



ASX Release

26 February 2015

Precious Metal Resources Limited – Public Offer Opens

The Company advises that the Precious Metal Resources Limited (ASX: PMR) (PMR) Public Offer has opened.

An electronic copy of the Prospectus is attached.

PMR is offering for subscription 20,000,000 shares at an issue price of \$0.20 per share to raise \$4 million.

The Offer is scheduled to close on 15 April 2015; however the directors of PMR may at their own discretion and subject to their statutory obligations alter this date at any time by extending the period of the Offer or bringing forward the close of the Offer. *Applications received after the close of the Offer will not be considered.*

Applications

All applications for Securities must be made on the Application Form attached to or accompanying the Prospectus. The Application Form contains detailed instructions on how it is to be completed.

Each Application Form must be accompanied by payment of \$0.20 per Share in full. Applications made under Prospectus must be for a minimum of 10,000 Shares (\$2,000) and thereafter in multiples of 1,000 Shares (\$200).

Prospectus

The Offer of the securities is made in a prospectus lodged with the Australian Securities & Investments Commission on 18th February 2015.

To subscribe for Shares, applicants will need to complete the application form that is in, or accompanies, the Prospectus.

In deciding whether to subscribe for the Shares being offered, applicants should read the Prospectus carefully, and if necessary seek their own taxation and investment advice.

The prospectus, including the application form may be viewed and downloaded at www.pmrl.com.au/prospectus.

Requests for the Prospectus and application form can also be made by phoning PMR on +61 2 9251 7177, or Sanston Securities Australia Pty Ltd (**Sanston**) the Lead Manager to the Offer on +61 3 8530 3400.

If shareholders have any questions regarding today's announcement please contact:

Francesco (Frank) Licciardello - Chairman

Phone: +61 411 708 933

email: flicciardello@sanston.com.au

Henry Kinstlinger - Investor Relations & Company Secretary

phone : +61 2 9251 7177

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Precious Metal Resources Limited to be renamed

Frontier Capital Group Limited

ACN 145 105 148

Prospectus



Public offering of 20,000,000 Shares at an issue price of \$0.20 per Share to raise \$4,000,000.

The minimum subscription is \$4,000,000.

In addition to the purpose of raising funds under the Offer, this Prospectus is issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the Listing Rules following a change to the nature and scale of the Company's activities.

The Offer is conditional on satisfaction of the Conditions of the Offer, at the Extraordinary General Meeting scheduled to be held on 25 February 2015, including shareholder approval of a change in nature and scale of activities and this capital raising.

Please refer to section 7.4(a) of this Prospectus for further details.

In the event that the Conditions of the Offer are not satisfied the Company will not proceed with the Offer and the Company will repay all Application Monies received.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

If you do not understand it, you should consult your professional advisers.

**THE SHARES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.
This offer is not underwritten.**



Directory

<p>Issuer</p> <p>Precious Metal Resources Limited (to be renamed Frontier Capital Group Limited) ACN 145 105 148</p> <p>Level 2 131 Macquarie Street Sydney NSW 2000</p> <p>p: +61 2 9251 7177 f: +61 2 9251 7500</p> <p>e: corporate@pmrl.com.au w: www.pmrl.com.au</p> <p>ASX Code</p> <p>Current: PMR Proposed: FCG</p>	<p>Directors</p> <p>Francesco (Frank) Licciardello Madam Zhang Li Ramakrishnan S Navaratnam Rado Jacob Rebek</p> <p>Company Secretary</p> <p>Henry Kinstlinger</p> <p>Chief Financial Officer</p> <p>Francis Choy</p>
<p>Australian Legal Advisers</p> <p>Sierra Legal Pty Ltd Level 9, 499 St Kilda Road Melbourne VIC 3004</p>	<p>Auditors*</p> <p>K.S. Black & Co Level 6, 350 Kent Street Sydney NSW 2000</p>
<p>Expert Geologist</p> <p>Robert C Pyper BSc CPGeo FAusIMM</p>	<p>Investigating Accountant</p> <p>RSM Bird Cameron Corporate Pty Ltd Level 21, 55 Collins Street Melbourne VIC 3000</p>
<p>Share Registry*</p> <p>The Registrar Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford VIC 3067 (Melbourne)</p> <p>p: +61 (3) 9415 4000 and 1300 855 080</p>	<p>Lead Manager</p> <p>Sanston Securities Australia Pty Ltd AFSL Authorised Representative No. 423253</p> <p>Level 7, 564 St Kilda Road Melbourne VIC 3004</p> <p>p: +61 3 8530 3400 f: +61 3 8530 3411 w: www.sanston.com.au</p>

* This entity is included for information purposes only and has not been involved in the preparation of this Prospectus.

Any questions concerning the Offer should be directed to the Company Secretary on +61 2 9251 7177 or Sanston on +61 3 8530 3400.

Front cover: Visual rendition produced by CK Graphic – Expressionz, Jalan Tun Razak, Kuala Lumpur, Malaysia – <http://expressionz.com.my/>)

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Important Information

Important Information

Key dates for investors	
Offer opens	26 February 2015
Receipt of ASX confirmation that Chapters 1 and 2 requirements satisfied / Offer expected to Close	15 April 2015
Expected date for dispatch of shareholding statements	22 April 2015
Expected date for reinstatement of the Company to the Official List of the ASX	29 April 2015

These dates are indicative only and subject to change. The Board at its own discretion and subject to its statutory obligations reserves the right to alter this timetable at any time and may extend the period of the Offer or bring forward the Close of the Offer.

Prospectus

This Prospectus dated 18 February 2015 relates to shares of Precious Metal Resources Limited (to be renamed Frontier Capital Group Limited) (**Company**).

This Prospectus is prepared by the Company and was lodged with Australian Securities & Investments Commission (**ASIC**) on the date of this Prospectus.

Neither ASIC nor the ASX take any responsibility for the contents of this Prospectus.

The Company has issued this Prospectus in Australia.

No Securities will be issued on the basis of this Prospectus later than thirteen months after the date of this Prospectus.

This Prospectus comprises details of an offer by the Company of 20,000,000 Shares at \$0.20 subject to satisfaction of the Conditions of the Offer (including ASX favourably considering the Company's application for reinstatement to the Official List) (**Offer**).

The Company will make application within seven days of the date of this Prospectus for official quotation by ASX of the Shares offered by this Prospectus.

The Offer is being made in Australia. If the Offer cannot be lawfully made in the country in which you are resident, the Company does not make the Offer and nothing contained in this Prospectus or in any statement made by any person to you for or on behalf of the Company may be taken as the making of the Offer in the country in which you are resident. However the onus is on you to ascertain whether or not it is lawful for the Offer to be made to you. You must obtain and rely upon your own independent advice as to whether or not the Offer is lawful in your country of residence. It is recommended you consult your broker in that regard.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital or the payment of a return on the Shares.

The Prospectus will be made generally available in electronic form during the Exposure Period by being made available on the Company's website at www.pmrl.com.au and on Sanston's website at www.sanston.com.au. Persons having received a copy of this Prospectus in its

electronic form may obtain an additional paper copy of this Prospectus and the Application Form (free of charge) from the registered office of the Company during the Offer Period by contacting the Company on +61 2 9251 7177. The Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and Application Form within Australia.

Please read this document carefully before you make a decision to invest. An investment in the Company has specific risks, which you should consider before making a decision to invest.

Investors should carefully read the section on risk factors outlined in section 4.

Conditional Offer

The Offer is conditional upon satisfying the Conditions of the Offer including Shareholders approving, at the Extraordinary General Meeting scheduled to be held on 25 February 2015, a change in nature and scale of activities and this capital raising.

Please refer to section 7.4(a) and 9 for further details on the Conditions of the Offer.

How to apply for shares

Applications for Shares will only be accepted on the Application Form attached to or accompanying this Prospectus or in its paper copy form from www.pmrl.com.au or www.sanston.com.au. The *Corporations Act* prohibits any person from passing on to another person the Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Applications must be for a minimum of 10,000 Shares at the Offer price of \$0.20 per Share. Applications for more than 10,000 Shares must be in multiples of 1,000 Shares.

Change in the nature and scale of activities and re-compliance with Chapters 1 and 2 of the ASX Listing Rules

At the Extraordinary General Meeting scheduled to be held on 25 February 2015, the Company is seeking Shareholder approval for a change in nature and scale of its activities.

ASX requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

The Company's Securities will remain suspended from

Important Information cont

trading on ASX from the date of the Extraordinary General Meeting and will not be reinstated until satisfaction of the Conditions of the Offer and ASX approving the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-quotations on the ASX. In the event the conditions to the Offer are not satisfied or the Company does not receive conditional approval for re-quotations on ASX then the Company will not proceed with the Offer and will repay all Application Monies received.

Representation

No person is authorised to give any information or to make any representation in connection with the Offer other than as is contained in this Prospectus. Any information or representation not contained in the Prospectus should not be relied on as having been made or authorised by the Company or its Directors in connection with the Offer.

Exposure period

Applications for Shares under this Prospectus will not be processed until after expiry of the Exposure Period for this Prospectus under the *Corporations Act*. No preference will be conferred on Applications received during the Exposure Period. All Applications received during the Exposure Period will be treated as if they were simultaneously received on the date on which the Offer opens. If the Exposure Period is extended by ASIC, Applications will not be processed until after expiry of the extended Exposure Period.

The purpose of the Exposure Period is to enable examination of this Prospectus by market participants prior to the acceptance of Applications and the raising of funds. That examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the *Corporations Act*.

Privacy and personal information

The completed Application Form provides personal information about you to the Company. The Company collects your personal information to process and administer your investment in the Company and to provide related services to you. If you do not complete the Application Form in full, the Company may not accept your Application Form.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by that Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers and to the ASX and regulatory authorities.

If you become a Security Holder, the *Corporations Act* requires the Company to include information about the Security Holder (including name, address and details of the Securities held) in its public register. The information contained in the Company's public register must remain there even if you cease to be a Security Holder. Information contained in the Company's register is used to facilitate distribution payments and corporate

communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Security Holders) and for compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process that Application efficiently, or at all.

You have a right to gain access to the information that the Company holds about you subject to certain exemptions under law. A fee may be charged for such access. You can obtain access to personal information that the Company holds about you. To make a request for access or to obtain further information about the Company's personal information management practices, please contact the Company on +61 2 9251 7177.

Photographs and Diagrams

Items and undertakings depicted in photographs and diagrams in this Prospectus, unless otherwise stated, are not assets of the Company. Diagrams appearing in this Prospectus are illustrative only and may not be drawn to scale.

Websites

Any references to documents included on the Company's or CK Graphic's website are provided for convenience only, and none of the documents or other information on those websites (or any other websites) is incorporated in this Prospectus by reference.

Short Form Prospectus

This Prospectus is a short form prospectus pursuant to section 712 of the *Corporations Act*. This means that it does not of itself, contain all the information that is generally required to be set out in a full prospectus. Rather, it incorporates by reference information contained in documents lodged with ASIC referred to in this Prospectus and deemed pursuant to section 712 of the *Corporations Act* to be included in this Prospectus. You are entitled to a copy of the documents or any part of them at no cost by contacting the Company on +61 2 9251 7177 during the Offer Period.

The NOM relating to the Extraordinary General Meeting has been lodged with ASIC and parts of it are taken to be incorporated by reference into this Prospectus. Refer to section 1.25

Other matters

Unless otherwise stated, all references to "\$", dollars and cents are to Australian currency.

Volatility in the MYR/\$ exchange rate may mean that the actual \$ amounts at the time of consideration of this Prospectus may differ from the amounts stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

Unless otherwise stated or implied, references to dates or years are calendar year references.

Glossary

Defined terms and abbreviations used in this Prospectus are explained in section 9.

Highlights and Risks

Change in Nature and Scale of Activities

As a result of the Company's proposed acquisition of CK Graphic, the Company is required to obtain Shareholder approval for a change of nature and scale of activities and to comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List.

This Prospectus is issued to assist the Company to comply with these requirements.

Shareholder approval for the proposed change of activities is being sought at the Extraordinary General Meeting, and this Offer is conditional upon, among other things, that approval being obtained. Further information about the Conditions of the Offer is set out in sections 7.4(a) and 9.

Highlights and Risks

Investment Highlights

The Company is acquiring CK Graphic, which was established in 2003, as a visual communication company dedicated to creating a dynamic lasting design solution for its clients through the latest media technology with expertise in digital rendering and digital visualisation.

It provides its clients with services in the areas of computer-based architectural rendering, 3D modelling and visualisation, architectural illustration, digital interior designing, and walk-through animation with a photo-realistic output.

CK Graphic's main base is in Kuala Lumpur, Malaysia where it has successfully completed projects for international clients through the Internet. One of the Company's objectives is to expand the operations of CK Graphic to Australia and other Asia Pacific countries and beyond.

Offer	Public offering of 20,000,000 Shares at \$0.20 each
Accelerated expansion	The Company will use the funds raised through this Offer to expand its operations to Australia and beyond with additional investment into sales and marketing activities and acquisition of new technology platforms. The Company also intends to explore other investment and business opportunities in other sectors and locations, as considered appropriate by the Board and subject to any required Shareholder and other approvals that may be required in relation to those investments.
Access to visual communication sector	The visual communication sector is a vibrant growing market and the acquisition of CK Graphic and the change to the nature and scale of the Company's activities represents an opportunity for the Company and its Shareholders to benefit from the market, particularly in Asia and the wider Asia Pacific Region.
Access to funding and growth potential	The expected increased market capitalisation of the Company and, what Directors consider to be, favourable market sentiment for the visual communication industry may increase the Company's capacity to access further funding in order to expand and grow its business operations including accessing further acquisitions in this sector within the Asia Pacific Region (as well as potential acquisitions in other sectors).
Viable business opportunity	The continuing viability of the Company as a going concern depends on identifying suitable opportunities, which will sustain a viable business. The CK Graphic acquisition presents an opportunity to benefit from the growth of the visual communication sector, particularly in Asia and the Asia Pacific regions.

Highlights and Risks cont

Risks

Investors should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies.

Some of the key risks associated with an investment in the Company are summarised in the following table.

These do not identify all of the risks associated with the investment and investors should carefully read the section on risk factors outlined in section 4.

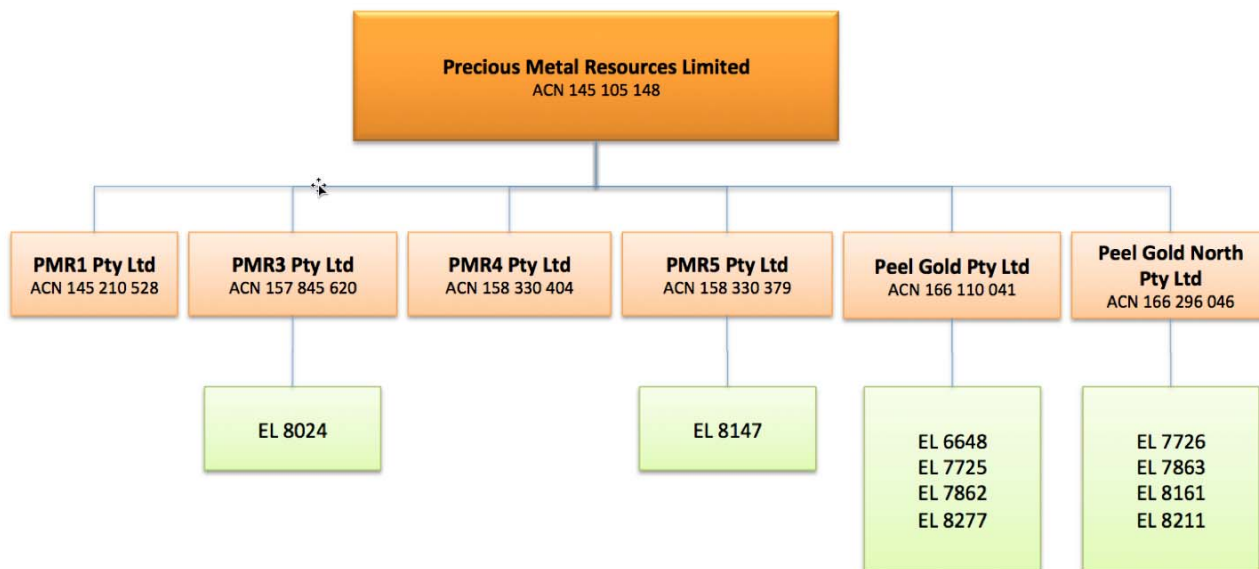
Re-Quotation of Shares on ASX	<p>The acquisition of CK Graphic constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List.</p> <p>There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotations of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.</p>
Competition risk	<p>The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's business.</p>
Laws and regulations	<p>The laws and regulations in Malaysia differ to those that exist in Australia. Laws may unexpectedly change, and could have an impact on the operational activities of the Company in Malaysia. While CK Graphic has operated successfully within the Malaysian legal and regulatory environment, unforeseen changes could materially impact the operating results of the Company.</p>
Capital structure	<p>Should the Options be exercised, Shareholders will have their holdings diluted.</p>
Reliance on key personnel	<p>Skilled employees and consultants are essential to the successful delivery of the Company's strategy.</p> <p>Upon changing the nature and scale of its activities, the Company will rely to a large extent on the services of certain key management personnel, particularly certain of its Malaysian nationals who will manage day to day interactions with contractors and regulatory authorities, the loss of any of which could delay the pursuit of the Company's strategy. The Company will not maintain key-man life insurance with respect to any of its employees.</p>
Restricted Securities and effect on liquidity	<p>Subject to the Company being reinstated to the Official List, certain Shares will be classified by ASX as Restricted Securities. ASX may require that they be held in escrow for up to 24 months from the date of reinstatement. In addition, the Shares to be issued to the Vendors will be subject to a 12 month period of voluntary escrow (or longer, if required by the ASX). During the period in which Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.</p>
Tenements Title	<p>The Company could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.</p>
Market conditions	<p>The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences both globally and domestically.</p>
Economic	<p>General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.</p>

Business Overview

Business Overview

Precious Metal Resources Limited was admitted to the Official List on 2 December 2011 as an Australian exploration company focussed on developing lead, zinc, silver, copper and gold metal properties primarily in northern NSW. Until September 2014, the Company was a subsidiary controlled by Sovereign Gold Company Limited.

The following chart illustrates the corporate structure where the Tenements are held by wholly owned Subsidiary Companies.



Details of the Tenements of the Company are set out in an independent technical assessment and valuation of the exploration tenements of the Company, which was prepared by Minnelex Pty Ltd and incorporated in the NOM¹.

Interest in exploration companies in Australia has diminished. The Company's directors have determined that it is in the best interests of the Company that it diversifies its operations through the acquisition of CK Graphic, providing a positive cash flow that can be applied to the expansion and development of CK Graphic (as well as other potential investment and business opportunities in other sectors) and also to provide funds to develop the Tenements (if the Tenements and Subsidiary Companies are retained).

The CK Graphic business will be the primary focus of the Company, subject to other future investment and business opportunities that may be identified by the Board.

Following completion of the CK Graphic acquisition the Directors will review the Company's shareholding in the Subsidiary Companies and assess whether this investment should be retained or sold.

CK Graphic was established in 2003, as a visual communication Company dedicated to create a dynamic lasting design solution for its clients through the latest media technology with expertise in digital rendering and digital visualisation.

It provides its clients with services in the areas of computer-based architectural rendering, 3D modelling and visualisation, architectural illustration, digital interior designing, and walk-through animation with a photo-realistic output.

CK Graphic's main base is in Kuala Lumpur, Malaysia where it has successfully completed projects for international clients, and having proved its business model in Malaysia, one of the Company's objectives is to expand its operations to Australia and beyond.

¹ Notice of Meeting and Explanatory Statement (including Independent Expert's Report and independent technical assessment and valuation of the exploration tenements held by PMR) dated 19 January 2015 and released to the ASX on the same date. Certain parts of the NOM are incorporated into the Prospectus by reference for the purpose of section 712 of the Corporations Act (see section 1.25). A copy of the NOM will be provided free of charge to any person who requests a copy during the Offer Period. Please call +61 2 9251 7177 if you would like a copy of the NOM.

Chairman's Letter

Related Party Disclosure

Francesco (Frank) Licciardello (Non-Executive Chairman) is also an executive director and co-owner of Sanston Securities Australia Pty Ltd, which has a mandate to act as Lead Manager and corporate financial adviser to the Company with respect to the capital raise and the acquisition of CK Graphic. Details of the Sanston Mandate are described in section 7.4(c).

Ramakrishnan S Navaratnam and Zhang Li (Non-Executive Directors) are nominee Directors of the Vendors of CK Graphic.

Additional information regarding the interests of the Directors is set out in sections 7.6, 7.7 and 7.8.

Chairman's Letter

Chairman's Letter

Dear Investor,

On behalf of my fellow directors, I am delighted to present this opportunity to you to become a shareholder or increase your shareholding in the Company.

CK Graphic Acquisition

On 14 October 2014, the directors of Precious Metal Resources Limited announced its intention to acquire 100% of the issued capital of CK Graphic Sdn Bhd. A Share Sale Agreement was signed on 16 December 2014.

CK Graphic is a digital visual communication company dedicated to developing and creating dynamic lasting digital design solutions through the latest media technology with expertise in digital visualisation.

CK Graphic provides services relating to computer-based digital architectural rendering, 3D modelling and visualisation, architectural illustration, interior designing, and walk-through animation with a photo-realistic output.

This acquisition will provide a positive cash flow that can be applied to the expansion and development of CK Graphic (as well as other potential investment and business opportunities in other sectors) and also to provide funds to develop the Tenements (if they are retained).

The Company will issue 37,500,000 fully paid ordinary shares at \$0.20 per share in the Company to the shareholders of CK Graphic at completion of the acquisition, along with 37,500,000 attaching options exercisable at \$0.20 per share within three years of the date of completion of the acquisition.

We are undertaking the Offer in order to recapitalise the Company (and to allow reinstatement on the ASX).

Prior to completion of the Offer it is proposed that the Company will change its name to Frontier Capital Group Limited, which the directors believe better reflects the nature and strategic value of the operations of the Company going forward and is consistent with the new business plan of the Company.

Further details of the Share Sale Agreement, including conditions precedent to completion, are set out in section 7.4(a).

