

Quarterly Activities Report

For period ending 31st March 2021

ABOUT FIREFINCH LIMITED

Firefinch is a Mali focussed gold miner and lithium developer. It has an 80% interest in the Morila Gold Mine which has produced 7.5 million ounces of gold since 2000. Firefinch is commencing the stage 1 production ramp up from the current production profile of 40,000 ounces of gold per annum from tailings treatment, through mining the satellite open pits, stocks, and tailings. The company plans a stage 2 production ramp up of production by re-commencing mining from the main Morila Super Pit to fully exploit the 2.33 million ounces of gold in the Global Resource at Morila. Production is estimated to ramp up to an estimated 150,000 ounces gold production per annum.

Morila was one of the world's highest grade open pits in the early 2000's but its limits are not well understood. Exploration will be a major focus at Morila, its satellite resources and multiple targets on the 685km² of surrounding tenure.

The Goulamina Lithium Project is one of the world's largest undeveloped deposits and has the potential to be one of the lowest cost producers. All permits are in place, a Definitive Feasibility Study is complete and a Global Resource of 109 million tonnes at 1.45% Li₂O with 1.57 million tonnes of contained Li₂O has been declared.

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 safeguard the environment and our people's health, safety and wellbeing.

Key metrics as at 27/04/2021

Shares on issue (FFX)	782,908,989
Listed options on issue (FFXOA)	28,563,155
Unlisted Options on issue	2,000,000
Share Rights on issue	10,350,600
Cash, cash equivalents and bullion	A\$23.9M
Share price	\$0.34
Listed option price	\$0.175
Market capitalisation	A\$271.9M

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Morila Gold Mine

- Global Mineral Resources at Morila, including satellite deposits, were updated to 46.9Mt @ 1.55g/t gold for 2.33 million ounces of contained gold; a >24% increase in tonnes and >60% in contained ounces. The resource estimates will be continually updated over the coming months as new drilling results become available.
- Over 24,000 metres of drilling was completed during the quarter at the various satellite deposits. Selected results included:
 - 8m @ 8.25g/t gold from 28m in KOTRC020 at Koting
 - 7m @ 5.72g/t gold from 15m in SE03 at Morila Pit 5
 - 5m @ 17.7g/t gold from 37m in VIPRC032 at Viper, and
 - 7m @ 9.40g/t gold from 92m in VIPRC043, also at Viper
- A Life of Mine Plan (LOMP) for Morila and its satellites is being prepared. The LOMP will be based on updated Mineral Resources for the various satellite deposits and will include a 'maiden' reserve.
- Dewatering of the Morila Super Pit has commenced following extensive technical evaluation and broad stakeholder engagement.
- Refurbishment of the Morila plant and infrastructure (including the Tailings Dam) is ongoing ahead of the expected recommencement of satellite mining and ore processing in Q2/2021.
- Social programmes continue with a heightened level of community engagement as activity at the mine ramps up.
- Production from the reprocessing of tailings at Morila during the quarter was 9,970 ounces of gold (versus guidance of 10,000- 10,500 ounces). Guidance for Q2 production is 11,000-13,000 ounces.

Goulamina Lithium Project

- Intention to demerge Goulamina into a separate ASX listed entity to realise value for shareholders, who will receive shares in the new entity proportional to their existing holding.
- Macquarie Capital have been appointed to advise on funding, partnership opportunities, offtake and the demerger process.

Corporate

- Dr Michael Anderson has been appointed as Managing Director with effect from 6th April 2021. Dr Alistair Cowden will resume the role of Non-Executive Chairman.
- Mr Bradley Gordon has been appointed as a Non-Executive Director.
- Cash, cash equivalents and bullion of A\$23.9 million at 31st March 2021;
- The Company is proactively engaged with the tax department of Mali with a view to resolving the dispute related to the 2017 tax year.

Overview of Activities for March Quarter

Firefinch Limited (ASX:FFX) (Firefinch or the Company) is pleased to provide an overview of activities for the March 2021 Quarter.

Morila

Overall, it has been a successful quarter at Morila with multiple work fronts progressing well.

Gold production from the reprocessing of tailings retreatment continued in line with plan. The 9,970 ounces of gold produced was slightly below guidance (10,000-10,500 ounces). Gold in circuit inventory increased by 395 ounces.

Numerous studies, refurbishment works, and contract tendering has been conducted in preparation for the resumption of mining and processing of hard rock ore from various satellite pits. Multiple capital works programmes have been completed on time and on budget. These projects have been funded by cashflow from operations.

Dewatering of the N'tiola pit was completed. Dewatering of Domba is largely advanced. Importantly, approval to dewater and discharge from the main Morila Super Pit was received shortly after the end of the quarter. Dewatering from the Super Pit commenced in mid-April.

Infill and exploration drilling at the various satellite deposits (Morila Pit 5, Viper, N'tiola & Koting) continues to deliver positive results. These deposits will provide the initial feed to re-commission the Morila plant and the Company is confident that the known resources will grow, and ultimately provide a significant contribution to cashflow over the next 12 months.

Global Mineral Resources at Morila have been substantially increased and upgraded, almost entirely utilising existing data, as well as being depleted for current reprocessing of tailings. The Global Resource now stands at **46.9 million tonnes at 1.55g/t gold for 2.33 million ounces** of contained gold in the Measured, Indicated and Inferred categories (refer Mineral Resources Table below).

Goulamina

Having announced the intention to demerge Goulamina into a separate ASX-listed entity, the focus during the quarter was largely on supporting the Macquarie-led process to identify funding and partnership opportunities. The process is well underway with numerous parties engaging in a review of the Project data room.

