



RAFAELLA
resources

**Limited
And Controlled Entities**

ABN: 49 623 130 987

HALF YEAR REPORT

For the Period Ended 31 December 2021

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CORPORATE DIRECTORY

DIRECTORS

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

SECRETARY

Amanda Wilton-Heald

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STOCK EXCHANGE LISTING

Australian Securities Exchange
ASX Code: RFR

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 2021 ('H1 FY22').

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
Steven Turner	Managing Director
Robert Wrixon	Non-Executive Director
Ashley Hood	Non-Executive Director
Royston Denysschen	Non-Executive Director (resigned 2 March 2022)

COMPANY SECRETARY

Name	Title
Amanda Wilton-Heald	Company Secretary

PRINCIPAL ACTIVITIES

The principal activity of the Group is exploration for and development of tungsten, tin, gold, cobalt, copper and nickel deposits. Rafaella holds a tungsten development project in northwestern Spain and a portfolio of polymetallic exploration projects in Canada.

REVIEW OF RESULTS

The loss after tax for the period ended 31 December 2021 was \$812,067 (2020: loss of \$1,023,503).

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

	31 December 2021 \$	30 June 2021 \$	31 December 2020 \$	30 June 2020 \$
Revenue	31,397	94,630	39,258	66,305
EBITDA	(754,001)	(1,958,106)	(999,928)	(2,358,842)
EBIT	(809,200)	(1,989,757)	(1,022,922)	(2,379,493)
Loss after income tax	(812,067)	(1,991,733)	(1,023,503)	(2,382,017)

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

	31 December 2021 \$	30 June 2021 \$	31 December 2020 \$	30 June 2020 \$
Share price at financial period end	0.065	0.09	0.074	0.074

Company Focus and Mission

Rafaella was established to explore and develop high-quality assets worldwide. During H1 FY22 the Company further refined its strategy by increasing its position in the Iberian Peninsula to build a strategic portfolio of development tungsten and tin assets. With 95% of supplies of tungsten coming from China, Vietnam and Russia and 67% of tin sourced from China and Indonesia, major end-users in Europe and North America face considerable supply chain risks. This has been clearly demonstrated with (i) the recent spike in tin prices to all time highs due to supply chain disruptions and (ii) the Russian invasion of the Ukraine where the annual trade flows of tungsten concentrates to Europe from Russian production, totalling 1,500t per annum, are likely to be materially impacted. Displacing these trades through domestic production will allow end-users to trace their supplies to conflict free and environmentally responsibly managed operations.

Tungsten Concentrate Supply and Demand

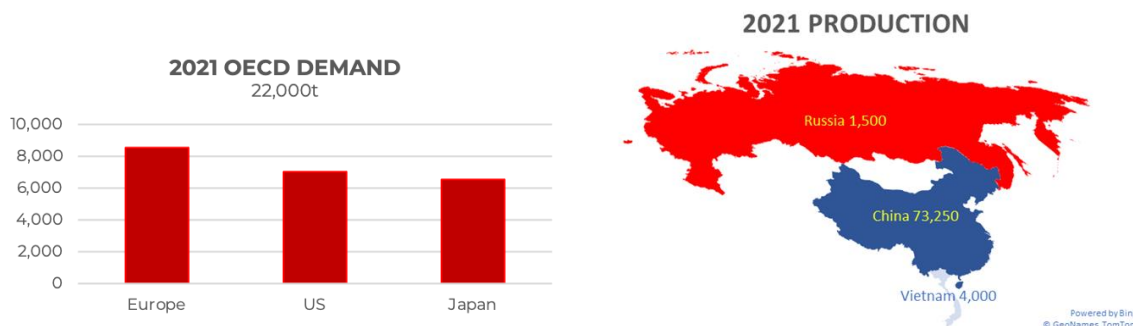


Figure 1: Tungsten 2021 demand. Figure 2: 95% of Supply from China, Vietnam and Russia. Source: Argus Media.

The increasing focus on building a sustainable Iberian portfolio has meant that the Company is looking to fund the Canadian high-grade nickel-copper exploration assets through a third-party, retaining exciting upside whilst minimising shareholder dilution.

Tin prices have recently breached US\$45,000/tonne, up nearly 100% on the last 12 months. Tungsten is also up over 35% year on year. Nickel and copper prices continue to straghten as the world economies transition to electric vehicles with prices up 33% and 9% over the last 12 months respectively. The Company now has a spread of exposure to metals critical to new technological applications.

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Santa Comba Project Tungsten and Tin Project

During the first half of the FY22, the Company has been focussed on advancing the study work on the Santa Comba project. The study work is being completed to underpin a definitive feasibility study and an open pit permit application. The project is already permitted for underground operations and has a process plant construction permit. The open pit offers a larger scale and longer life operation and is complimentary to the underground operation.

Over the last 6 months the principal activity has been the conclusion of metallurgical test-work. Management has been reviewing other regional projects and production issues encountered and has extended the Santa Comba test-work to ensure that the process flow sheet is robust to deliver maximum reliability. On January 25th the Company announced that the main test-work was now complete and that recoveries of the disseminated open pit ore from the run-of-mine to product has been calculated at 71.6%, a 5.6% improvement from the pre-feasibility study. Furthermore it was announced that the project will produce a synthetic scheelite, a premium product welcomed by traders and end-users.

During the half year, the underground operation was also restarted with high-grade stockpiles being accessed and partially processed through a pilot plant. The access to the underground, that contains nearly 7,000m of workings, has provided the Company an opportunity to further study the underground resource potential and assess the processing of this ore.

