PRECIOUS METAL RESOURCES LIMITED
TO BE RENAMED FRONTIER CAPITAL GROUP LIMITED

ACN 145 105 148

ANNUAL REPORT 2014

FCG

FRONTIER CAPITAL GROUP LIMITED

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CORPORATE DIRECTORY

Precious Metal Resources Limited

(to be renamed Frontier Capital Group Ltd)

ACN 145 105 148
ABN 88 145 105 148

Registered and Corporate Office

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Sydney NSW 2000

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Website: www.pmrl.com.au

Directors

Francesco (Frank) Licciardello (Chairman & CEO)
Madam Zhang Li
Ram Navaratnam
Rado Jacob Rebek

Joint Company Secretaries

Henry Kinstlinger
Julian Rockett

Auditors

K.S. Black & Co
Level 6
350 Kent Street
Sydney NSW 2000
Telephone: +61 2 8839 3000

Share Registry

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GPO Box 2975
Melbourne VIC 3001
Australia

Telephone: 1300 850 505

Lawyers

Sierra Legal Pty Ltd
Level 9, 499 St Kilda Road
Melbourne VIC 2004
Telephone: +61 7 3102 9650

Bankers

Australia & New Zealand Banking Group Limited
Level 16,
20 Martin Place
Sydney NSW 2000

Telephone: +61 2 9227 1818

St George Bank Limited
Level 14, 182 George St
Sydney NSW 2200
Telephone: +61 2 9236 2230

ASX Code – PMR (to change to FCG)

Precious Metal Resources Limited shares are listed on the Australian Securities Exchange.

This financial report covers the Consolidated Entity consisting of Precious Metal Resources Limited and its controlled entities.

Precious Metal Resources Limited is a company limited by shares, incorporated and domiciled in Australia.

Precious Metal Resources Limited is changing its ASX code to FCG concurrent with the change of name.

CHAIRMAN'S REVIEW 2014

Dear Shareholders,

Since admission to the ASX on 2 December 2011, your Company's primary activities and focus was as an explorer of precious and base metals in New South Wales focusing on developing lead, zinc, silver, copper and gold. The Company was previously a subsidiary of Sovereign Gold Company Limited (ASX: SOC), that shared similar exploration objectives.

In August 2014 when Sovereign Gold Company Limited ceased to be a major shareholder, and as a result of the Company's restructure, the Board completed a review of its assets and the base metal sector in general. Following an assessment of the long term capital requirements identified to implement its exploration programs in difficult investment conditions, the Board began to review growth and development opportunities outside the exploration sector.

The results of the Board's reviews was to identify the commercial opportunity presented by CK Graphic Sdn Bhd. Established in 2003, CK Graphic has achieved solid growth and profit for shareholders providing its high tech services to clients both in Malaysia and internationally.

Change of Nature and Scale of Activities

The Company signed a term sheet for the acquisition of CK Graphic Sdn Bhd, a Malaysian based digital visual communications company and on 16 December 2014 the Company executed a sale and purchase agreement to acquire all of the issued capital of CK Graphic Sdn Bhd. Pursuant to all conditions precedent being met or otherwise waived, the Company plans to complete the acquisition on or before 31 March 2015.

We thank shareholders for overwhelmingly approving the CK Graphic acquisition resolutions at the recent extraordinary general meeting held on 25 February 2015. With your support, I am pleased to report the Company remains firmly on track to complete this acquisition by the end of March 2015. On the basis that the public offer to raise a minimum of $4.0 million is successful, the Directors believe that the new capital and the CK Graphic acquisition will provide a solid foundation for the future of your Company. In particular, the recapitalisation brings to the Company the capacity to identify and exploit further growth opportunities in the visual communication sector in South East-Asia and Australia and review other attractive potential investments within and outside the sector.

Future Direction

The Company's first focus is to review investments that will generate positive cashflow and profit in the short and long term. The CK Graphic transaction, in our view, satisfies both criteria. Following the intended completion later this month, the Board will move to implement its corporate policies and continue reviewing its exploration leases to extract maximum value for shareholders in determining whether to retain (in whole or part) or sell these assets.

The Directors believe that the current capital raising being offered via a short form prospectus lodged with ASIC on 18 February 2015 will succeed based on early indications of strong interest from current and potential investors. We encourage shareholders to participate in the offer following their seeking independent professional investment advice.

The year ahead presents the opportunity to finalise the new Board's change in strategy and focus. This will include the reviewing of other acquisition opportunities with potential to see positive returns for shareholders.

Finally, I wish to extend my thanks to John Dawkins, John Foley, Michael Leu, Peter Kennewell, Peter Meers and Bruce Dennis for their contribution to the Company during their tenures and wish them the best in their future endeavours.

Francesco (Frank) Licciardello
Chairman
10 March 2015

REVIEW OF OPERATIONS

This Review covers the twelve month period to 31 December 2014.

Summary

Corporate – 2014

20 February 2014	Appointment of Rado Jacob Rebek as Chief Executive Officer of Precious Metal Resources Limited (**PMR or the Company**).
4 April 2014	Shareholders approved the acquisition of the Peel Fault Gold Project tenements from Mount Adrah Gold Limited (formerly Gossan Hill Gold Limited), for the consideration of the issue of 2 million PMR shares.
9 April 2014	Corporate restructure announced between the Company and Sovereign Gold Company Limited (**SOC**) whereby SOC would relinquish control of the Company via a selective capital reduction of 64 million shares and SOC would acquire certain Company's tenements, allowing it to focus on its Peel Fault Gold Project Tenements.
27 May 2014	Annual General Meeting held and all resolutions put to the meeting were passed.
18 August 2014	Shareholders approved the corporate restructure announced on 9 April 2014 and Frank Licciardello was appointed as a director and John Dawkins, John Foley, Michael Leu, Peter Meers and Peter Kennewell resigned (with our thanks) as directors.
7 October 2014	The Company issued 1 million shares at 20 cents each to a sophisticated investor to fund ongoing operations.
14 October 2014	The Company entered into a binding term sheet for the acquisition of CK Graphic Sdn Bhd (**CK Graphic**), a visual communication company based in Malaysia, subject to shareholder agreement (approved on 25 February 2015). A condition precedent of the agreement is that PMR must raise a minimum of $3 million in new capital via a prospectus to issue 15 million shares at 20 cents each, subject to due diligence, thereby changing PMR's main undertaking from that of mineral explorer. Madam Zhang Li and Ramakrishnan Navaratnam were appointed directors of the Company.
31 October 2014	Bruce Dennis resigned as a director.
24 December 2014	Following the execution of a Share Sale agreement and completion of due diligence for CK Graphic acquisition, the Company announced that is to increase the minimum capital raising to $4 million via the issue of 20 million shares at 20 cents. The capital raising is a condition precedent to complete the acquisition. (Shareholders met on 25 February 2015 and approved this acquisition and also approved a change in company name to reflect the change in main undertaking).
31 December 2014	The Company issued a further 500,000 shares at 20 cents each to a sophisticated investor to fund ongoing operations.

Change in main undertaking – Acquisition of CK Graphic Sdn Bhd

The Company is acquiring CK Graphic, a Malaysian company established in 2003. This visual communications company is dedicated to creating dynamic design solutions using the latest media technology with particular expertise in visualisation technology. CK Graphic provides computer-based architectural rendering, 3D modelling and visualisation, architectural illustration, digital interior designing and walk-though animation with a Photo-Realistic output.

CK Graphic regularly completes projects for international clients. Having proved its business model in Malaysia, CK Graphic's objective is to expand its operations to Australia, other Asia Pacific countries and beyond. Its operational base will remain in Kuala Lumpur, Malaysia. Based on CK Graphic's financial results, the planned acquisition will create a cash flow positive and profitable ASX listed entity that will be initially focussed on the development of its visual communications business.

CK Graphic's customers are mainly Malaysian companies with a number of corporate customers based in Dubai. Its market is comprised primarily of real estate developers, architects and interior designers. These customers require the production of 3D graphic images and animation clips for marketing and project development. The nature of the modern specialised services provided by CK Graphic means that the market is unlimited by geography and tends to be focussed in developed and rapidly developing countries.

The independent expert appointed to evaluate the CK Graphic acquisition concluded that the proposed transaction was fair and reasonable to the Company's non-associated shareholders. The independent expert indicated that the proposed acquisition would value the equity in the Company at 50% higher following the completion of the acquisition.

The proposed consideration for the acquisition of CK Graphic is the issue of 37.5 million ordinary shares at 20 cents each with 37.5 million attaching consideration options exercisable at 20 cents within three years from the date of issue. The Share Sale Agreement, among other conditions precedent to be met by both parties, requires the Company to raise not less than $4 million in new capital through the issue of no less than 20 million ordinary shares priced at 20 cents each per share via a short form prospectus. The Company will change its name to Frontier Capital Group Limited to more accurately represent the change in nature of the Company. Sanston Securities Australia Pty Ltd was appointed as lead manager and corporate financial adviser to the capital raising and acquisition transaction.

Exploration

Peel Fault Gold Project (EL 6648, EL 7863, EL 7862, EL 7725, EL 7726, EL 8161, EL 8211 and EL 8277)

Peel Fault Gold Exploration Project is located in north-east NSW (see PMR Tenements map below). The Tenements (Exploration Licences EL 6648, EL 7863, EL 7862, EL 7725, EL 7726, EL 8161, EL 8211 and EL 8277) were acquired from SOC's subsidiary, Mount Adrah Gold Limited in late 2013.

The Project area is in a favourable low cost location, close to existing infrastructure (including transport, power & water) and population centres with skilled workforce and contractors engaged in mining and related industries. The land tenure is predominantly freehold (cattle grazing land) and local community is welcoming new minage developments.

The Tenements cover a zone with historic modest scale gold mine workings in a major geological fault zone with geological characteristics similar to other major gold mining areas in Australia and overseas.

Compared with other major gold mining areas, Peel Fault project area is underexplored - to date only two targets have been drill tested.

Crow King is a highly prospective target zone with historic gold mines, located 25km SE of Barraba. In 6 drill holes completed by previous companies some encouraging drill intersections have been made. As a result of recent geological studies and sampling a new larger (bulk low grade type) target (disseminated and veinlet stockwork limonitic/sulphidic mineralisation hosted hydrothermally altered rocks with values in surface samples in 0.2 – 2.5ppm Au range) has been identified and is ready for drill testing.

In historic Spring Creek gold mining area 6km SE of Bingara, previous drilling by Freeport Australia, CRA and other companies has intersected significant gold mineralisation in ten holes. Follow-up drill testing in the sector with the ten holes that gave encouraging intersections is warranted, as well as drill testing of extensions to the NW to test the bedrock source of the Spring Creek alluvial gold deposit.

Hortons Gold Project (EL 8147)

Hortons Project is located in far north-east NSW, 40km SE of Tenterfield. Drill testing in Hortons historic gold mine are gave high grade gold intersections representing disseminated gold mineralisation in porphyry dykes. In other historic gold mine areas no drill testing has been done as yet.

Panama Hat Gold Project (EL 8024)

Panama Hat Gold Exploration Project is located 30km SE of Broken Hill. The Project area is very well located with respect to infrastructure (including transport, power & water) and Broken Hill City with skilled workforce and contractors engaged in mining and related industries. The land tenure is sheep grazing leases and local community is keen to see new mine developments.

