



RAFAELLA
RESOURCES

ASX Announcement | 18 July 2019

Rafaella Resources Limited (ASX:RFR)

Rafaella Resources Confirms Successful Completion of Due Diligence on Proposed Acquisition of Galicia Tin & Tungsten SL

Summary

- Rafaella Resources Limited (“Rafaella”) announced the proposed acquisition of Galicia Tin & Tungsten SL (“GTT”) on 27 May 2019 (the “Acquisition”)
- The Acquisition is transformational for Rafaella, moving the company from an explorer of gold and copper to a developer of the fully permitted brownfield tungsten and tin Santa Comba mine in northwest Spain (the “Project”)
- The Project offers Rafaella early access to cash flows on a project that already has substantial infrastructure in place, an Inferred JORC (2012) Resource with material exploration upside
- The Project is strongly supported by industry players with 100% of offtake going to Transamine Trading SA (“Transamine”), the world’s oldest independent and privately held commodities trader. H.c. Stark Tungsten GmbH (“Hc Stark”) has offered to acquire the tungsten concentrate in a back to back transaction with Transamine. Hc Stark has also secured German Government funding to support the development of the Project through to production
- A condition precedent to the Acquisition was the completion of due diligence by Rafaella on GTT’s business, assets and operations within two months of the date of the Heads of Agreement. Rafaella is hereby pleased to announce the satisfaction of this condition precedent
- Rafaella is now moving swiftly to close out the Acquisition. A notice of meeting has been issued to shareholders on 10 July 2019, and an equity roadshow has been planned for the week commencing the 29 July 2019 to complete the announced \$2.6 million equity raise, of which Transamine Holding and Investments has already committed \$1 million

18 July 2019 – Junior exploration company Rafaella Resources Limited (ASX: RFR) (“Rafaella” or “the Company”) is pleased to announce that it has completed, to its satisfaction, the due diligence on GTT’s business, assets and operations.

The Heads of Agreement (“HoA”) announced on 27 May 2019 to acquire 100% of GTT’s share capital was subject to the successful completion of due diligence by Rafaella on the business, assets and operations of GTT. This condition precedent was to be completed within two months of the execution of the HoA. Rafaella has now completed detailed due diligence on GTT and has been satisfied by the outcome of its investigations.

The terms of the HoA require a shareholder vote and the successful capital raising of \$2.6 million at \$0.20 per share to complete the Acquisition.

A notice of meeting was issued to shareholders on 10 July 2019 with the meeting to approve the Acquisition scheduled for 9 August 2019.

A roadshow has been planned for the week commencing the week of 29 July 2019 to close out the equity raise. It is important to note that Transamine Holdings and Investments has already provided its commitment to support the equity raise with a contribution of \$1 million. Transamine Holdings and Investments will also provide a further \$500,000 upon the execution of the development funding.