At completion of the Offer, the current owners of CK Graphic may control up to 42.86% of the Company.

The CK Graphic business will be the primary focus of the Company in the first instance and time will also be spent to review the current Tenements of the Company to determine how maximum value can be extracted for the shareholders of the Company. Consideration will also be given to other potential investment and business opportunities for the Company in other sectors.

Key risks to the Company's new business focus are detailed in section 4; they include changes in general economic or political conditions, movements in currency or interest rates and the loss of key employees or contracts with key customers.

No guarantee can be given in respect of the future earnings of the Company or the earnings and capital appreciation of the Company's investments. Investors should consider the risks detailed in section 4 carefully when assessing an investment in the Company.

Offer

Under this Prospectus, the Company is inviting investors to subscribe for a maximum of 20,000,000 Shares at an offer price of \$0.20 per Share to raise up to \$4,000,000, with a Minimum Subscription of \$4,000,000.

Detailed information regarding the Offer, the operations of CK Graphic, as well as potential risks of investing in the new Shares, are outlined in this Prospectus.

I encourage you to read the Prospectus in its entirety before making a decision to invest.

Yours sincerely, ,



Francesco (Frank) Licciardello
Chairman

Key Information

Key Offer Statistics

Offer Price	\$0.20
Maximum number of Shares available under the Offer	20,000,000
Maximum number of securities on issue at completion of the Offer	87,500,000
Maximum amount raised under the Offer	\$4,000,000
Market capitalisation (at \$0.20 per Share)	\$17,500,000
New ASX code	FCG

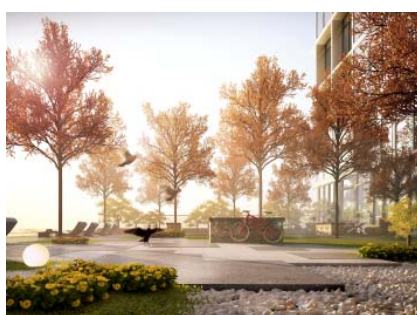
Key Information

<p>Type of Securities being offered and its rights and liabilities</p> <p>Fully paid ordinary shares in the capital of the Company ranking equally with existing Shares on issue.</p>	Section 1 and section 7.1
<p>Minimum subscription of the Offer</p> <p>\$4,000,000</p>	Section 1.2
<p>How to apply for Shares</p> <p>Complete and return the Application Form together with payment in full for the quantity of Shares being applied for. Applications must be for a minimum of 10,000 Shares (\$2,000) and thereafter in multiples of 1,000 Shares (\$200).</p>	Section 1.12 and Application Form
<p>How will Shares be allocated?</p> <p>The Directors will determine the allottees in their sole discretion.</p>	Section 1.13
<p>Will the Securities be listed?</p> <p>Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. The expected date for Shares to commence trading on ASX is 29 April 2015 (this date is subject to change).</p>	Section 1.14
<p>Where will the Offer be made?</p> <p>No action has been taken to register or qualify the Shares, or otherwise permit a public offering of the Shares the subject of this Prospectus, in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.</p>	Section 1.21
<p>Broker commissions</p> <p>The Company reserves the right to pay a commission of amounts subscribed through any licensed securities dealers or Australian financial services licensee and accepted by the Company.</p>	Section 1.18
<p>CHES and Issuer Sponsorship</p> <p>The Company will apply to participate in CHES for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.</p>	Section 1.15
<p>Who should I contact with queries?</p> <p>Any questions concerning the Offer should be directed to the Company Secretary on +61 2 9251 7177 or Sanston on +61 3 8530 3400.</p>	

CK Graphic Visualisations

CK Graphic Visualisations

The following images are a representative sample of projects completed by CK Graphic (video and interactive images have not been included, as they cannot be presented in print).



The information in this section is a summary of the key points only and is not intended to provide comprehensive details of the Offer. You should read the full text of this Prospectus and, if in any doubt, you should consult with your professional advisers before deciding whether to apply for Shares. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

1. Details of the Offer

1.1 Conditional Offer

As announced to ASX on 14 October 2014, the Company has entered into an agreement pursuant to which it has agreed, subject to Shareholder approval and the satisfaction of certain other conditions, to acquire the entire issued share capital of CK Graphic. Please refer to section 2.5 for information on CK Graphic and section 7.4(a) for further details of the terms and conditions on which the acquisition is to be completed.

The Company's proposed acquisition of CK Graphic will involve a significant change in the scale of the Company's activities which requires approval of Shareholders under Chapter 11 of the ASX Listing Rules. An Extraordinary General Meeting is scheduled to be held on 25 February 2015.

The Company must comply with ASX requirements to relist on the Official List, which include recomplying with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to meet these requirements. The Offer under this Prospectus is conditional on the satisfaction of certain conditions. Refer to sections 7.4(a) and 9 for further details on the Conditions of the Offer.

The Company's Shares will be suspended from trading on ASX from the date of the Extraordinary General Meeting referred to above and will not be reinstated until satisfaction of the Conditions of the Offer and ASX approving the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotations on the ASX. In the event the Conditions of the Offer are not satisfied or the Company does not receive conditional approval for re-quotations on ASX, then the Company will not proceed with the Offer and will repay all Application Monies received.

1.2 The Offer

This Prospectus invites investors to apply for a total of 20,000,000 Shares at an issue price of \$0.20 per Share to raise \$4,000,000 with a minimum subscription of \$4,000,000.

All Shares issued pursuant to this Prospectus will be issued as fully paid ordinary Shares and will rank equally in all respects with the Shares already on issue. The rights attaching to the Shares are outlined in the Company's constitution and summarised in section 7.1.

If the minimum subscription for the Offer is not achieved within four months after the date of this Prospectus, all Applications will be dealt with in accordance with the *Corporations Act*.

1.3 Precious Metal Resources Limited (to be renamed Frontier Capital Group Limited)

Precious Metal Resources Limited (to be renamed Frontier Capital Group Limited) is a public company incorporated in 2010.

On 14 October 2014 the Company announced that it had entered into a binding term sheet for the purpose of acquiring 100% of the capital of CK Graphic Sdn Berhad. Shareholders are scheduled to consider approval of the acquisition on 25 February 2015.

CK Graphic is a private Malaysian company specialising in the production of 3-dimensional ("3D") graphic images (both from an interior and exterior architectural perspective) and 3D animation. CK Graphic also produces bespoke applications. CK Graphics customers primarily comprise real estate developers, architects, and interior design businesses. CK Graphics customers require the production of 3D graphic images, architectural rendering and 3D animation clips primarily for marketing, advertising and project development purposes.

Details of the Company's history and financial performance are set out in section 2.2 and in section 5.

1.4 Applications for Shares

Applications must be for a minimum of 10,000 Shares (\$2,000) and thereafter in multiples of 1,000 Shares (\$200) and can only be made by completing the Application Form attached to or accompanying this Prospectus. The Company reserves the right to reject any Application or to allocate any investor fewer Shares than the number applied for.

1.5 Offer statistics

A summary of the capital structure of the Company following this Issue is set out below:

Capital Structure prior to the Issue	
Shares	24,500,000
Options (exercise price of \$0.30 with an expiry date of 24 October 2016)	1,950,000
Number of Securities to be issued pursuant to this Prospectus	
Shares	20,000,000
Number of Securities to be issued pursuant to the Share Sale Agreement	
Shares	37,500,000
Options (exercise price of \$0.20 with an expiry date that is 3 years after completion of the acquisition of CK Graphic)	37,500,000
Number of Securities to be issued pursuant to the Debt Conversion Agreement	
Shares	5,500,000
Number of Securities to be issued pursuant to the Sanston Mandate*	
Options	3,500,000
Capital structure following completion of the Issue	
Shares	87,500,000
Options	42,950,000

* The Options to be issued pursuant to the Sanston Mandate will be issued subject to approval by Shareholders pursuant to ASX Listing Rule 10.11.

Further details of the number and terms of Options are set out in sections 7.5 and 7.14.

The effect on current Company shareholders' interest in the Company in the event that all allocated Options are exercised is that their interest in the Company will reduce from 28.00% to 18.78%.

Rights attaching to the Shares and Options are outlined in the Company's constitution and summarised in sections 7.1 and 7.5.

1.6 Exposure Period

No Application can or will be processed until after the period of 7 days from the date of lodgement of the Prospectus with ASIC or, if that period is extended by ASIC by notice in writing, 14 days from the date of lodgement (**Exposure Period**). No preference will be conferred on Applications received during the Exposure Period.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Examination during the Exposure Period may result in the identification of deficiencies in this Prospectus and in those circumstances any Application that has been received may need to be dealt with in accordance with section 724 of the *Corporations Act*.

1.7 Purpose of the issue

The Company is seeking to raise \$4.0 million pursuant to the Offer.

The purpose of the capital raising under this issue of Shares is to provide the Company sufficient funds to acquire CK Graphic, maintain and develop its Tenements (if the Tenements and Subsidiary Companies are retained) and expand its operations in Australia and Asia Pacific Region and beyond (possibly in different sectors to the sector in which CK Graphic operates):

Funds available	
Existing cash reserves of the Company and CK Graphic	\$275,000
Funds raised from the Offer	\$4,000,000
Total available funds	\$4,275,000
Allocation of funds	
Expenses of the Offer	\$550,000
ASX Re-Compliance Costs	\$70,000
Sales and marketing investment in CK Graphic	\$1,250,000
Review of further acquisitions in the Asia Pacific Region	\$250,000
Administration expenditure and working capital	\$1,155,000
Mineral exploration and development (or to the extent that the Tenements and Subsidiary Companies are not retained, other investment or business acquisitions)	\$1,000,000
Total	\$4,275,000

The estimates of expenditure set out in this section 1.7 are based on budgets set by the Directors. The actual level and break-up of expenditure may change on an ongoing basis depending on results obtained.

Following completion of the Offer, the Directors are of the view that the Company will have sufficient working capital to carry out its objectives pursuant to section 1.7.

The previous tables and the development programmes and associated expenditure outlined in section 2 are statements of current intentions at the date of the lodgement of this Prospectus with ASIC. As with any budget, intervening events and new circumstances have the potential to impact the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied in these circumstances.

It is also possible that future acquisitions may exceed the current or projected financial resources of the Company and it is expected that these acquisitions would be funded by project finance and/or equity issues (subject to Shareholder approvals as required).

1.8 Minimum subscription

The minimum subscription for the Issue is \$4,000,000. No Securities will be issued pursuant to this Prospectus until the minimum subscription is reached. Should the minimum subscription not be reached within 4 months after the date of this Prospectus, all Application Monies will be dealt with in accordance with the *Corporations Act*.

The maximum amount that may be raised pursuant to this Prospectus is \$4,000,000.

1.9 Proceeds of the issue

After expenses of the issue the net proceeds (including cash in hand) are estimated to be \$3,655,000 (see section 5 of this Prospectus).

1.10 Net Asset Backing

\$14,862,765, with the net asset backing of the Shares being 17 cents per share on a proforma basis upon raising \$4 million (see Financial Information, section 5).

1.11 Dividends

It is anticipated that there will be no dividends declared for the year ending 31 December 2015.

1.12 How to apply for Shares

(a) Offer

To participate in the Offer, the Application Form attached to or accompanying this Prospectus must be completed in accordance with the instructions on its reverse side.

(b) General terms

Applications under the Offer may be made, and will only be accepted, in one of the following forms:

- on the relevant Application Form attached to or accompanying this Prospectus; or
- on a paper copy of the relevant electronic Application Form which accompanies the electronic version of this Prospectus, both of which can be found at and can be downloaded from www.pmrl.com.au or www.sanston.com.au.

Paper Application Forms, whether attached to or accompanying a paper copy of this Prospectus or which have been downloaded from www.pmrl.com.au or www.sanston.com.au must be accompanied by a personal cheque or a bank draft payable in Australian dollars, drawn on an Australian branch of an Australian registered bank for an amount equal to the number of Shares for which you wish to apply multiplied by the Issue Price of \$0.20 per Share. Cheques or bank drafts should be made payable to "Precious Metal Resources Limited" and crossed "Not Negotiable".

Applicants should ensure that cleared funds are available at the time the Application is lodged, as dishonoured cheques will result in the Application being rejected.

Applicants should return their completed Application Forms to:

The Registrar
Computershare Investor Services Pty Limited
GPO Box 2115 Melbourne
Victoria 8060 Australia

by no later than 5.00pm Sydney time on 15 April 2015.

Detailed instructions on how to complete paper Application Forms are set out on the reverse of those forms. You are not required to sign the Application Form. The Company reserves the right to reject any Application (including where an Application has not been correctly completed) or allocate any person fewer Shares than that person applied for, or vary the dates and times of the Offer without prior notice and independently of other parts of the Offer. Where Applications are rejected or fewer Shares are allotted than applied for, surplus Application Monies will be refunded. No interest will be paid on any Application Monies refunded.

1.13 Allotment and Allocation of Shares

Subject to the ASX granting approval for the Company to be reinstated to the Official List, the allotment of Shares to Applicants will occur as soon as possible after the Offer is closed, following which statements of Share holdings will be dispatched. It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell their Shares before they receive their holding statements will do so at their own risk. Pending the issue of the Shares or return of the Application Monies, the Application Monies will be held in trust for Applicants.

The Company has the right to allocate the Shares under the Offer. The Company may reject any Application or allocate any investor fewer Shares than applied for under the Offer. If an Application is not accepted, or is accepted in part only, the relevant part of the Application Monies will be refunded. Interest will not be paid on Application Monies refunded.

1.14 ASX Quotation

Within seven days after the date of this Prospectus, application will be made to the ASX for the Company to be admitted to the Official List and for the Shares offered by this Prospectus to be granted Official Quotation. If approval for Official Quotation is not granted within three months after the date of this Prospectus, the Company will not allot or issue any Shares pursuant to the Offer and will repay all Application Monies without any interest as soon as practicable. The fact that the ASX may admit the Company to its Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

1.15 CHES

The Company proposes participating in the Clearing House Electronic Subregister System (**CHES**), operated by ASX Settlement Pty Ltd (**ASX Settlement**). ASX Settlement is a licensed clearing and settlement facility under the Corporations Act, and must comply with the Financial Stability Standard for Securities Settlement Facilities and in accordance with the ASX Listing Rules and ASX Settlement Operating Rules.

Under this system, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is participant sponsored, ASX Settlement will send them a CHES statement.

The CHES statement will set out the number of Shares allotted to each holder under this Prospectus, give details of the Shareholder's holder identification number and give the participant identification number of the sponsor.

If you are registered on the issuer-sponsored sub-register, your statement will be dispatched by the Share Registry and will contain the number of Shares allotted under this Prospectus and the Shareholder's security holder reference number.

A CHESS statement or issuer-sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. A Shareholder may request a statement at any other time however a charge may be made for additional statements.

1.16 Ranking

Shares issued pursuant to this Prospectus will rank equally in all respects with existing Shares. Full details of the rights attaching to Shares are contained in the Company's Constitution, a summary of which is set out in section 7. The Constitution is available for inspection, without a charge, during normal business hours at the Company's registered office.

1.17 No Underwriting

The offer made pursuant to this Prospectus is not underwritten.

1.18 Broker Commissions and Handling Fees

Sanston, the Company appointed lead manager and corporate financial adviser to the Offer, will pay a commission at a negotiable rate with Sanston where a dealer has introduced an Applicant and indicated that introduction by completion of the "broker code" section of the Application Form. The commission will be paid by Sanston within 21 Business Days of the allotment of the Shares on the presentation of a tax invoice to Sanston.

1.19 Investment Risks

Further information on risk is provided in section 4.

1.20 Taxation

Investors should seek and rely on their own taxation advice regarding an investment in the Company.

1.21 Overseas Investors

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. Persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Lodgement of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of such laws.

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

The Offer pursuant to an Electronic Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia.

1.22 Privacy Act

By completing an application form accompanying this offer document, you will be providing personal information to the Company (and its Share Registrar). The Privacy Act 1988 (Cth) governs the use of your personal information and sets out principles governing the ways in which organisations should treat that information.

The Company collects information about each Applicant from the Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's Shareholding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), ASX, ASIC and other regulatory authorities.

If an Applicant becomes a Shareholder of the Company, the *Corporations Act* requires the Company to include information about the Shareholder (name, address and details of the Shares held) in its public register. This information must remain in the register even if that person ceases to be a Shareholder of the Company for seven years. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

1.23 Electronic Prospectus

This Prospectus may be accessed on the Company website at www.pml.com.au or www.sanston.com.au.

Securities will only be issued on receipt of an application form issued together with the Prospectus.

Any person accessing the electronic version of this Prospectus for the purposes of investing in the Company must only access this Prospectus from within Australia. The *Corporations Act* prohibits any person from passing on to another person the Application Form unless it is accompanied by a hard copy of this Prospectus or accompanies a complete and unaltered electronic version of this Prospectus. Investors should read the Prospectus before completing the Application Form. During the Offer Period, any person may obtain a hard copy of this Prospectus on request and without charge by contacting the Company on +61 2 9251 7177.

Applications will not be accepted by email or any other electronic means.

1.24 Opening and Closing Dates

Subscription lists will open on the Opening Date and will remain open until 5.00 pm Sydney time on the Closing Date in respect of the Offer subject to the right of the Company to close the Offer at an earlier time and date or to extend the closing time and date of the Offer without prior notice. Applicants are encouraged to submit their Applications as early as possible.

1.25 Short Form Prospectus

This Prospectus is a short form prospectus pursuant to section 712 of the *Corporations Act*. This means that it does not, of itself, contain all of the information that is generally required to be set out in a full prospectus. Rather, it incorporates by reference information contained in documents lodged with ASIC.

Investors and their professional advisers are able to obtain a copy of the NOM free of charge by contacting the Company on +61 2 9251 7177 during the Offer Period. The NOM is also available by searching the ASIC records in relation to the Company and the Company's recent ASX announcements.

Set out below is a summary of the parts of the NOM that are deemed to be incorporated in this Prospectus. This will assist investors and their professional advisers to determine whether they need to obtain a copy of the NOM for the purposes of making an informed investment decision in relation to the Offer:

- Sections 6.6 – 6.24 of the IER attached to the NOM – Adjusted CK Graphic Financial Performance, sets out the adjustments made to determine CK Graphic Historical Performance presented in section 2.5(d) of this Prospectus.
- Appendix 5 of the IER attached to the NOM – Independent Technical Assessment and Valuation of the Tenements held by Precious Metal Resources Limited, prepared by Minnelex Pty Ltd. Sections 1, 2 and 3 describing the location, history, geology and mineralisation of the Tenements.

Tenements EL 8227 and EL 8023 have subsequently been relinquished by the Company or allowed to lapse following a review of exploration conducted and an assessment as to their commercial prospects.

2. Company Overview

2.1 Background

The Company was incorporated in Victoria on 8 July 2010 and was admitted to the Official List in December 2011.

The Company's principal focus was previously exploration for precious and base metals in NSW.

Currently, the Tenements are held by wholly owned subsidiary companies. Details of the Tenements can be found in the relevant parts of the NOM referred to in section 1.25 of this Prospectus.

2.2 Profile of the Company

The Company was admitted to the Official List on 2 December 2011 and is an Australian exploration company that has historically been focussed on developing lead, zinc, silver, copper and gold metal properties (primarily in northern NSW). Until September 2014, the Company was a subsidiary of Sovereign Gold Company Limited (ASX: SOC).

On 18 November 2013, the Company acquired a 100% interest in the Peel Fault Gold Project located in north-east NSW (comprising 8 Exploration Licences as set out below), previously the subject of a farm-in and joint venture with Mount Adrah Gold Limited (formerly Gossan Hill Gold Limited), a subsidiary of SOC. The Company issued 2,000,000 Shares as consideration for the Peel Fault Gold Project acquisition.

The Company's exploration focus had previously been on its Halls Peak silver, lead and zinc project, located in northern NSW. The Halls Peak tenements comprised 3 Exploration Licences (EL), EL 4474, EL 5339 and EL 7679.

On 18 August 2014, Shareholders approved a special resolution to cancel 64,000,000 Shares held by SOC for \$nil consideration. Shareholders also approved the transfer of the Halls Peak tenements to SOC for consideration of 1,000,000 SOC ordinary shares issued to the Company.

Following the cancellation of the Shares formerly held by SOC, the Company's total ordinary shares on issue was reduced to 23,000,000 effective from 1 September 2014.

On 14 October 2014, the proposed acquisition of CK Graphic was announced. In conjunction with the signing of a binding term sheet relating to the acquisition, 1,000,000 new Shares with an issue price of \$0.20 per share were placed with Zhang Li, who became Director shortly thereafter, raising \$200,000 for working capital purposes. These Shares are currently subject to escrow pending ratification of the issue by Shareholders at the Extraordinary General Meeting.

On 14 October 2014, Zhang Li and Ram Navaratnam were appointed as Directors of the Company. The current Directors of the Company are set out below:

- Mr Francesco (Frank) Licciardello (Non-Executive Chairman);
- Mr Rado Jacob Rebek;
- Madam Zhang Li and (Non-Executive Director); and
- Mr Ram Navaratnam (Non-Executive Director).

The Company's current exploration interests comprise the following:

- Peel Fault Gold Project, comprising 8 Exploration Licences (EL), EL 6648, EL 7863, EL 7862, EL 7725, EL 7726, EL 8161, EL 8211 and EL 8277
- Hortons Gold Project (Hortons Gold Drill Target) comprising EL 8147; and
- Broken Hill Gold Project (Panama Hat Drill Target) comprising EL 8024

The Tenements are held by the Subsidiary Companies.

Following completion under the Share Sale Agreement, the Directors will review the Company's shareholding in the Subsidiary Companies and assess whether these investments should be retained or sold.

2.3 CK Graphic Acquisition

The business activities of the Company are being expanded through the acquisition of CK Graphic. See section 2.5 for further details on CK Graphic.

On 16 December 2014, the Company entered into the Share Sale Agreement pursuant to which the Company will acquire all of the shares in CK Graphic. A summary of the Share Sale Agreement (including conditions precedent) is set out in section 7.4(a). Unless otherwise agreed by the parties, completion of the acquisition of CK Graphic must occur on or before 31 March 2015.

