

# Strategic Metals & Rare Earths Letter

## INTERNATIONAL

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

**INVESTMENT ALERT – October 9, 2019**

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### Bluejay Mining Plc (GBp 8.70)

AIM	: JAY
Frankfurt	: S5WA
H+L prices (12 months)	: GBp 15.98 – 4.98
Net issued shares	: 854.97 million
Market capitalization	: £ 74.4 million (US\$ 91.1 million)

## INVESTMENT ALERT

- ▶ **Bluejay Mining** announces formal lodgement of the exploitation application for its **Dundas Ilmenite Project, Greenland**
- ▶ **Bureaucratic licence policy might hold up production for another two years**

On September 17, 2019, **Bluejay Mining (“Bluejay”)** announced the formal lodgement of the Exploitation Licence application for its 100% owned **Dundas Ilmenite Project** to the **Mining Licence and Safety Authority Greenland (“MLSA”)**.

The exploitation licence covers the on-shore portion of **Dundas** and once approved will allow the Company to take the next important step towards annualised production of 440,000 tonnes per annum.

Currently, the deferred mineral resource of **Dundas** stands at **117 Mt at 6.1% ilmenite at a 0% cut-off grade**, as well as a **maiden offshore exploration target between 300 Mt and 530 Mt of ilmenite at an average expected grade range of 0.4% to 4.8% ilmenite in-situ.**

### Bluejay at a glance

#### Dundas Ilmenite Project | Greenland

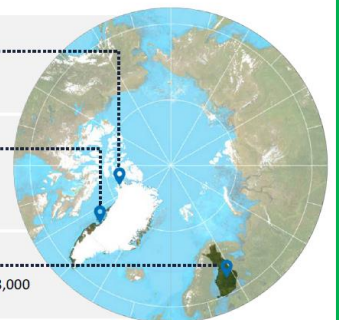
Advancing the world's highest-grade mineral sands ilmenite project – targeting production at the Dundas Ilmenite Project in 2019

#### Disko and Kangerluarsuk | Greenland

Significant further upside available via the 2,586km<sup>2</sup> Disko Nickel, Copper, Cobalt & Platinum Project in West Greenland - similar to the world's largest nickel/copper sulphide mine (Norilsk-Talnakh)

#### Finland

Additional portfolio of polymetallic assets in Finland – looking to monetise >28,000 hectares



**Bluejay** is confident that it will be able to grow and validate these independently verified resources across the existing concessions at **Dundas**.

Lodgement of the Exploitation Licence applications represent the confusion of more than 3 years of extensive and intensive field assessments, measurements and documentation. This process is overseen by **Bluejay** and implemented by an international network of consultants.

The **Exploitation Licence application** consists of multiple modules, many of which were previously submitted. These modules are summarised as follows:

- ▶ **Environmental Impact Assessment (“EIA”)**, which concluded that there are no major material unmanageable environmental impacts arising from the development of the **Dundas Project**.
- ▶ **Social Impact Assessment (“SIA”)**, which concluded net positive impact on local commodities, substantial public support for **Dundas’** development demonstrated across the Qaanaaq region, as well as throughout Greenland, with national stakeholders and that the mine is expected to bring significant employment opportunities and economic development to the region and to Greenland in general.
- ▶ **Mine plan**
- ▶ **Financial Model**
- ▶ **JORC-Code compliant to ore reserve**; and
- ▶ **Project Study**

The Exploitation and Licence application has been prepared in tandem with **Bluejay’s** international advisory network and with extensive engagement with the Greenlandic authorities, in particular with respect to the environmental and social considerations.

Once the application is deemed compliant and receives sign from the Ministry of Mines, the EIA and SIA will be publicly available and a public consultation period for the Project will commence.

Public hearing meetings will be carried out in cooperation with the Government during the consultation period, which is expected to last approximately 8 weeks.

Based on the feedback from the public hearing, a “White Book” will be created jointly between the Government and **Bluejay**.

Finally, an **Impact Benefit Agreement** between the Company, the Government and the Municipality will be negotiated. It is notable that **Bluejay** has already initiated a constructive dialogue with the Municipality and has already initiated cooperative programmes with various partners in Greenland to ensure that there are mutually beneficial impacts for Greenlandic society and the mine operation.

After the public hearing and the developed “White Book”, a **decision on the granting of the Exploitation Licence will be made by the Government of Greenland**. **Bluejay** does not intend to estimate or forecast the timeline for the decision on the grant of a licence, but stated it has throughout the development process been working closely with the Greenlandic authorities, Municipality and various other Greenlandic stakeholders who have consistently demonstrated their support for the **Dundas Project**.

