ASX Release

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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
Michael Leu
Managing Director

Email: mleu@pmrl.com.au

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www.pmrl.com.au

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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[ET] within a global exploration target of 5 – 70 million tonnes[ET] 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.

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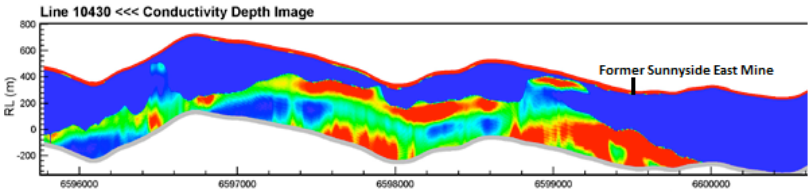
LARGE CONDUCTIVE ZONES BENEATH FORMER HALLS PEAK COPPER ZINC LEAD SILVER MINES

Large conductive zones possibly caused by base metal mineralisation have been located at depth beneath the former Keys, Mickey Mouse, Sunnyside and Sunnyside East mines at Halls Peak, 40 km east of Armidale in northern NSW.

The recently flown 1,221 kilometre VTEM survey which outlined these anomalies was carried out by PMR in collaboration with Sugec Mining Company Pty Ltd, which is earning a 30% interest in EL 7679.

Interpretation by Southern Geoscience Consultants Pty Ltd has yielded detailed images showing conductivity of the rocks at depth (see below). Clearly visible on the CDI sections are potential vertical conductors, interpreted by PMR as sulphide bearing vent zones emanating from deep within the earth. These are overlain by horizontal zones interpreted as flat-lying sediments containing sulphide minerals which flowed from the vents onto the overlying sea floor. The alternative interpretation as graphite bearing black shales is unlikely, as outcrops of this rock are present in many places in the ELs, but are not shown by VTEM to be conductive.



Conductivity Depth Image beneath the former Sunnyside East Mine.

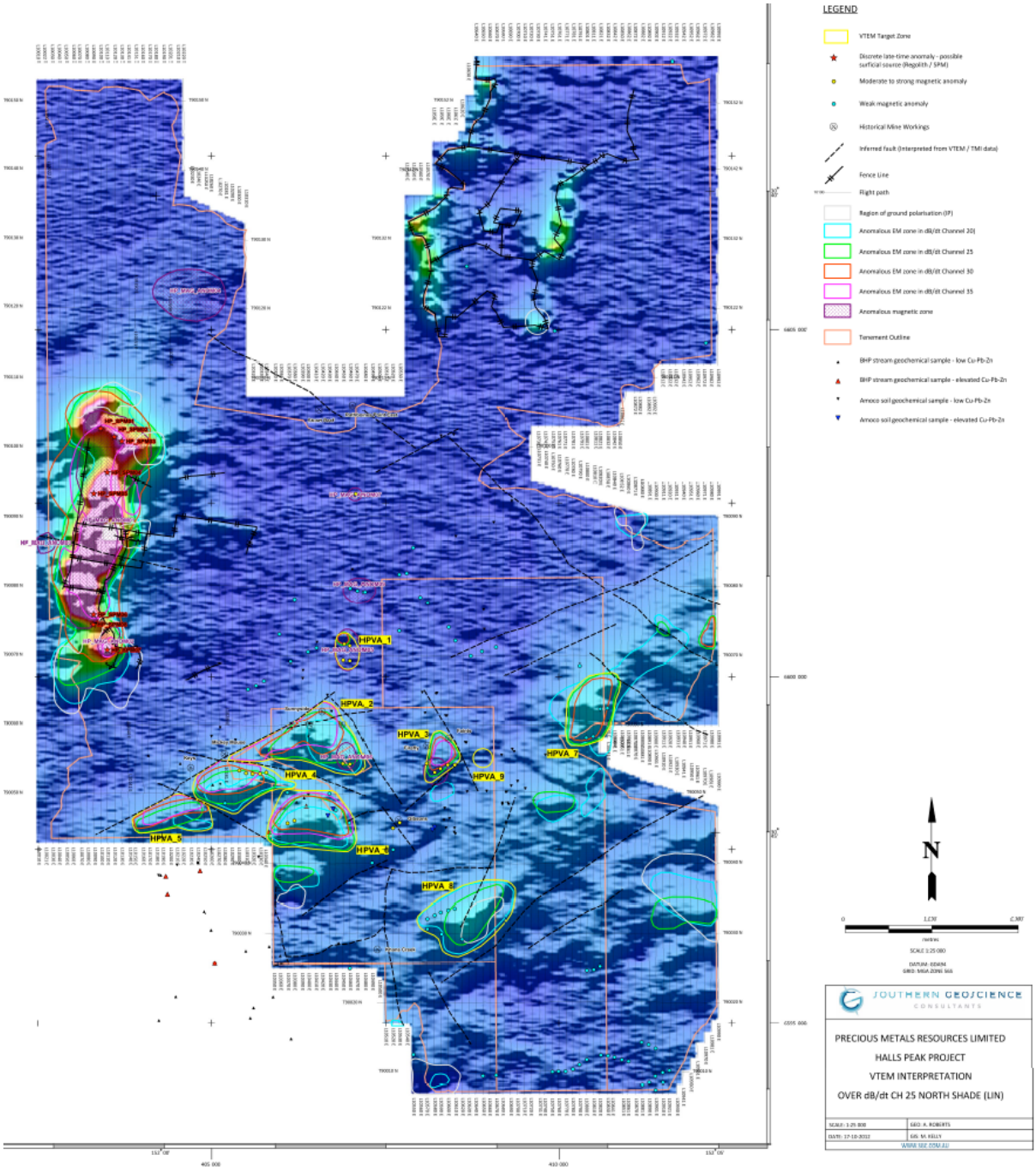
The anomalies are defined on the north-west by a regional geological fault (rock fracture) trending northeast and mapped previously during the 1970s. The historic mines containing copper, zinc, and lead sulphides are present on or near this fault, strongly suggesting that the sulphide minerals mined had been remobilised to the surface by fluids leaching metals from these conductive zones. Silver is also commonly included with such deposits at Hall's Peak.

