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Stock Data

Ticker	JAY LN
Share Price:	11.90p
Market Cap:	£116m

Price Chart



KoBold Metals signs US\$15m deal to earn into Disko nickel project in Greenland

Bluejay are planning the construction of the Dundas (formerly Pituffik) ilmenite mineral sands project in Greenland. The project is advancing through Feasibility Study work towards final financing with preliminary site works underway.

The company has also brought in a number of major partners to work with on offtake and key exploration projects including a major Asian trading group, Rio Tinto, Kobold Metals and Metals One.

- Bluejay Mining report the signing of a deal whereby KoBold Metals can earn up to 51% in the Bluejay's Disko project in Greenland.
- KoBold Metals is backed by Breakthrough Energy Ventures, a US private equity group backed by Bill Gates, Jeff Bezos, Jack Ma, Michael Bloomberg and Ray Dalio.
- Equinor, Norway's state-backed energy company also recently invested in Kobold Metals backing its use of Artificial Intelligence and machine learning to hunt for minerals.
- The deal enables Kobold to earn into a 51% stake in the Disko project allowing Bluejay to maintain its 49% stake through proportionate funding after Kobold have spent US\$15m.
- Experts reckon the Disko/Nuussuaq licenses could contain one of the largest occurrences of Nickel-Copper-Cobalt in the world with Anglo American also acquiring licenses surrounding Bluejay's licenses.
- We believe, the deal reflects the pressing need to discover and develop new nickel deposits in the Western world with Kobold set up to focus on the discovery of such metals.
- Around US\$80m worth of work has already been done on the Disko/Nuussuaq licenses by Falconbridge, Cominco and Bluejay but with limited drilling to date.
- The work has mainly focussed on following high-grade surface samples such as a large boulder assaying 7% Ni, 3% Cu & 2ppm PGE as well as geophysical surveying which show the area to be akin to the Norilsk-Talnakh nickel deposits in Siberia.
- Seven large magmatic Ni-Cu-PGE conductor targets have been confirmed with the two largest being 5.9km x 1.1km and 4.8km x 800m.
- Dr. Peter Lightfoot, who was in the Falconbridge discovery team at Disko in the late 1990s and now leads the 'Magmatic Systems' business at Kobold is focussing on identifying areas of metal accumulation utilising Kobold technology.

**SP Angel act as nomad and broker to BlueJay Mining. The SP Angel mining analyst has visited the Dundas, Ilerlak ilmenite sands project in Greenland.*

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Bluejay continued...

- Lightfoot reckons “It is geologically demonstrable that a major nickel-copper-cobalt mineralising system is in place at Disko”.
- **Geology:** The Disko-Nuussuaq Property is centred in a region of extensive contaminated and metal-depleted volcanic centres where there is evidence for the equilibration of flood basalt magma with crustal sulfur with potential for the concentration of magmatic sulphides in shallow sub-volcanic intrusions.
- Previous exploration data provides a good platform for KoBold to utilize its proprietary technology to target the source of mineralisation.
- **Magmatic nickel mineralising systems need:**
 - Pathways/conduits
 - Energy
 - Source of metals and sulphur
 - Trapping/accumulation of metal-bearing sulphides
- All of which have been demonstrated to be present across the Disko/Nuussuaq license area.
- **Norilsk comparison:**
 - High Mg, olivine rich magmas (2-5+km thickness)
 - Proximity to large, crustal-scale faults & magma conduit systems
 - Sulphide/sulphur bearing country rocks
 - Prolonged episodes of assimilation of siliceous crustal rocks (contaminated lava, containing shale/sandstone)
 - Chalcophile element depletion in crustally contaminated rocks (contaminated lava has lost Ni, Cu, PGE, evidence that sulphide melt has segregated from magmas prior to eruption.
 - Mass balance supports that 12-16mt of nickel are missing from the lava sequence).
- Kobold Metals is mandated by its investors to develop strong, secure, and ethically sourced critical commodities required by western industry to drive the green revolution and the electrification of a modern society.
- The team are using disruptive, innovative, in-house developed machine learning and artificial intelligence data technologies, TerraShedSM and Machine Prospector®. Algorithms in TerraShedSM interrogate data with a range of techniques to predict the composition of the subsurface and has been listed as one of the 100 most promising private artificial intelligence companies in the world.
- While last year’s planned exploration and drilling at Kangerluarsuk and Disko-Nuussuaq was delayed by Covid the Kobold team will use remote sensing to propose a number of drill targets.
- This will hopefully accelerate work so that drilling starts in Q2 next year.
- **The deal:** Kobold will earn 51% of the Disko licence holding through a two stage earn-in commitment:
 - **Stage I: US\$3.4m to** advanced the geological and geophysical evaluation of Disko/Nuussuaq to refine drill-targets using Beluga’s proprietary technology by December 2022,

- **Stage II: US\$11.6m** in drilling expenditure or 15 pre-agreed drill holes within the Disko licence area to be completed by December 2024,
- Bluejay can maintain its 49% stake by pro-rata funding after Stage II and can also take back control if Kobold does not complete its stage II funding by end 2024,
- **Deals:** Bluejay has signed three deals with major partners since end-2020 bringing \$40m worth of exploration expenditure into the group:
 - \$20m with Rio at Enonkoski;
 - \$5m Black Shales Finland
 - \$15m with Kobold today
 - Bluejay also signed an offtake agreement on the Dundas Ilmenite project worth a minimum of \$52.5mpa in sales on 250ktpa of production, assuming ilmenite at \$210/t.
- **Management fees & financing:** Bluejay has management fees coming in from the Rio Tinto, Metals One and other joint ventures.
- Earnings from these fees should enable Bluejay to continue to operate without the need to return to the market for financing anytime soon.
- We expect the Dundas project to be financed through a combination of Multilateral, governmental, offtake and project finance funding.

Conclusion: This is a nice deal for Bluejay. It gives the team income from working on the project, retains a significant stake and offers potential for further uplift on the potential discovery of a significant nickel-copper system at Disko.

Bluejay does not need to co-fund till after Kobold has spent its agreed US\$15m.

The signing of a deal with Kobold lends Bluejay significant credibility as a working partner and adds to Bluejay's jv with Rio Tinto in Finland in attracting major players into funding exploration on Bluejay properties. Furthermore, this is KoBold's first partnership with a junior exploration company.

The development of Kobold Metals and its funding by major US investors highlights how seriously industry leaders are taking the need to find more battery metals.

Bluejay shares represent an opportunity to invest directly alongside Kobold Metals in exploration, discovery and potential development of the Disko/Nuussuaq area.

**SP Angel act Nomad and broker to Bluejay. The analyst has previously visited the Enonkoski mine site in Finland. The analyst holds shares in Bluejay Mining.*

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