



RAFFLES CAPITAL LIMITED

QUARTERLY ACTIVITIES REPORT

This quarterly activities report is dated 31st October 2012 and is for the three months ending 30th September 2012.

Raffles' register snapshot

On 30th September 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 (PMR)

Sovereign Gold Company Limited (**Sovereign Gold**) (ASX: SOC) mounted a takeover bid for PMR in July 2012. Raffles accepted into the bid for 41,250,000 PMR Shares and acquired 37,125,000 Sovereign Gold shares, representing 26.68% of Sovereign Gold.

Sovereign Gold

Sovereign Gold is exploring large Intrusion-Related Gold Systems (IRGS) at the Rocky River-Uralla Goldfield in New South Wales and other gold prospects in the Eastern and Central Gold Belts of Peninsular Malaysia.

Sovereign Gold's Rocky River-Uralla Goldfield Project covers 2,940 square kilometres. The project is located around the township of Uralla, 21km southwest of Armidale, New South Wales, Australia, with access to infrastructure. It is close to major roads, rail, airport, labour source, university, power, and engineering.

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Sovereign Gold's exploration objective is to locate the hard rock gold sources.



Exploration – Sovereign Gold Company Ltd (ASX: SOC)

An extensive exploration programme is underway at EL 7768 and EL 7491, funded under the terms of the SUGEC Cooperation Agreement announced in March 2012, whereby SUGEC can earn a 30% interest through expenditure of \$2 million in each respective tenement.

Highlights

- Regional portfolio expansion – identification of unexplored mineral fields which are considered highly prospective
- Drilling at Frasers Find intersects mineralisation along 215 metres of strike of the lode on EL 6483 in the Rocky River – Uralla Goldfield
- Significant new potential gold targets discovered following airborne geophysical survey
- New Cyprus-type Copper Deposits and Gold Targets – EL 7770

Regional Portfolio Expansion

Sovereign Gold has identified underexplored mineral fields considered highly prospective, especially for gold and copper and lodged Exploration Licence Applications (**ELA**) over them.

Many of these mineral fields have received little or no exploration over the last 40 years. In many cases new understanding of the mineral forming systems combined with modern exploration techniques (such as airborne geophysics) will test mineral endowment. Sovereign Gold's objective is to discover an economic deposit in one or more of these areas.

ELA 4645 and ELA 4648 are adjacent to EL 7770 that is host to Volcanic-associated Massive Sulphide (**VMS**) polymetallic (especially copper) mineralisation.

VMS deposits of this type may vary in size from <1 million tonnes to over 100 million tonnes and represent an extremely worthwhile target. (Blayden, Geological and Management Services Pty Ltd, 2007).

Very little modern exploration has been conducted within the application areas. The principal objective is to develop geological models to interpret the formation and scale of the hard rock gold, base metal and antimony mineralisation within the ELAs with the ultimate aim of drilling selected areas to JORC resource standards. Sovereign Gold has developed a specialist team for exploration of IRGS that can evaluate the presence of diagnostic IRGS characteristics and locate structural and magmatic controls on gold deposition.

Sovereign Gold's core activity is exploring the large IRGS of the Rocky River-Uralla Goldfield and these new applications are a synergistic extension of that activity.

Drilling at Frasers Find Intersects Mineralisation over 200 Metres of Strike Length

In March 2012, Sovereign Gold located the original shaft at Frasers Find on EL 6483 in the Rocky River–Uralla Goldfield.

The first phase exploration program was completed with drilling intersecting gold mineralisation along 215 metres of strike of the lode. Further drill holes are planned to follow the extensions of strike.

Costeaming has exposed mineralisation for 305 metres along strike, still open at both ends. This structure is a large gold-bearing target.

The main shaft at Frasers Find is situated 2.8 kilometres northeast of Martins Shaft further confirming the large scale of the newly identified Rocky River–Uralla IRGS.

The mineralisation is widening in the direction of the predicted fluid source (small interpreted blind pluton indicated by coinciding sub-circular magnetic and radiometric anomalies). Diamond hole SGRDD032, closest to presumed interpreted blind pluton, encountered sulphide-rich alteration veins extending intermittently down hole in granodiorite from 20.8-54.7 metres (end of hole), showing that ground



fracturing and migration of gold-bearing fluids is intensifying to the south-west along strike toward the interpreted mineral-bringing pluton. The main mineralised lode intersected in all holes is around 1 - 2 metres wide and portions of this are associated with large percentages of sulphides similar to the high-grade mineralisation assayed from dumps (up to 2.47 ounces of gold, 1.79 kilograms of silver and 5.95% lead per tonne) adjacent to the main Frasers Find Shaft.