The anomalies located by the VTEM survey will form the basis for the next phase of exploration work on the project. They do not appear to outcrop, but field inspections will investigate the few points at which they come near the surface, in an attempt to confirm their nature.

Southern Geosciences Consultant's Report

The Southern Geoscience Consultant's recently processed map, including target areas, is shown below together with their description of nine high priority anomalies and additional less significant anomalies.

Seven early to mid-late time conductive zones (HPVA_2 to HPVA_8) were identified in the southern area. These conductors appear to terminate against the same northeast-southwest structures which are spatially associated with several of the historical workings. These should be highest priority for ongoing exploration. Evidence of source migration from early to late time toward these fault zones may be indicating thickening sulphide closer to the fault. A program of SEM and or 2D IP surveying is recommended to test the distribution of sulphides in relation to these features. This does not appear to be consistent with typical VMS systems, but may be more aligned to sedimentary exhalative (SEDEX) processes.



Map showing Targets

Two discrete early to mid-time anomalies (HPVA_1 and HPVA_9) have been identified in the southern survey area. HPVA_1 correlates with a weak, discrete magnetic anomaly, which may be optimistically interpreted as indicating pyrrhotite within a small VMS body. The short wavelength of these anomalies may indicate cultural sources, and should be ground checked before testing with SEM methods.

The EM response decays quickly to noise levels across the majority of the survey area, indicating a highly resistive environment. Elevated EM responses in the north-eastern area (Jeogla) appear to be related to cultural sources (fences). The highly conductive zone in the western area (Long Point) appears to be related to a weathered zone overlying mapped Tertiary volcanics (possibly a volcanic vent or multi-phase intrusion).

Details of Anomalies

Broad Stratigraphic / Formational Conductors

Several weak, early to mid-time conductive zones (HPVA_2 to HPVA_8) were identified at the southern end of the VTEM survey. These zones appear to migrate north-northwest from early to later time channels towards a major northeast-southwest fault zone. These are interpreted as subhorizontal formational conductors dipping / plunging shallowly north-northwest toward the fault zone. Several of the known mineral occurrences lie along this fault zone, indicating it to be an important structure controlling mineralisation. The migration of the conductive response toward the fault zone is interesting, and may be optimistically interpreted as increasing thickness and or increasing sulphide content within these horizons hopefully associated with base metal mineralisation. These conductive horizons are of highest priority for ongoing exploration. A brief description of each zone is given below, and in Table 2.

HPVA_2, HPVA_4, and HPVA_5 all lie on the southern side of the main northeast-southwest fault zone within mapped interbedded felsic tuffs and shales, and correlates with several of the known mineralised sites including 'Sunnyside', 'Mickey Mouse' and 'Keys'. These zones all appear to be part of a main conductive body truncated by northwest-southeast fractures / faults. The importance of these structures with regard to mineralisation is not known but may be worth investigation. The CDI and RDI profile sections (Appendix B) resolve this conductive horizon well and indicate a source depth of 100 – 200 metres below surface, deepening towards the fault zone to the north.

