RAFAELLA RESOURCES

Limited

ABN: 49 623 130 987

ANNUAL REPORT

For the Period 29 November 2017, date of incorporation, to 30 June 2018

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DIRECTORS

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

SECRETARY
Amanda Wilton-Heald

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AUDITORS
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2 The Esplanade
Perth WA 6000

Your Directors submit the financial report of the Company for the period ended 30 June 2018.

DIRECTORS

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

Graham Durtanovich	Independent Non-Executive Chairman (appointed 15 March 2018)
James Ellingford	Non-Executive Director (appointed 29 November 2017, resigned 16 May 2018)
Ashley Hood	Executive Technical Director (appointed 12 December 2017)
Peter Hatfull	Independent Non-Executive Director (appointed 16 May 2018)
Terence Clee	Non-Executive Director (appointed 29 November 2017, resigned 15 March 2018)
Elizabeth Hunt	Non-Executive Director (appointed 29 November 2017, resigned 12 December 2017)

DIRECTORS' QUALIFICATIONS AND EXPERIENCE

The Directors' qualifications and experience are set out below

Current Directors

Graham Durtanovich BEcon, MBA, GradDip Applied Finance & Investment
Independent Non-Executive Chairman [appointed 15 March 2018; length of service: since incorporation]

Graham Durtanovich brings extensive financial management experience from a large private enterprise within the construction industry, where he previously held the role of Chief Financial Officer and was responsible for the financial administration, strategic planning, risk analysis and Corporate Governance of the company. In recent times Mr Durtanovich has worked in Corporate Finance with a small boutique company and served as the Chief Financial Officer at WHL Energy Limited and was responsible for the financial administration, strategic planning, risk analysis and Corporate Governance of WHL Energy.

During the past three years, Graham Durtanovich held the following directorships in other ASX listed companies:

- Non-Executive Director of JV Global Limited [current]
- Non-Executive Director of Bronson Group Limited [current]
- Non-Executive Director of TV2U Limited [former]
- Non-Executive Director of WHL Energy Limited [former]

Ashley Hood
Executive Technical Director [appointed 12 December 2017; length of service: since incorporation]

Ashley Hood has more than 15 years' experience in the mining industry working in mine and exploration operations for junior and large mining companies based in Australia and throughout the Pacific including New Zealand. He has broad senior management experience having held a number of ASX appointed board positions while working on some of Australia's major JORC resources. Mr Hood predominantly specialises in project/people management, native title negotiations, logistics, project diligence/acquisitions and has personally held and managed a number of his own exploration projects.

During the past three years, Ashley Hood held the following directorships in other ASX listed companies:

- Managing Director of Mount Ridley Mines Limited [current]
- Non-Executive Director of Victory Mines Limited [former]

Peter Hatfull MAICD
Independent Non-Executive Director [appointed 16 May 2018]

Peter Hatfull has over 30 years's experience in a range of senior executive positions with Australian and international companies. He has an extensive skill-set in the areas of business optimisation, capital raising and group restructuring. Peter Hatfull has particular experience in revitalising business plans, attracting investor funding, and implementing profitable strategies. He graduated as a Chartered Accountant in the United Kingdom, where he worked for Coopers and Lybrand (now PriceWaterhouseCoopers), and subsequently moved to Africa, where he spent 8 years in Malawi, where he was CFO of the Malawi operation of international trading group, Guthrie Limited. Peter Hatfull moved to Perth in 1988.

During the past three years Peter Hatfull held the following directorships in other ASX listed companies:

- Executive Director of Algae.Tec Limited [current]
- Aus Asia Minerals Limited [former]

Former Directors

Dr James Ellingford D.Mgt, MBA, Post Grad Corp Man, AICD
Non-Executive Director [appointed 29 November 2017, resigned 16 May 2018]

James Ellingford's professional life culminated in being President of an international publicly listed billion dollar business with its headquarters in Geneva, Switzerland and New York, USA. He has vast experience in the international arena and has successfully developed close ties with both financial institutions as well as governments throughout the world. James Ellingford holds a post graduate corporate management, a Masters in Business Administration as well as a Doctorate in Management. James Ellingford has lectured MBA students in corporate governance at Australian Catholic University, North Sydney, and has a keen interest in ethics and governance.

During the past three years James Ellingford held the following directorships in other ASX listed companies:

- Non-Executive Chairman of Victory Mines Limited [current]
- Non-Executive Chairman of Hardey Resources Limited (formerly Elysium Resources Limited) [current]
- Non-Executive Chairman of Creso Pharma Limited [current]
- Non-Executive Chairman of MinRex Resources Limited [current]
- Non-Executive Chairman of Manalto Limited [current]
- Non-Executive Chairman of Zyber Holdings Limited [former]
- Non-Executive Chairman of Capital Mining Limited [former]
- Non-Executive Chairman of Puruit Minerals Limited [former]

Terence Clee B. Com, B. Law
Managing Director [appointed 29 November 2017, resigned 15 March 2018]

Terence Clee commenced his career as an accountant at KPMG, working in Corporate Audit and Corporate Tax. He co-founded Hemsley Lawyers alongside lawyers from Allens Arthur Robinson and Blake Dawson (now Ashurst). Terence Clee was responsible for the business development and strategic growth of the practice. Terence Clee has experience in the start-up and small cap space, having advised technology start-ups and junior miners on commercialisation, cross-border transactions, tax and R&D. He currently serves as a Director for an Australia-wide technology company in the real estate space and was previously a Director for a Sydney based serviced offices and managed services business for accountants, lawyers and financial planners. Terence Clee is admitted to the Supreme Court of New South Wales.

