



# PRECIOUS METAL RESOURCES LIMITED

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## QUARTERLY ACTIVITIES REPORT

### Quarterly Activities Statement period ending 31 December 2011

#### PMR Project

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 (see exploration target note). 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.

This quarterly operations report is dated 27<sup>th</sup> January 2012 and is for the three months ending 31<sup>st</sup> December 2011.

#### ASX Debut

Trading in PMR shares commenced on 6 December 2011; shares commenced trading at \$0.22.

#### Exploration

Precious Metal Resources Limited (PMR) is exploring for base and precious metals on three tenements located at Halls Peak, 80 km southeast of Armidale, New South Wales, Australia.

Halls Peak is the inferred volcanic centre for extensive small but high grade Volcanic Massive Sulphide deposits rich in copper, lead, zinc and silver, with variable but largely untested gold values.

Over 4,000 metres of diamond core from 39 holes drilled from 1969 to 1974 on the PMR tenements are stored at the WB Clarke Geoscience Centre at Londonderry, NSW.

The library is a major drill core archiving and reference facility run by Industry & Investment NSW.

Resampling and reassaying of Allstate Exploration's diamond drill hole DDH 6 (**Allstate DDH 6**), drilled in 1969 has identified high grades of silver and base metals adjacent to the previously recognised mineralisation in this hole. These are present in mineralised rocks looking almost identical to those not carrying mineralisation.

Testing of core from this hole by Australian Laboratory Services in Queensland has returned assays with grades of up to 122 ounces of silver per tonne and 16.3% zinc.

The fine-grained mineralisation is present within rocks described as argillites, which are rocks 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.

Work continues to systematically review this historical body of knowledge, in light of much improved economics of mineral extraction and mineral price gains especially over the past two decades.

The Halls Peak area has high potential for moderate sized but high-grade mineralisation. PMR is also trying to locate far larger but more typical grade base metal deposits, which form world-class deposits. High-grade zones with adjacent lower grade mineralisation have already been identified. PMR will commence drilling thick zones containing this mixture of both higher and



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lower grades to determine their potential to be of world class and, if possible, to outline a JORC compliant resource.

In 1979 CRA identified a large shallow basin containing both geophysical anomalies and base metal assays above background. This area will be one of our first targets. Similar basins are present throughout the Halls Peak province, and it is in the deeper parts of these that we expect to find large base metal deposits. Edges of these deposits may be exposed in the Gibsons and the Firefly open cuts, and the exposed mineralised beds may extend for almost two kilometres beneath the mountain separating these former mines.

The work of assaying 4,000 metres of old cores and compiling this data onto a modern computer mapping system is well under way. This will tie together the known geology and geophysics, and may result in new interpretations to assist exploration planning over the next few months.

BHP and Carpentaria Exploration carried out much geophysics in the past, but many anomalies were not followed up with drilling. This will be remedied, with drill holes planned to see whether these anomalies are caused by base metal mineralisation at depth. Geophysics has advanced in the thirty years since these surveys were completed, and a modern, high technology helicopter survey is planned to locate unrecognised base metal deposits.

### **For further information please contact:**

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### **Sample Methodology**

Allstate DDH 6 was drilled at Gibsons Open Cut (GDA 94 - 407655E, 6597910N). True thickness of the mineralized zone (16.5 to 31.7 metres) is 9 metres. Allstate DDH 6 was NX core drilled and the core was slabbed for assaying. Average core recoveries were 64% - 100%. 1969 assay methods are unknown. PMR is conducting a duplicate assay assessment program to verify the assay results. They 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).

### **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. Mr 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". Mr 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.



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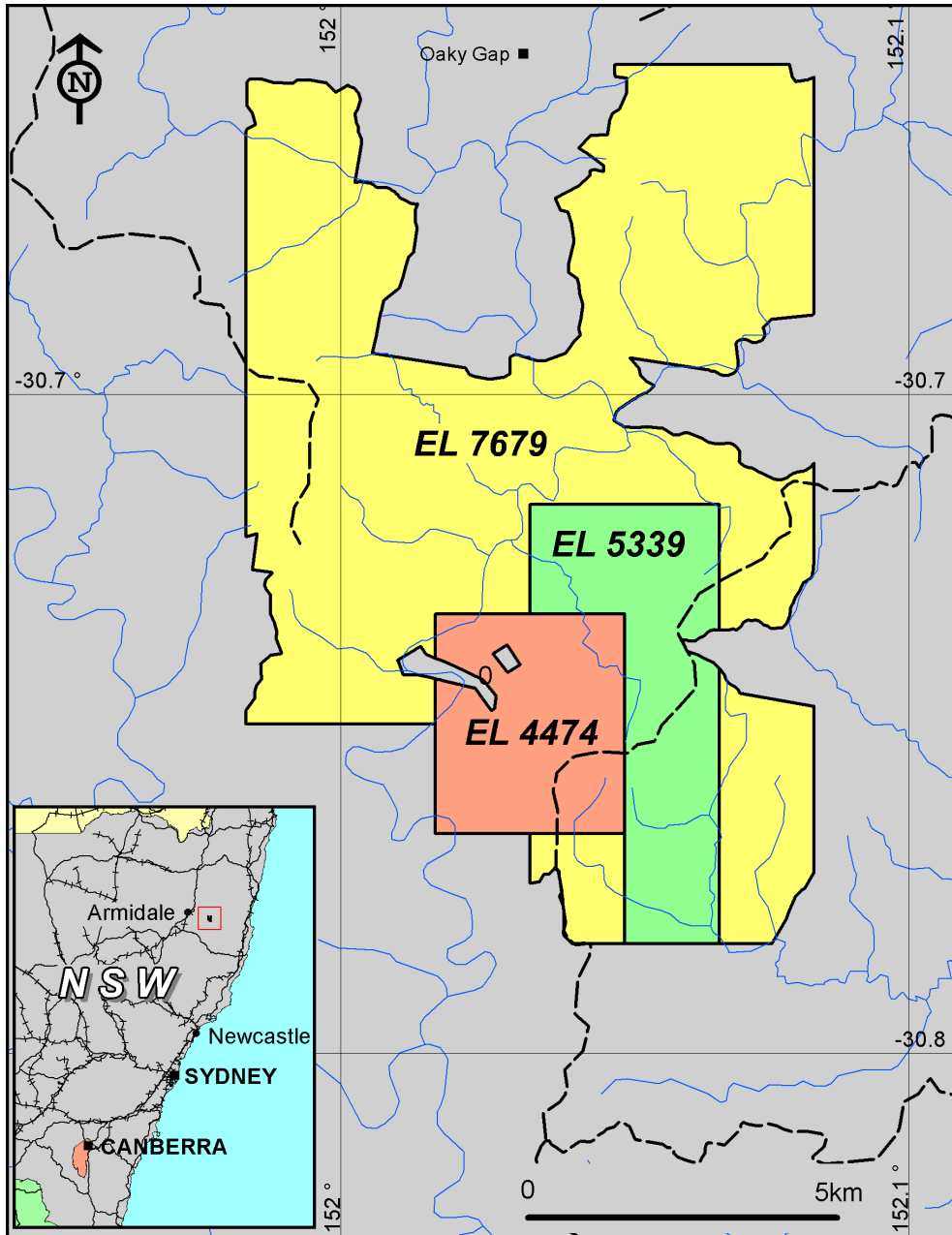


Figure 1 - PMR Project Tenements