

# Strategic Metals & Rare Earths Letter

## INTERNATIONAL

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

**INVESTMENT ALERT – 17 October 2017**

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### BlueJay Mining Plc (GBp 18.00)

AIM	: JAY
H+L prices (12 months)	: GBp 20.25 – 6.25
Net issued shares	: 768.433 million
Market capitalization	: £ 138.3 million (US\$ 183.7 million)

**6 months price target : GBp 25.00**

## INVESTMENT ALERT

### Feasibility Study has commenced at **Dundas Ilmenite Project** (previously referred to as the Pituffik Titanium Project)

On 13 October 2017, **BlueJay Mining** announced that the feasibility study has commenced at the **Dundas Ilmenite Project** (previously referred to as the Pituffik Titanium Project). The change of the Project name has been made to align with the new Greenlandic subsidiary and to assist with the exploitation application documentation.

To complete the feasibility study and to advance the Project into production in 2018, **BlueJay** has appointed the following group of advisors:

- SRK Consulting ('SRK') appointed to update the resource estimate, prepare the mining schedule and assess water management aspects as well as review the study as a whole. SRK has underpinned the **Dundas Ilmenite Project** as the highest-grade mineral sand ilmenite project globally
- IHC Robbins ('IHCR') appointed to complete the process plant engineering & design study;
- Royal IHC ('IHC') expected to finalise a dredging study with final draft expected in the coming month; and
- Amec Foster Wheeler Americas ('Amec') to undertake the infrastructure and services part of the study.

The final feasibility study is expected for completion during Q1 2018. **This will form the final part of the exploitation licence application that is expected to be approved during H1 2018.**

Collectively, **BlueJay** expects these work programmes to help confirm the low-cost development model of the Dundas Ilmenite Project, which is believed will be in the lowest quartile production costs for ilmenite projects globally, thanks to the simple mineralogy, low-cost separation techniques and strategic Greenlandic location.



## GEOLOGY AND LICENCE AREA

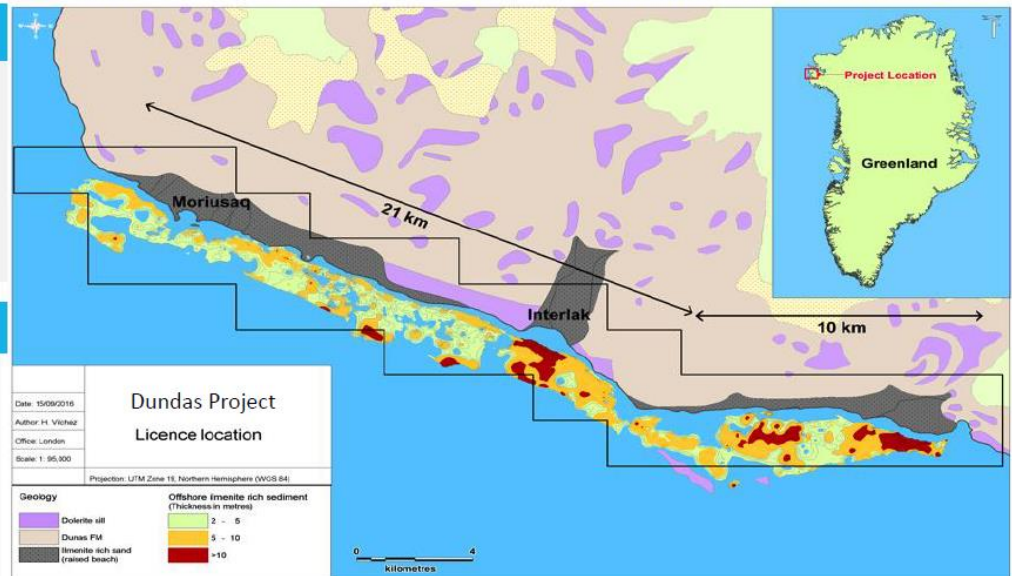
Dundas is located 40km south-west of Qaanaaq, Greenland

### MORIUSAQ BAY

- Includes the initial production zone with a high-grade resource of 7.9Mt at 14.2% ilmenite
- This drowned beach target is the focus of feasibility study currently underway

### ITERLAK DELTA

- Extremely large tonnage potential at a grade of  $\pm 15\%$  ilmenite
- Deltaic deposits from the Intelak drainage area are the major source of all mineralisation at Dundas



The deposit covers three types of terrain:

- Raised beaches:** contain ilmenite accumulations of unknown depths, along more than 20km of coastline
- Active beaches:** refers to the area seaward of the frontal dunes, including the beach, tidal zones and surf zone
- Drowned beaches:** refers to the areas seaward of active beaches.

