QUARTERLY ACTIVITIES REPORT

This quarterly activities report is dated 27 April 2012 and is for the three months ending 31 March 2012.

Corporate

During the reporting quarter, Raffles increased its shareholding in Hudson Investment Group Limited (ASX: HGL) to 34.4% and increased its shareholding in Hudson Resources Limited (ASX: HRS) to 9.57%.

Raffles' register snapshot

On 31 March 2012, Raffles Capital had 23,700,359 ordinary shares on issue and nil options.

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.

Exploration

PMR 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. PMR is conducting exploration over three tenements at Halls Peak, 80 km southeast of Armidale, New South Wales, Australia. PMR's investigation of diamond core archived at the WB Clarke Geoscience Centre at Londonderry, NSW continues to identify previously unrecognised mineralisation.

PMR continues to systematically log and assay over 4,000 metres of core from Halls Peak, preserved at the core library. All cores from the sixteen holes drilled at Gibson's Mine have now been logged, and samples are being progressively sent for assay. Cores from other former mines within the base metal field will also be logged and sent for assay. Very little of this prospective core was assayed when the drilling was carried out in 1960s and 70s. Thicknesses of apparently mineralised rocks were not assayed at that time. This is now being remedied. PMR's investigation of diamond core collected by previous explorers and archived at the WB Clarke Geoscience Centre at Londonderry, NSW continues to identify unrecognised VMS mineralisation. The core currently being tested is from Allstate Explorations NL (Allstate) diamond drilling program conducted in 1969.

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This quarterly report contains summaries of Exploration Results and Mineral Resources as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code").

The complete reports are reported in PMR ASX announcements of 19 March and 26 March 2012. They can be viewed on the ASX website and PMR will provide these reports, free of charge, to any person who requests it.

Significant Results Reported[1]

Allstate DDH 3 6.25 metres; 3.6% copper, 14.6% lead, 21.6% zinc and 352 g/t silver

6.86 metres; 2.6% copper, 8.2% zinc, 14.2% lead and 202 g/t silver

Allstate DDH 4 17.68 metres; 4% copper, 24% zinc, 15% lead and 197 g/t silver

Diamond drill holes Allstate DDH 8 & 10 intersected the Gibsons No 1 Lode and new assays were completed by PMR. They further confirm a near vertical dip of Gibsons Lode No 1 and a 12 metre wide mineralised zone.

Allstate DDH 8

Previously unassayed Allstate DDH 8 penetrated the full thickness of Gibsons No 1 Lode at an oblique angle. It intersected 43 metres containing 0.13% copper, 0.31% lead, 1.5% zinc and 0.6 oz/t (19 g/t) silver. Within this lode, a high grade 7.5 metres intersection contained 0.4% copper, 1.2% lead, 4% zinc and 2 oz/t (62 g/t) silver. Allstate DDH 8 was located 50 metres north of section line A-B (Figure 3). This hole demonstrated that Gibsons No 1 Lode is a wide zone of rock movement and crushing. The mineralised zones do not appear to be related to specific rock types, and zones of high-grade mineralisation are surrounded by softer altered rock. This suggests that Gibsons No 1 Lode has developed as a stockwork of mineralised bodies, perhaps broken up in parts, within a large and elongate zone of sheared and altered rock.

Allstate DDH 10

Allstate DDH 10 was parallel to the A–B section, but 20 metres to the south and has assayed 4.6% copper, 23.1% zinc, 13.6% lead and 19.1 oz/t (594 g/t) silver over 0.9 metres.

These highly mineralised rocks are overlain and underlain by zones with poor recovery of a few mixed rock fragments, including base metals, which are either a soft alteration zone or fault containing harder rock fragments, or old mine workings.

This high grade bed is overlain by a 23.8 metres thick zone of bedrock cemented by a black matrix and carrying highly anomalous grades of 0.1% copper, 0.4% lead, 0.2% zinc and 0.4 oz/t (12 g/t) silver.

0.9 metre of core loss in unconsolidated sand at the base of Allstate DDH 10 is consistent with the hole terminating just within the sheared and soft eastern edge of Gibsons No 1 Lode.

Gibsons Mine

Gibsons No 1 Lode was also intersected at a depth of 40 metres by the "Dry Tunnel", originally opened up in 1914, and was shown to comprise "country rock, very siliceous" and thin bands of high grade mineralisation. No assays of this mineralisation were completed (NSWGS Report 37, 1963). This silicification of the bedrock demonstrates flow of mineralising solutions within Gibsons Lodes, and the possibility that the mineralising system is continuing to depth.

