



RAFAELLA
resources

**Limited
And Controlled Entities**

ABN: 49 623 130 987

HALF YEAR REPORT

For the Period Ended 31 December 2019

CONTENTS

CORPORATE DIRECTORY	1
DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	9
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	10
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	11
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	12
CONSOLIDATED STATEMENT OF CASH FLOWS	13
NOTES TO THE FINANCIAL STATEMENTS	14
DIRECTORS' DECLARATION	23
INDEPENDENT AUDITOR'S REPORT	24

For personal use only

CORPORATE DIRECTORY

DIRECTORS

Peter Hatfull Non-Executive Chairman
Steven Turner Managing Director
Robert Wrixon Executive Director
Ashley Hood Non-Executive Director

SECRETARY

Amanda Wilton-Heald

REGISTERED AND BUSINESS OFFICE

Level 11, London House
216 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9481 0389
Facsimile: +61 8 9463 6103

WEBSITE & EMAIL

www.rafaellaresources.com.au
info@rafaellaresources.com.au

SHARE REGISTRY

Automic Registry Services Pty Ltd
Level 2
267 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9324 2099

AUDITORS

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

STOCK EXCHANGE LISTING

Australian Securities Exchange
ASX Code: RFR; RFRO

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Rafaella Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

DIRECTORS

The following persons were Directors of Rafaella Resources Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Name	Title
Peter Hatfull	Independent Non-Executive Chairman (changed from Independent Non-Executive Director on 27 August 2019)
Graham Durtanovich	Independent Non-Executive Chairman (resigned on 27 August 2019)
Steven Turner	Managing Director (appointed 27 August 2019)
Robert Wrixon	Executive Director (appointed 27 August 2019)
Ashley Hood	Non-Executive Director (changed from Executive Technical Director on 27 August 2019)

COMPANY SECRETARY

Name	Title
Amanda Wilton-Heald	Company Secretary

PRINCIPAL ACTIVITIES

The principal activity of the Group is exploration for tungsten, tin, gold, cobalt and copper. Rafaella is a developer and explorer of world-class mineral deposits currently focused on its permitted brownfield Santa Comba project in northwestern Spain ('Santa Comba').

REVIEW OF RESULTS

The loss after tax for the period ended 31 December 2019 was \$1,721,543 (2018: loss of \$492,241).

The earnings of the Group for the financial periods since incorporation are summarised below:

	31 December 2019 \$	30 June 2019 \$	31 December 2018 \$	30 June 2018 \$
Revenue	11,836	57,811	31,414	-
EBITDA	(1,701,562)	(1,080,737)	(492,241)	(271,353)
EBIT	(1,721,543)	(1,080,737)	(492,241)	(271,353)
Loss after income tax	(1,721,543)	(1,080,737)	(492,241)	(271,353)

The factors that are considered to affect total shareholders return are summarised below:

	31 December 2019 \$	30 June 2019 \$	31 December 2018 \$	30 June 2018 \$
Share price at financial period end	0.097	0.165	0.082	N/A

Rafaella becomes developer following transformational acquisition of Santa Comba

In August 2019, Rafaella announced that it had received shareholder approval and had raised the required capital to acquire Galicia Tin & Tungsten S.L. (GTT), which owns Santa Comba.

Strong tungsten and tin fundamentals, together with an offtake offer for the tungsten concentrate from H.C. Starck, a major end-user, make the economics of Santa Comba compelling. Transamine Trading SA, the world's oldest private global commodity trader provided financial support as the cornerstone investor in the \$2.6 million capital raise in August 2019, and furthermore has offered both offtake and logistical support to the operation. For a full overview of the acquisition and the strategic rationale behind it, see the ASX announcement dated 27 May 2019.

Encouraging drilling programme results received

In October 2019, Rafaella received strong initial assay results from the drilling programme, confirming continuity of tungsten (wolframite) mineralisation with the initial drill hole being located ~60m along strike from pre-existing drill hole intersections.

On 25 November 2019 the Company provided an additional update on the drilling programme at Santa Comba that further supported potential for near surface resources that may be amenable to open pit mining. At this time a total of five drills were in operation, comprised of four diamond drilling rigs and one reverse circulation rig, all provided through local drilling contractors experienced in working with international mining companies.

As at the end of December 2019, 44 drill holes had been completed for a total of 5,818m. In January a further update on drilling was provided including the results of some high grade intercepts at the Eliseo satellite deposit.

