Goulamina: Progressing a World Class Lithium Project

ALL REGULATORY APPROVALS RECEIVED

- **All Chinese regulatory approvals for the Joint Venture (JV) with Ganfeng have now been received, together with support from the Government of Mali**
- **The first tranche of equity (US$39m) is expected to be deposited by Ganfeng into an escrow account, in line with the conditions of the subscription agreement between the parties**

MAJOR CAPACITY EXPANSION

- **Definitive Feasibility Study (DFS) update considering a 75% increase in production capacity from 2.3 million to 4 million tonnes per annum in a phase 2 expansion**
- **Spodumene concentrate production likely to increase from 450,000 tonnes per annum in line with throughput upgrade placing Goulamina among the largest producers globally**
- **DFS update completion and a final investment decision for Goulamina on track for late 2021**

DRILLING PLANNED TO EXPAND RESOURCES AND RESERVES TO SUPPORT EXPANSION

- **A major drilling programme will commence as soon as practicable to target maintaining current 23 year mine life at higher production rates**
- **Inferred Mineral Resources total 43.7 million tonnes at 1.35% Li_2O and assuming successful drilling, significant conversion to Indicated Resources and Ore Reserves is expected**
- **Exploration targets defined outside those included in the existing Mineral Resource**
- **Almost 50 kilometres drilling is planned over the next two years**

LEO DEMERGER ON TRACK

- **Shareholder Meeting to approve demerger targeted for February 2022**
- **Targeting listing of Leo Lithium on ASX by the end of the March Quarter 2022, in parallel with an Entitlement Offer to existing Firefinch shareholders**
- **Firefinch to retain up to 20% of Leo Lithium shares following the demerger**
- **Management and Board of Leo Lithium being recruited, with the recent appointment of lithium industry stalwart Simon Hay as Managing Director**

Firefinch Limited (**ASX: FFX**) (**Firefinch** or **the Company**) is pleased to provide an update on Leo Lithium Limited (**Leo**) and the Goulamina Lithium Project (**Goulamina** or the **Project**).

Jiangxi Ganfeng Lithium Co. Ltd. (**Ganfeng**) and Firefinch have formed a Joint Venture (**JV**) to develop Goulamina. The JV is subject to various conditions precedent and on satisfaction, Ganfeng will contribute US$130 million in cash to the JV and will arrange up to US$64 million in debt.

Prior to completion of the approvals and other administrative matters, the parties have been working on an update of the October 2020 Definitive Feasibility Study (**Updated DFS**) which will facilitate the fast-tracking of a Final Investment Decision (**FID**).

Ganfeng and Firefinch have also agreed to commence a major drilling programme. This will be a two year, US$6 million, significant programme comprising almost 50 kilometres of drilling. The expected lift in reserves and resources is anticipated to rank Goulamina even higher among the largest global lithium projects and is expected to support a multi decade mine at a higher rate of production.

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On completion of the proposed demerger, Leo Lithium Pty Ltd to be converted to Leo Lithium Ltd (**Leo** or **Leo Lithium**) will be a standalone company which will hold a 50% interest in the JV with Ganfeng. In connection with the demerger, Leo will seek an ASX listing.

Firefinch's strategy to advance Goulamina is to complete all commercial, technical and regulatory matters such that Leo can seek a listing on ASX with an Updated DFS complete, FID made and all funding received from Ganfeng. This will see Goulamina's development substantially funded, engineering and procurement already underway, and importantly, on a clear path to first production in 2023.

Firefinch Managing Director, Dr Michael Anderson commented:

"Considerable progress has been made advancing Goulamina over the past few months. The key takeaway is that following the proposed demerger in 2022, Goulamina will be substantially funded, with engineering and procurement well progressed and 50km of drilling already underway. Importantly, Goulamina will be on a quick path to production, expected in 2023, and in an enviable position to take advantage of prevailing very strong lithium market conditions."

Demerger Update

Following receipt of Chinese regulatory approvals, and on advice of non-objection from the Government of Mali, the first tranche of equity (US$39m) is expected to be deposited by Ganfeng into an escrow account, in line with the conditions of the subscription agreement between the parties. On the completion of the restructure of the JV subsidiaries, and the transfer of the Exploitation Licence for the Project to a subsidiary of the JV company, the cash will be released from escrow. That transfer is expected to be completed before the end of 2021.

