

**Rafaella Resources Limited**

ABN: 49 623 130 987

**ASX: RFR**

## Projects

### SPAIN

- **Santa Comba**  
W-Sn development

### PORTUGAL

- **Borralha**  
W development
- **Vila Verde**  
W exploration

### CANADA

- **Midrim/Laforce**  
Ni-Cu-PGM exploration
- **McCleery**  
Au-Co-Cu-Ag exploration

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## ASX ANNOUNCEMENT

4 January 2022

# SECOND STRATEGIC IBERIAN ACQUISITION – SAN FINX TIN TUNGSTEN MINE

**Rafaella Resources Limited (ASX:RFR) ('Rafaella' or the 'Company')** is pleased to announce that it has executed a binding agreement with Valoriza Minería S.L.U. ('Valoriza') for the acquisition of Tungsten San Finx S.L. the 100% owner of the San Finx tin and tungsten mine.

## Investment Highlights

- ① Rafaella increases its exposure to tin at low cost with an important bolt-on acquisition to supplement its Iberian tin/tungsten strategy.
- ① Commercial terms include no upfront payment with the €5m consideration payable out of production royalties only after 1,000t of metal has been produced and sold.
- ① San Finx lies 50km south from the Company's Santa Comba tungsten and tin project in Galicia, NW Spain (figure 1).
- ① Acquisition is highly complementary to the Santa Comba project to the north and to the recently agreed acquisitions of the Portuguese Borralha and Vila Verde tungsten projects to the south<sup>1</sup>, strengthening the Company's strategic position in the Iberian Peninsula.
- ① San Finx last operated in 2017, producing 35t of high-grade (~73%) tin concentrate and 32t of (~57%) wolframite concentrate.
- ① Valoriza has invested heavily in San Finx developing a new decline, electrifying the mine and building new auxiliary facilities. It also completed the study to support the application for a water discharge permit which will allow the dewatering of the deeper levels. The mine is currently in care and maintenance.
- ① Rafaella intends to continue with the good environmental work undertaken by Valoriza. A review of the current process flow sheet will be prioritised as well as investigating ways to further minimise the environmental footprint. Maximising local investment will be pursued through application of the Company's procurement policies and exploring energy options through the recent MOU executed with Capital Energy<sup>2</sup>.
- ① The acquisition brings Rafaella another near term production asset, including a material exposure to tin at a time of record prices.

**Managing Director Steven Turner said:** "This low-cost acquisition further strengthens the company's Iberian position following the recent agreement to buy two Portuguese tungsten projects, with a permitted mine that has recently been in production. The Company will be looking at debt options to fund the modest capital requirements.

The addition of the near-term production potential of the San Finx tin and tungsten mine, along with the Portuguese tungsten projects, significantly bolsters the Company's long-term goal of being a significant supplier of the critically listed metals of tungsten and tin, both which have attracted significant price rises over the past 12 months on the back of supply concerns and diminishing global stockpiles."

<sup>1</sup> See ASX announcement dated 23 November 2021 "Strategic Tungsten Acquisition – Borralha and Vila Verde Projects"

<sup>2</sup> See ASX announcement dated 1 December 2021 "Rafaella builds on its commitment to ESG with adoption of World Economic Forum metrics – MOU signed with leading Spanish renewables developer to supply green energy to its Santa Comba tungsten and tin project."

## Acquisition

Rafaella has acquired, through its 100% subsidiary, Biscay Minerals Ltd, 100% of the share capital of Tungsten San Finx S.L.U., the owner of the San Finx tin and tungsten mine ("San Finx") from Valoriza Minería S.L.U. Valoriza is a wholly-owned subsidiary of SACYR, Spain's largest infrastructure and engineering services conglomerate. Valoriza has recently sold its holdings in the Aguablanca nickel mine and the Río Narcea exploration portfolio as part of a wider SACYR group strategy to exit from its mining assets.

The acquisition has been completed with the execution of the definitive agreements. The effective date is 1 January 2022.

Key commercial terms include:

- €5,000,000 consideration payable in royalties. Royalties are payable quarterly at 2.5% commencing after the first 1,000t of metal sold. Where the average price during the quarter for tungsten exceeds US\$300/mtu and the price of tin exceeds US\$33,000/t, then 5% is payable.
- Valoriza to provide ongoing environmental support. This is important as Valoriza has invested heavily in the environmental study work, especially concerning the water treatment. Santa Comba will benefit from this knowledge.
- Valoriza to assume full cost for restoration should the water discharge permit not be granted.

