Precious Metal Resources Limited

ACN 145 105 148

Interim Financial Report
for the half-year ended 30 June 2013

Table of Contents Page

CORPORATE DIRECTORY	1
REVIEW OF OPERATIONS	2
DIRECTORS' REPORT	10
AUDITOR'S INDEPENDENCE DECLARATION	13
INDEPENDENT AUDITOR'S REVIEW REPORT	14
DECLARATION BY DIRECTORS	16
STATEMENT OF COMPREHENSIVE INCOME	17
STATEMENT OF FINANCIAL POSITION	18
STATEMENT OF CHANGES IN EQUITY	19
STATEMENT OF CASH FLOWS	20
NOTES TO THE FINANCIAL STATEMENTS	21

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2012 and any public announcements made by Precious Metal Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Corporate Directory

Precious Metal Resources Limited

ACN 145 105 148
ABN 88 145 105 148

Registered and Corporate Office

Level 2
Hudson House
131 Macquarie Street
Sydney NSW 2000

Telephone: +61 2 9251 7177
Fax: +61 2 9251 7500
Website: www.pmrl.com.au

Directors

Hon. John Dawkins, AO (Chairman)
John Foley (Deputy Chairman)
Michael Leu (Managing Director)
Peter Kennewell
Peter Meers
Bruce Dennis
Jacob Rado Rebek

Joint Company Secretaries

Henry Kinstlinger
Julian Rockett

Auditors

K.S. Black & Co
Level 6
350 Kent Street
Sydney NSW 2000

Telephone: +61 2 8839 3000

Share Registry

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001
Australia

Telephone: 1300 850 505

Lawyers

Piper Alderman
Level 23, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Telephone: +61 2 9253 9999

Bankers

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

Telephone: +61 2 9227 1818

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

ASX Code – PMR

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

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

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

Review of Operations

Peel Fault Farm-In

Precious Metal Resources Limited (**PMR**) entered into a Farm-In and Joint Venture Agreement (**Agreement**) with Gossan Hill Gold Limited, a subsidiary of Sovereign Gold Company Limited (**SOC**) (87% owner of PMR), with respect to the Peel Fault Gold Project located north of Tamworth in north-eastern NSW, east of the towns of Manilla, Barraba and Bingara.

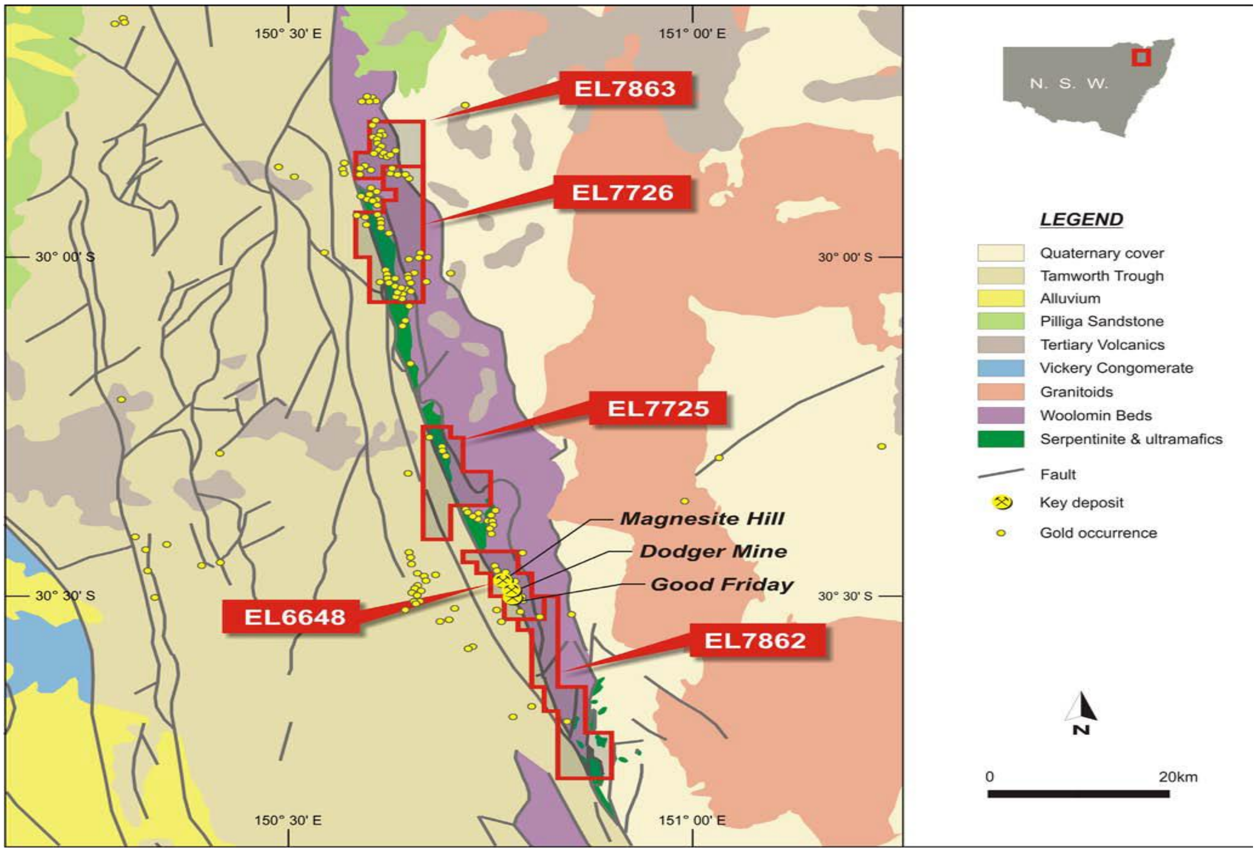
The Peel Fault Gold Project (ELs 6648, 7725, 7726, 7862 and 7863, and ELA 4760) is a major geological suture separating sedimentary rocks in the Tamworth Trough on the west from Ordovician and Cambrian deep ocean floor volcanics and sedimentary rocks to the east, including a suite of extensively serpentinised ultramafic rocks adjacent to the Fault.

The Prospect area is north of Tamworth and very well located with respect to infrastructure, including transport, power and water. The land tenure in the tenements is predominantly freehold.