The parties intend to quickly consider a FID upon receipt of the Updated DFS. The JV shareholder agreement requires that the project only exceed a 15% Internal Rate of Return (**IRR**) for that decision to be made, unless otherwise agreed by the parties.

FID is one of the pre-conditions for Ganfeng to make its second tranche of cash investment of US$91 million, and subsequent arrangements for up to US$64 million of debt funding. FID and the second tranche of investment are both expected to be received in December 2021.

Firefinch has progressed regulatory requirements and commenced preparing documentation to implement the demerger. The Company will commence the formal timetable for the demerger upon the FID being made. Steps and indicative timing are given below.

Indicative Demerger Timetable	
Lodge Demerger Short Form Prospectus & Notice of Meeting	Early January 2022
Shareholder vote on demerger	February 2022
Demerger implementation	February 2022
Lodge Entitlement Offer Long Form Prospectus	February 2022
ASX listing of Leo[1]	By end March Quarter 2022

Note: The dates set out above are indicative only and subject to change. Further detail will be provided in the Notice of Meeting to be sent to Firefinch shareholders in connection with shareholder approval for the demerger. Admission of Leo to the Official List of ASX is at the discretion of ASX.

[1] Subject Leo satisfying ASX's conditions and ASX admitting Leo to the Official List of ASX.

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Only eligible Firefinch shareholders[2] will receive an in-specie distribution of Leo shares at no cost as part of the demerger. Firefinch will retain up to 20% of the issued capital of Leo following the demerger.

In conjunction with Leo seeking admission to ASX, Leo will undertake a pro rata Entitlement Offer to fund working capital, costs of the demerger and permit flexibility to accelerate expenditure at Goulamina. A prospectus for the Entitlement Offer will be made available when the Leo shares are offered under the Entitlement Offer. Eligible Firefinch shareholders[2] who wish to acquire Leo shares under the Entitlement Offer will need to complete the application form that will accompany the Entitlement Offer prospectus. This will be sent to Leo shareholders following implementation of the Demerger.

Updated DFS

The October 2020 Definitive Feasibility Study (**DFS**) for Goulamina reported a pre-tax NPV (8%) of approximately A$1.7 billion using a price of US$666 per tonne of 6% minimum Li_2O spodumene concentrate.[3] Current spodumene prices are circa US$1,000 per tonne or more, with strong lithium demand expected for some time.

Firefinch with its engineer, Lycopodium, are on track to deliver the Updated DFS report in December 2021. The update is focussed on revisions to the flowsheet and process design, capital costs, operating costs and financial modelling.

The original DFS design for the Goulamina plant has been reconfigured to allow the addition of a second process train to increase throughput by 70-75% to 4 million tonnes per annum. This will be reflected in a similar uplift in 6% Li_2O spodumene concentrate from 450,000 tonnes per annum. The revisions to the design include the following:

- The crushing and screening plant has been modelled so that duplicate secondary and tertiary crushing can be easily added to increase throughput, with minimal impact on Stage 1 production.
- The conveyors selected for Stage 1 are sized for the increased throughput.
- The crushed ore storage, stockpiling and emergency feed infrastructure does not require any extra capital expenditure to sustain an increased throughput.
- To allow the crushing & screening plant to feed two milling circuits, the layout includes a distribution bin that can feed one or both trains concurrently and can easily accommodate the installation of a second feeder and conveyor in the future.
- The plant layout has been designed with a central services spine to enable a linear flow of process plant infrastructure. The central services spine for electrical and piping infrastructure is designed to enable Stage 2 services to be installed on the opposite side to the Stage 1 services for the milling, magnetic separation, and flotation areas with minimal impact on operations.
- The filtration infrastructure including the belt filter structure and conveying infrastructure will be designed for the addition of extra filtration capacity by laying the filters out side by side.
- The storage of concentrate and load out area is designed to allow the expansion of storage capacity without impacting on operations, by allowing for adjacent area for expansion.

[2] Eligible Firefinch shareholders with a registered address in Australia, New Zealand or a qualifying jurisdiction.

[3] Refer to ASX announcement released on 20 October 2020 (Goulamina Lithium Project Definitive Feasibility Study)

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It is intended to stage the increased throughput with the duplicate process train to be constructed once the plant is commissioned and operating successfully.

