

QUARTERLY REPORT

31 October 2014

SOUTH AMERICA'S

EMERGING PRECIOUS

AND

BASE METALS EXPLORER

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HIGHLIGHTS

- Commencement Stage 2 Drilling Program at the Alumbre Cu-Au-Mo Project in Peru.
- Announcement of Drill Results of the Stage 1 Drill Program.
- Drillhole ALDD14005 intersected 7 metres @ 0.72% copper.
- Approval and Drilling Stage 2 Program at Alumbre Commenced in August 2014.
- MVI modelling and geochemistry in ALDD14005 indicates that mineralisation may continue down dip from this drillhole and extend to the north and west.
- Stage 2 drill core observations include porphyry style mineralisation, stockworking and alteration.
- Stage 2 drill program is set to conclude into October 2014.

Promesa Ltd ("Promesa" , "the Company") is a Perth based ASX listed Company, with a substantial portfolio of exploration concessions in Peru. The Company has six projects in Peru, three projects in La Libertad, two projects in Ancash and one project in Huancavelica Departments. The Alumbre and Quinual projects are advanced to drill-ready stage. The Company has been:

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- Focused in Peru since 2010.
- Targeting high tonnage, low cost deposits in proven, world- class mineral provinces.
- Exploration footprint of more than 35,000 ha within Peru.
- An exciting opportunity for investors, Promesa is actively generating new prospects to expand its project pipeline.
- Promesa is one of a small group of ASX listed companies providing investors an exposure to Peru.

SUMMARY OF PERUVIAN PROJECTS

Peru is one of the world's most exciting exploration regions for prospective geology and project development, offering significant and low cost gold and gold-copper deposits. It also presents a strong and attractive business development environment, with low sovereign and financial risk, a mature stable mining law and sophisticated business, legal and operating practices.

Promesa's precious and base metal exploration projects are located in Peru's mineral rich Western Cordillera region. They are prospective for gold (Au), silver (Ag), copper (Cu), molybdenum (Mo) and associated minerals.

Exploration concessions are located close to world class deposits developed by Barrick, Newmont, Xstrata, BHP Billiton and Vale.

During the quarter the Company made several announcements regarding the progress of exploration at the Alumbre Project following earlier outstanding geophysics results from these properties, located in the La Libertad Department. The region hosts several world class gold and copper mines including El Galeno, Conga and Tantahuatay.

The Company also holds projects in Ancash and Huancavelica Departments.

Promesa has an experienced management team with substantial Andean porphyry exploration and development experience. Promesa has focused on Peru since 2010 and is targeting bulk-mineable copper and gold deposits in world-class mineral provinces. The Company currently holds 340 square kilometres of exploration concessions in Peru.

ALUMBRE PROJECT

Background

The Alumbre Project is a Cu-Mo-Au porphyry system located 70km southeast of Trujillo in northern Peru (refer to Figure 1 and 2). The project is serviced by the nearby Pan Americana Highway and includes good infrastructure to the project area. The Alumbre Project area consists of approximately 2,200ha which adjoins the Company's larger regional concession holding area of approximately 24,600ha. Promesa has control of the concessions either through outright ownership or through option to purchase agreements.



Figure 1 – Project location of Alumbre and Quinual Project



Figure 2 - Alumbre Project regional view eastward towards Cerro Alumbre in the centre of the view.

The Company has completed extensive exploration work on the Alumbre Project. This includes detailed geological mapping, rock geochemistry, ground magnetics, induced polarisation (IP) geophysics and alteration mineral mapping. Alteration mineralogy has been determined using a hand held spectrometer and thin-section microscopic petrology. Sulphide mineral identification has been determined using a scanning electron microscope. This work indicates that a significant sulphide-bearing porphyry system exists at Alumbre. The data indicates that the present land

surface is between the lower parts the epithermal environment and the upper parts of the porphyry environment.

Various intrusive rocks, subvolcanic rocks and porphyry related hydrothermal alteration exist. The petrographic study has confirmed areas of phyllic alteration. This alteration type, containing quartz, sericite and pyrite, generally carries copper mineralisation in economic porphyry systems. The area exhibits the zoned alteration styles expected in porphyry systems grading from propylitic in the outer parts of the system to phyllic alteration in the central “hotter” parts of the porphyry system where the bulk of mineralisation would be expected. The rocks are variably stockworked and contain disseminated sulphide, mostly pyrite, with traces of sphalerite, chalcopyrite, chrysocolla, digenite, monazite, pyrrhotite and cassiterite.

