

## Quarterly Activities Report

For period ending 30<sup>th</sup> June 2021

### ABOUT FIREFINCH LIMITED

Firefinch Ltd (ASX: FFX) is a gold miner and lithium developer with an 80% interest in the Morila Gold Mine and 100% of the Goulamina Lithium Project, both in Mali.

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, leveraging the mine's current Global Resource of 2.43 million ounces and vast exploration potential spanning 685km<sup>2</sup> of tenure.

The Goulamina Lithium Project is one of the largest undeveloped deposits, which Firefinch, in partnership with Ganfeng, plans to bring into production. A 50/50 incorporated JV 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. Finalisation of the JV is currently in progress and thereafter the Company plans to demerge Goulamina into a new ASX-listed entity.

Firefinch is a responsible miner and deeply committed to making a positive contribution 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.

#### Key metrics as at 28/07/2021

Shares on issue (FFX)	910,190,866
Listed options on issue (FFXOA)	24,774,084
Unlisted Options on issue	2,000,000
Share Rights on issue	12,299,400
Cash, cash equivalents and bullion	A\$61.8M
Share price	\$0.395
Listed option price	\$0.25
Market capitalisation	A\$365.7M

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### Morila Gold Mine

- Global Mineral Resources increased to **50.5 million tonnes at 1.50g/t gold for 2.43 million ounces of contained gold**.
- Drilling at satellite deposits, Morila Pit 5, Viper and Koting, continues to deliver high-grade intersections demonstrating the potential for further resource upgrades.
- A new **Life of Mine Plan (LOMP)** is based on a **Probable Ore Reserve of 23.8 million tonnes at 1.40g/t gold for 1.07 million ounces of contained gold** that will be mined and processed over an initial 7-year reserve life (2021 to 2028). **All-in-Sustaining-Costs of US\$1,124/oz expected over the reserve life.**
- **The LOMP delivers up to 200,000 ounces of gold per annum**, at an average of 160,000 ounces per annum from 2022 to 2030.
- Operational milestones included **commencement of open pit mining operations and recommissioning of the comminution circuit** (delivering an approximate 25% increase in gold recoveries).
- A new mining contract was awarded for operations at the Viper and N'Tiola satellite pits and the Morila Super Pit.
- Quarterly gold production was 12,555 ounces (previous guidance of 11-13,000 ounces) including record monthly production of 5,019 ounces in June. Guidance for Q3 production is 13-15,000 ounces.

### Goulamina Lithium Project

- A binding term sheet has been executed with Jiangxi Ganfeng Lithium Co. Ltd, to establish a 50:50 incorporated joint venture (JV) to develop and operate the world-class Goulamina Lithium Project.
- **Ganfeng will invest US\$130 million of equity into the project and provide up to US\$64 million of debt funding.** The transaction will substantially fund Goulamina's capital cost to production.
- The Company is now progressing plans to demerge the Goulamina Lithium Project into a separate ASX-listed company.

### Corporate

- **Successful completion of a placement to raise A\$47 million at an issue price of A\$0.40 per share.** Funds will be used to maintain momentum at Morila, and to progress plans for Goulamina.
- Cash, bullion & cash equivalents of A\$61.8 million at 30<sup>th</sup> June 2021.
- The Company continues to target debt funding of approximately US\$50 million and has progressed to a detailed due diligence phase with a preferred financier.

## Overview of Activities for June Quarter

### **Morila**

The release of an updated resource and a maiden reserve under Firefinch's ownership led to the definition of a new LOMP for Morila. The new LOMP demonstrates a production profile of up to 200,000 ounces per annum during the initial 7-year reserve life, and current assumptions suggest healthy margins at prevailing gold prices given a projected average AISC of US\$1,124/oz.

Ongoing drilling success at the various satellite deposits bodes well for the early stages of the LOMP, which predominantly focusses on the Morila Pit 5, Viper and N'Tiola deposits, until mining is re-established in the Morila Super Pit. Pleasingly, dewatering of the Super Pit is progressing well and remains on schedule.

It was an exceptionally busy quarter on site with numerous milestones achieved across mining and processing. The safe and successful commencement of mining at Morila Pit 5 was achieved by our Malian owned and operated contracting partner EGTF who mobilised a new 100 tonne class fleet and commenced mining and haulage to the crusher run of mine. Not long after this achievement, the processing team successfully re-commissioned the comminution circuit using feed from Morila Pit 5 and stockpiles.

Quarterly production of 12,555 ounces of gold was in line with the upper end of guidance (11,000 to 13,000 ounces). The benefits of commencing mining and refurbishing the comminution circuit are clear with significant increases not only in production, but also in recoveries (up from 50% last quarter to 75% during this quarter).



*Night shift drilling at Viper during the quarter*

### **Goulamina**

On 16<sup>th</sup> June, following a comprehensive process run by Macquarie, the Company announced it had executed a binding term sheet with a subsidiary of the world's largest lithium producer by production capacity, Jiangxi Ganfeng Lithium Co. Ltd (**Ganfeng**), to establish a 50:50 incorporated joint venture (**JV**) to develop and operate the Goulamina Lithium Project. Following the acquisition of Morila in late 2020, this transaction represents a second transformational deal for the Company.

Ganfeng will provide US\$130 million of equity, together with a debt facility of between US\$40 and \$US64 million, which will facilitate the development of Goulamina.

Following announcement of the JV, the parties immediately commenced a collaborative value engineering phase, with a view to optimising the flow sheet design.

## Outlook for September Quarter

### **Morila**

A further ramp-up in mining activities will occur during the upcoming quarter, beginning with the mobilisation of recently appointed mining contractors, Mota Engil and Inter-Mining Services, to the Viper deposit in early August.

Further drilling programs are planned across the portfolio, notably within the Morila Super Pit, with results from these programs to be incorporated into the existing resource models. A number of operational improvement and cost reduction initiatives will be undertaken with the aim of further optimising the current LOMP.

Dewatering of the Morila Super Pit will continue, with a focus on the repatriation of tailings to the newly refurbished Tailings Storage Facility.

Guidance for gold production for the September quarter is 13,000 to 15,000 ounces.

### **Goulamina**

The focus in the upcoming quarter is on finalising supporting documents for the transaction and satisfying Conditions Precedent (**CPs**) as soon as practicably possible. Satisfaction of these CPs will allow access to the first tranche of equity funding (US\$39 million), which will enable detailed engineering and the ordering of long lead items to commence.

As previously advised, it is Firefinch's intention to spin out its lithium assets into a separately listed vehicle. Advisors have been appointed and it is expected that timelines for the demerger will be defined in the next few weeks.



*Goulamina Site Visit, June 2021*

## Morila Mine Operations

### Health and Safety

Pleasingly, there were no serious injuries or serious safety incidents during the quarter. There were also no serious health related incidents during the quarter.

Morila has a best-in-class malaria control program; these controls in the workplace and communities were effective during the quarter with malaria levels for employees and contractors consistently below the historic levels (<1%.) During the quarter the Morila team undertook a mass malaria vaccination program with employees and community members. Residual spraying of Morila and local community structures was also undertaken. The effectiveness of this program was significantly aided by our Q1 activities where Morila health technicians identified the mosquito larvae type at the mine and were able to select the appropriate chemical for the targeted residual spraying program.

