



PRECIOUS METAL RESOURCES LIMITED

Precious Metal Resources Limited
ACN 145 105 148

Level 2, 131 Macquarie Street
Sydney NSW 2000
Tel: +61 2 9251 7177
Fax: +61 2 9251 7500

Contact

Peter Kennewell CEO

email: pkennewell@pmr.com.au

Latest News

www.pmr.com.au

Directors / Officers

John Foley (Chairman)
Peter Kennewell (CEO)
Bruce Dennis
Michael Leu
Peter Meers

ASX Symbol: PMR

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. Current 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 mineralisation. 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 is expanding on this work.

Company Announcement Office
Australian Securities Exchange Limited

VTEM Survey underway to identify drilling targets

1,222 line-km VTEM survey

100 meter spacing

Additional 150 line-km infill lines at 50 meter spacing

Precious Metal Resources Limited (PMR) has contracted Geotech Airborne to conduct a Versatile Time-Domain Electromagnetic (VTEM) geophysical survey over its base metal project at Halls Peak, NSW.

The VTEM system is one of the leading airborne geophysical systems in use today and is particularly suited to identifying deeply buried, conductive ore bodies similar to the Volcanic Massive Sulphide (VMS) deposits at Halls Peak. The VTEM system is renowned for its deep penetration, high spatial resolution and ability to detect and differentiate weak electro-magnetic anomalies at depths of over 400 metres.

The helicopter borne VTEM Survey is being conducted to identify further base metal drilling targets on the Halls Peak Base Metal field.

The VTEM survey will comprise 933 line-km within EL 7679, in which SUGEC are earning a 30% interest, and an additional 289 line-km over PMR's ELs 4474 and 5339.

Additional infill lines of approximately 150 km are anticipated.

Electromagnetic surveys measure the conductivity of the rocks beneath the earth's surface by emitting a magnetic field from the aerial beneath the helicopter, shown in the photo below. This field penetrates into the earth and generates an electric current within any conducting rocks present, including bodies of base metal mineralisation. This generates a new magnetic field, which is measured and mapped by the helicopter, effectively locating exploration targets.

All targets located by the survey will be computer modelled, tested and then drilled.

In recent years many large base metal deposits have been located by this method.

The area of the survey includes the outcrop of the Halls Peak Volcanics, in which volcanic ash, lava flows and sediments host the previously mined base metal deposits at Halls Peak.



Delegation from Jiangsu Geology & Mineral Exploration Bureau at the VTEM launch (l-r):
Quanning Yang Bureau Chief Engineer
Michael Leu PMR Director
Zhengqin Pan Bureau Director
Peter Kennewell PMR CEO
Jiandong Liu SUGEC VP
Xuetian Jia SUGEC President



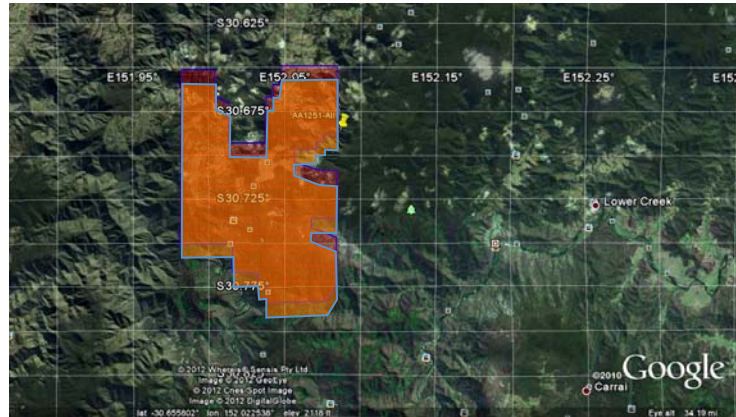
Geotech Airborne's helicopter and "bird" or aerial, are illustrated below. The survey will be flown with flight lines initially at 100 metre spacing. As interesting targets are located, additional lines will be flown between these lines, resulting in prospective areas with a closer 50 metre line spacing.

This detailed surveying will allow modelling and evaluation of potential bodies of mineralisation. From this, the base metal targets generated will be prioritised for field evaluation.

During the past four years, Geotech Airborne has been conducting surveys on four continents, including Australia. VTEM surveys penetrate greater than 400 metres beneath the surface, and have been instrumental in locating numerous examples of hidden base metal deposits, which were subsequently drilled to yield large bodies of high-grade base metal mineralisation.

PMR recently entered into a cooperation and investment agreement with Jiangsu Geology and Engineering Co. Ltd. (**SUGEC**) of Nanjing, China who are funding exploration on EL 7679 in the amount of \$2 million before 31 March 2014 at which time SUGEC will be entitled to a 30% interest in the tenement.

SUGEC will be contributing the cost of flying the survey over EL 7679; PMR will fund the survey over EL 4434 and EL 5337.



Area to be flown by the VTEM survey



VTEM Survey in Progress

JORC STATEMENT

The information in this report that relates to mineral exploration is based on information compiled by Peter John Kennewell, who is a member of the Australasian Institute of Mining and Metallurgy. Peter John Kennewell is a director of Precious Metal Resources Limited, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Identified Mineral Resources, and Ore Reserves". Peter John Kennewell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Exploration Targets

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.



About VTEM

Airborne VTEM surveys use a helicopter, which suspends a high-resolution cesium magnetometer from its cargo hook. The magnetometer is described as a 26-metre transmission coil or loop, which is suspended beneath the helicopter in a tent shaped array. The inner part of the array contains a smaller diameter receiving coil, which measures the period of time it takes for an induced electro-magnetic field to dissipate through the ground, using the principle that highly conductive rocks, like those containing metals, would hold an electric charge for a longer period.