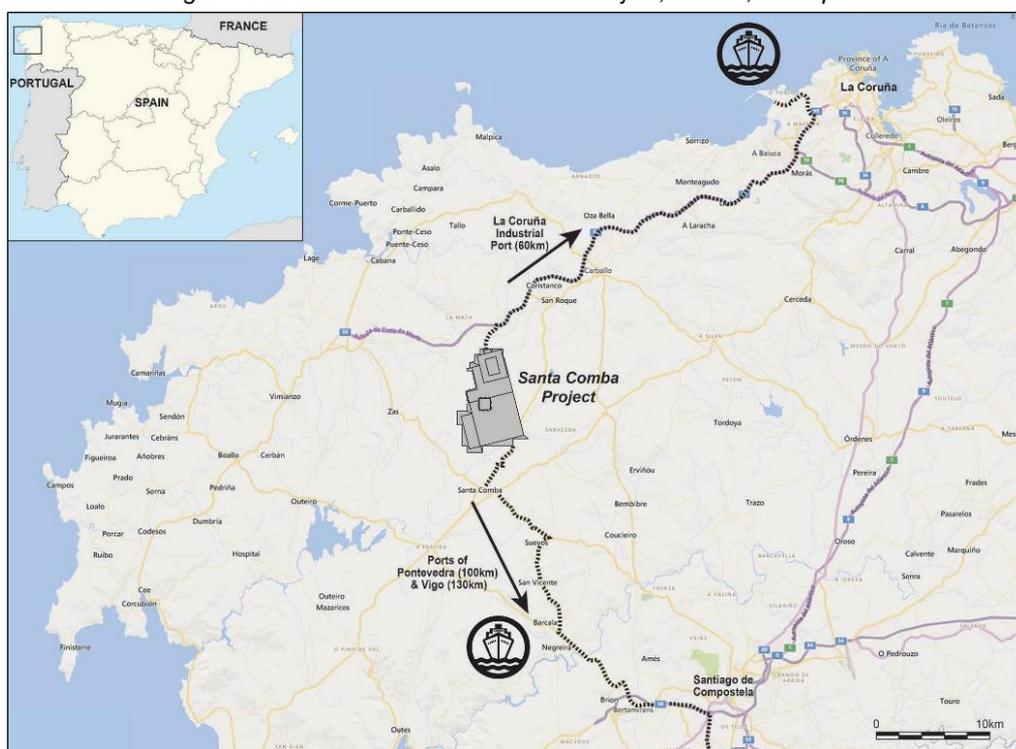
Santa Comba Tungsten and Tin Project

The Project, which is already permitted for underground and open pit mining, is located near the township of Santa Comba in Galicia, northwest Spain, and covers the 7km long Santa Comba granite massif (*Figs. 1 & 2*).

Rafaela is targeting Santa Comba as a development project capable of being fast tracked to production and is greatly assisted by funding from the German Government that has been pre-approved in support of the HC Stark offtake, subject to a positive feasibility study. The Project also boasts proximity to deep-water ports and has considerable infrastructure already in place, including a partially completed process plant.

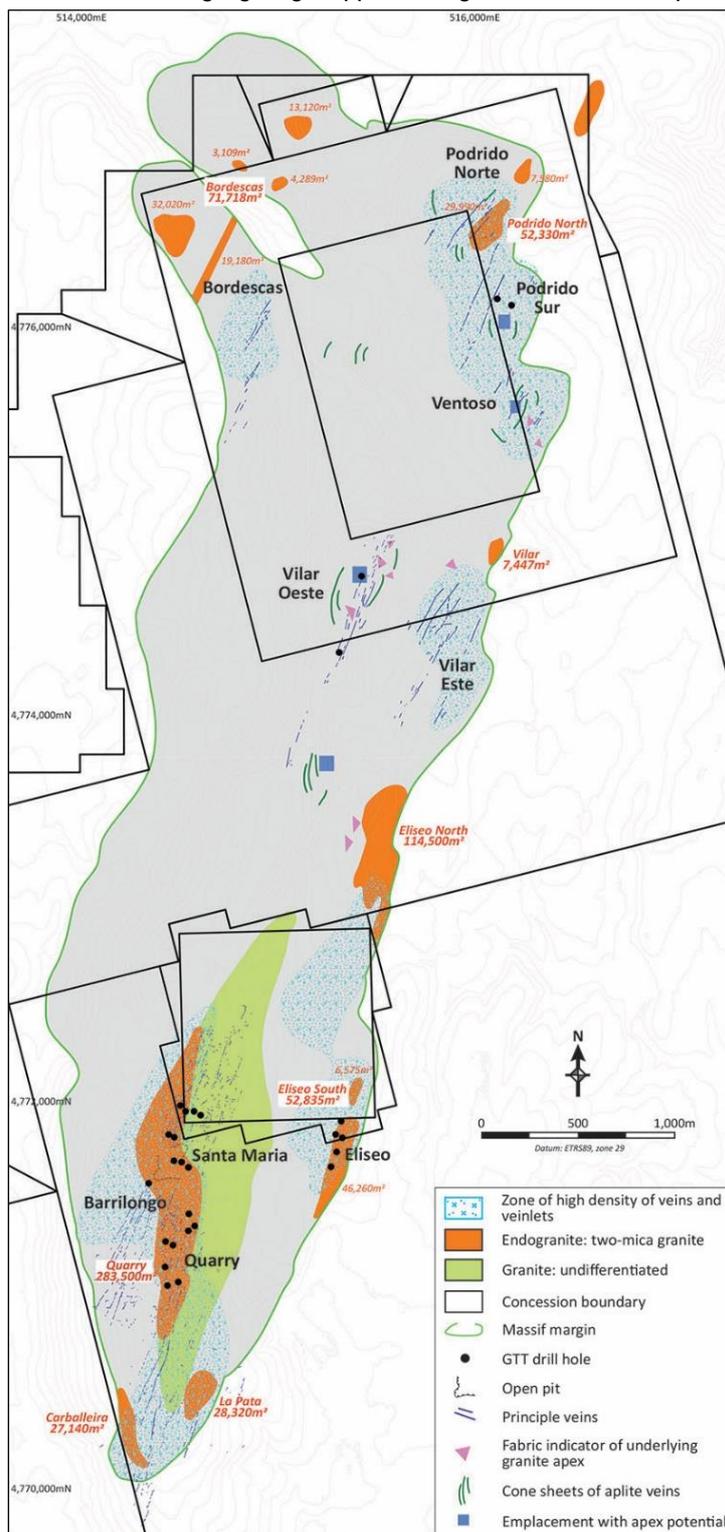
The Project comprises several known deposits with a near-surface Mineral Resource Estimate¹ of 5.1Mt of Inferred Resource grading at 0.203% WO₃ and 0.014% Sn, and an underground Inferred Resource of 234Kt grading at 0.95% WO₃ and 0.28% Sn located at the historic Mina Carmen underground mine.¹

