QUARTERLY ACTIVITIES REPORT

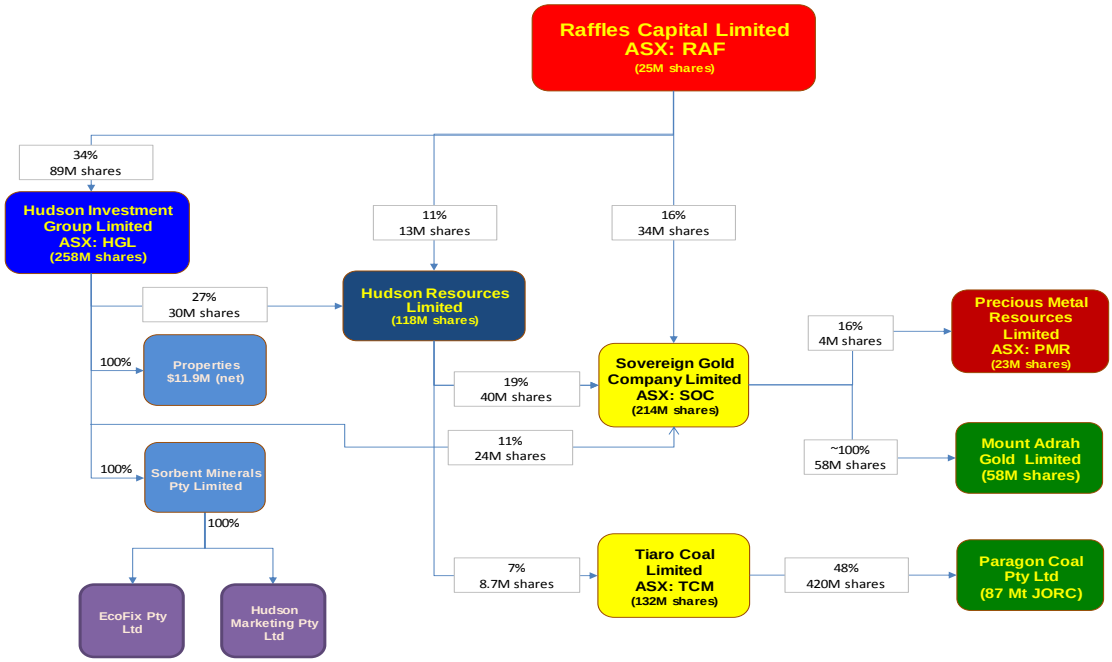
This quarterly activities report is dated 30 October 2014 and is for the three months ending 30 September 2014.

Raffles' register snapshot

On 30 September 2014, Raffles Capital had 24,700,359 ordinary shares on issue and nil options.

Raffles' business snapshot

Company structure as at 30 October 2014



Raffles continues to operate over three business areas:

- **Corporate advisory** - Raffles corporate advisory business identifies commercial and corporate opportunities, synergic partnerships, commercial and project funding. New businesses either continue to operate under Raffles or the business is able to seek independent funding. Raffles gains through the sale of the business for cash, equity or a combination. Joint venture participation is also possible.

- **RafflesLaw** - Through its subsidiary, RafflesLaw Pty Ltd, Raffles proposes to operate a Litigation Funding business providing funding of legal claims, in Australia and in other jurisdictions.

  Business models are currently being evaluated.

  Litigation funding promotes access to justice, spreads the risk of complex litigation and improves the efficiency of litigation by introducing commercial considerations that will aim to reduce costs.

- **Origination** - Raffles origination business identifies prospective businesses and mineral exploration projects. After conducting multi discipline due diligence and developing suitable business models it identifies and engages suitable project staff with an independent management team.

  Having secured tenure or project control, Raffles funds initial exploration and development through seed capital and proceeds to build the business.

Raffles Capital Limited
ACN 009 106 049

Hudson House
L2, 131 Macquarie Street
Sydney NSW 2000
Australia

Tel +61 2 9251 7177
Fax +61 2 9251 7500
Email info@rafflescapital.com.au

Sovereign Gold Company Limited (ASX: SOC) (15.92%)

Raffles holds 34,026,325 Sovereign Gold Company Limited (**Sovereign Gold**) shares, representing 15.92%.

Exploration Summary

Halls Peak Drilling program (ASX: 14 October 2014)

The Halls Peak base and precious metal project within EL 4474 has been awarded grant funds pursuant to the New Frontiers Cooperative Drilling program (**Program**) (a NSW Government program which provides grants to exploration entities to fast-track private exploration drilling programs). Funding in the amount of $90,100 has been granted towards drilling in EL 4474.

The Program is a co-funded initiative of the NSW Government which provides 50 per cent of direct drilling costs of approved projects following assessment by an expert advisory panel and includes drilling programs that test innovative, technically sound geological models and new concepts and ideas. The funding grant is to test the potential for base and precious metal deposits associated with VTEM conductors.

An airborne VTEM (Versatile Time Domain Electromagnetic Surveying) survey and aeromagnetic survey of 1,222 line kms was flown using a helicopter over EL 4474, EL 5339 and EL 7679 and completed in January 2013 (ASX:PMR Release 29/01/2013). The survey distinguished two electrically conductive horizons that extend over an area of at least 14km^2. These conductors could potentially be interpreted as horizons containing base metals.

Two diamond drill holes are proposed. The first drill hole will test the nature and metal content of the deep, lower conductor detected by the VTEM survey. The second drill hole will determine mineralisation nature, facies and geochemistry variations of the upper electrically conductive horizon.