Outlook for June Quarter

Morila

A number of key milestones are targeted at Morila during the upcoming quarter. Mining will commence at Morila Pit 5 in May, which will provide feed for mill commissioning and ramp-up. The award of a mining contract for N'tiola and Viper is expected in June, with a commencement of works in July.

Exploration and infill drilling will continue across the portfolio leading to a further update of the satellite resources as results come available. Importantly, the updated resources will be fed into the Life of Mine Plan (LOMP) for Morila, which is currently being prepared. The LOMP will include a 'maiden' reserve.

Dewatering of the Morila Super Pit will continue, as will refurbishment of infrastructure and the Tailings Dam.

Guidance for gold production for the June quarter from the combination of ongoing tailings retreatment and the commencement of hard rock processing from the satellite pits is 11,000 to 13,000 ounces.

Goulamina

The Company is hopeful of being in a position to announce a definitive outcome to the Macquarie-led process during the June quarter.

Morila Mine Operations

Health and Safety

There were no serious injuries during the quarter. There was one medically treated injury that involved a pump operator who lacerated his hand requiring sutures. The operator slipped whilst manoeuvring past a dewatering pump at N'tiola, placed his hand on a pump guard to arrest his fall and lacerated his hand. The employee has made a full recovery. There were no significant incidents for the quarter.

Malaria was actively managed during the quarter with malaria levels for employees and contractors consistently below the historic levels (<1%). It has been the dry season in Mali which also contributes to low levels of malaria, however rain events commenced in March. The Health and Safety (H&S) team have worked with a government-private organisation to identify the mosquito larvae type at the mine and have identified the appropriate chemical for the residual spraying program.

Morila has implemented protocols that align with the World Health Organisation (WHO) guidelines, to prevent COVID-19 infection onsite, and in the surrounding villages. The standard controls of personal masks, social distancing and hygiene are well established. All local workers are tested on entry to site for body temperature and access is not permitted if body temperature is elevated. All international travellers are required to present a PCR test completed within 72 hours of arriving at site.

Morila procured and commissioned a PCR testing machine in March and is implementing a COVID-19 testing program with the workforce and the community. During the quarter there was an incident when a visitor from Bamako tested positive for COVID on arrival. The site procedures, which align with the WHO standards, were followed. The employee quarantined, was provided medication, and returned to Bamako for self-isolation.

COVID levels in local villages remain low, and the data is credible when compared with our own testing results of employees, contractors, and visitors.

Community and Workforce

Firefinch has continued a locals first policy in employment and provision of services at Morila following the practice established by the prior owners. The workforce consists of 276 direct employees, including 57 through labour hire companies, and over 660 contractors. The Morila workforce has a small number of expatriate employees (approximately 15 including 1 direct employee and 14 contractors) minimising the impact of international travel restrictions on operations.



Firefinch continues to support community health and education projects as activity ramps up at Morila

Recruitment has been on hold for the majority of the quarter, pending finalisation of the LOMP. The Board approved the recruitment of 29 critical roles on 25th March 2021. Recruitment of these roles has commenced. These roles are critical to allow commissioning of the process plant operations.

Firefinch continue to support community health programs with a focus on malaria, HIV/AIDS and COVID-19, in particular capacity building the peer educators programmes in the community.

Firefinch is delivering several community and local development projects that have been agreed with the local communities. For example, agriculture projects with the women's associations, education support via the provision of 10 teachers, and an Agribusiness that operates in collaboration with the Sikasso Regional Department of Fisheries and produces over 60,000 Tilapia fry each quarter from a fish farm operated and managed by community members from the adjacent Sanso village.

Physical and Financial Performance

The table below details the performance of the mine for the full quarter.

	Unit	01 Jan 2021 to 31 Mar 2021	Q4 2020
Tailings mined	tonnes ('000)	1,304	1,288
Mined grade	g/t	0.47	0.43
Contained gold	ounces ('000)	18.97	21.8
Ore milled	tonnes ('000)	1,304	1,565
Recovery	%	52.5	50.2
Gold produced	ounces	9,970	10,940
Gold sold	ounces	9,794	11,446
Realised gold price	US\$/ounce	1,745	1,866
Gold revenue	US\$ ('000)	17.1	21.4
Mining costs	US\$ ('000)	283	38
Processing costs	US\$ ('000)	9,245	9,629
Site Administration costs	US\$ ('000)	3,884	4,089
Royalties	US\$ ('000)	1,020	1,279
Operating Cost	US\$ ('000)	13,413	13,756
Average FX used for reporting	USD --> CFA	541.195	541.294
Bullion awaiting settlement	US\$ ('000)	1,844	1,466

Mining and Refurbishment Activities at the Tailings Dam

The material mined via hydraulic sluicing of tailings reduced to approximately 420,000 tonnes per month from approximately 500,000 tonnes per month as planned. The operation is positioning itself to transition to a combination of hydraulic mining and oxide ore from open pits. Tailings with mineralisation (~0.5g/t gold) that could not be hydraulically mined have been mechanically mined and hauled to the oxide Run of Mine (RoM) pad for stockpiling. There was approximately 500kt of mechanically mined tailing stockpiled at the RoM oxide stockpile at the end of the quarter.

The Mineral Resource for the tailings, using the same parameters as those stated in the ASX Announcement of 7th September 2021, has been depleted for mining as at 31st March 2021. The resultant Mineral Resource

is now stated as 1.73 million tonnes at 0.50g/t gold in the Measured category. The Mineral Resource is the basis for the remaining inventory which will support approximately 4 to 6 months of production with monthly contribution from the TSF hydraulic operation reducing as ore from open pits comes online.

