

**Rafaella Resources Limited**

ABN: 49 623 130 987

**ASX: RFR**

## Projects

### SPAIN

- **Santa Comba**  
W-Sn development
- **San Finx**  
W-Sn development

### PORTUGAL<sup>1</sup>

- **Borralha**  
W development
- **Vila Verde**  
W exploration

### CANADA

- **Midrim/Laforce**  
Ni-Cu-PGM exploration
- **McCleery**  
Au-Co-Cu-Ag exploration

<sup>1</sup> Pending Completion

## ASX ANNOUNCEMENT

3 February 2022

## Rafaella and PanEx agree extension to sign Definitive Agreements on Borralha and Vila Verde tungsten projects

**Rafaella Resources Limited (ASX:RFR) ('Rafaella' or the 'Company')** hereby updates the market that, further to its announcement on 23 November 2021 regarding a binding heads of agreement ('HoA') with PanEx Resources Ltd ('PanEx') for the acquisition of Pan Iberia Ltd ('Pan Iberia') the parties have agreed an extension to 11<sup>th</sup> February 2022 for the signing of the definitive transaction agreements. Pan Iberia, through its 100% subsidiary, PanMetals Unipessoal Limitada ('PanMetals') holds the contractual rights to acquire 100% of the Borralha tungsten project ('Borralha') and 90% of the Vila Verde tungsten project ('Vila Verde') from Minerália - Minas, Geotecnia e Construcões, LDA ('Minerália'),

## Investment Highlights

- ① In November 2021, Rafaella executed a binding HoA to acquire Pan Iberia, the owner of options over the Borralha and Vila Verde tungsten projects in northern Portugal (the 'Projects')<sup>1</sup>
- ① Acquisition is highly complementary to the Santa Comba and San Finx tin and tungsten projects, significantly strengthening the Company's strategic position in the Iberian Peninsula, a leading supplier of tungsten to Europe and North America.
- ① Execution of definitive transaction agreements was agreed for 31 January 2022, with completion occurring following publication of a JORC compliant mineral resource estimate ('MRE') for the Projects.
- ① RSC Global Pty Ltd, ('RSC') has been appointed by Rafaella to conduct the JORC compliant MRE for the projects.
- ① The parties have agreed an extension to the execution of the definitive agreement to 11 February 2022.

**Managing Director Steven Turner said:** "These projects, along with the recently completed acquisition of the San Finx tin and tungsten mine<sup>2</sup>, have created an enviable Iberian portfolio of tin and tungsten projects, all located within the Iberian Variscan Massif, positioned close to deep-water ports to supply the European and North American markets. These markets are both in deficit for these critical metals at a time of significant supply chain risks arising from increasing geopolitical events."

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<sup>1</sup> See ASX announcement dated 23 November 2021 "Strategic Tungsten Acquisition - Borralha and Vila Verde Projects"

<sup>2</sup> See ASX announcement dated 4 January 2022 "Second strategic Iberian Acquisition - San Finx Tin Tungsten Mine"

## Commercial Terms and Due Diligence Progress

The HoA sets out the terms that will govern the acquisition and comprise the definitive transaction agreements. The HoA includes the following key commercial terms:

- Total consideration is €4,000,000 based upon an independent JORC Mineral Resource Estimate for Borralha ('Borralha MRE') of at least 25,000t of WO<sub>3</sub> at a minimum grade of 0.14%. If the Borralha MRE is less than the target milestone, then a pro rata adjustment is made to the consideration, subject to a minimum payment at Completion of €2,000,000. Additional consideration is then payable if subsequent Borralha MRE's reach the target milestone within 4 years of completion of the transaction.
- The consideration payable is in cash and shares with the first €1,000,000 paid in cash and the balance payable in Rafaella shares; valuation to be determined based upon a 5-day VWAP prior to issuance.
- Minerália will continue to provide ongoing management and compliance support to Rafaella.
- Completion is subject to standard conditions for a transaction of this nature and in addition:
  - Rafaella obtaining an independent JORC compliant MRE for the Projects; and
  - Receipt of all necessary third-party approvals.
- During the period until execution of the transaction agreements, Rafaella will have exclusivity over the Projects.

The legal, technical, and commercial due diligence is progressing at pace:

- RSC Global Pty Ltd, ('RSC') has been appointed by Rafaella to conduct the JORC compliant MRE for the projects. RSC provides geological consulting, exploration management and contract geological services to the global mining and exploration industry.
- A site visit is planned for the 8<sup>th</sup> and 9<sup>th</sup> of February, to be attended by Rafaella, RSC and Minerália.

