



ASX Announcement | 10 January 2019 **Rafaella Resources Limited (ASX:RFR)**

Rafaella Resources Progresses Wholly-Owned Canadian and Western Australia Projects: December 2018 Quarterly Report

Investor Highlights

McCleery Project

- Received high-grade copper assay and airborne VTEM data from wholly-owned McCleery Project in Yukon Canada
- Quality conductor, coincident induced polarisation and magnetic anomaly detected
- 60 New adjoining claims staked to secure the VTEM anomaly
- Detailed Airborne Magnetics completed and drill targets being generated

Sandstone Project

- Confirmation and delineation of four historic gold soils anomalies at wholly-owned Sandstone Project in Western Australia
- Historic anomalies to be drill tested including Bonza Bore, a former target
- New additional anomalies discovered in survey, to be further investigated
- Infill geochemistry and air core drilling being planned

Exploration company **Rafaella Resources Limited (ASX:RFR)** (“Rafaella” or “the Company”) is pleased to provide an overview of activities for the quarter ended 31 December 2018.

Rafaella was established to explore and develop gold, cobalt, copper and other mineral opportunities. The Company wholly owns the McCleery Project, a highly prospective mineral exploration project in Canada’s Yukon Territory and the Sandstone Project, a gold and base metals exploration project in Western Australia.

High-Grade Copper Results from the McCleery West Project in Yukon Canada

Rafaella, announced on 28 November 2018 that it had received results from a sample taken the McCleery Project.

The sample was taken from a previously unmapped area of talus float hosting fine-grained bornite (a copper sulphide mineral) and minor chalcopyrite with moderate to strong malachite staining in calcareous siltstone. Analysis of this sample has returned an assay value of 2.9% Cu, 128ppb Au and 51.9ppm Ag.

The Company viewed the presence of copper mineralisation at this location as adding support to the potential for a larger mineralised system in the area of the McCleery projects. Rafaella's investigations at the McCleery West Project are the most comprehensive carried out at the site to date.

VTEM Results from McCleery Project Canada, Bedrock Conductor Also Secured

The Company announced on 12 December 2018 that it had received the final modelling results from the Versatile Time Domain Electromagnetic (VTEM) survey of the McCleery Project.

The survey was flown from the nearby town of Teslin, Yukon. The project surveyed area consisted of 454-line kilometres and the total area covered was 41 km².