An area of some 100 hectares has been identified as suitable for deposition of tailings in the short term. Internal walls to contain tailings have been built and repair and replacement of drainage is underway. Deposition into the TSF commenced on 25th January 2021. This has allowed for the ongoing deposition of tailings into the Morila Main Pit to effectively cease.

Processing Plant Refurbishment

The Morila processing plant has been operating continuously for over 20 years. The plant has been treating tailings since June 2016 at a throughput rate of 4.5 to 5 million tonnes per annum. This was supplemented in 2018 - 2019 by open pit ore from the N'Tiola, Viper and Domba satellite pits. The crushers and ball mill were operating to process that ore.

Firefinch has conducted a detailed review of the plant and infrastructure in preparation for the resumption of processing open pit ore via the crushing and grinding circuits. Significant activity is underway utilising contractors and the mine maintenance team. The larger projects undertaken to date are detailed below. All work to date has been completed utilising cashflow from operations.

Primary, secondary and tertiary crushers have been inspected by Sandvik. Only minor refurbishment was identified, and this work has been completed. The primary crusher dump pocket has been relined, civil and steelworks completed. The pebble crusher was also inspected by Sandvik and repaired.

The Ball Mill has been inspected by local engineers and found to be in excellent condition, further inspection by Thyssen Krupp took place in April with no significant issues identified. The mill was 'inched' regularly when stood down to prevent damage to bearings.



Plant refurbishment progressed well during the quarter including relining of the Ball Mill

Inspection of pumps and cyclones indicates minor refurbishment, and some replacement is required and is underway. Critical pipework has been inspected and repaired where required.

Structural steel around the Ball Mill and Cyclone towers has been refurbished and work is 90% complete.

The Diesel Power Station at Morila requires upgrading and refurbishment. A contract has been let to Jozi Power to provide generators with 6 MW capacity. The generators have been delivered to site and will be connected in April. This will be supplemented by refurbishment and servicing of 3 of 5 existing Allen 6 MW generators and six Cummins 1 MW generators. The strategy of supplementing the existing capacity minimises capital costs, maintains current operating costs, de-risks issues around failure of the 20-year-old Allen generators and provides the capacity (approximately 15 MW) needed to support the resumption of comminution.

The laboratory at Morila is operated by a leading global independent laboratory services company and provides analytical services for drilling, processing management and grade control. Refurbishment of the laboratory building has been completed. The laboratory services contract has been tendered and a recommendation to award is expected in April 2021.

Water Management

Operations are currently drawing water from the Bagoé River and tailings were deposited into the Morila Main pit. It is estimated that approximately 55 million tonnes of tailings have been deposited in the pit. Tailings deposition into the Tailings Storage Facility (TSF) commenced on 25th January 2021.

The water is currently some 35 metres below the crest of the pit, at RL300. Removal of water and tailings from the pit is a prerequisite to resumption of mining at the Morila pit. Approval to discharge has been granted by the Government of Mali. Discharge of pit water to the environment commenced in April. Tailings will be removed via dredge and slurried to the TSF. Tailings removal is expected to commence in Q3.

Risk and Opportunity Management

Work is being undertaken by third party experts to independently review key operational risks including:

Social – external consultants IBIS are undertaking a gap analysis between Morila Gold Mines social performance and the International Finance Corporation (IFC) standards. The IFC standards are recognised in industry as a benchmark.

Power – external consultants USP&E are undertaking a review of fuel management, power station asset condition and solar power opportunities.

Tailings Storage Facility (TSF) – external consultant L&MG (Chris Lane) is undertaking a design review of the existing TSF facility. Chris will be commissioned to undertake work to design additional capacity for future deposition.

Plant Maintenance – service provider STELO are deploying plant maintenance planner to site to assist with plant maintenance activities and long-term planning efforts.

Plant – consultants JT Metallurgical Services are undertaking a plant capacity evaluation in collaboration with Orway Mineral Consultants.

Life of Mine Plan

The Company is working towards completion of a Life of Mine Plan (LOMP) for the Morila gold mine which aims to exploit the 2.33 million ounces in Mineral Resources across the Morila Gold Project (refer Mineral Resource table below).

Mining is expected to progress in the following stages:

1. Hydraulic mining of tailings only – until April/May 2021.
2. Satellite pit mining and milling – a blend of tailings and ore from Morila Pit 5, Koting, N'Tiola and Viper satellite pits to be fed to the re-commissioned mill for processing - commencing May/June 2021.
3. Morila Super Pit pre-strip is provisionally planned to commence Quarter 1 2022. Ore is scheduled to present Quarter 2-3 2022.

The LOMP schedule will be based on forthcoming Mineral Resource updates for the Koting, N'Tiola, Viper and Pit 5 satellite deposits. Drilling has been underway for some months at these deposits, as detailed below. Finalisation of new Mineral Resources for these deposits, design of mine plans and the estimation of Ore Reserves is expected by the beginning of May, which should allow for completion of the LOMP for release to market shortly thereafter.

Mineral Resources

The Mineral Resources for the Morila Project were updated during the quarter. The Morila Mineral Resource and the combined Measured, Indicated and Inferred Mineral Resource now stands at **46.9 million tonnes at 1.55g/t gold for 2.33 million ounces** of contained gold (refer Mineral Resources Table below).

