

RAFAELLA RESOURCES LTD  
ACN 623 130 987

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## SECOND REPLACEMENT PROSPECTUS

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For an offer of 25,000,000 Shares at issue price of \$0.20 per Share to raise \$5,000,000.

Lead Manager: EverBlu Capital Pty Ltd (ACN 612 793 683) (AFSL 499601)



### IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. **The Shares offered by this Prospectus should be considered highly speculative.**

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This is a second replacement prospectus dated 1 June 2018. This replacement prospectus replaces the replacement prospectus dated 16 March 2018, which in turn replaced the original prospectus dated 2 March 2018.

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## CORPORATE DIRECTORY

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### Directors

Graham Durtanovich  
*Non-Executive Chairman*

Ashley Hood  
*Executive Technical Director*

Peter Hatfull  
*Non-Executive Director*

### Registered Office

Mining Corporate Pty Ltd  
Level 11, 216 St Georges Terrace  
Perth WA 6000

Telephone: + 61 9481 0389  
Facsimile: +61 8 9463 6103

Email: [Info@rafaellaresources.com.au](mailto:Info@rafaellaresources.com.au)  
Website: [www.rafaellaresources.com.au](http://www.rafaellaresources.com.au)

### Company Secretary

Elizabeth Hunt

### Proposed ASX Code

RFR

### Lead Manager

EverBlu Capital Pty Ltd  
Level 39, Aurora Place  
88 Phillip Street  
Sydney NSW 2000

### Share Registry

Automic  
Level 3, 50 Holt Street  
Surrey Hills NSW 2010

Telephone (Australia): 1300 288 664  
Telephone (overseas): +61 2 9698 5414  
Email: [Hello@automic.com.au](mailto:Hello@automic.com.au)

### Australian Solicitors

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
Perth WA 6000

### Auditor

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

### Investigating Accountant

RSM Corporate Australia Pty Ltd  
Level 32  
Exchange Tower  
2 The Esplanade Perth WA 6000

### Independent Geologist

FRM Geological Services  
56 London Street  
North Perth WA 6006

### Canadian Solicitors

MacDonald & Company Lawyers  
Suite 200, Financial Plaza  
204 Lambert Street  
Whitehorse, YT, Y1A 1Z4

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## IMPORTANT NOTICE

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This replacement prospectus is dated 1 June 2018 and was lodged with the ASIC on that date. This replacement prospectus replaces the first replacement prospectus dated 16 March 2018 (**First Replacement Prospectus**), which in turn replaced the original prospectus dated 2 March 2018 (**Original Prospectus**). For the purposes of this document, this Second Replacement Prospectus will be referred to as the "Prospectus".

The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

### Second Replacement Prospectus

Under ASX Listing Rule 10.11.2, ASX has a discretion to treat a person whose relationship with an entity or a related party is, in ASX's opinion, such that approval should be obtained for an issue of securities to the person.

ASX has recently contacted the Company to advise that, in ASX's opinion, the relationships:

- (a) between the Company on the one hand and Adam and Darrin Blumenthal and the entities they each control (further details of which are set out on page 6 and 28), including EverBlu Capital Pty Limited, Anglo Australasia Holdings Pty Ltd, Anglo Menda Pty Ltd, Horatio Street Pty Limited and Australian Share Nominees Pty Ltd (together the **Blumenthal Parties**); and
- (b) between the Directors and former Directors of the Company (who are related parties of the Company) on the one hand and the Blumenthal Parties on the other,

are such that any issue of equity Securities by the Company to the Blumenthal Parties ought to be approved by Shareholders. In this regard, ASX has formed the opinion that if the Company lists, ASX Listing Rule 10.11.2 will apply in relation to any issue of Securities by the Company to the Blumenthal Parties.

The Company has prepared this Second Replacement Prospectus to:

- (a) note that the Company has paid \$50,000 to Overland in consideration for an extension of the end date under the OVR Agreement to 17 July 2018 (refer to page 135 for a summary of the terms of the OVR Agreement);
- (b) note the resignation of Dr James Ellingford as the Non-Executive Chairman and appointment of Mr Graham Durtanovich as a Non-Executive Chairman in his place (refer to pages 6 and 28 for details with respect to the relationship between Dr Ellingford and EverBlu);

- (c) note the appointment of Peter Hatfull as a Non-Executive Director;
- (d) note changes to the substantial shareholders of the Company following:
  - (i) Franklin International Holdings Pty Ltd <Franklin International Holdings Trust> (which is controlled by Alvin Blumenthal, Adam and Darrin Blumenthal's father); and
  - (ii) Suburban Holdings Pty Ltd <The Suburban Super Fund A/C> (which is controlled by Alvin Blumenthal and his wife Debra Blumenthal),

each disposing of the Shares and Options held previously, of which 1,275,000 Shares and 250,000 Options were acquired by Anglo Australasia Holdings Pty Ltd with the remainder acquired by parties other than the Blumenthal Parties (refer to page 6 for details of the interests of the Blumenthal Parties in the Company);
- (e) confirm the terms of the seed capital raisings undertaken by the Company (refer to pages 6, 19 and 36 for details with respect to the securities issued under the seed capital raisings);
- (f) confirm the fees paid, and payable, to EverBlu Capital (refer to pages 4-5, 21-23 and 136 for further details);
- (g) confirm the various relationships between:
  - (i) the Company and the Blumenthal Parties; and
  - (ii) the Directors and former Directors of the Company and the Blumenthal Parties;

(refer to pages 27 to 29 for further details).
- (h) confirm the current holdings of each of the Blumenthal Parties in the Company's Shares and Options (refer to page 6);
- (i) confirm how many Shares each Blumenthal Party intends to subscribe for pursuant to the Prospectus, and confirmation of how many shares each will hold upon the listing of the Company (and the percentage of total issued capital this will represent for each individual Blumenthal Party and for all Blumenthal Parties together collectively) (refer to page 6); and
- (j) note ASX's determination with respect to ASX Listing Rule 10.11.2 and the implications of this for the Company (refer to pages 27 to 29).

### Interests of Blumenthal Parties

The ultimate holders of the fully paid ordinary shares in the capital of the Lead Manager are:

- (a) Adam Blumenthal – 63%; and
- (b) Darrin Blumenthal – 37%.

EverBlu Capital Pty Ltd (ACN 612 793 683) (AFSL 499601), has been appointed as lead manager to the Offer (**Lead Manager**). Under the agreement with the Lead Manager (**Lead Manager Mandate**), the Company will pay a fee to the Lead Manager of 6% (ex GST) of the total amount raised under the Prospectus. The Lead Manager Mandate commenced on 1 January 2018 (**Commencement Date**) and expires 18 months following

the Commencement Date, with an automatic extension for a further 12 months, unless a party notifies the other party within 15 months from the Commencement Date that it does not wish to extend the term (**Term**).

The Lead Manager will also receive:

- (a) \$5,000 per month for corporate advisory services until the Company is admitted to the Official List;
- (b) \$10,000 per month for corporate advisory services following the Company being admitted to the Official List until expiry of the Term or earlier termination of the Lead Manager Mandate; and
- (c) 2,500,000 Options exercisable at \$0.20 on or before the date that is 4 years following their date of issue, which have a total value of \$297,694 (details with respect to the valuation and relevant assumptions are set out on page 16 of the Investigating Accountant's Report).

The Company will grant the Lead Manager a right of first refusal in respect to any transaction or capital raising entered into by the Company for a period of 6 months from the date that the engagement ends (**First Refusal End Date**). The Company will also be liable to pay the Lead Manager the fees and expenses set out above (other than the issue of Options) in respect to any transaction or capital raising entered into by the Company prior to the First Refusal End Date with a counterparty introduced to the Company by the Lead Manager.

A counterparty shall be deemed to have been introduced to the Company by the Lead Manager if the fact that the Company was looking for additional capital or similar services is made known to that party by the Lead Manager whether orally, in writing or otherwise through any advertisements or other materials prepared by the Lead Manager.

To date, the Company has paid \$22,000 (including GST) to the Lead Manager for corporate advisory fees in accordance with the Lead Manager Mandate, including:

- (a) co-ordinating the Offer timetable;
- (b) co-ordinating with the Company's other advisers involved in the Offer;
- (c) in conjunction with the Company's legal and other professional advisers, providing advice and recommendations on the structure of the Offer including terms and pricing, market perception and impact;
- (d) in conjunction with the Company's legal and other professional advisers, assisting with the drafting of the Prospectus and any other documents required in connection with the Offer;
- (e) providing advice on and coordinating the marketing of the Company and the Offer to potential investors, including, without limitation, institutional and broker roadshows, presentations to equity analysts and publicity to the market generally;
- (f) participating in the due diligence process;
- (g) in conjunction with the Company's legal and other professional advisers, liaising with regulatory bodies such as ASX and ASIC, when required;
- (h) conducting and managing a pricing process for the Offer having regard to the Offer structure;

- (i) providing such other assistance to the Company in relation to the Offer as agreed in writing from time to time.

Upon completion of the Offer, the Company will issue 2,500,000 Broker Options to the Lead Manager and pay a sum of \$300,000 in management and capital raising fees (part of which may be passed on by the Lead Manager to third parties who assist with completing the Offer).

Following listing, the Lead Manager will also be entitled to a corporate advisory fee of \$10,000 per month in consideration for providing the following services to the Company as its corporate advisor:

- (a) assisting in future capital raising and acquisition activities (if any);
- (b) seeking proactive opportunities for the Company such as conferences and assisting with such opportunities where needed;
- (c) preparation of marketing materials such as corporate presentations; and
- (d) assisting in global investor roadshows.

Set out in the table on the following page is a summary of the interests of the Blumenthal Parties in the capital of the Company. The table sets out:

- (a) the number of Shares and Options acquired by the Blumenthal Parties in seed raisings conducted by the Company on 6 and 28 February 2018;
- (b) the total funds paid in respect of the Securities acquired and the prices paid for those Securities;
- (c) the current percentage which the Shares held by each of the Blumenthal Parties represent of all the existing Shares;
- (d) the number of Shares the Blumenthal Parties intend to subscribe for under the Offer and their proposed holdings after completion of the Offer;
- (e) the percentage which the Shares that each of the Blumenthal Parties will hold on completion of the Offer will represent of all Shares at that time; and
- (f) the value of the Securities that will be held by the Blumenthal Parties upon the admission of the Company to the Official List.

While there are familial links between Adam Blumenthal and Darrin Blumenthal, they are each adults that make independent investment decisions and should not be considered associates of one another. Further, there is no relevant agreement in place that would constitute them as associates.

Ultimate holder(s)	Registered holder	Shares	Options	Total Funds Paid under seed raising	Current percentage of Shares (undiluted)	Shares to be subscribed for under the Offer	Total funds payable under the Offer	Total Shares held following Offer	Percentage of Shares following Offer (undiluted)	Value of Shares held	Value of Options held
Adam Blumenthal	Anglo Australasia Holdings Pty Ltd	2,025,000 <sup>3</sup>	650,000 <sup>1,3</sup>	\$78,000 <sup>3</sup>	16.88%	800,000	\$160,000	2,825,000	7.47%	\$565,000 <sup>2</sup>	\$42,451.50 <sup>1</sup>
Adam Blumenthal	Anglo Menda Pty Ltd	-	-	-	-	280,000	\$56,000	280,000	0.74%	\$56,000 <sup>2</sup>	
Darrin Blumenthal	Horatio Street Pty Ltd	900,000 <sup>4</sup>	200,000 <sup>1,4</sup>	\$44,000 <sup>4</sup>	7.50%	275,000	\$55,000	1,175,000	3.11%	\$235,000 <sup>2</sup>	\$13,062.00 <sup>1</sup>
Darrin Blumenthal (37%) Adam Blumenthal (63%)	Australian Share Nominees Pty Ltd	125,000 <sup>5</sup>	150,000 <sup>1,5</sup>	\$10,000 <sup>5</sup>	1.04%	-	-	125,000	0.33%	\$25,000 <sup>2</sup>	\$9,796.50 <sup>1</sup>
<b>TOTAL</b>		<b>3,050,000</b>	<b>1,000,000</b>	<b>\$132,000</b>	<b>25.43%</b>	<b>1,075,000</b>	<b>\$215,000</b>	<b>4,125,000</b>	<b>10.91%</b>	<b>\$825,000</b>	<b>\$65,310.00</b>

**Notes:**

1. The terms and conditions of these Options are set out in Section 12.3. Valued at \$0.06531 per Existing Option using a standard binomial pricing model based on the fair value of a Share at the date of this Prospectus, using the following assumptions: Share price - \$0.20; expected future volatility – 80%; risk free rate – 2.00% dividend yield rate – 0%.
2. Assuming a value of \$0.20 per Share.
3. 1,200,000 Shares issued on 6 February 2018 at \$0.01 per Share together with one attaching Option for every two Shares issued and 825,000 Shares issued on 28 February 2018 at \$0.08 per Share. Anglo Australasia Holdings Pty Ltd also holds an additional 50,000 Options which were issued for nil cash consideration.
4. 400,000 Shares issued on 6 February 2018 at \$0.01 per Share together with one attaching Option for every two Shares issued and 500,000 Shares issued on 28 February 2018 at \$0.08 per Share.

5. 125,000 Shares issued on 28 February 2018 at \$0.08 per Share. Australian Share Nominees Pty Ltd also holds an additional 150,000 Options which were issued for nil cash consideration.
6. The Company will also issue to EverBlu Capital Pty Ltd 2,500,000 Options exercisable at \$0.20 on or before the date that is four years from the date of issue, which have a total value of \$297,694 (details with respect to the valuation and relevant assumptions are set out on page 16 of the Investigating Accountant's Report). the shares in EverBlu Capital Pty Ltd are held by EverBlu Holdings Pty Limited (**EverBlu Holdings**). The issued capital of EverBlu Holdings is held by Horatio Street Pty Ltd (37%), Phillip Street Holdings Pty Ltd (which is 100% held by Adam Blumenthal) (54%) and Anglo Australasia Holdings Pty Ltd (9%).

In addition, this Second Replacement Prospectus has been prepared to:

- (a) refresh the period for admission to quotation of Shares offered under the Prospectus from three months from the date of the Original Prospectus to three months from the date of the Second Replacement Prospectus (**Quotation Condition**); and
- (b) refresh the period for the minimum subscription to the Offer under the Original Prospectus being achieved from the date four months after the date of the Original Prospectus to four months from the date of the Second Replacement Prospectus (**Minimum Subscription Condition**),

pursuant to ASIC Corporations (Minimum Subscription and Quotation Conditions) Instrument 2016/70 (**Instrument**).

### **Quotation Condition**

The Company makes the following statements regarding the Quotation Condition as required by the Instrument.

- (a) an application for admission to quotation of Shares offered under the Prospectus was made within seven days after the date of the Prospectus;
- (b) the Shares offered under the Prospectus have not been admitted to quotation as at the date of the Second Replacement Prospectus;
- (c) ASX has not indicated that the Shares offered under the Prospectus will not be admitted to quotation and, as at the date of the Second Replacement Prospectus, the Company has not received an indication from ASX that the Shares will be admitted to quotation subject to certain conditions being satisfied;
- (d) the Quotation Condition is being amended to extend the period for admission to quotation of Shares offered under the Prospectus from three months from the date of the Prospectus to three months from the date of the Second Replacement Prospectus;
- (e) the Quotation Condition must be satisfied by 1 September 2018, being the date three months from the date of the Second Replacement Prospectus; and
- (f) as at the date of the Second Replacement Prospectus, the number of Shares for which applications have been received is 25,000,000.

### **Minimum Subscription Condition**

The Company makes the following statements regarding the Minimum Subscription Condition as required by the Instrument:

- (a) as at the date of the Second Replacement Prospectus, \$5,000,000 has been raised, representing applications for 2,500,000 Shares under the Prospectus;
- (b) the Minimum Subscription Condition is being amended to extend the period for the minimum subscription being achieved from the date four months from the date of the Prospectus to four months from the date of the Second Replacement Prospectus; and
- (c) the Minimum Subscription Condition must be satisfied by 1 October 2018, being the date that is four months from the date of the Second Replacement Prospectus.

## Withdrawal of previous Applications

In accordance with section 724(2) of the Corporations Act, if you applied for Shares under the Original Prospectus or First Replacement Prospectus (**Existing Applicant**), you may withdraw your application and be repaid your application monies, provided you give the Company written notice of your wish to do so before 1 July 2018.

Any repayments made by the Company pursuant to an Existing Applicant exercising their right to withdraw their application will be made in full without interest.

An Existing Applicant who wishes to withdraw their application and obtain a refund must submit a written request to the Company by email or the Company's share registry by delivery or mail to the address set out below so that it is received within 1 month of the date of this Prospectus (i.e. **by close of business on 1 July 2018**).

### Share Registry:

### The Company by email to:

Rafaella Resources Limited      info@rafaellaresources.com.au.  
Level 3, 50 Holt Street  
Surrey Hills NSW 2010

The details for the payment of the refund cheque and address to which it should be sent as set out in the written request must correspond to the details contained in the Application Form lodged by that Existing Applicant.

If you do not wish to withdraw your Application, you do not need to take any action.

## New Applications

Applications for Shares under the Public Offer after lodgement of this Prospectus **must** be made using the Replacement Application Form attached to or accompanying this Prospectus.

Applications after the date of this Prospectus **must not** be made on the Application Form attached to or accompanying the Original Prospectus or First Replacement Prospectus and any such applications will not be valid.

## Exposure Period

The Exposure Period applicable to the Original Prospectus has now expired.

## No offering where offering would be illegal

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia. This Prospectus has been prepared for publication in Australia and may not be released or distributed in the United States of America.

## **Web Site – Electronic Prospectus**

A copy of this Prospectus can be downloaded from the website of the Company at [www.rafaellaresources.com.au](http://www.rafaellaresources.com.au). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company by phone on +61 8 9481 0389 during office hours or by emailing the Company at [Info@rafaellaresources.com.au](mailto:Info@rafaellaresources.com.au).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## **Website**

No document or information included on our website is incorporated by reference into this Prospectus.

## **Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.

## **Photographs and Diagrams**

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

## **Definitions**

Terms used in this Prospectus are defined in the Glossary in Section 14.

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## CHAIRMAN'S LETTER

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Dear Investor

On behalf of the Directors, it gives me great pleasure to invite you to become a Shareholder in Rafaella Resources Ltd (**Rafaella** or **Company**). Rafaella is a junior exploration company with a conditional right to acquire one mineral exploration project located in Yukon Territory, Canada (**McCleery Project**) and a 100% interest in one mineral exploration project located in Western Australia (**Sandstone Project**). Rafaella was established with the purpose of exploring and developing gold, cobalt, copper and other mineral opportunities.

The McCleery Project consists of 42 granted mineral claims covering ~9 km<sup>2</sup> in the Yukon Territory, Canada, prospective for cobalt and copper. The granted mineral claims are currently held by Overland Resources (BC) Limited (an entity incorporated in British Columbia, Canada) (**Overland BC**), wholly owned subsidiary of ASX listed, Overland Resources Limited (ACN 114 187 978) (**Overland**). The Company has entered into an agreement with Overland to acquire 100% of the issued share capital of Overland BC (refer to Section 11.1 for further details).

The McCleery Project is an undrilled, early stage Copper-Cobalt exploration opportunity in the Yukon Territory, Canada. Historical rockchip sampling returned results up to 15.6% Cu and 461 g/t Ag, including one sample which returned 0.76% Co and 14 g/t Ag. No other samples were analysed for cobalt and in fact only 14 of the 35 samples taken were analysed for copper. Over half of these 14 results were > 1.0%Cu including 15.6% Cu and 461 g/t Ag, 11.7% Cu and 388 g/t Ag, and 4.98% Cu and 191 g/t Ag. Soil sampling has delineated 3 discrete copper-in-soil anomalies coincident with a magnetic anomaly, but no drilling has been carried out. Further detail with respect to these results can be found in the Independent Geologist's Report set out in Section 5.

The Sandstone Project consists of one granted exploration licence and one tenement application with respect to land near Meekatharra in Western Australia, prospective for gold. These tenements are currently held by Topdrill Pty Ltd (**Topdrill**). The Company has entered into an agreement with Topdrill to acquire a 100% interest in these tenements (refer to Section 11.2 for further details).

The Sandstone Project comprises extensions to structures which host mineralisation at the Gum Creek Project with their prospectivity demonstrated by the presence of historical workings and gold-in-soil anomalies. The mining and production history of the Gum Creek Project has shown widespread gold occurrence and significant potential for further discoveries.

Various targets have been defined on the Sandstone Project by former tenement operators, targets include numerous historic gold workings, soil gold anomalies and RAB gold anomalies; many of which are considered to remain inconclusively tested. Additionally, large areas of the Project remain essentially unexplored whilst covering favourable structure and geology. Further detail with respect to these results can be found in the Independent Geologist's Report set out in Section 5.

Upon settlement of the aforementioned agreements the Company will own a 100% interest in the McCleery Project and a 100% interest in the Sandstone Project.

The Projects are considered to be under-explored, with limited drilling and exploration completed to date, representing an excellent opportunity for Rafaella to recognise the potential of the respective areas.

The purpose of the Offer is to provide funds for the Company to complete the acquisitions of the McCleery Project and Sandstone Project and to conduct its initial exploration programs, as described in Section 3.4.1.

This Prospectus is seeking to raise \$5,000,000 by the issue of 25,000,000 Shares at an issue price of \$0.20 per Share.

Rafaella has assembled an experienced management and exploration team which is well qualified to exploit the potential of the Company's mineral assets. The Board has significant expertise and experience in mineral exploration, project development and corporate finance and aims to ensure that funds raised through the Offer will be utilised in a cost-effective manner to advance the Company's Projects.

The Board is pleased to present this investment opportunity to you and sharing in what we believe will be exciting and prospective times ahead for the Company. Before you make your investment decision, I urge you to read this Prospectus in its entirety and recommend that you seek professional investment advice.

Yours sincerely

**Graham Durtanovich**  
**Non-Executive Chairman**  
**RAFAELLA RESOURCES LTD**

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## KEY OFFER INFORMATION

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### KEY DATES - Indicative timetable\*

Lodgement of Prospectus with the ASIC	2 March 2018
Lodgement of Replacement Prospectus with the ASIC	16 March 2018
Opening Date	17 March 2018
Lodgement of Second Replacement Prospectus	1 June 2018
Final date to request withdrawal of Applications	1 July 2018
Closing Date	4 July 2018
Despatch of holding statements	6 July 2018
Expected date for quotation on ASX	12 July 2018

*\* The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Offer early without prior notice (subject to ensuring that all investors are afforded the right of withdrawal set out on page 7). The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to Applicants.*

### KEY OFFER DETAILS

Shares on issue at date of Prospectus	11,993,751
Options on issue at date of Prospectus <sup>1</sup>	2,325,000
Shares to be issued under the Offer	25,000,000
Offer price per Share	\$0.20
Gross proceeds of the Offer	\$5,000,000
Shares to be issued in consideration for the Tenement Acquisition (Sandstone Project)	300,000
Shares to be issued in consideration for the OVR Acquisition (McCleery Project)	500,000
Options to be issued to the Lead Manager <sup>2</sup>	2,500,000
Total number of Shares on issue following the Offer (undiluted)	37,793,751
Total number of Options on issue following the Offer	4,825,000
Total number of Shares on issue following the Offer (diluted)	42,618,751

#### Notes:

1. Exercisable at \$0.30 on or before the date that is 2 years following the date of issue.
2. Exercisable at \$0.20 on or before the date that is 4 years following the date of issue.

## 1. INVESTMENT OVERVIEW

Item	Summary	Further information
<b>A. Company</b>		
Who is the issuer of this Prospectus?	Rafaella Resources Ltd (ACN 623 130 987) ( <b>Company</b> or <b>Rafaella</b> ).	Section 3.1
Who is the Company?	<p>The Company was incorporated as an unlisted public company limited by shares on 29 November 2017.</p> <p>The Company has entered into the OVR Agreement pursuant to which it will acquire 100% of the issued share capital of Overland BC. Overland BC holds a 100% interest in the McCleery Project, located 170km south-east of the Yukon Territory capital of Whitehorse, and 40km north-east of the community of Teslin in Yukon, Canada.</p> <p>The Company has also entered into the Tenement Acquisition Agreement, pursuant to which it will acquire a 100% interest in exploration licence 53/1920 and tenement application 57/1055, currently held by Topdrill Pty Ltd (ACN 118 519 609).</p> <p>Following settlement occurring under each of the Acquisition Agreements, the Company will own a 100% interest in the McCleery Project and Sandstone Project (together, the <b>Projects</b>).</p> <p>The Company's focus, following settlement of the Acquisition Agreements, will be the exploration and development of the Projects.</p>	Sections 3.1, 3.4, 11.1 and 11.2
What is the Company interest in the McCleery Project?	<p>Upon settlement of the OVR Agreement, the Company will have a 100% interest in the McCleery Project, through its wholly owned subsidiary, Overland BC.</p> <p>The McCleery Project comprises 42 quartz mining claims details of which are set out in the Independent Geologist's Report and the Solicitor's Report on Tenements - Canada.</p>	Sections 3.2, 5, 8 and 11.1
What is the Company interest in the Sandstone Project?	<p>Upon settlement of the Tenement Acquisition Agreement, the Company will have a 100% interest in the Sandstone Project, which comprises of tenement application E 57/1055 and exploration licence E 53/1920.</p> <p>Details of these tenements are set out in the Independent Geologist's Report and the Solicitor's Report on Tenements - Australia.</p>	Sections 3.3, 5, 7 and 11.2
What is the Company's business model?	A detailed explanation of the Company's business model is provided at Section 3.4.	Section 3.4.

Item	Summary	Further information
<b>B. Business Model</b>		
What are the key business objectives of the Company?	<p>The Company's management strategy and purpose of this Offer is to provide the Company with funding to:</p> <ul style="list-style-type: none"> <li>(a) focus on mineral exploration of resource opportunities that have the potential to deliver growth for Shareholders;</li> <li>(b) continue to pursue other acquisitions that have a strategic fit for the Company;</li> <li>(c) systematically explore the Projects by conducting drilling and assaying, resource modelling and metallurgical testing;</li> <li>(d) conduct scoping studies and other economic evaluation and studies on the Projects; and</li> <li>(e) provide working capital for the Company.</li> </ul>	Section 3.4
What are the key dependencies of the Company's business model?	<p>The key dependencies of the Company's business model include:</p> <ul style="list-style-type: none"> <li>(a) completing the acquisitions of the Projects;</li> <li>(b) retaining and recruiting key personnel skilled in the mining and resources sector;</li> <li>(c) sufficient worldwide demand for copper, cobalt and gold; and</li> <li>(d) the market price of copper and cobalt remaining higher than the Company's costs of any future production (assuming successful exploration by the Company).</li> </ul>	Section 3
<b>C. Key Advantages and Key Risks</b>		
What are the key advantages of an investment in the Company?	<p>The Directors are of the view that an investment in the Company provides the following non-exclusive list of advantages:</p> <ul style="list-style-type: none"> <li>(a) a portfolio of quality assets in the Yukon Territory, Canada and Western Australia considered by the Board to be highly prospective for copper, cobalt and gold; and</li> <li>(b) the Company has a highly credible and experienced team to progress exploration and accelerate potential development of the Projects.</li> </ul>	Section 3
What are the key risks of an investment in the Company?	<p>The business, assets and operations of the Company, including following admission to the Official List of the ASX, have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the Shares of the Company.</p> <p>The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the</p>	Section 4

Item	Summary	Further information
	<p>extent to which the Board can effectively manage them is limited.</p> <p>Based on the information available, a non-exhaustive list of the key risk factors affecting the Company are as follows:</p> <p>(a) the Company has limited operating history; and</p> <p>(b) the Company is subject to customary risks associated with an exploration company, such as the volatility of base metal prices and exchange rates, exploration costs and risks with respect to the holding of exploration tenure.</p> <p>Additional key risks are disclosed at Section 4.</p>	
<b>D. Directors and Key Management Personnel</b>		
Directors	<p>The current Board is not anticipated to change upon listing, and shall be comprised of:</p> <p>(a) Ashley Hood;</p> <p>(b) Graham Durtanovich; and</p> <p>(c) Peter Hatfull.</p>	Section 9.1
Other Key Management Personnel	The only other senior management position held within the Company is that Elizabeth Hunt has been appointed as Company Secretary.	Section 9.1
What are the Director's interests in the Company?	Each Director's interest in the Company is set out at Section 9.2.	Section 9.2 12.3
What experience do the Directors have?	The Directors' relevant experience is summarised in Section 3.5.	Section 3.5
What benefits are being paid to the Directors?	<p>(a) Ashley Hood:</p> <p>(i) \$48,000 per annum; and</p> <p>(ii) \$650 per day for technical services provided and for which an invoice has been given to the Company for work performed;</p> <p>(b) Graham Durtanovich: \$42,000 per annum; and</p> <p>(c) Peter Hatfull: \$42,000 per annum.</p> <p>Ashley Hood and Graham Durtanovich will also receive 250,000 Shares on each anniversary of the commencement of their employment, subject to any necessary Shareholder or regulatory approvals.</p>	Section 9.2

Item	Summary	Further information
What are the Director's interests in the Company?	At the date of this Prospectus, no Director or proposed Director holds any Shares or Options in the Company.	Section 9.2
What related party agreements are the Company a party to?	<p>The Company has entered into the following related party transactions:</p> <ul style="list-style-type: none"> <li>(a) an Executive Services Agreement with Mr Ashley Hood;</li> <li>(b) non-executive director appointment letters with Messrs Peter Hatfull and Graham Durtanovich; and</li> <li>(c) deeds of indemnity, insurance and access with the Directors on standard terms.</li> </ul>	Sections 9.3, 9.5, 11.4 and 11.5
<b>E. Financial Information</b>		
How has the Company performed over the past 12 months?	<p>The Company was only recently incorporated (29 November 2017) and has no operating history and limited historical financial performance. The Company is yet to conduct its own exploration activities on the area of land the subject of the Projects.</p> <p>As a result, the Company is not in a position to disclose any key financial ratios other than the Company's and Overland BC's audited balance sheets, cash flow statements and statements of profit and loss, which are included as annexures to the Investigating Accountant's Report set out in Section 6 of this Prospectus, together with a pro forma balance sheet assuming completion of the Offer and the Acquisition Agreements.</p> <p>The audited accounts of the Company cover the period from incorporation to 31 December 2017 and the audited accounts of Overland BC cover the period from 30 June 2017 to 31 December 2017. The Historical Financial Information of Overland BC was prepared as at 31 December 2017 on a special purpose basis for the purpose of fulfilling the directors' financial reporting responsibilities under the Corporations Act 2001. Overland BC previously lay dormant with no material operations for the 3 years up until the date of this Prospectus and as such, it is the directors' view that the historical financial performance and cash flow statements prior to this date are not material to prospective investors.</p>	Section 6
What is the financial outlook for the Company?	<p>Given the current status of the Projects which the Company will acquire an interest in subject to settlement of the Acquisition Agreements and the speculative nature of mineral exploration, the Directors do not consider it appropriate to forecast future earnings.</p> <p>Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection on a reasonable basis.</p>	Section 6

Item	Summary	Further information
<b>F. Offer</b>		
What is being offered?	<p>The Offer is an offer of 25,000,000 Shares at an issue price of \$0.20 per Share to raise \$5,000,000 (before costs). The Offer is not underwritten.</p> <p>The purpose of the Offer is to facilitate an application by the Company for admission of the Company to the Official List of the ASX and to position the Company to seek to achieve the objectives stated at section B above.</p> <p>The Board believes that on completion of the Offer, the Company will have sufficient working capital to achieve its objectives.</p>	Section 2
What will the Company's capital structure look like after completion of the Offer?	<p>The Company's capital structure on a post-Offer basis is set out in Section 3.9.</p> <p>The Shares currently on issue comprise 11,993,751 Shares. 4,650,000 Shares were issued on 6 February 2018 at an issue price of \$0.01 each and 7,343,750 Shares were issued on 27 February 2018 at an issue price of \$0.08 each to seed capital investors to fund acquisition costs, the listing costs and initial working capital requirements of the Company. These Shares were issued at a discount to the issue price of the Shares offered pursuant to the Offer to reflect the increased risk associated with an investment in the Company at the time of issue of the seed capital.</p> <p>The Company also has 2,325,000 Options currently on issue (exercisable at \$0.30 on or before the date that is 2 years following the date of issue), which were issued on a 1 for 2 basis to those investors that paid \$0.01 per Share under the seed capital raising.</p>	Section 3.9
What are the terms of the Shares offered under the Offer?	<p>A summary of the material rights and liabilities attaching to the Shares offered under the Offer is set out in Section 12.2.</p>	Section 12.2
Will any of the Shares issued under the Offer be subject to escrow?	<p>No, none of the Shares issued under the Offer will be subject to escrow.</p> <p>Subject to the Company being admitted to the Official List, certain Shares and Options on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Shares and any Shares issued on exercise of the Options are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.</p> <p>The Company will announce to the ASX full details (quantity and duration) of the Shares and Options required to be held in escrow prior to the Shares commencing trading on ASX.</p>	Section 2.6

Item	Summary	Further information
	The Company's 'free float' (being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company (or their associates) at the time of admission to the Official List will be approximately 66.15%, being the Shares issued pursuant to the Offer. This excludes any Shares issued by the Company as seed capital prior to lodgment of the Prospectus, a portion of which will be freely tradeable at the time of listing.	
Will the Shares issued under the Offer be quoted?	The Company will make an application to ASX for quotation of all Shares to be issued under the Offer.	Section 2.6
What are the key dates of the Offer?	The key dates of the Offer are set out in the indicative timetable in the Key Offer Information Section.	Key Offer Information Section
What is the minimum investment size under the Offer?	Applications under the Offer must be for a minimum of \$2,000 worth of Shares (10,000 Shares) and thereafter, in multiples of \$500 worth of Shares (2,500 Shares).	Section 2.5
Are there any conditions to the Offer?	No, other than the Minimum Subscription, the offer is unconditional.	Section 2.2
<b>G. Use of proceeds</b>		
How will the proceeds of the Offer be used?	<p>The Offer proceeds and the Company's existing cash reserves will be used for:</p> <ul style="list-style-type: none"> <li>(a) acquisition of the Projects;</li> <li>(b) undertaking the Company's exploration on the Projects;</li> <li>(c) costs associated with the Offer; and</li> <li>(d) general working capital.</li> </ul> <p>Further details of which are set out in Section 2.3.</p>	Section 2.3
<b>H. Additional information</b>		
Is there any brokerage, commission or stamp duty payable by Applicants?	<p>No brokerage, commission or duty is payable by Applicants on the acquisition of Shares under the Offer.</p> <p>However, the Company is party to the Lead Manager Mandate, which commenced on 1 January 2018 (<b>Commencement Date</b>) and expires 18 months following the Commencement Date, with an automatic extension for a further 12 months, unless a party notifies the other party within 15 months from the Commencement Date that it does not wish to extend the term (<b>Term</b>).</p>	Sections 2.4 and 11.3

