

# NEWS RELEASE

28<sup>th</sup> April 2015

## TELLUS LODGES SANDY RIDGE PROJECT REFERRALS

- Tellus lodges EPA development referrals for its Sandy Ridge Kaolin Clay Mine project
- Referrals start the Federal and WA State Government regulatory approval process
- Australia's first dual revenue kaolin clay and storage infrastructure project
- Potentially longest life project in WA, that can be operated for generations
- Main components of dual revenue business located 140 km North West of Kalgoorlie:
  - Kaolin clay mine business (kaolin clay used in ceramics, paint and fibreglass)
  - Complementary “arid, near-surface, long-term storage and isolation” business could assist in the environmentally superior long term storage of various wastes
  - 40-90 construction jobs, 18 direct jobs (excludes O&M contractors), 54 indirect jobs could expand and diversify local job opportunities
  - \$62 million (M) build and \$27M annual opex cost could boost and diversify local economy
  - \$474 million of potential royalties, taxes and levies over 25 year term could support other parts of the economy.

Australia's first dual revenue kaolin and storage business is one step closer, with Tellus Holdings Ltd (“Tellus”) lodging referral documents for the Sandy Ridge Kaolin Project (the ‘Proposal’) with the Western Australian (“WA”) and Commonwealth Governments.

The referrals start the regulatory approval process with both levels of Government and will include extensive community and stakeholder consultation.

Tellus appointed the Perth office of Aurora Environmental to coordinate the environmental approvals process. A number of specialist supporting contractors have already been appointed and are completing baseline water, fauna and flora and other supporting studies.



*Fig 1: Sandy Ridge conceptual site layout*

Tellus announced on the 7th January 2014, Sandy Ridges' Maiden JORC Exploration Target. After additional drilling in June 2014, Tellus announced a 41.3 million tonne JORC Inferred Resource<sup>1</sup>. This Project could potentially be the longest life project in WA, which could be operated for generations. Since then, Tellus has

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completed a detailed scoping study (FEL 1), commenced prefeasibility studies (FEL 2), completed two drilling programs (JORC and bulk) and commenced two pilot processing trials in Australia and the UK.

“The results to date are very encouraging, demonstrating the proposed Project is technically and commercially viable. No fatal flaws have been identified and early stage community and government engagement have not identified any hurdles that cannot be overcome,” said Tellus Managing Director Duncan van der Merwe.

Should the project go ahead, it will be located on Crown Land 140 km West North West of Kalgoorlie and will comprise a unique dual revenue business consisting of an open cut kaolin clay mine with a complementary “arid, near-surface, long-term storage and isolation” business.

Tellus is proposing an on-site dry processing plant to value add the kaolin clay that can then be used in the paper, ceramics, fiberglass and paint industries. Processed kaolin clay will be trucked then trained in one tonne bulker bags in shipping containers to Fremantle, and then exported to Asia via container vessels.

Once the kaolin is extracted the voids left from mining would be used to store industrial materials in “like with like” pits and covered in a world’s best practice “engineered and natural barrier safety case”, for future potential recovery of valuable materials. This will also provide opportunities for a number of recycle and recovery events which, in addition to being environmental best practice, provides business opportunities that are countercyclical to mining and can boost and diversify the local economy, increase the number of jobs generated by the project and assist in cleaning up the West Australian environment.

“We mine under the Mining Act and we store materials under the Environmental Act,” Mr van der Merwe said. “The type of industrial materials to be stored or permanently isolated are materials from blue chip companies from the mining, oil & gas, heavy industry, agricultural and, government (emergency service) sectors.

Mr van der Merwe stressed that the facility would not take nuclear waste (enriched uranium and plutonium), biological waste or any materials that are not safely containerised or certified, but we are looking at a small volume of medical isotopes (X rays used by dentists and doctors), therefore this site will be classified as a controlled action site which will require additional oversight from both Commonwealth and State Government regulatory authorities, like the Department of Industry and Science, Environments, ARPANSA and Radiation Health WA.