Mineral Resources at the Morila Gold Project

Deposit	Measured & Indicated			Inferred			Total		
	Tonnes (millions)	Grade (g/t)	Ounces ('000)	Tonnes (millions)	Grade (g/t)	Ounces ('000)	Tonnes (millions)	Grade (g/t)	Ounces ('000)
Morila Pit ¹	21.2	1.60	1,090	17.5	1.37	770	38.6	1.50	1,860
Morila NE ²				0.21	3.07	21	0.21	3.07	21
Samacline ²				3.74	2.56	308	3.74	2.56	308
Tailings ³	1.73	0.50	28				1.73	0.50	28
N'Tiola ⁴	0.75	1.35	33	0.38	1.06	13	1.13	1.25	45
Viper ⁴	0.67	1.31	28	0.29	1.59	15	0.96	1.39	43
Domba ⁴	0.20	1.75	11	0.25	1.61	13	0.46	1.67	25
Total	24.53	1.51	1,191	22.32	1.58	1,136	46.85	1.55	2,330

¹The Morila Pit resource is quoted using a 0.4g/t gold cut-off grade.

²The Samacline and Morila NE resources are quoted using a 1.8g/t gold cut-off grade.

³The Tailings resource is quoted using a 0.3g/t gold cut-off grade.

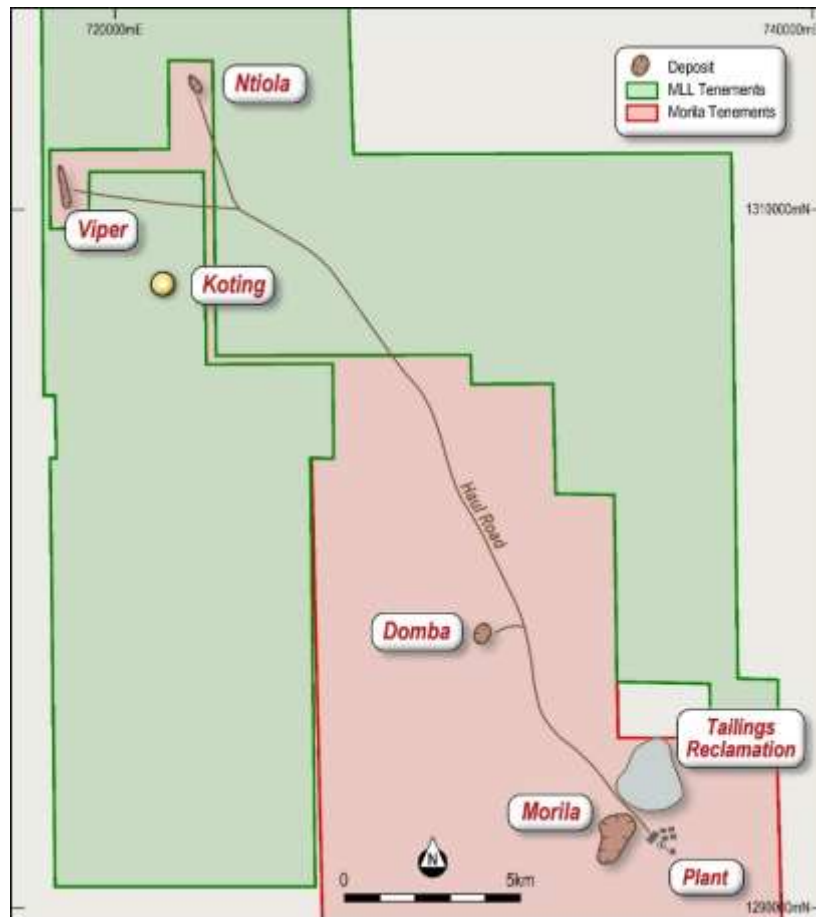
⁴The N'Tiola, Viper and Domba resources are quoted using a 0.5g/t gold cut-off grade.

⁵Numbers in the above table may not appear to sum correctly due to rounding.

The key update during the Quarter was to the Mineral Resource for the Morila Deposit, which for the purpose of modelling was separated into the open pitable Morila resource and the resources with potential to be mined by underground methods (Morila NE and Samacline). Full details of these resources can be found in the ASX Announcement dated 8th February 2021. In addition, the Morila Tailings resource has been updated to reflect depletion by mining during the Quarter.

Drilling and Mine Planning Activities

During the quarter, the Company continued its intensive drilling across the Morila Gold Project with over 24,000 meters of drilling completed in the Quarter. The satellite deposits (N'Tiola, Viper, Domba, Koting and Morila Pit 5) are expected to underpin the initial phase of the Company's plan to return Morila to full production. Accordingly, the current focus of drilling is completing infill and extension drilling to improve the delineation and classification of material previously classified as Inferred, as well as testing strike and depth extensions at each deposit. The aim is to inform the forthcoming LOMP with sufficient Measured and Indicated Mineral Resources from the satellites to underpin 1 – 2 years of production.



Location of Satellite deposits at the Morila Mine

Viper: The Viper Deposit is located some 28 kilometres from Morila, near to the N'Tiola deposit, and is accessed via an existing haul road from the plant. 0.81 million tonnes at a grade of 1.19g/t gold were previously mined from two open pits at Viper and treated by Morila in 2018-2019 for 31,000 ounces of recovered gold. The current Indicated and Inferred Mineral Resource at Viper is **0.96 million tonnes at 1.39g/t gold** for 43,000 ounces of gold (refer Mineral Resources Table).

