

30 November 2022

## Farm-In Agreement with Viking Mines for Canegrass Tenements

Flinders Mines Limited (ASX: FMS) (**Flinders**, or the **Company**) is pleased to advise that wholly owned subsidiary Flinders Canegrass Pty Ltd (**Flinders Canegrass**) has entered into a Farm-in Agreement (**FIA**) with Viking Critical Minerals Pty Ltd (**Viking Critical Minerals**), a wholly owned subsidiary of Viking Mines Limited (ASX: VKA) (**Viking**), for all minerals on the Canegrass tenements. Pursuant to the FIA, Flinders will also receive cash payments from Viking as each earn-in stage is completed, as detailed below. Ultimately, Viking has the right, but not the obligation, to acquire Canegrass.

Flinders has chosen to pursue the FIA as it allows the Canegrass Project to be progressed directly by a third party, without diverting Flinders' management time from the PIOP and associated business developments. The structure of the farm-in provides for Flinders' to avoid the on-going tenement holding costs and preserves Flinders' balance sheet, whilst also allowing for staged cash payments that will benefit Flinders' shareholders.

### Material Terms of the FIA

Flinders Canegrass is holder of the Canegrass tenements being E58/232, E58/236, E58/282, E58/520, E58/521 and E58/522 (**Canegrass Tenements**), all of which are subject to the FIA.

Under the terms of the FIA, Viking Critical Minerals has the right to acquire up to a 99% interest in the Canegrass Tenements and related mining information for up to \$4,000,000 expenditure over four stages to occur across a period of up to 54 months from the effective date of the FIA. Flinders Canegrass will also receive joint venture cash payments from Viking Critical Minerals at completion of each stage- totalling \$1,250,000. In consideration for executing this agreement, Viking Critical Minerals will pay to Flinders Canegrass a non-refundable deposit of \$50,000 in Immediately Available Funds within 5 Business Days of the Execution Date.

| Earn-in Stage        | JV Cash Payment to FMS | Expenditure        | Maximum Earning Period | Equity Interest earned | Acquirer's Total Equity |
|----------------------|------------------------|--------------------|------------------------|------------------------|-------------------------|
| <b>Stage 1</b>       | \$225,000              | \$1,000,000        | 18 months              | 25%                    | 25%                     |
| <b>Stage 2</b>       | \$275,000              | \$1,000,000        | 12 months              | 24%                    | 49%                     |
| <b>Stage 3</b>       | \$325,000              | \$1,000,000        | 12 months              | 26%                    | 75%                     |
| <b>Stage 4</b>       | \$375,000              | \$1,000,000        | 12 months              | 24%                    | 99%                     |
| <b>TOTAL Earn in</b> | <b>\$1,250,000</b>     | <b>\$4,000,000</b> | <b>54 months</b>       | <b>99%</b>             | <b>99%</b>              |

On completion of Stage 1, Flinders Canegrass and Viking Critical Minerals will form an unincorporated joint venture with respect to the Canegrass Tenements.

Viking Critical Minerals will have sole and exclusive right to access the Canegrass Tenements and may determine the nature, timing and conduct of exploration to be done on the Canegrass Tenements at its discretion.

The FIA is subject to Viking Critical Minerals completing final due diligence on Flinders Canegrass to its satisfaction, and the parties executing a deed of covenant for the existing 2% net smelter royalty to Maximus Resources Limited.

If Viking Critical Minerals withdraws from the FIA, it is not entitled to acquire any further right, title, or interest in the Canegrass Tenements other than any equity interest acquired prior to withdrawal, is not liable to sole fund any further exploration expenditure and is not obliged to undertake any work or incur any further liability.

Viking Critical Minerals also has the right, but not the obligation, to acquire the residual equity interest of 1% from Flinders Canegrass in consideration for Viking Critical Minerals agreeing to make the following production and milestone related payments:

- the sum of \$100,000 payable within 30 days of the grant of a mining lease to Viking Critical Minerals on conversion of any of the Canegrass Tenements;
- the sum of \$50,000 payable within 30 days of each of the first, second and third annual anniversaries of Viking Critical Minerals commencing commercial production of minerals on any mining lease
- the sum of \$75,000 payable within 30 days of each of the fourth, fifth and six annual anniversaries of Viking Critical Minerals commencing commercial production of minerals on any mining lease
- the sum of \$90,000 payable within 30 days of each of the seventh, eighth and ninth annual anniversaries Viking Critical Minerals commencing commercial production of minerals on any mining lease; and
- the sum of \$100,000 payable within 30 days of each of the tenth annual anniversary of Viking Critical Minerals commencing commercial production of minerals on any mining lease.

In the event Viking Critical Minerals withdraws from the FIA, does not proceed with the farm-in after completion of Stage 1, or does not exercise its right to acquire the 1% residual equity interest, the parties will enter into a separate joint venture agreement and will fund joint venture activities and exploration on the Canegrass Tenements pro-rata based on their joint venture interests.

Authorised by:

Board of Flinders Mines Limited

For further information please contact:

**Investors and Shareholders**

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**About Flinders Mines Limited**

Flinders Mines Limited is an ASX-listed (ASX: FMS) exploration and development company focused on the commercialisation of the Pilbara Iron Ore Project (PIOP). The PIOP is located approximately 70km from Tom Price in Western Australia's iron ore-rich Pilbara region.