When completion under Share Sale Agreement occurs:

- the Company will issue 37,500,000 Shares to the Vendors, along with 37,500,000 unlisted Options (each with an exercise price of \$0.20 and exercisable within 3 years of the issue);
- the Company will acquire 100% of the issued share capital in CK Graphic; and

- the Company will become focused on the development of visual communication services in the Australian and other international markets, along with the identification of other potential investment and business opportunities in other sectors.

2.4 Change in focus to the Company's business objectives

The Directors believe that the CK Graphic acquisition and the Offer will provide a solid financial foundation for the future, as well as a capital base that will allow the Company to take advantage of a wider range of attractive investment opportunities in the Asia-Pacific market.

Following completion under the Share Sale Agreement, the Company's focus will initially be to expand the digital visual communications business currently conducted by CK Graphic. The Company currently intends to do this through:

- the continuation and development of the services currently offered by CK Graphic (see section 2.5 for further details); and
- if appropriate targets can be identified, the acquisition of additional existing digital visual communications businesses.

In addition, following completion under the Sale Share Agreement:

- the Company may be required to raise additional capital to fund the development of CK Graphic and other acquisitions – however, other than the Offer, no specific capital raising requirements have been identified at this stage;
- the Board will review the Company's shareholding in Subsidiary Companies and assess whether these investments should be retained or sold; and
- the Company will explore other investment and business opportunities in other sectors and locations, as considered appropriate by the Board and subject to any required Shareholder and other approvals that may be required in relation to those investments.

2.5 CK Graphic Sdn Bhd

(a) Profile

CK Graphic was established in Malaysia in 2003 and has grown as a digital visual communication company dedicated to providing its clients with dynamic lasting digital design solutions using the latest media and visualisation technology.

CK Graphic's principal activities comprise the following:

- the production of 3D images (primarily comprising interior and exterior real estate and architectural artist impressions);
- the production of 3D animation clips usually for informative, advertising or marketing purposes;
- interactive 3D perspectives that provides a number of visual perspectives when viewing a particular 3-dimensional image (e.g. viewing a building from different directions and from an aerial perspective); and
- the development of bespoke applications.

Images of a representative sample of projects completed by CK Graphic can be found on page 12.

CK Graphic currently employs 24 staff members and its operations are based in Kuala Lumpur, Malaysia. The majority of CK Graphic's customers are Malaysian companies with a number of customers based in Dubai. Additional customers in international markets are being pursued.

The Malaysian Government awarded Multimedia Super Corridor (**MSC**) status to CK Graphic. The MSC status exempts CK Graphic on 100% of its statutory business income tax in Malaysia for up to 10 years.

The current MSC Status Certificate was issued on 12 November 2010 and can be renewed on 12 November 2015 for a further 5 years. The exemption is only for "MSC Qualifying Activities", such as research, design, development and commercialisation of the following creative multimedia services:

- Photo realistic architectural rendering;
- Photo realistic interior rendering;
- Virtual reality;
- Architectural animation/walkthrough;
- 4D animation;
- High definition wide screen video; and
- Provision of implementation technical services and maintenance related to the above-mentioned services.

(b) Market

CK Graphic's customers primarily comprise real estate developers, architects and interior design businesses. Customers require the production of 3D graphic images and 3D animation clips primarily for sales, marketing and project development

purposes. The nature of the modern specialised services provided by CK Graphic means that its market is unlimited by geography, but tends to be focused in developed and rapidly developing countries.

(c) **Key Management Personnel**

CK Graphic has two directors, Mr Clinton Chin Keat Ooi and Mr Chen Kien Tam. The directors are the sole shareholders in CK Graphic. Mr Ooi and Mr Tam own a 55% and 45% equity interest in CK Graphic, respectively. Both Mr Ooi and Mr Tam work full time in the business. Mr Ooi and Mr Tam will be required to enter into new executive service agreements with CK Graphic as one of the conditions precedent under the Share Sale Agreement.

(d) **Historical Financial Performance**

Table 8 from the Independent Expert's Report included in the NOM is extracted below. Sections 6.6 to 6.24 (which includes table 8) of that Independent Expert's Report provides further explanation in relation to CK Graphic's historical financial performance.

	Period ended 31-Oct-14 <i>Adjusted</i> \$	Period ended 31-Oct-14 <i>Adjusted</i> RM	Year ended 30-Jun-14 <i>Adjusted</i> \$	Year ended 30-Jun-14 <i>Adjusted</i> RM	Year ended 30-Jun-13 <i>Adjusted</i> \$	Year ended 30-Jun-13 <i>Adjusted</i> RM
CK Graphic Sdn Bhd						
Adjusted Financial performance						
Revenue	271,074	794,952	1,930,893	5,754,833	1,069,509	3,384,889
<i>Adjustments to revenue</i>	<i>64,762</i>	<i>189,920</i>	<i>(233,649)</i>	<i>(696,366)</i>	<i>51,153</i>	<i>161,895</i>
Adjusted revenue	335,836	984,872	1,697,244	5,058,467	1,120,662	3,546,784
Direct costs	(38,960)	(114,255)	(94,404)	(281,362)	(79,606)	(251,946)
Gross profit	296,875	870,617	1,602,840	4,777,105	1,041,056	3,294,838
Other income	-	-	-	-	1,246	3,943
Distribution costs	(9,774)	(28,663)	(41,289)	(123,058)	(20,634)	(65,303)
Administrative expenses	(188,677)	(553,315)	(658,448)	(1,962,437)	(430,362)	(1,362,053)
Other operating expenses	(5,157)	(15,123)	(14,049)	(41,873)	(10,166)	(32,175)
Total operating expenses	(203,608)	(597,101)	(713,786)	(2,127,368)	(461,162)	(1,459,531)
EBITDA	93,267	273,516	889,054	2,649,737	581,140	1,839,250
<i>EBITDA margin</i>	<i>34.4%</i>	<i>34.4%</i>	<i>46.0%</i>	<i>46.0%</i>	<i>54.3%</i>	<i>54.3%</i>

3. Directors and Management

3.1 Directors

Francesco (Frank) Licciardello has extensive experience in the information technology and finance sectors. He is the Non-Executive Chairman of the Company. He also serves as a Director of Rio Perdido Gold Limited and Elk Orthobiologics Limited. He is currently an Executive Director and Co-owner of Sanston and several other private entities. Previously Frank was Group CEO and Managing Director of Sirius Corporation Ltd from 2006 to 2011 and has held many CFO positions for public and private companies globally within the last 18 years. He graduated with a Bachelor of Business – Major in Accounting, Minor in Law from Victoria University of Technology. He is a Member of the Australian Institute of Company Directors and Australian Society of Certified Practising Accountants.

Madam Zhang Li is a Non-Executive Chairman of Top Creation Limited (Stock Code: TOPC), a public company listed on the London Stock Exchange. She has significant experience in the Malaysian sector and was engaged from 2001 to 2007 as a property investment adviser by Brilliant Valley Sdn Bhd. In that time, Madam Zhang was involved in a number of significant property projects including Bandar Alam Perdana (Kuala Lumpur), Dataran Pahlawan (Malacca), and Empire Tower (Kuala Lumpur). Madam Zhang was appointed to the Board as a nominee of the Vendors.

Ramakrishnan S Navaratnam has previously enjoyed a successful career in funds management, investment banking and the corporate advisory sectors. His expertise includes M & A, corporate restructuring, Asian markets and islamic finance. He is also currently a director of RNS Funds Pty Limited. Early in his career, Ram worked in KPMG Malaysia, attaining vast experience in audit and advisory before moving to establish the first derivatives broker in Malaysia. Subsequent to that, he was involved in the setting up of a government linked stockbroking institution in Malaysia. Ram was appointed to the Board as a nominee of the Vendors.

Rado Jacob Rebek is an Australian geologist with forty years' experience in exploration. From 1970 to 2003 he worked for CRA and Rio Tinto on various projects within Australia and overseas. His roles included that of exploration manager for Papua New Guinea in the 1970s, South Australia and Northern Territory from 1981 to 1984, Eastern Australia from 1987 to 1993 and Exploration Director for South America from 1997 to 2000.

He led teams, which discovered new zinc, copper and gold deposits including Gold Ridge in Solomon Islands and Wafi in Papua New Guinea. Since 2003 he has worked for emerging companies generating new projects. In 2006 he started working for the Hudson Group as Chief Geologist and led the small team, which discovered the bauxite deposits that are now the core assets of Australian Bauxite Limited.

3.2 Officers

Company Secretary - Henry Kinstlinger

Henry Kinstlinger has in the past twenty-five years been actively involved in the financial and corporate management of a number of public companies and non-governmental organisations. He is a corporate consultant with broad experience in investor and community relations and corporate and statutory compliance.

Chief Financial Officer – Francis Choy MComm MBA FCPA(HK) FCPA CA

Francis Choy has held a number of senior positions in corporate financial management roles throughout Australia and South East Asia. He has extensive experience in project finance, compliance, acquisition and investment appraisals. He has been involved in project finance, financial management of property development and telecommunication projects in South East Asia. He held senior financial roles for numerous public listed companies both in Hong Kong and Australia.

4. Risk Factors

4.1 Introduction

There are a number of risks, some specific to the Company and some of a general nature, which may both individually or in combination materially and adversely affect the future operating and financial performance of the Company, its investment returns and the value of the Shares. Many of these risks are outside the control of the Company.

There can be no guarantee that the Company will achieve its objectives or that any forward-looking statements or forecasts will eventuate. This section describes the areas, which the Company believes are the major risks associated with an investment in the Company.

This is not an exhaustive list and should be considered in conjunction with other information disclosed in this Prospectus. You should have regard to your own investment objectives and financial circumstances, and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest.

The Company's business activities are subject to risk factors both specific to its business activities and that of a general nature. If any of the risks associated with the Company materialised, the Company's business, results of operations, financial condition and prospects could be materially and adversely affected, which could result in the loss of all or part of your investment. The principal risk factors are described below. While some of these risks can be mitigated by the use of appropriate safeguards and systems, many are outside the control of the Company and cannot be mitigated.

Before deciding whether to invest in the Company's Shares, prospective investors should carefully consider the risk factors described below, together with all other information contained in this Prospectus. If any of these risks and uncertainties, together with the possible additional risks and uncertainties of which the Directors are currently unaware or which they consider not to be material in relation to the Company's business, actually occur, the Company's business, financial position, the amount of work able to be performed with the funds raised from the Offer or operating results could be materially and adversely affected.

In addition, potential investors should be aware that the value of the Company's Shares on ASX might rise and fall depending on a range of factors that affect the market price of Shares. These include local, regional and global economic conditions and sentiment towards equity markets in general. The Shares issued under this Prospectus carry no guarantee with respect to the profitability, the payment of dividends, return of capital or the price at which the Shares may trade on the ASX.

It should be noted that this list is not exhaustive and that certain other risk factors may apply.

You should carefully consider the risks and uncertainties set out below and the information contained elsewhere in this Prospectus before you decide whether to apply for Shares. You should also seek your own professional advice in relation to the risks associated with an

investment in the Company and should make your own assessment as to whether to invest in the Company.

The Company's business could be materially and adversely affected by a number of risks, including:

4.2 Re-Quotation of Shares on ASX

The acquisition of CK Graphic constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares would not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

4.3 Counterparty risk

CK Graphic provides services pursuant to short term contracts, some of which can be terminated without cause. Counterparties to service contracts with CK Graphic may terminate those contracts or not renew those contracts, which may significantly affect the revenue generation of the business.

4.4 Government

Changes in legislation and government policy in Malaysia, Australia and internationally (including taxation and monetary policies and corporation laws) could materially affect the operating results of the Company.

4.5 Title risk

With respect to the Tenements, acquisition of substantial control by the Vendors will require the consent of the Minister administering the Mining Act 1992 of NSW. Condition 35 of the exploration licences provides that control of over 15% by a natural person not ordinarily resident in Australia (which is the case for the Vendors) requires the consent of the Minister. There is a risk that such consent will not be given and the Tenements (or the Subsidiary Companies) will need to be vended out prior to completion of the acquisition.

The Company could lose its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

4.6 Geopolitical

The Company will be subject to the risks associated with operating in Malaysia. Such risks can include economic, social or political instability or change, hyperinflation, currency non-convertibility and instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, exchange control, repatriation of income or return of capital, environmental protection, and labour relations.

4.7 Laws and regulations

The laws and regulations in Malaysia differ to those that exist in Australia. Laws may unexpectedly change, and could have an impact on the operational activities of the Company in Malaysia. While CK Graphic has operated successfully within the Malaysian legal and regulatory environment, unforeseen changes could materially impact the operating results of the Company.

4.8 Jurisdictional risk

The assets the Company is seeking to acquire are located in Malaysia and are therefore subject to different regulatory requirements than Australia. Sovereign risk may arise in the event that there are changes to any Malaysian regulatory requirements, particularly relating to ownership of shares in Malaysian companies.

4.9 Competition risk

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's business.

4.10 Reliance on key personnel

Skilled employees and consultants are essential to the successful delivery of the Company's strategy. Upon changing the nature and scale of its activities, the Company will rely to a large extent on the services of certain key management personnel, particularly certain of its Malaysian nationals who will manage day to day interactions with contractors and regulatory authorities, the loss of any of which could delay the pursuit of the Company's strategy. The Company will not maintain key-man life insurance with respect to any of its employees.

4.11 Operating risks

The Company currently holds Tenements (via the Subsidiary Companies) and operates in the resources sector, whereas CK Graphic operates in the digital visual communications sector. The risk profiles of these two activities are very different from one another. The Company's existing Shareholders may have bought Shares due to a preference for the existing specific risk / reward profile offered by the Company and may not want the risk / reward profile offered by an investment in CK Graphic.

The Board will also consider and evaluate investment and business opportunities in other sectors. Any future investments may alter the risk / reward profile of the Company.

4.12 Risks associated with the capital structure

If you accept the Offer and subscribe for shares in the Company you should note that you will be a minority Shareholder and that the Vendors will hold 42.86% in the Company in the event that \$4,000,000 is raised. The Vendors' interests as controlling Shareholders of the Company may differ from the interests of minority Shareholders. In these circumstances, the Vendors may

cause the Company's affairs to be conducted in a way that favours the Vendors' interests over minority Shareholders (where not prevented by the law or ASX Listing Rules from doing so). The presence of the Vendors as Shareholders with 42.86% in the Company in the event that \$4,000,000 is raised, is likely to significantly reduce the chance of a takeover bid being made for the Company and therefore the opportunity of realising a takeover premium for the Shares.

The ASX may determine that the Shares held by the Vendors will be subject to escrow for a period of up to two years. Even if such a determination has not been made, the Vendors have agreed to be subjected to a voluntary escrow in relation to their Shares for 12 months. During any such escrow period, the Shares allotted under the Offer may be thinly traded.

Also, the Vendors (as the majority Shareholders) are likely to be in a position to cast a majority of votes at a general meeting of Shareholders of the Company, which will enable the Vendors to influence the appointment of Directors and determine the Company's strategic direction of its business.

The effect on new Company shareholders' interest in the Company in the event that all allocated options are exercised is that their interest in the Company will reduce from 28.00% to 18.78%.

4.13 Impairment risk

The restated balance sheet of CK Graphic (on page 32) discloses net assets of \$1,347,751 at 30 June 2014. The fair value of the consideration to acquire CK Graphic has been calculated as \$10,097,800. As a result, intangible assets of \$8,746,781 are acquired upon acquisition. Whilst a purchase price allocation exercise has not yet been undertaken, in the event, and to the extent, that the ongoing financial performance of CK Graphic does not support the carrying value of the intangible assets acquired, the carrying value of these assets will be required to be impaired accordingly.

4.14 Business risks

(a) Adequacy of capital resources

There is no guarantee that acceptable resources or funds will be found in the future. The lack of capital could have a material adverse impact on the Company and its prospects.

(b) Potential acquisitions

As part of its business strategy, the Company may make acquisitions of significant investments in other companies, products or assets. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products or assets.

(c) Tax risks

A change to the current taxation regime in Australia or Malaysia may affect the Company and its Shareholders. The Company will have a subsidiary that operates in Malaysia, and is subject to the taxation laws that apply to transactions with foreign entities and the interaction of tax laws and allocation of taxes between Australia and Malaysia.

4.15 General risks**(a) General investment risks**

There are general risks associated with any investment and the share market. The price of Shares may rise or fall depending upon a range of factors beyond the Company's control and which are unrelated to the Company's financial performance. Movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, commodity supply and demand, government taxation and royalties, legislation and other policy changes may affect the stock market generally and the market for the Company's Shares in particular.

(b) Possible volatility of Share price

The price of Shares listed on ASX may also be affected by a range of factors including the Company's financial performance and by changes in the business environment in which the Company operates. The value of Shares can increase or decrease. Economic factors such as changes in interest rates, exchange rates, inflation rates, tax rates and governmental regulation; industry factors such as the development of new and competing resources and products by the Company's competitors; changing commodity supply and demand and commercial factors such as the loss of key staff can also affect the value of the Shares. Similarly the level of dividends paid on Shares (if any) could rise or fall.

(c) Changes in laws and government policy

Changes in laws, regulations and government policy may affect the Company and the attractiveness of an investment in the Company.

(d) Government actions

The impact of actions by government may affect the Company's activities.

(e) Currency risk

Operating in Malaysia, CK Graphic trades in Malaysian Ringgit. Any conversion and payment of profits to Australian dollars will be subject to currency exchange rate fluctuations. CK Graphic does not hedge these currency risks.

(f) Application of and changes to accounting policies

Accounting standards and policies may change in the future especially in relation to the application of the International Financial Reporting Standards. Such changes may have an adverse impact on future reported financial results.

4.16 Investor Considerations

Before deciding to apply for Shares, Applicants should consider whether the Shares are a suitable investment for them.

There may be tax implications arising from the application for Shares, the receipt of dividends (both franked and unfranked) from the Company, and on the disposal of Shares. Applicants should carefully consider these tax implications and obtain their own advice from an accountant or other professional tax adviser in relation to the application of tax legislation.

If you are in doubt as to whether you should subscribe for Shares you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

5. Financial Information

The Financial Information section of the Prospectus sets out the following:

- the Reviewed Consolidated Statement of Comprehensive Income of PMR for the half-year ended 30 June 2014 and the Audited Statement of Comprehensive Income of PMR for the years ended 31 December 2013 and 31 December 2012;
- the Audited Statement of Comprehensive Income of CK Graphic for the years ended 30 June 2014, 30 June 2013 and 30 June 2012;
- the Restated Statement of Comprehensive Income of CK Graphic for the years ended 30 June 2014 and 30 June 2013;
- the Reviewed Consolidated Statement of Financial Position of PMR as at 30 June 2014; and
- the Audited and Restated Statement of Financial Position of CK Graphic as at 30 June 2014;

together, the Historical Financial Information;

- the Consolidated Pro-Forma Statement of Financial Performance of PMR for the half-year ended 30 June 2014, and the years ended 31 December 2013 and 31 December 2012, illustrating the combined historical results of the Company and CK Graphic for the half-year ended 30 June 2014, and the years ended 31 December 2013 and 31 December 2012, and assuming the completion of transactions summarised in section 5 Note 2 of the Prospectus; and
- the Consolidated Pro-Forma Statement of Financial Position of PMR as at 30 June 2014, assuming the completion of transactions summarised in section 5 Note 2 of the Prospectus;

together, the Pro-Forma Financial Information. The Pro-Forma Financial Information has been reviewed by RSM Bird Cameron Corporate Pty Limited, Melbourne. A copy of RSM Bird Cameron Corporate Pty Limited's Investigating Accountant's Report is set out in section 6 of the Prospectus.

The Financial Information has been prepared and presented in accordance with the accounting policies set out in Note 1 to the Financial Information.

The Historical Financial Information of PMR for the half-year ended 30 June 2014 is extracted from the financial report for the half-year ended 30 June 2014, which was reviewed by K.S. Black & Co. and on which no matter was identified that would result in K.S. Black & Co. considering that the financial report did not give a true and fair view of PMR's financial position at 30 June 2014 and of its performance for the half-year ended on that date.

The Historical Financial Information of PMR for the year ended 31 December 2013 is extracted from the financial report for the year ended 31 December 2013, which was audited by K.S. Black & Co. and on which an unqualified audit opinion was issued.

The Historical Financial Information of PMR for the year ended 31 December 2012 is extracted from the financial report for the year ended 31 December 2012, which was audited by K.S. Black & Co. and on which an unqualified audit opinion was issued.

The Audited Historical Financial Information of CK Graphic for the year ended 30 June 2014 is extracted from the financial report for the year ended 30 June 2014, which was audited by Lesmond Lee & Co. and on which an unqualified audit opinion was issued.

The Audited Historical Financial Information of CK Graphic for the year ended 30 June 2013 is extracted from the financial report for the year ended 30 June 2013, which was audited by Lesmond Lee & Co. and on which an unqualified audit opinion was issued.

The Audited Historical Financial Information of CK Graphic for the year ended 30 June 2012 is extracted from the financial report for the year ended 30 June 2012, which was audited by Lesmond Lee & Co. and on which an unqualified audit opinion was issued.

The Restated Historical Financial Information of CK Graphic for the year ended 30 June 2014 is extracted from the financial report for the year ended 30 June 2014 and includes the restatement of revenue for the year ended 30 June 2014, consistent with PMR's revenue recognition policies.

The Restated Historical Financial Information of CK Graphic for the year ended 30 June 2013 is extracted from the financial report for the year ended 30 June 2013 and includes the restatement of revenue for the year ended 30 June 2013, consistent with PMR's revenue recognition policies.

The Pro-Forma Financial Information has been derived from the historical financial information, as described above, after reflecting the pro-forma adjustments detailed in section 5 Note 2 of the Prospectus.

The Pro Forma Financial Information is presented in abbreviated form insofar as it does not include all of the disclosures

required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the *Corporations Act 2001*.

Historical Consolidated Statement of Comprehensive Income – PMR

Set out below is the historical consolidated Reviewed Statement of Comprehensive Income of the Company for the half-year ended 30 June 2014 and the historical Audited Statement of Comprehensive Income of the Company for the year ended 31 December 2013 and the year ended 31 December 2012.

