

Comparison of Forecast to Actual Use of Funds Statement (as required under ASX LR 5.3.4)

The Board of Fin Resources Limited (**ASX: FIN**) (**Fin** or the **Company**) provides the following comparison between its forecast 'Use of Funds', as outlined in its Prospectus dated 4 April 2018, and actual expenditure incurred following the reinstatement of its securities to trading on 25 May 2018.

Use of funds	Prospectus	Actual 4 Apr 2018 to 31 Mar 2020	Comments
Expenses of the Offer	\$225,898	\$238,950	
Exploration and other geological expenditure on the McKenzie Springs Project	\$1,510,000	\$260,146	Refer A Below.
Exploration and other geological expenditure on the South Big Bell Project	\$735,000	\$39,118	Refer B Below.
Exploration and other geological expenditure on the Sentinel Project	\$315,000	\$34,600	Refer C Below.
Corporate expenditure	\$375,000 ¹	\$670,502	Prospectus budget was for 12 months. Actual is over 24 months. On a comparable period, Actual costs are approximately 10% lower than the Prospectus budget.
Other general working capital	\$1,440,302	-	The Board did not require the deployment of other general working capital during the period.
Total	\$4,601,200	\$1,243,316	

¹ This amount is the Company's corporate expenditure budget for the 12 months from completion. This includes wages, director fees, contractor fees, rent and outgoings, insurance, accounting, audit, legal, listing and registry fees, and other items of a general administrative nature.

Given the uncertain nature of exploration, estimates of future exploration activities and associated expenses are subject to significant uncertainties and, accordingly, actual costs often differ significantly from initial estimates.

A. The Prospectus budgeted expenditure of \$1,510,000 on the McKenzie Springs Project, which included \$1,075,000 on drilling and downhole geophysics. The remaining \$435,000 was to be spent on geophysics, petrological studies and data review. The Company has undertaken these activities and incurred actual costs of \$260,000. The cost saving of approximately \$175,000 compared to the Prospectus budget has been due primarily to the Company obtaining 'open file' electromagnetic survey data' which the Company was able to make use of and reprocess. The remaining \$1,075,000 budgeted for drilling remains valid and in accordance with the Company's current intentions. The Company is focussed on undertaking a maiden drilling program at McKenzie Springs and its priority is retain sufficient funds to undertake a maiden drilling program at McKenzie Springs, along with immediate follow up drilling, if results from the maiden program justify.

The maiden drilling project at McKenzie Springs has been delayed for a variety of reasons as outlined below. These delays are largely uncontrollable by the Company, including heritage surveys, exploration licence renewals, weather, and most recently, restrictions imposed relating to COVID-19 pandemic. The Company remains committed to McKenzie Springs and undertaking drilling at the project.

The Company commenced exploration activities at the McKenzie Springs Project in August 2018 with a program of soil geochemical sampling, rock chip sampling and geological mapping (see ASX announcement dated 30 August 2018). The results of these activities were obtained in the December 2018 quarter (see quarterly report dated released 31 January 2019). At around this time, new electromagnetic survey data relating to the area of the McKenzie Springs Project was released to the public.

As noted in the quarterly report released 31 January 2019 (prior to finalisation of the review of the new electromagnetic survey data), the Company was planning to undertake a maiden drilling program at the McKenzie Springs Project, most likely during the Kimberley dry season in the second half of 2019. The next budgeted step was to then seek a heritage clearance for the area and the proposed activities. This step has been delayed however due to the following four reasons:

1. The Company engaged a geologist to review the new electromagnetic survey data, whose opinion was that the resource at the McKenzie Springs Project was potentially deeper than initially anticipated, but still prospective. The Company then engaged geologist Kell Nielsen in August 2019, who has greater experience exploring in the area, to review the new electromagnetic survey data and the first geologist's views. The results of that review confirmed that the resource appears to be at depth. As a result, any drill program would no longer be a surface program, and would require 3 holes and downhole electromagnetic surveys at each drill location. The added time, money and complexity because of the requirement for deeper drilling meant the Company was cautious in its approach to continuing exploration of the project, including by delaying the maiden drilling program and considering other options for funding and exploring the McKenzie Springs Project.
2. As noted in the December 2019 quarterly report released on 31 January 2020, "introductions were made to third parties to assess the opportunity for further exploration work at McKenzie Springs by funding the next phase of drilling at McKenzie Springs via a farm-in or joint venture agreement."
3. The term of exploration licence E80/4808 (the exploration licence comprising the McKenzie Springs Project) was due to expire in September 2019. The Company had applied for an extension of term, however there was no guarantee that the extension would be granted. The Company determined that, given the significant amount of expenditure required to conduct the maiden drilling program, it was too great a risk to commence the drilling program absent a partner and in circumstances where the Company was not guaranteed ongoing tenure beyond September 2019. As such, the decision was made to delay the maiden drilling program at the McKenzie Springs Program in any event until the tenure extension was granted. In November 2019 the term of E80/4808 was extended to 10 September 2024.
4. Post the extension, the hot and cyclonic weather conditions in the region during the summer months has also contributed to further delaying commencement of the drilling program; the Company has no base camp for use during summer months.

