



PRECIOUS METAL RESOURCES LIMITED

PROSPECTUS

Initial Public Offering of 10,000,000 Shares at an issue price of \$0.20 per Share to raise \$2,000,000.

The minimum subscription is \$2 million.

Sponsoring Broker:



Priority Offer: *Raffles Shareholders will be guaranteed an allocation of 10,000 Shares if they hold at least a Marketable Parcel of Raffles Shares on the Record Date.*

Raffles Shareholders may apply for more Shares under the Priority Offer, but will not be guaranteed the additional allocation. Any further allocation will be at the discretion of the Directors.

2011

Directory

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Important Information

Key dates for investors	
Record Date (Applicable to Priority Offer)	24 October 2011
Offer Opens	3 November 2011
Offer expected to Close	24 November 2011
Expected Date for Despatch of Shareholding Statements	30 November 2011
Expected Date for Restatement to the Official List of the ASX	6 December 2011

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

Prospectus

This prospectus dated 26 October 2011 relates to shares of Precious Metal Resources Limited (**PMR**).

This Prospectus is prepared by Precious Metal Resources Limited (**PMR**) and was lodged with Australian Securities & Investments Commission (**ASIC**) on the same date.

Neither ASIC nor Australian Securities Exchange Limited (**ASX**) take any responsibility for the contents of this Prospectus.

PMR has issued this Prospectus in Australia.

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

This Prospectus comprises details of an offer by PMR of 10,000,000 Shares at \$0.20 per Share to raise \$2,000,000, (**Offer**).

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

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

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

The Prospectus will be made generally available in electronic form during the Exposure Period by being posted through the PMR website at www.pmr.com.au. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the Application Form (free of charge) from the registered office of PMR during the Offer Period by contacting PMR on +61 2 9251 7177. The Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and Application Form within Australia.

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

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

Priority Offer

5,000,000 Shares representing half the Offer have been reserved for Raffles Shareholders under the Priority Offer (**Reserved Shares**).

Raffles Shareholders will be guaranteed an allocation of 10,000 Shares from the Reserved Shares if they hold at least a Marketable Parcel of Raffles Shares on the Record Date.

In the event that more applications are received under the Priority Offer than the available Reserved Shares, such application will be treated as if made under the Public Offer.

Raffles Shareholders may apply for more Shares under the Priority Offer, but will not be guaranteed any further allocation. Any further allocation will be at the discretion of the Directors.

In the event that a Raffles Shareholder applies for Shares under the Priority Offer and is ineligible to participate, such application will be treated as made under the Public Offer.

Important Information cont

How to apply for shares

Applications for Shares will only be accepted on the Application Form attached to or accompanying this Prospectus or in its paper copy form from www.pmrl.com.au. The *Corporations Act 2001* prohibits any person from passing on to another person the Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

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

Representation

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

Exposure period

Applications for Shares under this Prospectus will not be processed until after expiry of the Exposure Period for this Prospectus under the *Corporations Act 2001*. No preference will be conferred on Applications received during the Exposure Period. All Applications received during the Exposure Period will be treated as if they were simultaneously received on the date on which the Offers open. If the Exposure Period is extended by the ASIC, Applications will not be processed until after expiry of the extended Exposure Period.

The purpose of the Exposure Period is to enable examination of this Prospectus by market participants prior to the acceptance of Applications and the raising of funds. That examination may result in the identification of deficiencies in the Prospectus and, in those circumstances; any Application that has been received may need to be dealt with in accordance with section 724 of the *Corporations Act 2001*.

Privacy and personal information

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

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

If you become a Security Holder, the *Corporations Act 2001* requires PMR to include information about the Security Holder (including name, address and details of the Shares held) in its public register. The information contained in PMR's public register must remain there even if you cease to be a Security Holder. Information contained in PMR's register is used to facilitate distribution payments and corporate communications (including PMR's financial results, annual reports and other information that PMR may wish to communicate to its Security Holders) and for compliance by PMR with legal and regulatory requirements.

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

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

Highly Speculative investment

Persons wishing to subscribe for the Securities offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of PMR and the rights and liabilities attaching to the Securities offered pursuant to this Prospectus. If persons considering subscribing for the Securities offered by this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional advisers for advice.

Potential investors should carefully consider whether the Securities offered by this Prospectus are an appropriate investment for them in light of their personal circumstances, including financial and taxation position. The Securities offered by this Prospectus should be considered highly speculative. Refer to section 4 for details relating to the investment risks.

Glossary

Defined terms and abbreviations used in this Prospectus are explained in section 11.

Technical Terms

Technical terms used in this Prospectus are explained in section 12.

Highlights and Risks

Investment Highlights

PMR has a portfolio of three highly prospective exploration tenements at Halls Peak, 80 km south-east of Armidale, New South Wales, Australia.

Exploration aims to locate the right depositional environment to host a major deposit in excess of 100,000 tonnes (t) of Volcanic Massive Sulphide (VMS) rich in copper, lead, zinc and silver, with variable but largely untested gold values.

IPO	Initial public offering of 10 million shares at an issue price of \$0.20 per share to raise \$2,000,000
Priority Offer	Priority Offer to Raffles shareholders holding a Marketable Parcel at the Record Date
Accelerated Exploration	PMR will use the funds raised through this IPO to accelerate exploration on the PMR Project Tenements.
Inferred Volcanic Centre	Inferred volcanic centre for extensive small but high-grade Volcanic Massive Sulphide deposits rich in copper, lead, zinc and silver.
Untested gold value	Variable but largely untested gold values.
Exploration to locate economic resource	Exploration aims to locate the right depositional environment to host an economic resource.
Geochemical and geophysical anomalies	Several geochemical and geophysical anomalies are present that should identify further high grade, near-surface sulphides.
Indications of orogenic gold	Indications for the presence of orogenic gold from breccia floaters and small pods of Au-rich quartz on the tenements carrying 1 to 10 g/t Au.
Substantial historic data	Substantial body of exploration data to support exploration program objectives has been extensively reviewed.
4,000 metres existing core	Re-sampling and re-assaying approximately 4,000 metres of existing core underway; Validity of historic assay data confirmed.

Risks

Investors should be aware that an investment in PMR is highly speculative and involves many risks, which may be higher than the risks associated with an investment in other companies. In particular the exploration for and development of natural resources is a highly speculative activity that involves a high degree of financial risk.

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

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

Additional Requirements for Capital	The funds raised through this Prospectus that are spent on mineral exploration may not be sufficient to identify a JORC compliant resource, which will mean that PMR will have to raise more funds. Any further equity fundraising may dilute the interest of investors. Any farm in arrangements to provide further exploration funds would also dilute PMR's interest in the PMR Tenements. Even if commercial quantities of minerals are discovered, any commercialisation will take a long time and require significant further funds and regulatory permits. Depending on the method of fund raising for this, this may dilute the investment of shareholders in PMR in the PMR Tenements. There is no certainty regarding PMR's ability to raise equity and debt to meet future capital requirements.
Capital Structure	Should the Options be exercised, Shareholders will have their holding diluted.
Climate Change	Mining of mineral resources is relatively energy intensive and depends on fossil fuels. Increased regulation the industry and government policy designed to mitigate, abate or adapt to climate change may adversely affect PMR by increasing the cost of operations and reduce profitability.
Competition Risk	The industry in which PMR is involved is subject to domestic and global competition.
Economic Risks	General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on PMR's activities, as well as on its ability to fund those activities.

Highlights and Risks cont

Environmental Risks	The operations and proposed activities of PMR are subject to State and Commonwealth laws and regulations concerning the environment.
Exploration Success	The PMR Tenements consist only of exploration permits. Even if economic quantities of minerals are discovered, there is a risk that PMR will not be granted the necessary lease to mine the minerals. Mineral exploration is speculative and involves significant risks, which even the highest levels of experience, care and planning cannot control. There is no assurance that exploration programmes will be successful in the discovery of new ore bodies or the delineation of resources in any or all of PMR's activities.
Insurance Risks	Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be high.
Investment Highly Speculative	An investment in PMR should be considered highly speculative, as the funds will be used for exploration, which involves various risks.
Land Access	The landowners on the PMR Tenements may not enter into a land access agreement in which event the same will be subject to arbitration under the Mineral Legislation. There is a risk that the arbitrator may not determine that the landowner should enter into the land access agreement. However the arbitrator is required by the Mineral Legislation to act according to equity, good conscience and the substantial merits of the case without regard to technicalities or legal forms. To date all landholders have given permission for access to explore land that comprises that focus of the exploration program for the next two years.
Limited History	PMR was incorporated in July 2010 and its operational and financial historical performance is limited.
Market Conditions	The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences.
Metal Prices	The prices of minerals being sought by PMR fluctuate due to many factors beyond the control of PMR. Further, as the Income and expenditure of PMR will be in Australian dollars and any sale of gold or copper will be in United States dollars PMR is exposed to fluctuations in exchange rates.
Operating Risks	Only preliminary exploration has been conducted to date by PMR.
Reliance on Plant and Personnel	There is a risk that plant and personnel may not be available to undertake the exploration programmes.
Resource Estimates	No JORC compliant resource has yet been identified.
Restricted Securities and effect on liquidity	Subject to PMR being admitted to the Official List, certain Shares on issue prior to the Offer will be classified by ASX as restricted securities. ASX may require that they be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.
Title Risk	PMR could lose title to or its interest in the Tenements if license conditions are not met or if insufficient funds are available to meet expenditure commitments.

Detailed information about the PMR Tenements and exploration program can be found in the Independent Technical (Geologists) Report in section 7.

Business Model

Business Model

PMR is an exploration company, its projects are the granted tenements EL 4474, EL 5339 and EL 7679, (**PMR Tenements**) located at Halls Peak, 80 km south-east of Armidale, New South Wales, Australia.

Halls Peak is the inferred volcanic centre for extensive small but high grade Volcanic Massive Sulphide (**VMS**) deposits rich in copper, lead, zinc and silver, with variable but largely untested gold values. Exploration aims to locate the right depositional environment to host a high-grade deposit of between 30,000 and 170,000 tonnes within a global exploration target of 5 – 70 million tonnes of mixed grade mineralisation¹. Several geochemical and geophysical anomalies are also present that should identify further high grade, near-surface sulphides.

Additional to the VMS prospectivity, there are indications for the presence of orogenic gold from breccia floaters and small pods of Au-rich quartz on the tenements carrying 1 to 10 g/t Au.

A substantial body of exploration data has been generated over the years by the Geological Survey of NSW and a number of major mining companies including, BHP Ltd., MIM Ltd., The Zinc Corporation, Allstate Exploration NL, Carpentaria Exploration Co. Ltd., CRA Exploration Limited and Amoco Minerals Australia Co.

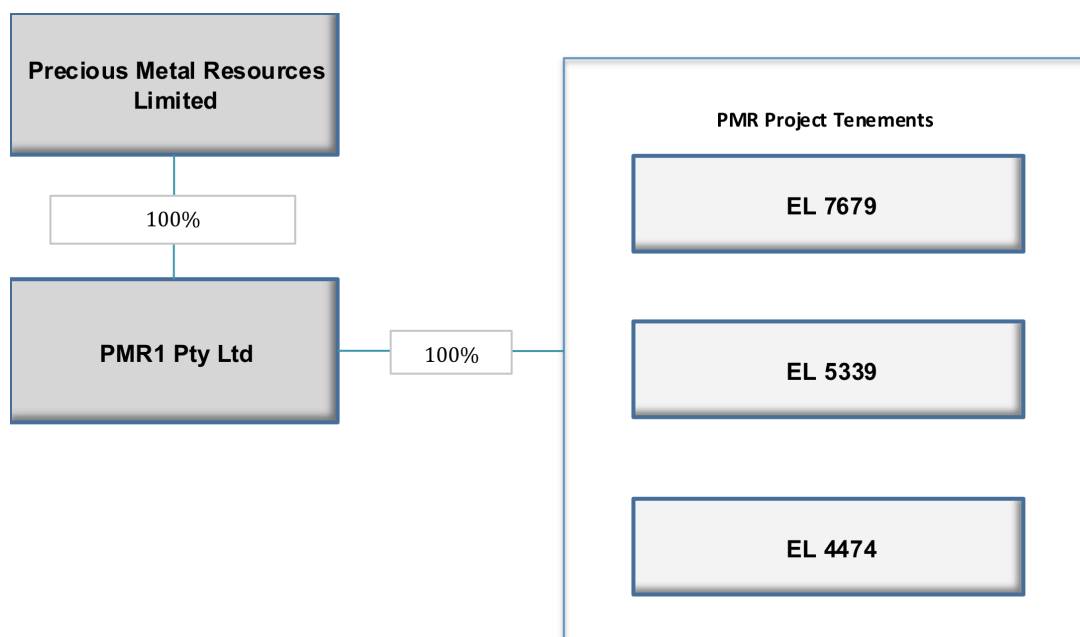
PMR will expand on this work, unhindered by the plethora of small prospectors that originally held prime areas.

Resampling and reassaying of approximately 4,000 metres of existing core from 39 holes drilled between 1969 and 1974 on the PMR Tenements is underway. Initial results demonstrate that previous explorers did not assay some cores now found to contain high grades of silver and base metals². This was due to the mineralised rocks looking almost identical with those not carrying mineralisation.

In the short to medium term after listing on the ASX, PMR intends to implement exploration work programmes which will focus on the three key known sulphide bodies initially aiming to bring them to a proven resource stage quite rapidly through a diamond and reverse circulation drilling program.

The Board and its advisors have extensive networks within the resources industry, which as circumstances and resources permit, will assist in the search for additional projects of interest both in Australia and internationally.

In addition to the existing projects, PMR will review other acquisition and joint venture opportunities to secure new projects in the resources sector that meet the Company's objectives and strategies.



¹ The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a mineral resource to the JORC Code and it is uncertain if further exploration will result in a determination of a mineral resource.

² PMR resampled core from drill hole Allstate DDH 6 (GDA 94 - 407655E, 6597910N), analysis of previously unassayed core returned grades of up to 122 ounces of silver and 16.3% zinc (reported to ASX by Raffles, 20 September 2011). Samples were crushed and pulverized to 85% < 75 micron, and assayed by four acid ICP-MS procedures; high-grade results were then verified at ore grade four acid (OG-62). Notwithstanding the results from the limited sampling conducted to date it remains uncertain if further testing will result in similar outcomes.

Statements

Qualifying statement

The information in this Prospectus that relates to Exploration Information is based on information compiled by Peter Kennewell who is a member of the Australian Institute of Mining and Metallurgy.

Mr Kennewell is a qualified geologist and is a director of Precious Metal Resources Limited.

Mr Kennewell has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of exploration Results, Mineral Resources and Ore Resources. Mr Kennewell has consented in writing to the inclusion in this Prospectus of the Exploration Information in the form and context in which it appears.

PMR Related Party Disclosure

Peter Kennewell

PMR has entered into an Executive Employment Agreement with Peter Kennewell, a director of PMR. The material terms are set out in full at section 9.6. However the key terms are:

- Peter Kennewell is employed to provide the services of Chief Executive Officer of PMR for a period of 3 years;
- Peter Kennewell is to be paid \$150,000 per annum not including superannuation as required by the Superannuation Guarantee Administration Act 1992 (Cth);
- Incentive payments will be considered by the Board from time to time and made available in either the form of cash bonuses or share options at PMR's discretion.
- the agreement can be terminated by either PMR or Peter Kennewell on 6 months notice.

Michael Leu

PMR has also entered into a Geological Services Agreement with Michael Leu, a director of PMR. The material terms are set out in full at section 9.6. However the key terms are:

- Michael Leu is to provide the services of Consulting Geologist of PMR as an independent contractor to PMR for a period of 2 years unless terminated earlier for breach;
- Michael Leu is to be paid a fee of \$600 per day (exclusive of GST) plus reimbursement of expenses;
- the agreement can only be terminated for breach of an insolvency event by either party so if there is no breach of an insolvency event the term of the contract will be for 2 years.

The directors are of the view that these contracts are on arm's length terms. In addition the directors consider the terms of the relevant contracts to be reasonable, as it will enable PMR to obtain the expertise of both qualified and experienced geologists and their specific knowledge of the PMR Tenements at a reasonable cost.

The Directors' believe that the relevant financial terms are considerably less than fees that the directors are aware are paid to other qualified professionals with similar expertise. Also Michael Leu is only paid for those days on which PMR requires any services to be performed so the cost is within PMR's control.

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Precious Metal Resources Limited

Precious Metal
Resources Limited
ACN 145 105 148

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26 October 2011

Dear Investors,

On behalf of the Board of Directors it is our pleasure to offer you the opportunity to become an investor in Precious Metal Resources Limited (**PMR**).

This IPO is an opportunity to participate in a new metals exploration project in NSW. PMR will use the funds raised through this Offer toward exploration on the PMR Project Tenements.

PMR has commissioned an independent expert report that profiles the PMR Tenements. The report provides strong support for the investment opportunity available and can be found in section 7.

PMR1 Pty Ltd, a wholly owned subsidiary of PMR is the holder of the PMR Tenements located at Halls Peak, 80 km south-east of Armidale, New South Wales, Australia.

Halls Peak is the inferred volcanic centre for extensive small but high grade Volcanic Massive Sulphide (**VMS**) deposits rich in copper, lead, zinc and silver, with variable but largely untested gold values. Further exploration aims to locate the right depositional environment to host an economic resource.

Several geochemical and geophysical anomalies are also present that should identify further high grade, near-surface sulphides.

Additional to the VMS prospectivity, there are indications for the presence of orogenic gold from breccia floaters and small pods of Au-rich quartz on the tenements carrying 1 to 10 g/t Au.

A substantial body of exploration data has been generated over the years by the Geology Survey of NSW and a number of major mining companies including, BHP Ltd., MIM Ltd., The Zinc Corporation, Allstate Exploration NL, Carpentaria Exploration Co. Ltd., CRA Exploration Limited and Amoco Minerals Australia Co. PMR will expand on this work, unhindered by the plethora of small prospectors that originally held prime areas.

Exploration will focus on the three key known sulphide bodies initially aiming to bring them to a proven resource stage quite rapidly through a diamond and reverse circulation drilling program.

PMR is seeking through this public offering to raise \$2,000,000 by the issue of 10 million new ordinary shares priced at \$0.20 per share.

The directors recommend the Offer and look forward to your participation in this exciting investment opportunity.


John Foley
Chairman

Details of the Offer

1. The offer

A total of 10,000,000 Shares in PMR at \$0.20 per Share are being offered for subscription. The minimum subscription is 10,000,000 Shares in PMR totalling \$2,000,000.

1.1 Precious Metal Resources Limited

Precious Metal Resources Limited (PMR) is a public company incorporated on 8 July 2010.

1.2 Applications for shares

The minimum application is for 10,000 Shares at a total cost of \$2,000. Additional Shares can only be applied for in multiples of 1,000 Shares. You can only apply for Shares by completing and lodging the Application Form attached to or accompanying this Prospectus. Instructions on how to complete the Application Form are included on the reverse side of the form. Application Forms must not be circulated to prospective investors unless accompanied by this Prospectus.

1.3 Offer statistics

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

Amount raised	\$2,000,000
Capital Structure prior to the Issue	
Shares	75,000,000
Allocated Options under ESOP	1,950,000
Number of Shares to be issued pursuant to this Prospectus	
Shares	10,000,000
Success Options	1,650,000
Capital structure following completion of the Issue	
Shares	85,000,000
Options	3,600,000

55 million of the existing shares are owned by Raffles Capital Limited, which will represent 64.71% of the issued capital of PMR upon the raising of \$2,000,000.

There are 3,050,000 unallocated options that may be issued pursuant to the ESOP. If all of those options are allocated prior to the issue pursuant to this Prospectus, the number of Options will be 6,650,000 in lieu of 3,600,000.

Further details of the number and terms of Options are set out in section 9.7.

The effect on new PMR shareholders' interest in PMR in the event that all allocated and unallocated options are exercised is that their interest in PMR will reduce from 11.76% to 10.91%.

1.4 Exposure Period

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

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Examination during the Exposure Period may result in the identification of deficiencies in this Prospectus and in those circumstances any Application that has been received may need to be dealt with in accordance with section 724 of the *Corporations Act 2001*.

Details of the Offer cont

1.5 Purpose of the issue

PMR is seeking to raise a minimum of \$2 million pursuant to the Offer.

The purpose of the capital raising under this issue of Shares is to provide PMR sufficient funds to conduct the mineral exploration and development programs described in section 2 of this Prospectus as indicated in the following table.

Gross proceeds from Raising	\$2,000,000	Year 1	Year 2	Total
Pre-Offer Cash	\$887,064			
Total Funds Available	\$2,887,064			
Cost of Offer				
Geologist's report and drafting		\$10,000		\$10,000
Legal expenses		\$15,000		\$15,000
Preparation, printing and distribution		\$10,000		\$10,000
Investigating Accountant's Report		\$10,000		\$10,000
Sponsoring Broker		\$30,000		\$30,000
Brokerage and/or handling fees		\$100,000		\$100,000
ASX Listing Fees		\$25,000		\$25,000
Project management and overhead ³		\$95,000		\$95,000
Cost of Offer		\$295,000		\$295,000
Cash Balance after costs of Offer				\$2,592,064
Administration / Overhead (Mineral Exploration)		\$200,000	\$275,000	\$475,000
Administration / Overhead		\$200,000	\$275,000	\$475,000
Exploration				
Reconnaissance Exploration		\$100,000	\$100,000	\$200,000
Reconnaissance Drilling		\$100,000	\$150,000	\$250,000
Resource Definition (Drilling)		\$300,000	\$350,000	\$650,000
Analysis of drill data		\$200,000	\$300,000	\$500,000
Geophysics - Helimag, Ind Polarisation		\$150,000	\$100,000	\$250,000
Metallurgy		\$50,000	\$80,000	\$130,000
Land access fees		\$20,000	\$20,000	\$40,000
Exploration		\$920,000	\$1,100,000	\$2,020,000
Total Cost of Offer / Administration / Exploration		\$1,415,000	\$1,375,000	\$2,790,000
Cash Balance		\$1,472,064	\$ 97,064	\$ 97,064

The estimates of expenditure set out in this section 1.5 are based on budgets set by the Directors. The actual level and break-up of expenditure may change on an ongoing basis depending on results obtained from the exploration and appraisal work carried out.