	Reviewed	Audited	Audited
	Half-year ended	Year ended	Year ended
	30-Jun-14	31-Dec-13	31-Dec-12
	\$	\$	\$
Revenue from continuing operations	77,923	80,423	76,315
Administrative and exploration expenses	(454,613)	(1,349,958)	(900,573)
Finance costs	(54,697)	(22,495)	(20,575)
Loss from operations before income tax expense	(431,387)	(1,292,030)	(844,833)
Income tax expense	-	-	-
Net loss for the period / year	(431,387)	(1,292,030)	(844,833)
Other comprehensive income before income tax	-	-	-
Income tax expense	-	-	-
Other comprehensive income for the period / year net of tax	-	-	-
Total comprehensive loss attributable to members of the consolidated entity	(431,387)	(1,292,030)	(844,833)

The Historical Statement of Consolidated Comprehensive Income of the Company has been extracted from the reviewed financial statements of the Company for the half-year ended 30 June 2014 and the audited financial statements of the Company for the year ended 31 December 2013 and the year ended 31 December 2012.

The Statement of Consolidated Comprehensive Income should be read in conjunction with the notes to the financial information.

Historical Statement of Comprehensive Income – CK Graphic

Set out below is the Historical Audited Statement of Comprehensive Income of CK Graphic for the years ended 30 June 2014, 30 June 2013 and 30 June 2012.

	Audited Year ended 30-Jun-14 \$	Audited Year ended 30-Jun-13 \$	Audited Year ended 30-Jun-12 \$
Revenue from continuing operations	1,930,893	1,069,509	653,451
Other income	-	1,246	634
Direct costs	(94,404)	(79,606)	(170,073)
Distribution costs	(41,289)	(20,634)	(24,616)
Administrative expenses	(742,859)	(472,300)	(275,776)
Other operating expenses	(14,049)	(10,166)	(12,137)
Finance costs	(17,675)	(9,130)	(7,131)
Profit from continuing operations before income tax	1,020,616	478,919	164,352
Income tax income / (expense)	14,534	(22,780)	(7,940)
Net profit for the period / year	1,035,150	456,139	156,412
Other comprehensive income before income tax	-	-	-
Income tax expense	-	-	-
Other comprehensive income for the period / year net of tax	-	-	-
Total comprehensive profit attributable to members	1,035,150	456,139	156,412

The Historical Statement of Comprehensive Income of CK Graphic has been extracted from the audited financial statements of CK Graphic for the years ended 30 June 2014, 30 June 2013 and 30 June 2012.

The Audited Statement of Comprehensive Income of CK Graphic has been translated, based on average exchange rates for each reporting year, to \$ from Ringgit Malaysia ("RM") using an exchange rate of \$1 : RM2.9804 for the year ended 30 June 2014, an exchange rate of \$1 : RM3.1649 for the year ended 30 June 2013 and an exchange rate of \$1 : RM3.1823 for the year ended 30 June 2012.

During the course of RSM Bird Cameron Corporate Pty Limited's review of the historical financial information, it was noted that CK Graphic disclosed inconsistent revenue recognition policies to those of PMR during the years ended 30 June 2014 and 30 June 2013. As a result, CK Graphic's recognition of revenue has been restated for the years ended 30 June 2014 and 30 June 2013 as set out below.

The Statement of Comprehensive Income should be read in conjunction with the notes to the financial information.

Historical Restated Statement of Comprehensive Income – CK Graphic

Set out below is the Historical Restated Statement of Comprehensive Income of CK Graphic for the years ended 30 June 2014 and 30 June 2013, after taking into account adjustments to revenue for the years ended 30 June 2014 and 30 June 2013. No material adjustments were identified for the year ended 30 June 2012.

	Audited		Restated	Audited		Restated
	Year ended	Adjustments	Year ended	Year ended	Adjustments	Year ended
	30-Jun-14	to revenue	30-Jun-14	30-Jun-13	to revenue	30-Jun-13
	\$	\$	\$	\$	\$	\$
Revenue from continuing operations	1,930,893	(233,649)	1,697,244	1,069,509	51,153	1,120,662
Other income	-	-	-	1,246	-	1,246
Direct costs	(94,404)	-	(94,404)	(79,606)	-	(79,606)
Distribution costs	(41,289)	-	(41,289)	(20,634)	-	(20,634)
Administrative expenses	(742,859)	-	(742,859)	(472,300)	-	(472,300)
Other operating expenses	(14,049)	-	(14,049)	(10,166)	-	(10,166)
Finance costs	(17,675)	-	(17,675)	(9,130)	-	(9,130)
Profit from continuing operations before income tax	1,020,616	(233,649)	786,968	478,919	51,153	530,072
Income tax income / (expense)	14,534	-	14,534	(22,780)	-	(22,780)
Net profit for the period / year	1,035,150	(233,649)	801,501	456,139	51,153	507,292
Other comprehensive income before income tax	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-
Other comprehensive income for the period / year net of tax	-	-	-	-	-	-
Total comprehensive profit attributable to members	1,035,150	(233,649)	801,501	456,139	51,153	507,292

The Restated Statement of Comprehensive Income of CK Graphic has been translated, based on average exchange rates for each reporting year, to \$ from RM using an exchange rate of \$1 : RM2.9804 for the year ended 30 June 2014 and an exchange rate of \$1 : RM3.1649 for the year ended 30 June 2013.

The Restated Statement of Comprehensive Income for the years ended 30 June 2014 and 30 June 2013 should be read in conjunction with the notes to the financial information.

Historical Consolidated Pro-Forma Statement of Comprehensive Income

Set out below is the historical Consolidated Pro-Forma Statement of Comprehensive Income for the half-year ended 30 June 2014, the year ended 31 December 2013 and the year ended 31 December 2012. The Pro-Forma has been prepared to illustrate the combined historical results of the Company and CK Graphic for the half-year ended 30 June 2014, the year ended 31 December 2013 and the year ended 31 December 2012, and assuming the completion of transactions summarised in section 5 Note 2 of the Prospectus.

	Pro-Forma Half-year ended 30-Jun-14 \$	Pro-Forma Year ended 31-Dec-13 \$	Pro-Forma Year ended 31-Dec-12 \$
Revenue from continuing operations	926,545	1,489,376	963,372
Other income	-	623	940
Direct costs	(47,202)	(87,005)	(124,840)
Distribution costs	(20,645)	(30,961)	(22,625)
Administrative and exploration expenses	(826,042)	(1,957,537)	(1,274,611)
Other operating expenses	(7,025)	(12,108)	(11,152)
Finance costs	(63,535)	(35,898)	(28,705)
Profit from continuing operations before income tax	(37,903)	(633,510)	(497,621)
Income tax income / (expense)	7,267	(4,123)	(15,360)
Net loss for the period / year	(30,636)	(637,633)	(512,981)
Other comprehensive income before income tax	-	-	-
Income tax expense	-	-	-
Other comprehensive income for the period / year net of tax	-	-	-
Total comprehensive loss attributable to members of the consolidated entity	(30,636)	(637,633)	(512,981)

The Consolidated Pro-Forma Statement of Comprehensive Income has been prepared based on:

- the reviewed financial statements of the Company for the half-year ended 30 June 2014 and the audited financial statements of the Company for the year ended 31 December 2013 and the year ended 31 December 2012; and
- the restated financial statements of CK Graphic for the year ended 30 June 2014, the year ended 30 June 2013 and the year ended 30 June 2012.

The results of CK Graphic have been adjusted to present the Consolidated Pro-Forma Statement of Comprehensive Income for an accounting year end consistent with that of the Company. The results of CK Graphic have been adjusted on a pro-rata basis on the basis that CK Graphic's operating revenue and expenditure has been materially consistent throughout each reporting year.

The Restated Statements of Comprehensive Income of CK Graphic has been translated, based on average exchange rates for each reporting year, to \$ from Ringgit Malaysia ("RM") using an exchange rate of \$1 : RM2.9804 for the year ended 30 June 2014 and an exchange rate of \$1 : RM3.1649 for the year ended 30 June 2013. The audited statement of financial performance of CK Graphic has been translated, based on the average exchange rate of \$1 : RM3.1823 for the year ended 30 June 2012.

The Consolidated Pro-Forma Statement of Comprehensive Income should be read in conjunction with the notes to the financial information.

Historical Statement of Financial Position – CK Graphic

Set out below is the Historical Audited Statement of Financial Position of CK Graphic as at 30 June 2014 together with the Restated Statement of Financial Position at 30 June 2014, after taking into account the adjustments to revenue for the years ended 30 June 2014 and 30 June 2013.

	Audited As at 30-Jun-14 \$	Adjustments \$	Restated As at 30-Jun-14 \$
ASSETS			
Current assets			
Cash and cash equivalents	337,413	-	337,413
Trade receivables	799,827	(451,533)	348,294
Accrued revenue	-	274,807	274,807
Sundry receivables, deposits and prepayments	77,519	-	77,519
Amount owing by directors	-	-	-
Amount owing by related party	-	-	-
Amount owing by subsidiary	100,378	-	100,378
Tax refundable	7,100	-	7,100
Total current assets	1,322,238	(176,726)	1,145,512
Non-current assets			
Property, plant and equipment	471,503	-	471,503
Investment in subsidiary	66,131	-	66,131
Total non-current assets	537,634	-	537,634
Total assets	1,859,871	(176,726)	1,683,146
LIABILITIES			
Current liabilities			
Sundry payables and accruals	31,490	-	31,490
Hire purchase payable	52,233	-	52,233
Term loan	4,376	-	4,376
Total current liabilities	88,099	-	88,099
Non-current liabilities			
Deferred tax liabilities	18,539	-	18,539
Hire purchase payables	99,892	-	99,892
Term loan	128,865	-	128,865
Total non-current liabilities	247,296	-	247,296
Total liabilities	335,395	-	335,395
NET ASSETS	1,524,476	(176,726)	1,347,751
EQUITY			
Share capital	9,920	-	9,920
Retained profits	1,514,557	(176,726)	1,337,831
TOTAL SHAREHOLDERS' EQUITY	1,524,476	(176,726)	1,347,751

The Restated Statement of Financial Position of CK Graphic has been translated to \$ from RM using the spot rate at 30 June 2014 of \$1 : RM3.0243 and the spot rate at 30 June 2013 of \$1 : RM2.9048.

The Restated Statement of Financial Position should be read in conjunction with the notes to the financial information.

Consolidated Pro-Forma Statement of Financial Position

The Consolidated Pro-Forma Statement of Financial Position, set out below, has been prepared to illustrate the effects of the acquisition of CK Graphic and the Offer and assumes completion of the pro-forma Transactions set out in Note 2 as if they had occurred on 30 June 2014.

	Notes	PMR Audited As at 30-Jun-14 \$	CK Graphic Restated As at 30-Jun-14 \$	Pro-Forma Transactions \$	Unaudited Pro-Forma \$
ASSETS					
Current assets					
Cash and cash equivalents	3	62,523	337,413	3,728,620	4,128,556
Trade and other receivables	4	190,014	700,621	-	890,635
Amount owing by subsidiary	5	-	100,378	-	100,378
Tax refundable	6	-	7,100	-	7,100
Total current assets		252,537	1,145,512	3,728,620	5,126,669
Non-current assets					
Mining tenements	7	902,910	-	(799,747)	103,163
Property, plant and equipment	8	684	471,503	(178,592)	293,595
Financial assets	9	72,143	-	(2,143)	70,000
Investment in subsidiary	10	-	66,131	-	66,131
Intangible assets	11	799,998	-	8,746,781	9,546,779
Total non-current assets		1,775,735	537,634	7,766,299	10,079,668
Total assets		2,028,272	1,683,146	11,494,919	15,206,337
LIABILITIES					
Current liabilities					
Trade and other payables	12	62,400	31,490	-	93,890
Employee benefits provision	13	11,994	-	-	11,994
Borrowings	14	-	56,609	(4,376)	52,233
Total current liabilities		74,394	88,099	(4,376)	158,118
Non-current liabilities					
Borrowings	14	1,028,120	228,756	(1,092,198)	164,679
Employee benefits provision	13	2,236	-	-	2,236
Deferred tax liabilities	15	-	18,539	-	18,539
Total non-current liabilities		1,030,356	247,296	(1,092,198)	185,454
Total liabilities		1,104,750	335,395	(1,096,573)	343,572
NET ASSETS / (LIABILITIES)		923,522	1,347,751	12,591,492	14,862,765
EQUITY					
Issued capital	16	3,666,667	9,920	11,225,729	14,902,316
Reserves	17	179,532	-	2,840,261	3,019,793
Retained profits / (Accumulated losses)	18	(2,922,677)	1,337,831	(1,474,498)	(3,059,344)
TOTAL EQUITY		923,522	1,347,751	12,591,492	14,862,765

The Consolidated Pro-Forma Statement of Financial Position represents the Reviewed Statement of Financial Position as at 30 June 2014 adjusted for material events after the balance sheet date and the pro-forma transactions outlined in Note 2 relating to the issue of shares pursuant to this Prospectus and other transactions.

The Statement of Financial Position of the Company at 30 June 2014 has been extracted from the reviewed financial statements of the Company for the half-year ended 30 June 2014, reviewed by K.S. Black & Co., Melbourne.

Consolidated Pro-Forma Statement of Financial Position (continued)

The Restated Statement of Financial Position of CK Graphic at 30 June 2014 has been extracted from the audited financial statements of CK Graphic for the year ended 30 June 2014, audited by Lesmond Lee & Co., Malaysia, and restated to include the adjustments to revenue as set out in the Restated Statement of Comprehensive Income.

The restated financial position of CK Graphic has been translated to \$ from RM using the spot rate at 30 June 2014 of \$1 : RM3.0243.

The Consolidated Pro-Forma Statement of Financial Position should be read in conjunction with the notes to the financial information.

1. Summary of Significant Accounting Policies

The significant accounting policies that have been adopted in the preparation of financial information are:

(a) Basis of Preparation

The financial information has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Critical accounting estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Options valuation

Refer to Note 17 for estimates and assumptions used to calculate the valuation of options.

Critical judgements

Management has made the following judgements when applying the Group's accounting policies:

(ii) Capitalisation of exploration costs

The Group follows the guidance of AASB 6 Exploration for and Evaluation of Mineral Resources when determining if exploration costs incurred can be capitalised. This determination requires significant judgement. In making this judgement, the Group evaluates if any one of the following conditions is met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

If one of the above conditions is met then the Group has made the judgement to capitalise the associated exploration expenses.

Historical cost convention

These financial statements have been prepared on an accruals basis and are based on the historical cost convention except where noted in these accounting policies.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Precious Metal Resources Limited (the **parent entity**) as at the reporting date and the results of all subsidiaries for the period then ended. Precious Metal Resources Limited and its subsidiaries together are referred to in the financial information as the Group.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The financial performance of those activities is included only for the period of the year that they were controlled.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

The acquisition of a 100% equity interest in CK Graphic Sdn Bhd by Precious Metal Resources Limited does not constitute a business combination as outlined in AASB 3 Business Combinations (AASB 3) as PMR is not a business as defined by AASB 3. However, as PMR has been deemed the accounting acquirer, the acquisition of a 100% equity interest in CK Graphic has been accounted for in accordance with the principles of AASB 3. Accordingly, the consolidated financial statements of PMR include the fair value of the identifiable assets acquired and liabilities assumed of CK Graphic.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of

- the consideration transferred;
- any non-controlling interest; and
- the acquisition date fair value of any previously held equity interests over the acquisition date fair value of net assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity holdings shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests of a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Revenue from sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

Revenue from rendering of services

Revenue from rendering of services is measured by reference to the stage of completion of the transactions at the balance sheet date.

Interest revenue

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

Other income

Income from other sources is recognised when proceeds or the fee in respect of other products or service provided are receivable. All revenue is stated net of the amount of goods and services tax (GST).

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences as the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly owned subsidiaries are part of a tax-consolidated group under Australian taxation law. Precious Metal Resources Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The amounts receivable/payable under tax funding arrangements are due upon notification by the entity which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiary. These amounts are recognised as current intercompany receivables or payables.

(e) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(f) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (if any).

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Office premises	2%
Furniture & fittings	10%
Office equipment	20%
Computers	20%
Books	10%
Renovation	10%
Motor vehicles	20%
Air-conditioners	20%

An item of property, plant and equipment is derecognised upon disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the profit or loss.

(g) Assets acquired under hire-purchase and lease agreements

Assets financed by hire-purchase and lease arrangements which transfer substantially all the risks and rewards of ownership to the Company are capitalised as plant and equipment and the corresponding obligations are treated as liabilities. The plant and equipment capitalised are depreciated on the same basis as owned assets.

Finance charges are allocated to the profit or loss over the period of the agreements to give a

constant periodic rate of charge on the remaining hire-purchase and lease liabilities.

(h) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting period. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months, net of bank overdrafts.

(j) Trade and other receivables

Trade receivables are recognised initially at original invoice amounts and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the Group will not be able to collect all amounts due according to the original terms of the receivables.

(k) Financial instruments

Recognition and initial measurements

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at 'fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured either at fair value, amortised cost using the

effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards, specifically applicable to financial instruments.

Financial assets at fair value through profit or loss

- (i) Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current

assets, except for those which are not expected to mature within 12 months after reporting date. All other loans and receivables are classified as non-current assets.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date. All other investments are classified as current assets.

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after reporting date. All other financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment

losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(l) **Tenement exploration, valuation and development costs**

(i) Costs incurred in the exploration for, and evaluation of, tenements for suitable resources are carried forward as assets provided that one of the following conditions is met:

- the carrying values are expected to be justified through successful development and exploitation of the area of interest; or
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

(ii) Expenses failing to meet at least one of the aforementioned conditions are expensed as incurred.

(iii) Costs associated with the commercial development of resources are deferred to future periods, provided they are, beyond any reasonable doubt, expected to be recoverable. These costs are amortised from the commencement of commercial production of the product to which they relate on a straight-line basis over the period of the expected benefit. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(m) **Trade and other payables**

Those amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) **Restoration and rehabilitation provisions**

Both for close down and restoration and for environment clean-up costs from exploration

programs, if any, a provision will be made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

(o) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' service up to the reporting date and are measured at the amounts expected to be paid when liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on notional government bonds with terms to maturity that match the expected timing of cash flows.

(p) Contributed equity

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

(q) Share based payments

Ownership-based remuneration is provided to employees via an employee share option plan.

Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the Group revises its estimate of the number of options that are expected to become

exercisable. The employee benefit expense recognised in each period takes into account the most recent estimate.

Upon exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(r) Foreign currency

The presentation and functional currency of the consolidated entity is Australian dollars. All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss in the period.

(s) Interest bearing liabilities

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the redemption amount is recognised in the profit or loss over the period of the loans and borrowings using the effective interest method.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(t) New accounting standards for application

The AASB has issued new and amended accounting standard and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. These standards and interpretations have been reviewed and there are none having any material impact.

2. PRO-FORMA TRANSACTIONS

The Consolidated Pro-Forma Statement of Financial Position as at 30 June 2014 has been prepared by adjusting the Consolidated Statement of Financial Position as at that date to reflect the financial effects of the following transactions as if they had occurred at 30 June 2014:

- (i) The issue of 37,500,000 fully paid ordinary shares at \$0.20 each, together with 37,500,000 attaching options exercisable at \$0.20 per share within three years of the date of issue, as consideration for the acquisition of CK Graphic.
- (ii) The Offer issue of 20,000,000 ordinary shares at \$0.20 each, to raise \$4,000,000 before expenses of the issue. All shares issued

- pursuant to the Prospectus will be issued as fully paid.
- (iii) Cash costs of undertaking the Offer of \$620,000.
- (iv) The issue of 3,500,000 options to purchase ordinary shares in the Company at an exercise price of \$0.20 per share with an expiry period of three years from the date of issue, to Sanston Securities Australia Pty Limited ("Sanston") as part of the success fee payable by PMR to Sanston, for managing the Offer (subject to approval by shareholders pursuant to Listing Rule 10.11). The cash component of the success fee is \$80,000 (GST exclusive) and has been included in the cash costs of undertaking the Offer of \$620,000 as set out in Note 2(iii) above.
- (v) The divestment of PMR's Halls Peak tenements and the financial investment in Hudson SPC Pty Ltd ("Hudson SPC") to Sovereign Gold Company Limited ("SOC") in exchange for the cancellation of 64,000,000 PMR shares previously held by SOC, and the issue of 1,000,000 ordinary shares in SOC to PMR. This transaction was completed on 1 September 2014.
- (vi) The completion of a capital raising on 7 October 2014 to raise \$200,000 through the issue of 1,000,000 new ordinary shares in the Company at \$0.20 per share to Zhang Li, for working capital purposes. This transaction was completed on 14 October 2014.
- (vii) The completion of a capital raising on 31 December 2014 undertaken by PMR to raise \$100,000 through the issue of 500,000 new ordinary shares in the Company at \$0.20 per share, for working capital purposes. This transaction was completed on 5 January 2015.
- (viii) An adjustment for the increase in debt owed by the Company to Hudson Corporate Limited ("HCL") from \$1,028,120 at 30 June 2014 to \$1,164,787 at 31 October 2014. The increase in debt was utilised to fund operating costs of the Company during the period ended 31 October 2014.
- (ix) The conversion of \$1,100,000 of the debt owed to HCL to equity through the issue of 5,500,000 new fully paid ordinary shares in the Company at \$0.20 per share to HCL.
- (x) The completion of the sale of the office premises owned by CK Graphic to a third party for \$181,860 (RM550,000), with settlement of that sale being conditional on the loan facility from Public Bank Berhad (which was used to purchase the premises) being extinguished.