Several drill holes have been assayed and results are yet to be received.

The emerging mineralisation at Frasers Finds, along with that already discovered at Martins Shaft supports Sovereign Gold's original global Exploration Target¹ of 750,000 to 1.5 M oz. of gold, consisting of several satellite mineralised zones of 50,000 to 100,000 ounces Au each along the mineralised structures within the field.

Over 30 gold mines/prospects and geophysical and geochemical anomalies are yet to be drilled tested within this large gold-bearing IRGS. The drilling and trenching has shown the main mineralised structure extends right to grass roots. The deepest downhole drill intersection of the main mineralised structure to date is around 40 metres. Mature drilling of similar Intrusion-Related Gold System structures within Australia and overseas has shown these to be typically deep tapping structures that extend beyond 480 metres vertically (limit of drilling). The Majors Creek Dargues Reef IRGS (Cortona, Braidwood, NSW) extends to at least 480 metres vertically.

Significant New Potential Gold Targets Discovered Following Airborne Geophysical Survey

- 36 prioritised targets identified that are potential sites for the passage and deposition of gold-bearing fluids.
- Many are new targets, others coincide and reinforce the potential of several mineralised sites already scheduled for the current diamond drilling campaign.
- Significant new target area of at least 4km N-S and E-W encompassing the Goldsworth Mine.
- Many anomalies being assessed and further updates to follow.

Analysis was completed of results of the Fixed Wing Geophysical Survey conducted by Thomson Aviation. The low level magnetic and radiometric survey has provided a very detailed structural image for identifying potential conduits for gold-bearing fluids. The radiometric survey has helped define the extent and alteration of individual dykes and dyke swarms.

Sovereign Gold's specialist IRGS exploration team has applied modern exploration methods to identify diagnostic IRGS characteristics and locate structural and magmatic controls on gold deposition. The airborne geophysical survey has been very successful in establishing potential sites for the primary source of the gold deposited in the Rocky River-Uralla Goldfield. This has resulted in the identification of a number of new high priority targets that may eventually result in this large IRGS area being established as a major source of gold reserve and development.

Several magnetic targets along the Bonanza Dyke have been modelled including that associated with the Goldsworth Mine Structure. Simulated modelling shows the responsive body of the structure has a large strike length (2,000 metres) and yet in places is a relatively shallow drill target (32 metres below ground, dips SE).

¹ 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.



EL 7770 – New Cyprus-type Copper Deposits and Gold Targets

- Multiple, high grade, small copper deposits originated through submarine activity. Deposits of this type may vary in size from <1 million tonnes to over 100 million tonnes² and represent an extremely worthwhile target.
- Modern exploration techniques and new understandings of copper deposit forming processes to be applied to several hundred square kilometres.
- Fishers Copper Mine, recent assays of mineralisation, copper results up to 5.59% per tonne and gold up to 8.8 grams per tonne.
- Historic drill holes with intercepts up to 5.45% copper per tonne. Not previously investigated.
- Virtually no exploration for 41 years.
- These copper targets will respond well to modern airborne geophysical techniques (VTEM and magnetics); the right geological setting for a large, concealed deposit.

Within the Woolomin-Myra Beds (north and south of Tamworth New South Wales) twenty-one copper deposits of volcanic exhalative origin have been discovered. Sovereign Gold has several hundred square kilometres (EL 7770 and adjacent ELs and ELAs) of this copper endowed VMS depositional environment that contains most of the significant historical copper mines. In similar ancient sea floor copper terrains around the world large bodies of Cyprus-type VMS copper deposits can be present in the order of several million tonnes.

With new exploration concepts and modern exploration techniques Sovereign Gold believes the area is suitable for new discoveries to be made.

The size of the known copper deposits varies from a few thousand tonnes up to about 35,000 tonnes. The mineralised copper lenses range from 15 – 300 metres long and from <0.5 – 10 metres wide and can extend vertically over 150 metres. Records indicate the copper content of many of these deposits ranges between about 2 per cent and 4.5 per cent, although some exceptionally rich mineralisation from Fishers mine, including some secondary sulphides, contained an average of more than 15 per cent copper.