This production profile will place Goulamina as one of the largest and highest-grade lithium producing projects globally and will significantly increase the Project's potential earnings and value.

Ganfeng have had considerable input into updating the process flowsheet and plant design based on their significant experience of the lithium processing industry. Additional flotation and magnetic separation testwork using the Goulamina ore has commenced in China under the guidance of Ganfeng, and the results will be used to verify the process design criteria.

Capital and operating cost estimates are being revised and it has been noted that, generally, project costs have increased in the 18 months since the estimates were produced for the DFS, due to global increases in commodity prices and shipping costs, together with other Covid-19 related factors.

Once these costs are finalised the financial model will be revised and a report detailing the key outcomes of the DFS update will be presented to Ganfeng and Firefinch as the basis for an FID.

A high-level review of the mining approach in the original DFS will be completed to determine the capacity to achieve 4 million tonnes per annum mining rates and of critical infrastructure needs such as power and water.

Community Engagement

Firefinch intends that Goulamina will have best-in-class responsible mining (ESG) credentials, underpinned by the Company's existing strong performance at its Morila Gold Operation in safety, local workforce participation, commitment to maximising local expenditure, strong community and government relationships and renewable power initiatives.

Firefinch has recently undertaken the implementation of a community development program, which is aimed at providing support to vulnerable populations within the Goulamina Project area. The community program is focused on supplying clean drinking water, improving education and healthcare, and supporting economic opportunities, particularly for women.

The following initiatives have already been successfully completed and an official handover ceremony was held at the Sous-prefecture of Faragouaran, under the chairmanship of the Deputy Prefect of Bougouni:

- Drinking Water Supply: Three water boreholes built in the villages of Nkèmènè, Mafèlè and Goulamina.
- Health Program: Payment of salaries for the personnel of the health centres of Goulamina and Mafèlè for one year and acquisition of medicines for the health centres of Nkèmènè, Goulamina, Mafèlè and Torakoro.
- Education Program: Payment of salaries for the school personnel of Nkèmènè, Goulamina and Mafèlè, and assistance for the organisation of the end of year school exams.
- Women's Economic Development Program: Support for the construction of a warehouse for the women of Goulamina and assistance with capacity building. This is an ongoing program.

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Mineral Resources, Ore Reserves, Exploration Targets and Drill Programmes

Goulamina has a Mineral Resource of **109 million tonnes at 1.45% Li_2O for 1.57 million tonnes contained Li_2O**, which includes an Ore Reserve of 52 million tonnes at **1.51% Li_2O for 0.79 million tonnes of contained Li_2O** (refer Appendix 1). The Ore Reserve provides a mine life of 23 years in the October 2020 DFS at 400,000 – 460,000 tonnes per annum spodumene concentrate production. The current Ore Reserves do not include any material classified as Inferred and this material is not included in any economic analysis.

There is significant potential to increase both Mineral Resources and Ore Reserves at Goulamina (see Figure 1). An almost 50 kilometre RC and diamond drilling programme has been designed to provide sufficient increase to Mineral Resources and Ore Reserves to, at a minimum, maintain the forecast 23 year mine life at higher production rates. This programme is planned to extend over two years. Drilling will target:

- Converting Inferred Mineral Resources to Indicated Mineral Resources.
- Defining extensions to Sangar at depth and to Danaya along strike and down dip.
- Testing the gap between the Danaya and Sangar Zones.
- Sterilisation of planned infrastructure areas.
- Reviewing other exploration opportunities within the tenement.

Table 1: Planned Drilling Programmes at Goulamina

Program name	Priority	No of holes	RC metres	DD metres	USD (millions)
Sterilisation	1	91	10,920	-	1.49
Convert Inferred to Indicated	2	125	20,250	7,389	4.09
Extend Resources	3	26	4,980	-	0.59
Deep drilling	4	6	1,200	2,868	0.82
Total		**248**	**37,349**	**10,257**	**6.71**

Converting Inferred to Indicated Mineral Resources

Current Inferred Mineral Resources are shown in Table 2, with all Mineral Resources at the Goulamina Lithium Project included as Appendix 1. The Mineral Resources are constrained to those having reasonable prospects of eventual economic extraction (**RPOEEE**). Material may be added or subtracted from the Inferred resources with changes in commodity prices and mining/processing costs. Conversion of the Inferred Mineral Resources to Indicated or Measured Mineral Resources will allow them to be considered in Probable or Proved Reserve.