HPVA_3 lies northeast of the Gibsons mine area, immediately adjacent to the 'Faints' and 'Firefly' workings within mapped felsic tuffs and shale. The mapped geology indicates the anomaly may terminate against a northeast-southwest fault at the southern end, which also correlates with an elevated magnetic response.

HPVA_6 is located approximately 1km west of the Gibsons mine area within mapped Halls Peak Volcanics with Comara Beds on the western side. A weak to moderate, discrete magnetic anomaly occurs within this zone and may be of interest. There does not appear to be any significant structures controlling this anomaly, however elevated base metal geochemical sampling results are encouraging and warrant further investigation.

HPVA_7 lies 2km east of 'Faints' within the mapped Comara Beds. The conductor appears to be truncated at the northern end by a major northeast-southwest fault, although no source migration is seen in the VTEM channel data. This would seem a less favourable position geologically given the known mineralisation occurs within the Halls Peak Volcanics. This may still be of interest if there is potential for the Halls Peak Volcanics to continue at depth.

HPVA_8 is located approximately 1km east of the 'Khans Creek' workings mapped within tuffaceous siltstone and felsic volcaniclastics. The anomaly appears to terminate against a northeast-southwest fault at its south-eastern margin, and shows IP effects at later times, perhaps indicating clay development in a weathered zone along this fault.

Discrete Bedrock Conductors

Two possible bedrock conductors were identified in the data (HPVA_1 and HPVA_9). HPVA_1 appears on line 10450E at early time and persists until mid-late time. Given it is only seen on one line the strike extent of the source body is likely to be less than 75m. The anomaly shape indicates a subhorizontally dipping conductor. The spatial association with a weak to moderate, discrete magnetic anomaly is also encouraging and may be optimistically interpreted as pyrrhotite within a VMS body.

HPVA_9 is a weak to moderate, early to mid-time conductor identified on line 10650E, located approximately 600 metres southeast of the 'Firefly' and 'Faints' historical workings. This may be a similar feature to HPVA_1, although no correlation with anomalous magnetic response was observed in this case.

Both HPVA_1 and HPVA_9 are short wavelength features (<200m) indicating small, shallow sources which could potentially be cultural rather than legitimate bedrock conductors.

Potential Discrete Surficial Anomalies

Eight discrete anomalies (HP_SPM01 to HP_SPM08) were observed at late time beneath the broad shallow conductive zone over the plateau in the western part of the survey. The response of these anomalies look similar to the response expected from discrete late-time bedrock conductors.

However, close inspection of the decays of these features as well as the association with low flying height suggest they may be associated with regolith effects such as super-paramagnetic effects (SPM) or conductive overburden rather than legitimate bedrock conductors (Figure 8).

Magnetics

Magnetic anomalies associated with deep conductors possibly caused by VMS vents are also present, but have not yet been interpreted in detail.

Conclusions and Recommendations

Several known mineral occurrences are present within the survey area, however no discrete anomalous response was observed in the data over any of these sites. This suggests that the mineralisation is only very weakly conductive and/or too small in areal size to be detected.

Alternatively the local mineralisation may be dominantly of disseminated sulphide style rather than matrix to massive sulphide style.

Known mineralisation does however show some correlation to northeast-southwest structures in the mapped geology and interpreted from the VTEM and magnetic data.

The broad, weak conductive zones in the southern area of the survey (HPVA_2 to HPVA_8) appear to migrate (in later channels) north-northwest towards a major northeast-southwest fault zone. Several of the known mineralised sites occur along this fault zone indicating it may be an important structure controlling mineralisation.

These broad conductors are interpreted as stratigraphic, and therefore do not appear to be typical VMS targets, but may alternatively be related to sedimentary exhalative (SEDEX) style mineralisation. These stratigraphic conductors should be the main focus for ongoing exploration.

A short program of surface EM (SEM) and or 2D IP surveying should be considered to test the distribution of sulphides in relation to this fault zone and target areas of highest accumulation. The two discrete localised bedrock conductors interpreted on lines 10450E (HPVA_1) and 10650E (HPVA_9) should also be tested with SEM if ground checks do not identify cultural sources in these locations.

Eight discrete late-time anomalies (HP_SPM01 to HP_SPM08) were identified on the western section of the survey (Long Point) over the plateau which has been mapped as Tertiary Basalt. Given the association with low flying height it is possible that these anomalies are related to surficial sources such as regolith effects or SPM rather than legitimate bedrock conductors. A short program of SEM is recommended to confirm whether these late time anomalies are legitimate bedrock conductors of potential interest.

