



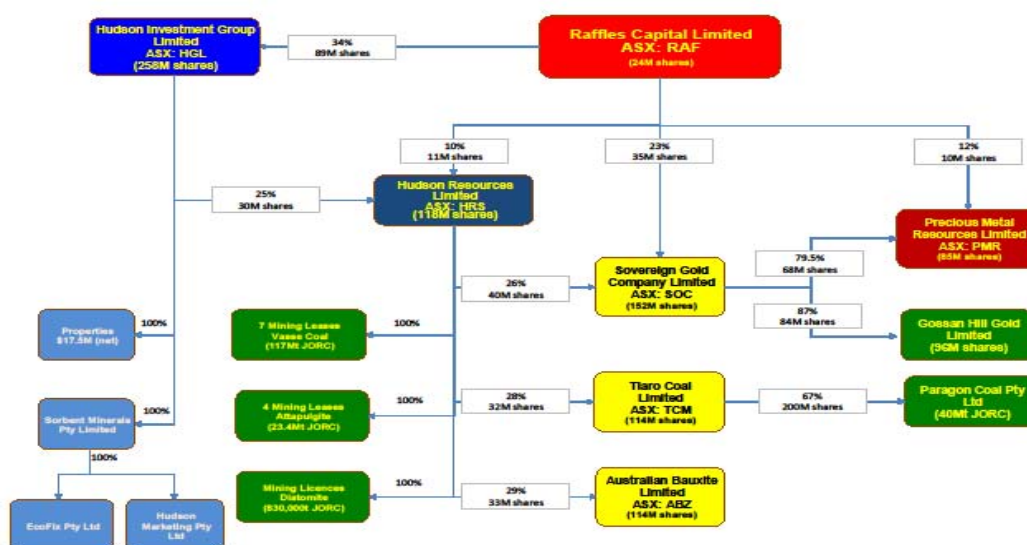
QUARTERLY ACTIVITIES REPORT

This quarterly activities report is dated 31st October 2013 and is for the three months ending 30th September 2013.

Raffles' register snapshot

On 30th September 2013, Raffles Capital had 23,700,359 ordinary shares on issue and nil options.

Raffles' business snapshot (30 September 2013)



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.

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

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



Sovereign Gold Company Limited (ASX: SOC) (23.19%)

Raffles holds 35,184,667 Sovereign Gold Company Limited (**Sovereign Gold**) shares, representing 23.19%.

Gossan Hill Gold Limited

Gossan Hill 2013 exploration program fully funded (ASX 9 October 2013)

Gossan Hill entered into a share subscription and option agreement (Subscription Agreement) with ICP Ltd., a company listed on the Catalist board of the Singapore Exchange Securities Trading Limited, through its wholly owned subsidiary, AceA Resources Pte. Ltd (AceA).

Gossan Hill currently has 96 million shares on issue. Gossan Hill shareholders will be asked to approve a pro-rata issue to increase this to 192 million shares prior to completion of the Proposed Subscription.

Under the Subscription Agreement, AceA will subscribe for 40 million new ordinary shares (Subscription Shares) representing 17.2% of the enlarged share capital of Gossan Hill, at a subscription price of A\$0.05 (Subscription Price) for each Subscription Share (Proposed Subscription) for a total A\$2,000,000.

Pursuant to the terms of the Subscription Agreement, upon completion of the Proposed Subscription, AceA will be granted 40 million options (Option), entitling AceA to subscribe for an aggregate 40 million new ordinary shares (Option Shares) in the capital of Gossan Hill at A\$0.10 (Exercise Price) per Option Share. The Option is exercisable to the end of 3 years from completion of the Proposed Subscription. Exercise of the Options would provide an additional A\$4 million of funding to Gossan Hill.

Sovereign Gold currently holds 87% of Gossan Hill. All options will have an exercise price of A\$0.10 with a term of 3 years from Completion. Exercise of all the options would provide A\$13.8 million of funding to Gossan Hill.

Separately, Sovereign Gold has entered into a put option agreement with AceA, whereby AceA, at any time during the one month period commencing 1 December 2013, can require Sovereign Gold to purchase from AceA the Subscription Shares and the Option at the exercise price of A\$2,000,000. This is to enable AceA to complete due diligence to its satisfaction.

Exploration Highlights

- Gossan Hill 2013 exploration program fully funded
- Increase in Hobbs Pipe 1 JORC resource estimate to 650,000 ounces gold (1.23 g/t) @ 0.75 g/t cutoff
- 3DIP undertaken, completed in early October

Gossan Hill

The Gossan Hill, Mt Adrah Project is approximately 23km north west of the township and old gold mining centre of Adelong, in NSW. The Hobbs IRGS deposit is close to good infrastructure (power, transport and water) and is held within EL 6372, EL7844, EL 8127 and ELA 4868.

Sovereign Gold acquired Gossan Hill and Mt Adrah based on the view that Hobbs Pipe 1 could extend at greater depth and that there was potential to find other pipes or intrusions in the area. Also, Sovereign Gold held the view that recent advances in treatment of refractory ores (e.g. by the BIOX oxidation process) could raise the project to economic status.

Geology and mineralisation

Hobbs Pipe 1 is observed at surface as an elliptical 110x200m outcrop of weathered, felsic intrusive rock. Drilling has showed that the intrusion is a pipe that dips slightly to the north and extends at depth to at least 1000m. The pipe is hosted by greenschist facies metasedimentary and metavolcanic rocks typical of the Lachlan Fold Belt. Hornfels, garnet-pyroxene skarn and mineralised felsic intrusives are observed adjacent to the pipe. The host metasediments are likely of Ordovician age, as is Hobbs Pipe 1 itself. Examination of fresh core reveals the gold-bearing intrusive to be an equigranular, sericitically altered, medium grained quartz monzodiorite.

Gold is predominantly held in disseminated sulphides (pyrite-arsenopyrite) but is occasionally visible in quartz veins. Lithology, mineralisation and alteration are surprisingly (though homogeneous from surface to at least 1000m depth. A second small (~5m²) monzodioritic outcrop, Hobb SE, occurs 800m to the south-east of Hobbs Pipe 1.