The results obtained from exploration and evaluation programmes may lead to increased or decreased levels of expenditure, reflecting success and changes in emphasis of aspects of the Project.

³ Included in the Costs of the Offer, under project management and overhead are costs associated with promotion; legal fees and expenses payable to the Sponsoring Broker; costs of research conducted during the preparation of the Prospectus; and other marketing and promotional costs.

Details of the Offer cont

Following completion of the Offer, the Directors are of the view that PMR will have sufficient working capital to carry out its objectives pursuant to section 1.5.

1.6 Minimum Subscription

The minimum subscription for the Issue is \$2,000,000. No Securities will be issued pursuant to this Prospectus until the minimum subscription is reached. Should the minimum subscription not be reached within 4 months after the date of this Prospectus, all application monies will be dealt with in accordance with the *Corporations Act 2001*.

The maximum amount that may be raised pursuant to this Prospectus is \$2,000,000.

1.7 Proceeds of the issue

- After expenses of the issue the net proceeds are estimated to be \$1,705,000.
- Pre-Offer cash is \$887,064.
- Total Funds available are estimated to be \$2,592,064

1.8 Dividends

It is anticipated that there will be no dividends declared for the year ending 31 December 2011.

1.9 How to apply for Shares

Priority Offer

5,000,000 Shares representing half the Offer have been reserved for Raffles Shareholders under the Priority Offer (**Reserved Shares**).

Raffles Shareholders will be guaranteed an allocation of 10,000 Shares from the Reserved Shares if they hold at least a Marketable Parcel of Raffles Shares on the Record Date.

In the event that more applications are received under the Priority Offer than the available Reserved Shares, such application will be treated as if made under the Public Offer.

Only one application under the Priority Offer will be accepted for each unique Holder Identification Number (**HIN**) or Shareholder Reference Number (**SRN**) held.

Raffles Shareholders may apply for more Shares under the Priority Offer, but will not be guaranteed the allocation of the additional shares. Any further allocation will be at the discretion of the Directors, which will be allocated under the General Terms.

Applications for Shares by Raffles Shareholders who wish to apply for Shares under the Priority Offer will only be accepted on the Application Form accompanying this Prospectus.

Raffles Shareholders applying under the Priority Offer **must** provide their HIN or SRN on the Application Form where indicated to be eligible under the Priority Offer.

In the event that a Raffles Shareholder applies for Shares under the Priority Offer and is ineligible to participate, such application will be treated as if made under the Public Offer.

Public Offer

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

General Terms

Payment for the Shares must be made in full at the issue price of 20 cents per Share. Applications for Shares must be for a minimum of 10,000 Shares (\$2,000) and thereafter, in multiples of 1,000 Shares.

Completed Application Forms and cheques for the relevant amount should be posted to:

The Registrar
Computershare Investor Services Pty Limited
GPO Box 2115
MELBOURNE VIC 3001
Australia

While it is not obligatory for Applicants to quote their Tax File Number (**TFN**), tax will be withheld at the rate of 45% plus Medicare levy on unfranked or partially franked dividends if Australian resident shareholders do not quote their TFN. Applications for the Shares offered by the Prospectus must be made, and will only be accepted, on the Application Form attached to or accompanying this Prospectus. A duly completed and lodged Application Form will constitute an

Details of the Offer cont

offer by the Applicant to subscribe for the number of Shares applied for pursuant to the Application Form. The Issue will open at 9.00 am on 9 November 2011 and will remain open until 5.00 pm on 24 November 2011, subject to the right of the Directors to extend the Offer period, or bring forward the close of the Offer without prior notice.

No brokerage or stamp duty is payable by Applicants in respect of their applications for Shares under this Prospectus. The amount payable on application will not vary during the period of the Offer and no further amount is payable on allotment.

Applications must be accompanied by cheques for the subscription amount. Cheques should be made payable to "Precious Metal Resources Limited – Offer Account". The Application Monies will be held in trust in a subscription account until allotment. The subscription account has been established and will be kept by PMR on behalf of the Applicants.

1.10 Allotment and allocation

PMR will proceed to allocate Shares as soon as possible after the Closing Date; shares will be allotted after receiving ASX permission for Official Quotation of the Shares.

In relation to applications for Shares, PMR reserves the right to allocate to any Applicant a lesser number of Shares than that applied for, or to decline any Application. Where no allocation is made to a particular Applicant or the number of Shares allocated is less than the number applied for by an Applicant, surplus Application Monies will be returned to that Applicant within 30 days of the Closing Date. No interest will be paid on refunded Application Monies. Successful Applicants will be notified in writing of the number of Shares allocated to them as soon as possible following the allocation being made after the Closing Date. It is the responsibility of Applicants to confirm the number of Shares allocated to them prior to trading in Shares. Applicants who sell Shares before they receive notice of the number of Shares allocated to them do so at their own risk.

1.11 ASX listing

Within seven (7) days after the date of issue of this Prospectus, PMR will apply for listing and quotation of its Shares on the ASX. If granted, quotation of the Shares will commence as soon as practicable after allotment of Shares to Applicants. If the application for quotation of the Shares to the ASX is not made within the said seven (7) days or the Shares are not admitted for quotation within three (3) months after the date of this Prospectus then the issue of Shares will not proceed and the Application Monies will be returned to the applicant.

1.12 CHESS

PMR is a participant in the Securities Clearing House Electronic Sub-register System known as CHESS. CHESS is operated by the ASX's Securities Clearing House (SCH) in accordance with the ASX Listing Rules and the SCH Business Rules. Under CHESS, PMR will not be issuing certificates to investors who elect to hold their Shares on the CHESS sub-register.

After allotment of Shares, Shareholders will receive a CHESS statement. The CHESS statements, which are similar in style to bank account statements, will set out the number of Shares allotted to each Shareholder pursuant to this Prospectus. The statement will also advise holders of their Holder Identification Number and explain for future reference the sale and purchase procedures under CHESS. Further statements will be provided to holders which reflect any changes in their shareholding in PMR during a particular month.

1.13 Ranking

Shares issued pursuant to this Prospectus will rank equally in all respects with existing Shares. Full details of the rights attaching to Shares are contained in the PMR Constitution, a summary of which is set out in section 9. The Constitution is available for inspection, without a charge, during normal business hours at the PMR registered office.

1.14 Underwriting

This Offer is not underwritten.

1.15 Brokerage

A brokerage fee of 5% on all equity funds raised under the Prospectus is payable to brokers and AFSL groups bearing their stamp. The sponsoring broker will receive a fee as set out in section 9.6(a).

1.16 Investment risks

Investors should carefully read the section on risk factors outlined in section 4. An investment of this kind involves risks, a number of which are specific to PMR and the industry in which it operates.

1.17 Taxation

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

Details of the Offer cont

1.18 Electronic Prospectus

This Prospectus may be accessed through the PMR website at www.pmr.com.au.

Any person accessing the electronic version of this Prospectus for the purposes of investing in PMR must only access this Prospectus from within Australia. The *Corporations Act 2001* prohibits any person from passing on to another person the Application Form unless it is accompanied by a hard copy of this Prospectus or accompanies a complete and unaltered electronic version of this Prospectus. Investors should read the Prospectus before completing the Application Form. During the offer period, any person may obtain a hard copy of this Prospectus on request and without charge by contacting PMR on +61 2 9251 7177 or BBY Limited on +61 2 9226 0000.

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

Company Overview

2. Company Overview

2.1 Background

PMR was incorporated on 8 July 2010 and on 14 July 2010 PMR incorporated a wholly owned subsidiary – PMR1 Pty Ltd.

PMR is seeking to issue 10,000,000 Shares at \$0.20 per share to raise \$2 million to expand and accelerate development through exploration on the PMR Tenements.

PMR1 Pty Ltd, a wholly owned subsidiary of PMR is the holder of Exploration Licences 5339, 4474 and 7679 (**PMR Tenements**) located at Halls Peak, 80 km south-east of Armidale, New South Wales, Australia.

Halls Peak is the inferred volcanic centre for extensive small but high grade Volcanic Massive Sulphide (**VMS**) deposits rich in copper, lead, zinc and silver, with variable but largely untested gold values. Exploration aims to locate the right depositional environment to host a high-grade deposit of between 30,000 and 170,000 tonnes within a global exploration target of 5 – 70 million tonnes of mixed grade mineralisation⁴. Several geochemical and geophysical anomalies are also present that should identify further high grade, near-surface sulphides.

Additional to the VMS prospectivity, there are indications for the presence of orogenic gold from breccia floaters and small pods of Au-rich quartz on the tenements carrying 1 to 10 g/t Au.

A substantial body of exploration data has been generated over the years by the Geological Survey of NSW and a number of major mining companies including, BHP Ltd., MIM Ltd., The Zinc Corporation, Allstate Exploration NL, Carpentaria Exploration Co. Ltd., CRA Exploration Limited and Amoco Minerals Australia Co.

PMR will expand on this work, unhindered by the plethora of small prospectors that originally held prime areas.

The Board and its advisors have extensive networks within the resources industry, which as circumstances and resources permit, will assist in the search for additional projects of interest both in Australia and internationally.

In addition to the existing projects, PMR will review other acquisition and joint venture opportunities to secure new projects in the resources sector that meet PMR's objectives and strategies.

2.2 Current Exploration Program

Resampling and reassaying of approximately 4,000 metres of existing core from 39 holes drilled between 1969 and 1974 on the PMR Tenements is underway. Initial results demonstrate that previous explorers did not assay some cores now found to contain high grades of silver and base metals⁵. This was due to the mineralised rocks looking almost identical with those not carrying mineralisation.

The fine-grained mineralisation is present within rocks described as argillites, which are fine-grained sedimentary rock composed predominantly of indurate clay particles resembling black shales and are present in beds extending within an area 5 km by 7km. They are at least two hundred metres thick in several places.

Assaying of the unassayed cores is identifying further unrecognised mineralisation.

PMR's exploration program will determine whether the PMR black shales are similar to those occurring in other parts of the world, which host world class base metal deposits.

Duplicate sampling is also confirming the validity of the historic data.

⁴ The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a mineral resource to the JORC Code and it is uncertain if further exploration will result in a determination of a mineral resource.

⁵ PMR resampled core from drill hole Allstate DDH 6 (GDA 94 - 407655E, 6597910N), analysis of previously unassayed core returned grades of up to 122 ounces of silver and 16.3% zinc (reported to ASX by Raffles, 20 September 2011). Samples were crushed and pulverized to 85% >75 micron, and assayed by four acid ICP-MS procedures; high-grade results were then verified at ore grade four acid (OG-62). Notwithstanding the results from the limited sampling conducted to date it remains uncertain if further testing will result in similar outcomes.

Company Overview cont

2.3 PMR Proposed Exploration and Development Program⁶

For more detailed descriptions of the PMR Tenements and discussions about mineral prospects and qualities, see the Independent Technical (Geologist) Report in Section 7 of this Prospectus.

Exploration

Exploration will focus on the three key known sulphide bodies initially and bring them to a proven resource stage quite rapidly through a diamond and reverse circulation-drilling program.

The principal exploration objective will be to pattern drill the Gibsons Mine area, specifically the Gibson's No. 1 Lode. This near-surface mine area was diamond drilled in 1970 by Allstate Exploration and interpretation of drillhole data showed apparent widths of 3-5m, possibly open to the northwest. Mineralisation will most probably consist of a series of lensey, discontinuous sulphide pods rather than a coherent structure.

Exploration will also extend over the numerous superficially explored lodes (e.g. the Swedes Tunnel Lode and the sulphide bodies at Devils Drop and Sunnyside Field, etc.) and prospective gossans and geochemical and geophysical anomalies.

Mining

Currently, the main areas of interest are the Gibsons Mine Area, Faints-Firefly and Khans Creek Lode, which at today's prices are highly attractive targets. The sulphide lenses outcrop and only short adits were required to access the sulphide, e.g. BHP's adit (1973) was developed for only 27m to intersect the sulphides at Khans Creek. The Silver Tunnel is accessible at surface via a direct drive on the sulphides and all lodes are accessible by existing dirt roads, however the topography is steep and the width of the roads currently limits the size of trucks able to haul the ore. Haulage will be limited to low-profile vehicles to a 5 tonne capacity for approximately 2 kms where the ore will be transferred to larger vehicles.

In the Gibsons Mine Area, there is the possibility that pattern drilling may reveal a sufficient density of small stacked stratabound VMS bodies to support open cut mining. As these essentially occur at surface, only a short adit is needed to access the sulphide. If the general grade of potential ore lenses at Halls Peak have a gold equivalent of 0.7 to 2 oz/t, as currently indicated, then shallow narrow vein mining should be cost effective. The intention is to ship unprocessed ore to off-take buyers for direct smelting.

An independent engineering study will be commissioned to review the mine development costs, (capital costs), exploration and mine production costs, infrastructure costs, transport costs, and port costs, to direct ship Gibson's ore.

To produce direct shipping ore⁷ from the Gibson's and Milking Cow lodes will require an engineering feasibility study covering stockpiling, blending, stripping ratio and waste disposal.

Metallurgy and Treatment

Fine grinding and flotation tests will be undertaken to establish if saleable concentrates of galena (lead), sphalerite (zinc), copper (chalcopyrites) and silver can be produced from the ores. If successful, the company will be able to generate a cash flow early in the exploration program that underpins the initial capital investment. Alternatively, the Run-of-Mine ore can be crushed to ½ inch and concentrated on tables for direct shipping.

The Silver Tunnel silver-rich sulphides average 25.23% Pb and 50.9 oz/t Ag.

2.4 PMR Tenements

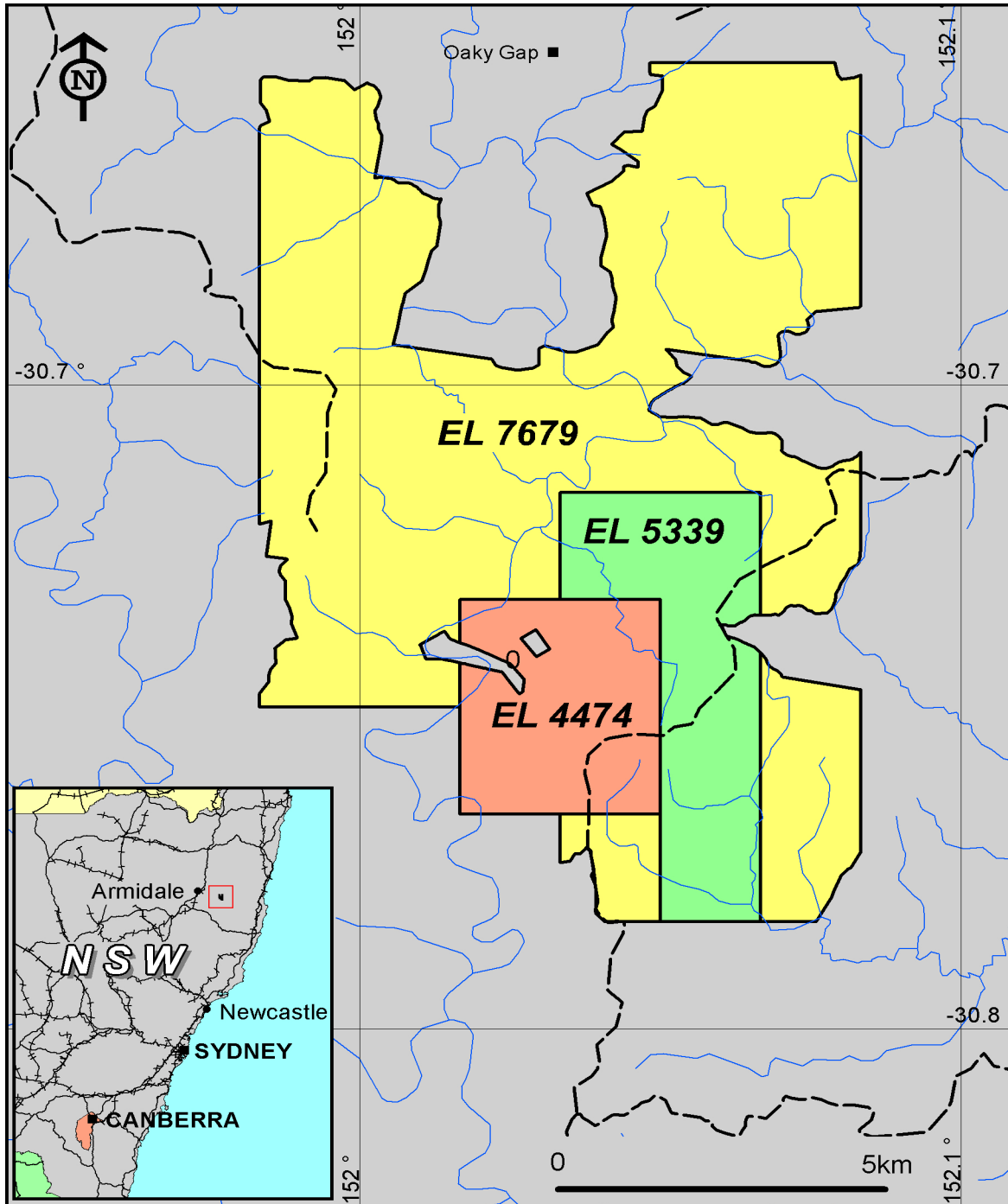
Licence No	Status	Date Granted	Expiry Date	Units / Blocks	Area Ha	Size Sq km	Holder
EL 5339	Granted	15 August 1997	29 January 2012	5	1,500	15Km ²	PMR1 Pty Ltd
EL 4474	Granted	13 January 1993	12 January 2013	4	1,200	12Km ²	PMR1 Pty Ltd
EL 7679	Granted	11 January 2011	11 January 2013	32	9,600	96Km ²	PMR1 Pty Ltd

⁶ The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a mineral resource to the JORC Code and it is uncertain if further exploration will result in a determination of a mineral resource.

⁷ All references to direct shipping ore (DSO) refers to PMR's exploration objective of defining DSO grade mineralisation. The potential quantity and grade of exploration targets is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Company Overview cont

The PMR Tenements consist of 3 tenements, which all contain identified areas of precious and base metals mineralisation.



The PMR Tenements are located 80 km southeast of Armidale, New South Wales, Australia.

Directors and Management

3. Directors and Management

3.1 Directors

Independent Chairman

John Foley BD LLB BL (Dub) MAICD

Graduating in law from the University of Sydney in 1969, Mr Foley was admitted to practice as a Barrister in New South Wales in 1971, and was called to the Irish Bar in 1989 and admitted as a Member of the Honourable Society of Kings' Inns in Dublin, Ireland.

Mr Foley has over 40 years' experience in the gold mining industry and was a founding Director of the Australian Gold Council, the industry body.

Mr Foley has 20 years' experience as the Chairman of Australian mining company, Citigold Corporation Limited, listed on the ASX and the FSE (Frankfurt Stock Exchange), and with a Level One ADR (American Depository Receipts) program in the USA.

Mr Foley has wide-ranging experience in resources, industrial, manufacturing, legal, financial and investment related industries, with extensive business experience in Australia. His leadership roles have covered a broad scope of senior positions, and his commercial and legal background provides further depth, knowledge and experience to the Company.

Executive Director & Chief Geologist

Peter Kennewell BSc

Peter Kennewell has worked for the past 26 years for Cluff Resources Pacific NL as Exploration Manager, and the last 18 years as Managing Director.

Mr Kennewell has successfully overseen the development of mines, from resource evaluation, prefeasibility study, environmental impact approvals, grant of mining tenements and funding arrangements, through to plant and accommodation construction and staffing.

Non-Executive Directors

Bruce Dennis B Com LLM (UNSW)

Mr Dennis is a solicitor in Australia with over 30 years' experience. He has practised in areas of personal injury, civil and commercial litigation in the Federal Court, Supreme Court and District Court jurisdictions.

Mr Dennis has considerable experience in identifying commercial and legal risk. His business interests' include resource exploration.

Michael Leu BSc (Hons, 1st Class)

Michael Leu is a geologist with over 30 years professional experience in exploration and mining commodities within Australia and some Pacific and Asian countries. He has worked in industry (Freeport, Getty Oil, Queensland Ores), as a private consultant and for seven years on the academic staff of Macquarie University.

Mr. Leu has extensive expertise in mineral exploration for epithermal and porphyry gold±Cu deposits; intrusion-related gold systems; metahydrothermal gold; greisen-hosted molybdenite, wolfram and tin; volcanic-hosted massive sulphides; chromite; uranium; alluvial gold and platinum and a range of industrial minerals.

Mr. Leu is a Director and Chief Geologist of Sovereign Gold Company Limited.