Following successful negotiations with the Native Title Claimants and the heritage survey clearances, the necessary regulatory approvals will be lodged with the DMIRS for a maiden drilling program. Access to the McKenzie Springs Project however is currently restricted due to a COVID-19 Commonwealth Biosecurity Act Direction.

- B.** The Prospectus budgeted for \$735,000 to be spent on the South Big Bell Project. This budget included \$50,000 for 'data compilation' and 'geological mapping', \$85,000 for 'geophysical and geochemical surveys' and \$600,000 for 'drilling and assaying'. As disclosed in the Prospectus, these exploration activities were to be carried out in a 'systematic, staged approached' and 'refocussing of exploration programs as necessary' (page 43 of Prospectus). Each of these exploration activities are required to be undertaken in sequential order and each is dependent on the results of the prior activity. For instance, drilling would only be carried out if the results on geophysics and/or geochemistry generated targets that justify drilling, and geophysical and geochemical sampling would only be carried out if the results of data review and mapping justified such surveys to be undertaken. The Company has compiled historical data on South Big Bell Project and undertaken an independent review, interpretation and mapping of such data. In doing so, the Company incurred costs of approximately \$40,000, compared to \$50,000 in the Prospectus budget. The conclusion of the independent review of the historical data was that the South Big Bell Project did not warrant further expenditure in the form of geophysics and/or geochemistry and the Company's McKenzie Springs Project provided a higher probability of exploration success than South Big Bell Project and a better use of shareholder funds. Without undertaking these targeting activities, it would not be prudent or 'systematic' for the Company to undertake \$600,000 of drilling. Therefore, the Company considers expenditure incurred on the South Big Project to be in accordance with Prospectus budget (within 20%). The Company is currently assessing its options for the South Big Bell Project and has had preliminary confidential discussions with the joint venture partner.
- C.** The Prospectus budgeted for \$315,000 to be spent on the Sentinel Project. This budget included \$35,000 for 'data compilation' and 'geological mapping', \$50,000 for 'geophysical and geochemical surveys' and \$230,000 for 'drilling and assaying'. As disclosed in the Prospectus, these exploration activities were to be carried out in a 'systematic, staged approached' and 'refocussing of exploration programs as necessary' (page 42 of Prospectus). The Prospectus detailed the exploration challenges with the Sentinel Project, including 'extensive and deep cover' and exploring through playa lake sediments associated with Lake Rebecca. Furthermore, the Prospectus states that exploration will need to be guided by structural interpretation and drilling would only be undertaken if the structural interpretation justified it and generated drill targets. To date, the Company has reviewed geophysical datasets which has not yet generated a drill target. In review geophysical datasets and undertaking structural interpretations, the Company has incurred expenditure of approximately \$35,000 on the Sentinel Project compared to \$35,000 in the Prospects budget. The Company therefore considers exploration activity and expenditure on the Sentinel Project to be in accordance with the Prospectus.

Given the risks associated with exploration, the Company is constantly reviewing and ranking its exploration projects to ensure shareholder funds are allocated to what the Company and its technical consultants consider to be the best targets that offer the greatest probability of commercial benefit to the Company. The Company's focus is on the McKenzie Springs Project which has been clearly conveyed to shareholders through ASX announcements. The McKenzie Springs Project is positioned in a very remote location with significant logistical and access challenges. The Company has been and continues to be planning on a maiden drilling program at McKenzie Springs. Given the project location, substantial costs will be incurred with this maiden drilling program. The Company believes it is prudent and in the best interests of shareholders to conserve its cash to ensure it remains well funded to undertake drilling at McKenzie Springs. Whilst the Company may not have spent money on exploration activities as quickly as it estimated in the Prospectus, its cash balance as at 31 March 2020 was \$3.6m. This means the Company may still spend the estimated amounts on the activities stated in the Prospectus, just over a slightly longer period.

ENDS

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About Fin Resources Limited

Fin Resources Limited is an Australian based resources company listed on the Australian Securities Exchange (ASX: FIN). The Company’s projects comprise exploration licences covering ground located in Western Australia, which the Company intends to explore for gold, base metals and graphite (refer Figure One).

The McKenzie Springs Project is located within the Kimberley Region of Western Australia, 85km north-east of the township of Halls Creek. The Project covers an area of approximately 134km² including identified nickel, copper, cobalt and graphite occurrences. The McKenzie Springs Project is considered prospective for magmatic Ni-Cu sulphide and PGE mineralisation.

The Sentinel Project is located 130km east-northeast of the township of Kalgoorlie in the Eastern Goldfields, Western Australia. The Project covers an area of approximately 44km². The Sentinel Project is positioned in a prospective location in terms of regional geological and mineralisation setting, located in the Eastern Goldfields Province within the southern Laverton Tectonic Zone, a regional shear/fault system that extends as a set of NNE and NNW trending structures from Laverton towards the Pinjin area. The Sentinel Project is considered prospective for gold.

The South Big Bell Project is located 25km west of the township of Cue in the Murchison Goldfields, Western Australia. The Project covers an area of approximately 50km². The South Big Bell Project covers the southern extensions of the greenstone belt and shear zone that hosts the Big Bell Gold Deposit.



Figure One | Project Locations in Western Australia