Item	Summary	Further information
	<p>Under the Lead Manager Mandate, the Company will pay a fee to the Lead Manager of 6% (ex GST) of the total amount raised under the Prospectus. The Lead Manager will also receive:</p> <ul style="list-style-type: none"> <li>(a) \$5,000 per month for corporate advisory services until the Company is admitted to the Official List;</li> <li>(b) \$10,000 per month for corporate advisory services following the Company being admitted to the Official List until expiry of the Term or earlier termination of the Lead Manager Mandate; and</li> <li>(c) 2,500,000 Options exercisable at \$0.20 on or before the date that is 4 years following their date of issue, which have a total value of \$297,694 (details with respect to the valuation and relevant assumptions are set out on page 16 of the Investigating Accountant's Report).</li> </ul> <p>The Company will grant the Lead Manager a right of first refusal in respect to any transaction or capital raising entered into by the Company for a period of 6 months from the date that the engagement ends (<b>First Refusal End Date</b>). The Company will also be liable to pay the Lead Manager the fees and expenses set out above (other than the issue of Options) in respect to any transaction or capital raising entered into by the Company prior to the First Refusal End Date with a counterparty introduced to the Company by the Lead Manager.</p> <p>A counterparty shall be deemed to have been introduced to the Company by the Lead Manager if the fact that the Company was looking for additional capital or similar services is made known to that party by the Lead Manager whether orally, in writing or otherwise through any advertisements or other materials prepared by the Lead Manager.</p> <p>To date, the Company has paid \$22,000 (including GST) to the Lead Manager for corporate advisory fees in accordance with the Lead Manager Mandate. These services include:</p> <ul style="list-style-type: none"> <li>(d) co-ordinating the Offer timetable;</li> <li>(e) co-ordinating with the Company's other advisers involved in the Offer;</li> <li>(f) in conjunction with the Company's legal and other professional advisers, providing advice and recommendations on the structure of the Offer including terms and pricing, market perception and impact;</li> <li>(g) in conjunction with the Company's legal and other professional advisers, assisting with the drafting of the</li> </ul>	

Item	Summary	Further information
	<p>Prospectus and any other documents required in connection with the Offer;</p> <p>(h) providing advice on and coordinating the marketing of the Company and the Offer to potential investors, including, without limitation, institutional and broker roadshows, presentations to equity analysts and publicity to the market generally;</p> <p>(i) participating in the due diligence process;</p> <p>(j) in conjunction with the Company's legal and other professional advisers, liaising with regulatory bodies such as ASX and ASIC, when required;</p> <p>(k) conducting and managing a pricing process for the Offer having regard to the Offer structure;</p> <p>(l) providing such other assistance to the Company in relation to the Offer as agreed in writing from time to time.</p> <p>Upon completion of the Offer, the Company will issue 2,500,000 Broker Options to the Lead Manager and pay a sum of \$300,000 in management and capital raising fees (part of which may be passed on by the Lead Manager to third parties who assist with completing the Offer).</p> <p>Following listing, the Lead Manager will also be entitled to a corporate advisory fee of \$10,000 per month in consideration for providing the following services to the Company as its corporate advisor:</p> <p>(a) assisting in future capital raising and acquisition activities (if any);</p> <p>(b) seeking proactive opportunities for the Company such as conferences and assisting with such opportunities where needed;</p> <p>(c) preparation of marketing materials such as corporate presentations; and</p> <p>(d) assisting in global investor roadshows.</p>	
<p>What are the tax implications of investing in Shares?</p>	<p>Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares issued under this Prospectus.</p> <p>The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Shares offered under this Prospectus.</p> <p>To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation</p>	<p>Section 2.4</p>

Item	Summary	Further information
	consequences of subscribing for Shares under this Prospectus.	
What is the Company's dividend policy?	<p>The Board anticipates that significant expenditure will be incurred in the evaluation and development of the Projects. These activities, together with the possible acquisition of interests in other projects, are expected to dominate at least, the first two-year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.</p> <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.</p>	Section 3.7
What are the corporate governance principles and policies of the Company?	<p>To the extent applicable, in light of the Company's size and nature, the Company has adopted <i>The Corporate Governance Principles and Recommendations (3rd Edition)</i> as published by ASX Corporate Governance Council (<b>Recommendations</b>).</p> <p>The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 10.</p> <p>In addition, the Company's full Corporate Governance Plan is available from the Company's website (<a href="http://www.rafaellaresources.com.au">www.rafaellaresources.com.au</a>).</p> <p>Prior to listing on the ASX, the Company will announce its main corporate governance policies and practices and the Company's compliance and departures from the Recommendations.</p>	Section 10
Where can I find more information?	<p>(a) By speaking to your sharebroker, solicitor, accountant or other independent professional adviser.</p> <p>(b) By contacting the Company Secretary on +61 8 9481 0389.</p> <p>(c) By contacting the Share Registry on +61 1300 288 664 (within Australia) or +61 2 9698 5414 (from overseas).</p>	

This section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

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## 2. DETAILS OF THE OFFER

### 2.1 The Offer

Pursuant to this Prospectus, the Company invites applications for 25,000,000 Shares at an issue price of \$0.20 per Share to raise \$5,000,000. The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

### 2.2 Minimum subscription

The minimum amount which must be raised under this Prospectus is \$5,000,000 (**Minimum Subscription**). If the Minimum Subscription has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

### 2.3 Use of Funds

The Company intends to apply funds raised from the Offer, together with existing cash reserves, over the first two years following admission of the Company to the Official List of ASX as follows:

Funds available	Full Subscription (\$) (\$5,000,000)	Percentage of Funds (%)
Existing cash reserves <sup>1,2</sup>	634,000	11.25%
Funds raised from the Offer	5,000,000	88.75%
<b>Total</b>	<b>5,634,000</b>	<b>100.00%</b>
<b>Allocation of funds</b>		
Exploration expenditure and assessment of the McCleery Project <sup>3</sup>	980,000	17.39%
Exploration expenditure and assessment of the Sandstone Project <sup>3</sup>	1,600,000	28.40%
Costs of the acquisition of the Sandstone Project <sup>4</sup>	40,000	0.71%
Working capital <sup>5</sup>	2,545,417	45.18%
Costs of the Offer <sup>6</sup>	468,583	8.32%
<b>Total</b>	<b>5,634,000</b>	<b>100.00%</b>

#### Notes:

1. The Company's existing cash reserves are partially comprised of \$446,197 of funds raised from seed capital. The Company intends to apply these funds towards the purposes set out in this table, including the payment of the expenses of the offer of which various payments will be payable prior to completion of the Offer.
2. Refer to the Financial Information set out in Section 6 for further details.
3. Refer to Section 3.4.1 and the Independent Geologist's Report in Section 5 for further details.
4. Refer to Section 11.2 for further details.

5. Working capital over the next 2 years are anticipated to be \$1,253,991.50. These costs include the general costs associated with the management and operation of the Company's business including administration expenses, management salaries, directors' fees, rent and other associated costs. To the extent that:
  - (a) the Company's exploration activities warrant further exploration activities; or
  - (b) the Company is presented with additional acquisition opportunities,

the Company's working capital will also fund such further exploration and acquisition costs (including due diligence investigations and expert's fees in relation to such acquisitions). Any amounts not so expended will be applied toward working capital for the period following the initial 2 year period following the Company's quotation on ASX.

6. Refer to Section 12.8 for further details.

It should be noted that the Company's budgets will be subject to modification on an ongoing basis depending on the results obtained from exploration and evaluation work carried out. This will involve an ongoing assessment of the Company's mineral interests. The results obtained from exploration and evaluation programs may lead to increased or decreased levels of expenditure on certain Projects reflecting a change in emphasis.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 4.

## 2.4 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential Applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

No brokerage, commission or duty is payable by Applicants on the acquisition of Shares under the Offer.

## 2.5 Applications

Applications for Shares under the Offer must be made using the Application Form.

By completing an Application Form, each Applicant under the Offer will be taken to have declared that all details and statements made by you are complete and accurate and that you have personally received the Application Form together with a complete and unaltered copy of the Prospectus.

Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 2,500 Shares and payment for the Shares must be made in full at the issue price of \$0.20 per Share.

Completed Application Forms and accompanying cheques, made payable to "**Rafaella Resources Ltd Share Account**" and crossed "**Not Negotiable**", must be mailed or delivered to the address set out on the Application Form by no later than 5:00pm (WST) on the Closing Date, which is scheduled to occur on 4 July 2018.

The Company reserves the right to close the Offer early.

If you require assistance in completing an Application Form, please contact the Share Registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (from overseas).

## **2.6 ASX listing**

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of the original prospectus. Such application has been lodged with ASX prior to the date of this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

Subject to the Company being admitted to the Official List, certain Shares on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. The Board does not expect that any Shares issued under the Offer will be subject to escrow under the ASX Listing Rules.

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX.

## **2.7 Issue**

Subject to the Minimum Subscription to the Offer being reached and ASX granting conditional approval for the Company to be admitted to the Official List, issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors will determine the recipients of the issued Shares in their sole discretion. The Directors reserve the right to reject any application or to allocate any Applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus

application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

## **2.8 Applicants outside Australia**

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

## **2.9 Oversubscriptions**

No oversubscriptions will be accepted by the Company.

## **2.10 Not underwritten**

The Offer is not underwritten.

## **2.11 Lead Manager**

EverBlu Capital Pty Ltd (ACN 612 793 683) (AFSL 499601) (**EverBlu**), has been appointed as lead manager to the Offer. The terms of the Lead Manager Mandate with EverBlu are summarised in Section 11.3.

The Lead Manager was incorporated on 3 June 2016 and is an Australian boutique investment firm focused on providing clients with capital markets and corporate advisory services. The EverBlu team includes members with over a decade's experience at Macquarie Bank as well as other investments banks including ABN AMRO.

The Company has agreed to pay EverBlu the following in connection with the Offer:

- (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 from 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 to the end of the engagement.

The Company will also issue EverBlu 2,500,000 Options exercisable at \$0.20 on or before the date that is four years from the date of issue. Some or all of the fees payable to the Lead Manager may be required to be passed on to other brokers or advisers who assist with the Offer.

The Lead Manager has been involved in various transactions in which the Directors (or former Director) of the Company have been involved. In this regard:

- (a) James Ellingford (a former Director) and Terence Clee (a former Director) are directors of Elysium Resources Limited (**Elysium Resources**) and Victory Mines Limited (**Victory Mines**). In the past three years, Ashley Hood (a current Director) was a director of Victory Mines;
- (b) James Ellingford and Adam Blumenthal are both directors of Creso Pharma Limited (**Creso Pharma**). It too is advised by EverBlu; and
- (c) James Ellingford and Terence Clee are both directors of Manalto Limited (**Manalto**), as is Tim Wilson, an associate director of EverBlu.

Each of Elysium Resources, Victory Mines, Creso Pharma and Manalto has engaged EverBlu as corporate advisor.

- (a) Adam Blumenthal is the chairman of EverBlu Capital;
- (b) Darrin Blumenthal (Adam's brother) is the managing director of EverBlu Capital;
- (c) Anglo Australasia Holdings Pty Ltd (**Anglo**) which is controlled by Adam Blumenthal, holds a substantial number of Shares (16.88%, undiluted) in the capital of the Company. Anglo will apply for a further 800,000 Shares under the Offer at an issue price of \$0.20 per Share so that it will hold 7.47% of the issued capital of the Company upon Official Quotation;
- (d) Anglo Menda Pty Ltd (**Anglo Menda**) which is controlled by Adam Blumenthal, will apply for 280,000 Shares under the Offer at an issue price of \$0.20 per Share so that it will hold 0.74% of the issued capital of the Company upon Official Quotation; and
- (e) Horatio Street Pty Limited (**Horatio**) which is controlled by Darrin Blumenthal, holds a substantial number of Shares (7.5%, undiluted) in the issued capital of the Company. Horatio will apply for a further 275,000 Shares under the Offer at an issue price of \$0.20 per Share so that it will hold 3.11% of the issued capital of the Company upon Official Quotation;
- (f) Australian Share Nominees Pty Ltd (**ASN**), which is held by Horatio (37%), Phillip Street Holdings Pty Ltd (which is 100% held by Adam Blumenthal) (54%) and Anglo (9%), currently holds 125,000 Shares in the capital of the Company. ASN will not apply for any further Shares under the Offer; and
- (g) the Company notes that the shares in EverBlu are held by EverBlu Holdings Pty Limited (**EverBlu Holdings**). The issued capital of EverBlu Holdings is held by Horatio (37%), Phillip Street Holdings Pty Ltd (which is 100% held by Adam Blumenthal) (54%) and Anglo (9%).

While there are familial links between Adam Blumenthal and Darrin Blumenthal, they are each adults that make independent investment decisions and should not be considered associates of one another. Further, there is no relevant agreement in place that would constitute them as associates.

Given the relationships set out above and the shareholdings of the Blumenthal Entities set out on page 6, ASX has determined that any issue of Securities by the Company to the Blumenthal Parties ought to be approved by Shareholders. In this regard, ASX has formed the opinion that if the Company lists, ASX Listing Rule 10.11.2 will apply in relation to any issue of Securities by the Company to the Blumenthal Parties. This will require that all issues of Securities to the Blumenthal Parties will require Shareholder approval under ASX Listing Rule 10.11 as a condition to the Securities being issued. The effect of this determination will also mean that all Securities currently held (or controlled) by the Blumenthal Parties will be subject to escrow for a period of 24 months following the Company being admitted to quotation on ASX (subject to the application of cash formula relief for cash paid by the Blumenthal Parties for their Securities).

Further details of the mandate entered with the Lead Manager are set out in Section 11.3 and further details with respect to the interests that the Blumenthal Parties have in the capital of the Company is set out in the Important Notice Section.

## **2.12 Commissions payable**

The Company reserves the right to pay a commission of up to 6% (exclusive of goods and services tax) of amounts subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee. EverBlu will be responsible for paying all commissions that EverBlu and the Company agree with any other licensed securities dealers or Australian financial services licensee out of the fees paid by the Company to EverBlu under the Lead Manager Mandate.

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### **3. COMPANY AND PROJECTS OVERVIEW**

#### **3.1 Background**

The Company was incorporated as an unlisted public company limited by shares on 29 November 2017, for the purpose of acquiring an interest in the Projects, listing on the ASX and exploring and developing cobalt, copper and gold and other mineral opportunities.

On 17 January 2018, the Company entered into the OVR Agreement pursuant to which, subject to satisfaction (or waiver) of certain terms and conditions, the Company will acquire all of the issued share capital in Overland BC and consequently, a 100% interest in the McCleery Project. A summary of the OVR Agreement is set out in Section 11.1.

On 10 January 2018, the Company entered into the Tenement Acquisition Agreement pursuant to which, subject to satisfaction (or waiver) of certain terms and conditions, the Company will acquire a 100% interest in EL53/1920 and ELA57/1055, within the Sandstone Project. A summary of the Tenement Acquisition Agreement is set out in Section 11.2.

As further set out in the Solicitor's Report on Tenements - Australia (Section 7), the Solicitor's Report on Tenements - Canada (Section 8) and the Independent Geologist's Report (Section 5), upon settlement the Acquisition Agreements, the Company will have a 100% interest in the McCleery Project by virtue of its 100% shareholding in Overland BC, and a 100% interest in the Sandstone Project by virtue of its 100% direct interest in EL53/1920 and ELA57/1055.

#### **3.2 Overview of McCleery Project**

The McCleery Copper-Cobalt Project is an undrilled, early stage Copper-Cobalt exploration opportunity in the Yukon Territory, Canada. Historical rockchip sampling returned results up to 15.6% Cu and 461 g/t Ag, including one sample which returned 0.76% Co and 14 g/t Ag. No other samples were analysed for cobalt and in fact only 14 of the 35 samples taken were analysed for copper. Over half of these 14 results were > 1.0%Cu including 15.6% Cu and 461 g/t Ag, 11.7% Cu and 388 g/t Ag, and 4.98% Cu and 191 g/t Ag. Soil sampling has delineated 3 discrete copper-in-soil anomalies coincident with a magnetic anomaly, but no drilling has been carried out. Further details with respect to these results are set out in the Independent Geologist's Report in Section 5.

In addition to the anomalous cobalt in rockchip sampling several other showings in the area were reported to host cobalt minerals, including cobalt bloom, a secondary cobalt mineral known as erythrite and cobaltite (cobalt sulphide). The two main reported cobalt occurrences are separated by about 1km, with the favourable host lithology stated to be present between them.

No work has been completed on the Project since 1983 and there is no knowledge of the Project having been drilled. Rafaella intends to explore the McCleery Project, focusing on the potential for the Project to host economic cobalt mineralisation.

The McCleery Project is discussed in detail in the Independent Geologist's Report in Section 5.

### 3.3 Overview of Sandstone Project

The Sandstone Gold Project comprises over 250km<sup>2</sup> of exploration licenses (granted and in application) in the Gum Creek Greenstone Belt prospective for gold mineralisation, adjacent to Horizon Gold Limited's Gum Creek Project. The Gum Creek Greenstone Belt is similar in structure, lithology and stratigraphy to the other greenstone belts within the Southern Cross Province of the Archaean Yilgarn Block.

The Sandstone Project comprises extensions to structures which host mineralisation at the Gum Creek Project with their prospectivity demonstrated by the presence of historical workings and gold-in-soil anomalies. The mining and production history of the Gum Creek Project has shown widespread gold occurrence and significant potential for further discoveries.

Various targets have been defined on the Sandstone Project by former tenement operators, targets include numerous historic gold workings, soil gold anomalies and RAB gold anomalies; many of which are considered to remain inconclusively tested. Additionally, large areas of the Project remain essentially unexplored whilst covering favourable structure and geology.

Rafaella plans to acquire effective geophysical, geospatial and imagery datasets over the Project. The integration of this data with all historical data, geology, geochemistry and field data will be used to generate conceptual targets using a systems approach with a focus on geomorphology, lithology, structure and alteration. Recent exploration success by Horizon Gold utilising geophysical techniques such as Induced Polarisation indicates potential for such surveys to be applied at the Sandstone Project.

The Sandstone Project is discussed in detail in the Independent Geologist's Report in Section 5.

### 3.4 Business Model

#### 3.4.1 Proposed Exploration Program and Expenditure

##### (a) McCleery Project

Initial work will comprise a field reconnaissance trip to complete reconnaissance mapping and sampling around the known cobalt occurrences to validate historic results and to obtain a better understanding of the potential of the McCleery Project to host economic mineralisation.

A high-resolution multi-sensor helicopter-borne magnetic and electromagnetic survey will be completed over the McCleery Project to map main geological contacts, known skarns and their extent; to identify new targets; and to gain an understanding of the overall geology and structure of the McCleery Project.

Existing silver-cobalt prospects and occurrences throughout the property along with targets identified in the airborne survey will be followed up with ground Induced Polarisation (**IP**) surveys. The IP surveys will ascertain the lateral extent and continuation of known mineralisation and structures.

Drilling will be completed on targets generated and defined from the field mapping, surface sampling and geophysical programs.

(b) **Sandstone Project**

The Company plans to acquire effective geophysical, geospatial and imagery datasets over the Sandstone Project including, but not limited to, high quality airborne magnetic data (50-100m line spacing) and Versatile Time Domain Electromagnetic (**VTEM**) data. The integration of this data with all historical data, geology, geochemistry and field data will be used to generate conceptual targets using a systems approach with a focus on geomorphology, lithology, structure and alteration.

First pass RAB or Aircore drilling will be completed across the Gidgee Shear Zone (E57/1055), the Bolger Well Shear Zone (E53/1920) and surrounding areas to confirm and validate stratigraphic / alteration targets. Bottom of hole samples will be collected for multi-element analysis.

RAB drilling may also be completed near Horizon Gold's Harry's Prospect and the Brifter Prospect (refer to Figure 5 of the Independent Geologist's Report for prospect locations).

Targets identified by the soil geochemistry, RAB drilling and structural interpretation will be assessed for IP survey and/or ground gravity survey suitability. Reverse Circulation and diamond drilling will be completed on targets identified from the RAB drilling and geophysical surveys.

Further details of the Company's intended exploration programs are contained in the Independent Geologist's Report in Section 5.

The Company proposes to fund its exploration activities over the first two years, as outlined in the table below.

Project	Full Subscription	
	Year 1	Year 2
<b>McCleery Project</b>		
Data compilation & review	20,000	20,000
Geological mapping	50,000	-
Geophysical Surveys	200,000	200,000
Geochemical Surveys	100,000	-
Drilling	-	300,000
Administration (10%)	40,000	50,000
<b>Sandstone Project</b>		
Data compilation & review	40,000	50,000
GIS imagery	50,000	-
Geological & regolith mapping	40,000	-
Geophysical Surveys	200,000	150,000
Geochemical Surveys	175,000	50,000
Drilling	250,000	450,000
Administration (10%)	75,000	70,000
<b>Total</b>	<b>1,240,000</b>	<b>1,340,000</b>

The exploration programs and budgeted expenditure outlined above is subject to modification on an ongoing basis and is contingent on circumstances, results and other opportunities. Expenditure may be reallocated as a consequence of such changes or new opportunities arising and will always be prioritised in accordance with due regard to geological merit and other business decisions related to the Company's activities. Ongoing assessment of the Company's Projects may lead to increased or decreased levels of expenditure reflecting a change of emphasis.

### 3.4.2 Competent Person's Statement

The information in this Prospectus that relates to Exploration Results of the Company complies with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the **JORC Code**) and has been reviewed by Ms Felicity Repacholi-Muir, who is engaged as the independent geologist by the Company. Ms Repacholi-Muir is a member of the Australasian Institute of Geoscientists and is bound by and follows the Institute's codes and recommended practices. Ms Repacholi-Muir has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity to which she is undertaking to qualify as an expert and competent person as defined in the JORC Code. Ms Repacholi-Muir consents to the inclusion in this Prospectus of the matters based on her information in the form and context in which it appears.

### 3.4.3 Strategy Post Listing

The primary objective of the Company has been to focus on mineral exploration of resource opportunities that have the potential to deliver growth for Shareholders. In order to achieve this objective following admission to the Official List, the Company proposes to undertake the exploration programs highlighted above and further explained in the Independent Geologist's Report in Section 5. The results of the exploration program will determine the economic viability and possible timing for the commencement of further testing including pre-feasibility studies and commencement of other mining operations on the Projects.

In summary, the Company's management strategy and purpose of this Offer is to provide the Company with funding to:

- (a) systematically explore the Company's Projects;
- (b) implement a growth strategy to seek out further exploration and acquisition opportunities in Australia; and
- (c) provide working capital for the Company.

The Board intends to procure that the Company explores and pending success, develops its current assets, being the Sandstone Project in Western Australia and the McCleery Project in the Yukon Territory in Canada.

From time to time acquisition opportunities, mainly in Australia may be presented to the Board, at this time the Board will discuss and evaluate the merits of a new acquisition depending on current market sentiments and the Company's current finances and appetite for additional assets. The Company has not identified any potential acquisition opportunities as at the date of this Prospectus. In considering future acquisitions, the Company's current intention would be to consider mineral exploration projects, in particular base metals, primarily within Australia or North America that are proximate to the Company's existing interests.

The Company wishes to retain flexibility to apply additional working capital toward further exploration programs (if exploration results warrant further exploration), with the ability to consider acquisition opportunities in the event that such opportunities are presented to the Board. The Company is not actively seeking acquisition opportunities and cannot guarantee that further acquisition activity will occur.

The Company has sufficient working capital to carry out its stated objectives for the two years following admission to the Official List of ASX. Further information regarding the Company's planned activities is set out in Independent Geologist Report in Section 5.

### **3.5 Directors and key personnel**

#### **Graham Durtanovich (BEcon, MBA, GradDip Applied Finance & Investment)**

*Non-Executive Chairman*

Mr Durtanovich brings extensive financial management experience from a large private enterprise within the construction industry, Gemmill Homes, 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, Energy Capital Partners. Mr Durtanovich is currently a director of Bronson Group Ltd (ASX: BGR) and JV Global Limited (ASX: JVG) and has formerly been a director of TV2U International Limited (ASX: TV2).

Mr Durtanovich holds a Bachelor of Economics, Graduate Diploma in Applied Finance and Investments from FINSIA and a Masters of Business Administration.

#### **Ashley Hood**

*Executive Technical Director*

Mr 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 while working as Chief of Operations for other junior ASX listed companies predominately operating in Western Australia, Northern Territory and Tasmania.

Mr Hood has personally held and managed a number of his own exploration projects under his private company, Blue Ribbon Mines Pty Ltd based in Perth Western Australia.

During the past three years, Mr Hood has held a directorship in Victory Mines Limited (ASX: VIC).

Mr Hood orchestrated and directed the acquisition of the Mt Ridley project to Mount Ridley Mines Limited (ASX:MRD).

**Peter Hatfull (MAICD)**

*Non-Executive Director*

Mr Hatfull has over 30 years' 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 company restructuring.

Mr Hatfull has held senior financial and Board positions in Australia, Africa and the UK. He has particular experience in revitalising business plans, attracting investor funding, and implementing profitable strategies.

Mr Hatfull 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. Mr Hatfull moved to Perth in 1988.

Mr Hatfull has taken various roles with companies in dire financial situations with a view to restructuring and recapitalising those companies through effective management. As part of these roles, Mr Hatfull has been a director of two companies that have entered into external administration while, or within 12 months after, Mr Hatfull was a director, being:

- (a) Bwanolar Pty Ltd - which entered into external administration while Mr Hatfull was a director due to cancellation of major contracts during the downturn in the resources industry; and
- (b) Aus Asia Minerals Ltd - which entered into external administration within 12 months following Mr Hatfull's resignation as director due to the default of a major investor.

Mr Hatfull currently holds a directorship in Algae Tec Ltd (ASX: AEB).

**Other Management****Elizabeth Hunt (BSc, MAcc, FGIA, GAICD)**

*Company Secretary*

Mrs Hunt has over fifteen years' corporate and accounting experience with a particular interest in governance. Mrs Hunt has been involved in the IPO management, corporate advisory and company secretarial services, financial accounting and reporting and ASX and ASIC compliance management.

Mrs Hunt holds a BSc degree in Sustainable Development and has completed a Master of Accounting, the Governance Institute of Australia Certificate I Governance and Risk Management, and is a Graduate of the Australian Institute of Company Directors.

Mrs Hunt is currently also Company Secretary of a number of ASX listed entities.

The Company is aware of the need to have sufficient management to properly supervise the exploration and (if successful) for the development of the Projects in which the Company has, or will in the future have, an interest and the Board will continually monitor the management roles in the Company. As the Company's Projects require an increased level of involvement the Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management.

### 3.6 Additional Information

Prospective investors are referred to and encouraged to read in its entirety both the:

- (a) the Independent Geologist's Report in Section 5 for further details about the geology, location and mineral potential of the Projects in which the Company will, subject to settlement of the Acquisition Agreements, have an interest;
- (b) the Solicitor's Report on Tenements - Australia in Section 7 for further details in respect to the Australian Tenements; and
- (c) the Solicitor's Report on Tenements - Canada in Section 8 for further details in respect to the Canadian Tenements.

### 3.7 Dividend Policy

The Board anticipates that significant expenditure will be incurred in the evaluation and development of the Company's Projects. These activities, together with the possible acquisition of interests in other Projects, are expected to dominate at least, the first two year periods following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

### 3.8 Financial Information

The Company was incorporated on 29 November 2017 and has no operating history and limited historical financial performance and has not generated any revenue or incurred minimal expenses.

As a result, the Company is not in a position to disclose any key financial ratios other than its statement of profit and loss, statement of cash flows and pro-forma balance sheet which is included in the Investigating Accountant's Report set out in Section 6.

### 3.9 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below<sup>1</sup>:

#### Shares<sup>2</sup>

	Number
Shares currently on issue <sup>3</sup>	11,993,751
Shares to be issued in consideration for the OVR Acquisition <sup>4</sup>	500,000
Shares to be issued in consideration for the Tenement Acquisition <sup>5</sup>	300,000
Shares to be issued pursuant to the Offer	25,000,000

<b>Total Shares on completion of the Offer</b>	<b>37,793,751</b>
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**Notes:**

1. Refer to the Investigating Accountant's Report set out in Section 6 for further details.
2. The rights attaching to the Shares are summarised in Section 12.2.
3. The Shares currently on issue comprise 11,993,751 Shares. 4,650,000 Shares were issued on 6 February 2018 at an issue price of \$0.01 each and 7,343,750 Shares were issued on 27 February 2018 at an issue price of \$0.08 each to seed capital investors to fund acquisition costs, the listing costs and initial working capital requirements of the Company. These Shares were issued at a discount to the issue price of the Shares offered pursuant to the Offer to reflect the increased risk associated with an investment in the Company at the time of issue of the seed capital.
4. A summary of the OVR Agreement is set out in Section 11.1.
5. A summary of the Tenement Acquisition Agreement is set out in Section 11.2.

**Options**

	<b>Number</b>
Options currently on issue <sup>1</sup>	2,325,000
Options to be issued to Lead Manager <sup>2</sup>	2,500,000
<b>Total Options on completion of the Offer</b>	<b>4,825,000</b>

**Notes:**

1. Exercisable at \$0.30 on or before the date that is 2 years following the date of issue.
2. Exercisable at \$0.20 on or before the date that is 4 years following the date of issue.

**3.10 Substantial Shareholders**

Those Shareholders holding 5% or more of the Shares on issue as at the date of this Prospectus are set out in the table below.

***As at the date of the Prospectus***

<b>Shareholder<sup>3</sup></b>	<b>Shares</b>	<b>Options</b>	<b>% (undiluted)</b>	<b>% (fully diluted)</b>
Dr Stuart Lloyd Phillips + Mrs Fiona Jane Phillips <SL & FJ Phillips S/Fund A/C>	625,000	Nil	5.21%	4.36%
High Peaks Capital Pty Ltd	650,000	200,000	5.42%	5.94%
Anglo Australasia Holdings Pty Ltd <Anglo Australasia A/C> <sup>1</sup>	2,025,000	650,000	16.88%	18.68%
UBS Nom Pty Ltd <UBS A/C>	875,000	200,000	7.30%	7.51%
Horatio Street Pty Limited <Horatio Street Family A/C> <sup>2</sup>	900,000	200,000	7.50%	7.68%

**Notes:**

1. Anglo Australasia Holdings Pty Ltd is controlled by Adam Blumenthal who is Chairman of EverBlu Capital.

2. Horatio Street Pty Ltd is controlled by Darrin Blumenthal who is Managing Director of EverBlu Capital.
3. Refer to page 6 for further details.

### **Following the Offer**

On completion of the Offer (assuming full subscription) the anticipated substantial holdings (as defined in the Corporations Act) of the Company are anticipated to be as follows.

Substantial holders	Shares	Options	% (undiluted)	% (fully diluted)
Adam Blumenthal and relevant associates <sup>1</sup>	3,230,000	3,300,000	8.55%	15.32%

#### **Notes:**

1. Including:
  - (a) Anglo Australasia Holdings Pty Ltd <Anglo Australasia A/C>, which is controlled by Adam Blumenthal who is Chairman of EverBlu Capital. Of the Shares and Options in the table immediately above, 2,825,000 Shares and 650,000 Options will be held by Anglo Australasia Holdings Pty Ltd <Anglo Australasia A/C> on completion of the Offer.
  - (b) Anglo Menda Pty Ltd, which is controlled by Adam Blumenthal. Of the Shares in the table immediately above, 280,000 Shares will be held by Anglo Menda Pty Ltd on completion of the Offer.
  - (c) EverBlu Capital Pty Ltd and EverBlu Holdings Pty Limited (**EverBlu Holdings**). The shares in EverBlu Capital Pty Ltd are held by EverBlu Holdings. The issued capital of EverBlu Holdings is held by Horatio Street Pty Limited (37%), Phillip Street Holdings Pty Ltd (which is 100% held by Adam Blumenthal) (54%) and Anglo Australasia Holdings Pty Ltd (9%). EverBlu Capital Pty Ltd will receive 2,500,000 Options (included in the table immediately above) to be issued in accordance with the Lead Manager Mandate.
  - (d) Australian Share Nominees Pty Ltd (**ASN**), which is held by Horatio (37%), Phillip Street Holdings Pty Ltd (which is 100% held by Adam Blumenthal) (54%) and Anglo (9%). Of the Shares and Options in the table immediately above, 125,000 Shares and 150,000 Options in the capital of the Company are held by ASN. ASN will not apply for any further Shares under the Offer.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

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## **4. RISK FACTORS**

### **4.1 Introduction**

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to our business. In addition, there are other general risks, many of which are largely beyond the control of the Company

and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

## 4.2 Company specific

### (a) Sandstone Project held on Trust

Pursuant to the Mining Act 1978 (WA) (**Mining Act**), an exploration licence cannot be transferred within the first 12 months of its grant unless approval from the Minister is obtained. The Sandstone Project consists of one granted tenement (that was granted to the current holder less than 12 months ago) and one tenement application. As such, legal title to the Tenements will not be capable of transfer to Rafaella until the date that is 12 months after the date of grant of the respective tenements, unless Ministerial approval is obtained. The Company intends to enter into a trust arrangement with the current holder, such that, prior to the transfer of legal title, the tenements will be held on trust for Rafaella. While Rafaella will be contractually entitled to exercise all rights in respect of the Sandstone Project under the trust deed, there is a risk that the tenements will not be transferred to Rafaella and the Company will be required to seek enforcement of these contractual arrangements in Court.

### (b) Limited history

The Company was only recently incorporated (29 November 2017) and has no operating history and limited historical financial performance. Exploration has previously been conducted on the area of land the subject of the Projects, however, the Company has only recently commenced its own review and assessment of the exploration activities at the Projects. No assurance can be given that the Company will achieve commercial viability through the successful exploration and/or mining of the Projects. Until the Company is able to realise value from its Projects, it is likely to incur ongoing operating losses.

### (c) Exploration and development

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. Success in this process involves, among other things:

- (i) discovery and proving-up, or acquiring, an economically recoverable resource or reserve;
- (ii) access to adequate capital throughout the acquisition/discovery and project development phases;
- (iii) securing and maintaining title to mineral exploration projects;
- (iv) obtaining required development consents and approvals necessary for the acquisition, mineral exploration, development and production phases; and

- (v) accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees.

As the Company is an early stage exploration company, there can be no assurance that exploration on the Projects, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company being able to maintain title to the mineral exploration licences comprising the Projects and obtaining all required approvals for their contemplated activities. If exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Projects, a reduction in the cash reserves of the Company and possible relinquishment of one or more of the mineral exploration licences comprising the Projects.

The current moratorium on staking and recording of mineral claims in the Watson Lake Mining District may restrict the Company from expanding its mineral claim tenure in the area surrounding or near the McCleery Project. There is currently no certainty that such moratorium will be lifted in the near future which may materially impact the Company's ability to explore for and expand its mineral resources in the area.

Please refer to the Solicitor's Report on Tenements - Australia in Section 7 and the Solicitor's Report on Tenements - Canada in Section 8 for further details.