Peter Meers BA (Economics), FAIB

Mr Meers is Chairman and Chief Executive Officer of Hudson Resources Limited, Chairman of Australian Bauxite Limited, Director of Sovereign Gold Company Limited, Chief Executive Officer of Tiaro Coal Limited and non-executive director of Archer Exploration Limited.

These are all ASX listed companies.

Peter has broad experience across a range of industries including financial services (consumer, commercial and investment banking, securities trading and origination), mining and exploration and building materials.

In the area of financial services he was responsible for establishment of new business operations in China, Vietnam, Philippines and Indonesia.

3.2 Officers

Joint Company Secretary - Henry Kinstlinger

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

Directors and Management cont

Joint Company Secretary – Julian Rockett LL.B.

Julian Rockett is currently the joint company secretary for ASX listed public company Tiaro Coal Limited. Mr. Rockett has assisted Company Secretaries to ASX listed Australian Bauxite Limited, Raffles Capital Limited and Sovereign Gold Company Limited. Mr Rockett also provides in-house legal support to listed and non-listed corporate entities.

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

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 financial, 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.

Risk Factors

4. Risk factors

4.1 Introduction

Investors should be aware that an investment in PMR is highly speculative and involves many risks, which may be higher than the risks associated with an investment in other companies. In particular the exploration for and development of natural resources is a highly speculative activity that involves a high degree of financial risk.

Any further funds needed for further exploration may have to be found through further capital raisings which would dilute your existing holding in PMR or through farm in arrangements with other exploration companies which would then dilute PMR's interest in the PMR Tenements.

Further commercialisation of any JORC compliant resource that may be found is likely to require significant further investment. Where this is by way of further capital raisings your equity in PMR will be diluted. If it is by way of farm in arrangements then this will dilute PMR's interest in the PMR Tenements. Further it would also require the grant of a mining lease under the Mineral Legislation. There is no guarantee that such a grant will be made. Therefore there is a risk that even if commercial quantities of minerals are found, PMR may not be able to profit from those findings.

There are a number of factors that may have a material adverse effect on PMR's future operating and financial performance.

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

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

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

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

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

4.2 Exploration and Operational Risks

By its nature, the business of exploration is a speculative endeavour and involves significant risks. The prosperity of PMR's mining exploration business depends on the successful exploration and/or acquisition of resources or reserves, competent operational management and efficient financial management. Further, the nature of the business of exploration can sometimes result in industrial accidents and other incidents beyond the control of PMR.

There can be no assurances that the proposed project exploration programs described in this Prospectus, or any other projects or tenements that PMR may acquire in the future, will result in the discovery of a significant ore deposit. Even if a significant ore deposit is identified, there can be no guarantee that it can be economically exploited.

Ultimate success depends on the discovery and delineation of economically recoverable mineral resources, establishment of an efficient exploratory operation, obtaining the necessary titles and access and government and other regulatory approvals. The exploration activities of PMR may be affected by a number of factors including, but not limited to, geological conditions, seasonal weather patterns, technical difficulties and failures, continued availability of the necessary technical equipment and appropriately skilled and experienced technicians, adverse changes in government policy or legislation, access to the required level of exploration funding and costs of access to its tenements.

4.3 Risks associated with the Capital Structure

If you accept the Offer and subscribe for shares in PMR you should note that you will be a minority shareholder and that Raffles will hold 64.71% in PMR. Raffles' interests as a controlling shareholder of PMR may differ from the interests of minority shareholders. In these circumstances, Raffles may cause PMR's affairs to be conducted in a way that favours Raffles' interests over minority shareholders (where not prevented by the law or ASX Listing Rules from

Risk Factors cont

doing so). The presence of Raffles as a shareholder with 64.71% is likely to significantly reduce the chance of a takeover bid for PMR shares and therefore the opportunity of realising a takeover premium for PMR shares.

According to the Listing Rules, the shares held by Raffles will be subject to escrow for a period of two years after which time the shares allotted under the Offer may be thinly traded.

You should also note that in the future PMR may need to issue a further 6,650,000 shares pursuant to the options. If so, this will dilute your shareholding in PMR.

Also Raffles as the majority shareholder will be in a position to cast a majority of votes at a general meeting of shareholders of PMR which will enable Raffles to influence the appointment of directors and determine PMR's strategic direction of its business.

4.4 Specific risks - exploration and development risk

The future profitability of PMR and the value of its Securities are directly related to the results of exploration and any subsequent project development. There are risks in undertaking exploration and development activities:

1. PMR's capital may be expended and therefore exhausted on exploration activities without finding any JORC compliant resource.

Although PMR will direct its activities to those areas of the PMR Tenements to which its geologists advise have the greatest potential for locating a JORC compliant resource, this does not mean that any will be found.

Your entire investment in PMR may be expended without any return;

2. Even if commercial quantities of minerals can be located the time and cost of commercialisation of such minerals may take many years to be developed to a profitable stage;
3. Any commercialisation of any JORC compliant resources located on the PMR Project Tenements will require significant further investment.

If this has to be way of further equity funds, your investment in PMR will be diluted.

If this has to be way of farm in arrangements then this will dilute the equity of PMR in the PMR Tenements.

If it is by way of debt there are significant risks if the profits of undertaking the commercialisation are insufficient to cover interest on that debt or if interest rates increase;

4. Even if JORC compliant resources are identified, a mining lease might not be granted under the Mineral Legislation;
5. PMR will need to enter into land access arrangements with landholders within the PMR Project Tenements.

There are provisions in the Mineral Legislation to force such an agreement to occur including arbitration. However there is no guarantee that an arbitrator would necessarily determine that such an agreement be entered into between the parties although there are provisions in the Mineral Legislation requiring an arbitrator to act according to equity, good conscience and the substantial merits of the case without regard to technicalities or legal forms.

However to date all landholders have given permission for access to explore land that comprises the focus of the exploration program for the next two years.

The landowner is entitled to "limited compensation only to cover farmers' costs arising from the exploration process".

6. There are risks of securing the required exploration equipment and obtaining the skilled personnel for carrying out the activities.

This may delay the exploration programme or any future commercialisation.

No assurances can be given that funds spent on exploration will result in discoveries of new reserves that will be commercially viable.

Risk Factors cont

4.5 Business risks

PMR Tenements

The following table presents the Licences forming the PMR Tenements at the date of this Prospectus.

Licence No	Status	Date Granted	Expiry Date	Units / Blocks	Area Ha	Size Sq km	Holder
EL 5339	Granted	15 August 1997	29 January 2012	5	1,500	15Km ²	PMR1 Pty Ltd
EL 4474	Granted	13 January 1993	12 January 2013	4	1,200	12Km ²	PMR1 Pty Ltd
EL 7679	Granted	11 January 2011	11 January 2013	32	9,600	96Km ²	PMR1 Pty Ltd

All tenements in Australia are governed by the respective state legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, PMR could lose title to or its interest in the PMR Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

Further, PMR may decide to surrender or relinquish areas of the PMR Tenements as priorities change to meet budgetary requirements.

Investors should have regard to the Legal Report on Tenements at Section 8 of this Prospectus.

Mining leases

The PMR Tenements consist only of exploration permits. There is a risk that even if economic quantities of ore are discovered, that an application for a mineral development licence or mining lease with respect to the areas of ore discovered on the PMR Tenements to enable the PMR to carry out the development and mining of the ore may not be granted.

Metal prices

Metal prices received will depend on the availability of markets and transport and marketing costs. Any substantial decline in the prices of metal or an increase in transport and marketing costs could have a material adverse effect on PMR.

Operating risks

PMR could be adversely affected by disruptions to operations caused by adverse climatic, geological, seismic and mining conditions, breakdown of equipment, industrial accidents and labour disputes. The occurrence of operating risks can result in increased costs for PMR and may materially impact on PMR's competitive position or ability to derive profits. In particular, mining costs may be materially impacted by adverse mining and geological conditions.

Transport risks and costs

Access to sufficient capacity of efficient and reliable transport infrastructure will be a key factor in any development of PMR' resources. Transportation costs are likely to represent a significant proportion of the total cost of ore to export customers. Key transport risks include restrictions on rail access to ports, restrictions on the use of public roads for ore haulage, dependency on contractors and other third parties for ore haulage and ship loading, delays in loading ore at ports resulting in demurrage penalties and reliance on shipping operators to deliver ore to overseas customers. In view of proximity to railways and ports, these risks are likely to be lesser than for other projects located further inland.

Environmental risks

Exploration to be undertaken by PMR represents a minor environmental risk. In the event of discovery of a commercial deposit, the risk on the environment will need to be addressed by an environmental impact study as required by the mining and development approval process.

Reliance on third parties

PMR will be reliant on third parties for certain key services including resource and reserve calculation, mine planning, mining, drilling, blasting and other services. Industrial disputes, natural disasters, financial failure or default or inadequate performance in the provision of services, or the inability to provide services by such third parties has the potential to cause a financial loss to PMR.

Risk Factors cont

Insurance

Insurance of all risks associated with minerals exploration and production is not always available and, where available, the cost can be high. PMR will have insurance in place considered appropriate for PMR's needs. PMR will not be insured against all possible losses, whether because of the unavailability of cover or because the premiums may be excessive relative to the benefits that would accrue.

Adequacy of capital resources

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

If all of the funds raised are expended on the proposed exploration programme without any JORC compliant resource being found then your investment in PMR will be reduced. Any further funds needed for further exploration may have to be found through further capital raisings which would dilute your existing holding in PMR or through farm in arrangements with other exploration companies which would then dilute PMR's interest in the PMR Tenements.

Further commercialisation of any JORC compliant resource that may be found is likely to require significant further investment. Where this is by way of further capital raisings your equity in PMR will be diluted. If it is by way of farm in arrangements then this will dilute PMR's interest in the PMR Tenements. Further it would also require the grant of a mining lease under the Mineral Legislation. There is no guarantee that such a grant will be made. Therefore there is a risk that even if commercial quantities of minerals are found, PMR may not be able to profit from those findings.

Potential acquisitions

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

Tax Risks

The Government has announced resource taxation arrangements to apply from 1 July 2012 pursuant to which it is proposed to impose a new Minerals Resource Rent Tax (**MRRT**) regime which will apply to the mining of iron ore and coal in Australia. While this proposed MRRT regime does not apply to any of the minerals that PMR hopes to discover in the PMR Tenements, there is a risk that the MRRT regime may be extended to other minerals in the future.

Climate change

Mining of mineral resources is relatively energy intensive and depends on fossil fuels. Increased regulation the industry and government policy designed to mitigate, abate or adapt to climate change may adversely affect PMR by increasing the cost of operations and reduce future profitability.

There is recent increased regulation and policy in Australia to promote reductions in greenhouse gas emissions, impose emission reduction targets and promote improvements in energy efficiency. This includes the National Greenhouse and Energy Reporting Act 2007 (Cth), the Energy Efficiency Opportunities Act 2006 (Cth), the Renewable Energy (Electricity) Act 2000 (Cth) and the proposed imposition by the Australian Government of a price on greenhouse gas emissions through a carbon tax from 1 July 2012 and subsequent cap-and-trade emissions trading scheme from 1 July 2015. Such regulatory policy change is likely to raise energy costs and costs of exploration and development for PMR.

4.6 General risks

General investment risks

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

Possible volatility of Share price

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

Changes in laws and government policy

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

Risk Factors cont

Government actions

The impact of actions by government may affect PMR's activities including such matters as infrastructure, compliance with environmental regulations, taxation and royalties. Ore exports could also be impacted by regulatory change in countries where potential customers have operations.

Taxation

There may be tax implications arising from Applications for Securities, the receipt of dividends both franked and unfranked (if any) from PMR, participation in any on-market Share buy-back and on the disposal of Shares.

Key personnel and management

PMR's success is closely linked to the ability of PMR to recruit and train high quality personnel with experience in the minerals exploration industry. The inability to attract and retain the services of a sufficient number of suitably qualified personnel could be disruptive to PMR's development and could materially adversely affect its operating results.

Application of and changes to accounting policies

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

Financial Information

5. Financial Information

5.1 Historical and Pro-Forma Statement of Financial Position

Given the nature of the Company, the directors believe that the forecast financial results cannot be accurately determined at this point in time. Therefore no financial forecasts have been included in this Prospectus.

Set out below is the historical Statement of Financial Position of PMR as at 31 August 2011 and the pro-forma consolidated Statement of Financial Position of PMR post completion of this Offer.

Statement of Financial Position	Historical as at 31/08/11 (unaudited) \$	Pro-Forma \$2 million raised (after costs) (unaudited) \$
CURRENT ASSETS		
Cash and cash equivalents	887,064	2,592,064
Total Current Assets	887,064	2,592,064
NON- CURRENT ASSETS		
Exploration Interests	200,250	200,250
Total Non-Current Assets	200,250	200,250
TOTAL ASSETS	1,087,314	2,792,314
CURRENT LIABILITIES		
Payable	15,044	15,044
Total Current Liabilities	15,044	15,044
NON-CURRENT LIABILITIES		
Total Non-Current Liabilities	0	0
TOTAL LIABILITIES	15,044	15,044
NET ASSETS	1,072,270	2,777,270
EQUITY		
Contributed equity	1,072,270	2,777,270
TOTAL EQUITY	1,072,270	2,777,270

The net asset backing of the Shares being \$0.0327 per share on a pro-forma basis.

Financial Information cont

The Financial information set out above:

1. Has been prepared in accordance with the recognition and measurement criteria of Australian Accounting Standards, the accounting policies adopted and used by PMR, the transaction and adjustments as detailed in section 5.2 in addition to the accounting policies set out in section 5.4;
2. PMR proposes to raise \$2,000,000 through the issue of 10,000,000 Shares to the public. PMR proposes to use the funds raised less the expenses of the offer to carry out mineral exploration programs;
3. The offer costs are offset against contributed equity;
4. Is presented in an abbreviated form and does not contain all the disclosures usually provided in an Annual Report prepared in accordance with the *Corporations Act 2001*; and
5. Has been reviewed by K.S. Black & Co as Investigating Accountants. K.S. Black & Co's Investigating Accountant's Report is represented in section 6 of this Prospectus.

The pro-forma consolidated balance sheet set out above should be read in conjunction with the Directors' best estimate assumptions in section 5.2 and the risk factors in section 4.

5.2 Directors' Assumptions

In preparing the Pro-Forma Consolidated Balance Sheet of PMR set out above, the Directors have used their best endeavours to correctly reflect the financial position of PMR after the capital raising. In carrying out this task, the Directors have made the following assumptions:

1. 10,000,000 Shares being issued to the public at \$0.20 less issue costs of \$295,000 under this Prospectus.
2. Pre-Offer cash is \$887,064.

As at the date of this Prospectus, the Directors have issued 1,950,000 Options to management. These options are exercisable at 30 cents at any time within five years of the official quotation of PMR on ASX. The remaining 3,050,000 Options will be issued as and when the Directors determine. There will not be any material changes to the proposed terms. The fair value of these Options will be recognised over the vesting period in accordance with the Australian Accounting Standards.

1,650,000 Success Options are to be issued to consultants and advisors for services provided in relation to the IPO and as consideration for ongoing support to PMR. Success Options will be issued only upon the official quotation of PMR on the ASX. These options are exercisable at 30 cents at any time within three years of the official quotation of PMR on ASX. BBY Limited is entitled to a broker fee of 5% on all IPO funds raised by them. BBY Limited is entitled to \$30,000 (plus GST) as a Sponsoring Broker Fee.

The costs associated with the Offer, including independent technical (geologist) report, legal fees, investigating accountant's report, preparation and printing costs and other costs relating to the compilation of the Prospectus, are estimates and will be offset against the Offer proceeds in accordance with UIG Abstract 23. Apart from these costs, there will not be any other material costs incurred in association with the Offer.

There will be no significant event that will materially and adversely impact on the environment in which PMR operates.

There will be no legislative, taxation or regulatory changes in Australia or in any other markets in which the PMR proposes to operate that would materially and adversely affect PMR.

5.3 Commitments and Contingencies

PMR Tenements and capital expenditure commitments

As at the date of the Prospectus, the Directors are not aware of any material commitments for the PMR Tenements and capital expenditure contracted by PMR that are not otherwise disclosed in the Prospectus.

Contingencies

As at the date of the Prospectus, the Directors are not aware of any contingent liabilities relating to PMR.

5.4 Summary of Material Accounting Policies

The significant accounting policies adopted in the preparation of the historical and pro-forma financial information included in this section have been set out below.

Basis of preparation

The measurement of financial information has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations), and the *Corporations Act 2001*.

Financial Information cont

The financial information has also been prepared on a historical cost basis.

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 and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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 assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

Impairment of Assets

PMR assesses at each reporting date whether there is an indication that an asset may be impaired, if any such indication exists, or when annual impairment testing for an asset is required, PMR makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to the continuing operations are recognised in those expenses categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount in which case the impairment loss is treated as a revaluation decrease.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Cash and Cash Equivalents

"Cash and cash equivalents" includes deposits held at cash with financial institutions and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Share Based Payments

Share based payments may be provided to Directors, employees, consultants and other advisors.

The fair value of Options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which Option holders become unconditionally entitled to the Options.

Financial Information cont

Under the ESOP, Shares issued by PMR to Directors and employees for no consideration vest immediately on grant date. On this date the market value of the Shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within PMR.

Key Estimates - Impairment

PMR assesses impairment at each reporting date by evaluating conditions specific to PMR that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

19 October 2011

The Directors
Precious Metal Resources Limited
Level 2
131 Macquarie Street
SYDNEY NSW 2000

Dear Sirs,

INVESTIGATING ACCOUNTANT'S REPORT ON PRO-FORMA STATEMENT OF FINANCIAL POSITION

1. INTRODUCTION

In accordance with your request, this Investigating Account's Report (**Report**) on the pro-forma consolidated financial information of Precious Metal Resources Limited has been prepared for inclusion in a Prospectus to be dated on or about 25 October 2011 in connection with the proposed public offering on the Australian Stock Exchange.

The expressions defined in the Glossary of the Prospectus have the same meaning in this Report.

2. SCOPE

You have engaged K.S. Black & Co to prepare a report on the pro-forma consolidated Statement of Financial Position of Precious Metal Resources Limited which assumes completion of the contemplated transactions (Pro-Forma Transactions) disclosed in the Financial Information Section of the Prospectus (Pro-Forma Statement of Financial Position).

The Pro-Forma Statement of Financial Position in the Prospectus is presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Pro-Forma Statement of Financial Position to which it relates, for any purpose other than for which it was prepared.

Review of Pro-Forma Statement of Financial Position

Our review of the best-estimate assumptions underlying Precious Metal Resources Limited's Pro-Forma Statement of Financial Position was conducted in accordance with ASRE 2410 Review of Interim and Other Financial Reports by the Independent Auditor of the Entity.

The Directors of Precious Metal Resources Limited are responsible for the preparation and presentation of the Pro-Forma Statement of Financial Position, including the determination of the best-estimate assumptions, which include Pro-Forma Transactions, on which it is based.

The Pro-Forma Statement of Financial Position is based on Precious Metal Resources Limited unaudited Statement of Financial Position as at 31 August 2011 and taking into account the Pro-Forma Transactions.

Our procedures consisted primarily of enquiry and comparison and such other analytical review procedures we considered necessary. These procedures included discussion with the Directors of Precious Metal Resources Limited and have been undertaken to form an opinion whether anything has come to our attention which causes us to believe that:

- the Pro-Forma Transactions do not provide a reasonable basis for the preparation of the Pro-Forma Statement of Financial Position and;
- in all material respects the Pro-Forma Statement of Financial Position is not properly prepared on the basis of the measurement principles prescribed in Australian Accounting Standards including Australian Accounting Interpretations and accounting policies of Precious Metal Resources Limited disclosed in the Financial Information Section of the Prospectus.

The Pro-Forma Statement of Financial Position has been prepared by Precious Metal Resources Limited to provide investors with a guide to Precious Metal Resources Limited's potential future financial performance based upon the achievement of certain economic, operating, development and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur.

There is a considerable degree of subjective judgement involved in the preparation of the Pro-Forma Statement of Financial Position. Actual results may vary materially from the Pro-Forma Transactions and the variation may be materially positive or negative. Accordingly, investors should have regard to the investment risks set out in the Risk Factors Section of the Prospectus.

Our review of the Pro-Forma Statement of Financial Position that is based on best-estimate assumptions is substantially less in scope than an audit examination conducted in accordance with Australian Auditing and Assurance Standards. A review of this nature provides less assurance than an audit, we have not performed an audit and we do not express an audit opinion on the Pro-Forma Statement of Financial Position included in the Prospectus.

3. REVIEW STATEMENT ON THE PRO-FORMA STATEMENT OF FINANCIAL POSITION

Based on our review of the Pro-Forma Statement of Financial Position, which is not an audit, and based on an investigation of the reasonableness of Precious Metal Resources Limited's best-estimate assumptions giving rise to the Pro-Forma Statement of Financial Position, nothing has come to our attention that causes us to believe that:

- the Pro-Forma Statement of Financial Position has not been properly prepared on the basis of the Pro-Forma Transactions; and
- the measurement principles and accounting policies as set out in the Financial Information Section of the Prospectus do not provide reasonable grounds for the preparation of the Pro-Forma Statement of Financial Position.

The underlying assumptions are subject to significant uncertainties and contingencies often outside the control of Precious Metal Resources Limited. If events do not occur as assumed, actual results and distribution achieved by Precious Metal Resources Limited may vary significantly from the Pro-Forma Statement of Financial Position, as future events, by their very nature, are not capable of independent substantiation.