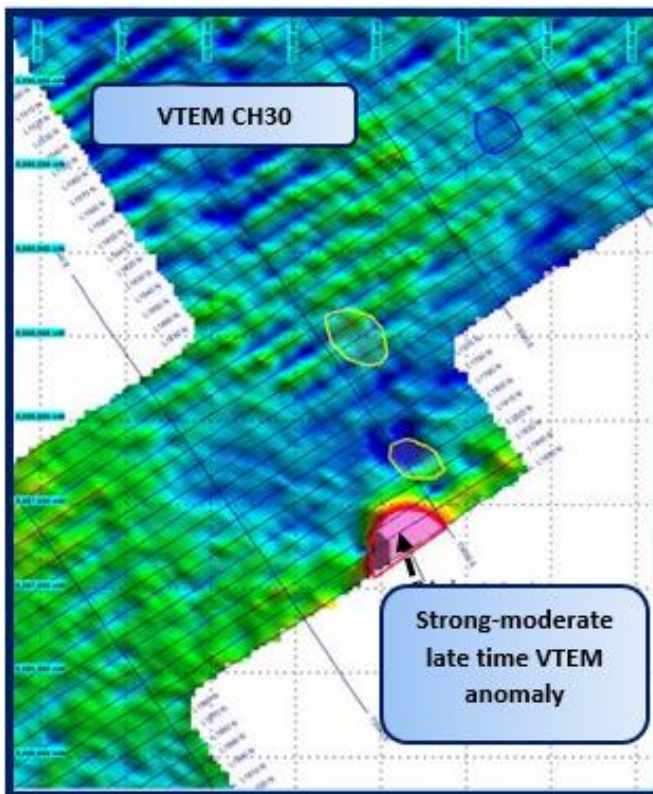


Figure 1. McCleery VTEM survey, CH 30 late time anomaly

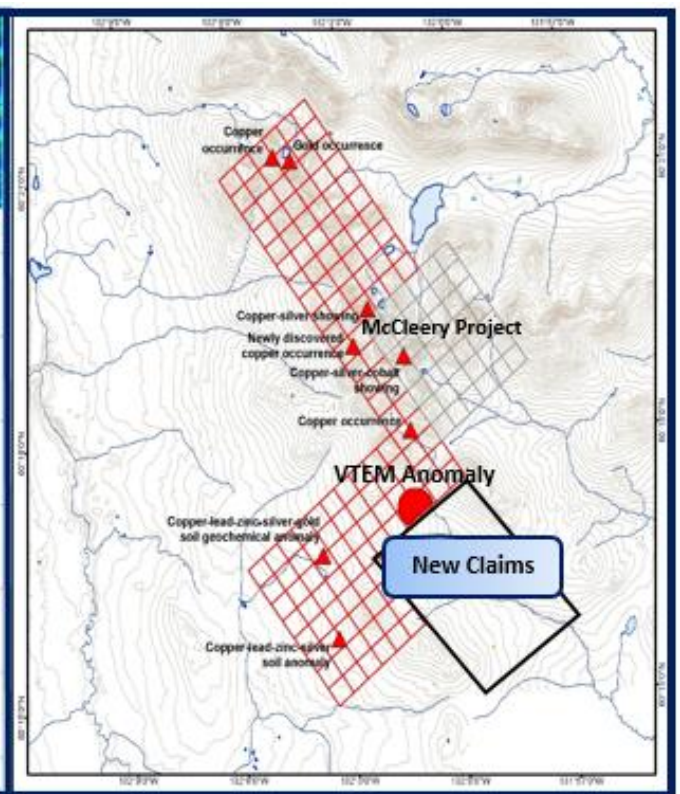


Figure 2. McCleery South additional 60 claims MM185 –MM245

The survey delineated a late time anomaly at the SE tenement boundary (Figure 1). Due to the proximity to the tenement boundary the Company acted to secure this anomaly by adding an additional 60 claims immediately adjoining to the south (see Figure 2) along with additional claims along strike. In addition, the survey delineated a number of less prominent anomalies within the project area (Figure 3).

