

22 December 2014

Hunter Resources plc  
("Hunter" or the "Company")  
(AIM: HUN)

PROGRESS REPORT FROM THE COMPANY'S PAMPAMALI GOLD AND BASE METAL  
PROJECT IN PERU

UPDATE ON COMMUNITY RELATIONS

REVISED TERMS OF AGREEMENT WITH OWNER OF PAMPAMALI

NEW PROJECTS OFFERED AND UNDER REVIEW

The Company is pleased to announce the following update on Pampamali, its high-grade gold, silver and base metal project in Peru. Pampamali is Hunter's first project.

**Pampamali**

Pampamali consists of 36 veins identified from surface outcrops. The high-grade veins have mapped outcrops of between 100 and 2,000 metres in length, with widths ranging from 0.20 to over 3.00 metres. The Pampamali Project has 8 exploration concessions covering a total area of 3,500 hectares and is located in central Peru in the Department of Huancavelica, approximately 550 km by road from the city of Lima.

**Recent Results from Exploration Programme**

Sampling was undertaken in the southern portion of the concessions mainly around the Santa Domingo and Luz veins but elsewhere the programme was delayed while agreements with local communities were progressed.

Twenty eight assay results have been returned to date from rock chip sampling from the Luz/Liz vein and other veins in the area. Assay results from another 37 samples are awaited and a rock chip sampling programme currently underway is focusing on the Santa Domingo and the Luz veins in the first instance. This programme aims to confirm and extend the gold anomalies previously identified from the Buaneventura (Compañía de Minas Buenaventura S.A.A., Peru's largest listed mining company) database as requiring follow up and of the extensions of the previously reported anomalies outlined from historical Buaneventura sampling.

Sample Results from Luz and surrounding area

Eighteen samples from veins around Luz returned a range of results peaking at 5.91 g/t Au although several samples returned lower values reflecting their position to the side of the main vein.

- The table below shows results collected from the Luz vein. Several returned anomalous to high values with the highest gold value being 5.91 g/t Au. This was supported by several other samples confirming the presence of high grade gold in this area although a number of other results were lower than expected. Silver values did not correlate with gold values but were anomalous in all of the Luz samples.

- Field observations show that Luz has a very sinuous character that incorporates large sections of the host rock. The Luz vein can widen up to 4 metres in width and in these sections has several branching's of the vein. The incorporated host rock takes up approximately 50% of the vein zone in these sections.
- Comparison of these sample locations to the earlier Buenaventura locations, shows that the majority of the Buenaventura samples were taken from an adit that was only partly accessible during Hunter's sampling programme due to flooding. To sample this adit to check the Buenaventura results, the standing water would have to be removed from the Luz working to provide access.

Sample Number	Project	Location	Au (ppm)	Ag(ppm)	Pb (ppm)	Zn (ppm)	Zn%
3502	Pampamali	Luz	0.36	6.48	335	1480	0.148
3503	Pampamali	Luz	0.23	4.9	951	11700	1.17
3504	Pampamali	Luz	0.29	5.58	413	4500	0.45
3505	Pampamali	Luz	0.4	5.33	212	5490	0.549
3506	Pampamali	Luz	<b>3.16</b>	<b>22.8</b>	236	31000	3.1
3517	Pampamali	Luz	0.24	8.44	381	8020	0.802
3518	Pampamali	Luz	<b>5.91</b>	<b>37.7</b>	2530	18450	1.845
3519	Pampamali	Luz	0.09	2.13	120.5	4690	0.469
3520	Pampamali	Luz	<b>1.22</b>	<b>13.65</b>	281	5550	0.555
3521	Pampamali	Luz	<b>1.36</b>	<b>11.25</b>	2950	6150	0.615
3523	Pampamali	Luz	0.09	2.55	1235	11900	1.19
3524	Pampamali	Luz	0.59	<b>4.00</b>	250	7760	0.776
3525	Pampamali	Luz	<b>3.36</b>	<b>38.2</b>	1410	37600	<b>3.76</b>
3532	Pampamali	Luz	0.57	<b>6.44</b>	300	1350	0.135
3533	Pampamali	Luz	0.46	<b>4.61</b>	206	8270	0.827
3534	Pampamali	Luz	<b>1.58</b>	<b>21.4</b>	386	15400	<b>1.54</b>
3535	Pampamali	Luz	<b>1.88</b>	<b>28.5</b>	540	7040	0.704
3536	Pampamali	Luz	0.08	5.00	679	25200	<b>2.52</b>

Nine samples were also taken in an area previously mapped as being under cover, north of an unnamed vein located to the north east of Luz. Small outcrops and sub-cropping veins were sampled and returned grades peaking at 6.39 g/t Au. This adds support to the belief that mineralised veins exist below cover and remain unmapped and untested.