4. SUBSEQUENT EVENTS

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside the ordinary course of business have come to our attention that would require comment on, or adjustment to, the information referred to in our Report that would cause such information to be misleading or deceptive.

5. INDEPENDENCE AND DISCLOSURE OF INTERESTS

K.S. Black & Co does not have any interest in the outcome of this Offer other than the right to receive normal professional fees for the preparation of this Report and other related advice.

Except for the above, K.S. Black & Co has not received, nor will receive, any pecuniary or other benefit, whether direct or indirect, for or in connection with the making of this report.

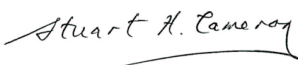
K.S. Black & Co was not involved in the preparation of any other part of this Prospectus and did not authorise or cause the issue of any other part of the Prospectus. Accordingly, K.S. Black & Co makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus.

K.S. Black & Co consents to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

6. GENERAL ADVICE WARNING

This Report has been prepared, and included in the Prospectus, to provide Investors with general information only and does not take into account the objectives, financial situation or needs of any specific Investor. It is not intended to take the place of professional advice and Investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an Investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Yours sincerely,
K.S. BLACK & CO



STUART CAMERON
Partner

MINNELEX PTY.LTD.
GEOLOGICAL CONSULTING SERVICES & VALUATIONS

ABN 99 096 513 276

R. C. W. Pyper
Principal, Minnelex Pty Ltd
283 Huntingdale Street
Pullenvale, Qld 4069

Ph/Fx 07 33742443 M 04-19661342

October 12, 2011

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

Independent Technical Report. Halls Peak Tenements

At the request of the directors of Precious Metal Resources Limited (**PMR**), Minnelex Pty Ltd, (**Minnelex**), has prepared an independent technical report of the Halls Peak Tenements, held by PMR1 Pty Ltd, a subsidiary of PMR. The project report is for inclusion in a Prospectus to be prepared by PMR.

The Report is prepared to conform to the JORC Code of AusIMM.

The information used to prepare the report is drawn from open file reports and plans and Summary Reports prepared by PMR. We do not doubt the authenticity or substance of investigative reports and we have not carried out a total audit of the available information. No field visit was undertaken for the Prospectus however the author visited the site many years ago.

The report has been prepared by R C W Pyper, BSc. FAusIMM, GAICD. Consultant Geologist.



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Precious Metal Resources Independent Technical Report Halls Peak Area

Introduction

Halls Peak, located 80km SE of Armidale N.S.W., is the inferred volcanic centre for extensive small but high grade Volcanic Massive Sulphide (VMS) deposits rich in copper, lead, zinc and silver, with variable but largely untested gold values. The spread of these deposits indicates that they have been derived from a large scale base metal and silver-rich system where further exploration could locate the right depositional environment to host an economic resource. PMR1 Pty Ltd, a wholly owned subsidiary of Precious Metal Resources Limited holds three Exploration Licences (ELs) covering these deposits. Significantly, the VMS deposits all outcrop and are mostly still untouched, albeit in primarily steep terrain, thus reducing development costs for narrow vein mining. Several geochemical and geophysical anomalies are also present that should identify further high grade, near-surface sulphides.

Additional to the VMS prospectivity, there are indications for the presence of orogenic gold from breccia floaters and small pods of Au-rich quartz on the tenements carrying 1 to 10 g/t Au. Such deposits can form very large gold systems as found around Kalgoorlie in WA or Bendigo in Victoria. The indicative geology at Halls Peak includes an Early Permian volcanic centre; major fault zones associated with Au-As mineralisation that is related to the final period of accretion and subduction along eastern Australia.

Property

Current Mineral Titles								
	Title Code	Title No.	Company	Grant Date	Expiry Date	Year	Minerals	Groups
View	EL	4474	PMR1 Pty Ltd	13 Jan 1993	12 Jan 2013	1992	Group 1	GROUP1
View	EL	5339	PMR1 Pty Ltd	15 Aug 1997	29 Jan 2012	1992	Group 1	GROUP1
View	EL	7679	PMR1 Pty Ltd	11 January 2011	11 January 2013	1992	Group 1	GROUP1

Location

The tenements are situated in the Chandler area, southeast of Armidale, N.S.W. (parish Tiara, county Clarke). The massive sulphide deposits are centred on 30° 45'S, 152° 02'E, about 45 km SE of Armidale (Figure 1); Dorrigo-Coffs Harbour 1:250 000 map sheet (SH56 10-11).

Sulphide mineralization in the Halls Peak area lies close to the east edge of the Northern Tablelands of NSW, in a heavily dissected region. In the Macleay River catchment, this region forms part of the "gorge country" related to the Great Escarpment of Eastern Australia. Deposits are located on the east side of the Chandler River valley at between 250 and 900m. The mineralized zone, containing the main workings (Gibson's, Khans Creek and Faints-Firefly), has slopes ranging from 15-40° and is drained by Asens, Barkers and Khans creeks, tributaries of the Chandler River (Figure 1). Although outcrop is common, the mountainsides are mantled by transported regolith and soil creep, unstable talus and access difficulties have inhibited exploration.

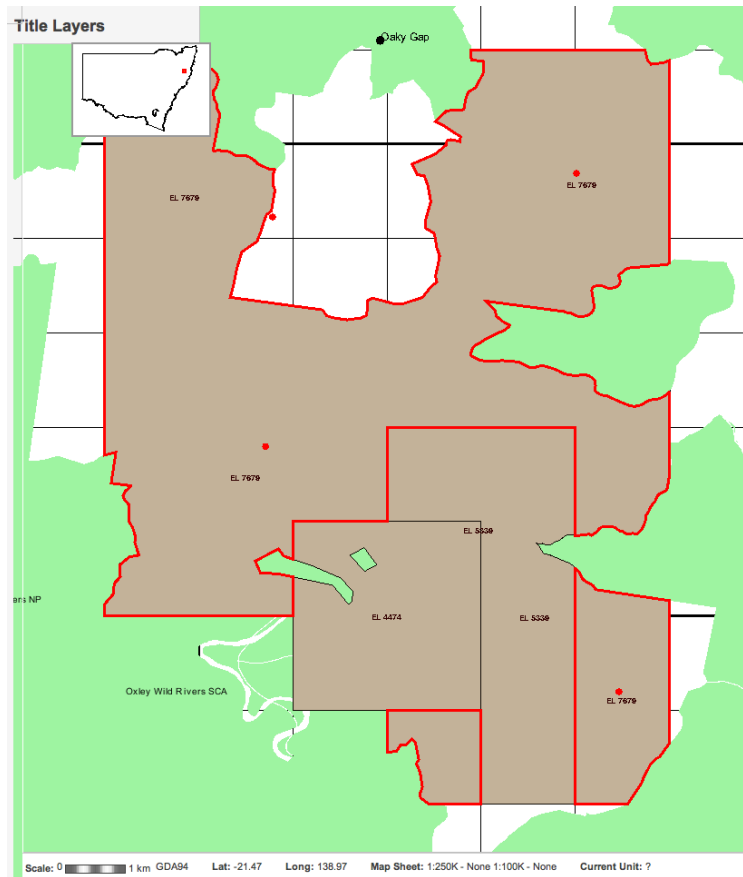


Figure 1. Tenement Location

Previous Work

Prospectors located gossanous outcrops in the Halls Peak area in 1896 and carried out limited mining of Cu, Ag, Pb and Zn from the gossans and the underlying massive sulphides. This mining occurred intermittently from 1916 until the late 1970s. From the 1930s to the mid-1980s there were several exploration campaigns in the region for further massive sulphide lenses and sediment-hosted silver deposits. Exploration methods used in these programs included stream sediment and soil geochemistry, electrical geophysics, costeaning and drilling. In 1965 the Department of Mines estimated that 4715t of oxidised and primary ore had been recovered averaging 20 oz/t Ag and 20% Pb/t (Leu 1998). A report of the department by Degeling in 1975 considered that large tonnages were unlikely as the sulphide lenses appeared to have been formed close to or partly on top of minor volcanic vents, which became active and interrupted the ore-forming processes. Further sulphide lenses may be present under cover.

A substantial body of exploration data has been generated over the years by the Geology Survey of NSW and a number of major mining companies including, BHP Co. Ltd., Mt. Isa Mines Ltd., The Zinc Corporation, Allstate Exploration N. L., Carpentaria Exploration Co. Ltd. (CEC), CRA Exploration Limited (CRAE) and Amoco Minerals Australia Co. (Amoco).

CEC carried out an integrated exploration program in 1971 involving geophysical, geological and geochemical surveys over the Faints-Firefly, Gibsons, Mickey Mouse, Sunnyside and Carters Road areas. They noted that a syngenetic sulphide assemblage was confined to a black pyritic metasilstone but exploration did not locate new areas for exploration. Diamond drilling of selected targets did not indicate any significant sulphides at Mickey Mouse and the economic potential of the Faints-Firefly area was considered limited to small pods.

A significant portion of the prospective black, pyritic argillites were mapped in detail.

CRAE, 1979 located a number of gossanous exposures. Type "A" gossans (up to 0.5% Pb, 0.2% Zn and 0.15% Cu) occur in black shale and were considered to be derived from the oxidation of massive sulphides. Type "B" gossans were interpreted to occur in fault or shear zones trending NE parallel to

the structurally controlled gold anomaly later found by Amoco post CRAE. These were considered “leakage” mineralisation that has migrated out of the black shale horizon.

CRAE identified, on the tableland, a 1 sq km shallow, undeformed sedimentary basin containing a black shale horizon that is a potential massive sulphide host. The Gibson mineralisation lies on the south-western perimeter of this basin, which is adjacent to the main mass of volcanics and the potential exists for massive sulphides to be found at depth. They drilled a single hole 78HPC1, and concluded that “the laminated sulphide rich mudstone-shale intersected at the bottom of the hole may indicate the right environment for the deposition of base metal sulphides”.

CRAE’s exploration programme was to include soil sampling over the shale units but was frustrated as prime areas were already held by a plethora of small prospectors. The current titles, EL 4474, EL 5339 and EL 7679 cover and extend past all the ground considered prospective by CRAE in 1979.

Amoco Minerals Australia Co. carried out CRAE’s proposed soil sampling over the shale units in 1983. No previous company had systematically assayed for gold and anomalous gold values were obtained from soil and rock chip sampling over a gridded area of 1.1 km by 1 km. A 500m by 800m zone of the grid had 31 soil samples containing greater than 0.1 g/t Au and ranging up to 1.8 g/t Au. Rock samples contained up to 5.2 g/t Au. Soil samples also yielded several strong arsenic anomalies with values up to 2.34% As, although arsenical minerals associated with the massive sulphides at Halls Peak are rare.

Amoco interpreted the disseminated gold mineralisation as indicative of a late stage, widespread hydrothermal event post dating sulphide accumulation, but it could also be related to granitoids, i.e. similar to the Hillgrove orogenic gold deposit. Amoco carried out no further work on these interesting results.

Recent Exploration

Recent exploration (Leu) including costeaning, has yielded numerous floaters comprising breccias of Au-rich quartz-(weathered)-arsenopyrite veined fragments of volcanogenic sediment that returned values ranging from 0.7 to 10.4 g/t Au, indicating that besides its VMS potential, Halls Peak is also prospective for orogenic fault related, vein gold-bearing breccia and is a strong grassroots exploration target for finding an economic orogenic gold deposit.

Resampling and reassaying of approximately 4,000 metres of existing core from 39 holes drilled between 1969 and 1974 is underway. Initial results demonstrate that previous explorers did not assay some cores now found to contain high grades of silver and base metals. This was due to the mineralised rocks looking almost identical with those not carrying mineralisation.

The fine-grained mineralisation is present within rocks described as argillites, which are fine-grained sedimentary rock composed predominantly of indurate clay particles resembling black shales and are present in beds extending within an area 5 km by 7km. They are at least two hundred metres thick in several places.

Assaying of the unassayed cores is identifying further unrecognised mineralisation.

The planned exploration program will determine whether the black shales found on the tenements are similar to those occurring in other parts of the world hosting world class base metal deposits.

Duplicate sampling is also confirming the validity of the historic data.

Geology and Mineralisation

Halls Peak is in the southern part of the New England Orogen and the Early Permian Halls Peak Volcanics occur near the western margin of the Nambucca Block. The sequence was produced by felsic volcanism within a convergent plate setting modified by possible rift related extension and the volcanics have a geochemical signature transitional from oceanic island arc-thin continental crust rift to continental arc setting. The sequence was deposited primarily in a submarine environment and comprises rhyolitic pyroclastic and epiclastic rocks, minor felsic volcanics and abundant diamictite. Thick rhyolitic lavas and coarse fragmental volcanic breccias occur near an inferred centre at Halls Peak.

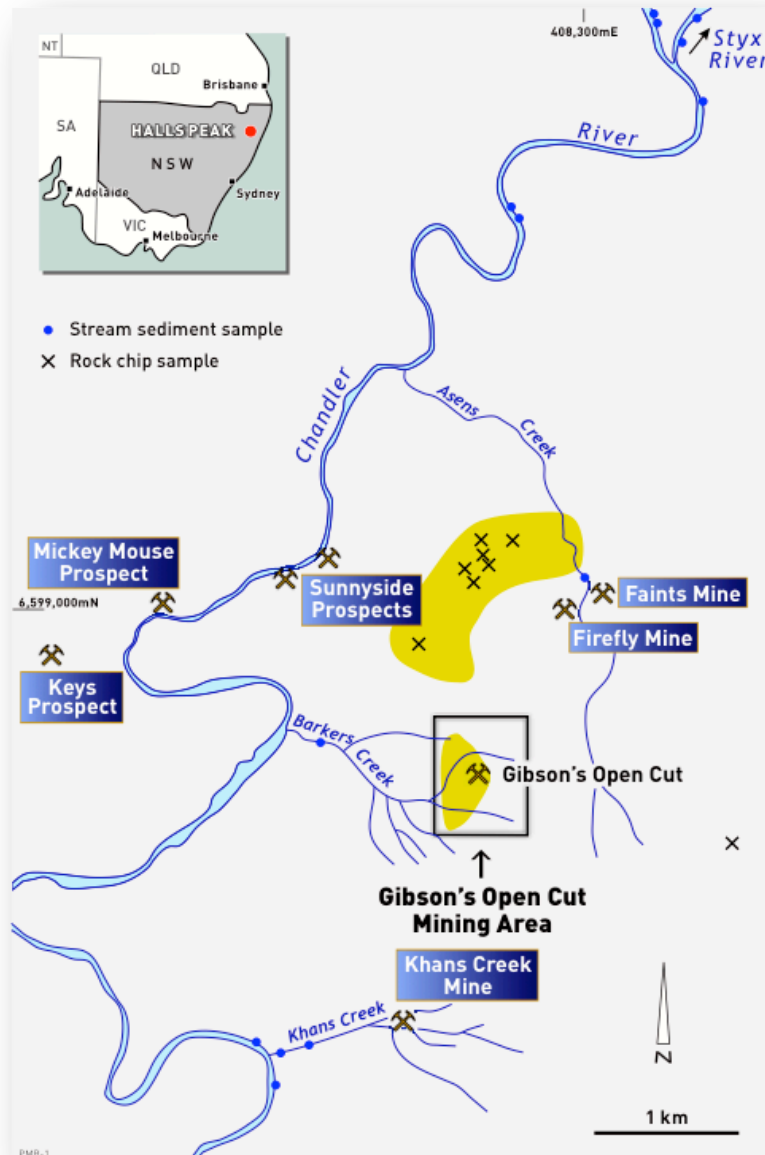


Fig 2. Location of the Halls Peak mines and prospects

Most of the known massive sulphide deposits were identified from outcrop along the deeply eroded escarpment that has exposed vertically several hundred metres of the Early Permian Halls Peak Volcanics, a sequence of moderately deformed, low-grade, metamorphosed, felsic volcanic and sedimentary rocks. These unconformably overlie the deformed and metamorphosed Palaeozoic accretionary complex constituting much of central New England. The Halls Peak Volcanics may have been formed in a rift-related setting, partly deposited in marine conditions and evidence of mass flow sediment deposition is prevalent. Sulphide mineralization is mostly stratiform and constrained by one or more "favourable horizons" containing fine grained sedimentary and felsic volcanoclastic rocks.

Several massive sulphide bodies occur as lens like bodies in shear zones and are associated with broad zones of weakly disseminated and stockwork sulphides in hydrothermally altered volcanics and sediments. The massive sulphide deposits formed from hydrothermal fluids at a minimum seawater depth of 600m, necessary to prevent boiling, subsequent oxidation and destruction of sulphide. The black, carbonaceous shale units that typically host the sulphide deposits indicate anoxic conditions during sulphide deposition. The Halls Peak Volcanics have a signature transitional

from oceanic island arc-thin continental crust/rift to continental arc setting, typical of a convergent plate setting modified by possible rift related extension

Characteristics of Halls Peak mineralization are consistent with the Zn-Pb-Cu (Kuroko) VMS deposits. It is possible that the Halls Peak Volcanics are less folded than originally thought and several sedimentary troughs surrounding volcanic centres may be preserved. These troughs may lead to new areas with potential for flat lying massive sulphide deposits of significantly larger tonnage than those currently identified.

The black/grey, pyritic argillites and to a lesser extent the lighter coloured siltstones are the dominant host of the major sulphide lenses. The black, pyritic shales and the syngenetic polymetallic sulphide deposits indicate benthic, anoxic conditions during deposition. The black, pyritic shales and sulphides may have been deposited during a period of lesser volcanic activity, between major eruptive events. Limited mapping of this unit suggests a maximum stratigraphic thickness of 150m.

The numerous sulphide lenses indicate a high level of vigorous exhalative activity and the prime exploration target would be a relatively undisturbed sedimentary basin close to a volcanic centre that contains a substantial unit of black, pyritic shale. Ore forming processes in this environment would not have been disrupted by syn-tectonic slumping and the accumulation of large tonnage, flat lying massive sulphide deposits is possible.

The sequence contains three target types derived from two distinct phases of mineralisation:

- 1) Small to medium (up to 50,000t) sized massive sulphide bodies.
- 2) Large tonnage (in excess of 50,000t), flat lying, volcanic-hosted massive sulphide deposits in relatively undisturbed sedimentary basins located close to a volcanic centre.
- 3) Late stage, orogenic gold mineralisation associated with altered and quartz-veined stockworked volcanics. Such gold mineralisation is likely due to the location close to an Early Permian volcanic centre within a convergent plate margin modified by rifting.

Previous explorers have provided considerable drill hole data on many of the sulphide lenses, especially Khans Creek and the Silver Tunnel, where calculations of approximate grades and tonnes for Gibsons No. 1 Lode Khans Creek Lode Faints Mine Lode Wet Tunnel South Underlay, Barkers Silver Tunnel Lode could be made at the time with some reliability. Combined assays ranged from:

Lead. 9 - 25%

Zinc. 0.5 - 30%

Copper. 1.1 to 3.9% and

Silver. 2 oz/t to 50.9 oz/t. The high silver average of 50.9 oz/t came from a small tonnage in the Silver Lode.

Some of the sulphide bodies in the northern sector of the tenements contain very high silver values. The ore from Faints Mine typically contains from between 48.2 oz/t to 96.4 oz/t Ag and the Silver Tunnel contains an oxidised pod of silver-rich material exposed in a road cutting that can be easily trucked out, while an unknown quantity of the sulphide extends down plunge to the northwest. In 1999, the Port Pirie Smelter indicated they could receive this ore without further processing.

The Southern Ore Field

This comprises the Gibsons Mine Area, a derelict, benched open cut on the side of a steep hill slope. This sulphide body is shallow and surface mapping indicated a strike length of 106m. The Gibsons mine area contains the following sulphide lenses:

Gibsons No.1 Lode.

Dry Tunnel.

Milking Cow open cut.

Wet Tunnel South.

Twin Lode Adit.

Swedes Tunnel Lode.

Barkers Adit and Shaft.

Windlass Shaft.

Devils Drop Area, and several, narrow (0.3m to 0.7m wide) stratiform, massive sulphide lenses and pods.

The Gibson No1 Lode workings and drillhole results were reviewed in 1967 by the Geological Survey of NSW. They estimated that the lode had an average width of 2m, a strike length of 106m and a down-dip extent of 61m from the level of the Milking Cow open cut. Geophysical testing by CEC, also indicated a possible extension of the sulphides to the northwest.

Another possible extension to the Gibsons mineralisation occurs about 400m to the northwest, where an Allstate drill hole intersected 1m of massive sulphide. No indication of a reduction in either width or grade is apparent in the deepest known intersections of both the Gibsons No.1 Lode and the Windlass Lode (Leu 1998).

