



**Limited  
And Controlled Entities**

**ABN: 49 623 130 987**

**HALF YEAR REPORT**

**For the Period Ended 31 December 2018**

## CONTENTS

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CORPORATE DIRECTORY	1
DIRECTORS' REPORT	2
AUDITOR'S INDEPENDENCE DECLARATION	6
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	7
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11
DIRECTORS' DECLARATION	20
INDEPENDENT AUDITOR'S REVIEW REPORT	21

## **CORPORATE DIRECTORY**

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### **DIRECTORS**

Graham Durtanovich	Non-Executive Chairman
Ashley Hood	Executive Technical Director
Peter Hatfull	Non-Executive Director

### **SECRETARY**

Amanda Wilton-Heald

### **REGISTERED AND BUSINESS OFFICE**

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Telephone: +61 8 9324 2099

### **AUDITORS**

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

## DIRECTORS' REPORT

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Your Directors submit the financial report of the Consolidated Entity for the period ended 31 December 2018.

### DIRECTORS

The names of Directors who held office during or since the end of the period:

Name	Title
Graham Durtanovich	Independent Non-Executive Chairman
Ashley Hood	Executive Technical Director
Peter Hatfull	Independent Non-Executive Director

### COMPANY SECRETARY

Name	Title
Amanda Wilton-Heald	Company Secretary

### PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity is exploration for gold, cobalt and copper.

### REVIEW OF RESULTS

The loss after tax for the period ended 31 December 2018 was \$492,241 (2017: \$2,709).

### CORPORATE

Exploration company Rafaella Resources Limited (ASX:RFR) ('Rafaella' or 'the Consolidated Entity') is pleased to present its half year report for the half year ended 31 December 2018 ('H1 FY19').

#### Key acquisitions and IPO

Rafaella completed two key acquisitions prior to listing on the Australian Securities Exchange (ASX). On 10 January 2018, the Consolidated Entity entered into a binding heads of agreement with Topdrill Pty Ltd (Topdrill) to purchase 100% interest in exploration licenses for tenements comprising the Sandstone Project in Western Australia. This acquisition was settled on 19 July 2018 with the issue of 300,000 shares and a \$40,000 cash payment to Topdrill.

On 17 January 2018 Rafaella entered into a binding heads of agreement with Overland Resources Limited (now Renegade Exploration Limited) to purchase 100% of the fully paid ordinary shares in the capital of Overland Resources (BC) Ltd (Overland) (a company incorporated in British Columbia, Canada). The acquisition of Overland comprises the McCleery project, a mineral exploration project in the Yukon Territory, Canada. This acquisition was settled on 19 July 2018 with the issue of 500,000 shares to Renegade Exploration Limited.

Rafaella raised A\$5m in a successful IPO and commenced trading on the ASX on 26 July 2018. Everblu Capital was the lead manager for the raise. The Consolidated Entity sees the McCleery and Sandstone projects as being under-explored and thus having significant development potential.

## **PROJECTS**

### **The McCleery Project**

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.

Rafaella undertook a number of activities in H1 FY18 that culminated in the obtaining of final modelling results from a Versatile Time Domain Electromagnetic (VTEM) survey of the Project.

The results revealed a late time anomaly at the SE tenement boundary. 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 along with additional claims along strike. In addition, the survey delineated a number of less prominent anomalies within the project area.

Rafaella initially decided to perform a VTEM survey of the area based on the results of a study carried out by a Canadian geological firm engaged by the Company.

The Canadian firm discovered a small previously unmapped area of outcropping bornite and minor chalcopyrite with malachite staining in calcareous siltstone adjoining the Project, which represented the mineralisation type that had attracted Rafaella's investment.

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.

Post H1 FY18, Rafaella received the modelled VTEM data from the Project. The presence of modelled VTEM anomalies coupled with the established copper, gold and base metal occurrences within the Project has given the Company and its technical team significant confidence to plan programmes to test the various targets within the project for VMS/skarn style mineralisation.

Ground mapping, rock chip sampling and soils geochemistry are currently being planned as to geology/prospectivity around the ground EM anomalies. A key focus of these filed surveys will be additional coverage/surveying where previous licences were not held and the anomaly is open. The Company estimate that this phase will commence in Q4FY18 when the Canadian filed season allows for it.