Figure 1. Location of the Santa Comba Project, Galicia, NW Spain.



¹ Refer to RFR ASX announcement 27/05/19 "Rafaela Resources Signs Heads of Agreement to Acquire 100% Interest In Spanish Tungsten and Tin Project" (pages 2 & 3, Table 1).

Figure 2. Santa Comba massif highlighting mapped endogranite units and respective spatial area.



On 13 June 2019 Rafaella announced an Exploration Target* of between 16.2Mt and 48.6Mt grading between 015% and 0.23% WO₃ resulting in a target range of between 25,000t and 112,000t of contained WO₃².

A drilling campaign is planned to commence in the third quarter of 2019. The objective of the drilling campaign is to further define the existing near-surface JORC (2012) Resource and to expand the total JORC (2012) Measured Resource Estimate for the Project. A concurrent metallurgical testing programme to feed into the planned Feasibility Study will commence shortly thereafter.

** 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.*

Rafaella's Executive Director Ashley Hood said: "With due diligence completed we are now looking towards the shareholder meeting and the close out of the equity raise to finalise the acquisition of this highly attractive transformative deal. The strong industry support already shown for the project by Transamine and HC Stark with their associated funding significantly de-risks the acquisition and we look forward to providing future operational updates as we begin to prepare for the drilling programme in the third quarter, 2019".

Ends

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² Refer to RFR ASX announcement 13/06/19 "RFR Defines Exploration Target – Santa Comba Tungsten Project".

About Rafaela Resources

Rafaela Resources Limited (ASX:RFR) is a junior exploration company which owns the McCleery cobalt and copper project in the Yukon territory Canada, and the Sandstone gold project in Western Australia. To learn more please visit: www.rafaellaresources.com.au

About Galicia Tin & Tungsten

Galicia Tin & Tungsten (GTT) is a Spanish registered company formed in June 2014 by Starboard Global Limited (SGL) in conjunction with other seed investors and local joint venture partners to acquire ownership of the physical assets, land leases, licences and mineral rights of the formerly producing Santa Comba mine. To learn more please visit: www.galiciatinandtungsten.com

Competent Persons 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 Dr Lachlan Rutherford, a consultant to the Company. Dr Rutherford is a Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience that 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 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Dr Rutherford 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 report that relates to Mineral Resources and Exploration Targets defined at Santa Comba is based on information compiled by Mr Adam Wheeler who is a professional fellow (FIMMM), Institute of Materials, Minerals and Mining. Mr Wheeler is an independent mining consultant. Mr Wheeler has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Mr Wheeler consents to the inclusion of this information in the form and context in which it appears in this report.

GTT confirms that it is not aware of any new information or data that materially affects the information included in this report and confirms that all material assumptions and parameters underpinning the 2016 Mineral Resource Estimate continue to apply and have not materially changed.

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.

Cautionary Note Regarding Mineral Estimates

The mineral estimates reported in this release are historical estimates and are not reported as Mineral Resources or Ore Reserves in accordance with the guidelines of the JORC Code (2012). A competent person has not completed sufficient work to classify these mineral estimates as Mineral Resources or Ore Reserves in accordance with the guidelines of the JORC Code (2012). It is uncertain that following evaluation and/or further exploration work that the mineral estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with JORC Code (2012).