

Bluejay Mining*

JAY LN

BUY
Target 22p

JORC resource confirms highest grade ilmenite 'titanium' project in world

Stock Data

Ticker	FAM LN
Share Price:	14.3 pence
Market Cap:	£105m

Bluejay continue to work up the scale and grade of resources at the Pituffik mineral sands project in Greenland. The JORC inferred resource shows the project is probably the world's highest grade and ranks as world class when compared with major mineral sands projects held by major western mineral sands miners.

Price Chart



- We are raising our valuation on Bluejay Mining to 22p from 15p on the back of higher ilmenite prices and on the release of today's resource estimate.
- The statement is great news for Bluejay and for the Pituffik project which is reported to confirm that it has the highest-grade mineral sand ilmenite globally.
- The company has tested just 17% of the raised beaches suggesting that the resource is likely to grow to 'world class' scale in our view based on the calculations shown to date.
- SRK have prepared the resource estimate under the direction of Mike Armitage who is regarded globally as a mineral sands specialist and as a leader in resource estimation.
- SRK are a well-respected consulting firm and are trusted by most if not all banks in London for the quality of their work in our experience.
- The estimated 'inferred resource' is 23.6mt bearing 8.8% ilmenite in-situ across the total area tested.
- The resource contains a high-grade zone of 7.9mt grading 14.2% ilmenite at Moriusaq bay where feasibility and production studies are ongoing.
- The team are currently drilling a larger exploration target of 90-130mt which they estimate may grade between 6.3-8.4% ilmenite which would make Pituffik one of the world's largest ilmenite projects as well as the highest grade bulk ilmenite resource in the world.
- While the resource numbers look really good, what about the economics.
- Removing 30% of the oversize material through simple screening at the point of mining could improve grades by 30% at the dig point eg. before concentration enabling grades of >20% ilmenite to be mined pre-concentration. This will enable the use of a smaller and cheaper plant to manage the same tonnage of material, reducing operating costs and potentially enabling Bluejay to extend the operating field season.
- There are "no slimes and no radionuclides and consistent ilmenite chemistry throughout the deposit we anticipate the final economics will be compelling".

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**SP Angel act as nomad and broker to BlueJay Mining*

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- The JORC 'inferred' mineral resource contains 23.6mt grading 34.5% 'total heavy minerals' THM, 12% TiO₂ in 'heavy minerals' HM and 4.2% TiO₂ 'in-situ' to give a grade of 8.8% in-situ ilmenite.
- Applying a 5% cut-off grade gives a smaller JORC inferred resource of 7.9mt grading 44.3% THM, 15.3% in HM, 6.8% TiO₂ in-situ and 14.2% ilmenite in-situ.
- By comparison Savannah Resources recently released an inferred resource on their Mutamba Project jv with Rio Tinto in Mozambique.
- Mutamba contains 3.5bnt grading 3.8% THM. While Savannah's jv has a larger resource it is of much lower grade.
- The same applies to Kenmare Resources which reports a 6.5bnt resource at Moma mine also in Mozambique. Moma grades 2.9% THM, 12% HM, 4.2% TiO₂ in-situ and 8.8% Ilmenite in-situ.
- Iluka report mineral resources of 2.4bnt with 170mt of in-situ HM grading 7% HM. This is across five differently calculated resources in Australia and Sri Lanka.
- Bluejay continue to work on the better definition and development of their resources which should enable a proportion of the resource to be upgraded to an 'indicated resource'.
- We refer investors to the company announcement for further detail.

Conclusion: This is the first JORC resource to come from the Pituffik project in Greenland. The figures verify the high-grade 'world-class' nature of this ilmenite, titanium mineral sands deposit. While the project is located in Greenland the very-high grade nature of the mineral sands should enable the dredging of significant tonnages of these mineral sands through the operating field season.

Our model assumes the dredging of 1mtpa which should be more than supported in our view by today's mineral resource. We had assumed 35% THM vs 44.3% reported indicating further potential to upgrade our valuation.

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