

Projects

SPAIN

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

CANADA

- Belleterre-Angliers
Ni-Cu-PGM exploration



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ASX ANNOUNCEMENT

29 July 2022

Supplemental Information to Advanced PFS on Santa Comba

Rafaella Resources Limited (ASX:RFR) ('Rafaella' or 'the Company') provides the following additional information with respect to the Santa Comba tungsten-tin project's open pit Advanced Pre-feasibility Study ('Advanced PFS') announcement made on 20 June 2022¹.

Announcement Highlights

- Rafaella announced on 20 June, the results of an advanced pre-feasibility study for the open pit portion of the Santa Comba tungsten-tin project in Spain.
- Key financial metrics included \$94.5m pre-tax NPV, 32.6% IRR and a 2.3-year payback post commissioning.
- Proven and Probable Ore Reserves are estimated to be **7.48 million tonnes at a grade of 0.15% WO₃ (cut-off 0.05%) for 12,374t of contained WO₃**, being an increase of 63% over previous numbers.²
- Two cases were run, an Ore Reserves Case (against which the Ore Reserves were calculated) and a Management Case that included 5.6% of Inferred Resources* in the production schedule.
- In the 20 June announcement, a sensitivity table was provided for the Ore Reserves Case, but not for the Management Case. This supplemental announcement provides this additional sensitivity table for investors.

Managing Director Steven Turner said: "The Advanced PFS for the Santa Comba Project as well as the recently announced proposal to approve the water discharge permit at San Finx are significant steps forward for the Company in developing its Spanish critical metals portfolio."

**There is a lower level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.*

The Company confirms that all material assumptions underpinning the production target or the forecast financial information derived from the production target, in the initial reports continue to apply and have not materially changed.³

¹ See ASX announcement dated 20 June 2022 "Advanced Pre-Feasibility Study for Santa Comba open pit confirms strong economics and supports re-opening of integrated mine with 63% increase in Ore Reserves"

² See ASX announcement dated 1 December 2020 "Santa Comba PFS demonstrates Exceptional Economics with Assignment of Ore Reserves"

³ In accordance with ASX Listing Rule 5.19.2

Santa Comba Sensitivity Analysis

In the Advanced PFS the Company disclosed in Table 8 a sensitivity analysis for the Ore Reserves only case as follows:

TABLE 8. - ORE RESERVES CASE PROJECT NPV (BASE CASE = AU\$61.3M) POST-TAX*		
	-30%	+ 30%
APT Price	A\$-10M	A\$131M
Operating Cost	A\$123M	A\$-0.3M
Capital Cost	A\$72M	A\$51M
Sales	A\$-34M	A\$152M

* Note the NPV figure has been corrected from the previous announcement and now agrees with the full table of financial metrics disclosed in Table 7 of the previous announcement.

The same sensitivity has been run for the Management Case, which includes 5.6% of Inferred Resources in the economics. The supplemental table 8a should therefore be added as follows:

TABLE 8a. - MANAGEMENT CASE PROJECT NPV (BASE CASE = AU\$77.7M) POST-TAX		
	-30%	+ 30%
APT Price	A\$1M	A\$154M
Operating Cost	A\$135M	A\$20M
Capital Cost	A\$89M	A\$66M
Sales	A\$-23M	A\$175M

The observation is that both the Ore Reserves Case and the Management Case demonstrate a highly attractive open pit operation, despite representing only a small proportion of the total exploration potential available to the Company.

Santa Comba – Additional Project Potential

In August 2021 Rafaella announced an updated Mineral Resource Estimate for the open pit at Santa Comba⁴:

- Total resources of 9.97Mt @ 0.16% WO₃ and 100ppm Sn for 16,063 tonnes of contained WO₃ and 994 tonnes Sn.
- *The above financial metrics are based solely on the resources existing in this resource statement.*

In February 2022, the Company announced an updated underground JORC compliant Mineral Resource Estimate ('UG MRE') for Santa Comba, including the Zone Mina Carmen North updated by Rafaella as of February 2022⁵ and the unchanged UG MRE of Zone Mina Carmen South, dated August, 2016⁶.