Rocky River drilling program (ASX: 23 September 2014)

Sovereign Gold was granted funds under the New Frontiers Cooperative Drilling program amounting to $65,000 to a Sovereign Gold subsidiary, being the holder of EL 6483.

The funding grant is to test the potential for a Mt Adrah Hobbs-like pluton associated with the Frasers Find - Diggers Shaft mineralisation. Previous drilling has confirmed the Frasers Finds mine was developed on a narrow, high grade gold vein that, more significantly, is part of large gold-bearing fracture zone that widens to the south-west towards a potential small circular, 'blind' (concealed) pluton indicated by Sovereign Gold's airborne geophysical survey.

This is potentially the causative gold-bringing pluton and the several large fractures radiating from it have acted as conduits for gold-bearing fluids. The small pluton has intruded and fractured the larger Uralla Granodiorite as evidenced in drill holes by a widening of the mineralised zone (consisting of narrow auriferous alteration veins) towards the deeper, primary, source of the gold fluids.

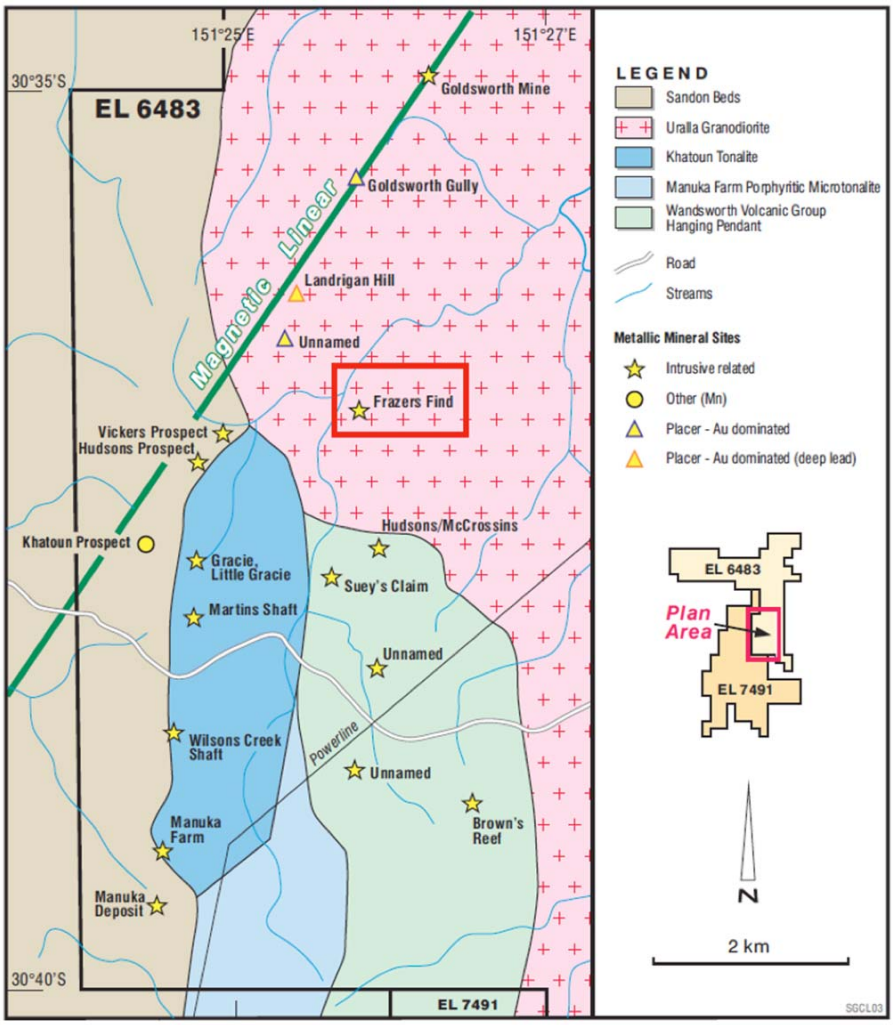
Frasers Find drilling commences (ASX: 17 September 2014)

Sovereign Gold and its Joint Venture partner, SUGEC, have commenced its next drilling program at Frasers Find. Previous drilling of EL 6483 at Frasers Find (Sovereign Gold ASX Releases of 18 12 2012 and 21 12 2012) proved the existence of narrow vein high-grade gold-bearing structures; as shown in some of the better intersections below:

- 25.1g/t Au and 5.6g/t Ag over 0.11m from 23.84-23.95m downhole (SGRDD033, 100% core recovery)
- 5.45g/t Au over 0.25m including 10.0g/t Au and 316g/t Au over 0.13m from 27.0-27.25m downhole (SGRDD029, 100% core recovery);

Drilling established gold mineralisation along 256m of strike (which remains open in both directions). In addition, shallow pitting has exposed gold mineralisation for a total of 305m along strike. The completed shallow drilling confirmed that gold mineralization occurs in sheeted veins and narrow high-grade (quartz-sulphide veins) structures that potentially represent the high level portion above a 'blind' (concealed) gold-bearing pluton, based on the Intrusion-Related Gold System (**IRGS**) model. This shallow drilling intersected mineralisation with elevated Ag (silver), Pb (lead) and Zn (zinc) values indicating that it most likely represents the distal, low temperature end of a larger gold-endowed fluid plumbing system. The main source of the mineralization is potentially a 'blind' gold-bearing pluton. This high-level metallogenic association also indicates that the entire system is possibly preserved at depth.

