



# RAFFLES CAPITAL LIMITED

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## QUARTERLY ACTIVITIES REPORT

31 October 2011

This quarterly activities report is dated 31 October 2011 and is for the three months ending 30<sup>th</sup> September 2011.

### Highlights

- RafflesLaw established
- Corporate Advisory
- Exploration to accelerate following identification of high grades of silver and base metals
- Precious Metal Resources to seek funding via IPO

### Corporate

#### Raffles' business snapshot

Raffles Capital Limited (**Raffles**) (ASX: RAF) is a "Diversified Financials"<sup>1</sup> business. Total shareholders equity at 30<sup>th</sup> September 2011 was \$10 million and Raffles had 23,700,359 ordinary shares and nil options on issue.

#### Raffles currently operates 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.

High-level discussions have commenced with both local and international bodies to participate in Raffles' business. Whilst still at a preliminary stage, the directors are optimistic that these opportunities will result in valuable business and returns to Raffles shareholders.

Raffles share price, since relisting in May 2011 has held firm.

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<sup>1</sup> GICS industry group determined by ASX

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## Exploration

### Precious Metal Resources Limited

Precious Metal Resources Limited (**PMR**) is a development of Raffles' origination business and is exploring for base and precious metals on three tenements located at Halls Peak, 80 km southeast of Armidale, New South Wales, Australia.

Halls Peak is the inferred volcanic centre for extensive small but high grade Volcanic Massive Sulphide deposits rich in copper, lead, zinc and silver, with variable but largely untested gold values.

Over 4,000 metres of diamond core from 39 holes drilled from 1969 to 1974 on the PMR tenements are stored at the WB Clarke Geoscience Centre at Londonderry, NSW.

The library is a major drill core archiving and reference facility run by Industry & Investment NSW.

On 20<sup>th</sup> September 2011, Raffles released the results of initial core resampling and reassaying of diamond core, drilled by major mining companies, to determine the validity of the data attributed to the core; and also to identify mineralisation not previously assayed<sup>2</sup>.

Resampling and reassaying of Allstate Exploration's diamond drill hole DDH 6 (**Allstate DDH 6**), drilled in 1969 has identified high grades of silver and base metals adjacent to the previously recognised mineralisation in this hole. These are present in mineralised rocks looking almost identical to those not carrying mineralisation.

Testing of core from this hole by Australian Laboratory Services in Queensland has returned assays with grades of up to 122 ounces of silver per tonne and 16.3% zinc.

The fine-grained mineralisation is present within rocks described as argillites, which are rocks resembling black shales and are present in beds extending within an area 5 km by 7km. They are at least two hundred metres thick in several places.

Assaying of the unassayed cores is identifying further unrecognised mineralisation.

### PMR funding

Raffles and PMR have determined that the exploration results justify acceleration of the exploration program with additional funding.

Raffles directors have agreed that it is appropriate that PMR raises funds via a public offering and lists on the ASX.

Raffles directors support an IPO of PMR.

Raffles has contributed \$1.25 million to PMR and currently holds 55 million shares in PMR representing a position of 73.33%.

Listing Rule 11.4 relates to the requirement of obtaining shareholder approval with respect to the disposal of a major asset if the acquiring entity proposes to be listed. It also provides where this rule does not apply.

Raffles sought and received ASX comfort that Raffles may rely on listing rule 11.4.1 (a) through providing a Priority Offer to Raffles shareholders. Accordingly, shareholder approval is not required.

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 within a global exploration target of 5 – 70 million tonnes of mixed grade mineralisation (see exploration target note, p4). 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.

PMR is expanding on this work.

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<sup>2</sup> The JORC compliant report can be viewed on the Raffles website and Raffles will provide it, free of charge, to any person who requests it.



### **Lodgement of PMR Prospectus**

The Prospectus for the Initial Public Offering of shares in PMR was lodged with the Australian Securities and Investments Commission on 26<sup>th</sup> October 2011.

PMR is offering for subscription 10,000,000 shares at an issue price of \$0.20 per share to raise \$2 million (before costs of the Offer).

### **Priority Offer**

Raffles shareholders holding at least a Marketable Parcel of Raffles shares at the Record Date (5:00pm AEDT 24 October 2011) are eligible to apply for shares in a Priority Offer, whereby they will be guaranteed an allotment of 10,000 shares in PMR (upon payment of \$2,000) (any further allocation will be at the discretion of the Directors).

The target date for listing on the ASX is 6 December 2011, though this date may be subject to factors outside of the control of PMR.

### **Prospectus**

The Offer of the securities is made in a prospectus lodged with the Australian Securities & Investments Commission on 26<sup>th</sup> October 2010.

To subscribe for Shares, applicants will need to complete the application form that is in, or accompanies, the prospectus.

In deciding whether to acquire the Shares, applicants should read the prospectus carefully, and if necessary seek their own taxation and investment advice.

The prospectus, including the application form may be viewed and downloaded at [www.pmrl.com.au](http://www.pmrl.com.au).

Requests for the prospectus and application form can also be made by phoning PMR on +61 2 9251 7177, or BBY, the Sponsoring Broker on +61 2 9226 0000.

