

FinnAust Mining plc / EPIC: FAM / Market: AIM / Sector: Mining
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**FinnAust Mining plc ('FinnAust' or the 'Company')
Successful Second Stage Metallurgical Testwork Completed**

FinnAust Mining plc, the AIM and FSE listed company with projects in Greenland & Finland, is pleased to announce significant advances in optimising the metallurgical processes required to produce an ilmenite concentrate from the Pituffik Titanium Project in Greenland ('Pituffik' or the 'Project').

Highlights

- Successful test work demonstrates ability to produce a gravity-separated concentrate that compares favourably against existing 'hard rock' sources of ilmenite.
- Highly efficient separation achieved capable of maintaining a commercially pure, high-grade concentrate.
- Expected to positively affect capital and operating requirements moving forward.
- Overall composition indicates the ilmenite should be readily soluble in sulphuric acid at high process efficiency making it suitable for all digestion process options.
- All chemical analysis shows a consistent ilmenite composition across entire Project area. Elements that could adversely impact final pigment quality, particularly whiteness and yellowness, are at least comparable to existing commercial products.
- Radioactive components and acid insoluble minerals are better than industry benchmarks for sulphate ilmenite.
- Sulphate process production of titanium dioxide is anticipated to be the key growth driver for the consumption of ilmenite ores in the coming years.
- Further optimisation of the mineral separation flowsheet is expected to achieve material suitable for the chloride slag process.
- Work continues towards determining the Pituffik resource

potential - maiden JORC resource expected later this year ahead of commencing bulk sampling in 2017.

FinnAust CEO Roderick McIlree said, "This is a big step forward in proving the commercial viability of Pituffik; metallurgical test work has shown that by using a simple gravity step we can produce a product that compares very favourably to ilmenite produced in hard rock mines. Hard rock ilmenite projects require significant capital investment however in the case of Pituffik mechanical erosion has done all the work for us. This is expected to result in some compelling economics for the Project.

"This development further strengthens our view that Pituffik represents a potential source of globally traded primary ilmenite requiring a small implementation footprint allowing for rapid development.

"The resource for Pituffik is expected in the next three to four months at which point we will quantify how much material we have. This will mark a significant milestone in terms of proving the Project's potential.

"The Company now intends to review the mechanics of moving to 100% ownership of Bluejay Mining Limited (and hence Pituffik) on the back of this very positive development. This is a move that is in all shareholders best interests and we look forward to keeping the market updated with our progress in due course."

Sighter Testwork

Allied Mineral Laboratories was contracted to complete a sighter metallurgical investigation on a composite sample from Pituffik. The composite was processed through stages of screening, gravity and magnetic separation to isolate potential products.

Wet screening was used initially to remove the oversize (+2mm) and the slimes (2 was retained in the sand fraction.

The sand fraction was then processed through a stage of gravity separation using a wet table to concentrate the ilmenite fraction and reject the light gangue material. Two concentrates were produced, the first developed a saleable ilmenite concentrate suitable for sulphate process and compares favourably against existing 'hard rock' sources of ilmenite.

The two concentrate cuts were combined to form the heavy mineral concentrate and subjected to magnetic fractionation using a Carpo laboratory lift magnet.

Initially a highly magnetically susceptible fraction was removed at 1,000 Gauss, likely to be titano-magnetite and representing 6.4% of the heavy mineral concentrate feed.

The magnetic fraction at 3,000 Gauss represented the best ilmenite product at a grade of 46% TiO₂ and being greater than 70% of the heavy mineral concentrate feed. The amounts of Cr₂O₃, SiO₂, and Al₂O₃ all compare favourably with commercial sulphate process ilmenite products at similar TiO₂ content. With options for optimisation of the mineral separation flowsheet already identified it is expected that both grade and recovery can be further enhanced.

****ENDS****

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Notes

FinnAust has a number of highly prospective licences at various stages of development in Greenland and Finland. 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. 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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Company Announcement - General

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