It is important to note that the Frasers Find mine was developed on narrow vein, high grade gold structure that is part of large gold-bearing fracture zone which extends to the south-west. This fracture zone trends directly towards a potential small circular, 'blind' pluton, which has been interpreted from data derived from Sovereign's airborne geophysical survey. The drilling, geophysical, geochemical and structural data are being utilised to identify vectors to a potential deeper intrusive gold source.



Location of Frasers Find and other gold occurrences within EL 6483

SUGEC joint venture update – Martins Shaft (ASX: 11 August 2014)

Sovereign Gold and SUGEC, JV partners at Martins Shaft (EL 6483) reported drilling progress. This drilling activity is funded by SUGEC and forms part of the total $21.5m JV/MOU funding package previously agreed between Sovereign and SUGEC. Funding for the current exploration program is being fully provided by SUGEC to earn up to a 30% interest (at the tenement level).

Diamond drill hole M-ZK0002 (refer Figures 1 & 2) was designed to test the lateral and depth extent of gold mineralisation at Martins Shaft. Five mineralised intervals were encountered ranging from 4.3m – 0.3m in downhole length, between 164.1m – 182.65m downhole. Best results over this interval were 0.45m @ 9.27 g/t Au, 40.80g/t Ag and 2.69% Sb (antimony) and 1.0m @ 2.73 g/t Au (refer Table 1).

The Martins Shaft mineralised structure has now been traced from outcrop at surface to 217.60 metres downhole and remains open at depth (Figure 1). Drilling is planned to follow the alteration zone down plunge along the path of the gold-bearing magmatic fluids to locate the source that is potentially a mineralised IRGS Hobbs-style pipe. Sovereign Gold's exploration team are leaders in IRGS research as demonstrated by the recent success at Mount Adrah achieved through applying newly developed commercial-in-confidence techniques.

Martins Shaft – drilling to continue

Drill holes M-ZK0003 & M-ZK0004 are planned to immediately follow. These holes will test the lateral and vertical extent of gold mineralisation at Martins Shaft to the west and provide further information for compilation of a resource estimate.

The gold mineralisation at Martins Shaft is significant as this style of mineralisation was predicted from the application of Sovereign Gold's IRGS Model. The mineralisation comprises sheeted veins and disseminated gold mineralisation within altered predominantly felsic dyke phases associated with minor lamprophyre. Gold has been located in drill hole M-ZK0001 at Martins Shaft to a downhole depth of 217.60m metres. Strong phyllic alteration extends beyond the mineralised envelope. The felsic dyke has acted as a brittle host for magmatic fluids. It is clear from the presence of gold mineralisation and associated alteration that igneous textures are very conducive to the permeation/dissemination of gold-bearing fluids.

Potential exists for multiple Martins Shaft-type deposits, of similar and larger size, within the large IRGS. Associated sulphide mineralisation consists of pyrite, arsenopyrite and stibnite. Analytical data confirms gold mineralisation is associated with sodium depletion and the presence of anomalous chromium (up to 473ppm) in some intervals indicates gold-bearing alteration potentially present in some lamprophyre dyke phases.

Some of the wide and high gold grades from previous drill hole drill intersections (ASX Release 16 3 2012) at Martins Shaft include:

- Diamond Drill Hole SGRDD002: 22 metres @ 3.28 grams/tonne gold from 18-40 metres downhole Including 10 metres @ 6.06 grams/tonne gold from 27-37 metres downhole and 2 metres @ 18.85 grams/tonne gold from 35-37m metres downhole.

- Diamond Drill Hole SGRDD004: 18 metres @ 3.51 grams/tonne gold from 52-70 metres downhole, including 7 metres @ 7.47 grams/tonne gold from 57-64 metres downhole and 1 metre @ 19.60 grams/tonne gold from 58-59 metres downhole.

Drilling to date at the Rocky River-Uralla Project confirms the existence of a large IRGS and continues to progress the conceptual exploration model of several satellite gold mineralised structures containing sufficient mineralisation to support multiple open-pit mining operations to feed a central mill. The drilling program has expanded into EL 6483 and includes deep drilling at Martins Shaft and multiple gold-bearing structures comprising more than 15 separate historical gold workings and numerous geochemical and geophysical anomalies (some indicative of auriferous sheeted vein systems, others potential blind Hobbs pipe-like plutons), scattered over a distance of at least 12km north to south and at least 5km east to west. There is significant untested potential within the large mineralising system.

M-ZK0002, 214.00m E.O.H				Au- AA25 Au ppm	Au- SCR2 2AA Au ppm	Au- SCR2 2AA Ag ppm	ME-ICP41 Sb ppm
Sample No.	From (metres)	To (metres)	Interval (metres)				
M-ZK0002-H1 – M-ZK0002-H10	10 samples, all 1.00m in length 28.20	38.20	10.00	<0.01--0.05			
M-ZK0002-H11 – M-ZK0002-H16	6 samples, 0.50-1.20m in length 55.20	60.50	5.30	<0.01 - 0.06			
M-ZK0002-H17	60.50	61.10	0.60	0.19			
M-ZK0002-H18	61.10	61.90	0.80	0.11			
M-ZK0002-H19	75.75	76.75	1.00	0.12			
M-ZK0002-H20	164.10	165.10	1.00		1.15	4.58	
M-ZK0002-H21	165.10	166.10	1.00		1.29		
M-ZK0002-H22	166.10	167.10	1.00		2.73		
M-ZK0002-H23	167.10	167.95	0.85		1.97		
M-ZK0002-H24	167.95	168.40	0.45		0.91		
M-ZK0002-H25	172.10	173.70	1.00	0.99			
M-ZK0002-H26	173.70	174.60	0.90		0.77		
M-ZK0002-H27	177.90	178.45	0.55		0.40		14600
M-ZK0002-H28	181.50	181.80	0.30		1.15		3410
M-ZK0002-H29	182.20	182.65	0.45		9.27	40.80	26900

Table 1: Diamond Drill Hole M-ZK0002 intersected 5 mineralised intervals of phyllic (sericite-sulphide-quartz) alteration in dykes ranging from 4.3m – 0.3m in downhole length, between 164.1m – 182.65m downhole. This included 0.45m @ 9.27 g/t Au, 40.80g/t Ag and 2.69% Sb (antimony) and 1.0m @ 2.73 g/t Au.

