

## Quarterly Activities Report

For period ending 30<sup>th</sup> September 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 world's largest undeveloped high quality spodumene 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. The Company is in the process of demerging Goulamina into a new ASX listed entity, Leo Lithium Limited.

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

#### Key metrics as at 26/10/2021

Shares on issue (FFX)	934,822,451
Unlisted Options on issue	2,000,000
Share Rights on issue	14,712,200
Cash, cash equivalents and bullion	A\$39.73M
Share price	\$0.62
Market capitalisation	A\$74.92M

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### Morila Gold Mine

- Morila Super Pit delivers **10.5 metres at 34g/t gold** from first diamond hole (MRD0001).
- Recent drilling results include wide intercepts from Morila NW, excellent grade control results from N'Tiola, and further high-grade results from Viper.
- Satellite pit mining ramping up - two contractors mining the Viper Pit and Viper ore now feeding the plant.
- Continuity of high-grade mineralisation outside the current Morila Super Pit resource model demonstrates potential for underground mining with initial studies already in progress.
- Laboratory services contract with MSALABS to install West Africa's first Chryso PhotonAssay unit on site at Morila.
- Quarterly gold production was 12,149 ounces (previous guidance of 13,000-15,000 ounces).
- Ahead in Q4 2021, open pit mining activities will continue to ramp up at satellites, followed by commencement of pre-stripping at the Morila Super Pit in Q1 2022, which will facilitate production expansion to >100,000 ounces of gold per annum.

### Goulamina Lithium Project

- Full form legal agreements executed with Jiangxi Ganfeng Lithium Co. Ltd, to establish a 50:50 incorporated joint venture to develop and operate the world-class Goulamina Lithium Project.
- All Chinese regulatory approvals received, together with support from the Government of Mali.
- Major Capacity Expansion - Lycopodium engaged to update Goulamina Definitive Feasibility Study and incorporate plant & process optimisation agreed with Ganfeng. On track for late 2021.
- Leo Lithium Demerger of Goulamina on track targeting listing by the end of the Q1 2022 in parallel with an Entitlement Offer to existing Firefinch shareholders.
- Simon Hay, former Chief Executive Officer of Galaxy Resources, to join Leo Lithium as Managing Director.
- First production from Goulamina to be accelerated, now expected in 2023.

### Corporate

- Cash, bullion & cash equivalents of A\$39.73 million at 30 September.
- The Company continues to target debt funding of approximately US\$50 million.
- Q4 2021 Share Purchase Plan to raise up to \$25 million at an issue price of \$0.58 per share.

## Overview of Activities for September Quarter

### **Morila**

Gold production during the quarter totalled 12,149 ounces with notable milestones including the start of mining at the Viper Deposit and, in the last week, the commencement of haulage of ore from Viper to the Morila process plant, and the processing of Viper ore through the mill.

The commencement of mining operations at Viper came after an expedited schedule of pre-mining activities including grade control drilling, site clearing and topsoil stockpiling, and the upgrade of access and haulage tracks. The Company's partnership with Malian owned and operated contractor EGTF enabled these initial mining works to be completed as a standalone project prior to the mobilisation of the Mota Engil – Inter Mine (**ME-IM**) Joint Venture. Mobilising both EGTF and ME-IM at Viper has allowed for accelerated material movement and a positive contribution to the near-term mining schedule. All work by both contractors has been undertaken injury and incident free.

Mining at Morila Pit 5 has proceeded well over the quarter with solid grade and tonnage reconciliation. Morila Pit 5 has been mined to the within 5m of the Morila Super Pit (**MSP**) water level. Dewatering of the MSP continues providing further opportunity to mine at Morila Pit 5. ME-IM are currently mobilising the MSP mining fleet to allow pre-strip to commence in Q1 2022.