Figure 1 – Bedded High Grade Base Metal Mineralisation in Outcrop, Gibsons Mine, Halls Peak

Three lodes carrying base metal and silver mineralisation have been identified at Gibsons Mine and their lateral and vertical extent has not yet been defined.

These zones have been historically mined by underground tunnels and open cuts in the past, and the extracted high grade direct shipping ore was railed to the Cockle Creek smelter near Newcastle, and directly smelted. Lodes 1 - 3 are shown on Figure 3, together with the historical open cuts and underground mines which produced from them. Each of these lodes is over five metres wide and extends for at least 250 metres, with poor outcrop due to surface weathering.

Bedrock has been crushed and altered to clays within these lodes, with faults (bedrock fractures with movement) forming their boundaries. These lodes are zones of weakness up which vents carrying base metal to the former sea floor have developed, and in places they have been filled with massive base metals. These vents may have been broken up by the fault movement in the bedrock in many places, forming discontinuous pods enclosed within the lower grade crushed rock.

These pods of banded zinc-lead-copper mineralisation range from centimetre fragments to large elongated bodies over 25 metres in length. The banding and high copper content within them suggest an origin as vents depositing base metals on the overlying sea floor. Narrow but high grade veins of mineralisation extend at right angles from these larger lodes, and have also been mined in the past. Smaller pods of high-grade base metals also occur throughout the surrounding bedrock.

Diamond drill holes DDH 3 & 4 intersected the Gibson's No 1 Lode and confirmed the grades obtained previously in Allstate DDH 6, drilled beneath them. The holes were drilled and partly assayed in 1969, but comprehensively logged and assayed only recently by PMR. They confirm a near vertical dip of Gibson's Lode and a 12 metre wide mineralised zone.

For further information please contact

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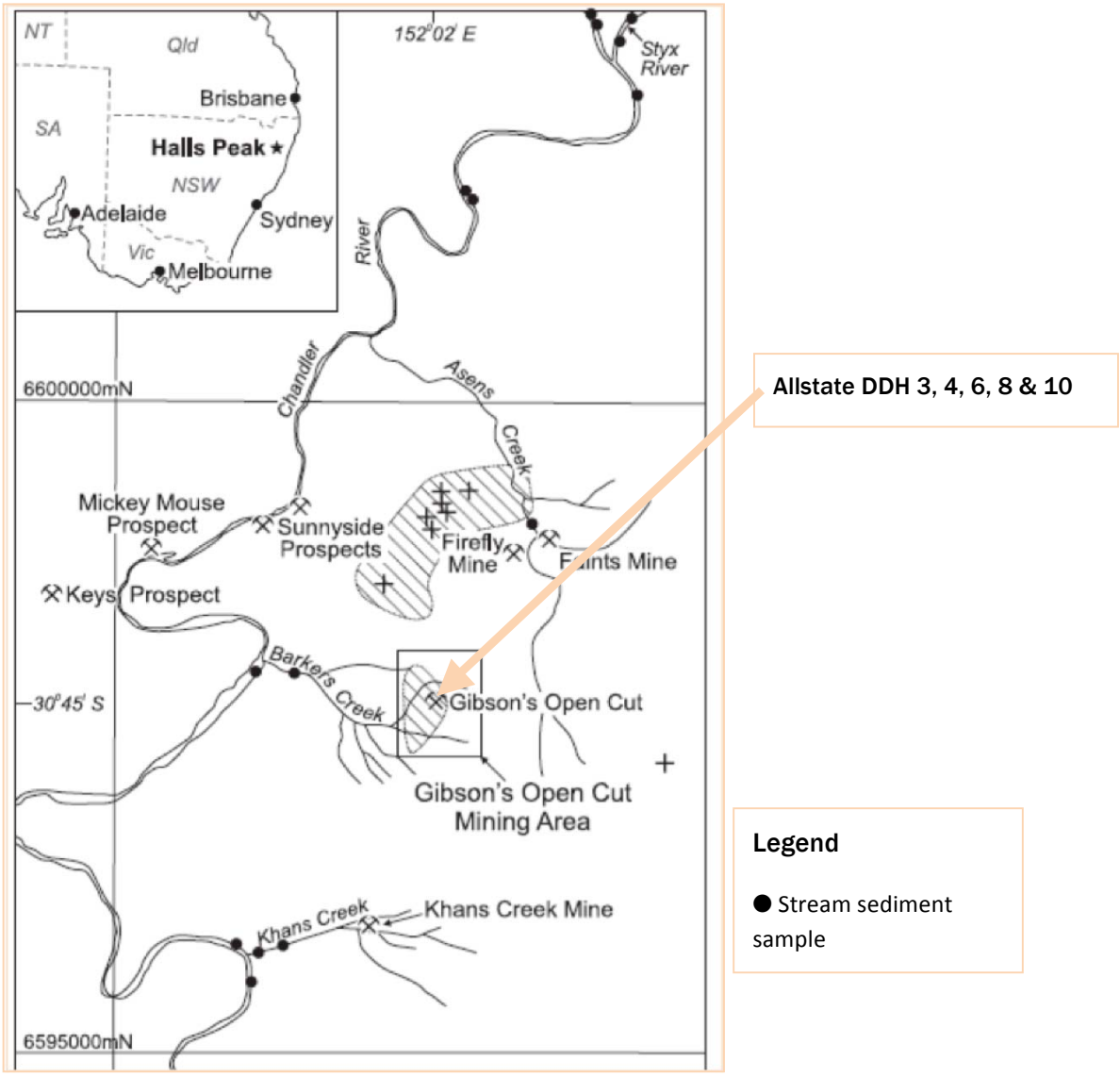