Also of note is the Project’ s enviable location from an infrastructure perspective:

- 35kms from the coast,
- low altitude of 1100masl,
- 220kVA power line runs along the Pan American highway, the country’ s main coastal highway only 30kms away; and
- 70km from Peru’ s second largest city (Trujillo).

Exploration Update

The Company has focused its resources during the quarter on the Alumbre Project. The Stage 1 of the drilling program was completed with assay results being reported during the quarter. The Stage 1 program consisted of five diamond drill holes for a total of 1985.5 metres (refer to Figure 3 and 4). Diamond drilling company SFP Drilling SAC were contracted to provide drilling services at the Alumbre Project.

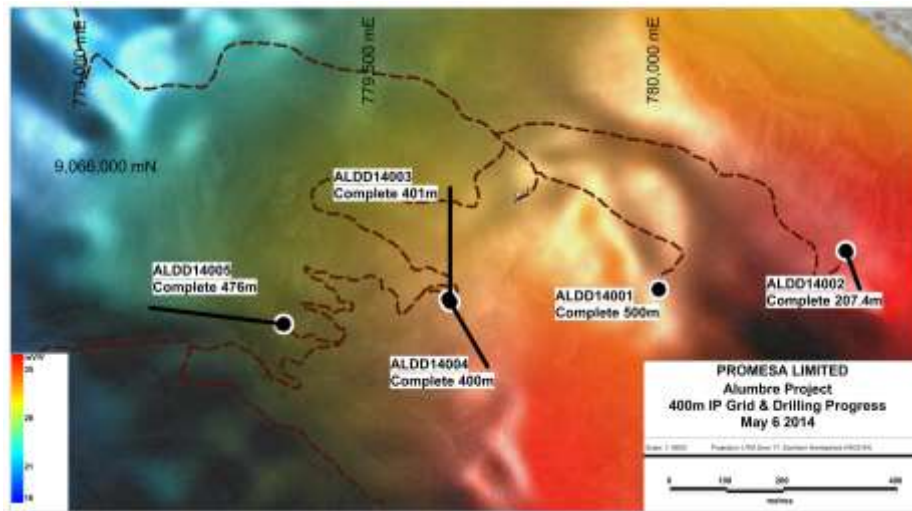


Figure 3 - Alumbre Project showing the very strong Chargeability response at a depth of 400m and the proposed drill pad locations.



Figure 4 – Drill rig on site of first drill hole ALDD14001.

On 1 July 2014 the Company announced the results of the Stage 1 drill program. Drillhole sample assays have returned a number of significant results which become stronger towards the west of the project area (refer to Table 1). Of major interest is a 7m intersection grading 0.72% Copper occurring within a 21m zone of silicified stockworking within a porphyritic diorite with approximately 20 veinlets per metre.

Table 1 – Stage 1 Drill Hole Significant Assay Results at Alumbre Project.

Hole ID	From (m)	Interval (m)	Significant Result
ALDD14001	214	4	0.15% Cu
ALDD14002	90	2	0.16%Cu
ALDD14003	191	2	1,000 ppm Mo
ALDD14004	184	4	0.16ppm Au, 0.16% Cu
ALDD14005	75	2	1475ppm Mo (incl. 1m at 2000ppm)

ALDD14005	261	1	2%Cu
ALDD14005	403	2	0.31%Cu
ALDD14005	416	7	0.72Cu

The drill program indicates increasing magnetite, copper, molybdenum and veinlet density from east to west as illustrated in Figure 5. Whilst potassic alteration (dark brown unit on the drill string in Figure 5 increases from strong to very strong from ALDD14004 to ALDD14005, magnetite increases substantially between the same two drill holes. Significant molybdenum and copper values in ALDD14005 show that the mineralised system supports our exploration strategy.