During the September Quarter, Sovereign Gold (through Gossan) has focused on diamond core drilling of the outcropping Hobbs Pipe 1 and adjacent rock mass, and a local ground based geophysical survey (3D-IP) to highlight further drill targets. Six DC holes have been completed to date with a seventh in progress (Table 1).

Hobbs Pipe 1 Drilling Summary

Hole ID	Bearing	Dip	Total depth (m)	Lithology	Significant results
GHD001	-	-90	1030	Quartz monzonite	Confirmed depth: 886m @ 1.2g/t Au from surface, mineralised to end of hole (EOH)
GHD004	22	-77	1030	Monzodiorite	Confirmed pipe width of 110m: includes 514m @ 1.2g/t Au; mineralised to 942m.
GHD005	105	-75	333	Quartz monzonite, skarn, monzodiorite	Left monzodiorite mineralisation at 100m; entered potassic monzonite near EOH, suggests multiple magmatic phases.
GHD006	299	-83	856	Quartz monzonite	Includes 178m @ 2g/t from 400m within 826m @ 1.3g/t from surface
GHD007	50	-85	924	Quartz monzonite, skarn	Alteration and qtz stockwork veining in skarn. Suggests gold mineralisation outside pipe. Assays pending.
GHD008	255	-75	+500	Quartz monzonite	Testing western margin of pipe. Assays pending.
GHD009	~40	N/A	N/A	N/A	In progress. Targetting "Castor" 3D-IP anomaly

Table 1 – Drill Hole Summary

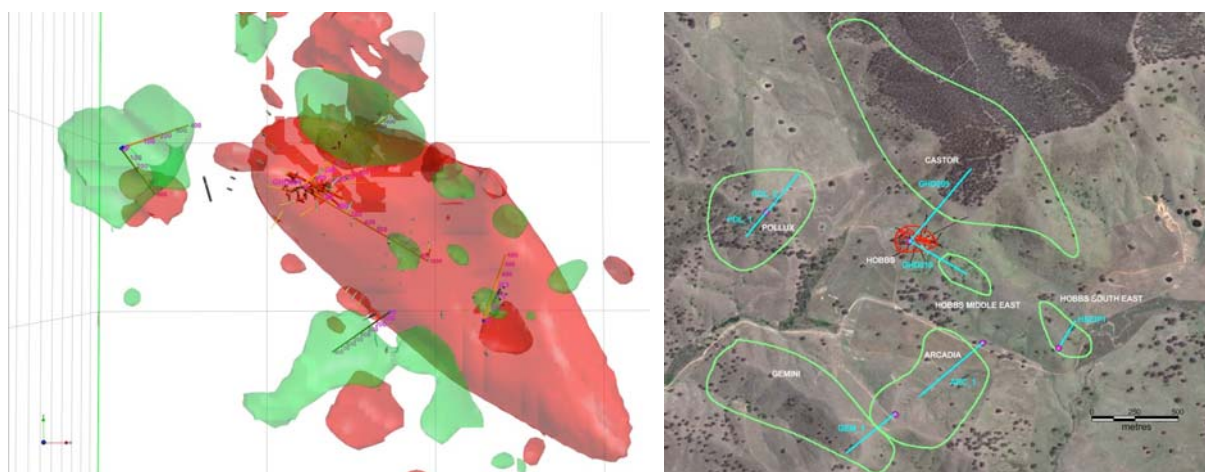
JORC Resources

Hobbs Pipe 1 in EL 6372 has a JORC compliant 650,000-ounce resource, consisting of:

Category	Tonnes‡	Grade (g/t)‡	oz Au‡
Measured	2,594,000	1.21	101,000
Indicated	7,598,000	1.24	303,000
Inferred	6,175,000	1.24	246,000
	16,367,000	1.23	650,000

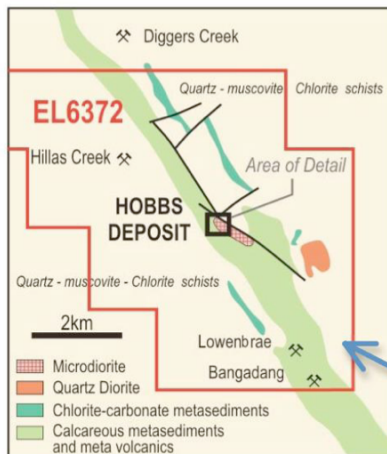
‡ At cut-off grade of 0.75 g/t. Differences may occur due to rounding.

The 650,000-ounce Hobbs Pipe 1 resource includes data from historical holes and only 2 current completed holes GHD001 and GHD004. Assays from additional Hobbs Pipe 1 holes will be used to upgrade the Mineral Resource in the December quarter.



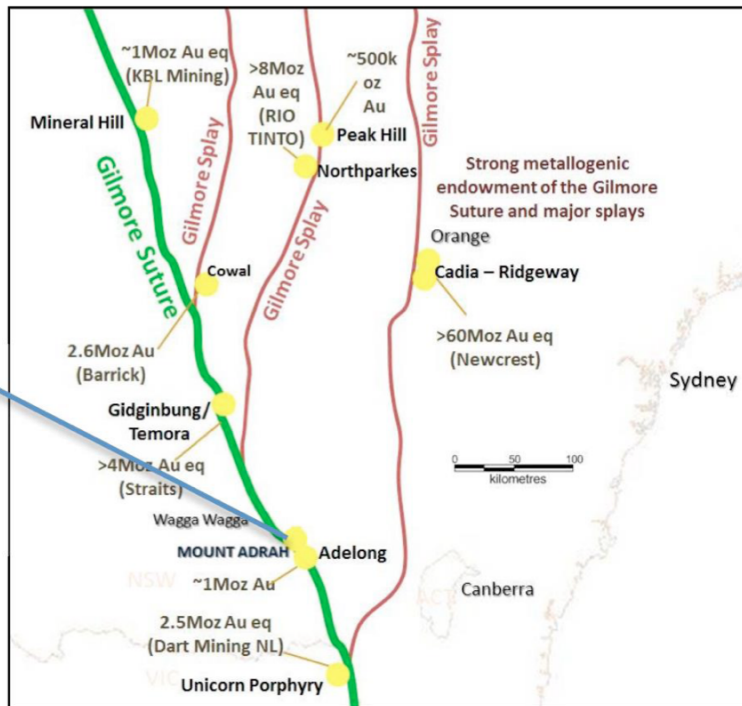
At left, results of 3D-IP showing resistivity high (red) and chargeability high (green); and, right, exploration targets with planned drilling.