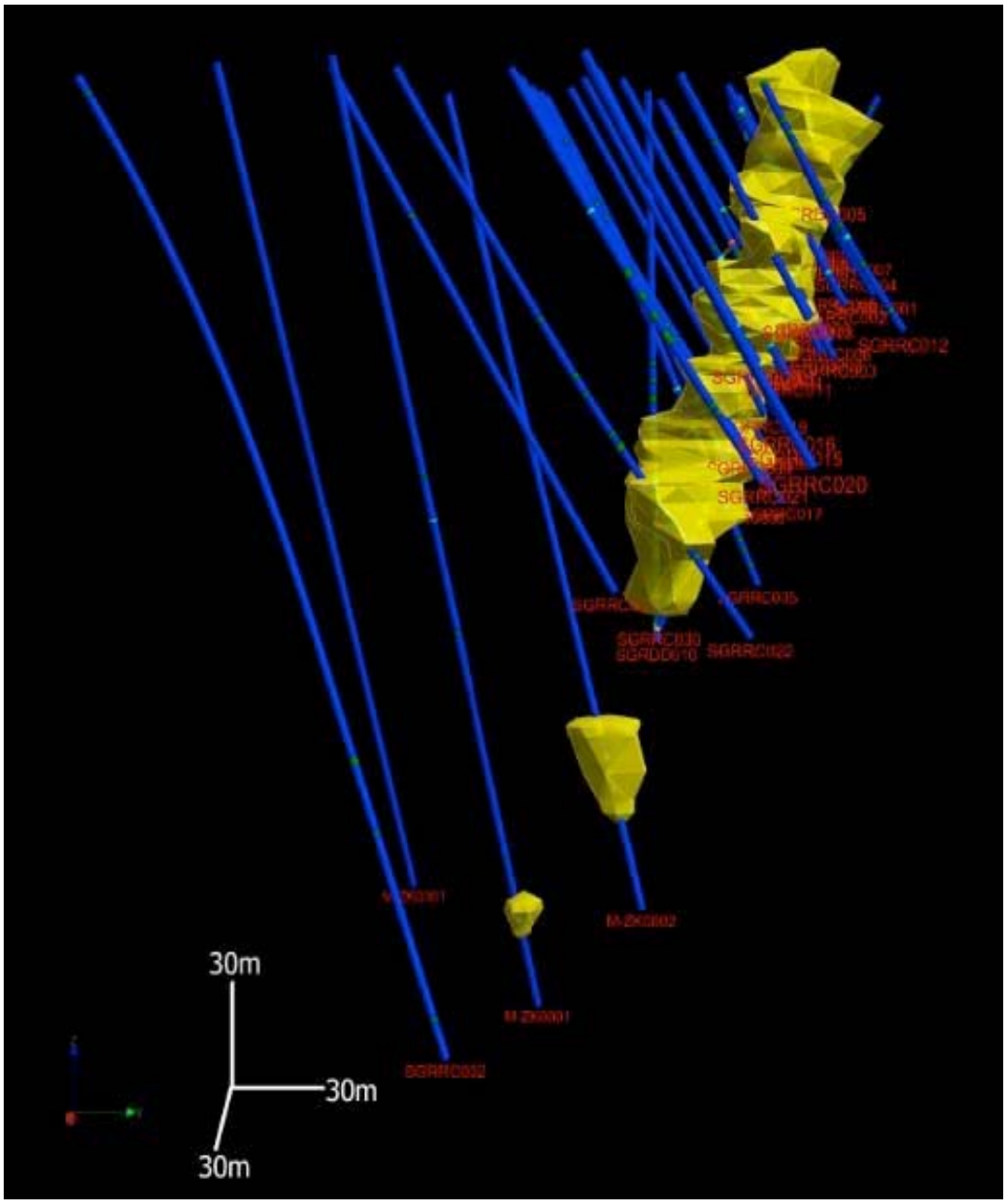


Figure 1: Martins Shaft: 3D wireframe of mineralised structure and drill hole plots, looking west (modelled to +0.30g/t Au to map morphology of the gold-bearing alteration shell).

Diamond Drill Hole M-ZK0001 intersected 4 intervals of phyllic (sericite-sulphide-quartz) alteration in felsic dykes including from 213.10-218.30 metres downhole that included 0.87g/t Au over 2.20m downhole in a continuous alteration interval of 0.63g/t Au over 3.30 metres.

The next diamond drill holes (M-ZK0003 & M-ZK0004) are planned to test the western plunge of the mineralisation between holes M-ZK0002 and M-ZK0001.