An intensive drilling programme continued during the quarter. 5 drill rigs are currently in operation. Of these, 4 rigs are drilling at the Morila Deposit (3 diamond drill rigs and 1 reverse circulation (**RC**) rig) following up recent and historical high-grade intercepts such as **10.5 metres at 34.0g/t gold in MRD0001**, as well as improving delineation of mineralisation within initial mining areas to the west.



*Commencement of Mining Operations at Viper during the quarter*

### **Goulamina**

On 16<sup>th</sup> August 2021, the Company announced it had executed full form legal agreements with Jiangxi Ganfeng Lithium Co. Ltd (**Ganfeng**), to establish a 50:50 incorporated joint venture (**JV**) to develop Goulamina. The JV is subject to various conditions precedent and on satisfaction, Ganfeng will contribute US\$130 million in cash to the JV and will arrange up to US\$64 million in debt.

During the quarter, a number of these conditions precedent were met including Gangfeng shareholder approval and receipt of a letter of non-objection from the Malian Government to the JV. Chinese regulatory approvals have since been received following the end of the quarter.



*Wenbo Wang, Ganfeng Technical Director, and Michael Anderson - August 2021*

Prior to completion of the approvals and other administrative matters, the parties have been working on an update of the October 2020 Definitive Feasibility Study (**Updated DFS**) which will be completed during the next quarter. This is expected to facilitate the fast-tracking of a Final Investment Decision (**FID**) before the end of 2021.

### **Outlook for December Quarter**

#### ***Morila***

Five drilling rigs continue to operate on site implementing comprehensive programmes aimed at growing resources and reserves, optimising the initial stages of open cut mining and testing the potential for underground operations. In due course it is expected that there will be further updates to current global resources of 2.43 million ounces of gold and 1.07 million ounces of gold in reserves (refer ASX Announcement 5<sup>th</sup> May 2021).

Open pit mining activities will continue to ramp up in Q4 2021 with ex pit ore replacing the tailings as the primary mill feed. Haulage of Viper ore commenced in recent weeks and will increase as more ore is mined at Viper. Pre stripping at N'Tiola will commence in November, with ore mining forecast to commence in December. The availability of Viper and N'Tiola oxide ore for blending with Morila Pit 5 fresh ore and mineralised tailings is expected to improve both head grade and recovery and provides optionality to adjust the material fed as needed.

Guidance for Q4 2021 is 10,000 to 11,500 ounces of gold. This is consistent with the previously released life of mine plan (refer ASX Announcement 5<sup>th</sup> May 2021) and accounts for pre-strip requirements at the Satellite open pits through Q4 2021, before transitioning to a combination of satellite pit and Morila Super Pit ore in 2022. Assuming the Company meets the lower end of this guidance, this would mean that the Company would produce over 45,000 ounces for calendar 2021, providing a solid foundation for the ramp-up to production levels above 100,000 ounces in 2022.

#### ***Goulamina***

Following receipt of Chinese regulatory approval in October and on advice of non-objection from the Government of Mali in Q3 2021, the first tranche of equity (US\$39m) is expected to be deposited by Ganfeng into an escrow account, in line with the conditions of the subscription agreement between the parties. On the completion of the restructure of the JV subsidiaries, and the transfer of the Exploitation Licence for the Project to a subsidiary of the JV company, the cash will be released from escrow to the JV. That transfer is expected to be completed during the December quarter.

As previously announced on 20<sup>th</sup> October 2021, Firefinch and Ganfeng are working collaboratively to fast-track the Updated DFS which will facilitate an accelerated FID. DFS Update completion and a FID are on track for the December quarter.

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

## **Morila Mine Operations**

### ***Health and Safety***

There was one lost time injury and one high potential incident that occurred during the quarter, as operation activities onsite continued to ramp up. The two incidents involved maintenance activities in the plant area; the lost time injury occurred when an employee's hand was fractured whilst working on a steel bin. The high potential incident occurred when a Morila employee fell whilst working on a process water tank. The employee was uninjured.

Morila has increased safety resources, restructured the health and safety team to provide a dedicated focus on safety and re-emphasised a number safety programs.

