



RAFAELLA
resources

**Limited
And Controlled Entities**

ABN: 49 623 130 987

HALF YEAR REPORT

For the Period Ended 31 December 2020

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DIRECTORS

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

SECRETARY

Amanda Wilton-Heald

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STOCK EXCHANGE LISTING

Australian Securities Exchange
ASX Code: RFR; RFRO

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Rafaella Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020 ('H1 FY21').

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	Executive Director
Ashley Hood	Non-Executive Director
Royston Denysschen	Non-Executive Director

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 2020 was \$1,023,503 (2019: loss of \$1,721,543).

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

	31 December 2020 \$	30 June 2020 \$	31 December 2019 \$	30 June 2019 \$
Revenue	39,258	66,305	11,836	57,811
EBITDA	(999,928)	(2,358,842)	(1,701,562)	(1,080,737)
EBIT	(1,022,922)	(2,379,493)	(1,721,543)	(1,080,737)
Loss after income tax	(1,023,503)	(2,382,017)	(1,721,543)	(1,080,737)

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

	31 December 2020 \$	30 June 2020 \$	31 December 2019 \$	30 June 2019 \$
Share price at financial period end	0.074	0.074	0.097	0.165

Company Focus and Mission

Rafaella was established to explore and develop high-quality assets worldwide. During H1 FY21 the Company was principally focused on completing the acquisition of nickel-copper sulphide projects in Canada, completing the pre-feasibility study ('PFS') of its Santa Comba Tungsten and Tin Project in Spain ('**Santa Comba Project**') and advancing its polymetallic McCleery Project.

The Company now benefits from a portfolio of a near term development low capital cost project in Spain and high-impact exploration in Canada with a spread of critical metals.

In a communication by the European Commission to the European Parliament reconfirmed that tungsten remains classified as a critical material. The two defining characteristics of a critical material are economic importance and supply risk. With over 69% of tungsten supply coming from China, it remains a metal that presents significant supply risk. This dependence upon China and the vulnerability of the supply chain of this critical metal was further evidenced in the announcement on 5 February that the Tasmanian Government had offered funding of AU\$10M (US\$7.4M) to support the redevelopment of the Dolphin tungsten project, located on King Island, Tasmania, Australia.

Nickel prices continue to strengthen. With a sharp rebound due to Chinese stainless steel demand and the increasing move to electric vehicles (EV), nickel is forecast to see continued price rises. Much of the increase in demand from EV is likely to take some time to materialise and the Company has positioned itself for shareholders to benefit from this anticipated growth through the acquisition of high-grade sulphide nickel copper exploration assets in Canada.

Completion of Santa Comba Project PFS

Santa Comba Project, which was acquired by Rafaella in August 2019, is a compelling near-term production project located in a historically productive tungsten and tin province. In addition to its development potential the Santa Comba Project benefits from:

- ① nearby infrastructure,
- ① has permits in place for underground mining and process plant construction underpinned by mining concessions out to 2068,
- ① proximity to deep-water ports able to supply tungsten deficient North American and European markets, and
- ① an aggregate quarry operator abutting the resource offering the potential to fast track the project through to early production and cash flows.

On 1 July 2020, following an 8,825m drilling campaign, Rafaella announced an updated JORC (2012) Mineral Resource Estimate which showed a 103% increase in near surface resources to 10.4Mt of which nearly 60% sit in Measured and Indicated categories. The resource block model was then used to design optimised pit shells to feed in to the mine plans as part of a the PFS.

Extensive ore sorting test-work was undertaken at the Tomra Sorting Solutions facility in Germany, including a 1,100kg bulk sample of representative ore grading 0.15% WO₃ and 250kg of low-grade ore averaging 0.05% WO₃. In September 2020, Rafaella announced the results of the ore sorting test-work results:

- ① a 50% rejection of unmineralised rock and an approximate doubling of feed grade significantly lowering planned process capital and operating costs, and enhancing process efficiency through a simpler process flow sheet,
- ① the “Grade Recovery Curve” showed potential for over 90% tungsten recovery with an increased yield of up to 55% of feed mass, and
- ① testing of the low-grade ores showed viable recovery from over 2 million tonnes of mineralisation not currently factored into the Project’s economics.

Importantly the 50% reduction in process tonnage reduces the Project’s environmental impact with a far lower volume of waste generated, lower energy consumption per unit of metal produced and lower water consumption. This is a significant outcome from the positive ore sorting results as it allows the Company to demonstrate its commitment to ensuring the highest environmental standards are applied to the development and operation of the Santa Comba Project.

