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Chandler Project Proceeds to the Next Stage

Key points:

- Tellus Board approves Chandler salt mine project proceeding to the next stage, which is capital raising to complete feasibility studies and regulatory approvals
- The project has a quality resource and strong technical and commercial business case
- Mineral Lease Application to be lodged with the Northern Territory Government
- Studies to trigger detailed community consultation in late 2014.

The proposed Chandler salt mine project reached a major milestone this week, with the Tellus Holdings' Board approving the project moving to the next stage.

The proposed salt mine is near Titjikala, 120 kilometres from Alice Springs in Central Australia.

"The Board's approval of the project's business case follows successful drilling, technical and commercial studies and strong interest from potential clients," Tellus Holdings' Managing Director Duncan van der Merwe said.

"We have known from the start that we have a massive flat, thick rock salt bed," he said.

"We awarded a contract at the end of last year to Mitchell Services to drill the salt bed. NAGROM and German based ERCOSPLAN were contracted to confirm the grade and potential of the resource.

"As a result of drilling and analysis earlier this year, we have verified that we have high quality edible and industrial grade salt with associated minerals.

"We have also verified that there is a strong market for the salt, with demand from Asian countries in particular.

"A key hurdle was to ensure the project stacked up technically and commercially. We have engaged international experts to confirm the mine to port design and confirm our financial assumptions, with a detailed business case signed off this week by the Tellus Board," Mr van der Merwe said.

"We will now move to capital raising for the next stage of the project, which is to complete our Environmental Impact Statement and Definitive Feasibility Study Stage and Lodge a Mineral Lease Application with the Northern Territory Government," he said.

Recent Tellus drilling program



“The final investment decision will be made once we complete the regulatory approvals and move to final capital raising for the construction stage,” he said.

Most of the rock salt from the underground Chandler mine will be railed to Darwin and exported from East Arm Port to industrial salt markets in Asia, with some available to support niche speciality businesses in Alice Springs.

A maiden 2012 JORC compliant Resource Statement will be announced shortly.

The voids left in the mine will be used to store equipment and archives or safely store, recycle or dispose of industrial waste, such as aluminium salt fluxes, drilling muds used in oil and gas exploration and pesticides and herbicides used by pastoralists and agriculture. Uranium, nuclear, biological, unknown wastes will not be accepted.

Mr van der Merwe said he recently travelled to Asia with a Northern Territory Government trade and investment delegation and was confident in the next capital raising stage.

Next steps would be to complete the regulatory approvals and further drilling, with a resumption of detailed community consultation later this year.

Subject to approvals and a final investment decision by the Tellus Board within the next 16-18 months, construction of the mine is likely to start at the end of 2015.

Other recent developments at Tellus include:

- the appointment of a new Chairman, Philip Garling, who previously served as Global Head of Infrastructure at AMP Capital Investors and Chief Executive of Lend Lease Capital Services. His other directorships include Australian Renewable Fuels, Downer EDI, Charter Hall, Networks NSW and Water Polo Australia;
- the appointment of Independent Non-Executive Director Ron Sifton, who has served for 27 years as Chief Financial Officer and Executive Vice President of Newalta Corporation, Canada’s leading waste services company;
- the appointment of Independent Non-Executive Director Dr Nikki Williams, who has held senior roles in the NSW Minerals Council, Australian Coal Association, Shell, Exxon, Esso, NSW Women in Mining Network, CSIRO Business Advisory Board and Australian Indigenous Education Foundation.

About Tellus Holdings

Tellus Holdings Ltd ("Tellus") is an Australian project development company. Tellus’ flagship projects are a proposed underground rock salt mine with a complementary backfill business supporting the resource sector in the Northern Territory and a proposed kaolin mine with a complementary backfill business supporting the resource sector in the Western Australia. The commodity business involves the sales of salt and kaolin to Asia. The proposed complementary backfill business involves the safe recycle, recovery, storage and disposal in voids created by mining - as is common in the UK and European Union, the USA and Canada.

For further information on Tellus:

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