Figure 2 – Gibson Open Cut location map

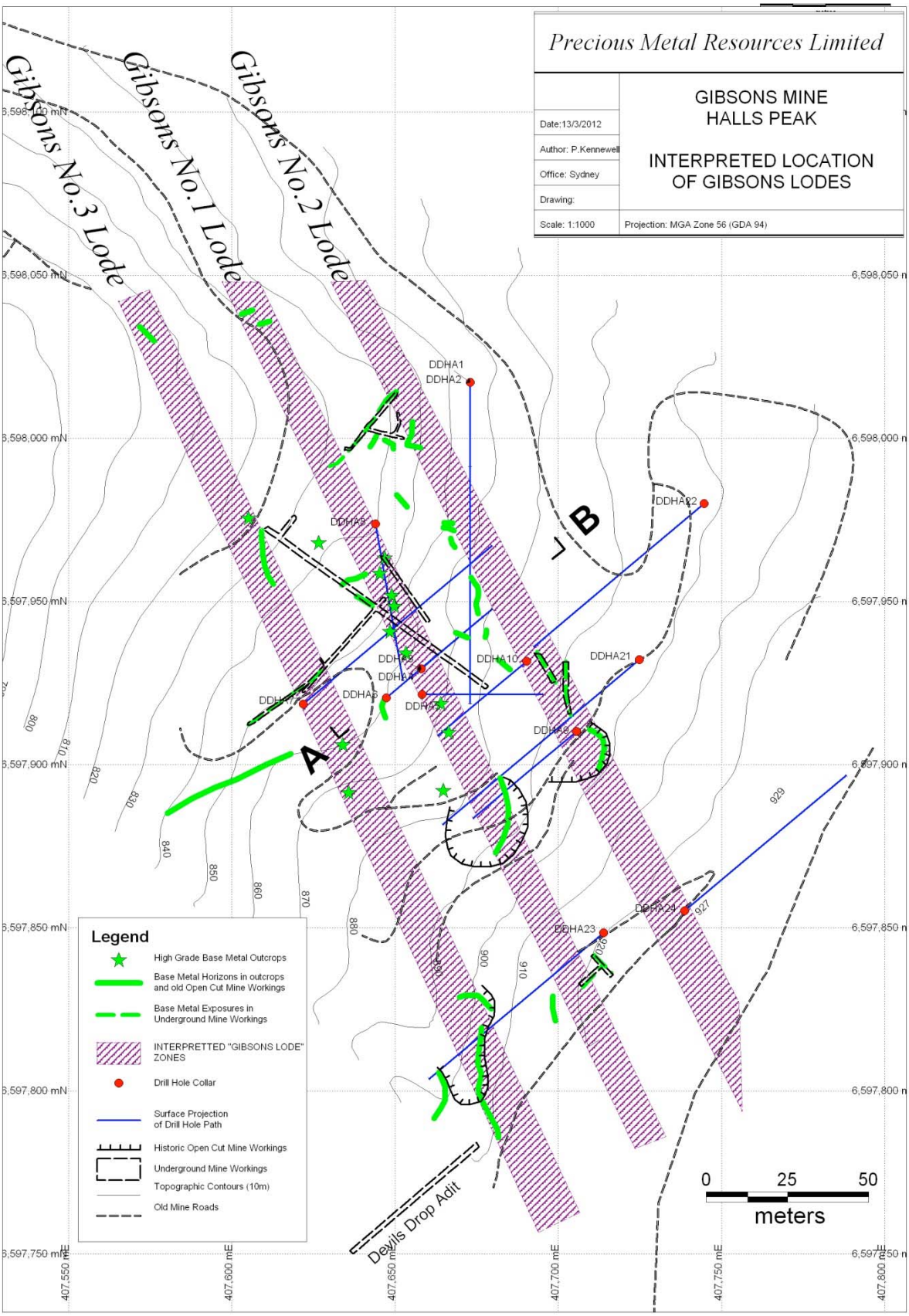

Figure 3 - Gibson's Lodes, Old Mines and Known High Grade Mineralisation