On December 2, 2020 the Company announced the results of the detailed PFS conducted in-house with the support of industry-leading consultants. The PFS shows the Santa Comba Project to be economically robust, setting out a 5-year open pit mine life at 1.3mtpa demonstrating pre-tax NPV8 real of US\$28.6M (A\$40.3M) and an IRR of 156%. The results were described as exceptional and provide a strong base upon which to expand the Santa Comba Project through additional resource drilling.

Ore Reserves were assigned in the PFS to the Santa Comba Project as follows.

Table 1: Ore Reserves¹

Summary of Pit Reserves – 25 November 2020			
	Tonnes Mt	WO ₃ %	Sn ppm
Proven	1.245	0.150	117
Probable	3.348	0.147	94
Total	4.593	0.148	100

1. Cut-off = 0.05% WO₃, which corresponds to the break-even cut-off using an assumed price of \$240.mtu WO₃ APT and an estimating combined processing and G&A cost of \$6.23/t or ore.
2. Reported reserves are below topography and excluded depleted underground workings.

¹ For JORC Table 1 – Section 4 Estimation and Reporting of Ore Reserves is included in the Pre-feasibility Study ASX release dated 2 December 2020. Sections 1 to 3 were included in the Company’s previous announcement dated 1 July 2020 “RFR announces significant Mineral Resource upgrade”. Rafaella Resources is not aware of any new information or data that materially affects the information included in the previous announcements, and all material assumptions and technical parameters underpinning mineral resource estimates in the previous announcement continue to apply and have not materially changed.

3. Reserves are inside a designed pit, which was developed using operational and geotechnical parameters as described in the Reserves Estimation Report.
4. The reserve calculation comes from a regularised block model, which is equivalent to mining factors of 12% dilution and 97% mining recovery.
5. The pit design also contains 761Kt of Inferred resources at economic grade.

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.

Acquisition of Midrim and Laforce

In August 2020, Rafaella announced that it had entered into a conditional agreement with Meteoric Resources NL (ASX: MEI) ('Meteoric') and Ressources Météore Sub Inc. (RMS), a wholly-owned subsidiary of Meteoric, to acquire 100% of the advanced nickel-copper sulphide Midrim and Laforce projects ('Quebec Projects') within the mining-friendly jurisdiction of Quebec Province, Canada.

The Quebec Projects are located within the Belleterre-Angliers Greenstone Belt ("BAGB") (Figure 1).