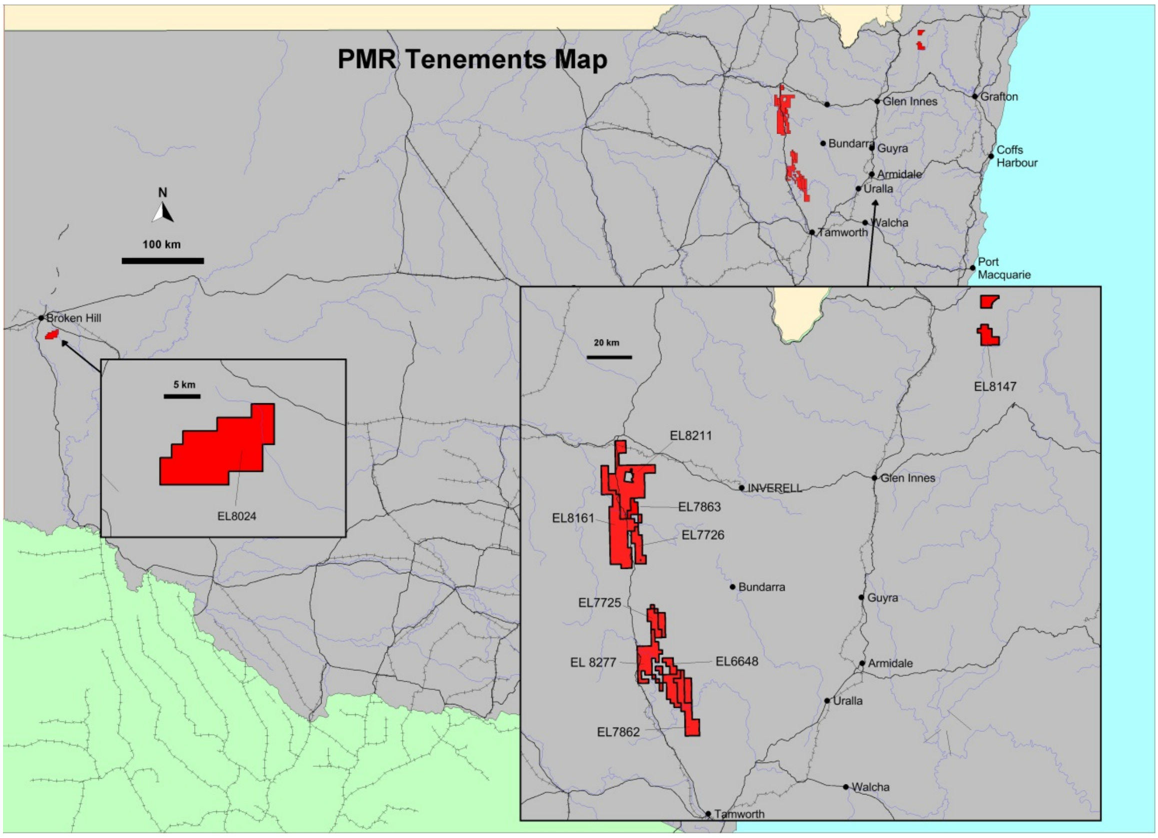
Historic Panama Hat Goldfield had been overlooked by past explorers because they were focussed on discovery of another silver-lead-zinc deposit. To date, no drilling has been done to test the zones with historic gold mines.

Gold assays of 51.1ppm Au, 35.1ppm Au, 15.25ppm Au and a number of other samples with assays in 5 - 10ppm Au range were obtained in samples collected recently from old gold mining shafts. The best results were obtained from samples representing gossanous (=limonitic) mineralised rocks. One of the zones with old gold mining shafts is continuous over a strike length of more than 1km. Drill testing focused on narrow zones with high grade gold potential is planned, because high grade ore could be trucked to Broken Hill to be processed in one of the existing mills.

Halls Peak Zinc-Lead-Copper-Silver Project (EL 7679, EL 5339 and EL 4474)

During the year, PMR sold its interests in the SUGEC joint venture tenements to SOC as part of the shareholder meeting held in August 2014 where it was approved that as part of the change in control of PMR and the subsequent share cancellation.

Location map of PMR Exploration Licences December 2014



Qualifying Statement

The information in this report that relates to Mineral Exploration is based on information compiled by Rado Jacob Rebek, who is a member of the Australasian Institute of Mining and Metallurgy and a qualified geologist and director of the Company.

Mr. Rebek has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Identified Mineral Resources, and Ore Reserves".

Mr Rebek consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT

Your directors present their report together with the financial statements on the parent entity and the consolidated entity (referred to hereafter as the **Group**) consisting of Precious Metal Resources Limited (the **Company**) and the entities it controlled at the end of or during the year ended 31 December 2014.

Principal activities

The principal continuing activities of the Group during the course of the financial year were conducting the mineral exploration and development programs.

Consolidated results

The net consolidated loss of the Group for the year ended 31 December 2014 was $1,854,335 (2013: Loss $1,292,030). The consolidated loss arises largely from mineral exploration activities.

Total Shareholders' Funds Deficit as at 31 December 2014 are $0.19 million.

Additional information on the operations of the Group is disclosed in both the Chairman's Review and the Review of Operations section of this report.

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Review of Operations on pages 4 to 6 of this annual report.

Dividends

The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.

Directors

The following persons were directors of the Company during this financial year:

Francesco (Frank) Licciardello	Chairman & CEO - Appointed 18 August 2014
Zhang Li	Non-Executive Director - Appointed 14 October 2014
Ram Navaratnam	Non-Executive Director - Appointed 14 October 2014
Rado Jacob Rebek	Non-Executive Director
Bruce Dennis	Non-Executive Director - Retired 30 October 2014
John Dawkins, AO	Non-Executive Director - Retired 18 August 2014
John Foley	Non-Executive Director - Retired 18 August 2014
Michael Leu	Non-Executive Director - Retired 18 August 2014
Peter Kennewell	Executive Director - Retired 18 August 2014
Peter Meers	Non-Executive Director - Retired 18 August 2014

Meetings of Directors

Directors	**Directors Meetings**		**Remuneration Committee ***		**Audit Committee ***	
	Attended	Held whilst in office	Attended	Held whilst in office	Attended	Held whilst in office
R. J. Rebek	3	3	2	2	2	2
Frank Licciardello*	2	2	1	1	1	1
Zhang Li ***	2	2	1	1	1	1
Ram Navaratnam***	2	2	1	1	1	1
B. Dennis	1	1	2	2	2	2
J. Dawkins	1	1	1	1	1	1
J. Foley	1	1	1	1	1	1
M. Leu	1	1	1	1	1	1
P. Kennewell	1	1	1	1	1	1
P. Meers	1	1	1	1	1	1

* The Remuneration and Audit Committees are composed of the entire Board.
** Frank Licciardello appointed on 18 August 2014
*** Zhang Li and Ram Navaratnam appointed on 14 October 2014

INFORMATION ON DIRECTORS AND MANAGEMENT

Francesco (Frank) Licciardello
Chief Executive Officer - Appointed 18 August 2014

Experience and expertise	Frank Licciardello is a director of Rio Perdido Gold Limited and Elk Orthobiologics Limited. In addition, he has extensive experience in the finance sector, being both the Managing Director of AAS Capital Pty Ltd as well as executive director of Sanston Securities Australia Pty Ltd and several other entities. He has held CEO and CFO positions for both public companies and private companies locally and globally.
Other Current Directorships of Listed Companies	None
Former Directorships in the Last Three Years of Listed Companies	Managing Director and Group CEO – Sirius Corporation Ltd
Special Responsibilities	Chairman Audit committee and Remuneration And Nomination Committee
Interests in Shares and Options	3.5 million options 3,500,000 Options are to be issued to Sanston Securities Australia Pty Ltd pursuant to the Sanston Mandate. Francesco Licciardello is a director and shareholder of Sanston.

Madam Zhang Li
Non-Executive Director - Appointed 14 October 2014

Experience and expertise	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 Zang was involved in a number of significant property projects including Bandar Alam Perdana (Kuala Lumpur), Dataran Pahlawan (Malacca), and Empire Tower (Kuala Lumpur).
Other Current Directorships of Listed Companies	Non-Executive Chairman of Top Creation Limited (Stock Code: TOPC)
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	None
Interests in Shares and Options	1 million shares

Ram Navaratnam
Non-Executive Director - Appointed 14 October 2014

Experience and expertise	Mr. Navaratnam has previously enjoyed a successful career in Fund Management, Investment Banking and Corporate Advisory in Malaysia. His expertise includes M&A, corporate restructuring, Asian Markets and Islamic Finance. He is also currently a director of RNS Funds Pty Limited. During his earliest days, 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.

Other Current Directorships of Listed Companies	None
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	None
Interests in Shares and Options	None

Rado Jacob Rebek, Cert. App.Geo
Non-Executive Director – Appointed on 12 August 2013

Experience and expertise	Rado Jacob Rebek is a geologist with forty years' experience in exploration. From 1970 to 2003 he worked at CRA Exploration and Rio Tinto in various parts of Australia and overseas. His roles included that of Exploration Manager for Papua New Guinea in the 1970's, 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 worked in teams which discovered new zinc, copper and gold deposits. Since 2003 he worked for emerging companies, generating new projects. In 2006 he started working for Hudson Resources Limited as Chief Geologist.
Other Current Directorships of Listed Companies	Non-Executive Director of Sovereign Gold Company Limited
Former Directorships in the Last Three Years of Listed Companies	Executive Director of Tiaro Coal Limited Executive Director at Australian Bauxite Limited
Special Responsibilities	None
Interests in Shares and Options	None

John Dawkins AO, BEc, RDA
Non-Executive Chairman - Appointed on 31 August 2012, retired 18 August 2014

John Foley BD LLB BL (Dub) MAICD
Non-Executive Deputy Chairman – Appointed on 27 May 2011, retired 18 August 2014

Bruce Dennis B Com LLM (UNSW)
Non-Executive Director - Appointed 8 July 2010, retired 30 October 2014

Michael Leu B Sc. (Hons I), MAIG, MAusIMM
Non-Executive Director - Appointed on 8 July 2010, retired 18 August 2014

Peter Kennewell B Sc.
Executive Director and Chief Geologist – Appointed on 27 May 2011, retired 18 August 2014

Peter J Meers, BA (Economics), FAIB
Non-Executive Director - Appointed 8 July 2010, retired 18 August 2014

OTHER OFFICERS

Henry Kinstlinger
Joint Company Secretary

	Henry Kinstlinger has, for the past thirty years, been actively involved in the financial and corporate management of a number of public companies and non-governmental organisations. He is currently the Joint Company Secretary of Australian Bauxite Limited, Sovereign Gold Company Limited, Precious Metal Resources Limited, and Raffles Capital Limited. He is a corporate consultant with broad experience in investor and community relations and corporate and statutory compliance.

Julian Rockett, B.A., LL.B. GDLP
Joint Company Secretary

	Mr Rockett's background prior to corporate work was in government services and previously worked at a Sydney commercial litigation practice. Mr Rockett is also Company Secretary for Hudson Resources Limited, Hudson Investment Group Limited and Joint Company Secretary of Australian Bauxite Limited, Raffles Capital Limited and Sovereign Gold Company Limited. In addition Mr Rockett provides corporate legal counsel to a number of listed and non-listed corporate entities and legal finance advisory services.

