

NEWS RELEASE

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SANDY RIDGE PROJECT PROCEEDS TO BANKABLE FEASIBILITY

-  **Tellus Board approves Sandy Ridge Project proceeding to Bankable Feasibility Study**
-  **The project has a quality resource and robust technical and commercial business case**

Tellus Holdings Ltd (“Tellus”) is pleased to announce that the proposed Sandy Ridge Project reached a major milestone this week, with the Tellus Holdings Board approving the project moving to Bankable Feasibility Study (BFS) stage as part of the Company’s capital investment approach.

The proposed kaolin mine and complementary storage project is located 140 kilometres North-West of Kalgoorlie in Western Australia.

“The Board’s approval of the project’s business case follows successful drilling during 2014 and 2015 (over 207 holes were drilled with 5,607m); JORC resource updates; 40 tonne kaolin pilot plant completion; technical and commercial studies, and strong interest from potential clients and financiers,” Tellus Holdings Managing Director Duncan van der Merwe said.



Figure 1: Sandy Ridge pilot kaolin plant

“We have engaged domestic and international experts to review the project definition, design, schedule, cost estimates and financial assumptions, confirming that the project delivers robust economics with no fatal flaws. The detailed business case was signed off by the Tellus Board this week,” Mr van der Merwe said.

“As a result of bulk sample drilling and pilot processing earlier this year, we have confirmed that we have a high quality kaolinite resource,” he said. “Customer processing test work has verified there is a strong market for the kaolin with increasing demand from buyers throughout Asia.

“Environmental and safety case field studies and modeling have verified the suitability of the Sandy Ridge kaolinite geology for the complementary long term storage and disposal of materials. Indeed the same geology has a history of successful operation at the adjacent Mount Walton waste storage facility.

“Development of Sandy Ridge would provide important jobs during construction and the long-term operations phases; help to diversify the State’s revenue base away from existing commodities through valuable royalty payments (kaolin is not currently exported from Western Australia) and waste levies; and will provide significant employment and commercial opportunities for local Indigenous enterprises and communities, all while following global best practice in helping to clean up the Western Australian environment for future generations.”

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Tellus business plan includes the storage of like with like materials, to create opportunities for the future long-term recovery and treatment of valuable waste materials or permanent isolation of waste.

Tellus will now move to complete the Bankable Feasibility Study and Public Environmental Report (PER) for lodgment with the Western Australian Environmental Protection Authority (EPA).

Subject to approvals, a final investment decision by the Tellus Board and financial close within the next 12-15 months, construction of the Sandy Ridge facility is likely to commence in early 2017.

About Tellus Holdings:

Tellus Holdings Ltd is an infrastructure project development company with a proposed dual revenue infrastructure 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 of 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 project in the Northern Territory (NT) and the Sandy Ridge project in Western Australia. Tellus' flagship 'Chandler Project' has been awarded Major Project Status by the Northern Territory Government.

For further information:

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