Morila has maintained a strong focus monitoring COVID-19 spread in the local and regional communities. COVID-19 levels have remained very low in the local communities and in the capital city of Bamako. Morila maintains 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 testing of all returning employees to site is well established and the extent of random testing of the workforce is being increased.

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 an intensive residual spraying program that encompassed the mine and surrounding villages. In conjunction with the Government of Mali, a mass malaria vaccination program of employees and community members was also undertaken.

### ***Community and Workforce***

Morila has taken steps to increase the level of resourcing for community programs by establishing a dedicated manager for this work. A key focus for the Morila Communities Team is to establish International Finance Corporation (IFC) performance standard conformance in the next 12-18 months. An audit of Morila's conformance with the IFC standards was completed. The review did not identify any material gaps, and a plan has been developed to improve conformance.

Firefinch is deeply committed to its "locals first" policy and has continued to employ locally and engage Malian contractors 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. The recruitment of critical roles to support delivery of the short and medium-term plan is largely complete. With the ramp up of operations, Morila is ensuring that local employment opportunities are being offered and accepted by local and regional communities in the first instance. Local communities, in particular the youth, have been insistent that local employment opportunities are granted where the skills exist, which aligns with Firefinch's values and social strategy.

In consultation with the communities, Firefinch continues to implement its Communities Plan which is focussed on agriculture projects with the women's associations, educational support via the provision of ten

teachers, and an agribusiness that operates in collaboration with the Sikasso Regional Department of Fisheries.

### **Morila Physical and Financial Performance**

Production during the quarter was 12,149 ounces of gold, 7% less than the previously issued guidance (refer ASX Announcement 6<sup>th</sup> July 2021). The slight deviation on guidance was the result of a wetter than forecast wet season impact on mining operations and material handling at the plant. The Company has already implemented measures to mitigate potential wet season impacts going forward, with a number of engineering and operational changes made such as the re-design of plant transfer chutes and bins, the installation of air canons in build-up areas in plant transfers, a proactive washdown regime, and improved drainage in the pits to assist the continuity of mining and processing operations. Work to improve materials handling will continue in future years.

Pleasingly, the average recovery in Q3 2021 was 75%, well above the Q2 recovery of 63%. The mill head grade also improved to 0.61g/t gold during September from the Q2 2021 average of 0.57g/t gold. As part of a planned improvement to reduce elution stripping and other process costs, gold in the process circuit increased by approximately 1,000 ounces during the quarter.

The table below details the performance of the Morila mine for Q3 2021 in comparison with Q2 2021.

	Unit	1 Jul 2021 to 30 Sep 2021 (Q3)	Q2 2021
<b>Mined Tonnes</b>			
Tailings	Tonnes	538,321	756,566
Pit5	Tonnes	281,175	367,621
Viper	Tonnes	9,886	-
<b>Total</b>	<b>Tonnes</b>	<b>829,382</b>	<b>1,124,187</b>
<b>Mined Grade</b>			
Tailings	g/t	0.45	0.53
Pit5	g/t	0.80	0.63
Viper	g/t	0.66	-
<b>Total</b>	<b>g/t</b>	<b>0.57</b>	<b>0.57</b>
Ore milled	tonnes	981,368	1,074,055
Contained gold	ounces	16,160	19,867
Recovery	%	75.4	63.2
Gold in Circuit	Kg	81.74	26.21
Gold produced	ounces	12,149	12,555
Gold sold	ounces	12,386	12,036
Realised gold price	US\$/ounce	1,793	1,816
Gold revenue	US\$ (million)	22.2	21.9
Mining costs	US\$ ('000)	3,973	2,611
Processing costs	US\$ ('000)	15,894	12,639
Site Administration costs	US\$ ('000)	5,371	4,587
<b>Operating Cost<sup>1</sup></b>	<b>US\$ ('000)</b>	<b>25,239</b>	<b>18,529</b>
Average FX used for reporting	USD --> CFA	556.2	544.7
Bullion awaiting settlement	US\$ ('000)	2,986	4,366

<sup>1</sup> During the quarter ended 30 Sep'21 Morila incurred the royalty fees of USD1.33m that are not reflected in operating costs set out above. The royalty payments have been offset against the VAT credit that was retained on the acquisition of Morila.