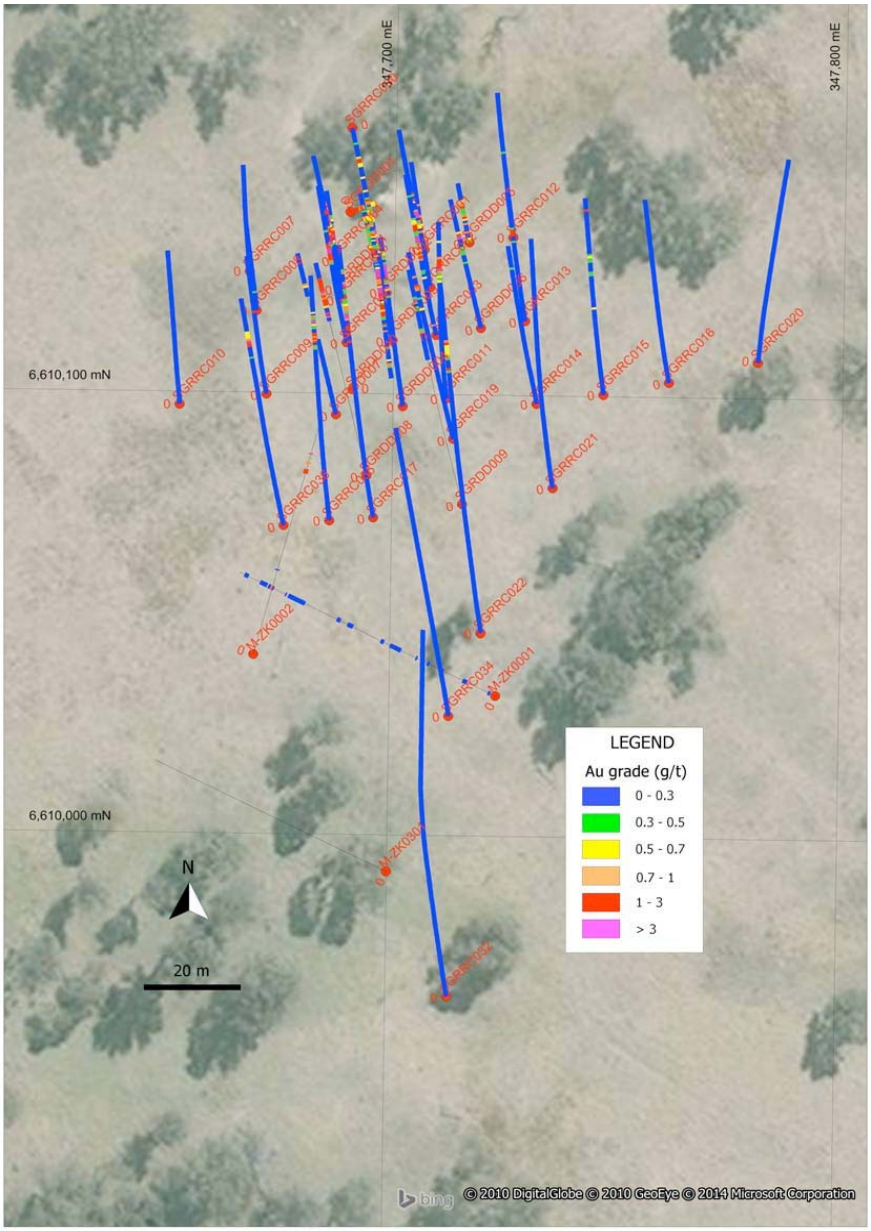


Figure 2: Martins Shaft: Plan view of drill hole collars (red dots) and drill hole traces with gold grade intersections

SUGEC Joint Venture Update EL 7491 (Bannaweera) (ASX: 29 July 2014)

Sovereign Gold and its joint venture partner SUGEC reported drilling in EL 7491 (Bannaweera, both unreported and all previously reported holes). Twenty-five diamond drill holes completed for 2,022.9 metres in EL 7491.

Bannaweera Diamond Drilling (EL 7491)

- New gold-bearing structure ('No. 2 Bannaweera Gold-Bearing Structure') confirmed sub-parallel to previously identified 1.55km long 'No. 1 Bannaweera Gold-Bearing Structure' (refer location maps, Figures 5, 6 & Tenement Map). To date 257.9 metres have been completed in two diamond drill holes in the No. 2 Structure and 1,765 metres in twenty-three diamond drill holes in the No. 1 Structure.

No. 1 Bannaweera Gold-Bearing Structure

- The drill holes have proved the existence of both high grade - up to 12.35 g/t Au (gold) - and wide (13.90 metres @ 1.45g/t Au, 11.88g/t Ag from 13.79-27.69m) gold mineralisation at shallow depths indicating potential for a small open-cut operation.
- Gold mineralisation confirmed at 190.6m downhole

Highlights of the Drilling Program Include:

- SGRDD036: 2.72 g/t Au over 4.85m from 7-11.85m downhole including 7.8 g/t Au over 1m and 12.35 g/t Au over 0.5m
- ZK0701: 1.45g/t Au, 11.8g/t Ag over 13.9m from 13.79 - 27.69m including 2.34m @ 3.02g/t Au from 14.56-16.90m
- SGRDD039: 1.07 g/t Au over 12m from 3-15m downhole, including 3.15m @ 2.5/t Au from 10.70-13.85m, including 0.6m @ 4.93/t Au, 10.70-11.30m
- SGRDD039: 129.6 g/t Ag (silver) over 0.72m from 13.60- 14.32m downhole including 453 g/t Ag (14.6 ounces) over 0.2m
- ZK0901: 10.35 metres @ 71.86g/t Ag from 15.85-26.20m including 5.48m @ 1.24g/t Au, 57.39g/t Ag from 14.62- 20.10m, including 0.80m @ 3.08g/t Au, 72.10g/t Ag from 15.85-16.65m

The SUGEC J/V has identified several gold-bearing mineralised structures in EL 7491 and to date has drill tested two of these with twenty three diamond holes (1,765 metres) completed along a 1.55km long north-east trending gold-bearing structure (No. 1 Bannaweera Gold-Bearing Structure) and two diamond holes (257.9 metres) completed on a second sub-parallel structure (No. 2 Bannaweera Gold- Bearing Structure, traced for ~1,000 metres by geological mapping) situated around 1,100m north west of the No. 1 Bannaweera Structure.