As at the time of this report 65 holes have been drilled for a total of 8,825m. Furthermore over 1,937 assays have been received against 2,971 samples taken. The Company is now at the tail-end of the drilling campaign as it looks to target an updated JORC mineral resource report ('MRE') in Q2 2020.

For a full summary of the latest drill results, see the ASX announcement dated 29 January 2020.

Feasibility study underway

Since completion of the acquisition, Rafaella has been rapidly advancing the development of Santa Comba. Immediately following the acquisition, the Company appointed a Feasibility Study Manager and engaged Tomra Sorting GmbH ('Tomra'), a leading ore sorting company and Grinding Solutions Limited ('Grinding Solutions'), an international mineral processing consultancy and laboratory specialising in mineral liberation and separation.

Results from preliminary test-work from both Tomra and Ginding Solutions have been positive and the Company is continuing to refine the test-work as it aims to complete the process design as part of the feasibility study. Geotechnical studies and environmental review are also ongoing with the feasibility study expected to be completed in Q3 2020.

Corporate

A notice of a meeting was issued to shareholders on 10 July 2019 to approve the acquisition of Galicia Tin and Tungsten, S.L., the 100% owner of the Santa Comba tungsten and tin mine located in Galicia, northwest Spain as well as the proposed capital raise and Board changes. Rafaella subsequently raised \$2.6m via a placement to sophisticated and strategic investors to support the acquisition and development plan. The shareholder meeting occurred on 9 August 2019, with all resolutions being passed.

Rafaella announced that it had completed the acquisition on 27 August 2019. The acquisition is transformational for Rafaella, moving the Company from an explorer of gold and copper to a developer of the permitted brownfield tungsten and tin Santa Comba mine. With the completion of the acquisition the Rafaella Board changed. Steven Turner and Robert Wrixon joined the Board as Managing Director and Executive Director respectively and Graham Durtanovich, Non-Executive Chairman resigned. Existing Non-Executive Director Peter Hatfull took the role of Non-Executive Chairman.

As part of the acquisition, the Company announced the following:

- The issue of 250,000 fully paid ordinary shares to Graham Durtanovich for his anniversary shares;
- The issue of 500,000 fully paid ordinary shares to Ashley Hood for his anniversary shares;
- The issue of 10,950,000 fully paid ordinary shares as part of the placement (announced on 27 May 2019);
- The issue of 13,125,000 fully paid ordinary shares as part consideration shares for the acquisition of Galicia Tin & Tungsten SL;
- The issue of 2,850,000 fully paid ordinary shares as a success fee;
- The grant of 2,925,000 unlisted \$0.20 options expiring 27 August 2022 as a success fee and in connection with the remuneration of Robert Wrixon and a contractor;
- The grant of 10,000,000 listed \$0.30 options expiring 31 October 2021 as advisory options;
- The issue of 2,900,000 milestone 1 performance rights to Steven Turner, Robert Wrixon and a contractor; and
- The issue of 2,900,000 milestone 2 performance rights to Steven Turner, Robert Wrixon and a contractor.

On 3 October 2019 the Company announced the issue of 150,000 fully paid ordinary shares as part of the placement (announced on 27 May 2019) and the issue of 181,820 fully paid ordinary shares in lieu of services to suppliers.

On 14 October 2019 the Company announced the issue of 4,375,000 fully paid ordinary shares as the remaining consideration shares for the acquisition of Galicia Tin & Tungsten S.L.

In late October 2019, Rafaela unveiled its revamped branding and presented the Company's investment opportunity at the International Mining and Resources Conference (IMARC), Australia's largest mining event.

Mr Turner delivered a presentation which introduced the Company's enhanced corporate strategy for Santa Comba, as well as a summary of the resource, drilling campaign and path to production. The full presentation is available via the ASX Announcement dated 29 October 2019.

Rafaela held its Annual General Meeting on 29 November 2020. At the AGM all resolutions put to the meeting were passed unanimously by a show of hands. Details regarding the resolutions are provided in the ASX Announcement dated 29 November 2019.

Post H1 FY20, Rafaela completed a review of its portfolio, deciding to dispose of its Sandstone Project so that it can focus its cash resources on fast tracking the development of Santa Comba. For details on that transaction, see the ASX announcement dated 11 February 2020.