(d) **Agents and Contractors**

The Company intends to outsource substantial parts of its exploration activities pursuant to services contracts with third party contractors. The Company is yet to enter into these formal arrangements. The Directors are unable to predict the risk of financial failure or default of the insolvency of any of the contractors that will be sued by the Company in any of its activities or other managerial failure by any of the other service providers used by the Company for any activity. Contractors may also underperform their obligations of their contract, and in the event that their contract is terminated, the Company may not be able to find a suitable replacement on satisfactory terms.

(e) **Acquisitions**

The Company may make acquisitions of, or significant investments in, companies or assets that are complementary to its business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies or assets, such as integrating cultures and systems of operation, relocation of operations,

short term strain on working capital requirements, achieving mineral exploration success and retaining key staff.

(f) **Litigation**

The Company may in the ordinary course of business become involved in litigation and disputes, for example with agents, contractors or third parties in respect of land access to its Tenements. Any such litigation or dispute could involve significant economic costs and damage to relationships with agents, contractors other stakeholders. Such outcomes may have an adverse impact on the Company's business, reputation and financial performance.

(g) **Operational Risks**

The operations of the Company may be affected by various factors, including:

- (i) failure to locate or identify mineral deposits;
- (ii) failure to achieve predicted grades in exploration and mining;
- (iii) operational and technical difficulties encountered in mining;
- (iv) insufficient or unreliable infrastructure, such as power, water and transport;
- (v) difficulties in commissioning and operating plant and equipment;
- (vi) mechanical failure or plant breakdown;
- (vii) unanticipated metallurgical problems which may affect extraction costs; and
- (viii) adverse weather conditions.

In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected.

(h) **Native title**

It is possible that tenements in which the Company will acquire an interest in may be subject to a native title claim. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

It is possible that the McCleery Project may be part of the area within which the Ross River Dena, Kaska or Liard First Nations claim as Category A Settlement Lands under their respective land claims settlement negotiations. If such lands are granted to the First Nations, the Company would have to deal with the relevant First Nation in defining the nature and extent of its mineral tenure. The Company's ability to undertake exploration on the McCleery Project will not be affected by these claims while a determination with respect to these native title claims is ongoing, provided that the Company obtains any relevant approvals from the relevant Yukon government entities.

The native title interests applicable to the Company's Projects are described in the Solicitors' Reports on Tenements set out in Sections 7 and 8.

(i) **Land and resource tenure**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements and/or applications for tenements will be approved.

Tenements are subject to the applicable mining acts and regulations in Western Australia and the Yukon Territory in Canada. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's Projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

Relief from annual assessment work with respect to the McCleery Project has not been granted by the Yukon Government as the mineral claims are not subject to the staking and recording of mineral claim moratorium in the area. The claims making up the McCleery Project are due to expire on 20 March 2019

The Company considers the likelihood of tenure forfeiture to be low given the laws and regulations governing exploration in Western Australia and the Yukon Territory in Canada and the ongoing expenditure budgeted for by the Company. However, the consequence of forfeiture or involuntary surrender of a granted tenements for reasons beyond the control of the Company could be significant.

Please refer to the Solicitor's Report on Tenements - Australia in Section 7 and the Solicitor's Report on Tenements - Canada in Section 8 for further details.

(j) **Grant of Future Authorisations to Explore and Mine**

If the Company discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licences and permits before it will be able to mine the deposit.

If the Company discovers an economically viable mineral deposit within the McCleery Project, the Company would be required to apply for a permit before it will be able to mine the deposit. This would require consultation with and, in certain cases, approval of the Yukon Mines, Energy and Resources, the Yukon Environmental and Socioeconomic Assessment Board, the Yukon Water Board and the Ross River Dena, Kaska and Laird First Nations people. There is no guarantee that the Company will be able to obtain all required approvals, licences and permits. To the extent that required authorisations are not obtained or are delayed, the Company's operational and financial performance may be materially adversely affected.

(k) **Results of Studies**

Subject to the results of exploration and testing programs to be undertaken, the Company may progressively undertake a number of studies in respect to the Projects. These studies may include scoping, pre-feasibility, definitive feasibility and bankable feasibility studies.

These studies will be completed within parameters designed to determine the economic feasibility of the Projects within certain limits. There can be no guarantee that any of the studies will confirm the economic viability of the Projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study).

Even if a study confirms the economic viability of the Projects, there can be no guarantee that the project will be successfully brought into production as assumed or within the estimated parameters in the feasibility study (e.g. operational costs and commodity prices) once production commences. Further, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

(l) **Future Funding**

The funds raised under the Offer are considered sufficient to meet the immediate objectives of the Company. Further funding may be required by the Company in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its strategies. For example, funding may be needed undertake further exploration activities, or acquire complementary assets.

Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the Offer price or may involve restrictive covenants that limit the Company's operations be business strategy.

There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Company's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Company.

(m) **Reliance on key management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(n) **Currently no market**

There is currently no public market for the Company's Shares, the price of its Shares is subject to uncertainty and there can be no assurance that an active market for the Company's Shares will develop or continue after the Offer.

The price at which the Company's Shares trade on ASX after listing may be higher or lower than the Offer price and could be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which the Directors and the Company have no control, such as movements in mineral prices and exchange rates, changes to government policy, legislation or regulation and other events or factors.

There can be no guarantee that an active market in the Company's Shares will develop or that the price of the Shares will increase.

There may be relatively few or many potential buyers or sellers of the Shares on ASX at any given time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is above or below the price that Shareholders paid.

(o) **Restricted securities reducing liquidity**

Subject to the Company being admitted to the Official List, certain Shares on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX.

#### 4.3 Industry specific

(a) **Contamination Risks**

The Company's operations may use hazardous materials and produce hazardous waste which may have an adverse impact on the environment or cause exposure to hazardous materials. Despite efforts to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, the Company may be subject to claims for toxic torts, natural resources damages and other damages. In addition, the Company may be subject to the investigation and clean-up of contaminated soil, surface water and groundwater. This may delay the timetable of the Projects and may subject the Company to substantial penalties including fines, damages, clean-up costs or other penalties. The Company is also subject to environmental protection legislation, which may affect the Company's access to certain areas of its properties and could result in unforeseen expenses and areas of moratorium.

(b) **Metallurgy Risk**

When compared with many industrial and commercial operations, mining exploration project are high risk. Each ore body is unique and the nature of the mineralisation, the occurrence and grade of the ore, as well as its behaviour during mining can never be wholly predicted. Estimations of a mineral deposit are not precise calculations, but are based on

interpretation and on samples from drilling which represent a very small sample of the entire ore body. Reconciliation of past production and reserves, where available, can confirm the reasonableness of past estimates, but cannot categorically confirm accuracy of future projections.

The applications of metallurgical test work results and conclusions to the process design, recoveries and throughput depend on the accuracy of the test work and assumption that the sample tests are representative of the ore body as a whole. There is a risk associated with the scale-up of laboratory and pilot plant results to a commercial scale and with the subsequent design and construction of any plant.

(c) **Environmental Risks**

The operations and proposed activities of the Company are subject to certain laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

Mining activities may be delayed or inhibited if there are conflicts between surface and subsurface rights holders. There are currently no known surface rights overlapping the McCleery Project. There is no assurance that this status will not change in the future.

Please refer to the Solicitor's Report on Tenements - Australia in Section 7 and the Solicitor's Report on Tenements - Canada in Section 8 for further details.

(d) **Rehabilitation of Tenements**

In relation to the Company's proposed operations, issues could arise from time to time with respect to abandonment costs, consequential clean-

up costs, environmental concerns and other liabilities. In these instances, the Company could become subject to liability if, for example, there is environmental pollution or damage from the Company's exploration activities and there are consequential clean-up costs at a later point in time.

(e) **Insurance Risks**

Insurance coverage of all risks associated with minerals exploration, development and production is not always available and, where available, the cost can be high. The Company will have insurance in place considered appropriate for the Company's needs. The Company will not be insured against all possible losses, either because of the unavailability of cover or because the Directors believe the premiums are excessive relative to the benefits that would accrue. The Company currently has no insurances in place and the Directors believe that this is appropriate for the size of the Company and the stage of its development. The Directors will continue to review the insurance cover in place to ensure that it is adequate.

(f) **Safety**

Safety is a fundamental risk for any exploration and production company in regards to personal injury, damage to property and equipment and other losses. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage or destruction of property, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

#### 4.4 **General risks**

(a) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Commodity Price and Exchange Rate Risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity prices and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand for minerals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, prices of various commodities and services may be denominated in United States dollars, whereas the reporting currency of the Company is in Australian dollars, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(c) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of exploration companies experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the Shares regardless of the Company's performance.

(d) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(e) **Force majeure**

The Company's Projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

#### 4.5 **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

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5. INDEPENDENT GEOLOGIST'S REPORT



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ABN: 77 823 685 882

## INDEPENDENT GEOLOGIST'S REPORT

Prepared for  
RAFAELLA RESOURCES LTD

Prepared by:  
F Repacholi-Muir  
BSc (Geol & Soil Sc), GradCertAppFin, MAIG  
January 2018

## 1.0 INTRODUCTION

FRM Geological Services (FRM) was commissioned by Rafaella Resources Limited (Rafaella or the Company) to provide an Independent Geologist's Report (IGR) on the McCleery Project in the Yukon Territory, Canada and the Sandstone Project in Western Australia. FRM understands that this IGR is to be included in a prospectus to be issued by the Company for an initial public offer of 25,000,000 shares at \$0.20 per share to raise \$5,000,000 to facilitate a listing on the Australian Securities Exchange (ASX). The funds raised will be used for the purpose of the exploration and evaluation of Rafaella's Projects and for working capital purposes.

In preparing this report, FRM was reliant on relevant data collated and provided by Rafaella as well as publicly available information regarding geology and previous exploration over the McCleery and Sandstone Projects. The principal source of information regarding Rafaella's assets were statutory reports prepared by previous tenement holders and their consultants and submitted to the Yukon Geological Survey for the McCleery Project and submitted to the Department of Mines, Industry Regulation and Safety (DMIRS) of Western Australia for the Sandstone Project. FRM does not doubt the authenticity or substance of previous investigating reports. FRM has not however, carried out a complete audit of the information but has relied on previous reporting and documentation where applicable and has used this for research purposes with qualifications applied, where necessary.

This IGR has been prepared in accordance with the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (ASIC) and the Australian Securities Exchange (ASX). Where exploration results, mineral resources or ore reserves have been referred to in this IGR, the classifications are consistent with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code), prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia, effective December 2012; as well as the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, 2015 Edition (The VALMIN Code).

The Competent Person for preparation of the report is Ms Felicity Repacholi-Muir; BSc (Geol & Soil Sc), GradCertAppFin. Ms Repacholi-Muir is a Member of the Australasian Institute of Geoscientists (MAIG #3417) with over 15 years of experience and has extensive professional experience with the geology of and has worked extensively in Western Australia. Ms Repacholi-Muir has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined by the 2012 JORC Code as incorporated in the ASX Listing Rules.

The Projects do not contain any Ore Reserves or Mineral Resources, as defined by the JORC Code. Under the definition provided by the ASX and in the VALMIN Code, the McCleery Project and the Sandstone Project are classified as 'exploration projects', which are inherently speculative in nature. Rafaella's Projects are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential, consistent with the programs proposed by Rafaella.

The current ownership and legal standing of Rafaella's Projects is subject to a separate Solicitor's Report which is set out in the Prospectus and these matters have not been independently verified by FRM. The present status of tenements listed in this Report is based on information provided by Rafaella and the Report has been prepared on the assumption that the tenements will prove lawfully accessible for evaluation and development.

This Report has been prepared by FRM strictly in the role of an independent expert. Professional fees payable for the preparation of this Report constitutes FRM's only commercial interest in Rafaella. Payment of fees is in no way contingent upon the conclusions of this Report.

Rafaella has agreed to indemnify FRM for any liability arising as a result of or in connection with the information provided by or on behalf of Rafaella being incomplete, incorrect or misleading in any material respect. Rafaella has confirmed in writing to FRM that, to its knowledge, the information provided by it (when provided) was complete and not incorrect or misleading in any material respect. FRM has no reason to believe that any material facts have been withheld and Rafaella has confirmed in writing to FRM that it believes it has provided all material information available to it.

FRM is of the opinion that Rafaella has satisfactory and clearly defined exploration and expenditure programs which are reasonable having regard to the stated objectives of the Company. Rafaella's exploration programs are included in the report, they may be altered in view of results gained which could revise the emphasis of current priorities.

This report has an Effective Date of the 2 March 2018, this being the most recent date on which Rafaella made material in its possession available to FRM and FRM is unaware of any material change since this date. FRM consents to the distribution of this Report in the form and content in which it appears.

## 2.0 EXECUTIVE SUMMARY

This report covers the McCleery Project and the Sandstone Project.

The **McCleery Project** is located within the Yukon Territory, Canada. Copper mineralisation was discovered and staked early in 1974. Initial exploration focused on copper mineralisation with rock samples assaying up to 15.6% Cu and 461g/t Ag (refer to Section 3.3 and Table 2 for complete results).

Historic reports record multiple occurrences of cobalt bloom (secondary cobalt) and cobaltite (cobalt sulphide) however only a single sample from the Project has been assayed for cobalt, returning 0.76% Co and 14g/t Ag (refer Table 2). The occurrences of cobalt bloom and cobaltite are separated by approximately 1km of prospective strike.

No work has been completed on the Project since 1983 and there is no knowledge of the Project having been drilled. Rafaella intends to explore the McCleery Project, focusing on the potential for the Project to host economic cobalt mineralisation.

The **Sandstone Project** is located 640km north-east of Perth, Western Australia within the Gum Creek Greenstone Belt. The Gum Creek Greenstone Belt is similar in structure, lithology and stratigraphy to the other greenstone belts within the Southern Cross Province of the Archaean Yilgarn Block.

The Sandstone Project is adjacent to Horizon Gold Limited's Gum Creek Project. Previous exploration within the Project has predominantly focused on near mine exploration with work completed limited to shallow RAB drilling and soil sampling programs.

Various targets have been defined on the Project by former tenement operators, targets include numerous historic gold workings, soil gold anomalies and RAB gold anomalies; many of which are considered to remain inconclusively tested. Additionally, large areas of the Project remain essentially unexplored whilst covering favourable structure and geology.

Mining and production history of the Gum Creek Project has shown widespread gold occurrence and significant potential for further discoveries. Rafaella plans to acquire effective geophysical, geospatial and imagery datasets over the Project. The integration of this data with all historical data, geology, geochemistry and field data will be used to generate conceptual targets using a systems approach with a focus on geomorphology, lithology, structure and alteration.

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APPENDIX A: JORC Code Table 1, Sections 1 & 2

APPENDIX B: Glossary of Abbreviations and Units of Measure

### 3.0 McCLEERY PROJECT

#### 3.1 LOCATION, ACCESS & TENURE

The McCleery Project is located within the Yukon Territory, Canada. The Project is approximately 170km southeast of Whitehorse, the territorial capital of the Yukon. Teslin, the nearest town, with a population of 2,000 is approximately 40km southwest of the Project.

The Project lies on the 105C08 mapsheet and covers Mt McCleery on the western flank of the Englishman Range. The terrain is mountainous with precipitous northeast facing cirques and knife edge ridges. There is about 610m relief with elevations in the 1350m to 1945m range. Most of the area is covered by scree with only the ridge-tops and cliff-faces providing outcrop. The property is entirely above tree line with only alpine grasses present.

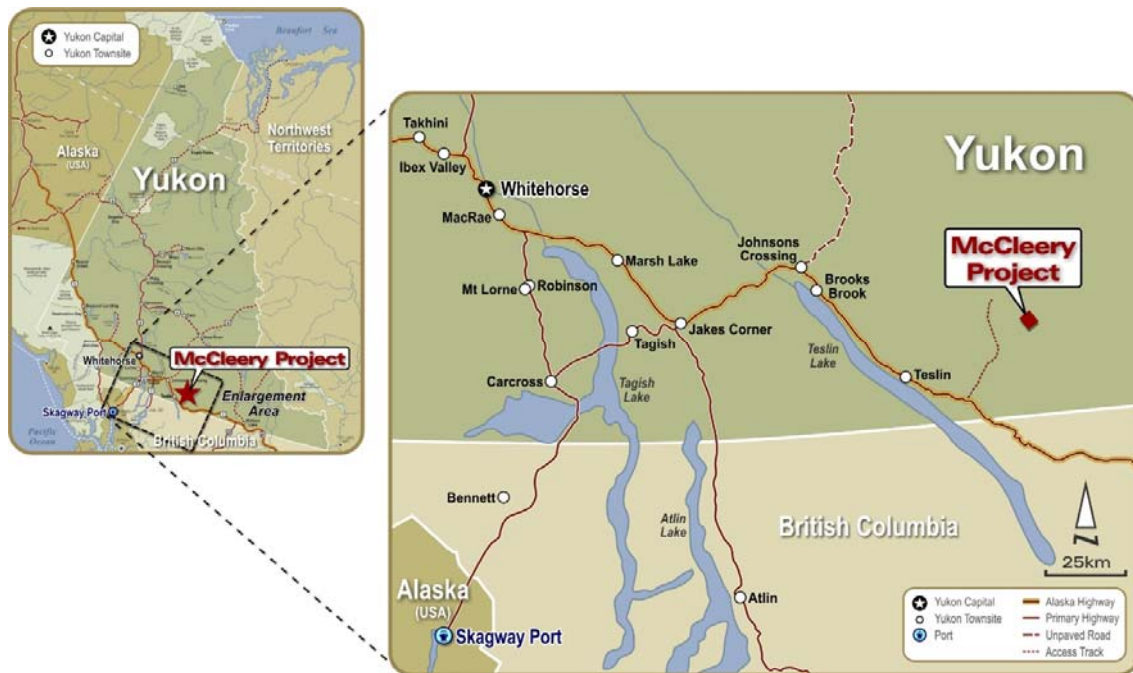


Figure 1: Location of the McCleery Project

The climate is typical of northern continental regions with long, cold winters, truncated fall and spring seasons, and short, cool summers. The closest weather station at Teslin reports average temperatures of  $-19^{\circ}\text{C}$  in January and  $14^{\circ}\text{C}$  in July (Yukon Community Profiles, 2006). Average annual precipitation is 340mm, mostly occurring as rain during the summer months. The winter snow pack averages approximately 1m. Although summers are relatively mild, Arctic cold fronts often cover the area and snowfall can occur in any month. Patches of snow and ice remain throughout the summer. Sunlight ranges from 22 hours per day in June to seven hours per day in December.

A tractor trail / winter road provides access from the Alaska Highway (circa the crossing of Hays Creek) to within 10km of the Project. Access to the Project for historical exploration work has been entirely by helicopter, primarily from Teslin.

The Project comprises 42 contiguous Mineral Claims that cover approximately  $9\text{km}^2$  (Table 1). The Yukon claims were staked under the Yukon Quartz Mining Act and are registered with the Watson Lake Mining Recorder in the name of Overland Resources (BC) Limited. Rafaella has entered into a conditional sale agreement with the current holder, Overland Resources Limited (ASX: OVR) and its wholly owned subsidiary, Overland Resources (BC) Limited (Overland BC), which holds the claims that makeup the McCleery Project, pursuant to which Rafaella will purchase 100% of issued capital in

Overland BC and its interests in the McCleery Project. The agreement is condition on the Company receiving conditional approval to be admitted to the Official List of the ASX.

Mineral claims in the Yukon can be maintained in good standing by performing approved exploration work to a value of \$100 per claim per year or by making a \$100 per claim per year cash payment to the Watson Lake Mining Recorder in lieu of work. Exploration in the Yukon is subject to Mining Land Use Regulations of the Yukon Quartz Mining Act and to approval by the Yukon Environmental and Socio-Economic Assessment Board (YESAB).

FRM has not independently validated mineral tenures, the status of access agreements and applicable royalty of Joint Venture Agreements. These aspects are dealt with in the relevant section of the Prospectus. The present status of tenements, agreement and legislation in this report is based on information provided by Rafaella. The Report has been prepared on the assumption that exploration and future development of the Project will prove to be lawfully accessible for evaluation and development.

*Table 1: McCleery Project tenement details*

<b>Claim Name &amp; Number</b>	<b>Grant No.</b>	<b>Claim Sheet No</b>	<b>Expiry Date</b>
MM 1	YD81304	105C08	20 <sup>th</sup> March 2018
MM 2	YD81305	105C08	20 <sup>th</sup> March 2018
MM 3	YD81306	105C08	20 <sup>th</sup> March 2018
MM 4	YD81307	105C08	20 <sup>th</sup> March 2018
MM 5	YD81308	105C08	20 <sup>th</sup> March 2018
MM 6	YD81309	105C08	20 <sup>th</sup> March 2018
MM 7	YD81310	105C08	20 <sup>th</sup> March 2018
MM 8	YD81311	105C08	20 <sup>th</sup> March 2018
MM 9	YD81312	105C08	20 <sup>th</sup> March 2018
MM 10	YD81313	105C08	20 <sup>th</sup> March 2018
MM 11	YD81314	105C08	20 <sup>th</sup> March 2018
MM 12	YD81315	105C08	20 <sup>th</sup> March 2018
MM 13	YD81316	105C08	20 <sup>th</sup> March 2018
MM 14	YD81317	105C08	20 <sup>th</sup> March 2018
MM 15	YD81318	105C08	20 <sup>th</sup> March 2018
MM 16	YD81319	105C08	20 <sup>th</sup> March 2018
MM 17	YD81320	105C08	20 <sup>th</sup> March 2018
MM 18	YD81321	105C08	20 <sup>th</sup> March 2018
MM 19	YD81322	105C08	20 <sup>th</sup> March 2018
MM 20	YD81323	105C08	20 <sup>th</sup> March 2018
MM 21	YD81324	105C08	20 <sup>th</sup> March 2018
MM 22	YD81325	105C08	20 <sup>th</sup> March 2018
MM 23	YD81326	105C08	20 <sup>th</sup> March 2018
MM 24	YD81327	105C08	20 <sup>th</sup> March 2018
MM 25	YD81328	105C08	20 <sup>th</sup> March 2018
MM 26	YD81329	105B05	20 <sup>th</sup> March 2018
MM 27	YD81330	105B05	20 <sup>th</sup> March 2018
MM 28	YD81331	105B05	20 <sup>th</sup> March 2018
MM 29	YD81332	105C08	20 <sup>th</sup> March 2018
MM 30	YD81333	105C08	20 <sup>th</sup> March 2018
MM 31	YD81334	105C08	20 <sup>th</sup> March 2018
MM 32	YD81335	105C08	20 <sup>th</sup> March 2018
MM 33	YD81336	105C08	20 <sup>th</sup> March 2018
MM 34	YD81337	105B05	20 <sup>th</sup> March 2018
MM 35	YD81338	105B05	20 <sup>th</sup> March 2018
MM 36	YD81339	105B05	20 <sup>th</sup> March 2018
MM 37	YD81340	105B05	20 <sup>th</sup> March 2018
MM 38	YD81341	105B05	20 <sup>th</sup> March 2018
MM 39	YD81342	105B05	20 <sup>th</sup> March 2018
MM 40	YD81343	105B05	20 <sup>th</sup> March 2018

### 3.2 GEOLOGY AND MINERALISATION

#### Regional Setting

Yukon is located in the northern part of the North American Cordillera, the mountainous backbone of the western part of the continent. The northwest-striking Tintina Fault is one of the most prominent physiographic and geologic feature in Yukon. It is a dextral strike-slip fault with about 430 km of Paleogene displacement (Yukon Geological Survey, 2015).

The McCleery Project lies approximately 100km southwest of the Tintina Fault within the composite Yukon-Tanana Terrane, the largest tectonostratigraphic terrane within the North American Cordillera.

Country rocks of the Yukon-Tanana Terrane consist of Palaeozoic to Triassic fine-grained clastic and carbonate sedimentary rocks that were deposited along the margin of North America and later deformed during early Mesozoic arc-continent collision. The sedimentary rocks were thermally metamorphosed by an en échelon set of Early Jurassic plutons defining a northwest trend. These plutons range from ultramafic to granodioritic in composition. Younger intrusions defining the same regional trend range from Cretaceous to early Tertiary in age and quartz monzonite to monzogranite in composition. They range in size from batholith bodies (e.g., Cassiar, Seagull, and Hake) to narrow hypabyssal dykes.



*Figure 2: Regional Geology McCleery Project, modified from Yukon Geological Survey 2011*

## Project Geology

The Teslin (105C) map sheet has been mapped by the Geological Survey of Canada and is published as Map 1125A.

The Project is underlain by highly deformed limestone and clastics of the Mississippian Englishman's Group, intruded by Cretaceous granite and granodiorite. The sequence on the Project includes; phyllite, greenstone, limestone / marble / skarn, siliceous argillite and argillaceous quartzite intruded by granite of the Hake Batholith. The limestone unit is discontinuous and ranges from 30m to 100m in thickness. It has been altered to a calc-silicate assemblage near the contact with granitic intrusions.

The distribution and orientation of the limestone suggests the structure is a southeast-plunging syncline complicated by faulting and minor drag folding (INAC, 1976). To the north, the Englishman Group is underlain by intrusives of the Hake Batholith, consisting mainly of coarse-grained to porphyritic biotite granite or granodiorite. This northwest trending batholith is approximately 20 miles long and 9 miles wide.

## Mineralisation

There are three main skarn zones and many additional small 1-2m pods documented within the McCleery Project (Yukon Exploration and Geology, 1982). Skarn, with significant copper, silver and cobalt values occurs in association with the limestone horizon.

Towards the northern end of the Project, a relatively large actinolite-tourmaline-garnet skarn is exposed for over 125m from its most northerly point to where it is buried by talus. It reaches a maximum thickness of about 80m and contains an inner zone with magnetite, pyrrhotite and minor chalcopyrite. This skarn has not been analysed for minerals other than tin and tungsten.

A magnetite-chalcopyrite-sulphide skarn comprises two zones, one capping the limestone and one below the 30m thick limestone lens. The upper skarn zone is 3m by 30m and the lower zone is 2m by 30m. Elsewhere a mixed zone of phyllite, quartzite and skarn is copper-stained. Sample results are detailed in Exploration History below.

To the southeast, a chalcopyrite-bornite skarn is exposed for 7m by 5m at the base of the slope. Pink cobalt bloom occurs in this skarn and surrounding small blebs of sulphide in limestone to the east of the skarn. Sample results are detailed in Exploration History below.

Near the outcrops of calc-silicate and limestone, there are veinlets and lenses of hematite, magnetite and copper sulphides generally parallel to foliation in phyllitic sediments.

## 3.3 EXPLORATION HISTORY

Minimal exploration has been undertaken in the Project area previously; with the most recent work having been undertaken in 1983.

The first recorded exploration in the area was by Atlas Explorations Limited (Atlas), in 1970. Geological mapping was conducted, with two copper showings and a cobalt showing identified in skarns. The skarns were located near the western contact of a granitic batholith. No assays are reported (Atlas Explorations Limited, 1970).

In 1975 United Keno Hill Mines Ltd (UKHM) held eleven contiguous claims<sup>1</sup> over the McCleery Project. UKHM conducted geological mapping and soil sampling, with 1,026 soil samples taken. All samples were assayed for copper with 283 samples additionally analysed for molybdenum. The sample locations and assay values are annotated onto maps within the Open File reports (refer United Keno Hill Mines Ltd, 1975).

Three coherent copper-in-soil anomalies were delineated:

- A central northeast trending anomaly with values at 1 to 3 times background. This anomaly was interpreted to reflect a fracture zone and topographic effects. The small area containing the most anomalous values were interpreted to reflect the bornite and chalcopyrite

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<sup>1</sup> Minerals Claims "Jackaloo" No. 1-8 and "Surething" No. 1-3

mineralisation as fracture fillings and small skarns. The large area of 1 to 2 times background values in the main cirque reflect traces of copper mineralisation in argillaceous rocks.

- The second anomaly is in the northwest part of the claim group (Surething No.3), with relatively little buildup and was interpreted to represent a mineralised fracture. In the extreme northwest the anomaly was interpreted to be due to minute fractures containing minor copper.
- The third anomaly (south of creek on Jackaloo No. 6) was attributed to the mineralised fracture mapped immediately up slope from the sample point.

The massive limestone, marble and dolomite have very low response when compared to the argillaceous rocks. Molybdenum values did not appear to show any direct correlation with the copper values.

Sample locations are not tabulated in the reports; however, they are clearly illustrated on maps alongside copper values and Mineral Claim boundaries.

UKHM attributed the high tenor anomalism to “structural effects, topographic effects and mapped mineralisation” but did not follow up with any drilling (United Keno Hill Mines Ltd, 1975).

The DC Syndicate staked claims<sup>2</sup> over the area in 1982 to cover rocks found to be anomalous in tin and tungsten from a regional program. Exploration work was carried out by J.C. Stephen Explorations Ltd (JCSE) acting as manager for the DC Syndicate. Complex skarn zones near the base of the sedimentary sequences intruded by porphyritic granite and pegmatite near the western contact of the Hake Batholith were noted (Yukon Exploration and Geology, 1982).

In 1982 JCSE carried out geological mapping over the Project and submitted 35 rock samples from several skarn horizons for analysis. Only 14 of the 35 samples were assayed for copper, with over half returning values greater than 1.0% Cu. A single rockchip was analysed for cobalt, this returned 0.76% Co and 14 g/t Ag. Refer to Table 2 for sample details.

Table 2: Skarn rockchip results, modified from: DC Syndicate (1982)

Sample	Geological Description	Cu %	Co %	Ag g/t
25684C	Andesite + quartz veining	NSA		
25686C	Skarn in siliceous argillite	0.09		
25689C	Skarn with malachite and azurite staining	0.92		
25690C	Quartzite with malachite and sulphides	1.96		43
25691C	Foliated quartzite with malachite and sulphides	NSA		
25692C	Skarn with malachite and magnetite	1.13		44
25700C	Skarn with massive sulphides	15.6		461
41451C	Limestone with pink staining (erythrite)		0.76	14
41462C	Calc-silicate	0.53		
41465C	siliceous argillite	0.25		
41468C	Skarn with magnetite, malachite, chalcopryrite, chalcocite	1.15		21
41469C	Skarn with magnetite, malachite & sulphides	1.18		12
41470C	Skarn with copper sulphides and pink bloom	2.97		125
41471C	Skarn with copper sulphides and pink bloom	11.7		388
41472C	Skarn with copper sulphides and pink bloom	4.98		191

\*NSA – no significant assay

Three main areas of mineralisation were identified:

- An actinolite-tourmaline-garnet skarn containing magnetite, pyrrhotite and minor chalcopryrite is exposed over an area 80 by 125 m<sup>3</sup>;
- At the centre of the claim block<sup>4</sup>, a skarn zone approximately 30m long is developed at the contact of a 30m wide limestone lens. Magnetite and chalcopryrite are present in bands up to 3m wide. The best assay returned 1.13% Cu and 44g/t Ag over 3 m; and

<sup>2</sup> Mineral Claims CAL No. 3-26

<sup>3</sup> CAL 13 claim

- At the southeast corner of the property<sup>5</sup>, a skarn zone 7m long and 5m wide returned an assay of 11.7% Cu and 388 g/t silver across 2.4m. A nearby specimen of limestone with minor erythrite assayed 0.76% Co and 14 g/t Ag.

Several other showings in the area were reported to host cobalt minerals, including cobalt bloom, a secondary cobalt mineral known as erythrite and cobaltite (cobalt sulphide). The more significant reported cobalt occurrences are separated by about 1km, with favourable lithologies stated to be present between them (refer Figure 3).

Sample and analytical data is tabulated in the Open File report, sample coordinates are not tabulated however all sample location points are clearly annotated onto geological maps (refer DC Syndicate, 1982).

A ground magnetic survey was completed, with a magnetic anomaly found to be coincident with the copper-in-soil anomalies generated by UKHM. JCSE stated that copper, silver and cobalt values were encouraging however no further work was completed (refer DC Syndicate, 1982).

Overland Resources Ltd (Overland) identified the Project as prospective for cobalt during a review of all historic cobalt occurrences within the Yukon Territory. Overland subsequently staked the current Mineral Claims. Overland completed a desktop study of the project. They were unable to locate any records of drilling being undertaken at the McCleery Project and it appeared that no work has been completed on the Project since 1983 (refer ASX:OVR Announcement 12<sup>th</sup> April 2017).

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<sup>4</sup> CAL 10 claim

<sup>5</sup> east of CAL 4 claim

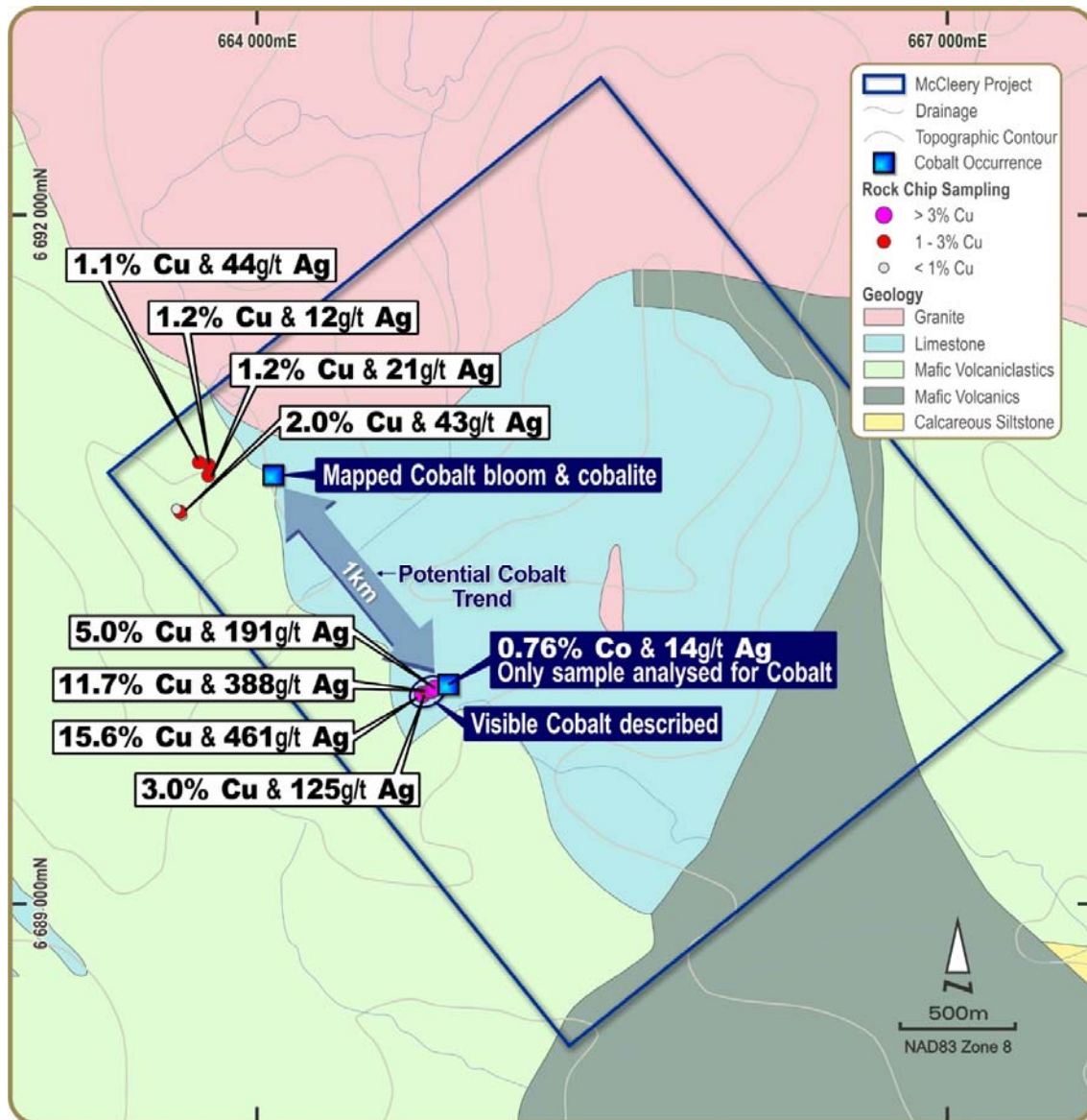


Figure 3: McCleery Interpreted Project Geology (modified from ASX:OVR Announcement 12<sup>th</sup> April 2017)

### 3.4 PROPOSED EXPLORATION

The McCleery Project has been examined by previous explorers in the 1970s and 1980s, who completed geological mapping, soil sampling and rock chip sampling. No work has been completed on the Project since 1983 and there is no knowledge of the Project having been drilled. The application of modern exploration techniques provides a significant opportunity in target generation and testing over the McCleery Project.