This model and the Project's commercial value has been underpinned through recent metallurgical test work which continues to provide **BlueJay** with the confidence that it can commercially produce in-demand, high-quality ilmenite products.

**Dundas** has been proven to be the highest-grade mineral sand ilmenite project globally, **with an initial Inferred mineral resource of 23.6 Mt at 8.8% ilmenite (in situ) reported according to the JORC Code, including a high-grade zone equal to 7.9 Mt at 14.2% ilmenite.** Crucially significant further upside remains, as the resource forms part of a larger exploration target for the tested area of between 90 Mt to 130 Mt at an in-situ grade of between 6.3% and 8.4% ilmenite.

While this exploration target is conceptual in nature, at the time of its definition there was insufficient exploration to estimate a mineral resource and it was uncertain of further exploration will result in the estimation of a mineral resource, which presently is still the case.

The pending results of the 2017 exploration programme will result in its reappraisal. Furthermore, the mineral resource area covers just approximately 17% of the raised beach area and is only one of the following three main target areas situated along a >40 kilometre coastline:

- Raised beaches;** containing ilmenite accumulations over widths of more than 1 kilometre, of unknown depths, along more than 30 kilometres of coastline;
- Active beaches;** refers to the area seaward of the frontal dunes, including the beach, tidal zones and surf zone; and
- Drowned beaches;** refers to the areas seaward of active beaches

Having successfully completed a proof-of-concept bulk sample programme during H2 2017, which significant exceeded expectations, the Company is now focussed on securing an off-take partner (with discussions well advanced) and ultimately commencing commercial production in 2018 in order to create a company capable of self-funding exploration on current projects and future acquisitions.

## Other Projects

**BlueJay** holds two additional projects in Greenland – the 462.3 sq km Disko-Nuussuaq ('Disko') Magmatic Massive Sulphide ('MMS') nickel-copper-platinum project ('Ni-Cu-PGM'), which has shown its potential to host mineralisation similar to the world's largest nickel/copper sulphide mine Norilsk-Talnakh, and the 107 sq km Kangerluarsuk Sed-Ex lead-zinc-silver project ('Kangerluarsuk'), where historical work has recovered grades of 41% zinc, 9.3% lead and 596 g/t silver and identified four large-scale drill ready targets.

**BlueJay** also has a 100% interest in a portfolio of copper, zinc and nickel projects in **Finland**. This multi-commodity portfolio has been restructured to be cost-sustainable whilst determining the best plan for future development.

### Investment comments:

Since the acquisition of a 60.37% interest in the **Dundas Ilmenite Project** in December 2015, **BlueJay Mining** within a year has emerged to Greenland's leading exploration company by market valuation (see overview). This position has been strengthened fundamentally by having exercised the option to increase its interest in the Project to 100% and completion of the acquisition of Avannaa Exploration, which has two advanced polymetallic projects.

On 10 April 2017, **BlueJay** published the **Maiden Mineral Resource estimate for the Dundas Ilmenite Project, which shows an Inferred resource of 23 Mt at 8.8% ilmenite**. The report, prepared by SRK, confirms the highest-grade mineral sand ilmenite project globally, with just approximately 17% of the raised beach area having been assessed for this resource calculation.

**SRK's exploration target is between 90 Mt and 130 Mt with an in-situ TiO<sub>2</sub> grade of between 3% and 4% and a heavy mineral content between 30% and 34%, of which between 10% and 12% will comprise TiO<sub>2</sub>**. This would allow for grades over 20% ilmenite at the mineral separation level to be maintained for many years, representing a net asset valuation of hundreds of million dollars for the Dundas Project.

**BlueJay's strategy is focused on the completion of the final feasibility study Q1 2018, with the aim of securing an off-take partner and commencing commercial production in 2018 in order to create a company capable of self-funding exploration in current projects and future acquisitions.**

Meanwhile, the Company has a maiden agreement secured with a mineral sands processor relating to the highest-grade ilmenite product worldwide from the **Dundas Ilmenite Project**.

**BlueJay** has already been included in my **2017 Shortlist of Strategic Metals/Special Minerals and REE-investment recommendations** after a share capital reorganization in December 2015, when the Company was valued at just £ 8 million. Since then, the **Dundas Ilmenite Project** became recognized as the highest-grade mineral sand ilmenite producer globally in the next few years, as a result of which **BlueJay's** market valuation multiplied.

By the end of August 2017, I increased my 2017 share price target from GBp 20.00 to GBp 25.00, after **BlueJay's** announcement to conduct a high-powered ground based electromagnetic survey at its prospective **Disko Ni-Cu-PGM Project** in Q4 2017.

**My 6 months price target is GBp 25.00.**