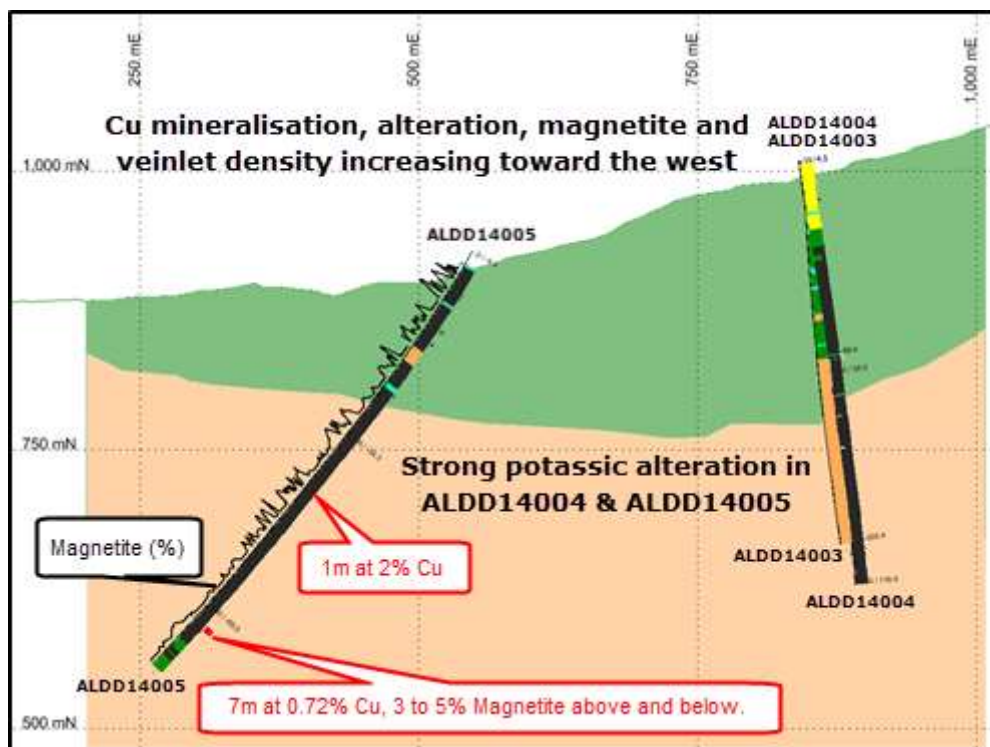


Figure 5 – Cross Section View at 9,065,750 N of drillholes 3, 4 and 5 with andesitic volcanics (green colour) overlying porphyritic tonalites and diorite intrusives (beige colour) at Alumbre.

The mineralisation is associated with strongly potassic, felsic to intermediate intrusives, hydrothermal breccias and andesitic tuffs. The potassic alteration is represented by secondary biotite and potassium feldspar. The geological sequence is represented by various andesitic crystal tuffs which overlay porphyritic tonalite and dioritic intrusive rocks.

Importantly, the pervasive magnetite alteration present in ALDD14005 is of particular significance. There is a clear association of magnetite with copper mineralisation. Ground magnetic anomalies extend throughout the project and the copper association (refer to Figure 6) in the drillcore with

magnetite increases the prospectivity of proximal magnetic anomalies identified using the MVI method. In recent years magnetic modelling using methods like MVI have been used to outline porphyry targets particularly at low attitudes. Further work is currently being undertaken to measure the magnetic susceptibility of all drill core to support the next stage of exploration.