PROJECTS

Santa Comba Project [Spain]

Located in a historically productive tungsten and tin province and close to deep-water ports, the Santa Comba project is permitted for underground and partially permitted for open pit mining, with a JORC (2012) Inferred Mineral Resource in both areas. Furthermore, the large, near-surface resource on the property, potentially amenable to open pit mining, remains mostly undrilled. The mine site benefits from significant infrastructure, including sealed roads to the nearest deep-water port located 60km away, grid power, a tailings storage facility as well as various buildings and offices. There is a partially completed 682ktpa process plant at site and an operating aggregates quarry abutting the deposit suggesting that minimal capital expenditure is required to commence operations.



Figure 1. Location of the Santa Comba Project, Galicia, north Spain

Identified by the UK, Japan, the US and Europe as a critical raw material, tungsten is a specialty metal seeing renewed investment amongst investors. It has strategic commercial, industrial and military applications.

McCleery Project [Canada]

The McCleery Project is located within the Yukon Territory, Canada. The Project is approximately 170km southeast of Whitehorse, the territorial capital of the Yukon. Teslin, the nearest town, with a population of 2,000 is approximately 40km southwest of the Project.

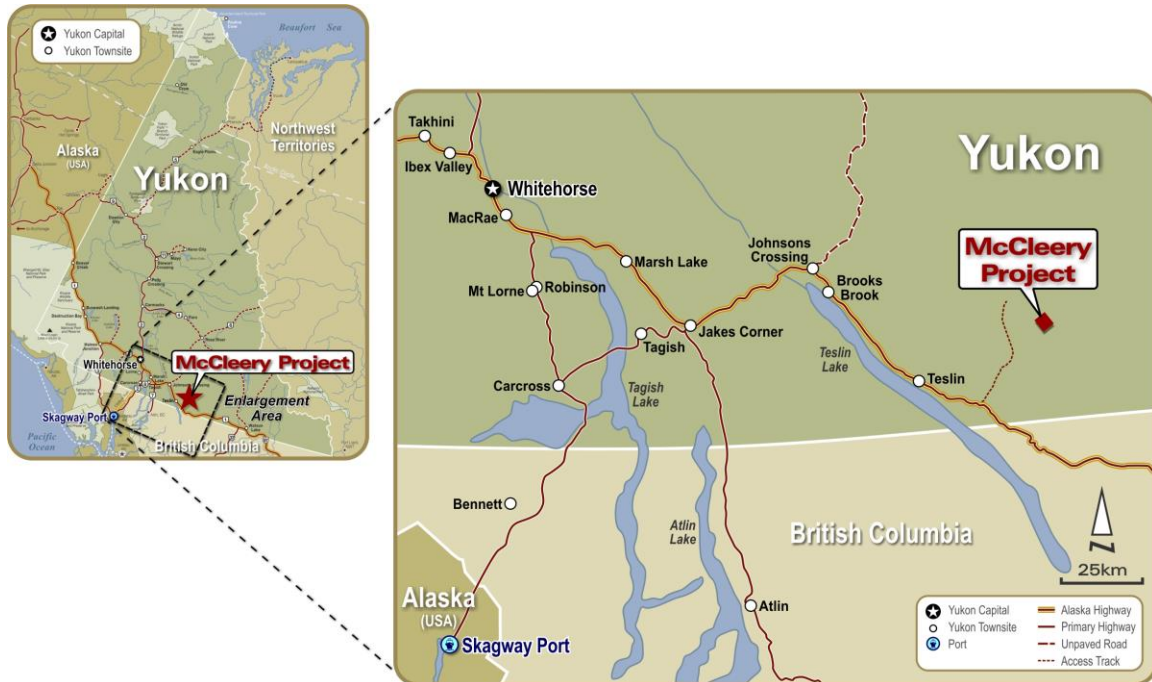


Figure 2. Location of the McCleery Project, Yukon, Canada

The project is highly prospective for copper, gold, silver and cobalt. The Company is currently putting together a programme to further test the anomalies identified in the 2018 VTEM survey.

Sandstone Project [Australia]

The Sandstone Project is located 640km north-east of Perth and 450km north-west of Kalgoorlie and is centrally located between the towns of Sandstone to the south, Meekatharra to the northwest and Wiluna to the northeast, along a historical gold belt.