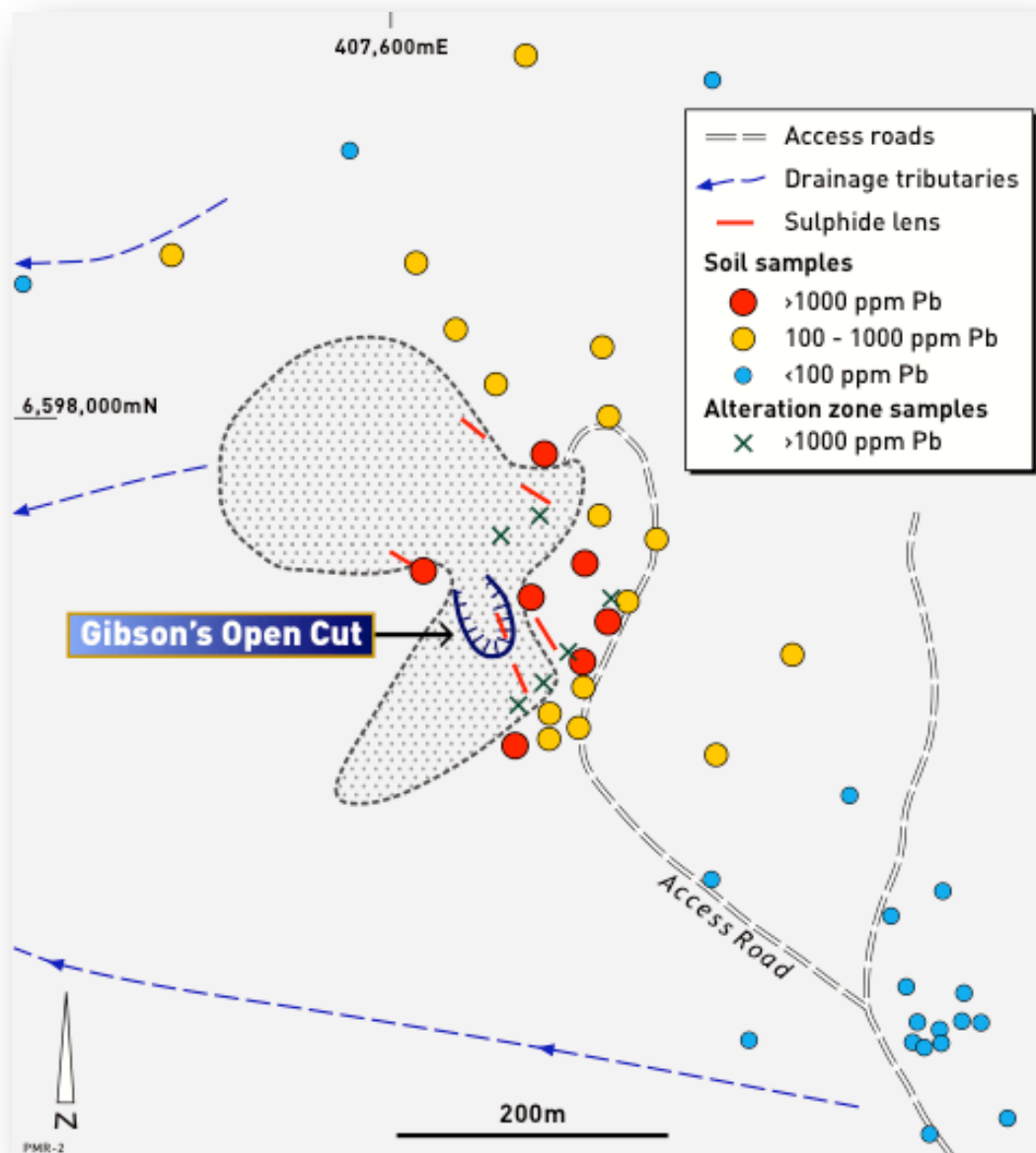


Fig 3 Local setting of Gibsons Mine Area

Khans Creek

The Khans Creek Lode is situated 1.5 km south of Gibsons mine Area. Much of the lode is oxidised to gossan. The Khans lode is a high zinc body some of which has an exceptionally high SG (4.8).

Extensions of the sulphides under the plateau area should be detectable with gravity methods. Khans is a different style mineralisation, and could represent a lode formed nearer the main source.

The Northern Ore Field

This contains the Faints Mine, the Wet Tunnel North, the Underlay Shaft, the New Adit, also termed the Silver or Gossan or Copper Tunnel, Firefly Mine (the Sulphide Tunnel) and the Kempsey Tunnel.

The Silver Tunnel Lode was opened up with an adit driven into grey shale and tested further by a winze and crosscut. It has been extensively assayed over the years and is unusually high in gold ranging from 1.8 – 4.1 g/t (Leu 1998). In 1999, 50 kg of sulphide was collected from the exposed embankment cut immediately above the portal of the Silver Tunnel. A sample sent to Pasmenco (Port Pirie) for smelting evaluation assayed 27 - 30.8% Pb, 30.3 – 39.9 oz Ag and 2.9 g/t Au (Leu).

The Faints Mine workings and drilling results of CEC in 1971 were reviewed in 1978. Later sampling and costeaning by Halls Peak Australia Limited uncovered massive, banded sulphides over a 2m width, that with lower grades and oxidised material extended the total width to 4m and the overall strike continuity of mineralisation to in excess of 100m. CEC drilling intersected a possible stockwork mineralised zone below the Faints sulphide lens that has yet to be tested.

The Sunnyside Field

This includes the Sunnyside North and South Mines, Keys Prospect and the Mickey Mouse Adit; all situated close to the Chandler River.

Orogenic Gold Potential

Orogenic gold deposits are typified by quartz-dominant vein systems with 3-5% sulphide minerals (mainly Fe-sulphides) and 5–15% carbonate minerals in veins in greenschist-facies host rocks. Vein systems may be continuous along a vertical extent of 1-2 km with little change in mineralogy or gold grade. Gold silver ratios range from 10 (normal) to 1 (less common). Arsenopyrite is the most common sulphide mineral in the metasedimentary country rocks. Gold-bearing veins exhibit variable enrichments in As, B, Bi, Hg, Sb, Te and W.

Evidence for orogenic Au-mineralisation within the tenements is seen in:

- 1) Early Permian volcanic centre within a convergent plate margin modified by rifting.
- 2) Structurally controlled deposits that formed during the latest stages of an orogenic event in metamorphic terrane.
- 3) Major fault zones that exhibit more than one growth period.
- 4) Significantly the Au-As mineralisation occurring on or adjacent to a major fault.
- 5) Soil assays by Amoco, where the company located distinct, widespread arsenic anomalies. Some contoured As anomalies have northeast strikes paralleling the major faults that extend through the tableland area. A northeast trending As anomaly extends for over 570m and indicates that gold-bearing mineralisation may have considerable strike length and vertical continuity within fault zones.
- 6) The orogenic gold veining at the nearby Hillgrove mine that is related to the final period of accretion and subduction along eastern Australia.
- 7) The current small-scale data indicative of the potential existence of a larger scale structure that was the fluid conduit for mineralisation. Mesothermal gold deposits tend to occupy a consistent spatial/temporal position, having formed during deformational processes at convergent plate margins, regardless of whether they are Archaean or Cainozoic. Such deposits commonly have extensive down-plunge continuity (hundreds of metres to kilometres).

Recent exploration including costeaning has yielded numerous floaters comprising breccias of Au-rich quartz- and arsenopyrite veined fragments of volcanogenic sediment. Homestake Gold of Australia Limited (Leu) and Amoco collected about 10 samples from narrow (a few cm to 15-20cm wide) vein breccia floaters and small excavated pods (e.g. 19 cm x 12 cm) that returned values from around 1 to 10.4 g/t Au, making the area a prime grassroots exploration target for an economic orogenic Au deposit. Significantly a search by NSW State Forests cleared the Au-mineralised area of potential conservation issues.

No wide exposures have yet been located, however the floaters indicate this style of mineralisation is widespread. The lateral continuity and vertical extent of this mineralisation is unknown due poor outcrop and limited subsurface exploration. The sheeted quartz-arsenopyrite veins present may be forming pods in the less silicified, more strongly weathered volcanogenic sediment host. These may be siliceous kernels (phacoids) in a mélangé formed in a low-T, high-strain environment similar to that in the Hodgkinson Gold Field.

The Amoco soil and rock chip sampling showed that the area contains broad zones of hydrothermally emplaced, iron rich silicification containing disseminated anomalous gold and base metals associated with kaolinisation, phyllic alteration and sericite-quartz alteration. Local fault controlled zones of silicification show strong enrichment of Si, Au, Ag and As. Abundant dilational quartz veins with en-echelon tension gashes frequently exhibit more than one growth period. Hydrothermal alteration continued to be active after the cessation of felsic volcanism and massive sulphide accumulation. Petrographic studies suggest that this may be orogenic rather than epithermal Au-As mineralisation and relatively deeply buried, perhaps related to granite intrusion and deformation, i.e. similar to the Hillgrove deposit rather than to volcanism.

The anomalous antimony that coincides with Au-As mineralisation may be further proof of granitic plutons contributing to hydrothermal fluid and orogenic activity in addition to that generated by accretion along the convergent plate margin. This is supported by the close proximity of the Hillgrove, orogenic gold-antimony deposits. Potential sites for gold-fluid migration and deposition are present within the Halls Peak tenements.

Proposed Development Program

Mining

Currently, the main areas of interest are the Gibsons Mine Area, Faints-Firefly and Khans Creek Lode, which at today's prices are highly attractive targets. The sulphide lenses outcrop and only short adits were required to access the sulphide, e.g. BHP's adit (1973) was developed for only 27m to intersect the sulphides at Khans Creek. The Silver Tunnel is accessible at surface via a direct drive on the sulphides and all lodes are accessible by existing dirt roads, however the topography is steep and the width of the roads currently limits the size of trucks to haul ore.

It is likely on current limited assay data that useful gold credits will be available once mining starts. Compared to other metals, there are relatively few assays of the gold content of massive sulphides. Gold, where assayed, is often low and recorded as a trace. However, some more precise measurements have been made and include the following:

Amoco Minerals Australia Co. (Gardiner, GS1983/360) stated rock chip and float samples were collected from a variety of locations and confirmed the massive sulphides typically contain 0.2 to 1.5g/t Au. Assays of primary sulphide, such as from:

Gibsons No.1 Lode gave 0.61 g/t Au (NEGM, 1996 in Leu 1998);

Wet Tunnel South, 0.93/t Au (Paine, 1957);

Twin Lode, 1.29 and 0.31 g/t Au (NEGM, 1996 in Leu 1998; Paine, 1957);

Wet Tunnel North, 0.69 g/t Au (NEGM, 1996 in Leu 1998),

Firefly Mine, 0.62 g/t Au (N.E.G.M., 1996 in Leu 1998).

A quantity of sulphide ore raised by Faint and Wearmouth in the Northern Field assayed 4.7 g/t Au (Department of Mines New South Wales, Annual Report for 1916).

Some 18t of sulphide ore from the Northern Field averaged 3.1 g/t Au (Department of Mines New South Wales, Annual Report for 1918).

Smith (1914) assayed a sample of ore from the Northern Field that contained 0.5 oz gold per ton (10dwt 21gr).

In the Gibsons Mine Area, there is the possibility that pattern drilling may reveal a sufficient density of small stacked stratabound VMS bodies to support open cut mining. As these essentially occur at surface, only a short adit is needed to access the minerals. If the general grade of potential ore lenses at Hall Peak have a gold equivalent of 0.7 to 2 oz/t, as currently indicated, then shallow narrow vein mining should be cost effective. The intention is to ship unprocessed ore to off-take buyers for direct smelting.

An independent engineering study will be commissioned to review the mine development costs, (capital costs), exploration and mine production costs, infrastructure costs, transport costs, and port costs, to direct ship Gibson's ore.

To produce direct shipping ore from the Gibson's and Milking Cow lodes will require an engineering feasibility study covering stockpiling, blending, stripping ratio and waste disposal.

Metallurgy and Treatment

Fine grinding and flotation tests will be undertaken to establish if saleable concentrates of galena (lead), sphalerite (zinc), copper (chalcopyrites) and silver can be produced from the ores. If successful, the company will be able to generate a cash flow early in the exploration program that underpins the initial capital investment. Alternatively, the Run-Of-Mine ore can be crushed to 1/8" and concentrated on tables for direct shipping. The Silver Tunnel silver-rich sulphides average 25.23% Pb and 50.9 oz Ag.

Exploration

Exploration will focus on the three key known sulphide bodies initially and bring them to a proven resource stage quite rapidly through a diamond and reverse circulation drilling program.

The principal exploration objective will be to pattern drill the Gibsons Mine area, specifically the Gibson's No. 1 Lode. This near-surface mine area was diamond drilled in 1970 by Allstate Exploration and interpretation of drillhole data showed apparent widths of 3-5m, possibly open to the northwest. Mineralisation will most probably consist of a series of lensy, discontinuous sulphide pods rather than a coherent structure.

Exploration will also extend over the numerous superficially explored lodes (e.g. the Swedes Tunnel Lode and the sulphide bodies at Devils Drop and Sunnyside Field, etc.) and prospective gossans and geochemical and geophysical anomalies. This work should substantially increase resource tonnage.

The budget, of \$1,125,000 and proposed work program are sufficient to carry the exploration program forward in an efficient manner.

Budget

	Year 1	Year 2	Total
Reconnaissance Exploration	\$100,000	\$100,000	\$200,000
Reconnaissance Drilling	\$100,000	\$150,000	\$250,000
Resource Definition (Drilling)	\$300,000	\$350,000	\$650,000
Analysis of drill data	\$200,000	\$300,000	\$500,000
Geophysics - Helimag, Ind Polarisation	\$150,000	\$100,000	\$250,000
Metallurgy	\$50,000	\$80,000	\$130,000
Land access fees	\$20,000	\$20,000	\$40,000
	\$920,000	\$1,100,000	\$2,020,000

Qualifications, Experience and Consent

Mr Pyper consents to the information in this Report being included in the form and context in which it is presented.

The information in this report that relates to Exploration Results is based on information compiled by Robert Pyper, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Pyper is the Principal of Minnelex and is a geologist with 50 years of industry experience and 28 years of consulting practice in precious metals, base metals, coal, bauxite, gemstones, industrial minerals and mineral sands. He has had extensive experience in the valuation of mineral exploration properties.

Mr Pyper has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral

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Resources and Ore Reserves'. Robert Pyper consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Disclaimer of Interests

At the date of this report, Minnelex do not have, nor have had any relationship with PMR other than as may have occurred as a result of providing consultancy services in the ordinary course of business. Minnelex and R C Pyper have neither relevant interest in, nor any interest in the acquisition or disposal of any securities of PMR. Minnelex has no pecuniary or other interest that could be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the acquisition of the mineral interests of PMR. Neither Minnelex nor Mr Pyper has received or may receive any pecuniary or other benefits, whether direct or indirect or in connection with the preparing of this report other than normal consultancy fees based on fee time at normal professional rates plus out-of-pocket expenses

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Minnelex Pty Ltd

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17 October 2011

The Directors
Precious Metal Resources Limited
Level 2 131 Macquarie Street
SYDNEY NSW 2000

Dear Directors

Legal Report on Exploration Licences (NSW)

This legal report (**Report**) is being prepared for inclusion in a Prospectus dated on or about 25 October 2011 (**Prospectus**) to be issued by Precious Metal Resources Limited (**PMR**). The Prospectus relates to an offer of 10,000,000 further fully paid ordinary shares paid to \$0.20 per share to raise \$2,000,000.

1. Definitions

In this report:

DII means the NSW Department of Industry & Investment, including the Minerals & Energy Division which administers exploration and resource development in NSW (formerly the NSW Department of Primary Industries Mineral Resources) or any department of the NSW Government that replaces such department from time to time;

Director-General means the person administering the relevant Mineral Legislation or such similar administrative post within the NSW State Government that replaces that position from time to time;

EL means an exploration permit issued by the DII pursuant to the Mineral Legislation;

Mineral Legislation means the NSW *Mining Act, 1992* and any regulations made thereunder including any amendments thereto made from time to time or any legislation that replaces the same;

Minister means NSW Minister administering the Mineral Legislation or such similar ministerial post within the NSW State Government that replaces that position from time to time;

PMR means Precious Metal Resources Limited ACN 145 105 148;

PMR1 means PMR1 Pty Ltd ACN 145 210 528;

PMR1 Tenements means EL 4474, EL 5339 and EL 7679.

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Partner:

Alan Jessup

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2. Scope of Instructions

We have been instructed to:

- 2.1 Advise on the status of the PMR1 Tenements;
- 2.2 Advise on the effect of registered dealings and any unregistered dealings which may affect the interests of PMR1 in the PMR1 Tenements;
- 2.3 Conduct searches and summarise the impact of such PMR1 Tenements on any registered "Native Title Claims" over the land to which the PMR1 Tenements relate.
- 2.4 Conduct searches and summarise the impact of such PMR1 Tenements on any Aboriginal Heritage sites on the land to which the PMR1 Tenements relate.

3. Executive Summary

On the basis of the assumptions and qualifications set out in section 8 as at the date of this Report, we confirm that:

- 3.1 The registered holder of the following ELs is as follows:

EL	Registered Holder
EL 4474	PMR 1
EL 5339	PMR 1
EL 7679	PMR 1

- 3.2 The following registered dealings are listed against each of the following ELs:

EL	Registered Dealings
EL 4474	<ul style="list-style-type: none">• Consent to prospect native title land or water• Rehab cost estimate with renewal• Entry to remove unnecessary royalty flag
EL 5339	<ul style="list-style-type: none">• Consent to prospect native title land and water• Entry to remove unnecessary royalty flag
EL 7679	Nil

- 3.3 The following unregistered dealings are listed against each of the following ELs:

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EL	Unregistered Dealings
EL 4474	<ul style="list-style-type: none">▪ Request for permission to bulk sample in excess of 60 cubic metres▪ Request to operate within Styx River State Forest
EL 5339	<ul style="list-style-type: none">▪ Request for permission to bulk sample in excess of 60 cubic metres▪ Request to operate within Styx River State Forest
EL 7679	Nil

3.4 There are no Native Title Claims affecting the PMR 1 Tenements.

3.5 There are 8 recorded sites of Aboriginal places or other heritage values located on the PMR 1 Tenements.

4. Background on ELs

Exploration Licences (NSW)

4.1 Exploration for minerals in NSW are dealt with under the Mineral Legislation.

4.2 To obtain an EL, an applicant must apply to the Director-General. Applications must be made for a specific group of minerals, in an approved form and supported by plans, a proposed work programme and evidence of financial standing. A lodgement fee is also payable on each application. While an application for an EL is pending, the Minister will issue the applicant with a ELA number.

4.3 A EL takes effect on the date specified in the title for a specified period of time (not exceeding 5 years). On granting of the EL, the holder is required to provide a security deposit for the fulfilment of the holder's obligations under the Mineral Legislation. The security deposit will be held until these obligations are fulfilled or no longer apply.

4.4 The following areas are generally excluded from the ELs areas:

- (a) land subject to any assessment lease, mining lease or mineral claim at the date of the grant of the EL;
- (b) land subject to any residence area or business areas as at the date of the grant of the EL;
- (c) land subject to any pending applications for assessment lease, mining lease or mineral claim under the Mineral Legislation made prior to a date set by the Minister;

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- (d) land subject to pending applications for any mining lease, mining purposes ease or claim under the previous *Mining Act 1973* (NSW) or any application for a coal lease under the *Coal Mining Act 1973* (NSW) made prior a date set by the Minister
 - (e) land subject to any prospecting licence taken to be an exploration licence pursuant to Clause 31 of the *Transitional Provisions and Savings to the Mining Act 1973* (NSW);
 - (f) land subject to any exploration licence continuing to have effect, pursuant to the provisions of section 29(2) of the Mineral Legislation;
 - (g) land on which mining operations are being carried out by the owner of the mineral or some person with has consent and over which an exploration licence may not be granted by virtue of the provisions of section 20 of the Mineral Legislation;
 - (h) land vested in the Commonwealth of Australia; and
 - (i) land subject to any national park, regional park, historic site, nature reserve, karst conservation reserve or Aboriginal area at the date of this renewal.
- 4.5 Further, the EL does not apply to any minerals in land vested in or owned by an Aboriginal Land Council under the provisions of the Aboriginal Land Rights Act 1983.
- 4.6 Each EL is subject to conditions which must be complied with. These conditions include:
- (a) carrying out prospecting operations in accordance with access arrangements with each landholder;
 - (b) notifying the "Environmental Officer" of the DII before certain exploration activities may commence;
 - (c) compensating any persons whose estate or interest is detrimentally affected by PMR1s operations over the EL;
 - (d) completing the work programme nominated in the ELA and incurring a minimum amount of expenditure; and
 - (e) reporting conditions.

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We have not undertaken any due diligence as to whether there has been compliance with all of these conditions as our report is not intended to cover whether or not this has occurred.

- 4.7** The Minister may also impose certain restrictions on the EL. For example, the holder of the EL must not, except with the consent of the Minister, exercise any rights conferred by the EL in an "exempted area". An "Exempted area" includes State Forests, Travelling Stock Reserves for any Public Purpose, Permanent Commons and Crown Roads.
- 4.8** Other restrictions include prospecting activities over native title land which will require the Minister's consent (discussed further under native title issues in section 6.1) and prospecting activities which must not damage any Aboriginal objects or Aboriginal Places except in accordance with a consent issued under the National Parks and Wildlife Act 1974.
- 4.9** If these conditions are not met, the EL may be cancelled.
- 4.10** The holder of a EL may apply for a renewal of the EL for an unspecified period not exceeding five years. The renewal application must be applied for within the period of 2 months before the licence ceases to have effect. The renewed EL could be granted for a shorter term than the original EL.
- 4.11** The current published policy of DII in relation to renewals of ELs is as follows:
- (a) ELs are usually granted for a period of two years, after which time they can be renewed for a further term (usually two years), with the opportunity for subsequent renewals. Normally, ELs are required to be reduced by 50% on each renewal. This is to ensure that exploration ground is 'turned over' and made available for other explorers to apply their own concepts, skills or technologies to such areas.
 - (b) For an EL to be renewed the following criteria in relation to exploration activity should be satisfied:
 - (1) the expenditure and reporting conditions of the licence have been satisfactorily complied with.
 - (2) the licence area has been explored effectively.
 - (3) a satisfactory proposed program for the renewal period has been submitted.
 - (c) Where these criteria are not fully satisfied, other extenuating factors may be taken into account in considering renewals. For example:
 - (1) Circumstances beyond the control of the holder have delayed satisfactory exploration, e.g. Native Title procedural requirements.