## Forward Plan and ESG

- Rafaella intends to conduct a detailed review of the shallower resource to determine the suitability of accessing earlier cash flow. All necessary permits are in place to allow recommencement of mining above the flooded levels. Included in this review will be assays on three drill holes recently completed by Valoriza.
- The process flow sheet will be revisited to determine if recoveries may be improved and to investigate where the environmental footprint may be reduced. The recently executed MOU with Capital Energy to investigate renewable energy supply includes all of Rafaella projects in Spain<sup>3</sup>. Lessons learned from the Santa Comba metallurgical test-work and the use of ore sorters will also be explored.
- Rafaella intends to apply its ESG policies to San Finx, with local procurement prioritised and international health and safety standards enforced. Rafaella is committed to ensuring that the environment is integral to the planning process, such that all operations leave a positive legacy for future generations.

## San Finx Geology

San Finx is located in Galicia, NW of Spain, in the Lousame municipality of A Coruña province.

Geologically, San Finx is located in the Galicia Tras Os Montes Zone (GTOMZ) of the Iberian Variscan Massif. The western boundary of the San Finx deposit is close to the allochthonous Malpica-Tui Unit, similar to the Santa Comba deposit. As depicted in Figure 1, this is the same geological belt as Santa Comba and the two Portuguese tungsten projects, Borralha and Vila Verde for which Rafaella has recently agreed acquisition terms<sup>4</sup>.

<sup>3</sup> See ASX announcement dated 1 December 2021 "Rafaella builds on its commitment to ESG with adoption of World Economic Forum metrics – MOU signed with leading Spanish renewables developer to supply green energy to its Santa Comba tungsten and tin project."

<sup>4</sup> See ASX announcement dated 23 November 2021 "Strategic Tungsten Acquisition – Borralha and Vila Verde Projects"

