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FinnAust Mining plc / EPIC: FAM / Market: AIM / Sector: Mining

3 August 2016

This announcement contains inside information

FinnAust Mining plc ('FinnAust' or the 'Company')
Approval for Commencement of Environmental Study Programme

FinnAust Mining plc, the AIM and FSE listed company with projects in Greenland, Finland and Austria, is pleased to announce approval of the Environmental Assessment Programmes (the 'Environmental Programme') as well as the Terms of Reference ('ToR') which is required for public hearings associated with any development of the Pituffik Titanium Project ('Pituffik' or 'the Project') in Greenland. These approvals come from the Greenland Mineral Licencing and Safety Authority ('MLSA').

The receipt of these approvals marks another critical milestone in the evolution of the Project as it provides a framework for all stakeholders to work within and will assist in identifying environmental work required for inclusion in an exploitation application process.

The Environmental Programme at Pituffik will include baseline studies as well as more detailed project-related programmes and will be conducted in consultation with the Greenland Mineral Resources Authority ('MRA') and the MRA's scientific advisors. These studies will also include offshore licence areas covered by the Company's new marine exploration licence and will form the bulk of the Environmental Impact Assessment ('EIA'). An EIA is one of four pre-requisites for an exploitation licence application to be accepted by Greenland regulators. The Company expects to lodge this application sometime in the first half of 2017.

Orbicon A/S ('Orbicon') was engaged earlier in the year to finalise the ToR, work programmes as well as all environmental permits for Pituffik. Orbicon are a recognised leader in the provision of sustainable engineering and environmental services in Greenland.

These assessments will be undertaken in conjunction with the 2016 exploration programme, currently underway as per the announcement on 19 July 2016. This work will focus on defining the resource potential of the active, raised and drowned beach areas. It is the Company's intention to deliver a maiden resource from this year's work programmes and progress towards bulk sampling in 2017. To facilitate this a competent person from SRK Exploration Services ('SRK') completed a site visit last week with senior management.

FinnAust CEO Roderick McIllree said, "Things continue to move well. Official approval of both the Terms of Reference and the Environmental Programmes at Pituffik demonstrates our focus on timelines. With multiple activities being conducted in parallel we believe that by the year-end we will be in a solid position from both a project and permitting perspective. Work to-date continues to confirm Pituffik's potential as a high purity titanium occurrence that is in the top percentile of projects globally with respect to heavy mineral grade. The Company is focussed on defining the

volume characteristic of Pituffik in consultation with SRK who will deliver a maiden resource later this year. I continue to believe Pituffik offers a unique development opportunity and with ilmenite prices on the rise we are well positioned. We look forward to keeping shareholders updated as things continue to develop.”

The 2016 Environmental Study Programme consists of four main components:

- Environmental Baseline Study, which will be carried out during August 2016, includes collection of marine, freshwater and terrestrial samples to describe the state of the environment prior to exploitation, construction and operation of the mine. The samples will provide reference material for future monitoring when mining has commenced;
- Benthos study to quantify the dominant seabed marine life – namely bivalves and Polychaeta and thereby determine the importance of the area for wintering walrus, which feed on macro benthos (the community of organisms that live on, in, or near the seabed);
- Survey of Arctic tern (seabird) and Common eider (sea-duck) colonies to assess potential conflicts and identify ways to reduce disturbance (if required); and
- Rapid vegetation survey of key mine sites to describe plant communities and key plant species of areas that could be potentially be disturbed by project activities.

The MRA guidelines also state that sampling must be done in a network with the centre close to the mining site. Further away from this centre, a reference station shall be placed at sites that are comparable with the mine site and are expected to remain undisturbed by the mining activities.

Sampling will be carried out at a number of pre-defined sites within the study area of the EIA and in a reference area. The exact sampling site will be determined during the fieldwork period with coordinates of sampling recorded using GPS.

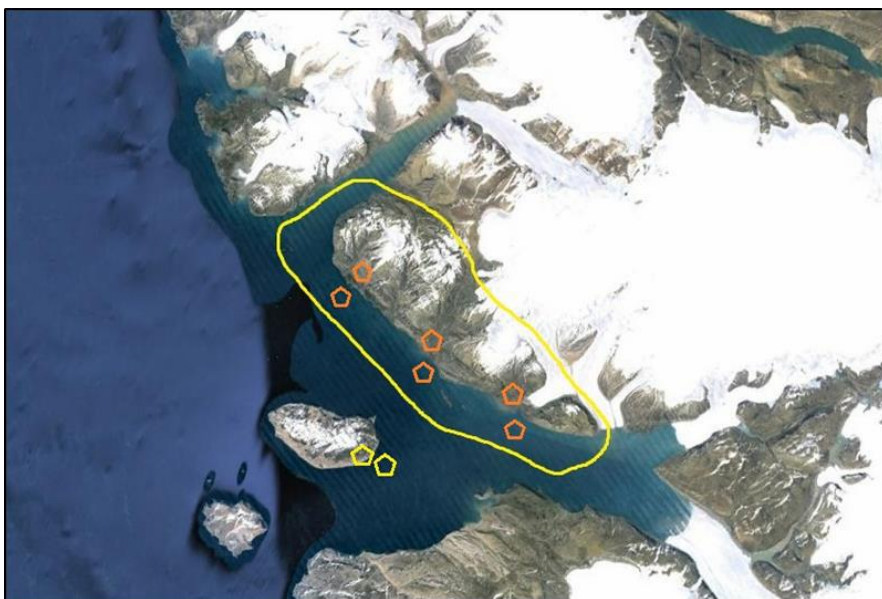


Figure 1: Location of proposed sampling stations – orange markings on land indicate approximate site for terrestrial and freshwater sampling. Orange markings off shore indicate sites for marine sampling. Yellow markings are reference stations.

The information contained within this announcement is deemed by the Company to constitute inside information under the Market Abuse Regulations (EU) No. 596/2014.

****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.