## **The Sandstone Project**

The Sandstone Project is located 640km north-east of Perth and 700km north 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.

At the end of H1, the Company announced that it had received the final assay results from the broad-spaced soils geochemistry program at the Project. Following this, four key target areas were defined comprising of key geological and structural settings.

The four areas are: Bills Bore, a target area originally defined by historic sampling, Fairy Well, a historical anomaly that has again been highlighted, Bonza Bore, historically the largest anomaly on the project area has again proven to be the larger anomaly in the recent survey, and Birrigrin Trend, a northwest trending anomaly along strike.

The assay results were preceded by the Company's conducting of a soils geochemistry programme at the Project.

Soil geochemistry was utilised across the Sandstone Project as a rapid and relatively inexpensive method to generate near-surface gold drill targets. Three historically generated gold geochemical targets were included in this geochemistry survey, and confirmation of anomalies was immediately followed by AC drilling.

## **Corporate**

In Q1 FY19, 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 was 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 on 16 November 2018.

## **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 reporting entity in future financial periods other than the following:

- On 20 February 2019, the Company announced the results from its VTEM modelling at the McCleery project.

**AUDITOR'S DECLARATION OF INDEPENDENCE**

The auditor's independence declaration for the period ended 31 December 2018 has been received and is included within the financial statements.

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



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Graham Durtanovich  
Non-Executive Chairman  
14 March 2019

**RSM Australia Partners**

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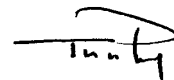
**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Rafaella Resources Limited for the half-year ended 31 December 2018, 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: 14 March 2019



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

	Note	Consolidated Entity 31 December 2018 \$	Company 31 December 2017 \$
<b>Revenue</b>		<b>31,414</b>	-
Accounting fees		(38,012)	-
Compliance fees		(54,995)	(2,000)
Consultancy fees		(155,000)	-
Directors' remuneration		(144,418)	-
Foreign exchange loss		(2,872)	-
Insurance expense		(16,909)	-
IT expenses		(90)	-
Legal fees		(19,497)	-
Marketing		(25,000)	-
Other expenses		(11,252)	(709)
Share based payments	8	(35,000)	-
Travel expenses		(20,610)	-
<b>Loss before tax</b>		<b>(492,241)</b>	<b>(2,709)</b>
Income tax benefit/(expense)		-	-
<b>Net loss for the period from operations</b>		<b>(492,241)</b>	<b>(2,709)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive loss for the period</b>		<b>(492,241)</b>	<b>(2,709)</b>
Basic and diluted loss per share (cents)		<b>(1.39)c</b>	-

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018**

	Note	Consolidated Entity 31 December 2018 \$	Company 30 June 2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	3,982,800	5,135,839
Trade and other receivables	4	98,029	22,919
<b>Total Current Assets</b>		<b>4,080,829</b>	<b>5,158,758</b>
<b>Non-Current Assets</b>			
Exploration and evaluation assets	5	691,005	77,005
<b>Total Non-Current Assets</b>		<b>691,005</b>	<b>77,005</b>
<b>Total Assets</b>		<b>4,771,834</b>	<b>5,235,763</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	6	129,559	46,861
Liability for application money	7	-	4,925,987
Provisions		2,566	-
<b>Total Current Liabilities</b>		<b>132,125</b>	<b>4,972,848</b>
<b>Total Liabilities</b>		<b>132,125</b>	<b>4,972,848</b>
<b>Net Assets</b>		<b>4,639,709</b>	<b>262,915</b>
<b>EQUITY</b>			
Contributed equity	8	4,633,627	534,268
Reserves	9	769,676	-
Accumulated losses	10	(763,594)	(271,353)
<b>Total Equity</b>		<b>4,639,709</b>	<b>262,915</b>