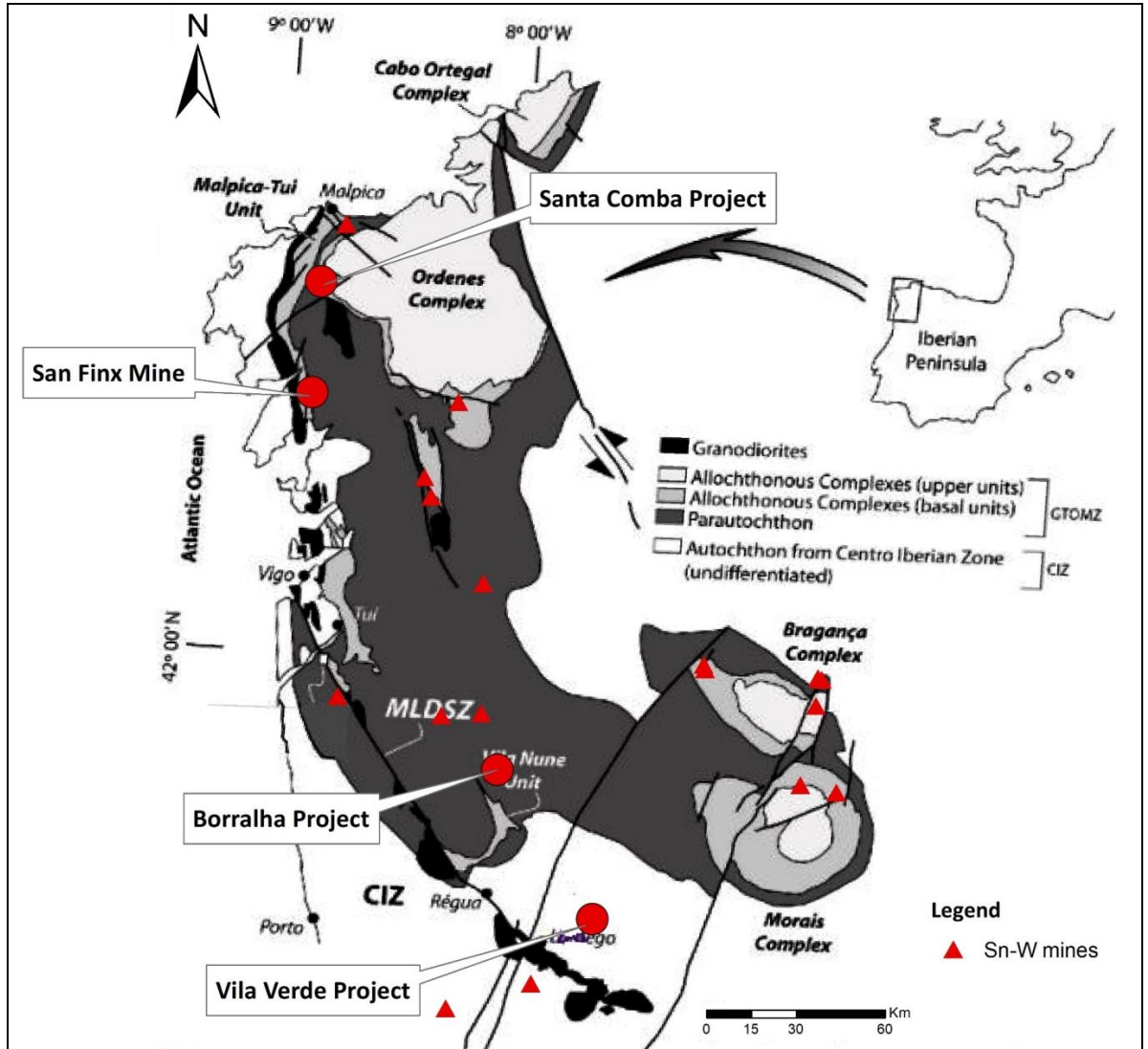


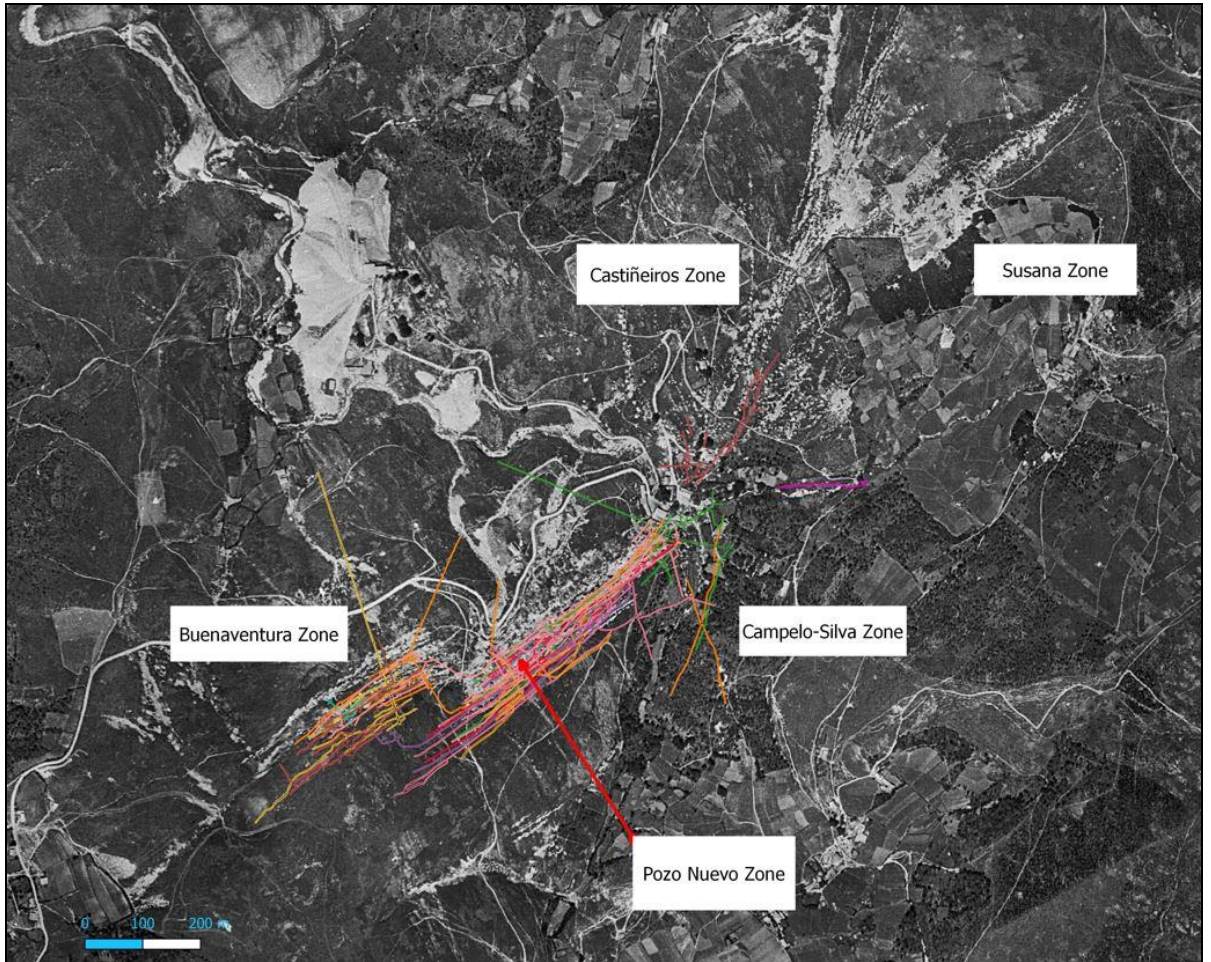
Figure 1. Geological map from NW Iberian Peninsula showing location of Santa Comba project, San Finx mine, Borralha and Vila Verde projects within the inner metamorphic belt of the Variscan Orogen of the Iberian Massif.