Francis Choy MCom MBA FCPA (HK) FCPA CA
Chief Financial Officer

	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 financing, 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.

Likely Developments

Information on likely developments in the operations of the Group, known at the date of this report has been covered generally within the report. In the opinion of the Directors providing further information would prejudice the interests of the Group.

Significant changes in state of affairs

Please refer to the Review of Operations section of this report for details.

Matters subsequent to balance date

On 25 February 2015 Shareholders approved a number of resolutions including:

The change to nature and scale of activities

The Company changed the nature of its activities and become a company focusing on the visual communication sector.

Issue of shares as consideration for the acquisition of CK Graphic Sdn Bhd

PMR will issue 37,500,000 shares in the Company along with 37,500,000 unlisted Options at $0.20 exercisable within 3 years of the issue date in consideration of the acquisition of CK Graphic Sdn Bhd.

Change of Name

At completion of the CK Graphic acquisition the Company will change its name from "Precious Metal Resources Limited" to "Frontier Capital Group Limited".

Public Offer

The issue of a minimum of 20,000,000 Shares under a Public Offer at an issue price of $0.20 per Share to raise a minimum of $4,000,000. The money raised from the Public Offer will be used to continue the Company's expansion after addressing listing expenses and working capital needs.

PMR lodged a short form prospectus with ASIC on 18 February 2015.

Issue of shares to Hudson Corporate Limited on conversion of debt

The issue of up to 5,500,000 Shares to Hudson Corporate Limited (**HCL**) in consideration for the satisfaction of $1.1 million of the HCL Debt

The details of these resolutions are contained in the Notice of Meeting dated 19 January 2015.

The Company's shares are suspended from trading pending re-compliance with Chapters 1 and 2 of the Listing Rules of the ASX.

The above matters will significantly strengthen the Company's balance sheet and will allow it to continue its operations.

The continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as they fall due is dependent on successfully raising capital and the ability of CK Graphic Sdn Bhd to achieve profitable sales growth. Until completion of the above matters, there is material uncertainty as to whether the Company will continue as a going concern and therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The Directors believe that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

At this time, the directors are of the opinion that the Public Offer will be successful ($1.6 million has been received at the date of this Report) and the CK Graphic acquisition will be completed.

No asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2014. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

At the date of this report, there are no other matters or circumstances which have arisen since 31 December 2014 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2014, of the Group;
- the results of those operations; or,
- the state of affairs, in financial years subsequent to 31 December 2014, of the Group.

Environmental regulations

The Group is subject to significant environmental regulation in respect of its exploration activities as follows:

The Company's operations in the State of New South Wales involve exploration activities. These operations are governed by the Environment Planning and Assessment Act 1979.

The Company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers.

The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are mindful of the regulatory regime in relation to the impact of the Company's activities on the environment.

To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and the Directors are not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

Environmental Code of Practice for Mineral Exploration

The Company is committed to conducting its exploration programs by following industry best practice in accordance with published government guidelines and codes.

The following policy is specific to mineral exploration on the Company's exploration projects.

Access to Land

Prior to the commencement of any work, the Company makes contact with landholders/leaseholders and discusses the general aims and types of work likely to be conducted.

Discussion with landowners, leaseholders and Native Title Claimants is ongoing. It commences prior to any work being conducted and continues throughout the program and beyond the cessation of exploration work.

The Company establishes conditions of access with landholders and where practicable, signs a written access agreement that sets out conditions and includes a schedule of agreed compensation payments.

The Company endeavours to provide landholders with ample warning prior to commencing any work and landholders are kept informed upon commencement, during and upon completion of an exploration program.

Type of Land

The type of land is determined and its inhabitants are assessed to identify areas of particular environmental concern including identification of sensitive areas or areas prone to erosion, water catchment, heritage sites, and areas home to vulnerable and endangered species.

Land use is taken into consideration and land under cultivation is not disturbed without the express consent of the landholder.

MINERAL EXPLORATION PROGRAMS

Access

The Company utilises existing tracks for access where possible.

Climatic conditions are considered when assessing areas to avoid access during extreme conditions such as during bush fire risk during hot, windy conditions and damage to tracks after heavy rain.

Surface disturbances are kept to a minimum.

Drilling

Drilling programs include rehabilitation and where possible holes are positioned in areas requiring little or no clearing. Small, manoeuvrable drill rigs are used to minimise the need for track clearing and to reduce ground compaction. Where required, topsoil is removed and stored separately so that it can be replaced during rehabilitation of the site. Ground sheets are used where required to avoid oil/fuel spills contaminating the soil.

Rehabilitation

Drill sites are rehabilitated as soon as practicable and drill holes are filled and capped where necessary. Landholders are asked to confirm at the end of each program that exploration has been conducted to their satisfaction and that sites have been rehabilitated.

REMUNERATION REPORT – AUDITED

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

This report outlines the remuneration arrangements in place for Directors and Executives of the Company.

Remuneration Committee

The Remuneration Committee, which presently consists of the whole Board, will serve to determine the remuneration levels of any Executive Director's remuneration (including base salary, incentive payments, equity awards and service contracts) and remuneration issues for Non-Executive Directors.

Francesco (Frank) is Chairman of the Remuneration Committee until his retirement. When decisions are made concerning the remuneration of a Board member, the Board member will not be present while the remuneration decision is being discussed or voted upon.

It is intended that the Remuneration Committee will meet as often as required but not less than once per year.

The Committee met twice during the financial year. Committee members attendance record can be found in the table of Directors Meetings disclosed on page 7.

Options granted to directors and key management personnel do not have performance conditions. As such the Group does not have a policy for directors and key management personnel removing the "at risk" aspect of options granted to them as part of their remuneration.

Directors' and other Key Management Personnel remuneration

The following persons were Directors of the Company during the financial year in whole or part:

- Frank Licciardello — Chairman & CEO - appointed 18 August 2014
- Zhang Li — Non-Executive Director - appointed 14 October 2014
- Ram Navaratnam — Non-Executive Director - appointed 14 October 2014
- Rado Jacob Rebek — Non-Executive Director
- Bruce Dennis — Non-Executive Director - Retired 30 October 2014
- John Dawkins, AO — Non-Executive Director - Retired 18 August 2014
- John Foley — Non-Executive Director - Retired 18 August 2014
- Michael Leu — Non-Executive Director - Retired 18 August 2014
- Peter Kennewell — Executive Director - Retired 18 August 2014
- Peter Meers — Non-Executive Director - Retired 18 August 2014

The following persons were other key management personnel of the Company during the financial year:

- Henry Kinstlinger — Joint Company Secretary
- Julian Rockett — Joint Company Secretary
- Benjamin Amzalak — Investor Relationship Officer
- Francis Choy — Chief Financial Officer

Executive's remuneration and other terms of employment are reviewed annually having regard to relevant comparative information and independent expert advice. As well as basic salary, remuneration packages include superannuation. Directors are also able to participate in an Employee Share Option Plan.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's operations.

Consideration is also given to reasonableness, acceptability to shareholders and appropriateness for the current level of operations.

Remuneration of Non-Executive Directors is determined by the Board based on recommendations from the Remuneration Committee and the maximum amount approved by shareholders from time to time.

Performance conditions

The elements of remuneration as detailed within the Remuneration Report are dependent on the satisfaction of the individual's performance and the Group's financial performance.

The Board undertakes an annual review of its performance and the performance of the Board Committees.

Details of the nature and amount of each element of the remuneration of each Director of the Company and each specified executive of the Company and the Group receiving the highest remuneration are set out in the following tables. The remuneration amounts are the same for the Company and the Group.

Consolidated 2014	**Short Term Employee Benefits**		**Post-Employment Benefits**	**Long Term Benefits**		
	Salary and other Fees	**Travelling Allowance**	**Super-annuation**	**Long Service Leave**	**Share Based Payments**	**Total**
Directors*	**$**	**$**	**$**	**$**	**$**	**$**
Frank Licciardello	**27,000**	**-**	**-**	**-**	**-**	**27,000**
Zhang Li	**7,500**	**-**	**-**	**-**	**-**	**7,500**
Ram Navaratnam	**7,500**	**-**	**-**	**-**	**-**	**7,500**
Jacob Rebek	**83,000**	**-**	**-**	**-**	**-**	**83,000**
Bruce Dennis	**-**	**9,000**	**-**	**-**	**-**	**9,000**
John Dawkins	**-**	**-**	**-**	**-**	**-**	**-**
John Foley	**-**	**-**	**-**	**-**	**-**	**-**
Peter Kennewell	**48,518**	**4,500**	**2,916**	**-**	**-**	**55,934**
Michael Leu	**-**	**-**	**-**	**-**	**-**	**-**
Peter Meers	**-**	**-**	**-**	**-**	**-**	**-**
Total - Directors	**173,518**	**13,500**	**2,916**	**-**	**-**	**189,934**
Key Management Personnel						
Henry Kinstlinger	-	-	-	-	-	-
Julian Rockett	-	-	-	-	-	-
Benjamin Amzalak	-	-	-	-	-	-
Francis Choy	-	-	-	-	-	-
Total - KMP	-	-	-	-	-	-

*In the case of non-executive directors, the amounts stated have been accrued but not paid pending the setting of a maximum in aggregate that can be paid to non-executive directors, which is to be fixed by shareholders of PMR in general meeting.

Consolidated 2013

Directors	$	$	$	$	$	$
John Dawkins	-	-	-	-	-	-
John Foley	-	-	-	-	-	-
Peter Kennewell	127,938	10,800	35,748	2,501	-	176,987
Bruce Dennis	-	10,800	-	-	-	10,800
Michael Leu	-	-	-	-	-	-
Peter Meers	-	-	-	-	-	-
Jacob Rebek	20,200	-	-	-	-	20,200
Total - Directors	148,138	21,600	35,748	2,501	-	207,987
Key Management Personnel						
Henry Kinstlinger	-	-	-	-	-	-
Julian Rockett	-	-	-	-	-	-
Benjamin Amzalak	-	-	-	-	-	-
Francis Choy	-	-	-	-	-	-
Total - KMP	-	-	-	-	-	-

The amounts reported represent the total remuneration paid by entities in the Precious Metal Resources Limited Group of companies in relation to managing the affairs of all the entities within Precious Metal Resources Group.

No performance conditions related to any of the above payments.

There is no other element of Directors and Executives remuneration.

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, to date, no fees have been paid to non-executive Directors.

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.

Shareholders will be asked at the Annual General Meeting to be held in 29 April 2015 to approve a maximum amount, which at this time is expected to be $200,000 as recommended by the current board of directors.

Jacob Rebek additionally provides geological services on an ad hoc basis and is paid $1,000 per day (excluding GST) in addition to his 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 based on an agreed scope of work at the direction of the board of directors.

Subject to Shareholders approving the maximum aggregate amount payable to non-executive Directors remuneration will otherwise be in paid in accordance with existing Directorial Services Agreements. For the purpose of ASX Listing Rule 10.17, all Directors other than the Chairman 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 resigns, is removed from office in a general meeting, is absent (without the consent of the other directors) from all directors' meetings over any 6 month period, becomes mentally incapable or automatically retires as provided under 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).

Executive employment agreement

At the date of this report there are no there are no other executive employment agreements in place.