A 3D-IP Survey, comprising seven arrays over a 2km x 1km area has been completed. The objective of the survey was to aid in the search of further Hobbs-style intrusions or quartz stockwork vein-hosted mineralisation. Several very significant targets, of low resistivity and high chargeability, have been defined (Figure 3). These include a large target to the north-east of Hobbs Pipe (Castor), and a small anomaly around the as-yet-undrilled Hobbs South East. Drill testing of these targets is in progress.



Location map and geological setting, EL 6372

Location of Mount Adrah relative to several world-class gold deposits situated on the Gilmour Suture and associated splays.



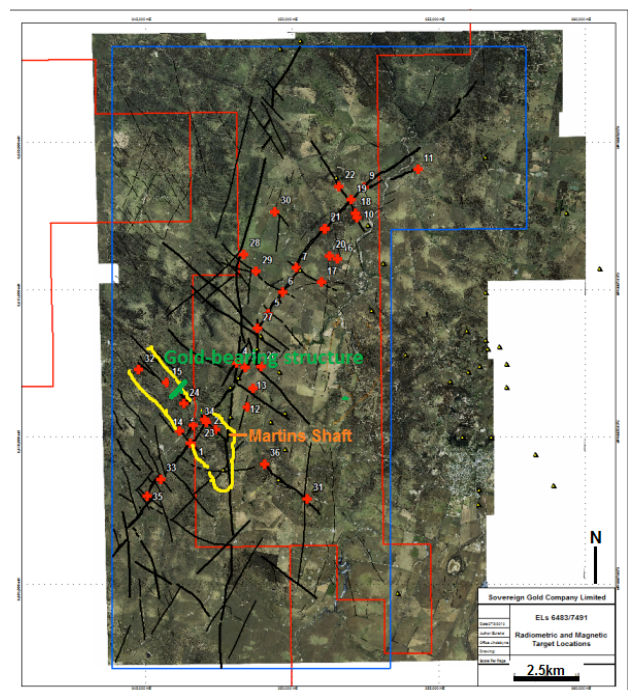
Rocky River-Uralla SUGEC J/V

Of SOC's total 11 tenements, seven are being explored under JV with Chinese state-run Jiangsu Geology and Engineering Co. Ltd (SUGEC), which is earning a 30% interest by spending an initial A\$11m (\$4m committed to date). SOC and SUGEC's main focus has been the historic Martin's Shaft gold mine and surrounding area, where a broad mineralised system measuring 11km x 6.5km has been defined. Within this area are several apparent IRG trends that strike hundreds of metres, and +15 historic (artisanal) hard rock gold mines.

At Martins Shaft, recent drill intercepts within a tonalite dyke include 22m @ 3.2g/t Au with 1m @ 22.5g/t; gold is hosted by quartz-carbonate veins and disseminated pyrite mineralisation, which begins at or near surface and extends to +110m vertical depth (open). Other targets include Goldsworth (4m @ 1.17g/t Au) and Frasers find (chip samples to 76.9g/t Au). SOC remains leveraged to exploration success at Uralla via the SUGEC investment. Drilling is currently to 600m depth at Martins Shaft and intensive regional sampling and geophysical programs are underway.

Rocky River-Uralla mineralisation deepening and widening

- Multiple dyke swarms mapped cut by north-east trending mineralised structures
- Fully funded 2,500m drilling program continues - mineralisation deepening and widening
- 1.55km Mineralised Structure - Hole ZK0001 completed (113.7m) under SGRDD036
 - Gold-bearing mineralisation and alteration over 21m from 77m - 98m including
 - 0.9 g/t Au over 2m from 79.5-81.5m
 - 1.1 g/t Au over 8m from 90.0-98.0m including
 - 3.95 g/t Au over 0.5m from 93.0-93.5m
- SGRDD036 intersected 2.72g/t Au over 5m from 7-12 metres downhole including
 - 7.8g/t Au over 1m and 12.35g/t Au over 0.5m
- ZK0003 intercepts mineralised zone from 101.0-106.7 meters deep, mineralisation continues



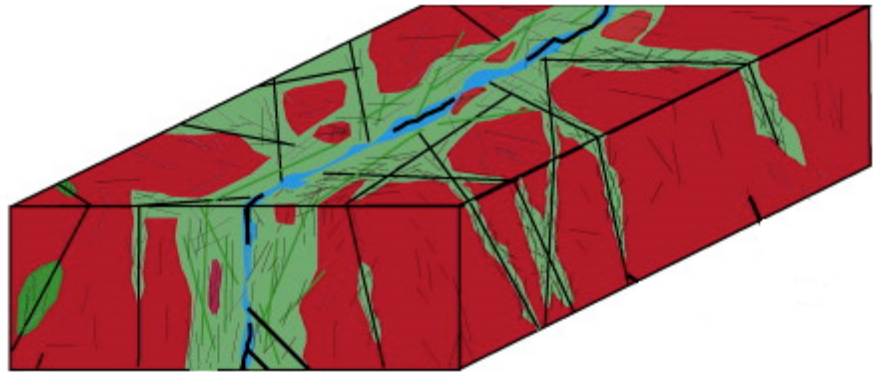


- High precision GPS (using Continuously Operating Reference Station – CORS signal) geological mapping at 1:2000 scale for detailed comparison with Donlin Creek analogue underway
- Fully funded by Joint Venture partner, SUGEC, funding \$2m exploration program on EL7491 to March 2014
- Deep drilling designed to assess full potential of 1.55km long identified gold-bearing structure
- Dual drill rigs operating simultaneously

Diamond Drilling EL 6483 and EL 7491

EL 6483 is contiguous to EL 7491 – the large Intrusion-Related Gold System (IRGS) of the Rocky-River Uralla Goldfield extends across both ELs. Following detailed geological mapping and geochemical and geophysical surveys a series of close-spaced northeast dominant mineralised structures and subsidiary semi-orthogonal structures that cut north-west trending felsic dykes have been discovered. One of the mineralised shear zones has been traced for 1.55km and is the current focus of drilling. Martins Shaft-style mineralisation has been intersected in the felsic dykes. 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 zone-fault system may represent a high level fracture fluid plumbing system developed above a potential IRGS Hobbs-style pipe.

