

Corporate

 Current price **0.180p**

 Sector **Mining**

 Code **ROCK.L**

 Listing **AIM**

Share Performance



% Change	1m	3m	12m
— ROCK.L	+8.1	+5.3	-24.5

Source: Thomson Reuters, Allenby Capital

Share Data

 Market Cap (£m) **4.58m**

 Shares in issue (m) **2,555.9**

52 weeks (p)	High	Low
	0.38	0.16

 Financial year end **31 December**

Source: Company Data, Allenby Capital

Key Shareholders

 Rostra Holdings **18.78%**

 TPM Middle East Dubai **12.21%**

 The Wonderful Group **12.05%**

 Directors & Management **8.63%**

Source: Company Data, Allenby Capital

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Rockfire Resources plc (ROCK.L)

Molaoi Deposit – 500% Increase in Resource Base

Rockfire Resources plc (ROCK.L) has increased the size of its resource base at the 100%-owned Molaoi Zinc-Lead-Silver-Germanium Deposit, located in Greece, by 500%. The JORC 2012 compliant mineral resource estimate now stands at 15.0 million tonnes (Mt) at an average grade of 9.96% zinc equivalent (ZnEq), with contained ZnEq of 1,500 kilo tonnes (Kt). This is well beyond the upper end of its target to increase the total contained ZnEq to 450Kt. By our estimates, this dramatic increase in scale has put the project within the top 20 undeveloped zinc projects in terms of contained ZnEq and ZnEq grade. Despite this impressive increase to the scale of the Molaoi Project, it remains underexplored with only 2.1km of the 7.0km potential stike tested to date, so there is significant potential for the resource to expand with additional drilling. In addition to the 1,500Kt ZnEq resource estimate, a 4.8Mt germanium quantity estimate has been calculated. While this is not JORC-compliant at this stage its highlights further potential.

- **400-450Kt Target:** Rockfire has surpassed its target of increasing Molaoi’s resource base to between 400Kt and 450Kt ZnEq with this 1,500Kt resource. The previous resource estimate was 250Kt.
- **Near surface:** The resource base at Molaoi is located from depths of 50m to 400m, ideal for a low-cost zinc operation.
- **Wide lodes:** The zinc-bearing lodes at Molaoi average 4.1 meters (m), which should be a favourable thickness for mining. The lodes vary from 0.2m to more than 20m.
- **475% increase in lodes:** The number of lodes defined at Molaoi has increased from four at the time of the previous resource to 23, of which 18 have been modelled in the updated resource.
- **Drilling yet to be Included:** The timing of the updated resource estimate means that three recently completed holes have not yet been included in the resource estimate. Holes 5-7, which all intersected zinc mineralisation, have yet to be included and will expand the resource base further when it is next updated.
- **High Recovery Rates:** Previously completed metallurgical tests returned 96% zinc recovery, 92% lead recovery and 91% silver recovery into a bulk concentrate.
- **Inferred to Indicated:** Following this resource upgrade, Rockfire plans to increase the category of its resource base from inferred to indicated. This will then feed into a scoping study, the first indication of the project’s economics.
- **Fair value:** Following this impressive resource upgrade, we have arrived at a peer group-based fair value of 2.6p per share. This valuation is based on the global peer group of resource-based zinc projects and does not take into account the germanium resource.

Year End: December

(£'000)	2019	2020	2021	2022	2023
EBITDA	(540)	(546)	(740)	(725)	(1,785)
NET (DEBT)/CASH	763	1,351	1,473	532	425

Source: Company; Allenby Capital. Allenby Capital acts as Nomad & Broker to Rockfire Resources plc (ROCK.L).

Please refer to the last page of this communication for all required disclosures and risk warnings.

Updated Resource Estimate

Rockfire has published an updated JORC 2012 compliant mineral resource estimate for the Moloai Zinc-Lead-Silver-Germanium Deposit, located in Greece. The total inferred JORC resource now stands at 15.0Mt at an average grade of 7.26% Zn, 1.75% lead and 39.52g/t silver, for a ZnEq grade of 9.96% or 1,500Kt of contained ZnEq (Exhibit 1).

The updated resource estimate is a 500% increase on the May 2022 resource, which eclipses the targeted increase of between 400Kt and 450Kt (Exhibit 2).

Of this resource, 13.7Mt is sulphide (91%) with average grades of 7.17% Zn, 1.79% lead and 39.40g/t silver, for a ZnEq grade of 9.90% or 1,350Kt of contained ZnEq.

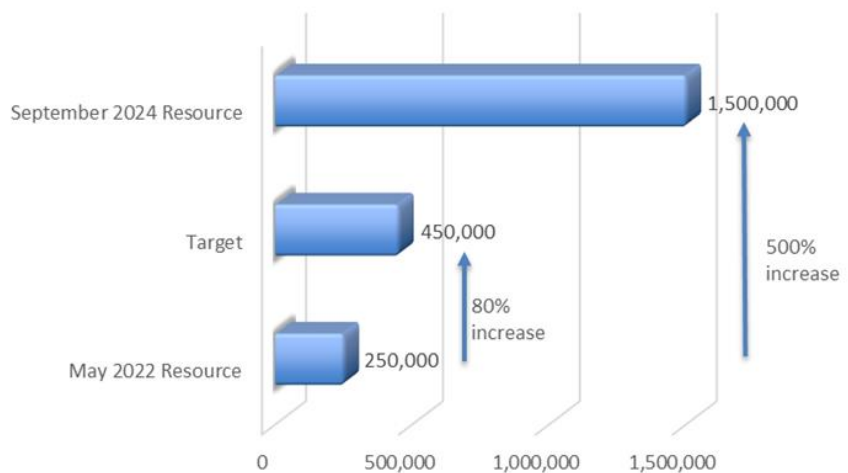
In addition to the ZnEq resource base, the deposit also has a quantity estimate for the germanium mineralisation, which is not JORC-compliant. This currently stands at 4.8Mt at an average grade of 21.9g/t, for 105,700Kg contained germanium. This is not a compliant estimate as germanium was not assayed for in the historic drill holes, so the continuity of mineralisation could not be established. Additional infill drilling as part of moving the inferred ZnEq resource to indicated, should also allow a germanium resource to be established.