During the past three years, Terence Clee held the following directorships in other ASX listed companies:

- Non-Executive Director of Victory Mines Limited [current]
- Non-Executive Director of Hardey Resources Limited (formerly Elysium Resources Limited) [current]
- Non-Executive Director of Manalto Limited [current]
- Non-Executive Director of JV Global Limited [current]

Elizabeth Hunt BSc, MACC, FGIA, GAICD
Non-Executive Director [appointed 29 November 2017, resigned 12 December 2017]

Elizabeth Hunt has over fifteen years' corporate and accounting experience with a particular interest in governance. Elizabeth Hunt has been involved in the IPO management, corporate advisory and company secretarial services, financial accounting and reporting and ASX and ASIC compliance management. Elizabeth Hunt holds a BSc degree in Sustainable Development and has completed a Master of Accounting, the Governance Institute of Australia Certificate in Governance and Risk Management, and is a Graduate of the Australian Institute of Company Directors. Elizabeth Hunt is currently also Company Secretary of a number of ASX listed entities.

During the past three years Elizabeth Hunt held the following directorships in other ASX listed companies:

- Non-Executive Director of Victory Mines Limited [former]

COMPANY SECRETARY

Amanda Wilton-Heald BCom, CA
Company Secretary [appointed 3 July 2018]

Amanda Wilton-Heald is a Chartered Accountant with over 20 years of accounting, auditing (of both listed and non-listed companies) and company secretarial experience in both Australia and the UK. Amanda has been involved in the listing of junior explorer companies on the ASX and has experience in corporate advisory and company secretarial services.

Elizabeth Hunt BSc, MACC, FGIA, GAICD
Former Company Secretary [appointed 29 November 2017, resigned 3 July 2018]

MEETINGS OF DIRECTORS

The number of meetings held during the period and the number of meetings attended by each Director was as follows:

	Board
Number of Meetings Held	**4**
Number of Meetings Attended:	
Graham Durtanovich	-
James Ellingford[1]	4
Ashley Hood	-
Peter Hatfull	-
Terence Clee[2]	4
Elizabeth Hunt[3]	4

[1] Resigned 16 May 2018
[2] Resigned 15 March 2018
[3] Resigned 12 December 2017

The Company does not have an Audit, Remuneration or Nomination Committee with the full Board carrying out the functions that would otherwise be dealt with by such Committees. All Directors were eligible to attend all Board Meetings held when they were in office.

SHARE OPTIONS

As at the date of this report, there were 4,825,000 unlisted options of varying exercise prices and expiry dates over ordinary shares on issue that have been issued.

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.

DIRECTORS' INTERESTS AND BENEFITS

The relevant interest of each Director in the shares and options over shares issued by the Company at the date of this report is as follows:

	Number of Ordinary Shares		Number of Options			
			Listed		Unlisted	
	Directly	Indirectly	Directly	Indirectly	Directly	Indirectly
Graham Durtanovich	-	-	-	-	-	-
James Ellingford[4]	-	-	-	-	-	-
Ashley Hood	-	-	-	-	-	-
Peter Hatfull	-	-	-	-	-	-
Terence Clee[5]	-	-	-	-	-	-
Elizabeth Hunt[6]	-	-	-	-	-	-

REMUNERATION REPORT

Introduction

The Directors present the Remuneration Report for the Company for the period ended 30 June 2018. This Remuneration Report forms part of the Directors' Report in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report, Key Management Personnel ("KMP") of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

[4] Resigned 16 May 2018
[5] Resigned 15 March 2018
[6] Resigned 12 December 2017

Remuneration Policy

The remuneration policy of the Company has been designed to align KMP objectives with Shareholders' interests and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board believes that the remuneration policy is appropriate and effective in its ability to attract and retain the best KMP to run and manage the Company, as well as create goal congruence between Directors, Executives and Shareholders.

Executive Directors and Key Management Personnel

The Board's policy for determining the nature and amount of remuneration for Executive Directors and Key Management Personnel of the Company was in place for the period ended 30 June 2018. There was no performance evaluation performed during the period due to the Company's infancy. Annual performance reviews will be conducted from the next financial year.

Non-Executive Directors

The Board's policy is to remunerate Non-Executive Directors based on market practices, duties and accountability. Independent external advice is sought when required. The fees paid to Non-Executive Directors will be reviewed annually. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by Shareholders at the Annual General Meeting ("AGM"). The maximum aggregate amount of fees payable has been set at $250,000pa.

Use of Remuneration Consultants

To ensure the Remuneration Committee (of which the function is performed by the Board as a whole at this stage) is fully informed when making remuneration decisions, it may seek external remuneration advice. The Board did not engage external remuneration advice in 2018.

Remuneration Report Approval at FY2018 AGM

The remuneration report for the period ended 30 June 2018 will be put to shareholders for approval at the Company's AGM which will be held during November 2018.

A. Details of Remuneration

Details of remuneration of the Directors and KMP of the Company (as defined by AASB 124 Related Party Disclosures) and specified executives are set out below:

		Fixed				STI	LTI	Total	Proportion of Remuneration		
	Period	Salary fees and leave $	Other fees $	Term-ination Payment	Super-annuation [7] $	Incentive Payments $	Fair value of Share Options (equity settled) $	$	Fixed %	STI %	LTI %
Non-Executive Directors											
Graham Durtanovich	2018	-	-	-	-	-	-	-	-	-	-
James Ellingford[8]	2018	-	-	-	-	-	-	-	-	-	-
Peter Hatfull	2018	-	-	-	-	-	-	-	-	-	-
Terence Clee[9]	2018	-	-	-	-	-	-	-	-	-	-
Elizabeth Hunt[10]	2018	-	-	-	-	-	-	-	-	-	-
Total Non-Executive Directors	2018	-	-	-	-	-	-	-	-	-	-
Executive Directors											
Ashley Hood	2018	-	-	-	-	-	-	-	-	-	-
Total Executive Directors	2018	-	-	-	-	-	-	-	-	-	-