## Borralha and Vila Verde Tungsten Projects

The Borralha and Vila Verde tungsten projects of northern Portugal lie in the inner metamorphic belt of the Variscan Orogen of the Iberian Massif. This corresponds to the same metamorphic belt as the Santa Comba and San Finx tin and tungsten deposits, amongst many others, as shown in figure 1.

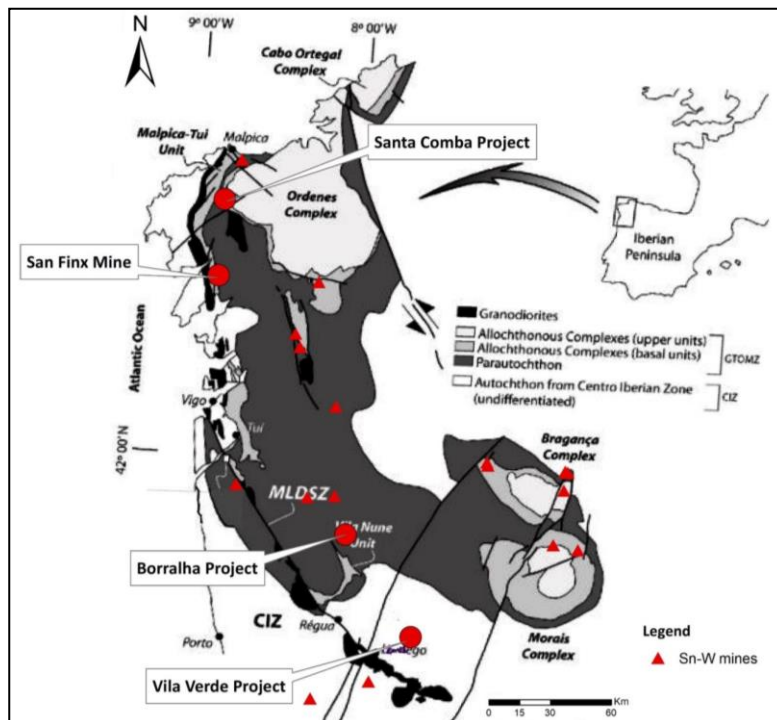


Figure 1. Geological map from NW Iberian Peninsula showing location of Santa Comba project, San Finx mine, Borralha and Vila Verde projects within the inner metamorphic belt of the Variscan Orogen of the Iberian Massif.

## Borralha Project

The Borralha tungsten deposit has a long mining history dating back to 1902 until its closure in 1986.

Drilling through the main Breccia body, named Santa Helena Breccia demonstrated the excellent potential to delineate relatively high-grade resources over relatively large zones at shallow depths.

The Borralha deposit is paramagnetic and contains Ferberite which is a significant advantage as this may lead to lower capital costs and higher recovery with consequently lower operating costs. The recent magnetic separation test-work for Santa Comba is a clear example as to where the Company may be able to apply its learnings over the last two years to the Projects.

In October 2021, Borralha was granted an exploitation mining concession by the General Directorate of Energy and Geology of Portugal for a 25-year period, with two 15-year options to extend.

## Vila Verde Project

The first known license for the exploitation of the mine dates back to 1883 and was granted until its closure in 1986.

The main contribution to tungsten mineralization from historic mining has been quartz veins within the stockwork deposit, which also contains zones where the prospective lithium minerals Zimwaldite and Lepidolite have been reported.

An experimental mining licence ('EML') has been applied for and is pending with the DGEG. Following further study to be undertaken by Rafaella, and subject to results, an exploitation licence will be applied for.

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 and San Finx tungsten and tin development projects in Spain, as well as having agreed the acquisition of the Borralha and Vila Verde tungsten projects in northern Portugal. The recently acquired San Finx project lies 50km south from the Company's flagship Santa Comba tungsten and tin mine in Galicia, NW Spain. The Portuguese projects to the south are highly complementary to the Spanish projects, all within the same geological belt, strengthening the Company's strategic position in the Iberian Peninsula and its long-term goal of being a significant supplier of the critically listed metals of tungsten and tin.

Rafaella also holds an exploration portfolio in Canada, comprising the Midrim and Laforce high-grade nickel-copper-PGE sulphide projects in Quebec and the McCleery cobalt-copper project in the Yukon. 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](http://www.rafaellaresources.com.au)

### **Competent Person Statement**

The information in this announcement that relates to the geological setting 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.