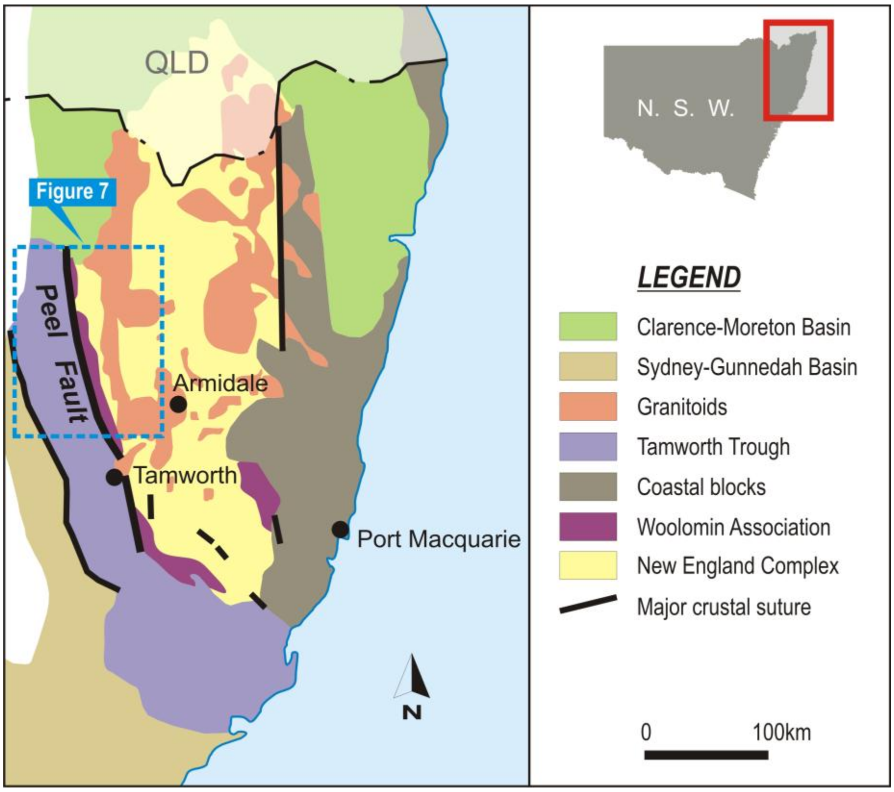
PMR regards the Peel Fault as a major underexplored gold belt with 3 main types of mineralisation:

- Greenstone Belt Gold: Californian Mother Lode Au. Orogenic Liswanite (Silica-Carbonate-Au)-hosted Gold – Approximately half the World's gold has been produced from greenstone hosted deposits.
- Intrusion-Related Gold systems (Large tonnage Au deposits). Altered gold-bearing monzonite dykes.
- High Grade Narrow Vein Orogenic Reef/Structure.

Under the terms of the Agreement PMR is able to earn up to a 70% interest in the Peel Fault Gold Project through sole funding exploration expenditure of up to $1 million. PMR can earn 35% interest through the staged development and expenditure of $500,000 (over 2 years) and a further 35% through the expenditure of a further $500,000 (over a further 18 months).



Location map showing granted tenements. ELA 4760 is not shown, but is contiguous to the west of EL7726.

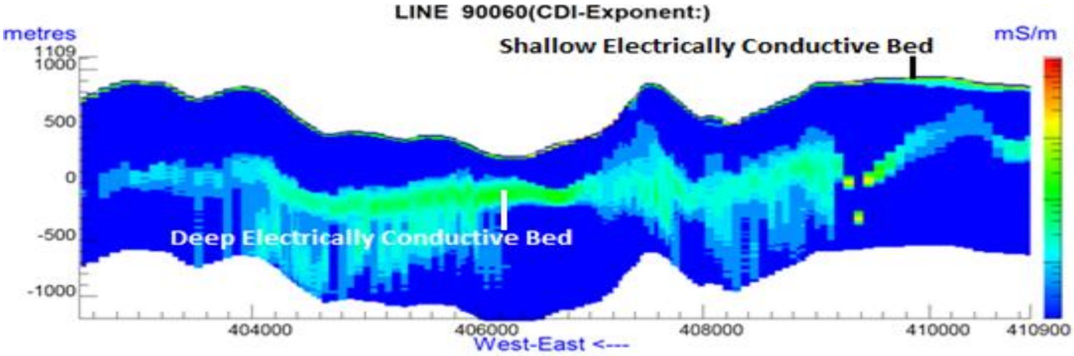


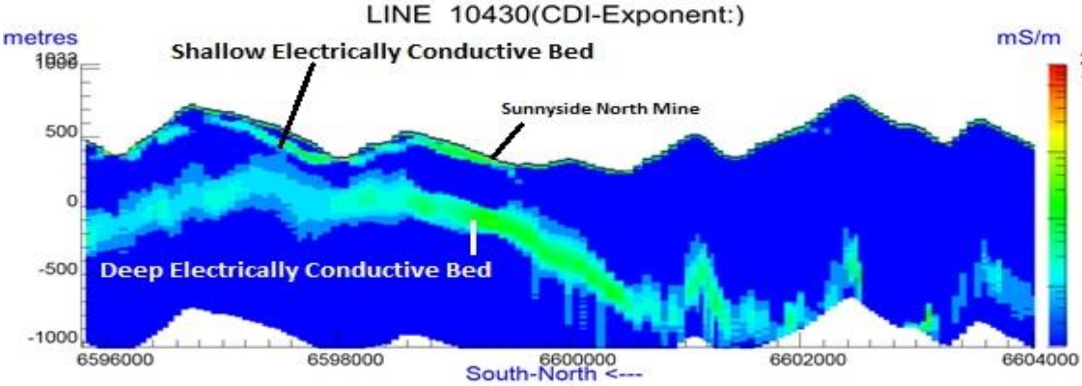
Schematic geological map of New England showing location of the Peel Fault

Halls Peak Base Metal Province

Reprocessing of the 2012 helicopter Versatile Time-Domain Electromagnetic (**VTEM**) geophysical survey data conducted over the Halls Peak Base Metal Province by CD3D has clearly demonstrated two electrically conductive beds, with the deep bed interpreted as extending up to 1,500 metres depth.

Two examples of these beds are shown below:



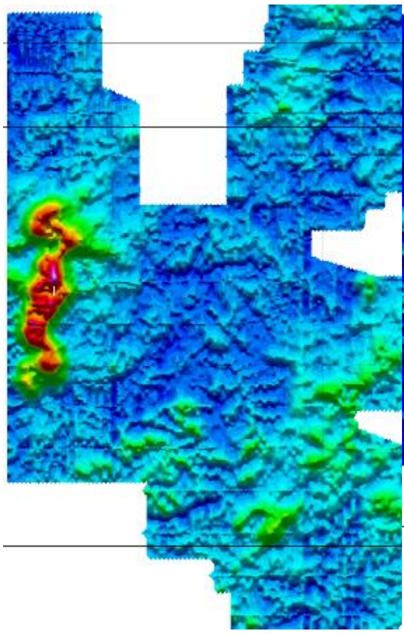


The deep electrically conductive bed, which had previously been mapped by electromagnetic surveys to depths of 400 metres, is now shown to extend beneath much larger areas of the province.

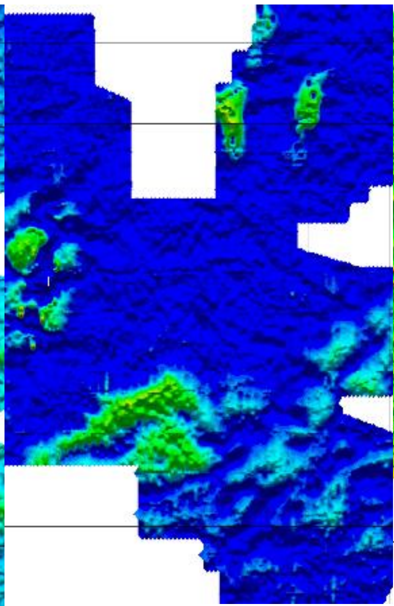
This deep bed does not crop out, and its nature is uncertain, as such conductive beds can be produced by several factors. These include sulphide mineralisation, which may include lead copper-silver sulphides, graphitic shales, magnetite bearing rocks. The shallow electrically conductive bed crops out in several places, where beds and pods of high-grade base metal mineralisation were mined within black shales.