[7] Relates to superannuation payment in Australia.
[8] Resigned 16 May 2018
[9] Resigned 15 March 2018
[10] Resigned 12 December 2017

B. Service Agreements

The Company has entered into an executive services agreement with Ashley Hood on the following material terms:

- Position: Executive Technical Director.
- Commencement Date: 12 December 2017.
- Term: Until agreement is validly terminated.
- Notice period: The Company must give 3 months' notice to terminate the agreement other than for cause. The executive must give 6 months' notice to terminate the agreement.
- Salary: $75,000 per annum (plus superannuation), base salary.
- Consulting Fees: Ashley Hood is entitled to receive consulting fees of $650 (ex GST) per day for technical services provided to the Company and for which an invoice has been given to the Company for work performed.
- Share Issue: Subject to compliance with the ASX Listing Rules and the Corporations Act, the Company will issue 250,000 fully paid ordinary shares in the Company to Ashley Hood (or his nominee) on each anniversary of the Commencement Date during which Ashley Hood remains employed under the Executive Services Agreement.
- Expenses: The Company will reimburse Ashley Hood for all reasonable expenses incurred by him in the performance of his duties in connection with the Company.
- Leave: The agreement otherwise contains leave entitlements, termination and confidentiality provisions and general provisions considered standard for an agreement of this nature.

The Company has entered into agreements with its Non-Executive Directors.

C. Share Based Payments

No performance based compensation during the period ended 30 June 2018.

The following table sets out the details of unlisted share option movements during the period ended 30 June 2018.

	Exercise Price	Expiry Date	Balance at 29 November 2017	Grant Date	Granted as Remuneration	Fair Value per Option at Grant Date	Exercised	Expired	Balance at 30 June 2018
Non-Executive Directors									
Graham Durtanovich	N/A	N/A	-	N/A	-	-	-	-	-
James Ellingford[11]	N/A	N/A	-	N/A	-	-	-	-	-
Peter Hatfull	N/A	N/A		N/A					
Terence Clee[12]	N/A	N/A	-	N/A	-	-	-	-	-
Elizabeth Hunt[13]	N/A	N/A	-	N/A	-	-	-	-	-
Total Non-Executive Directors	N/A	N/A	**-**	N/A	**-**	**-**	**-**	**-**	**-**
Executive Directors									
Ashley Hood	N/A	N/A	-	N/A	-	-	-	-	-
Total Executive Directors	N/A	N/A	**-**	N/A	**-**	**-**	**-**	**-**	**-**
Total	N/A	N/A	**-**	N/A	**-**	**-**	**-**	**-**	**-**

There were no other Director and KMP transactions.

End of Audited Remuneration Report.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to be an exploration company.

REVIEW OF RESULTS

The loss after tax for the period ended 30 June 2018 was $271,353.

[11] Resigned 16 May 2018
[12] Resigned 15 March 2018
[13] Resigned 12 December 2017

CORPORATE

Exploration company Rafaella Resources Limited (ASX:RFR) ('Rafaella' or 'the Company') is pleased to present its annual report for the year ended June 30 2018 ('FY18'). The Company made significant progress in FY18, completing its IPO, making key acquisitions and discovering mineralisation at its McCleery project in Canada.

Key acquisitions and IPO

Rafaella completed two key acquisitions prior to listing on the Australian Securities Exchange (ASX).

On January 10 2018, the Company 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 January 17 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 Colombia, 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 Company sees the McCleery and Sandstone projects as being under-explored and thus having significant development potential.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Securing new claims and mineralisation discovery at the McCleery Project

Post FY18, Rafaella announced that it had secured 142 prospective claims immediately adjoining the McCleery Copper/Cobalt Skarn style project.

The Company engaged a local geological firm in Whitehorse to study open file material available including all regional historical exploration information. This review identified numerous neighbouring base metal occurrences including recordings of copper occurrences which are described as having similar geological features to the McCleery Project.

The Canadian geological consulting firm also discovered copper mineralisation in a small, previously unmapped area of talus float hosting fine grained bornite (a copper sulphide mineral) and minor chalcopyrite with moderate to strong malachite malachite staining in calcareous siltstone adjoining the McCleery Copper/Cobalt Skarn style project.

Rafaella views this additional copper occurrence as supportive of a larger mineralised system in the area of the McCleery projects and further validation of the project's potential.

Both VMS- and skarn-styles of mineralisation being considered as the mineralisation style at the McCleery Project is yet to be established. The sample taken from the newly identified outcrop will be assayed by ICP to determine the constituent metals and elements but a fragment will also be taken for petrographic analysis to determine the sulphide and alteration mineralogy.

Rafaella also commenced a VTEM airborne electromagnetic survey of the project post FY18. The survey will locate concentrations of sulphides and potentially any sources for the sulphides, and determine their relationship to the known outcropping mineralisation.

DIVIDENDS

No dividends were paid during the period and no recommendation is made as to payment of dividends.

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:

- Completion of acquisition of Overland Resources (BC) Limited comprising the McCleery project;
- Completion of the acquisition of the tenements comprising the Sandstone project;
- Incorporation of 100% owned subsidiary Yukon Metals Pty Ltd;
- Incorporation of 100% owned subsidiary Sandstone Metals Pty Ltd; and
- Admission to the Official List of ASX with quotation commencing 26 July 2018.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial period by the auditor are outlined in Note 4 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 4 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-makking capacity for the company, acting as advocates for the company or jointly sharing economic risks and rewards.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the period ended 30 June 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 298(2)(a) of the Corporation Act 2001. Signed in accordance on behalf of the Directors.