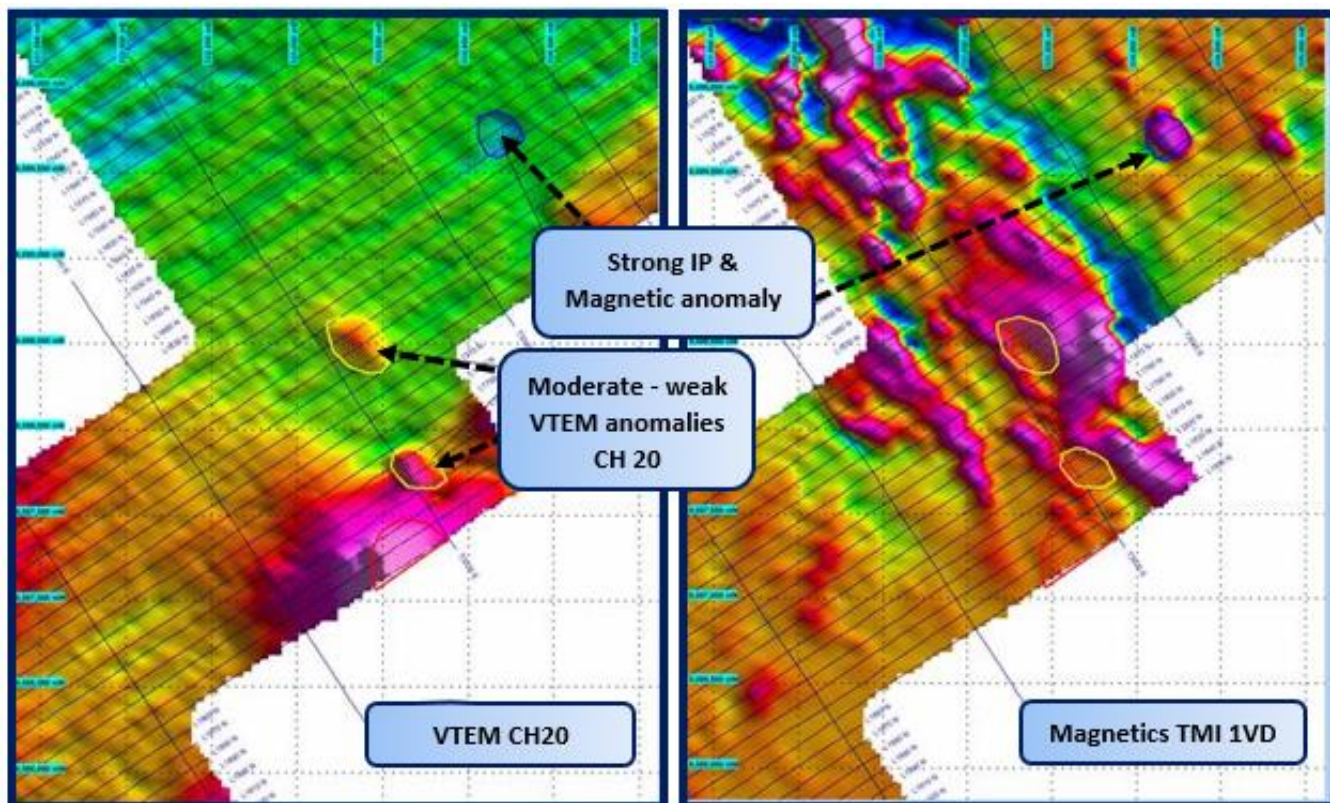


Figure 3. McCleery VTEM survey, CH 20 late time anomaly

Figure 4. McCleery Magnetism and IP/ polarisation anomaly

The presence of VTEM anomalism coupled with the established copper, gold and base metal occurrences within the McCleery project gives the Company and its technical team significant confidence to plan programmes to test the various targets within the project for VMS/skarn style mineralisation.

New and Historic Gold Mineralisation Anomalies at Sandstone Project

On 12 December 2018 the Company announced that it had received the final assay results from the broad-spaced soils geochemistry program at its Sandstone Project.

Historically, a number of gold geochemistry anomalies were discovered and published (see ASX announcement: Legend Mining Limited, 30 May 2005). Limited data was available on these leading the Company to complete a first pass, broad-spaced geochemistry program comprising 2,902 sample locations.

Identification of Key Target Areas

Four key target areas were defined comprising of key geological and structural settings. These comprise both historical anomalies described above and new anomalies generated by the Company's data.

The four key targets are shown in Figure 5 below and are as follows:

- Target 1 (Bills Bore): This target area was originally defined by historic soil sampling, the historic anomaly has been both confirmed and extended by the Company's survey. A coherent ≥ 30 ppb Au anomaly (with 9 samples ≥ 30 ppb Au) covering a strike length of 1.8 kilometres has been defined
- Target 2 (Fairy Well): This historical anomaly has again been highlighted, with the company's data defining an anomaly of ≥ 30 ppb Au (with 17 samples ≥ 30 ppb Au) over a strike length of 2.8 kilometres. RAB drill testing was reported to have returned 1m @ 6gt Au and 1m @ 8gt Au (see ASX announcement-Legend Mining Limited May 30th 2005).
- Target 3 (Bonza Bore): Historically the largest anomaly on the project area has again proven to be the larger anomaly in the recent survey (see Figure 2.) Bonza Bore appears to be a northwest striking anomaly located potentially in a favourable setting for dilation near a contact with a nearby granite intrusive. The peak assay result of 0.852gt Au is located just to the north west of Bonza Bore, potentially along strike. The ≥ 30 ppb Au anomaly (with 25 samples ≥ 30 ppb Au) has a strike length of 3.4 kilometres.
- Target 4 (Birrigrin Trend): The northwest trending Birrigrin anomaly is along strike of the Historical Birrigrin Mining Centre and the Brifter Prospect (Horizon Gold). The ≥ 50 ppb Au anomaly (with 26 samples ≥ 50 ppb Au) has a peak value of 0.438g/t Au.



