

## Media Release

8<sup>th</sup> November 2013

# Chandler Stage One Drilling Contract Awarded

### Key points:

- Tellus has awarded the first drilling contract as part of the mine planning (Definitive Feasibility Study Stage One) activities at the Chandler Salt Mine Project in the Northern Territory
- Mitchell Services awarded stage one 2000 meter diamond drilling contract
- \$6.5 m of historic drilling (6600 m) and seismic (145 km) confirmed a 4.5-5 billion ton multi-mineral salt JORC<sup>1</sup> exploration target, high grade salt/ minerals and a commercially viable project
- Drilling to confirm mine planning assumptions and the volume and grade of halite (edible and industrial salts) and associated high value minerals (fertilisers)
- Drilling to commence mid-November 2013, with results expected in early 2014
- Drilling support service contracts awarded to local Alice Springs firms
- Tellus opens Alice Springs mine planning office and workshop.

Tellus Holdings Ltd (Tellus) has awarded the first drilling contract as part the proposed Chandler Salt Mine Project, 120 km south of Alice Springs, in the Northern Territory.

“Mitchell Services (Mitchell) has been awarded the 2000m diamond coring contract as part of the Definitive Feasibility Study (DFS) Stage One exploration and mine planning activity,” Tellus Managing Director Duncan van der Merwe said today.

“Mitchell was selected as the company has an impressive track record in both hard rock exploration and directional drilling and can supply the required safety equipment,” he said.

Rig mobilisation is expected to start mid-November 2013, with drilling results expected in early 2014. Resource modelling and product assessment studies will start soon after.



*Fig 1: Mitchell's diamond core rig*

The drilling program will target the 700 metre deep, 200 metre thick Chandler salt formation to gather more information required for mine planning and to confirm volume and grade of halite (edible and industrial salts) and associated high value minerals (fertilisers).

Tellus completed a successful pre-feasibility study (PFS) which was based on \$6.5 m of historic oil and gas drilling (6,600 m) and seismic (145 km) that confirmed a high grade multi-mineral salt 4.5-5 billion ton JORC exploration target and a commercially viable 25-year salt mine project. The salt bed could be Australia's largest and shallowest deposit and possibly Australia's longest life mine that could run for generations as they do in Europe.

"Even though there is a lot of international deep salt bed drilling experience, a lot of innovation is being applied to this drill program as this is possibly the first time that this well design and salt cores recovery method will be used in Australia," Mitchell's CEO Nathan Mitchell said.

"Tellus is pleased that we have secured a world-class drilling contractor with extensive technical expertise and an ability to drill in challenging locations," Mr van der Merwe said.

"This key milestone means adding 2000 m to the existing 6600 m of historic drill results. Once we have the new grade and volume analysis, we look forward to advancing the strong off-take expressions of interest we have received from some of Asia's largest trading houses," he said.

Endeavour Geophysics will do the wire line logging for the project. Geophysical logging is a vital step in the resource appraisal stage of the project.

Tellus has awarded drilling support service contracts to several local Alice Springs firms, including NT Link, Hirex and Central Car Rentals.

"Tellus will source a diverse range of goods, materials and services from suppliers during this study stage. We have a strong preference for contracting with local companies where possible. Anyone interested in working with us should ensure they are registered with the ICN NT," he said.

Tellus and its contractors are exploring Aboriginal employment opportunities, although these will be small scale in the early stages of the project.

"Tellus has also opened an Alice Springs exploration office and workshop," Mr Duncan van der Merwe said.



*Fig 2: NT Link transportable camp*

"This is a milestone for the Chandler Project and will inform our next critical decision-making step in February about whether to proceed to stage two of the definitive feasibility study (DFS). We look forward to a successful drill campaign as this project has the potential to bring a lot of jobs, investment and regional development to central Australia," Mr van der Merwe said.

## **About Mitchell Drilling**

*With a history in the Australian drilling industry dating back to 1969, Mitchell Services are experts in delivering safe, efficient and productive drilling and related exploration and production services. All of the company's operations, regardless of location, are managed to the highest safety standards. Mitchell Services has operated internationally for the past five years and delivered services to major mining and energy houses in Africa, Asia Oceania and the Americas.*

## **About Tellus Holdings**

*Tellus Holdings Ltd ("Tellus") is an Australian exploration company in mine evaluation stage with an attractive portfolio of rock salt and kaolin deposits. Tellus' flagship project is a proposed underground rock salt mine in the Northern Territory. 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 and fertilisers. Potential complementary businesses include storage in voids created by mining.*

## **For further information on Tellus:**

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<sup>i</sup> Refer to Media Release 26 March 2013 for Competent Person Statement and Exploration Target Definition