____

Graham Durtanovich
Non-Executive Chairman

28 August 2018

The Board of Directors is responsible for the corporate governance of Rafaella Resources Limited (the Company). The Board of Directors have established a corporate governance framework which follows the recommendations as set out in the ASX Corporate Governance Council's Principles and Recommendations 3rd edition ("Principles and Recommendations"). The Company has followed each recommendation where the Board has considered the recommendation to be appropriate benchmark for the Company's corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where the Company's corporate governance practices do not follow a recommendation, the Board explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation. The Company's corporate governance framework can be viewed on the Company's website: www.rafaellaresources.com.au

Recommendation 1.5

The respective proportions of men and women on the Board, in senior executive positions (including key management personnel) and across the whole organisation:

Details: 2018	Percentage	Number
Board		
Men	100%	3
Women	-%	-
Senior Executive Positions		
Men	75%	3
Women	25%	1
Entire Organisation		
Men	60%	3
Women	40%	2

The Company recognises and respects the value of diversity at all levels of the organisation. The Company recognises that the mining and exploration industry is intrinsically male dominated in many of the operational sectors and the pool of women with appropriate skills will be limited in some instances. The Company recognises that diversity extends to matters of age, disability, ethnicity, marital/family status, religious/cultural background and sexual orientation. Where possible, the Company will seek to identify suitable candidates for positions from a diverse pool.

Recommendation 2.2

The Company has reviewed the skill set of its Board to determine where the skills lie and any relevant gaps in skills shortages. The Company is working towards filling these gaps through engagement of professional advisors where it is deemed necessary.

Recommendation 7.4

The Company has assessed its exposure to economic, environmental and social sustainability risks and has addressed them in the second replacement prospectus dated 1 June 2018 which can be viewed on the Company's website: www.rafaellaresources.com.au

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Rafaella Resources Limited for the period 29 November 2017 to 30 June 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 28 August 2018

TUTU PHONG
Partner

	Note	Company 30 June 2018 $
Revenue		**-**
Accounting fees		**(19,094)**
Compliance fees		**(117,209)**
Consultancy fees		**(36,817)**
Foreign exchange loss		**(735)**
Insurance expense		**(10,019)**
IT expenses		**(455)**
Legal fees		**(39,457)**
Marketing		**(569)**
Other expenses		**(4,713)**
Travel expenses		**(42,285)**
Loss before tax		**(271,353)**
Income tax benefit/(expense)	3	**-**
Net loss for the period from operations		**(271,353)**
Other comprehensive income		**-**
Total comprehensive loss for the period		**(271,353)**
Basic and diluted loss per share (cents)	5	**(3.66)c**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Company 30 June 2018 $
ASSETS		
Current Assets		
Cash and cash equivalents	6	**5,135,839**
Trade and other receivables	7	**22,919**
Total Current Assets		**5,158,758**
Non-Current Assets		
Exploration and evaluation assets	8	**77,005**
Total Non-Current Assets		**77,005**
Total Assets		**5,235,763**
LIABILITIES		
Current Liabilities		
Trade and other payables	9	**46,861**
Liability for application money	10	**4,925,987**
Total Current Liabilities		**4,972,848**
Total Liabilities		**4,972,848**
Net Assets		**262,915**
EQUITY		
Contributed equity	11	**534,268**
Accumulated losses	12	**(271,353)**
Total Equity		**262,915**

The accompanying notes form part of these financial statements.

Company	**Contributed Equity**	**Accumulated Losses**	**Total**
	$	**$**	**$**
Balance at 29 November 2017	**-**	**-**	**-**
Equity issues	634,001	-	634,001
Equity issue expenses	(99,733)	-	(99,733)
Loss for the period	-	(271,353)	(271,353)
Other comprehensive income	-	-	-
Total comprehensive loss for the period	-	(271,353)	(271,353)
Balance at 30 June 2018	**534,268**	**(271,353)**	**262,915**

The accompanying notes form part of these financial statements.

	Note	Company 30 June 2018 $
Cash flows from operating activities		
Payments to suppliers and employees		**(263,414)**
Payment for exploration and evaluation assets		**(77,005)**
Net cash (used in) operating activities	14	**(340,419)**
Cash flows from investing activities		**-**
Net cash from / (used in) investing activities		**-**
Cash flows from financing activities		
Proceeds from shares pending allotment		**4,925,987**
Proceeds from equity issues		**634,000**
Payment for costs of equity issues		**(83,729)**
Net cash provided from financing activities		**5,476,258**
Net increase in cash held		**5,135,839**
Cash and cash equivalents at beginning of the period		**-**
Effects of exchange rates on cash and cash equivalents		**-**
Cash and cash equivalents at period end	6	**5,135,839**

The accompanying notes form part of these financial statements.

1. *Corporate information*

This annual reports covers Rafaella Resources Limited (the "Company"), a company incorporated in Australia for the period ended 30 June 2018. The presentation currency of the Company is Australian Dollars ("$"). A description of the Company'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 Company is a for-profit entity and limited by shares incorporated in Australia whose shares are now traded under the ASX code "RFR". The financial statements were authorised for issue on 28 August 2018 by the Directors of the Company. 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

The general purpose financial statements of the Company have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards 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 annual financial report be considered together with any public announcements made by the Company up to the issue date of this report, which the Company 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.

b. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current. A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

b. Comparatives

The Company was incorporated on 29 November 2017 and this is the Company's first financial report since incorporation. As a result, there are no comparatives to include in the 30 June 2018 financial report.