Tin and tungsten mineralization at San Finx is associated with quartz veins, with variable widths from 1.0 to 1.5m, striking NE-SW, strongly dipping to the SE and showing continuity along strike for 2,300m.

There is clear zonation within the veins, with abundant cassiterite hosted in the muscovite rich salvages of the quartz vein and wolframite crystals scattered inside the milky quartz. Cassiterite is found within the mineralised zones and persistent all along the vein systems whilst wolframite is increasing towards the southwest. Ratio of tin to tungsten, based on historical production, is 60%:40% respectively.

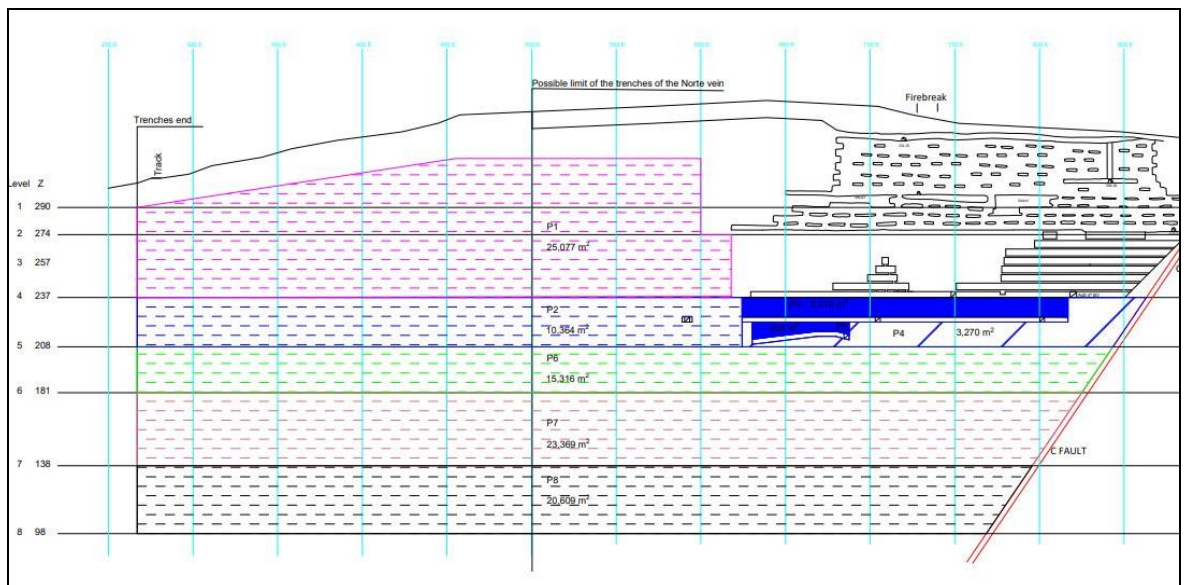
The deposit has been split into 5 sectors (Buenaventura, Pozo Nuevo, Campelo, Castiñeiro and Susana) based on later geological structures which are separating the zones, as shown in figure 2.





**Figure 2. San Finx Sn-W deposit showing the mineralized zones at surface and the projection of the underground development for the zones of Buenaventura and Pozo Nuevo.**

The underground infrastructure has been developed down to some 200m from surface, reaching level 8, but only in some parts of the Buenaventura and Pozo Nuevo zones (Figure 3), which correspond to the southern half of the outcropping vein systems.



**Figure 3. Longitudinal projection of "Vein North" of the Buenaventura Zone, showing the underground infrastructure development and stopes mined up to date.**

In 2015, Tungsten San Finx S.L. drilled three diamond holes totalling 1,230 metres from surface at the Pozo Nuevo Zone, which intersected the veins at 80 metres below the deepest part of the historic San Finx mine (8<sup>th</sup> level). Two of the diamond drill holes intersected a new 1m thick, highly mineralized vein not previously mined, located 20 metres from the veins in Pozo Nuevo. The mineralogy of the intersected veins includes cassiterite, wolframite, chalcopyrite and molybdenite.