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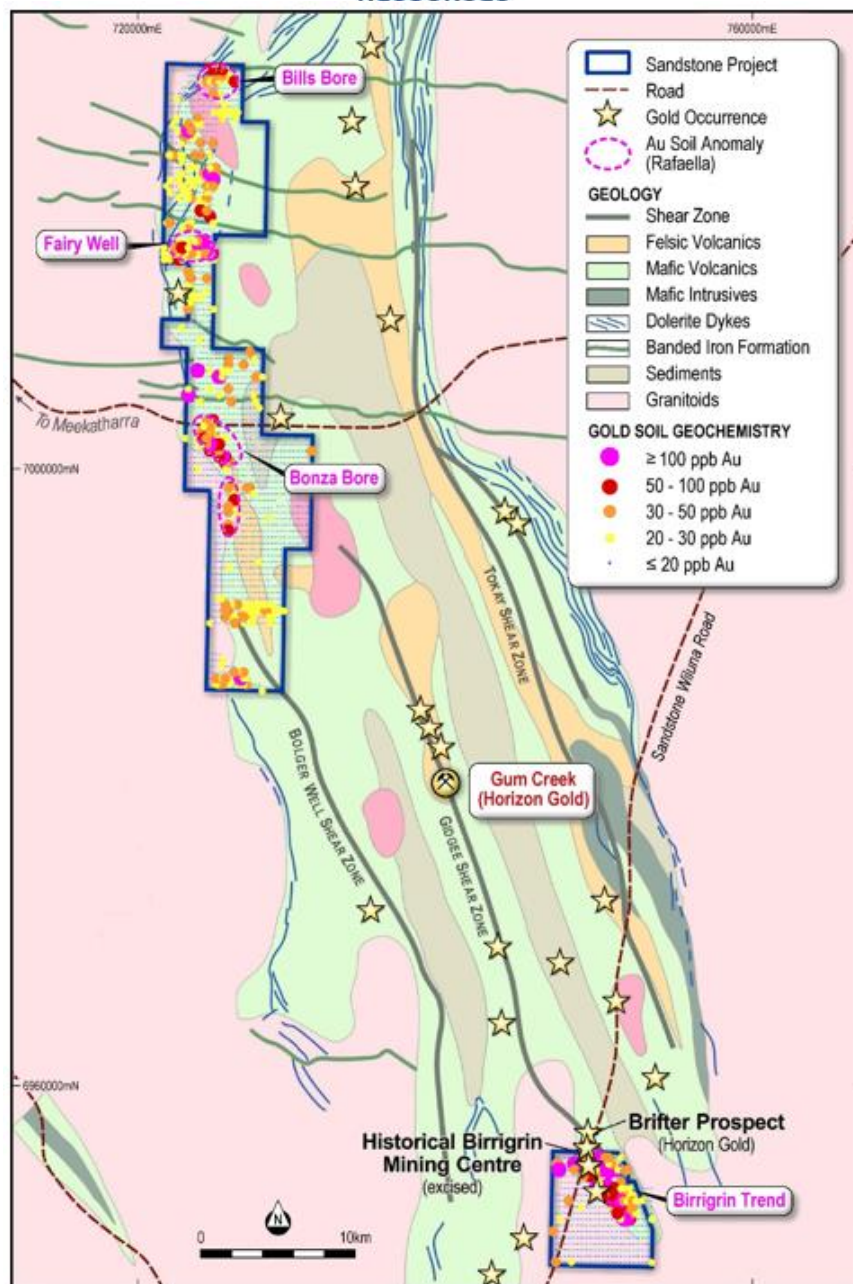


Figure 5. Geochemistry anomalies – untested to date

Rafaella Resources is presently planning the next phase of activities within the Sandstone Project. These activities may include but are not limited to:

- Infill and extension gold geochemical surveys to refine the anomalies
- pXRF testing of selected mineralised soil samples for base metals and pathfinder elements
- Structural interpretation based on aeromagnetic data and geological information from survey
- Planning initial air core drilling



Loyalty Option Entitlement Issue

In August 2018, Rafaella announced an entitlement issue of one (1) option for every three (3) shares held to eligible shareholders ('the Offer'). The Options have an issue price of \$0.01 per option, exercisable at \$0.30 expiring 31 October 2021. The entitlement issue is non-renounceable and the Company applied for quotation of the Options. EverBlu Capital Pty Ltd (ACN 612 793 683) (AFSL 499601) was the lead manager for the Offer. The Offer closed on 31 October 2018, fully subscribed, with final options being issued 16 November 2018.

Corporate

Rafaella's cash position as at 31 December 2018 was \$3.983m.

Securities on issue at 31 December 2018:

	Listed on ASX	Unlisted	Total
Fully paid ordinary shares	28,376,250	9,667,501	38,043,751
\$0.30 unlisted options expiring 6 February 2020	-	2,325,000	2,325,000
\$0.30 listed options expiring 31 October 2021	17,098,036	-	17,098,036
\$0.20 unlisted options expiring 19 July 2022	2,500,000	-	2,500,000
Total	45,474,286	14,492,501	59,966,787

Rafaella Managing Director Ashley Hood: "We are once again very pleased with the progress we made this quarter. We achieved major milestones at both our McCleery and Sandstone projects, with new claims, geophysics and gold geochemistry discoveries and confirmation of untested historic gold anomalies at the Sandstone Project. I would like to thank all shareholders for their continued support."

Ends

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About Rafaella Resources

Rafaella Resources Limited (ASX:RFR) is a junior exploration company which owns the McCleery cobalt and copper project in the Yukon territory Canada, and the Sandstone gold project in Western Australia. The Company was established with the purpose of exploring and developing gold, cobalt, copper and other mineral opportunities. Rafaella sees the McCleery and Sandstone projects as having excellent potential due to being under-explored, with limited drilling and exploration completed at the sites to date.



Schedule of Exploration Tenements

Project	Tenement Number	Interest Held: 30-Sep-18	Interest Held: 31-Dec-18
Sandstone	E53/1920	100%	100%
Sandstone	E57/1055	100%	100%

Project	Claim Name & Number	Grant Number	Interest Held: 30-Sep-18	Interest Held: 31-Dec-18
McCleery	MM 1	YD81304	100%	100%
McCleery	MM 2	YD81305	100%	100%
McCleery	MM 3	YD81306	100%	100%
McCleery	MM 4	YD81307	100%	100%
McCleery	MM 5	YD81308	100%	100%
McCleery	MM 6	YD81309	100%	100%
McCleery	MM 7	YD81310	100%	100%
McCleery	MM 8	YD81311	100%	100%
McCleery	MM 9	YD81312	100%	100%
McCleery	MM 10	YD81313	100%	100%
McCleery	MM 11	YD81314	100%	100%
McCleery	MM 12	YD81315	100%	100%
McCleery	MM 13	YD81316	100%	100%
McCleery	MM 14	YD81317	100%	100%
McCleery	MM 15	YD81318	100%	100%
McCleery	MM 16	YD81319	100%	100%
McCleery	MM 17	YD81320	100%	100%
McCleery	MM 18	YD81321	100%	100%
McCleery	MM 19	YD81322	100%	100%
McCleery	MM 20	YD81323	100%	100%
McCleery	MM 21	YD81324	100%	100%
McCleery	MM 22	YD81325	100%	100%
McCleery	MM 23	YD81326	100%	100%
McCleery	MM 24	YD81327	100%	100%
McCleery	MM 25	YD81328	100%	100%
McCleery	MM 26	YD81329	100%	100%
McCleery	MM 27	YD81330	100%	100%
McCleery	MM 28	YD81331	100%	100%
McCleery	MM 29	YD81332	100%	100%
McCleery	MM 30	YD81333	100%	100%
McCleery	MM 31	YD81334	100%	100%
McCleery	MM 32	YD81335	100%	100%
McCleery	MM 33	YD81336	100%	100%
McCleery	MM 34	YD81337	100%	100%
McCleery	MM 35	YD81338	100%	100%
McCleery	MM 36	YD81339	100%	100%
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McCleery	MM 44	YD81352	100%	100%
McCleery	MM 45	YD81353	100%	100%
McCleery	MM 46	YD81354	100%	100%
McCleery	MM 47	YD81355	100%	100%