2. *Accounting policies (continued)*

c. Significant management judgement in applying accounting policies and estimate uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expense is provided below.

i. Exploration and evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

d. New or amended Accounting Standards and Interpretations adopted

In the period ended 30 June 2018, the Company 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 annual reporting period. It has been determined by the Company 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 Company accounting policies as this is the Company's first financial report since incorporation.

e. New accounting standards and interpretations

Reference	Title	Application date of standard
AASB 9	**Financial Instruments** 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 Company will adopt this standard from 1 July 2018. The Company has assessed the current impact on financial assets as nil due to there being only one financial asset at 30 June 2018 (cash and cash equivalents). The	1 January 2018

	Company has assessed the current impact on financial liabilities as nil due to there being only one financial liability at 30 June 2018 (trade and other payables) which are not affected by the Company's own credit risk. As and when the Company acquires more financial assets and liabilities, it will account for them in accordance with AASB 9.	
AASB 15	**Revenue from Contracts with Customers** 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 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 Company will adopt this standard from 1 July 2018. The Company has assessed the impact as nil due to there being no revenue from contracts with customers as the Company is a mining exploration company.	1 January 2018
AASB 16	**Leases** 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 Company will adopt this standard from 1 July 2019. The Company has assessed the impact as nil due to there currently being no leases. As and when the Company enters into lease agreements, it will account for them in accordance with AASB 16.	1 January 2019

	Company 30 June 2018 $

3. *Income tax benefit/(expense)*

A reconciliation between the income tax expense and the product of accounting profit before income tax multiplied by the Company's applicable income tax rate is as follows:

Loss before tax	**(271,353)**
Statutory income tax rate for the Company at 27.5%	**(74,622)**
Tax effect of amounts which are not deductible /(taxable) in calculating taxable income:	
Accrued expenses	**2,612**
Other deductible expenses	**(4,890)**
Other non-deductible expenses	**2,605**
Share issue costs	**28,019**
Immediate deduction for exploration costs	**(295)**
Unrecognised tax losses	**46,571**
Income tax expense reported in the statement of comprehensive income	**-**
Unrecognised deferred tax assets and liabilities	
Deductible temporary differences	**22,578**
Tax loses	**46,571**
Exploration and evaluation expenditure	**(295)**
	68,854

Accounting policy

Income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are recognised for all taxable temporary differences:

- Except for the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and

3. *Income tax benefit/(expense) (continued)*

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred income tax to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Goods and services and sales tax
Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:
- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of the asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

	Company 30 June 2018 $
4. *Auditor's remuneration*	
Audit of the financial statements:	
RSM Australia Partners	**14,000**
Investigating accountant's report for prospectus:	
RSM Corporate Australia Pty Ltd	**13,000**
	27,000

	Company 30 June 2018

5. *Loss per share*

The following reflects the loss and number of shares used in the calculation of the basic and diluted loss per share.

Basic loss per share (cents per share)	**(3.66)**
Diluted loss per share (cents per share)	**(3.66)**
Net loss attributable to ordinary shareholders ($)	**271,353**
	Shares
Weighted average number of ordinary shares used in the calculation of basic loss per share	**7,405,959**
Weighted average number of ordinary shares used in the calculation of diluted loss per share	**7,405,959**

Accounting policy

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), dividend by the weighted average number of ordinary shares, adjusted for any bonus element. The diluted earnings per share is calculated as net profit or loss attributable to members of the parent dividend by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element. The weighted average number of shares was based on the consolidated weighted average number of shares in the reporting period. The net profit or loss attributable to members of the parent is adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after-tax effect if dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares.

	Company 30 June 2018 $

6. *Cash and cash equivalents*

Cash at bank	**209,852**
Restricted cash[1]	**4,925,987**
	5,135,839

6. *Cash and cash equivalents (continued)*

[1] Restricted cash balance represents money received in advance on application for shares which is classified as a restricted cash until such time when the shares are allotted. This is disclosed as liability for application money in Note 10.

Accounting policy

Cash and cash equivalents include cash on hand and in the bank, and other short-term deposits. Bank overdrafts are shown separately in current liabilities on the Statement of Financial Position. For the purposes of the Statement of Cash Flows, cash and cash equivalents as defined above, net of outstanding bank overdrafts.

	Company 30 June 2018 $
7. *Trade and other receivables*	
Prepayments	**17,781**
Tax refunds	**5,138**
	22,919
8. *Exploration and evaluation assets*	
Balance at 29 November 2017	-
Exploration and evaluation expenditure incurred during the period	**77,005**
Balance at 30 June 2018	**77,005**

Accounting policy

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Directly attributed exploration and evaluation costs are capitalised to exploration and evaluation assets. A regular review for impairment is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

	Company 30 June 2018 $
9. *Trade and other payables*	
Accrued expenses	**14,615**
Trade creditors	**32,246**
	46,861

Accounting policy
Trade and other payables amounts represent liabilities for goods and services provided to the entity prior to the end of the period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of invoice.

	Company 30 June 2018 $
10. *Liability for application money*	
Shares pending allotment[1]	**4,925,987**
	4,925,987

[1]Liability for application money balance represents money received in advance on application for shares which is classified as a current liability until such time when the shares are allotted. This is disclosed as restricted cash in Note 6.

	Company 30 June 2018 No.	Company 30 June 2018 $
11. *Contributed equity*		
Balance at 29 November 2017	**1**	**1**
Share issue: 6 February 2018	**4,650,000**	**46,500**
Share issue: 27 February 2018	**7,343,750**	**587,500**
Share issue costs	**-**	**(99,733)**
Balance at 30 June 2018	**11,993,751**	**534,268**

11. *Contributed equity (continued)*

Ordinary shares

Ordinary shares have no par value and have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on the shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Share capital represents the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Capital management

Management controlled the capital of the Company in order to maintain a capital structure that ensured the lowest cost of capital available to the Company. Management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders.