Initial work will comprise a field reconnaissance trip to complete reconnaissance mapping and sampling around the known cobalt occurrences to validate historic results and to obtain a better understanding of the potential of the Project to host economic mineralisation.

A high-resolution multi-sensor helicopter-borne magnetic and electromagnetic survey will be completed over the Project to map main geological contacts, known skarns and their extent; to identify new targets; and to gain an understanding of the overall geology and structure of the Project.

Existing silver-cobalt prospects and occurrences throughout the property along with targets identified in the airborne survey will be followed up with ground Induced Polarisation (IP) surveys. The IP surveys will ascertain the lateral extent and continuation of known mineralisation and structures.

Drilling will be completed on targets generated and defined from the field mapping, surface sampling and geophysical programs.

## 4.0 SANDSTONE PROJECT

### 4.1 LOCATION, ACCESS & TENURE

The Sandstone Project is located 640km north-east of Perth and 700km north north-west of Kalgoorlie. The Project is centrally located between the towns of Sandstone to the south, Meekatharra to the northwest and Wiluna to the northeast.

Access to the project area is initially via the maintained gravel Sandstone-Wiluna Road from Sandstone. Roads from Meekatharra and Wiluna also lead to the project area. The Sandstone-Wiluna Road traverses the southern portion of the Project and the Youno Downs Rd traverses the northern portion. Various exploration and station tracks provide additional access to the ground.

The Project is situated in the Black Range gold district of the East Murchison Mineral Field and lie within the Glengarry (SG50-12) and Sandstone (SG50-16) 1:250,000 map sheets. The location of the project is shown in Figure 4.

The Project area has a semi-arid climate with hot summers and mild winters. The annual rainfall is approximately 250 millimetres. The driest months of the year are August through to November.

Topography in the northern portion of the Project is characterised by low hills and breakaways separated by gently sloping values whereas the topography in the south is generally flat and associated with extensive areas of sand and sheet wash cover.

The Sandstone Project comprises one granted Exploration Licence, namely E53/1920 covering a land area of 214 km<sup>2</sup> and one pending Exploration Licence, namely E57/1055 covering a land area of 45 km<sup>2</sup> (Table 1). Both Exploration Licence are currently held by Topdrill Pty Ltd. Rafaella has entered into a conditional sale agreement with the current holder, Topdrill Pty Ltd.

FRM has not independently validated mineral tenures, Native Title claim status, the status of access agreements and applicable royalty of Joint Venture Agreements. These aspects are dealt with in the relevant section of the Prospectus. The present status of tenements, agreement and legislation in this report is based on information provided by Rafaella. The Report has been prepared on the assumption that exploration and future development of the Project will prove to be lawfully accessible for evaluation and development.

*Table 3: Sandstone Project tenement details*

<b>Licence</b>	<b>Applied</b>	<b>Grant Date</b>	<b>Expiry Date</b>	<b>Expenditure</b>	<b>Area</b>
E53/1920	7 <sup>th</sup> October 2016	31 <sup>st</sup> October 2017	30 <sup>th</sup> October 2022	\$70,000	70 sub blocks
E57/1055	7 <sup>th</sup> October 2016	pending			15 sub blocks

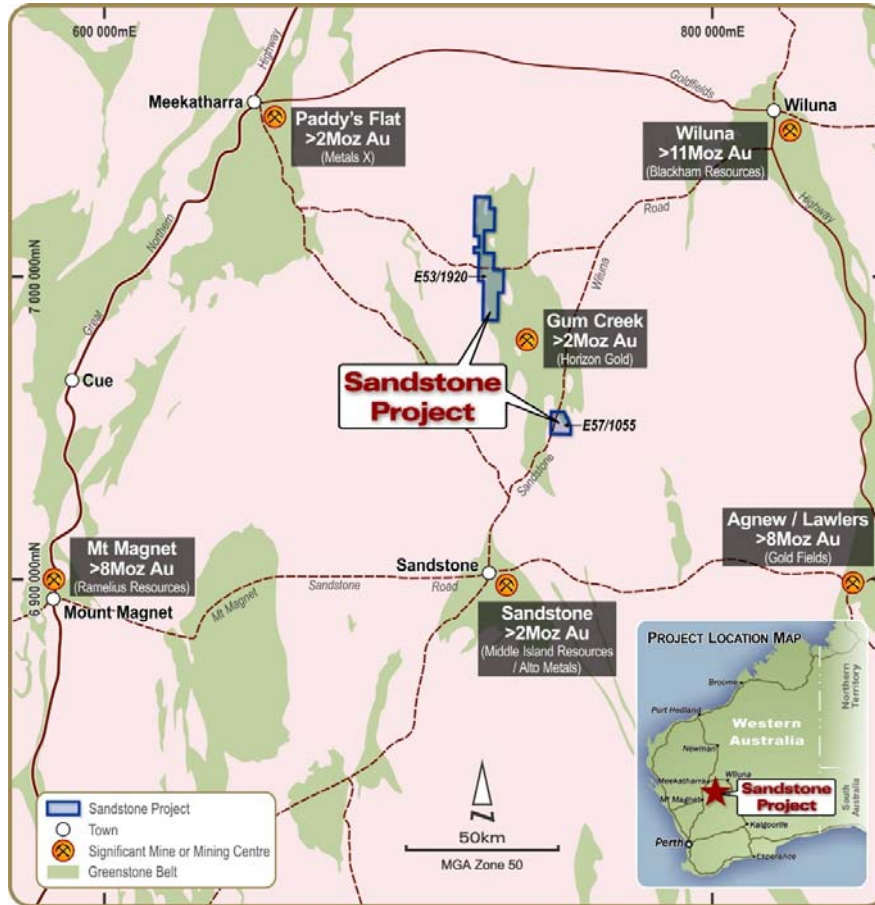


Figure 4: Sandstone Project Location over Greenstone Belts

## 4.2 GEOLOGY AND MINERALISATION

### Regional Setting

The Sandstone Project is located within the Gum Creek Greenstone Belt which hosts the gold deposits in the surrounding area. The Gum Creek Greenstone Belt is similar in structure, lithology and stratigraphy to the other greenstone belts within the Southern Cross Province of the Archaean Yilgarn Block. The following description of the Gum Creek Greenstone Belt is summarised from Woodbridge (2007).

The Gum Creek Greenstone Belt is comprised of Archaean volcanic and sedimentary rocks and forms a lensoidal, broadly sinusoidal structure approximately 110 kilometres in length (north-south) and 24 kilometres in width (west-east). It is surrounded by intrusive granitoids which contain rafts of greenstone. The Gum Creek Greenstone Belt is depicted in Figure 4.

The metamorphic rocks generally fall within the greenschist metamorphic facies with chlorite and sericite commonly present. Contact metamorphism of basalts and banded iron formations at the belt margins have resulted in localised amphibolite grade, with amphibolites, garnet-muscovite and quartz-biotite assemblages being recorded.

The belt can be sub-divided into three contrasting domains from east to west within a broadly synformal basin geometry and are discussed below.

The lowermost unit consists of a sequence of interbedded banded iron formation, mafic and ultramafic volcanics overlain by ferruginous shales and thin cherts. On the western margin of the belt it has been partly eroded by granites and remains as thin discontinuous remnants.

The central unit comprises a sequence of basalts, sediments with minor felsic volcanics contemporaneous dolerites, and lesser ultramafic volcanics and interflow sediments. The felsics contain quartz-sericite schists, quartz-biotite schists, and rhyolitic to andesitic fragmental volcanics and contain sulphidic black shales. The unit has been intruded by differentiated gabbroic sills, which range in composition from ultrabasic through pyroxenite to gabbro. The largest volume of gabbroic rock occurs in the central-eastern part of the belt and thins to the north and south. The western part of the belt contains only rare, thin gabbroic units which have been structurally less affected than the surrounding basalts and may be slightly younger than the rest of the sequence.

The uppermost unit consists of shales, black shales, siltstones and medium to coarse feldspathic wackes, with minor cherts and rare conglomerates and dolostones. In the north-eastern part of the belt the lower portion of the sedimentary sequence was originally interpreted to be facies-interfingered with the felsic volcanics of the upper part of the central unit.

Later granites have intruded along north-south zones for the length of the belt. They are generally massive medium grained monzonic bodies and probably have a range of intrusion ages. Whilst they have not been affected by the ductile deformation, they have been affected by later faulting. Intense silicification and pidotisation has occurred adjacent to all the internal granites. Proterozoic dykes are a prominent feature in the northern third of the belt, these are absent in the rest of the belt.

Several early phases of tight to isoclinal folding have affected the banded iron formations of the lowest units and at least the latest of these has affected the upper units. Most fold axes exhibit a general north-south trend. The entire belt has been folded about tight north-northwest axes, producing two synclines separated by a narrow anticline of the central unit basalts. The western syncline appears to be doubly plunging, suggestive of late open folding about east-west axes.

Complex faulting is present throughout the Gum Creek Greenstone Belt, with many lithological units being fault bounded. Prominent faulting also occurs as regional scale north-northwest ductile shear zones. These zones have a sinistral displacement (interpreted from magnetic data); these include the Bolger Well, Gidgee, Victory Well, Tokay and Wilson's Shear Zones. Dextral and sinistral northwest faulting is also common in the region and this may also have impacted on the distribution of mineralisation in the Gidgee mine area. The Bolger Well Shear Zone extends through the northern Sandstone tenement and the Gidgee Shear Zone extends through the southern Sandstone tenement, refer Figure 5.

#### Mineralisation

The Sandstone Project is adjacent to Horizon Gold Limited's (Horizon Gold) Gum Creek Project, refer Figure 4. E53/1920 is located along the north-western boundary of the Gum Creek Project and E57/1055 lying along the southern boundary. Horizon Gold has identified five main styles of mineralisation that have been exploited in the Gum Creek Greenstone Belt (Horizon Gold, 2016):

- Quartz-carbonate ( $\pm$ pyrite, arsenopyrite, galena & sphalerite) veins. Typically free milling and locally high grade (>20g/t Au). Form complex conjugate vein arrays associated with brittle dilational openings developed along major shears within competent mafic host rocks. Carbonate-sulphide wall-rock alteration is common about mineralised zones and extensive supergene enrichment often overlies the primary mineralisation zones. Deposits of this type represent the dominant mineralisation type at Gum Creek and include Swan Bitter, Swift, Kingfisher and Wyooda/Thangoo.
- Ductile shear hosted mineralisation – arsenopyrite dominant. Fine grained gold associated with sulphide rich, intense biotite-sericite altered narrow ductile shear zones. Gold grades are typically in the range 5-10g/t Au. Arsenopyrite and pyrrhotite are the dominant sulphides with most gold locked within the arsenopyrite. Examples of this style of mineralisation are the refractory deposits of Wilsons, Heron South, Snook and Camel Bore.
- Ductile shear hosted mineralisation – pyrite dominant. Fine grained gold associated with sulphide poor, broad ductile shear zones developed within mafic host rocks. Shearing typically defined by weak biotite alteration, up to 1% fine pyrite and a sparse network of thin (1-3mm thick) quartz veins. Gold grades are typically in the range 0.5–1.5g/t Au and the mineralisation is free milling. The Howards deposit is representative of this mineralisation style.
- BIF hosted mineralisation. Quartz-pyrrhotite veining and pyrrhotite replacement of magnetite meso-bands form narrow steep-plunging shoots of limited length and width, but extending to

depth. This mineralisation style occurs in fold hinges within banded iron formation marginal to major north-south shear zones, and is similar to the Hill 50 mineralisation at Mt Magnet. Grades are typically 1-10g/t Au and the mineralisation is free milling. The Omega deposit is of this style.

- Quartz veins. Sulphide poor, sheeted and anastomosing quartz veins and lenses developed in shears straddling granodiorite contacts within the Gum Creek Greenstone Belt. Grades are typically 1-5g/t Au. The Montague deposits, which are free milling, represent this style of mineralisation.

The Sandstone Project provides opportunities for the discovery of the various mineralisation styles outlined by Horizon Gold with the Gidgee Shear Zone extending through the southern tenement and the presence of banded iron formation on the northern tenement.

### 4.3 EXPLORATION HISTORY

Gold was first discovered near Sandstone in 1895 and the Black Range gold district was proclaimed shortly afterwards (Otterman, 1990). During the 1920s gold was discovered 90km to the north of the Project near the present site of Gidgee pastoral station homestead. In about 1926, the *North End* mine was discovered and the community of Jonesville (now Gidgee) was established. Mining during the 1930s and 1950s produced a recorded 71,500 tonnes of ore at a grade of 9.2 g/t Au.

During 1980 Amoco Minerals (later to become Cyprus Gold Australia Co) acquired tenements around the old Jonesville workings, and commenced exploration for gold. Exploration success led to the commencement of mining and production in early 1987.

Various companies subsequently explored the Gum Creek Project (previously referred to as the Gidgee Project) with the tenure being further consolidated over the greenstone belt. The companies include Australian Resources Limited, Abelle Limited, Harmony Gold, Legend Mining Limited, Apex Minerals NL and currently Horizon Gold.

The Sandstone Project has been part of the various tenement packages explored by the companies listed above at various stages. Previous exploration has predominantly focused on near mine exploration with work completed on the Project limited to shallow RAB drilling and soil sampling programs.

### 4.4 EVALUATION AND PROPOSED EXPLORATION

Mining and production history of the Gum Creek Project has shown widespread gold occurrence and significant potential for further discoveries for the following reasons;

- The majority of exploration completed to date has focused on near-mine (“brownfields”) prospects around the existing production areas and little exploration effort has been afforded around the smaller historical mines or towards locating deposits that don’t have a surface expression.
- Soil sampling was often very widely spaced (+400m)
- Exploration during the 1980s and 1890s lacked a full appreciation of deep weathering and metal depletion, such that drilling was often too shallow and did not penetrate to bedrock.
- Most historical RAB drillholes were sampled as composites of 4m or 5m downhole, thus making it difficult to determine true anomalies and reducing the threshold assay cut-off value.
- Exploration has focused on the known shear zones and structures, especially around historical mining centres, and parallel or splay (riedel-type) mineralisation have been overlooked.

Upon acquisition of the Gidgee Project in 2003, Legend Mining Limited (Legend) planned to commence an aggressive resource extension and exploration program across the project area. Legend collated previous explorers’ results into an integrated database. High priority geochemical and conceptual targets were delineated within 10 kilometres of the Gidgee mill (refer ASX:LEG Announcement 11<sup>th</sup> November 2004). Comprehensive RAB and aircore drill programs were planned to test these targets, which occur within favourable lithological and structural positions. Targets were ranked to suit potential mill requirements. Findings highlighted numerous historic gold workings, soil

gold anomalies and RAB gold anomalies, many of which were considered to remain inconclusively tested, whilst large areas remain essentially unexplored. Three gold in soil anomalies identified by Legend lie within the current E53/1920, none of which are tested by drilling (Figure 5).

Additionally, the area surrounding the Birrigrin workings within E57/1055 were also deemed to be a target by Legend, refer to Figure 5 for location. The main area of workings, the historic Birrigrin Mining Centre, are excised from E57/1055, although workings extend along strike onto the Sandstone Project. The Mining Centre was originally active between 1904 and 1912, and produced a total of 11,000 ounces from 9,000 tonnes from a series of underground workings.

Most of the workings within the Birrigrin Mining Centre are hosted by largely unoxidised mafic rocks and have exploited small north trending quartz reefs. Mapping of the area has revealed that mineralisation is also present in oxidised granites west of the workings. In a 15m deep trench into oxidised granite, a 10m wide sericite and hematite altered shear zone with quartz veins was observed. Two samples were taken of the quartz veins, selectively sampling mineralised intervals, measuring 1m and 0.3m wide, the samples returned assays of 5.12g/t Au and 4.62g/t Au respectively (Davies, 1991).

The area covered by the northern Sandstone tenement was again deemed to be a target during 2005 due to its favourable structure and geology but having experienced shallow or no drilling (refer ASX:LEG Announcement 30<sup>th</sup> May 2005). Legend stated that they planned to cover this area regional RAB drilling, however it does not appear that this was completed.

Cursory open file data searches completed to date has failed to locate drilling that has targeted these areas, nor the original soil sampling programs that highlighted them as targets. Initial work will focus on the collection of all historical exploration data from company reports, published reports and the WAMEX (DMIRS) database, data will be collated and interpreted. Reconnaissance field trips will be completed, with geological and regolith mapping to be completed.

Rafaella plans to acquire effective geophysical, geospatial and imagery datasets over the Project including, but not limited to, high quality airborne magnetic data (50-100m line spacing) and Versatile Time Domain Electromagnetic (VTEM) data. The integration of this data with all historical data, geology, geochemistry and field data will be used to generate conceptual targets using a systems approach with a focus on geomorphology, lithology, structure and alteration.

Soil geochemistry will be utilised across the Project as a rapid and relatively cheap method to generate near-surface gold drill targets. Soil geochemistry will be completed over the shear zones, targets identified previously by Legend to verify results and any additional targets that are identified in the data review.

First pass RAB or Aircore drilling will be completed across the Gidgee Shear Zone (E57/1055), the Bolger Well Shear Zone (E53/1920) and surrounding areas to confirm and validate stratigraphic / alteration targets. Bottom of hole samples will be collected for multi-element analysis.

RAB drilling may also be completed near Horizon Gold's *Harry's Prospect* and the *Brifter Prospect* (refer Figure 5 for prospect locations). Horizon Gold outlined their exploration program in a recent announcement (refer ASX:HRN Announcement 21<sup>st</sup> December 2017), they are currently planning on completing aircore drilling and follow up reverse circulation drilling on new prospect areas identified following a series of staged geophysical programs. Aircore drilling is planned to target *Harry's Prospect*, which is directly adjacent to E53/1920. Aircore drilling has been completed at the *Brifter Prospect* with anomalous results summarised in the announcement. Rafaella will monitor Horizon Gold's exploration success of these prospects.

Targets identified by the soil geochemistry, RAB drilling and structural interpretation will be assessed for Induced Polarisation (IP) survey and/or ground gravity survey suitability. Drilling by Horizon Gold has demonstrated that IP is effective within the region in further developing and refining targets for follow up drill testing and the subsequent locating of sulphide mineralisation.

Reverse Circulation and diamond drilling will be completed on targets identified from the RAB drilling and geophysical surveys.

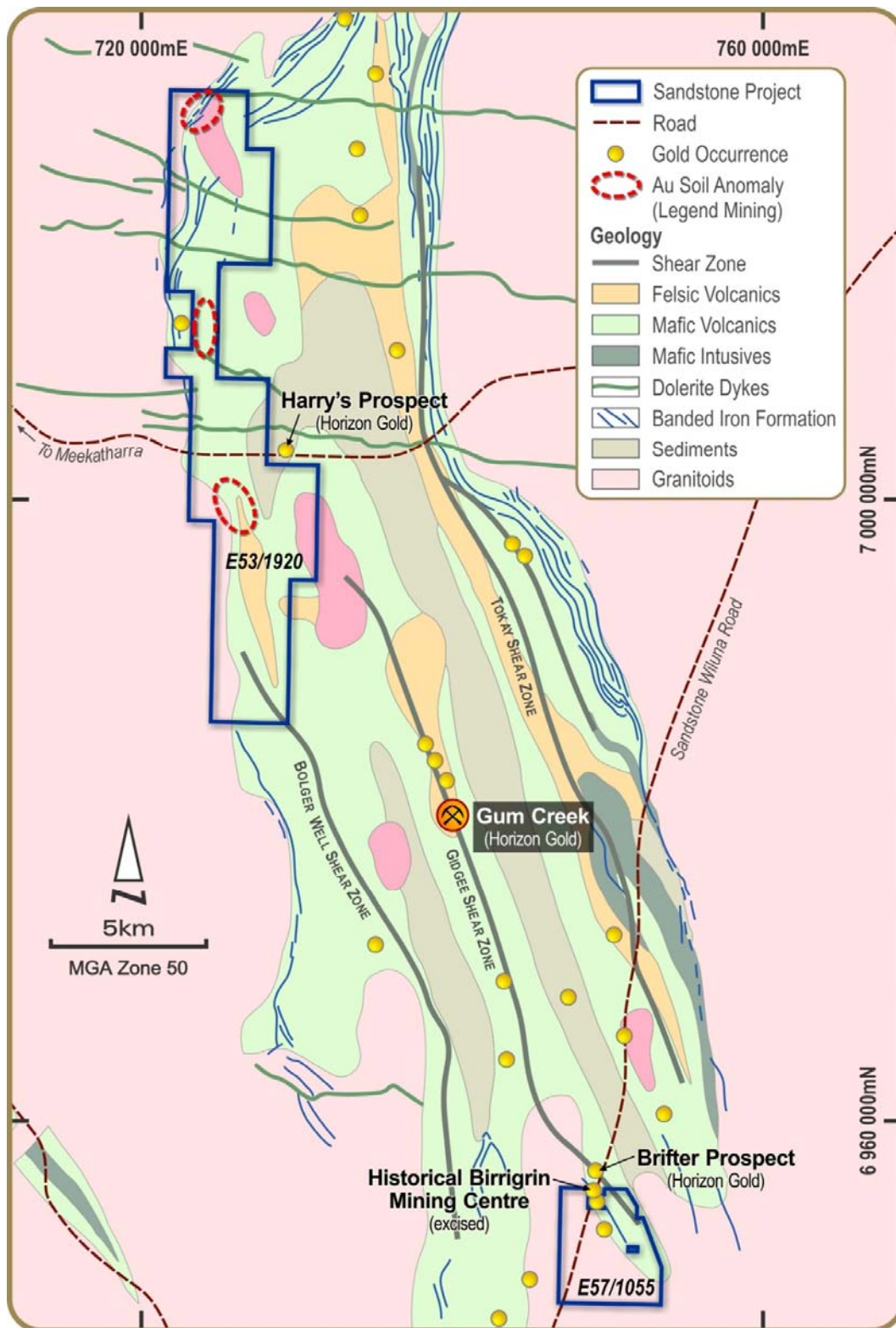


Figure 5: Sandstone Project Geology and Targets

## 5.0 BUDGET

FRM has been advised that Rafaella has budgeted approximately A\$2.5 million on direct exploration out of available funds of A\$4.5 million post expenses to issue (Table 4) for exploration expenditure of the project over two years and considers this to be appropriate to support the strategy described above. Rafaella advises that a minimum of 60% of the capital raised is to be spent on exploration activities.

The proposed exploration program for the Projects have been outlined by Rafaella and are summarised in Table 4. The strategy is focused primarily on exploration to test existing targets and continued geophysical and geochemical programs to define new drill targets. The exploration programs and budgeted expenditure is subject to modification on an ongoing basis and is contingent on circumstances and on the success of the individual programs. Ongoing assessment of the Project may lead to increased or decreased levels of expenditure reflecting a change of emphasis.

FRM considers that the proposed exploration programs are appropriate for the opportunity at the McCleery and Sandstone Projects and that they are designed to achieve the stated objectives. Exploration budgets appear sufficient to meet these objectives and the on-ground expenditure is sufficient to satisfy the statutory annual expenditure commitments for the Projects. The exploration program and budget will significantly advance the understanding of the Projects.

*Table 4: Summary of proposed exploration expenditure, minimum subscription case*

	<b>Year 1 (A\$000)</b>	<b>Year 2 (A\$000)</b>	<b>TOTAL (A\$000)</b>
<b>McCleery Project</b>			
Data compilation & review	20	20	40
Geological mapping	50		50
Geophysical Surveys	200	200	400
Geochemical Surveys	100		100
Drilling		300	300
Administration (10%)	40	50	90
<b>Sandstone Project</b>			
Data compilation & review	40	50	90
GIS imagery	50		50
Geological & regolith mapping	40		40
Geophysical Surveys	200	150	350
Geochemical Surveys	175	50	225
Drilling	250	450	700
Administration (10%)	75	70	145
<b>TOTAL</b>	<b>1240</b>	<b>1340</b>	<b>2580</b>

## 6.0 DECLARATION

FRM will receive a professional fee based on standard rates plus reimbursement of out of pocket expenses for the preparation of this report. The payment of these fees is not contingent upon the success or otherwise of the proposed capital raising pursuant to the prospectus within which this report is contained. FRM does not have any pecuniary or other interests which could be reasonably regarded as being capable of affecting the ability of FRM to provide an unbiased opinion in relation to the assets and the assumptions included in the various technical studies completed by Rafaella, opined upon by FRM and reported herein.

The Competent Person for preparation of the report is Ms Felicity Repacholi-Muir; BSc (Geol & Soil Sc), GradCertAppFin. Ms Repacholi-Muir is a Member of the Australasian Institute of Geoscientists (MAIG #3417) with over 15 years of experience and has extensive professional experience with the geology of and has worked extensively in Western Australia.

Ms Repacholi-Muir has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent

Person as defined by the in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Ms Repacholi-Muir consents to the inclusion in the report of the matters on her information in the form and context in which it appears.

This report has an Effective Date of 2nd March 2018, this being the most recent date on which Rafaella made material in its possession available to FRM and FRM is unaware of any material change since this date. FRM consents to the distribution of this Report in the form and content in which it appears.

A handwritten signature in black ink, appearing to read 'F. Repacholi-Muir', written in a cursive style.

Felicity Repacholi-Muir  
BSc (Geol & Soil Sc)  
GradCertAppFin  
MAIG #3417

## 7.0 PRINCIPAL SOURCES OF INFORMATION

The principal information sources used are listed below.

Atlas Explorations Limited, 1970. Assessment Report #013455 by ME (Tim) Coates, submitted to the Yukon Geological Survey.

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Yukon Geology and Exploration 1979-80. Department of Indian and Northern Affairs, Geology Section, Whitehorse, 364 p.

## ANNEXURE A:

The following Tables are provided to ensure compliance with the JORC Code (2012) edition requirements for the reporting of the Exploration Results at the McCleery Project.

### Section 1: Sampling Techniques and Data (Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	Limited exploration has been undertaken on the McCleery Project. The Project was initially staked in 1974. Exploration to date includes soil sampling and rockchip sampling.  The results detailed in this Report are from geochemical sampling undertaken by Atlas Explorations Limited during 1970, United Keno Hill Mines Ltd during 1975 and JC Stephen Explorations Ltd (on behalf of DC Syndicate) during 1982-1983.  All results have been previously reported to the Geological Survey of Yukon.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Rockchip samples comprise multiple chips taken over lengths of 1.8m - 3m considered to be representative of the horizon or skarn outcrop being sampled.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	All aspects of the determination of mineralisation are described in this table.  The geochemistry sampling methods are considered appropriate for the exploratory stage of the Project. Rock chip sampling is only indicative of potential for mineralisation.  All of the geochemical samples were sent to a commercial laboratory for crushing, pulverising and chemical analysis by industry standard practises.
Drilling techniques	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic etc) and details (e.g. core diameter, triple of standard tube, depth of diamond tails, face-sampling bit or other type, whether core is orientated and if so, by what method, etc).</i>	Not applicable. No drilling has been completed on the Project.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Not applicable as no drilling undertaken.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Not applicable as no drilling undertaken.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Not applicable as no drilling undertaken.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Rockchips were logged; logging includes the lithology, alteration, mineralisation plus additional relevant comments.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Logging of rockchips is both qualitative (eg. colour) and quantitative (eg. alteration and minerals percentages).
	<i>The total length and percentage of the relevant intersections logged.</i>	All rockchips are logged.
Sub-sampling techniques and	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	The entire rockchip sample was submitted to the laboratory for preparation (crushing / pulverising) prior to any sub sampling.

<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
<b>sample preparation</b>	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	Not applicable.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	The soil samples were dried, disaggregated manually and sieve and the -80# (less than 100 microns) was collected.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Quality control procedures are not documented in the open file reports submitted to the Yukon Geological Survey.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	Rockchip samples comprise multiple chips taken over lengths of 1.8m - 3m considered to be representative of the skarn horizon or outcrop being sampled.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Sample sizes are considered appropriate given the early stage of exploration.
<b>Quality of assay data and laboratory tests</b>	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	<p>The <b>soil geochemistry</b> program completed by United Keno Hill Mines Ltd during 1975 involved the collection of 1,026 samples.</p> <p>The samples were sent to Falconbridge Nickle Mines Limited, Vancouver, British Columbia for sample preparation and assay analysis. Laboratory techniques and methods were setup and supervised by Chief Geochemist Dr. Ivor L. Elliot.</p> <p>The samples were dried, disaggregated manually and sieve and the -80# (less than 100 microns) was collected.</p> <p>For copper analysis, 1 gram of the -80 mesh fraction sample was boiled for one hour with 10mls of 10% nitric acid. The sample was then filtered through Whatman No. 1 Filter Papers. The filtrate was aspirated into the atomic absorption unit and the copper concentration was read at the appropriate wavelength.</p> <p>For molybdenum analysis, 0.25 gram of the -80 mesh fraction sample was taken and fused with an alkaline flux. This fusion was dissolved in demineralised water. An aliquot of this solution was taken for analysis. Molybdenum was determined by forming the coloured dithiol complex which was green at temperature below 30°C. The coloured complexes were visually assessed against standards prepared in a similar way.</p> <p>The samples from the <b>rock geochemistry</b> program completed by JC Stephen Explorations Ltd (on behalf of DC Syndicate) during 1982-1983 were sent to Chemex Labs Ltd for sample preparation and assaying. Sampling and analytical methods are unknown.</p>
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	Hand held assay devices have not been reported.
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	Detailed information on QAQC practises for the historical surface geochemistry and drill samples is not available. No use of external standards is recorded. The hardcopy assay laboratory reports contain values for repeat readings and laboratory standards. Industry standard laboratory QAQC practises are believed to have been adhered to. The Competent Person notes that the Company does not propose to follow up any specific results in its exploration program without collecting new data to support the results and therefore does not believe the absence of this information to be material.
<b>Verification of</b>	<i>The verification of significant intersections by either</i>	No verification of sampling and assaying has been

<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
<b>sampling and assaying</b>	<i>independent or alternative company personnel.</i>	undertaken by Rafaella for the historical geochemical sampling.
	<i>The use of twinned holes.</i>	Not applicable, no drilling has been completed on the Project.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Detailed procedures for sampling and geological logging are not comprehensively included in Open File reports, although summaries of the processes employed are provided in various exploration reports.  Digital data has been collated from hardcopy reports submitted to the Yukon Geological Survey.
	<i>Discuss any adjustment to assay data.</i>	The digital data shows no indication of assay adjustment being performed.
<b>Location of data points</b>	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Sample locations were determined from air photos.
	<i>Specification of the grid system used.</i>	The grid system for the McCleery Project is NAD83 MTM Zone 8 (North American Datum of 1983).
	<i>Quality and adequacy of topographic control.</i>	Nominal RLs based on regional topographic datasets are used.
<b>Data spacing and distribution</b>	<i>Data spacing for reporting of Exploration Results.</i>	The spacing of the skarn rockchip sampling is variable, based on outcrop location and degree of exposure.  The soil geochemistry program was 100 foot (30m) intervals along 300 foot (90m) spaced lines. In addition, three contour lines were sampled at 100 foot (30m) intervals.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	Data spacing is insufficient to establish geological and grade continuity to establish a mineral resource estimate but a mineral resource has not been estimated.
	<i>Whether sample compositing has been applied.</i>	No sample compositing has been applied.
<b>Orientation of data in relation to geological structure</b>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Orientation of the mineralised system is unknown at this time.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	Exploration is at too early a stage to determine orientation of key mineralised zones and therefore assess the orientation of sampling.
<b>Sample security</b>	<i>The measures taken to ensure sample security.</i>	Sample security is not reported in exploration reports.
<b>Audits or reviews</b>	<i>The results of any audits or reviews of sampling techniques and data.</i>	No independent audits have been undertaken.

**Section 2: Reporting of Exploration Results (Criteria listed in the preceding section also apply to this section)**

<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
<b>Mineral tenement and land tenure status</b>	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	The McCleery Project comprises 42 contiguous Mineral Claims, claims MM1-42, covering a land area of 9 km <sup>2</sup> . Rafaella has entered into a conditional sale agreement with the current holder, Overland Resources Limited (ASX: OVR) and its wholly owned subsidiary, Overland Resources (BC) Limited (Overland BC), pursuant to which Rafaella will purchase 100% of issued capital in Overland BC

Criteria	JORC Code explanation	Commentary
		and its interests in the McCleery Project.
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	The tenement is in good standing. Mineral claims in the Yukon can be maintained in good standing by performing approved exploration work to a value of \$100 per claim per year or by making a \$100 per claim per year cash payment to the Watson Lake Mining Recorder in lieu of work.
<b>Exploration done by other parties</b>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	Limited exploration has been undertaken on the McCleery Project. The Project was initially staked in 1974. Exploration to date includes soil sampling and rockchip sampling.  The results detailed in this report were from geochemical sampling undertaken by Atlas Explorations Limited during 1970, United Keno Hill Mines Ltd during 1975 and JC Stephen Explorations Ltd (on behalf of DC Syndicate) during 1982-1983.  All previous known exploration has been acknowledged and detailed in the IGR.
<b>Geology</b>	<i>Deposit type, geological setting and style of mineralisation.</i>	The McCleery Project is located within the composite Yukon-Tanana Terrane. The Project is underlain by highly deformed limestone and clastics of the Mississippian Englishman's Group, intruded by Cretaceous granite and granodiorite. There are three main skarn zones and many additional small 1-2m pods documented within the McCleery Project. Skarn, with significant copper, silver and cobalt values occurs in association with the limestone horizon.
<b>Drill hole Information</b>	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <li>• easting and northing of the drill hole collar</li> <li>• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>• dip and azimuth of the hole</li> <li>• down hole length and interception depth</li> <li>• hole length.</li> </ul>	Not applicable. No drilling has been completed on the Project.
	<i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	Not applicable.
<b>Data aggregation methods</b>	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	Not applicable, geochemical sampling results presented are single point data.
	<i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>	No top cuts have been considered in reporting of grade results, nor was it deemed necessary for the reporting of significant intersections.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalent values are currently being used for reporting exploration results.
<b>Relationship between mineralisation widths and intercept lengths</b>	<i>These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i>	Not applicable. No drilling has been completed on the Project.
<b>Diagrams</b>	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any</i>	See Figures in body of Report.