### **Indicative Dates<sup>3</sup>**

Record Date (Applicable to Priority Offer)	24 October 2011
Offer Opens	3 November 2011
Offer expected to Close	24 November 2011
Expected Date for Despatch of Shareholding Statements	30 November 2011
Expected Date for Restatement to the Official List of the ASX	6 December 2011

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

#### ***Exploration:***

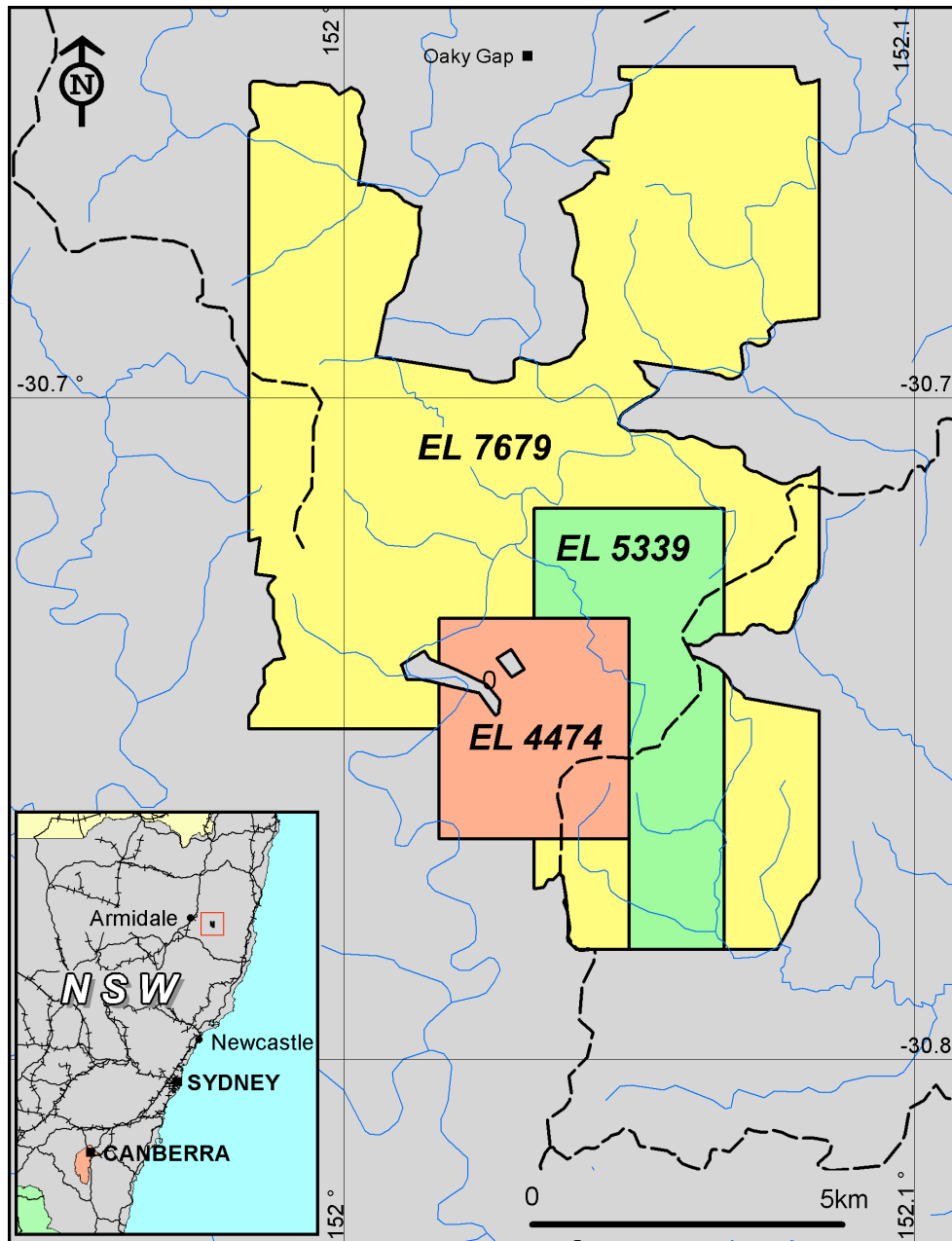
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#### ***Investor Relations:***

Henry Kinstlinger  
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<sup>3</sup> These dates are indicative only and subject to change. The Board at its own discretion and subject to its statutory obligations reserve the right to alter this timetable at any time and may extend the period of the Offer or bring forward the Close of the Offer.



#### Sample Methodology

Allstate DDH 6 was drilled at Gibsons Open Cut (GDA 94 - 407655E, 6597910N). True thickness of the mineralized zone (16.5 to 31.7 meters) is 9 meters. Allstate DDH 6 was NX core drilled and the core was slabbed for assaying. Average core recoveries were 64% - 100%. 1969 assay methods are unknown. PMR is conducting a duplicate assay assessment program to verify the assay results. They were crushed and pulverized to 85% < 75 micron, and assayed by four acid ICP-MS procedures; high grade results were then verified at ore grade four acid (OG-62).

#### JORC Statement

The information in this report 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, a subsidiary of Raffles Capital 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.