

30 October 2014

FinnAust Mining plc ('FinnAust' or 'the Company')
Kelkka Nickel Sulphide Project – Geophysical modelling completed, targets defined and drill programme designed and ready to drill

FinnAust, the AIM listed exploration company with a multi-project copper, zinc and nickel portfolio in Finland and Austria, is pleased to announce the completion of the modelling and drill design phase at its Kelkka Nickel Sulphide Project in South East Finland ('Kelkka') (previously named Enonkoski Project). Kelkka is located only 80km south east of the Company's discovery at its 100% owned Hammaslahti Copper Project and just southeast of the historic Enonkoski Mine ('Enonkoski').

Highlights

- Kelkka is located proximal to the intrusive-related Enonkoski Mine which was exploited by Outokumpu OY between 1984 and 1994 and yielded 7Mt at an average grade of 0.78% ("Ni") nickel and 0.22% ("Cu") copper
 - Very high-grade historical drill results yielded from Enonkoski intrusive including 15m@ 6.9% Ni, 2.0% Cu, 0.33% ("Co") Cobalt
- Examination and digitisation of the old Enonkoski database has highlighted that further >5% nickel sulphide horizons existed and were mined within the lower-grade portions of that orebody
- The Company believes the Kelkka intrusion may play host to massive sulphide nickel horizons similar to those found at Enonkoski
- Five priority targets have been identified at the Project to date following a detailed modelling programme completed by Astroek Geophysics using historical and newly acquired geophysics in conjunction with geochemical databases and geological databases
- The Company intends to initially test two of these targets, located on the Kelkka intrusion, via a 2 to 3 hole, 1,000m diamond drilling programme at the appropriate time

FinnAust Executive Director Alastair Clayton said, "Kelkka is located in a highly prospective region, adjacent to the previously mined Enonkoski intrusion. These mafic to ultramafic intrusions are a classic geological setting for nickel sulphide deposits, as highlighted by the high-grade tenor of some of the historical drill intercepts recorded at neighbouring Enonkoski, where historic drill holes encountered very large widths at over 5% nickel. This suggests that

near mine exploration holds real potential for discovering high-grade nickel sulphide mineralised bodies in adjacent intrusive rock at Kelkka.

“High-grade nickel sulphides are widely seen as one of the top value creators for exploration companies such as ours, due to their rarity. Nickel prices have risen in 2014 on the back of limited supply and our major shareholder, Western Areas Limited, is an industry leader in the discovery and exploitation of the high-grade Flying Fox and Spotted Quoll operations in Western Australia. Western Areas senior technical team in Australia have assisted with the design of the Kelkka drill programme and we are grateful for their on-going assistance.

“The Kelkka intrusion is our first drill ready target in this chain of Enonkoski-style intrusions located within the project area, most of which are covered by Company’s licences and applications (the Enonkoski Mine lease itself remains part of Outokumpu Mining OY). With all preparatory work now complete the Company looks forward to scheduling this initial two to three hole drill programme into our extremely busy 2014 work programme. The Company’s resources to date have rightly focussed on our recent outstanding polymetallic discovery at Hammaslahti and as a result we will schedule the drilling of Kelkka around the work programme there; we may seek the services of an additional drilling contractor, of which there are several available immediately and quotes are being tendered. We look forward to providing updates on these developments in due course.”

Targets

The objective has been to present potential targets for exploration within less than 5km of the historic Enonkoski mine. The aim is to find high grade Ni-Cu sulphides near the contact of the mafic, differentiated gabbro intrusions. Bottom of till geochemistry, outcrop observations and geological maps and different geophysical data have been used to rank the targets. The five highest ranking targets were selected for further compilation of existing drilling data and detailed geophysical modelling. Two of these five targets are associated with the Kelkka intrusion and the Company plans to initially test these initial targets via a two to three hole, 1,000m diamond drilling programme upon Board sign-off.