3. CASH AND CASH EQUIVALENTS

	Audited 30-Jun-14 \$	Unaudited Pro-Forma \$
Cash and cash equivalents	<u>62,523</u>	<u>4,128,556</u>
Cash at 30 June 2014		62,523
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Cash acquired in CK Graphic acquisition		337,413
Proceeds from the issue of 20,000,000 ordinary shares in relation to the Public Offer pursuant to the Prospectus (note 2(ii))		4,000,000
Payment of costs of undertaking the Public Offer (note 2(iii))		(620,000)
Proceeds from the issue of 1,000,000 ordinary shares to Zhang Li (note 2(vi))		200,000
Proceeds from the issue of 500,000 ordinary shares in relation to the capital raising undertaken on 5 January 2015 (note 2(vii))		100,000
Proceeds from the sale of the office premises owned by CK Graphic after the loan facility is extinguished (note 2(x))		48,620
Total pro-forma adjustments		<u>4,066,033</u>
Pro-forma balance		<u>4,128,556</u>

4. TRADE AND OTHER RECEIVABLES

	Audited 30-Jun-14 \$	Unaudited Pro-Forma \$
Trade and other receivables	<u>190,014</u>	<u>890,635</u>
Trade and other receivables at 30 June 2014		190,014
Trade and other receivables acquired in CK Graphic acquisition		700,621
Pro-forma balance		<u>890,635</u>
Trade and other receivables in the unaudited pro-forma comprises:		
PMR		
Deposit - tenement security deposit		151,228
Other receivables		38,786
		<u>190,014</u>
CK Graphic		
Trade receivables		348,294
Accrued revenue		274,807
Sundry receivables, deposits and prepayments		77,519
		<u>700,621</u>
Pro-forma balance		<u>890,635</u>

5. AMOUNT OWING BY SUBSIDIARY

	Audited 30-Jun-14 \$	Unaudited Pro-Forma \$
Amount owing by subsidiary	-	100,378
Amount owing by subsidiary at 30 June 2014		-
Amount owing by subsidiary acquired in CK Graphic acquisition		100,378
Pro-forma balance		100,378

The amount owing is in relation to amounts owed to CK Graphic by its former wholly-owned subsidiary, CKG Academy Sdn Bhd ("CKG Academy"). The results of operations and net assets of CKG Academy were not consolidated in the financial statements of CK Graphic at 30 June 2014 as CK Graphic was in the process of disposing of its investment in CKG Academy. The divestment of CKG Academy by CK Graphic was completed on 5 November 2014.

6. TAX REFUNDABLE

	Audited 30-Jun-14 \$	Unaudited Pro-Forma \$
Tax refundable	-	7,100
Tax refundable		-
Tax refundable acquired in CK Graphic acquisition		7,100
Pro-forma balance		7,100

Tax amounts refundable comprise the differences between CK Graphic's estimation of tax payable (monthly tax instalments made during each financial year) and amounts refundable from prior periods as a result of CK Graphic's MSC tax status.

7. MINING TENEMENTS

	Audited 30-Jun-14 \$	Unaudited Pro-Forma \$
Mining tenements	902,910	103,163
Mining tenements at 30 June 2014		902,910
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Divestment of the Halls Peak tenements to SOC (note 2(v), note 16)		(799,747)
Pro-forma balance		103,163

The recoverability of the carrying amount of evaluation and exploration assets is dependent upon successful development and commercial exploration, or alternatively the sale of the respective areas of interest.

8. PROPERTY, PLANT AND EQUIPMENT

	Audited 30-Jun-14 \$	Unaudited Pro-Forma \$
Property, plant and equipment carrying value	<u>684</u>	<u>293,595</u>
Property, plant and equipment at 30 June 2014		684
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Property, plant and equipment acquired on CK Graphic acquisition		471,503
Disposal of office premises owned by CK Graphic (note 2(x))		(178,592)
Total pro-forma adjustments		<u>292,911</u>
Pro-forma balance		<u>293,595</u>

The carrying value of property, plant and equipment in the unaudited pro-forma comprises:

Furniture and fittings	17,667
Office equipment	8,128
Computer equipment	162,324
Books	488
Renovations	23,797
Motor vehicles	75,892
Air-conditioners	5,299
Pro-forma balance	<u>293,595</u>

9. FINANCIAL ASSETS

	Audited 30-Jun-14 \$	Unaudited Pro-Forma \$
Investment in other entities	<u>72,143</u>	<u>70,000</u>
Investment in Hudson SPC at 30 June 2014		72,143
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Divestment of the investment in Hudson SPC to SOC (note 2(v), note 16)		(72,143)
Investment in SOC (note 2(v), note 16)		70,000
Pro-forma balance		<u>70,000</u>

10. INVESTMENT IN SUBSIDIARY

	Audited 30-Jun-14 \$	Unaudited Pro-Forma \$
Investment in CKG Academy	-	66,131
Investment in CKG Academy at 30 June 2014		-
Investment in CKG Academy acquired in CK Graphic acquisition		66,131
Pro-forma balance		66,131

The results of operations and net assets of CKG Academy were not consolidated in the financial statements of CK Graphic as CK Graphic was in the process of disposing of its investment in CKG Academy at 30 June 2014. The divestment of CKG Academy by CK Graphic was completed on 5 November 2014.

11. INTANGIBLE ASSETS

	Audited 30-Jun-14 \$	Unaudited Pro-Forma \$
Intangible assets	799,998	9,546,779
Intangible assets balance at 30 June 2014 (note 19)		799,998

Intangible assets at 30 June 2014 comprised goodwill recognised in relation to the acquisition of a 100% interest in Peel Gold Pty Ltd. The acquisition resulted in PMR obtaining control of Peel Gold Pty Ltd and Peel Gold North Pty Ltd (note 19).

Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:

Fair value of consideration shares issued to CK Graphic shareholders (37,500,000 shares at \$0.20 per share) ((note 2(i))		7,500,000
Fair value of of consideration options issued to CK Graphic shareholders (37,500,000 attaching options exercisable at \$0.20 per share within three years of the date of issue) (note 2(i), note 17)		2,597,800
Total fair value of consideration		10,097,800
Less fair value of net assets acquired at 30 June 2014		(1,347,751)
Less gain on disposal of CK Graphic's office premises (note (2x))		(3,269)
Intangible assets acquired in CK Graphic acquisition		8,746,781
Pro-forma balance		9,546,779

12. TRADE AND OTHER PAYABLES

	Audited 30-Jun-14 \$	Unaudited Pro-Forma \$
Current		
Trade and other payables	62,400	93,890
Trade and other payables at 30 June 2014		62,400
Trade and other payables acquired in CK Graphic acquisition		31,490
Total pro-forma balance		93,890
Current trade and other payables in the unaudited pro-forma comprises:		
PMR		
Trade payables		44,063
Accrued payables		18,337
		62,400
CK Graphic		
Sundry payables		18,951
Accruals		12,539
		31,490
Pro-forma balance		93,890

13. EMPLOYEE BENEFITS PROVISION

	Audited 30-Jun-14 \$	Unaudited Pro-Forma \$
Current		
Staff leave entitlements	11,994	11,994
Non-current		
Staff leave entitlements	2,236	2,236

14. BORROWINGS

	Audited 30-Jun-14 \$	Unaudited Pro-Forma \$
Current		
Hire purchase liabilities repayable within the next 12 months	-	52,233
Current interest-bearing borrowings at 30 June 2014		-
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Current hire purchase liabilities acquired in CK Graphic acquisition		52,233
Current term loan liabilities acquired in CK Graphic acquisition		4,376
		<u>56,609</u>
Less repayment of current term loan borrowings at 30 June 2014 assuming sale of CK Graphic's office premises (note 2(x))		(4,376)
Pro-forma balance		<u>52,233</u>
Non-current		
Advance from related entity	1,028,120	64,787
Hire purchase liabilities repayable after the next 12 months	-	99,892
Pro-forma balance	<u>1,028,120</u>	<u>164,679</u>
Hudson Corporate Limited ("HCL") advanced a 9% interest bearing loan to the Group. The advance has a term of two years. HCL is a related party to PMR.		
Non-current borrowings at 30 June 2014		1,028,120
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Adjustment for the increase in debt owed to HCL from \$1,028,120 to \$1,164,787 at 31 October 2014 (note 2(viii))		136,667
Less conversion of \$1,100,000 to equity (note 2(ix))		(1,100,000)
Pro-forma advance from related entity		<u>64,787</u>
Non-current hire purchase liabilities acquired in CK Graphic acquisition		99,892
Non-current term loan liabilities acquired in CK Graphic acquisition		128,865
		<u>228,756</u>
Less repayment of non-current term loan borrowings at 30 June 2014 assuming sale of CK Graphic's office premises (note 2(x))		(128,865)
Pro-forma non-current hire purchase liabilities		<u>99,892</u>
Pro-forma balance		<u>164,679</u>

15. DEFERRED TAX LIABILITIES

	Audited 30-Jun-14 \$	Unaudited Pro-Forma \$
Deferred tax liabilities	-	18,539
Deferred tax liabilities at 30 June 2014		-
Deferred tax liabilities acquired in CK Graphic acquisition		18,539
Total pro-forma balance		18,539

Deferred tax liabilities are recognised by CK Graphic due to temporary timing differences between capital allowances claimed and depreciation recognised.

16. ISSUED CAPITAL

	Number of ordinary shares	\$
Issued capital at 30 June 2014	87,000,000	3,666,667
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Total issued share capital at 30 June 2014	87,000,000	3,666,667
Cancellation of shares previously held by SOC (note 2(v))*	(64,000,000)	(801,890)
Fully paid ordinary shares issued in relation to the capital raising to raise \$200,000 (note 2(v))	1,000,000	200,000
Fully paid ordinary shares issued in relation to the capital raising to raise \$100,000 (note 2(vii))	500,000	100,000
Fully paid ordinary shares issued in the conversion of \$1,100,000 HCL debt to equity (note 2(ix))	5,500,000	1,100,000
Fully paid ordinary shares issued as consideration for the CK Graphic acquisition (note 2(ii))	37,500,000	7,500,000
Fully paid ordinary shares issued in relation to the Public Offer at \$0.20 per share pursuant to the Prospectus (note 2(ii))	20,000,000	4,000,000
Costs of undertaking the Public Offer (note 2(iii))	-	(620,000)
Fair Value of options issued to Sanston as consideration for the success fee of undertaking the Public Offer (note 2(iv), note 17)	-	(242,461)
Pro-forma balance	87,500,000	14,902,316

*The value of the cancellation of 64,000,000 ordinary shares has been calculated (at fair value) as follows:

	\$
Investment in SOC (note 9)	70,000
Divestment of the investment in Hudson SPC to SOC (note 9)	(72,143)
Divestment of the Halls Peak tenements to SOC (note 7)	(799,747)
Pro-forma balance	(801,890)

17. RESERVES

	Audited 30-Jun-14 \$	Unaudited Pro-Forma \$
Share option reserve	<u>179,532</u>	<u>3,019,793</u>
Share options reserve balance at 30 June 2014		179,532
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Fair Value of options as consideration issued to Sanston as consideration for the success fee of undertaking the Public Offer (note 2(iv))		242,461
Fair Value of options issued as consideration for the CK Graphic acquisition (note 2(i))		2,597,800
Pro-forma balance		<u>3,019,793</u>

Details of options to be issued are set out in Section 7.5 of the Prospectus

Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the options.

The model inputs for options included as Pro-Forma Adjustments were:

	Sanston Options*	Consideration Options**
Exercise Price	\$0.20	\$0.20
Grant Date	To be determined	To be determined
Expiry Date	To be determined	To be determined
Share Price at Grant Date	\$0.20	\$0.20
Expected Dividend Yield Rate	0.0%	0.0%
Risk-free Interest Rate	2.14%	2.14%
Volatility	50.0%	50.0%

* The options to be issued to Sanston are subject to shareholder approval pursuant to Listing Rule 10.11 at a date after the issue of the Prospectus

** The options to be issued to CK Graphic are subject to shareholder approval at a general meeting to be held on 25 February 2015

18. ACCUMULATED LOSSES

	Audited 30-Jun-14 \$	Unaudited Pro-Forma \$
Accumulated losses	<u>(2,922,677)</u>	<u>(3,059,344)</u>
Accumulated losses at 30 June 2014		(2,922,677)
<i>Adjustments arising in the preparation of the Pro-Forma Statement of Financial Position are summarised as follows:</i>		
Adjustment for ongoing operating expenses funded by an increase in HCL debt (note 2(viii))		(136,667)
Pro-forma balance		<u>(3,059,344)</u>

19. INVESTMENTS IN CONTROLLED ENTITIES

Name of Entity	Class of shares	Equity holding	Country of Incorporation
PMR 1 Pty Ltd	Ordinary	100%	Australia
PMR 3 Pty Ltd	Ordinary	100%	Australia
PMR 4 Pty Ltd	Ordinary	100%	Australia
PMR 5 Pty Ltd	Ordinary	100%	Australia
Peel Gold Pty Ltd*	Ordinary	100%	Australia
Peel Gold North Pty Ltd*	Ordinary	100%	Australia

*Controlled entities are incorporated or acquired in holding exploration tenements

Acquisition of Controlled Entities

On 18 November 2013, the Company acquired 100% interest in Peel Gold Pty Ltd. The acquisition resulted in PMR obtaining control of Peel Gold Pty Ltd and Peel Gold North Pty Ltd.

	Fair Value
	\$
Purchase consideration:	
Shares issued 2,000,000 at \$0.40 per share (net of issuing costs)	800,000
Less:	
Identifiable net assets acquired and liabilities assumed	(2)
Goodwill (note 11)	<u><u>799,998</u></u>

20. COMMITMENTS

At the date of the Prospectus, the Group had expenditure contracted for but not provided for in the pro-forma balance sheet in respect of:

	\$
Exploration expenditure commitments	
Tenement exploration expenditure	908,000
Tenement lease payment	32,760
	<u><u>940,760</u></u>

The minimum exploration expenditure commitments and lease payments on the Company's exploration tenements total approximately \$940,760 over the remaining term of tenements

21. Related Party Disclosure

- (a) The Directors of PMR at the date of the Prospectus are:
- Mr Frank Licciardello
 - Mr Ramakrishnan S Navaratnam
 - Mdm Zhang Li
 - Mr Jacob Rebek
- (b) Directors' holdings of shares, directors' remuneration and other directors' interests are set out in Sections 7.7, 7.8 and 7.9 of the Prospectus.
- (c) As set out in Section 3.1 of the Prospectus, Mr Ramakrishnan S Navaratnam and Mdm Zhang Li are nominee directors of CK Graphic.
- (d) As set out in Section 0 and Section 7.4(c) of the Prospectus, Sanston is the lead manager of the Public Offer and corporate financial advisor to PMR with respect to the acquisition of CK Graphic. Mr Frank Licciardello is also an executive director and co-owner of Sanston.
- (e) The details of the proposed issue of options to Sanston is set out in Section 7.4(c) of the Prospectus.
- (f) As set out in Section 2.2 of the Prospectus and note 2(v) to the Financial Information, on 1 September 2014, PMR completed the divestment of its Halls Peak tenements and investment in Hudson SPC to SOC in exchange for the cancellation of 23,000,000 PMR shares and the issue of 1,000,000 ordinary shares in SOC to PMR.
- (g) Further details of the acquisition of the Peel Fault Gold Project from Mount Adrah Gold Limited is set out in Section 7.4(d).
- (h) There have been no other related party transactions other than the disclosures set out above.

22. SUBSEQUENT EVENTS

Since 1 July 2014, PMR has continued to incur operational costs (primarily minimum exploration expenditure commitments and lease payments) in relation to the development of its mineral tenements.

In addition, PMR has undertaken the following material transactions, which are reflected as adjustments in the Pro-Forma Financial Information:

- the divestment of the Halls Peak tenements and financial investment in Hudson SPC to SOC in exchange for the cancellation of 64,000,000 PMR shares previously held by SOC. The transaction was completed on 1 September 2014;
- the completion of a capital raising on 14 October 2014 to raise \$200,000 through the issue of 1,000,000 new ordinary shares in the Company at \$0.20 per share to Zhang Li, for working capital purposes; and
- the completion of a capital raising on 5 January 2015 undertaken by PMR to raise \$100,000 through the issue of 500,000 new ordinary shares in the Company at \$0.20 per share, for working capital purposes.

6. Investigating Accountant's Report



RSM Bird Cameron Corporate Pty Ltd
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Email: glyn.yates@rsmi.com.au

16 February 2015

The Directors
Precious Metal Resources Limited
Level 2, Hudson House
131 Macquarie Street
Sydney NSW 2000

Dear Directors

Investigating Accountant's Report

1. Introduction

- 1.1 This report has been prepared at the request of the Directors of Precious Metal Resources Limited ("PMR" or "the Company") for inclusion in a prospectus to be dated on or about 16 February 2015 ("the Prospectus") relating to the proposed offer of 20,000,000 fully paid ordinary shares in the Company at an issue price of \$0.20 per share, to raise \$4,000,000 (prior to costs of the issue) ("the Offer"), the relisting of the shares of the Company on the Australian Securities Exchange ("ASX"), the proposed acquisition of CK Graphic Sdn Bhd ("CK Graphic") and the proposed issue of 37,500,000 fully paid ordinary shares in the Company to the shareholders of CK Graphic at an issue price of \$0.20, with 37,500,000 attaching options exercisable at \$0.20 per share within three years of the date of issue, as consideration for the CK Graphic acquisition.
- 1.2 The Financial Information as set out Section 5 of the Prospectus has been prepared in accordance with the general disclosure requirements of the Corporations Act 2001 to assist investors make an informed assessment of the financial position and performance of PMR.
- 1.3 The future prospects of PMR, assuming completion of the proposed transactions, are not addressed in this report. This report also does not address the rights attaching to the shares to be issued pursuant to the Prospectus, nor the risks associated with the investment.

RSM Bird Cameron
Corporate Pty Ltd
ABN 82 050 508 024
AFS Licence No 255847

Major Offices in:
Perth, Sydney,
Melbourne, Adelaide,
Canberra and Brisbane

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the Directors of RSM Bird Cameron. RSM Bird Cameron is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

**RSM Bird Cameron Corporate Pty Ltd**

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2. Background

- 2.1 PMR was admitted to the official list of the ASX on 2 December 2011 and is a junior exploration company, focused on exploring and developing lead, zinc, silver, copper and gold metal properties primarily in northern NSW. Up until August 2014, the Company was a subsidiary of Sovereign Gold Company Limited ("SOC").
- 2.2 On 18 November 2013, PMR acquired a 100% interest in the Peel Fault Gold Project located in north-east NSW (comprising 9 Exploration Licences set out below), previously the subject of a farm-in and joint venture with Mount Adrah Gold Limited (formerly Gossan Hill Gold Limited), a subsidiary of SOC. The Company issued 2,000,000 ordinary shares as consideration for the Peel Fault Gold Project acquisition.
- 2.3 PMR's exploration focus had previously been on its Halls Peak silver, lead and zinc project, located in northern NSW. The Halls Peaks tenements comprised 3 Exploration Licences ("EL"), EL 4474, EL 5339 and EL 7679.
- 2.4 On 18 August 2014, PMR shareholders approved a special resolution to cancel 64,000,000 PMR shares held by SOC for \$nil consideration. Shareholders also approved the transfer of the Halls Peak tenements to SOC for consideration of 1,000,000 SOC shares issued to PMR.
- 2.5 Following the cancellation of the PMR shares, the Company's total ordinary shares on issue was reduced to 23,000,000, effective from 1 September 2014.
- 2.6 On 14 October 2014, PMR announced that the Company had signed a binding term sheet for the purpose of acquiring 100% of the issued equity of CK Graphic ("the Proposed Transaction").
- 2.7 CK Graphic is a private Malaysian company specialising in the production of 3-dimensional ("3D") graphic images (both from an interior and exterior architectural perspective) and 3D animation. CK Graphic also produces bespoke applications.
- 2.8 CK Graphic's customers primarily comprise real estate developers, architects, and interior design businesses. CK Graphic's customers require the production of 3D graphic images, architectural rendering and 3D animation clips for marketing, advertising and project development purposes.
- 2.9 The consideration is the issue of 37,500,000 fully paid ordinary shares in PMR at \$0.20 per share in PMR to the shareholders of CK Graphic, with 37,500,000 attaching options exercisable at \$0.20 per share within three years of the date of issue ("Consideration").
- 2.10 In consideration for entering into the binding term sheet, 1,000,000 new ordinary shares in PMR at \$0.20 per share were placed with an incoming director, Zhang Li, raising \$200,000 for working capital purposes.
- 2.11 PMR's current exploration tenements comprise the following:
- Peel Fault Gold Project, comprising 8 Exploration Licences, EL 6648, EL 7863, EL 7862, EL 7725, EL 7726, EL 8161, EL 8211 and EL 8277. Another tenement in relation to the Peel Fault Gold Project, EL 8227, was relinquished by the Company subsequent to the issue of the NOM;
 - Hortons Gold Project (Hortons Gold Drill Target) comprising EL 8147; and



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- Broken Hill Gold Project (Panama Hat Drill Target) comprising EL 8024. Another tenement in relation to the Broken Hill Gold Project, EL 8023, has expired and not been renewed.
- 2.12 Conditions precedent to the Proposed Transaction include the following:
- CK Graphic currently owns an office premise that was previously used by the business but is now owned for investment purposes. The premise was acquired in March 2011 for total consideration of RM550,000 (circa \$183,000 at the prevailing exchange rates in March 2011) and has been included in non-current assets. A condition precedent to the Proposed Transaction requires CK Graphic to enter into a contract of sale of the office premise under which the property is sold to a third party for RM550,000, with settlement of that sale being conditional on the loan facility from Public Bank Berhad (which was used to purchase the premise) being extinguished; and
 - At 31 October 2014, PMR disclosed a 9% interest bearing loan from Hudson Corporate Limited ("HCL") of \$1,164,787. A condition precedent to the Proposed Transaction requires PMR to enter into an agreement with HCL under which HCL agrees to convert \$1,100,000 of the debt into fully paid ordinary shares issued by PMR at a rate of \$0.20 per share, comprising a total of 5,500,000 fully paid ordinary shares in PMR.
- 2.13 Conditions precedent to the Proposed Transaction also include a capital raising to raise a minimum of \$4,000,000 to comply with Chapters 1 and 2 of the ASX Listing Rules, through the issue of a further 20,000,000 fully paid ordinary shares, at \$0.20 per share.