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- (2) A change in exploration concepts will result in a substantial increase in exploration activity.
 - (3) Exploration has been delayed while the holder has justifiably focused work on an adjacent title.
 - (4) An explorer has made a significant investment in the project area in the recent past and further exploration is imminent.
 - (5) There is a need to hold ground adjacent to an existing mine or development project for longer term exploration objectives.
- (d) However, licences will only be renewed on the basis of extenuating factors if the Department is satisfied that this is in the best interests of development of the State's mineral resources.
- (e) An EL may be renewed for more than 50% of its area if "special circumstances" exist.
- (f) The criteria for establishing that special circumstances exist are:
- (1) The conditions of the licence have been satisfactorily complied with (as outlined above).
 - (2) The full area of the licence has been explored effectively.
 - (3) The proposed program satisfactorily covers the full area to be renewed.
- (g) If any of these criteria are not met, extenuating factors may be taken into account but only if the Department is satisfied that this is in the best interests of development of the State's mineral resources. The quality of the previous performance on the licence and the quality of the proposed program carry particular weight in determining extenuating factors for "special circumstance" renewals.
- (h) Special circumstances do not need to be demonstrated if the licence comprises 4 units or less.
- 4.12** If a significant mineral deposit is identified in any of the ELs, but mining of the deposit is not commercially viable in the short term and there is a reasonable prospect that it will be viable in the longer term, then the holder may apply for an assessment lease if it can fulfil DII's requirements. An assessment lease confers similar rights on a holder as an EL.
- 4.13** If the decision is made to mine minerals discovered in the area covered by the EL, the holder may apply for a mining lease. A mining lease may be granted for period not exceeding 21 years except with the Premier's concurrence. A mining lease

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confers on the holder general rights to extract minerals from the ground and ownership of the minerals so extracted.

4.14 In relation to access to land on which an EL is located, the Mineral Legislation provides in summary as follows:

- (a) the holder of the EL must not carry out prospecting operations on any particular area of land except in accordance with an access arrangement or arrangements applying to that area of land agreed (in writing) between the holder of the EL and each landholder of that area of land, or determined by an arbitrator;
- (b) the holder of a EL may, by written notice served on each landholder of the land concerned, give notice of the holder's intention to obtain an access arrangement in respect of the land;
- (c) the holder of a EL and a landholder of the land concerned may agree in writing (either before or after the EL is granted) on an access arrangement;
- (d) if, by the end of 28 days after the holder of a EL serves notice in writing on each landholder of the holder's intention to obtain an access arrangement, the holder and each landholder have been unable to agree on such an arrangement, the holder may, by further notice in writing served on each landholder, request them to agree to the appointment of an arbitrator;
- (e) the holder of a EL and each landholder of the land concerned may agree to the appointment of any person as an arbitrator;
- (f) if by the end of 28 days after the holder of a EL serves notice in accordance with section 143, the holder and each landholder of the land concerned have been unable to agree on the appointment of an arbitrator, then any one of them may apply to the Director-General for the appointment of a member of the Arbitration Panel as an arbitrator;
- (g) as soon as practicable after having been appointed, an arbitrator must fix a time and place for conducting a hearing into the question of access to the land concerned and must, at the time and place fixed under this section, conduct a hearing into the question of access to the land concerned;
- (h) the arbitrator must act according to equity, good conscience and the substantial merits of the case without regard to technicalities or legal forms.

5. Exploration Licences (NSW) in detail

5.1 EL 4474

- (a) PMR 1 is the registered holder of EL 4474 which was originally granted by the DII on 13 January 1993 and expires on 12 January 2013.

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- (b) The area consists of 4 units.
- (c) The minimum expenditure required under EL 4474 is \$14,000 per annum.
- (d) EL 4474 is limited to Group 1 – Metallic Minerals comprising the following minerals: antimony, arsenic, bismuth, cadmium, caesium, chromite, cobalt, columbium, copper, galena, germanium, gold, indium, iron minerals, lead, lithium, manganese, mercury, molybdenite, nickel, niobium, platinum group minerals, platinum, rare earth minerals, rubidium, scandium and its ores, selenium, silver, sulphur, tantalum, thorium, tin, tungsten and its ores, vanadium, zinc and zirconia.
- (e) The renewal application for EL 4474 was approved on 13 July 2011. EL 4474 is therefore subject to a condition which treats certain changes of ownership in the holder of EL 4474 as a transfer EL 4474 and therefore requires the consent of the Minister. This new condition applies to all new ELs and renewals of old EL's going forward. Basically the Minister's consent is required if in relation to the licence holder:
- (1) any person acquires the capacity to control at least 50% of the number of directors to the Board;
 - (2) an person becomes entitled to exercise directly or indirectly greater than 50% of the votes entitled to be cast at a general meeting of members;
 - (3) any person holds more than 50% of the issued capital (other than shares issued with no rights other than to receive a specified amount in distribution) of the licence-holder;
 - (4) any of the following types of persons:
 - a natural person not ordinarily resident in Australia;
 - a corporation in which a natural person not ordinarily resident in Australia or a foreign corporation holds a total interest of 15% or more;
 - a corporation in which 2 or more persons each of whom is either a natural person not ordinarily resident in Australia or a foreign corporation hold a total interest of 40% or more;
 - the trustee of a trust estate in which a natural person not ordinarily resident in Australia or a foreign corporation holds a total interest of 15% or more;
 - the trustee of a trust estate in which 2 or more persons each of whom is either a natural person not ordinarily resident in

Australia or a foreign corporation hold a total interest of 40% or more,

- (A) acquires the capacity to control at least 15% of the number of directors to the Board;
- (B) becomes entitled to exercise directly or indirectly greater than 15% of the votes entitled to be cast at a general meeting of members;
- (C) any person holds more than 15% of the issued capital (other than shares issued with no rights other than to receive a specified amount in distribution) of the licence-holder.

5.2 EL 5339

- (a) PMR 1 is the registered holder of EL 5339 which was originally granted by the DII on 15 August 2007 and expires on 29 January 2012.
- (b) The area consists of 5 units.
- (c) The expenditure required under EL 5339 is \$17,000 per annum.
- (d) EL 5339 is limited to Group 1 – Metallic Minerals comprising the following minerals: antimony, arsenic, bismuth, cadmium, caesium, chromite, cobalt, columbium, copper, galena, germanium, gold, indium, iron minerals, lead, lithium, manganese, mercury, molybdenite, nickel, niobium, platinum group minerals, platinum, rare earth minerals, rubidium, scandium and its ores, selenium, silver, sulphur, tantalum, thorium, tin, tungsten and its ores, vanadium, zinc and zirconia.
- (e) This EL was granted before the new condition referred to in paragraph 5.1(e) above was imposed and is therefore not subject to that condition. However on any further renewal it will be subject to such a condition.

5.3 EL 7679

- (a) PMR 1 is the registered holder of EL 7679 which was originally granted on 11 January 2011 and has an expiry date of 11 January 2013.
- (b) The area consists of 32 units.
- (c) The minimum expenditure required under EL 7679 is \$36,000 per annum.
- (d) EL 7679 is limited to Group 1 – Metallic Minerals comprising the following minerals: antimony, arsenic, bismuth, cadmium, caesium, chromite, cobalt, columbium, copper, galena, germanium, gold, indium,

iron minerals, lead, lithium, manganese, mercury, molybdenite, nickel, niobium, platinum group minerals, platinum, rare earth minerals, rubidium, scandium and its ores, selenium, silver, sulphur, tantalum, thorium, tin, tungsten and its ores, vanadium, zinc and zirconia.

- (e) This EL was granted before the new condition referred to in paragraph 5.1(e) above was imposed and is therefore not subject to that condition. However on any further renewal it will be subject to such a condition.

6. Native Title Issues

6.1 Background

- (a) The decision of the High Court of Australia in *Mabo and Others v The State of Queensland (No.2)* (1992) 175 CLR 1 held that the common law of Australia recognises a form of title to land which reflects the entitlements of Aboriginal people to their traditional lands in accordance with their traditional laws and customs. It called this title to land 'native title' and the Commonwealth Parliament attempted to clarify issues surrounding and involving it by passing the Native Title Act 1993 (Cth) (NTA) together with subsequent amendments.
- (b) The NTA enabled States to pass legislation providing for the validation of certain acts attributable to it. The New South Wales parliament passed the Native Title (New South Wales) Act 1994 and the Queensland Parliament passed the Native Title (Queensland) Act 1993. Together, the NTA and State legislation operate to confirm the extinguishment of native title for certain interests in land or for certain acts which occurred in relation to the land.
- (c) As a result, within each native title claim area there are parcels and pockets of land where native title has been extinguished. Past acts such as the grant of freehold title to land and certain terms of lease and other tenure may have had the effect of extinguishing native title. A detailed analysis (beyond the scope of this Report) of land tenure status for each area of the ELs and EPMs which fall within a native title claim area is required to determine whether native title has been extinguished in the whole or in part in these areas.

6.2 Native Title Claims

- (a) Persons claiming to hold native title may lodge an application for determination of native title with the Federal Court.
- (b) The application must then undergo a registration test to determine if it meets certain registration requirements. Once satisfied the application is assigned 'registered' status and is registered on the Register of Native Title Claims maintained by the National Native Title Tribunal. Once

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registered, claimants then have certain procedural rights set out in the NTA including the right to be consulted on or be involved in future acts or negotiations about certain proposed developments or activities in the claim area while their native title application is underway.

6.3 Native Title Determinations

Once a claim has been determined it is recorded on the National Native Title Register. The determination will indicate whether native title exists or does not exist over the application area.

6.4 Specific issues and search results

There are no Native Title Claims affecting the PMR 1 Tenements.

7. Aboriginal Cultural Heritage issues

7.1 The National Parks and Wildlife Services (NPWS) is the main Government agency dealing with the protection of Aboriginal sites and heritage in New South Wales. The NPWS maintains the Aboriginal Heritage Information Management System (AHIMS) which is a database including details of Aboriginal places and heritage values that have been reported to them. These records are not conclusive but are the only publicly available record of these matters. Before any prospecting work is carried out on a EL, detailed searches and analysis of Aboriginal Heritage issues will need to be undertaken and satisfactorily addressed in any notifications required to be made to the DII under each EL.

7.2 A search of the AHIMS for each EL has revealed that the PMR 1 Project Tenements are affected by 8 recorded sites.

8. Assumptions and Qualifications

Our preparation of this Report has relied upon:

- 8.1** information available from the NSW Department of Industry and Investment as at 25 August 2011;
- 8.2** information available from the NSW National Parks and Wildlife Services as at 10 February 2011;
- 8.3** results of searches on the Register of Native Title Claims at the National Native Title Tribunal as at 26 August 2011; and
- 8.4** information obtained from the Company including ownership of the land which is affected by the ELs,

(which information we have not sought to independently verify).

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9. Consent

For the purpose of section 716 of the Corporations Act 2001, Piper Alderman, consents to being named as legal advisers to the offer in the Prospectus (including for the purposes of this consent the electronic form of the Prospectus) and for the inclusion of the Report in the Prospectus, in the form and context in which it is named.

Piper Alderman has not authorised or caused the issue of the Prospectus and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any other part of the Prospectus.

Piper Alderman has not withdrawn this consent prior to lodgement of the Prospectus with the Australian Securities & Investments Commission.

Yours faithfully

Piper Alderman

Per:

A handwritten signature in black ink, appearing to read "Alan Jessup", written over a horizontal line.

Alan Jessup

Partner

Additional Information

9. Additional Information

9.1 Constitution

There is only one class of PMR Shares. The Shares issued under this Prospectus will be fully paid shares. Detailed provisions relating to the rights attaching to Shares are set out in the PMR constitution and the *Corporations Act 2001*. PMR has adopted a constitution of the kind usually adopted by a public company listed on the ASX. The following is a broad summary of the key provisions in the constitution and the rights attaching to Shares.

General meetings

Each shareholder is entitled to receive notice of and be present, to vote and speak at general meetings of PMR.

Voting rights

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

Dividend rights

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

Rights on winding up

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

Transfer of shares

Subject to the constitution of PMR, the *Corporations Act 2001* and the Listing Rules, generally, Shares are freely transferable.

Future changes in capital

Subject to Listing Rules and the constitution of PMR, the Directors may issue, grant options over, or otherwise dispose of Shares on such conditions, at such times and with the preferred, deferred or other special rights or restrictions as the Directors think fit. Subject to the *Corporations Act 2001* and the Listing Rules, PMR may by resolution, consolidate and divide its share capital or reduce its share capital and buy back its Shares.

Variation of rights

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

Marketable parcels

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

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

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

Proportional takeover

The constitution of PMR contains a proportional takeover provision which may be renewed from time to time in accordance with the *Corporations Act 2001*.

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

Additional Information cont

9.2 Corporate governance

The business and affairs of PMR are vested in the Directors who have responsibility for the management and control of PMR.

The Board will pursue best practice in corporate governance. The best practice platforms of governance will apply to:

- (a) Establishing the roles of management and the Board with a balance of skills, experience and independence appropriate to the nature and extent of corporate operations;
- (b) Ensuring levels of integrity are maintained among those who can influence PMR's strategy and financial performance, together with responsible and ethical decision making;
- (c) Ensuring that PMR meets the appropriate information needs of our modern investment community;
- (d) Ensuring the safety and rights of shareholders and all stakeholders;
- (e) In presenting PMR's financial and non-financial position, the Board will ensure the adoption of a process that safeguards, both internally and externally, the integrity of PMR and its disclosure standards; and
- (f) Ensuring that environment best practice will at all times be a key focus of the PMR Board, its management team, suppliers and consumers of its products.

The Board considers that its membership should comprise directors with an appropriate mix of skills, knowledge, experience and personal attributes that allow the directors individually and the Board collectively, to:

- discharge their duties and responsibilities under the law efficiently and effectively;
- understand the business of PMR and the environment within which PMR operates so as to be able to provide sound stewardship for management and PMR' objectives, goals and strategic direction to maximise shareholder value; and
- assess the performance of management in meeting those objectives.

In addition to ensuring that the Board has a broad range of necessary skills, knowledge and experience to govern PMR and understand the challenges that PMR faces, the Board considers that its membership should represent an appropriate balance between directors with experience and knowledge of PMR and directors with an external perspective.

The Board also considers that its size should be conducive to effective discussion and efficient decision-making. The Board believes that its current composition meets these requirements.

Board responsibilities

The principal role of the Board is to ensure the long term prosperity of PMR by setting broad corporate governance policies and ensuring that they are effectively implemented by management. The Board carries out this role principally by:

- setting the strategic direction of PMR and providing strategic guidance to management;
- providing input into and approval of management's development of corporate strategy and performance objectives;
- reviewing and approving business plans for PMR;
- approval of annual budget and financial plans including available resources and major capital expenditure and initiatives;
- overseeing and monitoring progress against budget via the establishment and reporting of both financial and non financial key performance indicators, organisational performance, the achievement of strategic goals and objectives and compliance with PMR' Code of Conduct;
- appointing and assessing performance and the removal (where appropriate) of senior executives of PMR;
- monitoring financial performance including approval of the half year and annual financial reports and liaison with PMR's auditors; and
- overseeing, reviewing and ratifying systems of governance, management processes, risk management, internal compliance and controls, codes of conduct and legal and regulatory compliance to ensure appropriate compliance frameworks and controls are in place.

The Board has delegated to executive management, responsibility for a number of matters including:

- managing PMR's day-to-day operations in accordance with the Board approved authorisations, policies and procedures;

Additional Information cont

- developing PMR's annual budget and recommending it to the Board for approval and managing the day-to-day operations within the budget; and
- implementing corporate strategy and making recommendations on significant corporate strategic initiatives.

Executive management reports directly to the Managing Director. A formal charter of delegated functions and authorities to management approved by the Board and a summary will be included on the PMR's website.

Board meetings

The Board plans to meet at least six times a year, both as a Board and in conjunction with executive management, to discuss the short and long term strategy of PMR.

The Board receives a monthly report, which provides current information concerning PMR. The monthly Board report includes salient financial details, together with information on the performance of operations, major initiatives, as well as legal, governance, risk management and compliance issues that may arise.

The Board convenes by email and by telephone conference call to discuss matters of urgency and importance with management, make recommendations to management and discuss strategy.

Chairman and Managing Director

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their roles and responsibilities, facilitating Board discussions and managing the Board's relationship with PMR's executive management.

The Managing Director is responsible for implementing PMR's strategies and policies. The roles of the Chairman and Managing Director are separate roles, which are undertaken by separate people.

Audit Committee (AC)

PMR will not be in the top 300 of the S&P All Ordinaries Index (Index) on listing. Therefore it does not presently have an audit committee. Upon completion of the Transactions, the Board will consider whether a separate audit committee is required given the size of the Board and PMR's circumstances.

Remuneration Committee

A remuneration committee, which presently consists of the whole Board, will serve to determine the remuneration levels of any Executive Directors. John Foley is the Chairman of the remuneration committee. When decisions are made concerning the remuneration of a Board member, that Board member must not be present while the remuneration decision is being discussed or voted upon.

Review of Board and executive performance

In order to ensure that the Board continues to discharge its duties effectively, the performance of all directors is reviewed annually by the Chairman. The performance of the Chairman will be reviewed during each reporting period by his fellow directors.

The Board undertakes an annual assessment of its collective performance and the performance of the Audit Committee in accordance with PMR's performance evaluation process for directors and executives.

The Board also annually reviews the performance of the executive management team.

Identifying and managing business risks

There are a variety of risks that exist in the mineral exploration industry in which PMR operates and there are a range of factors, some of which are beyond the control of PMR and which may impact on PMR's performance.

The Board:

- reviews and approves the parameters under which such risks are managed including the responsibility for internal control systems;
- compliance and the procedure for identifying business risks and the methods to control their financial impact on PMR.
- The Managing Director and the executive management team are instructed and empowered by the Board to:
- implement risk management strategies in co-operation with it and the Audit Committee;
- report to the Board and the Audit Committee on developments related to risk, and
- suggest to the Board new and revised strategies for mitigating and resolving risk.

Additional Information cont

Independent advice

PMR permits any Director to obtain advice about transactions or matters of concern at PMR's cost. Approval for directors seeking independent advice is subject to the approval of the Chairman acting reasonably. Where appropriate, directors share such independent advice with other directors.

Security Holder communications

The Board aims to ensure that Security Holders are informed of all information necessary to assess the performance of PMR.

Information is communicated to the shareholders through:

- the annual report, which is distributed to all shareholders (other than those who elect not to receive it);
- the AGM and other shareholder meetings called to obtain approval for Board action as appropriate;
- making available all information released to the ASX on PMR's website immediately following confirmation of receipt by the ASX;
- ensuring all press releases issued by PMR are posted on PMR's website as soon they are disclosed to the ASX;
- encouraging active participation by shareholders at shareholder meetings; and
- encouraging all shareholders who are unable to attend general meetings to communicate issues or ask questions by writing to PMR.

Company Commitment to Continuous Disclosure

The Board has approved a continuous disclosure policy to ensure the fair and timely disclosure of price sensitive information to the investment community as required by applicable law.

The Joint Company Secretary Henry Kinstlinger of PMR has been appointed the disclosure officer of PMR and is required to keep abreast of all material information and where appropriate, ensure disclosure of share price sensitive information.

External Audit Independence

PMR's policy is to appoint external auditors who demonstrate quality and independence. The performance of the auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into account an assessment of performance, existing value and tender costs. The Board or if there is an audit committee, the audit committee will meet with the external auditor of PMR, independently of executive management, at least twice a year.

The external auditor will be requested to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the preparation of the content of the audit report

All Directors are expected to act with the utmost integrity and objectivity in the performance of their duties, striving at all times to enhance the reputation and performance of PMR.

Management will review PMR's corporate governance policies and practices in light of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations (**Recommendations**). Following this review, the Board will consider the suitability of any Recommendations having regard to PMR's size and operations.

Company policy and practice for dealing in Shares

The Company has a policy on how and when the Directors and employees may deal in the Company's securities.

In addition to these legal and regulatory restrictions, PMR has adopted a robust trading policy whereby trading in Company shares are prohibited under certain circumstances, and whereby short-term trading is discouraged.

The purpose of this policy is to ensure that the Directors and employees deal in the Company's securities in a manner which properly reflects their fiduciary duty, and that they do not transact in those securities whilst in possession of price sensitive information.

This policy requires that all Directors and Senior Executives to disclose their share trade intentions to the Managing Director or Chairman *prior* to dealing in the Company's securities.

The Company maintains compliance standards and procedures to ensure that the policy is properly implemented. In addition there is also an internal review mechanism to assess compliance and effectiveness.

The Company's Code of Conduct and Share Trading Policy, which, among other things, outlines 'closed periods' and 'prohibited periods' to describe when trading is restricted.

Additional Information cont

Diversity and Gender

The Board embraces the view that “diversity is an economic driver of competitiveness for companies”. The Board’s substantial international experience arises from the diversity of its members’ cultural background. At this stage, the Board has not formalised a diversity policy as suggested in Recommendation 3.2. It is the Board’s position that the spirit of this Recommendation is self-evident from the structure of the Board and its senior management team. The Company has likewise yet to adopt Recommendations 3.3 and 3.4. These Recommendations requires that a diversity policy include measurement objectives for facilitating greater participation of woman to the Board, and produce tables describing the proportion of females across the Company’s Board, management and employee tiers.

