



RAFAELLA
resources

ASX Announcement | 4 October 2021
Rafaella Resources Limited (ASX:RFR)

SANTA COMBA TUNGSTEN PROJECT

FIRST PRODUCTION ACHIEVED FROM UNDERGROUND

Investment Highlights

- ① First production from the fully permitted underground mine.
- ① Pilot plant installed, permitted and commissioned.
- ① Pilot plant production is an important step in the study work to recommence full scale operations.
- ① RC drilling campaign underway for emplacement of piezometers.
- ① Rafaella newest member of Critical Raw Materials Alliance.

Rafaella Resources Limited (ASX:RFR) ("Rafaella" or "the Company") is pleased to announce that it has successfully delivered first production from the fully permitted underground operation. Furthermore, the Company would like to provide a general update on developments in Spain.

Pilot Plant Commissioning for Underground Operations

The company announced in March¹ that it had decided to bring forward its plans for the underground development. The Company stated that it planned to achieve first production of concentrate in September. Rafaella is pleased to confirm that it has successfully delivered first production as set out in March with the safe installation of a pilot plant and first production from high-grade stockpiles left from previous operations dating back to 1985.



Figure 1 - Pilot Plant Crushing Circuit (Stage 1)

¹ See ASX announcement dated 26 March 2021 "Santa Comba Tungsten Project – Underground Recommissioning Update"

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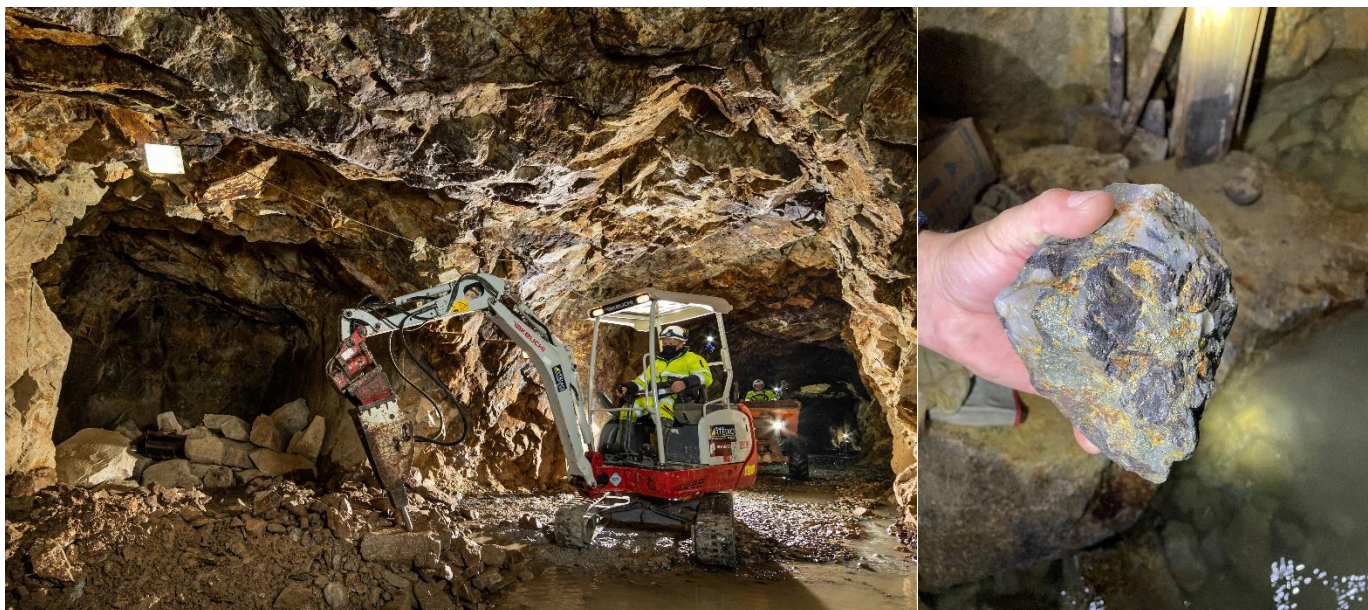
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Figure 2 - Pilot Plant Initial Processing Stage (Stage 2)



Figure 3 - Pilot Plant first day of operation



Figures 4 and 5 - Nortúnel operating underground near Carballeira and example of high-grade ore taken from the historic underground stockpile

Feasibility Study (FS) Update

The Company continues to progress the feasibility study. Metallurgical test-work has provided the good news that the ore is highly susceptible to magnetic separation. Delays at the test-lab in the UK have led to some slippage in the completion of the FS, however the additional time is being used to complete important water management studies and to advance discussions with the quarry operator concerning a solution to gain early access to tungsten ore within the quarry permit.

The improving price of tungsten, the upgrade in the Mineral Resource Estimate², and the exciting metallurgical test-work all indicate a positive enhancement to project economics from those released in the December 2020 pre-feasibility study ("PFS").³

Piezometer Drilling

As part of the underground study to scale up operations, the Company is conducting a limited drilling campaign of 12 drill holes. Sondeos y Perforaciones Industriales del Bierzo, S.A. (SPI), has been contracted using reverse circulation drill rigs to conduct the programme. These drill holes will be used to emplace piezometers to measure the water table, a key input to the hydrological modelling. The Company has completed 6 drill holes to date for a total of 764m of a planned 1,550m.

² See ASX announcement dated 17 August 202 "Rafaella Resources announces 42% increase in open pit Measured & Indicated Resources"

³ See ASX announcement dated 2 December 2020 "Santa Comba PFS Demonstrates Exceptional Economics with Assignment of Ore Reserves."



Figure 6 - RC drilling taking place for the emplacement of piezometers

Rafaella Resources newest member of CRM Alliance

The Company is delighted to announce that it is the newest member of the Critical Raw Materials Alliance. The CRM Alliance is a representative body of primary producers, traders and associations of critical raw materials (CRMs). The Alliance was created by industry to advocate the importance of CRMs for the European economy and to promote a strong European CRM policy. Tungsten is identified as a critical raw material by the European Commission and as such is gaining increasing attention by policy makers across Europe as governments look to address the very real supply chain risk arising from the Chinese concentration amounting to circa 85% of global supply of tungsten concentrate.

Managing Director Steven Turner said: “The successful and safe delivery of the pilot plant, working closely with the authorities to ensure that all permits and approvals were obtained, is a testament to the capabilities of the growing team at site and in Madrid. This is the first real step in bringing the Santa Comba tungsten and tin mine back into production, 36 years from when the underground mine was last commercially operated. We are delighted to be the company leading the way, applying the highest health, safety and environment standards, as we continue to invest in and support the region”.

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

Ends

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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

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.

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 developments.