2018 Exploration Relinquishment Report
(Mosku Regional Project - AA Sakatti Mining Oy)

Postoaapa 44

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1 INTRODUCTION

The Postoaapa Ni-Cu-PGE-Au exploration area is located approximately 26 km to the north from Sodankylä municipality centre in Finnish Lapland and in total it covers an area of 2668.93 ha (Fig. 1-1). The area is located western side of the road 4 and river Kitinen, approximately 5 km NE side from the Pahtavaara gold deposit.

The Postoaapa prospecting permit area ML2014:0044 was granted on the 4th of January 2015 and partially relinquished in 2016. The area has now been entirely relinquished as of 20th of December 2017.

Geologically the region of interest belongs to the Central Lapland Greenstone Belt, which hosts amongst others the Suurikuusikko and Pahtavaara gold deposits as well as the Kevitsa and Sakatti Cu-Ni-PGE deposits. Based on the GTK’s DigiKP200 bedrock map the permit area consist of sedimentary units of Sodankylä and Savukoski Groups and volcanic rocks of Savukoski and Kuusamo Groups (Fig. 1-2). In general, the Sodankylä group consists predominantly of psammitic metasediments with minor volcanic rocks. Whereas the Savukoski group is formed of two main formations: the Matarakoski formation of predominantly graphitic sediments with interbedded mafic volcanic rocks and the overlying Sattasvaara formation of komatiitic volcanic rocks. Our primary interests are the ultramafic rocks, which may host economic Ni-Cu-PGE-Au mineralisation.

2 EXPLORATION WORK

Initial exploration in the region started in 2003, targeting was based on regional datasets provided by the GTK (airborne geophysics, geochemistry and geology). An early analogy to the Pechenga–Imandra–Varzuga Greenstone Belt in the Kola-Karelia region was recognised, this led to a focus on the Sodankylä–Savukoski groups. Heavy exploration (BOT-sampling, DDH drilling) is carried out mostly during the winter season to minimise the environmental impact. The main exploration methods and equipment used in general in the field are: airborne geophysics, ground geophysics (Moving Loop Electromagnetics), base of till (BOT) sampling and diamond drilling (DDH). The reconnaissance work for individual targets includes frequent field checks and geological mapping during the summer field season. The historic work carried out by Anglo American in the ML2014:0044 permit area is detailed below.

2.1 GEOLOGICAL MAPPING AND BOULDER HUNTING

General geological mapping, boulder hunting and interpretation have been completed during the summer field season 2017. In total of 69 observations has been made within the Postoaapa area. The observed rock types are ultramafic hyaloclastite, komatiitic basalt, chlorite schist, dunite, mica schist and quartzite. Eastern side of the Postovaara hill is well exposed where majority of the outcrop observations are made. At lower elevations the observed rocks are boulder observations. All corresponding data can be found in the accompanying data files.

2.2 GEOPHYSICAL AND PETROPHYSICAL SURVEYS

2.2.1 Airborne geophysical surveys

Two regional scale airborne geophysical surveys which include Postoaapa permit, have been completed (Figs. 2-2 & 2-3). The first was an electro-magnetic survey that took place in July 2009 by Geotech Airborne LTD, using
a helicopter slung, optically pumped cesium vapour system. The second, in June 2014 was a higher resolution magnetic survey, also by Geotech Airborne LTD, using a fixed wing, gradiometer system. Please see the attached survey reports for the full details; note that some of the report images have been removed as they contain confidential information, unrelated to this area. It is worth noting that this data has been provided in the original coordinate system (GCS_KKJ_3) as to avoid reproduction errors.

2.2.2 Ground geophysical surveys
No ground geophysical surveys were completed in this area.

2.2.3 Borehole geophysical surveys
No borehole geophysical surveys were completed in this area.

2.3 SOIL GEOCHEMISTRY

2.3.1 Base of till sampling
No base of till sampling has been carried out in this area.

2.3.2 Soil sampling
Heavy mineral sampling in Postoaapa area was carried out during field season 2017 (Fig. 2-4). In total 9 samples were collected and screened for Knelson separation after which the samples were micropanned and studied microscopically at the AA Sakatti Mining facilities. The base material of all the samples was either sand or sandy silt. All corresponding data can be found in the accompanying data files.

2.4 DRILLING, CHANNEL SAMPLING AND TRENCHING
No channel sampling or trenching has occurred in these claims.

2.4.1 Drilling
As part of the Sakatti project feasibility study and environmental impact assessment program, 1 shallow sediment (overburden) hole was drilled within Postoaapa claim area (Fig. 2-4). This was drilled as part of the hydrogeology and tailings studies. Drilling contractor was Mitta Oy. The sample was drilled with rotation drilling and the method provides one-meter long mixed samples. Soil drilling data can be found in the accompanying data file, Template5.

2.5 PETROLOGICAL, GEOCHEMICAL AND OTHER GEOLOGICAL SURVEYS
There is no other work to report.
3 Maps

Figure 1-1: Location of the relinquished Postoaapa area, insert: Location of the Anglo American’s MOSKU project region within Finland.
Figure 1-2: Geological map of the relinquished Postoaapa area. Geological map and amended legend from GTK, DigiKP200.
Figure 2-1: Map of the Postoaapa permit area showing the locations of the field observations.
Figure 2-2: Map showing the 2010 VTEM survey flight lines of the Postoaapa permit area.
Figure 2-3: Map showing the 2014 Magnetic survey of the Postoaapa permit area.
Figure 2-4: Map showing the location of the heavy mineral samples and soil drilling within the Postoaapa permit area.
4 SUMMARY AND CONCLUSIONS

After an extensive exploration program, all viable targets within the Postoaapa permit area have been tested. Although ultramafic volcanic rocks and significant magnetic anomalies initially look promising; the follow up results did not provide sufficient indications of economically interesting Ni-Cu-PGE-Au mineralization. The Postoaapa permit is being relinquished as the findings did not give evidence to support continuing the exploration program in the area.

5 APPENDIXES

Accompanying data files:

- ML2014_0044_Template2_20171214_1.xlsx
- ML2014_0044_BFIN446_20171214_1.xlsx
- ML2014_0044_Template4_20171214.xlsx
- ML2014_0044_MAG_U443_U444_2014_1.gdb
- ML2014_0044_VTEM_U443_U444_2010_1.gdb
- 2010_VTEM_survey_A806_Report.pdf
- ML2014_0044_Template5_20171214.xlsx
- ML2014_0044_Template6_20171214.xlsx
- ML2014_0044_indicatorminpicking.xlsx
- ML2014_0044_mapappendix1_20171214.jpg
- ML2014_0044_mapappendix2_20171214.jpg
- ML2014_0044_mapappendix3_20171214.jpg
- ML2014_0044_mapappendix4_20171214.jpg
- ML2014_0044_mapappendix5_20171214.jpg
- ML2014_0044_mapappendix6_20171214.jpg