## ***Mining***

Mining at the Viper Deposit commenced during August 2021 (refer ASX Announcement 10<sup>th</sup> August 2021) with the mining of ore commencing during September. Haulage of ore to the Morila processing plant using a local Malian haulage contractor has now commenced. The availability of Viper oxide ore for blending with Morila Pit 5 fresh ore and mineralised tailings is expected to improve both head grade and recovery and provides optionality to adjust the material fed as needed.

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 will reduce to approximately 100,000 tonnes per month in Q4 2021 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 will continue to feed a combination of hydraulic mining, and open pit mining from Morila Pit 5 and Viper in Q4 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 pad for stockpiling and future processing. This ore has also been scheduled in Q4 2021.

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.

## ***Capital Works – Plant, Power, Laboratory, TSF and Tailings Repatriation***

The Morila processing plant continues to operate on a 24 / 7 basis following refurbishment and commissioning of the comminution circuit in Q2 2021. No significant downtime was experienced during the quarter. The first planned major maintenance shutdown was completed during the first half of October with no safety incidents and 92% of planned work completed. This is an excellent result from the site maintenance team, consultants and contractors.

Upgrade of the diesel power station at Morila has commenced with the refurbishment of the first of three Allen's generators which was successfully undertaken in Q3 2021. Overhaul of the second Allen's generator will commence at the end of October 2021. The third Allen's generator will be refurbished in early 2022. Temporary power has been deployed to ensure sufficient power is available during the period of overhaul (until mid-2022).

Finalised expressions of interest to supply a hybrid power solution including thermal, battery and solar have been submitted by seven providers. After a review with our subject matter expert, additional information has been requested from each party and is due by the end of October 2021. Shortlisting is planned for Q4 2021. It is anticipated that the hybrid power solution will provide a 30% reduction in power station operating costs while also reducing the project's carbon footprint.

The laboratory services contract with MSALABS Limited (**MSALABS**) was signed during the quarter. The Company will collaborate with MSALABS in the construction of a state-of-the-art geochemistry laboratory on site at Morila. The partnership will see the installation of a complete and independent laboratory service on site, including a Chrysos PhotonAssay unit. The PhotonAssay uses X-ray technology to determine concentrations of gold and other metals, dramatically cutting the time taken to analyse samples on-site. This technology is the first of its kind in West Africa, and will bring multiple benefits to Morila including:

- **Mining efficiency:** Fast turnaround for grade control data will aid mining productivity and ore recovery.
- **Improved accuracy:** PhotonAssay analyses nugget samples 10x the size of the current fire assay capacity on site, where samples are heated to 1200 degrees to ascertain gold content.
- **Environmental sustainability:** Samples can be assessed without being destroyed as they are in traditional methods meaning diesel furnaces and lead flux are no longer required.

MSALABS will install, manage and maintain the new laboratory at Morila to complete the preparation and analysis of mine grade control, exploration and various process plant samples and bullions. Along with the

PhotonAssay unit, the laboratory will include a modern sample preparation facility, new furnaces and other equipment including a new Atomic Absorption Spectrometer.

MSALABS is a subsidiary of Capital Limited (**Capital**), who have a strong partnership with Firefinch via their Capital Drilling arm. Capital initially carried out drilling for Firefinch at Goulamina in 2019 and commenced drilling at Morila as soon as Firefinch assumed management control in November 2020. They currently have five drilling rigs in operation on site, supporting grade control, resource definition drilling and exploration drilling.

Tailings from processing activities are being deposited into the TSF. Sufficient capacity has been established for operations in 2022. Regulatory approvals are being sought to increase tailings storage within the existing footprint. The TSF will be upgraded in accordance with Global Standards for Tailings Storage and Management.