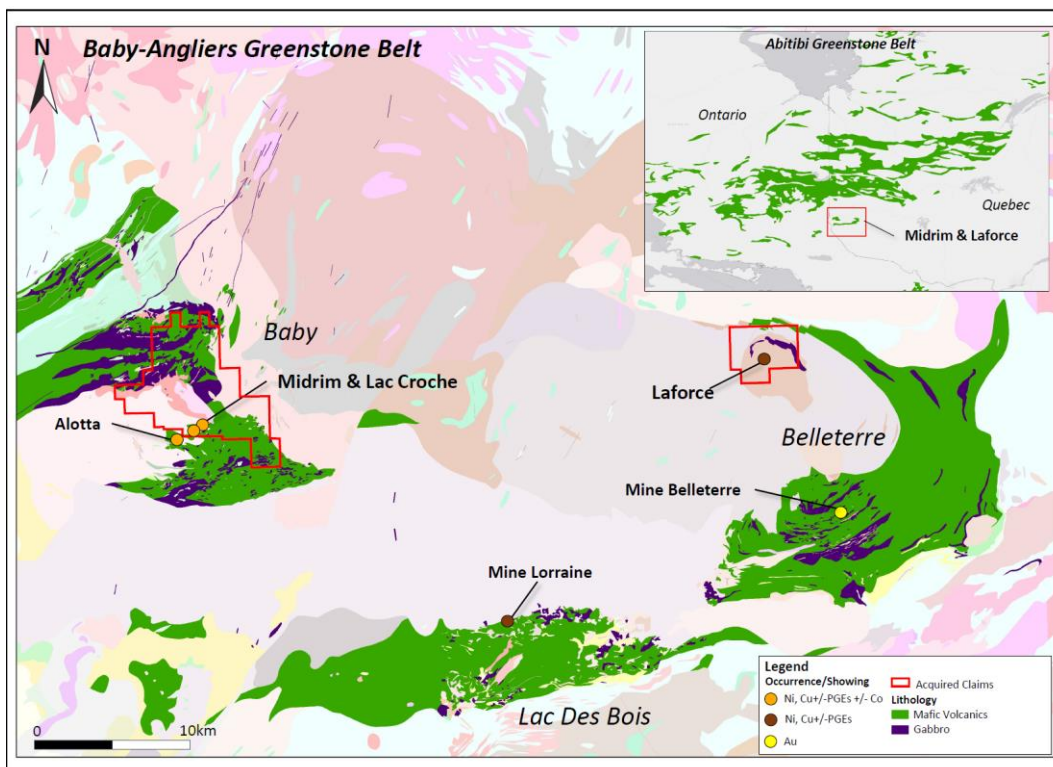


Figure 1: Temiscamingue Regional Geology of the Midrim and Laforce Projects in the Belleterre Angliers Greenstone Belt

The acquisition was completed during the period following a shareholder general meeting. Technical due diligence undertaken both internally and using leading external specialists determined that the projects offer exceptional upside to the Company with high-grade intercepts across good intervals whilst significantly underexplored (Tables 2 and 3).

Significant massive sulphide drill intersection results from Midrim and Laforce are summarised below:

Hole #	From	To	Interval	Ni (%)	Cu (%)	PGE (g/t)
MR17-01	28.0m	50.1m	22.1m	1.64	2.38	2.56
including	43.0m	50.1m	7.1m	3.22	4.43	4.08
MR17-01	56.6m	66.0m	9.4m	3.52	4.25	4.59
including	56.6m	62.0m	5.4m	5.32	6.15	6.46
MR00-01	15.5m	35.2m	19.7m	1.85	2.98	2.74
MR00-05	30.9m	51.0m	20.1m	2.06	1.93	2.74
including	46.6m	51.0m	4.4m	6.29	2.9	6.21
MR00-05	57.2m	61.5m	4.3m	6.57	5.15	7.15
MR01-17	10.2m	19.4m	9.2m	2.74	2.47	2.94
MR01-25	50.0m	57.0m	7.0m	1.12	1.59	2.34
MR01-25	64.3m	79.0m	14.7m	1.77	2.14	2.89
MR01-28	54.5m	56.8m	2.3m	1.21	2.2	2.79
MR01-29	17.6m	36.5m	18.9m	1.49	2.11	2.43
MR01-37	48.0m	52.6m	4.6m	5.97	4.92	3.4
MR01-38	41.4m	54.0m	12.6m	1.38	2.52	2.97
MR17-05	23.0m	39.8m	16.8m	1.01	1.79	2.95
including	25.6m	28.0m	2.4m	1.00	2.00	1.79
including	34.0m	39.8m	5.8m	1.03	2.12	3.52

Table 2: Midrim Deposit Significant Massive Sulphide Intersects

Hole #	From	To	Interval	Ni (%)	Cu (%)
LF06-04	3.0m	103m	100m	0.87	0.38
LF52-88	39.0m	79.0m	40m	0.82	0.46
LF07-10	52.9m	74.2m	21.3m	0.9	0.66

Table 3: Laforce Deposit Significant Sulphide Intersects

The Company announced its intention to undertake a low frequency heliborne-geophysical survey in early 2021 to identify deeper drill targets. Subsequent to the half year end, Raffaella confirmed that it had engaged Geotech Limited to conduct the survey across both Midrim and Laforce, totalling 821.8 line-kms. The survey was completed on 25 February and results are pending.

Progress at McCleery

The McCleery Project ('**McCleery**') is a highly prospective mineral exploration project located within the Yukon Territory, Canada.

In December 2020, Raffaella announced the results of completed field sampling surveys at McCleery. The programme confirmed the presence of polymetallic (Cu - Ag ± Co ± Au) skarn occurrences with rock chip samples returning values up to 1.44% Cu.

Additional to the confirmation of skarn mineralization, new areas of massive magnetite - pyrrhotite - pyrite talus float have been discovered along the north flank of the central ridge with a lateral dispersion of ~140 metres, indicating potential for a laterally extensive prospect. The talus float returned favourable early values up to 0.66% Cu, 4.5 g/t Ag, 544 ppm Co and 160 ppb Au.

The results were highly encouraging, justifying ongoing exploratory work to be undertaken in the 2021 season, with the possibility of adding further critical metal exposure to the Company's portfolio.

