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ASX Announcement | 21 September 2020
Rafaella Resources Limited (ASX:RFR)

Due Diligence Finds Strong Encouragement for Exploration at Midrim and LaForce Ni-Cu-PGE Projects

Investment Highlights

- ① The Canadian projects represent compelling targets for further exploration to discover significant Ni-Cu-PGE mineralization.
- ① The known shallow deposits at Midrim, Lac Croche and LaForce represent important proof of concept that the gabbroic intrusive systems are fertile and productive for formation of high-grade, high nickel tenor magmatic Ni-Cu-PGE mineralization.
- ① Successive generations of past exploration have been tightly focused on the known shallow deposits at Midrim, Lac Croche and LaForce, to the almost complete exclusion of other target within the project area.
- ① Untested regional airborne conductivity anomalies are documented within the project, associated with magnetic features interpreted to represent concealed gabbroic intrusive units. These features have never been followed up with ground EM or drilling.
- ① At Midrim and Lac Croche, the bulk of drilling is shallow (sub 200m depth). Borehole EM surveys indicate good potential for the systems to continue at depth and along strike.
- ① At LaForce, the bulk of drilling is similarly shallow (sub 200m depth). The project has never been surveyed with ground or borehole time-domain EM, considered industry standard for nickel exploration.

Rafaella Resources Limited (ASX:RFR) ("Rafaella" or "the Company") is pleased to announce that it has received the results of the due diligence conducted by CSA Global to assist in the assessment of the advanced nickel-copper sulphide Midrim and LaForce projects (the **"Projects"**) located within the mining-friendly jurisdiction of Quebec Province, Canada, subject to a conditional acquisition agreement with Meteoric Resources NL¹.

The review has assessed all the data made available by Orix Geosciences and finds that significant exploration potential exists on the projects for discovery of high grade, high nickel tenor magmatic sulphide Ni-Cu-PGE mineralization. While currently limited in size, the known shallow deposits on the projects are important proof of concept that the gabbroic host intrusive system is both fertile and productive, capable of forming high grade, high nickel tenor magmatic Ni-Cu-PGE sulphides. Nickel tenors at Midrim equate to approximately 5% nickel in 100% sulphide, while those at LaForce are much higher at approximately 10% nickel in 100% sulphide. The consistency of nickel tenors gives good encouragement that any further nickel sulphides discovered may have comparable tenors and grades.

All previous exploration activity has been highly focused on delineating and confirming the known shallow deposits at Midrim, Lac Croche and LaForce, often to the exclusion of following up other targets on the projects. The great majority of previous drilling is very shallow (sub 200 metres depth) and tightly spaced on the known deposits. There are numerous instances of duplication and twinning of holes/intercepts as successive companies carried out due diligence to confirm previous companies' exploration results. Almost no drilling has been done outside the immediate vicinity of these known shallow systems.

Rafaella Resources Limited ABN: 49 623 130 987

Registered Address: Level 8, 175 Eagle Street, Brisbane QLD 4000 AUSTRALIA

Business Address: Level 11, London House, 216 St Georges Terrace, Perth WA 6000 AUSTRALIA

Postal Address: GPO Box 2517 Perth WA 6831 AUSTRALIA

P: +61 8 9481 0389 F: +61 8 9463 6103 E: info@rafaellaresources.com.au W: www.rafaellaresources.com.au

Ground and borehole EM coverage are limited to the immediate area of Midrim and Lac Croche. Within Midrim and Lac Croche there are indications from surface and borehole EM conductivity anomalies that the systems may extend at depth and along strike. While ground geophysics has been conducted at LaForce, it was using systems that would not be considered best practice for massive nickel sulphide discovery.

Results from the 2001 MegaTEM survey flown over the Midrim project area show there are airborne EM anomalies within the project that have not yet been tested on the ground. Nearly all these conductivity features are interpreted from aeromagnetic data to be associated with potential buried gabbroic intrusive units.

The key to prospectivity is now to identify magmatic conduit targets on the project with sufficient scale of system to potentially accumulate significant deposits. Such magma conduits systems may have apparently limited footprint size on surface, but from global examples may still contain significant Ni-Cu-PGE deposits. Exploration to date has left most of the project untested for potential to host such systems.

A key recommendation of the assessment is to now engage a specialist geophysical assessment of the existing geophysical data, to remodel the conductivity anomalies identified, and delineate and prioritize targets for ground EM geophysical data acquisition and follow-up drilling.

Rafaella's Managing Director Steven Turner said: *"The initial technical review by CSA Global indicates extremely high potential for the Canadian Ni-Cu-PGE projects with clear targets for Rafaella's exploration team following completion of the acquisition. The Company is excited to further update the market as the due diligence review progresses."*

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

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For further information, please contact:

Rafaella Resources

Steven Turner, Managing Director

Ph: +61 (08) 9481 0389

E: info@rafaellaresources.com.au

Media & Investor Enquiries

Julia Maguire, The Capital Network

Ph: +61 419 815 386

E: julia@thecapitalnetwork.com.au

About Rafaella Resources

Rafaella Resources Limited (ASX:RFR) is an explorer and developer of world-class mineral deposits worldwide. Rafaella owns the Santa Comba tungsten and tin development project in Spain and the McCleery cobalt and copper exploration project in Canada. The Santa Comba project is located in a productive tungsten and tin province adjacent to critical infrastructure and the McCleery project was previously under-explored and holds significant potential.

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

About CSA Global (an ERM Group Company)

CSA Global, an ERM Group Company, is a geological, mining and management consulting company providing strategic mining services and advice to companies in the international mining industry. They have 35 years of international experience in most mineral commodities, with offices located in Perth, Darwin, Brisbane, Jakarta, Singapore, Johannesburg, Horsham (UK), Dublin, Toronto and Vancouver.

To learn more please visit: www.csaglobal.com

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 Organisation' (RPO) 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 development.

ⁱ Refer to ASX announcement dated 21 August 2021 "RFR to Acquire High Grade Ni-Cu Projects & Completes Funding"