Operations are currently drawing water from the Bagoé River for processing purposes. Dewatering of the MSP commenced in April 2021, with some of this water also being used for processing. Dewatering has proceeded as expected with the water level in the pit reducing by approximately 5RL to RL290 in Q3 2021. This represents a total of 10 meters since dewatering started. In addition to the water, tailings were deposited into the pit whilst hydraulic mining was taking place. It is estimated that approximately 55 million tonnes of tailings have been deposited in the pit. A hydraulic mining circuit has been procured and is being installed to allow repatriation of tailings to the tailings dam. It is anticipated that hydraulic mining of the tailings will commence in Q1 2022.

### ***Drilling and Mine Planning Activities***

With mining activities established at Viper, drilling during Q3 2021 focussed on the Morila deposit with three diamond drill rigs in operation by quarter end. A total of 23,000 metres was drilled in 282 holes, including 3,154.3 metres of diamond core drilling. Firefinch's intensive drilling efforts have resulted in a substantial number of samples being submitted for analysis at both the independently operated on site laboratory at Morila, as well as commercial laboratories in Bamako and elsewhere in West Africa. In general, turnaround times have been within contracted requirements; however, longer reporting times for certain key batches have held up systematic reporting.

### ***Morila NE - Screen Fire Assays increase MRD0001 intersection above 1 oz / t***

At the end of Q2 2021, the Company commenced diamond core drilling at Morila, probing interpreted extensions to high-grade mineralisation intersected in historical drilling at Morila NE. The Company's first drillhole returned **10.5 metres at 30.4g/t gold from 309.2 metres** (MRD0001) indicating a major mineralised zone had been intersected.

Results have since been received from screen fire assay of the mineralised samples from MRD0001 and, as anticipated, the more accurate analytical technique has resulted in an increase in the grade of the intersection. The intersection is now reported as **10.5 metres at 34.0g/t from 309.2 metres**, which equates to an intersection of over 1 ounce per tonne.

Follow up drilling to MRD0001 is in progress systematically testing for extensions to the high-grade lode. Results to date have only been received from MRD0002, located 25 metres east of MRD0001, which returned **6 metres at 2.62g/t from 324.1 metres**. Further drilling will focus to the west and below MRD0001, with results to determine the next target area.

### ***Morila Resource Drilling – First results received***

Two diamond rigs are currently in operation on the western site of the Morila open pit and will move to the eastern side of the Morila pit in coming weeks. A further 17 diamond core holes for 4,800 metres and a further 10 RC holes for 2,500 metres is planned in the initial resource drilling programme.

Drilling will provide additional geological and assay data to inform an update of the Stage 1 pit design, enable the conversion of deeper Inferred Resources to Indicated Resources allowing detailed planning of the Stage 2 pit design and provide a further refinement to the mining schedule.

Results have been received from six holes at the northern extent of the Morila deposit as detailed in the ASX Announcement of 22<sup>nd</sup> October 2021, including:

- **9.2 metres at 3.01g/t gold from 210 metres, incl. 3.7 metres at 6.81 g/t gold from 211 metres (MRD0006);**
- **13.0 metres at 2.20g/t gold from 291.5 metres, incl. 3.3 metres at 6.93 g/t gold from 299.5 metres, and 1.8 metres at 3.84g/t gold from 255.0 metres (MRD0009);**
- **15.3 metres at 1.91g/t gold from 279.7 metres, incl. 6.9 metres at 3.74g/t gold from 288.1 metre (MRD0004);**
- **20.6 metres at 1.64g/t gold from 221 metres within a wider zone of 47.0 metres at 1.05g/t gold from 217.5 metres (MRD0007);**
- **42.0 metres at 1.39g/t gold from 263.9 metres (MRD0006); and**
- **4.4 metres at 1.88g/t gold from 290.5 metres and 11.0 metres at 1.46g/t gold from 336.9 metres (MRD0008).**

Multiple mineralised zones have been intersected in most drillholes, with results generally in line with those anticipated from the Mineral Resource. Importantly, discrete higher-grade intersections have been identified. These will be targeted in follow up drilling, with the aim of better delineating these zones for forthcoming resource updates.