Conceptual Target. 1.55km long northeast trending shear structure (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 500m) parallel alteration structures with similar mineralisation. The structures are flooded with quartz-sulphides and 'tongues' of felsic dykes that may be derived from a small pipe-like pluton at depth. The current target being drilled and the parallel and oblique structures occur from surface and have potential for an open-cut gold resource. Closed spaced ground magnetic and IP surveys are planned to locate conceptual deep drilling, pipe-like target that may have generated the extensive fracture system flooded with sulphide mineralisation and stringers of felsic dykes.



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.

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

True Widths

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



Precious Metal Resources Limited (ASX PMR) (11.76% direct)

Exploration

During the quarter, PMR entered into a Farm-In and joint venture agreement with Gossan Hill, an 87% owned subsidiary of Sovereign Gold, with respect to the Peel Fault Gold Project located in north eastern NSW near Tamworth. (ASX 17 July 2013). The Peel Fault Gold Project (ELs 6648, 7725, 7726, 7862 and 7863) is a major geological suture separating sedimentary rocks in the Tamworth Trough on the west from Ordovician and Cambrian deep ocean floor volcanics and sedimentary rocks to the east including a suite of extensively serpentinised ultramafic rocks adjacent to the fault. Under the terms of the agreement PMR is able to earn up to a 70% interest in the Peel Fault Gold Project through sole funding exploration expenditure of up to \$1 million. PMR can earn 35% interest through the staged development and expenditure of \$500,000 (over 2 years) and a further 35% through the expenditure of a further \$500,000 (over a further 18 months).

Crow King target for Gossan Farm-In JV (ASX 23 August 2013)

Crow King (EL 6648) is a highly prospective target in the Peel Fault Gold Project with clusters of historic gold deposits over a 6.5km NW corridor. A state of the art 3D IP geophysical survey undertaken has identified key gold target areas. PMR is planning to commence an RC drilling program and deep diamond hole with the objective to test the extent of potentially economic gold mineralisation found by Icon Resources Limited.

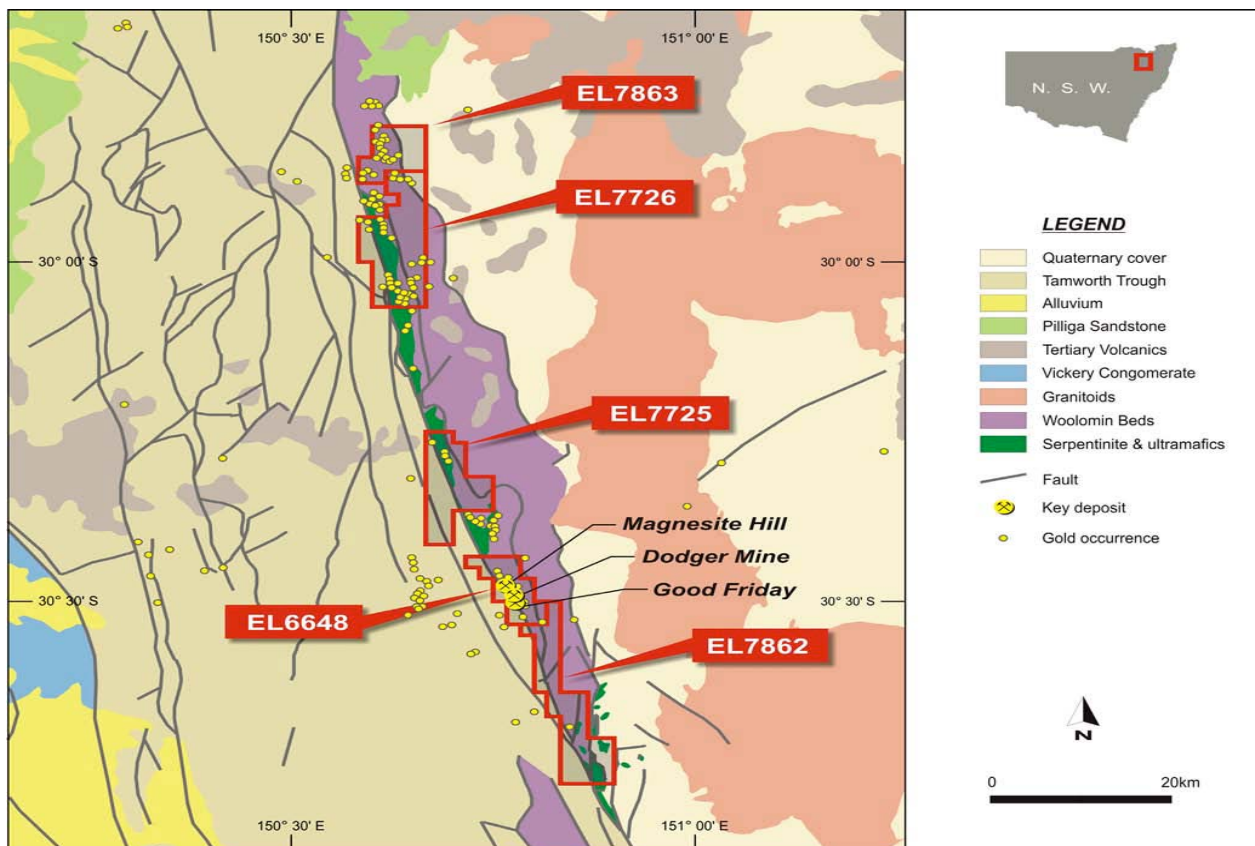
The Prospect area is very well located with respect to infrastructure, including transport, power and water. The land tenure in the tenements is predominantly freehold.