CD3D's report states:

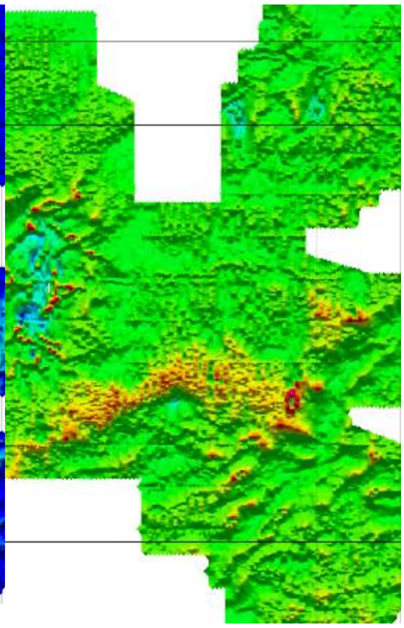
> "Two extensive, sub-horizontal conductive bands were detected, one near surface and one mostly below 500 m. Map images of interval conductances are provided separately ("**Stop50**"), for the top 50 m and the 50 to 100m depth range, ("**S50to100**"), as well as for the 50 m to 500 m depth range, then for the 500 m to 1000 m range, and finally the 1000 m to 1500 m depth range. All the conductance maps have the same colour scale, with blue resistive and red conductive. A few conductive zones are fairly well imaged as seen in the following screen dumps."



Screen dump of conductance in top 50 m.



Screen dump of conductance between 50 and 500 m.

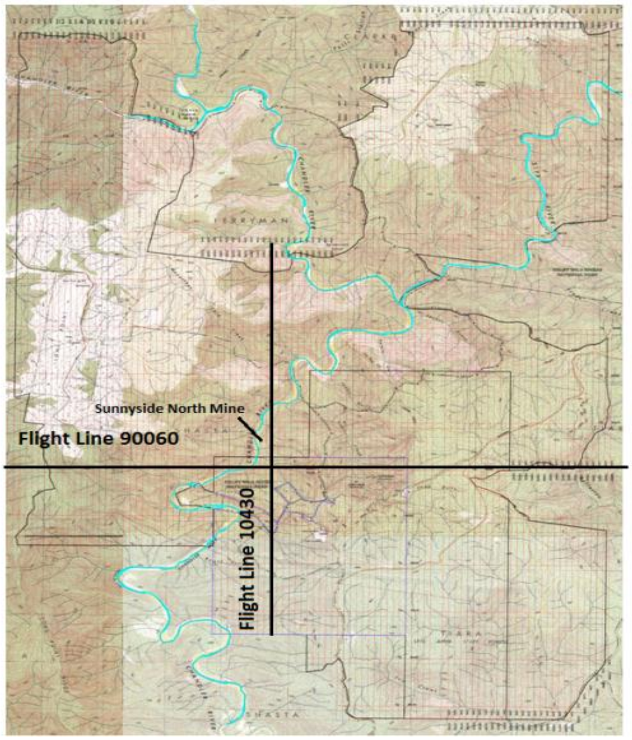


Screen dump of deep (500 m to 1000 m) conductance.

CD3D concludes that, "*The previous processing is I believe not invalid, although the colour scale of the SGI sections provides a slightly exaggerated impression of what may be subtle conductivity variations. I believe the VTEM data and the CDIs I tested on the lines requested contain valid geological information to depths of up to 1,500m.*" [1]

Mapping to these depths strongly suggests continuity of the deep electrically conductive horizon between previously isolated districts, including the Long Point area, the Halls Peak area, and the Raspberry Road area. Should this deep electrically conductive bed be produced by base metal mineralisation, the reinterpretation opens up potential for very extensive deep mineralisation throughout this province.

Flight Lines Locations

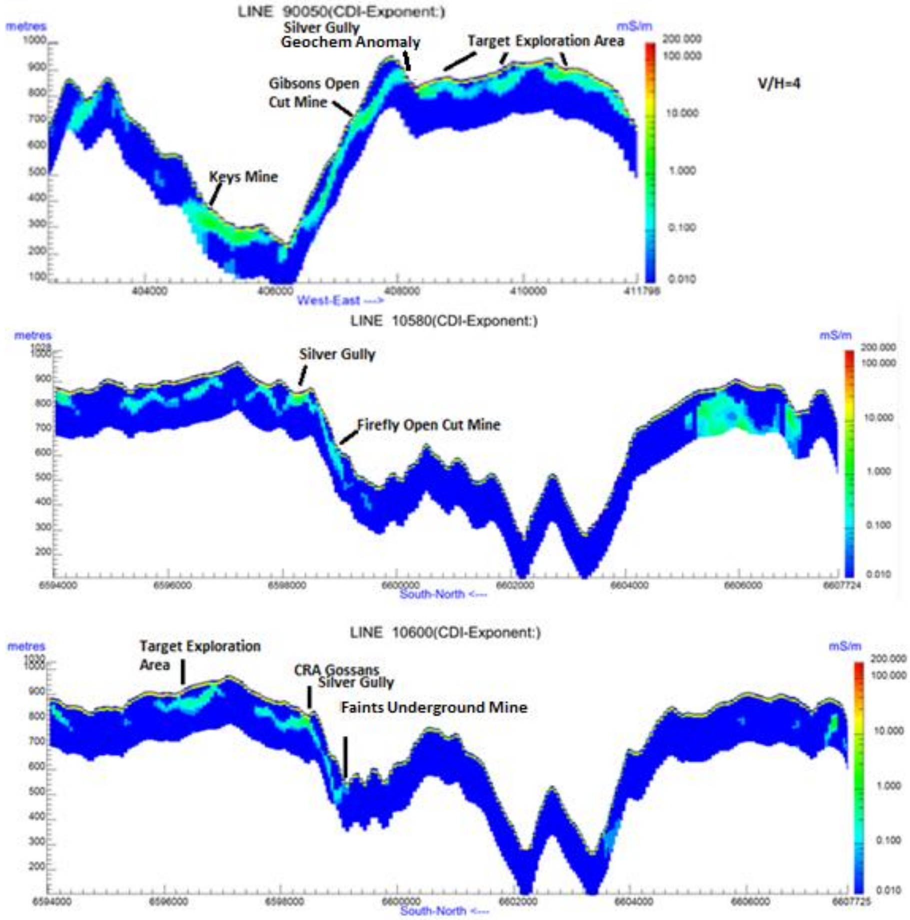


[1] CD3D (James Macnae) consents to the inclusion in this report of the matters based on their information in the form and context in which they appear.

Shallow VTEM anomalies are exposed at the surface at the former silver-lead-zinc-copper mines in the Halls Peak Province. This clearly demonstrates that the 10,000 tonnes of high-grade base metal mineralisation mined from the Halls Peak Province during last century was produced from electrically conductive beds recorded by the VTEM survey as shallow anomalies.

