

NEWS RELEASE

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SUCCESSFUL SANDY RIDGE KAOLIN PROCESSING PILOT

- 35 tonnes of kaolin ore successfully processed at Nagrom pilot plant in Perth
- Independent UK based kaolin experts (FTM) confirms Tellus Fine Grade is “premium quality”
- Product could be sold in high value ceramics, paint, pharmaceutical and cosmetic industries
- Annual global kaolin market 23 million tonnes per annum and valued at \$A5.1 billion
- Updated product specification sheets prepared for offtake agreement discussions

Tellus Holdings Ltd (“Tellus”) has successfully completed pilot plant operations at Nagrom Metallurgical, in Perth, Western Australia.

Nagrom processed 35 tonnes of kaolinised granite “ore” through the pilot plant using a chemical-free wet refining circuit, producing approximately nine tonnes of high quality kaolin in two grades.

The first grade “Tellus Kaolin - Premium Fine” has been assessed by First Test Minerals (FTM) in the UK as premium quality. FTM staff are independent kaolin technical experts in kaolin clay mineral testing and market development.

“FTM confirms our grade is suitable for the ceramics (tableware and high quality glazes) and paint markets and further tests are being completed. Investigations are continuing into the use of this kaolin in many other applications,” Tellus Managing Director Duncan van der Merwe said.

“Tellus Kaolin - Premium Fine” grade has also passed compliance tests to the British Pharmacopoeia (Heavy Kaolin) and the United States Pharmacopoeia (Kaolin) standards.

To confirm this, samples were sent to independent approved laboratories in the UK experienced in kaolin analysis. This means that Tellus product could potentially be sold into the small volume, but very high value pharmaceutical and cosmetic industries.

Fig1: Kaolin processing pilot plant



Fig 2: Project Leader, Mike Ingram





The high grade product specification sheet will be on the Tellus' website shortly.

The second grade "Tellus Kaolin - Premium Coarse" is still awaiting analysis. It is expected to be of the same chemical composition but with a coarser particle size distribution.

Data collected from the pilot plant operation includes mass balance and performance data required for the mineral processing equipment selection. This information is now being used to advance the full-scale process plant design using proven and simple technology in a pre-feasibility study expected to be complete by 4th quarter 2015.

The annual global market for kaolin is currently 23 million tonnes with an estimated value of \$A5.1 billion. Tellus plans to produce between 20,000 and 40,000 tonnes per year of kaolin for the ceramics, paints, cosmetics and other markets.

"The successful operation of the pilot plant and product specification sheets gives Tellus confidence that we will become the most reliable producer of high grade kaolin products for the Australian and Asian markets," Mr van der Merwe said.

Tellus continues to advance customer and stakeholder engagement, regulatory approvals and feasibility studies for the Sandy Ridge Project.

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 waste. Tellus plans to store like-with-like materials, so as to create opportunities for the future long term, temporary storage, treatment and recovery of valuable materials or permanent 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 (NT) and the Sandy Ridge kaolin mine project in Western Australia. Tellus' flagship 'Chandler Project' was last year awarded Major Project Status by the Northern Territory Government.

For further information:

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