



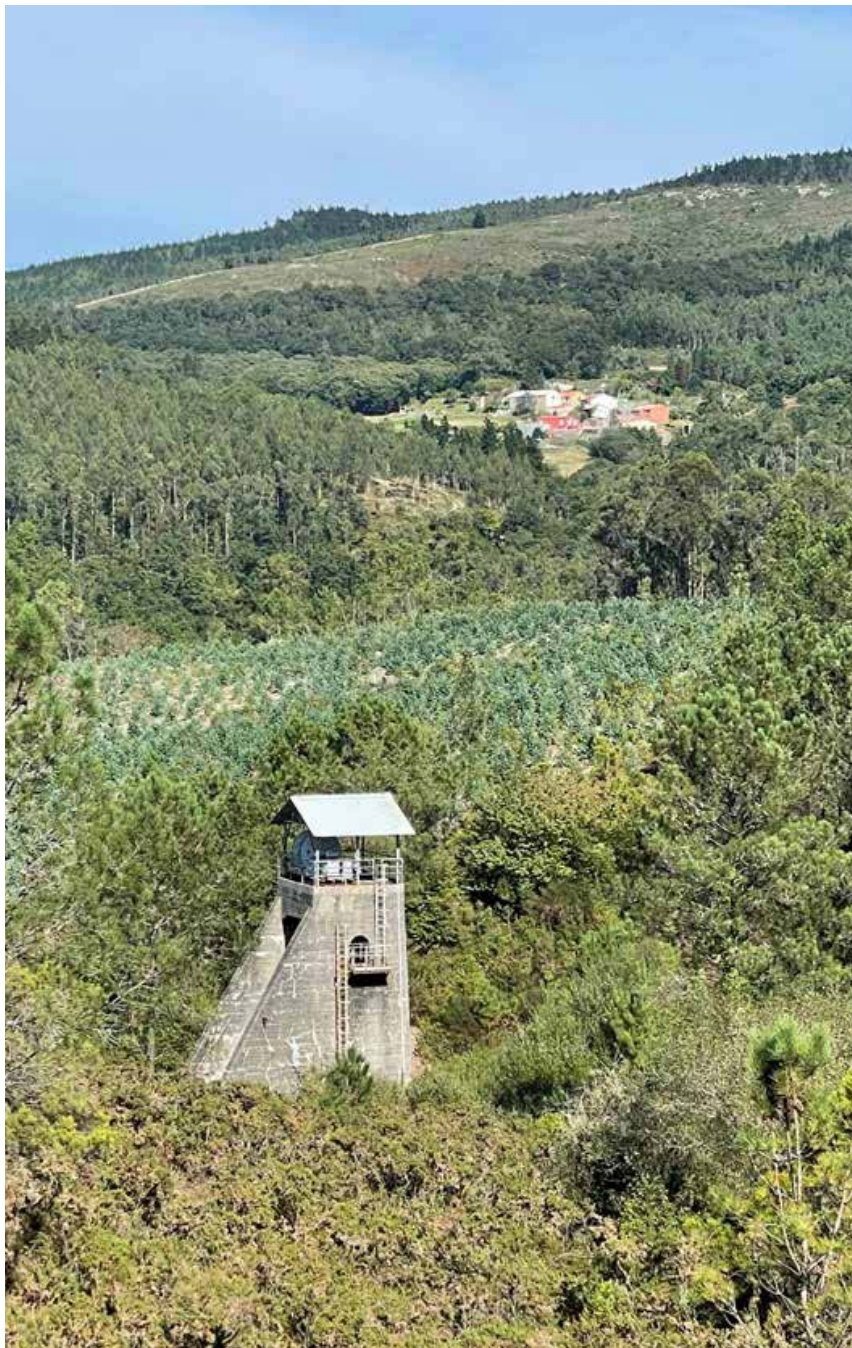
NOVEMBER, 2022

Rafaella faces choices on the Spanish acquisition

Paydirt, National

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Rafaella's refurbishment plans for the San Finx tin-tungsten project should deliver better environmental and employment opportunities for the local community

Rafaella Resources Ltd is considering re-start options for the San Finx tin-tungsten mine in Galicia, Spain, less than 12 months after acquiring the project.

Rafaella picked up San Finx, in north-west Spain, in January from Tungsten San Finx SL in exchange for €5 million payable through a 2.5% royalty after 1,000t of metal is sold.

The project was last in operation for just over 12 months in 2016-17, with Tungsten San Finx mining 17,000t for 32t of wolframite concentrate and 35t of tin concentrate. On acquisition, Rafaella immediately set about reviewing the extensive historical production and exploration records to determine a JORC-compliant resource and exploration target.

In October, after digitisation and detailed 3D modelling, the company produced an inferred resource of 1.2mt @ 0.8% tin-tungsten combined, and an exploration target of 3.6-10.9mt @ 0.7-1.17% tin-tungsten combined.

Rafaella managing director Steven Turner said the JORC-compliant resource firmed up the potential the company had initially seen in San Finx.

"When you take on a project with lots of historical data, the first step is to modernise the data and produce a JORC-compliant resource," Turner told **Paydirt**. "Based on our initial assessment we felt a modern resource would compare to the historical figures and it has come in broadly similar but the exploration target has far exceeded expectations, the potential is tremendous."