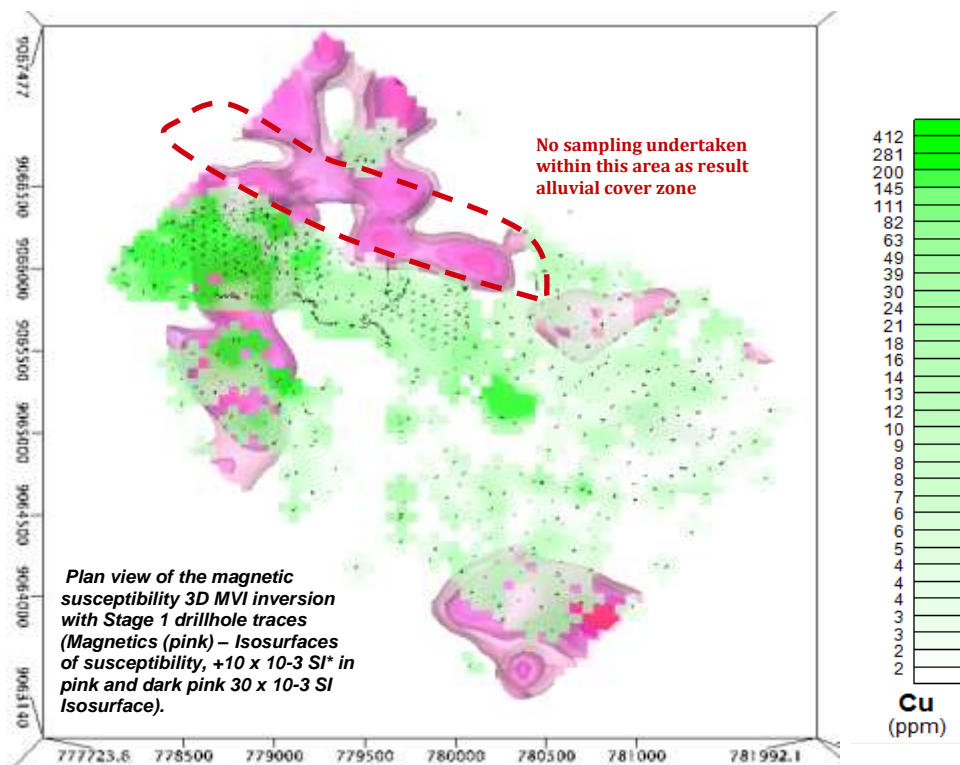


Figure 6 - Alumbre Project - Geochemistry Rock Samples Cu (ppm) and magnetic susceptibility model 3D MVI.

The large MVI anomaly clearly extends in all directions outside the Company's surveyed magnetic data area. The MVI image indicates the potential for multiple porphyry intrusive centres. Large porphyry systems are generally clustered within camps extending for about ten kilometres. The extension of the MVI image outside of the current data area indicates the potential for discovery of a new regional porphyry camp. The magnetic susceptibility readings and magnetic modelling using the MVI method, geochemistry, structure, alteration, geophysics and stage 1 drill program. All combine to indicate the district-scale potential of the Alumbre project.

Indications are that a significant sulphide-bearing porphyry system exists at Alumbre.

The Company has received approval for new platforms and four extra holes to be drilled at the Project in August 2014. The Stage 2 Drill program commenced on the 20 August 2014, by the end of

the quarter the Company had completed two holes for total of 1061.25m drill metres (refer to Figure 7). The aim of this program was to target an area below anomalous surface copper, gold and molybdenum geochemistry and intersecting the modelled MVI magnetic anomaly which is a significant feature over several kilometres in strike length.

Drill hole ALDD14006 had intersected a sequence of volcanic flows and tuffs to 237.55m depth then passed into a porphyritic diorite with moderate to strong potassic alteration indicated by strong secondary biotite, and potassium feldspar alteration (Refer to Figure 8). Drillhole (ALDD14007) had progressed to a depth 432m with Chalcopyrite and Molybdenite observed in veinlets. The drillhole was extended due to the encouraging alteration and mineralisation observed in drill core consistent with a mineralised porphyry system (Refer to Figure 9).

Drilling was concluded during October 2014 with assay results expected by early December 2014.