Drilling confirmed the entire 1.55km length of the No. 1 Gold-Bearing Bannaweera Structure is mineralised and established it is best developed along 274m of strike in the south west portion of the structure between holes ZK0901 and SGRDD038 (Figure 5).

Martins Shaft-style mineralisation has been intersected in the felsic dykes. In addition, drilling has revealed brecciation and silica-sulphide flooding accompanied by tongues of mineralised felsic dykes in mineralised metasediments along the 1.55km long structure. This extensive mineralised shear/fault zone may represent a high-level fracture fluid plumbing system developed above a potential IRGS Hobbs-style pipe.

The ongoing drilling program will continue testing the gold grades laterally and vertically along the gold-bearing structure to establish a JORC compliant resource.

Drilling to date at the Rocky River-Uralla Project continues to confirm the existence of a large IRGS and supports the conceptual model of several satellite gold mineralised structures containing sufficient mineralisation to support an open-pit mining operation to feed a central mill.

The drilling program has expanded into EL 6483 and includes deep drilling at Martins Shaft and multiple gold-bearing structures comprising more than 15 separate historical gold workings and numerous geochemical/geophysical anomalies (some indicative of auriferous sheeted vein systems), scattered over a distance of at least 12km north to south and at least 5km east to west. Significant potential over a large area within the large mineralising system.

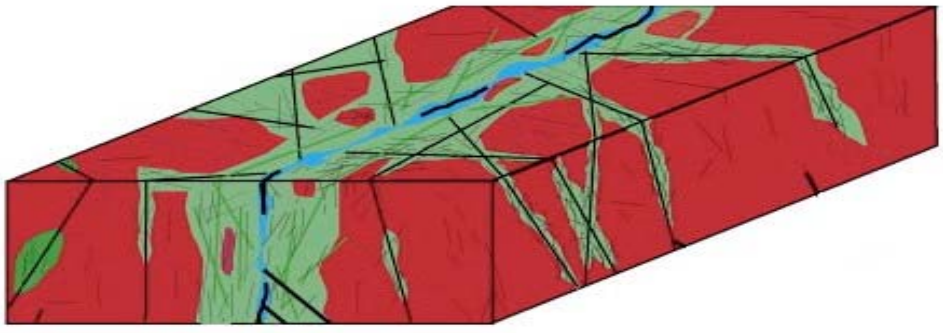


Figure 3: Conceptual Target: North-east trending shear structures exposed at surface (main fault zone shown in blue) surrounded by altered fractured zone (green). The main fault structure is associated with and cut by oblique faults. Geochemical and rock chip mapping has located nearby (within 1,100m) parallel alteration structures with similar mineralisation. The structures are flooded with felsic dykes and sulphides that may be derived from a small pipe-like pluton at depth. The current targets being drilled and the parallel and oblique structures occur from surface and have potential for an open-cut gold resource.

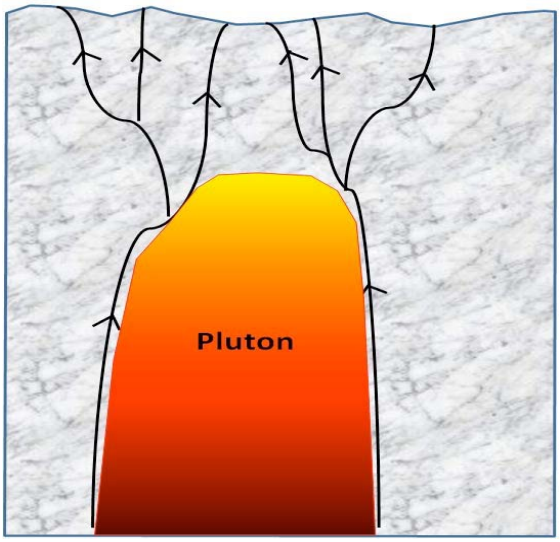


Figure 4: Cartoon of conceptual mineralising system for the Bannaweera mineralised structures ( ) that are pathways for fluids sourced from a blind pluton at depth (not to scale)