Morila has implemented protocols that align with the World Health Organisation 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. Polymerase chain reaction (**PCR**) testing is now established as the primary testing tool. There were 886 PCR tests completed during the month and 29 positive cases detected. All positive cases were quarantined and reported to the Malian health authorities. COVID levels in local villages remain low.

### Community and Workforce

Firefinch is deeply committed to its “locals first” policy and has continued to employ locally and award contracts to Malian operators for the provision of services at Morila. We are very proud to report that, of our 1,100 strong in-country workforce, consisting of 245 direct employees and 855 contractors, less than 0.8% are expatriates, minimising the impact of international travel restrictions on operations. The recruitment of critical roles required to ramp up operations in accordance with the LOMP has largely been completed.

A review of Morila’s conformance against the International Finance Corporation standards has been successfully completed. We are pleased to report that the review did not render any material gaps. In an effort to further strengthen the sustainability of our operations, we have developed an ongoing framework to be managed by a newly recruited Communities Manager.

Firefinch continues to support community health programs with a focus on malaria, HIV/AIDS and COVID-19. We are particularly focussed on building capacity of our Peer Educators programmes in the community.



*Agribusiness fish farm producing over 60,000 tilapia fry each quarter*

In consultation with the community, Firefinch has agreed, and is delivering on, several local development projects. These include agriculture projects with the women's associations, educational support via the provision of 10 teachers, and an agribusiness that operates in collaboration with the Sikasso Regional Department of Fisheries. The latter 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

Gold production for quarter was at the higher end of guidance with 12,555 ounces produced. The month of June was a record month for gold production with 5,019 ounces produced.

The table below details the performance of the Morila mine for Q2 2021 in comparison with Q1 2021.

	Unit	01 April 2021 to 30 June 2021	Q1 2021
Tailings mined	tonnes ('000)	757	1,304
OC Pit5 Ore mined	tonnes ('000)	375	-
<b>Overall Ore mined</b>	<b>tonnes ('000)</b>	<b>1,132</b>	<b>1,304</b>
Tailings mined grade	g/t	0.53	0.47
OC Pit5 mined grade	g/t	0.63	-
<b>Overall mined grade</b>	<b>g/t</b>	<b>0.57</b>	<b>0.47</b>
Ore milled	tonnes ('000)	1,074	1,304
Contained gold	ounces	19,867	18,970
Recovery	%	63.2	52.6
Gold produced	ounces	12,555	9,970
Gold sold	ounces	12,036	9,794
Realised gold price	US\$/ounce	1,816	1,745
Gold revenue	US\$ (million)	21.9	17.1
Mining costs	US\$ ('000)	2,611	283
Processing costs	US\$ ('000)	12,639	9,245
Site Administration costs	US\$ ('000)	4,587	3,884
<b>Operating Cost<sup>1</sup></b>	<b>US\$ ('000)</b>	<b>18,529</b>	<b>12,393</b>
Average FX used for reporting	USD --> CFA	544.7	541.2
Bullion awaiting settlement	US\$ ('000)	4,366	1,844

1. At the time of the Morila acquisition, Morila retained a VAT credit which it has applied against ongoing royalty and income tax obligations. During the quarter ended 30 June 2021 US\$1.3million of royalty (US\$1.0million for quarter ended 31 March 2021) obligations were offset against this credit and are not reflected in operating costs set out above.

### Mining and Refurbishment Activities at the Tailings Dam

In line with our stated strategy of recommencing hard rock mining to underpin our production expansion plans at Morila, the material mined via hydraulic sluicing of tailings reduced to approximately 250,000 tonnes per month from approximately 435,000 tonnes per month in Q1 2021. It is anticipated that hydraulic sluicing of tailing will cease in December 2021. The operation has now transitioned to a combination of hydraulic mining and open pit mining at Morila Pit 5. Open pit mining at Morila Pit 5 commenced in April 2021. Tailings with mineralisation (~0.5g/t gold) that could not be hydraulically mined, have been mechanically mined and hauled

to the Run of Mine (**RoM**) pad for stockpiling and future processing. There was approximately 500kt of mechanically mined tailings stockpiled at the RoM stockpile at the end of the quarter.

Open pit mining will continue at Morila Pit 5 and transition to the satellite pits in Q4 2021.

An area of some 100 hectares has been identified as suitable for deposition of tailings in the short term. Deposition into the Tailings Storage Facility (**TSF**) commenced on 25<sup>th</sup> January 2021 and has continued uninterrupted. Studies to assess future TSF capacity are in progress.

### **Processing and Power Plants**

The Morila processing plant has been processing tailings since June 2016 at a rate of 4.5 to 5 million tonnes per annum. The comminution circuit was mothballed whilst TSF hydraulic mining was performed other than a period in 2018 to 2019 where TSF hydraulic mining was supplemented by open pit ore from the N'Tiola, Viper and Domba satellite pits.

Firefinch commenced refurbishment of the comminution circuit in December 2020 and re-commissioned the comminution circuit in May 2021. The comminution circuit has been running continuously since 15<sup>th</sup> May 2021 processing open pit feed and mechanically mined tailings without issue.

A Mill Improvement Program (**MIP**) has been developed and implementation has commenced. The MIP will improve processing capacity with a dual focus on throughput and recovery. The MIP has three improvement phases, and work is underway to implement phases 1 and 2 by January 2022.

External support has been retained to re-establish the plant maintenance planning capability. Preventative maintenance inspections and servicing has been established, weekly plant maintenance shuts have been implemented and preparation is underway for a major maintenance shut in October 2021.

Upgrade of the diesel power station at Morila has commenced with refurbishment of the first Allen's generator programmed for July 2021. Temporary power has been deployed to ensure sufficient power is available during the period of overhaul (~45 days.) An additional two Allen's diesel engines will be refurbished in Q4 2021 and Q1 2022.

Expressions of interest to supply a hybrid power solution including thermal, battery and solar are being sought with submissions due in July 2021. It is anticipated that the hybrid power solution will provide a 30% reduction in power station operating costs. A hybrid power solution will also have the benefit of reducing the project's carbon footprint.

The laboratory at Morila has been refurbished during the quarter. In addition, the laboratory services contract has been tendered and awarded to MSAlabs. MSAlabs are well established laboratory service providers with an existing presence in West Africa. A mobilisation plan is currently being developed.

### **Water Management**

Operations are currently drawing water from the Bagoie River for processing purposes. Dewatering of the Morila Main Pit commenced in April 2021, with some of this water also being used for processing.

Tailings were deposited into the Morila Super Pit whilst hydraulic mining was taking place. It is estimated that approximately 55 million tonnes of tailings have been deposited in the pit. Dewatering of the Morila Super Pit has been effective and cost-effective solutions for tailings removal are being evaluated.

### **Life of Mine Plan**

The LOMP for the Morila gold mine was finalised and published on 5<sup>th</sup> May 2021.