Some 8,398 metres of RC drilling in 67 holes were completed at Viper during the quarter. Results from the first phase of drilling (43 holes for 5,329 metres) were released on 29th March 2021 and included the following significant intersections:

- 5 metres at 17.74g/t gold from 37 metres in VIPRC032;
- 7 metres at 9.40g/t gold from 92 metres in VIPRC043 (incl. 2m at 30.1g/t gold);
- 3 metres at 23.51g/t gold from 66 metres in VIPRC018;
- 8 metres at 4.40g/t gold from 80 metres in VIPRC010 (incl. 1m at 26.5 g/t gold);
- 9 metres at 3.34g/t gold from 75 metres in VIPRC020;
- 6 metres at 4.40g/t gold from 66 metres in VIPRC043;
- 18 metres at 1.68g/t gold from 96 metres in VIPRC013;
- 1 metre at 15.4g/t gold from 43 metres in VIPRC008; and
- 6 metres at 2.21g/t gold from 75 metres in VIPRC020.

Intersections from Phase 1 were largely in line with results forecast in the Mineral Resource released in November 2020 and therefore are anticipated to result in an increase in the size and confidence when the resource is updated with these new results. Intersections from VIPRC010 (8 metres at 4.40g/t gold) and

VIPRC018 (3 metres at 23.5g/t gold from 66 metres) extend the depth of the main mineralised lode below the existing pit.

Encouragingly the high-grade intersection in VIPRC032 (5 metres at 17.7g/t gold from 37 metres) is interpreted to be a discrete, previously undrilled, high-grade hanging-wall lode lying at the south end of the existing Viper pit. High grade mineralisation is also present in VIPRC043 at the southern extent of the deposit (6 metres at 4.40g/t gold from 66 metres and 7 metres at 9.40g/t gold from 92 metres) and mineralisation is therefore open to the south.

The second phase of drilling at the Viper deposit was well advanced as at the date of the report with 24 holes for 3,069 metres completed at the end of the Quarter of a planned 39-hole programme. Phase 2 at Viper aims to infill between the better results returned in Phase 1 and reduce drill spacing in those areas from 40 metres to 20 metres. Following completion of these holes further holes will be completed to test down dip of better intersections.

N'Tiola: The N'Tiola Deposit is located some 25 kilometres from Morila and is accessed via an existing haul road from the plant. 0.85 million tonnes at a grade of 1.42g/t gold were previously mined from an open pit at N'Tiola and treated by Morila in 2018-2019 for 39,000 ounces of recovered gold. The current Indicated and Inferred Mineral Resource at N'Tiola is **1.13 million tonnes at 1.25g/t gold** for 45,000 ounces of gold (refer Mineral Resources Table).

During the Quarter work at N'Tiola consisted of creating a new geological model to enable an updated Mineral Resource for N'Tiola to be estimated based on the first phase of Firefinch drilling (refer ASX Announcement 22nd January 2021). A second phase of drilling targeted to test near surface mineralisation identified in the first phase of drilling was completed during the Quarter. The forthcoming Mineral Resource will be used to finalise the mine design and schedule for the deposit.

Koting: The Koting deposit is owned by Birimian Gold Mali SARL, a 100% subsidiary of Firefinch. Firefinch will negotiate a commercial arrangement to allow Koting to be mined and processed by Morila SA. Koting is located some 20 kilometres from the Morila plant and is 2 kilometres from the existing haul road.

Some 7,909 metres of RC drilling in 68 holes were completed at Koting during the quarter. Results from the first phase of drilling (38 holes for 5,185 metres) were released on 5th March 2021 and included the following significant intersections:

- 8 metres at 8.25 g/t gold from 28 metres in KOTRC020 including 3 metres at 17.30 g/t gold,
- 8 metres at 1.97 g/t gold from 101 metres in KOTRC023, and
- 8 metres at 2.90 g/t gold from 26 metres in KOTRC030

A further phase of 30 holes for 2,724 metres was completed later in the Quarter to infill all drilling within the Koting Deposit to approximately 25m x 12m. Due to the variability in grade within the mineralisation this close spacing was required to enable a robust maiden Mineral Resource for Koting to be estimated. This Mineral Resource will allow a mine design to be completed, an Ore Reserve estimated and Koting to be brought into the mine schedule.

Morila Pit 5: The Morila Pit 5 deposit is located on the western margin of the Morila Pit as mined, less than 1 kilometre from the Morila plant.

A short RC drilling programme was completed at the Pit 5 Prospect in February 2021. 43 holes for 1,756 metres were drilled at a spacing of 25m x 25m as an initial step to determine the quantity and grade of oxide mineralisation present within Pit 5. Results were released on 5th March 2021 and included the following significant intersections:

- 7 metres at 5.72 g/t gold from 15 metres in SE03 including 4 metres at 9.48g/t gold;

- 6 metres at 2.77 g/t gold from 1 metre in SE25 including 1 metres at 13.3g/t gold;
- 9 metres at 1.13 g/t gold from 25 metres in SE06; and
- 5 metres at 1.74 g/t gold from 6 metres in SE09 including 2 metres at 3.72g/t gold.

The geology of the Pit 5 is the same as the broader Morila Mineral Resource, with stacked shallow to flat lying mineralised lodes. Due to the shallow nature of the mineralisation identified and the proximity to the processing plant a separate Mineral Resource is being prepared for the Pit 5 Deposit to enable it to be evaluated as a stand-alone project independent of the main Morila resource. To aid the resource estimation infill drilling in key areas was completed the end of the Quarter (a further 25 holes for 1,443 metres).



Ongoing drilling at Morila Pit 5 is providing key information as the Company prepares the LOMP for Morila

Goulamina

The Company has indicated its intention to demerge the Goulamina Lithium Project (Goulamina), into a separate lithium focussed company which is expected to be listed on ASX (Lithium Co) in the second half of 2021, subject to shareholder and other required approvals.