The main activity for the second half of FY22 will be the completion of the definitive feasibility study and the commencement of the open pit permit application process. It is the intention of the Company to seek 'Strategic Industrial Project' status for Santa Comba. This status will materially shorten the permitting process and also support any land access applications.

Portuguese Acquisition

On 23rd November, the Company announced that it had executed a binding Heads of Agreement ('HoA') to acquire two tungsten projects in northern Portugal.

The HoA was executed with PanEx Resources Ltd ('PanEx') for the acquisition of Pan Iberia Ltd which through its 100% subsidiary, PanMetals Unipessoal Limitada holds the contractual rights to acquire 100% of the Borralha tungsten project and 90% of the Vila Verde tungsten project from Mineração – Minas, Geotecnia e Construções, LDA ('Mineração').

The Borralha and Vila Verde tungsten projects of northern Portugal lie in the inner metamorphic belt of the Variscan Orogen of the Iberian Massif. This corresponds to the same metamorphic belt as the Santa Comba and the San Finx projects, as shown in figure 1.

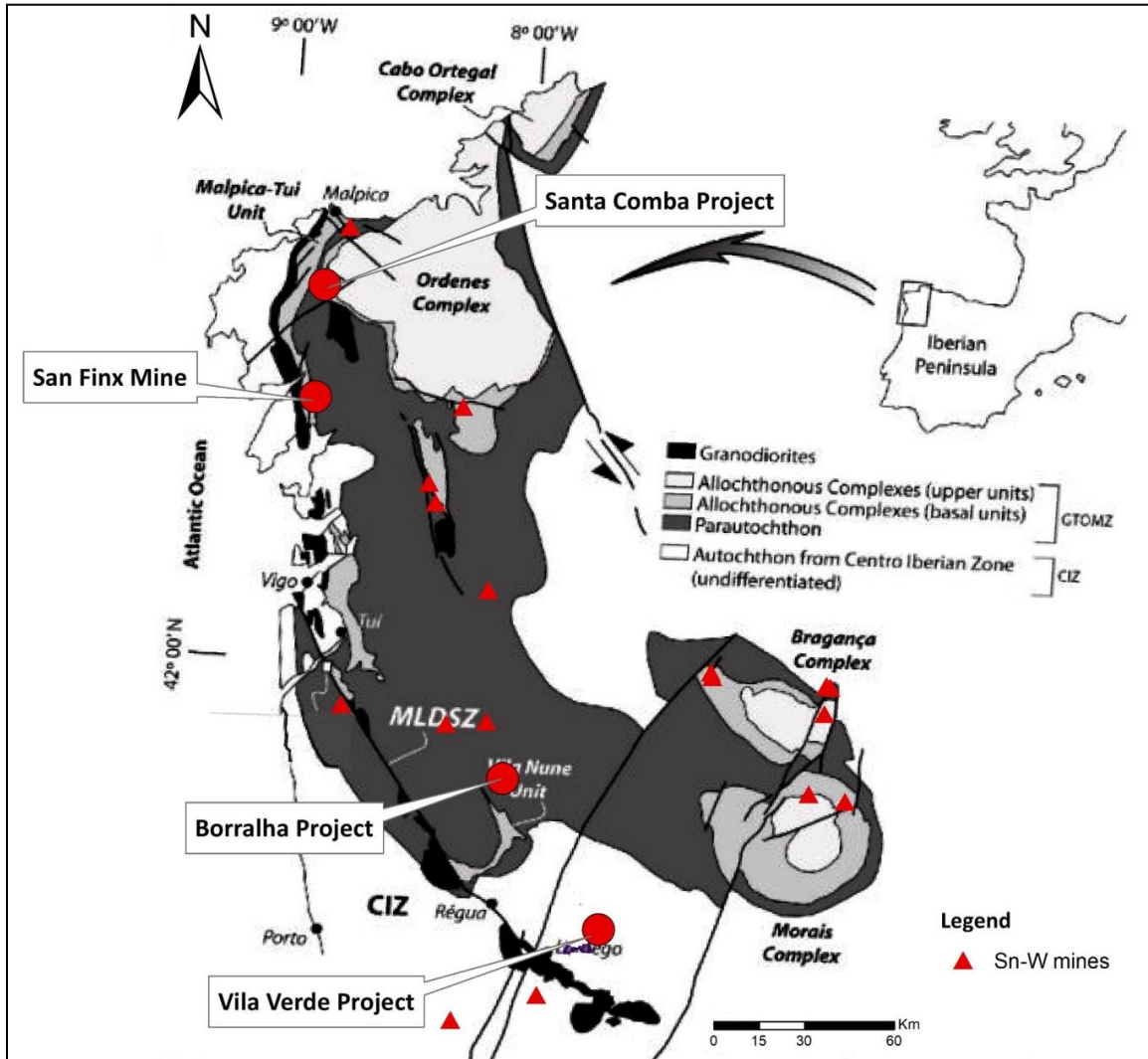


Figure 3. Geological map from NW Iberian Peninsula showing location of Santa Comba project, San Finx mine, Borralha and Vila Verde projects within the inner metamorphic belt of the Variscan Orogen of the Iberian Massif.

Borralha Project

The Borralha tungsten deposit has a long mining history dating back to 1902 until its closure in 1986 when it was the second largest producer of tungsten in Portugal.