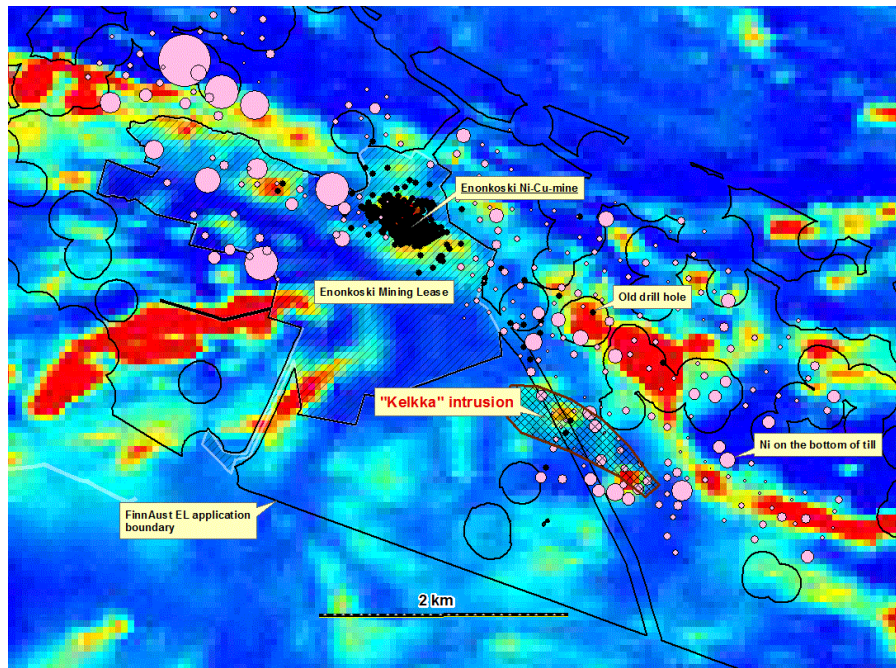


Figure 1. Location of the Kelkka intrusion SE of the old Enonkoski Ni-Cu-mine. Base image airborne magnetics.

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Enonkoski Mine

The Enonkoski (Laukunkangas) nickel-copper ore deposit was discovered in 1969, but the high grade Ni-Cu ore was found in 1980. In 1984 the Enonkoski mine was established by Outokumpu Oy.

From the Laukunkangas deposit a total of 6.7 million tons of ore @ Ni 0.78% and Cu 0.22% was mined. When the ore from the satellite mines Hälvälä and Telkkälä was also milled at Enonkoski the total production of Enonkoski was 7.3 million tons @ Ni 0.83% and Cu 0.23%. Production commenced in November 1985 and finished at the end of December 1994.

The nickel-copper ore deposit occurs as many separate ore lodes in the ultramafic – mafic rocks of the Laukunkangas formation on its eastern and northern parts. Some rich ore occurred as off-set ore lodes in mica gneiss or black schist outside of the main norite gabbro intrusion. The ore types varied from the massive-semimassive sulphide ore to rich dissemination in peridotite and poor dissemination in norite. Typical ore minerals were pyrrhotite, pentlandite and chalcopyrite. Nickel content of the off-set massive ore was over 5%, over 2% in stopes. The low grade ore contained only 0.3% - 0.4% Ni.



The mine was mainly an underground mine. The hoisting was conducted by skip lifting in the head frame. A small open pit was also mined. The mill used the flotation method and nickel-copper bulk concentrate was produced. At the beginning of the mine operation some copper concentrate was also produced. A total of 524,000 tons of nickel and copper concentrate was produced, containing 47,800 tons nickel and 14,300 tons copper. Copper concentrate was produced with a total of 5,200 tons containing 1,190 tons copper. A small amount of crushed stone was also sold.

After closure of the mine it was estimated that approximately 1.1 million tons of low grade ore was left behind in the mine.

During the mine operation only a few targets were explored near the mine. Also, it is still unclear how thoroughly extensions of the sulphide zones in the mine were explored with regards to the depth and strike.

Competent Person's Statement

The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Urpo Kuronen, who is Chief Operating Officer of the Company and a Member of The Australasian Institute of Mining and Metallurgy.

Mr Kuronen has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Kuronen has reviewed this announcement and consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

****ENDS****

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Notes

FinnAust Mining plc is an AIM listed exploration company focused on copper and base metals in Finland and Austria. Its proven management team, with its track record of exploring, discovering, financing, constructing and safely operating mines globally, has established a portfolio of highly prospective projects at various stages of development. Finland is rated the number one mining destination worldwide in the Fraser Institute Global Mining Survey Results 2012/2013.

The Company's primary focus of exploration is a portfolio of assets in Finland. Three high-priority target areas have already been identified, Hammaslahti, Outokumpu and Enonkoski, which are prospective for Volcanogenic Massive Sulphide ('VMS'), high-grade magmatic sulphide nickel-copper and Outokumpu type copper deposits. The assets are located in one of the world's most prolific geological belts, which hosts multiple high grade mines including the world famous Outokumpu copper mine, which reportedly produced a total of approximately 34.4 million tonnes of ore at average grades of 3.6% copper, 1.2% zinc, 0.22% cobalt and 0.1% nickel between 1914 and 1988.

FinnAust also holds an 80% interest in the previously producing 33 km sq Mitterberg Copper Project in Austria, which the Company is currently evaluating in order to determine the best plan for future development.