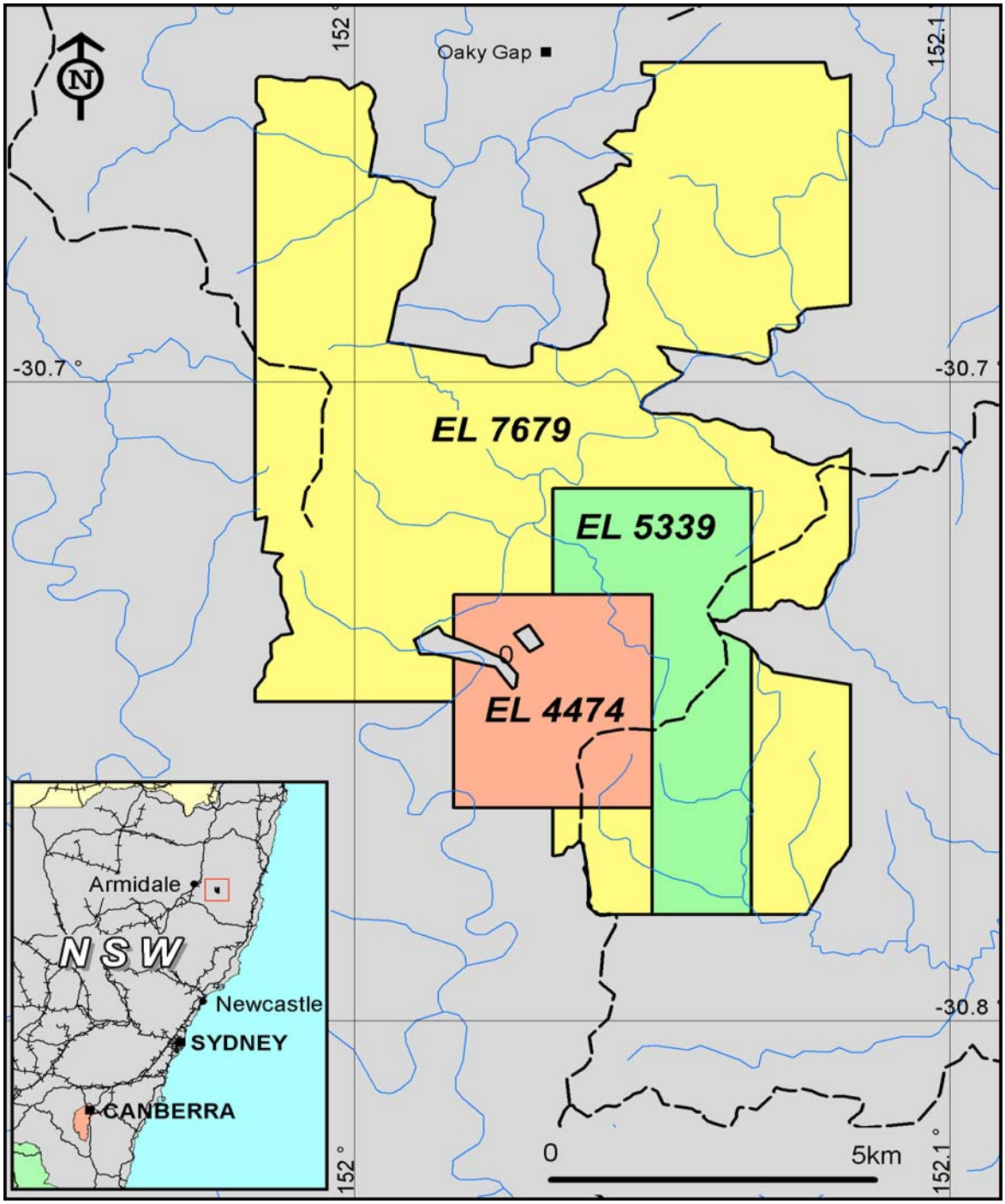

Figure 4 – The PMR Tenements, located 80 km southeast of Armidale, New South Wales, Australia.