The Peel Fault is a major underexplored gold belt with three main types of mineralisation:

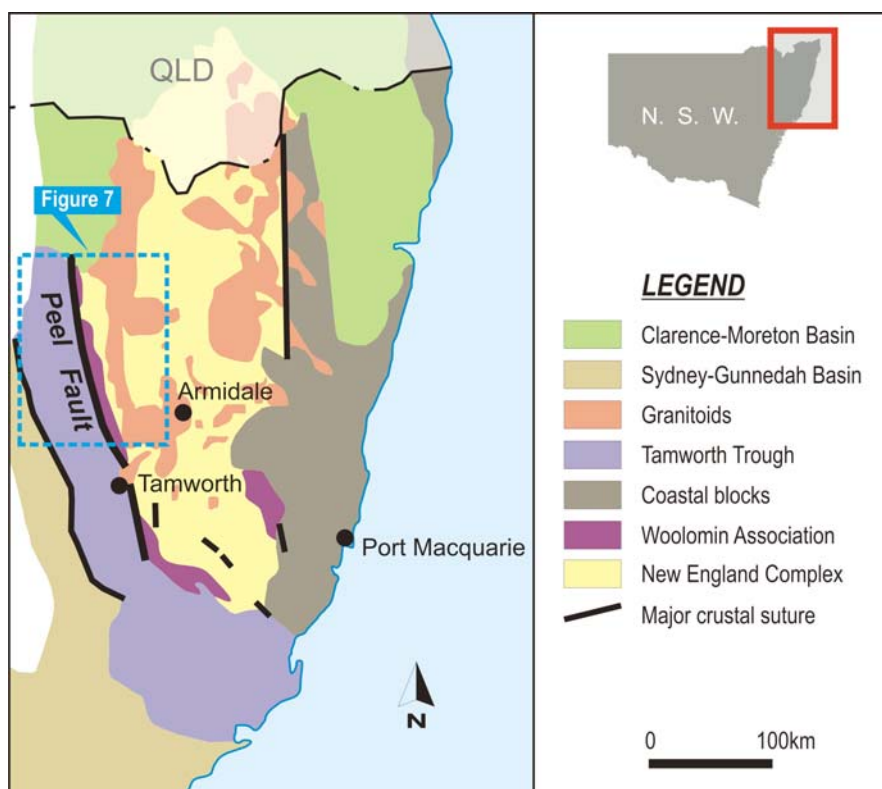
- Greenstone Belt Gold: Californian Mother Lode Au. Orogenic Liswanite (Silica-Carbonate-Au)-hosted Gold – Approximately half the World's gold has been produced from greenstone hosted deposits.
- Intrusion-Related Gold Systems (Large tonnage Au deposits). Altered gold-bearing monzonite dykes.
- High Grade Narrow Vein Orogenic Reef/Structure.

PMR has assembled a geological team with a total of over 150 years in experience with requisite technical expertise in gold exploration and mining to advise and support the exploration programme.

Peel Fault Geological team	
Dr Andrew White	45 years experience in exploration, project development, mine management and financial evaluation of mining investments
Jacob Rebek	Highly regarded mine-finder. Senior exploration management positions in CRA and Rio Tinto
Dr Kris Butera	Successful ore finder and multi-skilled geologist with extensive experience in conducting and managing gold exploration
Michael Leu	Leading expert in Intrusion-Related Gold Systems. Extensive experience in Peel Fault mineralisation potential
Peter Kennewell	45 years exploration experience in commodities in Northern NSW



Location map showing granted tenements. ELA 4760 is not shown, but is contiguous to the west of EL7726.

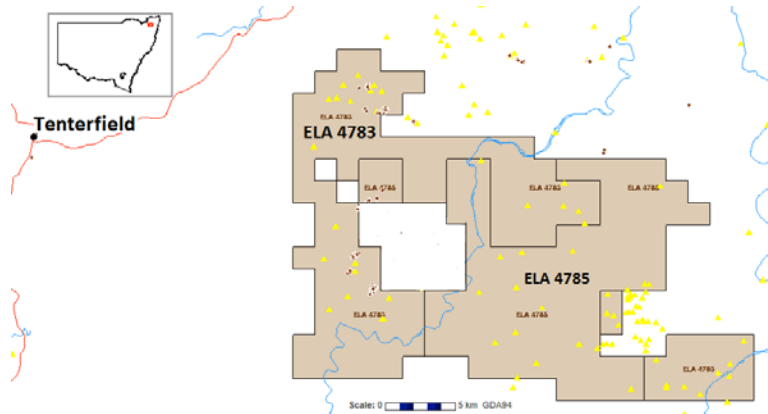


Schematic geological map of New England showing location of the Peel Fault



PMR Offered Two Highly Prospective Gold Areas (ASX 12 July 2013)

PMR advised that it has received an Offer of Grant for two areas (ELA 4783 and ELA 4785) with high potential for IRGS type gold mineralisation east of Tenterfield in Northern New South Wales. These mines and prospects have significantly bolstered the Company's growth pipeline and provide many targets for exploration and development. PMR has a highly skilled Intrusion-Related Gold System (IRGS) exploration team. They are confident that with modern exploration methods potential exists to discover a large IRGS.



ELA 4783 and ELA 4785 are located east of Tenterfield. Yellow triangles and brown circles represent historic gold occurrences and drill holes respectively.

The ELA's host several historic gold mines, some with advanced IRGS exploration targets based on geochemical anomalies and past drill hole data.

These include the historic Hortons and Surface Hill Mines.

The following extracts from public reports provide an overview of the areas offered.

HORTONS –

Extract from Geological Survey of NSW Report GS2001/127

Mineral Resource Category	Tonnage (mt)	Grade (g/t Au)	Contained Gold (koz)
Measured	-	-	-
Indicated	0.34	1.94	21.2
Inferred	0.06	1.71	3.3
Total Measured + Indicated	0.34	1.94	21.2
Grand Total	0.40	1.90	24.5
Ore Reserve Category	Tonnage (mt)	Grade (g/t Au)	Contained Gold (koz)
Proved	-	-	-
Probable	0.23	2.33	17.9
Total	0.23	2.33	17.9
Waste	1.00		
Strip ratio	4.2		

Table 2 – Hortons: Mineral Resources and Reserves at 30 June 1999 (GS2001/127)

“The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Ore Reserves. Tonnages and contained gold are quoted to appropriate significant figures to reflect the precision of these estimates.