The survey has mapped these beds at shallow depth beneath extensive areas of the company's exploration licences at Halls Peak. This demonstrates the potential of significant areas within the licences to host base metal deposits at relatively shallow depth.

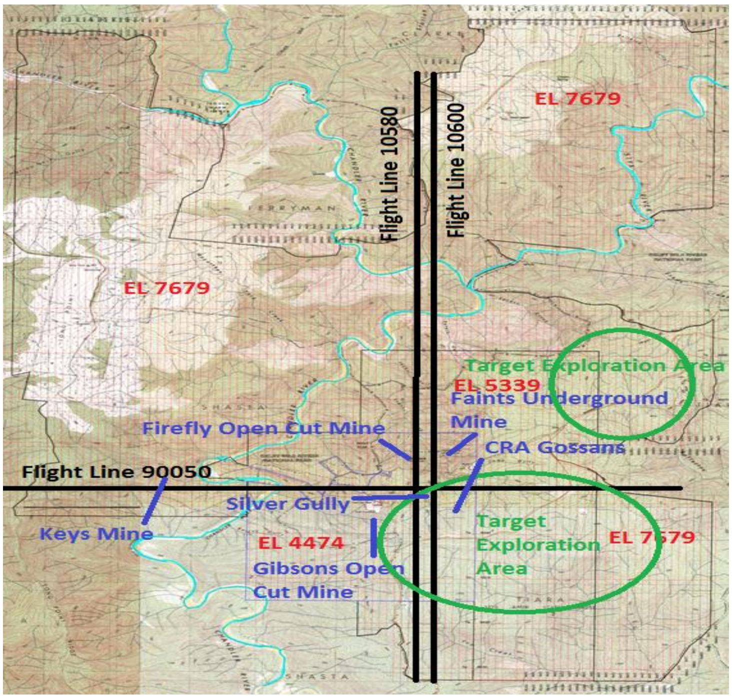
The anomalies are shown in light blue/green below:



Reprocessing of the data to provide a more detailed outline of these conductive zones was carried out by James Macnae, who reports:

> *"To interpret the shallower conductors, vertically exaggerated CDIs were produced with 10 m resolution ("Shallow_NSlines" and Shallow_EWtielines"). The better conductors appear to have been well imaged by the VTEM system and EMFlow."*[2] A map showing locations of the flight lines illustrated is below:

[2] James Macnae and Greenfields Geophysics consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.



A review of the processing and interpretation of the VTEM survey by Greenfields Geophysics concludes *"The analysis included above tends to confirm the existence of a number of sub horizontal weak to moderately conductive horizons, sometimes at considerable depth, which may be related to a number of historical workings in the area."*

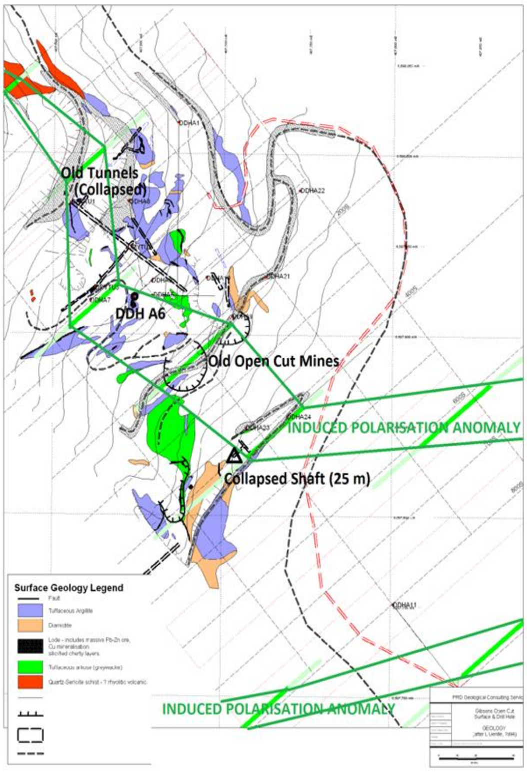
A drilling program to further evaluate the anomalies within the Styx River State Forest is being planned.

Electrically conductive beds shown to crop out beneath former silver-lead-zinc-copper mines in the Halls Peak Base Metal Province contain sulphide mineralisation at depth, which can be mapped using induced polarisation (IP) geophysical surveys.
Such IP surveys involve passing a current through the ground, which results in electrical energy being stored in small crystals, which may include iron, lead, copper and zinc sulphides, as it is in a battery. When the current is turned off, small currents flow from the crystals and are measured, allowing the depth and location of the sulphide minerals to be mapped.

The presence of extensive IP anomalies extending from previously mined outcrops of base metal mineralisation suggests strongly that the anomalies are produced by copper-lead-zinc mineralisation.

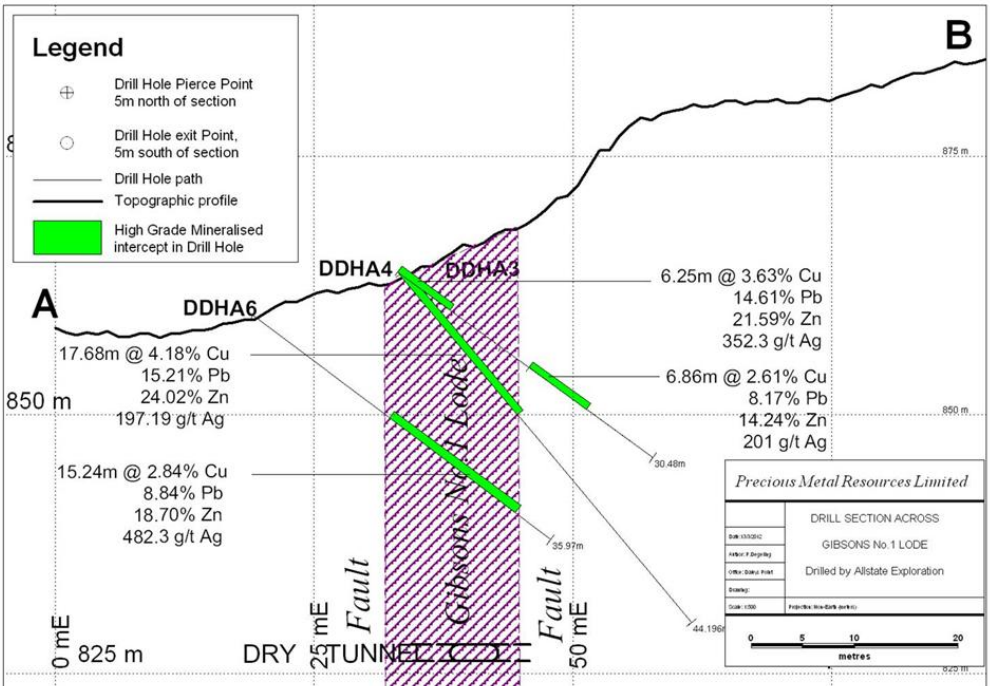
The continuation of the IP anomalies suggests that this mineralisation extends further into the hill, beneath the overlying rocks, as is also apparent in the 2012 VTEM survey.

Previous IP surveys have now been reassessed at both Gibsons Mine and Faints-Firefly Mine. These are 1 km apart, but are shown by the VTEM survey to occur on outcrops of the same upper electrical conductive horizon.