The project is highly prospective for gold. On 10 February, 2020, the Company announced that terms had been reached to dispose of the Sandstone Project to a gold exploration company with a portfolio in Western Australia. The consideration includes both the payment of a cash deposit and the issuance of shares in the buyer to the Company.

SHARE OPTIONS

As at the date of this report:

No. Options	Exercise Price	Expiry Date	Listed / Unlisted
27,098,036	\$0.30	31-Oct-21	Listed
2,500,000	\$0.20	19-Jul-22	Unlisted
2,925,000	\$0.20	27-Aug-22	Unlisted

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

No shares as a result of the exercise of the options were issued as at the date of this report.

Waiver Securities

As required by the waiver from ASX Listing Rule 7.3.2 granted on 7 August 2019, the Company advises that 15,000,000 fully paid ordinary shares (Milestone 1 shares) and 15,000,000 fully paid ordinary shares (Milestone 2 shares) remain to be issued. The details of these Milestone 1 and Milestone 2 shares were announced to the ASX on 27 May 2019 and 9 August 2019.

EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the Group in future financial years other than the following:

- On 29 January 2020 the Company announced a further update on the drilling campaign and the assays received that will feed in to the updated JORC MRE and ongoing feasibility study.
- On 7 February 2020 the Company announced the expiration of 2,325,000 unlisted \$0.30 options.
- On 11 February 2020 the Company announced the sale of 100% of its interest in the Sandstone project to Westar Resources Limited for a cash payment of \$50,000 and \$100,000 worth of Westar Resources Limited shares when it lists on the ASX.
- On 5 March 2020 the Company issued 250,000 to Ashley Hood as detailed in the Notice of General Meeting and as approved by shareholders at the General Meeting on 13 February 2020.
- On 5 March 2020 the Company issued 1,000,000 Milestone 1 and 1,000,000 Milestone 2 performance rights expiring 5 March 2023 to a consultant of the Company as detailed in the Notice of General Meeting and as approved by shareholders at the General Meeting on 13 February 2020.

AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report .

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporation Act 2001.



Peter Hatfull
Non-Executive Chairman

13 March 2020

For personal use only

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 92619100
F +61 (0) 8 92619111
www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Rafaella Resources Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 13 March 2020

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	Note	Group 31 December 2019 \$	Group 31 December 2018 \$
Revenue		11,836	31,414
Accounting fees		(50,090)	(38,012)
Compliance fees		(91,696)	(54,995)
Consultancy fees		(715,127)	(155,000)
Depreciation	6	(19,981)	-
Directors remuneration		(179,116)	(144,418)
Exploration expenditure impairment	7	(215,454)	-
Foreign exchange gain/(loss)		(2,601)	(2,872)
Insurance expense		(20,283)	(16,909)
IT expenses		(6,597)	(90)
Legal fees		(79,785)	(19,497)
Marketing		(78,161)	(25,000)
Other expenses		(28,341)	(11,252)
Share based payments expense	11 & 12	(153,750)	(35,000)
Travel expenses		(92,397)	(20,610)
Loss before tax		(1,721,543)	(492,241)
Income tax expense		-	-
Net loss for the period from operations		(1,721,543)	(492,241)
Other comprehensive income		-	-
Total comprehensive loss for the period		(1,721,543)	(492,241)
Basic and diluted loss per share (cents)		(2.91)	(1.39)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group 31 December 2019 \$	Group 30 June 2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	3,611,228	3,279,816
Trade and other receivables	4	184,193	43,494
Other assets	5	23,985	42,449
Total Current Assets		3,819,406	3,365,759
Non-Current Assets			
Plant and equipment	6	95,730	-
Exploration and evaluation assets	7	9,137,646	915,030
Total Non-Current Assets		9,233,376	915,030
Total Assets		13,052,782	4,280,789
LIABILITIES			
Current Liabilities			
Trade and other payables	8	528,347	230,220
Borrowings	9	-	-
Provisions	10	17,833	5,811
Total Current Liabilities		546,180	236,031
Total Liabilities		546,180	236,031
Net Assets		12,506,602	4,044,758
EQUITY			
Contributed equity	11	14,711,036	4,617,297
Reserves	12	869,199	779,551
Accumulated losses		(3,073,633)	(1,352,090)
Total Equity		12,506,602	4,044,758