This new LOMP envisages an annual average production rate of 160,000 ounces of gold to 2030 via the mining and processing of some 37.5 million tonnes at 1.33 g/t gold for 1.45 million recovered ounces of gold.

## Ore Reserves

During the quarter the Company declared its maiden Ore Reserves for the Morila Gold Project. All ore reserves are based on open pit mining and are detailed in the table below. Further details can be found in the ASX Announcement dated 3<sup>rd</sup> May 2021.

### Ore Reserves at the Morila Gold Project

	Probable			Total		
	Tonnes (millions)	Grade (g/t)	Ounces ('000)	Tonnes (millions)	Grade (g/t)	Ounces ('000)
<b>Morila Pit</b> <sup>1</sup>	19.8	1.47	932	<b>19.80</b>	<b>1.47</b>	<b>932</b>
<b>N'Tiola</b> <sup>2</sup>	2.13	0.76	74	<b>2.10</b>	<b>1.08</b>	<b>74</b>
<b>Viper</b> <sup>3</sup>	1.30	1.46	43	<b>1.30</b>	<b>1.46</b>	<b>43</b>
<b>Koting</b> <sup>3</sup>	0.63	0.98	20	<b>0.63</b>	<b>0.98</b>	<b>20</b>
<b>Total</b>	<b>23.80</b>	<b>1.40</b>	<b>1,070</b>	<b>23.80</b>	<b>1.40</b>	<b>1,070</b>

<sup>1</sup> The Morila Ore Reserve is quoted using a 0.43 g/t gold cut-off grade.

<sup>2</sup> The N'Tiola Ore Reserve is quoted using a 0.51 g/t gold cut-off grade.

<sup>3</sup> The Viper and Koting Ore Reserves are quoted using a 0.49 g/t gold cut-off grade.

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

## Mineral Resources

The Mineral Resources for the Morila Project were updated during the quarter with new Mineral Resources for the satellite deposits (N'Tiola, Viper, Domba, Koting and Morila Pit 5). Details of these resources can be found in the ASX Announcement dated 3<sup>rd</sup> May 2021. The combined Measured, Indicated and Inferred Mineral Resources now stand at **50.5 million tonnes at 1.50g/t gold for 2.43 million ounces** of contained gold (refer Mineral Resources Table below).

### Mineral Resources at the Morila Gold Project

Deposit	Measured & Indicated <sup>6</sup>			Inferred			Total		
	Tonnes (millions)	Grade (g/t)	Ounces ('000)	Tonnes (millions)	Grade (g/t)	Ounces ('000)	Tonnes (millions)	Grade (g/t)	Ounces ('000)
<b>Morila Pit</b> <sup>1</sup>	21.20	1.60	1,090	17.50	1.37	770	<b>38.60</b>	<b>1.50</b>	<b>1,860</b>
<b>Morila NE</b> <sup>2</sup>				0.21	3.07	21	<b>0.21</b>	<b>3.07</b>	<b>21</b>
<b>Samacline</b> <sup>2</sup>				3.74	2.56	308	<b>3.74</b>	<b>2.56</b>	<b>308</b>
<b>Tailings</b> <sup>3</sup>	1.73	0.50	28				<b>1.73</b>	<b>0.50</b>	<b>28</b>
<b>Morila Pit 5</b> <sup>4</sup>	0.72	1.04	24	0.12	1.38	6	<b>0.84</b>	<b>1.10</b>	<b>30</b>
<b>N'Tiola</b> <sup>4</sup>	2.42	1.05	81	0.01	0.73	1	<b>2.43</b>	<b>1.04</b>	<b>81</b>
<b>Viper</b> <sup>4</sup>	1.52	1.04	51	0.02	1.41	1	<b>1.55</b>	<b>1.05</b>	<b>52</b>
<b>Domba</b> <sup>5</sup>	0.20	1.75	11	0.25	1.61	13	<b>0.46</b>	<b>1.67</b>	<b>25</b>
<b>Koting</b> <sup>4</sup>	0.65	1.04	22	0.28	0.94	8	<b>0.93</b>	<b>1.01</b>	<b>30</b>
<b>Total</b>	<b>28.42</b>	<b>1.43</b>	<b>1,309</b>	<b>22.08</b>	<b>1.58</b>	<b>1,124</b>	<b>50.50</b>	<b>1.50</b>	<b>2,433</b>

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

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

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

<sup>4</sup> The N'Tiola, Viper, Pit 5 and Koting resources are quoted above cut-off grades based on forecast costs (0.35 – 0.48g/t).

<sup>5</sup> The Domba resource is quoted using a 0.5g/t gold cut-off grade.

<sup>6</sup> Detailed breakdown of Measured, Indicated and Inferred Mineral Resources are supplied in the ASX Announcement of 3<sup>rd</sup> May 2021.

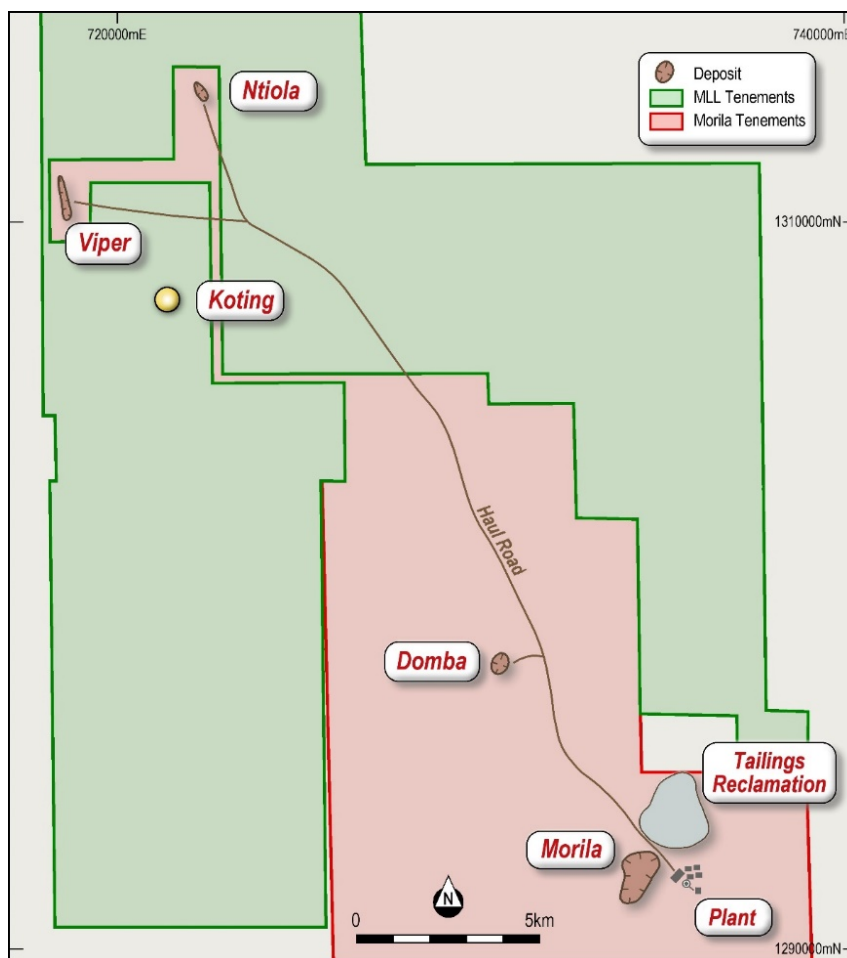
<sup>7</sup> Numbers in the above table may not appear to sum correctly due to rounding.