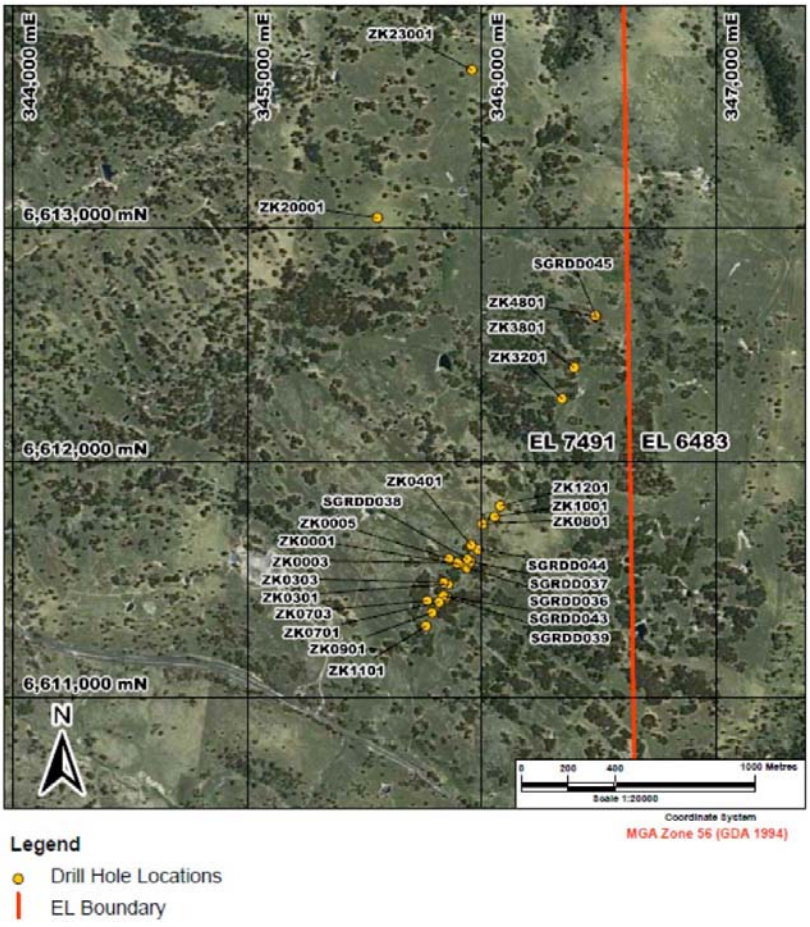


Figure 5: Diamond drill hole collar locations within EL7491 along the No. 1 Bannaweera Gold-Bearing Structure (RHS) and the No. 2 Bannaweera Gold-Bearing Structure (LHS).

Detailed geological mapping and drilling has confirmed the NE-trending gold-bearing structures cut a swarm NW-trending felsic dykes (Figure 6). The closest analogue to this structural and geological setting is the large Donlin Creek IRGS in Alaska where "mineralization is structurally controlled along NNE-trending extensional fault/fracture zones and best developed where those zones intersect favourable host lithologies such as the competent felsic intrusive dykes and sills and greywacke". Donlin Creek Project 43 - 101 Technical Report, January 2006 Stanton Dodd, P.Geo. NovaGold Resources, Inc. Vancouver, B.C.