Services agreement

The Company has entered into a Service Agreement with Hudson Corporate Limited (**HCL**) pursuant to which HCL has agreed to provide:

1. 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);
2. Financial/accounting services (including arranging for accountants, financial controllers and other professionals to carry on work on behalf of the Company);
3. Company secretarial services (including the provision of individuals to fill the role of Company Secretary);
4. 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
5. Miscellaneous services (being other services that may be requested by the Company from time to time).

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

The Services Agreement 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).

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.

Share options granted to Directors and Other Key Management Personnel

1,950,000 employee share options were granted over unissued shares to directors and other key management personnel. For details please refer to note 21 to the financial statements.

End of audited remuneration report.

Loans to Directors and Key Management Personnel

Details of individuals with loans above $100,000 during the year are set out below.

	Balance at the start of the year	Advance/ (Repayment)	Interest payable for the year	Balance the end of the year	Highest indebtedness during the year	Additional interest otherwise payable*
Key Management Personnel						
2014	$	$	$	$	$	$
Consolidated and Parent Entity	**296,480**	**(302,028)**	**5,548**	**-**	**302,028**	**1,849**
2013						
Consolidated and Parent Entity	273,980	-	22,500	296,480	296,480	7,500

* *Market interest rate 6% (2013: 6%). This represents the difference between interest charged at the latter and interest paid.*

Terms and conditions of loans

The interest bearing recourse loan $250,000 was advanced to a consultant in 2011, the loan was secured against the shares only. Loan was fully settled during the year. None were written down during the year.

There were no other loans made to Directors or Specified Executives of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

Shares under option

Unissued ordinary shares of Precious Metal Resources Limited under option at the date of this report are as follows:

Class	Date options granted	Expiry Date	Exercise Price	No. of Options
Employee Share Options	24 October 2011	24 October 2016	$0.30	1,950,000
Employee Share Options - Unallocated*			$0.30	3,050,000
				5,000,000

* Unallocated options under the Employee Share Option Plan, expiry date is 3 years from date of issue.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Shares issued on the exercise of options

No options have been exercised and 1,650,000 IPO-success options expired during the financial year and in the period up to the date of this report.

Directors' and Officers' indemnities and insurance

During the financial year the Company paid on insurance premiums including the insuring of the Company's Directors (as named in this report), Company Secretary, Executive Officers and employees against liabilities not prohibited from insurance by the *Corporations Act 2001*.

A confidentiality clause in each of the above insurance contracts prohibits disclosure of the premium and the nature of insured liabilities.

Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

Auditor's independence declaration

The auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* has been received and is set out on page 19.

Non-audit services

Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (K.S. Black & Co) for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		**Parent Entity**	
	2014	2013	**2014**	2013
	$	$	**$**	$
Audit services:				
Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group				
Audit and review services	**21,190**	23,015	**21,190**	23015
Taxation and other advisory services:				
Amounts paid or payable to auditors for non-audit taxation and advisory services for the entity or any entity in the Group				
Taxation	**1,150**	7,955	**1,150**	7955
Advisory Services	**-**	-	**-**	-
	1,150	7,955	**1,150**	7,955

Auditor

As at the date of this report K.S. Black & Co continues in office in accordance with section 327 of the *Corporations Act 2001*.

This Directors' Report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Frank Licciardello
Director

Ram Navaratnam
Director

Signed at Sydney
10 March 2015

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K.S. Black & Co.

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North Parramatta NSW 2151

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AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PRECIOUS METAL RESOURCES LIMITED
A.C.N 145 105 148

We declare that, to the best of our knowledge and belief during the year ended 31 December 2014, there have been:

i. No contraventions of the auditor independence requirements as set out in the *Corporation Act 2001* in relation to the audit; and

ii. No contraventions of any applicable code of professional conduct in relation to the audit.

KS Black & Co
Chartered Accountants

Sam Danieli
Partner
Sydney
Date 10 March 2015

CORPORATE GOVERNANCE STATEMENT

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 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:
- developing initiatives for profit and asset growth;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of, and being accountable to, the Shareholders; and
- 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 on page 8.

(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 the Company's personnel for reporting and investigating unethical practices or circumstances where there are beaches 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 the 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 Company's constitution 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 in a general meeting of the Company's 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 Annual Report.

Shareholders will be asked at the Annual General Meeting to approve a maximum amount, which at this time is expected to be $200,000 as recommended by the board of directors.

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 at that meeting.

(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 the Company's 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 recommendations

The Company is required to report any departures from the recommendations in its annual financial report. The Company's compliance and departures from Recommendations as at the date of this Annual Report 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.	Complies. 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. The Board Charter can be viewed on the Company's website www.prml.com.au.
Recommendation 1.2	
The entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. 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.	Complies. The Company has conducted background and reference checks for all current Directors. The Company will undertake appropriate checks before appointing a person, or putting forward to Shareholders a candidate for election, as a Director.
Recommendation 1.3	
The entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies. All Directors have written agreements setting out the terms of their appointment. The services of the Company Secretary and the Chief Financial Officer are provided under the terms of the services agreement with Hudson Corporate Limited.
Recommendation 1.4	
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.	Complies. 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.

Recommendation 1.5	
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.	Complies. The Board has established a Diversity Policy.
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.	The Diversity Policy is available at the Company's website and is set out in the Company's annual report.
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.	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.
Recommendation 1.6	
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.	Will comply. The Company will disclose the process for evaluating the performance of the Board, its committees and individual directors in its future annual reports. Details of the performance evaluations undertaken will be set out in future annual reports.
Recommendation 1.7	
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	Complies. Senior executive key performance indicators are set annually, with performance appraised by the Board, and reviewed in detail by the Board. The internal review is to be conducted on an annual basis and if deemed necessary an independent third party will facilitate this internal review. Details of the performance evaluations undertaken will be set out in future annual reports.
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE	
Recommendation 2.1	
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.	Does not Comply. The Company does not have a nomination committee.
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.	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.
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.	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.

Recommendation 2.2	
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.	Does not yet comply. 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.
Recommendation 2.3	
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.	Complies. Madam Zhang Li and Ramakrishnan Navaratnam, appointed 14 October 2014 as nominee directors of the Ooi Chin Keat and Tam Chen Kien as Vendors of CK Graphic. 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 prior to their appointment. Rado Jacob Rebek was appointed on 20 February 2014.
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.	The independence of directors and the length of service of each director are set out in the Company's annual report. 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.
Recommendation 2.4	
A majority of the board of the entity should be independent directors.	Does not comply. At present 50% of the board are independent. Jacob Rebek has resigned as CEO and will be considered independent six months following his resignation.
Recommendation 2.5	
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.	Partly Complies. 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 Company. The Company currently does not have a separate CEO. The Board considers that given its current size and structure it is neither appropriate nor cost effective to have a distinct CEO. The Chairman performs the CEO "functions" and is responsible to the directors for the general and overall management of the Company.
Recommendation 2.6	
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.	Does not yet comply. Currently the induction of new directors and plan for professional development is managed informally by the full Board. During 2015, the Company intends to develop a formal program for inducting new directors and providing appropriate professional development opportunities.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY	
Recommendation 3.1	
The entity should establish a code of conduct and disclose the code or a summary of the code.	Complies. 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. The Code of Conduct can be viewed on the Company's website.
PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING	
Recommendation 4.1	
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.	Does not comply. The entire board sits as the audit committee. The size of the Company is such that it does not warrant the establishment of a separate audit committee at this time.
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 sits as the Audit and Risk Committee. Members of the Board have appropriate and relevant financial experience to act in this capacity. The Board has established an Audit and Risk Committee Charter. 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. The full Audit and Risk Committee charter can be viewed on the Company's website.
Recommendation 4.2	
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.	Complies. 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. The chair performs the function of CEO for this purpose.
Recommendation 4.3	
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.	Complies. The external auditor attends the AGM and is available to answer questions from Security Holders relevant to the audit.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE	
Recommendation 5.1	
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.	Complies. 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. Details of the entity's continuous disclosure policy can be viewed on the Company's website.
PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS	
Recommendation 6.1	
The entity should provide information about itself and its governance to investors via its website.	Complies. The Company has provided specific information about itself and its key personnel and has developed a comprehensive Corporate Governance Plan. Details can be found at the Company's website.
Recommendation 6.2	
The entity should design and implement an investor relations program to facilitate effective two-way communication with shareholders.	Complies. 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. Details of the Shareholder's Communication Policy can be found at the Company's website.
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 entire board sits as the audit and risk committee.
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 acts as the Audit and Risk Committee with 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.	The Board has adopted a Remuneration Committee Charter. 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. 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.

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.	Complies. The Company distinguishes the structure of Non-executive Directors' remuneration from that of Executive Directors and senior executives. Details of the policies and practices regarding remuneration are set out in the Company's annual report. The Remuneration Committee Charter can be viewed on the Company's website.
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.	Complies. 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. The Share Trading Policy can be viewed on the Company's website.

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Consolidated		Parent Entity	
		2014	2013	**2014**	2013
		$	$	**$**	$
Revenue	4	**93,138**	80,423	**91,533**	76,315
Administrative and exploration expenses		**(947,828)**	(1,349,958)	**(777,469)**	(900,573)
Finance costs	5	**(999,645)**	(22,495)	**(159,635)**	(20,575)
(Loss)/Profit before income tax		**(1,854,335)**	(1,292,030)	**(845,571)**	(844,833)
Income tax expense	6(a)	**-**	-	**-**	-
(Loss)/Profit after income tax		**(1,854,335)**	(1,292,030)	**(845,571)**	(844,833)
Other Comprehensive Income					
Other comprehensive income for the year net of tax		**-**	-	**-**	-
Total comprehensive (loss)/income attributable to members of the consolidated entity		**(1,854,335)**	(1,292,030)	**(845,571)**	(844,833)
		Cents	Cents		
Basic earnings/(loss) per share (cents)	20	**(2.81)**	(1.51)		
Diluted earnings/(loss) per share (cents)	20	**(2.61)**	(1.40)		

The above Statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		Consolidated		Parent Entity	
	Notes	**2014**	2013	**2014**	2013
ASSETS		**$**	$	**$**	$
Current assets					
Cash and cash equivalents	7	**169,242**	207,246	**148,854**	23,188
Trade and other receivables	8	**105,479**	493,125	**5,479**	361,052
Other current assets		**9,679**	-	**9,679**	-
Total current assets		**284,400**	700,371	**164,012**	384,240
Non-current assets					
Trade and other receivables	8	**20,670**	-	**1,748,850**	1,677,516
Mining tenements	9	**109,285**	754,700	**-**	-
Financial assets	10	**-**	72,143	**800,400**	872,543
Equipment		**565**	801	**565**	801
Non-current intangible assets	14	**799,998**	799,998	**-**	-
Total non-current assets		**930,518**	1,627,642	**2,549,815**	2,550,860
Total Assets		**1,214,918**	2,328,013	**2,713,827**	2,935,100
LIABILITIES					
Current liabilities					
Trade and other payables	11	**1,414,344**	940,109	**1,297,402**	940,109
Employee benefits provision	12	**-**	14,312	**-**	14,312
Total current liabilities		**1,414,344**	954,421	**1,297,402**	954,421
Non-current liabilities					
Employee benefits provision	12	**-**	11,385	**-**	11,385
Total non-current liabilities		**-**	11,385	**-**	11,385
Total Liabilities		**1,414,344**	965,806	**1,297,402**	965,806
Net Assets		**(199,426)**	1,362,207	**1,416,425**	1,969,294
EQUITY					
Issued capital	13	**3,966,667**	3,673,965	**3,966,667**	3,673,965
Reserves		**179,532**	179,532	**179,532**	179,532
Accumulated losses		**(4,345,625)**	(2,491,290)	**(2,729,774)**	(1,884,203)
Total Equity		**(199,426)**	1,362,207	**1,416,425**	1,969,294