Sample Number	Project	Location	Au (ppm)	Ag(ppm)	Pb (ppm)	Zn (ppm)	Zn%
3507	Pampamali	Vein	0.12	4.96	76.3	1300	0.13
3508	Pampamali	Vein	0.02	0.99	91.9	566	0.06
3509	Pampamali	Vein	0.01	0.57	107.5	596	0.06
3510	Pampamali	Vein	<b>5.26</b>	<b>62.1</b>	2430	2040	0.20
3512	Pampamali	Vein	<b>6.39</b>	<b>140</b>	255	2160	0.22
3513	Pampamali	Vein	0.38	5.16	121.5	1720	0.17
3514	Pampamali	Vein	0.14	3.60	591	4650	0.47
3515	Pampamali	Vein	0.15	2.14	30.8	386	0.04
3516	Pampamali	Vein	0.41	4.79	344	1820	0.18

Three wide spaced samples tested the area east of the Luz/Liz vein area with one sample taken returning 7.98 g/t Au and 27.4 g/t Ag (Sample 3541). This result warrants follow up as it suggests a possibly significant extension of a previously unremarked mineralised vein.

<b>Table 3. Gold Hunter Sample results from east of Luz area</b>							
Sample Number	Project	Location	Au (ppm)	Ag (ppm)	Pb (ppm)	Zn (ppm)	Zn (pct)
3539	Pampamali	Vein	0.89	5.08	134.5	635	0.89
3540	Pampamali	Vein	<0.01	3.16	296	452	<0.01
3541	Pampamali	Vein	<b>7.98</b>	27.4	1365	9600	0.96

### Sampling and Assaying Continues

In addition, further sampling has and is being undertaken on the Santa Domingo vein and on Luz/Liz extensions and surrounding areas. Assay results from sampling of the Santa Domingo vein are awaited but visual assessment confirms a well-defined mineralised vein structure. In addition there is a strong vein development >1m thick to the south that has not been mapped, nor apparently sampled and presents a good opportunity for further mineralisation.

Approximately 100 samples have been taken over the other areas and are being lodged for assay. Results are anticipated during January 2015.

### **Update on Community Relations**

To commence the planned drilling program, the Company is required to lodge a DIA (Environmental Impact Assessment) application to seek approval from the relevant Government department. The DIA requirements include approvals from the relevant communities for access by the Company and its employees to land controlled by them. From a legal perspective, there are four affected communities. However, in line with our policy of seeking to gain a consensus view from all local communities who might have an influence, there are others whose approval needs to be sought apart from the four. As with all new community engagements we stress the importance of obtaining the right social licence to work for the long term.

We have appointed an experienced Community Relations Officer who has already made very good progress. A meeting of all communities involved to consider the companies DIA application, including access approvals, was held on the 5 December 2014, but was adjourned without a decision being made until early in 2015. The Company is working to obtain the DIA approval as soon as possible, along with community approvals, to enable drilling to start immediately thereafter.

### **Revised Terms of Agreement with the Owner of Pampamali**

We are also pleased to announce that we have negotiated improved terms to the Joint Venture agreement with the vendor of Pampamali (as described in detail in the Company's announcement of 9 June 2014) which will allow us to acquire 51% of the project for a lower price and sooner than anticipated.

The original deal would have seen us acquire a 20% interest within 12 months of re-listing for a payment of US\$100,000, in addition to the US\$40,000 already paid, following an

expenditure of at least US\$150,000 on exploration. This would have been followed by a further payment in year 2 of US\$200,000 and an exploration commitment of US\$500,000 to acquire an additional 31%.

We now have the right to acquire a 51% interest at any time, but no later than 12 months from the receipt of the DIA, for a payment of US\$115,000 and the same commitment to spend US\$150,000 on exploration, plus US\$75,000 by way of tenement costs. The saving will be US\$610,000.

We have exchanged letters on this revised transaction subject to final legal documentation.

### **Other Projects**

Since re-Admission to AIM the Company has actively reviewed and considered involvement in other mining projects. These have primarily been in Peru. As the global mining sector is under pressure this has resulted in the Company being offered a large number of joint venture and acquisition opportunities. Most of these are for gold, silver and copper where a variable but usually material amount of exploration has already been completed.

The Company will continue to assess these opportunities as and when they arise with the objective of expanding its exploration projects in Peru and South America.

Simon Hunt, Executive Chairman of Hunter, said "We are progressing the application for the DIA that will allow the Company to conduct its planned drilling programme at Pampamali. The results of our initial sampling programme are encouraging with additional results from the current programme expected early in the New Year. Whilst later than expected we plan to commence drilling once the DIA is issued. The revised agreement with the vendor is an important improvement and could enable us to achieve a controlling position much earlier than anticipated."

In accordance with the guidelines of the AIM Market of the London Stock Exchange, Andrew Richards BSc (Hons), DipEd MAusIMM MAIG MSEG GAICD, a Director of Hunter and a qualified geologist with over thirty years of experience in the mining industry, is the qualified person as defined in the London Stock Exchange's Guidance Note for Mining and Oil and Gas companies, who has reviewed and approved the technical information contained in this announcement. Mr. Richards has also relied on primary information supplied by staff and third party consultants in carrying out his review."

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

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