

**Rafaella Resources
Limited**

ABN: 49 623 130 987

ASX: RFR

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

27 July 2022

Rafaella Completes \$2.1m Private Placement

Rafaella Resources Limited (ASX:RFR) ('Rafaella' or 'the Company') announces the successful placement of 91,304,348 shares at a price of \$0.023/share ('Placement Price'), a 23% discount to the last traded price on 22 July 2022, prior to the trading halt.

The shares will be issued in two tranches. Tranche 1 will comprise the issuance of 46,035,923 shares at the Placement Price to raise \$1.06m under the Company's existing placement capacities. Tranche 2 will comprise 45,268,425 shares at the Placement Price to raise a further \$1.04m. Subject to shareholder approval will be: (i) Tranche 2 share issuance; (ii) 10.5m broker options with a term of three years and an exercise price of \$0.05/share and (iii) fees to be paid in shares at the election of the Lead Manager comprising a capital raising fee of 4%, on funds placed by the Lead Manager, and a 2% management fee across the full raise (being up to 3,565,217 shares).

Announcement Highlights

- ① Rafaella Resources has successfully closed a \$2.1 million private placement at 2.3c per share, equal to a 23% discount to the Company's last traded share price on 22nd July.
- ① 10.5m broker options to be awarded with a three-year term and 5c exercise price, subject to shareholder approval.
- ① The raise was oversubscribed with strategic, long-term sophisticated investors being added to the shareholder register.
- ① Funds will be used to continue development and project financing work on the Spanish tin and tungsten projects and the advancement of the exploration activities in Canada as well as for general working capital purposes.
- ① Vert Capital acted as Lead Manager for the raise.

Managing Director Steven Turner said: "This raise has been completed in very challenging global markets to allow the Company to continue with its programme of advancing the Spanish Projects development stage projects through permitting and into project financing and simultaneously lining up the exciting and recently consolidated Quebec PGM-Ni-Cu exploration project for a high-impact drilling campaign. The Board sees considerable value ahead in the planned activities and looks forward to updating the market as they are completed. The Company provides below a recap of the recent progress and planned work schedule for the months ahead."

Spanish Tin and Tungsten Projects

Santa Comba

In June the Company released the findings of its Advanced Pre-Feasibility Study ('Advanced PFS') for the open pit¹. This study demonstrated the economic attractiveness of a standalone open pit operation. The project is already permitted for the underground and initial operations commenced in September 2021 producing pre-concentrate from underground stockpiles. The Advanced PFS with an NPV of \$95 million, IRR of 33% and a payback period post construction of 2.3 years only represents 6% of the total potential for the Project, based on JORC compliant resources and targets². The Company is now preparing the open pit permitting application.

**The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of Mineral Resources or that the production target itself will be realised.*³

*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.*⁴

San Finx

This recently operated high-grade underground mine, located approximately 50km from Santa Comba, was acquired at the start of 2022⁵. A key risk identified at the time was the requirement for the award of a water discharge permit to recommence operations halted in 2017 due to flooding. In July 2022, the Company received a proposal from the water authority, Aguas de Galicia⁶, to approve the water discharge permit, subject to certain conditions. The Company has now reviewed the conditions and will be reverting shortly to the water authority with its response. The award of this key permit will allow the Company to complete an updated environmental study and mine plan as part of the full development plan accessing the deeper levels, and the project remains on course for first commercial production in 2024. A maiden JORC compliant mineral resource estimate is also being prepared.

Canadian Belleterre-Angliers PGM-Ni-Cu Project

The consolidation of the Belleterre-Angliers Project through the acquisition of the Alotta and Lorraine claims has greatly increased the attractiveness of this exploration package. Recent desk-top work has indicated that anomalies identified in the Midrim claims extend into the Alotta package. Furthermore, the geological model suggests the relatively small but high-grade gabbroic intrusions point to a broader intrusive complex that could host substantial massive and semi-massive sulphide accumulations. In the announcement dated 19 July, 2022⁷ the Company disclosed that it had identified a further 137 new and reclassified EM anomalies with 20 of these being classified as Priority 1 for further investigation that fall within the geological model, never previously identified by previous owners who were only focussed on the shallower areas (less than 300m).

The Company is now reprocessing raw data from the 2019 VTEM flown over the Alotta and Lorraine claims and will shortly commence soil geochemical work to triangulate the high priority drill targets ahead of a targeted drill campaign expected later this year.

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 announcements dated 17 August 2021, 8 February 2022, and 4 Oct 2021.

³ In accordance with ASX Listing Rule 5.16.5.

⁴ In accordance with ASX Listing Rule 5.19.2.

⁵ See ASX announcement dated 4 January 2022 "Second Strategic Iberian Acquisition - San Finx Tin Tungsten Mine"

⁶ See ASX announcement dated 19 July 2022 "Proposal Received for the Approval of San Finx Water Discharge Permit"

⁷ See ASX announcement dated 20 July 2022 "Exploration Work Starts at Quebec PGM-Ni-Cu Projects With Field Mapping Highlighting Positive Geology And Delineation Of New, Deeper EM Plates".

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 ('BAGB'), comprising the Midrim, Laforce, Alotta and Lorraine high-grade nickel-copper-PGM sulphide projects in Quebec. These BAGB project areas host 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 flagship 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 that relates to the geological setting in Spain 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.

The information in this announcement that relates to the geological setting in Canada is based on, and fairly represents, information and supporting documentation compiled under the supervision of John Paul Hunt Pr.Sci.Nat.Geol. M.Sc, who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. SRK ES has not independently verified this information for quality control or quality assurance nor been to the sites. John Paul Hunt is a Member of the South African Council for Natural Scientific Professions and a Fellow of the Geological Society of South Africa and is Principal Exploration Geologist of SRK Exploration Services Limited. John Paul Hunt consents to the inclusion in this report 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.