### San Finx Recent Activity and Process Facilities

In 2016, Tungsten San Finx S.L. started developing a decline from level 4 to access the veins of the Buenaventura Zone, by means of a new conveyor belt.

In 2017, Tungsten San Finx S.L.U. extracted nearly 17,000 tonnes of ore that produced 32 tonnes of wolframite concentrate and 35 tonnes of tin concentrate sold under contract. Assays of the concentrates indicate a clean high-grade product.

Acquisition of Tungsten San Finx S.L. includes the concessions, rehabilitation bond, infrastructure (including water management system) and the plant and equipment. The process plant comprises two stages: crushing and gravimetric separation as the first stage, and electrostatic and magnetic separation with flotation as the second stage supported by a 700kV diesel generator. Underground equipment includes two Aramine load haul dump (LHDs) vehicles, conveyor system, electricity and ventilation and a 400kV diesel generator.

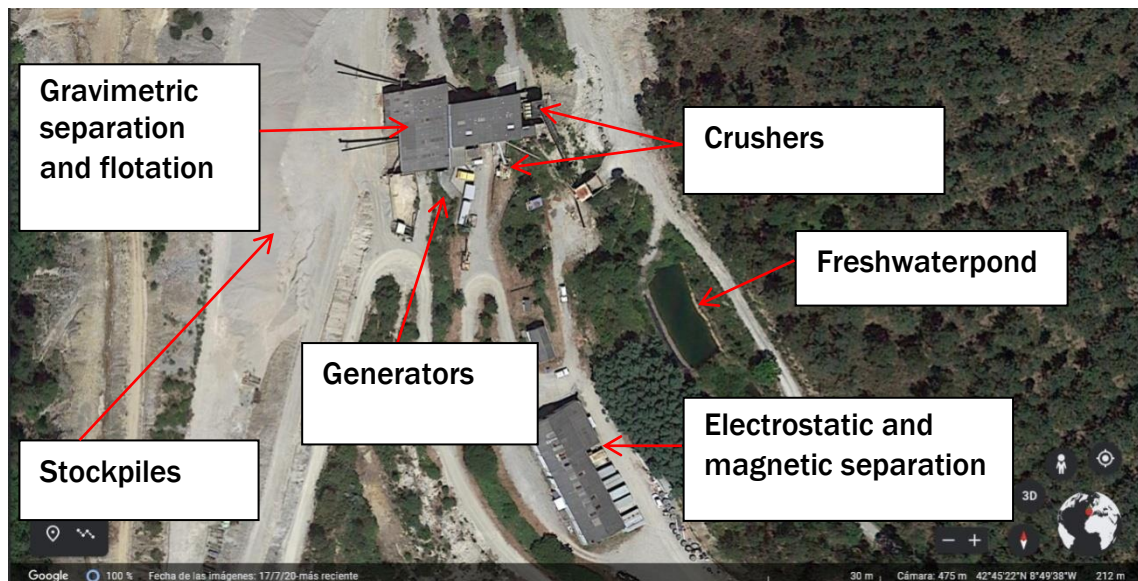


Figure 4. Site layout and process facilities

### Concessions and Permits

San Finx holds mining concessions that are valid through until July 2068. The mine is permitted for operations, which have been temporarily suspended pending the award of a water discharge permit to allow access to the deeper levels (level 8). Mining may recommence at any time in the shallower levels and it is the intention of Rafaela to explore this option to allow for a rapid restart of the operations.

The water discharge permit is required to access the lower levels. Valoriza has completed an extensive study for the treatment of the water in support of the water discharge permit. The technical merits of the proposed treatment plant have been agreed and the permit is currently undergoing public consultation. Based upon similar processes, it is expected that the water discharge permit will be granted within 6 to 12 months. If the water discharge permit is not



approved and hence the concession is no longer economically viable, Valoriza will cover the full rehabilitation cost.

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 world-class mineral deposits. Rafaella owns the Santa Comba tungsten and tin development project in Spain, as well as the McCleery cobalt-copper project and the Midrim and Laforce high-grade nickel-copper-PGE sulphide projects in Canada. Santa Comba is located in a productive tungsten and tin province adjacent to critical infrastructure. The McCleery project was previously under-explored and holds significant potential. The Midrim and Laforce projects have had extensive drilling with some exciting intersections and offer significant upside for the Company. Rafaella announced on 23 November 2021 that it has reached an agreement to acquire two tungsten projects in northern Portugal.

To learn more please visit: [www.rafaellaresources.com.au](http://www.rafaellaresources.com.au)

**Competent Person Statement**

The information in this announcement that relates to the geological setting 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.

**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.