

ASX Announcement | 28 January 2021
Rafaella Resources Limited (ASX:RFR)

Rafaella signs drilling contract for Santa Comba resource expansion.
Rig mobilised and drilling commenced.

Investment Highlights

- ① Rafaella Resources has engaged Sondeos y Perforaciones Industriales del Bierzo, S.A. to conduct a diamond drilling campaign at the Santa Comba tungsten and tin project in Spain
- ① Initially 1,500m targeted to convert Inferred to Measured and Indicated focused on mineralization within the quarry and forming part of the early mine production
- ① Further 3,000m targeted at expanding the existing Resource
- ① Any increase in the Resource will be immediately accretive to the Santa Comba project for which a detailed pre-feasibility study was released in December¹
- ① The first rig has been mobilised to site and drilling of MC108 commenced on 27th January with a second rig expected at site during the 1st week of February
- ① Site preparation and underground re-commissioning continues

Rafaella Resources Limited (ASX:RFR) (“Rafaella” or “the Company”) is pleased to announce that it has contracted, through its Spanish subsidiary and 100% owner of the Santa Comba tungsten and tin project Galicia Tin and Tungsten SL (‘GTT’), Sondeos y Perforaciones Industriales del Bierzo, S.A. (‘SPI’) to conduct a drilling campaign for up to 4,500m of diamond drilling. SPI conducted the 2016 diamond drilling campaign for 2,700m and the reverse circulation drilling for the 2019/20 drilling campaign.

The drilling campaign will initially focus on converting existing Inferred Resources located within the current pit shells to Measured and Indicated status amounting to 7 holes totalling approximately 1,500m (Figure 1). Four of the initial holes are located within the existing aggregate quarry and all the targeted resource upgrade will fall within Stage 1 of the mine plan which is to be undertaken through a commercial arrangement with the local aggregate quarry operator.²

¹ and ² See ASX announcement 2 December 2020 “Santa Comba PFS Demonstrates Exceptional Economics with Assignment of Ore Reserves”

