



## RAFFLES CAPITAL LIMITED

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### QUARTERLY ACTIVITIES REPORT

This quarterly activities report is dated 30 July 2012 and is for the three months ending 30 June 2012.

#### Raffles' register snapshot

On 30 June 2012, Raffles Capital had 23,700,359 ordinary shares on issue and nil options.

#### Annual General Meeting

On 30 May 2012, Raffles Capital held its Annual General Meeting. All resolutions put to the meeting were passed on a show of hands.

#### Raffles' business snapshot

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.

#### Precious Metal Resources Limited

Precious Metal Resources Limited (**PMR**) was a development of Raffles' origination business.

#### Current Exploration Program

Resampling and reassaying of approximately 4,000 metres of existing core from 39 holes drilled between 1969 and 1974 on the PMR Tenements continues. Initial results demonstrate that previous explorers did not assay some cores now found to contain high grades of silver and base metals. This was due to the mineralised rocks looking almost identical with those not carrying mineralisation.

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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 fine-grained sedimentary rock composed predominantly of indurate clay particles 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's exploration program will determine whether the PMR black shales are similar to those occurring in other parts of the world, which host world class base metal deposits.

Duplicate sampling is also confirming the validity of the historic data.

#### **VTEM Survey underway to identify drilling targets**

PMR undertook a Versatile Time-Domain Electromagnetic geophysical survey over its base metal project at Halls Peak, NSW.

The helicopter borne survey was being conducted to identify further base metal drilling targets on the Halls Peak Base Metal field. All targets located by the survey will be computer modelled, tested and then drilled.

The helicopter borne VTEM Survey is being conducted to identify further base metal drilling targets on the Halls Peak Base Metal field.

The VTEM survey is comprising 933 line-km within EL 7679, in which Jiangsu Geology and Engineering Co. Ltd. (SUGEC) of Nanjing, China are earning a 30% interest, and an additional 289 line-km over PMR's ELs 4474 and 5339. Additional infill lines of approximately 150 km are anticipated. SUGEC will be contributing the cost of flying the survey over EL 7679; PMR will fund the survey over EL 4434 and EL 5337.

In recent years many large base metal deposits have been located by this method. The area of the survey includes the outcrop of the Halls Peak Volcanics, in which volcanic ash, lava flows and sediments host the previously mined base metal deposits at Halls Peak.

This detailed surveying will allow modelling and evaluation of potential bodies of mineralisation. From this, the base metal targets generated will be prioritised for field evaluation.

VTEM surveys penetrate greater than 400 metres beneath the surface, and have been instrumental in locating numerous examples of hidden base metal deposits, which were subsequently drilled to yield large bodies of high-grade base metal mineralisation.

#### **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, 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.