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2019**

Group	Contributed Equity	Foreign Currency Translation Reserve	Options Reserve	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	4,617,297	9,875	125,980	643,696	(1,352,090)	4,044,758
Equity issues	10,283,864	-	-	-	-	10,283,864
Equity issue expenses	(190,125)	-	-	-	-	(190,125)
Foreign exchange on translation of operations	-	(17,064)	-	-	-	(17,064)
Share based payments	-	-	-	106,712	-	106,712
Loss for the period	-	-	-	-	(1,721,543)	(1,721,543)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(1,721,543)	(1,721,543)
Balance at 31 December 2019	14,711,036	(7,189)	125,980	750,408	(3,073,633)	12,506,602

Group	Contributed Equity	Foreign Currency Translation Reserve	Options Reserve	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	534,268	-	-	-	(271,353)	262,915
Equity issues	5,195,000	-	125,980	-	-	5,320,980
Equity issue expenses	(1,095,641)	-	-	-	-	(1,095,641)
Share based payments	-	-	-	643,696	-	643,696
Loss for the period	-	-	-	-	(492,241)	(492,241)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(492,241)	(492,241)
Balance at 31 December 2018	4,633,627	-	125,980	643,696	(763,594)	4,639,709

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2019**



	Note	Group 31 December 2019 \$	Group 31 December 2018 \$
Cash flows from operating activities			
Payments to suppliers and employees		(791,944)	(472,797)
Interest received		7,788	-
Payment for exploration and evaluation		(1,214,657)	(412,286)
Net cash (used in) operating activities		<u>(1,998,813)</u>	<u>(885,083)</u>
Cash flows from investing activities			
Acquisition of cash		221,493	-
Acquisition of plant and equipment		(20,535)	-
Net cash from investing activities		<u>200,958</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from equity issues		2,220,000	199,993
Payment for costs of equity issues		(9,525)	(467,949)
Repayment of borrowings		(80,880)	-
Net cash from/(used in) from financing activities		<u>2,129,595</u>	<u>(267,956)</u>
Net increase/(decrease) in cash held		331,738	(1,153,039)
Cash and cash equivalents at beginning of the period		3,279,816	5,135,839
Foreign exchange effect on cash and cash equivalents		(326)	-
Cash and cash equivalents at period end	3	<u><u>3,611,228</u></u>	<u><u>5,135,839</u></u>

The accompanying notes form part of these financial statements.

For personal use only

1. Corporate information

This half year report covers Rafaella Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2019 (the “Group”). The presentation currency of the Group is Australian Dollars (“\$”). A description of the Group’s operations is included in the review and results of operations in the Directors’ Report. The Directors’ Report is not part of the financial statements. The Group is a for-profit entity and limited by shares incorporated in Australia whose shares are traded under the ASX code “RFR”. The financial statements were authorised for issue on 13 March 2020 by the Directors. The Directors have the power to amend and reissue the financial statements. The principal accounting policies adopted in the preparation of the financial statements are set out below.

2. Accounting policies

a. Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

b. New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 16 Leases

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

	Group 31 December 2019 \$	Group 30 June 2019 \$
3. Cash and cash equivalents		
Cash at bank	1,944,278	1,272,254
Term deposits	1,666,950	2,007,562
	<u>3,611,228</u>	<u>3,279,816</u>
4. Trade and other receivables		
Accrued interest revenue	6,226	2,178
Tax refunds	177,967	41,316
	<u>184,193</u>	<u>43,494</u>
5. Other assets		
Prepaid expenses	23,985	42,449
	<u>23,985</u>	<u>42,449</u>
6. Plant and equipment		
Opening written down value at beginning of period	-	-
Acquired upon acquisition of Galicia Tin & Tungsten SL	93,156	-
Additions	20,535	-
Foreign exchange translation	2,020	-
Depreciation	(19,981)	-
	<u>95,730</u>	<u>-</u>
Closing written down value at end of period		