Criteria	JORC Code explanation	Commentary
	<i>significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	
<b>Balanced reporting</b>	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	All results have been reported. The accompanying document is considered to be a balanced report with a suitable cautionary note.
<b>Other substantive exploration data</b>	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	All relevant exploration data is shown on figures, in text and in tables within the body of the Report.
<b>Further work</b>	<p><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></p> <p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></p>	<p>Detailed geochemistry and geology to determine trends of known mineralised zones and to delineate other cobalt and copper anomalies.</p> <p>Acquisition, process and interpretation of geophysical data.</p> <p>All relevant diagrams and inferences have been illustrated in this Report.</p>

The following Tables are provided to ensure compliance with the JORC Code (2012) edition requirements for the reporting of the Exploration Results at the Sandstone Project.

**Section 1: Sampling Techniques and Data (Criteria in this section apply to all succeeding sections)**

<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
<b>Sampling techniques</b>	<i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	Limited exploration has been undertaken on the Sandstone Project. The Sandstone Project has been part of the various greater tenement packages, but limited work has been completed on the Project itself.  The results detailed in this Report are from rockchip sampling undertaken by Black Swan Gold Mines Ltd during 1991.  All results have been previously reported to the Department of Mines, Industry Regulation and Safety (DMIRS).
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Rockchip samples were selectively sampled from quartz veins in a 15m deep trench around existing artisanal workings.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	All aspects of the determination of mineralisation are described in this table.  Rock chip sampling is only indicative of potential for mineralisation.  All of the geochemical samples were sent to a commercial laboratory for crushing, pulverising and chemical analysis by industry standard practises.
<b>Drilling techniques</b>	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic etc) and details (e.g. core diameter, triple of standard tube, depth of diamond tails, face-sampling bit or other type, whether core is orientated and if so, by what method, etc).</i>	Not applicable. No drilling has been completed on the Project.
<b>Drill sample recovery</b>	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Not applicable as no drilling undertaken.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Not applicable as no drilling undertaken.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Not applicable as no drilling undertaken.
<b>Logging</b>	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Rockchip samples were geologically described in the open file report.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Logging of rockchips is both qualitative (eg. colour) and quantitative (eg. alteration and minerals percentages).
	<i>The total length and percentage of the relevant intersections logged.</i>	All rockchips are logged.
<b>Sub-sampling techniques and sample preparation</b>	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	The entire rockchip sample was submitted to the laboratory for preparation (crushing / pulverising) prior to any sub sampling.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	Not applicable.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	The sampling technique for selective sampling of quartz veins is deemed appropriate given the

Criteria	JORC Code explanation	Commentary
		exploratory stage of the Project.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Quality control procedures are not documented in the open file reports submitted to the DMIRS.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	The selective rockchip samples were taken to target the quartz veins within a 10m wide sericite and haematite altered shear zone. The rockchips are considered to be indicative of potential for mineralisation.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	Sample sizes are considered appropriate given the early stage of exploration.
<b>Quality of assay data and laboratory tests</b>	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	The rockchip program completed by Black Swan Gold Mines Ltd during 1991 involved the collection of 2 samples.  The samples were sent to Australian Laboratory Services Pty Ltd, Perth for sample preparation and assay analysis. Sampling and analytical methods are unknown.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	Hand held assay devices have not been reported.
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	Detailed information on QAQC practises for the historical surface geochemistry is not available. No use of external standards is recorded. The Competent Person notes that the Company does not propose to follow up any specific results in its exploration program without collecting new data to support the results and therefore does not believe the absence of this information to be material.
<b>Verification of sampling and assaying</b>	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	No verification of sampling and assaying has been undertaken by Rafaella for the historical geochemical sampling.
	<i>The use of twinned holes.</i>	Not applicable, no drilling has been completed on the Project.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Detailed procedures for sampling and geological logging are not comprehensively included in Open File reports, although summaries of the processes employed are provided in various exploration reports.  Digital data has been collated from hardcopy reports submitted to the DMIRS.
	<i>Discuss any adjustment to assay data.</i>	The data shows no indication of assay adjustment being performed.
<b>Location of data points</b>	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Sample locations were determined from air photos.
	<i>Specification of the grid system used.</i>	The grid system for the Sandstone Project is Map Grid of Australia GDA 94, Zone 50.
	<i>Quality and adequacy of topographic control.</i>	Topographic data was obtained from public download of the relevant 1:250,000 scale map sheets.
<b>Data spacing and distribution</b>	<i>Data spacing for reporting of Exploration Results.</i>	The spacing of the quartz rockchip sampling is variable, based on the outcrop location of the veins and degree of exposure.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and</i>	Data spacing is insufficient to establish geological and grade continuity to establish a mineral resource estimate but a mineral resource has not been

Criteria	JORC Code explanation	Commentary
	<i>classifications applied.</i>	estimated.
	<i>Whether sample compositing has been applied.</i>	No sample compositing has been applied.
<b>Orientation of data in relation to geological structure</b>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Orientation of the mineralised system is unknown currently.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	Exploration is at too early a stage to determine orientation of key mineralised zones and therefore assess the orientation of sampling.
<b>Sample security</b>	<i>The measures taken to ensure sample security.</i>	Sample security is not reported in exploration reports.
<b>Audits or reviews</b>	<i>The results of any audits or reviews of sampling techniques and data.</i>	No independent audits have been undertaken.

**Section 2: Reporting of Exploration Results (Criteria listed in the preceding section also apply to this section)**

Criteria	JORC Code explanation	Commentary
<b>Mineral tenement and land tenure status</b>	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	The Sandstone Project comprises one granted Exploration Licence, namely E53/1920 covering a land area of 214 km <sup>2</sup> and one pending Exploration Licence, namely E57/1055 covering a land area of 45 km <sup>2</sup> . Both Exploration Licence are currently held by Topdrill Pty Ltd. Rafaella has entered into a conditional sale agreement with the current holder, Topdrill Pty Ltd.
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	One Exploration Licence is granted and the other licence is currently pending. There are no known impediments to operate in the area.
<b>Exploration done by other parties</b>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	The Project has been explored for gold by a number of companies. Work has ranged from early stage geochemical sampling to RAB drilling. Work reported in the IGR is documented within this Table. All data presented in this IGR is of historical nature.
<b>Geology</b>	<i>Deposit type, geological setting and style of mineralisation.</i>	The Sandstone Project is located within the Gum Creek Greenstone Belt which hosts the gold deposits in the surrounding area. The Gum Creek Greenstone Belt is comprised of Archaean volcanic and sedimentary rocks and forms a lensoidal, broadly sinusoidal structure. It is surrounded by intrusive granitoids which contain rafts of greenstone.  Five styles of mineralisation have been identified in the greater project area. The styles are include; quartz-carbonate (±pyrite, arsenopyrite, galena & sphalerite) veins, ductile shear hosted mineralisation (arsenopyrite dominant), ductile shear hosted mineralisation (pyrite dominant), BIF hosted mineralisation and quartz veins.
<b>Drill hole Information</b>	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <li>• easting and northing of the drill hole collar</li> <li>• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>• dip and azimuth of the hole</li> <li>• down hole length and interception depth</li> <li>• hole length.</li> </ul>	Not applicable. No drilling has been completed on the Project.
	<i>If the exclusion of this information is justified on the</i>	Not applicable.

<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
	<i>basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	
<b>Data aggregation methods</b>	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	Not applicable, geochemical sampling results presented are single point data.
	<i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>	No top cuts have been considered in reporting of grade results, nor was it deemed necessary for the reporting of significant intersections.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalent values are currently being used for reporting exploration results.
<b>Relationship between mineralisation widths and intercept lengths</b>	<i>These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i>	Not applicable. No drilling has been completed on the Project.
<b>Diagrams</b>	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	See Figures in body of Report.
<b>Balanced reporting</b>	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	All results have been reported. The accompanying document is considered to be a balanced report with a suitable cautionary note.
<b>Other substantive exploration data</b>	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	All relevant exploration data is shown on figures, in text and in tables within the body of the Report.
<b>Further work</b>	<i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).  Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Rafaella plans to acquire effective geophysical, geospatial and imagery datasets over the Project. The integration of this data with all historical data, geology, geochemistry and field data will be used to generate conceptual targets. Drilling will be completed on identified targets.  All relevant diagrams and inferences have been illustrated in this Report.

## ANNEXURE B: Glossary of Abbreviations and Units of Measure

Abbreviation / Unit	Definition
%	percent
°	degree
°C	degree Celsius
A\$	Australian dollars
Ag	Silver
Au	Gold
EM	Electromagnetic
ASX	Australian Securities Exchange
cm	centimetre
Co	Cobalt
CPR	Competent Person's Report
Cu	Copper
DHMMR	Down Hole MagnetoMetric Resistivity
DHTEM	Down Hole Electromagnetic
DMIRS	Department of Mines, Industry Regulation and Safety
EL	Exploration Licence
GDA94	Geocentric Datum of Australia 1994
GSWA	Geological Survey of Western Australia
g/t	grams per tonne
ha	hectares
IGR	Independent Geologist's Report
IP	Induced Polarisation
JORC	(Australasian) Joint Ore Reserves Committee
km	kilometre
km <sup>2</sup>	square kilometres
M	million
m	metre
m <sup>2</sup>	square metre
mE	metres East
MGA94	Map Grid of Australia 1994
MMR	MagnetoMetric Resistivity
Mt	million tonnes
Mt/a	million tonnes per annum
mW	metres West
Pb	Lead
pXRF	portable x-ray fluorescence
RAB	rotary air blast
RC	reverse circulation
VALMIN	Code 2015 Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets
VTEM	Versatile Time Domain Electromagnetic
VXR	Venturex Resources Ltd
XRF	x-ray fluorescence
Zn	Zinc

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6. INVESTIGATING ACCOUNTANT'S REPORT



**RSM Corporate Australia Pty Ltd**

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31 May 2018

The Directors  
Rafaella Resources Limited  
100 Colin Street  
West Perth WA 6005

Dear Directors

## INVESTIGATING ACCOUNTANT'S REPORT

### Independent Limited Assurance Report ("Report") on the Historical and Pro Forma Historical Financial Information of Rafaella Resources Limited

#### Introduction

We have been engaged by Rafaella Resources Limited ("Rafaella" or the "Company") to report on the historical financial information of the Company for the period from incorporation to 31 December 2017 and Pro Forma Historical Financial Information of the Company as at 31 December 2017 for inclusion in a replacement prospectus ("Prospectus") of the Company dated on or around 1 June 2018, to be issued in connection with the Company's initial public offering of up to 25,000,000 ordinary shares at an issue price of \$0.20 per share to raise up to \$5.0 million before costs (the "Offer"), pursuant to which the Company is seeking to list on the Australian Securities Exchange ("ASX").

Expressions and terms defined in the Prospectus have the same meaning in this Report.

The future prospects of the Company, other than the preparation of Pro Forma Historical Financial Information, assuming completion of the transactions summarised in Note 1 of the Appendix of this Report, are not addressed in this Report. This Report also does not address the rights attaching to the shares to be issued pursuant to this Prospectus, nor the risks associated with an investment in shares in the Company.

#### Background

Rafaella was incorporated on 29 November 2017 for the purpose of acquiring certain exploration assets located in Canada and Western Australia.

The Company has agreed to acquire 100% of the shares in Overland Resources (BC) Limited ("OVR") ("OVR Agreement"), which holds 42 granted mineral claims located in Yulon Territory, Canada ("McCleery Acquisition").

In addition, the Company has agreed to acquire a 100% interest in exploration tenements located in Western Australia ("Tenement Acquisition").

#### THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

## Scope

### Historical financial information

You have requested RSM Corporate Australia Pty Ltd (“RSM”) to review the following historical financial information of the Company included in the Prospectus at the Appendix to this Report:

- The statement of financial performance and statement of cash flows of the Company for the period from incorporation to 31 December 2017;
- The statement of financial performance and statement of cash flows of OVR for the six months ended 31 December 2017; and
- The statement of financial position of the Company and OVR as at 31 December 2017;

(together the “Historical Financial Information” attached at the Appendix to this Report for reference).

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles of the International Financial Reporting Standards, *the Corporations Act 2001* and the Company’s adopted accounting policies.

The Historical Financial Information represents that of the Company and OVR and has been extracted from:

- the financial statements of the Company for the period from incorporation to 31 December 2017, which were audited by RSM Australia Partners in accordance with Australian Auditing Standards and the *Corporations Act 2001*. The audit report issued for the period ended 31 December 2017 noted that the financial statements were prepared on a special purpose basis for the purpose of fulfilling the directors’ financial reporting responsibilities under the *Corporations Act 2001*. The audit opinion was not modified in respect of these matters; and
- the financial statements of OVR for the six months ended 31 December 2017, which were audited by RSM Australia Partners in accordance with Australian Auditing Standards and the *Corporations Act 2001*. The audit report issued for the period ended 31 December 2017 noted that the financial statements were prepared on a special purpose basis for the purpose of fulfilling the directors’ financial reporting responsibilities under the *Corporations Act 2001*. The audit opinion was not modified in respect of these matters.

The Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by International Financial Reporting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

### Pro forma historical financial information

You have requested RSM to review the pro forma historical statement of financial position as at 31 December 2017, referred to as “the Pro Forma Historical Financial Information”.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company after adjusting for the effects of the subsequent events and pro forma adjustments described in Note 1 of the Appendix to this Report. The stated basis of preparation is the recognition and measurement principles of the International Financial Reporting Standards applied to the Historical Financial Information and the events or transactions to which the subsequent events and pro forma adjustments relate, as described in Note 1 of the Appendix to this Report, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company’s actual or prospective financial position or statement of financial performance.

## Directors' responsibility

The Directors of the Company are responsible for the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

## Our responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making such enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Our procedures included:

- A consistency check of the application of the stated basis of preparation to the Historical and Pro Forma Historical Financial Information;
- A review of the Company's and its auditors' work papers, accounting records and other documents;
- Enquiry of directors, management personnel and advisors;
- Consideration of subsequent events and pro forma adjustments described in Note 1 of the Appendix to this Report; and
- Performance of analytical procedures applied to the Pro Forma Historical Financial Information.

A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards and consequently does not enable us to obtain reasonable 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.

## Conclusions

### Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendix to this Report, and comprising:

- The statement of financial performance and statement of cash flows of the Company for the period from incorporation to 31 December 2017;
- The statement of financial performance and statement of cash flows of OVR for the six months ended 31 December 2017; and
- The statement of financial position of the Company and OVR as at 31 December 2017;

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 2 of the Appendix to this Report.

### Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in the Appendix to this Report, and comprising the pro forma statement of financial position as at 31 December 2017 of the Company and its controlled entities, is not presented fairly in all material respects, in accordance with the stated basis of preparation, as described in Note 2 of the Appendix of this Report.

### **Restriction on Use**

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

### **Responsibility**

RSM has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. RSM has not authorised the issue of the Prospectus. Accordingly, RSM makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

### **Disclosure of Interest**

RSM does not have any pecuniary interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. RSM will receive a professional fee for the preparation of this Report.

Yours faithfully

A handwritten signature in black ink, appearing to read "J Audcent", written over a horizontal line.

J AUDCENT  
Director

**RAFAELLA RESOURCES LIMITED**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE PERIOD FROM INCORPORATION TO 31 DECEMBER 2017**

	<b>Period from Incorporation to 31-Dec-17 Audited \$</b>
Income	-
<b>Expenses</b>	
Administrative expenses	(2,709)
<b>Loss before income tax</b>	<u>(2,709)</u>
Income tax expense	-
<b>Loss after income tax for the period</b>	<u>(2,709)</u>
Other comprehensive income for the period, net of tax	-
<b>Total comprehensive loss for the period</b>	<u><u>(2,709)</u></u>

Investors should note that past results are not a guarantee of future performance.

**RAFAELLA RESOURCES LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD FROM INCORPORATION TO 31 DECEMBER 2017**

	<b>Period from Incorporation to 31-Dec-17 Audited \$</b>
<b>Cash flows from operating activities</b>	
Payments to suppliers and employees	-
Net cash (outflow) from operating activities	-
<b>Cash flows from investing activities</b>	
Net cash (outflow) from investing activities	-
<b>Cash flows from financing activities</b>	
Net cash inflow from financing activities	-
Net increase (decrease) in cash held	-
Cash and cash equivalents at the beginning of the period	-
<b>Cash and cash equivalents at the end of the period</b>	-

Investors should note that past results are not a guarantee of future performance.

**OVERLAND RESOURCES (BC) LIMITED  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

	Six months ended 31-Dec-17 Audited \$
Income	-
<b>Expenses</b>	
Administrative expenses	(2,867)
<b>Loss before income tax</b>	<u>(2,867)</u>
Income tax expense	-
<b>Loss after income tax for the period</b>	<u>(2,867)</u>
Other comprehensive income for the period, net of tax	-
<b>Total comprehensive loss for the period</b>	<u><u>(2,867)</u></u>

Investors should note that past results are not a guarantee of future performance.

The figures shown above have been translated from the Canadian Dollar reported figures of OVR into Australian Dollars using the average annual CAD: AUD exchange rate for the six months ended 31 December 2017, being 1.021: 1.

**OVERLAND RESOURCES (BC) LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

	Six months ended 31-Dec-17 Audited \$
<b>Cash flows from operating activities</b>	
Payments to suppliers and employees	(2,867)
Net cash (outflow) from operating activities	<u>(2,867)</u>
<b>Cash flows from investing activities</b>	
Net cash (outflow) from investing activities	<u>-</u>
<b>Cash flows from financing activities</b>	
Net cash inflow from financing activities	<u>-</u>
Net increase (decrease) in cash held	(2,867)
Cash and cash equivalents at the beginning of the period	<u>-</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>(2,867)</u></u>

Investors should note that past results are not a guarantee of future performance.

The figures shown above have been translated from the Canadian Dollar reported figures of OVR into Australian Dollars using the average annual CAD: AUD exchange rate for the six months ended 31 December 2017, being 1.02 : 1.

**RAFAELLA RESOURCES LIMITED**  
**PRO FORMA STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	Rafaella Audited 31-Dec-17 \$	OVR Audited 31-Dec-17 \$	Subsequent events Unaudited 31-Dec-17 \$	Pro forma adjustments Unaudited 31-Dec-17 \$	Pro forma Unaudited 31-Dec-17 \$
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	4	-	-	584,000	4,491,417	5,075,417
Trade and other receivables	5	23	1	-	-	24
Prepayments		16,955	-	-	-	16,955
<b>Total current assets</b>		<u>16,978</u>	<u>1</u>	<u>584,000</u>	<u>4,491,417</u>	<u>5,092,396</u>
<b>Non-current assets</b>						
Exploration assets	3	-	17,270	50,000	184,771	252,041
<b>Total non-current assets</b>		<u>-</u>	<u>17,270</u>	<u>50,000</u>	<u>184,771</u>	<u>252,041</u>
<b>Total assets</b>		<u>16,978</u>	<u>17,271</u>	<u>634,000</u>	<u>4,676,188</u>	<u>5,344,437</u>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables	3(a)	19,686	2,042	-	-	21,728
Borrowings		-	191,168	-	(191,168)	-
<b>Total current liabilities</b>		<u>19,686</u>	<u>193,209</u>	<u>-</u>	<u>(191,168)</u>	<u>21,728</u>
<b>Total liabilities</b>		<u>19,686</u>	<u>193,209</u>	<u>-</u>	<u>(191,168)</u>	<u>21,728</u>
<b>Net assets</b>		<u>(2,708)</u>	<u>(175,939)</u>	<u>634,000</u>	<u>4,867,356</u>	<u>5,322,709</u>
<b>Equity</b>						
Issued capital	6	1	1	634,000	4,691,416	5,325,418
Reserves	7	-	-	-	297,694	297,694
Accumulated losses	8	(2,709)	(175,940)	-	(121,755)	(300,403)
<b>Total equity</b>		<u>(2,708)</u>	<u>(175,939)</u>	<u>634,000</u>	<u>4,867,356</u>	<u>5,322,709</u>

The unaudited pro forma statement of financial position represents the audited statement of financial position of the Company and OVR as at 31 December 2017 adjusted for the subsequent events and pro forma transactions outlined in Note 1 of this Appendix. It should be read in conjunction with the notes to the Historical and Pro Forma Historical Financial Information.

The pro forma balances of OVR shown above have been translated from the Canadian Dollar reported figures using the closing CAD: AUD rate of 0.9796: 1 as at 31 December 2017.

## 1. Introduction

The financial information set out in this Appendix consists of the Historical Financial Information together with the Pro Forma Historical Financial Information.

The Pro Forma Historical Financial Information has been compiled by adjusting the statement of financial position of the Company as at 31 December 2017, reflecting the Directors' pro forma adjustments for the impact of the following subsequent events and pro forma adjustments.

### Adjustments adopted in compiling the Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared by adjusting the Historical Financial Information to reflect the financial effects of the following subsequent events which have occurred in the period since 31 December 2017 and the date of this Report:

- (i) On 6 February 2018, the Company issued 4,650,000 shares to certain investors at an issue price of \$0.01 per share to raise \$46,500 ("Seed 1 Raising") plus one attaching option for every two shares issued under the Seed 1 Raising, each exercisable at \$0.30 on or before 6 February 2020 ("Seed 1 Options");
- (ii) On 27 February 2018, the Company issued 7,343,750 shares to certain investors at an issue price of \$0.08 per share to raise \$587,500 ("Seed 2 Raising");
- (iii) On 18 May 2018 the Company agreed to extend the OVR Agreement end date to 17 July 2018 and paid a \$50,000 non-refundable extension fee;

and the following pro forma transactions which are yet to occur, but are proposed to occur immediately before or following completion of the Offer:

- (iv) The issue of 25,000,000 fully paid ordinary shares in the Company at \$0.20 each to raise \$5,000,000, before costs, pursuant to the Offer;
- (v) The payment of cash costs related to the Offer estimated to be \$468,583;
- (vi) The Company completing the McCleery Acquisition by issuing 500,000 shares at \$0.20 each to acquire 100% of the fully paid ordinary shares of OVR;
- (vii) The Company completing the Tenement Acquisition by issuing 300,000 shares at \$0.20 each and paying \$40,000 cash to Topdrill Pty Ltd; and
- (viii) The issue of 2,500,000 options to EverBlu Capital Pty Ltd as lead manager for the Offer, each exercisable at \$0.20 on or before four years from the date of issue ("Lead Manager Options").

The Pro Forma Historical Financial Information has been presented in abbreviated form and does not contain all the disclosures usually provided in an Annual Report prepared in accordance with the *Corporations Act 2001*.

## **2. Statement of significant accounting policies**

### **(a) Basis of preparation**

The Historical Financial Information has been prepared in accordance with the recognition and measurement requirements of the International Financial Reporting Standards (“IFRS”), adopted by the International Accounting Standards Board and the *Corporations Act 2001*.

The Historical Financial Information of OVR was prepared as at 31 December 2017 on a special purpose basis for the purpose of fulfilling the directors’ financial reporting responsibilities under the *Corporations Act 2001*. Prior to the half-year period ended 31 December 2017, OVR lay dormant with no material operations for the three preceding years and, as such, it is the directors’ view that the historical financial performance and cash flow statements prior to this period are not material to prospective investors.

The Pro Forma Historical Financial Information presented in the Prospectus as at 31 December 2017 has been prepared to reflect the Directors’ pro forma adjustments for the effects of the Offer and other transactions in Note 1 above.

The significant accounting policies that have been adopted in the preparation and presentation of the historical and the Pro forma Historical Financial Information are:

### **(b) Basis of measurement**

The Historical and Pro Forma Historical Financial Information has been prepared on the historical cost basis except for financial instruments classified at *fair value through profit or loss*, which are measured at fair value.

### **(c) Principles of consolidation**

The Historical and Pro Forma Historical Financial Information incorporates the assets, liabilities and results of entities controlled by the Company at the end of the pro forma reporting period. A controlled entity is any entity over which the Company has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity’s activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the consolidated entity during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated entity have been eliminated in full on consolidation. Accounting policies of subsidiaries have been charged where necessary to ensure consistency with those adopted by the parent entity.

### **(d) Functional and presentation currency**

The Historical and Pro Forma Historical Financial Information has been presented in Australian dollars which is the Company’s functional currency.

### **(e) Use of estimates and judgements**

The preparation of Financial Information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

### **(f) Going concern**

The Historical and Pro Forma Historical Financial Information has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

**(g) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(h) Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

**(i) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the accounting period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**(j) Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs.

**(k) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**(l) Exploration and evaluation expenditure**

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration or evaluation asset in the year in which they are incurred where the following conditions are satisfied

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
  - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
  - (b) exploration and evaluation activities in the area have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active and significant operations in, or relation to, the area of interest are continuing.

**(I) Exploration and evaluation expenditure (cont.)**

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

### 3. Deferred exploration expenditure

	Audited 31-Dec-17 \$	Unaudited Pro forma 31-Dec-17 \$
Deferred exploration expenditure	-	252,041
Rafaella deferred exploration expenditure as at 31 December 2017		-
<i>Subsequent events are summarised as follows:</i>		
Fair value of extension to OVR Agreement	1 (iii)	50,000
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>		
Carrying value of OVR deferred exploration expenditure acquired	1 (vi)	17,270
Pro Forma fair value adjustment of exploration assets on McCleery Acquisition	3(a)	84,771
Fair value of exploration assets acquired on Tenement Acquisition	1 (vii)	100,000
		<u>202,041</u>
<b>Pro-forma deferred exploration expenditure</b>		<b><u><u>252,041</u></u></b>

#### (a) McCleery Acquisition

The McCleery Acquisition has been treated as an asset acquisition for accounting purposes as it does not meet the definition of a business in accordance with AASB 3. There have been no material operations in OVR for the 3 years up to the date of this Prospectus.

	Book value of assets and liabilities at 31 December 2017 \$	Pro forma adjustments \$	Assets and liabilities acquired \$
<b>Assets</b>			
Trade and other receivables	1	-	1
Deferred exploration expenditure	17,270	84,771	102,041
Total assets	<u>17,271</u>	<u>84,771</u>	<u>102,042</u>
<b>Liabilities</b>			
Trade and other payables	2,042	-	2,042
Borrowings	191,168	(191,168) <sup>1</sup>	-
	<u>193,209</u>	<u>(191,168)</u>	<u>2,042</u>
<b>Net assets acquired</b>			<b><u><u>100,000</u></u></b>
<u>Costs to acquire McCleery Project</u>			
100,000 Shares issued at \$0.20 each			100,000
<b>Total consideration for the McCleery Acquisition</b>			<b><u><u>100,000</u></u></b>

1. Borrowings relate to inter-entity balances owing to OVR parent which will be forgiven prior to the McCleery Acquisition.

#### 4. Cash and cash equivalents

	Note	Audited 31-Dec-17 \$	Unaudited Pro forma 31-Dec-17 \$
Cash and cash equivalents		-	5,075,417
Rafaella cash and cash equivalents as at 31 December 2017			-
<i>Subsequent events are summarised as follows:</i>			
Proceeds from Seed Raising 1 at \$0.01 per share	1(i)		46,500
Proceeds from Seed Raising 2 at \$0.08 per share	1(ii)		587,500
Extension fee paid on the OVR Agreement	1(iii)		<u>(50,000)</u>
			584,000
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Proceeds from the Offer pursuant to the Prospectus	1(iv)		5,000,000
Cash costs of the Offer	1(v)		(468,583)
Cash consideration paid for Tenement Acquisition	1(vii)		<u>(40,000)</u>
			4,491,417
<b>Pro-forma cash and cash equivalents</b>			<u><u>5,075,417</u></u>

#### 5. Issued capital

	Note	Number of shares	\$
Rafaella issued share capital as at 31 December 2017		1	1
<i>Subsequent events are summarised as follows:</i>			
Fully paid ordinary shares issued at \$0.01 under Seed Raising 1	1(i)	4,650,000	46,500
Fully paid ordinary shares issued at \$0.08 under Seed Raising 2	1(ii)	7,343,750	587,500
		<u>11,993,750</u>	634,000
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Fully paid ordinary shares issued at \$0.20 pursuant to the Prospectus	1(iv)	25,000,000	5,000,000
Cash costs of the Offer	1(v)	-	(468,583)
Shares issued at \$0.20 as part of the McCleery Acquisition	1(vi)	500,000	100,000
Shares issued at \$0.20 as part of the Tenement Acquisition	1(vii)	300,000	60,000
		<u>37,793,750</u>	5,325,417
<b>Pro-forma issued share capital</b>		<u><u>37,793,751</u></u>	<u><u>5,325,418</u></u>

## 6. Reserves

	Note	Audited 31-Dec-17 \$	Unaudited Pro forma 31-Dec-17 \$
Reserves		-	298,114
Rafaella reserves as at 31 December 2017			-
<i>Subsequent events are summarised as follows:</i>			
Issue of Lead Manager Options upon completion of the Offer			297,694
<b>Pro-forma reserves</b>			<b>297,694</b>

### (a) Options

All options have been valued using a standard binomial pricing model based on the fair value of a Rafaella Share at the grant date of those options.

<b>Assumptions</b>	<b>Lead Manager Options</b>
Stock price	\$ 0.20
Exercise price	\$ 0.20
Expiry period	4 years
Expected future volatility	80%
Risk free rate	2.25%
Dividend yield	

The terms and conditions for each set of options are set out in sections 12.3 and 12.4 of the Prospectus.

## 7. Accumulated losses

	Note	Audited 31-Dec-17 \$	Unaudited Pro forma 31-Dec-17 \$
Accumulated losses		(2,709)	(300,403)
Rafaella accumulated losses as at 31 December 2017			(2,709)
<i>Subsequent events are summarised as follows:</i>			
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Carrying value of OVR borrowings acquired			(175,940)
OVR borrowings forgiven on McCleery Acquisition			175,940
Cost of Lead Manager Options issued upon completion of the Offer	1(viii)		(297,694)
<b>Pro-forma accumulated losses</b>			<b>(300,403)</b>

## **8. Related party disclosure**

Following completion of the Offer, the Directors of Rafaella will be James Ellingford, Ashley Hood and Terence Clee. Directors' holdings of shares and remuneration are set out in section 9.2 of the Prospectus.

## **9. Commitments and contingent liabilities**

The Company and OVR had no commitments or contingent liabilities at 31 December 2017.



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2 March 2018

The Board of Directors  
Rafaella Resources Ltd  
Level 11, 216 St Georges Terrace  
Perth, WA 6000

Dear Sirs,

### **SOLICITOR'S REPORT ON TENEMENTS**

This Report is prepared for inclusion in a prospectus prepared by Rafaella Resources Ltd (ACN 623 130 987) (**Company**) for the initial public offer of 25,000,000 fully paid ordinary shares in the capital of the Company (**Shares**) at an issue price of \$0.20 per Share to raise \$5,000,000 (**Prospectus**).

#### **1. SCOPE**

We have been requested to report on certain mining tenements in which the Company has an interest (the **Tenements**).

The Tenements are located in Western Australia. Details of the Tenements are set out in Part I of this Report.

This Report is limited to the Searches (as defined below) set out in Section 2 of this Report.

#### **2. SEARCHES**

For the purposes of this Report, we have conducted searches and made enquiries in respect of all of the Tenements as follows (**Searches**):

- (a) we have obtained mining tenement register searches of the Tenements from the registers maintained by the Western Australian Department of Mines, Industry Regulation and Safety (**DMIRS**) (**Tenement Searches**). These searches were conducted on 8 January 2018. Key details on the status of the Tenements are set out in Part I of this Report;
- (b) we have obtained results of searches of the schedule of native title applications, register of native title claims, national native title register, register of indigenous land use agreements and national land use agreements as maintained by the National Native Title Tribunal (**NNTT**)

for any native title claims (registered or unregistered), native title determinations and indigenous land use agreements (**ILUAs**) that overlap or apply to the Tenements. This material was obtained on 8 January 2018. Details of any native title claims (registered or unregistered), native title determinations and ILUAs are set out in Section 6 of this Report and Part II of this Report;

- (c) we have obtained searches from the online Aboriginal Heritage Enquiry System maintained by the Department of Indigenous Affairs (**DIA**) for any Aboriginal sites registered on the Western Australian Register of Aboriginal sites over the Tenements (**Heritage Searches**). These searches were conducted on 8 January 2018;
- (d) we have obtained quick appraisal user searches of Tengraph which is maintained by the DMIRS to obtain details of features or interests affecting the Tenements (**Tengraph Searches**). These searches were conducted on 8 January 2018. Details of any material issues identified from the Tengraph Searches are set out in the notes to Part 1 of this Report; and
- (e) we have reviewed all material agreements relating to the Tenements provided to us or registered as dealings against the Tenements as at the date of the Tenement Searches.

### 3. **OPINION**

As a result of our Searches, but subject to the assumptions and qualifications set out in this Report, we are of the view that, as at the date of the relevant Searches this Report provides an accurate statement as to:

- (a) (**Company's interest**): the Company's interest in the Tenements;
- (b) (**Good standing**): the validity and good standing of the Tenements; and
- (c) (**Third party interests**): third party interests, including encumbrances, in relation to the Tenements.

### 4. **DESCRIPTION OF THE TENEMENTS**

The Tenements comprise an exploration licence (and an application for an exploration licence) granted under the *Mining Act 1978* (WA) (**Mining Act**). The Schedule provides a list of the Tenements. Section 4.1 of this Report provides a description of the nature and key terms of these types of mining tenements as set out in the Mining Act and potential successor tenements.

#### 4.1 **Exploration Licence**

**Rights:** The holder of an exploration licence is entitled to enter the land for the purposes of exploration for minerals with employees and contractors and such vehicles, machinery and equipment as may be necessary or expedient.

**Term:** An exploration licence has a term of 5 years from the date of grant. The Minister may extend the term by a further period of 5 years followed by a further period or periods of 2 years.

**Retention status:** The holder of an exploration licence granted after 10 February 2006 may apply for approval of retention status for the exploration licence. The

Minister may approve the application where there is an identified mineral resource in or under the land the subject of the exploration licence but it is impractical to mine the resource for prescribed reasons. Where retention status is granted, the minimum expenditure requirements are reduced in the year of grant and cease in future years. However, the Minister has the right to impose a programme of works or require the holder to apply for a mining lease.

**Conditions:** Exploration licences are granted subject to various standard conditions, including conditions relating to minimum expenditure, the payment of prescribed rent and royalties and observance of environmental protection and reporting requirements. These standard conditions are not detailed in Part 1 of this Report. A failure to comply with these conditions or obtain an exemption from compliance may lead to forfeiture of the exploration licence.

**Relinquishment:** The holder of an exploration licence applied for and granted after 10 February 2006 must relinquish not less than 40% of the blocks comprising the licence at the end of the fifth year. A failure to lodge the required partial surrender could render the tenement liable for forfeiture.

