

19 November 2021

Company Announcements Office
ASX Limited

SANTA FE MINERALS ENTERS INTO OPTION TO ACQUIRE NICKEL AND LEAD/ZINC EXPLORATION PROJECTS IN WESTERN AUSTRALIA.

- *Santa Fe Minerals has entered into a binding option agreement to acquire 80% of the Mt Murray Nickel and Lead/Zinc project.*
- *The project comprises two granted exploration licences and the metals rights over an existing mining licence.*
- *Nickel-copper-PGE Sulphide target - 4.2km x 1.2km mostly covered and unexplored magnetic zone with a historic rock chip result of 2,965ppm Cu, 781 ppm Ni, 425ppm Cr.*
- *High grade silver lead target with rock chips grading up to 39.6% Pb 134g/t Ag, 0.46g/t Au and 0.1% Zn.*

Santa Fe Minerals Ltd (ASX: SFM) (**SFM, the Company**) is pleased to announce that it has entered into a binding option agreement to acquire 80% of two granted exploration licences and the metals rights over an existing mining licence. The project area covers 29km² and is located 95km south-east of Onslow in the Ashburton region of Western Australia.



Figure 1: Project location.

The Mt Murray project covers a 9km north south trending zone of poly metallic copper-lead-zinc-silver-gold mineralisation adjacent to a 4.2km x 1.2km magnetic high zone considered to represent a mafic-ultramafic intrusive package prospective for nickel-copper-PGE mineralisation similar to the recently discovered tier one Julimar Ni-Cu-PGE deposit (Chalice Mining Ltd).

The geology of the project area comprises Paleoproterozoic metasediments and gneiss of the Leake Springs Metamorphics (previously the Morissey Metamorphics) intruded to the west by the Kilba granite unconformably overlain to the east by the Wongida dolomite member of the Irregularly Formation. Previous exploration has been light comprising surface geochemistry with only shallow minor follow up drilling.