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Table 2 Inferred Mineral Resources Available for Conversion to Indicated or Measured Mineral Resources at the Goulamina Project.

Domain	Million tonnes	Li_2O %
Main Zone	2.6	1.05
West I	6.6	1.48
West II	3.5	1.26
Sangar I	11.9	1.54
Sangar II	4.8	1.45
Danaya	14.5	1.30
Totals	**43.9**	**1.38**

60 RC and diamond drillholes are planned to convert Inferred resources of 29.4 million tonnes at 1.44 percent Li_2O at Main, West and Sangar domains to Indicated resources and, assuming this drilling is successful, would then be potentially available to be converted to Ore reserves.

The Danaya domain pegmatites are interpreted to have a variety of different orientations which cannot be fully resolved by RC drilling. Diamond drilling has been planned to complement RC infill drilling, to allow structural measurement of pegmatite granite contacts. This drilling will inform a potential conversion of Inferred to Indicated mineral resources based on improved geological understanding. Sixty-five (65) Drillholes (54 RC and 11 DD) have been planned. Infill drilling of Inferred Mineral Resources may not result in conversion to Indicated or Measured Mineral Resources.

Targeting Extensions to Known Deposits

Near to Goulamina, three Exploration Targets have been defined and are detailed in Table 3 and illustrated in Figure 1.

Exploration to date has not yet defined the limits of the spodumene bearing pegmatites at depth or defined the limit at which they have reasonable prospects of eventual economic extraction at current commodity and mining/processing costs.

Sangar Deeps

At depth, the Sangar domains are wide (70 metres horizontal width) and have excellent grade. Six diamond drill holes, on three oblique sections are planned to test the extensions to this mineralisation. The exploration target is defined by extending mineralisation from the base of Inferred Mineral Resources (approx. 100 metres RL) to 600 metres below surface (-200 metres RL). A further 70+ deep drillholes would be required to convert the deep exploration target to an Indicated Mineral Resource.

The deep drillholes will also intersect the West Domain and improve resource confidence for this Mineral Resource (refer Appendix 1).

Danaya Southeast

The southern part of the Danaya domain is interpreted to extend to the east as a sub-horizontal to shallowly east dipping sill approximately 80-100m below surface. The exploration target is defined by an area of approximately 500 by 500 metres extent. A 13 hole, 2,640m RC drilling program is planned

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to better define the exploration target and the resource potential of Danaya Southeast. Further drilling will be required to define a Mineral Resource Estimate in the area.

Danaya – Sangar

The area between the northern part of Danaya and the Sangar ll domain remains poorly tested and could yield extensive mineralisation. The Sangar zone dips moderately towards the North-east whereas the Danaya zone appears to be relatively flat lying. The nature of the intersection between the two domains is unknown.

Table 3 Exploration Targets Proximal to the Goulamina Deposit

Area	Tonnes (Mt)	Grade (% Li_2O)
Sangar Deep	20 - 30	1.2 – 1.50
Danaya SE	25 - 40	1.0 – 1.40
Danaya-Sangar	10 - 15	1.3 – 1.45
Total	**55 - 85**	**1.2 – 1.35**
Note: the quantity and grade of exploration targets are conceptual in nature, and there is insufficient exploration drilling to estimate Mineral Resources, and it is uncertain if planned and future exploration will result in the estimation of additional Mineral Resources in those zones.		

Sterilisation Drilling

The Waste Rock Facility is planned to be placed along the eastern side of the open pit. It will cover an area nearly 3km long, and between 1 and 2 kilometres wide. Very little drilling has been completed in this area, and it is unknown whether parallel mineralised pegmatites exist there.

Ninety-one (91) 120m deep RC holes are planned with 100 metres spacing on E-W lines 400 metres apart. The sterilisation drilling has a high priority to ensure that sufficient area is available for the waste rock facility as close as possible to the mine to minimise trucking costs. If mineralised pegmatites are found, infill drilling programs will be required.

This announcement has been approved for release to the ASX by the Board.