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

<b>Consolidated Entity</b>	<b>Contributed Equity</b>	<b>Options Reserve</b>	<b>Share Based Payments Reserve</b>	<b>Accumulated Losses</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Balance at 30 June 2018</b>	<b>534,268</b>	-	-	<b>(271,353)</b>	<b>262,915</b>
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)
<b>Balance at 31 December 2018</b>	<b>4,633,627</b>	<b>125,980</b>	<b>643,696</b>	<b>(763,594)</b>	<b>4,639,709</b>
<b>Company</b>	<b>Contributed Equity</b>	<b>Options Reserve</b>	<b>Share Based Payments Reserve</b>	<b>Accumulated Losses</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Balance at 29 November 2017</b>	-	-	-	-	-
Equity issues	1	-	-	-	1
Loss for the period	-	-	-	(2,709)	(2,709)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(2,709)	(2,709)
<b>Balance at 31 December 2017</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>(2,709)</b>	<b>(2,708)</b>

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

	Note	Consolidated Entity 31 December 2018 \$	Company 31 December 2017 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(472,797)	-
Payment for exploration and evaluation assets		(412,286)	-
Net cash (used in) operating activities		(885,083)	-
<b>Cash flows from investing activities</b>			
Net cash from / (used in) investing activities		-	-
<b>Cash flows from financing activities</b>			
Proceeds from shares pending allotment		-	-
Proceeds from equity issues		199,993	-
Payment for costs of equity issues		(467,949)	-
Net cash (used in) financing activities		(267,956)	-
Net decrease in cash held		(1,153,039)	-
Cash and cash equivalents at beginning of the period		5,135,839	-
Effects of exchange rates on cash and cash equivalents		-	-
Cash and cash equivalents at period end	3	3,982,800	-

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**1. Corporate information**

This half year report covers Rafaella Resources Limited (the “Consolidated Entity”), a company incorporated in Australia for the period ended 31 December 2018. The presentation currency of the Consolidated Entity is Australian Dollars (“\$”). A description of the Consolidated Entity’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 Consolidated Entity 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 14 March 2019 by the Directors of the Consolidated Entity. The Directors have the power to amend and reissue the financial statements. The principal accounting policies adopted are consistent with those of the previous financial period and corresponding interim reporting period, except for the policies stated below.

**2. Accounting policies**

**a. Basis of preparation**

The general purpose financial statements of the Consolidated Entity have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, including AASB 134: Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial report has also been prepared on a historical cost base. It is recommended that the half year report be considered together with the annual financial report for the period ended 30 June 2018 and any public announcements made by the Consolidated Entity up to the issue date of this report, which the Consolidated Entity has made in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001*. The financial statements have been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of financial assets and financial liabilities.

**NOTES TO THE FINANCIAL STATEMENTS continued  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

**2. Accounting policies (continued)**

**b. New or amended Accounting Standards and Interpretations adopted**

In the period ended 31 December 2018, the Consolidated Entity has reviewed all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period. It has been determined by the Consolidated Entity that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Consolidated Entity accounting policies.

**c. New accounting standards and interpretations**

Reference	Title	Application date of standard
AASB 9	<p><b>Financial Instruments</b></p> <p>This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Consolidated Entity has adopted this standard from 1 July 2018. The Consolidated Entity has assessed the current impact on financial assets as nil (there are only two financial asset at 31 December 2018: cash and cash equivalents and accrued interest revenue). The Consolidated Entity has assessed the current impact on financial liabilities as nil (there is only one financial liability at 31 December 2018: trade and other payables) which are not affected by the Consolidated Entity's own credit risk. As and when the Consolidated Entity acquires more financial assets and liabilities, it will account for them in accordance with AASB 9.</p>	1 January 2018
AASB 15	<p><b>Revenue from Contracts with Customers</b></p> <p>This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much</p>	1 January 2018

**NOTES TO THE FINANCIAL STATEMENTS continued**  
**FOR THE PERIOD ENDED 31 DECEMBER 2018**

	<p>revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Consolidated Entity has adopted this standard from 1 July 2018. The Consolidated Entity has assessed the impact as nil due to there being no revenue from contracts with customers as the Consolidated Entity is a mining exploration company.</p>	
<p>AASB 16</p>	<p><b>Leases</b></p> <p>This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Consolidated Entity will adopt this standard from 1 July 2019. The Consolidated Entity has assessed the impact as nil due to there currently being no leases. As and when the Consolidated Entity enters into lease agreements, it will account for them in accordance with AASB 16.</p>	<p>1 January 2019</p>