Exhibit 1: Update Moloai resource estimate

Moloai - Zinc/lead/silver JORC Inferred Resources (8/2024) - OXIDISED + FRESH										
Density 2.7 t/m ³ In-situ material below surface - oxidised <40 m, fresh >40 m.										
Material	Zn cut-off	Tonnes (Mt)		Average grade					Material content	
				ZnEq ¹ (%)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	ZnEq ¹ (kt)	Zn (kt)
OXIDISED	4.0%	1.3	9%	10.61	8.19	1.37	0.02	40.69	140	110
FRESH	4.0%	13.7	91%	9.90	7.17	1.79	0.03	39.40	1,350	980
ALL	4.0%	15.0		9.96	7.26	1.75	0.03	39.52	1,500	1,090

Source: Company

Exhibit 2: Updated Moloai resource estimate scale relative to target



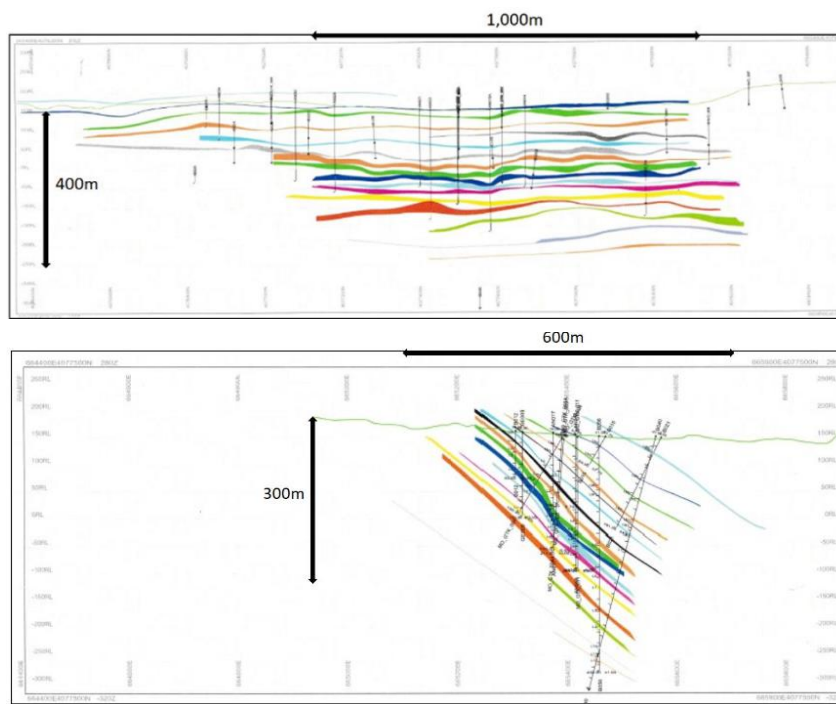
Source: Company, MMRC

Lodes

The updated resource estimate at Molaoi comes from 18 of 23 identified lodes (Exhibit 3). These loads cover a combined east-west width of 600m and cover a north-south strike of 2,100m. They have been tested to a depth of 400m, but are likely to extend beyond this. The average width of all lodes throughout the resource is 4.1m, varying from 0.2m to 20m. An additional 5.5km of known zinc occurrences, located outside the upgraded resource boundaries, have yet to be fully explored. Assay results from drilling these zinc occurrences in the 1980s include:

- 7.0m at an average grade of 10.2% Zn (Stavros Prospect)
- 3.0m at an average grade of 6.7% Zn (Gkagkania Prospect)
- 3.0m at an average grade of 8.4% Zn (Fournos Prospect)
- 0.5m at an average grade of 27.3% Zn (Agio Eustratios Prospect)

Exhibit 3: Lodes of the Molaoi Deposit



Source: Company

Valuation

Given that Rockfire's Molaoi Deposit is at the resource estimate development stage, and no economic study has been completed at the project to date, we have derived a fair value for the company using a peer group-based method. This takes into account the enterprise value per tonne of contained zinc of other resource-stage zinc exploration companies.

For the valuation, we use the contained tonnage of zinc within sulphides, as oxides are unlikely to be processed. We also take into account the company's last published net cash position.

This valuation only takes into account the zinc sulphide mineralisation not the lead and silver in the resource or the germanium potential.

The average EV per attributable tonne of zinc sulphide for the peer group of 13 resource-stage zinc projects is £68.10, with a range of £3.70/t to £289.90/t (priced at 12pm BST on 02/09/24).

Applying the average multiple to Rockfire's attributable tonne of zinc sulphide and the company's last published net cash position, gives us a fair value of £67.2m, equivalent 2.6p per share (Exhibit 4).

This is an upside of 1,361% on the current share price of 0.18p per share, demonstrating the considerable uplift in valuation resulting from the updated resource estimate.

Exhibit 4: Fair value calculation

Molaoi Valuation (EV) (£)	66,761,537
Net Cash (last reported) (£)	436,575
Valuation (£)	67,198,112
Shares in issue	2,555,866,625
Target Price (£)	0.0263
Current Share price (£)	0.0018
Upside (%)	1,361

Source: Allenby Capital, MMRC (Priced at 12pm BST on 02/09/24)

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