Corporate

During H1 FY21, Raffaella completed two capital raisings to support the progress at its existing projects and the acquisition of Midrim and Laforce. Specifically, the Company raised a total of \$2.4m across two placements conducted in August and December at \$0.066 per share.

The Company also held two meetings with shareholders, on 29 October 2020 and 26 November 2020. All resolutions were passed at both meetings.

Post H1 FY21 developments

In late January, Raffaella engaged Sondeos y Perforaciones Industriales del Bierzo, S.A. (SPI) to commence a 4,500m drilling campaign designed to further upgrade and extend the Santa Comba Project resource, thereby scaling up the project and extending the mine life. Any such additional resource would be immediately accretive to the Santa Comba Project economics. Early observation of the first diamond drill hole has shown strong mineralization occurring above the target zone with a 4cm wide wolframite vein being encountered (Figure 3). A second diamond drill rig was added on 3 February (Figure 4).

In parallel to the drilling campaign, the Company is finalising the metallurgical test-work with an 8t bulk sample being sent to Grinding Solutions in the UK. In support of this activity, the Company has acquired a second hand Knelson Concentrator- CVD6-AP-G5. The acquisition of the Knelson concentrator will provide cost savings on current testwork and additional flexibility post commissioning for on site, recovery optimisation test work.

The drilling campaign and metallurgical test-work is expected to be completed by the end of April followed by an updated Mineral Resource Estimate, revised mine schedules and economics.



Figures 3 and 4: high-grade wolframite vein (4cm) drill hole 21DD0001 and 2nd diamond drill rig Spidrill 160D

First sales are targeted for the end of the calendar year. To this end, the Company has already commenced recommissioning of the underground operation and site preparation for the process plant.

On 10 March 2021 the Company announced that it has completed the VTEM™ Max survey over the Midrim and Laforce claims in Quebec and had identified several exciting new anomalies not previously identified that would be the subject of a drilling campaign.

COVID-19 Impacts

Indirect financial risk has impacted the price of tungsten as the COVID-19 pandemic has led to the temporary closure of various automobile factories in Europe and has also seen a significant decline in the number of onshore oil rigs deployed in North America – both industries that are material end-users of tungsten. Tungsten has been identified as a critical element and a material that will see increased usage in the changing technically driven environment.

COVID-19 has had limited impact on the operations of the Company. Activities at the Santa Comba site were largely concluded by the time of the national lockdown in Spain. For the feasibility study the vast majority of work has been conducted as desk top studies and therefore has seen no adverse impact. Limited metallurgical test work being undertaken in the UK has seen limited disruption. Some personnel movements have been restricted delaying business development initiatives and the relocation of the Managing Director to Spain to oversee the ongoing development of the flagship Santa Comba project has also been delayed by 6 months. No other activities in the Company have been negatively impacted by the coronavirus pandemic.

Asset values, going concern and future funding of the business is not expected to be materially adversely affected by COVID 19. This has been evidenced by the successful private placement conducted by the Company during the period.

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

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

Waiver Securities

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

EVENTS SUBSEQUENT TO REPORTING DATE

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

- ① On 8 January 2021 the Company issued 3,460,667 shares at \$0.068 each to raise \$235,325 of the remaining 29 December 2020 placement.

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

12 March 2021

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 2020, 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: 12 March 2021

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	Note	Group 31 December 2020 \$	Group 31 December 2019 \$
Revenue		39,258	11,836
Accounting fees		(43,861)	(50,090)
Compliance fees		(60,465)	(91,696)
Consultancy fees		(81,667)	(715,127)
Depreciation	6	(22,994)	(19,981)
Directors remuneration		(180,119)	(179,116)
Exploration expenditure impairment	7	-	(215,454)
Foreign exchange gain/(loss)		(45,323)	(2,601)
Insurance expense		(21,682)	(20,283)
Interest expense		(581)	-
IT expenses		(1,846)	(6,597)
Legal fees		(64,634)	(79,785)
Marketing		(180,010)	(78,161)
Other expenses		(16,255)	(28,341)
Share based payments expense	9 & 10	(257,988)	(153,750)
Travel expenses		(85,336)	(92,397)
Loss before tax		(1,023,503)	(1,721,543)
Income tax expense		-	-
Net loss for the period from operations		(1,023,503)	(1,721,543)
Other comprehensive income		-	-
Total comprehensive loss for the period		(1,023,503)	(1,721,543)
Basic and diluted loss per share (cents)		(1.13)	(2.91)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**