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McCleery	MM 48	YD81356	100%	100%
McCleery	MM 49	YD81357	100%	100%
McCleery	MM 50	YD81358	100%	100%
McCleery	MM 51	YD81359	100%	100%
McCleery	MM 52	YD81360	100%	100%
McCleery	MM 53	YD81361	100%	100%
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McCleery	MM 55	YD81363	100%	100%
McCleery	MM 56	YD81364	100%	100%
McCleery	MM 57	YD81365	100%	100%
McCleery	MM 58	YD81366	100%	100%
McCleery	MM 59	YD81367	100%	100%
McCleery	MM 60	YD81368	100%	100%
McCleery	MM 61	YD81369	100%	100%
McCleery	MM 62	YD81370	100%	100%
McCleery	MM 63	YD81371	100%	100%
McCleery	MM 64	YD81372	100%	100%
McCleery	MM 65	YD81373	100%	100%
McCleery	MM 66	YD81374	100%	100%
McCleery	MM 67	YD81375	100%	100%
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McCleery	MM 92	YD81400	100%	100%
McCleery	MM 93	YD81449	100%	100%
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McCleery	MM 98	YD81454	100%	100%
McCleery	MM 99	YD81455	100%	100%
McCleery	MM 100	YD81456	100%	100%
McCleery	MM 101	YD81457	100%	100%
McCleery	MM 102	YD81458	100%	100%



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McCleery	MM 103	YD81459	100%	100%
McCleery	MM 104	YD81460	100%	100%
McCleery	MM 105	YD81461	100%	100%
McCleery	MM 106	YD81462	100%	100%
McCleery	MM 107	YD81463	100%	100%
McCleery	MM 108	YD81464	100%	100%
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McCleery	MM 152	YD81264	100%	100%
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McCleery	MM 155	YD81267	100%	100%
McCleery	MM 156	YD81268	100%	100%
McCleery	MM 157	YD81269	100%	100%



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McCleery	MM 159	YD81271	100%	100%
McCleery	MM 160	YD81272	100%	100%
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McCleery	MM 183	YD81295	100%	100%
McCleery	MM 184	YD81296	100%	100%

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Rafaella Resources Limited

ABN

49 623 130 987

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(209)	(392)
(b) development	-	-
(c) production	-	-
(d) staff costs	(41)	(77)
(e) administration and corporate costs	(68)	(321)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(318)	(790)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	(40)
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(40)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	74
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(77)	(523)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (proceeds from issue of entitlement options)	126	126
3.10	Net cash from / (used in) financing activities	49	(372)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,252	5,136*
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(318)	(790)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(40)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	49	(323)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,983	3,983

*of which \$4.926m was restricted cash related to the IPO capital raising received up to 30 June 2018 which shares were yet to be allotted as of 30 June 2018.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	983	1,252
5.2	Call deposits	3,000	3,000
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,983	4,252

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

41

-

Includes director salaries, fees and superannuation, inclusive of GST.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

59

-

Includes lead manager fees (being capital raising fee) and corporate advisory fees paid to EverBlu Capital Pty Ltd, inclusive of GST.

Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Add notes as necessary for an understanding of the position</i>		
	8.1 Loan facilities	-	-
	8.2 Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A			

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	293
9.2	Development	-
9.3	Production	-
9.4	Staff costs	57
9.5	Administration and corporate costs	165
9.6	Other	-
9.7	Total estimated cash outflows (inclusive of GST)	515

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Refer to Activities Report			
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Ashley Hood
(Director)

Date: 10 January 2019

Print name: Ashley Hood

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.