Exploration conducted by Minerália since 2012 included a diamond drilling campaign which confirmed the presence of three different mineralization styles:

- a. Quartz veins with wolframite
- b. Aplite-pegmatite veins with cassiterite
- c. Breccia bodies (pipes or collapse breccias) hosted in granites.

Drilling through the main Breccia body, named Santa Helena Breccia (figure 4) demonstrated the excellent potential to delineate relatively high-grade resources over relatively large zones at shallow depths with intersections such as:

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Ddh Bo_05: 63.00m at 0.18% WO₃ (from 54m), including 4m at 0.43% WO₃, from 65m and 9m at 0.29% WO₃ from 88 and 14m at 0.26% WO₃ from 102m.

Ddh Bo_12: 76.00m at 0.28% WO₃ (from 55m), including 12m at 0.78% WO₃, from 56m and .18m at 0.38% WO₃ from 113m.

Ddh Bo_8a: 123.00m at 0.28% WO₃ (from 52m), including 9m at 0.41% WO₃, from 57m and 19m at 0.32% WO₃ from 94m and 55m at 0.39% WO₃ from 120m.

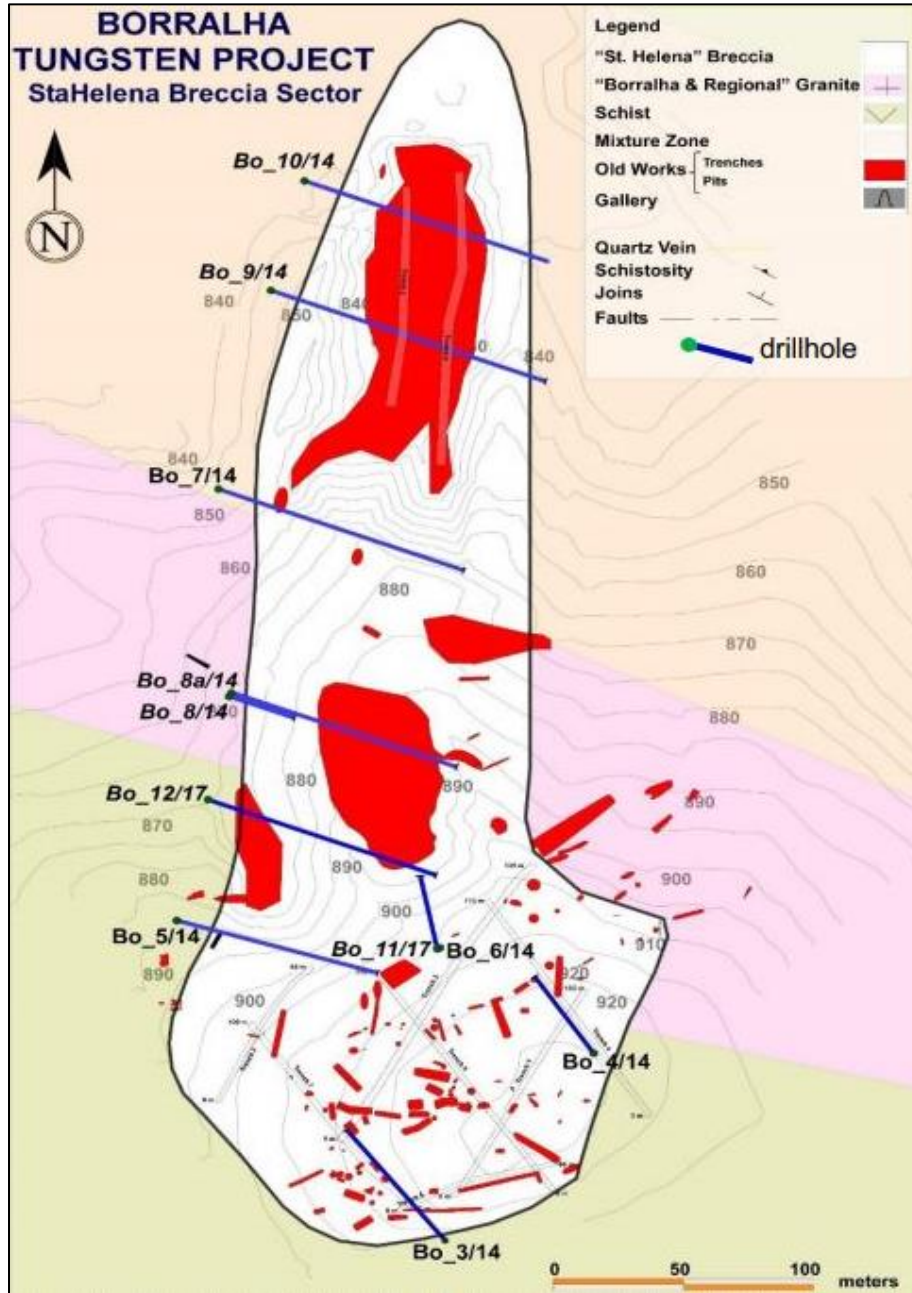


Figure 4. Surface geological map of the Santa Helena Breccia at Borralha Tungsten deposit showing drillhole locations.

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In October 2021, Borralha was granted an exploitation mining concession by the General Directorate of Energy and Geology ('DGEG') of Portugal for a 25 year period, with two 15 year options to extend.

Vila Verde Project

The first known license for the exploitation of the mine dates back to 1883 and was granted until its closure in 1986 when it was the third largest producer of tungsten in Portugal. Exploration by Minerália since 2012, has been conducted within the three main sectors known as the Vale Das Gatas Sector, Praneilas Sector and Justes Sector (figure 5).