It should be noted that the Morila Tailings and Morila Pit 5 resources are currently being depleted by mining activities. The Company has decided to deplete resources and reserves for mining on an annual basis as part of its Resources and Reserves Statement, which will be published at the same time as the Company's Annual Report in March each year.

### Drilling and Mine Planning Activities

During the quarter the Company principally focussed its drilling efforts at the Viper and Koting – K2 – K3 Prospects. Almost 25,000 meters of drilling was completed in the quarter (329 holes for 24,894 metres) with results enabling the estimation of Mineral Resources for the Viper, Morila Pit 5 and Koting Deposits. Drilling in the K2, K3 and K3 South area aimed to test surface geochemical anomalies to identify new areas of mineralisation. A new satellite deposit was successfully identified at K2 as well as a new high-grade discovery at K3 South. Drilling yielded several other areas where mineralisation will be better delineated with infill drilling later in 2022.

At the end of the quarter the Company commenced diamond core drilling at Morila probing interpreted extensions to high-grade mineralisation intersected in historical drilling at Morila NE. As at the date of this report no assay results had been received, in part due to detailed geological and structural logging being carried out on the core prior to it being cut and sampled for analysis to aid future targeting at Morila.



**Figure 1: Location of Satellite deposits at the Morila Mine**

**Viper:** The Mineral Resource at Viper was updated during the Quarter to **1.55 million tonnes at 1.05g/t gold** for 52,000 ounces of gold (refer Mineral Resources Table and Figure 2), compared to the previous estimate of 0.96 million tonnes at 1.39g/t gold for 43,000 ounces of gold. This includes 1.52 million tonnes at 1.04g/t gold for 51,000 ounces in the Measured and Indicated categories.



A total of 54 holes for 6,459 metres were completed at Viper this Quarter. The ongoing programme aims to infill existing drilling at depth to 20 metres spaced sections along the main part of the Viper deposit. In the south, we are testing the strike and down dip extent of the deposit.

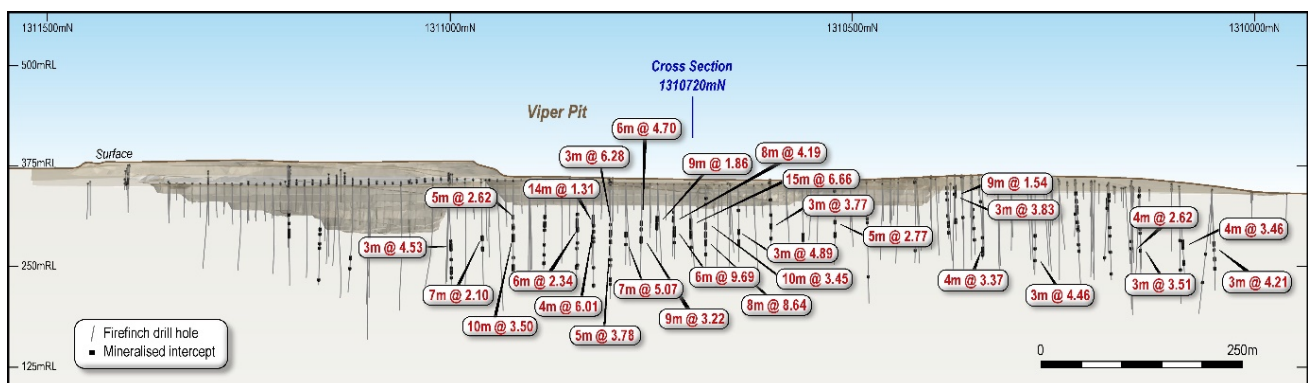
Results from this programme were published on 10<sup>th</sup> June 2021, with better results including:

- 6m at 11.34g/t gold from 74m including 2m at 29.2g/t gold (VIPRC121);
- 9m at 6.78g/t gold from 54m, including 1m at 36.9g/t gold (VIPRC120);
- 1m at 36.5g/t gold from 51m (VIPRC120);
- 6m at 9.69g/t gold from 60m, including 1m at 15.9g/t gold (VIPRC119);
- 7m at 5.07g/t gold from 64m, including 1m at 19.7g/t gold (VIPRC116);
- 10m at 3.50g/t gold from 68m, including 1m at 17.3g/t gold (VIPRC108);
- 10m at 3.45g/t gold from 57m (VIPRC055);
- 8m at 4.19g/t gold from 48m (VIPRC056);
- 6m at 4.72g/t gold from 56m (VIPRC057); and
- 6m at 4.00g/t gold from 70m, including 1m at 12.2g/t gold (VIPRC117).

Drilling continues at Viper, with an intensive shallow drilling programme recently completed to provide initial grade control data on near surface mineralisation. Results are being used to update the Mineral Resource Estimate for Viper for use in the forthcoming mining of the southern extent of the deposit (previously unmined). An increase in the classification, tonnage and grade is anticipated based on the drilling results.

Resource definition drilling continues to test mineralisation down-dip and down-plunge of the intersections above and improve the delineation of high-grade mineralised zones.

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.



**Figure 2.** Long Section showing drilling results at Viper.

**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 maiden Mineral Resource for Morila Pit 5 deposit was declared during the Quarter as **0.84 million tonnes at 1.10g/t gold** for 30,000 ounces of gold (refer Mineral Resources Table). This includes 0.65 million tonnes at 1.04g/t gold for 22,000 ounces in the Indicated category. The maiden Mineral Resource for Morila Pit 5 has been estimated based on Firefinch drilling detailed in ASX Announcements of 5<sup>th</sup> March 2021 and 30<sup>th</sup> April 2021.

Drilling results received from Pit 5 during the quarter included:

- 19 metres at 4.14g/t gold from 40 metres in SE77;
- 19 metres at 4.37g/t gold from 64 metres in SE74 (incl. 7m at 7.53g/t gold);
- 14 metres at 4.23g/t gold from 30 metres in SE54 (incl. 2m at 19.7g/t gold);
- 8 metres at 5.22g/t gold from 5 metres in SE51 (incl. 2m at 18.2g/t gold);
- 8 metres at 4.62g/t gold from 20 metres in SE51 (incl. 6m at 6.00g/t gold);
- 13 metres at 2.96g/t gold from 24 metres in SE69;
- 17 metres at 2.08g/t gold from 21 metres in SE60; and
- 10 metres at 2.21g/t from 15 metres in SE80.

Due to its location and proximity to the surface, Morila Pit 5 was evaluated as a stand-alone project independent of the main Morila resource and mining activities commenced during the quarter.