Resources	Class	COG (g/t)	Mineral Resource			Method	Audited
			Tonnage (t)	Grade (g/t Au)	Contained Au (oz)		
Hortons	Measured	0.50				MIK	Audited
	Indicated	0.50	341,036	1.94	21,200		
	Inferred	0.50	60,508	1.71	3,300		
	Subtotal		401,500	1.91	24,500		

Table 3 – Hortons: Mineral Resources at 30 June 1999 (GS2001/127)

Reserves	Type	Classification	COG	Tonnes	Grade	Au oz	Gold Price Used
Hortons	Heap Leach	Probable	0.50	239,129	2.33	17,900	\$450

Table 4 – Hortons: Mineral Reserves at 30 June 1999 (GS2001/127)

“Following a recent interim optimisation (19990617_HOR_OPT) MRT developed a new pit design (Pit HORJUN99) based on the optimal pit shell #20, which was the optimal shell for a A\$450/oz gold price. The Mineral Resource and Ore Reserves are quoted in Table 1 at the marginal cut-off grade of 0.50 g/t Au. The Ore Reserve is that part of the Mineral Resource at or above 0.50 g/t Au within the current pit design (HORJUN99). The resource model (HORIKFEB97b) was developed from exploration drilling and developed using MIK techniques by MRT (1997). This model is a “small block model” which are known to smooth grades, and as such this model may be optimistic (in the grade sense).

“The waste material within the pit contains 40 kt @ 1.90 g/t Au (2 koz) Inferred material. The Hortons ore-body is not drilled out, and is still open up and down plunge (north and south) and “up-dip” (east). It is estimated that infill drilling has the potential of adding 170,000 tonnes @ 2 g/t Au to the reserves. These “potential reserves” are largely contained within the current pit design, and as such the proposed drill program would improve the economics of the Hortons Project.

“Three separate 40ppb gold-in-soil soil anomalies occur within 600 metres of Hortons. All anomalies require follow-up surface geochemical sampling. The area has potential to host Hortons style mineralisation.

“Geological mapping at 1:1,000 scale was completed at Hortons, in addition to relogging of all previous drilling to produce 3D geological model. The geological mapping showed that Montys-Surface Hill granite contact, with carapace and fine grained granite transitional contact units, occurs only 100m east of Hortons. The high grade Hortons mineralisation is hosted by carapace aplite unit and covered by layer of Montys granite, with the contact dipping to the west. Mineralisation occurs where there is significant thickness of pegmatite developed in the domed roof of the aplite. Mineralisation is controlled by both syn- and post-mineral faults and is associated is sericite alteration.”

**Surface Hill –
Extract from Geological Survey of NSW Report GS2001 /127**

“Detailed composite rock chip sampling was conducted over the 400m by 200m to 500m wide plus 50ppb gold-in-soil anomaly. Rock chip samples were collected as 20m composites along 100m spaced east-west lines. Results delineated 3 major NNE trending gold zones, 200m to 300m in length and varying between 20m and 140m in width. Gold grades were commonly between 0.2ppm and 0.7ppm Au, with the best result 3.0ppm.

“Seventeen composite rockchip samples were collected from historic workings, ten of which assayed above 0.3 ppm Au, including 1.69, 1.77, 3.23 and 5.07 ppm Au.



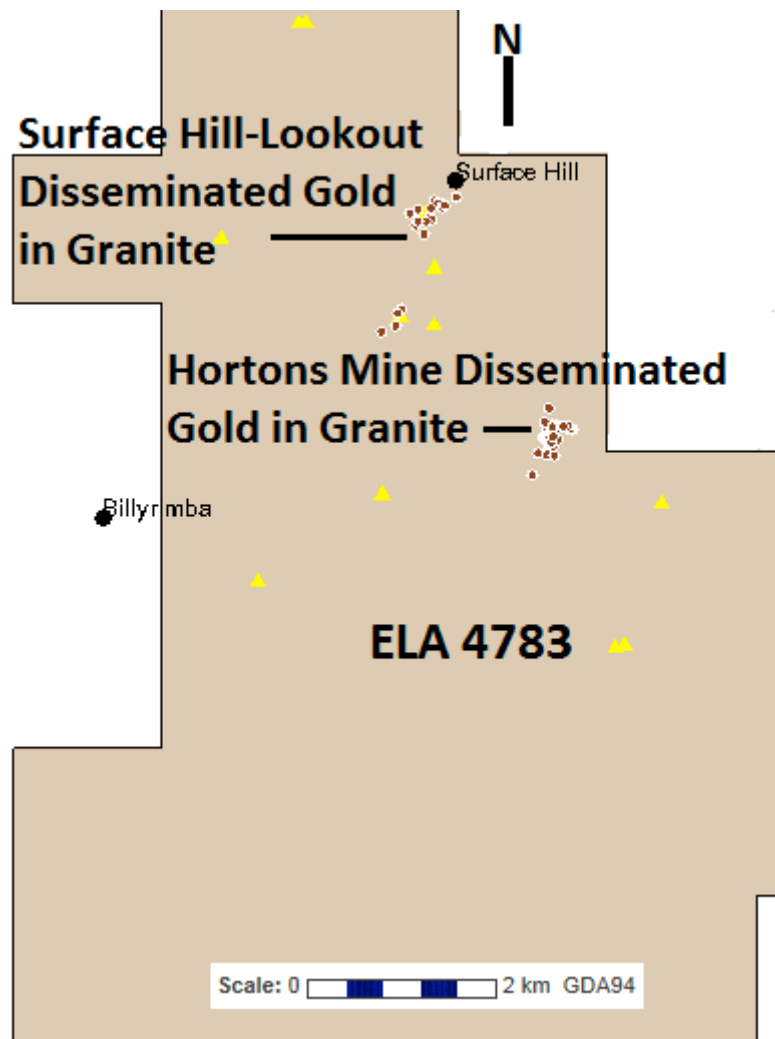
“Geological mapping identifying north north east trending faults within a west north west structural corridor. The prospective area is hosted by Surface Hill Granite, with several aplite sill layers and with alteration localised near faults. Areas of strong sericite alteration were identified in the east.”

Surface Hill

Extract from Geological Survey of NSW Report GS2001/471

“Gridding, limited geological mapping (1:1000 scale), rock chip sampling and soil sampling was conducted at Surface Hill. A significant soil gold anomaly covering an area of 200m x 250m was outlined. A 14 hole RCP drilling program was conducted, SHRC 1 - 14, for a total of 1423m, with significant but low-grade (0.4 to 0.5 g/t Au) gold mineralisation intersected in 10 holes.