The exploration target is based largely on the less developed north-eastern half of the San Finx deposit, with Rafaella interpreting historical trenching and three diamond holes drilled in 2015 to identify 63 individual veins.

"These veins are very high grade and continuous, it is very encouraging," Turner said. "These veins are running 2.3km out to the north-east and our exploration target talks of between 25,000t and 127,000t of contained metal. At a minimum that is nearly four times the current combined resource [9,300t tin-tungsten]. So, the project is coming off a huge potential based on these visible, identifiable veins. And, only a small part of it has been tapped into."

While the modelling has provided a foundation, Turner said the company still had to be cautious in its exploration approach.

"The wolframite is very nuggety, so it is very



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Rafaella completed a recommissioning study for the underground complex at its Santa Comba tungsten-tin project in July

hard to predict it with accuracy," Turner said.

The narrow vein nature of San Finx may even prevent Rafaella from embarking on a traditional development route.

"Doing a feasibility study for these narrow vein deposits is not the easiest under JORC as it would have to be a very extensive underground mining plan," Turner said. "We are not talking about enormous capex upfront anyway, so we are in discussions with a number of parties to bring in capex to fund it without debt and therefore without the need for a full feasibility study."

San Finx's recent operating history also means Rafaella has a clear plan to base its own plans on.

"We have a plant of 72,000 tpa there already and the main constraint is on the underground mine, so we don't need a big plant to produce good volumes of final product," Turner said. "We know the mine works, we know the process works – we have good recoveries of around 77% – and we know we have a product that is well known in the market. We are not going to reinvent the entire project, just optimise it."

The main focus of Rafaella's studies will be the state of the processing plant and the mining methods being used in the underground.

"Historically the mining was very heavy manual methods," Turner said. "But the previous owners were trialling narrow vein sub-level stoping which is a much safer and more cost-effective option so we will pursue that. We are assessing the plant right now to work out the level of investment need in the refurbishment. Essentially it is ready to go into development."

A critical factor in Rafaella's ability to move swiftly at San Finx will be issuing of a water discharge permit.

Water discharge from the mine has been an issue in the local community for some time but Turner said Rafaella's arrival offered a solution rather than a complication.

"It is interesting because there are legacy issues around water discharge into the river, particularly because the mussel industry is

big in the area," he said. "But, the reality is approving the mine will address those issues. To build the mine, we will have to build a water treatment plant which will remove the heavy minerals and address those concerns.

"There is still the challenge of communicating that to the community. They want a water treatment plant as well, but we are not going to build one without a mine, that is the job of a NGO, not us.

"This project could deliver a massive boost to the local economy through jobs and could operate harmoniously with the fishing community."

Prosecuting that argument won't be easy. Spain has developed a poor reputation among the mining community over permitting with well-organised activist groups pressuring provincial governments over development plans.

Turner admitted frustration with civil society attitudes towards mining in Spain but said the situation wasn't hopeless.

"In Europe, there is a lot of anti-mining interest but it revolves around the 'not-in-my-backyard movement' rather than specific environmental groups," he said. "Minority groups have an ability to go after corporates and they have a very large say because of the process. So, authorities are reluctant and cautious in permitting."

The mood at provincial level is in stark con-



The narrow vein, high-grade mineralisation at San Finx has been captured in a maiden JORC-compliant resource measuring 1.2mt @ 0.8% tin-tungsten combined

trast to the conversations taking place at the European Commission level, where leaders such as European Commission vice president Maroš Šefčovič have urged miners to find domestic supplies of critical minerals to shore up the EU's clean energy supply chain.

Turner said if environmental groups better understand the global clean energy supply chain, they would recognise companies such as Rafaella had a contribution to make to decarbonisation.

"If you look at tungsten supply, 85% comes from China with a chunk from Russia, neither of those jurisdictions are recognised for their high regard for environmental governance," he said. "If these groups are truly environmental, they should be saying 'we have the resources in Spain, let's develop them'. They should be promoting development in responsible jurisdictions over irresponsible jurisdictions."

"The EU Raw Materials Alliance is pushing hard to simplify the permitting for critical minerals projects but in Spain, all approvals are at the provincial level. In Rafaella's case, both projects are in Galicia, and its Government doesn't care about strategic issues or critical minerals because the EV manufacturing occurs elsewhere. They don't like to be told by Madrid how to do stuff and permitting is not set up for the national level, it is all about local issues."

Despite the drawbacks, Rafaella remains committed to Spain with the company also advancing its Santa Comba tungsten project, 50km north of San Finx.

"In 2022 we have made a lot of progress in Spain," Turner said. "As well as acquiring San Finx, we completed the PFS on the Santa Comba open pit project and underground recommissioning study. It means we have a modern feasibility study which has put the project in a really good spot."

Rafaella is now considering Santa Comba and San Finx essentially as a package with Turner suggesting a partner could be brought in to advance them in parallel.

"With the success we are having on our battery minerals project in Quebec, Canada, we are starting to think about our capital requirements going forward," he said. "It could see us bringing in investment at the project level in Spain to make sure Rafaella investors are not diluted."

"It may be we find a partner who can come in and advance it all the way through to production."

– Dominic Piper