**Priority to apply for mining lease:** The holder of an exploration licence has priority to apply for a mining lease over any of the land subject to the exploration licence. Any application for a mining lease must be made prior to the expiry of the exploration licence. The exploration licence remains in force until the application for the mining lease is determined.

**Transfer:** No legal or equitable interest in an exploration licence can be transferred or otherwise dealt with during the first year of its term without the prior written consent of the Minister. Thereafter, there is no restriction on transfer or other dealings.

## 5. ABORIGINAL HERITAGE

There may be areas or objects of Aboriginal heritage located on the Tenements

No Aboriginal sites were identified from the Heritage Searches. However, there is no obligation under the relevant legislation to register sites or objects and the exact location of Aboriginal sites within the area of a known site cannot be ascertained from these searches.

It is important to note that an Aboriginal site may:

- (a) exist in any area of Western Australia;
- (b) not have been recorded in the Register of Aboriginal Sites or elsewhere; and
- (c) not have been identified in previous heritage surveys or reports on that area,

but remains fully protected under the *Aboriginal Heritage Act 1972 (WA)*. Therefore, the absence of any reference to an Aboriginal site of interest from the Aboriginal Heritage Inquiry System is not conclusive.

We have not obtained information from the Commonwealth in connection with any places, areas and objects, which are registered or recognised in the

National Heritage List, the Commonwealth Heritage List or other heritage lists or registers maintained by the Commonwealth.

The Company must ensure that it does not breach the Commonwealth and applicable State legislation relating to Aboriginal heritage as set out below. To ensure that it does not contravene such legislation, it would be prudent for the Company (and it would accord with industry practice and Aboriginal expectations) to conduct heritage surveys to determine if any Aboriginal sites or objects exist within the area of the Tenements. Any interference with these sites or objects must be in strict conformity with the provisions of the relevant legislation. It may also be necessary for the Company to enter into separate arrangements with the traditional owners of the sites.

## 5.2 Commonwealth legislation

The *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth) (**Commonwealth Heritage Act**) is aimed at the preservation and protection of any Aboriginal areas and objects that may be located on the Tenements.

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or objects, which have the potential to halt exploration activities. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation.

It is an offence to contravene a declaration made under the Commonwealth Heritage Act.

## 5.3 Western Australian legislation

Tenements are granted subject to a condition requiring observance of the *Aboriginal Heritage Act 1972* (WA) (**WA Heritage Act**).

The WA Heritage Act makes it an offence to alter or damage sacred ritual or ceremonial Aboriginal sites and areas of significance to Aboriginal persons (whether or not they are recorded on the register or otherwise known to the Register of Aboriginal Sites, DIA or the Aboriginal Cultural Material Committee).

The Minister's consent is required where any use of land is likely to result in the excavation, alteration or damage to an Aboriginal site or any objects on or under that site.

Aboriginal sites may be registered under the WA Heritage Act. However, there is no requirement for a site to be registered. The WA Heritage Act protects all registered and unregistered sites.

## 6. NATIVE TITLE

### 6.1 Introduction

This section of the Report examines the effect of native title on the Tenements.

The existence of native title rights held by indigenous Australians was first recognised in Australia in 1992 by the High Court in the case *Mabo v. Queensland (no.2)* (1992) 175 CLR 1 (**Mabo no.2**).

The High Court in *Mabo no. 2* held that certain land tenure existing as at the date of that case, including mining tenements, were granted or renewed without due regard to native title rights, were invalid. The High Court concluded that:

- (a) native title has been wholly extinguished in respect of land the subject of freehold, public works or other previous "exclusive possession" acts; and
- (b) native title has been partially extinguished as a result of the grant of "non-exclusive possession" pastoral leases and mining leases, and also as a result of the creation of certain reserves.

As a result of *Mabo no. 2*, the *Native Title Act 1993* (Cth) (**NTA**) was passed to:

- (a) provide a process for indigenous people to lodge claims for native title rights over land, for those claims to be registered by the NNTT and for the Courts to assess native title claims and determine if native title rights exist. Where a Court completes the assessment of a native title claim, it will issue a native title determination that specifies whether or not native title rights exist;
- (b) provide (together with associated State legislation) that any land tenures granted or renewed before 1 January 1994 were valid despite *Mabo no. 2* (**Past Acts**). This retrospective validation of land tenure was subsequently extended by the NTA to include freehold and certain leasehold (including pastoral leases) granted or renewed before 23 December 1996 (**Intermediate Period Acts**). Broadly speaking, this means that native title is not extinguished, merely suspended, for the duration of the mining tenement; and
- (c) provide that an act that may affect native title rights (such as the grant or renewal of a mining tenement) carried out after 23 December 1996 (a **Future Act**) must comply with certain requirements for the Future Act to be valid under the NTA. These requirements are called the **Future Act Provisions**.

## 6.2 Future Act Provisions

The Future Act Provisions vary depending on the Future Act to be carried out. In the case of the grant of a mining tenement, typically there are four alternatives: the Right to Negotiate, an ILUA, the Infrastructure Process (defined below) and the Expedited Procedure. These are summarised below.

### Right to Negotiate

The Right to Negotiate involves a formal negotiation between the State, the applicant for the tenement and any registered native title claimants and holders of native title rights. The aim is to agree the terms on which the tenement can be granted. The applicant for the tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants and holders of native title. The parties may also agree on conditions that will apply to activities carried out on the tenement (eg in relation to heritage surveys). The classes of conditions typically included in a mining agreement are set out at section 6.3 below.

If agreement is not reached to enable the tenement to be granted, the matter may be referred to arbitration before the NNTT, which has six (6) months to decide whether the State, the applicant for the tenement and any registered native title claimants and holders of native title rights have negotiated in good faith (only if the issue is raised by one of the parties) and then whether the tenement can be granted and if so, on what conditions. The earliest an application for arbitration can be made to the NNTT is six (6) months after the date of notification of commencement of negotiations by the DMIRS.

If the Right to Negotiate procedure is not observed, the grant of the mining tenement will be invalid to the extent (if any) that it affects native title.

### **ILUA**

An ILUA is a contractual arrangement governed by the NTA. Under the NTA, an ILUA must be negotiated with all registered native title claimants for a relevant area. The State and the applicant for the tenement are usually the other parties to the ILUA.

An ILUA must set out the terms on which a tenement can be granted. An ILUA will also specify conditions on which activities may be carried out within the tenement. The applicant for a tenement is usually liable for any compensation that the parties agree to pay to the registered native title claimants and holders of native title in return for the grant of the tenement being approved. These obligations pass to a transferee of the tenement.

Once an ILUA is agreed and registered, it binds the whole native title claimant group and all holders of native title in the area (including future claimants), even though they may not be parties to it.

### **Infrastructure Process**

The NTA establishes a simplified process for the carrying out of a Future Act that is the creation of a right to mine for the sole purpose of the construction of an infrastructure facility (**Infrastructure Process**). The NTA defines infrastructure facility to include a range of transportation, marine, aeronautical, electrical, oil, gas, mineral and communication facilities. In Western Australia, DMIRS applies the Infrastructure Process to two classes of mining tenements:

- (a) miscellaneous licences for most purposes under the Mining Regulations 1981 (WA) that but, notably, not for a minesite administration facility or a minesite accommodation facility (both of which are dealt with under the Right to Negotiate) or for a search for groundwater (which is dealt with under the Expedited Procedure); and
- (b) most general purpose leases.

The State commences the Infrastructure Process by giving notice of the proposed grant of the tenement to any registered native title claimants or native title holders in relation to the land to be subject to the tenement. Those registered native title claimants or holders have two (2) months after the notification date to object in relation to the effect of the grant of the tenement on any registered or determined native title rights. Any objection is lodged with DMIRS.

If a registered native title claimant or holder objects, the applicant for the tenement must consult with that claimant or holder about:

- (a) ways of minimising the effect of the grant of the tenement on any registered or determined native title rights;
- (b) if relevant, any access to the land; and
- (c) the way in which anything authorised by the tenement may be done.

If the registered native title claimant or holder does not subsequently withdraw their objection, the State is required to ensure that the objection is heard by an independent person (in Western Australia, this is the Chief Magistrate). The independent person must determine whether or not the registered native title claimant or holder's objection should be upheld or other conditions should be imposed on the tenement.

### **Expedited Procedure**

The NTA establishes a simplified process for the carrying out of a Future Act that is unlikely to adversely affect native title rights (**Expedited Procedure**). The grant of a tenement can occur under the Expedited Procedure if:

- (a) the grant will not interfere directly with the carrying on of the community or social activities of the persons who are the holders of native title in relation to the land;
- (b) the grant is not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are holders of native title in relation to the land; and
- (c) the grant is not likely to involve major disturbance to any land or waters concerned or create rights whose exercise is likely to involve major disturbance to any land.

If the State considers the above criteria are satisfied, it commences the Expedited Procedure by giving notice of the proposed grant of the tenement in accordance with the NTA. Persons have until three (3) months after the notification date to take steps to become a registered native title claimant or native title holder in relation to the land to be subject to the tenement.

If there is no objection lodged by a registered native title claimant or a native title holder within four (4) months of the notification date, the State may grant the tenement.

If one or more registered native title claimants or native title holders object within that four (4) month notice period, the NNTT must determine whether the grant is an act attracting the Expedited Procedure. If the NNTT determines that the Expedited Procedure applies, the State may grant the tenement. Otherwise, the Future Act Provisions (eg Right to Negotiate or ILUA) must be followed before the tenement can be granted.

The State of Western Australia currently follows a policy of granting mining leases, prospecting licences and exploration licences under the Expedited Procedure where the applicant has entered into a standard Aboriginal heritage agreement with the relevant registered native title claimants and native title holders. The

standard Aboriginal heritage agreement provides a framework for the conduct of Aboriginal heritage surveys over the land the subject of a tenement prior to the conducting of ground-disturbing work and conditions that apply to activities carried out within the tenement.

### **Exception to requirement to comply with Future Act Provisions**

The grant of a tenement does not need to comply with the Future Act Provisions if in fact native title has never existed over the land covered by the tenement, or has been validly extinguished prior to the grant of the tenement. We have not undertaken the extensive research needed to determine if in fact native title does not exist, or has been validly extinguished in relation to the Tenements.

Unless it is clear that native title does not exist (eg in relation to freehold land), the usual practice of the State is to comply with the Future Act Provisions when granting a tenement. This ensures the grant will be valid in the event a court determines that native title rights do exist over the land subject to the tenement.

Where a tenement has been retrospectively validated or validly granted under the NTA, the rights under the tenement prevail over any inconsistent native title rights.

### **Application to the Tenements**

The following sections of the Report identify:

- (a) any native title claims (registered or unregistered), native title determinations and ILUAs in relation to the Tenements (see Section 6.3);
- (b) any Tenements which have been retrospectively validated under the NTA as being granted before 23 December 1996 (see Section 6.5);
- (c) any Tenements which have been granted after 23 December 1996 and as such will need to have been granted following compliance with the Future Act Provisions to be valid under the NTA. This Report assumes that the Future Act Provisions have been complied with in relation to these Tenements (see Section 6.5); and
- (d) any Tenements which are yet to be granted and as such may need to be granted in compliance with the Future Act Provisions in order to be valid under the NTA (see Section 6.5).

## **6.3 Native title claims, native title determinations and ILUAs**

Our searches indicate that E53/1920 is within the external boundaries of the native title claims specified in Part II of the Schedule. This claim is yet to be determined by the Federal Court.

Our searches indicate that E53/1920 is subject to the ILU specified in Part II of the Schedule.

Registered native title claimants (and holders of native title under the determinations) are entitled to certain rights under the Future Act Provisions in respect of land in which native title may continue to subsist.

### Freehold land

We have assumed that all of the freehold land the subject of the Tenements was validly granted prior to 23 December 1996 and that therefore:

- (a) native title has been extinguished in respect of that land;
- (b) registered native title claimants (and determined native title holders) are not entitled to rights under the Future Act Provisions in respect of that land.

The Company has advised us that it proposes to undertake exploration and, subject to receipt of relevant approvals, mining activities on areas designated as freehold land. On the basis that native title is extinguished over freehold land, the Company will not be required to enter into negotiations with respect to native title in order to conduct its activities.

### Non-freehold land

Native title may continue to subsist in certain parcels of non-freehold land or 'Crown land', including pastoral leases, vacant/unallocated Crown land and certain Crown reserves that were not vested prior to 23 December 1996 and which have not been subsequently developed as public works.

In particular, native title may continue to subsist in the following parcels within the following Tenements, if those parcels have not been developed as public works:

Non-Freehold Land	Encroachment Percentage
Pastoral Lease N049747 (Gidgee)	<b>E53/1920:</b> 8090.21 Ha., 37.8% encroachment
Pastoral Lease N049934 (Youno Downs)	<b>E53/1920:</b> 4683.64 Ha., 21.9% encroachment
Pastoral Lease N050604 (Hillview)	<b>E53/1920:</b> 6434.65 Ha., 30.1% encroachment
Pastoral Lease N049488 (Murchison Downs)	<b>E53/1920:</b> 1346.72 Ha., 6.3% encroachment
Historical Lease 395/540	<b>E53/1920:</b> 4687.94 Ha., 21.9% encroachment
Historical Lease 394/628	<b>E53/1920:</b> 293.65 Ha., 1.4% encroachment
Vacant Crown Land	Refer to Section 7 of this Report
Crown Reserves	Refer to Section 8 of this Report

Unless it is essential that the Company has access to any of the above-mentioned parcels (or any other non-freehold land), it is recommended that all parcels of non-freehold land are excised from any applications for mining leases. If the Company wishes to undertake mining activities on any of the above-mentioned parcels, we would expect the Right to Negotiate to apply.

### Native title mining agreement

A typical native title mining agreement would impose obligations on the Company in relation to the matters set out below.

- (a) **(Compensation):** The Company would be required to make a number of milestone payments prior to commencement of production (eg at signing of the agreement and at decision to mine). It is currently typical

for these payments to total between \$150,000 and \$350,000. The Company would be required to make a payment based on mineral production, which would be likely to be calculated as a percentage of the 'Royalty Value' of the mineral, as defined by the *Mining Regulations 1981* (WA). It is currently typical for these payments to be 0.5% of the 'Royalty Value' although they vary by commodity and project. Over the past several years they have ranged between 0.25% and 1%+ of the 'Royalty Value'.

- (b) **(Aboriginal heritage):** The Company would be required to give notice prior to any ground-disturbing activities and to conduct an Aboriginal heritage survey through the relevant registered native title claimants prior to doing so. The Company's right to apply to disturb Aboriginal sites under the *Aboriginal Heritage Act 1972* (WA) would be subject to, as a minimum, an obligation to consult with the registered native title claimants prior to doing so.
- (c) **(Access):** The Company would be required to avoid unreasonably restricting the registered native title claimants' rights of access to the relevant areas.
- (d) **(Environment):** The Company would be required to provide copies of all of its environmental approvals to the registered native title claimants. The Company may be required to consider funding the participation of the registered native title claimants in its environmental survey and monitoring processes.
- (e) **(Training, employment and contracting):** The Company would be required to provide certain training, employment and contracting benefits to the registered native title claimants, which may include measures such as funding for Aboriginal scholarships or traineeships, implementation of an Aboriginal training and employment policy and business development assistance for Aboriginal contractors or entities that work with Aboriginal contractors (eg in joint venture arrangements).
- (f) **(Cross-cultural awareness):** The Company would be required to ensure that all of its employees and contractors participate in cross-cultural awareness training, which would be likely to be coordinated by the registered native title claimants.
- (g) **(Social impact):** The Company may be asked to fund a study into the social impact of its operations, including the social impact on the registered native title claimants.

#### 6.4 Validity of Tenements under the NTA

Our Searches indicate that the Tenements are within the external boundaries of the following native title claims, native title determinations and ILUAs:

Tenement	Native Title Claim (Tribunal Number)	Native Title Determination (Tribunal Number)	ILUA (Tribunal Number)
E53/1920	WC1999/046	-	WI2012/001

The status of any native title claims, native title determinations and ILUAs is summarised in Part II of this Report.

Native title claimants, holders of native title under the determinations and native title parties under ILUAs are entitled to certain rights under the Future Act Provisions.

## **6.5 Validity of Tenements under the NTA**

The sections below examine the validity of the Tenements under the NTA.

### **Tenements granted before 1 January 1994 (Past Acts)**

Our Searches indicate that none of the Tenements were granted before 1 January 1994.

### **Tenements granted between 1 January 1994 and 23 December 1996 (Intermediate Period Acts)**

Our Searches indicate that none of the Tenements were granted after 1 January 1994 but before 23 December 1996.

### **Tenements granted after 23 December 1996**

Our Searches indicate that the granted Tenement was granted after 23 December 1996, as set out in Part I of this Report.

We have assumed that these Tenements were granted in accordance with the Future Act Provisions and as such are valid under the NTA.

Renewals of Tenements in the future will need to comply with the Future Act Provisions in order to be valid under the NTA. The registered native title claimants and holders of native title identified in Section 6.3 of this Report will need to be involved as appropriate under the Future Act Provisions.

### **Valid grant of applications for Tenements**

The following Tenements are all currently applications and as such the grant of the Tenements will need to satisfy the Future Act Provisions in order to be valid under the NTA.

<b>Applicant</b>	<b>Tenement</b>
Topdrill Pty Ltd	E 57/1055

The registered native title claimants, holders of native title and native title parties to any ILUA identified in Section 6.3 of this Report will be involved in accordance with the Future Act Provisions.

## **7. CROWN LAND**

As set out in Part I of this Report, land the subject of the Tenements overlaps Crown land as set out in the table below.

Tenement	Crown land	% overlap
E53/1920	Vacant Crown Land	3.7%
E57/1055	Vacant Crown Land (No. 74)	61.0%

The Mining Act:

- (a) prohibits the carrying out of prospecting, exploration or mining activities on Crown land that is less than 30 metres below the lowest part of the natural surface of the land and:
- (i) for the time being under crop (or within 100 metres of that crop);
  - (ii) used as or situated within 100 metres of a yard, stockyard, garden, cultivated field, orchard vineyard, plantation, airstrip or airfield;
  - (iii) situated within 100 metres of any land that is an actual occupation and on which a house or other substantial building is erected;
  - (iv) the site of or situated within 100 metres of any cemetery or burial ground; or
  - (v) if the Crown land is a pastoral lease, the site of or situated within 400 metres of any water works, race, dam, well or bore not being an excavation previously made and used for purposes by a person other than the pastoral lessee,
- without the written consent of the occupier, unless the warden by order otherwise directs.
- (b) imposes restrictions on a tenement holder passing over Crown land referred to in section 7(a), including:
- (i) taking all necessary steps to notify the occupier of any intention to pass over the Crown land;
  - (ii) the sole purpose for passing over the Crown land must be to gain access to other land not covered by section 7(a) to carry out prospecting, exploration or mining activities;
  - (iii) taking all necessary steps to prevent fire, damage to trees, damage to property or damage to livestock by the presence of dogs, the discharge of firearms, the use of vehicles or otherwise; and
  - (iv) causing as little inconvenience as possible to the occupier by keeping the number of occasions of passing over the Crown land to a minimum and complying with any reasonable request by the occupier as to the manner of passage.

- (c) requires a tenement holder to compensate the occupier of Crown land:
- (i) by making good any damage to any improvements or livestock caused by passing over Crown land referred to in section 7(a) or otherwise compensate the occupier for any such damage not made good; and
  - (ii) in respect of land under cultivation, for any substantial loss of earnings suffered by the occupier caused by passing over Crown land referred to in section 7(a).

The warden may not give the order referred to in section 7(a) that dispenses with the occupier's consent in respect of Crown land covered by section 7(a)(iii). In respect of other areas of Crown land covered by the prohibition in section 7(a), the warden may not make such an order unless he is satisfied that the land is genuinely required for mining purposes and that compensation in accordance with the Mining Act for all loss or damage suffered or likely to be suffered by the occupier has been agreed between the occupier and the tenement holder or assessed by the warden under the Mining Act.

Although the Company will be able to undertake its proposed activities on those parts of the Tenements not covered by the prohibitions and pass over those parts of the Tenements to which the restrictions do not apply immediately upon listing on ASX, the Company should consider entering into access and compensation agreements with the occupiers of the Crown land upon commencement of those activities in the event further activities are required on other areas of the Tenements which are subject to prohibitions or restrictions.

## 8. CROWN RESERVES

Certain land the subject of the WA Tenements overlaps Crown reserves as set out in the table below.

Crown reserve	Class	Tenement	% overlap
Crown Reserve 29839 (Rabbit Proof Fence)	C	E59/1920	<0.1%
Crown Reserve 12300 (Vermin Proof Fence)	C	E59/1920	0.1%
Crown Reserve 9960 (Water)	C	E57/1055	0.9%

Under section 41 of the *Land Administration Act 1997* (WA) (**LAA**) the Minister may set aside Crown lands by Ministerial Order in the public interest. Every such reservation has its description and designated purpose registered on a Crown Land Title (**CLT**) and is depicted on an authenticated map held by Landgate.

The *Land Act 1933* (WA) provided for State reserves to be classified as Class A, B or C. There is no provision in the LAA to create new Class B reserves and there is no longer reference to Class C reserves. Class A affords the greatest degree of protection for reserved lands, requiring approval of Parliament to amend the reserve's purpose or area, or to cancel the reservation. The A classification is used solely to protect areas of high conservation or high community value. Class B reserves continue, but are no longer created under the LAA. The Minister for Lands may deal with Class B reserved lands as normal reserves, provided that,

should the reservation be cancelled, a special report is made to both Houses of Parliament within 14 days from the cancellation or within 14 days after the commencement of the next session.

Once created, a reserve is usually placed under the care, control and management of a State government department, local government or incorporated community group by way of a Management Order registered against the relevant CLT. A Management Order under the LAA does not convey ownership of the land – only as much control as is essential for the land's management.

Crown Reserves 29839 and 12300 are managed by the Murchison Regional Vermin Council. Crown Reserve 9960 is managed by the Department of Regional Development and Lands.

## **9. PASTORAL LEASES**

As set out in Part I of the Schedule to this Report certain Tenements overlap with pastoral leases as follows:

- (a) Pastoral Lease N049747 (Gidgee) overlaps with 37.8% of E53/1920;
- (b) Pastoral Lease N049934 (Youno Downs) overlaps with 21.9% of E53/1920;
- (c) Pastoral Lease N050604 (Hillview) overlaps with 30.1% of E53/1920; and
- (d) Pastoral Lease N049488 (Murchison Downs) overlaps with 6.3% of E53/1920.

The Mining Act:

- (a) prohibits the carrying out of mining activities on or near certain improvements and other features (such as livestock and crops) on Crown land (which includes a pastoral lease) without the consent of the lessee;
- (b) imposes certain restrictions on a mining tenement holder passing through Crown land, including requiring that all necessary steps are taken to notify the occupier of any intention to pass over the Crown land and that all necessary steps are taken to prevent damage to improvements and livestock; and
- (c) provides that the holder of a mining tenement must pay compensation to an occupier of Crown land (ie the pastoral lessee) in certain circumstances, in particular to make good any damage to improvements, and for any loss suffered by the occupier from that damage or for any substantial loss of earnings suffered by the occupier as a result of, or arising from, any exploration or mining activities, including the passing and re-passing over any land.

We have been advised by the Company and the Company has confirmed that to the best of its knowledge it is not aware of any improvements and other features on the land the subject of the pastoral leases which overlaps the Tenements which would require the Company to obtain the consent of the occupier or lease holder or prevent the Company from undertaking its proposed mining activities on the Tenements.

Upon commencing mining operations on any of the Tenements, the Company should consider entering into a compensation and access agreement with the pastoral lease holders to ensure the requirements of the Mining Act are satisfied and to avoid any disputes arising. In the absence of agreement, the Warden's Court determines compensation payable.

The DMIRS imposes standard conditions on mining tenements that overlay pastoral leases. It appears the Tenements incorporate the standard conditions.

## **10. ENCROACHMENTS**

Where an application is encroached upon by a live tenement, the application as granted will be for a tenement reduced by that amount of land which falls under the live tenement licence. E57/1055 is being encroached by:

- (a) L57/45 by 5.0%;
- (b) M57/352 by 2.5%;
- (c) P57/1363 by 0.2%; and
- (d) P57/1368 by 0.2%.

## **11. QUALIFICATIONS AND ASSUMPTIONS**

This Report is subject to the following qualifications and assumptions:

- (a) we have assumed the accuracy and completeness of all Searches, register extracts and other information or responses which were obtained from the relevant department or authority including the NNTT;
- (b) this Report does not cover any third party interests, including encumbrances, in relation to the Tenements that are not apparent from our Searches and the information provided to us;
- (c) we have assumed that any agreements provided to us in relation to the Tenements are authentic, were within the powers and capacity of those who executed them, were duly authorised, executed and delivered and are binding on the parties to them;
- (d) with respect to the granting of the Tenements, we have assumed that the State and the applicant for the Tenements have complied with, or will comply with, the applicable Future Act Provisions;
- (e) we have assumed the accuracy and completeness of any instructions or information which we have received from the Company or any of its officers, agents and representatives;
- (f) unless apparent from our Searches or the information provided to us, we have assumed compliance with the requirements necessary to maintain a Tenement in good standing;
- (g) with respect to the application for the grant of a Tenement, we express no opinion as to whether such application will ultimately be granted and that reasonable conditions will be imposed upon grant, although we have no reason to believe that any application will be refused or that unreasonable conditions will be imposed;

- (h) references in Parts I and II of this Report to any area of land are taken from details shown on searches obtained from the relevant department. It is not possible to verify the accuracy of those areas without conducting a survey;
- (i) the information in Parts I and II of this Report is accurate as at the date the relevant Searches were obtained. We cannot comment on whether any changes have occurred in respect of the Tenements between the date of the Searches and the date of this Report;
- (j) where Ministerial consent is required in relation to the transfer of any Tenement, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we are not aware of any matter which would cause consent to be refused;
- (k) we have not conducted searches of the Database of Contaminated Sites maintained by the Department of the Environment and Conservation;
- (l) native title may exist in the areas covered by the Tenements. Whilst we have conducted Searches to ascertain that native title claims and determinations, if any, have been lodged in the Federal Court in relation to the areas covered by the Tenements, we have not conducted any research on the likely existence or non-existence of native title rights and interests in respect of those areas. Further, the NTA contains no sunset provisions and it is possible that native title claims could be made in the future; and
- (m) Aboriginal heritage sites or objects (as defined in the WA Heritage Act or under the Commonwealth Heritage Act) may exist in the areas covered by the Tenements regardless of whether or not that site has been entered on the Register of Aboriginal Sites established by the WA Heritage Act or is the subject of a declaration under the Commonwealth Heritage Act other than the Heritage Searches. We have not conducted any legal, historical, anthropological or ethnographic research regarding the existence or likely existence of any such Aboriginal heritage sites or objects within the area of the Tenements.

## 12. CONSENT

This report is given for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully



**STEINEPREIS PAGANIN**

## PART I – TENEMENT SCHEDULE

TENEMENT	REGISTERED HOLDER / APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE (Blocks)	ANNUAL RENT (Next rental year)	MINIMUM ANNUAL EXPENDITURE	REGISTERED DEALINGS/ ENCUMBRANCES	NOTES	NATIVE TITLE AND ABORIGINAL HERITAGE
E 53/1920	Topdrill Pty Ltd	100/100	31/10/2017	30/10/2022	70BL	Rent Due for Current Year End: Nil  Rent Due for Year End 30/10/2019: \$9,380	Current Tenement Year to 30/10/2018 (Year 1) \$70,000 Commitment	No material registered dealings / encumbrances	Endorsements 1-9 Conditions 1-8 Tengraph 1-4, 7, 9-13	Native Title identified. No Registered Aboriginal Heritage sites identified
E 57/1055	Topdrill Pty Ltd	100/100	(07/10/2016)	N/A	15BL	Rent Due for Current Year End: Nil	N/A	No material registered dealings / encumbrances	Tengraph 1-3, 5-7, 8, 9, 11-13	No Native title identified. No Registered Aboriginal Heritage sites identified

### Key to Tenement Schedule

E – Exploration Licence

ELA – means Exploration Licence Application

References to numbers in the “Notes” column refers to the notes following this table.

Unless otherwise indicated, capitalised terms have the same meaning given to them in the Prospectus.

Please refer to Part II of this Report for further details on native title and Aboriginal heritage matters.

Notes:

### Tenement conditions and endorsements

Endorsements	
1.	The Licensee's attention is drawn to the provisions of the Aboriginal Heritage Act 1972 and any Regulations thereunder.
2.	The Licensee's attention is drawn to the Environmental Protection Act 1986 and the Environmental Protection (Clearing of Native Vegetation) Regulations 2004, which

	provides for the protection of all native vegetation from damage unless prior permission is obtained.
3.	The Licensee attention is drawn to the provisions of the: <ul style="list-style-type: none"> <li>• Waterways Conservation Act, 1976</li> <li>• Rights in Water and Irrigation Act, 1914</li> <li>• Metropolitan Water Supply, Sewerage and Drainage Act, 1909</li> <li>• Country Areas Water Supply Act, 1947</li> <li>• Water Agencies (Powers) Act 1984</li> </ul>
4.	The rights of ingress to and egress from, and to cross over and through, the mining tenement being at all reasonable times preserved to officers of Department of Water and Environmental Regulation ( <b>DWER</b> ) for inspection and investigation purposes.
5.	The storage and disposal of petroleum hydrocarbons, chemicals and potentially hazardous substances being in accordance with the current published version of the DWERs relevant Water Quality Protection Notes and Guidelines for mining and mineral processing.
6.	The taking of groundwater from an artesian well and the construction, enlargement, deepening or altering of any artesian well is prohibited unless current licences for these activities have been issued by DWER.
7.	Measures such as drainage controls and stormwater retention facilities are to be implemented to minimise erosion and sedimentation of adjacent areas, receiving catchments and waterways.
8.	All activities to be undertaken so as to avoid or minimise damage, disturbance or contamination of waterways, including their beds and banks, and riparian and other water dependent vegetation.
9.	The taking of groundwater and the construction or altering of any well is prohibited without current licences for these activities issued by the DWER, unless an exemption otherwise applies.
<b>Conditions</b>	
1.	All disturbances to the surface of the land made as a result of exploration, including costeans, drill pads, grid lines and access tracks, being backfilled and rehabilitated to the satisfaction of the Environmental Officer, Department of Mines, Industry Regulation and Safety ( <b>DMIRS</b> ). Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the Environmental Officer, DMIRS.
2.	All waste materials, rubbish, plastic sample bags, abandoned equipment and temporary buildings being removed from the mining tenement prior to or at the termination of exploration program.
3.	Unless the written approval of the Environmental Officer, DMIRS is first obtained, the use of drilling rigs, scrapers, graders, bulldozers, backhoes or other mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval, all topsoil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.
4.	The Licensee notifying the holder of any underlying pastoral or grazing lease by telephone or in person, or by registered post if contact cannot be made, prior to undertaking airborne geophysical surveys or any ground disturbing activities utilising equipment such as scrapers, graders, bulldozers, backhoes, drilling rigs; water carting equipment or other mechanised equipment.
5.	The Licensee or transferee, as the case may be, shall within thirty (30) days of receiving written notification of:- <ul style="list-style-type: none"> <li>• the grant of the Licence; or</li> <li>• registration of a transfer introducing a new Licensee;</li> </ul> advise, by registered post, the holder of any underlying pastoral or grazing lease details of the grant or transfer.
6.	Mining on a strip of land 30 metres wide with the Protection of Rabbit Proof Fence Reserve 29839 as the centre-line being restricted to below a depth of 15 metres from the natural surface.
7.	Mining on a strip of land 30 metres wide with the Vermin Proof Fence Reserve 12300 as the centre-line being restricted to below a depth of 15 metres from the natural surface.
8.	No interference with the use of the Aerial Landing Group and mining thereon being confined to below a depth of 15 metres from the natural surface.