A number of Cyprus-type submarine exhalative copper-rich deposits occur within EL 7770. These include deposits such as Trough Gully and Fishers Copper Mine from which 2,572 tonnes and 2,643 tonnes of copper mineralisation were produced respectively. Assays of mineralisation from Fishers Copper Mine showed it also contained about 30 grams/tonne silver and 1.5-3 grams/tonne gold. Several other copper deposits are known and require follow-up exploration (GS2009-0901 R00037944).

Massive sulphide deposits respond well to a range of modern geophysical techniques. Electromagnetic and induced polarisation methods have been successfully used to locate buried VMS deposits making them a favourable target. Sovereign will utilize state-of-the-art airborne VTEM geophysical technology that is capable of locating VMS deposits to depths of up to 300 metres. With 21 small deposits already discovered, there is a high probability of a large concealed deposit. VTEM gives a junior explorer some of the power of a major – providing you hold the right prospective ground – and this case Sovereign Gold certainly does.

Economic Potential of EL 7770 based on Comparisons with Better Documented Volcanogenic, Massive Sulphide Deposits

The mineralisation in EL 7770 shows many similarities to volcanogenic sulphide deposits throughout the world. These characteristically occur in clusters of several deposits. Consequently, sea-floor terrain volcanic belts containing one or two known massive sulphide deposits (such as EL 7770) are prime exploration targets.

² 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.



The most important question relevant to EL 7770 is: are undiscovered deposits likely to be of a similar quite small size to those already discovered or are larger commercial deposits possible? Literature research suggests the latter answer. The pyrite-chalcopyrite deposits of Cyprus do vary quite considerably (20 million tons down to a few thousand tons; of a total of 88 deposits, 23 have been mined); as do Canadian sulphide ore bodies, e.g. in the Matagami district the size ranges from 120,000 tons at Radiore to 20 million tons at Matagami Lakes Mines.

At EL 7770 there is undoubtedly room for large deposits to occur since the limit of favourable horizons has not been defined as there are several hundred square kilometres of potential terrain to explore

Target for Large Stratabound Exhalative Gold Deposits

EL 7770 also contains over 22 gold prospects including 12 in the Limbri area that could potentially be indicative of larger, stratabound exhalative gold deposits. Ashley 2012 notes Gilligan and Brownlow (1987) commented “on the small gold workings in the Limbri area having an association with chert-jasper and speculated on a possible gold source being in part derived from submarine exhalations that deposited the siliceous sedimentary rocks. There was an inference that mineralisation could be potentially more extensive and substantial if it were essentially “stratabound” in chert-jasper and not necessarily all of small narrow vein type.” Blayden (Geological and Management Services Pty. Ltd, 2007) noted that: “Detailed mapping and sampling of five diggings was undertaken with gold grades of up to 28 g/t being obtained from samples.”

Sovereign Gold - 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 2004 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.

JORC Code Compliant Public Reports

The Company advises that this Quarterly Operations 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 following table references the location of the Code-compliant Public Reports or Public Reporting on which the summaries are based. These references can be viewed on the ASX and the Company’s website (www.sovereigngold.com.au). The Company will provide these reports, free of charge, to any person upon request.

Release Date	Title of Notice as lodged with ASX
10/09/2012	Regional Portfolio Expansion Restated
11/09/2012	Amended: Frasers Find Exploration Progress
17/09/2012	Airborne Survey Targets Confirmed
25/09/2012	EL 7770 New Cyprus-type Copper Deposits and Gold Targets



Exploration – Precious Metal Resources Ltd (ASX: PMR)

PMR has established a regional state exploration strategy

PMR has significantly expanded its portfolio of exploration tenements over three regional centres of NSW:

Armidale	Three granted exploration licences; eight exploration licence applications
Goulburn	One granted exploration licence
Broken Hill	Seven exploration licence applications

Three major silver-lead-zinc-copper provinces are being targeted:

- Armidale – the New England Orogen, with additional ground and commodities to our current holdings at the Halls Peak base metal field
- Goulburn – the Lachlan Orogen near the former world class Woodlawn Mine
- Broken Hill – the Willyama Complex, the largest historical base metal producer in the world

Each regional centre provides existing infrastructure, skilled workforce and offers a full range of services.

