disposed of in Quarter	
EL 8079	Bundarra
EL 8146	Timbarra
EL 8017	Halls Peak
EL 8069	Halls Peak
EL 7998	Broken Hill
EL 7999	Broken Hill
EL 8000	Broken Hill
EL 8015	Broken Hill
EL 8080	Broken Hill
EL 8145	Broken Hill

Notes:

* Subject to Farm-in. These tenements are to be transferred to Sovereign Gold pursuant to the proposed corporate restructure.

^ Exploration Licence Application 4859 granted and converted to EL 8227

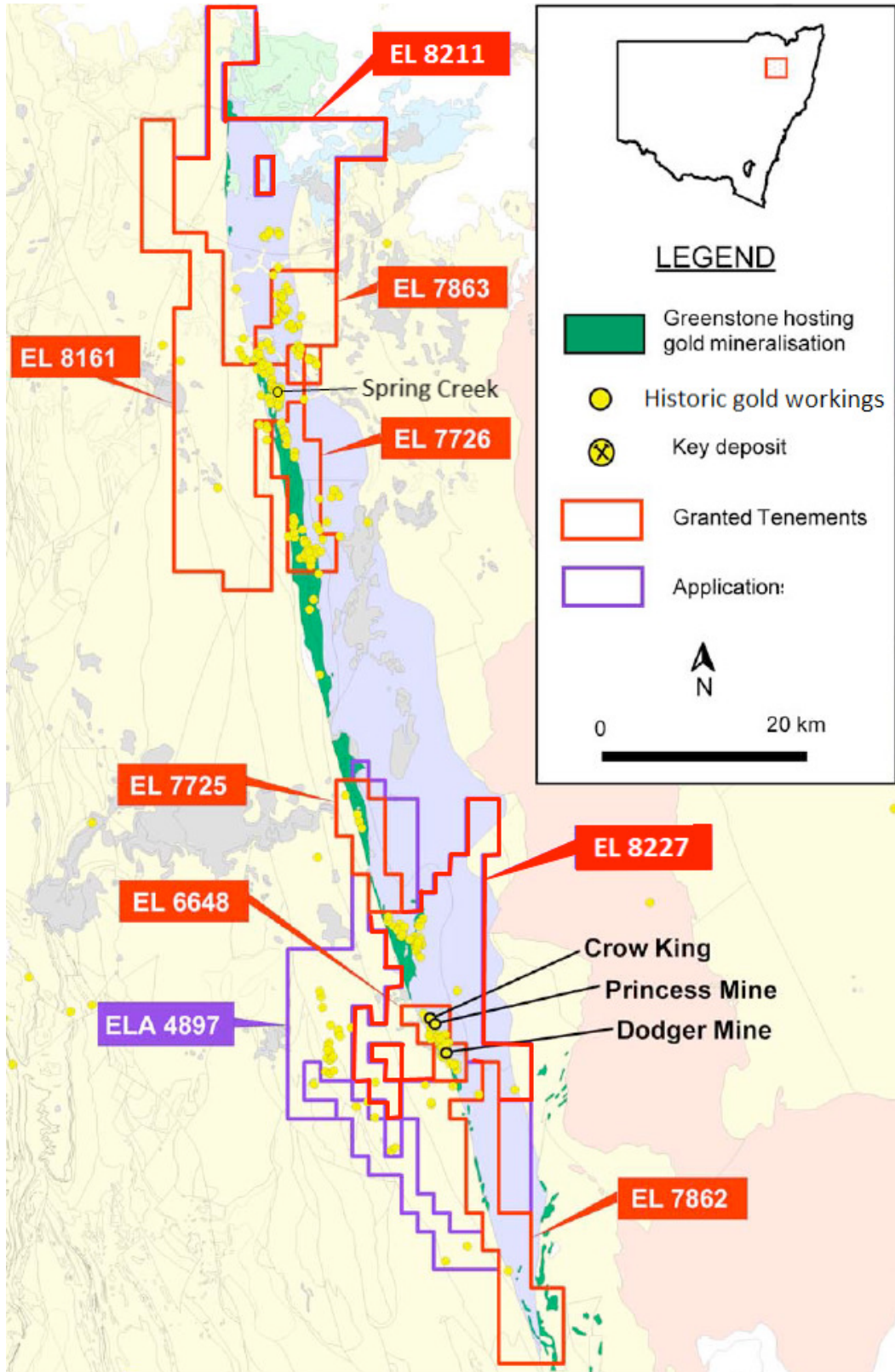
There has been no change in beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter.

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Location map showing ELs and ELAs of the Peel Fault Project.