

## Quarterly Activities Report

For period ending 31<sup>st</sup> December 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. The parties will incorporate a 50/50 incorporated JV, with Ganfeng contributing US\$130 million in equity funding and up to US\$120 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 27/01/2021

<b>Shares on issue (FFX)</b>	1,178,136,200
<b>Share Rights on issue</b>	11,212,200
<b>Cash &amp; Equ (31 Dec 21)</b>	\$152.06M
<b>Share price</b>	\$0.64
<b>Market capitalisation</b>	\$748.1M

ACN: 113 931 105

T: +61 8 6149 6100 E:info@firefinchltd.com

### Morila Gold Mine

- High-grade drilling results from the eastern side of the Morila Super Pit indicate the presence of a new high-grade zone
- Mining and haulage operations well established at the Viper satellite pit
- Additional mineralisation identified at Viper and incorporated into the mining schedule and an upcoming resource update
- Quarterly gold production was 11,115 ounces of gold, guidance was 10,000 -11,500 ounces of gold
- Pre-stripping at the Morila Super Pit has commenced and will facilitate an increase in production to approximately 100,000 ounces of gold in 2022

### Goulamina Lithium Project

- The previously announced 50:50 joint venture with Jiangxi Ganfeng Lithium Co Ltd. Ltd to develop and operate the world class Goulamina Lithium Project is nearing formal finalisation
- The updated Definitive Feasibility Study completed in December 2021 delivered an impressive post-tax NPV of A\$4.1 Billion and an IRR of 83%; more than double the prior DFS.
- All Chinese regulatory approvals received, together with support from the Government of Mali
- Firefinch and Ganfeng approved a Final Investment Decision for the Goulamina Lithium Project
- Firefinch and Ganfeng are proceeding with early-stage engineering and drilling programmes
- Sterilisation drilling for the waste rock facility has commenced
- First production from Goulamina now expected in early 2024

### Corporate

- Cash and cash equivalents available of \$152.06 million at 31 December, 2021
- November 2021 Share Purchase Plan was heavily oversubscribed and raised \$51.36M at \$0.58 per share
- Successfully completed \$100m Institutional Placement at \$0.67 per share in December
- Firefinch is now fully funded to execute its aggressive growth plans at Morila, including increasing gold production to approximately 100,000 ounces of gold in 2022 and to over 200,000 ounces of gold in 2024<sup>1</sup> and rapidly advancing Goulamina

<sup>1</sup> Refer ASX announcement "New Life of Mine Plan for the Morila Gold Mine" (5<sup>th</sup> May 2021) for further information.

## Overview of Activities for December Quarter

### *Morila*

At Morila safety is Firefinch's number one priority. Pleasingly there were there were no serious injuries during the quarter.

Gold production during the quarter was 11,115 ounces. Notable milestones were the mobilisation of two independent contractor fleets to Viper, completion of an extensive pre-strip at Viper, the establishment of ore haulage from Viper to the Morila process plant, and the commencement of mine development activities at the Morila Super Pit (**MSP**).

Mining operations at Viper have ramped up following the completion 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 EGTF, a Malian owned and operated contractor, has enabled mining activities to commence ahead of schedule. In addition, MEIM Morila SARL (**MEIM**), Morila's second contractor, has mobilised a fleet of rigid frame trucks to Viper. All of the mining activities performed by both contractors has been injury free.

Mining at Morila Pit 5 was completed in December. Mine development activities commenced at the MSP with load and haul operations on track to commence the first week of January 2022. MEIM has mobilised a new fleet of Komatsu 785 trucks for the first phase of mining. Dewatering of the MSP continues with tailings repatriation scheduled to commence in April 2022, and ore scheduled from the MSP in 2H 2022.

An intensive drilling programme focussed on the MSP continued during the quarter. Drilling is targeting potential extensions to previous high-grade intersections and areas which were not previously well drilled. Results from the eastern side of the deposit indicate the presence of a new high-grade zone at Morila, appearing to contradict the historical interpretation that mineralisation in this area is offset by shearing.



*Drilling in progress at Morila East*

### *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, will allow the formation of the Goulamina JV,

the payment of the final US\$91 million of Ganfeng's US\$130 million equity contribution, and the release from escrow of the US\$39 million first payment made last year (refer to the ASX release dated 1<sup>st</sup> December 2021).

During the quarter the first tranche of equity (US\$39m) was deposited by Ganfeng into an escrow account, following the receipt of Chinese regulatory approvals and advice of non-objection from the Mali Government received in Q3 2021.

The focus of the December quarter was on updating the Definitive Feasibility Study (**DFS Update**) which was originally released in October 2020. The results of the DFS update were summarised in an ASX release on 6<sup>th</sup> December 2021.

## **Outlook for March Quarter**

### ***Morila***

Drilling continues at Morila testing extensions to higher grade zones within the Morila resource. Other programmes planned in the March Quarter will assess opportunities to add incremental feed at current mining operations as well as test regional exploration targets. Work in the March Quarter will focus on updating resources and reserves across the Morila Project utilizing the data collected from the Company's intensive 2021 drilling programmes. Updated resources will then be used to optimize current mining plans for Morila and the satellite deposits as well as in further studies into the potential for underground operations.