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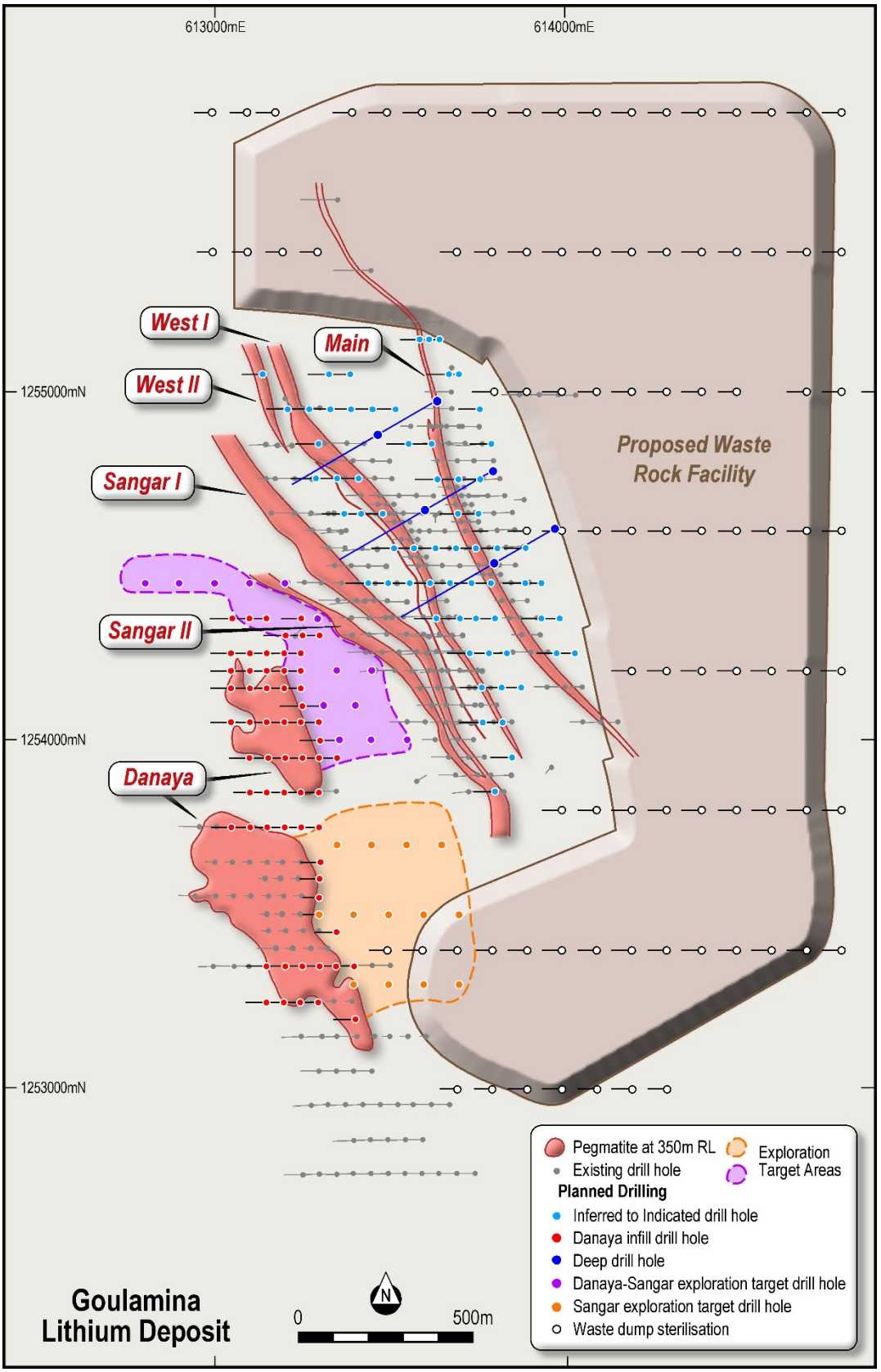

Figure 1 Planned exploration drilling programs at Goulamina.