- Underground Inferred Resources of 291kt @ 0.95% WO₃ and 0.23% Sn (0.53% WO₃ cut-off) for 2,752 tonnes of contained WO₃ and 662 tonnes of contained Sn (0.53% WO₃ cut-off).
- *The impact of a concurrent underground operation at Santa Comba is not included in the financial metrics quoted above.*

⁴ See ASX announcement dated 17 August 2021 "Rafaella Resources announces 42% increase in open pit Measured & Indicated Resources"

⁵ See ASX announcement dated 8 February 2022 "JORC compliant Underground MRE increases by 24% at Mina Carmen, Santa Comba and substantial Exploration Target determined."

⁶ See ASX announcement dated 27 May 2019 "Rafaella Resources Signs Heads of Agreement to Acquire 100% Interest in Spanish Tungsten and Tin Project".

In addition, the Santa Comba Project concessions are mineralised across a wide area. To assess this additional upside, a geological review in June 2019⁷ determined a near surface JORC compliant Exploration Target of:

- between 16.2Mt and 48.6Mt of WO₃ with a grade ranging between 0.15% and 0.23% WO₃ resulting in a metal content of between 25,000 tonnes and 112,000 tonnes.

The potential quantity and grade of the Exploration Target is conceptual in nature; there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration work will result in the estimation of a Mineral Resource.

The open pit development is seen as highly complementary to the underground operation, providing scale, extending the mine life beyond the current 7 years shown in this Advanced PFS. In combining the two operations, the Company can bring substantial investment and local job creation to the region and also create a stable long-term supplier of tungsten material to Europe and North America markets. The acquisition of the San Finx mine at the start of 2022 also provides potential synergies to the Santa Comba operations and these are currently being studied.

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 critical mineral deposits. Rafaella holds a battery metals exploration portfolio in Canada located within the prolific Belleterre-Angliers Greenstone Belt, comprising the Midrim, Laforce, Alotta and Lorraine high-grade nickel-copper-PGM sulphide projects in Quebec. The Belleterre-Angliers Project area hosts historic Ni-Cu mining operations and recent drilling has revealed additional exciting high-grade intersections offering significant exploration upside for battery metals in a supportive mining jurisdiction.

Rafaella continues to progress the Santa Comba and San Finx tungsten and tin development projects in Spain. The recently acquired San Finx project lies 50km south from the Company's Santa Comba tungsten and tin mine in Galicia, NW Spain, 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.

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

Competent Person Statement

The information in this announcement is based on, and fairly represents, information and supporting documentation compiled under the supervision of Jose Antonio Zuazo, Roque M. Martínez and John A. Thomas, consultants to the Company. Jose Antonio Zuazo holds the title of European Geologist (EurGeol), a professional title awarded by the European Federation of Geologists (EFG) and Roque M. Martínez holds the

⁷ See ASX announcement dated 13 June 2019 "Rafaella Resources Defines Exploration Target at Newly-Acquired Santa Comba Tungsten Project"

title of Mine Engineer, MIMMM, CEng, awarded by the Institute of Materials Minerals and Mining (IOM3), both belong to the mining consultant company CRN, S.A. The information in this announcement that relates to the processing and plant capital estimated is based on, and fairly represents, information and supporting documentation compiled under the supervision John A. Thomas, a consultant to the Company. John A. Thomas is a Member of the Association of Professional Engineers and Geoscientists of British Columbia (AEGBC). EFG, IOM3 and AEGBC are '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. José Antonio Zuazo, Roque M. Martínez and John A. Thomas consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to underground resource estimates and exploration targets is based on, and fairly represents, information and supporting documentation compiled under the supervision of Lluís Boixet, 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.