The above Statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

Consolidated	Notes	**Issued Capital**	**Options Reserve**	**Accumulated Losses**	**Total Equity**
		$	$	$	$
Balance at 1 January 2014	13	**3,673,965**	**179,532**	**(2,491,290)**	**1,362,207**
Share issued		**300,000**	-	-	**300,000**
Share issuing cost		**(7,298)**	-	-	**(7,298)**
Loss for the year		**-**	**-**	**(1,854,335)**	**(1,854,335)**
Balance at 31 December 2014		**3,966,667**	**179,532**	**(4,345,625)**	**(199,426)**
Balance at 1 January 2013		2,873,965	179,532	(1,199,260)	1,854,237
Share issued		800,000	-	-	800,000
Loss for the year		-	-	(1,292,030)	(1,292,030)
Balance at 31 December 2013		3,673,965	179,532	(2,491,290)	1,362,207

Parent Entity		**Issued Capital**	**Options Reserve**	**Accumulated Losses**	**Total Equity**
		$	$	$	$
Balance at 1 January 2014	13	**3,673,965**	**179,532**	**(1,884,203)**	**1,969,294**
Share issued		**300,000**	**-**	**-**	**300,000**
Share issuing cost		**(7,298)**	-	-	**(7,298)**
Loss for the year		**-**	**-**	**(845,571)**	**(845,571)**
Balance at 31 December 2014		**3,966,667**	**179,532**	**(2,729,774)**	**1,416,425**
Balance at 1 January 2013		2,873,965	179,532	(1,039,370)	2,014,127
Share issued		800,000	-	-	800,000
Loss for the year		-	-	(844,833)	(844,833)
Balance at 31 December 2013		3,673,965	179,532	(1,884,203)	1,969,294

The above Statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Consolidated		Parent Entity	
		2014	2013	**2014**	2013
		$	$	**$**	$
Cash flows from operating activities					
Receipts from customers		**-**	-	**-**	-
Payments to suppliers and employees		**(843,691)**	(1,496,594)	**(650,737)**	(894,843)
Interest paid		**(35)**	(792)	**(35)**	(792)
Interest received		**1,611**	5,016	**1,611**	909
Net cash used in operating activities	15	**(842,115)**	(1,492,370)	**(649,161)**	(894,726)
Cash flows from investing activities					
Interest bearing deposit		**-**	710,259	**-**	710,259
Payments for investments		**(21,380)**	-	**-**	-
Payment for equipment		**-**	-	**-**	-
Repayment/from other parties		**532,789**	-	**532,789**	-
Advance from other party		**-**	815,000	**-**	815,000
(Advance) to controlled entities		**-**	-	**(50,664)**	(620,960)
Net cash provided by investing activities		**511,409**	1,525,259	**482,125**	904,299
Cash flows from financing activities					
Proceeds from issue of shares		**300,000**	-	**300,000**	-
Share issuing cost		**(7,298)**	-	**(7,298)**	-
Net cash provided by used in financing activities		**292,702**	-	**292,702**	-
Net (decrease)/increase in cash held		**(38,004)**	32,889	**125,666**	9,573
Cash and cash equivalents at the beginning of the year		**207,246**	174,357	**23,188**	13,615
Cash and cash equivalents at the end of the year	7	**169,242**	207,246	**148,854**	23,188

The above Statement should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. CORPORATE INFORMATION

The financial report of Precious Metal Resources Limited (the **Company**) for the year ended 31 December 2014 was authorised for issue in accordance with a resolution of the Directors and covers Precious Metal Resources Limited as an individual parent entity as well as the consolidated entity consisting of Precious Metal Resources Limited and its subsidiaries (the **Group**) as required by the *Corporations Act 2001*.

The financial report is presented in the Australian currency.

Precious Metal Resources Limited was incorporated as an unlisted public company on 18 July 2010 and is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (**ASX**) since 6 December 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporation Act 2001*.

Statement of Compliance

Compliance with Australian Accounting Standards Board (**AASB's**) ensures that the financial report of Precious Metal Resources Limited also complies with International Financial Reporting Standards (**IFRS**).

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 a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Options valuation

Refer to Note 23 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:

(i) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

Going concern

This financial report has been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and payments of liabilities in the normal course of business.

The directors believe the Company will be able to pay its debts as and when they fall due and to fund near term anticipated activities.

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 report date and the results of all subsidiaries for the year then ended. Precious Metal Resources Limited and its subsidiaries together are referred to in this financial report 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 another 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.

Joint Ventures

Interests in joint venture entities are accounted for in the consolidated financial statements using the proportionate consolidation method and are carried at cost by the parent entity. Under the proportionate consolidated method, the share of income and expenses of the jointly controlled entity is combined line by line with similar items in the consolidated Statement of Profit or Loss and Other Comprehensive Income and the share of assets and liabilities are recognised in the consolidated Statement of Financial Position.

Business Combinations

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

A business combination is account 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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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

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 remeasurements 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 acquisitions 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 of subsidiaries is included in intangible assets. Good will on acquisition of associates is included in investments in associates.

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 the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

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

c. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Reporting to management by segments is on this basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

d. 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:

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).

e. 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 at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates are 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 entities 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

f. 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.

Cash flows are included in the Statement of Cash Flows on a gross basis except for the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

g. 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.

h. Cash and cash equivalents

For the purpose of the statement of cash flows, 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.

i. 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 receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

j. Financial instruments

Recognition and Initial measurement

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 at either of 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:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) 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

(d) 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.

(i) Financial assets at fair value through profit or loss

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.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

k. 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.

l. Property, plant and equipment

Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset. All other plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to the asset revaluation reserve in equity. A revaluation surplus is credited to the asset revaluation reserve included within shareholder's equity unless it reverses a revaluation decrease on the same asset previously recognised in the Statement of Profit or Loss and Other Comprehensive Income. A revaluation deficit is recognised in the Statement of Profit or Loss and Other Comprehensive Income unless it directly offsets a previous revaluation surplus on the same asset in the asset revaluation reserve. On disposal, any revaluation reserve relating to sold assets is transferred to retained earnings. Independent valuations are performed regularly to ensure the carrying amounts of land and buildings do not differ materially from the fair value at the Statement of Financial Position date.

Land is not depreciated. Depreciation on other assets is calculated using the straight line, over their estimated useful lives, as follows:

- Plant and equipment 5 – 15 years (depreciation rate 6.7% to 20%)
- Buildings 30 years (depreciation rate 3.4%)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount..

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

m. Trade and other payables

These 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 environmental 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' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as 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 national government bonds with terms to maturity that match the expected timing of cash flows.

p. Contributed equity

Ordinary shares are classified as equity.

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 each period takes into account the most recent estimate.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

r. Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

s. New accounting standards for application

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

3. FINANCIAL RISK MANAGEMENT

a. General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material.

The Board receives reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's finance function also reviews the risk management policies and processes and reports their findings to the Audit Committee.

The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Further details regarding these policies are set out below:

b. Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group.

The maximum exposure to credit risk at balance date is as follows:

	Consolidated		**Parent Entity**	
	2014	2013	**2014**	2013
	$	$	$	$
Current				
Cash and cash equivalents	**169,242**	207,246	**148,854**	23,188
Trade and other receivables	**105,479**	493,125	**5,479**	361,052
Non-current				
Trade and other receivables	**20,670**	-	**1,748,850**	1,677,516
	295,391	700,371	**1,903,183**	2,061,756

c. Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments that is, borrowing repayments. There is no bank borrowing at the balance date. It is the policy of the Board of Directors that treasury reviews and maintains adequate committed credit facilities and the ability to close-out market positions.

3. FINANCIAL RISK MANAGEMENT continued

Maturity Analysis of Financial Liabilities	Carrying Amount	Contractual Cash Flows	< 6 mths	6 - 12 mths	1 - 3 years	> 3 years
Consolidated 2014	**$**	**$**	**$**	**$**	**$**	**$**
Financial Liabilities						
Current						
Trade and other payables	**1,414,344**	**1,414,344**	**1,414,344**	**-**	**-**	**-**
Non-Current						
Other Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities at amortised cost	**1,414,344**	**1,414,344**	**1,414,344**			**-**
Consolidated 2013	**$**	**$**	**$**	**$**	**$**	**$**
Financial Liabilities						
Current						
Trade and other payables	940,109	940,109	118,303	-	821,806	-
Non-Current						
Other Liabilities	-	-	-	-	-	-
Total financial liabilities at amortised cost	940,109	940,109	118,303	-	821,806	-
Parent Entity 2014	**$**	**$**	**$**	**$**	**$**	**$**
Financial Liabilities						
Current						
Trade and other payables	**1,297,402**	**1,297,402**	**1,297,402**	**-**	**-**	**-**
Non-Current						
Other Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities at amortised cost	**1,297,402**	**1,297,402**	**1,297,402**			**-**
Parent Entity 2013	**$**	**$**	**$**	**$**	**$**	**$**
Financial Liabilities						
Current						
Trade and other payables	940,109	940,109	118,303	-	821,806	-
Non-Current						
Other Liabilities	-	-	-	-	-	-
Total financial liabilities at amortised cost	940,109	940,109	118,303	-	821,806	-

d. Interest rate risk

The Group is constantly monitoring its exposure to trends and fluctuations in interest rates in order to manage interest rate risk. There is no bank borrowing at the balance date, therefore there is no material exposure to interest rate risk.

Sensitivity Analysis

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group’s profit after tax (through the impact on fluctuation on deposit interest rate). There is no impact on the Group’s equity.

3. FINANCIAL RISK MANAGEMENT continued

	Carrying Amount	+1% Profit/ (Loss)	-1% Profit/ (Loss)
Consolidated			
2014	**$**	**$**	**$**
Cash and cash equivalents	**169,242**	**1,692**	**(1,692)**
Tax charge of 30%		**(508)**	**508**
After tax increase/(decrease)	**169,242**	**1,184**	**(1,184)**

Consolidated			
2013	$	$	$
Cash and cash equivalents	207,246	2,072	(2,072)
Tax charge of 30%		(621)	621
After tax increase/(decrease)	207,246	1,451	(1,451)

The above analysis assumes all other variables remain constant.

Parent Entity			
2014	**$**	**$**	**$**
Cash and cash equivalents	**148,854**	**1,488**	**(1,488)**
Tax charge of 30%		**(446)**	**446**
After tax increase/(decrease)	**148,854**	**1042**	**(1,042)**

Parent Entity			
2013	$	$	$
Cash and cash equivalents	23,188	232	(232)
Tax charge of 30%		(70)	70
After tax increase/(decrease)	23,188	162	(162)

e. Currency risk

In 2014 the consolidated entity and parent entity were not exposed to foreign currency risk (2013:Nil)

f. Capital risk management

The Group considers its capital to comprise its ordinary share capital and reserves. In managing its capital, the Group's primary objectives are to pay dividends and maintain liquidity. These objectives dictate any adjustments to capital structure. Rather than set policies, advice is taken from professional advisors as to how to achieve these objectives. There has been no change in either these objectives, or what is considered capital in the year.