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3. Scope of Examination

3.1. You have requested RSM Bird Cameron Corporate Pty Ltd to prepare an Investigating Accountant's Report ("Report") for inclusion in the Prospectus covering the following information included in the Financial Information Section of the Prospectus (Section 5):

- the Reviewed Consolidated Statement of Comprehensive Income of PMR for the half-year ended 30 June 2014 and the Audited Consolidated Statement of Comprehensive Income of PMR for the years ended 31 December 2013 and 31 December 2012;
- the Audited Statement of Comprehensive Income of CK Graphic for the years ended 30 June 2014, 30 June 2013 and 30 June 2012;
- the Restated Statement of Comprehensive Income of CK Graphic for the years ended 30 June 2014 and 30 June 2013;
- the Reviewed Consolidated Statement of Financial Position of PMR as at 30 June 2014;
- the Audited Statement of Financial Position of CK Graphic as at 30 June 2014 and 30 June 2013; and
- the Restated Statement of Financial Position of CK Graphic as at 30 June 2014.

together, the Historical Financial Information;

- the Consolidated Pro-Forma Statement of Financial Performance of PMR for the half-year ended 30 June 2014, and the Consolidated Pro-Forma Statement of Financial Performance of PMR for the years ended 31 December 2013 and 31 December 2012, illustrating the combined historical results of the Company and CK Graphic for the half-year ended 30 June 2014, and the years ended 31 December 2013 and 31 December 2012, and assuming the completion of transactions summarised in Section 5 Note 2 of the Prospectus; and
- the Consolidated Pro-Forma Statement of Financial Position of PMR as at 30 June 2014, assuming the completion of transactions summarised in Section 5 Note 2 of the Prospectus.

together, the Pro-Forma Financial Information.

- 3.2. The financial information has been prepared and presented in accordance with the accounting policies set out in Note 1 to the Financial Information.
- 3.3. The Historical Financial Information of PMR for the half-year ended 30 June 2014 is extracted from the financial report for the half-year ended 30 June 2014, which was reviewed by K.S. Black & Co. and on which no matter was identified that would result in K.S. Black & Co. considering that the financial report did not give a true and fair view of PMR's financial position at 30 June 2014 and of its performance for the half-year ended on that date.
- 3.4. The Historical Financial Information of PMR for the year ended 31 December 2013 is extracted from the financial report for the year ended 31 December 2013, which was audited by K.S. Black & Co. and on which an unqualified audit opinion was issued.



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- 3.5. The Historical Financial Information of PMR for the year ended 31 December 2012 is extracted from the financial report for the year ended 31 December 2012, which was audited by K.S. Black & Co. and on which an unqualified audit opinion was issued.
- 3.6. The Historical Financial Information of CK Graphic for the year ended 30 June 2014 is extracted from the financial report for the year ended 30 June 2014, which was audited by Lesmond Lee & Co. and on which an unqualified audit opinion was issued.
- 3.7. The Historical Financial Information of CK Graphic for the year ended 30 June 2013 is extracted from the financial report for the year ended 30 June 2013, which was audited by Lesmond Lee & Co. and on which an unqualified audit opinion was issued.
- 3.8. The Historical Financial Information of CK Graphic for the year ended 30 June 2012 is extracted from the financial report for the year ended 30 June 2012, which was audited by Lesmond Lee & Co. and on which an unqualified audit opinion was issued.
- 3.9. The Restated Historical Financial Information of CK Graphic for the year ended 30 June 2014 is extracted from the financial report for the year ended 30 June 2014 and includes the restatement of revenue for the year ended 30 June 2014, consistent with PMR's revenue recognition policies.
- 3.10. The Restated Historical Financial Information of CK Graphic for the year ended 30 June 2013 is extracted from the financial report for the year ended 30 June 2013 and includes the restatement of revenue for the year ended 30 June 2013, consistent with PMR's revenue recognition policies.
- 3.11. The Pro-Forma Financial Information has been derived from the historical financial information, as described above, after reflecting the pro-forma adjustments detailed in Section 5 Note 2 of the Prospectus.
- 3.12. The Pro-Forma Financial Information is presented in abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the *Corporations Act 2001*.
- 3.13. We have reviewed the Historical Financial Information and Pro-Forma Financial Information (the Financial Information) in order to report whether anything has come to our attention which causes us to believe that the Financial Information, as set out in Section 5 of the Prospectus, is not presented fairly in accordance with the basis of preparation as disclosed in Section 5 of the Prospectus and the accounting policies adopted by the Company as disclosed in Section 5 of the Prospectus.
- 3.14. Our review has been conducted in accordance with ASAE 3450 "Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information".
- 3.15. We made such enquiries and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:
 - an analytical review of all the financial information presented, including a review of the reasonableness of the adjustments used to compile the Pro-Forma Financial Information;
 - a comparison of consistency in the application of the recognition and measurement principles in Accounting Standards (including Australian Accounting Interpretations) and the accounting policies adopted by the Company and disclosed in Note 1 to the Financial Information;
 - inspection of financial records; and

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- enquiries of directors and management.

3.16. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and accordingly, we do not express an audit opinion on the Financial Information.

4. Responsibility

4.1. The Directors are responsible for the preparation and presentation of the Historical Financial Information and Pro-Forma Financial Information, including the determination of the pro-forma adjustments.

4.2. It is our responsibility to review the Historical and Pro-Forma Financial Information and report thereon. We disclaim any responsibility for any reliance on this report or the financial information to which it relates for any other purpose other than for which it is prepared. This report should be read in conjunction with the rest of the Prospectus.

5. Subsequent Events

5.1. Since 1 July 2014, PMR has continued to incur operational costs (primarily minimum exploration expenditure commitments and lease payments) in relation to the development of its mineral tenements.

5.2. In addition, PMR has undertaken the following material transactions which are reflected as adjustments in the Pro-Forma Financial Information::

- the divestment of the Halls Peak tenements and financial investment in Hudson SPC Pty Ltd to SOC in exchange for the cancellation of 64,000,000 PMR shares previously held by SOC. The transaction was completed on 1 September 2014;
- the completion of a capital raising on 14 October 2014 to raise \$200,000 through the issue of 1,000,000 new ordinary shares in the Company at \$0.20 per share to Zhang Li, for working capital purposes; and
- the completion of a capital raising on 5 January 2015 undertaken by PMR to raise \$100,000 through the issue of 500,000 new ordinary shares in the Company at \$0.20 per share, for working capital purposes.

5.3. Apart from the matters dealt with in this report, having regard to the scope of our work, to the best of our knowledge and belief, no material transactions or events outside the ordinary business of the Company have come to our attention that are not otherwise disclosed in this Prospectus, which require further comment upon or adjustment to, the information referred to in this report, or which would cause the information in this report to be misleading or deceptive.

6. Review Statement on Historical and Pro-Forma Financial Information

6.1. Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Financial Information set out in Section 5 of the Prospectus is not presented fairly in accordance with the basis of preparation as disclosed in Section 5 of the Prospectus.



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7. Declaration

- 7.1. RSM Bird Cameron Corporate Pty Ltd is a licensed investment adviser under the Corporations Act 2001 and is beneficially owned by the directors of RSM Bird Cameron, a large national firm of chartered accountants.
- 7.2. Mr Glyn Yates is a director and representative of RSM Bird Cameron Corporate Pty Ltd and a director of RSM Bird Cameron. He has professional qualifications and experience appropriate to the advice offered.
- 7.3. RSM Bird Cameron Corporate Pty Ltd has acted as Investigating Accountant for the Company but has not been involved in the preparation of any other part of this Prospectus. Accordingly, we make no representations as to the completeness and accuracy of the information in any other part of this Prospectus. RSM Bird Cameron Corporate Pty Ltd has not made and will not make any recommendation, through the issue of this report, to potential investors in the Company as to the merits of the investment.
- 7.4. RSM Bird Cameron Corporate Pty Ltd will receive a fee for the preparation of this report based on actual hours spent on the assignment at normal professional rates. With the exception of the above fees, neither Mr Glyn Yates nor RSM Bird Cameron Corporate Pty Ltd will receive any other benefits, either directly or indirectly, from the preparation of this report and have no pecuniary or other interest which could be regarded as affecting the ability to provide an unbiased opinion in relation to the proposed transaction.
- 7.5. RSM Bird Cameron Corporate Pty Ltd has consented to the inclusion of this report in the Prospectus in the form and context in which it appears. At the date of this report, this consent has not been withdrawn.

Yours faithfully

A handwritten signature in blue ink that reads "Glyn Yates".

Glyn Yates
Director

7. Additional Information

7.1 Constitution

A copy of the Constitution of the Company will be accessible on the website of the Company and may be inspected at the registered office of the Company during normal business hours by appointment with the Company Secretary.

(a) Shares

There is only one class of Company Shares. The Shares issued under this Prospectus will be fully paid shares. Detailed provisions relating to the rights attaching to Shares are set out in the Constitution and the *Corporations Act*. The Company has adopted a constitution of the kind usually adopted by a public company listed on the ASX. The following is a broad summary of the key provisions in the Constitution and the rights attaching to Shares.

(b) General meetings

Each Shareholder is entitled to receive notice of and be present, to vote and speak at general meetings of the Company.

(c) Voting rights

At a general meeting every Shareholder present (in person or by proxy, attorney or representative) has one vote on a show of hands. Every Shareholder present (in person or by proxy, attorney or representative) has one vote per fully paid Share on a poll, except in respect of each partly paid Share held by a Shareholder, where the Shareholder has a fraction of a vote for each partly paid Share they hold. This is subject to any other rights or restrictions attached to any Shares.

(d) Dividend rights

Subject to any special rights or restrictions attached to a Share, each holder of a fully paid Share will participate in all dividends declared after their issue and rank equally with all existing Shares. Dividends are declared by the Directors at their discretion and, subject to any special rights, are payable on all Shares in proportion to the amount of capital for the time being paid up or credited as paid up on those Shares.

(e) Rights on winding up

Subject to any special rights and restrictions attached to Shares, on a winding up any surplus must be divided among the Shareholders in the proportion that the amount paid up on the Shares bears to the total amount paid up on all Shares on issue. Subject to any special rights and restrictions attached to Shares, on a winding up, a liquidator of the Company may, with the sanction of a special resolution of Shareholders, divide among Shareholders the whole or any part of the property of the Company and may decide how to distribute the property as between the Shareholders.

(f) Transfer of shares

Subject to the Constitution, the *Corporations Act* and the ASX Listing Rules, generally, Shares are freely transferable.

(g) Future changes in capital

Subject to the ASX Listing Rules and the Constitution, the Directors may issue, grant options over, or otherwise dispose of Shares on such conditions, at such times and with the preferred, deferred or other special rights or restrictions as the Directors think fit. Subject to the *Corporations Act* and the ASX Listing Rules, the Company may by resolution, consolidate and divide its share capital or reduce its share capital and buy back its Shares.

(h) Variation of rights

The Company may only vary or cancel the rights attaching to any class of shares, or convert shares from one class to another, by a special resolution of the Company and a special resolution passed at a meeting of the holders of shares in that class or the written consent of Shareholders with at least 75% of the votes in that class.

(i) Marketable parcels

Subject to certain conditions, the Company may sell non-marketable parcels of Shares on issue as agent for the holders of those parcels.

Shareholders will be provided at least six weeks' notice with preliminary notice provided at least four weeks earlier (a total of ten weeks) enabling the Shareholder to elect not to have their Shares sold.

In the event the Shareholder does not elect to retain their Shares the Shares may be sold and the proceeds held in trust on behalf of the Shareholder.

(j) Proportional takeover

The Constitution contains a proportional takeover provision, which may be renewed from time to time in accordance with the *Corporations Act*.

7.2 Corporate Governance

The Company has adopted a Corporate Governance Plan, which forms the basis of a comprehensive system of control and accountability for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ("Principles and Recommendations").

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in the corporate governance information section of the Company's website (www.pmrl.com.au/Corporate-Governance.htm).

(a) Board Responsibilities

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- maintain and increase Shareholder value;
- ensure a prudential and ethical basis for the Company's conduct and activities;
- ensure compliance with the Company's legal and regulatory objectives consistent with these goals, and to achieve this the Board assumes the following responsibilities:
 - a. developing initiatives for profit and asset growth;
 - b. reviewing the corporate, commercial and financial performance of the Company on a regular basis;
 - c. acting on behalf of, and being accountable to, the Shareholders; and
 - d. identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis;

(b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting.

However, subject thereto, the Company is committed to the following principles:

- the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and
- the principal criteria for the appointment of new Directors is their ability to add value to the Company and its business. All incumbent Directors bring an independent judgement to bear in deliberations and the current representation is considered adequate given the stage of the Company's development. The names, qualifications and relevant experience of each Director are set out in section 3.

(c) Code of Conduct

As part of its commitment to recognising the legitimate expectations of stakeholders and promoting practices necessary to maintain confidence in the Company's integrity, the Company has an established Code of Conduct (the Code) to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of PMR personnel for reporting and investigating unethical practices or circumstances where there are breaches of the Code.

These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. This Code governs all of the Company's commercial operations and the conduct of Directors, employees, consultants,

contactors and all other people when they represent the Company. This Code also governs the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices.

The Board, management and all employees of the Group are committed to implementing this Code and each individual is accountable for such compliance. A copy of the Code is given to all employees, contractors and relevant personnel, including directors, and is available on the Company's website (under "Corporate Governance").

(d) Diversity Policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, among other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

(e) Continuous Disclosure

The Board has designated PMR's Company Secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

The Board has established a written policy for ensuring compliance with ASX Listing Rule disclosure requirements and accountability at senior executive level for that compliance. A copy of the Company's continuous disclosure policy can be found on the Company's web site (under "Corporate Governance").

(f) Audit Committee and Management of Risk

The Company's board sits as the audit and risk committee.

(g) Remuneration Arrangements

The Board will decide the remuneration of an executive Director, without the affected executive Director participating in that decision-making process.

The constitution of PMR provides that Directors are entitled to remuneration as the Directors determine, but the remuneration of the non-executive Directors must not exceed, in aggregate, a maximum amount fixed by PMR in general meeting of Shareholders for that purpose. This amount has not as yet been set. Accordingly, no fees have been paid to non-executive Directors as at the date of this Prospectus.

Shareholders will be asked at the Annual General Meeting to be held in May 2015 to approve a maximum amount, which at this time is expected to be \$200,000.

A Director may be paid fees or other amounts (subject to any necessary Shareholder approval) (for example, non-cash performance incentives such as Options) as determined by the Board where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors. The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(h) Shareholder Communications

The Board tries to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions. Information is communicated to Shareholders through:

- annual and half-yearly financial reports and quarterly reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX for open access to the public; and,
- the Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

The auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

(i) Trading in the Company's Shares

The Company's Share Trading Policy prohibits Directors from taking advantage of their position or information acquired, in the course of their duties, and the misuse of information for personal gain or to cause detriment to of the Group.

Directors, senior executives and employees are required to advise the Company Secretary of their intentions prior to undertaking any transaction in PMR securities.

If an employee, officer or director is considered to possess material non-public information, they will be precluded from making a Security transaction until after the time of public release of that information.

A copy of the Company's Share Trading Policy is available on the Company's website (under "Corporate Governance").

(j) Corporate Social Responsibility

The Company is committed to conducting its operations and activities in harmony with the environment and society, and wherever practicable to work in collaboration with communities and government institutions in decision-making and activities for effective, efficient and sustainable solutions.

A copy of the Company's Environmental, Health and Social Charter is available on the Company's website (under "Corporate Governance").

(k) Departures from ASX Corporate Governance Council's Corporate Governance Principles & Recommendations (Principles & Recommendations)

The Company is required to report any departures from the Principles & Recommendations in its annual financial report.

The Company's compliance and departures from Principles & Recommendations as at the date of this Prospectus are set out in the following table:

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

PRINCIPAL	Response
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
Recommendation 1.1	
The entity should have and disclose a charter, which sets out the respective roles and responsibilities of the board, the chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management.	<p>Complies.</p> <p>The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board. The responsibilities delegated to the senior management team are set out in the Board Charter.</p> <p>The Board Charter can be viewed on the Company's website www.prrml.com.au.</p>
Recommendation 1.2	
<p>The entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.</p> <p>The entity should provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>Complies.</p> <p>The Company conducts background and reference checks for all Directors.</p> <p>These checks will be expanded to include the required checks described in Guidance Note 1, paragraph 3.15 issued by the ASX before appointing an additional person, or putting forward to Shareholders a candidate for election, as a Director.</p>
Recommendation 1.3	
The entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<p>Complies.</p> <p>All Directors have written agreements setting out the terms of their appointment (refer to section 7.4(h)). The services of the Company Secretary and the Chief Financial Officer are provided under the terms of the services agreement with HCL described in section 7.4(g).</p>

Recommendation 1.4	
<p>The company secretary of the entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>Complies.</p> <p>A Company Secretary has been appointed and is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.</p>
Recommendation 1.5	
<p>The entity should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.</p>	<p>Complies.</p> <p>The Board has established a Diversity Policy.</p>
<p>The entity should disclose in its annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.</p>	<p>The Diversity Policy is available at the Company's website and is set out in the Company's annual report.</p>
<p>The entity should disclose in its annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.</p>	<p>Details of the Company's measurable objectives for achieving gender diversity and its progress towards achieving them and the entity's gender diversity figures are set out in the Company's annual report.</p>
Recommendation 1.6	
<p>The entity should have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Will comply.</p> <p>The Company will disclose the process for evaluating the performance of the Board, its committees and individual Directors in its future annual reports.</p> <p>Details of the performance evaluations undertaken will be set out in future annual reports.</p>
Recommendation 1.7	
<p>The entity should have and disclose a process for periodically evaluating the performance of its senior executives and disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process</p>	<p>Complies.</p> <p>Senior executive key performance indicators are set annually, with performance appraised by the Board, and reviewed in detail by the Board.</p> <p>The internal review is to be conducted on an annual basis and if deemed necessary an independent third party will facilitate this internal review.</p> <p>Details of the performance evaluations undertaken will be set out in future annual reports.</p>
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE	
Recommendation 2.1	
<p>The entity's board should have a nomination committee, which has at least three members, a majority of whom are independent directors and is chaired by an independent director.</p>	<p>Does not comply.</p> <p>The Company does not have a nomination committee.</p>
<p>The entity should disclose the charter of the committee, the members of the committee and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</p>	<p>Currently the role of the nomination committee is undertaken by the full Board. The Company intends to establish a nomination committee once the Company's operations are of sufficient magnitude.</p>
<p>If the entity does not have a nomination committee, it should disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>	<p>The Company does not have a nomination committee. The Board evaluates the skills, experience of its members and then determines whether additional members should be invited to the Board to complement or replace the existing members.</p>
Recommendation 2.2	
<p>The entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>Does not yet comply.</p> <p>The Company intends to develop a board skill matrix setting out the mix of skills and diversity the Board has and requires within 2015. The skill matrix will be available at the Company's website once finalised.</p>

Recommendation 2.3	
<p>The entity should disclose the names of the directors considered by the board to be independent directors and the length of service of each director.</p>	<p>Complies.</p> <p>Madam Zhang Li and Ramakrishnan S Navaratnam, appointed 14 October 2014 as nominee directors of the Vendors. They are considered as independent as they were appointed after the decision to acquire CK Graphic was made and have not participated in the investigations relating to the acquisition.</p>
<p>The entity should disclose if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion.</p>	<p>The independence of directors and the length of service of each director are set out in the Company's annual report.</p> <p>Details of any relevant interest, position, association or relationship impacting upon a director's independence will be set out in the Company's annual report.</p>
Recommendation 2.4	
<p>A majority of the board of the entity should be independent directors.</p>	<p>Does not comply.</p> <p>At the present time 50% of the board are independent. Jacob Rebek has resigned as CEO and will be considered independent six months following his resignation</p>
Recommendation 2.5	
<p>The chair of the board of the entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>Partly complies.</p> <p>The chair is not independent, appointed by Mayfair Capital Limited, PMR's largest shareholder at the date of his appointment; he is also a director of Sanston Securities, the lead manager and corporate financial advisor to the Offer.</p> <p>The Company currently does not have a CEO. The Board considers that given its current size and structure it is neither appropriate nor cost effective to have a distinct CEO.</p> <p>The chair performs the CEO "functions" and is responsible to the directors for the general and overall management of the Company.</p>
Recommendation 2.6	
<p>The entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	<p>Does not yet comply.</p> <p>Currently the induction of new Directors and plan for professional development is managed informally by the full Board.</p> <p>During 2015, the Company intends to develop a formal program for inducting new Directors and providing appropriate professional development opportunities.</p>
PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY	
Recommendation 3.1	
<p>The entity should establish a code of conduct and disclose the code or a summary of the code.</p>	<p>Complies.</p> <p>The Board has established a Code of Conduct to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of the Group's personnel for reporting and investigating unethical practices or circumstances where there are beaches of the Code.</p> <p>The Code of Conduct can be viewed on the Company's website.</p>
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING	
Recommendation 4.1	
<p>The board of the entity should have an audit committee, which consists only of non-executive directors, a majority of which are independent directors and is chaired by an independent chair, who is not chair of the board.</p>	<p>Does not comply.</p> <p>The entire board sits as the audit committee.</p> <p>The size of the company is such that it does not warrant the establishment of a seperate audit committee at this time.</p>

<p>The entity should disclose the charter of the committee, the members of the committee and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</p>	<p>The Board sits as the Audit and Risk Committee.</p> <p>Members of the Board have appropriate and relevant financial experience to act in this capacity.</p> <p>The Board has established an Audit and Risk Committee Charter.</p> <p>A summary of the charter and details of the number of times the committee met throughout the period and the individual attendances of the members at those meetings are set out in the Company's annual report.</p> <p>The full Audit and Risk Committee charter can be viewed on the Company's website.</p>
<p>Recommendation 4.2</p>	
<p>The board should disclose whether it has, before approving the entity's financial statements for a financial period received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risks.</p>	<p>Complies.</p> <p>The Board requires the Chief Executive Officer and Chief Financial Officer to provide such a statement before approving the entity's financial statements for a financial period.</p> <p>The chair performs the function of CEO for this purpose.</p>
<p>Recommendation 4.3</p>	
<p>When the entity has an AGM it should ensure that its external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>Complies.</p> <p>The external auditor attends the AGM and is available to answer questions from Security Holders relevant to the audit.</p>
<p>PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE</p>	
<p>Recommendation 5.1</p>	
<p>The entity should established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclosed those policies or a summary of those policies.</p>	<p>Complies.</p> <p>The Company has a written policy on information disclosure. The focus of these policies and procedures is continuous disclosure and improving access to information for investors.</p> <p>Details of the entity's continuous disclosure policy can be viewed on the Company's website.</p>
<p>PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS</p>	
<p>Recommendation 6.1</p>	
<p>The entity should provide information about itself and its governance to investors via its website.</p>	<p>Complies.</p> <p>The Company has provided specific information about itself and its key personnel and has developed a comprehensive Corporate Governance Plan.</p> <p>Details can be found at the Company's website.</p>
<p>Recommendation 6.2</p>	
<p>The entity should design and implement an investor relations program to facilitate effective two-way communication with shareholders.</p>	<p>Complies.</p> <p>The Company has established a Shareholder's Communication Policy. The Company recognises the importance of forthright communications and aims to ensure that the shareholders are informed of all major developments affecting the Company.</p> <p>Details of the Shareholder's Communication Policy can be found at the Company's website.</p>

Recommendation 6.3	
The entity should disclose the policies and processes it has in place to facilitate and encourage participation at general meetings	Complies. The Shareholder’s Communication Policy is available on the Company’s website and details are set out in the Company’s annual report.
Recommendation 6.4	
A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies. The Company has provided the option to receive communications from, and send communications to, the entity and its security registry electronically.
PRINCIPLE 7: RECOGNISE AND MANAGE RISK	
Recommendation 7.1	
The board of the entity should have a committee or committees to oversee risk each of which has at least three members, a majority of whom are independent directors and is chaired by an independent director.	Does not yet comply. The Audit and Risk Committee currently consists of two members, one of which is independent.
The entity should disclose the charter of the committee, the members of the committee and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	The Board has established an Audit and Risk Committee. Details of the number of times the committee met throughout the period and the individual attendances of the members at those meetings will be set out in the Company’s annual report.
Recommendation 7.2	
The board or board committee should review the entity’s risk management framework with management at least annually to satisfy it that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board.	Complies.
The entity should also disclose in relation to each reporting period, whether such a review has taken place.	The Board determines the Company’s “risk profile” and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Board has delegated to the Audit and Risk Committee the responsibility for implementing the risk management system. Details of the number of times the committee conducted a risk management review in relation to each reporting period will be disclosed in its annual reports.
Recommendation 7.3	
The entity should disclose if it has an internal audit function, how the function is structured and what role it performs. If the entity does not have an internal audit function, the entity should disclose that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Does not yet comply. The Board has delegated the internal audit function to the Audit and Risk Committee and intends to establish and implement the structure and role of the internal audit function. The Company will disclose the details of the internal audit function in its future annual reports.
Recommendation 7.4	
The entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Complies. The Company has an Audit and Risk committee appointed to manage economic sustainability and risk. With respect to the Tenements the Company complies with environmental regulatory requirements and risk through the relevant authorities issued pursuant to permits from the NSW Department of Trade and Investment (Resources & Energy).