## Tengraph interests

	Land Type	Description
1.	<b>MINERALISATION ZONE</b>	<p>Area in which applications of Exploration Licences are restricted to a maximum of 70 blocks (required by s57(1) Mining Act). Section 57(2aa) Mining Act states that if the area of land is in an area of the state designated under s57A(1) it shall not be more than 200 blocks.</p> <p>The following Mineralisation Zones were identified:</p> <p><b>E53/1920:</b> MZ/2 Mineralisation Zone, Non-Section 57(2aa), 21384.57Ha, 100.0% encroachment</p> <p><b>E57/1055:</b> MZ/2 Mineralisation Zone, Non-Section 57(2aa), 4564.27Ha, 100.0% encroachment</p>
2.	<b>GROUND WATER AREA</b>	<p>The Tenements overlap a Ground Water Area (<b>GWA</b>) managed by the Department of Water (<b>DoW</b>)</p> <p>Groundwater areas are proclaimed under the Rights in Water and Irrigation Act, 1914. Groundwater is a reserve of water beneath the earth's surface in pores and crevices of rocks and soil. Recharge of groundwater aquifers is slow and can take many years. Groundwater often supports wetland and stream ecosystems.</p> <p>The Rights in Water and Irrigation Act 1914 (WA) prohibits the abstraction of groundwater (water that occupies the pores and crevices of rock or soil) from a proclaimed groundwater area unless a current licence to construct/alter a well and a licence to take groundwater has been issued by the DoW. Water licence allocations are aimed at ensuring equitable use of the state's water resources between licence holders and protecting the long-term security of the resources.</p> <p>The DoW has released guidelines to set out its regulatory requirements for mining projects. The approval requirements for a particular project will vary depending on the local water regime, the scale and the details of the proposed mining operation.</p> <p>The following Ground Water Areas were identified on the Tenements:</p> <p><b>E53/1920:</b> GWA/15, East Murchison, 21384.57Ha, 100.0% encroachment</p> <p><b>E57/1055:</b> GWA/15, East Murchison, 4564.27Ha, 100.0% encroachment</p>
3.	<b>VACANT CROWN LAND</b>	<p>Under Section 41 of the Land Administration Act 1997 (WA) (<b>LA Act</b>) the Minister may set aside Crown lands by Ministerial Order in the public interest. Every such reservation has its description and designated purpose registered on a Crown Land Title (CLT) and is depicted on an authenticated map held by Landgate.</p> <p>Reservation action is normally initiated by the Department for Planning and Infrastructure following community or Government request, land planning decisions, or as a result of the subdivision of land.</p> <p>The Land Act 1933 (WA) provided for State reserves to be classified as Class A, B or C. There is no provision in the LA Act to create new Class B reserves and there is no longer reference to Class C reserves. Class A affords the greatest degree of protection for reserved lands, requiring approval of Parliament to amend the reserve's purpose or area, or to cancel the reservation. The A classification is used solely to protect areas of high conservation or high community value. Class B reserves continue, but are no longer created under the LA Act. The Minister for Lands may deal with Class B reserved lands as normal reserves, provided that, should the reservation be cancelled, a special report is made to both Houses of Parliament within 14 days from the cancellation or within 14 days after the commencement of the next session.</p> <p>Refer to Section 7 of this Report for further information and details of the Tenements which overlap vacant crown land.</p>
4.	<b>PASTORAL LEASE</b>	<p>A lease of Crown land has been granted under Section 114 of the Land Act 1933 (WA), which provides that any Crown land within the State which is not withdrawn from the selection for pastoral purposes, and which is not required to be reserved, may be leased for pastoral purposes.</p> <p>The Mining Act:</p> <p>(a) prohibits the carrying out of mining activities on or near certain improvements and other features (such as livestock and crops) on Crown land (which includes a pastoral lease) without the consent of the lessee;</p> <p>(b) imposes certain restrictions on a mining tenement holder passing through Crown land, including requiring that all necessary steps are taken to notify the occupier of any intention to pass over the Crown land and that all necessary steps are taken to prevent damage to improvements and livestock; and</p>

	Land Type	Description
		<p>(c) provides that the holder of a mining tenement must pay compensation to an occupier of Crown land (ie the pastoral lessee) in certain circumstances, in particular to make good any damage to improvements, and for any loss suffered by the occupier from that damage or for any substantial loss of earnings suffered by the occupier as a result of, or arising from, any exploration or mining activities, including the passing and re-passing over any land.</p> <p>Refer to Section 9 of this Report for further information and details of the Tenements which overlap Pastoral Leases.</p>
5.	<b>ABORIGINAL HERITAGE SURVEY</b>	<p>Aboriginal Heritage Survey Areas are areas in which an Aboriginal Heritage Survey has been undertaken and results are described in a Heritage Survey Report. The Department of Aboriginal Affairs holds copies of these reports.</p> <p>A heritage survey conducted in a particular area does not necessarily mean that another heritage survey does not need to be undertaken. This will depend on the type of survey undertaken and also when the original survey was undertaken. Not all Aboriginal sites within a survey area are necessarily recorded in the survey. The type of survey undertaken, such as site identification or Site Avoidance, is decided by the professional heritage consultant engaged by the proponent and depends upon the scope and nature of the project. What is appropriate for one project may not be for a different project.</p> <p>The following Aboriginal Heritage Survey Areas were identified on the Tenements:  <b>E57/1055:</b> DAA HSR Survey ID: 23063, 136.13Ha., 3.0% encroachment</p>
6.	<b>CALM/DEC PURCHASED FORMER PASTORAL LEASES (CPL)</b>	<p>Whole or part pastoral leases purchased by the Department of Environment of Conversation (<b>DEC</b>) (formerly the Department of Conservation and Land Management). These areas are acquired to protect ecosystems containing threatened species and ecological communities which may not be adequately represented in existing reserves. Once purchased they are divested under the LA Act and the area reverts, on an interim basis, to Unallocated Crown Land. In the future these areas will be considered for conversion to Crown reserves, or possibly other tenure, to allow for vesting in the Conservation Commission of WA. Tenements granted over these areas will have specific conditions to ensure impacts on the native vegetation are appropriately managed.</p> <p>The following CPLs were identified on the Tenements:  <b>E57/1055:</b> CPL/25 (Lake Mason) – 2784.61Ha., 61.0% encroachment</p>
7.	<b>CROWN RESERVE (CR)</b>	<p>Under Section 41 of the Land Administration Act 1997 (WA) (<b>LA Act</b>) the Minister may set aside Crown lands by Ministerial Order in the public interest. Every such reservation has its description and designated purpose registered on a Crown Land Title (<b>CLT</b>) and is depicted on an authenticated map held by Landgate.</p> <p>Reservation action is normally initiated by the Department for Planning and Infrastructure following community or Government request, land planning decisions, or as a result of the subdivision of land.</p> <p>The Land Act 1933 (WA) provided for State reserves to be classified as Class A, B or C. There is no provision in the LA Act to create new Class B reserves and there is no longer reference to Class C reserves. Class A affords the greatest degree of protection for reserved lands, requiring approval of Parliament to amend the reserve's purpose or area, or to cancel the reservation. The A classification is used solely to protect areas of high conservation or high community value. Class B reserves continue, but are no longer created under the LA Act. The Minister for Lands may deal with Class B reserved lands as normal reserves, provided that, should the reservation be cancelled, a special report is made to both Houses of Parliament within 14 days from the cancellation or within 14 days after the commencement of the next session.</p> <p>Once created, a reserve is usually placed under the care, control and management of a State government department, local government or incorporated community group by way of a Management Order registered against the relevant CLT. A Management Order under the LA Act does not convey ownership of the land – only as much control as is essential for the land's management.</p> <p><b>CR 29839</b> – Protection of Rabbit Proof Fence – E53/1920 – 5.88Ha., &lt;0/1% encroachment  <b>CR 12300</b> – Vermin Proof Fence – E53/1920 – 14.04Ha., 0.1% encroachment  <b>CR 9960</b> – Water – E57/1055 – 40.50Ha., 0.9% encroachment</p>

	Land Type	Description
8.	<b>GENERAL LEASE</b>	Tenement E57/1055 is partially overlapped by General Lease M196551 (1715.03Ha., 37.6% encroachment)
9.	<b>ROAD RESERVE</b>	The Tenements are partially overlapped by the following Road Reserves: <b>E53/1920:</b> Road Reserve No. 2935 (0.00Ha, <0.01% encroachment); Road Reserve No. 4274 (0.00Ha, <0.01% encroachment) <b>E57/1055:</b> Road Reserve No. 2845 (0.00Ha, <0.01% encroachment)
10.	<b>HISTORICAL LEASE</b>	Tenement E57/1055 is partially overlapped by the Historical Lease 395/540 (4687.94Ha., 21.9% encroachment) and Historical Lease 294/629 (293.65Ha., 1.4% encroachment).
11.	<b>MINERAL FIELDS</b>	The Tenements are partially overlapped by the following Mineral Fields: <b>E53/1920:</b> Mineral Field 51 (8581.77Ha., 40.1% encroachment); Mineral Field 52 (10349.81Ha., 18.4% encroachment), Mineral Field 57 (2452.99Ha., 11.5% encroachment) <b>E57/1055:</b> Mineral Field 57 (4564.27Ha., 100.0% encroachment)
12.	<b>LOCAL GOVERNMENT AUTHORITY</b>	The Tenements are partially overlapped by the following Local Government Authorities: <b>E53/1920:</b> LGA 5250 - Meekatharra Shire (8581.79Ha., 40.1% encroachment); LGA 9250 – Wiluna Shire (12802.78Ha., 59.9% encroachment) <b>E57/1055:</b> LGA 7630 – Sandstone Shire (4564.27Ha., 100.0% encroachment)
13.	<b>LAND DISTRICTS</b>	The Tenements are partially overlapped by the following Land Districts: <b>E53/1920:</b> Kaluwiri (12802.78Ha., 59.9% encroachment); Kyarra (8581.79Ha., 40.1% encroachment) <b>E57/1055:</b> Kaluwiri (4564.27Ha., 100.0% encroachment)

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## PART II – NATIVE TITLE CLAIMS

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### NATIVE TITLE CLAIMS

TRIBUNAL NUMBER	FEDERAL COURT NUMBER	APPLICATION NAME	REGISTERED	STATUS
WC1999/046	WAD6132/1998	Evelyn Gilla & Ors v State of Western Australia & Ors (Yugunga-Nya)	12/06/2000	Active

### NATIVE TITLE DETERMINATIONS

The land the subject of the Tenements is not subject to any Native Title Determinations.

### ILUAs

The land under Tenement E53/1920 is subject to an ILUA designated as an Area Agreement that was registered on 21 September 2012. Due to standard confidentiality provisions, the terms and conditions of an ILUA are not available for public access, however an excerpt of an ILUA is obtainable. We have obtained the excerpt from the ILUA and confirm that the applicants are Rex Shay, William Shay, Name Withheld for Cultural Reasons and Evelyn Gilla for and on behalf of the Yugunga-Nya People. The ILUA applies to approximately 22,370 km (sq) of land in the vicinity of Meekatharra.

TENEMENT AFFECTED	TRIBUNAL NUMBER	SHORT NAME	ILUA TYPE	DATE REGISTERED	APPLICANT
E53/1920	WI2012/011	Yugunga-Nya People and Sandfire ILUA (Non- overlapping area)	Area Agreement	21 September 2012	Rex Shay, William Shay, Name Withheld for Cultural Reasons and Evelyn Gilla for and on behalf of the Yugunga- Nya People

### HERITAGE & COMPENSATION AGREEMENTS

There is a heritage agreement in respect of tenement E 53/1920. A summary of this agreement is set out in Part III of this Report.

### ABORIGINAL HERITAGE SITES – WESTERN AUSTRALIA

Our searches did not return any results for Aboriginal heritage sites registered over the Tenements.

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## PART III – MATERIAL CONTRACT SUMMARIES

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### 1. HERITAGE AGREEMENT

Topdrill Pty Ltd entered into an agreement for heritage protection over exploration and prospecting tenure with The Yamatji Marlpa Aboriginal Corporation as agent for Yugunga-Nya People Claim Group (**Native Title Claim Group**) (**Heritage Agreement**).

The Heritage Agreement is made in respect of tenement E 53/1920 (**Tenement**).

A summary of the key terms of the Heritage Agreement are set out below:

- (a) (**Purpose**): The purpose of the Heritage Agreement is to ensure that the grant of the Tenement and the exercise of the rights under that Tenement will:
- (i) not be likely to interfere directly with the community life of the Claimant Group;
  - (ii) where practicable and in accordance with the law, avoid damage, disturbance or interference with areas or sites of particular significance to the Claimant Group; and
  - (iii) be in compliance with the provisions of the *Aboriginal Heritage Act 1972* (Cth) and the *Aboriginal and Torres Strait Islander Heritage Act 1984* (Cth).
- (b) (**Exchange of information**): In recognition of the importance of regular flow of information between the parties, Topdrill must:
- (i) use their best endeavours to provide the Claimant Group with details of exploration activities in the Claim Area on the Tenement, prior to conducting those activities; and
  - (ii) provide reasonable notice to the Claimant Group of any significant change to the scope of exploration activities; and
  - (iii) if requested by Claimant Group, provide an outline of the nature, location and timing of exploration activities to be undertaken in the Claim Area on the Tenements in the next exploration season, to the extent the information is known to them
- If the Claimant Group becomes aware of any particular cultural heritage concern, they must reasonably endeavour to raise their concerns with Topdrill if practicable.
- (c) (**Heritage Notice**): If Topdrill intends to undertake exploration activity in the Claim Area on the Tenement, it must issue a Heritage Notice to the Claimant Group. The purpose of the Heritage Notice is to determine whether a Heritage Survey is required and if so, what kind.

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- (d) **(Heritage Survey):**
- (e) Where Topdrill submits a Heritage Notice, the parties will consult with each other to determine whether a Heritage Survey is required.
  - (f) Unless otherwise agreed or waived, a Heritage Survey is required where:
    - (i) no previous Heritage Survey has been undertaken in relation to the area of the Tenement; or
    - (ii) a previous Heritage Survey has occurred on the Tenement, but has not covered the area or proposed exploration activity the subject of the Heritage Notice.
  - (g) Where a previous Heritage Survey (not conducted under this Heritage Agreement) has prima facie covered the area or proposed Exploration Activity the subject of the Heritage Notice, there is no presumption either way but:
    - (i) Topdrill must provide a copy of the previous heritage survey to the Claimant Group; and
    - (ii) the parties must endeavour to reach agreement about whether a Heritage Survey is required.
  - (h) Where the particular circumstance is not dealt with in the Heritage Agreement, there is a presumption that a Heritage Survey is required.
  - (i) The dispute resolution provisions may be invoked where agreement cannot be reached in certain circumstances.
  - (j) In determining whether a Heritage Survey is required, the parties will have regard to: the nature of exploration activity and any anticipated identified development, any previous Heritage Survey/s, the extent of the effect on land of any previous ground disturbing activities, any Aboriginal sites on the relevant land disclosed by the register maintained by the Department of Indigenous Affairs and any other relevant factors raised by the parties.
- (k) **(Costs and expenses of the Heritage Survey):** Topdrill shall pay the costs and expenses of the Heritage Survey. Topdrill agrees to pay in advance of commencement of the Heritage Survey;
- (i) 50% of the estimated administration fee; and
  - (ii) any disbursements that are to be paid by the Claimant Group prior to the fieldwork component of the Heritage Survey being completed.
- (l) **(Circumstances where no Heritage Survey required):** Topdrill may carry out exploration in the Claim Area on the Tenement without conducting a Heritage Survey where:

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- (i) low impact exploration is being carried out; or
  - (ii) after consultation the parties so agree; or
  - (iii) the Claimant Group waives all or part of its rights under the Heritage Agreement; or
  - (iv) the activity has been the subject of a previous Heritage Survey; or to which the provisions of the Heritage Agreement have already been applied.
- (m) **(No objections to tenement applications):** The Claimant Group will;
- (i) withdraw any existing objection to the grant of any tenement applications within 7 days after the date of the Heritage Agreement;
  - (ii) not make any further objections to the grant of the tenement applications; and
  - (iii) enter into any further or supplementary agreement necessary to perfect the grant of the tenement applications from time to time.
- (n) **(Assignment):** Topdrill may from time to time assign to any person all or part of its rights under the Heritage Agreement, but must first procure an executed deed of assumption in favour of the Claimant Group by which the assignee, to the extent of the assignment, agrees to be bound by the provisions of the Heritage Agreement and to assume, observe and perform the obligations of Topdrill under the Heritage Agreement. Rafaella will enter into a deed of assignment upon transfer of the tenement from Topdrill.
- (o) **(Termination):** The Heritage Agreement may be terminated:
- (i) by mutual agreement of the parties;
  - (ii) in accordance with the relevant default provision; or
  - (iii) subject to assignment, where Topdrill ceases to have any interest in the Tenement,
- whichever is the earlier.



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# MACDONALD & COMPANY

Lawyers

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Grant Macdonald, Q.C.  
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March 15, 2018

The Board of Directors  
Rafaella Resources Ltd.  
Level II, 216 St. Georges Terrace  
Perth, WA 6000

## **Re: Solicitors Report on Regulatory Environment and Title Opinion**

This Report has been prepared for inclusion in a Prospectus to be dated on or about March 2, 2018 by Rafaella Resources Ltd. ("Rafaella") for the purpose of offering for subscription up to 25,000,000 ordinary shares (the "Shares") in the capital of Rafaella at an issue price of AUS \$0.20 per Share. We consent to its inclusion in that Prospectus.

In preparing this report, we have acted as solicitors for Rafaella. We are qualified to practice law in the Yukon Territory, Canada.

This Report and the opinions herein are limited to the laws of the Yukon Territory and of Canada applicable therein as at the date hereof. The Report relates to the legal environment relating to the holding of mining tenements located in the Yukon Territory and specifically in the Watson Lake Mining District (District) as well as our opinion with respect to the Claims, as defined below.

### **1. Mining Law in the Yukon**

#### **(a) General**

Hard rock mining in the Yukon Territory is governed by the *Quartz Mining Act*, S.Y. 2003, c.14, as amended (QMA) and other legislation discussed later in this report under the heading "Environmental Regulation". The QMA is a statute enacted by the Yukon Legislature.

#### **(b) Staking of Mineral Claims**

Any individual over 18 years of age may enter, locate, prospect and mine for minerals on any vacant territorial lands or lands under the administration and control of the Commissioner of the Yukon Territory (Commissioner).

Part I of the QMA governs the staking and maintenance of mining claims, under a free entry system, on “vacant territorial lands” in the Yukon and any lands in the Yukon in respect of which the right to enter, prospect and mine for minerals is reserved to the Crown. Notwithstanding the foregoing, claims may not be staked on any land occupied by any building, any land falling within the curtilage of any dwelling house, any land valuable for water power purposes, any land for the time being actually under cultivation, any land on which a church or cemetery is situated, any land lawfully occupied for mining purposes, Indian reserves, First Nation Category “A” Settlement Lands, any land withdrawn for settlement of land claims, national parks and defence, quarantine or other like reservations made by the Yukon Government except in extremely limited circumstances.

Staking and recording of mineral claims in a large portion of the District is, at present, prohibited due to a moratorium imposed by the Yukon Government. The moratorium is to allow time for the Yukon Government to implement the ruling of the Yukon Court of Appeal in the 2012 Ross River Dena Council (RRDC) case that consultation must take place with the First Nation prior to any recording of mineral claims in its traditional territory. The same rights were subsequently effectively extended to the Kaska Dena Council (KDC) and Laird First Nation (LFN) by agreement with the Yukon Government. The Yukon Government has attempted to negotiate a method of accommodating consultations within a free entry system with the First Nations. To date, it appears that such negotiations have not been successful in part due to the overlapping of settlement lands claimed by the First Nations.

Holders or owners of mineral claims within the areas affected by the moratorium may still enter on such claims and conduct prospecting or mining for minerals, subject to providing applicable notification, completing applicable consultation and obtaining all necessary permits and licences.

The current moratorium on staking and recording of claims in the District may restrict the Rafaella from expanding its mineral claim tenure in the area surrounding or near the McCleery Project. There is currently no certainty that such moratorium will be lifted in the near future which may materially impact Rafaella’s ability to explore for and expand its mineral resources in the area.

#### **(c) Nature of Mineral Claims**

The holder of a mineral claim acquires a chattel interest, equivalent to a lease of the minerals in or under the land, for one year and thereafter from year to year provided that the annual assessment work is done or pay in lieu of such work is paid. The chattel interest is an interest in land in the nature of a profit a prendre. The holder of a claim is entitled to all minerals that may be within the boundaries of the claim and continued vertically downwards.

The grant does not include the surface rights to the claim save and except limited rights to use the surface of land for efficient and miner-like operation of mines and minerals contained in the claim. The holder of a claim has limited rights to cut timber on the claim as may be necessary for working the claim.

If Rafaella discovers an economically viable mineral deposit within the McCleery Project, Rafaella would be required to apply for a licence before it will be able to mine the deposit. This would require consultation with and, in certain cases, approval of the Yukon Department of Energy, Mines and Resources, the Yukon Environmental and Socio-economic Assessment Board (YESAB), the Yukon Water Board and the Ross River Dena, Kaska and Laird First Nation people.

#### **(d) Maintenance of Claims**

Any person holding a validly staked mineral claim is entitled to hold it for the period of one year after the

date of recording of the claim and thereafter from year to year without the necessity of further recording it provided \$100 of assessment or representation work is done during that year or payment of \$100 in lieu of such assessment work is paid in respect of such claim. The payment of \$100 relieves the person making it from the necessity of doing any work during the year with respect to the claim in respect of which the payment was recorded. If work in excess of \$100 is performed during any year, the excess work up to a value of \$400 may be applied to work required to be done on such claim during the subsequent year or years.

Adjoining claims, not exceeding 750 in number, may be grouped together for the performance of representation or assessment work by their owner but not with respect to payment in lieu of work.

As a result of the staking moratorium, the Yukon Government subsequently declared a relief from the annual assessment work requirement with respect to affected areas in the District for a period of one year, which relief has been renewed on an annual basis and is in place at present. The relief was granted on the basis that the affected mineral claim holders could not expand their properties and mineral potential by staking new claims therefore it would not be fair to require them to spend monies on the affected claims.

Relief from annual assessment work has not been granted with respect to the McCleery Project as the mineral claims are not in the area affected by the staking and recording moratorium. The claims making up the McCleery Project are due to expire on March 20, 2018. Overland Resources (BC) Limited is in the process of having these claims renewed in accordance with the QMA before the expiry date.

#### **(e) Relinquishment and Forfeiture of Mineral Claims**

The holder of mineral claim may at any time abandon or relinquish the claim if they have complied with the QMA and all payments of rental or other liability to the Commissioner, due by them in connection with that claim, have been fully made.

Where a person has been guilty of misrepresentation in respect of any statement of work or other statement required to be given under the QMA or has removed or destroyed or defaced any legal post or stake or other mark with respect to a mineral claim, the Mining Recorder may order that the person be debarred from the right to obtain entry for any mineral claim for such length of time the Mining Recorder deems reasonable.

If the amount of work on a mineral claim is not done or payment in lieu of such work is not paid during the year, the claim lapses on the expiration of the year and is forthwith open for staking and location without any declaration of cancellation by the Commissioner.

If the work has been performed by the owner of a mineral claim but he has failed to furnish the prescribed evidence of that work having been performed, the Mining Recorder may issue a grant to another person who has duly located the area embraced in the claim or any part of it. Such subsequent grant is cancelable upon furnishment of proof of work by the original owner under certain circumstances.

#### **(f) Mineral Leases**

Mineral leases are the most secure form of mineral title in the Yukon as tenure of 21 years is granted to the lessee. Once a vein or lode is confirmed within the limits of a mineral claim, the owner may apply for a certificate of improvements and ultimately a lease of the subsurface of their claim.

The lawful holder of a mineral claim is entitled to receive a certificate of improvements from the Mining Recorder if he has done or caused work to be done on the claim in developing a mine to the value of \$500 or made the equivalent pay in lieu of work, found a vein or lode within the limits of the claim, had the claim surveyed, posted on the claim a copy of the plan of survey and notice of intention to apply for such a certificate, posted a similar notice in the Office of the Mining Recorder, inserted the notice in a Canadian newspaper, filed with the Mining Recorder a copy of the surveyor's original plan of the claim, the prescribed affidavit and the prescribed period has passed with no action being commenced by a third party objecting to the application.

The holder of a claim for which a certificate of improvements has been granted and recorded is entitled to a mineral lease of the claim on payment of a \$10.00 fee being made within 3 months. Mineral leases create tenure for the owner of a mineral claim and are for a term of 21 years. Annual rent for non-iron and non-mica leases is \$50.00 for a leased area of 51.65 acres or less and \$5.00 for each acre or fraction over 51.65 acres. No assessment work or pay in lieu is required with respect to a mineral lease.

Mining leases are renewable for a further term of 21 years and additional 21 year terms provided the holder has furnished proof of compliance with the lease and applicable laws. Rent for renewed non-iron and non-mica leases increases to \$200 for a leased area of 51.65 acres or less and \$20 for each acre or fraction over 51.65 acres. Failure to pay the lease rental will result in all right to the mineral claim or lease of it to lapse absolutely without any declaration of cancellation or forfeiture on the part of the Commissioner.

**(g) Transfer and Encumbrance of Mineral Claims/Leases**

Valid mineral claims and leases may be transferred and encumbered. Such transfers and encumbrances can be recorded at the Office of the Mining Recorder.

**(h) Conflict Between Surface and Subsurface Rights**

Any dispute between the owner of a mineral claim or lease (subsurface rights), placer claim or lease (placer rights) and holder of the surface rights above the mineral claim or lease must be negotiated between the parties or, failing that, resolved by the Yukon Surface Rights Board (Board). The Board may determine the portion of the surface rights that the mineral claim/lease holder may reasonably acquire for the efficient and economic operation of the rights and privileges granted under the claim or lease, the amount of security required and the amount of compensation the owner or occupant is entitled.

The Yukon Government Mining Map Viewer indicates that there are not any overlapping tenures with respect to the MM1 – MM42 claims. However, there is no assurance that this status will not change in the future. Mining activities may be delayed or inhibited if there are conflicts between surface and subsurface rights holders.

**(i) Surface Leases**

The holder of a mineral claim or lease located on vacant territorial lands may be granted a lease of the whole or any portion of the mineral claim's available surface rights at a rental of \$1.00 an acre per annum, payable yearly in advance pursuant to the QMA.

The term of a surface lease shall not exceed the term of the grant or lease issued for minerals under the surface.

The surface lease may be terminated on 3 months written notice by the Minister, without compensation to the lessee for termination or any buildings or other improvements on the location, but the lessee may remove such buildings and improvements.

A lessee may not assign, transfer or sublet a surface lease without the consent of the Minister.

**(j) Mill Lease**

A lease of a tract of available, unoccupied and unreserved territorial lands not known to contain minerals of commercial value and not exceeding 5 acres, may be granted as a mill site pursuant to the QMA. The term of such mill lease shall be for such period as the Minister may decide and the rental shall be at the rate of \$1.00 per acre per annum payable in advance. If a mill site is not used as such within 3 years from the date of issue, the lease shall be subject to cancellation at the direction of the Minister.

**(k) Royalties**

Royalties are payable with respect to all ore, minerals or mineral bearing substances mined in the Yukon and are based on an increasing scale dependant on the value of the output, in a calendar year, of the mine.

**(l) Land Use and Reclamation**

Part II of the QMA covers matters of land use and reclamation. The purpose of this part is “to ensure the development and viability of a sustainable, competitive and healthy quartz mining industry that operates in a manner that upholds the essential socio-economic and environmental values of the Yukon and respects the aboriginal and treaty rights referred to in section 35 of the *Constitution Act*, 1982. S.Y. 2013, c.18, s.13”. Pursuant to Part II, Mining Land Use Regulations regulate the conduct of mineral exploration on quartz claims and provide a system for notice and approval.

**(m) Mining Licence**

Section 135 of the QMA requires a licence before a person shall engage in mining development or production. The regulations relating to the application and approval of a Quartz Mining Licence have not yet been fully developed. However, Quartz Mining Licences can and have been granted under the QMA. The Yukon Government has published extensive guidelines and resource materials with respect to the application and requirements for Quartz Mining Licences and related YESAB and Water Licence processes and approvals.

**(n) Aboriginal Title**

Aboriginal title is a form of common-law Aboriginal right to land arising from the prior use and occupation of lands by Aboriginal peoples prior to European settlement. Aboriginal title is held communally by the members of an Aboriginal group and can be alienated by the Aboriginal group only to the federal government. In 1997, the Supreme Court of Canada ruled in the *Delgamuukw* case that Aboriginal title is a property right to the land itself, not just the right to hunt, fish and gather.

In 2014, the Supreme Court of Canada, for the first time, confirmed Aboriginal title over specific areas of land in the *Tsilhqot'in Nation v. British Columbia* case and provided guidelines for the type of evidence that may be introduced to establish such title.

**(o) Land Claims in the Yukon**

The Yukon First Nations Umbrella Final Agreement (UFA), which was signed by Canada, the Yukon Government, and the Council of Yukon First Nations, serves as a template and process for individual Yukon First Nations to settle their Final Agreements.

Each Final Agreement incorporates the UFA and adds specific provisions applicable to the particular Yukon First Nation, including land selection and designation of protected areas. As prescribed by the UFA, the lands included within Final Agreements fall into three categories: Category A, Category B and Fee Simple Settlement Lands.

Category A Settlement Lands include ownership, equivalent to fee simple, by the First Nation in the surface of the lands and the fee simple title in the mines and minerals and the right to work the mines and minerals.

Category B Settlement Lands include ownership of the surface and specified substances, while reserving the mines and minerals and right to work the mines and minerals to the Crown.

Fee Simple Settlement Lands are primarily found within the residential communities where First Nations have selected previously titled lands. A Yukon First Nation holds the fee simple title to the surface of these lands.

Land claims in the Yukon have been settled with most of the First Nations. RRDC, KDC and LFN have not settled their respective land claims.

It is possible that the McCleery Project may be part of the area within which RRDC, KDC or LFN select as Category A Settlement Lands under their selective land claim settlement negotiations. If such lands are granted to the First Nations, Rafaella would have deal with the relevant First Nation in defining the nature and extent of its mineral tenure. Rafaella's ability to undertake exploration on the McCleery Project will not be affected by these claims while a determination with respect to native claims is ongoing, provide Rafaella obtains all relevant approvals from the relevant regulatory authorities.

**(p) Land Claims in Watson Lake Mining District**

The indigenous people having claim over the lands comprising the District are the RRDC, KDC and LFN. As these First Nations have not concluded land claims negotiations with the Governments of Canada and Yukon, they have therefore not released or surrendered to the Crown any of their respective aboriginal claims, rights, titles and interests in and to any lands, waters, mines and minerals with respect to which they have or may claim as their respective traditional territories within the District.

Further, these First Nations do not recognize the legitimacy of the UFA or any Final Agreement that would be negotiated under the UFA.

The RRDC asserted in the 2017 *Ross River Dena Council v. Canada (Attorney General)* case that it was not consistent with the honour of the Crown to insist upon the UFA as the only basis to negotiate RRDC's claims to its traditional territory. The Yukon Supreme Court ruled that the UFA was the only legitimate basis for the Crown to negotiate RRDC's claims. This case is under appeal before the Yukon Court of Appeal and will probably be further appealed to the Supreme Court of Canada. It follows that land claim negotiations with the RRDC may be delayed until the ongoing litigation is concluded. Settlement of land claims in this area is further complicated by overlapping land claims between the

KDC and LFN.

**(o) Devolution**

Authority over mining claims, the regulation of mineral exploration and mine development and the environmental protection of Yukon lands and water was transferred or “devolved” from Canada to Yukon April 1, 2003. The Government of Canada has retained jurisdiction to protect fish, fish habitat and migratory birds.

**(p) Environmental Regulation**

Mineral exploration activities in the Yukon are regulated primarily under the *Mining Land Use Regulations*, the *Waters Act* (Yukon), the *Fisheries Act* (Canada) and the *Yukon Environmental and Socio-economic Assessment Act* (Yukon) (“YESAA”) and Regulations.

Generally, the YESAA regulatory regime attempts to identify proposed activities that may have a significant adverse impact on the environment and social systems of individuals and communities. If such activities are identified, the impacts will be assessed to determine whether the environmental and socio-economic impacts can be mitigated and are acceptable. If any activities are found to have significant adverse environmental or socio-economic effects which are judged to be unacceptable and cannot be eliminated, reduced or controlled, authority to undertake the activities may be denied. The decision making body is a Federal, Territorial or First Nations government or agency that regulates and permits the proposed activity. Implementation of any recommendations may be administered by such bodies.

The Mining Land Use Regulations establish a classification system based on varying levels of specific activities. These threshold levels of activities categorize mineral exploration into four classes of programs. Class I through Class IV represent exploration activities with an increasing potential to cause adverse environmental impacts. Both Class I (in designated areas only) and II programs require Notification and both Class III and Class IV require submission of an Operating Plan and approval from the Chief of Mining Land Use.

The environmental effects of mineral exploration operations are subject to a regulatory regime which limits and regulates environmental disturbance and imposes qualitative and quantitative limits on effluent and other wastes from the exploration activities that may be deposited into the Yukon waters or onto lands where they may enter such waters.

Environmental regulations may also require reclamation of disturbed lands and the posting of security deposits to secure such reclamation.

**(q) National Parks**

Lands within a national park reserve are not open for staking under the QMA. To the extent that any claim is inadvertently staked within a national park reserve, it is not valid. The Watson Lake Mining Recorder has a record of all lands which form part of a national park reserve. The procedure of the Watson Lake Mining Recorder is to accept the claims that have been staked and recorded. Recording of the claim does not mean that the claim does not infringe upon a national park reserve.

**2. Mineral Claim Opinion**

The following is a title opinion with respect to certain mining claims held under the QMA in the District,

the claims being more particularly described in the list attached hereto as Schedule "A" (Claims).

For the purposes of this opinion, we have undertaken or caused to be undertaken:

- (a) an examination of certified abstracts of record ("Abstracts" or an "Abstract") provided by the mining recorder ("Mining Recorder") for the District under the QMA for each Claim.

For the purposes of this letter we have, without independent investigation, assumed the following:

- (a) the identity, capacity and authority of any person acting or purporting to act in a representative capacity or as a public official;
- (b) the accuracy and completeness of any and all information provided to us by any office of public record;
- (c) that the Claims were validly staked, recorded, and assessment work completed pursuant to and in compliance with the *Yukon Quartz Mining Act* (Canada) and the QMA;
- (d) unless noted otherwise, that any transfer of a claim recorded upon an Abstract given to us by the Mining Recorder for the District is of an undivided one hundred (100%) percent legal and beneficial interest in the Claim. We have not examined all such transfers;
- (e) unless noted otherwise, that any other instrument recorded upon the Abstract given to us by the Mining Recorder for the District is a valid instrument. We have not examined all such instruments;
- (f) unless noted otherwise, that any agreement or instrument relied upon which, as of the date of this opinion, remains unregistered with the Mining Recorder for the District has been duly authorized and executed by all necessary corporate actions of the contemplated parties and therefore constitutes a valid and binding interest in the contemplated claims;
- (g) unless noted otherwise, that any agreement or instrument relied upon which, as of the date of this opinion, remains unregistered with the Mining Recorder for the District has not been assigned or amended since execution, and Overland Resources (BC) Limited (Corporation) has not received any notice of termination of said agreement or instrument;
- (h) unless noted otherwise, that the terms of any unregistered agreement entered into by any prior owner of the Claims have been fulfilled and, if not fulfilled, that any interest contemplated is of a contractual nature and does not create an interest in the Claims themselves;
- (i) that all facsimiles or copies of documents provided to us by governmental agencies are true and accurate copies of the documents they purport to be, and may be relied upon as if they were the original documents;
- (j) the Mining Recorder has duly and validly granted the Claims, without reservation; and
- (k) those Claims endorsed as "pending" with respect to grouping or renewals or both will be granted and the pending status will be removed in the ordinary course.
- (l) those Claims endorsed with "pending" with respect to grants will be granted and the pending

status will be removed in the ordinary course.

Based upon the foregoing assumptions and subject to the qualifications set out herein, it is our opinion as at December 15, 2017, that:

1. The Overland Resources (BC) Limited was the sole recorded holder of the Claims, all of which were in good standing under the QMA.
2. The Claims were free and clear of registered liens, encumbrances, options, royalties and similar agreements recorded under the QMA.
3. The expiry date listed on the attached Schedule "A" for the Claims is correct.

Our opinions expressed above are subject to the following qualifications:

- (a) the QMA and any reservations or exceptions contained therein or in any predecessor Federal or Territorial legislation;
- (b) any defects or internal fractions which may be disclosed by a survey;
- (c) the validity and accuracy of the staking, recording, and locating of the Claims, the boundaries of which cannot be considered to be settled unless and until each Claim is surveyed by an authorized Canada Lands Surveyor in accordance with instructions from the Surveyor General and such a survey is duly approved;
- (d) any statutory priorities, preferences and liens, encumbrances or other charges which are extant and still within time for registration or which are valid without registration in the office of the Mining Recorder for the District;
- (e) existing aboriginal or treaty claims, rights, titles or interests in or to the land on which the Claims are located and the Claims;
- (f) the duty (if any) of Canada and Yukon to consult and accommodate the rights, titles and interests of aboriginal people;
- (g) any miner's lien arising under the *Miner's Lien Act* (Yukon) for which a claim of lien has not been recorded against any Claim;
- (h) any overlapping or conflicting surface rights or titles and any prior claim or lease issued under the *Placer Mining Act* (Yukon) or predecessor Federal or Territorial legislation;
- (i) any unrecorded or unregistered transfers or instruments affecting the title of any Claim;
- (j) any exceptions or reservation contained in the *Land Titles Act* (Yukon) and therein or in any predecessor federal or territorial legislation, as they may pertain to crown grants;
- (k) claim names are shown for ease of reference only and may be abbreviated. Claim (grant) numbers should be primarily relied on for purposes of properly identifying a claim;
- (l) lapse dates are reported in the format day/month/year;

- (m) no searches or other correlations were made with respect to tax assessed by or paid to applicable government authorities;
- (n) except as otherwise provided herein, this opinion is given as of the date hereof and solely with respect to the laws of the Yukon Territory and of Canada applicable therein;
- (o) we have not conducted a historical chain of title search of the claims and we have not examined original source documents underlying each link in the chain of title. Accordingly, we offer no opinion as to whether or not there might be any defects or deficiencies in the historical chain of title which may affect the opinions herein contained; and
- (p) no opinion is given herein with respect to water use or land use authorizations granted by the Yukon Water Board, the Yukon Environmental and Socio-economic Assessment Board, or any other government or regulatory agency which has the discretion to issue such documents, in connection with the Claims and we have not conducted any searches with respect to any such authorizations.

