

Projects

SPAIN

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

PORTUGAL¹

- Borralha
W development
- Vila Verde
W exploration

CANADA

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

¹ Pending Completion

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ASX ANNOUNCEMENT

16 February 2022

Rafaella Completes oversubscribed \$2m Private Placement

Rafaella Resources Limited (ASX:RFR) ('Rafaella' or the 'Company') is pleased to announce the successful placement of 33.3 million shares at a price of \$0.06/share ('Placement Price'), a 2% premium to the Company's last traded share price on Thursday 10 February, an 12% discount to the 5-day VWAP. For every two shares issued under the placement, investors will receive 1 free attaching option, each with an exercise price of \$0.12 expiring on 13 April 2024 ('Placement Options'). The Placement Options will be in the same class as the Company's existing unlisted options on issue (RFRAK). The raise was lead-managed by Vert Capital Pty Ltd ('Vert Capital').

Investment Highlights

- Rafaella Resources has successfully closed a \$2.0 million private placement at 6c per share, equal to a 2% premium to the Company's last traded share price on Thursday 10 February and an 12% discount to the 5-day VWAP. Shares to be issued have a 2 for 1 free attaching option with an exercise price of 12c per share and an expiry date of 13 April 2024.
- The raise was oversubscribed with strategic, long-term sophisticated investors being added to the shareholder register.
- Funds will be used for:
 - advancement of the Santa Comba and San Finx project development work,
 - ongoing due diligence and completion work for the Portuguese acquisitions,
 - advancing funding options for the Midrim and Laforce exploration projects, and
 - ongoing working capital requirements.
- Rafaella is continuing to progress the closing of the highly attractive Portuguese tungsten projects announced on 23rd November 2021¹. The parties to the transaction have agreed a further extension to the signing of the definitive transaction agreements to the end of February. Note that the completion of the acquisition only occurs after the publication of a JORC report and shareholder approval. **No consideration is payable prior to these conditions precedent being met.**
- Rafaella has no major capital commitments in the immediate future.
- Vert Capital acted as Lead Manager for the raise.

Managing Director Steven Turner said: "Rafaella has put together an attractive strategic portfolio of mining projects capable of supplying up to a third of Europe's tungsten demand. In addition, Rafaella has an increased exposure to tin at a time of record prices. The Canadian nickel-copper-PGE projects remain very exciting, and the Company is seeking a funding solution for the planned drilling campaign that maximises shareholder returns whilst minimising dilution. The strong demand for this capital raise is an indication that the market is beginning to recognise the potential for significant investor upside."

The placement shares will be issued in two tranches. Tranche 1 will comprise the issuance of 31.6 million shares at the Placement Price to raise \$1.9 million under the Company's existing placement capacities. Tranche 2 will comprise 1.7 million shares at the Placement Price to raise a further \$0.1 million. The Tranche 2 issuance will be subject to shareholder approval at the next meeting, Brokers' fees amount to 6% on funds raised by the brokers, plus 1.5 million Broker Options issued under the same terms as the Placement Options. Vert Capital can elect to take their capital raising fees in shares at the Placement Price. All broker fees taken as shares and the Broker Options will be subject to shareholder approval as they will form part of Tranche 2. Any broker fees taken as shares are not included in the above figures.

Iberian Portfolio

The highly attractive San Finx project² is progressing through the public consultation phase of the water discharge permit application. The addition of this high-grade underground project with historical production as recently as 2017 of tin and tungsten concentrates has greatly enhanced the flexibility of the portfolio. With a proven process facility at site and extensive infrastructure in place, pre-production capital costs are substantially reduced, with a water treatment plant, limited refurbishment of the process facilities and a new decline the main pre-production capital items.

Santa Comba is continuing with its study work that will make up both the Definitive Feasibility Study (DFS) and the Open Pit Permit application. As announced on 25 January³ the metallurgical test work has determined that the project will produce the premium product, calcium tungstate. Optimisation work is ongoing to close out the DFS with capital costings largely complete. Discussions are underway with potential off-taker partners.

Due diligence on the Portuguese acquisitions is continuing. The binding heads of agreement that was announced in November is subject to several conditions' precedent, including due diligence, a JORC compliant mineral resource estimate of the projects and required regulatory and shareholder approvals. Following the site visit on 8 and 9 February, graciously hosted by Mineralia, the technical due diligence is largely complete. The signing of the definitive agreements will follow the completion of the legal due diligence, only leaving the publication of the JORC report and the approvals as conditions precedent to completion. Consideration payable as set out in the 23 November announcement is only payable once all conditions precedent have been met, or waived by the parties.

Midrim/Laforce Ni-Cu-PGE Project, Canada

Discussions are ongoing for a cost effective means to fund the drilling of the Midrim and Laforce high-grade nickel, copper and PGE projects in Quebec. SRK Exploration has completed a detailed geological report in compliance with Canadian reporting standards, 43-101 which is now being reviewed by third parties with the view of sourcing funding at the project level. This funding option is seen as a less dilutive option for Rafaela shareholders whilst maintaining exposure to the upside from the highly prospective drilling campaign planned for this year, following the successful identification of a deeper late time anomaly in 2021.

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

Ends

¹ See ASX announcement 23 November 2021 "Strategic Tungsten Acquisition - Borralha and Vila Verde Projects"

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

³ See ASX announcement dated 25 January 2022 "Santa Comba Tungsten Project Delivers Improved Recoveries Ahead of DFS Release"

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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

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.