

ASX ANNOUNCEMENT

15th December 2014

ASX: PML

DRILLING COMMENCES AT DUNNESVILLE NICKEL PROSPECT & EIS DRILLING GRANT APPLICATION SUCCESSFUL

HIGHLIGHTS

- **Drilling of a RC pre collar/ diamond tail hole has commenced to test conductor identified at Southern Target by recent moving-loop electromagnetic ('MLEM') survey.**
- **Hole is designed to test the more conductive 'central core' of the bedrock conductor that is interpreted to sit on the basal contact of the Jaurdi Ultramafic Belt, down dip of anomalous surface geochemistry.**
- **Western Australian Government, Exploration Incentive Scheme (EIS), funding of up to \$99,000 received for drilling at Dunnesville Nickel Prospect on a 50% co-funded basis.**

Parmelia Resources Limited (ASX:PML) is pleased to announce that drilling of a RC pre collar / diamond tail hole has commenced at the Dunnesville Nickel prospect within the company's Jaurdi Hills Project 50km north-west of Coolgardie, Western Australia (Figure 1). The hole is designed to test the more conductive 'central core' of a bedrock conductor identified by a recently completed moving-loop electromagnetic ('MLEM') survey. The conductor is interpreted to sit at the basal contact of the Jaurdi Ultramafic Belt, down dip of anomalous surface geochemistry.

It is expected the hole will intersect the conductor at roughly 340m down-hole depth and terminate at approximately 400m. The hole is expected to take approximately 7 to 10 days to complete and assay results are expected to be returned by late January 2015. The hole will be downhole EM surveyed to test the surrounding rock mass for conductivity responses indicative of near-missed mineralisation regardless of whether nickel-sulphides are intersected unless a barren stratigraphic source is identified as the cause of the conductor response.

The recently completed moving-loop electromagnetic ('MLEM') survey identified a moderate to strong bedrock conductor at the Southern High Priority Target that 3D geological modelling suggests is located on the basal contact of the Jaurdi Ultramafic Belt and centred down-dip of an historical nickel and nickel-sulphide pathfinder soil geochemistry anomaly returning non-coincident peak results of **1260ppm Ni, 315ppm Cu, 150ppm Co and 125ppb Pt+Pd**. The top of the conductor is approximately **150m** below surface, has a strike-extent of **600m**, a more conductive central core detected over approximately **400m**, a down-dip extent of **325m**, dips **-50°** towards the south-west in agreement with stratigraphy which mapping suggests dips **-56°** towards west-south-west and it plunges shallowly at **-10°** towards the north-west. The orientation and location of the MLTEM model is relatively consistent with the previously modelled GEOTEM conductor confirming that the source is a genuine bedrock conductor. Refer to previous ASX announcements 30/7/2014, 10/9/2014 and 10/12/2014.