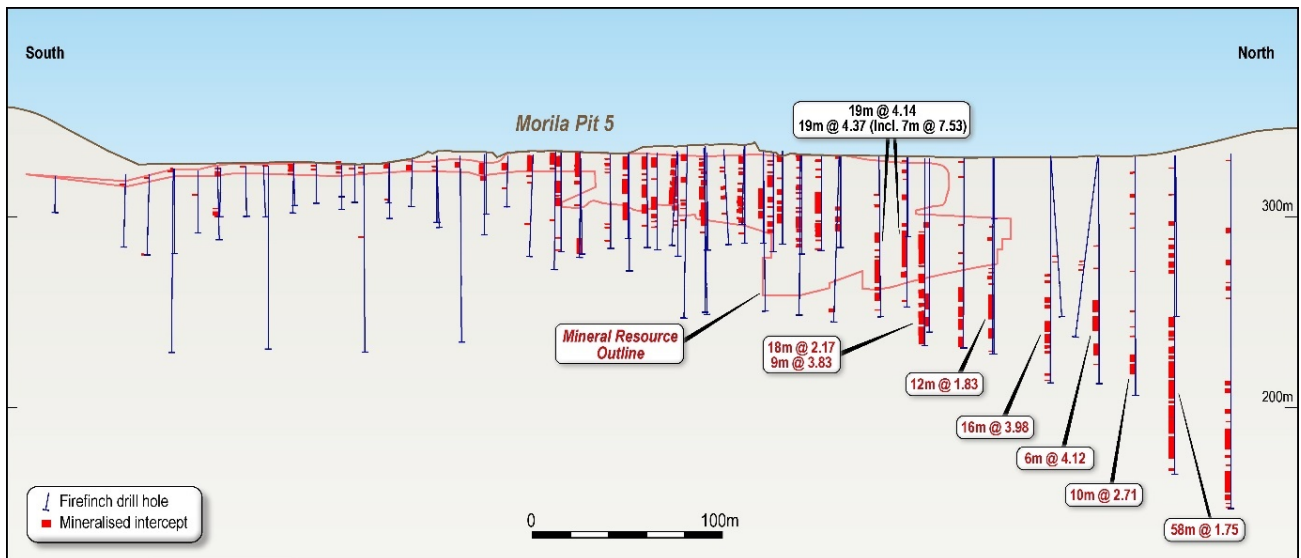
The following results were also received from Morila Pit 5 during the quarter after the completion of the Mineral Resource estimate and accordingly are not included in the Mineral Resource:

- 58m at 1.75g/t gold from 91m (SE97);
- 16m at 3.98g/t gold from 88m (SE93);
- 18m at 2.17g/t gold from 39m and 9m at 3.83g/t gold from 91m (SE87);
- 33m at 1.04g/t gold from 73m (SE88);
- 6m at 4.12g/t gold from 76m (SE95);
- 10m at 2.71g/t gold from 104m (SE102); and
- 6m at 1.96g/t gold from 168m (within 21m at 0.88g/t gold, SE105).

The drilling above targeted along strike of high-grade intersections at the northern extent of the Pit 5 Mineral Resource such as 19m at 4.14g/t gold from 40m in SE77 and 19m at 4.37g/t gold (incl. 7m at 7.53g/t gold) from 64m in SE74. Drilling successfully identified mineralisation to the north of Pit5, along the western side of the Morila pit.

The Pit 5 results will be used in future updates of the Morila Mineral Resource since the intersections in SE88, SE97, SE104 and SE105 have returned an increased thickness of mineralisation when compared to the Morila mineralisation model (Figure 3). In addition, the Pit 5 results are also expected to inform our targeting of high-grade mineralisation elsewhere at Morila.

Pleasingly, the thickness and tenor of mineralisation at Morila (outside the previously mined pit) has been highlighted by the significant results returned by recent Firefinch drilling at Pit 5.



**Figure 3.** Long Section showing drilling results at Morila Pit 5.

**N'Tiola:** The Mineral Resource for N'Tiola was updated during the quarter to **2.43 million tonnes at 1.04g/t gold for 81,000 ounces of gold** (refer Mineral Resources Table). This compares to the previous estimate of 1.13 million tonnes at 1.25g/t gold for 45,000 ounces of gold (refer ASX Announcement 24th November 2020). This includes 2.42 million tonnes at 1.05g/t gold for 81,000 ounces in the Measured and Indicated categories.

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.

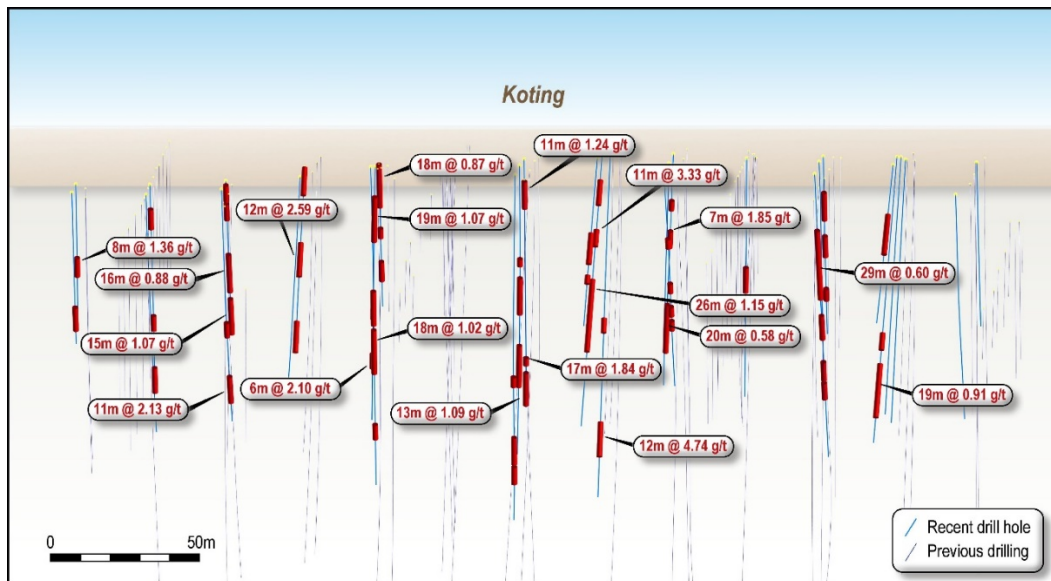
Along with the new Mineral Resource and Ore Reserve completed in the quarter work at N'Tiola consisted of bush clearing in preparation for grade control drilling and mining activities, which will be carried out in Q3.

**Koting:** A maiden Mineral Resource of **0.93 million tonnes at 1.01 g/t gold for 30,000 ounces of gold** was declared during the quarter for the Koting deposit (refer Mineral Resource table). The Mineral Resource includes 0.65 million tonnes at 1.04g/t gold for 22,000 ounces in the Indicated category. This is based on Firefinch drilling detailed in ASX announcements of 20<sup>th</sup> November 2019, 5<sup>th</sup> March 2021 and 30<sup>th</sup> April 2021.

Some 7,909 metres of RC drilling in 68 holes have been completed at Koting in 2021. The latest phase (30 holes for 2,724 metres) was designed 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 to be estimated. Assay results from this drilling were received during the Quarter and utilised in the Mineral Resource estimate with better results including:

- 5 metres at 11.2g/t gold from 95 metres in KOTRC067;
- 8 metres at 4.58g/t gold from 30 metres in KOTRC065;
- 7 metres at 4.33g/t gold from 29 metres in KOTRC058; and
- 15 metres at 1.96g/t gold from 77 metres in KOTRC063.

