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Company Announcement Office
Australian Securities Exchange Limited

High grades of silver and base metals identified

Precious Metal Resources Limited (**PMR**), a subsidiary of Raffles Capital Limited, is conducting exploration over three tenements at Halls Peak, 80 km south-east of Armidale, New South Wales, Australia.

Over 4,000 metres of diamond core from 39 holes drilled from 1969 to 1974 on the PMR tenements are stored at the WB Clarke Geoscience Centre at Londonderry, NSW.

The library is a major drill core archiving and reference facility run by Industry & Investment NSW.

PMR geologists have commenced re-assaying the core, which was drilled by major mining companies (see box), to determine the validity of the data attributed to the core; and also to identify mineralisation not previously assayed.

Resampling and re-assaying of Allstate Exploration's diamond drill hole DDH 6 (**Allstate DDH 6**), drilled in 1969 has been completed. High grades of silver and base metals adjacent to the previously recognised mineralisation in this hole have been identified by the recent assaying. 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 (see table 2 for complete results, p3).

The fine-grained mineralisation is present within rocks described as argillites which are rocks 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.



Halls Peak is the inferred volcanic centre for extensive small but high grade Volcanic Massive Sulphide (**VMS**) deposits rich in copper, lead, zinc and silver, with variable but largely untested gold values. Current exploration aims to locate the right depositional environment to host a high-grade deposit of between 30,000 and 170,000 tonnes within a global exploration target of 5 - 70 million tonnes of mixed grade mineralisation (see exploration target note, p4). Several geochemical and geophysical anomalies are also present that should identify further high grade, near-surface sulphides.

Additional to the VMS prospectivity, there are 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.

A substantial body of exploration data has been generated over the years by the Geological Survey of NSW and a number of major mining companies including BHP Ltd., MIM Ltd., The Zinc Corporation, Allstate Exploration NL, Carpentaria Exploration Co. Ltd., CRA Exploration Limited and Amoco Minerals Australia Co.

PMR is expanding on this work.

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Figure 1 – Gibson Open Cut location map