4. REVENUE

	Consolidated		Parent Entity	
	2014	2013	**2014**	2013
	$	$	**$**	$
Revenue				
Interest income	**1,611**	41,687	**6**	37,579
	1,611	41,687	**6**	37,579
Other Income				
Expenses recovery	**91,527**	33,136	**91,527**	33,136
Fees received	**-**	5,600	**-**	5,600
	91,527	38,736	**91,527**	38,736

5. EXPENSES

Profit/(loss) before income tax includes the following specific expenses:

	Consolidated		Parent Entity	
	2014	2013	**2014**	2013
	$	$	**$**	$
Acquisition professional fees	**(117,806)**	-	**(117,806)**	-
Consultancy and professional fees	**(23,399)**	(57,570)	**(23,399)**	(57,570)
Director and employee expenses	**(145,733)**	(253,658)	**(145,733)**	(253,658)
Exploration expenditures not capitalised	**(139,638)**	(149,385)	**-**	-
Finance costs				
Bank charges/facilities fee	**(16,132)**	(14,661)	**(15,868)**	(12,741)
Interest	**(87,387)**	(7,598)	**(87,387)**	(7,598)
Loss on disposal of investment	**(895,890)**	-	**(56,144)**	-
Others	**(236)**	(236)	**(236)**	(236)
	(999,645)	(22,495)	**(159,635)**	(20,575)

6. INCOME TAX

a. Income Tax Expense

	Consolidated		Parent Entity	
	2014	2013	**2014**	2013
	$	$	**$**	$
Current tax expense	**-**	-	**-**	-
Deferred tax expense	**-**	-	**-**	-
Total income tax expense	-	-	-	-
Deferred tax expense				
Increase/(decrease) in deferred tax expense	-	-	-	-

6. INCOME TAX continued

b. Numerical reconciliation of income tax expense to prima facie tax payable

(Loss)/Profit from continuing operations before income tax expense	(1,854,336)	(1,292,030)	(845,571)	(844,833)
Prima facie income tax expense/(benefit) calculated at 30% (2013:30%)	(556,301)	(387,609)	(253,671)	(253,450)
Temporary differences not brought to account	(295,672)	(36,851)		(7,338)
Tax losses not brought to account	851,972	424,460	253,671	260,788
Income tax expense	-	-	-	-

c. Unrecognised deferred tax assets and liabilities

Deferred tax assets and liabilities have not been recognised in the balance sheet for the following items:

Other deductible temporary differences	(46,132)	(24,461)	-	(24,461)
Deferred tax asset in respect of exploration activities not brought to account	(2,684,491)	(1,292,030)	(845,571)	(844,833)
Deferred tax liability in respect of exploration activities not recognised to the extent of unrecognised deferred tax asset	(109,285)	(98,376)	-	-
	(2,839,908)	(1,414,867)	(845,571)	(869,294)
Potential (benefit)/expense at 30% (2013: 30%)	(851,972)	(424,460)	(253,671)	(260,788)

7. CASH AND CASH EQUIVALENTS

	Consolidated		Parent Entity	
	2014	2013	**2014**	2013
	$	**$**	**$**	**$**
Cash at bank and on hand	**149,242**	13,393	**148,854**	13,188
Cash held in trust-tenement guarantee	**20,000**	193,853	**-**	10,000
Cash at bank and on hand	**169,242**	207,246	**148,854**	23,188
Weight average interest rates	0.00%	2.38%	0.00%	0.00%

a. Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Cash and cash equivalents	**169,242**	207,246	**148,854**	23,188
Balance per Statement of Cash Flows	**169,242**	207,246	**148,854**	23,188

b. Interest rate risk exposure

The Group's and the parent entity's exposure to interest rate risk is discussed in Note 3.

8. TRADE AND OTHER RECEIVABLES

	Consolidated		Parent Entity	
	2014	2013	**2014**	2013
	$	**$**	**$**	**$**
Current				
Deposit – tenement security deposit	**100,000**	141,100	**-**	10,000
Receivables - advance to other party	**-**	296,480	**-**	296,480
Receivables - other	**5,479**	55,545	**5,479**	54,572
	105,479	493,125	**5,479**	361,052
Non - Current				
Receivable – controlled entities	**-**	-	**1,728,180**	1,677,516
Receivables – others	**20,670**	-	**20,670**	-
	20,670	**-**	**1,748,850**	**1,677,516**

a. Impaired receivables and receivables past due

None of the current or non-current receivables are impaired or past due but not impaired.

b. Receivables - other

These amounts relate to receivables for GST paid.

None were written down during the year.

c. Interest rate risk

Information about the Group's and the parent entity's exposure to interest rate risk in relation to trade and other receivables is provided in Note 3.

d. Fair value and credit risk

Current trade and other receivables

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Non-current trade and other receivables

The fair values and carrying values of non-current receivables are as follows:

	2014		2013	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
	$	**$**	$	$
Consolidated				
Receivable - controlled entities	**-**	**-**	-	-
Parent Entity				
Receivable - controlled entities	**1,728,180**	**1,728,180**	1,677,516	1,677,516

The above receivables have no terms of repayment and are non-interest bearing.

9. MINING TENEMENTS

	Consolidated		Parent Entity	
	2014	2013	**2014**	2013
	$	$	**$**	$
Mining tenements	**109,285**	754,700	**-**	-
	109,285	754,700	**-**	-

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. For details please refer to the Tenement Schedule of this report.

10. FINANCIAL ASSETS

	Consolidated		Parent Entity	
	2014	2013	**2014**	2013
	$	$	**$**	$
Investment in controlled entries (Note 14)	**-**	-	**800,400**	800,400
Investment in other entities	**-**	72,143	**-**	72,143
	-	72,143	**800,400**	872,543

11. TRADE AND OTHER PAYABLES

	Consolidated		Parent Entity	
	2014	2013	**2014**	2013
	$	$	**$**	$
Current				
Trade payables	**100,930**	41,845	**100,930**	41,845
Accrued payables	**132,277**	76,459	**15,335**	76,459
Advance from other entity	**1,181,137**	821,805	**1,181,137**	821,805
	1,414,344	940,109	**1,297,402**	940,109

12. EMPLOYEE BENEFITS PROVISIONS

	Consolidated		Parent Entity	
	2014	2013	**2014**	2013
	$	$	**$**	$
Current				
Staff leave entitlement	**-**	14,312	**-**	14,312
Non-Current				
Staff leave entitlement	**-**	11,385	**-**	11,385

13. ISSUED CAPITAL

	Consolidated Entity and Parent Entity		Consolidated Entity and Parent Entity	
	2014	2013	**2014**	2013
	Number of Shares	Number of Shares	**$**	$
Ordinary shares Issued	**24,500,000**	87,000,000	**3,966,667**	3,673,965

a. Movements in ordinary share capital during the year:

Consolidated

Date	Details	No. of shares	Issue price $	$
31 December 2013	Balance	87,000,000		3,673,965
September 2014	Selective deduction	(64,000,000)	-	-
October 2014	Shares issued	1,000,000	0.20	200,000
December 2014	Share issued	500,000	0.20	100,000
	Share issuing - costs	-	-	(7,298)
31 December 2014	Balance	24,500,000		3,966,667

b. Performance options

No other performance option is granted or exercised during the year.

c. Terms and conditions

Each ordinary share participates equally in the voting rights of the Company. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

d. Options

There were 1,950,000 unissued ordinary shares under option at the end of the financial year. 1,650,000 IPO success options have expired during the year.

A further 3,050,000 options have been approved for granting relevant to the Company's Employee Share Option Plan but have not been allocated.

Information relating to the Group's options issued for services rendered is set out in note 23.

14. INVESTMENTS IN CONTROLLED ENTITIES

Name of Entity	Class of Shares	Equity Holding 2014 %	Equity Holding 2013 %	Country of Incorporation
PMR 1 Pty Ltd	Ordinary	**100**	100	Australia
PMR 3 Pty Ltd	Ordinary	**100**	100	Australia
PMR 4 Pty Ltd	Ordinary	**100**	100	Australia
PMR 5 Pty Ltd	Ordinary	**100**	100	Australia
Peel Gold Pty Ltd	Ordinary	**100**	100	Australia
Peel Gold North Pty Ltd	Ordinary	**100**	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 2m @ 40c	
(Net of share issuing costs)	800,000
Less:	
Identifiable assets acquired	
and liabilities assumed	2
Goodwill	799,998

15. RECONCILIATION OF PROFIT/(LOSS) TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated		Parent Entity	
	2014	2013	**2014**	2013
	$	$	**$**	$
Profit/(Loss) for the year	**(1,854,335)**	(1,292,030)	**(845,571)**	(844,833)
Share based payments expense	**-**	-	**-**	-
Capitalisation of exploration expenditures	**466,545**	(170,448)	**-**	-
Unearned interest receivable	**-**	(36,671)	**-**	(36,671)
Change in operating assets and liabilities:				
(Increase)/Decrease in trade and other receivables	**454,763**	(42,110)	**189,739**	(113,871)
(Increase)/Decrease in other current assets	**(9,679)**	(51,690)	**(9,679)**	-
Increase/(Decrease) in trade and other creditors and provisions	**100,591**	100,579	**16,350**	100,649
(Increase) in deferred tax assets	**-**	-	**-**	-
Increase in deferred tax liabilities	**-**	-	**-**	-
Net cash used in operating activities	**(842,115)**	(1,492,370)	**(649,161)**	(894,726)

16. OPERATING SEGMENT

The Group operates one operating segment being the mineral, exploration, development and geological surveys of resources in Australia.

17. COMMITMENTS

	Consolidated		Parent Entity	
	2014	2013	**2014**	2013
	$	$	**$**	$
Exploration expenditure commitments				
Tenement exploration expenditure	**454,000**	981,875	**-**	-
Tenement lease payment	**16,380**	42,820	**-**	-
	470,380	1,024,695	**-**	-

Remuneration expenditure commitments

Salary and other remuneration commitments under long-term employment contracts existing at reporting date not recognised as liabilities:

	Consolidated 2014	Consolidated 2013	Parent Entity 2014	Parent Entity 2013
Within one year	**163,000**	13,625	**163,000**	13,625
Later than one year but not later than 5 years	**720,000**	-	**720,000**	-
Later than 5 years		-		-
	883,000	13,625	**883,000**	13,625

Exploration expenditure commitments

The minimum exploration expenditure commitments and lease payments on the Company's exploration tenements totalled approximately $0.47 million over the remaining term of tenements.

17. COMMITMENTS continued

Executive employment agreement

The Company had a geological services agreement with Michael Leu for fixed remuneration per day but has been terminated prior in 2014.

The Company has entered into a geological services agreement with Mr Peter Kennewell for fixed remuneration. The agreement was expired in August 2014.

Services agreements

The Company has entered into a Service Agreement with Hudson Corporate Limited (**HCL**) pursuant to which HCL has agreed to provide:

1. 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);
2. Financial/accounting services (including arranging for accountants, financial controllers and other professionals to carry on work on behalf of the Company);
3. Company secretarial services (including the provision of individuals to fill the role of Company Secretary);
4. 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
5. Miscellaneous services (being other services that may be requested by the Company from time to time).

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

The Services Agreement 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).

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.