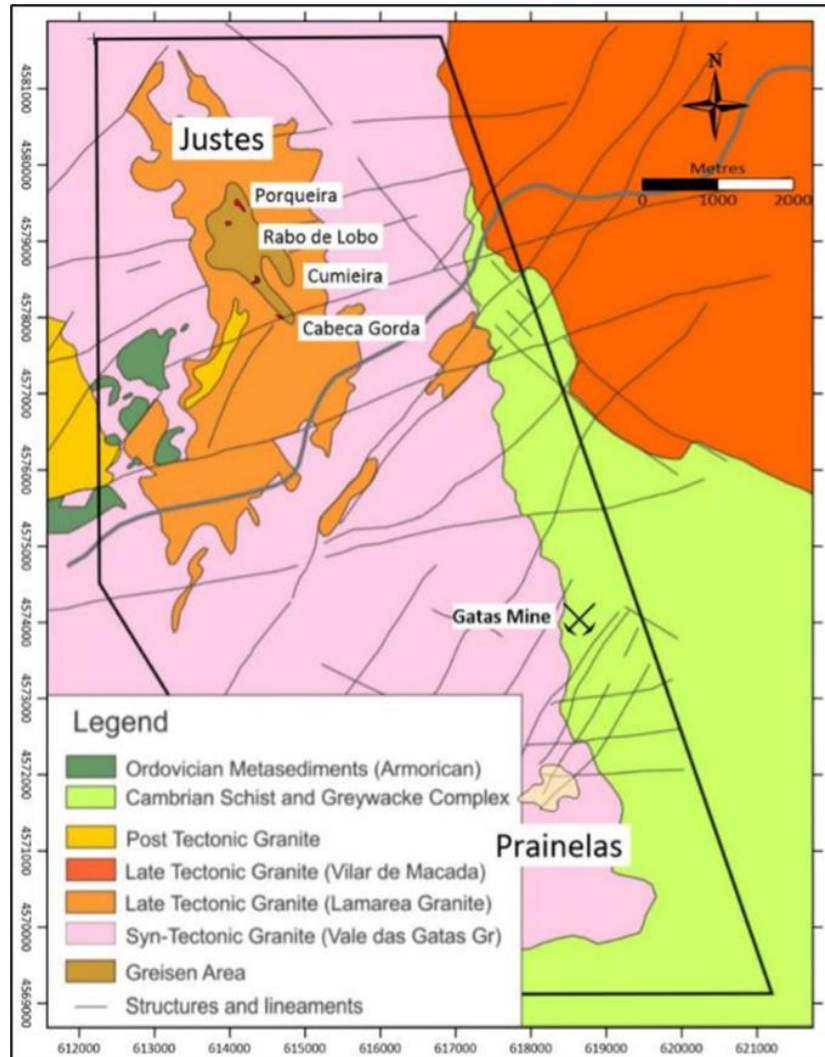


Figure 5. Local geology of the Vila Verde tungsten project showing the location of the three main sectors with Justes to the north, Vale das Gatas in the central part and Prainelas to the south.

The main contribution to tungsten mineralization from historic mining has been quartz veins within the stockwork deposit, which also contains zones where the prospective lithium minerals Zimwaldite and Lepidolite have been reported.

An experimental mining licence ('EML') has been applied for and is pending with the DGEG. Following further study to be undertaken by Rafaella, and subject to results, an exploitation licence will be applied for.

Midrim and Laforce

The Midrim and Laforce Ni-Cu-PGE projects represent an exciting prospect having demonstrated high-grade shallow sulphide mineralisation.

During the first half of FY223 the Company conducted an extensive review of the data acquired in 2020 and the results of the heli-borne VTEM and ground floor EM conducted in 2021 targeting a deeper late time anomaly that may be indicative of a feeder system to the high-grade shallower mineralisation. The Company engaged SRK Exploration with experience of sulphide mineralisation hosted within gabbroic intrusions. A 43-101 compliant geological report has been completed.

Rafaella Resources is now discussing the optimal way to progress the drilling of a comprehensive programme to properly explore the identified anomaly and other prospective targets. The Company is seeking funding at the project level, either by vending the assets in to a Canadian listed entity that can access tax efficient funding through the issuance of flow through shares, or raising capital directly at the project level. These options will allow the targets to be drilled, retaining significant upside exploration exposure, whilst minimising shareholder dilution.

Progress at McCleery

An limited exploration programme, supported by Yukon government funding was conducted in 2021. The results of this programme are still pending. The Company will then assess the best option for shareholders once the results have been reviewed.

Environment, Social and Governance ('ESG')

The Board of the Company has resolved to adopt the WEF ESG framework and instructed management to set up an impact measurement plan for each sustainability area which includes, but is not limited to, governance, anti-corruption practices, ethical behaviour, human rights, carbon emissions, land use, ecological sensitivity, water consumption, diversity and inclusion, pay equality and tax payments. To ensure that Rafaella can measure, monitor, and report on its ESG disclosure progress, the Company has engaged impact monitoring technology platform Socialsuite to streamline the disclosure and ongoing ESG reporting process. The Company's goal is to demonstrate commitment and progress on making ESG disclosures, but more broadly, aims to progress a range of ESG benchmarks as set out by the WEF's ESG White Paper.