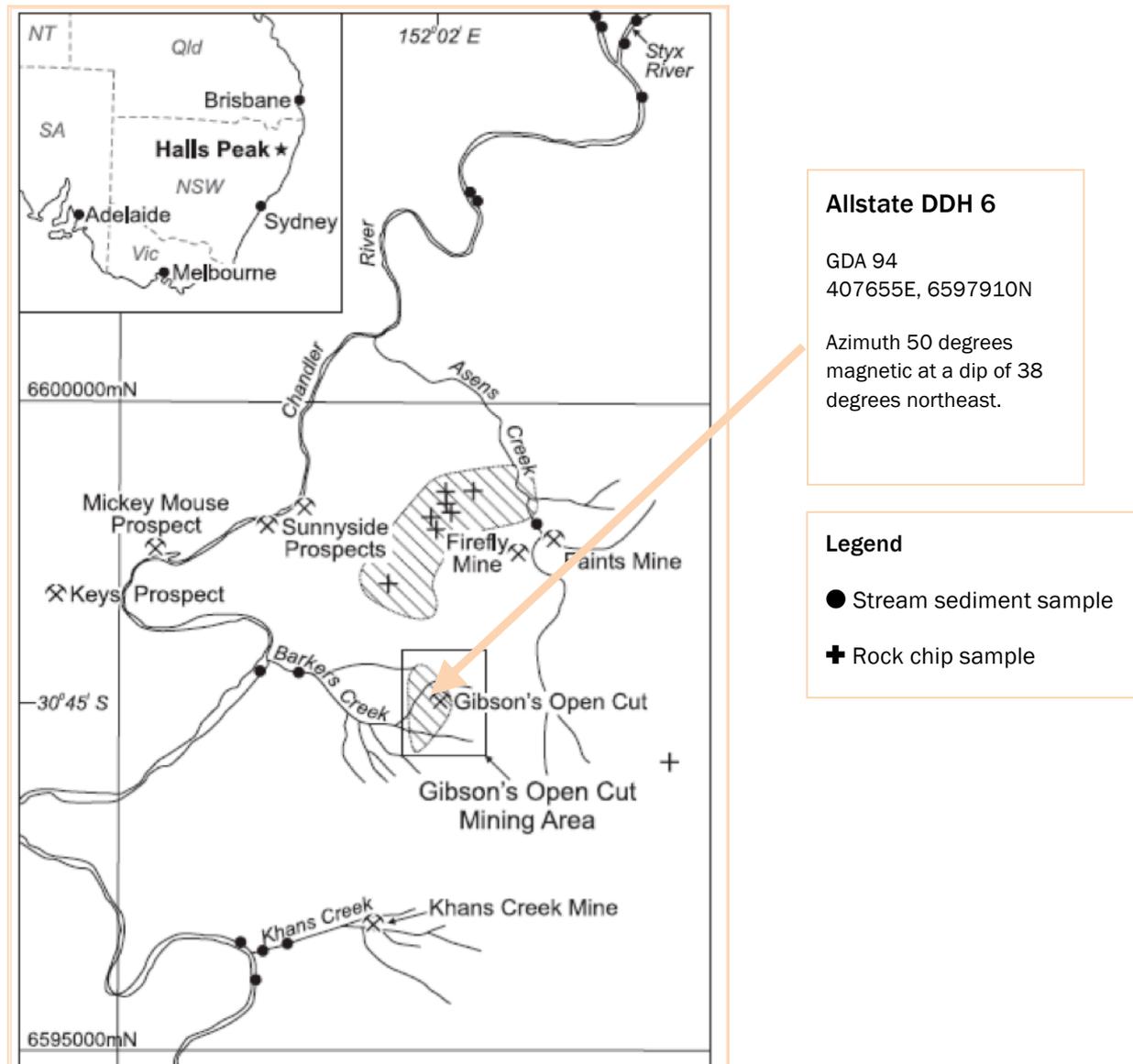


Table 1 – Summary Assay Results, Allstate DDH 6

Interval (metres)	Thickness (metres)	Silver (oz/t)	Copper (%)	Zinc (%)	Lead (%)	Gold (ppm)
0 to 16.5	16.5	0.2	0.14	1.37	0.36	0.13
16.5 to 21.9	5.4	29.3	1.45	8.52	2.43	0.24
21.9 to 31.7	9.8	7.2	3.6	24.3	14.6	0.22
31.7 to 36.0	4.3	0.14	0.04	0.43	0.16	0.04
Significant Interval						
16.5 to 31.7	15.2	15.1	2.83	18.69	10.28	0.22



Table 2 – Assay results, Allstate DDH 6

Depth (Metres)	Ag (oz/t)	Cu (%)	Zn (%)	Pb (%)	Au (ppm)	
0-6.1	0.2	0.02	1.1	0.08	0.20	Not previously assayed
6.1-7.7	0.1	0.13	0.6	0.23	0.04	
7.7-10.8	0.3	0.16	1.4	0.57	0.03	
10.8-13.7	0.2	0.09	1.5	0.91	0.05	
13.7-14.3	0.04	0.03	0.4	0.06	0.02	
14.3-15.4	0.2	0.12	2.2	0.38	0.65	
15.4-16.5	0.1	0.03	3.2	0.23	0.03	
16.5-16.8	0.1	0.06	16.3	0.04	0.02	
16.8-17.4	0.4	0.05	9.8	0.37	0.05	
17.4-18.5	122.0	3.2	11.6	4.2	0.37	
18.5-18.8	1.0	0.14	6.4	0.41	0.05	
18.8-19.8	2.0	0.38	5.6	1.1	0.12	
19.8-20.1	18.3	1.5	6.1	2.7	0.33	
20.1-21.0	12.7	2.1	7.8	3.9	0.39	
21.0-21.9	5.3	1.7	6.8	3.0	0.31	
21.9-22.9	4.4	2.3	16.6	9.0	0.03	Previously assayed
22.9-24.1	4.6	4.0	24.5	12.7	0.46	
24.1-25.3	4.5	3.7	26.0	15.6	0.16	
25.3-28.0	6.5	3.0	20.2	12.4	0.16	
28.0-30.2	8.0	4.1	30.0	19.7	0.15	
30.2-31.7	14.2	4.3	27.0	15.6	0.28	
31.7-33.2	0.1	0.03	0.3	0.11	0.02	Not previously assayed
33.2-34.4	0.2	0.06	0.5	0.24	0.03	
34.4-35.1	0.2	0.06	0.6	0.21	0.04	
35.1-36.0	0.1	0.02	0.4	0.07	0.08	



Table 3 – Duplicate Assays, Allstate DDH 6

Recent Assays					Historical assays				
Depth (m)	Ag (ozs/t)	Cu (%)	Zn (%)	Pb (%)	Depth (m)	Ag (ozs/t)	Cu (%)	Zn (%)	Pb (%)
21.9-22.9	4.4	2.3	16.6	9.0	21.9-22.9	2.9	2.1	17.0	6.5
22.9-24.1	4.6	4.0	24.5	12.7	22.9-24.1	3.5	3.7	27.1	14.0
24.1-25.3	4.5	3.7	26.0	15.6	24.1-24.9	3.5	3.6	27.0	14.5
					24.9-25.3	3.2	4.0	17.7	10.6
25.3-28.0	6.5	3.0	20.2	12.4	25.3-25.9	4.2	2.8	22.7	12.2
					25.9-27.7	6.1	2.7	18.0	11.3
28.0-30.2	8.0	4.1	30.0	19.7	27.7-29.1	4.4	2.7	27.4	14.6
					29.1-30.9	8.8	3.7	30.0	18.5
30.2-31.7	13.6	4.3	27.0	15.6	30.9-31.7	16.9	4.8	22.0	11.0