	Company 30 June 2018 No.
Unlisted options	
Balance at 29 November 2017	**-**
Options granted (free attaching)	**2,325,000**
Balance at 30 June 2018	**2,325,000**

12. *Accumulated losses*

	$
Balance at 29 November 2017	
Loss after tax attributable to the equity holders of the Company during the period	**(271,353)**
Balance at 30 June 2018	**(271,353)**

13. *Operating segments*

The Company has determined operating segments based on the information provided to the Board of Directors. The Company intends on operating predominantly in one business segment being the exploration for minerals in two geographic segments, being Australia and Canada. There is no material difference between the financial information presented to the Board of Directors and the financial information presented in this report.

13. *Operating segments (continued)*

Accounting policy

Operating segments are identified based on the internal reports that are regularly reviewed by the Board of Director's, the Chief Operation Decision Maker, for the purpose of allocating resources and assessing performance. The adoption of this "management approach" has resulted in the identification of reportable segments.

	Company 30 June 2018 $
14. *Reconciliation of cashflows from operating activities*	
Loss before tax	(271,353)
Change in trade & other receivables	(22,919)
Change in exploration expenditure	(77,005)
Change in trade & other payables	30,858
Net cash used in operating activities	(340,419)

15. *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:

- Completion of acquisition of Overland Resources (BC) Limited comprising the McCleery project;
- Completion of the acquisition of the tenements comprising the Sandstone project;
- Incorporation of 100% owned subsidiary Yukon Metals Pty Ltd;
- Incorporation of 100% owned subsidiary Sandstone Metals Pty Ltd; and
- Admission to the Official List of ASX with quotation commencing 26 July 2018.

16. *Related party transactions*

a. KMP Compensation

	Company 30 June 2018 $
Short-term employee benefits	-
Post-employment benefits	-
Long-term benefits	-
Total	-

Detailed remuneration disclosures are provided in the remuneration report included in the Directors' Report.

b. Transactions with related parties
There are no transactions occurred with related parties during the reporting period.

c. Outstanding balances arising from sales/purchases of goods and services
There are no outstanding balances arising from sales/purchases of goods and services at the end of the reporting period.

d. Loan to Directors and their related parties
No loans have been made to any Director or any of their related parties, during the reporting period.

17. *Financial risk management*

The Company's overall financial risk management strategy is to ensure that the Company is able to fund its business operations and expansion plans. Exposure to credit risk, liquidity risk, foreign currency risk, interest rate risk and commodity price risk arises in the normal course of the Company's business. The Company's risk management strategy is set by and performed in the close co-operation with the Board and focuses on actively securing the Company's short to medium-term cash flows by regular review of its working capital and minimising the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

<u>Financial assets and liabilities</u>
The financial assets and liabilities as at 30 June 2018 are reflected at cost, fair valued through the statement of comprehensive income. The Directors consider that the carrying amounts of the financial assets and liabilities approximate their fair values.

17. *Financial risk management (continued)*

Specific financial risk exposures and management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk, including in interest rates, foreign currency, commodity and equity prices.

a) Credit risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents. Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contractual obligations that could lead to a financial loss to the Company. Credit risk is managed through the maintenance of credit assessment and monitoring procedures.

b) Liquidity risk

Liquidity risk is the risk that there will be inadequate funds available to meet financial commitments as they fall due. The Company recognises the on-going requirements to have committed funds in place to cover both existing business cash flows and provide reasonable headroom for capital expenditure programs. The key funding objective is to ensure the availability of flexible and competitively priced funding from alternative sources to meet the Company's current and future requirements. The Company utilises a detailed cash flow model to manage its liquidity risk. This analysis shows that available sources of funds are expected to be sufficient over the lookout period. The Company attempts to accurately project the sources and uses of funds which provide an effective framework for decision making and budgeting. The table below summarises the maturity profile of the Company's contractual cash flow financial liabilities based on contractual undiscounted repayment obligations. Repayments, which are subject to notice, are treated as if notice were to be given immediately.

c) Foreign currency risk

There were no financial assets and liabilities denominated in foreign currencies that are different to the functional currency of the Company during the current period.

d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Company is not exposed to interest rate movement through borrowings as there are no borrowings. The following table sets out the variable interest bearing and fixed interest bearing financial instruments of the Company:

	Variable interest $	Fixed interest $
2018		
Financial assets		
Cash and cash equivalents	5,135,839	-
Total	**5,135,839**	**-**

17. *Financial risk management (continued)*

17. *Financial risk management (continued)*

The following table illustrates the estimated sensitivity to a 1% increase and decrease to interest rate movements. There is nil impact for 30 June 2018 as there is no interest income during the reporting period.

Impact on pre-tax profit	30 June 2018 $
Interest rates + 1%	-
Interest rates – 1%	-

Accounting policy

Financial assets

Initial recognition and measurement

Financial assets are categorised as financial assets at fair value through profit and loss, loans and receivables or held-to-maturity investments. The Company determines the categorisation of its financial assets at initial recognition. Categorisation is re-evaluated at each financial period end. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except where the instrument is classified as "at fair value through profit or loss", in which case transaction costs are expensed to profit and loss immediately.