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY	
Recommendation 8.1	
The board should establish a remuneration committee, which has at least three members, a majority of whom are independent directors and is chaired by an independent director.	Does not comply.
If the entity does not have a remuneration committee, the entity should disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	<p>The Board has adopted a Remuneration Committee Charter.</p> <p>However, the Company is not of a size that justifies having a separate Remuneration Committee so matters typically considered by such a committee are dealt with by the full Board.</p> <p>The Board intends to engage the services of an independent adviser to review the level and composition of remuneration for Directors and senior executives to ensure that such remuneration is appropriate and not excessive.</p>
Recommendation 8.2	
The entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.	<p>Complies.</p> <p>The Company distinguishes the structure of Non-executive Directors' remuneration from that of Executive Directors and senior executives.</p> <p>Details of the policies and practices regarding remuneration are set out in the Company's annual report.</p> <p>The Remuneration Committee Charter can be viewed on the Company's website.</p>
Recommendation 8.3	
If the entity has an equity-based remuneration scheme, the entity should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise), which limit the economic risk of participating in the scheme, and disclose that policy or a summary of it.	<p>Complies.</p> <p>The Company's Share Trading Policy prohibits executive staff from undertaking hedging or other strategies that could limit the economic risk associated with Company Securities issued under any equity based remuneration scheme.</p> <p>The Share Trading Policy can be viewed on the Company's website.</p>

7.3 Litigation

The Group is not involved in any actual or threatened litigation, which could have a material effect on the Company.

7.4 Material contracts

(a) Share Sale Agreement

General

The Company entered into the Share Sale Agreement with the Vendors on 16 December 2014 to acquire all of the issued share capital of CK Graphic (**Acquisition**). The consideration for the Acquisition is the issue of the following Securities to the Vendors:

- 37,500,000 Shares (with a notional value of \$0.20 per share) (**Consideration Shares**); and
- 37,500,000 unlisted options over Shares (**Consideration Options**) exercisable at a price of \$0.20 per option and at any time before the third anniversary of completion of the Acquisition.

The Vendors will also retain the net proceeds of the sale of freehold property currently owned by CK Graphic (with the proceeds of that sale expected to be approximately \$132,000) after the finance facilities relating to that property have been paid out.

Conditions precedent

Completion of the Acquisition is subject to a number of conditions precedent. These conditions must be waived or satisfied prior to 31 March 2015 (or such other date agreed between the parties). These conditions include:

- The results of any legal, commercial, financial and tax due diligence investigation carried out by (or on behalf of) the Vendors in relation to the Company being satisfactory to the Vendors.
- The results of the Company's due diligence investigation in relation to the Vendors, CK Graphic and its business being satisfactory to the Company.

- (iii) Certain prohibited events (e.g. winding up, insolvency, share capital reductions, charging or encumbering all or a material part of the business or property, adopting a new constitution etc) (**Prescribed Occurrences**) not occurring in relation to CK Graphic between 16 December 2014 and the date of completion of the Acquisition.
- (iv) No Prescribed Occurrence occurring in relation to the Company or any of its subsidiaries between 16 December 2014 and the date of completion of the Acquisition.
- (v) The Company holding a general meeting of Shareholders and obtaining the requisite Shareholder approvals for the transaction contemplated by the Share Sale Agreement and to deal with any other related matters identified by the Company, including:
 - a. approval under rule 11.1.2 of the ASX Listing Rules;
 - b. approval under item 7 of section 611 of the *Corporations Act* for the Vendors to obtain a relevant interest in the Consideration Shares;
 - c. to the extent permitted by law, approval under item 7 of section 611 of the *Corporations Act* for the Vendors to obtain a relevant interest in any Shares arising from the exercise of any of the Consideration Options;
 - d. approval under item 7 of section 611 of the *Corporations Act* for the Company to obtain a relevant interest in the Consideration Shares by virtue of certain escrow restrictions contained in the Share Sale Agreement;
 - e. to the extent permitted by law, approval under item 7 of section 611 of the *Corporations Act* for the Company to obtain a relevant interest (by virtue of certain escrow restrictions contained in the Share Sale Agreement) in any Shares arising from the exercise of any of the Consideration Options; and
 - f. all approvals required under chapter 7 of the ASX Listing Rules to issue the Consideration Shares and Consideration Options (and any Shares arising from the exercise of any of the Consideration Options).
- (vi) The Company issuing a disclosure document offering for:
 - a. investors to subscribe for fully paid ordinary class shares issued by the Company at an issue price of \$0.20 per share, and the Company receiving valid applications and subscription money (in cleared funds) of no less than \$4,000,000 (i.e. this Prospectus); and
 - b. to the extent required by the Company, the Vendors to subscribe for the Consideration Shares and the Consideration Options as contemplated by the Share Sale Agreement.
- (vii) The Vendors and CK Graphic complying with certain obligations under the Share Sale Agreement requiring them to facilitate the satisfaction of the conditions precedent.
- (viii) The Company obtaining all necessary ASIC and ASX approvals in relation to the transactions contemplated by the Share Sale Agreement.
- (ix) The Company receiving a letter from the ASX confirming that the ASX will remove the trading suspension that (as at the date of the Share Sale Agreement) will apply in relation to the Shares, with any conditions imposed by the ASX in that letter being reasonably acceptable to the Company.
- (x) The Company and CK Graphic obtaining all necessary consents (on terms and conditions in all respects reasonably satisfactory to both the Company and CK Graphic) from relevant third parties to the sale of the CK Graphic shares from the Vendors to the Company and the allotment of the Consideration Shares and the Consideration Options to the Vendors (including any consents required in connection with any contracts or arrangements that are material to the Company or any of its subsidiaries, CK Graphic or any of its subsidiaries and/or CK Graphic's business).
- (xi) CK Graphic and the Vendors (or nominees of the Vendors) entering into a contract to sell certain commercial property owned by CK Graphic (and located in Malaysia) to a third party for approximately \$200,000, with settlement of such sale being conditional on the loan used to purchase that property being extinguished and the related security being released.
- (xii) The Vendors entering into written employment contracts with CK Graphic.
- (xiii) The Company:
 - a. entering into an agreement with Hudson Corporate Limited (**HCL**) under which HCL agrees to convert all amounts owing by the Company to HCL (estimated to be approximately A\$1,100,000 as at the date of the Share Sale Agreement) into Shares at a rate of \$0.20 per share, on terms reasonably satisfactory to the Vendors and the Company; and

- b. issuing all Shares required by that agreement.

Termination

The Share Sale Agreement may be terminated:

- (i) by either the Company or the Vendors in the event that the conditions precedent to completion under the Share Sale Agreement are not satisfied (and remain satisfied) or waived by 31 March 2015; or
- (ii) on the occurrence of certain events of default, by notice from a non-defaulting party to the other parties at any time prior to completion of the Acquisition. The termination events of default include a breach of the Share Sale Agreement; a warranty being or becoming false, misleading or incorrect; a material adverse change occurring in relation to the business, assets or financial or trading position of CK Graphic; and a material adverse change occurring in relation to the business, assets or financial or trading position of the Company or any of its subsidiaries.

Warranties and indemnities – the Vendors

The Share Sale Agreement includes typical vendor warranties from the Vendors and, until completion of the Acquisition, from CK Graphic (together the **Warrantors**), in favour of the Company, including in relation to title to the CK Graphic shares and capacity of the Vendors to enter into the Share Sale Agreement.

The Warrantors must indemnify the Company on demand from and against any claim or liability that the Company or CK Graphic pays, suffers, incurs or is liable for as a direct or indirect result of any warranties of the Warrantors being untrue, inaccurate, misleading or deceptive.

Tax indemnity – the Vendors

The Vendors must indemnify the Company (and on and from completion of the Acquisition, the Company and CK Graphic) on demand for:

- (i) the amount payable by or loss incurred by the Company or CK Graphic as a result of any tax claim, to the extent that it relates to any period that ends on or before 5:00 pm on the date of completion of the Acquisition or arises as a result of or in respect of, or by reference to, any event, act or failure to act that occurs, or is deemed to occur, on or before or because of completion of the Acquisition; and
- (ii) any liability that the Company or CK Graphic may suffer or incur as a result of the Company or CK Graphic complying with certain tax enquiries relating to CK Graphic.

Warranties and indemnities – the Company

The Company has provided certain warranties for the benefit of the Vendors, including warranties relating to authority, capacity, solvency, capital structure, its compliance with obligations under the ASX Listing Rules and the existence of any litigation or claims against it.

Completion

Completion under the Share Sale Agreement is required to take place on the first date by which all the conditions precedent have been satisfied or waived. At completion the Company must issue 37,500,000 Consideration Shares and 37,500,000 Consideration Options to the Vendors, and in exchange, the Vendors must take all action to effectively transfer to the Company 100% of the shares in CK Graphic.

Exclusivity

The parties have agreed to liaise exclusively with each other in connection with the Acquisition on and from 16 December 2014 until 31 March 2015.

Escrow

For a period of 12 months on and from the date of completion of the Acquisition (**Escrow Period**), the Vendors must not sell, transfer, dispose of, encumber or create any security interest in, agree to do any of these things or do anything else that would have the effect of transferring effective ownership or control of the Consideration Shares, Consideration Options or any other Securities issued by the Company to the Vendors during the Escrow Period.

(b) Current Directors and Officers Indemnity Agreements

The Company has entered into an Indemnity and Access Agreement with each current Director, the Company Secretary and the Chief Financial Officer (each an **Officer**). The terms of each agreement provide for the Company:

- (i) to indemnify the relevant Officer against certain liabilities incurred as an officer of the Company or any other company in the Company's group;

- (ii) to ensure that the Company uses its best commercial endeavours to maintain Directors and Officers insurance for the benefit of the relevant Officer in relation to acts and omissions of the relevant Officer in their capacity as an officer of the Company; and
- (iii) to give access to the relevant Officer to documents (excluding a document created after the Officer ceases to be an officer of the Company) for the purposes of any claims where the Officer is a party, witness or otherwise and the Officer is involved because they are or were an officer of the Company or any other company in the Company's group.

Shareholder approval has not been sought in relation to any financial benefit to a Director because the Directors consider that the provision of this financial benefit is permitted without shareholder approval under section 212 of the *Corporations Act*.

(c) **Sanston Mandate**

The Offer is managed by Sanston pursuant to a Mandate Letter dated 9 September 2014 and accepted by the Company on 25 September 2014 (**Mandate Letter**). Under the Mandate Letter, Sanston has agreed to arrange and manage the Offer.

Payment and consideration

The Company has agreed to pay to Sanston the following:

- (i) IPO Success Fee – comprising of a cash fee of \$80,000 plus GST and the issue of 3,500,000 options to purchase ordinary shares in the Company at an exercise price of \$0.20 per option and with an exercise period expiring 36 months after the issuance of the options (the options issued pursuant to the Sanston Mandate will be issued subject to approval by Shareholders pursuant to ASX Listing Rule 10.11);
- (ii) Management Fee – a management fee of 1% of the funds raised under the Offer (irrespective of whether funds were raised from investors introduced by Sanston or not), plus GST; and
- (iii) Selling Fee – a selling fee of 5% of the gross amount raised under the Offer through investors introduced by Sanston, its related entities or employees (excluding any investors introduced to Sanston by CK Graphic), plus GST.

The cash component of the IPO Success Fee, the Management Fee and the Selling Fee will be payable on the Offer settlement date. The options in the Company (being part of the IPO Success Fee) will be issued following approval by Shareholders pursuant to ASX Listing Rule 10.11.

In addition to the fees described above, the Company has agreed to reimburse Sanston for certain agreed costs and expenses incurred by Sanston in relation to the Offer.

Termination events

Sanston may terminate its obligations under the Mandate Letter by notice to the Company if in Sanston's sole and absolute opinion any of the following events occur before the allotment of Shares under the Offer or such other time as specified below:

- (i) the Australian equity capital market conditions and/or ASX trading conditions are such that they are not conducive to the successful completion of the Mandate Letter, or other events beyond the control of Sanston are so material and adverse as to make it impracticable or inadvisable to proceed with the new equity issue on the terms and in the manner contemplated in the Mandate Letter;
- (ii) there is a material adverse effect (including any adverse change in the assets, liabilities, financial position of prospects of the Company as disclosed publicly and/or to Sanston), other than in relation to costs incurred by the Company in relation to the Offer;
- (iii) there is a false or misleading statement or a material omission in the material or information supplied by the Company to Sanston or included in the materials presented to Sanston;
- (iv) any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or the international financial markets, or any material adverse change occurs in national or international political, financial or economic conditions, in each case the effect of which is that it is impracticable to market the new issue or enforce any contract to issue and allot the new shares or that the success of the new issue under the Offer is likely to be adversely affected;
- (v) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia a new law, or the Reserve Bank of Australia or any Federal or State authority of Australia adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Mandate Letter), which does or is likely to prohibit or regulate financial institutions or credit providers, capital issues or stock markets;

- (vi) the ASX gives formal or informal notice that the Securities of the Company will not be admitted to trading on the Official List;
- (vii) default by the Company of any term of the Mandate Letter;
- (viii) any of the warranties or representations by the Company in the Mandate Letter are or become materially untrue;
- (ix) a director or proposed director of the Company is charged with an indictable offence or disqualified from managing a corporation under the Corporations Act;
- (x) ASIC issues, or threatens to issue, a proceeding, hearing or investigation in relation to the Offer; or
- (xi) any government agency (including ASIC) commences or announces its intention to commence any public action, hearing or investigation against the Company or any of its Directors in their capacity as a director of the Company.

If the Mandate Letter is terminated by Sanston for cause or by the Company for any reason, then the Company has agreed to pay to Sanston a termination fee of \$30,000 plus GST, together with reimbursement of any costs and expenses already incurred.

Undertakings and other terms

The Company has given an undertaking that, during the 12 month period after the Closing Date of the Offer, it will not offer, sell or market, contract to sell, enter into any transaction having the economic effect of a sale or otherwise dispose of, directly or indirectly, any Shares in the Company or any Securities that are convertible into Shares in the Company without the prior written consent of Sanston.

Indemnity

Except where any losses are directly and solely resulting from the wilful default, fraud or gross negligence of the indemnified parties, the Company has agreed to indemnify Sanston, its associates, related companies, directors, agents and staff against any loss arising directly or indirectly from or in relation to the Offer, the Mandate Letter (including a breach of the Mandate Letter), any advertising, publicity, statements and reports in relation to the Offer made by or with the agreement of the Company, the Prospectus or any document accompanying the Prospectus, any material non-compliance by the Company, its officers or employees with any applicable law, regulation or rule in relation to the Offer, and any review or investigation by ASIC, the ASX or any other governmental authority or agency.

Future capital raising

The Company has agreed to offer Sanston the lead role in any further equity capital raisings undertaken in connection with the Company within 12 months of completion of the Offer, subject to competitive terms in respect of pricing, fees and timing relative to market practices at the time.

Sanston is a related party of the Company because of its connection with Frank Licciardello. Shareholder approval has not been sought in relation to this financial benefit to Mr Licciardello because the other Directors consider that the terms of the Mandate Letter are on arm's length terms (or terms less favourable to Sanston than arm's length terms).

(d) Transaction with Sovereign Gold

On 9 April 2014, the Company announced that it had reached an agreement with Sovereign Gold Company Limited (**SOC**) to enter into a transaction resulting in:

- (i) the Company carrying out a selective capital reduction cancelling 64 million Shares held by SOC for zero consideration; and
- (ii) SOC acquiring 2 NSW exploration licences (EL 4474 and EL 5339) from subsidiaries of the Company, together with all of the Company's interest in Hudson SPC Pty Ltd, in exchange for being issued 1 million fully paid ordinary class shares issued by SOC.

Approval to enter into this transaction was obtained from Shareholders of the Company at the general meeting held on 18 August 2014.

Completion of the selective capital reduction and the transfer of shares in Hudson SPC Pty Ltd has now completed. Formal transfer of the two exploration licences has not yet occurred and these tenements are being held on trust for SOC until the transfers have been processed by the relevant government department.

(e) Acquisition of Peel Gold Project

On 16 July 2013, the Company entered into a Farm-In and Joint Venture Agreement with Gossan Hill Gold Limited (now known as Mount Adrah Gold Limited) under which the Company was entitled to earn a 70% interest in the Peel Fault Gold Project.

On 18 November 2013, the Company acquired a 100% interest in the Peel Fault Gold Project through the acquisition of all of the shares in Peel Gold Pty Ltd and Peel Gold North Pty Ltd (being the holders of the Peel Fault Gold Project tenements) from Mount Adrah Gold Limited (formerly Gossan Hill Gold Limited).

At the time of the acquisition, the "Peel Fault Gold Project" consisted of the following exploration licences and exploration licence applications in New South Wales:

- (i) EL 6648;
- (ii) EL 7862;
- (iii) EL 7863;
- (iv) EL 7725;
- (v) EL 7726;
- (vi) EL 8161;
- (vii) EL 8211;
- (viii) EL 8227(subsequently relinquished); and
- (ix) ELA 4897 (which later became EL 8277).

Consideration for the acquisition was in the form of an allotment of 2 million Shares issued by the Company to Mount Adrah Gold Limited.

The share sale agreement terminated the previous farm-in and joint-venture arrangements that had been entered into by the parties on 16 July 2013. A number of warranties were given by Mount Adrah Gold Limited in relation to the tenements and the applicable holding companies. However, the period for making any warranty claims has now expired.

On or around 7 January 2014, the ASX contacted the Company requesting clarification of the relationship between the Company and Mount Adrah Gold Limited and the ASX then formed the view that the transaction required Shareholder approval under ASX Listing Rule 10.1 on the basis that the Company and Mount Adrah Gold Limited were related parties. The Company undertook to take corrective action and obtained approval from Shareholders for the acquisition at an extraordinary general meeting of the Company held on 4 April 2014.

(f) Debt Conversion Agreement

As at 30 September 2014, the Company was indebted to HCL for not less than \$1,164,512 from a loan facility (of up to \$1,500,000). The facility had been provided for the Company's benefit (with interest being charged at a rate of 9% per annum).

On 24 October 2014, the Company and HCL agreed that HCL would convert \$1,100,000 of the debt to equity on the terms and conditions outlined in a Debt Conversion Agreement. The material terms are:

- (i) HCL will subscribe for 5,500,000 new Shares at \$0.20 per Share;
- (ii) Completion of the subscription requires the Company to obtain any regulatory approvals required; and
- (iii) The conversion is subject to Shareholders approving the allotment of Shares to HCL.

(g) Hudson Services Agreement

The Company has entered into a services agreement with HCL that commenced on 1 September 2014 and expires 3 months after either party gives notice that the services will no longer be required (unless terminated earlier).

Under the terms of the services agreement, HCL agrees to provide the following services to the Company (at the election of the Company):

- (i) Executive services (including arranging for individuals to fill the roles of managerial positions required by the Company and provide any other executive or managerial services required by the Company);
- (ii) Financial/accounting services (including arranging for accountants, financial controllers and other professionals to carry on work on behalf of the Company);
- (iii) Company secretarial services (including the provision of individuals to fill the role of Company Secretary);
- (iv) Office services and facilities (including the provision of the premises that the Company may occupy and operate as its registered office and principal place of business); and

- (v) Miscellaneous services (being other services that may be requested by the Company from time to time).