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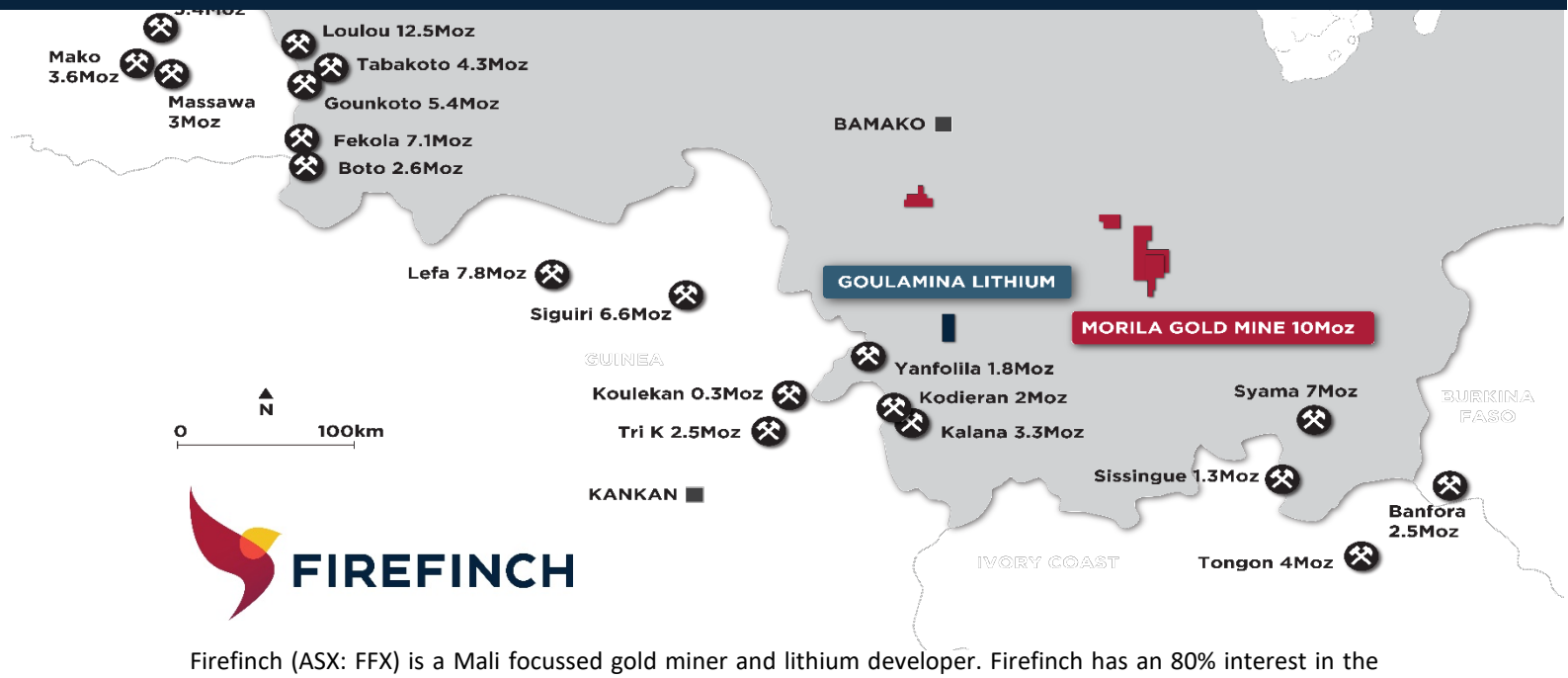

Firefinch (ASX: FFX) is a Mali focussed gold miner and lithium developer. Firefinch has an 80% interest in the Morila Gold Mine (**Morila**) and it currently owns 100% of the Goulamina Lithium Project (**Goulamina**).

Goulamina is one of the world's largest undeveloped high quality spodumene deposits. In partnership with Ganfeng, Firefinch will bring the project into production. A 50/50 incorporated joint venture has been established, with Ganfeng contributing US$194 million in development funding, comprising US$130 million in equity funding and US$40-64 million in debt funding. All permits are in place and the Definitive Feasibility Study confirmed Goulamina as a long life, large scale and low-cost open pit project expected to produce 436ktpa of spodumene concentrate at an average cash cost of US$281/t. An initial mine life of 23 years is underpinned by a high grade, low impurity Ore Reserve of 52Mt at 1.51% Li_2O for 0.79Mt contained Li_2O comprising 8.1 million tonnes of Proven Ore Reserves at 1.55% Li_2O and 44.0 million tonnes of Probable Ore Reserves at 1.50% Li_2O. Goulamina has a Mineral Resource of 109Mt at 1.45% Li_2O for 1.57Mt contained Li_2O comprising 8.4 million tonnes at 1.57% Li_2O in the Measured category, 56.2 million tonnes at 1.48% Li_2O in the Indicated category and 43.9 million tonnes at 1.45% Li_2O in the Inferred category. The Company is in the process of demerging Goulamina into a new ASX listed entity, Leo Lithium.