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, the owner of the Morila mine and 80% owned by Firefinch. Koting is located some 20 kilometres from the Morila plant and is 2 kilometres from the existing haul road.



**Figure 4.** Long Section of the Koting Deposit showing drilling results.

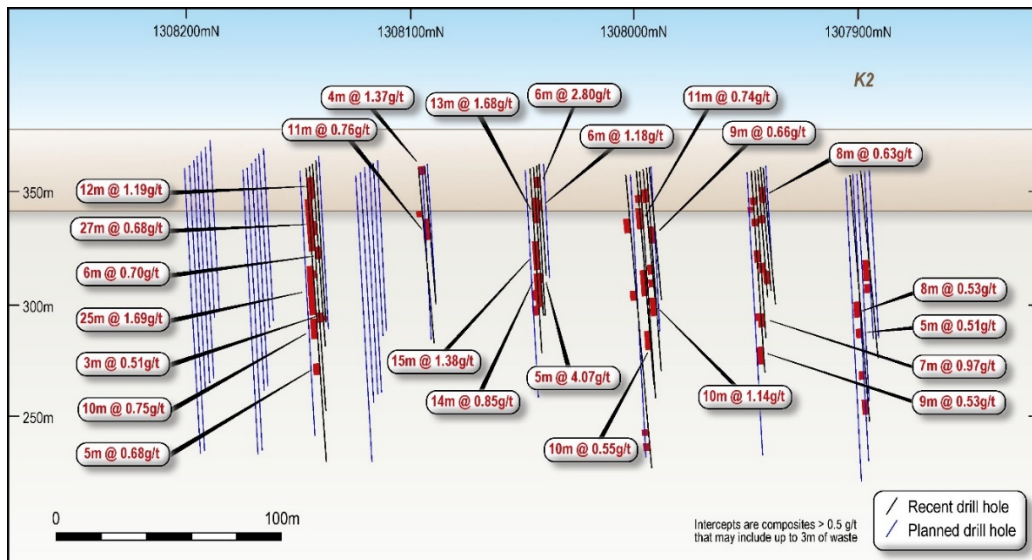
**K3 South Discovery:** During the quarter the Company announced the discovery of a new, very high-grade zone 250 metres south of the K3 prospect. Drillhole KOTRC128 intersected the best gold intersection drilled to date by Firefinch across either the Morila or the Massigui Gold Projects, namely **21 metres at 13.45 g/t gold from 110 metres**. The intersection includes two high grade zones **4m at 46.5 g/t gold from 114 metres** and **3m at 16.1 g/t gold from 121 metres**.

The Company has completed limited follow up drillholes in the K3 South area and further drilling is planned to test the current interpretation for mineralisation.

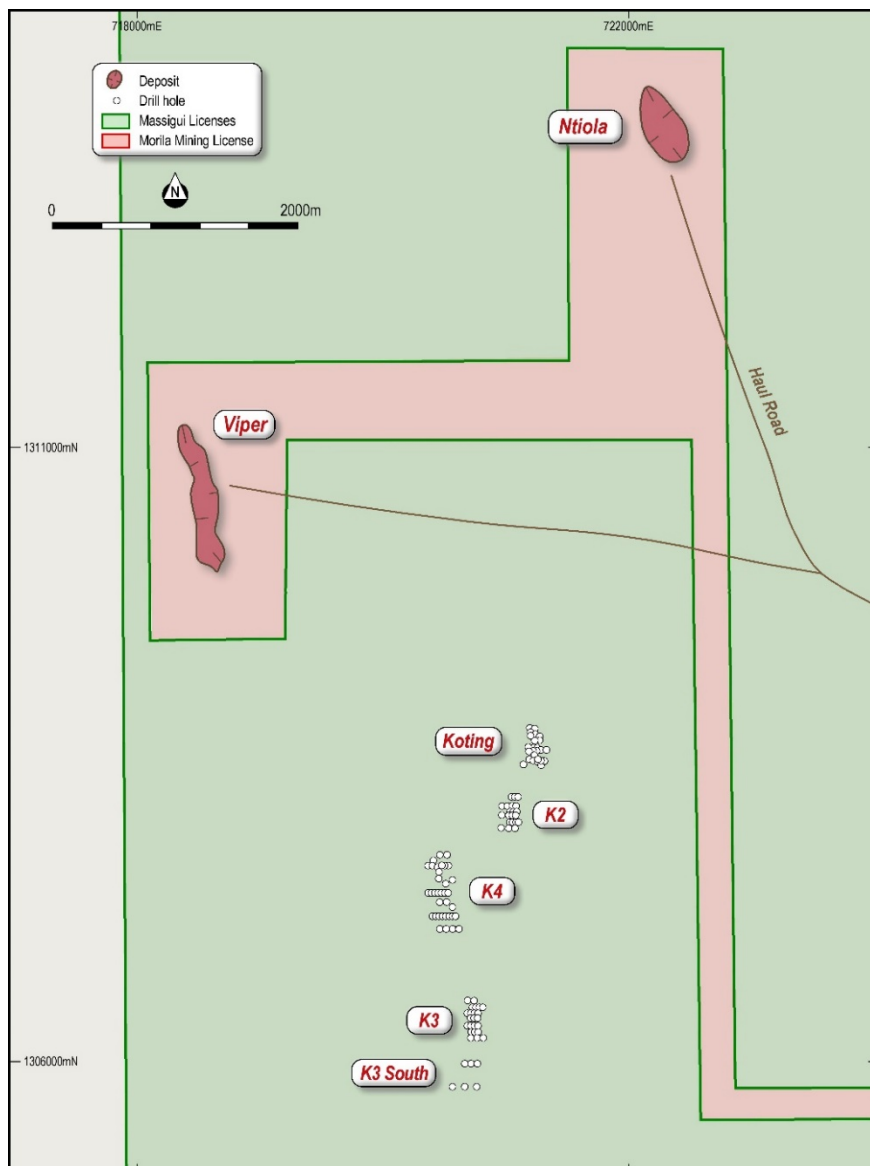
**K2:** Drilling during the quarter identified a new satellite deposit at the K2 Prospect, 250 metres south-west of the planned Koting open pit and 1km NE of the K3 South discovery. A total of 28 reverse circulation drillholes were completed for 2,811 metres of drilling and assay results were published on 25<sup>th</sup> May 2021 with better results including:

- 23 m at 1.80g/t gold from 50 m in KOTRC112, including 1m at 13.1 g/t gold from 53 m;
- 7m at 3.02g/t gold from 19 m and 2 m at 10.06g/t gold from 55 m in KOTRC115;
- 4m at 2.62g/t gold from 50m in KOTRC085; and
- 7m at 1.71 g/t Au from 11m in KOTRC110.

Further drilling at K2 is focussing on the northern extents of the deposit testing the concept that the deposit “links” to K1 either directly or via a structural offset. Drilling is ongoing at the date of this report and will be reported on once all assays have been received.