“The best result was hole SHRC2 18 - 48m = 30m @ 2.22 g/t Au, including 20 - 28m = 8m @ 3.40 g/t Au and 32 - 44m = 12m @ 3.07 g/t Au.”



ELA 4783 showing location of historical Hortons and Surface Hill Mines.
Yellow triangles and brown circles represent historic gold occurrences and drill holes respectively.

JORC Code Compliant Public Reports

The information in this 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 summaries are made in, or based on, statements made in previous geological reports, which are publicly available (with or without payment of a fee) from a government department, authority or agency of an Australian State or Territory of the Commonwealth; or the ASX.



Copies of the Code-compliant Public Reports or Public Reporting on which the summaries are based will be provided free of charge, to any person who requests it.

In addition, further information 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.



Geophysical Induced Polarisation (IP) Anomalies over upper Electronically Conductive Zone, Halls Peak Base Metal Province (ASX 2 July 2013)

Survey area includes:

- Faints CEC DDH 2 – 342 oz/t (10,650 g/t) silver over 0.18 metres; 78.68 oz/t (2,450 g/t) silver over 0.66 metres
- Gibsons Allstate DDHA 4 – 11.3 oz/t (352.3 g/t) silver over 6.25m
- Gibsons Allstate DDHA 6 – 6.3 oz/t (197.1 g/t) silver over 17.68m

Electrically conductive beds shown to crop out beneath former silver-lead-zinc-copper mines in the Halls Peak Base Metal Province contain sulphide mineralisation at depth, which can be mapped using induced polarisation (IP) geophysical surveys.

Such IP surveys involve passing a current through the ground, which results in electrical energy being stored in small crystals, which may include iron, lead, copper and zinc sulphides, as it is in a battery. When the current is turned off, small currents flow from the crystals and are measured, allowing the depth and location of the sulphide minerals to be mapped.

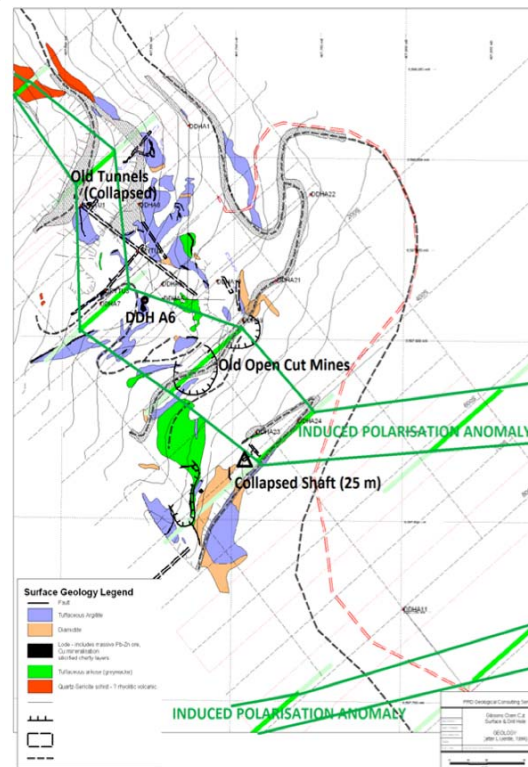
The presence of extensive IP anomalies extending from previously mined outcrops of base metal mineralisation suggests strongly that the anomalies are produced by copper-lead-zinc mineralisation.

The continuation of the IP anomalies suggests that this mineralisation extends further into the hill, beneath the overlying rocks, as is also apparent in the VTEM survey.

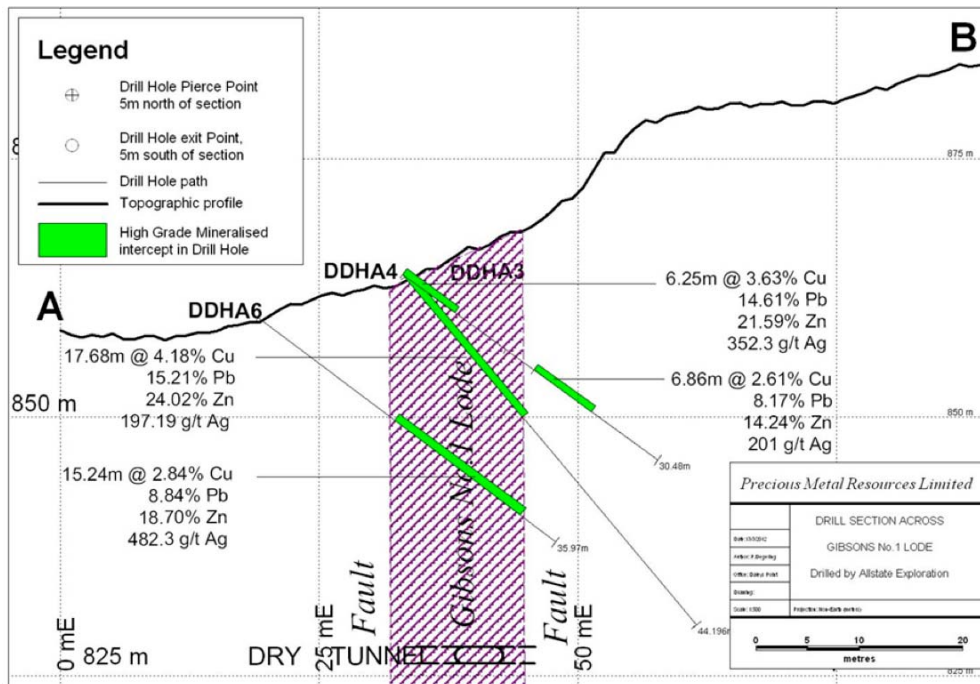
Previous IP surveys have now been reassessed at both Gibsons Mine and Faints-Firefly Mine. These are 1 km apart, but are shown by the VTEM survey to occur on outcrops of the same upper electrical conductive horizon.

At **Gibsons Mine** accurate location of Allstate Exploration's 1970 IP survey confirms an anomaly beneath the area historically mined for silver-copper-lead.