The implementation of an appropriate diversity policy to reflect the circumstances of the Company and the industry in which the Company operates is currently under review with this task being delegated to the Company’s Nomination Committee.

The Board wishes to note that it supports these Recommendations in principle and anticipates their adoption in the near future.

9.3 Litigation

PMR is not involved in any actual or threatened litigation which could have a material effect on PMR. PMR has also carried out searches in relation to the interest in the PMR Tenements to reduce the risk of any litigation concerning its interest in the PMR Tenements to which see the report of Piper Alderman at section 8 of this Prospectus.

9.4 ASIC and ASX exemptions, modifications and waivers

PMR is relying on ASIC Class Order 99/790 - Electronic Prospectus. Broadly, the Class Order permits PMR to enable the display and printing of this Prospectus and Application Form on a website, to include hypertext links on the Online Prospectus which allows investors to link directly to the Internet sites which are external to and do not form part of this Prospectus and to make other specified information in relation to the Prospectus available on the website.

Raffles sought and received ASX comfort that Raffles may rely on listing rule 11.4.1 (a) through providing the Priority Offer to Raffles shareholders.

9.5 Brokerage

A brokerage fee of 5% on all equity funds raised under the Prospectus is payable to brokers and AFSL groups bearing their stamp. The sponsoring broker will receive a fee as set out in section 9.6(a).

9.6 Material contracts

(a) Sponsoring Broker Agreement

PMR and BBY Limited (**BBY**) holder of Australian Financial Services License 238095 have entered into a sponsoring broker agreement in relation to the Offer.

BBY is not a related party to PMR.

BBY was not a member of the Due Diligence Committee and did not participate in verification of the Prospectus. BBY takes no responsibility for the contents of this Prospectus.

The material terms are set out below.

PMR must pay BBY a sponsoring broker fee of \$30,000 and in addition, a brokerage fee of up to \$25,000 being 5% on all IPO funds raised under the IPO from the allotment to BBY of up to \$500,000, (2,500,000 shares) being a total of up to \$55,000 payable by PMR to BBY, exclusive of GST.

PMR will also pay reasonable out of pocket expenses incurred by BBY in connection with the Offer.

(b) Executive Employment Agreement

PMR has entered into an Executive Employment Agreement with Peter Kennewell, a director of PMR pursuant to which he has agreed to provide the services of Chief Executive Officer. The material terms are set out below.

The services he is to provide to PMR include:

- Peter Kennewell is employed to provide the services of Chief Executive Officer of PMR for a period of 3 years;
- Peter Kennewell is to be paid \$150,000 per annum not including superannuation as required by the Superannuation Guarantee Administration Act 1992 (Cth);
- Incentive payments will be considered by the Board from time to time and made available in either the form of cash bonuses or share options at PMR’s discretion.

Additional Information cont

- the agreement can be terminated by either PMR or Peter Kennewell on 6 months notice.

(c) Executive Services Agreement

PMR has entered into a management agreement with Hudson Corporate Limited ACN 075 068 923 (**Hudson**) (**Executive Agreement**).

The material terms are set out below.

The Executive Agreement is dated 15th September 2011.

The Executive Agreement commenced on the above date and is for a term of two (2) years unless terminated earlier. The agreement may only be terminated in the following circumstances so the agreement is effectively for 2 years save in these circumstances:

Hudson may terminate the Executive Agreement if an insolvency event occurs with respect to PMR or PMR defaults in paying any fees and does not rectify that default within 30 days of written notice by Hudson requiring PMR to pay the amount due and payable or PMR is in material default under the Executive Agreement and fails to rectify the same within 30 days after receipt of written notice by Hudson requiring PMR to rectify that default.

PMR may terminate the Executive Agreement if an insolvency event occurs with respect to or Hudson fails to provide any of the services it is required to provide PMR under the Executive Agreement and does not rectify that default within 30 days of written notice by PMR requiring Hudson to remedy the default or Hudson is in material default under the Executive Agreement and fails to rectify the same within 30 days after receipt of written notice by PMR requiring Hudson to rectify that default.

Under the terms of the Executive Agreement Hudson agrees to provide the following Services:

- CEO/Executive Services;
- Geological Services;
- Financial/Accounting Services;
- Company Secretarial Services;
- Miscellaneous Services,

to a standard reasonably expected of a professional provider of services similar to these services and consistent with generally accepted market procedure.

PMR may at any time during the term of the Executive Agreement with one month's written notice to Hudson remove any part of the Services from the scope of the Executive Agreement.

Hudson is to be reimbursed by PMR for the expenses incurred in providing the Services.

At times mutually agreed between the parties Hudson is to provide PMR with an invoice for the Services provided by Hudson to PMR during that period. Prior to the provision of the invoice by Hudson to PMR, the parties are to mutually agree to the fees which are to be charged by Hudson to PMR for the provision of the services to PMR. Hudson is to receive payment of these fees in the manner agreed to between the parties. The effect of this is that there must be an agreement in order for there to be any fees payable by PMR to Hudson.

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

Hudson must provide the Services as required by PMR.

Hudson and PMR give mutual indemnities for any liability, loss, damage, reasonable legal costs and expenses incurred by the other arising from a breach of the other party, fraudulent or wilful act or omission or dishonest conduct of the other party unless such breach etc was caused by a breach of the Executive Agreement by the other party performing a requirement of the Executive Agreement.

Hudson and PMR have given mutual warranties that:

- each have the power to enter into the Executive Agreement and to perform their respective obligations thereunder;
- the Executive Agreement and the transactions thereunder do not breach any licence, or any law or official directive or any obligation to a third party or any third party interest in any asset of the warranting party;

Additional Information cont

- their respective obligations under the Executive Agreement are valid and enforceable against them respectively;
- they respectively hold all internal and external authorisations and licences that they respectively need to be able to lawfully comply with their respective obligations under the Executive Agreement;
- the respective employees deployed by them respectively to perform their respective obligations under the Executive Agreement have qualifications that are appropriate for the fulfilment of the intended activity, have appropriate training and related experience and shall be properly instructed and appropriately deployed for the intended work;
- there is no litigation commenced or to their respective knowledge threatened that would affect their ability to perform their respective obligations under the Executive Agreement.

Hudson has separately warranted that it is capable of performing the Services, has at its disposal or maintains a suitable infrastructure meeting all operational and security requirements for the Provision of the Services and it has the necessary rights and licences to intellectual property subsisting in any matter, thing or process prior to using it in providing the Services.

There is a dispute resolution clause, which enables disputes to be resolved before going to Court including the appointment of a mediator.

The Executive Agreement is not an exclusive arrangement. Therefore PMR could obtain the services from other parties.

The directors consider the terms to be reasonable because it will enable PMR to take advantage Hudson's resources to have these services provided at a fraction of the cost that PMR would otherwise have to bear if PMR had to find its own premises and staff to carry out those services. The purpose of the mutual agreement provisions before any invoice is issued is to ensure that there is an agreement before any amount is payable by PMR to Hudson. There are dispute resolution provisions if no agreement is reached. The effect of the provision is that if no agreement is reached then no amount is payable.

(d) Geological Services Agreement

PMR has entered into a geological services agreement with Michael Leu pursuant to which he has agreed to provide the services of Chief Geologist of PMR as an independent contractor. The material terms are set out below.

The services he is to provide to PMR include:

- provision of services generally provided in the capacity of Chief Geologist;
- provision of Investor and Community Relations services;
- new business assessment and development;
- liaison with directors, executive staff, Company officers, corporation regulators, share registries, contractors, joint venture partners, associates, investors and shareholders;
- Implementation of corporate policies;
- liaison with and coordination of legal, financial and public relation advisers and consultants; and
- assistance in the provision of other services and business development for the benefit of PMR and its Related Body Corporates.

The term of the contract is 2 years, commencing 1 January 2011.

At the conclusion of the term either party can, upon 6 months written notice to the other party, terminate the engagement. In the event that PMR terminates the agreement on this basis, PMR may in lieu of notice pay an amount being 6 times the monthly average of the previous six months paid to or billable by Michael Leu for all services performed under the agreement.

PMR may also terminate the agreement by giving notice in writing to Michael Leu, which termination shall take immediate effect, if any of the following occurs:

- Michael Leu commits a breach of this document which is not rectifiable;
- Michael Leu fails to rectify a breach of this document which is rectifiable for 30 days after receiving a written notice from PMR specifying the breach and requiring the Consultant to rectify it; or
- Michael Leu is guilty of serious misconduct or any other conduct, which affects or is likely to adversely affect the interests of PMR.

Additional Information cont

Remuneration is fixed at \$600 per day (exclusive of GST). In addition PMR must reimburse Michael Leu (on production of vouchers or other evidence as PMR may require) the amount of all travelling and other expenses properly and reasonably incurred by it in the course of the agreement.

The directors consider the terms to be reasonable, as it will enable PMR to obtain his expertise both as a qualified and experienced geologist and his specific knowledge of the PMR Tenements at a reasonable cost. The directors between them have considerable experience in the exploration industry and in their view the terms of the Geological Services Agreement are on arm's length terms for someone with Michael Leu's experience and expertise.

Michael Leu holds 2,500,000 shares in PMR, representing a 3.3% interest in PMR at the date of this Prospectus.

(e) Current Directors' indemnity agreements

PMR has entered into an Indemnity and Access Agreement with each current Director. The terms of the agreement provide for PMR:

- to indemnify the Director against all liabilities incurred as an officer of PMR or any other PMR group company;
- to ensure that PMR use its best commercial endeavours to maintain Directors and Officers insurance for the benefit of the Director in relation to acts and omissions of the Officer in his capacity as an officer of PMR; and
- to give access to a Director to documents (excluding a document created after the Director ceased to be an officer of PMR) for the purposes of any claims where the Director is a party, witness or otherwise and the Director is involved because they are or were an officer of PMR or any other PMR group company.

9.7 Summary of Options

Upon completion of this Offer, the Company will have the following Options on Issue:

Description	Exercise Price	No of Options	Expiry Date
Options issued under the ESOP	\$0.30	1,950,000	5 years from date of issue
Unallocated Options under the ESOP	\$0.30	3,050,000	3 years from date of issue
Success Options	\$0.30	1,650,000	3 years from the Official Quotation of PMR on ASX
Total upon completion of this Offer		6,650,000	

Options have been issued pursuant to the terms of the ESOP to Directors and employees as listed in section 9.8.

Unallocated Options under the ESOP will be allocated to Directors and employees of PMR in accordance with the terms of the ESOP, which are summarised at section 9.8.

Success Options will be issued to consultants and advisors (**Promoters**) who have and will continue to provide services in connection with the IPO and PMR as follows:

Name	Services provided or to be provided	No of Options
Anything Communications Pty Ltd	Investor, broker and media relations	250,000
Arotama Sdn Bhd	Corporate advisory services with respect to SE Asia corporate and financial markets and services	250,000
HUGHES, David	Advisor, Corporate compliance	100,000
QIU, Qinjing	Advisor, China and overseas markets	100,000
JT Capital Pty Ltd	Corporate financial advisory services with respect to the Offer	250,000
RAFFAN, Nicholas	Financial and resources analytical services	100,000
Safico Sdn Bhd	Corporate advisory services with respect to Malaysian corporate and financial markets and services	250,000
Sing Capital Limited	Corporate advisory services with respect to Chinese corporate and financial markets and services	250,000
TAN, Luisa	Corporate advisory services - local markets	100,000

Additional Information cont

Other than set out above or elsewhere in this Prospectus, the Success Options are the only consideration paid with respect to the Offer contained in this Prospectus. All success options to be issued have an exercise price of \$0.30 will vest immediately upon issue and must be exercised at any time up until 5.00pm 3 years from the Official Quotation of PMR on the ASX. They are not subject to any vesting conditions.

The above consultants and advisors are not related parties to PMR.

For the purposes of Chapter 9 of the Listing Rules, any shares issued to Promoters upon exercise will be considered Restricted Securities. The Promoters must enter into a Restriction Agreement with PMR under which the Promoter cannot transfer its effective ownership or control of the shares for a period of two years from the date of Issue (unless the ASX fixes a different period). This delays the time in which the Promoter can realise the value of the shares and allows for the market price of the shares to adjust before the Promoter receives full consideration.

9.8 Employee share option plan

PMR has adopted an Employee share option plan (**ESOP**) for its employees. A person is an employee of PMR if that person is an executive Director, non-executive Director or considered by the Board to be employed by PMR or a related party of PMR.

The purpose of the ESOP is to provide an opportunity for all eligible employees of PMR to participate in the growth and development of PMR through participation in the equity of PMR.

PMR believes it is important to provide incentives to employees in the form of Options, which provide the opportunity to participate in the share capital of PMR. PMR expects to apply the proceeds of exercise of the Options 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 law applicable to PMR.

Options are issued at no cost to the employee.

The Options cannot be transferred, assigned, encumbered or otherwise disposed of unless the Board otherwise agrees.

The Directors have issued the following eligible employees with the following Options:

Name	Position	No of Options
FOLEY, John	Director, Chairman	250,000
DENNIS, Bruce	Non-Executive Director	250,000
KENNEWELL, Peter	Director, Chief Executive Officer	500,000
LEU, Michael Roby	Non-Executive Director	250,000
MEERS, Peter	Non-Executive Director	250,000
CHOY, Francis	Chief Financial Officer	100,000
ROCKETT, Julian	Company Secretary	100,000
KINSTLINGER, Henry	Company Secretary	250,000
		1,950,000
Unallocated		3,050,000
		5,000,000

All Options issued under the ESOP are vested and have an exercise price of \$0.30 and must be exercised at any time up until 5.00 pm 24 October 2016. They are not subject to any vesting conditions.

9.9 Interests of Directors

Other than set out below or elsewhere in this Prospectus:

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

Additional Information cont

become, or to qualify him or her as, a Director, or otherwise for services rendered by him or her or by the firm in connection with the promotion or formation of PMR.

Bruce Dennis, a director of PMR held 50% interest in Wildesign Pty Ltd, which owned EL 5339 prior to its sale to PMR1 in December 2010. Mr Dennis received 2.5 million shares in PMR as consideration.

9.10 Shareholdings of Directors and associates

Raffles holds 55,000,000 Shares in PMR.

Directors are not required under the constitution of PMR to hold any Shares in PMR.

Associated company directorships are as listed below Directors hold the following shares directly or indirectly through their associates in PMR; no shares are held directly in PMR other than as stated below.

Director	Direct	Indirect
Peter Meers	Nil	Nil
Michael Leu	2,500,000	Nil
John Foley	Nil	Nil
Bruce Dennis	2,500,000	Nil
Peter Kennewell	Nil	Nil

9.11 Directors' fees

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

9.12 Interests of experts and advisers

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

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

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

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

K.S. Black & Co has acted as Investigating Accountants to the Offer and has performed work in relation to due diligence enquiries, for which it will be paid \$10,000 plus GST plus disbursements.

Piper Alderman has acted as legal advisors to the Offer for which it will be paid \$15,000 plus GST plus disbursements.

BBY Limited has acted as Sponsoring Broker to the Offer and has performed work in relation to managing the Offer and will be paid \$30,000 plus GST plus disbursements.

Minnelex Pty Ltd has provided the Independent Technical Geologist's report on the PMR Tenements for which it will be paid \$1,000 plus GST plus disbursements.

9.13 Expenses of the Offer

All expenses connected with the Offer are being borne by the proceeds from the issue. Please refer to section 1.5 for the breakdown of the expenses.

Additional Information cont

9.14 Escrow arrangements

As at the date of this Prospectus, no escrow arrangements have been entered into between PMR, Raffles and the Promoters. However it is anticipated that under the Listing Rules, the ASX would require Raffles and the Promoter's shares to be escrowed for a maximum of two years.

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

9.15 Consents and disclaimers

Piper Alderman has consented in writing to being named in this Prospectus and to the inclusion in this Prospectus of the Legal Report in the form and context in which it appears and at the time of lodgement of this Prospectus with ASIC have not withdrawn that consent. It takes no responsibility for any part of the Prospectus other than the Legal Report.

Robert Pyper has consented in writing to the inclusion in this Prospectus of the Independent Technical (Geologist's) report on the PMR Tenements in which PMR has an interest in the form and context in which it appears and at the time of lodgement of this Prospectus with ASIC have not withdrawn that consent. It takes no responsibility for any part of the Prospectus other than the Independent Technical (Geologist's) report.

K.S. Black & Co has consented in writing to the inclusion in this Prospectus of the Independent Accountant's Report in the form and context in which it appears and at the time of lodgement of this Prospectus with ASIC have not withdrawn that consent. It takes no responsibility for any part of the Prospectus other than the Independent Accountant's Report.

BBY Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as Sponsoring Broker in the form and context in which it is named.

Computershare Investor Services Pty Limited has given, and as the date here of, has not withdrawn, its written consent to be being named as Share Registrar in the form and context in which it is named.

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

9.16 Documents available for inspection

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

Constitution of PMR; and

material contracts referred to in 9.6 above.

9.17 Major shareholders

As at the date of this Prospectus the major shareholders of PMR are:

Shareholder	No Shares	% held
Raffles Capital Limited	55,000,000	64.71%
DENNIS, Bruce (Boyle Investments Pty Ltd – Family Trust A/C>	2,500,000	2.94%
DENNIS, Bruce	2,500,000	2.94%
MELVILLE-ROSS, Alistair	2,500,000	2.94%
LEU, Michael Roby	2,500,000	2.94%
Code Nominees Pty Ltd (MATA)	5,000,000	5.88%
SETIAWAN, Antonius Budi	3,000,000	3.52%
SETIAWAN, Yustina Anita	2,000,000	2.35%

Directors Statement

10. Directors statement

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

Signed by John Foley, a Director and Chairman of PMR, pursuant to section 351 of the *Corporations Act 2001*, for the purposes of lodgement of this Prospectus with ASIC.



John Foley
Chairman

Glossary

11. Glossary

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

A\$ or \$	an Australian dollar
AEDT	Australian Eastern Daylight Time
Applicant	a person who submits an Application
Application	an application for Shares under this Prospectus
Application Form	an application form in the form attached to this Prospectus
Application Monies	the Application Price multiplied by the number of Shares applied for
ASIC	Australian Securities and Investments Commission
Associate	has the meaning given by Division 2 of the Corporations Act 2001
ASX	Australian Securities Exchange
Board	board of Directors of PMR for the time being
Business Day	a day, other than a Saturday or Sunday, on which banks are open for general banking business in Sydney
Closing Date	the date by which valid acceptances must be received by the Share Registrar being 24 November 2011 or such other date determined by the Board
Constitution	Constitution of PMR as registered with ASIC and as amended from time to time
Corporations Act	the Corporations Act 2001 (Cth)
DII	means the NSW Department of Industry & Investment, including the Minerals & Energy Division which administers exploration and resource development in NSW (formerly the NSW Department of Primary Industries Mineral Resources) or any department of the NSW Government that replaces such department from time to time
Director	a Director of PMR
EBIT	earnings before interest and tax
EBITDA	earnings before interest, tax, depreciation and amortisation
EL	means an exploration permit issued by the DII pursuant to the Mineral Legislation
Exposure Period	the period commencing on the date of lodgement of this Prospectus with ASIC and ending 7 days after that date, or 14 days after that date if the period is extended by ASIC
Hard Copy Prospectus	paper version of this Prospectus
Issue	the issue of Shares in accordance with this Prospectus
Issue Price	the issue price of the Shares to be issued in accordance with this Prospectus being \$0.20 per Share
Km	kilometre(s)
Listing Rules	the official listing rules of ASX
m	metre(s)
Marketable Parcel	a parcel of securities of not less than \$500 based on the closing price on the Stock Exchange Automated Trading System providing for the trading of securities on ASX on the Record Date
Mineral Legislation	Means the Mining Act 1992 of New South Wales, including any amendments thereto made from time to time or any legislation that replaces the same

Glossary cont

Minimum Subscription	\$2,000,000
Minister	means the Minister administering the Mineral Legislation
Offer	the offer of 10,000,000 Shares pursuant to and in accordance with this Prospectus
Offer Period	period from 3 November 2011 to 24 November 2011 when the Offer is made
Official List	the official list of entities that ASX has admitted and not removed
Official Quotation	quotation on the Official List
Online Prospectus	the electronic version of this Prospectus which can be viewed at www.pmrl.com.au
Opening Date	3 November 2011
Option	an option that may be exercised by the holder to acquire a Share
Precious Metal Resources Limited or PMR or Company	Precious Metal Resources Limited (ACN 145 105 148) and where the context so permits includes, and where the context requires includes any related body corporate including subsidiaries
PMR Tenements	EL 4474, EL 5339 and EL 7679. The PMR Tenements are current to the date of this Prospectus. PMR continues to investigate new prospective areas in the normal course of business and may apply for exploration licenses over such areas. Such activity does not impact negatively on the value of the PMR Tenements
Project	PMR Tenements being the exploration and development of mining in the PMR Tenements
Prospectus	this Prospectus dated 26 October 2011 as modified or varied by any replacement or supplementary Prospectus made by PMR and lodged with the ASIC from time to time and any electronic copy of this Prospectus, replacement prospectus and supplementary Prospectus
PMR	means the ASX code allocated to Precious Metal Resources Limited
PMR1	PMR1 Pty Ltd (ACN 145 210 528)
Raffles	Raffles Capital Limited (ACN 009 106 049)
Record Date	24 October 2011
Register	Company register of PMR
Securities	has the same meaning as in section 92 of the Corporations Act 2001
Security Holders or Shareholders	the shareholders of PMR from time to time
Shares	ordinary fully paid shares in the capital of PMR
sq km	square kilometre(s)
Success Options	Options issued only upon the Official Quotation of PMR on the ASX. These options are exercisable at 30 cents at any time within three years of the Official Quotation of PMR on ASX

Technical Terms

12. Technical Terms

Accretion	The process by which material is added to a landmass. This material may be sediment, volcanic arcs, seamounts or other igneous features.
Adit(s)	A passage driven into a mine from the side of a hill.
Ag	Chemical symbol for silver.
Alluvial	Pertaining to silt, sand and gravel material, transported and deposited by a river.
Alluvial Gold	Gold transported and deposited by river action, and contained by the river sediments.
Alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
Anomalies	An area where exploration has revealed results higher than the local background level.
Anomalous	Having values lying outside the normal range. Relatively high values may be directly or indirectly tested for significant mineralisation.
Anomaly	Usual soil or rock assay value or geophysical measurement considered by geoscientists to be distinctly different from normal or background values.
Anoxic conditions	Conditions with no oxygen.
Antimony	Antimony is a brittle, silver-white, metal element with the symbol Sb and a relative hardness of 4.
Apophyses	A tapering offshoot from a larger igneous intrusive mass.
Argillite	A fine-grained sedimentary rock composed predominantly of indurate clay particles resembling shale.
Arsenopyrite	The most common mineral containing arsenic.
As	Arsenic is the chemical element that has the symbol As, atomic number 33 and atomic mass 74.92.
Assay	Any physical or chemical method used to measure the absolute content of an element in a rock sample.
Au	Chemical symbol for gold.
Belt	A long linear area of mineralised rocks.
Benthic conditions	The conditions found at the bottom of a lake or the ocean.
Bi	Bismuth is a chemical element that has the symbol Bi and atomic number 83. Bismuth is heavy and brittle; it has a silvery white color with a pink tinge owing to the surface oxide.
Black Shale	A dark mud rock rich in organic carbon. Black shales are typically very fine-grained and contain pyrite, phosphate, and abnormally large amounts of heavy metals.
Block	Large crustal area comprising similar geology and/or time period.
Breccia	Breccia is a rock composed of broken fragments of minerals or rock cemented together by a fine-grained matrix, that may be similar to or different from the composition of the fragments. A breccia may have a variety of different origins, as indicated by the named types including sedimentary breccia, tectonic breccia, igneous breccia, impact breccia and hydrothermal breccia.
Brecciation	A process that forms a rock into a breccia.
Carapace	The early chilled, more brittle upper margin of a pluton.