De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets is de-recognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
    - The Company has transferred substantially all the risks and rewards of the asset, or
    - The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

17. *Financial risk management (continued)*

Financial liabilities

Initial recognition

Financial liabilities within the scope of AASB139 are classified as financial liabilities at fair value through profit or loss. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value. The Company's financial liabilities include trade payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

i. At fair value through profit and loss

Financial liabilities at fair value through profit or loss includes and financial liabilities designated upon initial recognition as at fair value through profit or loss.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

	Company 30 June 2018 $
18. *Commitments and contingencies*	
a. Commitments relating to operating expenditures	
Not longer than 1 year	**183,930**
More than 1 year but not longer than 5 years	**-**
More than 5 years	**-**
	183,930

There are no other material commitments as at 30 June 2018.

b. Contingent assets

There are no contingent assets as at 30 June 2018.

c. Contingent liabilities

i) Lead Manager agreement with EverBlu Capital Pty Ltd

18. *Commitments and contingencies (continued)*

The Company has signed a mandate letter with EverBlu Capital Pty Ltd ('Everblu') dated 1 January 2018, engaging EverBlu to act as lead manager of the Initial Public Listing Offer ('Offer'). The Company must pay the following fees to Everblu as a capital raising fee to the Offer when the Company is admitted to the official list of ASX:

(a) A management fee of 2.0% of total funds raised under the Prospectus plus GST;
(b) A capital raising fee of 4.0% on funds raised under the Prospectus;
(c) A corporate advisory fee of $5,000 per month form the commencement of the engagement until the admission of the Company to the Official List; and
(d) A post-IPO advisory fee of $10,000 per month from the date of the admission of the Company to the Official List until expiry of the term or earlier termination of the Lead Manager mandate.

ii) Acquisition of Overland (BC) Limited

On 17 January 2018, the Company entered into a binding heads of agreement with Overland Resources Limited (now Renegade Exploration Limited) pursuant to which the Company agreed to purchase 100% of the fully paid ordinary shares in the capital of Overland Resources (BC) Limited (a company incorporated in British Colombia, Canada). The consideration of the acquisition is for the issue of 500,000 shares to the shareholder of Overland Resources (BC) Limited. The acquisition of Overland Resources (BC) Limited is contingent on several conditions precedent including the successful listing of the Company on the ASX. This acquisition was settled on 19 July 2018.

ii) Tenement Acquisition Agreement

On 10 January 2018, the Company entered into a binding heads of agreement with Topdrill Pty Ltd pursuant to which the Company agreed to purchase a 100% interest in exploration licences E53/1920 and E57/1055. The consideration of the acquisition is for the issue of 300,000 shares and $40,000 cash payment to Topdrill Pty Ltd. The acquisition of the tenements is contingent on several conditions precedent including the successful listing of the Company on the ASX. This acquisition was settled on 19 July 2018.

iii) Executive Services Agreement

Subject to compliance with the ASX Listing Rules and the Corporations Act 2001, the Company will issue 250,000 fully paid ordinary shares in the Company each to the Directors, Ashley Wood and Graham Durtonavich on each anniversary of the Director's commencement date during which the Director remains employed under the Executive Services Agreement.

There are no other contingent liabilities as at 30 June 2018.

The Directors of the Company declare that:

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

a. comply with Australian Accounting Standards;
b. are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 2 to the financial statements; and
c. give a true and fair view of the Company's financial position as at 30 June 2018 and of the performance for the period 29 November 2017 to 30 June 2018;

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.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is signed in accordance with a resolution of the Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

____

Graham Durtanovich
Non-Executive Chairman

28 August 2018

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

Opinion

We have audited the financial report of Rafaella Resources Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period 29 November 2017 to 30 June 2018, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the period 29 November 2017 to 30 June 2018; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Carrying value of exploration and evaluation asset
Refer to Note 8 in the financial statements</td></tr>
<tr><td>The Company has capitalised exploration and evaluation expenditure with a carrying value of $77,005 at the reporting date.

We considered this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the assets including:

• Determination of whether the exploration and evaluation expenditure can be associated with finding specific mineral resources and the basis on which that expenditure is allocated to an area of interest;

• Assessing whether any indicators of impairment are present; and

• Determination of whether exploration activities have reached a stage at which the existence of economically recoverable reserves may be determined.</td><td>Our audit procedures in relation to the carrying value of exploration and evaluation asset included:

• Ensuring that the right to tenure of the area of interest was current;

• Agreeing a sample of additions to supporting documentation and ensuring the amounts are capital in nature and relate to the area of interest;

• Enquiring with management and reviewing budgets to test that the entity will incur substantive expenditure for each area of interest in the future;

• Assessing and evaluating management’s assessment that no indicators of impairment existed at the reporting date; and

• Through discussions with the management and review of the Board Minutes, ASX announcements and other relevant documentation, assessing management’s determination that exploration activities have not yet progressed to the stage where the existence or otherwise of economically recoverable reserves may be determined.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the period 29 November 2017 to 30 June 2018 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the period 29 November 2017 to 30 June 2018.

In our opinion, the Remuneration Report of Rafaella Resources Limited, for the period 29 November 2017 to 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 28 August 2018

As at 24 August 2018

Issued Securities

	Listed on ASX	Unlisted	Total
Fully paid ordinary shares	28,126,250	9,667,501	37,793,751
$0.30 unlisted options expiring 6 February 2020	-	2,325,000	2,325,000
$0.20 unlisted options expiring 19 July 2022	-	2,500,000	2,500,000
Total	**28,126,250**	**14,492,501**	**42,618,751**

Distribution of Listed Ordinary Fully Paid Shares

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	3	156	0.00%
1,001 - 5,000	10	40,410	0.11%
5,001 - 10,000	78	773,250	2.05%
10,001 - 100,000	150	6,286,362	16.63%
100,001 - and over	82	30,693,573	81.21%
Total	**323**	**37,793,751**	**100.00%**