18. CONTINGENT LIABILITIES

No material losses are anticipated in respect of any of the contingent liabilities. There are no other material contingent liabilities as at the date of this report.

19. EVENTS SUBSEQUENT TO BALANCE DATE

On 25 February 2015 Shareholders approved a number of resolutions including:

The change to nature and scale of activities

The Company changed the nature of its activities and become a company focusing on the visual communication sector.

Issue of shares as consideration for the acquisition of CK Graphic Sdn Bhd

PMR will issue 37,500,000 shares in the Company along with 37,500,000 unlisted Options at $0.20 exercisable within 3 years of the issue date in consideration of the acquisition of CK Graphic Sdn Bhd.

Change of Name

At completion of the CK Graphic acquisition the Company will change its name from “Precious Metal Resources Limited” to “Frontier Capital Group Limited”.

Public Offer

The issue of a minimum of 20,000,000 Shares under a Public Offer at an issue price of $0.20 per Share to raise a minimum of $4,000,000. The money raised from the Public Offer will be used to continue the Company's expansion after addressing listing expenses and working capital needs.

PMR lodged a short form prospectus with ASIC on 18 February 2015.

Issue of shares to Hudson Corporate Limited on conversion of debt

The issue of up to 5,500,000 Shares to Hudson Corporate Limited (**HCL**) in consideration for the satisfaction of $1.1 million of the HCL Debt

The details of these resolutions are contained in the Notice of Meeting dated 19 January 2015.

The Company's shares are suspended from trading pending re-compliance with Chapters 1 and 2 of the Listing Rules of the ASX.

The above matters will significantly strengthen the Company's balance sheet and will allow it to continue its operations.

The continuing viability of the Company and its ability to continue as a going concern and meet its debts and commitments as they fall due is dependent on successfully raising capital and the ability of CK Graphic Sdn Bhd to achieve profitable sales growth. Until completion of the above matters, there is material uncertainty as to whether the Company will continue as a going concern and therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The Directors believe that the Company will be successful in the above matters and, accordingly, have prepared the financial report on a going concern basis.

At this time, the directors are of the opinion that the Public Offer will be successful ($1.6 million has been received at the date of this Report) and the CK Graphic acquisition will be completed.

No asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2014. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Except as disclosed in the Directors' Report, as at the date of this report there are no other matters or circumstances, which have arisen since 31 December 2014 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2014, of the Group;
- the results of those operations; or
- the state of affairs, in financial years subsequent to 31 December 2014, of the Group.

20. EARNINGS PER SHARE

	Consolidated	
	2014	2013
	Cents	Cents
Basic earnings/(loss) per share	**(2.81)**	(1.51)
Fully diluted earnings/(loss) per share	**(2.61)**	(1.40)
	2014	2013
	$	$
Profit/(loss) from continuing operations used in calculating basic and fully diluted earnings per share	**(1,854,335)**	(1,292,030)
	2014 Number of Shares	2013 Number of Shares
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share:	**65,958,333**	85,333,333
Adjustments for calculation of diluted earnings per share: Options	**5,000,000**	6,650,000
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**70,958,333**	91,983,333

21. KEY MANAGEMENT PERSONNEL DISCLOSURES

a. Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Francesco (Frank) Licciardello Chairman and CEO - Appointed 18 August 2014
- Zhang Li Non-Executive Director - Appointed 14 October 2014
- Ram Navaratnam Non-Executive Director - Appointed 14 October 2014
- Rado Jacob Rebek Non-Executive Director
- Bruce Dennis Non-Executive Director - Retired 30 October 2014
- John Dawkins, AO Non-Executive Director - Retired 18 August 2014
- John Foley Non-Executive Director - Retired 18 August 2014
- Michael Leu Non-Executive Director - Retired 18 August 2014
- Peter Kennewell Executive Director - Retired 18 August 2014
- Peter Meers Non-Executive Director - Retired 18 August 2014

b. Other Key management personnel

The following persons were other key management personnel of the Company during the financial year:

- Henry Kinstlinger Joint Company Secretary
- Julian Rockett Joint Company Secretary
- Benjamin Amzalak Investor Relationship Officer
- Francis Choy Chief Financial Officer

21. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

c. Compensation of key management personnel

	Consolidated		Parent Entity	
Directors	**2014**	2013	**2014**	2013
	$	$	**$**	$
Short term employee benefits	**187,018**	169,738	**187,018**	169,738
Post employment benefits	**2,916**	35,748	**2,916**	35,748
Long term benefits	**-**	2,501	**-**	2,501
Termination benefits	**-**	-	**-**	-
Share based payments	**-**	-	**-**	-
	189,934	207,987	**189,934**	207,987
Other Key Management Personnel				
Short term employee benefits	**-**	-	**-**	-
Post employment benefits	**-**	-	**-**	-
Long term benefits	**-**	-	**-**	-
Termination benefits	**-**	-	**-**	-
Share based payments	**-**	-	**-**	-
	-	-	**-**	-

Directors and other Key Management Personnel of Precious Metal Resources Limited

Consolidated 2014	**Short Term Employee Benefits**		**Post Employment Benefits**	**Long Term Benefits**		
	Salary and other Fees	**Travelling Allowance**	**Super-annuation**	**Long Service Leave**	**Share Based Payments**	**Total**
Directors*	**$**	**$**	**$**	**$**	**$**	**$**
Frank Licciardello	**27,000**	**-**	**-**	**-**	**-**	**27,000**
Zhang Li	**7,500**	**-**	**-**	**-**	**-**	**7,500**
Ram Navaratnam	**7,500**	**-**	**-**	**-**	**-**	**7,500**
Jacob Rebek	**83,000**	**-**	**-**	**-**	**-**	**83,000**
Bruce Dennis	**-**	**9,000**	**-**	**-**	**-**	**9,000**
John Dawkins	**-**	**-**	**-**	**-**	**-**	**-**
John Foley	**-**	**-**	**-**	**-**	**-**	**-**
Peter Kennewell	**48,518**	**4,500**	**2,916**	**-**	**-**	**55,934**
Michael Leu	**-**	**-**	**-**	**-**	**-**	**-**
Peter Meers	**-**	**-**	**-**	**-**	**-**	**-**
Total - Directors	**173,518**	**13,500**	**2,916**	**-**	**-**	**189,934**

*In the case of non-executive directors, the amounts stated have been accrued but not paid pending the setting of a maximum in aggregate that can be paid to non-executive directors, which is to be fixed by shareholders of PMR in general meeting.

Key Management Personnel						
Henry Kinstlinger	-	-	-	-	-	-
Julian Rockett	-	-	-	-	-	-
Benjamin Amzalak	-	-	-	-	-	-
Francis Choy	-	-	-	-	-	-
Total - KMP	**-**	**-**	**-**	**-**	**-**	**-**

21. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

Consolidated 2013	**Short Term Employee Benefits**		**Post Employment Benefits**	**Long Term Benefits**		
	Salary and other Fees	**Travelling Allowance**	**Super-annuation**	**Long Service Leave**	**Share Based Payments**	**Total**
Directors	$	$	$	$	$	$
John Dawkins	-	-	-	-	-	-
John Foley	-	-	-	-	-	-
Peter Kennewell	127,938	10,800	35,748	2,501	-	176,987
Bruce Dennis	-	10,800	-	-	-	10,800
Michael Leu	-	-	-	-	-	-
Peter Meers	-	-	-	-	-	-
Jacob Rebek	20,200	-	-	-	-	20,200
Total - Directors	148,138	21,600	35,748	2,501	-	207,987
Key Management Personnel						
Henry Kinstlinger	-	-	-	-	-	-
Julian Rockett	-	-	-	-	-	-
Benjamin Amzalak	-	-	-	-	-	-
Francis Choy	-	-	-	-	-	-
Total - KMP	-	-	-	-	-	-

The amounts reported represent the total remuneration paid by entities in the Precious Metal Resources Limited Group of companies in relation to managing the affairs of all the entities within Precious Metal Resources Group.

There are no performance conditions related to any of the above payments.

There is no other element of Directors and Executives remuneration.

d. Employee share option plan

Precious Metal Resources Ltd has adopted an Employee Share Option Plan, (**ESOP**) for its employees. A person is an employee of Precious Metal Resources Ltd if that person is an Executive Director, Non-executive Director or considered by the Board to be employed by the Company or a related party.

The purpose of the ESOP is to provide an opportunity for all eligible employees of the Company to participate in its growth and development.

The Company expects to apply the proceeds to working capital needs, asset or business acquisitions and general corporate purposes. All options to be issued must be consistent with any applicable Listing Rules and having regard to regulatory constraints under the *Corporations Act 2001*, ASIC policy or any other applicable law.

21. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

e. Shareholdings and option holdings of key management personnel

Particulars of interest in the issued capital of the Company's ordinary share and options at the date of the Report are:

Directors	Shares Direct Holding	Shares Indirect Holding	Options
Frank Licciardello	-	-	**3,500,000***
Zhang Li	**1,000,000**	-	-
Ram Navaratnam	-	-	-
Jacob Rebek	-	-	-
John Dawkins	-	-	-
John Foley	-	-	-
Michael Leu	-	-	-
Peter Kennewell	-	-	-
Bruce Dennis	-	-	-
Peter J Meers	-	-	-
Other Key Management Personnel			
Henry Kinstlinger	-	-	**250,000**
Julian Rockett	-	-	**100,000**
Benjamin Amzalak	-	-	-
Francis Choy	-	-	**100,000**
	1,000,000	-	**3,950,000**

*3,500,000 options are to be issued to Sanston pursuant to the Sanston Mandate. Frank Licciardello is a director and shareholder of Sanston.

Shares held in Precious Metal Resources Limited – 2014

Directors	Balance at beginning of year	Changes during the year	Balance at end of year
Frank Licciardello	-	-	-
Zhang Li	-	**1,000,000**	**1,000,000**
Ram Navaratnam	-	-	-
Jacob Rebek	-	-	-
John Dawkins	-	-	-
John Foley	-	-	-
Peter Kennewell	-	-	-
Bruce Dennis	-	-	-
Michael Leu	-	-	-
Peter Meers	-	-	-
Other Key Management Personnel			
Henry Kinstlinger	-	-	-
Julian Rockett	-	-	-
Benjamin Amzalak	-	-	-
Francis Choy	-	-	-
	-	**1,000,000**	**1,000,000**

21. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

Options held in Precious Metal Resources Limited – 2014

Directors	Nature	Balance at beginning of year	Changes during the year	Balance at end of year
John Foley	Employee Share Option Plan	**250,000**	**-**	**250,000**
Peter Kennewell	Employee Share Option Plan	**500,000**	**-**	**500,000**
Bruce Dennis	Employee Share Option Plan	**250,000**	**-**	**250,000**
Michael Leu	Employee Share Option Plan	**250,000**	**-**	**250,000**
Peter Meers	Employee Share Option Plan	**250,000**	**-**	**250,000**
Other Key Management Personnel				
Henry Kinstlinger	Employee Share Option Plan	**250,000**	**-**	**250,000**
Julian Rockett	Employee Share Option Plan	**100,000**	**-**	**100,000**
Francis Choy	Employee Share Option Plan	**100,000**	**-**	**100,000**
		1,950,000	**-**	**1,950,000**
Benjamin Amzalak	Success Option	**250,000**	**(250,000)**	**-**