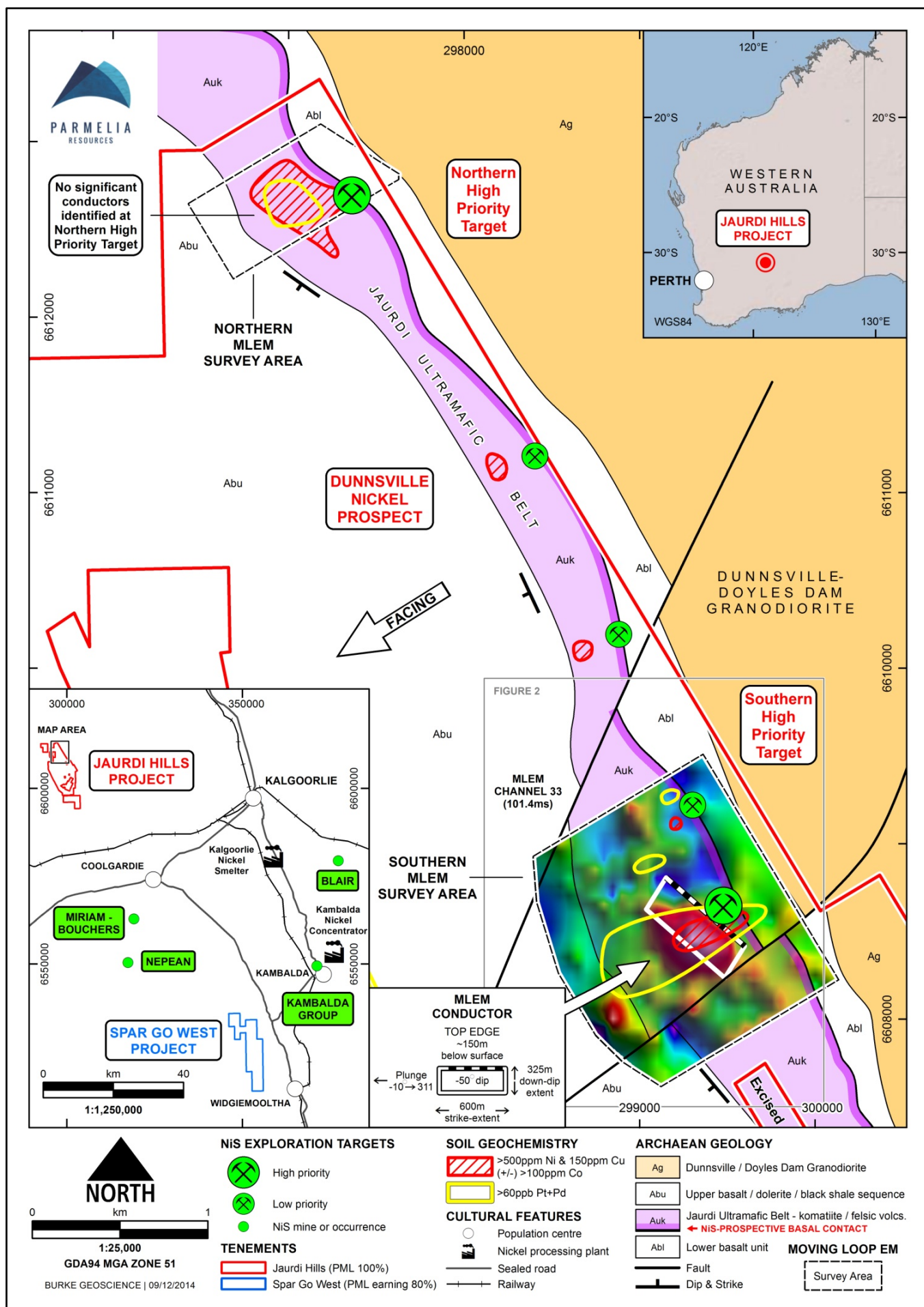


Figure 2 - Southern High Priority Target map featuring nickel, copper, cobalt and platinum + palladium soil geochemistry overlaid on simplified geology and moderately late-time MLEM Z-axis B-field Channel 33 (101.4ms) imagery. White to red shading = high conductivity. Blue to green shading = low conductivity. The Southern Target MLEM conductor plate is displayed as a white rectangle. The locations of the MLEM profiles seen in Appendix 1 are depicted in the top left nickel geochemistry figure.

EXPLORATION INCENTIVE SCHEME DRILLING GRANT

The company is also pleased to advise that it has received approval from the Western Australian Government for funding of drilling costs at the Dunnsville nickel prospect. The funding is provided pursuant to the Exploration Incentive Scheme (EIS), initiative administered by the Western Australian Department of Mines and Petroleum. The funding approved is up to \$99,000, on a 50% co-funded basis.

Parmelia would like to congratulate and acknowledge the Western Australian Government and the Department of Mines and Petroleum for the on-going support this initiative provides to the industry. The EIS initiative provides crucial funding support for projects that can demonstrate high quality, technical and economic potential. The EIS also plays an important role in advancing new exploration techniques and identifying potential new areas of mineral endowment.

For further information concerning PML's activities or future exploration plans please contact Nigel Gellard, Executive Chairman at:

Phone +61 (0)8 6141 3500

Fax +61 (0)8 6141 3599

www.parmeliareources.com

Nigel Gellard
Executive Chairman

COMPETENT PERSON STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Stephen Burke, a Competent Person who is a Member of the Australian Institute of Geoscientists. Stephen is employed by Burke Geoscience Pty. Ltd. as a consultant to Parmelia Resources Limited. He has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the 'JORC Code'). Stephen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.