These opinions are for the sole benefit of the addressees of this letter and may not be relied upon in whole or in part by any other person without our express prior written consent. This opinion is given as at the date hereof and we disclaim any obligation or undertaking to advise any person of any change in the law or fact which may come to our attention after the date hereof.

Yours very truly,

MACDONALD & COMPANY



Gareth C. Howells

GCH/edy  
Enclosure

**SCHEDULE "A"**  
**YUKON MINERAL PROPERTY SEARCHES**

CLAIM NAME	LEASE/RENEWAL NUMBER	GRANT NUMBER	LAPSE DATE	REGISTERED OWNER	REGISTERED ENCUMBRANCES
MM1 to MM42	N/A	YD81304 to YD81345	20/03/2018	ORBCL	NIL

**NOTES TO SCHEDULE "A"**

- I. The notations appearing in the registered owner column designates the following persons:

"ORBCL"                      Overland Resources (BC) Limited

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## 9. BOARD, MANAGEMENT AND INTERESTS

### 9.1 Directors and key personnel

The Board of the Company consists of:

- (a) **Graham Durtanovich (BEcon, MBA, GradDip Applied Finance & Investment)** – Non-Executive Chairman – Refer to Section 3.5 of this Prospectus for Mr Durtanovich’s biography;
- (b) **Ashley Hood** – *Executive Technical Director* – Refer to Section 3.5 of this Prospectus for Mr Hood’s biography; and
- (c) **Peter Hatfull (MAICD)** – *Non-Executive Director* – Refer to Section 3.5 of this Prospectus for Mr Hatfull’s biography;

Other senior management positions held by the Company are Elizabeth Hunt as the Company Secretary.

The biography for Mrs Hunt is contained in Section 3.5.

The Company is aware of the need to have sufficient management to properly supervise the exploration and (if successful) for the development of the projects in which the Company has, or will in the future have, an interest and the Board will continually monitor the management roles in the Company. The Board will look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Projects.

### 9.2 Disclosure of Interests

The Company has paid no remuneration to its Board since incorporation to the date of this Prospectus, however remuneration will accrue until such time as the Company is admitted to the Official List.

For each of the Directors, the proposed annual remuneration for the financial year following the Company being admitted to the Official List together with the relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Remuneration <sup>1,2</sup>	Shares
Peter Hatfull	\$42,000	Nil
Ashley Hood	\$48,000 <sup>3</sup>	Nil
Graham Durtanovich	\$42,000	Nil

**Notes:**

- 1. Excludes statutory superannuation.
- 2. Ashley Hood and Graham Durtanovich will receive 250,000 Shares on each anniversary of the commencement of their employment, subject to receipt of any necessary Shareholder and regulatory approvals.
- 3. Mr Hood will also receive \$650 per day for technical services provided and for which an invoice has been given to the Company for work performed. The technical services to be provided include management of exploration programs, liaising with regulatory bodies, geologists, geophysics specialists and completing field surveys including drilling, permitting and native title and free hold access on the projects. The scope of such activities will be determined by the Board from time to time on an as needed basis.

### **9.3 Agreements with Directors and Related Parties**

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

The agreements between the Company and related parties are summarised in Section 11.4 and 11.5.

### **9.4 Agreements with Management**

The Company has entered into an Executive Services Agreement with Mr Ashley Hood to provide services to the Company. The agreement between the Company and Mr Hood is summarised in Section 11.4.

The Company has also entered into Appointment Letters with each of Peter Hatfull and Graham Durtanovich, the terms of which are set out in Section 11.5.

### **9.5 Deeds of indemnity, insurance and access**

The Company will enter into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company will agree to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company will also be required to maintain insurance policies for the benefit of the relevant officer and allow the officers to inspect board papers in certain circumstances.

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## 10. CORPORATE GOVERNANCE

### 10.1 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted *The Corporate Governance Principles and Recommendations (3rd Edition)* as published by ASX Corporate Governance Council (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website ([www.rafaellaresources.com.au](http://www.rafaellaresources.com.au)).

### 10.2 Board of directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) leading and setting the strategic direction and objectives of the Company;
- (b) appointing the Chairman of the Board, Managing Director or Chief Executive Officer and approving the appointment of Executives and the Company Secretary;
- (c) overseeing the Executive's implementation of the Company's strategic objectives and performance generally;
- (d) approving operating budgets, major capital expenditure and significant acquisitions and divestitures;
- (e) overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit (satisfying itself financial statements released to the market fairly and accurately reflect the Company's financial position and performance);

- (f) overseeing the Company's procedures and processes for making timely and balanced disclosure of all material information that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (g) reviewing, ratifying and monitoring the effectiveness of the Company's risk management framework, corporate governance policies and systems designed to ensure legal compliance; and
- (h) approving the Company's remuneration framework.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

### **10.3 Composition of the Board**

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto:

- (a) membership of the Board of Directors will be reviewed regularly to ensure the mix of skills and expertise is appropriate; and
- (b) the composition of the Board has been structured so as to provide the Company with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfil the business objectives of the Company.

The Board currently consists of three directors (an Executive Technical Director and two Non-Executive Directors) of whom Messrs Peter Hatfull and Graham Durtanovich are considered independent. The Board considers the current balance of skills and expertise is appropriate for the Company for its currently planned level of activity.

The Board undertakes appropriate checks before appointing a person as a Director or putting forward to Shareholders a candidate for election as a Director.

The Board ensures that Shareholders are provided with all material information in the Board's possession relevant to a decision on whether or not to elect or re-elect a Director.

The Company shall develop and implement a formal induction program for Directors which allows new directors to participate fully and actively in Board decision-making at the earliest opportunity, and enable new Directors to gain an understanding of the Company's policies and procedures.

### **10.4 Identification and management of risk**

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

### **10.5 Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards.

## **10.6 Independent professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

## **10.7 Remuneration arrangements**

The remuneration of an executive Director will be decided by the Board, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Board and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

In addition, a Director may be paid fees or other amounts (i.e. subject to any necessary Shareholder approval, non-cash performance incentives such as Options) as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

## **10.8 Trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its Directors, officers, employees and contractors. The policy generally provides that for Directors, the written acknowledgement of the Chair (or the Board in the case of the Chairman) must be obtained prior to trading.

## **10.9 External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

## **10.10 Audit committee**

The Company will not have a separate audit committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that

committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

#### **10.11 Departures from Recommendations**

Under the ASX Listing Rules the Company will be required to provide a statement in its annual financial report or on its website disclosing the extent to which it has followed the Recommendations during each reporting period. Where the Company has not followed a Recommendation, it must identify the Recommendation that has not been followed and give reasons for not following it.

The Company's departures from the Recommendations will also be announced prior to admission to the Official List of the ASX.

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## 11. MATERIAL CONTRACTS

Set out below is a brief summary of the certain contracts to which the Company is a party and which the Directors have identified as material to the Company or are of such a nature that an investor may wish to have details of particulars of them when making an assessment of whether to apply for Shares.

To fully understand all rights and obligations of a material contract, it would be necessary to review it in full and these summaries should be read in this light.

### 11.1 OVR Agreement

On 17 January 2018, the Company entered into the OVR Agreement pursuant to which, subject to satisfaction (or waiver) of certain terms and conditions, the Company will acquire all of the issued share capital in Overland BC from Overland (the sole shareholder of Overland BC) (**OVR Acquisition**).

Settlement of the OVR Acquisition is conditional on the satisfaction or waiver of the following outstanding conditions precedent:

- (a) completion of due diligence by the Company on Overland BC and the Tenements in which it has an interest, to the satisfaction of the Company;
- (b) completion of the Offer and receipt of conditional approval to the listing of the Company on ASX;
- (c) the parties obtaining all regulatory and third-party approvals necessary to undertake the OVR Acquisition; and
- (d) the parties to the Tenement Acquisition Agreement being ready, willing and able to settle that agreement on the date of settlement of the OVR Acquisition.

The above conditions were originally required to have been satisfied by 17 April 2018. The Company subsequently extended this date to 17 July 2018 in consideration for a cash payment of \$50,000 made to Overland.

In consideration for the OVR Acquisition, the Company will issue Overland (or its nominee) 500,000 Shares at a deemed issue price of \$0.20 per Share.

The OVR Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties, termination and confidentiality provisions).

### 11.2 Tenement Acquisition Agreement

On 10 January 2018, the Company entered into the Tenement Acquisition Agreement with Topdrill Pty Ltd pursuant to which, subject to satisfaction (or waiver) of certain terms and conditions, the Company will acquire a 100% interest in E 53/1920 and E 57/1055 (**Tenement Acquisition**).

Settlement of the Tenement Acquisition is conditional on the satisfaction or waiver of the following outstanding conditions precedent:

- (a) completion of due diligence by the Company on the Tenements, to the satisfaction of the Company;

- (b) completion of the Offer and receipt of conditional approval to the listing of the Company on ASX;
- (c) the parties obtaining all regulatory and third-party approvals necessary to undertake the Tenement Acquisition; and
- (d) the parties to the OVR Agreement being ready, willing and able to settle the agreement on the date of settlement of the Tenement Acquisition.

The above conditions must be satisfied by 10 July 2018.

In consideration for the Tenement Acquisition, the Company will pay Topdrill \$40,000 and issue Topdrill (or its nominee) 300,000 Shares at a deemed issue price of \$0.20 per Share.

The Tenement Acquisition Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties, termination and confidentiality provisions).

### 11.3 Lead Manager Mandate

The Company has signed a mandate letter with EverBlu Capital Pty Ltd dated 1 January 2018 engaging EverBlu to act as lead manager of the Offer (**Lead Manager Mandate**).

The material terms of the Lead Manager Mandate are as follows:

- (a) (**Term**): the engagement is for a period of 18 months commencing on 1 January 2018 (**Commencement Date**), with an automatic extension for a further 12 months unless either party provides notice within 15 months from the Commencement Date that they do not wish to extend the term;
- (b) (**Fees**): the Company has agreed to pay EverBlu the following fees:
  - (i) a management fee of 2.0% of total funds raised under the Prospectus plus GST;
  - (ii) a capital raising fee of 4.0% on funds raised under the Prospectus;
  - (iii) a corporate advisory fee of \$5,000 per month from the commencement of the engagement until the admission of the Company to the Official List;
  - (iv) 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 ; and
  - (v) all reasonable disbursements and out of pocket expenses incurred by EverBlu;
- (c) (**Broker Options**): The Company will also issue EverBlu 2,500,000 Options exercisable at \$0.20 on or before the date that is four years from the date of issue (**Broker Options**), which have a total value of \$297,694 (details with respect to the valuation and relevant assumptions are set out on page 16 of the Investigating Accountant's Report);

- (d) **(Right of First Refusal)**: The Company will grant EverBlu a right of first refusal in respect to any transactions undertaken by the Company for a period of 6 months from the date that the engagement ends (**First Refusal End Date**); and
- (e) **(Non-Circumvention)**: The Company will also be liable to pay the Lead Manager the fees and expenses set out above in respect to any transaction or capital raising entered into either:
  - (i) by the Company prior to the First Refusal End Date; or
  - (ii) with a counterparty introduced to the Company by the Lead Manager, provided that a counterparty shall be deemed to have been introduced to the Company by EverBlu if the fact that the Company was looking for additional capital or similar services is made known to that party by EverBlu whether orally, in writing or otherwise through any advertisements or other materials prepared by EverBlu.

The intention of this provision is to ensure that the Company does not seek to circumvent the Lead Manager's first right of refusal by discussing a proposed transaction with the Lead Manager, who then introduces a third party that the Company chooses to contract with separately to avoid payment of fees to which EverBlu would otherwise be entitled.

To date, the Company has paid \$22,000 (including GST) to the Lead Manager for corporate advisory fees in accordance with the Lead Manager Mandate. These services include:

- (a) co-ordinating the Offer timetable;
- (b) co-ordinating with the Company's other advisers involved in the Offer;
- (c) in conjunction with the Company's legal and other professional advisers, providing advice and recommendations on the structure of the Offer including terms and pricing, market perception and impact;
- (d) in conjunction with the Company's legal and other professional advisers, assisting with the drafting of the Prospectus and any other documents required in connection with the Offer;
- (e) providing advice on and coordinating the marketing of the Company and the Offer to potential investors, including, without limitation, institutional and broker roadshows, presentations to equity analysts and publicity to the market generally;
- (f) participating in the due diligence process;
- (g) in conjunction with the Company's legal and other professional advisers, liaising with regulatory bodies such as ASX and ASIC, when required;
- (h) conducting and managing a pricing process for the Offer having regard to the Offer structure;
- (i) providing such other assistance to the Company in relation to the Offer as agreed in writing from time to time.

Upon completion of the Offer, the Company issue 2,500,000 Broker Options to the Lead Manager and pay a sum of \$300,000 management and capital raising fees (part of which may be passed on by the Lead Manager to third parties who assist with completing the Offer). Following listing, the Lead Manager will also be entitled to a corporate advisory fee of \$10,000 per month in consideration for providing the following services to the Company as its corporate advisor:

- (a) assisting in future capital raising and acquisition activities (if any);
- (b) seeking proactive opportunities for the Company such as conferences and assisting with such opportunities where needed;
- (c) preparation of marketing materials such as corporate presentations; and
- (d) assisting in global investor roadshows.

The Lead Manager Mandate also contains other representations, warranties and conditions considered standard for an agreement of this nature.

#### 11.4 Executive Services Agreement

The Company and Mr Ashley Hood entered into an executive services agreement (**Executive Services Agreement**) pursuant to which Mr Hood will be engaged as an Executive Director of the Company.

The material terms of the Executive Services Agreement are as follows:

- (a) **(Term)**: The engagement commenced on 12 December 2017 (**Commencement Date**) and continue until the agreement is validly terminated.
- (b) **(Remuneration)**: Mr Hood will receive a base salary of \$48,000 per annum (excluding superannuation) (**Salary**).
- (c) **(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 Mr Hood (or his nominee) on each anniversary of the Commencement Date during which Mr Hood remains employed under the Executive Services Agreement.
- (d) **(Consulting Fees)**: In addition to the Salary, Mr 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. The technical services to be provided include management of exploration programs, liaising with regulatory bodies, geologists, geophysics specialists and completing field surveys including drilling, permitting and native title and free hold access on the projects. The scope of such activities will be determined by the Board from time to time on an as needed basis.
- (e) **(Termination by the Company)**: The Company may terminate Mr Hood's employment:
  - (i) summarily by notice in writing, if Mr Hood commits serious misconduct; or
  - (ii) at any time, by giving three months' written notice and a further payment of three months of his Salary in lieu.

- (f) **(Termination by the Executive)**: Mr Hood may terminate his appointment at any time by giving the Company six months' written notice.

The Executive Services Agreement also contains various other terms and conditions that are considered standard for an agreement of this nature.

## 11.5 Non-executive Directors' Contracts

The Company entered into letters of appointment with each of Graham Durtanovich and Peter Hatfull pursuant to which Mr Durtanovich will act as Non-Executive Chairman of the Company and Mr Hatfull will act as a Non-Executive Director of the Company (**Letters of Appointment**). Each of the Letters of Appointment provide that amongst other things, in consideration for their services, the Company will pay the following fees to the relevant Non-Executive Directors.

Director	Position	Amount per Annum (excl superannuation)
Graham Durtanovich	Non-Executive Chairman	\$42,000
Peter Hatfull	Non-Executive Director	\$42,000

Graham Durtanovich will also be entitled to receive 250,000 Shares on each anniversary of his appointment, subject to Shareholder approval.

Each Non-Executive Director is also entitled to be reimbursed reasonable expenses incurred in performing their duties, including the cost of attending Board meetings, travel, accommodation and entertainment expenses where agreed to by the Board.

Messrs Durtanovich and Hatfull are considered to be independent directors of Rafaella.

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## 12. ADDITIONAL INFORMATION

### 12.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### 12.2 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### (a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

#### (b) 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:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) 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
- (iii) 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).

#### (c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the

amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

No dividend shall carry interest as against the Company.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

The assets of the Company must on a winding up be applied in repayment to the Shareholders in proportion to their respective holdings, subject to any express provision of the Constitution.

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## 12.3 Rights attaching to Existing Options

(a) **Entitlement**

Each Existing Option entitles the holder to subscribe for one Share upon exercise of the Existing Option.

(b) **Exercise Price**

Subject to paragraph 12.3(i), the amount payable upon exercise of each Existing Option will be \$0.30 (**Exercise Price**).

(c) **Expiry Date**

Each Existing Option will expire at 5:00 pm (WST) on the date that is 2 years from the date of issue (**Expiry Date**). An Existing Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Existing Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Existing Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Existing Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Existing Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Existing Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Existing Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Existing Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Existing Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Existing Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Existing Options without exercising the Existing Options.

(k) **Change in exercise price**

An Existing Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Existing Option can be exercised.

(l) **Transferability**

The Existing Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## 12.4 **Rights attaching to Broker Options**

(a) **Entitlement**

Each Broker Option entitles the holder to subscribe for one Share upon exercise of the Broker Option.

(b) **Exercise Price**

Subject to paragraph 12.4(i), the amount payable upon exercise of each Broker Option will be \$0.20 (**Exercise Price**)

(c) **Expiry Date**

Each Broker Option will expire at 5:00 pm (WST) on the date that is 4 years from the date of issue (**Expiry Date**). A Broker Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Broker Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Broker Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Broker Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Broker Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Broker Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Broker Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Broker Options.

If a notice delivered under 12.4(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Broker Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Broker Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Broker Options without exercising the Broker Options.

(k) **Change in exercise price**

A Broker Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Broker Option can be exercised.

(l) **Transferability**

The Broker Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## 12.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

## 12.6 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (c) the formation or promotion of the Company;
- (d) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (e) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (f) the formation or promotion of the Company; or
- (g) the Offer.

FRM Geological Services has acted as Independent Geologist and has prepared the Independent Geologist's Report which is included in Section 5. The Company estimates it will pay FRM Geological Services a total of \$17,500 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, FRM Geological Services has not received fees from the Company for any other services.

RSM Corporate Australia Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 6 of this Prospectus. The Company estimates it will pay RSM Corporate Australia Pty Ltd a total of \$8,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, RSM Corporate Australia Pty Ltd has not received any fees from the Company for any other services.

RSM Australia Partners has acted as auditor to the Company. The Company estimates it will pay RSM Australia Partners a total of \$9,500(excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, RSM Australia Partners has not received fees from the Company for audit services.

EverBlu will receive 6% of the total amount raised under the Prospectus (plus GST) following the successful completion of the Offer for its services as Lead Manager to the Offer in addition to the amounts payable as set out in Sections 11.3. EverBlu will be responsible for paying all capital raising fees that EverBlu and the Company agree with any other financial service licensees. Further details in respect to the Lead Manager Mandate with EverBlu are summarised in Section 11.3. EverBlu has

not received any other fees for other services provided to the Company in the last two years.

MacDonald & Company Lawyers has acted as the Canadian solicitors to the Company in relation to the Offer and has prepared the Solicitor's Report on Tenements - Canada which is included in Section 8. The Company estimates it will pay MacDonald & Company Lawyers \$15,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, MacDonald & Company Lawyers has not received fees from the Company for any other services.

Steinepreis Paganin has acted as the Australian solicitors to the Company in relation to the Offer and has prepared the Solicitor's Report on Tenements - Australia which is included in Section 7. The Company estimates it will pay Steinepreis Paganin \$50,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has not received fees from the Company for any other services.

## 12.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

FRM Geological Services has given its written consent to being named as Independent Geologist in this Prospectus, the inclusion of the Independent Geologist's Report in Section 5 in the form and context in which the report is included and the inclusion of statements contained in the Chairman's Letter, Investment Overview and Section 3 of this Prospectus in the form and context in which those statements are included. FRM Geological Services has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

RSM Corporate Australia Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report included in Section 6 of this Prospectus in the form and context in which the information and report is included. RSM Corporate Australia Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

RSM Australia Partners has given its written consent to being named as auditor of the Company in this Prospectus and the inclusion of the audited financial

information of the Company contained in the Investigating Accountant's Report included in Section 6 in the form and context in which it appears. RSM Australia Partners has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

MacDonald & Company Lawyers has given its written consent to being named as the Canadian solicitors to the Company in this Prospectus and to the inclusion of the Solicitor's Report on Tenements - Canada in Section 8 in the form and context in which the report is included. MacDonald & Company Lawyers has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the Australian solicitors to the Company in this Prospectus and to the inclusion of the Solicitor's Report on Tenements - Australia in Section 7 in the form and context in which the report is included. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

EverBlu has given its written consent to being named as the Lead Manager to the Company in this Prospectus. EverBlu has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Automic has given its written consent to being named as the share registry to the Company in this Prospectus. Automic has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## 12.8 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$468,583 for the subscription of \$5,000,000 pursuant to the Offer and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Minimum Subscription (\$)
ASIC fees	2,400
ASX fees	60,683
Lead Manager Fees	300,000
Legal Fees	65,000
Independent Geologist's Fees	17,500
Investigating Accountant's Fees	8,000
Printing and Distribution	5,000
Miscellaneous	10,000
<b>TOTAL</b>	<b>468,583</b>

\* EverBlu will be responsible for paying all capital raising fees that EverBlu and the Company agree with any other licensed securities dealers or Australian financial services licensee out of

these fees paid by the Company to EverBlu. For a summary of the Lead Manager Mandate refer to Section 11.3.

## **12.9 Continuous disclosure obligations**

Following admission of the Company to the Official List, the Company will be a “disclosing entity” (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

## **12.10 Electronic Prospectus**

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at [www.rafaellaresources.com.au](http://www.rafaellaresources.com.au).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## **12.11 Financial Forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## **12.12 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship**

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements

will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

### **12.13 Privacy statement**

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

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**13. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

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Graham Durtanovich  
Non-Executive Chairman  
**For and on behalf of**  
**RAFAELLA RESOURCES LTD**

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## 14. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

**\$** means an Australian dollar.

**Acquisition Agreements** means the OVR Agreement and the Tenement Acquisition Agreement.

**Applicant** means a person who submits an Application Form.

**Application Form** means the application form attached to or accompanying this Prospectus relating to the Offer.

**ASIC** means Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the official listing rules of ASX.

**Blumenthal Parties** means the persons and entities set out in the table in the Important Notice Section.

**Board** means the board of Directors as constituted from time to time.

**Broker Options** means 2,500,000 Options to be issued to EverBlu (or its nominees) with the terms and conditions set out in Section 12.4.

**Business Day** means a day that is not a Saturday, Sunday or public holiday in Perth, Western Australia.

**Closing Date** means the closing date of the Offer as set out in the indicative timetable in the Key Offer Information Section of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

**Company** or **Rafaella** means Rafaella Resources Ltd (ACN 623 130 987).

**Constitution** means the constitution of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the directors of the Company at the date of this Prospectus.

**EverBlu** or **Lead Manager** means EverBlu Capital Pty Ltd (ACN 612 793 683) (AFSL 499601).

**Existing Options** means the Options on issue as at the date of this Prospectus with the terms and conditions set out in Section 12.3.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

**JORC Code** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

**Lead Manager Mandate** means the mandate between the Company and EverBlu as set out in Section 11.3.

**McCleery Project** means the project described at Section 3.2 of the Prospectus.

**Minimum Subscription** means \$5,000,000.

**Offer** means the offer of Shares pursuant to this Prospectus as set out in Section 2.

**Official List** means the official list of ASX.

**Official Quotation** means official quotation by ASX in accordance with the ASX Listing Rules.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Overland** means Overland Resources Limited (ACN 114 187 978), now named Renegade Exploration Limited.

**Overland BC** means Overland Resources (BC) Limited (an entity incorporated in British Columbia, Canada).

**OVR Acquisition** has the meaning given to that term in Section 11.1.

**OVR Agreement** means the agreement summarised in Section 11.1.

**Projects** means the McCleery Project and the Sandstone Project.

**Prospectus** means this replacement prospectus.

**Sandstone Project** means the project described at Section 3.3 of the Prospectus

**Section** means a section of this Prospectus.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Registry** means Automic Pty Ltd (ACN 152 260 814) trading as Automic.

**Shareholder** means a holder of Shares.

**Tenement Acquisition Agreement** means the agreement summarised in Section 11.2.

**Tenements** means the mining tenements in which the Company has or will acquire an interest as set out at Sections 3.2 and 3.3 and further described in the Solicitor's Report on Tenements - Australia set out in Section 7 and Solicitor's Report on Tenements - Canada set out in Section 8.

**Topdrill** means Topdrill Pty Ltd (ACN 118 519 609).

**WST** means Western Standard Time as observed in Perth, Western Australia.

## ANNEXURE – DEPARTURES FROM ASX CORPORATE GOVERNANCE RECOMMENDATIONS

This Corporate Governance Statement is current as at the date of this Prospectus and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company will, as at the date it is admitted to the official list of the ASX, follow the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the Company intends to adopt in lieu of the recommendation.

The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties.

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the experience and skill set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

The Company's Corporate Governance Plan is available on the Company's website at <http://www.rafaellaresources.com.au/>.

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<i>Principle 1: Lay solid foundations for management and oversight</i>		
<p><b>Recommendation 1.1</b></p> <p>A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.</p>	YES	<p>The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management.</p> <p>The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees,</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
		<p>Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p> <p>A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.</p>
<p><b>Recommendation 1.2</b></p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.</p>	<p>YES</p>	<p>(a) The Company has guidelines for the appointment and selection of the Board in its Corporate Governance Plan. The Company's Nomination Committee Charter (in the Company's Corporate Governance Plan) requires the Nomination Committee (or, in its absence, the Board) to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person or putting forward to security holders a candidate for election, as a Director.</p> <p>(b) Under the Nomination Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director.</p>
<p><b>Recommendation 1.3</b></p> <p>A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	<p>YES</p>	<p>The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p> <p>The Company has written agreements with each of its Directors and senior executives.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p><b>Recommendation 1.4</b></p> <p>The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>	YES	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>
<p><b>Recommendation 1.5</b></p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>(A) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality</p>	PARTIALLY	<p>(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives if any have been set and the Company's progress in achieving them.</p> <p>(b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website.</p> <p>(c)</p> <p>(i) The Board does not presently intend to set measurable gender diversity objectives because:</p> <p>(A) the Board does not anticipate there will be a need to appoint any new Directors or senior executives due to limited nature of the Company's existing and proposed activities and the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans; and</p> <p>(B) if it becomes necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>Indicators”, as defined in the Workplace Gender Equality Act.</p>		<p>the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company’s policy of appointing based on skills and merit: and</p> <p>(ii) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined “senior executive” for these purposes) for each financial year will be disclosed in the Company’s Annual Report.</p>
<p><b>Recommendation 1.6</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>YES</p>	<p>(a) The Company’s Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company’s Corporate Governance Plan, which is available on the Company’s website.</p> <p>(b) The Company’s Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company intends to complete performance evaluations in respect of the Board, its committees (if any) and individual Directors for each financial year in accordance with the above process.</p>
<p><b>Recommendation 1.7</b></p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p>	<p>YES</p>	<p>(a) The Company’s Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Company’s senior executives on an annual basis. The Company’s Remuneration Committee (or, in its absence, the Board) is responsible for evaluating the remuneration of the Company’s senior executives on an annual basis. A senior executive, for these purposes, means key management</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>		<p>personnel (as defined in the Corporations Act) other than a non-executive Director.</p> <p>The applicable processes for these evaluations can be found in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>(b) The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company intends to complete performance evaluations in respect of the senior executives (if any) for each financial year in accordance with the applicable processes.</p> <p>At this stage, due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Company has not appointed any senior executives.</p>
<p><b>Principle 2: Structure the Board to add value</b></p>		
<p><b>Recommendation 2.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout</li> </ul>	<p>YES</p>	<p>(a) The Company does not have a Nomination Committee. The Company's Nomination Committee Charter provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director.</p> <p>(b) The Company does not have a Nomination Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Nomination Committee Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience,</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>		<p>independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively:</p> <p>(i) devoting time at least annually to discuss Board succession issues and updating the Company's Board skills matrix; and</p> <p>(ii) all Board members being involved in the Company's nomination process to the maximum extent permitted under the Corporations Act and ASX Listing Rules</p>
<p><b>Recommendation 2.2</b></p> <p>A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	<p>YES</p>	<p>Under the Nomination Committee Charter (in the Company's Corporate Governance Plan), the Nomination Committee (or, in its absence, the Board) is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.</p> <p>Given the current size and stage of development of the Company the Board has not yet established a formal board skills matrix. Gaps in the collective skills of the Board are regularly reviewed by the Board as a whole, with the Board proposing candidates for directorships having regard to the desired skills and experience required by the Company as well as the proposed candidates' diversity of background.</p> <p>The Board Charter requires the disclosure of each Board member's qualifications and expertise. Full details as to each Director and senior executive's relevant skills and experience are available in the Company's Annual Report and on the Company's website.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p><b>Recommendation 2.3</b></p> <p>A listed entity should disclose:</p> <p>(a) the names of the Directors considered by the Board to be independent Directors;</p> <p>(b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each Director</p>	YES	<p>The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Company will disclose those Directors it considers to be independent in its Annual Report and on its ASX website. The Board considers that Mr Peter Hatfull and Mr Graham Durtanovich are independent Directors.</p> <p>(a) The Company will disclose in its Annual Report and ASX website any instances where this applies and an explanation of the Board's opinion why the relevant Director is still considered to be independent.</p> <p>(b) The Company's Annual Report will disclose the length of service of each Director, as at the end of each financial year.</p>
<p><b>Recommendation 2.4</b></p> <p>A majority of the Board of a listed entity should be independent Directors.</p>	YES	<p>The Company's Board Charter requires that, where practical, the majority of the Board should be independent.</p> <p>The Board currently comprises a total of 3 directors, 2 of whom are considered to be independent. As such, independent directors are currently a majority of the Board.</p>
<p><b>Recommendation 2.5</b></p> <p>The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.</p>	YES	<p>The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director.</p> <p>The Chair of the Company is an independent Director and is not the CEO/Managing Director.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p><b>Recommendation 2.6</b></p> <p>A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.</p>	YES	<p>In accordance with the Company's Board Charter, the Nominations Committee (or, in its absence, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company Secretary is responsible for facilitating inductions and professional development.</p>
<b>Principle 3: Act ethically and responsibly</b>		
<p><b>Recommendation 3.1</b></p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its Directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	YES	<p>(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees.</p> <p>(b) The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website.</p>
<b>Principle 4: Safeguard integrity in financial reporting</b>		
<p><b>Recommendation 4.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, who is not the Chair of the Board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p>	PARTIALLY	<p>(a) The Company does not have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair.</p> <p>(b) The Company does not have an Audit and Risk Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		<p>and Risk Committee Charter including the following processes to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p>(i) the Board devotes time at annual Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors; and</p> <p>(ii) all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.</p>
<p><b>Recommendation 4.2</b></p> <p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	YES	<p>The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms.</p> <p>The Company intends to obtain a sign off on these terms for each of its financial statements in each financial year.</p>
<p><b>Recommendation 4.3</b></p> <p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	YES	<p>The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<b>Principle 5: Make timely and balanced disclosure</b>		
<p><b>Recommendation 5.1</b></p> <p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	YES	<p>(a) The Board Charter provides details of the Company's disclosure policy. In addition, the Corporate Governance Plan details the Company's disclosure requirements as required by the ASX Listing Rules and other relevant legislation.</p> <p>(b) The Corporate Governance Plan, which incorporates the Board Charter, is available on the Company website.</p>
<b>Principle 6: Respect the rights of security holders</b>		
<p><b>Recommendation 6.1</b></p> <p>A listed entity should provide information about itself and its governance to investors via its website.</p>	YES	Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.
<p><b>Recommendation 6.2</b></p> <p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	YES	The Company has adopted a Shareholder Communication Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.
<p><b>Recommendation 6.3</b></p> <p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	YES	Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.

RECOMMENDATIONS (3 <sup>RD</sup> EDITION)	COMPLY	EXPLANATION
<p><b>Recommendation 6.4</b></p> <p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	YES	<p>The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>
<b>Principle 7: Recognise and manage risk</b>		
<p><b>Recommendation 7.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director,</li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it</p>	YES	<p>(a) The Company does not have an Audit and Risk Committee. The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director.</p> <p>A copy of the Corporate Governance Plan is available on the Company's website.</p> <p>(b) The Company does not have an Audit and Risk Committee as the Board consider the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to oversee the entity's risk management framework:</p> <p>The Board devotes time at quarterly Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and</p>

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employs for overseeing the entity's risk management framework.		maintaining the entity's risk management framework and associated internal compliance and control procedures.
<p><b>Recommendation 7.2</b></p> <p>The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	YES	<p>(a) The Audit and Risk Committee Charter requires that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Company's risk management framework continues to be sound.</p> <p>(b) The Company's Corporate Governance Plan requires the Company to disclose at least annually whether such a review of the company's risk management framework has taken place.</p>
<p><b>Recommendation 7.3</b></p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	PARTIALLY	<p>(a) The Company does not have an internal audit function. The Audit and Risk Committee Charter provides for the Audit and Risk Committee to monitor the need for an internal audit function.</p> <p>(b) As set out in Recommendation 7.1, the Board is responsible for overseeing the establishment and implementation of effective risk management and internal control systems to manage the Company's material business risks and for reviewing and monitoring the Company's application of those systems.</p> <p>The Board devotes time at quarterly Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.</p>
<p><b>Recommendation 7.4</b></p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social</p>	YES	The Audit and Risk Committee Charter requires the Audit and Risk Committee (or, in its absence, the Board) to assist management determine whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

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sustainability risks and, if it does, how it manages or intends to manage those risks.		The Company's Corporate Governance Plan requires the Company to disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company will disclose this information in its Annual Report and on its ASX website as part of its continuous disclosure obligations.
<b>Principle 8: Remunerate fairly and responsibly</b>		
<p><b>Recommendation 8.1</b></p> <p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent Directors; and</li> <li>(ii) is chaired by an independent Director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	PARTIALLY	<p>(a) The Company does not have a Remuneration Committee. The Company's Corporate Governance Plan contains a Remuneration Committee Charter that provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom must be independent Directors, and which must be chaired by an independent Director.</p> <p>(b) The Company does not have a Remuneration Committee as the Board considers the Company will not currently benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter including the following processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p>The Board devotes time at the annual Board meeting to assess the level and composition of remuneration for Directors and senior executives.</p>

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<p><b>Recommendation 8.2</b></p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.</p>	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed on the Company's website.
<p><b>Recommendation 8.3</b></p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	N/A	The Company does not have an equity-based remuneration scheme.