Another element of the project is a proposed hybrid 1.2MW LNG/ solar energy plant that will be used to power the onsite infrastructure. Tellus is also planning a 7MW hybrid diesel/solar project on its Chandler project – where solar comprises 2MWs. These two projects combined could make Tellus one of the larger users of off-grid renewable energy in the broader central Australia area.

The project is expected to cost \$62 million to build. During operations Tellus plans to spend on average \$27 million on annual operational expenditure that could boost and diversify the local economy. Based on DCF (FEL 1) modelling, there is the potential for \$474 million of royalties, taxes and levies over 25 year term. This can then be used by Governments for other parts of the economy, for example they may decide to use the funds on hospitals, schools, infrastructure etc.

The Project should generate about 40-90 construction jobs, 18 direct jobs (excludes operations and maintenance contractors) and about 54 indirect jobs that could expand and diversify local job opportunities. Tellus has a commitment to employ and train as many local people as possible as well as looking for ways to grow local businesses to work with the Project.

Tellus has completed a successful pre-development capital raise for the project and received a number of expressions of interest from major financial institutions to fund the development stage.



Work on a Prefeasibility Study (FEL 2), Section 38 and Environmental Protection and Biodiversity Conservation Act Referral and Public Environmental Review (PER) is in full swing and is looking at all aspects of the project, such the safety case, best mining method, logistics, costs and technical and commercial aspects of the project.

“Tellus is expecting a PER process and the Company plans to lodge the PER before the end of this year. Once lodged it may take another 10-12 months to get all the green and red tape regulatory approvals, permits and licences,” Mr van der Merwe said. “As we finalise our plans we look forward to increasing our level of engagement with various stakeholders so we can commence discussions about any questions or issues they have,” he said.

#### **About the Section 38 Referral to the EPA of the WA Government**

*The Sandy Ridge Development Referral is given to the WA Government’s Environmental Protection Authority (EPA) under Section 38 of the Environmental Protection Act 1986 and a similar EPBC Referral is given at the same time to the Commonwealth Government under Environment Protection and Biodiversity Conservation (EPBC) Act 1999. The purpose of a Section 38 referral document is to provide information on the Proposal to enable the EPA to make a decision on the level of environmental impact assessment required for the Proposal. The outcome of the referral process is a decision on whether the Proposal will be formally assessed, and if so what level of assessment will apply. The referral document should be available from <https://consultation.epa.wa.gov.au/> for seven days for downloading and public comment.*

#### **About the EPBC Referral to the Commonwealth Government:**

*The Proposal will also be referred to the Commonwealth Department of the Environment under the Environment Protection and Biodiversity Conservation Act 1999 for a decision as to whether the Proposal is considered to be a ‘controlled action’ and if it requires assessment under the Act. The referral and supporting documents should be available for download from <http://www.environment.gov.au> for ten days for downloading and public comment.*

#### **Other areas where regulatory information can be downloaded:**

Tellus will also load both referral documents on the company’s web site:  
[http://www.tellusholdings.com/regulatory\\_info.html](http://www.tellusholdings.com/regulatory_info.html)

#### **About Tellus Holdings:**

*Tellus Holdings Ltd is an infrastructure project development company with a proposed dual revenue business model. This involves mining the commodities salt and kaolin and backfilling the voids left from mining with equipment, archives or long term temporary storage or isolation of waste. Tellus’ business model mirrors world’s best practice solutions operating in the UK, Europe, USA and Canada. Tellus is developing the Chandler salt mine project in the Northern Territory and the Sandy Ridge kaolin mine project in Western Australia. Tellus’ flagship Chandler Project was recently awarded Major Project Status by the Northern Territory Government.*

#### **For further information:**

Visit: [www.tellusholdings.com.au](http://www.tellusholdings.com.au) or contact:

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<sup>i</sup> Refer to Media Release 19 June 2014 Sandy Ridge – JORC Resource Estimation