In December 2021 the Company announced that it has signed a non-binding MOU with Capital Energy, a leading Spanish developer of renewable energy projects, to investigate the possibility of supplying 100% certified green energy to the Santa Comba mine site. The MOU also extends to any future projects in Spain. Rafaella has the right to co-invest in any project with Capital Energy up to 49% if appropriate as a means of providing a cost-effective long-term energy solution.

The strategy of Rafaella to build a source of domestic supply to Europe and North America strongly supports an ESG focus as any production would likely displace tin and tungsten from other jurisdictions that have less stringent environmental and governance processes.

Corporate

During H1 FY22, Rafaella issued the GTT acquisition additional consideration shares as well as converted the milestone 1 performance rights.

In September, the Company appointed Vert Capital as its company broker and financial advisor.

Post H1 FY22 developments

San Finx Acquisition

On 4 January, the Company announced that it had acquired Tungsten San Finx S.L. the 100% owner of the San Finx tin and tungsten mine from Valoriza Minería S.L.U. ('Valoriza').

Key commercial terms include:

- No upfront consideration.
- €5,000,000 payable in royalties. Royalties are payable quarterly at 2.5% commencing after the first 1,000t of metal sold. Where the average price during the quarter for tungsten exceeds US\$300/mtu and the price of tin exceeds US\$33,000/t, then 5% is payable.
- Valoriza to provide ongoing environmental support as the project looks to have a water discharge permit approved.
- Valoriza to assume full cost for restoration should the water discharge permit not be granted.

San Finx is located in Galicia, NW of Spain, in the Lousame municipality of A Coruña province and around 50km from the Santa Comba mine.

Tin and tungsten mineralization at San Finx is associated with quartz veins, with variable widths from 1.0 to 1.5m, striking NE-SW, strongly dipping to the SE and showing continuity along strike for 2,300m. Ratio of tin to tungsten, based on historical production, is 60%:40% respectively.

In 2015, Tungsten San Finx S.L. drilled three diamond holes totalling 1,230 metres from surface at the Pozo Nuevo Zone, which intersected the veins at 80 metres below the deepest part of the historic San Finx mine (8th level). Two of the diamond drill holes intersected a new 1m thick, highly mineralized vein not previously mined, located 20 metres from the veins in Pozo Nuevo. The mineralogy of the intersected veins includes cassiterite, wolframite, chalcopyrite and molybdenite.

In 2017, Tungsten San Finx S.L.U. extracted nearly 17,000 tonnes of ore that produced 32 tonnes of wolframite concentrate and 35 tonnes of tin concentrate sold under contract. Assays of the concentrates indicate a clean high-grade product.

Acquisition of Tungsten San Finx S.L. included the concessions, rehabilitation bond, infrastructure (including water management system) and the plant and equipment. The process plant comprises two stages: crushing and gravimetric separation as the first stage, and electrostatic and magnetic separation with flotation as the second stage supported by a 700kV diesel generator. Underground equipment includes two Aramine load haul dump (LHDs) vehicles, conveyor system, electricity and ventilation and a 400kV diesel generator.

San Finx holds mining concessions that are valid through until July 2068. The mine is permitted for operations, which have been temporarily suspended pending the award of a water discharge permit to allow access to the deeper levels (level 8). The water discharge permit is required to access the lower levels. Valoriza has completed an extensive study for the treatment of the water in support of the water discharge permit. The technical merits of the proposed treatment plant have been agreed and the permit is currently undergoing public consultation. If the water discharge permit is not approved and hence the concession is no longer economically viable, Valoriza will cover the full rehabilitation cost.

Santa Comba Underground Mineral Resource Upgrade

On 8 February 2022, the Company announced an upgrade to the Santa Comba underground JORC compliant Mineral Resource Estimate and provided a maiden underground Exploration Target. This upgrade examined the underground areas to the north of Mina Carmen located below the existing quarry operation. The existing Inferred Resource dating from 2016 covering the area to the south remains unchanged.

Underground JORC Mineral Resource Estimate Upgrade

Table 1 shows the details of the underground mineral resource estimate ('UG MRE') for Santa Comba, including the Zone Mina Carmen North updated by Rafaela as of February 2022 and the unchanged UG MRE of Zone Mina Carmen South, dated August, 2016¹.

UG Mineral Resource Estimate for Mina Carmen, Santa Comba - February 2022								
Zone	Author (date)	Classification	Vein	Tonnes (kt)	WO ₃ (%)	Sn (%)	WO ₃ t	Sn t
UG Mina Carmen North	Rafaela (2022)	Inferred	F16	12.0	0.67	0.01	80	1
			Restrevas North	30.0	1.07	0.01	321	2
			Ramilla B	14.7	0.89	0.02	131	3
			Total	56.6	0.94	0.01	532	6
UG Mina Carmen South	A. Wheeler (2016)	Inferred	F4	38.6	1.32	0.10	510	39
			F5	51.5	1.04	0.42	536	217
			F8	41.1	0.80	0.26	329	109
			Restrevas South	103.1	0.82	0.28	845	291
			Total	234.3	0.95	0.28	2,219	655
TOTAL UG Mina Carmen				290.9	0.95	0.23	2,752	662

Table 1. UG Mineral Resource Estimate for Mina Carmen (Santa Comba) as of February 2022

¹ See ASX announcement dated 27 May 2019 "Rafaela Resources Signs Heads of Agreement to Acquire 100% Interest in Spanish Tungsten and Tin Project".

UG Inferred: Cut-off = 0.53% WO₃

Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal content. Where these occur, they are not considered material.

