

# Strategic Metals & Rare Earths Letter

## INTERNATIONAL

*the independent information and advisory publication on investing in Strategic Metals & Rare Earths*

**INVESTMENT ALERT – 10 April 2017**

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### **BlueJay Mining Plc (GBp 14.25)**

AIM	: JAY
H+L prices (12 months)	: GBp 16.50 – 3.50
Net issued shares	: 733.2 million
Market capitalization	: £ 108.1 million (US\$ 133.7 million)

**2017 price target raised to : GBp 20.00**

## **INVESTMENT ALERT**

- **Maiden resource estimate for **Pituffik Titanium Project** in Greenland of 23.6 million tonnes at 8.8% ilmenite confirms the highest-grade mineral sand ilmenite project globally**

On 10 April 2017, **BlueJay Mining** (previously FinnAust Mining) has published a Maiden Mineral Resource estimate for its 100%-owned **Pituffuk Titanium Project** in Greenland, prepared by SRK Exploration Services ("SRK") and made available during Q2 2017. The report confirms that Pituffik is the highest-grade mineral sand ilmenite project globally, with just approximately 17% of the raised beach area having been assessed for this resource calculation.

The mineral resource estimate is broken down in three components:

- An **Inferred resource of 23 Mt at 8.8% ilmenite** (in-situ) for the total area tested. This includes a high-grade zone equal to **7.9 Mt at 14.2% ilmenite** (in-situ) at Moriusaq, which is the focus of the feasibility and production studies that are currently underway. A larger exploration target for the area, primarily encompassing potential mineralization of between 90 M to 130 Mt at an in-situ grade of between 6.3% and 8.4% ilmenite
- Significant potential to increase **Pituffik's** global ranking of tonnage with upside potential available via Interlak, the offshore terrace, as well as the additional 25 km of raised beach which has not been included in the calculation.
- Opportunity to enhance the in-situ grade even further via a very simple processing route prior to further concentrating

Having even exceeded the Company's expectations, the maiden resource represents an important step towards commercializing the **Pituffik Project**.

#### JORC Mineral Resource Statement for Moriusaq Onshore Target, April 2017

Classification	Volume (M.m <sup>3</sup> )	Tonnage (M.t)	Density (t/m <sup>3</sup> )	% THM	% >2mm	% >5mm	% <63µm	% TiO <sub>2</sub> In HM	% TiO <sub>2</sub> In-situ	% Ilmenite In-situ
Inferred	11.2	23.6	2.12	34.5	29.0	21.8	2.5	12.0	4.2	8.8

(1) The effective date of the Mineral Resource is April 6th, 2017

(2) The numbers are presented at a 0% cut-off grade

(3) "THM" and "HM" mean Total Heavy Minerals and Heavy Minerals respectively

(4) HM have been separated from a -2 mm +63 µm size fraction using heavy liquid separation at a density of 2.95 g/cm<sup>3</sup>

(5) Preliminary mineralogical assessments suggest that the HM typically comprises 26.76% ilmenite and that there are no other valuable HM present. Additional mineralogical data is expected during April 2017

(6) % TiO<sub>2</sub> in-situ assumes that all recoverable TiO<sub>2</sub> is in the HM component of the -2 mm +63 µm size fraction

(7) % Ilmenite In-situ assumes that all TiO<sub>2</sub> is within ilmenite and that the ilmenite contains 47.65% TiO<sub>2</sub>, based on historical exploration data

SRK is of the opinion that there is a high probability that a portion of the currently reported Inferred Mineral resource can be upgraded to the Indicated category following additional exploration.

Considering that the licence area includes a 30 km length of raised beaches and deltas and **BlueJay** having demonstrated mineralization in several places in addition to the area covered by the Mineral Resource presented, SRK's Exploration Target is between 90 Mt and 130 Mt with an in-situ titanium dioxide ("TiO<sub>2</sub>") grade of between 3% and 4% (assumed to be between 6.3% and 8.4% ilmenite) and a heavy mineral content of between 30% and 34% of which between 10% and 12% will comprise TiO<sub>2</sub> (assumed to be between 21% and 25% ilmenite).

The work being planned for the 2017 field season should see the resource growth exponentially. Furthermore, by removing approximately 30% of the oversize material at the dig point through screening **BlueJay** will be able to improve the in-situ grades by 30% to delivery at the concentrator.

This should allow for grades of over 20% ilmenite at the mineral separation level to be maintained for many years.. This surpasses the conservative in-house estimates of a grade and duration in the Company's modeling, and when added to the fact that this material contains little to no slims and no radionuclides and consistent ilmenite chemistry throughout the deposit, **BlueJay** anticipates the final economics will be compelling.

**BlueJay's** strategy is focused on the production off a bulk sample "proof of concept" from the **Pituffik Project** in the second half of 2017 with the aim of ultimately generating cash flow to create a company capable of self-funding exploration on future acquisitions.

In October 2016, **BlueJay** announced the 100% acquisition of Avanna Exploration, a mineral exploration company with several projects in Greenland's southwest; including the 194 sq.km **Disko-Nusuussuaq Magmatic Massive Sulphide nickel-copper-platinum project** and the 107 sq.km **Kangerluarsuq Sed-Ex led-zinc-silver project**.

In Finland, **BlueJay** owns 3 high-grade, multi-element base metal deposits: Hammaslahti Copper Project, Kelkka Nickel-Copper Project, Outokumpu Copper Project.

Two of the projects, Hammaslahti and Outokumpu are located in a prolific geological belt which includes the well-known Outokumpu Copper mine and other high-grade copper and gold deposits.

The Finnish assets are "cost sustainable" for the long-term.

**4 POTENTIALLY HIGH GRADE & HIGH TONNE POLYMETALLIC ASSETS  
throughout the Nordic area**



**Primary focus on the Pituffik Titanium Project in Greenland – discovery of a potentially large and pure ilmenite occurrence**

- Independently confirmed as having potential to be in the top percentile of titanium projects globally in terms of grade
- Sampling during 2016 has indicated large volumes are present

**Recent acquisition of two advanced polymetallic projects in the south-west of Greenland**

- Over US\$50m spent on technical prior to FAM acquisition:
- Disko-Nuussuaq Magmatic Massive Sulphide nickel-copper-platinum project
- Kangerluarsuk SedEx zinc-lead-silver project

**Additional upside potential from wider portfolio**

- 3 high grade copper, zinc and nickel projects in Finland
- >28,000 hectares of ground controlled by FAM

Greenland is a highly prospective yet underexplored mineral region supportive of mining development

Western Areas Limited, a c.A\$670m market cap Australian nickel producer, is a major supportive shareholder (37.7%) .

**Investment comments:**

The Company is included in my **2017 Shortlist of Strategic Metals/Special Minerals and REE recommendations**.

Based on **BlueJay's** prospective outlook as the highest-grade mineral sand ilmenite project globally, I have raised my 2017 share price target from GBp 12.00 to GBp 20.00.