#### ***Viper continues to Impress***

Drilling at Viper continues to return high grade mineralised intersections below the base of the current Mineral Resource (refer ASX Announcement 22<sup>nd</sup> October 2021). Importantly, interim pit optimisations indicate that this mineralisation is anticipated to fall inside future pit designs for the Viper Deposit. Results have been received include:

- **9 metres at 5.65g/t gold from 18 metres in VIPRC098;**
- **10 metres at 2.77 g/t gold from 75 metres in VIPRC135;**
- **7 metres at 3.62g/t gold from 55 metres in VIPRC100;**
- **9 metres at 2.38g/t gold from 66 metres in VIPRC110; and**
- **14 metres at 1.38g/t gold from 89 metres in VIPRC126.**

Mineralisation at Viper has now been defined over 1.5 kilometres of strike and to depths of 120 metres. Mineralisation remains open at depth. Drilling in progress is testing the continuity of mineralisation at 150 metres below surface and to provide data for the finalisation of the mineralisation model. Viper is developing into an important secondary ore source for the Morila Gold project and an update of the Mineral Resource model for Viper is planned once all assays are received.

#### ***N'Tiola Grade Control Delineates High Grade Zones Within Pit Design***

Further drilling at N'Tiola has been completed targeting near-surface mineralisation at the northern and southern extremes of the deposit. Results were detailed in the ASX Announcement of 22<sup>nd</sup> October 2021 and include:

- **3 metres at 16.3g/t gold from 39 metres in NTNRC027;**
- **13 metres at 2.24 g/t gold from 5 metres in NTGC0055**
- **14 metres at 1.40g/t gold from 42 metres in NTNRC033; and**



➤ **11 metres at 1.87g/t gold from 22 metres in NTGC0054.**

These intersections will be used to update the Mineral Resource in the final pit design, mining schedule and Ore Reserves for N'Tiola. The near surface mineralisation, especially at the southern end of the deposit, is anticipated to enable the earlier scheduling of ore mining. Mining at N'Tiola is currently scheduled to commence during November 2021.

## Goulamina

### *Demerger of Goulamina Project from Firefinch*

By way of ASX announcement dated 16<sup>th</sup> August 2021, the Company announced its intention to demerge its interest in Goulamina into a separate ASX listed lithium-focused entity to be called Leo Lithium Limited (**Leo**). Firefinch currently intends to seek shareholder approval for the demerger in February 2022, with completion and ASX listing during the March Quarter, 2022 (subject to various ASX and other regulatory approvals and rulings).

Only eligible Firefinch shareholders<sup>1</sup> will receive an in-specie distribution of Leo shares at no cost as part of the demerger. Firefinch will retain up to 20% of the issued capital of Leo following the demerger.

In conjunction with Leo seeking admission to ASX, Leo will undertake a pro rata Entitlement Offer to fund working capital, costs of the demerger and permit flexibility to accelerate expenditure at Goulamina. A prospectus for the Entitlement Offer will be made available when the Leo shares are offered under the Entitlement Offer. Eligible Firefinch shareholders<sup>1</sup> who wish to acquire Leo shares under the Entitlement Offer will need to complete the application form that will accompany the Entitlement Offer prospectus. This will be sent to Leo shareholders following implementation of the Demerger.

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

<b>Indicative Demerger Timetable</b>	
Lodge Demerger Short Form Prospectus & Notice of Meeting	Early January 2022
Shareholder vote on demerger	February 2022
Demerger implementation	February 2022
Lodge Entitlement Offer Long Form Prospectus	February 2022
ASX listing of Leo <sup>2</sup>	By end March Quarter 2022

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

During the quarter Simon Hay was appointed as Managing Director of Leo, with effect from 10<sup>th</sup> January 2022. Mr Hay brings considerable management and technical experience, a demonstratable record of significant value creation in the lithium sector and West African mine development experience to the Goulamina Lithium Project.