Goulamina is a highly strategic lithium asset, being one of a limited number of fully permitted, near-term development projects with 100% of spodumene concentrate available for off-take and suitable for conversion to battery grade lithium hydroxide and carbonate.

Results of a Definitive Feasibility Study (DFS) (refer to ASX release of 20th October 2020) placed Goulamina among the world's largest, highest quality and lowest cost undeveloped lithium deposits. The DFS confirmed Goulamina as a long life, large scale open pit project with a pre-tax NPV of A\$1.7 billion.

Goulamina is materially undervalued in the Firefinch share price and requires a distinct, separate focus to release the true value of the project. The Board considers the creation of a new lithium focussed company in a strong lithium market is the optimal way to realise the value.

Macquarie are managing a process to seek partnership interest at Goulamina which would enable the financing of its development and provide offtake for its products. There are a number of these parties are currently in a data room and in discussions with the Company – these are being progressed in parallel with the proposed demerger.

Benefits of the Demerger

- Separation of Firefinch's gold and lithium projects into separate focussed entities with the objective of unlocking greater value for Firefinch's shareholders.
- Permits each entity to resource and focus on its project, whilst progressing organic and other value accretive growth opportunities in their respective sectors.
- Allows Firefinch to focus all its resources on its production ramp-up strategy at the Morila Gold Project.
- Provides Firefinch shareholders with a unique investment proposition, diversification across investment assets, mitigation of commodity risk, and greater investment choice.
- Allows Firefinch shareholders to better share in the uplift expected from the lithium and EV thematic by attracting investors seeking this exposure; and
- Provides a timely, clean separation of project assets, providing a more direct path to value recognition.

Creation of a New Lithium Focussed Company

- The de-merger of Goulamina into a separate lithium focussed entity will be structured to permit quotation on ASX ("Lithium Co"; subject to various ASX, shareholder and other regulatory approvals).
- Firefinch shareholders are expected to receive a pro rata allocation of shares in Lithium Co with further details to be provided in due course.
- A dedicated senior executive and Board will be recruited to provide a clear focus on delivering shareholder value through the demerged Lithium Co securing the financial and industry support to deliver one of the world's largest hard rock lithium projects.
- Firefinch will, on a commercial basis, continue to provide both corporate and technical support in Mali and in Australia. Lithium Co can leverage on Firefinch's expertise in operations in its first years as well as both companies being able to share certain costs and overheads.

Financial Review

Movements in cash for the quarter are detailed below.

	A\$ million
Opening cash	17,851
Net proceeds from issue of securities	55
Proceeds from gold sales	29,506
Operating costs	(21,930)
Development costs	(1,540)
Evaluation/Exploration expenditure	(587)
Administration costs	(2,886)
Foreign exchange	(142)
Closing cash balance as at 31st March 2021	20,327
Gold sold during quarter for which proceeds not received by 31 st March 2021	2,414
Doré on hand at 31 st March 2021	1,135
Cash, cash equivalents and bullion	23,876

Gold sales for the quarter were 9,794 ounces, of which 1,088 ounces were delivered to the refinery on 31st March 2021. Funds from the 31st March 2021 sales were received in early April 2021 and are therefore excluded from the Appendix 5B cash flow.

During the period, the Company received notices to exercise 350,406 \$0.15 options expiring on 17th October 2021. This has resulted in the issue of 350,406 shares during the period resulting in the following listed securities at 31st March 2021.

	Balance at 31 st December 2020	Conversion of options	Balance at 31 st March 2021
Fully paid shares	781,907,231	350,406	782,257,637
\$0.15 options expiring 17 th October 2021	29,064,913	(350,406)	28,714,507

Update Notice of amended Assessment – Morila Mine

The Malian “Audited Taxpayers Charter” (Chapter 1-2b) provides the right for tax authorities to audit the Company accounts within three years of a year end. In line with this right, the company received a partial amended notice of assessment for the year ended 31 December 2017 as set out in ASX announcement dated 18 January 2021.

The partial Assessment advises that the tax department disputes the amounts due in relation to various employment taxes, withholding taxes and VAT paid by, or claimed by Morila SA for the tax year ending 31 December 2017. The Assessment also advises that the tax department believes that Morila SA has materially understated its income from gold sales.

In response to the partial assessment the Company has lodged an objection with taxation authorities to all claims raised with documentation to evidence the Company’s position.

It is believed the material portion of the taxation office claim has arisen from Customs Export practice, where customs officers require exported gold doré to be valued on the basis that it contains 85% gold irrespective of the declared content contained in the supporting documentation. Morila exported gold doré contains a materially lower content of gold doré as set out in customs and third-party laboratory documentation.

Recently, representatives of the Customs Office, Taxation Office and Mines Department were invited to attend the mine site, and were taken through the process of mining, processing and recovering and testing gold doré together with the generation of Company and third-party supporting documentation as to the content of gold contained in doré. As a result of this process, each department has undertaken to review their practices.

The Company is now seeking further meetings with taxation officials to bring this matter to a conclusion.

Firefinch Team

During the quarter, the Company made a number of key executive and board appointments.

Dr Michael Anderson, previously a Director of major resource focused asset management firm Taurus Funds Management Pty Ltd, joined as Managing Director with effect from 6th April 2021. Dr Alistair Cowden who has acted as Executive Chairman over the past year will resume the role of Non-Executive Chairman.

Mr Bradley Gordon, a proven mid-tier mining executive with extensive African and deep gold operational experience, joined the Company as a Non-Executive Director, with effect from 1st April 2021.