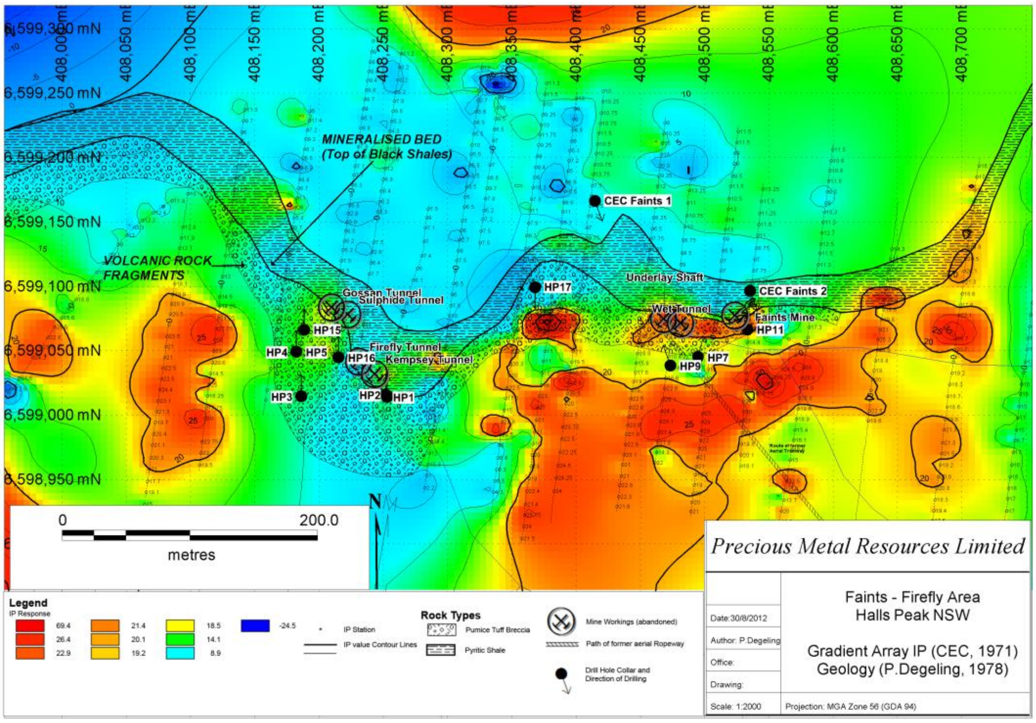
Gibsons Mine showing IP anomaly and mined areas.

At Gibsons Mine accurate location of Allstate Exploration's 1970 IP survey confirms an anomaly beneath the area historically mined for silver-copper-lead. Drill holes Allstate 3, 4 and 6 were drilled within the IP anomaly in 1970, and confirmed the presence of high-grade copper-lead-zinc-silver mineralisation within the anomaly.



At Faints-Firefly Mines an induced polarisation survey was completed in 1971 by Carpentaria Exploration Company Pty Ltd (CEC), (GS 1971/749), and similarly shows an IP anomaly beneath the area of the old mines. Electrical conductive zones are shown in red. This zone appears to be subhorizontal, and extends east- west for about 400 metres.

The mineralised bed, which contains the historic mine workings, is shown below. The IP survey shows that less intense IP anomalies were mined in the past, with more intense anomalies extending beneath overlying barren rocks into the hill, where they have not yet been drilled.



Assaying of CEC Faints DDH 2 core drilled in 1971 showed extreme silver grades (342 ozs/tonne, or 1.07% silver) together with high copper, lead and zinc grades. This core is within a larger silver rich interval of 2.4 metres averaging 50.6 ozs/tonne silver.

Grades within this interpreted steeply dipping vent zone are below:

Top (m)	Base (m)	Metres	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
83.49	83.67	0.18	10,650	2.83	18.25	36
83.67	84.33	0.66	2,450	0.93	14.95	34.4
84.33	84.43	0.10	396	0.16	1.475	2.39
84.43	84.66	0.23	513	0.16	0.78	1.56
84.66	85.95	1.29	170	0.10	0.77	0.87
Weighted Average						
83.49	85.95	2.45	1,575 g/t	0.53%	5.86%	12.53%

The subhorizontal IP anomaly is interpreted to crop out as the mineralised zone shown on the map, and to have been mined in Faints Mine, from which 2060 tonnes of mineralised rock were produced at 541 g/t silver, 1% copper, 19.8% lead and 26.2% zinc. It is also interpreted to have been penetrated by the upper part of CEC Faints DDH 2, with the grades outlined below:

Top (m)	Base (m)	Metres	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
13.26	21.34	8.08	24.42	0.51	2.53	1.95
27.74	37.13	9.39	34.48	0.13	1.15	2.73

Re evaluation of the induced polarisation surveys demonstrates the potential for the high grade mineralisation described above to be more intensely developed in places within the shallow electrically conductive bed shown by the VTEM survey. This bed extends for over one kilometre between the Gibsons and Faints-Firefly Mine areas.

Allstate DDHs 6 (location GDA94 56J 407655E, 6597910N) and 3 and 4 (locations GDA 94 56J 407670E, 6597915N) were drilled at Gibson's Open Cut in 1970 by Allstate Explorations NL. The three drill holes on the geological section through this intersection show a true thickness of the previously assayed mineralisation of five metres. The true thickness may be less than this, as the angle between the strike of the mineralisation and the section is not recorded

CEC Faints DDH 2 (location GDA 94 56J 498856E, 6599094N) was drilled in the Faints-Firefly Mining Area on azimuth 170 degrees magnetic, at inclination 60 degrees. True thickness of the interval 83.49 to 85.95 is interpreted to be 1.8 metres. Total depth of the hole was 154.53 metres. Recovery of the interval 83.49 to 85.95 was 91%.

All assay samples were crushed and pulverized to 85% >75 micron, and assayed by four acid ICP-MS procedures; high grade results were then verified by ore grade four acid (OG-62). The high grade silver analysis was carried out by High Grade Ag – 4 – Acid (Ag – OG62h), and Ag Concentrate by FA – GRAV (Ag – GRA23).

Induced Polarisation surveys –

CEC Survey: A Scintrex IPC-7 Control Box and IPR-7 Receiver were used in conjunction with the gradient array electrode configuration. Potential electrodes were 10m and 20m apart.

