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FinnAust Mining PLC
26 November 2014

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FinnAust Mining plc / EPIC: FAM / Market: AIM / Sector: Mining
26 November 2014

FinnAust Mining plc
Kelkka Nickel Sulphide Project - Rig arrived on site
Hammaslahti Copper-Zinc Project - Drilling update

FinnAust Mining plc ("FinnAust" or the "Company") is pleased to announce that a SMoy drill rig has arrived at its Kelkka Nickel Sulphide Project in South East Finland. Drilling is due to commence imminently. Kelkka is located only 80km Southeast of the Company's discovery at its 100% owned Hammaslahti Project where drilling continues uninterrupted.

Highlights

- Kelkka is located proximal to the intrusive-related Enonkoski Mine which was exploited by Outokumpu OY between 1984 and 1994 at an average grade of 0.78% Ni ("Ni") and 0.22% Cu ("Cu") but yielded some very high-grade historical drill results that included 15m@ 6.9% Ni, 2.0% Cu, 0.33% Cobalt ("Co").
- The Company believes the Kelkka intrusion may play host to similar tenor massive sulphide nickel horizons to those found at Enonkoski and thus intends to test this via a 2 to 3 hole, 1,000m diamond drilling programme.
- At Hammaslahti the Company's other drill rig is currently testing the deep gravity target located proximal to the newly discovered polymetallic mineralisation announced previously.

FinnAust Executive Director Alastair Clayton said, "This programme gives shareholders immediate exposure to the potential for a Nickel sulphide discovery should the 11 months of geophysical and geochemical work done to date be successful."

"High-grade nickel sulphides are widely seen as one of the top value creators for exploration companies such as ours, due to their rarity, and there are few, if any other AIM companies actively drilling nickel sulphide targets due to industry-wide financing constraints on exploration budgets.

"The Company now has two rigs operating simultaneously in SE Finland. One at Kelkka and one at Hammaslahti.

"At Hammaslahti hole R332 hit 4.8m @ 0.35 Cu 1.1% Zinc ("Zn") and 11.1 gpt silver ("Ag"), hole R333 hit a 3m wide brecciated upper zinc zone of sub 1% Zn but R334, the first hole drilled down-plunge of the structure, was the first hole to be unsuccessful since the R325 discovery in July. R335 is currently circa halfway to target depth on the deep gravity target which the Company believes may represent a completely untouched repeat of the entire mine sequence.

"As shareholders can see, it is an extremely busy period for the Company and we go in to the end of 2014 with high hopes that we can repeat our earlier exploration success at one or both of our drill targets."

Targets

The objective has been to present potential targets for exploration in the vicinity of the Enonkoski mine only within less than 5km of the mine. The aim is to find high grade Ni-Cu sulphides near the contact of the mafic, differentiated gabbro intrusions. Bottom of till geochemistry, outcrop observations and geological maps and different geophysical data have been used to rank the targets. Five targets with highest ranking were selected for further compilation of existing drilling data and detailed geophysical modelling. Two of these five targets are associated with the Kelkka intrusion.

Figure 1. Location of the Kelkka intrusion SE of the old Enonkoski Ni-Cu-mine. Base image airborne magnetics. (View attached PDF)

Enonkoski Mine

The Enonkoski (Laukunkangas) nickel-copper ore deposit was discovered in 1969, but the high grade Ni-Cu ore was found in 1980. In 1984 the Enonkoski mine was established by Outokumpu Oy.

From the Laukunkangas deposit, a total of 6.7 million tons of ore @ Ni 0.78% and Cu 0.22% was mined. When the ore from the satellite mines Hälvälä and Telkkälä was also milled at Enonkoski the total production of Enonkoski was 7.3 million tons @ Ni 0.83% and Cu 0.23%. Production was commenced in November 1985 and it was finished at the end of December 1994.

The nickel-copper ore deposit occurs as many separate ore lodes in the ultramafic - mafic rocks of the Laukunkangas formation on its eastern and northern parts. Some rich ore occurred as off-set ore lodes in mica gneiss or black schist outside of the main norite gabbro intrusion. The ore types varied from the massive-semimassive sulphide ore to rich dissemination in peridotite and poor dissemination in norite. Typical ore minerals were pyrrhotite, pentlandite and chalcopyrite. Nickel content of the off-set massive ore was over 5%, over 2% in stopes. The low grade ore contained only 0.3% - 0.4% Ni.

Competent Person's Statement

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Urpo Kuronen, who is Chief Operating Officer of the Company and a Member of The Australasian Institute of Mining and Metallurgy.

Mr Kuronen has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Kuronen has reviewed this announcement and consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

****ENDS****

For further information please visit www.finnaust.com or contact:

Alastair Clayton	FinnAust Mining plc	+ 44 (0) 20 3326 1729
Ewan Leggat / Katy Birkin	SP Angel Corporate Finance LLP Nominated Adviser and Joint Broker	+44 (0) 20 3463 2260
	SP Angel Corporate Finance LLP	+44 (0) 20 3463 2260
Lindsay Mair	Sanlam Securities UK Joint Broker	+44 (0) 20 7628 2200
Elisabeth Cowell	St Brides Media and Finance Ltd	+44 (0) 20 7236 1177
Charlotte Heap	St Brides Media and Finance Ltd	+44 (0) 20 7236 1177

Notes

FinnAust Mining plc is an AIM listed exploration company focused on copper and base metals in Finland and Austria. Its proven management team, with its track record of exploring, discovering, financing, constructing and safely operating mines globally, has established a portfolio of highly prospective projects at various stages of development. Finland is rated the number one mining destination worldwide in the Fraser Institute Global Mining Survey Results 2012/2013.

The Company's primary focus of exploration is a portfolio of assets in Finland. Three high-priority target areas have already been identified, Hammaslahti, Outokumpu and Enonkoski, which are prospective for Volcanogenic Massive Sulphide ('VMS'), high-grade magmatic sulphide nickel-copper and Outokumpu type copper deposits. The assets are located in one of the world's most prolific geological belts, which hosts multiple high grade mines including the world famous Outokumpu copper mine, which reportedly produced a total of approximately 34.4 million tonnes of ore at average grades of 3.6% copper, 1.2% zinc, 0.22% cobalt and 0.1% nickel between 1914 and 1988.

FinnAust also holds an 80% interest in the previously producing 33 km sq Mitterberg Copper Project in Austria, which the Company is currently evaluating in order to determine the best plan for future development.

This information is provided by RNS
The company news service from the London Stock Exchange

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Operations Update - Kelkka and Hammaslahti

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Results and Trading Reports

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