A current is transmitted through the coil, which energises the ground, creating an electromagnetic field. When the induced current is stopped, sensors on the coil record the time delay for this induced electromagnetic field to disperse. The VTEM system has the ability to generate readings at a rate of 10 samples per second, which are recorded digitally with a GPS log and radar altimeter for accurate navigation.

The VTEM system produces data that are then translated onto maps which shows regions of conductivity in the earth and EM profiles. The proposed flight paths will be orientated to suit the overall geological trend, and line spacing was designed to ensure maximum coverage.

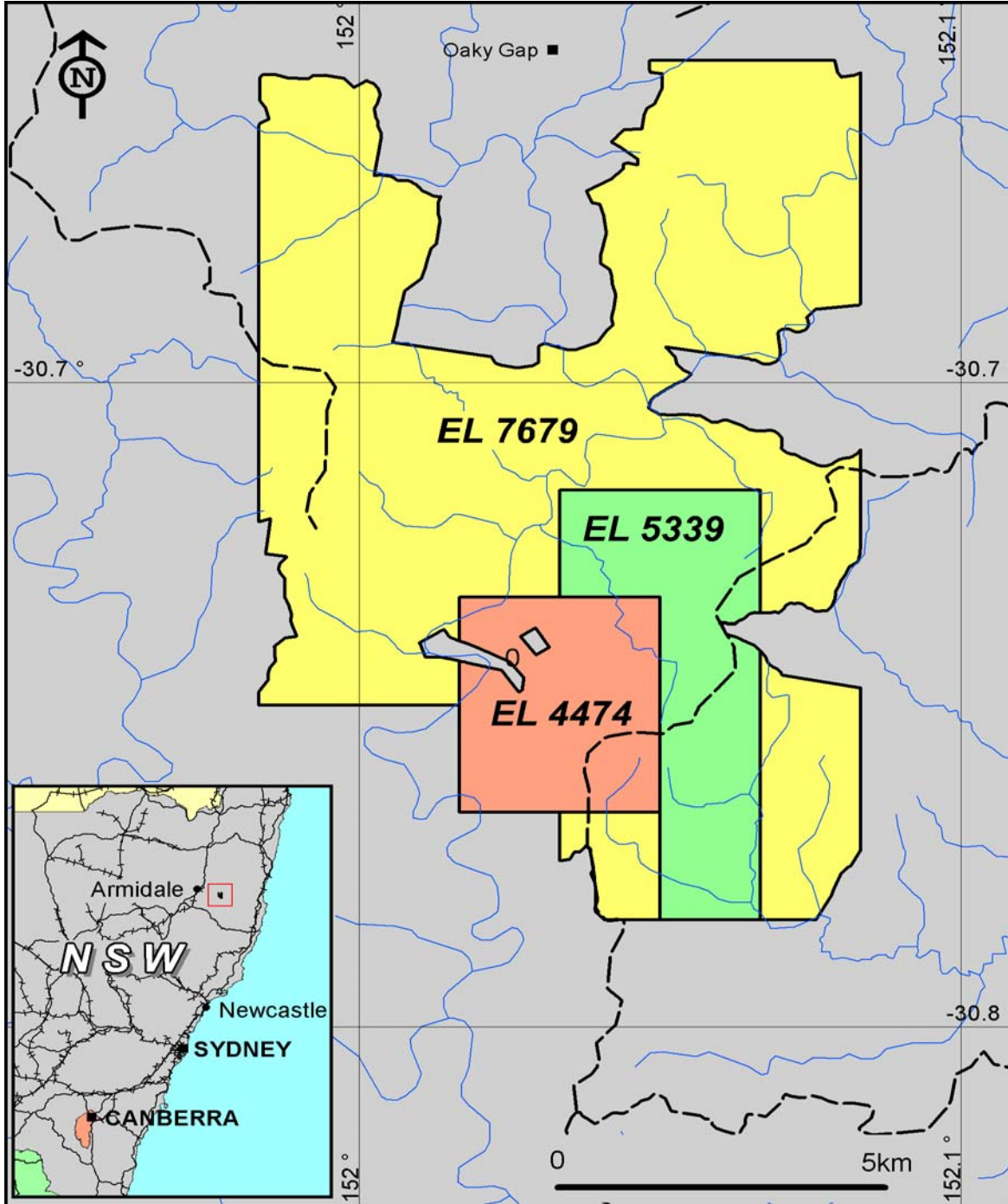
Geotech Airborne describe the VTEM system as follows: "The VTEM or Versatile Time Domain Electro Magnetic system is the most innovative and successful airborne electromagnetic system to be introduced in more than 30 years. The proprietary receiver design using the advantages of modern digital electronics and signal processing delivers exceptionally low-noise levels. Coupled with a high dipole moment transmitter, the result is unparalleled resolution and depth of investigation in precision electromagnetic measurements.

Key features include:

- Spotting drill targets directly off of the airborne results
- Superior Exploration Depth – Over 400 metres
- Excellent resistivity discrimination and detection of weak anomalies
- Low Base Frequency (25 or 30 Hz) for Penetration through conductive cover
- High Spatial Resolution – 2 to 3 metres
- Improved Interpretability due to Receiver-Transmitter symmetry
- Virtually impervious to atmospheric activity.

The system was designed to be field configurable to best suit a large variety of different geophysical requirements from deep penetration to optimizing the discrimination within a narrow range of resistivity values.

The recent surveys flown with VTEM have produced superior results over the same test areas flown by competing airborne EM surveys. VTEM has flown the Reid-Mahaffy, Caber, Perseverance and Montcalm test ranges and the results have demonstrated that VTEM provides the Industry's highest signal/noise ratio and conductor spatial resolution".



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