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FinnAust Mining PLC
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FinnAust Mining plc / EPIC: FAM / Market: AIM / Sector: Mining
18 May 2016

FinnAust Mining plc ('FinnAust' or the 'Company')
Initial chemical analysis of Pituffik concentrate received as well as identification of two prospective end-sale markets for the Pituffik Titanium Project

FinnAust Mining plc, the AIM and FSE listed company with projects in Greenland, Finland and Austria, is pleased to announce the receipt of initial analytical results of the ilmenite separated from the heavy mineral concentrate from the Pituffik Titanium Project in Greenland ('Pituffik' or the 'Project'). The Company is also pleased to announce that market analysis covering all aspects of the titanium sector has been completed by TZ Minerals International Pty Ltd ('TZMI'), which identifies two prospective end-sale markets for product taken from Pituffik.

Overview

- Initial analytical results indicate that the Ilmenite concentrate from Pituffik in its current non optimised form is well suited for direct use in the sulphate production process of Titanium Dioxide pigment ('TiO₂')
 - o Given the low amount of deleterious elements identified the quality of the final pigment product is expected to be high, the material should be easily soluble in relatively low strength sulphuric acid and could operate at high process efficiency
- This non-optimised ilmenite concentrate from Pituffik (see Figure 1) gives the Company a high degree of confidence that with a very small amount of further purification on larger samples from the main zones at the Project, the concentrate could also be suitable for chloride slag

manufacture to produce either TiO₂ pigment or titanium metal

- Detailed market analysis from TZMI confirms chloride slag and sulphate routes are both large and growing global markets with potential end-sale customers identified in Europe and Asia
- TZMI have identified increasing ilmenite supply deficits into the medium and longer term, it is these forecast supply gaps that are presenting the Company with an excellent opportunity to deliver Pituffik product into this market shortfall, and the inclusion of chloride slag production as a second potential major market provides the Company with increased optionality with respect to end-users
- Work will continue to optimise the Pituffik HMC, leveraging off the very high-grade nature of the deposit, which will support further off-take discussions with an outcome expected on this by year-end
- Results continue to reinforce the view that developing a long-life operation at Pituffik is achievable and furthermore could result in the generation of a long-term source of globally traded mechanically eroded hard rock ilmenite

FinnAust CEO Roderick McIllree said, "The Company is now starting to reap the benefits of the work carried out during the 2015 field season at Pituffik and the picture that continues to develop is one of a globally significant occurrence of titanium. Whilst our focus will remain on delivering a maiden resource during 2016 leading to a bulk sample in 2017, it is also pleasing to have independent confirmation of potential demand for our expected product, and that this demand appears to be growing. Ilmenite prices are reported to have stabilised in Q1 2016 as a result of improving demand from pigment manufacturers and reductions in supply, with pigment manufacturers estimated to have sold 6-12% more pigment compared to the previous year. With what is turning into a large and high grade ilmenite deposit, close to established infrastructure, the positive pricing fundamentals and end markets identified, I believe that the Company is well positioned for future growth."

Further Information

The sulphate and chloride pigment manufacturing processes have both been identified by TZMI as equally important and prospective markets for FinnAust. Traditionally sulphate and chloride titanium slag furnaces have utilised captive sources of ilmenite that are located close to these smelters. However, chloride slag requires ilmenite with specific quality characteristics and as local supply sources deplete importing ilmenite for smelting is becoming an increasing feature of the industry. Examples of this include ilmenite from Senegal being exported to Norway and China importing significant quantities of ilmenite as chloride slag smelter feed.

Figure 1: Initial non-optimised concentrate of Pituffik ilmenite produced by the Geological Survey of Denmark and Greenland ('GEUS') - see PDF link

Given the Pituffik ilmenite more closely resembles a low impurity "hard rock" source from a chemical perspective, with indications it will fit neatly into either market, the Company will now focus on optimisation of the yield to further enhance what is a simple mineral separation flow sheet leveraging off the novel composition characteristics of the deposit, particularly its very high grade.

This has been an important development for the Company as it looks to secure off-takes towards the end of the year. The Company is encouraged by the fact that all work to date continues to highlight the beneficial characteristics of the deposit.

The receipt of the TZMI market report and initial metallurgical results continue to reinforce the initial assessment that developing a long-life operation at Pituffik is achievable and furthermore could result in the generation of a long-term source of globally traded mechanically eroded hard rock ilmenite.

Ilmenite is the primary source of titanium dioxide ('TiO₂'), which is a pure white, highly refractive and ultraviolet light absorbing pigment that is primarily used in paints and plastics, as well as paper, textiles and inks and TiO₂ 3D printing. TZMI has identified a strategic sales opportunity to supply producers who directly use ilmenite in the sulphate production process of TiO₂, with potential customers identified in Europe and Asia. According to TZMI the current annual requirement in this market alone is in excess of 5Mt of ilmenite and is forecast to grow steadily over the next 10 years.

About TZMI

TZMI is a recognised leader in the provision of accurate and up to date technical, engineering and marketing support within the mineral sand industry, their advice and support will benefit the Company as it continues its assessment of Pituffik.

****ENDS****

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Notes

FinnAust has a number of highly prospective licences at various stages of development in Greenland, Finland and Austria. The Company is dual listed on the London AIM market and Frankfurt Stock Exchange.

The Company is currently focussed on advancing the Pituffik Project in Greenland, an area that has only recently revealed its mineral potential following changes in the climate. Pituffik, which FinnAust conditionally acquired in December 2015, has demonstrated the potential to be in the top percentile of projects worldwide in terms of heavy mineral grade.

Pituffik comprises three main target areas along an >80km coastline historically proven to contain large and high-grade accumulations of primary ilmenite occurring as placer deposits in the following environments:

- Raised beaches; containing ilmenite accumulations over widths of more than 1km, of unknown depths, along more than 20km of coastline;
- Active beaches; which refer to the area seaward of the frontal dunes, including the beach, tidal zones and surf zone - historically samples from this area have achieved

- 70% ilmenite by weight; and
- Drowned beaches; refers to the areas seaward of active beaches.

The Company's strategy is focused on the production of a bulk sample "proof of concept" from the Pituffik Project in 2017 with the aim of ultimately generating cash flow to create a company capable of self-funding exploration on future acquisitions.

FinnAust has an interest in 60% of Bluejay Mining Limited the holder of the Pituffik exploration licence and has an option to acquire the remaining 40%.

FinnAust also holds a 100% interest in a portfolio of copper, zinc and nickel projects in Finland and an 80% interest in the previously producing 33 km sq Mitterberg Copper Project in Austria. This multi-commodity portfolio remains a strategic asset of importance and has been restructured to be cost-sustainable whilst determining 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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Anonymous (not verified)

Analysis of Pituffik concentrate and sale markets

<http://www.DigitalLook.com>

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Company Announcement - General

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