



ASX Announcement | 11 February 2020
Rafaella Resources Limited (ASX:RFR)

Rafaella Resources agrees terms to sell Sandstone exploration project to focus on fast-tracking development of Santa Comba Tungsten Project

Announcement Highlights

- ① The Company has conducted a review of its portfolio and believes that it is in the best interest of shareholders to dispose of the Sandstone Gold Project, focussing cash resources on fast tracking the development of the Santa Comba Tungsten Project and progressing its highly prospective McCleery Project
- ① Rafaella has agreed to dispose 100% of its interest in the Sandstone Project to Westar Resources Ltd, a private gold exploration company. Agreed terms provide Rafaella with both cash and continued exposure to the Sandstone Project through an equity interest in the highly attractive Westar portfolio
- ① The Sandstone Gold Project comprises two granted Exploration Licences, E53/1920 and E57/1055, covering a combined land area of 259 km² located 640km north-east of Perth
- ① Rafaella Resources acquired the Sandstone Project in January 2018 and in December 2018, following a broad-spaced soils geochemistry programme identified four key target areas offering attractive exploration potential¹
- ① In August 2019, Rafaella Resources completed the acquisition of Galicia Tin and Tungsten SL containing the 100% owned Santa Comba Tungsten Project with near term development potential²

Rafaella Resources Limited (ASX:RFR) ('Rafaella' or 'the Company') is pleased to announce that it has completed a review of its portfolio and decided to dispose of its Sandstone Project, allowing the Company to focus its cash resources on fast tracking the development of the Company's Santa Comba tungsten project and progressing its highly prospective McCleery polymetallic exploration project.

As a direct result of this portfolio review, the Company has agreed to binding terms for the disposal of the Sandstone Project to Westar Resources Ltd., a private gold exploration company operating in Western Australia ('Westar'). Westar intends to conduct an initial public offering on the Australian Stock Exchange ('IPO').

The terms include the payment of a A\$50,000 cash deposit subject to a successful seed capital raise, followed by A\$100,000 in Westar shares to be issued at the time of the IPO to be completed within 180 days from execution of the binding term sheet.

Rafaella continues to focus on highly attractive Santa Comba Tungsten Project

In August 2019 Rafaella acquired Galicia Tin and Tungsten SL, the 100% owner of the Santa Comba tungsten project ('Santa Comba Project'), a transformative deal that changed the focus of the Company from a junior explorer to a developer of world-class mineral deposits worldwide.

¹ Refer to ASX announcement released 17/12/18 "Rafaella Identifies New and Historic Gold Mineralisation Anomalies at Sandstone Project".

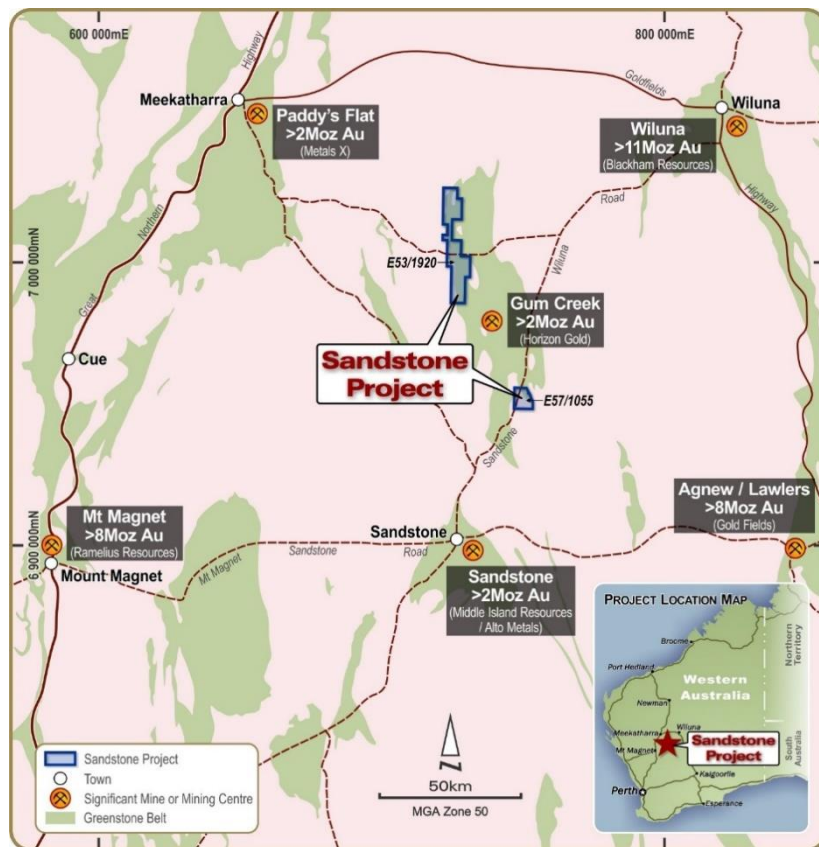
² Refer to ASX announcement released 27/05/19 "Rafaella Resources Signs Heads of Agreement to Acquire 100% Interest in Spanish Tungsten and Tin Project".

With mining permits in place, a high-grade JORC Inferred Resource of 5.3Mt at 0.24% WO₃, substantial infrastructure and a partially completed process plant; the Santa Comba Project offers the Company a highly attractive opportunity to deliver early cash flows. In line with market announcements, Rafaella has been focused on fast tracking the Santa Comba Project with an extensive drilling campaign, now over 75% complete and a feasibility study with metallurgical test-work underway.

Background to Rafaella's investment in the Sandstone Project

On 10 January 2018, the Company acquired a 100% interest in exploration licences E53/1920 and E57/1055. The Sandstone Project is located 640km north-east of Perth and 450km north north-west of Kalgoorlie and is centrally located between the towns of Sandstone to the south, Meekatharra to the northwest and Wiluna to the northeast.

Image 1: The Sandstone Project and surrounding area



In December 2018, following a broad spaced soils geochemistry programme four key target areas were defined comprising of key geological and structural settings. Further work including infill and extension gold geochemical surveys to refine the anomalies, pXRF testing of selected mineralised soil samples, and initial air core drilling are all required to further the understanding of the potential of the Sandstone Project.

Rafaella's Managing Director Steven Turner said: "The sale of the Sandstone Project is extremely positive for Rafaella as it frees up management time and capital to fast track the development of the Santa Comba Tungsten Project as well as allowing us to continue to evaluate the highly prospective McCleery polymetallic exploration project. Westar is better placed to advance the Sandstone Project and the terms of the sale provide Rafaella with cash to invest in the remaining portfolio, and exposure to the upside potential of the Sandstone Project as well as the wider Westar gold exploration portfolio."

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About Rafaella Resources

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

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

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.