The elevated VTEM responses seen at early-mid times in the northeast survey area (Jeogla) are interpreted to be due to cultural sources as they appear to be coincident with mapped fence boundaries. No features of interest have been identified in this north-eastern area from the VTEM dataset.

A 3D model compilation of the CDI / RDI results incorporating all relevant ancillary information including geochemistry, drill hole locations and logs, mapped geology etc. may be useful in terms of visualising and interpreting the relationships between the VTEM interpretation and geology for the priority southern area.

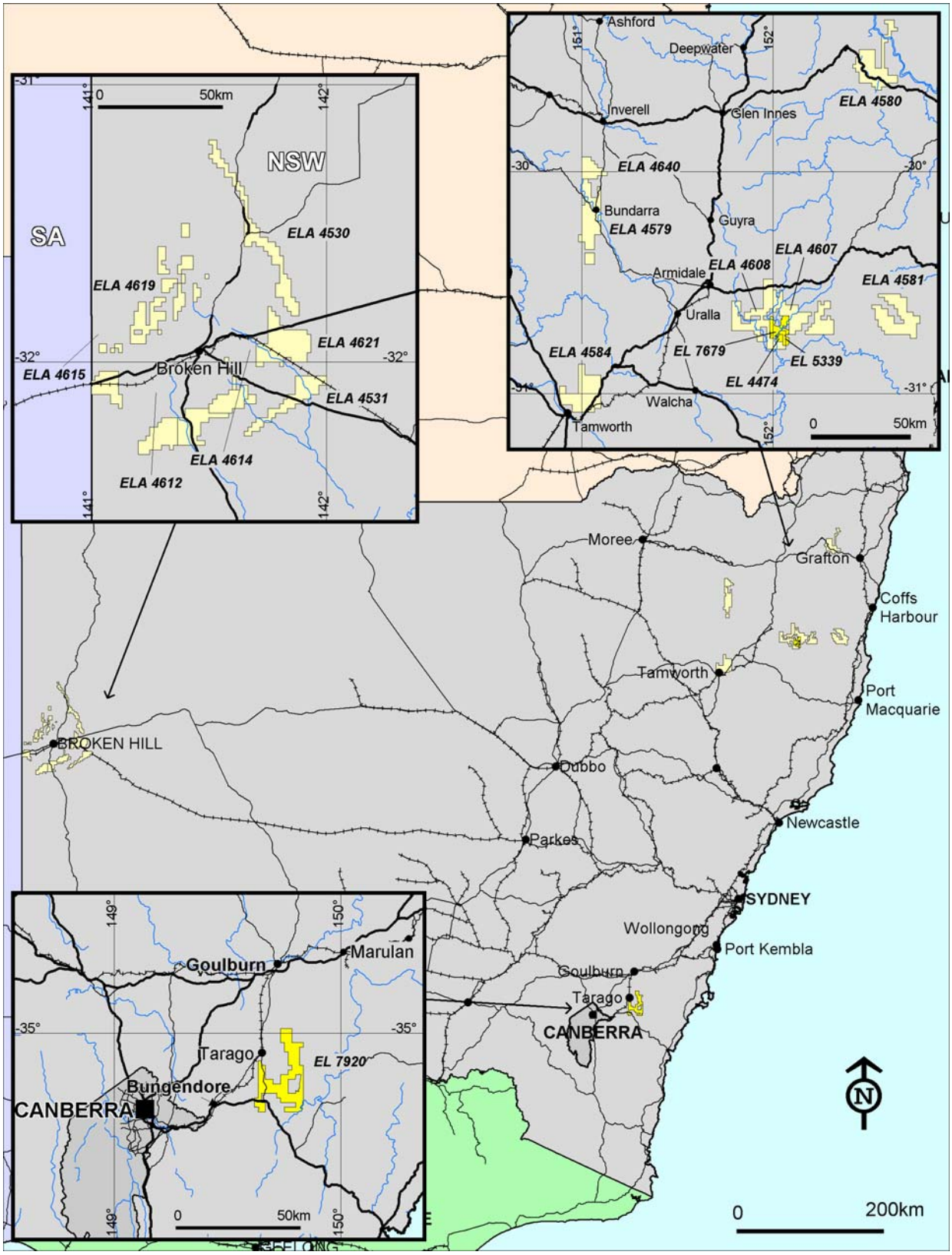
JORC STATEMENT

The information in this announcement 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.

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



Location map of PMR licences and applications 1 November 2012