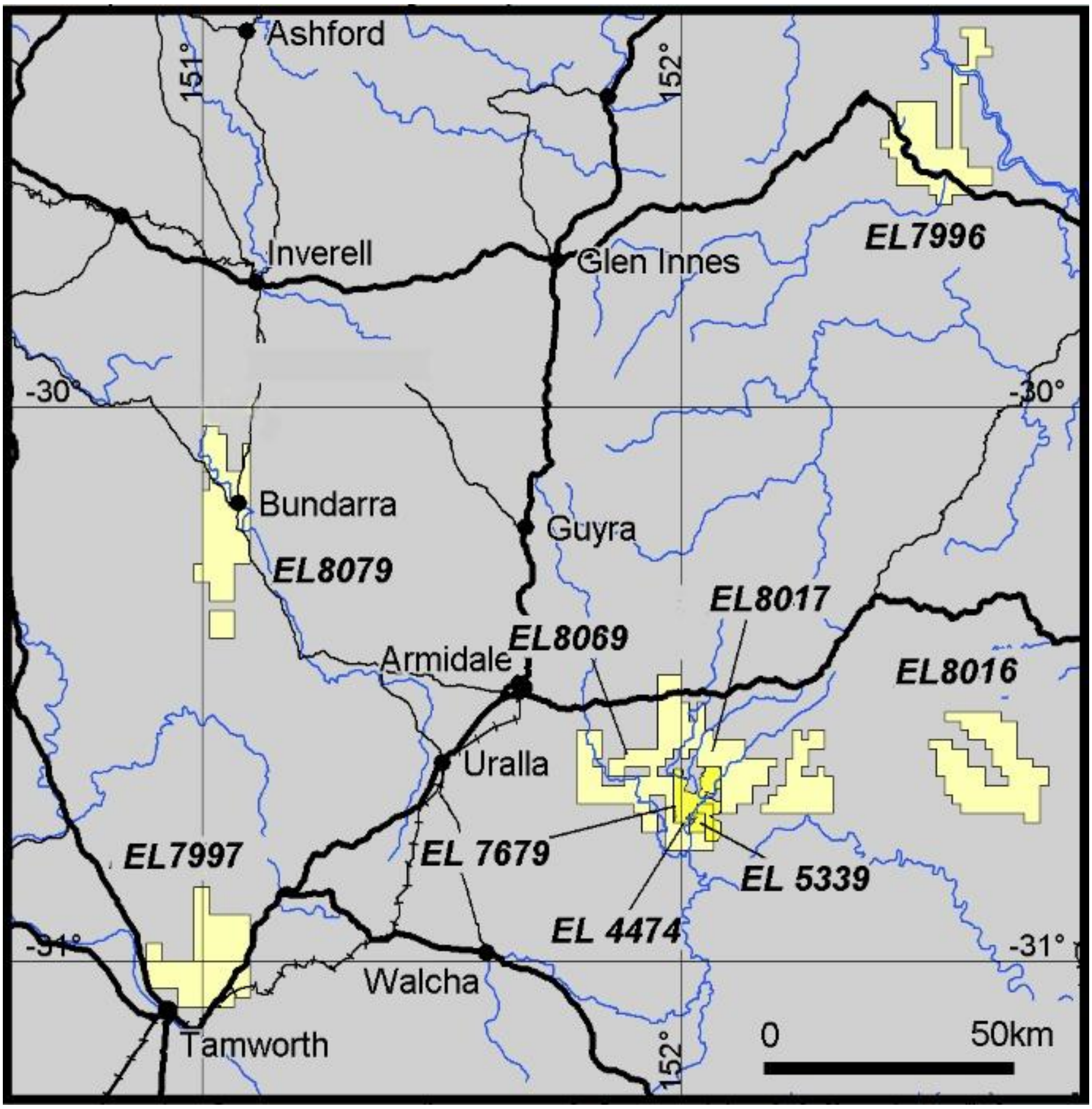
Allstate survey: Details of the equipment used in this survey in 1970 have not been preserved.

References to mines refer to geographical names, and no inference should be made that PMR is operating any mines at this stage of its development.

Qualifying statement

The information in this report that relates to Exploration Information is based on information compiled by Peter Kennewell who is a member of the Australasian Institute of Mining and Metallurgy. Mr Kennewell is a qualified geologist and is Executive 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 to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.



Location map of PMR (Armidale) licences and applications

Directors' Report

Your directors present their report together with the financial statements of the parent entity and the consolidated entity (referred to hereafter as the **Group**) consisting of Precious Metal Resources Limited (**Company**) and the entities it controlled at the end of or during the period ended 30 June 2013 and the Auditor's Review Report thereon.

Principal activities	The principal continuing activities of the Group during the course of the period were conducting mineral exploration and development programs.
Consolidated results	The net consolidated loss of the Group for the six months ended 30 June 2013 was $329,719 (2012: Profit $28,424).
	Total Shareholders' Funds as at 30 June 2013 are $1.52 million.
	Additional information on the operations of the Group is disclosed in the Review of Operations section of this report.
Review of operations	Information on the operations and financial position of the Group and its business strategies and prospects are set out in the Review of Operations on pages 2 to 9 of this report.
Dividends	The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.

Directors

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

Hon. John Dawkins AO	Non-Executive Chairman
John Foley	Non-Executive Deputy Chairman
Michael Leu	Managing Director
Peter Kennewell	Executive Director and Chief Geologist
Peter J Meers	Non-Executive Director
Bruce Dennis	Non-Executive Director
Jacob Rado Rebek	Non-Executive Director and Senior Geologist (Appointed 13 August 2013)

Subsequent Events

At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 30 June 2013 that have significantly affected or may significantly affect:

- the operations, in financial half-year subsequent to 30 June 2013, of the Group;
- the results of those operations; or
- the state of affairs, in financial half-year subsequent to 30 June 2013, of the Group.

Environmental Regulations

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

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

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

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

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

Directors' Report cont'd

PMR Environmental Code of Practice for Mineral Exploration

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

The following policy is specific to exploration on Group exploration projects.

Access to Land

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

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

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

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

PMR has good relationships with the principal landowners where exploration activities are currently being undertaken. To-date, the company has not been denied access for exploration purposes. However, some paddocks will become out of bounds during the lambing season which extends from early September to late October. This period is not expected to impinge on the current exploration program.

Should there ever be friction, PMR will attempt to settle the matter without a need to begin the arbitration process.

Type of Land

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

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

JORC Code Compliant Public Reports

PMR advises that this Half-Yearly Report contains summaries of Exploration Results and Mineral Resources as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code").

The following table references the location of the Code-compliant Public Reports or Public Reporting on which the summaries are based. These references can be viewed on the ASX website and PMR will provide these reports, free of charge, to any person who requests it.

Issue Date	Title of notice as Lodged with ASX
30 July 2013	Quarterly Update
20 June 2013	Reinterpreted data show deep conductor extending to 1,500 metres
11 June 2013	Exposures of VTEM conductors host former Silver-Lead-Zinc-Copper mines
30 April 2013	Quarterly Update
15 March 2013	Deep base metal potential for SEDEX mineralization at Halls Peak
22 February 2013	BHP data supports SEDEX hypothesis on PMR tenements
18 February 2013	Faints Mine supports SEDEX origin for Halls Peak mineralisation
11 February 2013	Halls Peak SEDEX geological modelling
30 January 2013	Quarterly Update
29 January 2013	Large SEDEX deposit identified