Permit Status

The Company has seven (7) research tenements, one (1) mining tenement hosting the Goulamina Lithium Project, and one (1) mining tenement hosting the Morila Gold Mining Operations. Seven tenements are located within the Circle of Bougouni and two tenements in the Circle of Kati, in Mali.

All tenements are in good standing. It should be noted that the tenements of Finkola, Diokélébougou and Makono had an official expiry date of 31st July 2020. Applications for new tenure on these tenements were submitted to the Direction Nationale de la Géologie et des Mines (DNGM), on 22nd December 2020. The DNGM subsequently validated the related mining conventions, and the permits formal issuance processes are being finalized by the office of the Minister of Mines.

Morila PE 99/15 (Morila Gold Project). The Morila Exploitation Permit (211.2 km²) was initially issued on the 4th August 1999, under Decree N°99-217/PM-RM for a validity period of 30 years. The Decree was modified by Decree N°99-361/PM-RM dated 17th November 1999 to authorize the transfer of the Morila Mining Permit to a dedicated entity “Société des Mines de Morila” (Morila SA), then modified by Decree N°2018-0441/PM-RM date 17th May 2018, which modified the surface area of the permit, to include areas of Viper and N’Tiola. Firefinch owns 80% of Morila SA.

Torakoro: PE 19/25 (Goulamina Lithium Project). The Torakoro Exploitation Permit (100 km²) was issued on 23rd August 2020, under Decree NO2019-0642/PR/RM under the title: “Exploitation Permit for Lithium and Group 2 Mineral Substance to the Company Timbuktu Resources SARL at Torakoro (Circle of Bougouni).” The Goulamina Lithium Project Mining Company was created under the name: “Lithium du Mali S.A.”. To comply with the provisions of the mining code, the Torakoro tenement will be transferred to the newly created company. The Company has started the valuation process for the research tenement’s assets, which will then be transferred to the new company.

Finkola: PR 13/640 2BIS. The company’s tenure on the tenement expired on 31st July 2020. Following discussions with the Mining Department, the DNGM agreed for the Company to request new tenure on the Finkola tenement. The application was subsequently lodged, for a three (3) years period, with the DNGM on 22nd December 2020. On 4th March 2021, the Minister of Mines formally signed the mining convention for the

Finkola tenement. The Minister's office is currently processing the Arrêté (Order) which will formally grant the tenement to the company.

N'Tiola: PR 14-715 2BIS. The Ministry of Mines and Petroleum has issued the Arrêté No2019-3836/MMP-SG dated 29th October 2019 for the Permit of N'Tiola, extending Permit validity until 17th June 2021. An engagement process has started with the DNGM, regarding a new tenure on the tenement.

Finkola Sud: PR 13-672 2BIS. The Ministry of Mines and Petroleum has issued the Arrêté #2019-3799/MMP-SG dated 28th October 2019 for the Permit of Finkola Sud, extending Permit validity until 4th August 2021. An engagement process has started with the DNGM, regarding a new tenure on the tenement.

Sanankoroni: PR 16-805 1BIS. The Ministry of Mines and Petroleum has issued the Arrêté #2019-4873/MMP-SG dated 20th December 2019 for the Permit of Sanankoroni, extending Permit validity until 11th October 2021.

Finkola Nord: PR 20/1081. The Ministry of Mines and Petroleum has issued the Arrêté #2020-1303/MMP-SG dated 1st April 2020 for the Permit of Finkola Nord. The permit is valid for three (3) years, until 31st March 2023, and the validity is renewal twice upon request by the Company.

Diokélébougou: PR 13-639 2BIS. The company's tenure on the tenement expired on 31st July 2020. Following discussions with the Mining Department, the DNGM agreed for the Company to request new tenure on the Diokélébougou tenement. The application was subsequently lodged, for a three (3) years period, with the DNGM on 22nd December 2020. On 4th March 2021, the Minister of Mines formally signed the mining convention for the Diokélébougou tenement. The Minister's office is currently processing the Arrêté (Order) which will formally grant the tenement to the company.

Makono: PR 13-637 2BIS. The company's tenure on the tenement expired on 31st July 2020. Following discussions with the Mining Department, the DNGM agreed for the Company to request new tenure on the Makono tenement. The application was subsequently lodged, for a three (3) years period, with the DNGM on 22nd December 2020. On 4th March 2021, the Minister of Mines formally signed the mining convention for the Makono tenement. The Minister's office is currently processing the Arrêté (Order) which will formally grant the tenement to the company.

A tabulation of the Company's tenure in Mali is given below.

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Tabulation of Permits

* Permits valid beyond the date of 31st July 2020.

Name	Km ²	Number	Status	Owner
GOULAMINA LITHIUM PROJECT				
Torakoro	100	PE 19/25 (Exploitation Permit)	Goulamina Lithium Project's Mining Company officially created under the name: "Lithium du Mali S.A."	Timbuktu Resources SARL
MASSIGUI GOLD PROJECT				
Finkola	88	PR 13/640	Request submitted for new tenure (3 years period). Mining Convention signed by the Minister. Permitting being processed by the Minister's office. Feasibility Study and Environmental Studies started as part of the mining application process.	Birimian Gold Mali SARL
N'Tiola	64	PR 14/715	Second renewal effective from 17 th June 2019 Expiry: 17 th June 2021. Ongoing discussions with DNGM for new tenure.	Birimian Gold Mali SARL
Diokélébougou	100	PR 13/639	Request submitted for new tenure (3 years period). Mining Convention signed by the Minister. Permitting being processed by the Minister's office.	Birimian Gold Mali SARL
Finkola-Sud	98	PR 13/672	Second renewal effective from 4 th August 2019 Expiry date: 4 th August 2021 Ongoing discussions with DNGM for new tenure.	Timbuktu Resources SARL
Finkola Nord	32	PR 20/1081	Granted for a 3-year term, effective from 1 st April 2020 Expiry date: 1 st April 2023	Sudquest SARL
DANKASSA GOLD PROJECT				
Makono	32	PR 13/637	Request submitted for new tenure (3 years period). Mining Convention signed by the Minister. Permitting being processed by the Minister's office.	Birimian Gold Mali SARL
Sanankoroni	80	PR 16/805	First renewal effective from 11 th October 2019 Expiry date: 11 th October 2021	Timbuktu Resources SARL
MORILA GOLD PROJECT				
Morila	211.2	PE 99/15	Morila Gold Mine Permit Expiry date: 4 th August 2029 Convention Expiry date: April 2022	Morila SA