**Figure 5.** Long Section showing drilling results at K2.



**Figure 6.** Location of K2 and K3 South adjacent to N'tiola, Viper, Koting and other prospects.

## Goulamina

On 16<sup>th</sup> June the Company announced it had executed a binding term sheet (**Term Sheet**) with a subsidiary of the world's largest lithium producer by production capacity, Jiangxi Ganfeng Lithium Co. Ltd (**Ganfeng**), to establish a 50:50 incorporated joint venture (JV) to develop and operate the world-class Goulamina Lithium Project (**Transaction**).

Ganfeng will make cash investments of US\$130 million (**Subscription Amount**). The funds will be invested into Mali Lithium BV (**MLB**), which will hold Firefinch's interest in Goulamina and in return, Ganfeng will earn a 50% JV interest in MLB. These funds, together with up to US\$64 million in debt funding to be arranged by Ganfeng (**Ganfeng Debt**), are expected to fund Goulamina into production.

Ganfeng will invest its Subscription Amount of US\$130 million in three stages comprising:

- a US\$2.5 million deposit (**Deposit**), which has already been paid and reflects Ganfeng's commitment to progress the Transaction to completion;
- an initial subscription of US\$39 million (less the Deposit) in exchange for 15% of the shares in MLB, with proceeds used to fund detailed engineering and securing long lead capital items for Goulamina (Initial Investment); and
- a final subscription of US\$91 million to be made upon a Final Investment Decision (**FID**) for the Goulamina Project to increase Ganfeng's total shareholding in MLB to 50% (**Final Investment**).

The Goulamina Definitive Feasibility Study (DFS) envisages production to average 436,000 tonnes per annum of high quality spodumene concentrate for an initial 23-year mine life (refer ASX Announcement 20 October 2020). This equates to approximately 64,700 tonnes per annum of Lithium carbonate equivalent (**LCE**). This production profile will make Goulamina one of the world's premier lithium producers. It is expected that FID will be reached within 6 months of the Transaction completing.

To provide further support for Goulamina, Ganfeng has agreed to enter into an offtake agreement for up to 100% of spodumene concentrate product produced at Goulamina across the life of mine. Ganfeng will receive offtake rights to 50% of the offtake on FID and the receipt of the Final Investment. To ensure Goulamina is developed in a timely manner, the remaining 50% of offtake will be assigned to Ganfeng, subject to the provision of Ganfeng Debt and Goulamina reaching commercial production within four years of the Transaction completing.

Firefinch will be the operator and manager of Goulamina with assistance from Ganfeng in processing and other disciplines. The Transaction remains subject to the satisfaction of relevant conditions precedent full details which are set out in ASX announcement dated 16<sup>th</sup> June 2021.

The parties have commenced working towards the satisfaction of the various Conditions Precedent.

## Demerger of Goulamina Project from Firefinch

By way of ASX announcement dated 9<sup>th</sup> February 2021, the Company announced its intention to demerge the Goulamina Lithium project into a separate listed entity. Demerger of the lithium assets is progressing and is subject to a number of regulatory approvals.

In parallel with the Goulamina transaction referred to above, work has now commenced to realise the demerger and listing of a separate company on the ASX.

The Company is now engaging with ASX to address listing rule requirements to progress a timetable for listing of the demerged entity. When agreement is reached with ASX on the application of Listing Rules, a timetable for the listing will be established and announced.

## Financial Review

Cash and cash equivalents at 30<sup>th</sup> June 2021 are detailed below.

	A\$ million
Cash at 31 <sup>st</sup> March 2021	20,327
<b>Cash at 30<sup>th</sup> June 2021</b>	<b>53,856</b>
<b>Gold sold during quarter for which proceeds not received by 30<sup>th</sup> June 2021</b>	<b>5,268</b>
<b>Dore on hand at 30<sup>th</sup> June 2021</b>	<b>2,403</b>
<b>Cash, cash equivalents and bullion</b>	<b>61,887</b>

On 24<sup>th</sup> June, the Company completed a bookbuild process to raise approximately A\$47 million (before costs) through a placement of 117,687,206 fully paid ordinary shares. The bookbuild was undertaken by Macquarie Capital (Australia) Limited acting as Global Coordinator, Joint Lead Manager (**JLM**) and Bookrunner to the Placement. Euroz-Hartleys Limited also acted as JLM. Canaccord Genuity (Australia) Limited, Jett Capital Advisors LLC and Petra Capital Pty Ltd acted as Co-managers.

Encouragingly the Company received expressions of interest from institutions and sophisticated investors well in excess of the Company's 15% placement capacity under ASX Listing Rule 7.1. The placement was well supported by existing investors and the Company was also pleased to welcome more than twenty new Institutions onto its register.

A share purchase plan (**SPP**) was not conducted concurrently with the placement because the Company completed its last SPP in October 2020 during the Morila acquisition. The Company is prevented from conducting two SPPs within a 12-month period pursuant to an ASIC legislative instrument.

The placement, together with an anticipated US\$50 million debt facility (as previously disclosed), will provide Firefinch with funds to fast track the growth of annual production at Morila to 200,000 ounces of gold by 2024, accelerate exploration, resource and reserve development, and facilitate the demerger of the Goulamina into a separate ASX-listed company. A number of debt financing proposals were received during the quarter and the Company has progressed to a detailed due diligence phase with a preferred financier.

The Company also received notices to exercise 2,825,542 15 cent options expiring on 17<sup>th</sup> October 2021. This has resulted in the issue of 125,847,748 shares during the period as reflected in the table below.

	Balance at 31 <sup>st</sup> March 2021	Conversion of options	Other shares issued	New Issue <sup>1</sup>	Balance at 1 <sup>st</sup> July 2021
Fully paid share	782,257,637	2,825,542	5,335,000	117,687,206	908,105,385
\$0.15 options expiring 17 <sup>th</sup> October 2021	29,064,913	-2,825,542	-	-	26,239,371

1. Settlement of the placement occurred on 30<sup>th</sup> June with the new shares allotted on 1<sup>st</sup> July 2021.

After completion of the placement the top 10 shareholders were as follows.

	Shareholder	Percentage of issued shares	Number of shares held at 1 July 2021
1	Kinetic Investment Partners Limited	3.8%	34,500,000
2	Michael Pacha	3.0%	26,875,008
3	Westoz Funds Management Pty Ltd.	2.5%	22,750,000
4	Capital DI Ltd.	2.1%	19,000,000
5	Mark Wesley Jones	2.0%	18,400,000
6	Franklin Advisers, Inc.	1.9%	17,500,000
7	IXIOS Asset Management SA	1.7%	15,337,694
8	UBS Switzerland AG	1.5%	14,014,878
9	Brendan Borg	1.4%	12,650,000
10	K2 & Associates Investment Management Inc.	1.3%	11,875,000

### 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<sup>th</sup> 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.

As noted in prior disclosures, representatives of the Customs Office, Taxation Office and Mines Department were invited to attend the mine site earlier this year, 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.

Numerous meetings and discussions were held during the quarter with the relevant ministries, including when the Company’s Managing Director and Chief Operating Officer were in Mali in early June. The Company continues to proactively push to bring this matter to a satisfactory conclusion.