UG MRE for Zone Mina Carmen North at different cut-off grades - February 2022					
Cut-Off (WO ₃ %)	Tonnes (kt)	Grade		Metal Content (t)	
		WO ₃ (%)	Sn (%)	WO ₃	Sn
0.20%	121.8	0.60	0.02	737	21
0.30%	80.9	0.78	0.01	633	8
0.40%	71.0	0.84	0.01	599	7
0.50%	56.6	0.94	0.01	532	6

Table 2. UG Mineral Resource Estimate at different cut-off grades

Maiden Underground Exploration Target

Rafaella has delineated substantial Exploration Targets for both Mina Carmen North and Mina Carmen South, which would require a drill program of between 3,000m to 4,000m for generating Inferred resources with the objective of 1Mt at 1.0% (WO₃ + Sn) combined (table 3).

UG Exploration Targets (ET) for Mina Carmen, Santa Comba - February 2022										
Zone	Range Tonnes (kt)		Range WO ₃ (%)		Range Sn (%)		Range WO ₃ t		Range Sn t	
	Higher	Lower	Higher	Lower	Higher	Lower	Higher	Lower	Higher	Lower
UG ET Mina Carmen North [#]	585	351	0.87	0.66	0.02	0.02	5,063	2,316	114	70
UG ET Mina Carmen South [#]	766	460	0.96	0.81	0.27	0.27	7,331	3,725	2,072	1,242
TOTAL UG ET Mina Carmen[#]	1,351	811	0.92	0.75	0.16	0.16	12,394	6,041	2,187	1,312

Table 3. UG Exploration Targets for Mina Carmen North and South with expected ranges in tonnage and WO₃ grade.
[#] Potential quantity and grade are conceptual in nature. There has been insufficient exploration to estimate a mineral resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

Cautionary Statement

There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

For an Exploration Target, potential quantity and grade are conceptual in nature. There has been insufficient exploration to estimate a mineral resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

Post H1 FY22 corporate developments

Royston Denysschen resigned from the Board of Rafaella Resources. The Company would like to thank Royston for his contribution.

COVID-19 Impacts

Operations continue at the Santa Comba mine site. Preventive measures have been taken including the extensive use of masks and hydroalcoholic gels as well as operational bubbles. COVID-19 has seen the temporary closure of several industries that are end-users of tungsten, however during the last 6 months there has been a substantial rebound, particularly in the manufacturing of automobiles, the primary application of tungsten. The result of this has been a strong increase in the price of ammonium paratungstate (APT) which currently sits at US\$312/mtu, a 52% increase year on year. Asset values, going concern and future funding of the business is not expected to be materially adversely affected by COVID 19.

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 2 shares) remain to be issued. The details of these 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 16 February 2022 the Company announced a placement and on 22 February 2022 the Company issued 31,649,998 shares at \$0.06 plus 15,824,996 unquoted \$0.12 options expiring 13 April 2024 to raise \$1,899,000.
- On 2 March 2022 Royston Denysschen resigned as Non-Executive Director.

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
10 March 2022

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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 2021, 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 AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 10 March 2022

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RSM Australia Partners ABN 36 965 185 036

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 December 2021**

	Note	Group 31 December 2021 \$	Group 31 December 2020 \$
Revenue		31,397	39,258
Accounting fees		(49,126)	(43,861)
Compliance fees		(83,880)	(60,465)
Consultancy fees		(83,046)	(81,667)
Depreciation	5	(55,199)	(22,994)
Directors' remuneration		(135,532)	(180,119)
Exploration expenditure impairment	6	-	-
Foreign exchange gain/(loss)		4,884	(45,323)
Insurance expense		(26,651)	(21,682)
Interest expense		(2,867)	(581)
IT expenses		(315)	(1,846)
Legal fees		(6,458)	(64,634)
Marketing		(27,540)	(180,010)
Other expenses		(64,483)	(16,255)
Share based payments expense	9	(286,619)	(257,988)
Travel expenses		(26,632)	(85,336)
Loss before tax		(812,067)	(1,023,503)
Income tax expense		-	-
Net loss for the period from operations		(812,067)	(1,023,503)
Other comprehensive (loss) / income			
(Loss) / gain on revaluation of equity instrument at fair value through other comprehensive income		(255,000)	570,000
Total comprehensive loss for the period		(1,067,067)	(453,503)
Basic and diluted loss per share (cents)		(0.44)	(1.13)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Note	Group 31 December 2021 \$	Group 30 June 2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	989,782	3,380,644
Trade and other receivables	4	467,703	619,219
Other assets		54,700	47,698
Total Current Assets		1,512,185	4,047,561
Non-Current Assets			
Investments held at fair value through other comprehensive income		315,000	570,000
Plant and equipment	5	81,799	48,046
Right of use assets		52,996	62,688
Exploration and evaluation assets	6	17,548,521	15,499,598
Total Non-Current Assets		17,998,316	16,180,332
Total Assets		19,510,501	20,227,893
LIABILITIES			
Current Liabilities			
Trade and other payables	7	572,704	361,176
Lease liabilities		20,312	20,312
Provisions		48,726	54,820
Total Current Liabilities		641,742	436,308
Non-Current Liabilities			
Lease liabilities		36,084	41,707
Total Current Liabilities		36,084	41,707
Total Liabilities		677,826	478,015
Net Assets		18,832,675	19,749,878
EQUITY			
Contributed equity	8	23,494,752	22,855,752
Reserves	9	1,875,830	2,619,966
Accumulated losses		(6,537,907)	(5,725,840)
Total Equity		18,832,675	19,749,878