	Group 31 December 2019 \$	Group 30 June 2019 \$
7. Exploration and evaluation assets		
Balance at beginning of period	915,030	77,005
Exploration expenditure acquired – fair value of exploration expenditure acquired from the acquisition of Overland Resources (BC) Ltd	-	108,294
Exploration expenditure acquired – fair value of exploration expenditure acquired from the acquisition of the Sandstone project from Topdrill Pty Ltd	-	60,000
Exploration expenditure acquired – fair value of exploration expenditure acquired from the acquisition of Galicia Tin & Tungsten SL	7,140,699	-
Exploration and evaluation expenditure incurred during the year	1,297,371	669,731
Impairment of Sandstone project	(215,454)	-
	<hr/>	<hr/>
Balance at end of period	9,137,646	915,030
8. Trade and other payables		
Accrued expenses	47,361	63,654
Director payables	13,060	4,559
Trade creditors	467,926	162,007
	<hr/>	<hr/>
	528,347	230,220
9. Borrowings		
Loans acquired from the acquisition of Galicia Tin & Tungsten SL: Starboard Global Ltd ¹	80,749	-
Repayment of borrowings	(80,880)	-
Foreign exchange translation	131	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

¹ An entity of which Robert Wrixon is a director.

	Group 31 December 2019 \$	Group 30 June 2019 \$
10. Provisions		
Employee entitlements	17,833	5,811
	<u>17,833</u>	<u>5,811</u>

	Group 31 December 2019		Group 30 June 2019	
	No.	\$	No.	\$
11. Contributed equity				
Balance at beginning of year	38,043,751	4,617,297	11,993,751	534,268
Share issue: 19 July 2018	-	-	500,000	100,000
Share issue: 19 July 2018	-	-	300,000	60,000
Share issue: 19 July 2018	-	-	25,000,000	5,000,000
Share issue: 12 December 2018	-	-	250,000	35,000
Share issue: 27 August 2019	750,000	142,500	-	-
Share issue: 27 August 2019	10,950,000	2,190,000	-	-
Share issue: 27 August 2019	13,125,000	2,493,750	-	-
Share issue: 27 August 2019	2,850,000	570,000	-	-
Share issue: 3 October 2019	150,000	30,000	-	-
Share issue: 3 October 2019	181,820	36,364	-	-
Share issue: 14 October 2019	4,375,000	831,250	-	-
Contingent consideration for acquisition of GTT	-	3,990,000	-	-
Share issue costs	-	(190,125)	-	(1,111,971)
Balance at end of year	<u>70,425,571</u>	<u>14,711,036</u>	38,043,751	4,617,297

	Group 31 December 2019 \$	Group 30 June 2019 \$
12. Reserves		
<u>Foreign currency translation reserve</u>		
Balance at beginning of period	9,875	-
Foreign exchange on translation of operations	(17,064)	9,875
Balance at end of period	<u>(7,189)</u>	<u>9,875</u>
<u>Options reserve</u>		
Balance at beginning of period	125,980	-
Options issued (entitlements)	-	125,980
Balance at end of period	<u>125,980</u>	<u>125,980</u>
<u>Share based payments reserve</u>		
Balance at beginning of period	643,696	-
Options granted ²	21,000	643,696
Performance rights granted	85,711	-
Balance at end of period	<u>750,408</u>	<u>643,696</u>

²Variables used to calculate the valuations of option are as follows:

Inputs	Broker Options	Broker Options	Director & Employee Options
Number of options	10,000,000	1,425,000	1,500,000
Exercise price	\$0.30	\$0.20	\$0.20
Expiry date	31 October 2021	27 August 2022	27 August 2022
Grant date	27 August 2019	27 August 2019	27 August 2019
Share price at grant date	\$0.19	\$0.19	\$0.19
Risk free interest rate	2.20%	2.13%	0.66%
Volatility	100%	100%	112%
Option value	\$0.001	\$0.0825	\$0.126

	Group 31 December 2019 No.	Group 30 June 2019 No.
13. Reserves (continued)		
<u>Unlisted options</u>		
Balance at beginning of period	4,825,000	2,325,000
Options granted	2,925,000	2,500,000
	<hr/>	<hr/>
Balance at end of period	7,750,000	4,825,000
<u>Listed options</u>		
Balance at beginning of period	17,098,036	-
Options granted	10,000,000	4,500,000
Options issued (entitlements)	-	12,598,036
	<hr/>	<hr/>
Balance at end of period	27,098,036	17,098,036

14. Operating segments

The Group has determined operating segments based on the information provided to the Board of Directors. The Group operates predominantly in one business segment being the exploration for minerals in three geographic segments, being Australia, Spain and Canada.