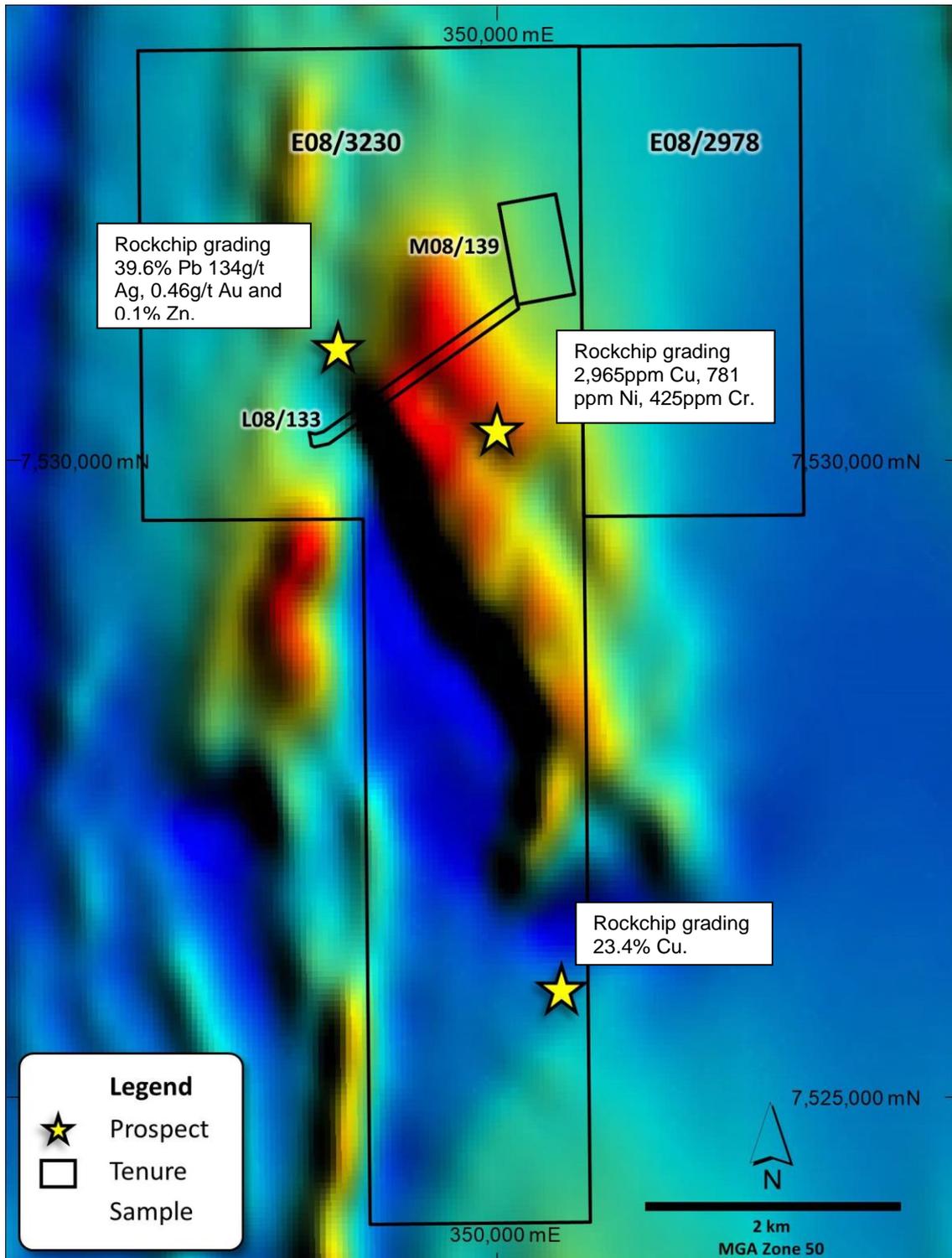


Figure 2: Mt Murray tenement map over magnetics including high grade rock chip assays.

Nickel/Copper/PGE Target

The nickel sulphide prospectively was first noted by BRL Exploration Pty Ltd in 2010 based on the discovery of small outcrop of altered ultramafic associated with a composite high magnetic zone extending over about 5km of strike. One rock chip sample of the altered ultramafic outcrop returned 2,965ppm Cu, 781 ppm Ni, 5.4% Mg, 1.8g/t Ag and 419ppm S. The sample was not assayed for platinum or palladium. Apart from the small ultramafic outcrop, the magnetic high zone is completely covered by shallow sand and alluvial cover. No further work on this target was reported at the time.

SFM considers the interpreted mafic-ultramafic complex within the Mt Murray project has potential to host nickel-copper-palladium, platinum mineralisation similar to the Chalice Mining tier one Ni-Cu-PGE discovery at Julimar. The target area high magnetic zone at Mt Murray is almost totally concealed beneath shallow sand and alluvial cover and has not previously been systematically explored.

SFM will consider a range of exploration techniques including ultrafine soil sampling and/or auger drilling to outline the ultramafic complex for follow up electromagnetic surveys and drilling. Aboriginal Heritage surveys may be required prior to the commencement of any drilling programs. SFM will engage with traditional owners to discuss a heritage program.

Lead/Zinc Target

The Hill silver lead zinc prospect is located adjacent to the North West Coastal Highway. Historic rock chip samples returned very high results of up to 39.6% Pb 134g/t Ag, 0.46g/t Au and 0.1% Zn. The mineralisation is hosted in chert and quartz over about 300m strike. Despite the high grades and its proximity to the highway no drilling has been recorded. SFM visited this prospect as part of the due diligence. SFM rock chip samples returned 3.5% Pb, 0.48g/t Au, 13g/t Ag and 0.08% Zn. SFM believes this zone extends under cover to the north and south with a possible 4km strike length. Auger geochemistry sampling or ultrafine soil sampling is planned to test this target prior to drilling.