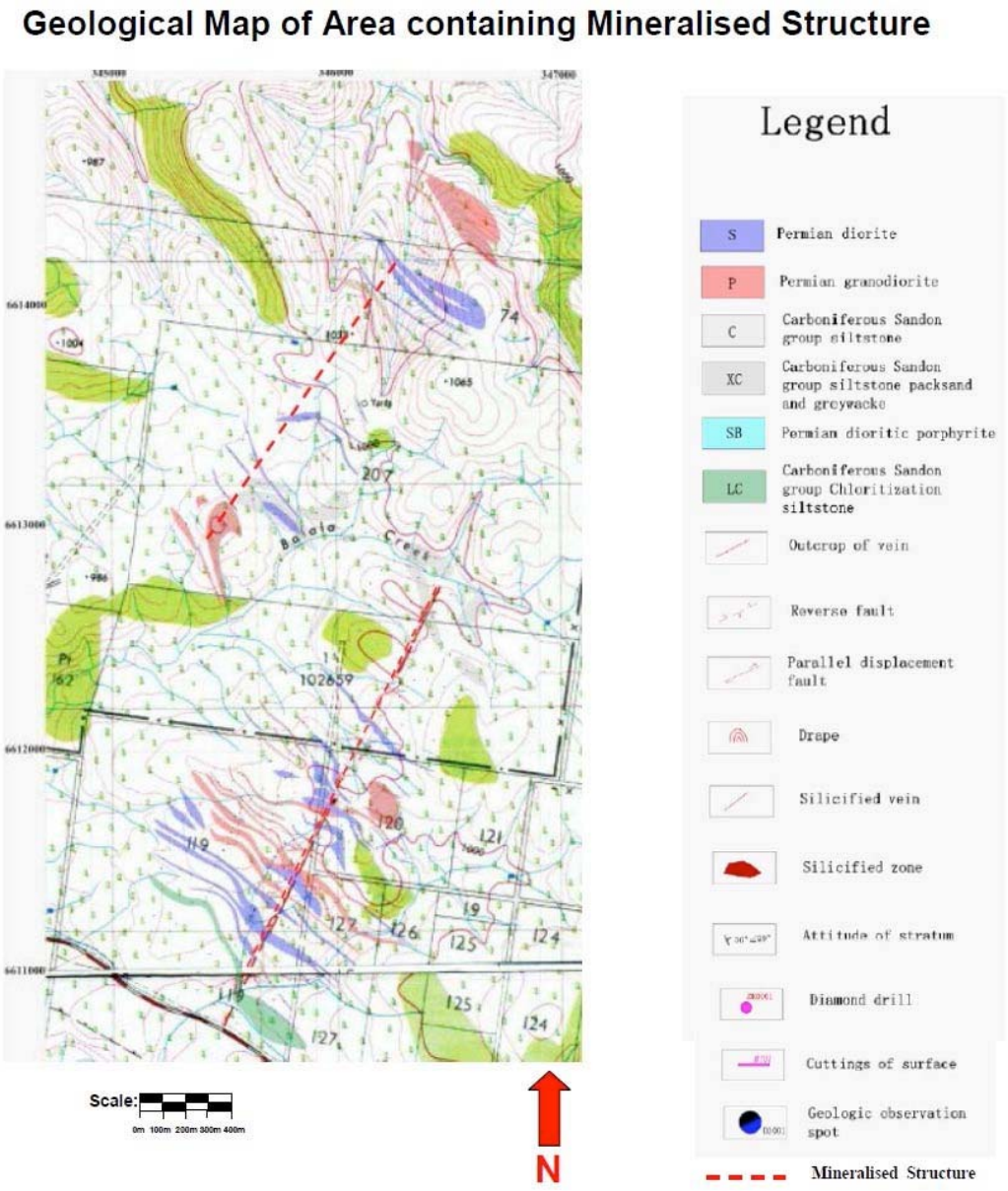


Figure 6: SUGEC has produced a 1: 25,000 Geological map of the two newly discovered mineralised structures. Surveyed using high precision Real Time Kinetic (**RTK**) GPS utilising the Continuously Operating Reference Station (CORS) signal network to accurately map locations of outcropping lithology. The large green coloured areas on the map are light sclerophyll vegetation on the 1:25,000 Balala 9136-1-N Topographic Cadastral Map on which the lithologies and structures have been overlaid

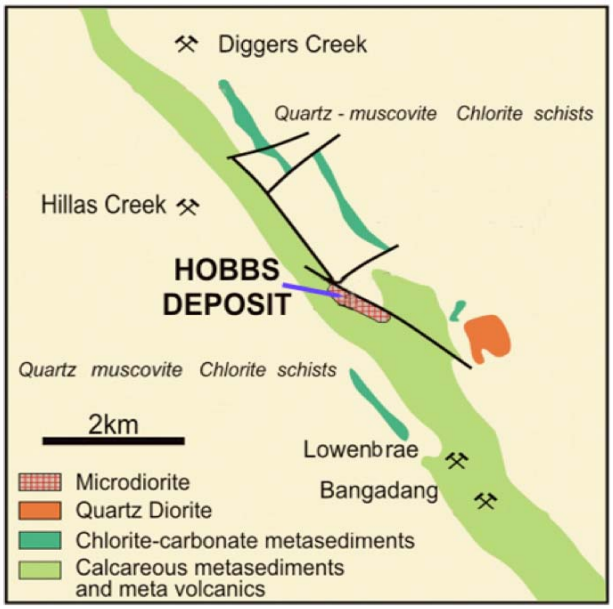
Mount Adrah Update (ASX: 3 July 2014; 22 July 2014)

Castor Reef

Seventeen assays were conducted over selected intervals on the balance of the split core from the Castor Reef wedge holes (ASX: 27 June 2014). This was in response to visible gold being observed in a portion of the remaining core not sent for initial assay.

In four of the seventeen samples assayed the nugget effect was demonstrated. The most striking example was over a 0.7 m interval where the grade increased from 1.96 g/t to 9.18 g/t gold. Visible gold was observed over this interval and reflected in the latter grade.

Exploration in areas of Mount Adrah's significant tenure outside the Mount Adrah Gold Project (Hobbs deposit) focus area is advancing. Two new key greenfield targets have been identified. These are at the historical **Southern Cross Reef Mine**, and nearby **Nacki Nacki Eluvial Field** in the Bangadang area (EL 6372).



Southern Cross Reef Mine

At the historic Southern Cross Reef Mine an underground mapping and sampling program was recently undertaken to define the potential for remnant gold mineralisation and more clearly outline the geological and structural setting. Results from this program will define the next steps to be undertaken in the exploration process, including drilling underneath the high grade structure. Initial results have confirmed the high-grade reef potential within the historic workings. A 3m composite channel sample at SW end of the historic crosscut returned 3.0 m at 7.22 g/t including 2.0 m at 9.81 g/t

Overview

- Sheared breccia pipe hosted in altered schists
- Quartz reef style mineralisation
- 690 oz Au historical production
- A recent underground mapping and channel sampling program was undertaken. Mapping has identified significant structural complexity. The interaction between multiple generations of brittle-ductile structures and the remobilisation of mineralisation in a number of orientations was evidenced
- A drilling program is proposed to test beneath the old workings for evidence of a high-grade quartz reef target

Nacki Nacki Eluvial Field

A new target has been identified at Nacki Nacki based on anomalous gold and base metal mineralisation from surface sampling and geophysical interpretation. Early indications suggest a geological setting similar to that found at the Hobbs deposit.

Overview

- 220 x 290m zone of shallow eluvial (in situ) gold workings
- Quartz rocks contain sulphide
- One of four rock grab samples returned a gold assay of 77g/t Au (BANG001); taken from scree at surface, likely sourced from underlying geology
- Mapping has revealed a concentric zonation to workings and gold occurrences
- The prospect is interpreted as a weathered cap and alteration halo sitting above a Hobbs-style intrusive pipe

A drilling program is proposed to test for blind, pipe-hosted mineralization similar to Hobbs

Grey-cream quartz floater with secondary iron oxide staining

Southern Cross Reef Mine produced 690 oz Au

Qualifying Statements

The information in this Report that relates to Exploration Information is based on information compiled by Michael Leu who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

Mr Leu is a qualified geologist and is a director of Sovereign Gold Company Limited.

Mr Leu 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources. Mr Leu consents to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

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

Downhole length – True width not known. All drill intersections are stated as downhole lengths, true width not yet determined.