Table 4 – Weighted averages of duplicate assays, Allstate DDH 6

Depth (m)		Ag (ozs/t)	Cu (%)	Zn (%)	Pb (%)	Au (g/t)
21.9-31.7	Recent Assays	7.2	3.6	24.3	14.6	0.2
21.9-31.7	Historical Assays	9.6	3.2	23.9	13.2	NA

Sample Methodology

Allstate DDH 6 was drilled at Gibsons Open Cut (Figure 1, p2). True thickness of the mineralized zone (16.5 to 31.7 meters) is 9 meters. Allstate DDH 6 was NX core drilled and the core was slabbed for assaying. Average core recoveries were 64% - 100%. 1969 assay methods are unknown. PMR is conducting a duplicate assay assessment program to verify the assay results. They were crushed and pulverized to 85% >75 micron, and assayed by four acid ICP-MS procedures; high grade results were then verified at ore grade four acid (OG-62).

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, a subsidiary of Raffles Capital 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.

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.

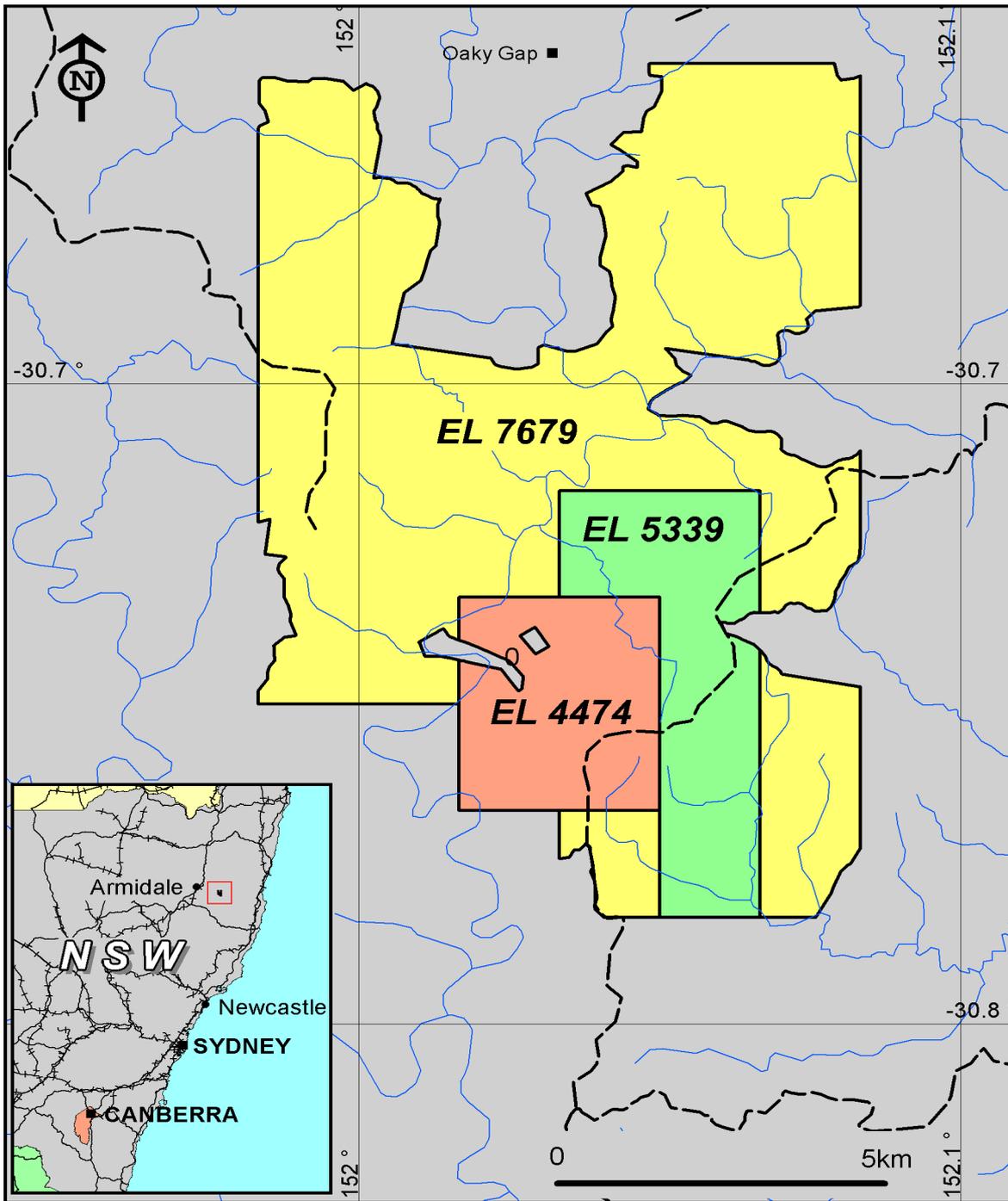


Figure 2 - The PMR Tenements, located 80 km southeast of Armidale, New South Wales, Australia.