

RNS Number : 9964D
FinnAust Mining PLC
13 July 2016

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FinnAust Mining plc / EPIC: FAM / Market: AIM / Sector: Mining
13 July 2016

This announcement contains inside information

**FinnAust Mining plc ('FinnAust' or the 'Company')
Offshore Exploration Licence Granted and Placing**

FinnAust Mining plc, the AIM and FSE listed company with projects in Greenland, Finland and Austria, is pleased to announce that it has been granted an extension of its existing licence to include all minerals within the shallow marine environment at the Pituffik Titanium Project ('Pituffik' or the 'Project'). This is the first marine based exploration licence for minerals granted by the Self Rule Government of Greenland.

The Company is also pleased to announce that it has raised £500,000 by way of a placing of 10,000,000 new ordinary shares of 0.01 pence each in the capital of the Company ('the Placing Shares'), with new and existing shareholders, at a price of 5 pence per Placing Share ('the Placing'). With the offshore licence now secured, the funds raised will be used towards implementing an accelerated work programme at Pituffik as well as undertaking due diligence activities on potential acquisitions.

Highlights

- The first offshore licence for minerals issued by the Self Rule Government of Greenland
- Expanded licence now includes marine extensions of the titanium rich black sands (Drowned Beaches). Modelling suggests this area contains ilmenite bearing sediments similar to that of the active and raised beaches at Pituffik, but in much larger volumes
- This is a major milestone; it provides not only title over marine bearing sediments (which range in thicknesses between 3-27m

with an average of 5m) at Pituffik but more importantly provides a clear permitting pathway for the Project as a whole

- New licence expands the existing licence 2015/08 to an area of approximately 150 square kilometres, half of which covers the shallow marine environment
- Significantly increases volume of titanium bearing sediments held under licence
- New licence demonstrates a supportive environment for mineral development in Greenland
- Complements recent appointment of Royal IHC to provide wet mining solutions for Pituffik

FinnAust CEO Roderick McIlree said, "This is a watershed moment. We now control all prospective sediments both on and offshore at Pituffik. The fact that this is the first licence of this type to be issued by the Self Rule Government of Greenland demonstrates support for a sustainable minerals industry. This development is a direct result of efforts by our consultants, advisors and staff, and having the whole Pituffik project in one new licence will greatly assist at the permitting level going forward.

"We are pleased to have raised the additional funds and would like to thank our investors for their support. With both the licence and the funds in hand, we are positioned to rapidly undertake initiatives to help us towards delivering a proof-of-concept bulk sampling campaign in 2017 which is also expected to benefit the Company by delivering cash flows."

Figure 1: Expanded licence area, now covering marine sediments - See PDF

BlueJay Acquisition and Deferred Consideration Shares

The Company's 60% owned subsidiary, BlueJay Mining Limited ("BlueJay") is the holder of the Pituffik exploration licence. The Company acquired its interest in BlueJay in exchange for 123,900,000 ordinary shares of 0.01 pence each in the Company ("Ordinary Shares") that were issued to the vendors of BlueJay on completion of the acquisition on 8 March 2016 (the "Initial Consideration"). In addition to the Initial Consideration, the sale and purchase agreement entered into by the Company and BlueJay also provided for the issue of 40,755,885 Ordinary Shares subject to certain conditions (the "Deferred Consideration Shares").

The conditions that must be fulfilled in order for the Deferred

Consideration Shares to be issued are as follows:

1. Bluejay is granted a mineral exploration permit over the offshore Pituffik project area; and
2. If the issue of the Deferred Consideration Shares does not trigger a mandatory offer pursuant to Rule 9 of the Takeover Code.

The granting of the marine based exploration licence at Pituffik has satisfied condition 1 above. However, at this point in time the issue of the Deferred Consideration Shares would trigger a mandatory offer by the vendors of BlueJay pursuant to Rule 9 of the Takeover Code. The Company will only issue the Deferred Consideration Shares to the vendors of BlueJay once any Rule 9 obligation as a result of the issue of the Deferred Consideration Shares ceases to exist.

Further information regarding the acquisition of BlueJay and the consideration due was set out in the circular to shareholders dated 8 December 2015, which is available on the Company's website.

Please note the vendors of BlueJay include Greg Kuenzel and Rod McIlree who are also Directors of FinnAust.

Details of the Placing:

The Placing is subject, inter alia, to admission of the Placing Shares to trading on AIM ('Admission'), which is expected to occur on or around 18 July 2016. Application has been made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. The Placing Shares will, when issued, rank pari passu in all respects with the Company's existing ordinary shares of 0.01 pence each ('Ordinary Shares').

Following Admission, the Company will have 494,400,804 Ordinary Shares in issue. The Company has no shares in treasury, therefore the figure of 494,400,804 should be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change of their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

New Corporate Website

FinnAust is pleased to announce that it has a new corporate website, which can be found at the same address: www.finnaust.com. Interested parties are encouraged to keep abreast with Company RNS updates via the contact form.

****ENDS****

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

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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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<http://www.DigitalLook.com>

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Company Announcement - General

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