Options held in Precious Metal Resources Limited – 2013

Directors	Nature	Balance at beginning of year	Changes during the year	Balance at end of year
John Foley	Employee Share Option Plan	250,000	-	250,000
Peter Kennewell	Employee Share Option Plan	500,000	-	500,000
Bruce Dennis	Employee Share Option Plan	250,000	-	250,000
Michael Leu	Employee Share Option Plan	250,000	-	250,000
Peter Meers	Employee Share Option Plan	250,000	-	250,000
Other Key Management Personnel				
Henry Kinstlinger	Employee Share Option Plan	250,000	-	250,000
Julian Rockett	Employee Share Option Plan	100,000	-	100,000
Francis Choy	Employee Share Option Plan	100,000	-	100,000
		1,950,000	-	1,950,000
Benjamin Amzalak	Success Option	250,000	-	250,000

22. REMUNERATION OF AUDITORS

	Consolidated		Parent Entity	
	2014	2013	**2014**	2013
	$	$	**$**	$
Audit services: Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group				
Audit and review services	**21,190**	23,015	**21,190**	23,015
Taxation and other advisory services: Amounts paid or payable to auditors for non-audit taxation and advisory services for the entity or any entity in the Group				
Taxation	**1,150**	7,955	**1,150**	7,955
Advisory Services		-		-
	1,150	7,955	**1,150**	7,955

23. SHARE BASED PAYMENTS

	Number of instruments	Vesting conditions	Expiry Date
Employee share options were granted to directors, officers and consultants exercisable at any time prior to expiry	1,950,000	Vested and exercisable	24 October 2016

The number and weighted average exercise price of share options is as follows:

	Consolidated		Parent Entity	
	2014 Number	2013 Number	**2014 Number**	2013 Number
Vested and exercisable at beginning of year	**3,600,000**	3,600,000	**3,600,000**	3,600,000
Granted during the year				
Expired during the year	**(1,650,000)**	-	**(1,650,000)**	-
Vested and exercisable at the end of the year	**1,950,000**	3,600,000	**1,950,000**	3,600,000

2014	**Employee Share Options**	**Success Options**	**Total**
Grant date	**24/10/2011**	**24/10/2011**	
Expiry date	**24/10/2016**	**24/10/2014**	
Exercise price ($)	**0.30**	**0.30**	
Balance at beginning of year	**1,950,000**	**1,650,000**	**3,600,000**
Granted during the year	**-**	**-**	**-**
Forfeited during the year	**-**	**-**	**-**
Exercised during the year	**-**	**-**	**-**
Expired during the year	**-**	**(1,650,000)**	**(1,650,000)**
Balance at the end of year	**1,950,000**	**-**	**1,950,000**
Vested and exercisable at end of year	**1,950,000**	**-**	**1,950,000**

Weighted average exercise price 30.0 cents

2013	Employee Share Options	Success Options	Total
Grant date	24/10/2011	24/10/2011	
Expiry date	24/10/2016	24/10/2014	
Exercise price ($)	0.30	0.30	
Balance at beginning of year	1,950,000	1,650,000	3,600,000
Granted during the year	-	-	-
Forfeited during the year	-	-	-
Exercised during the year	-	-	-
Expired during the year	-	-	-
Balance at the end of year	1,950,000	1,650,000	3,600,000
Vested and exercisable at end of year	1,950,000	1,650,000	3,600,000

Weighted average exercise price 30.0 cents

24. RELATED PARTY TRANSACTIONS

a. Parent entities

The parent entity within the Group is Precious Metal Resources Limited.

b. Subsidiaries

Interests in subsidiaries are disclosed in note 14.

c. Key management personnel compensation

Key management personnel compensation information is disclosed in note 21.

d. Transactions with related parties

The following transactions occurred with related parties during the year ended 31 December 2014:

Administration Fee

Consolidated and parent entity

The Company paid an administration fee to Hudson Corporate Limited (**HCL**), a wholly owned subsidiary of Hudson Investment Group Limited, of $385,300 (2013: $440,400) as payment of sharing rent, administration, accounting, secretarial and compliance costs incurred by HCL on behalf of the Group.

e. Outstanding balance

	Consolidated Entities		Parent Entity	
	2014	2013	**2014**	2013
Receivable	**$**	$	**$**	$
Non-current				
Advance to other entity	**20,670**	296,480	**20,670**	296,480
Advance to controlled entities	**-**	-	**1,728,180**	1,677,516
Payable				
Non-current				
Advance from controlled entities	**-**	-	**-**	-
Advance from related entity	**1,181,136**	821,805	**1,181,136**	821,805

Terms and conditions of advances

Receivable - advance to other party

The Company advanced a recourse loan of $250,000 to a consultant in 2011. The interest bearing 9% loan has a three year term on repayment. The loan was secured by shares and was fully repaid during the year.

None were written down during the year.

Payable – advance from related entity

Hudson Corporate Limited (**HCL**) advanced an interest bearing 9% loan to the group. The advance has a term of 2 years.

f. Guarantees

No guarantees were given or received from related parties during the year.

g. Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms or repayment of loans between the parties and that no interest is charged on outstanding balances.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards which as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS) and;

   (b) give a true and fair view of the financial position as at 31 December 2014 and of the performance for the year ended on that date of the Company and the consolidated entity.

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The remuneration disclosures included on pages 13 to 16 of the Directors' Report (as part of the audited Remuneration Report), for the year ended 31 December 2014, comply with section 300A of the *Corporations Act 2001*.

4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporation Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Francesco (Frank) Licciardello
Director

Ram Navaratnam
Director

Signed at Sydney
10 March 2015

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ABN 57 446 398 808

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Independent Auditor's Report
To the Members of
Precious Metal Resources Limited
A.C.N. 145 105 148
And Controlled Entities

Report on the Financial Report

We have audited the accompanying financial report of Precious Metal Resources Limited, which comprises the statement of financial position as at 31 December 2014, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended 31 December 2014, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The director's of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable to preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements that* the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.* We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Precious Metal Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

a. the financial report of Precious Metal Resources Limited is in accordance with the *Corporations Act 2001,* including:
    i. giving a true and fair view of the consolidated entity's financial positions as at 30 June 2014 and of its performance for the year ended on that date; and
    ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001; and*
b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter Regarding Continuing as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which shows that the financial report has been prepared on a going concern basis. We note that the consolidated entity incurred a net loss of $1,854,335 for the year ended 31 December 2014 and as of that date; the group had cash of $149,242 and negative shareholder equity of $199,426. We also draw attention to Note 19: Events subsequent to balance date which includes details how the directors intend to ensure the group continues operating as a going concern. One of which is the reliance of a successful capital raising due to close April 2015. These conditions indicate the existence of a material uncertainty which may cast doubt on the group's ability to continue as a going concern should the capital raising not be successful.

Auditor's opinion on the Remuneration Report contained in the Directors' Report.

In our opinion, the remuneration disclosures that are contained on pages 13 to 16 of the Directors' Report comply with s300A of the Corporations Act 2001.

KS Black & Co
Chartered Accountants

Sam Danieli
Partner
Sydney
Date 10 March 2015

SHAREHOLDER INFORMATION

As at 27 February 2015

A. Substantial Holders

Those shareholders who have lodged notice advising substantial shareholding under the Corporations Act 2001 are as follows:

	Shareholder	No. of Shares	% held
1	Mayfair Capital Limited	4,263,000	17.40%
2	Sovereign Gold Company Limited	3,570,938	14.58%
3	Sakura Capital Limtied	2,944,424	12.02%
4	Gossan Hill Gold Limited	2,000,000	8.16%
5	Code Nominees Pty Ltd <Mata>	1,800,000	7.35%

B. Distribution of Equity Securities

Range	Total Holders	Units	% of Issued Capital
1 - 100	3	13	0.00
101 - 1,000	1	1,000	0.00
1,001 - 10,000	360	3,506,722	14.31
10,001 - 100,000	15	506,915	2.07
100,001 - 500,000	10	2,654,800	10.84
500,001 - 1,000,000	4	3,257,188	13.29
1,000,001 - and above	5	14,573,362	59.48
Rounding			**0.01**
Total	**398**	**24,500,000**	**100.00**

C. Unmarketable Parcels

	Minimum Parcel size	Holders	Units
Minimum $ 500.00 parcel at $ 0.25 per unit	2000	9	8,694

D. Twenty Largest Shareholders

The names of the twenty largest holders of quotes equity securities aggregated are listed below:

Rank	Name	Units	% of Issued Capital
1	Mayfair Capital Limited	4,263,000	17.40%
2	Sovereign Gold Company Limited	3,570,938	14.58%
3	Sakura Capital Limtied	2,944,424	12.02%
4	Gossan Hill Gold Limited	2,000,000	8.16%
5	Code Nominees Pty Ltd <Mata>	1,800,000	7.35%
6	Zhang Li	1,000,000	4.08%
7	Mr Richard Yap	1,000,000	4.08%
8	Ganesan Sivandam	750,000	3.06%
9	Hudson Corporate Limited	522,188	2.13%
10	Mr Chin Huan Ng	500,000	2.04%
11	Dato Alex Teh Chee Teong	500,000	2.04%
12	Ms Najma Tasneem	379,412	1.55%
13	Mr Liang Kwang Lim + Mrs Jennifer Lynne Lim <Lims Super Fund A/C>	317,576	1.30%
14	Tempranillo Investments Pty Ltd <Runnine With Bulls S/F A/C>	200,000	0.82%
15	Mr Eng Chor Khor + Mrs Siew Ngoh Khor	194,736	0.79%
16	Benbaxter Pty Ltd	166,667	0.68%
17	Mr Man Chime Chan	155,000	0.63%
18	Mr Guan Chye Ong	150,000	0.61%
19	Raffles Capital Limtied	111,409	0.45%
20	Mr Eng Chor Khor	100,000	0.41%
	Totals: Top 20 holders of Fully Paid Shares	20,625,350	84.18%

E. Unquoted Securities

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 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 for advisory and lead broker services. Francesco Licciardello is a director and shareholder of Sanston.

On 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.

Post-acquisition summary of options
Upon completion of the Acquisition and closing of the public 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**	

Current Options 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.

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	Joint Company Secretary	100,000
Henry Kinstlinger	Joint Company Secretary	250,000
Total		1,950,000

F. Voting Rights

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Option holders have no voting rights until the options are exercised.

G. Tenement Schedule

Through its 100% owned subsidiaries, Precious Metal Resources Limited holds the tenement interests as described:

	Licence No	Project	Status	Expiry Date	Area Sq kms
PMR3 Pty Ltd	EL 8024	Panama Hat-Huonville	renewal pending	29-Nov-14	114
				sub-total	114
PMR5 Pty Ltd	EL8147	Timbarra	Granted	07-Aug-16	93
				sub-total	93
Peel Gold Pty Ltd	EL 8277	Teatree Creek	Granted	24-Jun-17	297
	EL 6648	Crow King	Granted	18-Oct-17	27
	EL 7725	Adam Scrub	Granted	16-Mar-15	48
	EL 7862	Manilla	renewal pending	10-Nov-13	60
				sub-total	**432**
Peel Gold North Pty Ltd	EL 7726	Bingara South	Granted	16-Mar-15	69
	EL 7863	Bingara	Granted	10-Nov-15	27
	EL 8161	Spring Creek	Granted	04-Sep-15	21
	EL 8211	Bingara North	Granted	11-Dec-16	63
				sub-total	**180**
				TOTAL	819