	Australia	Canada	Spain	Corporate	Total
31 December 2019					
Segment revenue	-	-	7	11,829	11,836
Segment loss	(216,095)	(2,860)	(902,942)	(599,646)	(1,721,543)
Segment assets	150,551	488,505	8,852,335	3,561,391	13,052,782
Segment liabilities	167	861	204,713	340,439	546,180
30 June 2019					
Segment assets	340,291	478,722	-	3,461,776	4,280,789
Segment liabilities	352	1,086	-	234,593	236,031
31 December 2018					
Segment revenue	-	-	-	31,414	31,414
Segment loss	(1,476)	(3,034)	-	(487,731)	(492,241)

15. Events after the end of the reporting period

There are no matters or circumstances have arisen since the end of the year which will significantly affect, or may significantly affect, the state of affairs or operations of the Group in future financial years other than the following:

- On 29 January 2020 the Company announced a further update on the drilling campaign and the assays received that will feed in to the updated JORC MRE and ongoing feasibility study.
- On 7 February 2020 the Company announced the expiration of 2,325,000 unlisted \$0.30 options.
- On 11 February 2020 the Company announced the sale of 100% of its interest in the Sandstone project to Westar Resources Limited for a cash payment of \$50,000 and \$100,000 worth of Westar Resources Limited shares when it lists on the ASX.
- On 5 March 2020 the Company issued 250,000 to Ashley Hood as detailed in the Notice of General Meeting and as approved by shareholders at the General Meeting on 13 February 2020.
- On 5 March 2020 the Company issued 1,000,000 Milestone 1 and 1,000,000 Milestone 2 performance rights expiring 5 March 2023 to a consultant of the Company as detailed in the Notice of General Meeting and as approved by shareholders at the General Meeting on 13 February 2020.

	Group 31 December 2019 \$	Group 30 June 2019 \$
16. Commitments and contingencies		
a. Commitments relating to operating and exploration expenditures		
Not longer than 1 year	372,097	299,161
More than 1 year but not longer than 5 years	357,575	195,801
More than 5 years	2,062,680	-
	2,792,352	494,962

b. Contingent assets

There are no contingent assets as at 31 December 2019.

16. Commitments and contingencies (continued)

c. Contingent liabilities

Contingent liabilities as at 31 December 2019 consist of the issue of 250,000 fully paid ordinary shares each in the Company to the Directors, Ashley Hood and Peter Hatfull, on each anniversary of their commencement date during which the Director remains employed under their respective Executive Services Agreement and Non-Executive Director Agreement.

17. Interests in controlled entities

Company Name	Place of Incorporation	31 December 2019 % Ownership	30 June 2019 % Ownership
Sandstone Metals PtyLtd	Australia	100%	100%
Yukon Metals Pty Ltd	Australia	100%	100%
Biscay Minerals Pty Ltd	Australia	100%	-
Overland Resources (BC) Limited	Canada	100%	100%
Galicia Tin & Tungsten SL	Spain	100%	-

18. Acquisition of Controlled Entities – Business Combination

On 27 August 2019, Rafaella Resources Limited acquired the rights to operate the underlying business of Galicia Tin & Tungsten SL (“GTT”) for a consideration of 17,500,000 in shares with a contingent consideration of 30,000,000 in share payable upon achieving certain milestones. Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	221,493
Other assets	8,020
Plant and equipment	93,156
Exploration and evaluation asset	7,140,699
Trade and other payables	(67,619)
Loans	(80,749)
	7,315,000
Acquisition-date fair value of the total consideration transferred	7,315,000
Representing:	
Shares paid or payable to vendor	7,315,000
Total consideration transferred	7,315,000

The fair value of GTT’s assets and liabilities have been measured provisionally. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the amounts above, the accounting for the acquisition will be revised.

The contingent consideration relating to the acquisition is as follows:

- ① 15,000,000 ordinary shares on the Company announcing a JORC compliant resource at any of the tenements in relation to the GTT Project (Milestone 1); and
- ① 15,000,000 ordinary shares on the completion of a pre-feasibility study for the development of the GTT Project, and the grant of a loan or any other project financing package that allows the Project to progress to construction (Milestone 2).

For personal use only

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the financial half year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Peter Hatfull
Non-Executive Chairman

13 March 2020

For personal use only

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61(0) 8 9261 9100
F +61(0) 8 9261 9111
www.rsm.com.au

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
RAFAELLA RESOURCES LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Rafaella Resources Limited which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Rafaella Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

For personal use only

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Rafaella Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

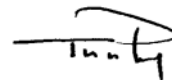
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Rafaella Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 13 March 2020

For personal use only