

Press Release

Oulu August 29th 2022

New York August 29th 2022

Traxys North America LLC (“Traxys”) and Otanmäki Mine (“Otanmäki”) have signed a Memorandum of Understanding (“MOU”) concerning Otanmäki’s mining projects located in Finland. According to the MOU Traxys will have exclusive rights to trading of Otanmäki’s titanium, vanadium and iron products to global customers.

Otanmäki’s mining project will be divided in to 2 phases. First phase will be a circular economy project regarding re-processing of tailings sand stored in a tailings pond in Otanmäki area. Total amount of tailings sand is ca. 10Mt. Tailings sand contains on average 16% of ilmenite and in total ca. 1.6 Mt contained ilmenite. Processing tests have confirmed, that minimum of 60% of the ilmenite is recoverable by the developed process. Total amount of recoverable ilmenite during the planned 5 year production time will be ca. 1 Mt. Using current estimate of the sale price of Otanmäki ilmenite, total revenue is estimated to be USD 200 million. Further optimisation of the recovery process will be performed during the ramp-up of the production and this can be estimated to raise the revenue even higher. Estimated capex for the ilmenite processing plant is USD 20 million. Ilmenite production is estimated to start during year 2024.

Second phase nominated in the MOU will be the Otanmäki mining project, which is planned to start immediately after the first phase or partly in parallel with it. Mining project consists of under ground mining of ore from Otanmäki mine. Mining project’s main products will be vanadium pentoxide, ilmenite and iron concentrate. Yearly mining will start at 1.5Mt of ore and later be scaled up to 2-2.5 Mt/a. Company’s internal mineral resource estimate shows 31 Mt mineral resources in the first 200m below last historical stopes at +550m level. Historical drilling and new geophysical surveys show, that Otanmäki mineralisation could extend to 1.5 km depth. Initial production of vanadium pentoxide will be 5 200 t/a, ilmenite 395 000 t/a and iron concentrate 465 000 t/a. With current commodity price levels initial yearly turn over is expected to be around USD 220 million. Current minimum estimate of LOM (Life Of Mine) is 20 years.

According to the MOU signed today Traxys may also assist Otanmäki in financing both production phases by providing insights or access to equity, debt and working capital. Access to financing may be either directly from Traxys or from financing entities that Traxys has relationships with. Already agreed in principle is, that Traxys may provide Otanmäki with working capital when production starts. Amount of working capital is estimated to be 3-5 million euros. Forward payments on the products are also possible.

Traxys and Otanmäki will start negotiations on a marketing off take agreement related to Otanmäki’s ilmenite concentrate production during the coming 2-3 months time. Target to finish negotiations on the marketing off take agreement is fall 2022.

About Otanmäki Mine

Otanmäki Mine Oy is a Finnish mining and exploration company established in 2012. Main goal of Otanmäki Mine is to re-open Otanmäki Fe-Ti-V-mine in the near future. Current focus of Otanmäki Mine is in the tailings pond ilmenite recovery project. Otanmäki Mine is developing also a rare earth element project in the Otanmäki area. Otanmäki Mine is also involved in a copper-gold-silver project in Sweden. Further information about Otanmäki Mine can be found at www.otanmaki.fi

Jouko Jylänki, CEO of Otanmäki Mine comments on the MOU signed today. “This agreement signed today with one of the leading commodity traders in the world is a significant mile stone in getting Otanmäki mine to production after 37 year long dormant phase. Otanmäki mine was during it’s historical production period one of the biggest mines in Finland and at it’s peak time supplied 10% of global vanadium production. Otanmäki Mine expects very fruitful co-operation with Traxys related to it’s mining projects.”

About Traxys

Traxys is a physical commodity trader and merchant in the metals and natural resources sectors. Its logistics, marketing, distribution, supply chain management and trading activities are conducted by over 450 employees, in over 20 offices worldwide, and its annual turnover is in excess of USD 8 billion. Headquartered in Luxembourg, Traxys is engaged in the sourcing, trading, marketing and distribution of non-ferrous metals, ferro-alloys, minerals, industrial raw materials and energy. The Group serves a broad base of industrial customers and offers a full range of commercial and financial services. More information about Traxys is at www.traxys.com .

Joel Kahn, Global Product Manager of Traxys, comments on the MOU signed today. “We are excited and optimistic about the potential of the Otanmäki mine. The global consumers of Ilmenite, Vanadium, and Iron concentrates continue to search for high quality, long term reliable suppliers, and we expect the Otanmäki mine site’s proven quality and reserves will serve the markets well.”

Additional information requests:

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