The Morila Gold Mine is one of the world's great open pit gold mines, having produced over 7.5Moz of gold since 2000 at grades that were among the highest in the world, earning it the moniker "Morila the Gorilla". Firefinch acquired Morila for just US$28.9m in late 2020 with the strategic intent to rapidly increase production; initially targeting 70-90kozpa of gold from a combination of satellite pits, stocks and tailings, and thereafter growing production to 150-200kozpa of gold by mining the Morila Superpit. Morila's current Global Resource is 2.43 million ounces of gold (Measured: 1.73Mt at 0.5g/t gold for 0.03Moz, Indicated: 26.7Mt at 1.49g/t gold for 1.28Moz and Inferred: 22.1Mt at 1.58g/t gold for 1.12Moz). However, Morila's geological limits have not been tested. Exploration is therefore a major focus at the existing deposits and multiple targets on the 685km^2 of surrounding tenure.

Firefinch is a responsible miner. We support positive social and economic change through contributing to the communities in which we operate. We seek to buy local, employ local and back local socio-economic initiatives, whilst operating in a manner that safeguards the environment and places our team's safety and wellbeing as our first priority.

The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources, Ore Reserves [and production targets] for Goulamina and the Mineral Resources at Morila. The Company also confirms that all material assumptions and parameters underpinning these Mineral Resource and Ore Reserve estimates and production targets continue to apply and have not materially changed. Please refer to ASX Announcements of 8th July 2020 and 20th October 2020 (Goulamina), 8th February 2021 (Morila Resource), 7th September 2020 and 28th April 2021 (Morila Tailings), 24th November 2020, 3rd May 2021, and 10th August 2021 (N'Tiola, Viper, Domba, Koting, Morila Pit 5), and 5th May 2021, 6th July 2021 and 29th July 2021 (Morila Gold Production, Ore Reserves and Production Targets).

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APPENDIX 1: ORE RESERVES AND MINERAL RESOURCES FOR THE GOULAMINA LITHIUM PROJECT

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes (millions)	Grade (%Li_2O)	Tonnes Li_2O ('000)	Tonnes (millions)	Grade (%Li_2O)	Tonnes Li_2O ('000)	Tonnes (millions)	Grade (%Li_2O)	Tonnes Li_2O ('000)	Tonnes (millions)	Grade (%Li_2O)	Tonnes Li_2O ('000)
Main	4.3	1.47	62	7.2	1.21	87	2.6	1.05	28	**14.1**	**1.26**	**177**
Sangar I	0.6	1.69	33	19.3	1.61	311	11.9	1.54	183	**31.8**	**1.66**	**527**
Sangar II				10.1	1.54	156	4.8	1.45	70	**14.9**	**1.52**	**226**
West I	3.5	1.67	59	9.9	1.43	141	6.6	1.48	97	**20.0**	**1.49**	**297**
West II				1.9	1.43	30						
Danaya				7.8	1.43	112	14.5	1.30	188	**22.3**	**1.35**	**300**
Total [1]	**8.4**	**1.57**	**133**	**56.2**	**1.48**	**832**	**43.9**	**1.38**	**606**	**108.5**	**1.45**	**1,570**

[1] Mineral Resources at Goulamina are quoted above a 0.0% cut-off grade.
[2] Numbers in the above table may not appear to sum correctly due to rounding.

Category	Tonnes (millions)	Grade (% Li_2O) [1]	Contained Tonnes Li_2O ('000)
Proven	8.1	1.55	125
Probable	44.0	1.50	660
Total [1]	**52.0**	**1.51**	**785**

[1] Ore Reserves at Goulamina are quoted above a 0.0% cut-off grade.

The above information is extracted from ASX Announcements of 8 July 2020 (Goulamina Mineral Resources), and 20 October 2020 (Goulamina Ore Reserves).

Competent persons statement

The information in this announcement that relates to Exploration Results, Exploration Targets and Mineral Resources at Goulamina is based on information compiled by Mr Simon McCracken. Mr McCracken is an employee of Firefinch Limited and a member of the Australian Institute of Geoscientists. Mr McCracken has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity 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 ('the JORC Code')". Mr McCracken consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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