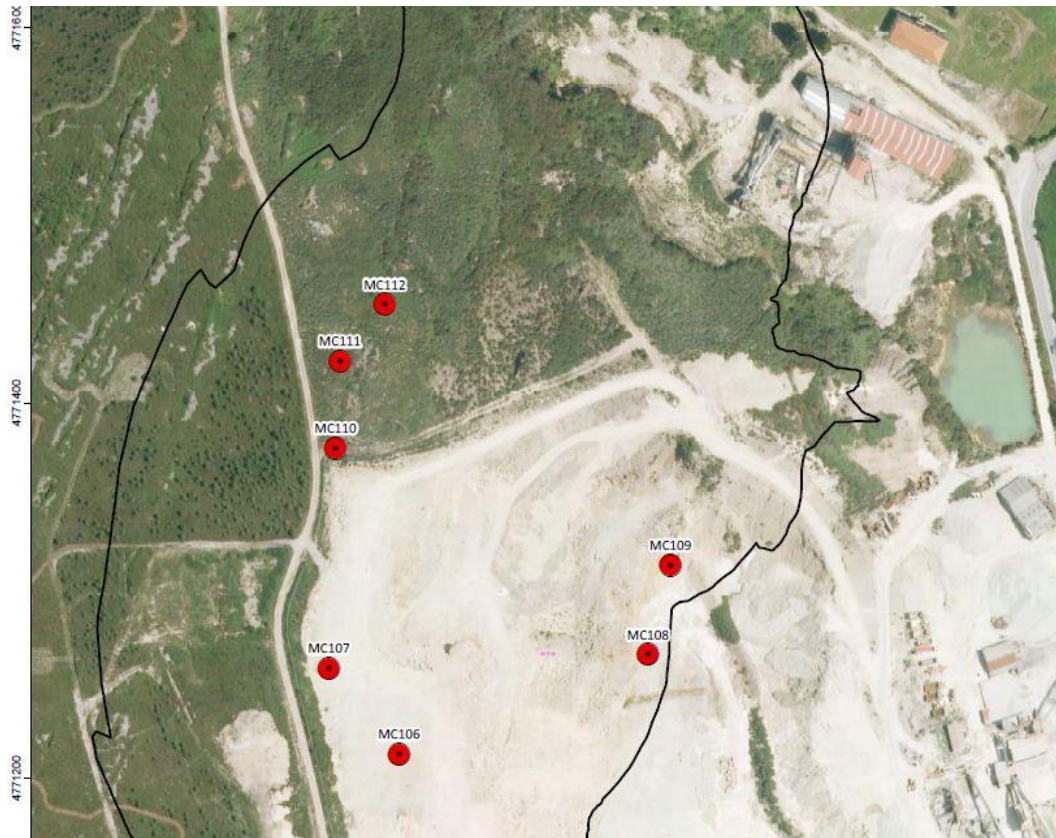


Figure 1 – Initial proposed DD holes for 1500m of drilling

The drilling campaign will then seek to expand the resource through step out drilling and subject to results this will be followed by infill drilling such that any additional resource where possible will be converted to Measured and Indicated status.

SPI has mobilised a Spidrill 160D rig (Figure 2) to site and has commenced drilling the first of the holes, MC108 with a target depth of 160m. A second rig is to be mobilised on 2nd February with a possible third rig later in the month.



Figure 2 - Spidrill 160D diamond drill rig at MC108

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

Site preparation work continues with a review of existing process equipment and the disposal of such where determined as not required for future operations. Underground recommissioning is also progressing with the acquisition of ventilation equipment and ongoing civil works to improve water drainage.

Managing Director Steven Turner said: “This drilling campaign is intended to take a project that has already demonstrated exceptional economics and add scale in terms of resource, mine life and shareholder value. This is a highly targeted drill campaign, building upon our very successful 2019/20 drilling and resulting enhanced knowledge of the resource. The purpose of the campaign is to deliver resources that will be fed directly in to updated mine schedules and therefore should be immediately accretive to the project economics. We look forward to keeping the market abreast of the drilling activity.”

This announcement has been authorised by the Board of Directors of the Company.

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About Rafaella Resources

Rafaella Resources Limited (ASX:RFR) is an explorer and developer of world-class mineral deposits. Rafaella owns the Santa Comba tungsten and tin development project in Spain, as well as the McCleery cobalt-copper project and the Midrim and Laforce high-grade nickel-copper-PGE sulphide projects in Canada. Santa Comba is located in a productive tungsten and tin province adjacent to critical infrastructure. The McCleery project was previously under-explored and holds significant potential. The Midrim and Laforce projects have had extensive drilling with some exciting intersections and offer significant upside for the Company.

To learn more please visit: www.rafaellaresources.com.au

About Sondeos y Perforaciones Industriales del Bierzo, S.A.

Sondeos y Perforaciones Industriales del Bierzo SA. ('SPI'), was created in 2001 in San Román de Bembibre-León (SPAIN), as a drilling rigs company in order to meet every need that the market could ask for. Nowadays it is one of the most important drilling companies in Spain and it is present in different countries such as Portugal, Mauritania and Democratic Republic of Congo.

To learn more please visit: <http://www.spibierzo.com/>

Forward Looking Statements Disclaimer

This announcement contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future development.

Competent Person Statement

The information in this announcement that relates to Exploration Results and Historical Estimates is based on, and fairly represents, information and supporting documentation compiled under the supervision of Lluís Boixet Martí, a consultant to the Company. Lluís Boixet Martí holds the title of European Geologist (EurGeol), a professional title awarded by the European Federation of Geologists (EFG). EFG is a 'Recognised Professional Organisations' (ROPO) by the ASX, an accredited organisation to

which Competent Persons must belong for the purpose of preparing reports on Exploration Results, Mineral Resources and Ore Reserves under the JORC (2012) Code. Lluís Boixet Martí consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.