Technical Terms cont

Chalcopyrite	Chalcopyrite is a copper iron sulfide mineral. It has the chemical composition CuFeS_2 . Chalcopyrite is the most important copper ore.
Chromite	Chromite is an iron chromium oxide. It has the chemical composition FeCr_2O_4 . Chromite is found in peridotite, a rock from the Earth's mantle. It is the only ore of chromium.
Convergent Plate Setting	Where two or more tectonic plates converge. There are three types of convergent margins depending upon the type of crust of the colliding plates: <ol style="list-style-type: none"> 1. ocean-ocean convergent margins; 2. ocean-continent convergent margins; 3. continent-continent convergent margins. It is at convergent margins where ocean crust is consumed at the exact rate as it is being produced in the mid-ocean ridge.
Costeaming	The digging of trenches to expose mineralization.
Crosscut	A level in mine driven so that it intersects with a vein of ore.
Cu	Cu is the symbol for copper. Copper is a ductile metal, with very high thermal and electrical conductivity. Pure copper is rather soft and malleable, and a freshly exposed surface has a reddish-orange colour. It is used as a thermal conductor, an electrical conductor, a building material, and a constituent of various metal alloys.
Deep Lead	Old riverbeds that have become buried.
Diamictite	A poorly sorted or non-sorted conglomerate or breccia with a wide range of particle sizes. It is composed of coarse, angular to well rounded sedimentary fragments, or other type of fragments (igneous or metamorphic rocks), supported by a typically clay sized matrix.
Disseminated	Spread or dispersed widely.
Dolostone	A sedimentary carbonate rock that contains a high percentage of the mineral dolomite.
Down-dip	Pertaining to a position parallel to or in the direction of the dip of a stratum or bed.
Drive	Horizontal tunnel passing through ore body.
Dyke	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
En-echelon tension gashes	Refers to closely-spaced, parallel or sub-parallel, overlapping or step-like minor structural features in rock, which lie oblique to the overall structural trend.
Epiclastic	Epiclastic rocks are clastic rocks composed of detrital material from preexistent rocks.
Epithermal	Type of hydrothermal mineral deposit formed at relatively low temperatures ($<200^\circ\text{C}$) at or near the Earth's surface, generally occur as veins or stockworks.
Fault	A fracture or fracture zone along which movement and displacement has occurred.
Fault Zone	A wide zone of structural dislocation and faulting.
Feldspar	A group of rock forming minerals.
Felsic	An adjective indicating that a rock contains abundant feldspar and silica.
Field traverses	Foot and vehicular traverses across geological, structural and geophysical features

Technical Terms cont

Floaters	Breccia floaters are breccias in which the larger fragments are separated from each other and 'float' in a matrix of fine material.
Fractionated	Fractional crystallization is one of the most important geochemical and physical processes operating within the Earth's crust and mantle. Fractional crystallization is the removal and segregation from a melt of mineral precipitates; except in special cases, removal of the crystals changes the composition of the magma. Fractional crystallization in silicate melts (magmas) is complex compared to crystallization in chemical systems at constant pressure and composition, because changes in pressure and composition can have dramatic effects on magma evolution. Addition and loss of water, carbon dioxide, hydrogen, and oxygen are among the compositional changes that must be considered.
g/t	Grams per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
Galena	Galena (lead sulphide) or galenite is virtually the only source of lead and an important ore of silver. It has the formulae PbS and a relative hardness of 3.
Geochemical	Of or relating to the distribution and amounts of chemical elements in rocks and soil.
Geochemistry	A study of the distribution and amounts of chemical elements in rocks and soil.
Geophysical	Of or relating to the physical properties or rocks (e.g. conductivity, magnetism and gravity).
Geophysics	The physics of the Earth and its environment in space. Its subjects include the shape of the Earth, its gravitational and magnetic fields, the dynamics of the Earth as a whole and of its component parts, the Earth's internal structure, composition and tectonics, the generation of magmas, volcanism and rock formation as well as other subjects. Geophysics can be used to detect and analyze potential mineral deposits by looking at the physical properties of rocks (e.g. conductivity, magnetism and gravity).
Gold	Gold is a rare element with the formulae Au and a relative hardness of 3 occurring in nature in widely distributed small amounts. The main source of gold is in gold-quartz veins where gold was deposited from mineral bearing solutions. Gold in jewellery is measured in carats. 24 carat gold is pure, 22 carat gold is 22 parts gold to 2 parts other metals and so on.
Gossanous exposures	A visible exposure of intensely oxidized, weathered or decomposed rocks, usually the upper and exposed part of an ore deposit or mineral vein.
Gossanous outcrop	A natural visible exposure of intensely oxidized, weathered or decomposed rocks, usually the upper and exposed part of an ore deposit or mineral vein.
Gossans	Intensely oxidized, weathered or decomposed rocks, usually the upper and exposed part of an ore deposit or mineral vein.
Grade	The relative quantity or percentage of mineral or metal content. The concentration of a valuable mineral in ore, usually expressed as a percentage but for precious metals including gold, as grams per tonne (g/t).
Granite	A coarse grained magmatic rock consisting largely of quartz and feldspar.
Granitoid	The term used to describe a variety of intrusive rocks similar to granite.
Greenschist-facies	A body of metamorphic rock (often from basalt) which typically contains the minerals chlorite, actinolite and albite. They result from low temperature, moderate pressure metamorphism.
Greisen	Greisen is a crystalline rock consisting of quartz and mica. Greisen is a highly altered granitic rock. Greisen is formed by autogenic alteration of a granite and is a class of endoskarn.
Hard Rock	Rock that needs drilling and blasting for removal.

Technical Terms cont

Helimag	A geophysical survey conducted by helicopter. A measurement of the magnetic-field intensity at several locations in order to locate mineralization in the rock below.
Hg	The symbol for the chemical element Mercury. Mercury is the only metal that is liquid at standard conditions of temperature and pressure. Mercury occurs in deposits throughout the world, mostly as cinnabar.
Hornfels	A non-foliated metamorphic rock that is typically formed by contact metamorphism around igneous intrusions.
Hydrothermal and metahydrothermal	Of or relating to hot magmatic emanations rich in water and relating to the rocks, ore deposits, and springs produced by such emanations. Refers to the alteration of minerals or rocks by super-heated mineral rich fluids, usually water, within a crystallizing magma.
Igneous	Rocks derived from molten or partly molten material.
Ind Polarisation	Induced Polarisation is a geophysical imaging technique used to identify subsurface materials, such as ore. An electric current is induced into the ground through two electrodes and voltage is monitored through two other electrodes.
Intermediate	A rock unit containing a mix of felsic and mafic minerals; transitional between acidic and basic rocks. Have a silica content between 54-65%.
Intrusions	A body of igneous rock that has forced itself into pre-existing rocks.
I-S Type Magmatism	I-type magma: magma formed from igneous source materials. S-type magma: magma formed from sedimentary source material.
Kaolinisation	The process by which feldspar minerals are changed into the mineral kaolinite.
Lenses	Bodies of ore, or rock or a deposit, that are thick in the middle and thin at the edges.
Lode	A rich accumulation of minerals in solid rock. Frequently in the form of a vein, layer or an area with a large concentration of disseminated particles.
Mafic	Pertaining to, or composed dominantly of the generally dark coloured, ferromagnesian forming rock silicates.
Magma	Molten rock.
Magmatic	A broad area in which similar igneous rocks are formed during the same period of igneous activity.
Mélange	A large scale breccia, a mappable body of rock characterized by a lack of continuous bedding and the inclusion of fragments of rock of all sizes, contained in a fine-grained deformed matrix.
Mesothermal	A mineral deposit formed at moderate temperature and pressure, in and along fissures or other openings in rocks, by deposition at intermediate depths, from hydrothermal fluids. Mesothermal deposits are believed to have formed mostly between 1750C and 3000C at depths of 1,220 to 3,660 metres.
Metahydrothermal Gold	Gold deposits emplaced by hydrothermal fluids passing through rock during metamorphism.
Metallurgy	Concerned with the production of metals from ores. Can be divided into hydrometallurgy, where aqueous solutions are used to extract metals from ore (e.g. leaching) and pyrometallurgy where heat is used to smelt metals from ore minerals.
Metamorphic Rock	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
Metamorphic Terrane	A region where metamorphic rock predominates.

Technical Terms cont

Metamorphism	Alteration of the structure and the mineral composition of rock by heat and/or pressure.
Metasedimentary	A rock formed by metamorphism of sedimentary rocks.
Metasomatism	The chemical alteration of a rock by hydrothermal and other fluids. It can occur via the action of hydrothermal fluids from an igneous or metamorphic source.
Mineralisation	The process introducing minerals into a rock. More generally a term applied to accumulations of economic or related minerals in quantities ranging from anomalous to economically recoverable.
Mineralised zone	An enriched zone of mineral deposits around an igneous intrusion.
Molybdenite	Molybdenite is the most important ore of the metal molybdenum. It occurs as an accessory mineral in some granites and pegmatites. It is also found in some copper porphyry deposits, contact metamorphic rocks and high temperature vein deposits. It is a soft gray mineral that is easily confused with graphite.
Moz.	Million ounces.
Mt	Million tonnes.
Open Cut	A mine worked at and from the surface (e.g. a quarry).
Ore	A mineral deposit that can be extracted and marketed profitably.
Ore Body	A well defined mass of ore.
Orogenic	Of or relating to a mountain-building episode (including folding, faulting, crustal thickening, uplift and deep plutonic activity).
Orogenic Gold Deposit	Result from crustal-scale fluids derived through metamorphic dehydration.
Orogeny	A compressive tectonic process that results in intense folding, reverse faulting, crustal thickening, uplift and deep plutonic activity. A mountain-building episode. The process or processes of mountain formation, especially the intense deformation of rocks by folding and faulting that, in many mountainous regions, has been accompanied by metamorphism, invasion of molten rock, and volcanic eruption; in modern usage, orogeny produces the internal structure of mountains, and epeirogeny produces the mountainous topography.
Ounce or Troy Ounce or oz	An ounce of precious metal - gold, silver or platinum group elements (PGE's) - with one ounce equaling approximately 31.1 grams.
Outcrop	Surface expression of underlying rocks.
Oxidized ore	Ore that has undergone a reaction with oxygen often due to weathering.
Palaeozoic accretionary complex	A group of rocks added to a landmass during the Palaeozoic era.
Pb	The symbol for the chemical element lead. Lead is usually found in ore with zinc, silver and (most abundantly) copper, and is extracted together with these metals. Most ores contain less than 10% lead, and ores containing as little as 3% lead can be exploited. The main lead mineral is galena.
Phyllic alteration	A type of hydrothermal alteration typically resulting from the removal of sodium, calcium, and magnesium from calc-alkaline rocks, with pervasive replacement of silicates, muting the original rock texture. It is a common style of alteration in porphyry base-metal systems.
Pluton	An igneous intrusion.
Plutonic	Of deep igneous or magmatic origin (i.e. formed under the Earth's surface).

Technical Terms cont

Porphyry	Rock containing relatively large conspicuous crystals, especially feldspar, in a fine-grained igneous matrix.
Ppb	Parts per billion; a measure of low level concentration.
Ppm	Parts per million, equivalent to grams per tonne.
Prospect	An area where potential for economic mineralisation is suggested from analysis of geological, geochemical or geophysical data.
Pyrite	Pyrite is iron pyrite formed from cooling magma and is found as an igneous segregation and also in metamorphic rocks and as vein deposits. Often it is found in sedimentary rocks being both primary and secondary in origin. Pyrite is often mined for the gold or silver associated with it. Pyrite has the formulae FeS ₂ and a relative hardness of 7.
Pyroclastic	Pyroclastic rocks are clastic rocks composed solely or primarily of volcanic materials.
Pyroxene	A mineral belonging to a common group of magnesium-iron silicates, divided into orthopyroxenes and clinopyroxenes on differing metal content and crystal lattice structure.
Quartz	A mineral comprising crystalline silica, SiO ₂ .
Quartz Reefs	Old mining term used to describe large, often gold-bearing, quartz veins.
Reef	A vein of quartz usually associated with gold mineralisation
Regolith	A layer of loose, heterogeneous material covering solid rock. It includes dust, soil, broken rock, and other related materials.
Resources	In situ mineral occurrence where valuable or useful minerals may be recovered.
Rhyolitic	Of or relating to the rock rhyolite, which is an igneous, volcanic rock of felsic (silica-rich) composition. The mineral assemblage is usually quartz, alkali feldspar and plagioclase. Biotite and hornblende are common accessory minerals.
Rhyolitic lavas	Molten rock on the Earth's surface which possesses the mineral composition of a rhyolite (quartz, alkali feldspar and plagioclase, with biotite and hornblende as common accessory minerals).
Rifting	The process by which the Earth's crust and lithosphere are pulled apart.
Sb	Antimony is a chemical element with the symbol Sb and an atomic number of 51. A silvery lustrous grey metalloid, it is found in nature mainly as antimony sulfide, commonly known as stibnite.
Sedimentary	A term describing a rock formed from sediment.
Sericite-quartz alteration	A type of phyllic alteration characterized by a mineral assemblage of sericite and quartz.
Shear Zone	A zone where crushed rock (or breccia) has been produced by the action of a shearing stress as on a fault. Planar zone of relatively intense deformation. A tabular area of rock that has been crushed and brecciated by many parallel fractures resulting from shear strain; often becomes a channel for underground solutions and the seat of ore deposition.
Siliceous kernels (phacoids)	Silica found in the shape of lentils or kernels.
Silicification	Introduction of or replacement by silica.
Siltstone	A sedimentary rock which has a grain size in the silt range, finer than sandstone and coarser than claystones.

Technical Terms cont

Silver	Silver is a white, ductile metallic element that is very malleable, capable of a high degree of polish, and chiefly univalent with its compounds and has the highest thermal and electrical conductivity of any substance. It has the symbol Ag.
Skarn	Skarn is a metamorphic rock. It usually forms by chemical metasomatism of rocks during metamorphism and in the contact zone of magmatic intrusions like granites with carbonate-rich rocks such as limestone or dolostone. Skarns in the igneous environment are associated with hornfels, marble hornfels and wider zones of calc-silicate rocks.
Soil Creep	The slow downward progression of soil down a low grade slope. It can also refer to slow deformation of such materials as a result of prolonged pressure and stress.
Sphalerite	Sphalerite is the main ore of zinc and has the formulae (Zn,Fe)S and a relative hardness of 4.
Stibnite	Stibnite is the major ore of antimony. It is Deposited by alkaline waters, usually in association with quartz. Found in quartz veins or beds in granite and gneiss. May occur as a replacement in limestones and shales.
Stockwork	A mineral deposit in the form of a interlocking, three-dimensional network of veinlets diffused in the country rock.
Stratabound	A mineral deposit confined to a single stratigraphic unit. The ore deposit is one that is laid down in layers within a specific rock formation that can be either igneous or sedimentary.
Stratabound VMS	Volcanogenic Massive Sulfides which are deposited in layers within an igneous rock. They mainly consist of copper, lead and zinc, which are associated with and created by volcanic-associated hydrothermal events in sub-marine environments.
Stratiform	Describing the confined nature of the ore minerals to a specific strata within the host rock.
Stream Sediment sampling	The collection of samples of stream sediment with the intention of analysing them for trace elements.
Strike	The direction or bearing of a bed or layer of rock in the horizontal direction.
Subduction	The process that takes place at convergent plate boundaries by which one tectonic plate moves under another tectonic plate, sinking into the Earth's mantle as the plates converge.
Sulphide	A general term to cover minerals containing sulphur and commonly associated with mineralization.
Sulphide lenses	Areas of sulphide concentration forming a lenticular shape (thin on the edges and thicker in the middle).
Syngenetic polymetallic sulphide	A sulphide deposit containing more than one metal suitable for recovery, which formed at the same time as the rocks that enclose it.
Syngenetic sulphide	A sulphide which formed at the same time as the rocks that enclose it.
Syn-tectonic	Refers to geological processes or events occurring during tectonic activity.
Talus	A term given to an accumulation of broken rock fragments at the base of cliffs or valley shoulders.
Te	Tellurium is a chemical element that has the symbol Te and atomic number 52. A brittle, mildly toxic, silver-white metalloid.
Tectonic	Pertaining to the forces involved in, or the resulting structures of, movement in the earth's crust.
Temporal	In geology a lithology defined in terms of time-related characteristics.

Technical Terms cont

Tenement	An area of land defined by government authority over which the holder may conduct exploration or mining activities (e.g. EL).
Undeformed	Rocks that have undergone no deformation since their emplacement.
Vein	The narrow infill of a brittle rock structure (e.g. fault or joint), most commonly quartz with or without minor calcite, sulphides and/or occasionally native metals.
Veins	A thin infill of a fissure or crack, commonly bearing quartz.
Volcanic	Formed or derived from a volcano.
Volcanogenic	Formed or derived from a volcano.
W	Tungsten, also known as wolfram, is a chemical element with the chemical symbol W and atomic number 74. A steel-gray metal under standard conditions when uncombined.
Winze	A winze is an opening in an underground mine that is sunk downward from inside to connect lower levels. The top of a winze is located underground, in contrast to a shaft where the top of the excavation is located on surface.
Zn	The symbol for the chemical element zinc. Worldwide, 95% of the zinc is mined from sulfidic ore deposits, in which sphalerite ZnS is nearly always mixed with the sulfides of copper, lead and iron. There are zinc mines throughout the world, with the main mining areas being China, Australia and Peru.



Precious Metal Resources Limited

ACN 145 105 148

Application Form

Prospectus dated 26 October 2011

This Application Form is important.

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

RAFFLES SHAREHOLDER PRIORITY OFFER

As part of the Priority Offer, Raffles Shareholders will be guaranteed an allocation of 10,000 Shares if they hold at least a Marketable Parcel of Raffles Shares on the Record Date. Please enter your Raffles HIN / SRN in this box if you qualify for the Priority Offer and would like the first 10,000 Shares of your application to be allocated under the Priority Offer.

Raffles Holder Identification Number or Security Holder Reference Number

Broker Code

Adviser Code

A I/we apply for

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

B I/we lodge full Application Money

A\$

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

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

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Enter your postal address - Include State and Postcode

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

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

E Enter your contact details

Contact Name

Telephone Number - Business Hours / After Hours
()

F CHESS Participant

Holder Identification Number (HIN)
X

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

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

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

Please make your cheque or bank draft payable to “Precious Metal Resources – Offer Account”

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

See back of form for completion guidelines

How to complete this form

A Shares Applied for

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

B Application Monies

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

C Applicant Name(s)

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

D Postal Address

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

E Contact Details

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

F CHES

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

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

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

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

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

Raffles Shareholder Priority Offer

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Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited Melbourne by **no later than 5.00pm (AEDT) on 24 November 2011**. You should allow sufficient time for this to occur. Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited
GPO Box 2115
MELBOURNE VIC 8060

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

Privacy Statement

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Correct forms of registrable title(s)

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

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