Polymetallic Copper-Lead-Zinc-Silver-Gold Target

Historic exploration work comprising high density creek sediment sampling and three 1km spaced soil sampling lines have defined a 3.5km x 500m zone comprising anomalous Cu-Pb-Zn-Ag-Au extending from the southern tenement boundary and including the historic Kin copper workings. The anomalous trend is thought to extend further north under recent sand and alluvial cover along the western side of the magnetic high zone considered to represent a mafic ultramafic intrusive complex. Rock chip sampling of the Kin Copper workings by SFM returned a very high 23.4% Cu from a narrow quartz veined zone. Historically similar rock chip samples have been reported. The historic soil sampling on three 1km spaced lines defined broad north-south trending Au and Cu anomalies associated with the historic Kin copper workings. Highest soil results are Au 20ppb and Cu 48ppm. This soil anomaly merges to the south with the stream sediment Cu-Pb-Zn-Ag-Au anomaly discussed above forming a 3.5km long anomalous zone. The only other exploration reported here comprises 6 shallow RC holes targeting the historic Kin-1 copper workings. One of the holes located closest to the copper workings was reported to have intersected pervasive sulphide mineralization however with no significant results. The 5 other holes did not effectively test the line of the historic copper workings.

SFM considers the 3.5km strike of the anomalous polymetallic zone has potential for multiple discoveries and plans to complete systematic surface geochemistry to define targets for follow-up geophysics and drilling.

Commercial Terms of the Acquisition

Via its wholly owned subsidiary Challa Resources Pty Ltd (ACN 619 903 196) (**Challa**), SFM has entered into a binding option agreement to acquire, subject to certain conditions precedent, 80% of the legal and beneficial interest in any or both of the exploration tenements E 08/2978 and E 08/3230 and 80% of the metals rights on M 08/139 from North West Stone Pty Ltd (ACN 159 838 712) (**NWS**) (**Option**). The key terms of the agreement are detailed below.

Key Terms

The consideration for the grant of the Option is A\$50,000. The initial period of the Option will expire on 19 November 2023 (**Initial Period**) and will automatically be extended by three six month terms unless Challa provides written notice otherwise (**Option Period**). Challa must pay A\$30,000 for each additional term.

As a condition to the exercise of the Option, Challa must:

- (a) incur at least A\$200,000 of exploration expenditure on the tenements in the Initial Period; and
- (b) incur at least A\$300,000 of exploration expenditure on the tenements (in addition to the amount detailed in paragraph (a) above) in the Option Period.

If the condition is satisfied and the Option is exercised, the Company must issue to NWS the greater of:

- (a) 5,000,000 fully paid ordinary shares in Santa Fe; or
- (b) fully paid ordinary shares in Santa Fe to a value of A\$1,000,000 based on a 5 day VWAP share price prior to the date of exercise of the Option.

If the condition is satisfied, Challa may also elect to enter into a split commodity agreement with NWS for 80% of all metal rights in M 08/139 (**Split Commodity Agreement**). Upon election to enter into the Split Commodity Agreement, the Company must issue to NWS the greater of:

- (a) 500,000 fully paid ordinary shares in Santa Fe; or
- (b) fully paid ordinary shares in Santa Fe to a value of A\$100,000 based on a 5 day VWAP share price prior to the date of electing to enter into the Split Commodity Agreement.

Under the agreement, the total consideration shares that SFM will issue to exercise the option in its entirety is capped at 10,000,000. The Company intends to issue the above shares using its available placement capacity under listing rule 7.1.

If the Option is exercised, the parties shall commence good faith negotiations with a view to executing a joint venture agreement for the development of the tenements Challa has an interest in, with Challa as manager and operator of the joint venture. NWS will be free carried until a decision to mine.

The option agreement is otherwise on customary terms and conditions for a transaction of this nature, including pre-completion obligations, termination rights and warranties provided by the parties.