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021**

Group	Contributed Equity	Fair Value through Other Comprehensive Income Reserve	Foreign Currency Translation Reserve	Options Reserve	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	22,855,752	420,000	(8,161)	126,080	2,082,047	(5,725,840)	19,749,878
Equity issues	639,000	-	-	-	(441,614)	-	197,386
Foreign exchange on translation of operations	-	-	(136,755)	-	-	-	(136,755)
Share based payments	-	-	-	-	89,233	-	89,233
Loss for the period	-	-	-	-	-	(812,067)	(812,067)
Other comprehensive loss	-	(255,000)	-	-	-	-	(255,000)
Total comprehensive loss for the period	-	(255,000)	-	-	-	(812,067)	(1,067,067)
Balance at 31 December 2021	23,494,752	165,000	(144,916)	126,080	1,729,666	(6,537,907)	18,832,675

Group	Contributed Equity	Fair Value through Other Comprehensive Income Reserve	Foreign Currency Translation Reserve	Options Reserve	Share Based Payments Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	15,110,433	-	(38,704)	125,980	875,313	(3,734,107)	12,338,915
Equity issues	3,778,777	-	-	-	-	-	3,778,777
Equity issue expenses	(311,649)	-	-	-	-	-	(311,649)
Foreign exchange on translation of operations	-	-	21,604	-	-	-	21,604
Share based payments	-	-	-	-	506,489	-	506,489
Loss for the period	-	-	-	-	-	(1,023,503)	(1,023,503)
Other comprehensive income	-	570,000	-	-	-	-	570,000
Total comprehensive loss for the period	-	570,000	-	-	-	(1,023,503)	(453,503)
Balance at 31 December 2020	18,577,561	570,000	(17,100)	125,980	1,381,802	(4,757,610)	15,880,633

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021**



	Note	Group 31 December 2021 \$	Group 31 December 2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(352,834)	(677,808)
Interest received		588	-
Interest expense		(2,867)	(581)
Payment for exploration and evaluation		(1,845,703)	(1,196,478)
Net cash (used in)/from operating activities		<u>(2,200,816)</u>	<u>(1,874,867)</u>
Cash flows from investing activities			
Acquisition of plant and equipment		<u>(54,837)</u>	<u>(14,465)</u>
Net cash (used in)/from investing activities		<u>(54,837)</u>	<u>(14,465)</u>
Cash flows from financing activities			
Proceeds from equity issues		-	2,279,653
Proceeds from shares pending allotment		-	72,120
Payment for costs of equity issues		-	(19,168)
Repayment of borrowings		(4,883)	-
Net cash (used in)/from financing activities		<u>(4,883)</u>	<u>2,332,605</u>
Net (decrease)/increase in cash held		(2,260,536)	443,273
Cash and cash equivalents at beginning of the period		3,380,644	1,179,723
Foreign exchange effect on cash and cash equivalents		<u>(130,326)</u>	<u>(25,516)</u>
Cash and cash equivalents at period end	3	<u>989,782</u>	<u>1,597,480</u>

The accompanying notes form part of these financial statements.

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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 2021 (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 10 March 2022 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 2021 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 Accounting Standard 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 2021 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.

	Group 31 December 2021 \$	Group 30 June 2021 \$
3. Cash and cash equivalents		
Cash at bank	791,382	3,206,615
Term deposits	198,400	174,029
	<u>989,782</u>	<u>3,380,644</u>
4. Trade and other receivables		
Accrued interest revenue	4	28
Tax refunds	467,699	619,191
	<u>467,703</u>	<u>619,219</u>
5. Plant and equipment		
Cost	145,351	89,968
Accumulated Depreciation	(63,552)	(41,922)
Written down value at end of year	<u>81,799</u>	<u>48,046</u>
Written down value at beginning of year	48,046	101,874
Additions	56,928	17,241
Disposals	-	(48,263)
Foreign exchange translation	(1,545)	103
Depreciation	(21,630)	(22,909)
Written down value at end of year	<u>81,799</u>	<u>48,046</u>

	Group 31 December 2021 \$	Group 30 June 2021 \$
6. Exploration and evaluation assets		
Balance at beginning of year	15,499,598	10,863,511
Exploration and evaluation expenditure incurred during the year	2,048,923	3,218,454
Exploration expenditure acquired – fair value of exploration expenditure acquired from the acquisition of the Midrim and Laforce project ²	-	1,417,633
	17,548,521	15,499,598
7. Trade and other payables		
Accrued expenses	59,147	26,500
Director payables	11,927	7,115
Trade creditors	501,630	327,561
	572,704	361,176

² Consideration for the acquisition of the Midrim and Laforce projects consisted of \$1,305,000 in shares and \$112,633 in unlisted options.