Drill holes Allstate 3, 4 and 6 were drilled within the IP anomaly in 1970, and confirmed the presence of high-grade copper-lead-zinc-silver mineralisation within the anomaly.

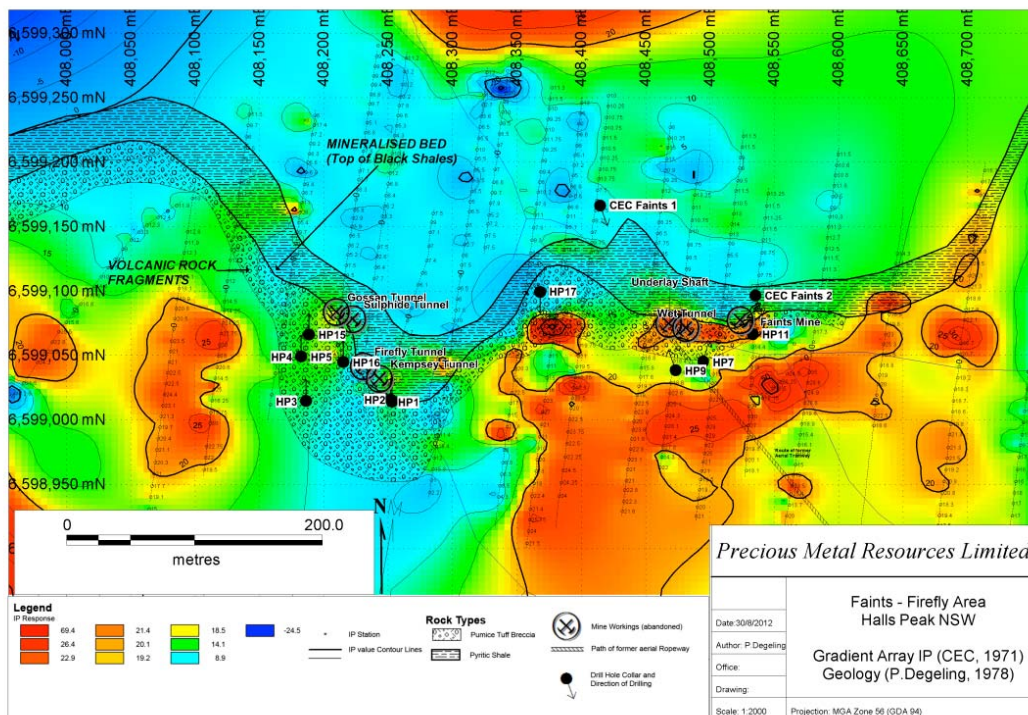


Gibsons Mine showing IP anomaly and mined areas.



At **Faints-Firefly Mines** an induced polarisation survey was completed in 1971 by Carpentaria Exploration Company Pty Ltd (CEC), (GS 1971/749), and similarly shows an IP anomaly beneath the area of the old mines. Electrical conductive zones are shown in red. This zone appears to be subhorizontal, and extends east- west for about 400 metres.

The mineralised bed, which contains the historic mine workings, is shown below. The IP survey shows that less intense IP anomalies were mined in the past, with more intense anomalies extending beneath overlying barren rocks into the hill, where they have not yet been drilled.



Assaying of CEC Faints DDH 2 core drilled in 1971 showed extreme silver grades (342 ozs/tonne, or 1.07% silver) together with high copper, lead and zinc grades. This core is within a larger silver rich interval of 2.4 metres averaging 50.6 ozs/tonne silver.

Grades within this interpreted steeply dipping vent zone are below:



Top (m)	Base (m)	Metres	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
83.49	83.67	0.18	10,650	2.83	18.25	36
83.67	84.33	0.66	2,450	0.93	14.95	34.4
84.33	84.43	0.10	396	0.16	1.475	2.39
84.43	84.66	0.23	513	0.16	0.78	1.56
84.66	85.95	1.29	170	0.10	0.77	0.87
Weighted Average						
83.49	85.95	2.45	1,575 g/t	0.53%	5.86%	12.53%

The subhorizontal IP anomaly is interpreted to crop out as the mineralised zone shown on the map, and to have been mined in Faints Mine, from which 2060 tonnes of mineralised rock were produced at 541 g/t silver, 1% copper, 19.8% lead and 26.2% zinc. It is also interpreted to have been penetrated by the upper part of CEC Faints DDH 2, with the grades outlined below:

Top (m)	Base (m)	Metres	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)
13.26	21.34	8.08	24.42	0.51	2.53	1.95
27.74	37.13	9.39	34.48	0.13	1.15	2.73

Re evaluation of the induced polarisation surveys demonstrates the potential for the high grade mineralisation described above to be more intensely developed in places within the shallow electrically conductive bed shown by the VTEM survey. This bed extends for over one kilometre between the Gibsons and Faints-Firefly Mine areas.

Allstate DDHs 6 (location GDA94 56J 407655E, 6597910N) and 3 and 4 (locations GDA 94 56J 407670E, 6597915N) were drilled at Gibson's Open Cut in 1970 by Allstate Explorations NL. The three drill holes on the geological section through this intersection show a true thickness of the previously assayed mineralisation of five metres. The true thickness may be less than this, as the angle between the strike of the mineralisation and the section is not recorded.

CEC Faints DDH 2 (location GDA 94 56J 498856E, 6599094N) was drilled in the Faints-Firefly Mining Area on azimuth 170 degrees magnetic, at inclination 60 degrees. True thickness of the interval 83.49 to 85.95 is interpreted to be 1.8 metres. Total depth of the hole was 154.53 metres. Recovery of the interval 83.49 to 85.95 was 91%.

All assay samples were crushed and pulverized to 85% >75 micron, and assayed by four acid ICP-MS procedures; high grade results were then verified by ore grade four acid (OG-62). The high grade silver analysis was carried out by High Grade Ag – 4 – Acid (Ag – OG62h), and Ag Concentrate by FA – GRAV (Ag – GRA23).

Induced Polarisation surveys –

CEC Survey: A Scintrex IPC-7 Control Box and IPR-7 Receiver were used in conjunction with the gradient array electrode configuration. Potential electrodes were 10m and 20m apart.

Allstate survey: Details of the equipment used in this survey in 1970 have not been preserved.

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