## Investment comments:

**Strategic Metals & Rare Earths Letter International (“SMRE”)** is already following **Bluejay Mining** since approval of a share capital reorganization under its former name **FinnAust Mining** on December 24, 2015 and insider shareholders benefitted from a low of the share price of GBP 0.46 to a high of GBP 2.63 in February 2016. When my first report on the Company as a **Special Situation** was published in February 2016, the share price was GBP 1.88.

Since then, the valuation of **Bluejay Mining** was driven by the highly successful development of its **Dundas Ilmenite (Titanium) Project** (formerly **Pituffik Titanium Project**) in **northwest Greenland**, on which a potentially large and pure ilmenite occurrence was recovered, with the potential to be in the top percentage of titanium projects globally in terms of grade.

In **April 2018**, **Bluejay** announced a 400% increase in resources to **96 million tonnes at 6.9% ilmenite** (in situ). At that time, the share price had reached a high of GBP 27.50, representing a market valuation of more than £ 200 million (US\$ 275 million), supported by the Company saying that with current work programs early completed, including a Feasibility Study, **Bluejay** was preparing an application for an mining licence of **Dundas** to extract ilmenite as primary source of titanium metal.

From this moment, with all the positive signals from a technical point of view, the share price commenced to decline, which has to be accounted for **Bluejay** originally already having expected a licence application in the first half of 2017 and to date still not capable to make a reliable forecast in regards to a timeline for the government decision on the grant of a licence.

As a result, the Company's share price collapsed to a low of GBP 4.98, representing a market valuation of £ 74.4 million (US\$ 91 million).

### ► No timeline available for the decision of the Government of Greenland to grant a mining licence

Holding up **Dundas production is** common for the government's failure to successfully develop a new legislation and guidelines in 2016 in preparation for licencing its mining projects, in particular applying to its strategic metals and uranium projects.

In particular, an exploitation licence application submission was already expected in 2016 for **Greenland Minerals' Kvanefjeld Project** being recognized as the world's largest undeveloped resource of rare earth elements and uranium, containing 1.01 billion tonnes containing 593 million pounds of Uranium oxide (U3O8), 11.14 million tonnes of Total Rare Earths Oxides (TREO), including 0.37 million tonnes of heavy REO and 0.84 million tonnes of yttrium oxide, and 2.25 million tonnes of zinc.

It is notable that at **Mines and Money London 2015**, at the end of November, July Hollis, Head of the Geology Department of the Ministry of Mineral Resources, Government of Greenland, said the Medium-term exploitation licence grants were set at 3-5 mines in operation by 2018.

However, to date only to **Hudson Resources** (fiberglass) a new licence was granted, with **Bluejay Mining** and **Greenland Minerals** the only two mining development companies with a mature market valuation around US\$ 90 million (see overview).

This confirms my conclusion that since I am following Greenland's mineral industry in the last 10 years, and in particular the strategic metals and uranium projects, the government has demonstrated to be an unreliable partner.

With mineral production to be threatened by ecological problems in the Arctic region, due to a lack of good workers among a population of approximately 56,000, these hurdles have put the economic viability of Greenland's mining industry at stake.

## GREENLAND-focused listed mining companies

	Trading symbol		Oct.8 2019	Year-end 2018	Year-end 2017	Year-end 2016	Change in % Oct.8, 2019 / Year-end 2018	12 months prices		Market cap. million	Market cap. million
								H	L	local currency	US\$
BlueJay Mining	AIM	JAY	<b>GBP</b> 8.70	<b>GBP</b> 13.70	<b>GBP</b> 22.75	<b>GBP</b> 6.78	-36	<b>GBP</b> 14.85	<b>GBP</b> 4.98	<b>£</b> 74.4	91.5
Alba Mineral Resources <b>x</b>	AIM	ALBA	0.20	0.32	0.41	0.35	-37	0.47	0.17	6.9	8.5
Greenland Minerals	ASX	GGG	<b>A\$</b> 0.12	<b>A\$</b> 0.07	<b>A\$</b> 0.10	0.09	71	<b>A\$</b> 0.17	<b>A\$</b> 0.05	<b>A\$</b> 136.9	91.7
Ironbark Zinc	ASX	IBG	0.02	0.03	0.07	0.09	-33	0.04	0.02	15.2	10.2
Hudson Resources	TSX.V	HUD	<b>C\$</b> 0.34	<b>C\$</b> 0.37	<b>C\$</b> 0.43	0.33	-8	<b>C\$</b> 0.53	<b>C\$</b> 0.32	<b>C\$</b> 60.6	45.5
AEX Gold	TSX.V	AEX	0.31	0.37	0.54	0.58	-16	0.48	0.24	22.0	16.5
North American Nickel	TSX.V	NAN	0.18	0.03	0.08	0.09	483	0.55	0.10	13.8	10.4

**x** also base metals investments in Ireland and Wales, as well as investments in onshore UK oil and gas sector