Forward Looking and Cautionary Statements

This announcement contains “forward-looking information” that is based on the Company’s expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the pre-feasibility and feasibility studies, the Company’s business strategy, plan, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, mineral resources, results of exploration and relations expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as ‘outlook’, ‘anticipate’, ‘project’, ‘target’, ‘likely’, ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, ‘would’, ‘could’, ‘should’, ‘scheduled’, ‘will’, ‘plan’, ‘forecast’, ‘evolve’ and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions and that the Company’s actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.

Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein, including but not limited to general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of lithium, gold and other metals; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accident, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities. This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information. The Company disclaims any intent or obligations to or revise any forward-looking statements whether as a result of new information, estimates, or options, future events or results or otherwise, unless required to do so by law.

Statements regarding plans with respect to the Company’s mineral properties may contain forward-looking statements in relation to future matters that can be only made where the Company has a reasonable basis for making those statements. Competent Person Statements regarding plans with respect to the Company’s mineral properties are forward looking statements. There can be no assurance that the Company’s plans for development of its mineral properties will proceed as expected. There can be no assurance that the Company will be able to confirm the presence of mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company’s mineral properties.

Previously Reported Information

In accordance with Listing Rule 5.23, references to exploration results, estimates of mineral resources or ore reserves have previously been announced, including the information required under Listing Rule 5.22, in the following announcements:

- “Goulamina Lithium Project Definitive Feasibility Study” dated 20th October 2020.
- “Mali Lithium to Acquire Morila Gold Mine to Become Producer” dated 31st August 2020.
- “Morila - Tailings Resource and Production Target” dated 7th September 2020.
- “Substantial Increase to Goulamina Mineral Resource” dated 8th July 2020.
- “Satellite Pit Resources update delivers 1.49M oz of gold” dated 24th November 2020.
- “December 2020 Quarter Gold Production” dated 8th January 2021.
- “Drilling Update at N’Tiola” dated 22nd January 2021.
- “Koting and Pit 5 Drilling Update” dated 5th March 2021.
- “Viper delivers high grade gold results” dated 29th March 2021.

The Company confirms that it is not aware of any other new information or data that materially affects the information included in the original market announcements, and that all material assumptions and technical parameters have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

In accordance with Listing Rule 5.19, information relating to production targets or forecast financial information have been previously disclosed. The Company confirms that all material assumptions and parameters underpinning the Mineral Resource estimates and production estimates at Goulamina and Morila and the production estimates for Goulamina in the DFS continue to apply and have not materially changed. Please refer to ASX Announcements of 8th July 2020 and 20th October 2020 (Goulamina), 31st August 2020, 24th November 2020, 26th November 2020, 8th January 2021, 8th February 2021 and 12th March 2021 (Morila), 7th September 2020 (Morila Tailings).

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity-

Firefinch Limited

ABN -

11 113 931 105

Quarter ended

31st March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	29,506	29,506
1.2 Payments for		
(a) exploration & evaluation (if expensed)		
(b) development		
(c) production	(21,930)	(21,930)
(d) staff costs	(611)	(611)
(e) mine administration and corporate costs	(2,276)	(2,276)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (Federal Govt COVID 19 payment)		
1.9 Net cash from / (used in) operating activities	4,690	4,690

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(1,540)	(1,540)
(d) exploration & evaluation (if capitalised)	(587)	(587)
(e) investments		
(f) other non-current assets		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (bank overdraft acquired on Morila acquisition)		
2.6	Net cash from / (used in) investing activities	(2,127)	(2,127)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	55	55
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	55	55

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	17,851	17,851
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,690	4,690
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,127)	(2,127)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	55	55

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(142)	(142)
4.6	Cash and cash equivalents at end of period	20,327	20,327

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	26,081	24,288
5.2	Call deposits		
5.3	Bank overdrafts	(5,754)	(6,437)
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	20,327	17,851

During the month of March 2020, A\$2.4million of bullion had been delivered with these funds being received in early April. These funds are excluded from the *Cash and cash equivalents* disclosed at 5.5.

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
165,300

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (overdraft facility)	7,161	5,754
7.4 Total financing facilities	7,161	5,754
7.5 Unused financing facilities available at quarter end		1,407
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
The Morila mine operates a local overdraft facility from which local suppliers are paid. Bullion sales proceeds are deposited into a USD bank account and as required transferred to the local accounts .		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	4,690
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(587)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	4,103
8.4 Cash and cash equivalents at quarter end (Item 4.6)	20,327
8.5 Unused finance facilities available at quarter end (Item 7.5)	1,407
8.6 Total available funding (Item 8.4 + Item 8.5)	21,734
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	N/A as positive cash flows
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	Not applicable.
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	Not applicable.
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	Not applicable.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Date: 27 April 2021

Authorised by the board

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.