	Note	Group 31 December 2019 \$	Group 30 June 2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	1,597,480	1,179,723
Trade and other receivables	4	385,802	249,781
Other assets	5	28,273	122,843
Total Current Assets		2,011,555	1,552,347
Non-Current Assets			
Investments held at fair value through other comprehensive income		720,000	150,000
Plant and equipment	6	95,142	101,874
Exploration and evaluation assets	7	13,422,014	10,863,511
Total Non-Current Assets		14,237,156	11,115,385
Total Assets		16,248,711	12,667,732
LIABILITIES			
Current Liabilities			
Trade and other payables	8	254,534	296,886
Liability for application money		72,120	-
Provisions		41,424	31,931
Total Current Liabilities		368,078	328,817
Total Liabilities		368,078	328,817
Net Assets		15,880,633	12,338,915
EQUITY			
Contributed equity	9	18,577,561	15,110,433
Reserves	10	2,060,682	962,589
Accumulated losses		(4,757,610)	(3,734,107)
Total Equity		15,880,633	12,338,915

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Group	Contributed Equity	Asset Revaluation 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)
Revaluation of investments	-	570,000	-	-	-	-	570,000
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	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	(1,023,503)	(1,023,503)
Balance at 31 December 2020	18,577,561	570,000	(17,100)	125,980	1,381,802	(4,757,610)	15,880,633

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

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2020**



	Note	Group 31 December 2020 \$	Group 31 December 2019 \$
Cash flows from operating activities			
Payments to suppliers and employees		(677,808)	(791,944)
Interest received		-	7,788
Interest expense		(581)	-
Payment for exploration and evaluation		(1,196,478)	(1,214,657)
Net cash used in operating activities		(1,874,867)	(1,998,813)
Cash flows from investing activities			
Acquisition of cash		-	221,493
Acquisition of plant and equipment		(14,465)	(20,535)
Net cash (used in)/from investing activities		(14,465)	200,958
Cash flows from financing activities			
Proceeds from equity issues		2,279,653	2,220,000
Proceeds from shares pending allotment		72,120	-
Payment for costs of equity issues		(19,168)	(9,525)
Repayment of borrowings		-	(80,880)
Net cash from financing activities		2,332,605	2,129,595
Net increase in cash held		443,273	331,738
Cash and cash equivalents at beginning of the period		1,179,723	3,279,816
Foreign exchange effect on cash and cash equivalents		(25,516)	(326)
Cash and cash equivalents at period end	3	1,597,480	3,611,228

The accompanying notes form part of these financial statements.

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 2020 (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 12 March 2021 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 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 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 2020 \$	Group 30 June 2020 \$
3. Cash and cash equivalents		
Cash at bank	1,425,930	1,003,867
Term deposits	171,550	175,856
	<u>1,597,480</u>	<u>1,179,723</u>
4. Trade and other receivables		
Accrued interest revenue	12	20
Tax refunds	385,790	249,761
	<u>385,802</u>	<u>249,781</u>
5. Other assets		
Prepaid expenses	28,273	122,843
	<u>28,273</u>	<u>122,843</u>
6. Plant and equipment		
Opening written down value at beginning of period	101,874	-
Acquired upon acquisition of Galicia Tin & Tungsten SL	-	93,156
Additions	14,465	25,233
Foreign exchange translation	1,797)	4,136
Depreciation	(22,994)	(20,651)
	<u>95,142</u>	<u>101,874</u>
Closing written down value at end of period	95,142	101,874

	Group 31 December 2020 \$	Group 30 June 2020 \$
7. Exploration and evaluation assets		
Balance at beginning of year	10,863,511	915,030
Exploration expenditure acquired – fair value of exploration expenditure acquired from the acquisition of Galicia Tin & Tungsten SL	-	7,140,699
Exploration expenditure acquired – fair value of exploration expenditure acquired from the acquisition of the Midrim and Laforce project	1,418,633	-
Exploration and evaluation expenditure incurred during the year	1,139,870	3,023,236
Impairment of Sandstone project	-	(215,454)
	<hr/> 13,422,014	<hr/> 10,863,511
8. Trade and other payables		
Accrued expenses	12,500	88,083
Director payables	23,882	24,669
Trade creditors	218,152	184,134
	<hr/> 254,534	<hr/> 296,886