Santa Fe has agreed to pay approximately \$2,600 of rates outstanding in respect of the exploration tenements.

Authorised for release by the Board of Directors.

For investor queries, please call:

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COMPLIANCE STATEMENT

The information in this announcement that relates to exploration targets and exploration results is based on information compiled by Reginald Beaton, a competent person who is a member of the Australian Institute of Geoscientists (AIG). Reginald Beaton is an employee of Santa Fe Minerals Limited. Mr Beaton has sufficient experience that is relevant to the style of mineralisation and type of deposits 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'. Mr Beaton consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> • <i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> • <i>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i> 	<p>Historic Reverse Circulation (RC) drilling was undertaken to provide the samples.</p> <p>Soil sampling – samples collected and sieved to -80#. Every 2nd sample was also sieved to 11/8inch.</p> <p>Rock chip samples were collected based on visual mineralisation.</p> <p>Drilling samples were collected in plastic bags every 1m of drilling via a cyclone and splitter mounted on the drill rig. The 1m drill samples were laid out on the ground next to the rig. Composite samples were then collected over a 3m interval. The weight of the 3m samples is not recorded.</p> <p>All of the 3m composite samples were submitted to a Laboratory to be crushed, pulverized and assayed.</p> <p>Soil samples were collected in 200mm x 100mm soil sample packets.</p>
<i>Drilling techniques</i>	<ul style="list-style-type: none"> • <i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i> 	<ul style="list-style-type: none"> • The drilling method described appears to be industry standard RC. The drilling company, rig type and hole size was not recorded.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> • No visual assessment of the sample recovery was recorded however the report suggests the sample recovery was considered adequate for this early-stage exploration. • The assumption is that standard RC drilling practice was used to ensure maximum sample recoveries. • For this early stage of exploration there is no study of the sample bias relationships available.

<p><i>Logging</i></p>	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • RC drill chips were logged on site by a Geologist sufficiently experience in the geological terrain being explored. An industry standard logging system was used recording sample recovery, weathering, lithology, mineralization and alteration. • The logging is qualitative in nature and each hole was logged to its completed depth. • Soil sampling-no logging recorded
<p><i>Sub-sampling techniques and sample preparation</i></p>	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • Drill samples were collected through a cycle and riffle splitter in plastic bags for every 1m of drilling and laid out on the ground. A composite 3m sample was then collected and stored in a pre-numbered calico bag. • For this early-stage exploration, the sampling technique is considered appropriate to determine the presents of mineralization. • Only laboratory QAQC checks, and standards were recorded • The sample size was not recorded and is likely sufficient to determine the presence or absence of mineralization
<p><i>Quality of assay data and laboratory tests</i></p>	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> • <i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> • Drill samples were submitted to Genalysis Analytical Laboratories, Perth. • Drill samples - No sample preparation descriptions provided. Only assay techniques codes provided – Au FA50, Ag Ag, Mo, U -AT/MS, Cu, Pb, Zn AT/OES. • Drill samples -No additional QAQC reported • Soil sampling - no additional QAQC. The 1/8th inch and the 80# fraction were compared and recommended the coarse fraction be used for additional work.