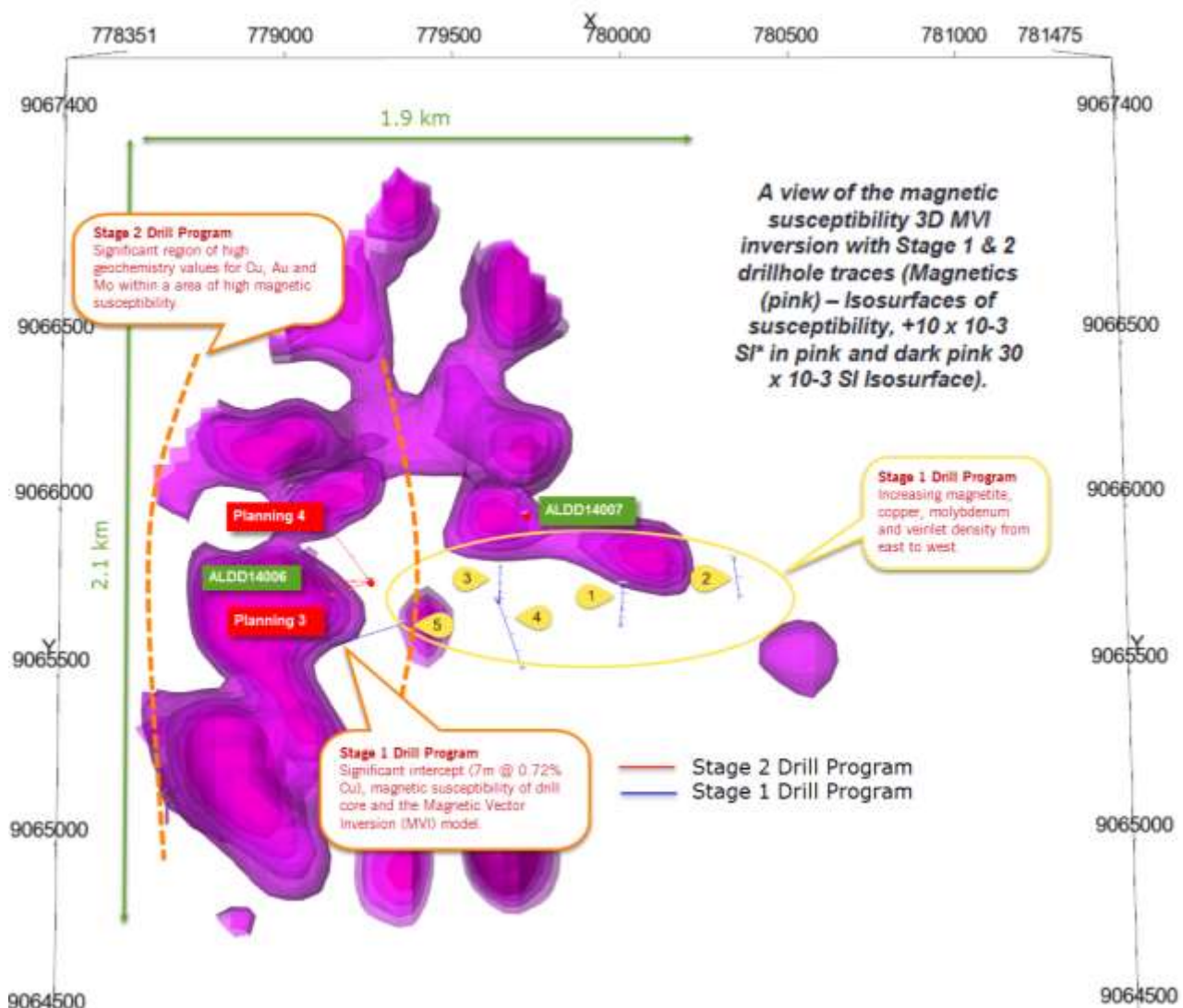


Figure 7 - Alumbre Project magnetic susceptibility 3D MVI model, Stage 1 drillholes and the proposed Stage 2 drill program.



Figure 8 - (ALDD14006 drillhole depth 273.65m) Chalcopyrite in epidote-quartz veinlets (0.1cm wide), diorite intrusive, moderate potassic alteration (secondary biotite-orthoclase), moderate silicification.

