

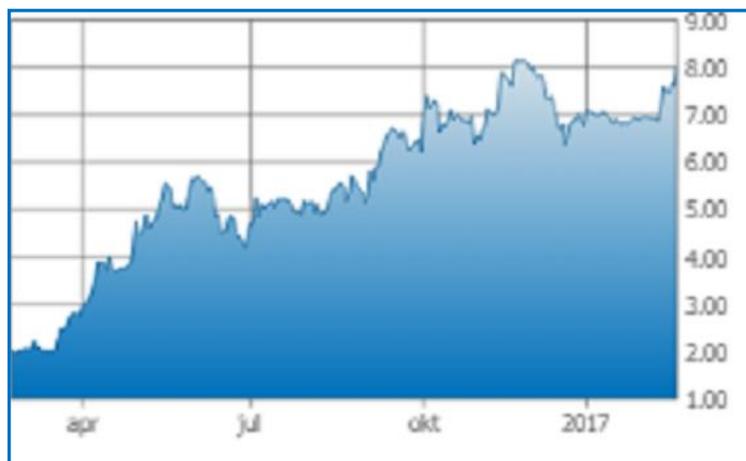
Strategic Metals & Rare Earths Letter

INTERNATIONAL

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INVESTMENT ALERT – 20 February 2017

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FinnAust Mining Plc (GBp 7.80)

AIM	: FAM
H+L prices (12 months)	: GBp 8.75 – 1.88
Net issued shares	: 619.17 million
Market capitalization	: £ 47.05 million (US\$ 58.4 million)

2017 price target: GBp 12.00

INVESTMENT ALERT

- ▶ **Exercise of option to increase ownership in [Bluejay Mining](#) and its Pituffik Titanium Project to 100%**
- ▶ **Name change to from FinnAust Mining to [Bluejay Mining](#)**

On 20 February 2017, [FinnAust Mining](#) (“[FinnAust](#)”) announced its intention to exercise the option to acquire 82.556 shares of [Bluejay Mining](#) representing 39.63% of Bluejay that it does not already own. Exercising the Bluejay Option will result in [FinnAust](#) increasing its ownership in [Bluejay](#) and its Pituffik Titanium Project from 60.37% to 100%.

Following the exercise of the Bluejay Option, the Company intends to change its name from [FinnAust](#) to [Bluejay Mining Plc](#).

On 10 March 2017, [FinnAust](#) will hold a **General Meeting of shareholders to approve the exercise of the Bluejay Option and name change of the Company**.

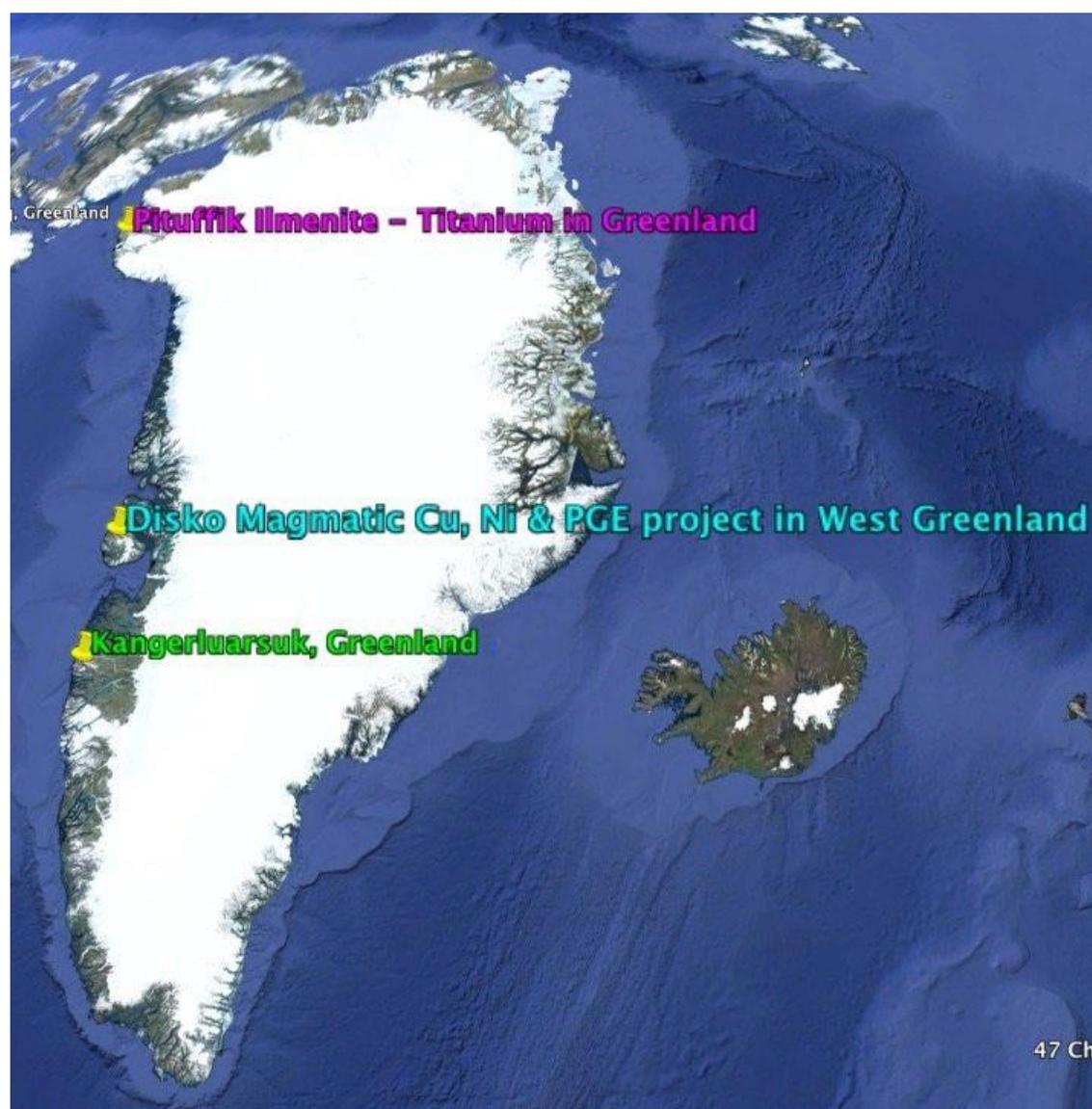
Following completion of the proposed transaction, Bluejay Vendors will have an interest of approximately 271.26 million ordinary shares which will represent 37.30% of the enlarged issued share capital and Western Areas of Australia, a world-class leading nickel producer, will have an interest of approximately 138.61 ordinary shares, which will represent 19.06% of the enlarged share capital.