The aim of this strategy is to grow PMR from a sole project explorer to one with a multifaceted portfolio. The projects are diversified and include several different but related commodities. The object is to further grow PMR with a diversification of commodity and occurrence risk.

Major VTEM Anomalies Identified at Halls Peak Base Metal Field

PMR's airborne geophysical contractors Geotech Ltd (Geotech), completed the aerial component of a Versatile Time-Domain Electromagnetic (VTEM) geophysical survey over its base metal project at Halls Peak.

The VTEM survey is being conducted with the cooperation and funding of Jiangsu Geology and Engineering Co. Ltd. (SUGEC) of Nanjing, China who are funding exploration on EL 7679 in the amount of \$2 million before 31 March 2014 at which time SUGEC will be entitled to a 30% interest in the tenement. SUGEC has contributed the cost of flying the survey over EL 7679; PMR has funded the survey over EL 4434 and EL 5337.

The VTEM helicopter survey recently flown over the Halls Peak silver-copper-lead-zinc field has identified major VTEM anomalies. The next phase of exploration will include drilling to determine whether these are due to massive silver-copper-zinc-lead sulphide deposits, similar to those mined in the surrounding area.

Detailed interpretation is underway to determine the nature and shape of each conductive zone recorded, particularly of the deeper parts of the anomalies, to precisely determine their extent, their dip, and their conductivity. This will allow prioritising of the drill targets for more detailed location, and then drilling. This detailed interpretation is currently being completed by geophysical consultants Southern Geoscience, and will be soon be available.

High Grade (342 oz/t /10,650 g/t) silver over 0.18 metres – CEC Faints DDH 2

PMR's investigation of diamond core from its Halls Peak exploration site, 80 km southeast of Armidale, archived at the WB Clarke Geoscience Centre at Londonderry, NSW continues to identify previously unrecognised mineralisation. The core currently being tested is from the Carpentaria Exploration Company Pty Ltd (CEC) diamond drilling program conducted in 1971. Re-assaying of CEC Faints DDH 2, near the former Faints Mine at Halls Peak, NSW, has demonstrated extreme grades of silver: 342.4 oz/t (10,650 g/t) of silver were present over an intersection of 0.18 metres. This rock carries 1.065% silver.

This mineralisation was within a larger and previously unassayed silver – copper – lead - zinc rich intersection of 2.47 metres.



Induced Polarisation Survey

A digital presentation was prepared of an induced polarisation survey previously completed over the Faints-Firefly area in 1971 by CEC (GS 1971/749), making its interpretation much clearer. Flat lying low-grade zones containing fine sulphide minerals and possibly including lead and iron sulphides and silver bearing copper-iron sulphide, may be present in these zones (red), which extend east-west for about 400 metres.

This flat lying sulphide-bearing zone is interpreted as being penetrated by the upper part of CEC Faints DDH 2.

It is also interpreted as being penetrated from the surface in Halls Peak DDH 11, possibly with reduced copper and zinc grades due to near surface leaching.

Small higher grade areas within this zone have been mined in the past both at Faints Mine, where 2,060 tonnes of mineralised rock were mined at 17.4 oz/t silver, 1% copper, 19.8% lead and 26.2% zinc, and at the nearby Underlay Shaft Mine, 50 metres to the west (Dorrigo Metallogenic Map, GSNSW, 1992).

Beneath this flat-lying low grade zone, one of possibly many very high grade silver bearing feeder vents is interpreted to have been intersected at depth by CEC Faints DDH 2. Such mineralised feeder vents are typified by high copper grades, which are also present. Mineralising fluids are interpreted to have risen within these vents through the underlying rocks. The transported metals were then deposited in high grade “black smoker” mounds of base metal sulphides, and in black shales on the sea floor surrounding the vents. These are now represented by the flat lying low grade zone.

PMR – 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.

JORC Code Compliant Public Reports

PMR advises that this extract from PMR’s Quarterly Operations 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 following table references the location of the Code-compliant Public Reports or Public Reporting on which the summaries are based. These references can be viewed on the ASX and PMR’s website (www.pmr.com.au). The Company will provide these reports, free of charge, to any person upon request.

Release Date	Title of Notice as lodged with ASX
06/09/2012	PMR established regional state exploration strategy
10/09/2012	Major VTEM Anomalies identified at Halls Peak Base Metal Field
21/09/2012	342 oz/t (10,650 g/t) silver over 0.18 meters – CEC Faints DDH 2