	Group 31 December 2020		Group 30 June 2020	
	No.	\$	No.	\$
9. Contributed equity				
Balance at beginning of year	72,575,571	15,110,433	38,043,751	4,617,297
Share issue: 27 August 2019	-	-	27,675,000	5,527,500
Share issue: 3 October 2019	-	-	331,820	66,364
Share issue: 14 October 2019	-	-	4,375,000	875,000
Contingent consideration for acquisition of GTT	-	-	-	3,815,000
Share issue: 5 March 2020	-	-	250,000	22,000
Share issue: 13 March 2020	-	-	1,900,000	380,000
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 costs	-	(311,649)	-	(192,728)
Balance at end of year	124,444,904	18,577,561	72,575,571	15,110,433

	Group 31 December 2020 \$	Group 30 June 2020 \$
10. Reserves		
<u>Asset revaluation reserve</u>		
Balance at beginning of period	-	-
Revaluation of investments	570,000	-
Balance at end of period	570,000	-
<u>Foreign currency translation reserve</u>		
Balance at beginning of period	(38,704)	9,875
Foreign exchange on translation of operations	21,604	(48,579)
Balance at end of period	(17,100)	(38,704)

	Group 31 December 2020 \$	Group 30 June 2020 \$
10. Reserves (continued)		
<u>Options reserve</u>		
Balance at beginning of period	125,980	125,980
Options issued	-	-
	<hr/>	<hr/>
Balance at end of period	125,980	125,980
<u>Share based payments reserve</u>		
Balance at beginning of period	875,313	643,696
Options granted ²	389,339	52,500
Performance rights granted	117,150	179,117
	<hr/>	<hr/>
Balance at end of period	1,381,802	875,313

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 2020 No.	Group 30 June 2020 No.
<u>Unlisted options</u>		
Balance at beginning of period	5,425,000	4,825,000
Options granted	12,000,000	2,925,000
Options expired	-	(2,325,000)
	<hr/>	<hr/>
Balance at end of period	17,425,000	5,425,000

	Group 31 December 2020 No.	Group 30 June 2020 No.
10. Reserves (continued)		
<u>Listed options</u>		
Balance at beginning of period	27,098,036	17,098,036
Options granted	-	10,000,000
	27,098,036	27,098,036

11. 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 2020					
Segment revenue	-	-	1,766	37,492	39,258
Segment loss	(445)	(49,769)	(54,245)	(919,044)	(1,023,503)
Segment assets	156	498,415	12,049,569	3,700,571	16,248,711
Segment liabilities	-	(3,880)	(109,301)	(254,897)	(368,078)
30 June 2020					
Segment assets	29	472,054	11,052,893	1,142,756	12,667,732
Segment liabilities	-	-	(107,040)	(221,777)	(328,817)
31 December 2018					
Segment revenue	-	-	7	11,829	11,836
Segment loss	(216,095)	(2,860)	(902,942)	(599,646)	(1,721,543)

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 Group in future financial years other than the following:

- On 8 January 2021 the Company issued 3,460,667 shares at \$0.068 each to raise \$235,325 of the remaining 29 December 2020 placement.

	Group 31 December 2020 \$	Group 30 June 2020 \$
13. Commitments and contingencies		
a. Commitments relating to operating and exploration expenditures		
Not longer than 1 year	1,012,791	155,032
More than 1 year but not longer than 5 years	2,181,681	379,238
More than 5 years	2,398,466	2,489,770
	5,592,938	3,024,040

b. Contingent assets

There are no contingent assets as at 31 December 2020.

c. Contingent liabilities

Contingent liabilities as at 31 December 2020 consist of the issue of 250,000 fully paid ordinary shares each in the Company to the Directors, Ashley Hood and Peter Hatfull, on each anniversary of their commencement date during which the Director remains employed under their respective Executive Services Agreement and Non-Executive Director Agreement.

14. Interests in controlled entities

Company Name	Place of Incorporation	31 December 2020 % Ownership	30 June 2020 % Ownership
Sandstone Metals PtyLtd	Australia	-	100%
Yukon Metals Pty Ltd	Australia	100%	100%
Biscay Minerals Pty Ltd	Australia	100%	100%
Overland Resources (BC) Limited	Canada	100%	100%
Québec Inc	Canada	100%	-
Galicia Tin & Tungsten SL	Spain	100%	100%
Rafaella Recursos España Capital Sociedad Limitada	Spain	100%	-
Rafaella Recursos España Servicios Sociedad Limitada	Spain	100%	-

15. Related party transactions

There were no transactions with related parties during the period ended 31 December 2020.

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 2020 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

12 March 2021



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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 2020, 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 2020 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 2020 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: 12 March 2021