<sup>1</sup> Eligible Firefinch shareholders with a registered address in Australia, New Zealand or a qualifying jurisdiction. Subject to foreign law advice, it is Firefinch's current intention to be as inclusive as reasonably practicable in determining qualifying jurisdictions. Further details will be provided to the market in due course.

<sup>2</sup> Subject Leo satisfying ASX's conditions and ASX admitting Leo to the Official List of ASX.

### ***Updated DFS***

The DFS for Goulamina reported a pre-tax NPV (8%) of approximately A\$1.7 billion using a price of US\$666 per tonne of 6% minimum Li<sub>2</sub>O spodumene concentrate<sup>3</sup>. Current spodumene prices are circa US\$1,000 per tonne or more, with strong lithium demand expected for some time.

The Updated DFS process has included identifying opportunities to enable a cost effective and timely incorporation of the infrastructure required to increase plant capacity to 4Mtpa as part of a potential Stage 2 expansion. Firefinch with its engineer, Lycopodium, are on track to deliver the Updated DFS report in December 2021.

### ***Community Engagement***

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

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

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

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

### ***Environmental and Social Impact Assessment***

An engagement process has started with Digby Wells Environmental to identify and establish a road map pertaining to environmental and social requirements for the implementation of the project. Digby Wells is a lead environmental consultancy company based in South Africa, with offices in Bamako. They undertook all the environmental studies for the project, required to obtain the mining permit. Digby Wells' CEO undertook a field visit to Goulamina on 7<sup>th</sup> September 2021. Their proposal is expected for the week of 4<sup>th</sup> October 2021.

Work has commenced on planning stakeholder engagement with local authorities for public road upgrades (construction access) and the Sélingué pipeline design and engineering.

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<sup>3</sup> Refer to ASX announcement released on 20<sup>th</sup> October 2020 (Goulamina Lithium Project Definitive Feasibility Study).

## Financial Review

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

	A\$ million
Cash at 30 <sup>th</sup> June 2021	53.87
<b>Cash at 30<sup>th</sup> September 2021</b>	<b>33.52</b>
<b>Gold sold during quarter for which proceeds not received by 30<sup>th</sup> September 2021</b>	<b>4.12</b>
<b>Doré on hand at 30<sup>th</sup> September 2021</b>	<b>2.10</b>
<b>Cash, cash equivalents and bullion</b>	<b>39.73</b>

The Company received notices to exercise 9,899,937 \$0.15 options expiring on 17<sup>th</sup> October 2021. This resulted in the issue of 9,899,937 shares during the period as reflected in the table below.

	Balance at 1 <sup>st</sup> July 2021	Conversion of options	Other shares issued (Placement & Conversion of Performance Rights)	Balance at 30 <sup>th</sup> September 2021
Fully paid share	908,230,385	9,899,937	1,470,600	919,600,922
\$0.15 options expiring 17 <sup>th</sup> October 2021	25,263,965	-9,899,937	-	15,364,028

After exercise of the options, the top 10 shareholders were as follows.

	Shareholder	Percentage of issued shares	Number of shares held at 27 September 2021
1	Van Eck Associates Corporation	5.7%	52.0M
2	Kinetic Investment Partners Limited	3.1%	28.3M
3	Michael Pacha	2.9%	26.9M
4	Westoz Funds Management Pty Ltd.	2.2%	20.0M
5	Franklin Advisers, Inc.	1.9%	17.5M
6	Mark Wesley Jones	1.9%	17.0M
7	Capital DI Ltd.	1.7%	16.1M
8	Brendan Borg	1.5%	13.7M
9	Paragon Funds Management Ltd	1.5%	13.7M
10	UBS Switzerland AG	1.5%	13.5M

### **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 Malian 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<sup>st</sup> December 2017. The Assessment also advises that the Malian 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 gold content in the supporting documentation. Morila exported gold doré contains a materially lower gold content in 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 attended 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 gold content in gold doré. As a result of this process, each department has undertaken to review their practices.

