

Strategic Metals & Rare Earths Letter

INTERNATIONAL

the independent information and advisory publication on investing in Strategic Metals & Rare Earths

INVESTMENT ALERT – 5 January 2017

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FinnAust Mining Plc (GBp 7.00)

AIM	: FAM
H+L prices (12 months)	: GBp 8.75 – 1.25
Net issued shares	: 614.17 million
Market capitalization	: £ 43.0 million (US\$ 52.7 million)

12 months price target raised to : GBp 12.00

INVESTMENT ALERT

FinnAust completes acquisition of Avannaa Exploration and new licence granted in Greenland

On 5 January 2017, **FinnAust Mining** (“**FinnAust**”) announced the Greenland Government approval with respect to the acquisition of **Avannaa Exploration** (“**Avannaa**”).

The Company also applied for and been granted an additional 28 km² exploration licence covering the Illukunnguaq area adjacent to the existing Avannaa licence areas.

Completion of the Avannaa acquisition and grant of the additional licence significantly increases **FinnAust**'s land position in Greenland and its long-term project pipeline.

Whilst the **Pituffik Titanium Project** remains the Company's flagship project, which has demonstrated the potential to be a top percentile ilmente project in terms of heaving mineral grades, and a JORC maiden resource estimate expected during February 2017. **FinnAust**'s primary focus remains on delivering a bulk sampling during 2017 and a larger scale production in 2018.

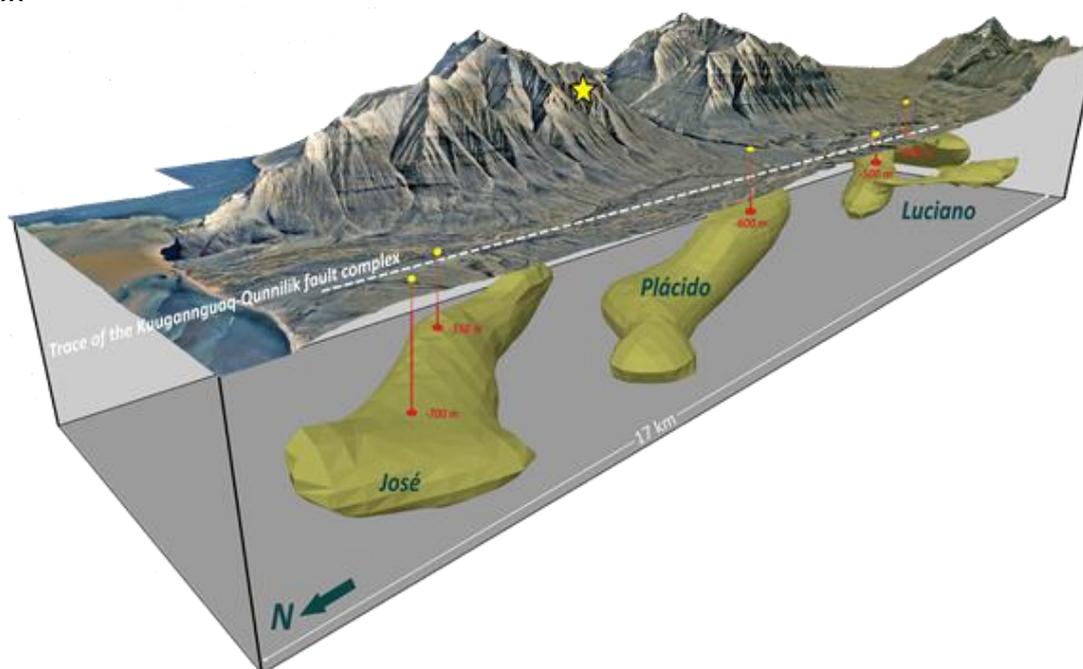


The two newly acquired projects are the 193 sq.km **Disko-Nuussuaq (Disko)** Magmatic Massive Sulphide (“MMS”) nickel-copper-platinum group metals project and the 107 sq.km **Kangerluarsuk Sed-Ex lead-zinc-silver project** (“Kangerluarsuk”).

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 locost options that may lead to testing of these targets during 2017.

Investment comments:

Expecting a maiden resource estimate next month and 2017 promising to be a fruitful year in which the granting of an EIA and SIA for the **Pituffik Titanium Project** can be expected, and the Company having increased its land position in Greenland significantly as a result of the acquisition of Avannaq Exploration **FinnAust** continues to offer a high upward investment leverage potential.

My 2017 price target is GBp 12.00.