



ASX ANNOUNCEMENT

26 October 2011

Raffles subsidiary, Precious Metal Resources Limited to IPO

Raffles' business snapshot

Raffles Capital Limited (**Raffles**) (ASX: RAF) is a "Diversified Financials"¹ business. Total shareholders equity at 30 September 2011 was \$10 million.

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**) 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.

Early exploration success by PMR² has identified the need for further funding to accelerate exploration and development at a pace faster than was expected.

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%.

IPO Highlights

PMR has a portfolio of three highly prospective exploration tenements at Halls Peak, 80 km south-east of Armidale, New South Wales, Australia.

Exploration aims to locate the right depositional environment to host a major deposit in excess of 100,000 tonnes (t) of Volcanic Massive Sulphide (**VMS**) rich in copper, lead, zinc and silver, with variable but largely untested gold values.

¹ GICS industry group determined by ASX

² ASX release 20 September 2011



IPO	Initial public offering of 10 million shares at an issue price of \$0.20 per share to raise \$2,000,000
Priority Offer	Priority Offer to Raffles shareholders holding a Marketable Parcel at the Record Date
Accelerated Exploration	PMR will use the funds raised through this IPO to accelerate exploration on the PMR Project Tenements.
Inferred Volcanic Centre	Inferred volcanic centre for extensive small but high-grade Volcanic Massive Sulphide deposits rich in copper, lead, zinc and silver.
Untested gold value	Variable but largely untested gold values.
Exploration to locate economic resource	Exploration aims to locate the right depositional environment to host an economic resource.
Geochemical and geophysical anomalies	Several geochemical and geophysical anomalies are present that should identify further high grade, near-surface sulphides.
Indications of orogenic gold	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.
Substantial historic data	Substantial body of exploration data to support exploration program objectives has been extensively reviewed.
4,000 metres existing core	Re-sampling and re-assaying approximately 4,000 metres of existing core underway; Validity of historic assay data confirmed.

PMR - Directors and Management

John Foley BD LLB BL (Dub) MAICD - Independent Chairman

Graduating in law from the University of Sydney in 1969, Mr Foley was admitted to practice as a Barrister in New South Wales in 1971, and was called to the Irish Bar in 1989 and admitted as a Member of the Honourable Society of Kings' Inns in Dublin, Ireland.

Mr Foley has over 40 years' experience in the gold mining industry and was a founding Director of the Australian Gold Council, the industry body.

Mr Foley has 20 years' experience as the Chairman of Australian mining company, Citigold Corporation Limited, listed on the ASX and the FSE (Frankfurt Stock Exchange), and with a Level One ADR (American Depository Receipts) program in the USA.

Mr Foley has wide-ranging experience in resources, industrial, manufacturing, legal, financial and investment related industries, with extensive business experience in Australia. His leadership roles have covered a broad scope of senior positions, and his commercial and legal background provides further depth, knowledge and experience to the Company.

Peter Kennewell BSc - Executive Director & Chief Geologist

Peter Kennewell has worked for the past 26 years for Cluff Resources Pacific NL as Exploration Manager, and the last 18 years as Managing Director.

Mr Kennewell has successfully overseen the development of mines, from resource evaluation, prefeasibility study, environmental impact approvals, grant of mining tenements and funding arrangements, through to plant and accommodation construction and staffing.

Bruce Dennis B Com LLM (UNSW) - Non-Executive Director

Mr Dennis is a solicitor in Australia with over 30 years' experience. He has practised in areas of personal injury, civil and commercial litigation in the Federal Court, Supreme Court and District Court jurisdictions.

Mr Dennis has considerable experience in identifying commercial and legal risk. His business interests' include resource exploration.

Michael Leu BSc (Hons, 1st Class) - Non-Executive Director

Michael Leu is a geologist with over 30 years professional experience in exploration and mining commodities within Australia and some Pacific and Asian countries. He has worked in industry (Freeport, Getty Oil, Queensland Ores), as a private consultant and for seven years on the academic staff of Macquarie University.

Mr Leu has extensive expertise in mineral exploration for epithermal and porphyry gold±Cu deposits; intrusion-related gold systems; metahydrothermal gold; greisen-hosted molybdenite, wolfram and tin; volcanic-hosted massive sulphides; chromite; uranium; alluvial gold and platinum and a range of industrial minerals.

Mr Leu is also a director and Chief Geologist of Sovereign Gold Company Limited.



Peter Meers BA (Economics), FAIB - Non-Executive Director

Mr Meers is Chairman and Chief Executive Officer of Hudson Resources Limited, Chairman of Australian Bauxite Limited, Director of Sovereign Gold Company Limited, Chief Executive Officer of Tiaro Coal Limited and non-executive director of Archer Exploration Limited.