Directors' Report cont'd

Tenement List

Application No	Licence No	Project	Status	Expiry Date	Area Sq kms
PMR1 Pty Ltd (Lead, Zinc, Silver, Copper)					
	EL 4474	Halls Peak	Granted	12-Jan-15	12
	EL 5339	Halls Peak	renewal pending	29-Jan-14	15
	EL 7679	Halls Peak	renewal pending	11-Jan-15	96
	EL 8017	Halls Peak North	Granted	23-Nov-14	309
	EL 8069	Halls Peak West	Granted	4-Apr-15	321
				Total	**753**
PMR3 Pty Ltd (Lead, Zinc, Silver, Coppper)					
	EL 7998	South Southwest Broken Hill	Granted	29-Oct-14	165
	EL 7999	Southwest Broken Hill	Granted	29-Oct-14	153
	EL 8000	South East Broken Hill	Granted	29-Oct-14	30
	EL 8015	Broken Hill South South East	Granted	22-Nov-14	300
	EL 8016	Billygoat Knob	Granted	23-Nov-14	300
	EL 8018	Southwest Broken Hill	Granted	23-Nov-14	117
	EL 8023	East Broken Hill	Granted	29-Nov-14	300
	EL 8024	South Broken Hill	Granted	29-Nov-14	300
	EL 8080	Broken Hill North2	Granted	19-Apr-15	81
	EL 8145	Broken Hill	Granted	7-Aug-15	300
				Total	**2,046**
PMR4 Pty Ltd (Copper)					
	EL 8079	Bundarra	Granted	19-Apr-15	300
	EL 7996	Cangai	Granted	29-Oct-14	300
				Total	**600**
PMR5 Pty Ltd (Molybdenum)					
	EL 7997	Moonbi	Granted	29-Oct-14	300
	EL 8147	Timbarra	Granted	7-Aug-16	297
	EL 8146	Timbarra	Granted	7-Aug-16	252
				Total	**849**
				TOTAL	**4,248**

Current at: 14-Aug-13

Auditor's Independence Declaration

A copy of the independence declaration by the auditor K.S. Black & Co under section 307C is included on page 13 of this half year financial report.

Signed in accordance with a resolution of the Directors:

Michael Leu
Managing Director

Peter Kennewell
Director

Sydney
29 August 2013

Auditor's Independence Declaration

Level 6
350 Kent Street
Sydney NSW 2000

K.S. Black & Co.

ABN 57 446 398 808

Level 1, 460 Church Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF PRECIOUS METAL RESOURCES LIMITED

In connection with the review of Precious Metal Resources Limited for the period ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

This declaration is in respect of Precious Metal Resources Limited and the entities it controlled during the period.

KS Black & Co
Chartered Accountants

Faizal Ajmat
Partner

Sydney, 29 August 2013

Phone 02 8839 3000 Fax 02 8839 3055
www.ksblack.com.au

Independent Auditor's Review Report

Level 6
350 Kent Street
Sydney NSW 2000

K.S. Black & Co.
ABN 57 446 398 808

Level 1, 460 Church Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF PRECIOUS METAL RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Precious Metal Resources Limited (the company) and Precious Metal Resources Limited and Controlled Entities (the consolidated entity) which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the half year ended on that date, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the financial period.

Director's Responsibility for the Half-Year Financial Report

The Directors of Precious Metal Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2013, and of their performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Precious Metal Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence

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

Phone 02 8839 3000 Fax 02 8839 3055
www.ksblack.com.au

Independent Auditor's Review Report cont'd

Level 6
350 Kent Street
Sydney NSW 2000

K.S. Black & Co.

ABN 57 446 398 808

Level 1, 460 Church Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF PRECIOUS METAL RESOURCES LIMITED (Cont'd)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Precious Metal Resources Limited and Precious Metal Resources Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2013 and of their performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

KS Black & Co
Chartered Accountants

Faizal Ajmat
Partner

Sydney, 29 August 2013

Phone 02 8839 3000 Fax 02 8839 3055
www.ksblack.com.au

Declaration by Directors

The Directors of the Company declare that:

1. The financial statements and notes, set out on pages 17 to 30, are in accordance with the *Corporations Act 2001*, and:

   i give a true and fair view of the financial position of the consolidated entity as at 30 June 2013 and of its performance for the half-year ended on that date; and

   ii comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Signed in accordance with a resolution of the Directors:

Michael Leu
Managing Director

Peter Kennewell
Director

Sydney
29 August, 2013

Statement of Comprehensive Income
for the Half-Year Ended 30 June 2013

		Consolidated	
	Notes	**30 Jun 2013**	30 Jun 2012
		$	$
REVENUE			
Other income	3	**34,754**	490,292
Administration expenses	3	**(362,898)**	(461,218)
Finance expenses		**(1,575)**	(650)
PROFIT/(LOSS) FROM OPERATIONS BEFORE INCOME TAX EXPENSE		**(329,719)**	28,424
Income tax expense		**-**	-
NET PROFIT/(LOSS) FOR THE PERIOD		**(329,719)**	28,424
Other Comprehensive Income		**-**	-
Other comprehensive income before income tax		**-**	-
Income tax expense		**-**	-
Other comprehensive income for the period		**-**	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**(329,719)**	28,424
EARNINGS PER SHARE		**Cents**	Cents
Basic earnings/(losses) per share (cents per share)		**(0.39)**	0.03
Diluted earnings/(losses) per share (cents per share)		**(0.36)**	0.03

This Statement of Comprehensive Income is to be read in conjunction with the notes to the financial report.

Statement of Financial Position

as at 30 June 2013

	Notes	Consolidated 30 Jun 2013 $	31 Dec 2012 $
ASSETS			
Current assets			
Cash and cash equivalents	4	**201,007**	174,357
Trade and other receivables		**601,084**	1,058,383
Total current assets		**802,091**	1,232,740
Non-current assets			
Trade and other receivables		**-**	-
Mining tenements	5	**663,986**	656,324
Financial assets		**72,144**	70
Plant and equipment		**920**	1,038
Total non-current assets		**737,050**	657,432
Total Assets		**1,539,141**	1,890,172
LIABILITIES			
Current liabilities			
Trade and other payables		**(3,914)**	26,758
Employee benefits provision		**12,457**	5,279
Total current liabilities		**8,543**	32,037
Non-current liabilities			
Employee benefits provision		**6,080**	3,898
Total non-current liabilities		**6,080**	3,898
Total Liabilities		**14,623**	35,935
Net Assets		**1,524,518**	1,854,237
EQUITY			
Issued capital	6	**2,873,965**	2,873,965
Reserves		**179,532**	179,532
Accumulated losses		**(1,528,979)**	(1,199,260)
Total Equity		**1,524,518**	1,854,237

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

Statement of Changes in Equity
for the Half-Year Ended 30 June 2013

Consolidated	Notes	Issued Capital	Options Reserve	Accumulated Losses	Total Equity
		$	$	$	$
Balance at 31 December 2011		2,985,422	179,532	(498,550)	2,666,404
Shares issuing Cost		(111,457)	-	-	(111,457)
Profit for the period		-	-	28,424	28,424
Balance at 30 June 2012		2,873,965	179,532	(470,126)	2,583,371
Balance at 30 June 2012		2,873,965	179,532	(470,126)	2,583,371
Movement for the period		-	-	-	-
Loss for the year		-	-	(729,134)	(729,134)
Balance at 31 December 2012	6	2,873,965	179,532	(1,199,260)	1,854,237
Balance at 31 December 2012		**2,873,965**	**179,532**	**(1,199,260)**	**1,854,237**
Shares issued		**-**	**-**	**-**	**-**
Loss for the period		**-**	**-**	**(329,719)**	**(329,719)**
Balance at 30 June 2013	6	**2,873,965**	**179,532**	**(1,528,979)**	**1,524,518**

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

Statement of Cash Flows

for the Half-Year Ended 30 June 2013

	Notes	Consolidated 30 Jun 2013 $	30 Jun 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		**1,796**	13,586
Payment for exploration and evaluation expenditures		**(143,612)**	(386,307)
Payments for administration expenses		**(343,434)**	(110,741)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		**(485,250)**	(483,462)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for tenements		**-**	-
Payments for property, plant and equipment		**-**	(1,182)
Repayment from other parties		**511,900**	1,178,000
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES		**511,900**	1,176,818
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues/placements, net of issue costs		**-**	(111,458)
Advance from other parties		**-**	-
NET CASH FLOWS (USED IN)/PROVIDED BY FINANCING ACTIVITIES		**-**	(111,458)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**26,650**	581,898
Cash and cash equivalents at the beginning of the reporting period		**174,357**	59,786
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	4	**201,007**	641,684

This Statement of Cash Flow is to be read
in conjunction with the notes to the financial report.

NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 30 June 2013

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

Reporting Entity

Precious Metal Resources Limited (the "**Company**") is a company domiciled in Australia. The consolidated financial report of the Company as at and for the six months ended 30 June 2013 comprises the Company and its subsidiaries (together referred to as the "**consolidated entity**").

Statement of Compliance

The consolidated financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001.*

Estimates

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of Preparation**

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

Statement of Compliance

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

Critical accounting estimates

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

(i) Options valuation

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

Critical judgements

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

Capitalisation of exploration costs

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Historical cost convention

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

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

(b) **Principles of consolidation**

Subsidiaries

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

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

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

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

(c) **Segment reporting**

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

(d) **Revenue recognition**

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

Interest Revenue

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

Other Income

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

NOTES TO THE FINANCIAL STATEMENTS continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(e) **Income Tax**

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

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

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

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

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

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

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

(f) **Goods and services tax (GST)**

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(g) **Impairment of assets**

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

(h) **Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and at call deposits with banks or financial institutions, and investment in money market instruments maturing within less than three months, net of bank overdrafts.

(i) **Trade and other receivables**

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

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

(j) **Financial Instruments**

Recognition and Initial Measurement

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

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

Classification and subsequent measurement

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

Amortised cost is calculated as:

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

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

(d) less any reduction for impairment.

NOTES TO THE FINANCIAL STATEMENTS continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

i. Financial assets at fair value through profit or loss

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

ii. Loans and receivables

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

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

iii. Held-to-maturity investments

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

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

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

iv. Available-for-sale financial assets

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

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

v. Financial liabilities

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

NOTES TO THE FINANCIAL STATEMENTS continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value

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

Impairment

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

Derecognition

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

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

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

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

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

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

(l) **Trade and other payables**

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

(m) **Restoration and rehabilitation provisions**

Both for close down and restoration and for environmental clean-up costs from exploration programs, if any, a provision will be made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

NOTES TO THE FINANCIAL STATEMENTS continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(n) **Employee Benefits**

(i) Wages, salaries and annual leave

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

(ii) Long service leave

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

(o) **Contributed Equity**

Ordinary shares are classified as equity.

(p) **Share based payments**

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

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

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

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

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

(q) **Earnings per share (EPS)**

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

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

(r) **New Accounting Standards for Application**

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

NOTES TO THE FINANCIAL STATEMENTS continued

3. REVENUE AND EXPENSES

Specific Items

Profit/(loss) before income tax expense/(benefit) includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the consolidated entity:

	Consolidated	
	30 Jun 2013	30 Jun 2012
	$	$
Other income		
Interest income	**27,567**	93,383
Contribution received for funded expenditures	**-**	370,000
Others	**7,187**	26,909
	34,754	490,292
Administrative expenses		
Employee and on costs	**99,800**	154,103
Exploration professional fee	**12,529**	3,950
Other administrative expenses	**250,569**	303,165
	362,898	461,218

4. CASH AND CASH EQUIVALENTS

	Consolidated	
	30 Jun 2013	31 Dec 2012
	$	$
Cash at bank and on deposit	**19,717**	14,239
Cash held in trust-tenement guarantee	**181,290**	160,118
	201,007	174,357

5. MINING TENEMENTS

	Consolidated	
	30 Jun 2013	31 Dec 2012
	$	$
Tenement interest and capitalised exploration expenditures	**663,986**	656,324
	663,986	656,324

The ultimate recoupment of costs carried forward for exploration and evaluation of assets is dependent on the successful development and commercial exploration or sale of the respective areas.

NOTES TO THE FINANCIAL STATEMENTS continued

6. ISSUED CAPITAL

	Consolidated		Consolidated	
	30 Jun 2013 Number of Shares	**31 Dec 2012 Number of Shares**	**30 Jun 2013 $**	31 Dec 2012 $
Ordinary shares Issued	**85,000,000**	**85,000,000**	**2,873,965**	2,873,965

(a) Movements in ordinary share capital during the period:

Consolidated Date	Details	No. of shares	Issue price $	$
31 December 2012	Balance	85,000,000	-	2,873,965
	Share issued	-	-	-
30 June 2013	Balance	85,000,000	-	2,873,965

(b) Options

There have been no options issued or granted over unissued shares during the reporting period.

(c) Terms and Conditions

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

7. COMMITMENTS

	Consolidated	
	30-Jun-2013 $	31-Dec-2012 $
Exploration expenditure commitments		
Tenement exploration expenditure	**1,162,917**	1,425,000
Tenement lease payment	**61,660**	64,500
	1,224,577	1,489,500

The minimum exploration expenditure commitments and lease payments on the Company's exploration tenements total approximately $1.22 million over remaining term of tenements.

Remuneration expenditure commitments

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

Within one year	**163,500**	163,500
Later than one year but not later than 5 years	**-**	68,125
Later than 5 years	**-**	-
	163,500	231,625

NOTES TO THE FINANCIAL STATEMENTS continued

COMMITMENTS continued

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 Geologist. 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 Geologist 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.

Services agreements

The Company has entered into a management service agreement with Hudson Corporate Limited pursuant to which Hudson Corporate Limited has agreed to provide its management, registered office, administrative, accounting, secretarial and compliance services.

The term of the Services Agreement is two years and the fee payable is that amount agreed between the parties from time to time. The terms of the Services Agreement provide that Hudson Corporate Limited shall act in accordance with the Directions of the Board.

The Company has entered into a geological services agreement with Michael Leu for fixed remuneration per day, the term of the contract is 2 years.

There are no other material commitments as at the date of this report.

8. CONTINGENT LIABILITIES

There are no other material contingent liabilities as at the date of this report.

No material losses are anticipated in respect of any of the above contingent liabilities.

9. SEGMENT REPORTING

The consolidated entity operates one business being the mining and exploration of gold, minerals and related development projects in Australia.

10. EVENTS SUBSEQUENT TO BALANCE DATE

At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 30 June 2013 that have significantly affected or may significantly affect:

- the operations, in the financial half-year subsequent to 30 June 2013, of the consolidated entity;
- the results of those operations; or
- the state of affairs, in the financial half-year subsequent to 30 June 2013, of the consolidated entity.