Meetings were held during the quarter with the relevant Ministries. This followed the engagements in Mali by the Company's Managing Director and Chief Operating Officer with the Ministries of Mines and Finance regarding the matter in June 2021. The Company continues to proactively push to bring this matter to a satisfactory conclusion.

### ***Related Party Payments***

Payments of \$221,000 were made to related parties being the Managing Director's remuneration and Non-Executive Directors' Fees as set out in Section 6 of Appendix 5B (released 22nd October 2021).

### **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.

**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. The Morila Exploitation Permit is valid until 4<sup>th</sup> August 2029.

**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<sup>th</sup> April 2021, which granted the research tenement of Finkola to Birimian Gold Mali, a subsidiary of Firefinch. An application for mining permit was lodged with the DNGM on 27<sup>th</sup> August 2021 on the tenement of Finkola. The request relates to the proposed mining of the Bèlédjo (Koting) deposit. Following an internal review by the DNGM, a presentation workshop was organized in their office on 23<sup>rd</sup> September 2021, during which the company presented its application and the related process for mining of the deposit. Subsequently, the company was invited to update the PFS, based on the comments raised during the meeting. The submission of the updated PFS should occur during the second half October 2021.

**Makono: PR 21/1126.** The Ministry of Mines, Energy and Water has issued Arrêté No2021-1554/MMEE-SG dated 14<sup>th</sup> 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<sup>th</sup> 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<sup>th</sup> June 2021. An application for new tenure was lodged with the DNGM, on 21<sup>st</sup> June 2021. The DNGM subsequently validated the related mining convention on 8<sup>th</sup> July 2021, during a presentation workshop. The convention was signed by both parties during the month of August 2021.

**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. Following the expiration of the tenement of Finkola-Sud, a request for new tenure was lodged with the DNGM on 5<sup>th</sup> August 2021. The related mining convention was presented and validated during a workshop with the DNGM on 7<sup>th</sup> October 2021. The company was subsequently invited to proceed with the payment of the convention fees, in amount of 5 million CFA Franc.

**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. The process has started for the second renewal of the tenement of Sanankoroni, which would be for three years.

**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 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 Process underway with Ministry of Mines 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 signed by the Minister of Mines and the Company. Process underway for issuance of new research permit (Order).	Birimian Gold Mali SARL
<b>DANKASSA GOLD PROJECT</b>				
Makono	32	PR 21/1126	Granted for a 3-year term, effective from 14 April 2021. Expiry date: 14 April 2024	Birimian Gold Mali SARL
Sanankoroni	80	PR 16/805	First renewal effective from 11 <sup>th</sup> October 2019 for 2 years. Second renewal process underway.	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 Process underway for convention extension	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” 1<sup>st</sup> June 2021
- “Scale of viper mineralised system continues to grow” 10<sup>th</sup> June 2021
- “Morila Gold Production, Ore Reserves and Production Targets” 6<sup>th</sup> July 2021
- “Further Viper Results and Commencement of Mining” 10 August 2021
- “Morila Super Pit Delivers 10.5m @30.4g/t gold” 18<sup>th</sup> August 2021
- “Goulamina - Progressing a World Class Lithium Project” 20<sup>th</sup> October 2021
- “Morila Operations and Drilling Update” 22<sup>nd</sup> October 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), 8th February 2021 (Morila Resource), 7th September 2020 and 28th April 2021 (Morila Tailings), 24th November 2020, 3rd May 2021 and 10th August 2021 (N’Tiola, Viper, Domba, Koting, Morila Pit 5), and 5th May 2021, 6th July 2021, 29th July 2021 and 22nd October 2021 (Morila Gold Production, Ore Reserves and Production Targets