These are all ASX listed companies.

Peter has broad experience across a range of industries including financial services (consumer, commercial and investment banking, securities trading and origination), mining and exploration and building materials.

In the area of financial services he was responsible for establishment of new business operations in China, Vietnam, Philippines and Indonesia.

Lodgement of PMR Prospectus

A Prospectus for the Initial Public Offering of shares in PMR will soon be lodged with the Australian Securities and Investments Commission (ASIC).

PMR will be 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) will be 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 will be made in a prospectus to be lodged with the Australian Securities & Investments Commission. 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.

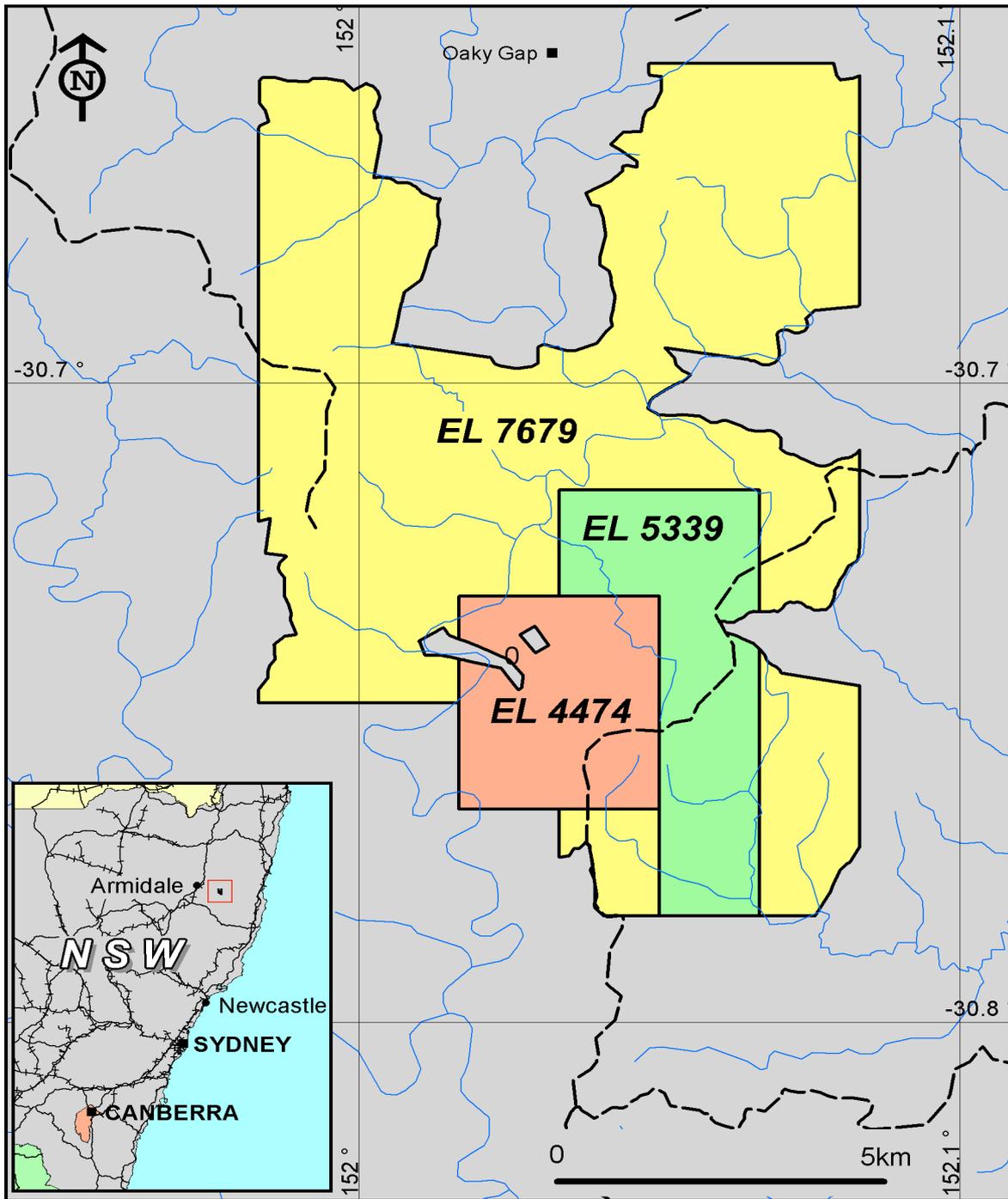
The prospectus, including the application form may be viewed and downloaded at www.pmrl.com.au once lodged with ASIC.

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

For further information please contact

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The PMR Tenements are located 80 km southeast of Armidale, New South Wales, Australia.