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	Group 31 December 2021		Group 30 June 2021	
	No.	\$	No.	\$
8. Contributed equity				
Balance at beginning of year	171,842,418	22,855,752	72,575,571	15,110,433
Share issue: 26 August 2020	-	-	18,000,000	1,188,000
Share issue: 29 October 2020	-	-	1,080,000	71,280
Share issue: 6 November 2020	-	-	13,050,000	1,174,500
Share issue: 9 November 2020	-	-	1,000,000	66,000
Share issue: 27 November 2020	-	-	1,450,000	130,500
Share issue: 27 November 2020	-	-	500,000	39,500
Share issue: 15 December 2020	-	-	250,000	17,250
Share issue: 29 December 2020	-	-	16,539,333	1,091,747
Share issue: 8 January 2021	-	-	3,460,667	235,325
Share issue: 13 April 2021	-	-	1,095,000	72,270
Share issue: 26 April 2021	-	-	31,976,392	3,357,521
Share issue: 22 June 2021	-	-	10,865,455	1,140,643
Share issue: 19 August 2021	18,900,000	639,000	-	-
Share issue costs	-	-	-	(839,217)
Balance at end of year	190,742,418	23,494,752	171,842,418	22,855,752

	Group 31 December 2021	Group 30 June 2021
	\$	\$
9. Reserves		
<u>Fair value through other comprehensive income reserve</u>		
Balance at beginning of period	420,000	-
Revaluation of investments	(255,000)	420,000
Balance at end of period	165,000	420,000
<u>Foreign currency translation reserve</u>		
Balance at beginning of period	(8,161)	(38,704)
Foreign exchange on translation of operations	(136,755)	30,543
Balance at end of period	(144,916)	(8,161)

	Group 31 December 2021 \$	Group 30 June 2021 \$
9. Reserves (continued)		
<u>Options reserve</u>		
Balance at beginning of period	126,080	125,980
Options issued	-	100
	<hr/>	<hr/>
Balance at end of period	126,080	126,080
<u>Share based payments reserve</u>		
Balance at beginning of period	2,082,047	875,313
Options granted ²	31,500	759,101
Performance rights granted	57,733	447,633
Conversion of performance rights	(441,614)	-
	<hr/>	<hr/>
Balance at end of period	1,729,666	2,082,047

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

Inputs	Director & Employee Options	Broker Options	Broker Options	Acquisition Options
Number of options	1,500,000	6,000,000	1,000,000	5,000,000
Exercise price	\$0.20	\$0.20	\$0.20	\$0.20
Expiry date	27 August 2022	29 October 2022	6 November 2022	27 November 2022
Grant date	27 August 2019	29 October 2020	9 November 2020	27 November 2020
Share price at grant date	\$0.19	\$0.098	\$0.09	\$0.074
Risk free interest rate	0.66%	0.11%	0.09%	0.09%
Volatility	112%	103%	102%	103%
Option value	\$0.126	\$0.036	\$0.031	\$0.023

	Group 31 December 2021 No.	Group 30 June 2021 No.
<u>Unlisted options</u>		
Balance at beginning of period	51,663,095	5,425,000
Options granted – share based payment	-	26,000,000
Options granted –free attaching	-	20,238,095
	<hr/>	<hr/>
Balance at end of period	51,663,095	51,663,095

	Group 31 December 2021 No.	Group 30 June 2021 No.
9. Reserves (continued)		
<u>Listed options</u>		
Balance at beginning of period	27,098,036	27,098,036
Options expired	(27,098,036)	-
Balance at end of period	-	27,098,036
<u>Performance rights</u>		
Balance at beginning of period	7,800,000	7,800,000
Performance rights converted	(3,900,000)	-
Performance rights granted	78,474	-
Balance at end of period	3,978,474	7,800,000

10. 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 2021					
Segment revenue	-	-	30,833	564	31,397
Segment loss	-	(23,665)	(42,833)	(745,569)	(812,067)
Segment assets	-	877,707	15,954,338	2,678,456	19,510,501
Segment liabilities	-	-	(393,653)	(284,173)	(677,826)
30 June 2021					
Segment assets	-	789,264	14,224,920	5,213,709	20,227,893
Segment liabilities	-	(39,381)	(243,784)	(194,850)	(478,015)
31 December 2020					
Segment revenue	-	-	1,766	37,492	39,258
Segment loss	(445)	(49,769)	(54,245)	(919,044)	(1,023,503)

11. Events after the end of the reporting period

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 16 February 2022 the Company announced a placement and on 22 February 2022 the Company issued 31,649,998 shares at \$0.06 plus 15,824,996 unquoted \$0.12 options expiring 13 April 2024 to raise \$1,899,000.
- On 2 March 2022 Royston Denysschen resigned as Non-Executive Director.

12. Commitments and contingencies

- a. Commitments relating to operating and exploration expenditures

	Group 31 December 2021 \$	Group 30 June 2021 \$
Not longer than 1 year	388,442	434,719
More than 1 year but not longer than 5 years	908,286	1,019,218
More than 5 years	2,121,975	2,379,111
	3,418,703	3,833,048

- b. Contingent assets

There are no contingent assets as at 31 December 2021.

- c. Contingent liabilities

There are no contingent liabilities as at 31 December 2021.

13. Interests in controlled entities

Company Name	Place of Incorporation	31 December 2021 % Ownership	30 June 2021 % Ownership
Yukon Metals Pty Ltd	Australia	100%	100%
Biscay Minerals Pty Ltd	Australia	100%	100%
Overland Resources (BC) Limited	Canada	100%	100%
9426-9198 Québec Inc	Canada	100%	100%
Galicia Tin & Tungsten SL	Spain	100%	100%
Rafaella Recursos España Capital Sociedad Limitada	Spain	100%	100%
Rafaella Recursos España Servicios Sociedad Limitada	Spain	100%	100%

14. Related party transactions

There were no transactions with related parties during the period ended 31 December 2021.

15. Dividends

No dividends were paid or declared during the half-year. The Directors do not recommend the payment of a dividend.

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 2021 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

10 March 2022

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**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 2021, 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 2021 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.

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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.

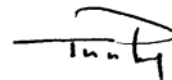
Conclusion

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 2021 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: 10 March 2022

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