

28 January 2014

Tellus Expands Sandy Ridge Technical Team and Commences Pre-feasibility Studies and Pilot Processing Plant

Key points:

- Sandy Ridge technical teams expands with the appointment of:
 - EPMS Mike Ingram – experienced kaolin operator to provide technical advice on the pre-feasibility studies
 - Nagrom to analyse kaolin core chip samples and to run kaolin pilot plant in Perth
 - First Test Minerals Ltd (UK) – Frank Hart to provide specialist testing and technical advice
- Building on 63 historic drill hole data and the 50 proposed new holes, Tellus commences prefeasibility study
- Pilot to confirm quality of kaolin for high value kaolin markets that include paints, paper coatings, polymer industries and special ceramics.
- EOI already received for high value Kaolin offtake from major Asian trading houses

Tellus Holdings has awarded a contract to Perth-based Company Nagrom to analyse kaolin core samples and run a kaolin pilot process plant, Tellus Managing Director Duncan van der Merwe announced today.

This follows the announcement of a 179 -512 million tonne exploration target and start of a 2000 metre exploration drilling program at Tellus' Sandy Ridge project, 140 kilometres west north-west of Kalgoorlie in Western Australia.

Nagrom is regarded as having internationally recognised independent expertise in exploration program sample analysis and mineral processing pilot plant operations.

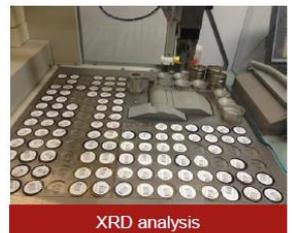
Nagrom will work with UK based clay specialist First Test Minerals Ltd to confirm the purity and technical properties of the Sandy Ridge kaolin in its raw and processed form.

These results will be used to prepare an independent JORC compliant resource statement.

Samples of the processed kaolin along with independent lab analysis reports will be sent to potential customers.

“The kaolin pilot plant operation is to confirm the quality of the kaolin for high value kaolin markets that include paints, paper coatings, polymer industries and special ceramics,” Mr van der Merwe said.

Tellus prefers to contract with local companies where possible and is pleased to have awarded the pre-feasibility study advisor (EPMS) and sample analysis and pilot plant operation service (Nagrom) contracts to local West Australian firms.



The shallow nature of the kaolin geology promotes low cost drilling, mining capital expenditure and operating expenditure and a simple open cut operational model.

Offtake Expressions of Interest (EOI) have already been received for high value Kaolin applications from major Asian trading houses.

About Nagrom

Nagrom, a privately owned Western Australian company, has been providing metallurgical services to the mining industry for over 30 years. The Kelmscott facility has over 100 processing units and a staff of 80 providing thorough investigation of project process flowsheets. From bench-scale to +100 t pilots, from high volume yields of iron ore to high concentration processes of tin, tungsten, tantalum and rare earth ores, Nagrom has solutions for your project. Nagrom's in-house laboratory provides low cost/fast turnaround service to Metallurgical & Exploration programs covering full iron ore, rare earth & gold suites. Plant fabrication, surface coating (LINE-X®) and equipment manufacture are also a core part of Nagrom's extensive services.

About EPMS

EPMS is a project development consultancy that services the resource sector. EPMS offers specialist services in the evaluation, design, engineering, project management, and construction management of mineral processing plants and supporting infrastructure. EPMS team members have experience of executing kaolin projects in Australia and other resource projects all around the globe.

About First Test Minerals Ltd (UK)

The company provides services in the areas of mineral testing and market development; technical evaluation of non-metallic mineral resources and expert advice for market development. It specialises in clay minerals such as kaolin, halloysite, ball clays and smectites. Director Frank Hart has extensive experience in industrial minerals gained through almost 40 years of direct involvement in technical evaluation and quality control.

About Tellus Holdings

Tellus Holdings Ltd ("Tellus") is an Australian project development company in mine evaluation stage with an attractive portfolio of rock salt and kaolin deposits. Tellus' flagship projects are a proposed underground rock salt mine in the Northern Territory and a proposed kaolin mine in Western Australia. Tellus is the parent of a group of companies that plans to be involved in mine building, processing and the sale of industrial and edible salts, associated salt minerals and kaolin. Proposed complementary businesses include the safe storage in voids created by mining as is done in countries like the UK, EU, USA and Canada.

For further information on Tellus:

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