HCL may terminate the services agreement if an insolvency event occurs with respect to the Company or the Company defaults in paying any fees and does not rectify that default within 30 days of receiving written notice from HCL.

The Company may terminate the services agreement if an insolvency event occurs with respect to HCL or HCL fails to provide any of the services it is required to provide to the Company under the services agreement and does not rectify that default within 30 days of receiving written notice from the Company.

HCL is not to be reimbursed by the Company for the expenses incurred in providing the services.

The Company is currently required to pay \$8,000 per month to HCL.

HCL must act in good faith towards the Company, including being just and faithful in all its activities and dealings with the Company and provide the services with due care and skill and in a competent and professional manner and in compliance with the laws of the jurisdictions in which the services are provided. HCL must comply with all relevant laws and promptly and fully inform the Company about all matters affecting or likely to affect the Company, which come to HCL's knowledge.

HCL and the Company have given mutual indemnities for any liability, loss, damage, reasonable legal costs and expenses incurred by the other arising from a breach by the other party, a fraudulent or wilful act or omission or dishonest conduct of the other party (unless such breach, act, omission or conduct was caused by a breach of the services agreement by the other party or as a result complying with the other party's specific directions).

The services agreement is not an exclusive arrangement and the Company can engage any other person to provide similar services to it.

(h) Directorial services agreements

The Company has entered into directorial services agreements with each current Director for their services as non-executive directors (**Directorial Services Agreements**).

Subject to Shareholders approving the maximum aggregate amount payable to non-executive Directors under the Directorial Services Agreements for the purpose of ASX Listing Rule 10.17, all Directors other than Frank Licciardello will receive a salary of \$36,000 per year (plus any statutory superannuation requirement). Frank Licciardello (as Chairman) will receive a salary of \$72,000 per year (plus superannuation). In addition, the Company will reimburse the relevant Director for all reasonable travel, accommodation and other expenses that they may incur in connection with the performance of their duties as a Director.

The Directorial Services Agreements will terminate when the relevant Director ceases to be a Director in accordance with the Constitution, such as where the Director:

- (i) resigns;
- (i) is removed from office in a general meeting;
- (ii) is absent (without the consent of the other Directors) from all Directors' meetings over any 6 month period;
- (iii) becomes mentally incapable; or
- (iv) automatically retires as provided for in the Constitution.

If a Director is terminated for any reason before the first anniversary of their appointment to the Board, the relevant Director will be entitled to a payment equivalent to 3 months' worth of salary (plus any applicable superannuation). After the first anniversary of their appointment to the Board, this termination payment will increase to six months' worth of salary (plus any applicable superannuation).

7.5 Summary of Options

Employee Share Option Plan

The Company has adopted an employee share option plan (**ESOP**) for its employees. Employees eligible to participate in the ESOP are determined by the Board and include executive and non-executive Directors, permanent employees of the Group and associates of those employees.

The following current and former officeholders and employees have previously been issued Options under the ESOP.

Name	Position	No of options
John Foley	Former director	250,000
Bruce Dennis	Former director	250,000
Peter Kennewell	Former director/former chief executive officer	500,000
Michael Leu	Former director	250,000
Peter Meers	Former director	250,000
Francis Choy	Chief financial officer	100,000
Julian Rockett	Former co company secretary	100,000
Henry Kinstlinger	Co company secretary	250,000
Total		1,950,000

Each Option issued under the ESOP has an exercise price of \$0.30 and may be exercised at any time up until 5 pm on 24 October 2016.

Each Option entitles the holder to be issued one Share upon being exercised. However, the number of Shares issued on exercise of an Option may be adjusted to take account of Securities issued by the Company (e.g. bonus and rights issues) and to take account of reconstructions of the Company's share capital (e.g. subdivisions and consolidations of the Shares). Any such adjustments/alterations must be done strictly in accordance with the requirements of the ASX Listing Rules.

The holders of Options under the ESOP are prohibited from transferring, assigning, encumbering or otherwise disposing of any Options unless they obtain approval from the Board.

Other Options

Upon completion of this Offer, the Company will have issued (or agreed to issue) the following Options:

Description	Exercise Price	No of Options	Expiry
Employee Share Option Plan	\$0.30	1,950,000	5pm (Sydney time) on 24 October 2016
Options issued pursuant to Share Sale Agreement	\$0.20	37,500,000	3 years after completion under the Share Sale Agreement
Options issued pursuant to the Sanston Mandate*	\$0.20	3,500,000	3 years after the date of allotment of those Options
Total upon completion of this Offer		42,950,000	

* The Options issued pursuant to the Sanston Mandate will be issued after approval from Shareholders has been obtained under ASX Listing Rule 10.11.

Each Option entitles the holder to acquire one Share at an exercise price indicated above.

An Option may be exercised at any time before they expire (as indicated in the table above).

The exercise of Options issued under the ESOP (and to be issued to the Vendors) are subject to the Company receiving any necessary Shareholder approvals under the *Corporations Act* and the ASX Listing Rules.

In the case of the Options issued to the Vendors, the exercise of those Options may require additional approval from

Shareholders under item 7 of section 611 of the Corporations Act. Following the escrow period that will apply to those Options, the holders of those Options will also only be permitted to transfer those Options to a transferee that would not require a disclosure document to be issued to them under the *Corporations Act* in order for that transferee to be issued Shares as a result of the exercise of those Options.

The terms of the Options issued under the ESOP and to be issued to the Vendors include provisions providing that the rights of an Option holder will be changed to the extent necessary to comply with the ASX Listing Rules.

The terms of those Options also provide that the relevant Option holder cannot participate in new issues without exercising their Option.

The terms of issue associated with the Options to be issued under the Sanston Mandate have not been finalised. It is intended that these Options will be issued with standard terms that comply with the requirements of the *Corporations Act* and the ASX Listing Rules.

7.6 Interests of Directors

Other than set out below or elsewhere in this Prospectus:

- (a) No Director or proposed Director of the Company and no firm in which a Director of the Company is or was at the relevant time a partner has, or has had in the 2 years before lodgement of this Prospectus, any interest in the promotion of, or in any property proposed to be acquired by, the Company; and
- (b) No amounts, whether in cash or Shares or otherwise, have been paid or agreed to be paid to any Director or proposed Director of the Company (or any firm in which he or she is or was a partner) either to induce him or her to become, or to qualify him or her as, a Director, or otherwise for services rendered by him or her or by the firm in connection with the promotion or formation of the Company.

7.7 Security Holdings of Directors and associates

Directors are not required under the Constitution to hold any Shares.

Directors hold the following Securities directly (or indirectly through their associates):

Director	Direct	Indirect	Options
Francesco Licciardello	Nil	Nil	3,500,000*
Ramakrishnan S Navaratnam	Nil	Nil	Nil
Zhang Li	1,000,000	Nil	Nil
Jacob Rebek	Nil	Nil	Nil

*3,500,000 Options are to be issued to Sanston pursuant to the Sanston Mandate (see section 7.4(c)). Francesco Licciardello is a director and shareholder of Sanston.

Upon completion occurring under the Share Sale Agreement, 37,500,000 Shares and 37,500,000 Options will be issued to the Vendors. Ramakrishnan Navaratnam and Zhang Li have been appointed to the Board as representatives of the Vendors.

7.8 Directors' fees

Directors are entitled to remuneration out of the funds of the Company but the remuneration of the non-executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. Subject to obtaining Shareholder approval, the maximum aggregate remuneration of the non-executive Directors will be fixed at \$200,000 per annum to be apportioned among the non-executive Directors in such manner as the Board determines. It is currently anticipated that Shareholders will be asked to approve this \$200,000 per annum remuneration allowance at the next annual general meeting of the Company.

Subject to obtaining the relevant Shareholder approval, Directors at the date of this Prospectus will be entitled to \$3,000 remuneration per month (plus superannuation). That remuneration, at the Director's discretion, will be payable in the form of cash or, subject to Shareholder approval, in Shares. The Chairman will be entitled to \$6,000 per month (plus superannuation).

Jacob Rebek additionally provides geological services on an ad hoc basis and is paid \$1,000 per day (excluding GST) in addition this salary as a non-executive Director. These services are not the subject of any formal employment or services contract. The relevant scope of works and associated payment is agreed by the Board before any work is conducted.

The Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at the Board meetings and otherwise in the execution of their duties as Directors.

7.9 Interests of experts and advisers

This section applies to persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoters of the Company and financial services licensees involved in the Offer (collectively **Prescribed Persons**). Other than as set out below or elsewhere in this Prospectus, no Prescribed Person has, or has had in the last 2 years, any interest in:

- (a) The formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired in connection with the formation or promotion of the Company or the Offer; or
- (c) the offer of Shares under this Prospectus.

Other than as set out below or elsewhere in this Prospectus, no benefit has been given or agreed to be given to any Prescribed Person for services provided by a Prescribed Person in connection with the:

- (a) formation or promotion of the Company; or
- (b) Offer of Shares under this Prospectus.

RSM Bird Cameron has acted as Investigating Accountants to the Offer and has performed work in relation to due diligence enquiries, for which it will be paid \$15,000 (plus GST and disbursements). Robert Pyper and Minnelex Pty Ltd prepared the independent technical assessment and valuation of the exploration tenements held by PMR included as Appendix 5 to the Investigating Accountants Report for which they were paid \$4,700 excluding GST (included in RSM Bird Cameron's fee).

Sierra Legal has acted as the Australian legal adviser to the Offer, and has performed work in relation to due diligence enquiries, for which it will be paid \$55,000 (plus GST and disbursements). Additionally, Sierra Legal will be paid \$320 (plus GST) per hour for work outside the scope of their engagement.

Sanston has acted as lead manager to the Offer and will be paid:

- (a) a cash fee of \$80,000 (plus GST);
- (b) a management fee equal to 1% of the funds raised under the Offer (\$40,000 (plus GST) assuming \$4 million is raised); and
- (c) an additional fee equal to 5% of the funds raised under the Offer through investors introduced by Sanston, its related entities or employees (\$200,000 (plus GST) assuming \$4 million is raised from investors introduced by Sanston).

Subject to Shareholder approval being obtained, Sanston will also be issued 3,500,000 Options with an exercise price of \$0.20 per Option.

7.10 Expenses of the Offer

Other than as stated in this Prospectus, all expenses connected with the Offer are being borne by the proceeds from the Issue.

7.11 Escrow arrangements

As at the date of this Prospectus, voluntary escrow arrangements have been entered into between the Company and Zhang Li, and a 12 month voluntary escrow period has also been agreed with the Vendors in relation to the Shares and Options to be issued under the Share Sale Agreement. However it is anticipated that under the ASX Listing Rules, the ASX may require Shares held by the Vendors and other existing Shareholders to be escrowed for a maximum of two years.

The ASX may require other Securities issued pursuant to this Prospectus to be escrowed for a period of time determined by the ASX.

7.12 Consents and disclaimers

RSM Bird Cameron Corporate Pty Ltd has consented in writing to the inclusion in this Prospectus of the Investigating Accountant's Report (and parts of the Independent Expert Report attached to the NOM) in the form and context in which they appear and, at the time of lodgement of this Prospectus with ASIC, has not withdrawn that consent. It takes no responsibility for any part of the Prospectus other than the Investigating Accountant's Report and parts of the the Independent Expert Report attached to the NOM that are incorporated into the Prospectus.

Sierra Legal has given, and has not withdrawn before the lodgement of this Prospectus with ASIC, its written consent to be named as Australian legal adviser to the Company in the form and context in which it is named. Sierra Legal takes no responsibility for any part of this Prospectus other than any reference to its name.

K. S. Black and Co has given, and has not withdrawn before the lodgement of this Prospectus with ASIC, its written consent to be named as Auditors of Precious Metal Resources Limited in the form and context in which it is named. K. S. Black and Co has had no involvement in the preparation of any part of the Prospectus other than being named as Auditor of PMR.

Lesmond Lee & Co has given, and has not withdrawn before the lodgement of this Prospectus with ASIC, its written consent to be named as Auditors of CK Graphic in the form and context in which it is named. Lesmond Lee & Co has had no involvement in the preparation of any part of the Prospectus other than being named as Auditor of CK Graphic.

Sanston has given, and has not withdrawn before the lodgement of this Prospectus with ASIC, its written consent to be named as lead manager in the form and context in which it is named. Sanston takes no responsibility for any part of this Prospectus other than any reference to its name.

Robert Pyper and Minnelex Pty Ltd have given, and have not withdrawn before the lodgement of this Prospectus with ASIC, their written consent to be named as the Company's expert geologist and for the inclusion in this Prospectus by reference of the "independent technical assessment and valuation of the exploration tenements held by PMR" included with the NOM (**Technical Report and Valuation**), in the form and context in which it appears. They take no responsibility for any part of the Prospectus other than the Technical Report and Valuation.

CK Graphic and the Vendors have given, and have not withdrawn before the lodgement of this Prospectus with ASIC, their written consent to be named in the Prospectus in the form and context in which they are named. CK Graphic and the Vendors take no responsibility for any part of this Prospectus other than any reference to their names.

Computershare Investor Services Pty Limited has given, and has not withdrawn before the lodgement of this Prospectus with ASIC, its written consent to be being named as the Company's Share Registry in the form and context in which it is named.

Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registry to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

7.13 Documents available for inspection

The following documents are available for inspection at the offices of the Company during business hours:

- Constitution;
- material contracts referred to in section 7.4; and
- the NOM.

7.14 Major security holders

As at the date of this Prospectus the major shareholders (>3%) of the Company are:

Shareholder	No Shares	% Shares held
MAYFAIR CAPITAL LIMITED	4,263,000	17.40
SOVEREIGN GOLD COMPANY LIMITED	3,570,938	14.58
SAKURA CAPITAL LIMITED	2,939,424	12.00
GOSSAN HILL GOLD LIMITED	2,000,000	8.16
CODE NOMINEES PTY LTD <MATA>	1,800,000	7.35
ZHANG LI	1,000,000	4.08
MR RICHARD YAP	1,000,000	4.08
GANESAN SIVANDAM	750,000	3.06

As at the date of this Prospectus the Option holders of the Company are:

Name	No of Options
FOLEY, John	250,000
DENNIS, Bruce	250,000
KENNEWELL, Peter	500,000
LEU, Michael Roby	250,000
MEERS, Peter	250,000
CHOY, Francis	100,000
ROCKETT, Julian	100,000
KINSTLINGER, Henry	250,000
	1,950,000

All Options referred to in the table above are exercisable at \$0.30 with an expiry date of 24 October 2016.

The Company has entered into agreements to enter into an additional 41,000,000 Options.

Further details of the number and terms of all the Options are set out in section 7.5.

8. Directors statement

The Directors report that, in their opinion, since the date of the financial statements used in the preparation of the Investigating Accountant's Report, no circumstances have arisen that materially affect or will materially affect the profitability of the Company or the value of the Company's assets and liabilities, except as disclosed in this Prospectus. The Directors have consented to the lodgement of this Prospectus with ASIC.

Signed by Francesco (Frank) Licciardello, a Director of the Company, pursuant to section 351 of the *Corporations Act*, for the purposes of lodgement of this Prospectus with ASIC.



Francesco (Frank) Licciardello
Director

9. Glossary

Terms and abbreviations used in this Prospectus have the following meaning:

A\$ or \$	an Australian dollar
Applicant	a person who submits an Application
Application	an application for Shares under this Prospectus
Application Form	an application form in the form attached to this Prospectus
Application Monies	the Application price multiplied by the number of Shares applied for
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ACN 008 624 691)
ASX Listing Rules	the official listing rules of ASX
Board	Board of Directors of the Company for the time being
Business Day	a day, other than a Saturday or Sunday, on which banks are open for general banking business in Sydney
CK Graphic or CK Graphic Sdn Bhd	CK Graphic Sdn Bhd (Company No: 765554-W) of 12A-3 Jalan PJU 8/5C Perdana Business Centre, Bandar Damansara Perdana, 47820 Petaling Jaya, Selangor, Malaysia
Closing Date	the date by which valid acceptances must be received by the Share Registry, being 15 April 2015 or such other date determined by the Board
Conditions of the Offer	The conditions precedent of the Offer, being satisfaction of the conditions precedent under the Share Sale Agreement (or waiver of any one or more of those conditions precedent in accordance with the Share Sale Agreement) and completion occurring under the Share Sale Agreement
Constitution	Constitution of the Company as registered with ASIC and as amended from time to time
Corporations Act	the Corporations Act 2001 (Cth) – an Act to make provision in relation to corporations and financial products and services, and for other purposes
Debt Conversion Agreement	the agreement between the Company and HCL referred to in section 7.4(f)
Director	a director of the Company
EBIT	earnings before interest and tax
EBITDA	earnings before interest, tax, depreciation and amortisation
EL	an exploration licence issued by the Department of Trade & Investment pursuant to the <i>Mining Act 1992 (NSW)</i>
Exposure Period	the period commencing on the date of lodgement of this Prospectus with ASIC and ending 7 days after that date, or 14 days after that date if the period is extended by ASIC
Extraordinary General Meeting	the general meeting of Shareholders of the Company scheduled to be held on 25 February 2015 to consider (among other things) the acquisition of CK Graphic
Group	the Company and its subsidiaries
HCL	Hudson Corporate Limited (ACN 075 068 923) of Level 2 Hudson House, 131 Macquarie St Sydney NSW 2000
Hudson SPC	Hudson SPC Pty Ltd (ACN 161 194 172)

Investigating Accountant's Report	The Investigating Accountant's Report presented in section 6 of this Prospectus
Issue	the issue of Shares in accordance with this Prospectus
Merged Group	the Company and each of its subsidiaries following the completion of the acquisition of CK Graphic
NOM	Notice of Meeting and Explanatory Statement (including Independent Expert's Report and independent technical assessment and valuation of the tenements held by PMR) dated 19 January 2015 and released to the ASX on the same date
Offer	the offer of 20,000,000 Shares pursuant to and in accordance with this Prospectus
Offer Period	period from 26 February 2015 to 15 April 2015 when the Offer is made
Official List	the official list of entities that ASX has admitted and not removed
Official Quotation	Reinstatement to the Official List
Opening Date	26 February 2015
Option	an option that may be exercised by the holder to acquire a Share
PMR, Precious Metal Resources Limited, Frontier Capital Group Limited or Company	Precious Metal Resources Limited (to be renamed Frontier Capital Group Limited) (ACN 145 105 148) of Level 2 Hudson House, 131 Macquarie St Sydney NSW 2000 and where the context so permits or requires, includes any related body corporate including subsidiaries
Prospectus	this Prospectus dated 18 February 2015 as modified or varied by any replacement or supplementary Prospectus made by the Company and lodged with ASIC from time to time, and any electronic copy of this Prospectus, replacement prospectus and supplementary Prospectus
Restricted Securities	has the same meaning as in ASX Listing Rule 19.12
Sanston	Sanston Securities Australia Pty Ltd (ACN 156 057 064, AFSL Representative No. 423253), Lead Manager
Sanston Mandate	The mandate described in section 7.4(c)
Securities	has the same meaning as in section 92 of the <i>Corporations Act</i>
Security Holders or Shareholders	the shareholders of the Company from time to time
Share Sale Agreement	the Share Sale Agreement dated 16 December 2014 between the Company and the Vendors to acquire all of the issued capital of CK Graphic as described in section 7.4(a)
Shares	ordinary fully paid shares in the capital of the Company
SOC	Sovereign Gold Company Limited (ACN 145 184 667) of Level 2 Hudson House, 131 Macquarie St Sydney NSW 2000
Subsidiary Companies	The wholly owned subsidiaries of the Company as described in the "Business Overview" section
Sydney time	Australian Eastern Daylight Time or Australian Eastern Standard Time in effect at the relevant time
Tenements	Peel Fault Gold Project – EL 6648, EL 7863, EL 7862, EL 7725, EL 7726, EL 8161, EL 8211 and EL 8277 Hortons Gold Project – EL 8147 Broken Hill Gold Project – EL 8024
Vendors	Ooi Chin Keat and Tam Chen Kien (the shareholders of CK Graphic)

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Precious Metal Resources Limited

to be renamed Frontier Capital Group Limited

ACN 145 105 148

Application Form

Prospectus dated 18 February 2015

This Application Form is important.

If you are in doubt as to how to deal with it please contact your stockbroker or professional adviser without delay. You should read the entire Prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus.

Broker Code

Adviser Code

A I/we apply for

Number of shares in Precious Metal Resources at \$0.20 per share or such lesser number of shares which may be allocated to me/us

B I/we lodge full Application Money

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name	Given Name(s)	Surname
<input type="text"/>	<input type="text"/>	<input type="text"/>

Joint Applicant 2 or Account Designation
<input type="text"/>

Joint Applicant 3 or Account Designation
<input type="text"/>

D Enter your postal address - Include State and Postcode

Unit	Street Number	Street Name or PO Box /Other Information
<input type="text"/>	<input type="text"/>	<input type="text"/>

City / Suburb / Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>

E Enter your contact details

F CHESS Participant

Holder Identification Number (HIN)

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the IPO will be held on the Issuer Sponsored subregister.

Payment details – Please note that funds are unable to be directly debited from your bank account

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

Please make your cheque or bank draft payable to "Precious Metal Resources Limited"

Please by submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

See back of form for completion guidelines

How to complete this form

A Shares Applied for

Enter the number of shares you wish to apply for. The application must be for a minimum of 10,000 shares. Applications for greater than 10,000 shares must be in multiples of 1,000 shares.

B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of shares by the price per share.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F CHES

Precious Metal Resources Limited (the Company) will apply to the ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Securities Exchange Limited. In CHES, the company will operate an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of shares allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G Payment

Make your cheque or bank draft payable to "Precious Metal Resources Limited" in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. **Please note that funds are unable to be directly debited from your bank account.**

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the applicant(s) should read this Prospectus to which this application relates. By lodging the Application Form, the Applicant agrees that this application for shares in Precious Metal Resources Limited is upon and subject to the terms of the Prospectus and the Constitution of Precious Metal Resources Limited, agrees to take any number of shares that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all detail and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited Melbourne by no later than 5.00pm (AEDT) on 15 April 2015. You should allow sufficient time for this to occur. Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited
GPO Box 2115
MELBOURNE VIC 8060

Neither Computershare nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate; to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning your application, please contact the Company on +61 2 9251 7177.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