**NOTES TO THE FINANCIAL STATEMENTS continued  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

	<b>Consolidated Entity 31 December 2018 \$</b>	<b>Company 30 June 2018 \$</b>
<b>3. Cash and cash equivalents</b>		
Cash at bank	<b>982,800</b>	209,852
Restricted cash <sup>1</sup>	-	4,925,987
Term deposits	<b>3,000,000</b>	-
	<b>3,982,800</b>	5,135,839
 <sup>1</sup> Restricted cash balance represented money received in advance on application for shares which is classified as a restricted cash until such time when the shares are allotted. This was disclosed as liability for application money in Note 7.		
<b>4. Trade and other receivables</b>		
Accrued interest revenue	<b>31,414</b>	-
Prepaid expenses	<b>22,990</b>	17,781
Tax refunds	<b>43,625</b>	5,138
	<b>98,029</b>	22,919
<b>5. Exploration and evaluation assets</b>		
Balance at beginning of period	<b>77,005</b>	-
Exploration expenditure acquired <sup>2</sup>	<b>167,906</b>	-
Exploration and evaluation expenditure incurred during the period	<b>446,094</b>	77,005
Balance at end of period	<b>691,005</b>	77,005
 <sup>2</sup> Fair value of exploration expenditure acquired from:		
the acquisition of Overland Resources (BC) Ltd	<b>107,906</b>	-
the acquisition of the Sandstone project from Topdrill Pty Ltd	<b>60,000</b>	-
	<b>167,906</b>	-



**NOTES TO THE FINANCIAL STATEMENTS continued**  
**FOR THE PERIOD ENDED 31 DECEMBER 2018**

	<b>Consolidated Entity 31 December 2018 \$</b>	<b>Company 30 June 2018 \$</b>
<b>6. Trade and other payables</b>		
Accrued expenses	55,500	14,615
Director payables	6,032	-
Trade creditors	68,027	32,246
	<b>129,559</b>	<b>46,861</b>
<b>7. Liability for application money</b>		
Shares pending allotment <sup>3</sup>	-	4,925,987
	-	4,925,987

<sup>3</sup>Liability for application money balance represented money received in advance on application for shares which was classified as a current liability until such time when the shares were allotted. This was disclosed as restricted cash in Note 3.

	<b>Consolidated Entity 31 December 2018</b>		<b>Company 30 June 2018</b>	
	No.	\$	No.	\$
<b>8. Contributed equity</b>				
Balance at beginning of period	11,993,751	534,268	1	1
Share issue: 6 February 2018	-	-	4,650,000	46,500
Share issue: 27 February 2018	-	-	7,343,750	587,500
Share issue: 19 July 2018 <sup>4</sup>	500,000	100,000	-	-
Share issue: 19 July 2018 <sup>5</sup>	300,000	60,000	-	-
IPO share issue: 19 July 2018	25,000,000	5,000,000	-	-
Director share issue: 12 December 2018	250,000	35,000	-	-
Share issue costs	-	(1,095,641)	-	(99,733)
Balance at end of period	<b>38,043,751</b>	<b>4,633,627</b>	11,993,751	534,268

<sup>4</sup>Consideration for acquisition of Overland Resources (BC) Limited and fair valued at acquisition date.

<sup>5</sup>Consideration for acquisition of Sandstone project and fair valued at acquisition date.

**NOTES TO THE FINANCIAL STATEMENTS continued  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

	<b>Consolidated Entity 31 December 2018 \$</b>	<b>Company 30 June 2018 \$</b>
<b>9. Reserves</b>		
<u>Options reserve</u>		
Balance at beginning of period	-	-
Options issued (entitlements)	<b>125,980</b>	-
Balance at end of period	<b>125,980</b>	-
<u>Share based payments reserve</u>		
Balance at beginning of period	-	-
Options granted <sup>6</sup>	<b>643,696</b>	-
Balance at end of period	<b>643,696</b>	-

<sup>6</sup>Variables used to calculate the option valuations are as follows:

Inputs	Lead Manager Options	Broker Options
Number of options	2,500,000	4,500,000
Exercise price	\$0.20	\$0.30
Expiry date	19 July 2022	31 October 2021
Grant date	19 July 2018	16 November 2018
Share price at grant date	\$0.20	\$0.14
Risk free interest rate	2.20%	2.13%
Volatility	100%	100%
Option value	\$0.139	\$0.066

	<b>Consolidated Entity 31 December 2018 No.</b>	<b>Company 30 June 2018 No.</b>
<u>Unlisted options</u>		
Balance at beginning of period	<b>2,325,000</b>	-
Options granted	<b>2,500,000</b>	2,325,000
Balance at end of period	<b>4,825,000</b>	2,325,000

**NOTES TO THE FINANCIAL STATEMENTS continued  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

	<b>Consolidated Entity 31 December 2018 No.</b>	<b>Company 30 June 2018 No.</b>
<b>9. Reserves (continued)</b>		
<u>Listed options</u>		
Balance at beginning of period	-	-
Options granted	<b>4,500,000</b>	
Options issued (entitlements)	<b>12,598,036</b>	-
Balance at end of period	<b>17,098,036</b>	-
	<b>Consolidated Entity 31 December 2018 \$</b>	<b>Company 30 June 2018 \$</b>

**10. Accumulated losses**

Balance at beginning of period	<b>(271,353)</b>	-
Loss after tax attributable to the equity holders of the Consolidated Entity during the period	<b>(492,241)</b>	(271,353)
Balance at end of period	<b>(763,594)</b>	(271,353)

**11. Operating segments**

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

**NOTES TO THE FINANCIAL STATEMENTS continued  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

**11. Operating segments (continued)**

	Australian Exploration	Canadian Exploration	Unallocated	Total
<b>31 December 2018</b>				
Segment revenue	-	-	31,414	<b>31,414</b>
Segment loss	(1,476)	(3,034)	(487,731)	<b>(492,241)</b>
Segment assets	289,722	428,360	4,053,752	<b>4,771,834</b>
Segment liabilities	(12,614)	(41,597)	(77,914)	<b>(132,125)</b>
<b>31 December 2017</b>				
Segment revenue	-	-	-	-
Segment loss	-	-	(2,709)	<b>(2,709)</b>
<b>30 June 2018</b>				
Segment assets	1,072	75,933	5,158,758	<b>5,235,763</b>
Segment liabilities	-	(875)	(4,971,973)	<b>(4,972,848)</b>

**12. 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 reporting entity in future financial periods other than the following:

- On 20 February 2019, the Company announced the results from its VTEM modelling at the McCleery project.

	Consolidated Entity 31 December 2018	Company 30 June 2018
	\$	\$

**13. Commitments and contingencies**

a. Commitments relating to operating expenditures

Not longer than 1 year	<b>207,138</b>	183,930
More than 1 year but not longer than 5 years	<b>61,734</b>	-
More than 5 years	<b>20,578</b>	-
	<b>289,450</b>	183,930

b. Contingent assets

There are no contingent assets as at 31 December 2018.

c. Contingent liabilities

**NOTES TO THE FINANCIAL STATEMENTS continued  
FOR THE PERIOD ENDED 31 DECEMBER 2018**

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**13. Commitments and contingencies (continued)**

Contingent liabilities as at 31 December 2018 consist of the issue of 250,000 fully paid ordinary shares each in the Company to the Directors, Ashley Wood and Graham Durtonavich, on each anniversary of the director's commencement date during which the Director remains employed under their Executive Services Agreement.

**14. Interests in controlled entities**

Company Name	Place of Incorporation	31 December 2018 % Ownership	30 June 2018 % Ownership
Sandstone Metals Pty Ltd	Australia	100%	-
Yukon Metals Pty Ltd	Australia	100%	-
Overland Resources (BC) Limited	Canada	100%	-

## **DIRECTORS' DECLARATION**

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The Directors declare that:

The financial statements and notes are in accordance with the *Corporations Act 2001* and:

- a. comply with Australian Accounting Standards AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b. give a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 and of its performance for the half year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Graham Durtanovich  
Non-Executive Chairman

14 March 2019



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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 2018, 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 2018 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.

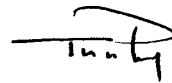
*Conclusion*

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 2018 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

RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 14 March 2019