### Permit Status

The Company has seven research tenements, one mining tenement hosting the Goulamina Lithium Project, and one 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. A tabulation of the Company’s tenure in Mali is given on the following page.



It should be noted that the tenement N'Tiola expired on 17 June 2021, after seven (7) years of tenure. An application for new tenure was lodged with the Direction Nationale de la Geologie et des Mines (**DNGM**), on 21 June 2021. The DNGM subsequently validated the related mining convention on 8 July 2021, during a presentation workshop. The process is ongoing for the issuance of the newly requested tenure on N'Tiola.

The tenement of Finkola-Sud has an expiry date of 04 August 2021. The Company is in the process of applying for new tenure. The DNGM already agreed for the company to proceed with the request.

**Morila PE 99/15 (Morila Gold Project).** The Morila Exploitation Permit (211.2 km<sup>2</sup>) was initially issued on the 4<sup>th</sup> 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 17<sup>th</sup> 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 17<sup>th</sup> 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 km<sup>2</sup>) was issued on 23<sup>rd</sup> 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 completed the valuation process for the research tenement’s assets, which will then be transferred to the new company, at the appropriate time.

**Finkola: PR 21/1125.** The Ministry of Mines, Energy and Water has issued Arrêté No2021-1657/MMEE-SG dated 19 April 2021, which granted the research tenement of Finkola to Birimian Gold Mali, a subsidiary of Firefinch.

**Makono: PR 21/1126.** The Ministry of Mines, Energy and Water has issued Arrêté No2021-1554/MMEE-SG dated 14 April 2021, which granted the research tenement of Makono to Birimian Gold Mali, a subsidiary of Firefinch.

**Diokélébougou: PR 21/1127.** The Ministry of Mines, Energy and Water has issued Arrêté No2021-1553/MMEE-SG dated 14 April 2021, which granted the research tenement of Diokélébougou to Birimian Gold Mali, a subsidiary of Firefinch.

**N'Tiola:** The tenement of N'Tiola expired on 17 June 2021. An application for new tenure was lodged with the DNGM, on 21 June 2021. The DNGM subsequently validated the related mining convention on 8 July 2021, during a presentation workshop. The process is ongoing for the issuance of the newly requested tenure on N'Tiola.

**Finkola Sud: PR 13-672 2BIS.** The Ministry of Mines and Petroleum has issued the Arrêté #2019-3799/MMP-SG dated 28<sup>th</sup> October 2019 for the Permit of Finkola Sud, extending Permit validity until 4<sup>th</sup> 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 20<sup>th</sup> December 2019 for the Permit of Sanankoroni, extending Permit validity until 11<sup>th</sup> October 2021.

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

This announcement has been approved for release by the Board for Firefinch

**For further information:**

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**Tabulation of Permits**

Name	Km <sup>2</sup>	Number	Status	Owner
<b>GOULAMINA LITHIUM PROJECT</b>				
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
<b>MASSIGUI GOLD PROJECT</b>				
Finkola	34.2	PR 21/1125	Granted for a 3-year term, effective from 19 April 2021 Expiry date: 19 April 2024	Birimian Gold Mali SARL
Diokélébougou	100	PR 21/1127	Granted for a 3-year term, effective from 14 April 2021 Expiry date: 14 April 2024	Birimian Gold Mali SARL
Finkola-Sud	98	PR 13/672	Second renewal effective from 4 <sup>th</sup> August 2019 Expiry date: 4 <sup>th</sup> 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 <sup>st</sup> April 2020 Expiry date: 1 <sup>st</sup> April 2023	Sudquest SARL
N'Tiola	64	PR 14/715	Expired on 17 June 2021. Application for new tenure lodged with DNGM on 21 June 2021. Establishment Convention validated following a presentation to DNGM on 8 July 2021. Process ongoing for issuance of new research permit.	Birimian Gold Mali SARL
<b>DANKASSA GOLD PROJECT</b>				
Makono	32	PR 21/1126	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 <sup>th</sup> October 2019 Expiry date: 11 <sup>th</sup> October 2021	Timbuktu Resources SARL
<b>MORILA GOLD PROJECT</b>				
Morila	211.2	PE 99/15	Morila Gold Mine Permit Expiry date: 4 <sup>th</sup> 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:

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

- “High grade results from drilling at satellite deposits 30<sup>th</sup> April 2021
- “Global mineral resources at Morila increase to 2.43m oz” 3<sup>rd</sup> May 2021
- “Life of mine plan for the Morila Gold Mine” 5<sup>th</sup> May 2021
- “High-grade gold discovery at K3 prospect 21 m at 13.45g/t Au” 12<sup>th</sup> May 2021
- “New satellite deposit identified at K2” 25<sup>th</sup> May 2021
- “Pit 5 delivers more high-grade gold results” 1st June 2021
- “Scale of viper mineralised system continues to grow” 10th June 2021
- “Morila Gold Production, Ore Reserves and Production Targets” 6th July 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 8<sup>th</sup> July 2020 and 20<sup>th</sup> October 2020 (Goulamina), 28th April 2021, 5th May 2021 and 6th July 2021 (Morila) and 7<sup>th</sup> September 2020 (Morila Tailings).

## Appendix 5B

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

Name of entity-

<b>Firefinch Limited</b>
--------------------------

<b>ABN -</b>	<b>Quarter ended</b>
11 113 931 105	30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	25,335	54,841
1.2 Payments for		
(a) exploration & evaluation (if expensed)		
(b) development		
(c) production	(28,075)	(50,005)
(d) staff costs	(625)	(1,236)
(e) mine administration and corporate costs	(3,778)	(6,054)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (Release of security deposit -drilling)	1,600	1,600
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(5,542)</b>	<b>(852)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(1,348)	(2,458)
(d) exploration & evaluation (if capitalised)	(4,207)	(5,224)
(e) investments	(97)	(97)
(f) other non-current assets	(189)	(189)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(5,841)</b>	<b>(7,968)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	44,449	44,449
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options	426	481
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)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>44,875</b>	<b>44,930</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	20,327	17,851
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(5,542)	(852)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(5,841)	(7,968)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	44,875	44,930

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	37	(105)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>53,856</b>	<b>53,856</b>

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	59,766	26,081
5.2	Call deposits		
5.3	Bank overdrafts	(5,910)	(5,754)
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>53,856</b>	<b>20,327</b>

During the month of June 2021, \$A5.3 million of bullion had been delivered with these funds being received in early July 2021. Bullion on hand at 30 June 2021 was valued at \$A2.4 million. These funds are excluded from Cash and cash equivalents 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
139

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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)	7,258	5,910
7.4 <b>Total financing facilities</b>	7,258	5,910
7.5 <b>Unused financing facilities available at quarter end</b>		1,348
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 in Mali.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(5,542)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(5,841)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(11,383)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	53,856
8.5 Unused finance facilities available at quarter end (Item 7.5)	1,348
8.6 Total available funding (Item 8.4 + Item 8.5)	55,204
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>N/A as positive cash flows</b>
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: 28 July 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.