

Bluejay mining

JAY LN

STRONG BUY

Target Price 45p (was 37p)

30 April 2018

Stock Data

	TICKER
Ticker	JAY LN
Share Price:	25p
Market Cap:	£212m US\$297m

Price Chart



Key Points

Bluejay are planning the construction of the Dundas (formerly Pituffik) ilmenite mineral sands project in Greenland. The project is advancing through Feasibility Study work towards final financing with Site works due to start in Q2 2018 and construction scheduled for later next summer. BlueJay's market capitalisation now means the company is included in the MSCI World Micro Cap Index as of today.

- Bluejay Mining report a >400% increase in their estimation of the Dundas (Pituffik) titanium mineral sands resource in Greenland.
- The JORC 2012 compliant mineral resource estimate has been prepared by SRK Exploration Services who are known for their rigour in resource estimation.
 - Indicated resource now stands at 96mt grading 6.9% ilmenite.
 - Moriusaq: 81mt @ 6.1% contained Ilmenite
 - Inferred mineral resource is made up of:
 - Iterlak East: 7mt @ 12.2% contained ilmenite
 - Morisaq surrounds: 7mt @ 9.2% contained ilmenite
 - Iterlak West: @ 1mt @ 6.1%
 - Iterlak Delta: The statement also highlights a further SRK derived exploration target of 20-60mt grading between 6-10% in-situ of ilmenite over the Iterlak Delta.
- The mineral resources have been compiled under the direction of Dr Mike Armitage who has a well-respected and world-renown reputation in the field of resource estimaton.
- 77% ilmenite: According to the company the highest grade at Iterlak was a staggering 77% ilmenite in-situ on the raised beach at Iterlak.
- The almost unbelievably high grade at Iterlak is unprecedented in ilmenite deposits so far discovered in the world and appears to be down to the unique location of the Iterlak delta area, the purity of the eroded ilmenite grains, the action of the river runoff where it meets the sea.
- We conclude the Iterlak Delta area has potential to grade significantly higher than other parts of the resource over a very significant tonnage though this has yet to be fully tested.
- See attached video of the Iterlak delta area taken from an old Huey helicopter which may have been left over from Nam:

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**SP Angel act as nomad and broker to BlueJay Mining. An SP Angel mining analyst has visited the Dundas (formerly Pituffik) ilmenite sands project in Greenland. The video contained was taken by our analyst in 2017.*

Continued...

Iterlak Delta area showing black high-grade titanium rich mineral sands



- Further ilmenite resources should also be contained in the shallow marine environment.
- The ore should be simple to upgrade by up to 30% through the simple separation of oversize, eg pebbles, at the dig face.
- The results appear to confirm the 'world-class' and 'unique' nature of the deposit
- Verification: While SRK have checked the mineral resource our site visit last summer also confirmed to us the presence of very high grade ilmenite along the beach in our own bucket test, whereby we loaded a 5ltr bucket with ilmenite sand directly off the beach which we weighed at various locations.
- **Quality:** Dundas' ilmenite material is reported to be suitable for Sulfate pigment as well as both sulfate slag and chloride slag production.
- This is an important statement as it indicates that the product is readily saleable to the world's major titanium processors for use in pigments, chemicals and titanium metal production.
- **Location:** our field visit to the Dundas (Pituffik) site in Greenland confirmed the accessibility of the project and the potential to mine and ship substantial tonnages of pre-sorted material relatively easily.
- The project location next to a deep-water fjord is of great benefit and we look forward to seeing the engineering design of the ship-loading facilities in the feasibility study.
- **Upgrading:** the ability to simply pre-sort the ilmenite at the dig head should enable the project to work with a head-grade of >10% ilmenite material.
- **Price:** Bluejay expect prices to rise over the medium term to US\$220-250/t FOB for their ilmenite due to its grade and quality. Their price estimation suggests there is good demand for their higher quality product and there is

continued supply constraints in feedstock supplies to support this view. Importantly, key contaminants are below problematic limits with radionuclides below detection limits.



- **Valuation:** we are raising our target price to 45p from 37p on our expectation for a higher ilmenite product price for the project. The increase in the resource is also good news and we will also be looking to adjust our valuation further on confirmation of production volumes, costs and a number of other key factors in the forthcoming Feasibility Study. Our valuation is based on our calculated NPV value of project cash flows discounted at 10% and with a further discount applied for market risk.
- **Cash:** The company has cash of £15m in the bank and has a fleet of vehicles for exploration and small scale production at site. Bluejay is fortunate to have a functioning camp at Moriusaq.
- The team plan to continue to prepare the necessary infrastructure
- **IRR:** The project shows a 51% IRR on our modelling

Conclusion: This is the most compelling titanium mineral sands project we have ever seen. The question now is at what point will the major mining and processing companies of the world take a closer interest. We expect the market for titanium mineral sands to tighten further this year as demand continues to grow and for projects of this nature to become increasingly valuable from a corporate perspective.

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