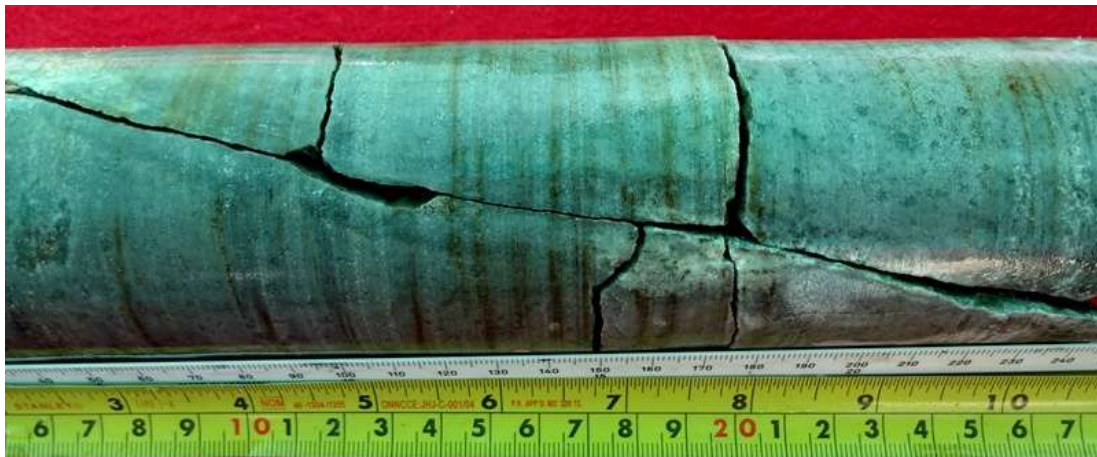




Figure 9 – (ALDD14007 Drill Depth 430.10m) Quartz-molybdenite-calcite veinlet, 2mm wide in andesitic tuff with strong phyllic alteration and 2% disseminated pyrite.

GENERAL EXPLORATION ACTIVITIES

During the quarter the Company's focus was on the Alumbre drilling programme and field activities were therefore restricted to this task.

All other Company project in Peru have taken secondary priority to the Alumbre Project.

NEW PROJECTS

Promesa continues to be active in evaluating potential new projects in order to complement existing exploration activity within Peru.

The current market and financing difficulties in the global junior resources sector has made available several projects from other companies seeking project participation. Promesa is reviewing a number of these opportunities.

NEXT STEPS

The completion of the Stage 2 drill program, the impending drill result and the ongoing measurement of the magnetic susceptibility of all drill cores from Stage 2 will further refined magnetic susceptibility model of the project area and allow the Company optimise future exploration.

The Company is currently preparing permitting documentation in order to maintain momentum with our drilling efforts, the company has commenced work on a Semi Detailed Environmental Impact Assessment (EIASd) that will extend our area of influence four fold around our current permits. This will enable the Company to plan its drilling beyond the 20 platforms which are currently approved. The Company is current assessing the best means of extending magnetic survey area of the project around Alumbre by at least two fold, The objective of the work program will be used in conjunction with information gathered to date by the Company to outline the next stage of drilling is to further define the mineral zonation, size and potential of the porphyry system.

CORPORATE

During the quarter the company had achieved the following corporate activity:

Capital Raising

The Company announced on 28 August 2014 a raising of \$683,000 in equity capital via the issue of 27.3 million new ordinary shares via a share purchase plan (SPP). This was undertaken by the allotments of shares at a price of \$0.025 per share.

Agreements and Concessions

As a result of an earlier review of the company exploration and current assets within the Company' s exploration pipeline, during the quarter the Company finalised relinquishing its rights to the Claudia 2007 and 2008 concessions in La Libertad district in Peru.

On behalf of the Board,



Ananda Kathiravelu
Executive Director
Promesa Ltd

Competent Persons Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Dean de Largie, a Fellow of the Australian Institute of Geoscientists. Mr de Largie is a full-time employee of Promesa Limited. Mr de Largie has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr de Largie consents to the inclusion in this report of the matters based on his information in the form and context in which it appears above.

Appendix B - ASX Listing 5.3.3 - Tenements for Gold, Copper and associated ore bodies

Projects (Peru Company)	Location	Concessions	Resource	Interest
Alumbre (Peru Mineral S.A.C)	La Libertad , Peru	Gaya 104, Magdalenita 15,18 19 and Aurifer Chorobal	Gold , copper and associated ore bodies	100%
Quinual (PEGOCO S.A.C)	La Libertad, Peru	Gaya 103 and Katros 101 to 103	Gold , copper , Zinc and associated ore bodies	100%
Huajoropampa (Peru Mineral S.A.C)	Huajoropampa, Peru	Gaya 101	Gold, Zinc and lead	100%
Yarpun (Peru Mineral S.A.C)	Ancash , Peru	Gaya 102	Gold, Zinc , lead and silver	100%
Olleros (Peru Mineral S.A.C)	Ancash, Peru	Baldur 101 to 106	Gold , copper and associated ore bodies	100%
Magdalena (Peru Mineral S.A.C)	La Libertad, Peru	Magdalenita 1 to 14, 16,17, 19 to 31, and 2011	Gold , copper and associated ore bodies	Up to 70%
Genex (Peru Mineral S.A.C)	Ancash, Peru	Baldur 107	Gold , copper and associated ore bodies	100%