Top 20 Listed Ordinary Fully Paid Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1.	ANGLO AUSTRALASIA HOLDINGS PTY LTD <ANGLO AUSTRALASIA A/C>	2,825,000	7.47%
2.	ANGLO MENDA PTY LIMITED	1,550,000	4.10%
3.	J P MORGAN NOMINEES AUSTRALIA LIMITED	1,500,000	3.97%
4.	TAC PROFESSIONAL SERVICES PTY LTD	1,230,000	3.25%
5.	ANGLO MENDA PTY LTD	1,195,000	3.16%
6.	HORATIO STREET PTY LIMITED <HORATIO STREET FAMILY A/C>	1,175,000	3.11%
7.	JAMBER INVESTMENTS PTY LTD <THE AMBER SCHWARZ FAM A/C>	1,125,000	2.98%
8.	CHIFLEY PORTFOLIOS PTY LTD <DAVID HANNON A/C>	1,050,000	2.78%
9.	SUBURBAN HOLDINGS PTY LIMITED <SUBURBAN SUPER FUND A/C>	1,000,000	2.65%
10.	HIGH PEAKS CAPITAL PTY LTD	912,500	2.41%
11.	PHEAKES PTY LTD<SENATE A/C>	875,000	2.32%
12.	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	780,000	2.06%
13.	UBS NOM PTY LTD<UBS A/C>	700,000	1.85%
14.	MELBOR PTY LTD<RJW FAMILY A/C>	650,000	1.72%
14.	MOUTIER PTY LTD<JB PENSION FUND A/C>	650,000	1.72%
15.	DR STUART LLOYD PHILLIPS & MRS FIONA JANE PHILLIPS <SL & FJ PHILLIPS S/FUND A/C>	625,000	1.65%
16.	MR SHANE TIMOTHY BALL <THE BALL A/C>	530,000	1.40%
17.	CHIFLEY PORTFOLIOS PTY LTD<DAVID HANNON RETIREMENT A/C>	500,000	1.32%
17.	RENEGADE EXPLORATION LIMITED	500,000	1.32%
17.	CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	500,000	1.32%
18.	CLAIRVAUX INVESTMENTS PTY LTD<CLAIRVAUX A/C>	475,000	1.26%
19.	PAPILLON HOLDINGS PTY LTD<THE VML NO 1 A/C>	450,000	1.19%
20.	CHIFLEY PORTFOLIOS PTY LTD <DAVID HANNON RET FUND A/C>	425,148	1.12%
Total		**21,222,648**	**56.15%**

The number of shareholdings held in less than marketable parcels is 5.

The Company has the following substantial shareholders listed in its register as at 24 August 2018:

Rank	Shareholder	Shares Held	% Issued Capital
1.	ANGLO AUSTRALASIA HOLDINGS PTY LTD <ANGLO AUSTRALASIA A/C>	2,825,000	7.47%

Ordinary Shares Voting Rights - Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

The Company has the following restricted securities on issue as at the date of this report:

Security Type	Number of Securities Escrowed	Escrow Duration	Escrow Date
Fully paid ordinary shares	7,378,750	24 months from date of quotation	26 July 2020
Fully paid ordinary shares	1,488,750	12 months from date of issue	28 February 2019
Fully paid ordinary shares	800,000	12 months from date of issue	19 July 2019
Unlisted $0.30 6 February 2020 options	2,325,000	24 months from date of quotation	26 July 2020
Unlisted $0.20 19 July 2022 options	2,500,000	24 months from date of quotation	26 July 2020

Use of Funds

Between the date of listing on ASX and the date of this report the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives and as set out in the Second Replacement Prospectus dated 1 June 2018.

Schedule of Exploration Tenements

Project	Tenement Number	Interest Held
Sandstone	E53/1920	100%
Sandstone	E57/1055	100%

Project	Claim Name & Number	Grant Number	Interest Held
McCleery	MM 1	YD81304	100%
McCleery	MM 2	YD81305	100%
McCleery	MM 3	YD81306	100%
McCleery	MM 4	YD81307	100%
McCleery	MM 5	YD81308	100%
McCleery	MM 6	YD81309	100%
McCleery	MM 7	YD81310	100%
McCleery	MM 8	YD81311	100%
McCleery	MM 9	YD81312	100%
McCleery	MM 10	YD81313	100%
McCleery	MM 11	YD81314	100%
McCleery	MM 12	YD81315	100%
McCleery	MM 13	YD81316	100%
McCleery	MM 14	YD81317	100%
McCleery	MM 15	YD81318	100%
McCleery	MM 16	YD81319	100%
McCleery	MM 17	YD81320	100%
McCleery	MM 18	YD81321	100%
McCleery	MM 19	YD81322	100%
McCleery	MM 20	YD81323	100%
McCleery	MM 21	YD81324	100%
McCleery	MM 22	YD81325	100%
McCleery	MM 23	YD81326	100%
McCleery	MM 24	YD81327	100%
McCleery	MM 25	YD81328	100%
McCleery	MM 26	YD81329	100%
McCleery	MM 27	YD81330	100%
McCleery	MM 28	YD81331	100%
McCleery	MM 29	YD81332	100%
McCleery	MM 30	YD81333	100%
McCleery	MM 31	YD81334	100%
McCleery	MM 32	YD81335	100%
McCleery	MM 33	YD81336	100%
McCleery	MM 34	YD81337	100%
McCleery	MM 35	YD81338	100%
McCleery	MM 36	YD81339	100%
McCleery	MM 37	YD81340	100%
McCleery	MM 38	YD81341	100%
McCleery	MM 39	YD81342	100%
McCleery	MM 40	YD81343	100%
McCleery	MM 41	YD81344	100%
McCleery	MM 42	YD81345	100%