<p><i>Verification of sampling and assaying</i></p>	<ul style="list-style-type: none"> • The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> • Drill Intersections are based on the Laboratory assay results and the company recorded drilling and sampling data. • No external checks were recorded • No Twinned holes completed. • Logging and sample were record on standard sample and logging sheets • No adjustment of assays data was done.
<p><i>Location of data points</i></p>	<ul style="list-style-type: none"> • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> • Hand-held GPS will be used to locate the drill holes collars. • Soil sample location determined by hand-held GPS • The Grid system is GDA94 Z50 • The terrain is flat and topographic control was provided by government topographic maps.
<p><i>Data spacing and distribution</i></p>	<ul style="list-style-type: none"> • Data spacing for reporting of Exploration Results. • Whether the data spacing, and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied. 	<ul style="list-style-type: none"> • The RC drill hole spacing is considered appropriate for the early stage nature of the drilling and the size of the target tested. • The drill spacing is not sufficient to establish either grade or continuity of mineralization. • No data compositing has been applied. • Soil sampling spacing was km lines and 50 m sample spacing.
<p><i>Orientation of data in relation to geological structure</i></p>	<ul style="list-style-type: none"> • Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> • The first 3 RC drillholes were considered to be down dip with respect to the mineralization. The remaining 3 holes were drilled at -60 degrees in the opposite direction at an appropriate angle to the mineralization. • The first 3 RC holes are not considered to represent the mineralization being tested. • Soil sample line were approximately 90 degrees to the regional strike.
<p><i>Sample security</i></p>	<ul style="list-style-type: none"> • The measures taken to ensure sample security. 	<ul style="list-style-type: none"> • Drilling – not recorded • Soil samples - not recorded
<p><i>Audits or reviews</i></p>	<ul style="list-style-type: none"> • The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> • No audits or reviews completed.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> No National Parks. Crown Land-former pastoral lease. Considered for Conservation at a future date – File Notation Area 9774. Mt Murray: E80/3230, E80/2978, M80/139 all granted and held by North West Stone Pty Ltd. Native Title: Determination Decision Exists (WCD2008/003) Buurabalayji Thalanyji Aboriginal Corporation. Macedon ILUA (WI2010/023) Yamatji Marlpa Aboriginal Corporation. Other than approximately \$2,600 in shire rates (payable by Santa Fe immediately, the tenements are in good standing. Miscellaneous licence L 08/133 encroaches on E80/3230 and M80/139.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Northern Gold NL 1988: E08/267 Parry Range Work to December 1988. WAMEX report A028686 Contact Resources Ltd 2006 Annual Report for the period 1/7/2005 to 30/06/2006, E08/1183, Parry Range - WAMEX report A073007. Contact Uranium Ltd 2007 Annual Report 17/06/2006 to 16/06/2007 WAMEX report A077473 North West Stone Pty Ltd 2016 Annual Report Nanutarra Marble Project E08/2576, M08/139 BLR Exploration Pty Ltd 2010: Assessment of E08/1865, Mt Murray, Ashburton Mineral Field, Western Australia by S.S Morete. WAMEX report A088615
<i>Geology</i>	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> Shear hosted and quartz stock work or VMS Cu-Ag-Pb-Ag mineralization Magmatic Ni-Cu-PGE sulphide mineralisation

Drill hole Information

- A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
 - easting and northing of the drill hole collar
 - elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
 - dip and azimuth of the hole
 - down hole length and interception depth
 - hole length.
- If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.

- RC drill hole locations are tabulated below

Hole ID	North	East	Depth	Dip	Az	Date
PRC5	7525162	350223	55	-60	259	17-Feb-06
PRC6	7525167	351242	115	-60	259	19-Feb-06
PRC7	7525162	350259	158	-60	259	19-Feb-06
PRC23	7525190	350189	65	-60	79	19-Feb-06
PRC24	7525178	350158	120	-60	79	20-Feb-06
PRC25	7525175	350141	155	-60	79	21-Feb-06

Data aggregation methods

- In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.
- Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.
- The assumptions used for any reporting of metal equivalent values should be clearly stated.

- No aggregated intersections are reported.

Relationship between mineralisation widths and intercept lengths

- These relationships are particularly important in the reporting of Exploration Results.
- If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.
- If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. down hole length, true width not known).

- No significant mineralization reported.

Diagrams

- Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.

- Appropriate diagrams summarizing key data interpretations included in the body of this announcement.

<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> • The interpretations expressed in the announcement are not considered to be overstated or misleading.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> • All relevant data has been included within the report. • Aeromagnetic survey data sourced from GSWA statewide data sets
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • A range of techniques will be considered to progress exploration including drilling. • Refer to figures in the body of this announcement.