Company highlights

The 150 km² high-grade **Pituffik Titanium Project** is located in North West Greenland and comprises three main exploration target areas more than 80 kilometres of coastline historically proven to contain large and high-grade accumulations of primary ilmenite, with mining in Greenland envisaged to be achieved via low capex dredge operations.

The Pituffik Project has demonstrated the potential to be a top percentile ilmenite project in terms of heavy mineral grades with the maiden mineral resource target to be published in Q1 2017.

Advancing the Pituffik Project continues to be the Company's primary focus. Its near-term strategy is the delivery of a bulk sample during 2017 and larger scale production in 2018.



On January 5, 2017, the Company successfully completed the acquisition of **Avannaa Exploration**, including the 193 km² **Disko-Nuussuaq** (“**Disko**”) nickel-copper-platinum group metals project and the 107 km² **Kangerluarsuk** (“**Kangerluarsuk**”) Sed-Ex lead-silver project. Also, the Company was granted an additional 28 km² existing Avannaa licence area.

Disko has been the subject of more than the US\$ 50 million of technical work by blue chip mining houses over multiple decade including Cominco (1980s), Falconbridge 1990s) and Vismant (2000s). MMS occurrences have been identified in the Disko licence area with the largest being a 28-tonne boulder that assayed 6.9% nickel, 3.7% copper, 0.6% cobalt and 2 g/t PGM's.

The presence of massive sulphide is significant as it proves sulphide segregation has taken place and provides a direct analogy with Norilsk-Talnakh ("Norilsk"), the world's largest nickel-copper sulphide mine with global resources of >2.8 billion tonnes containing 14.5 metres of nickel, 23.8 metres of copper and 8.1 kt (approximately 285 million ounces) of PGM.

Multiple geophysical methods have identified and refined 7 poly-metallic targets at Disko, three of which are shown below.

Kangerluarsuk was originally discovered and later drilled by Cominco with further work undertaken by Rio Tinto Zinc. Historical results include 41% zinc, 9.3% lead and 59 g/t silver.

There are currently four large-scale drill ready Sed-Ex targets located in favorable topography.

FinnAust is evaluating several low-cost options that may lead to testing of these targets during 2017.

➤ Finland assets

In Finland, **FinnAust** owns 3 high-grade, multi-element base metal deposits: Hammaslahti Copper Project, Kelkka Nickel-Copper Project, Outokumpu Copper Project.

Two of the projects, Hammaslahti and Outokumpu are located in a prolific geological belt which includes the well-known Outokumpu Copper mine and other high-grade copper and gold deposits.

The Finnish assets are "cost sustainable" for the long-term.

Investment comments:

By exercising the option to increase its ownership in Bluejay Mining to 100%, underpinned by a maiden resource estimate to be released next month, after a granted Environmental Impact Assessment ("EIA") and a Social Impact Assessment Programme ("SIA") in 2016 for its prospective Pituffik Titanium Project, 2017 promises to be a highly fruitful year for the Company.

In addition, the acquisition of Avannaa Exploration and the Company's Finland assets contribute to FinnAust's high investment leverage potential.

My 2017 price target is GBp 12.00.