Open pit mining of the Viper satellite pit combined with remaining tailings inventory will be the plant feed for Q1 2022. Development of Morila Super Pit stage one is already underway with ore presentation expected in 2H2022. Preparatory mining activities at N'tiola, and permitting of the Belejo satellite pits will also advance during Q1 2022. During this transitional period to the Morila Super Pit guidance for Q1 2022 is being maintained at 10,000 to 11,500oz, consistent with Q4 2021, setting up the year for approximately 100,000oz in 2022.

### ***Goulamina***

Following the overwhelmingly positive results from the DFS Update, the financial outcomes of which comfortably satisfied the requirement of a project IRR of in excess of 15% the Boards of both Firefinch and Ganfeng approved Final Investment Decision (**FID**), and the parties agreed to waive the FID conditions to the payment of the final US\$91 million by Ganfeng (refer ASX release 4th January 2022).

The major remaining condition precedent to the formation of the Goulamina JV is the transfer of the Project Exploitation Licence to a single purpose Malian subsidiary as required by Malian legislation. An internal reorganisation of Firefinch subsidiaries is in progress to permit this transfer. The transfer is expected to occur in early 2022 and, upon the satisfaction of other condition precedents, will allow the formation of the Goulamina JV, the payment of the final US\$91 million of Ganfeng's US\$130 million equity contribution and the release from escrow of the US\$39 million first payment made last year (refer to the ASX release dated 1st December 2021).

Detailed engineering has commenced and selection of an EPCM contractor is underway. In Mali, site works are ramping up with a sterilisation drilling program underway ahead of commencement of drilling to target conversion of Inferred Mineral Resource to Ore Reserves. Early civil works will start in February.

## **Morila Mine Operations**

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

There were no serious injuries during the quarter. There were three high potential incidents: two involving heavy equipment and fatigue and a third involving access to an electrical cabinet with a loose wire. Fortunately, there were no serious injuries associated with the incidents.

Morila increased safety resources again this quarter adding an experienced Health and Safety Manager and restructured the health and safety team to provide a dedicated focus on safety and to re-emphasise a number safety programs.

The strong focus on monitoring COVID-19 spread at Morila and in the local and regional communities has continued this quarter. COVID-19 levels escalated at the end of the quarter with the Omicron strain being experienced in Mali. Firefinch's strategy has transitioned to focus on immunisation and the Morila team are immunising approximately 100 employees and contractors per week. Polymerase chain reaction (**PCR**) testing of all returning employees to site is well established and random testing of the workforce is being increased. Typically, over 200 PCR tests per week are being performed.

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 historic levels (<1%). During the quarter, the Morila team undertook another 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. A key focus for the Morila Communities Team has been to establish our conformance with International Finance Corporation (**IFC**) performance standards. This work will continue in 2022.

Firefinch is 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 approximately 1,815 strong workforce at Morila, consisting of 310 direct employees and 1505 contractors, less than 5% are expatriates. The recruitment of roles critical to the delivery of our 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 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 11,115 ounces of gold, at the higher end of guidance of 10,000 to 11,500 ounces. Guidance for quarter 1, 2022 is the same level (10,000 ounces to 11,500 ounces) as operations continue with Viper ore complimented with tailings feeding the plant ahead of ore from the Morila pit in 2H 2022.

Head grade and recovery were both on budget for the quarter.

The table below details the performance of the Morila mine for Q4 2021 in comparison with Q3 2021.

	Unit	1 Oct 2021 to 31 Dec 2021 (Q4)	Q3 2021
<b>Mined Tonnes</b>			
Tailings	Tonnes	326,992	538,321
Pit5	Tonnes	107,943	281,175
Viper	Tonnes	363,080	9,886
<b>Total</b>	<b>Tonnes</b>	<b>798,015</b>	<b>829,382</b>
<b>Mined Grade</b>			
Tailings	g/t gold	0.33	0.45
Pit5	g/t gold	0.81	0.80
Viper	g/t gold	0.73	0.66
<b>Total</b>	<b>g/t gold</b>	<b>0.58</b>	<b>0.57</b>
Ore milled	tonnes	846,982	981,368
Contained gold	Ounces	14,729	16,160
Recovery	%	75.2	75.4
Gold in Circuit	kilograms	29.23	81.74
Gold produced	ounces	11,115	12,149
Gold sold	ounces	11,279	12,386
Realised gold price	US\$/ounce	1,807	1,793
Gold revenue	US\$ millions	20.3	22.2
Mining costs	US\$ ('000)	4,136	3,973
Processing costs	US\$ ('000)	16,355	15,894
Site Administration costs	US\$ ('000)	6,310	5,371
<b>Operating Cost<sup>1</sup></b>	<b>US\$ ('000)</b>	<b>27,329</b>	<b>25,239</b>
Average FX used for reporting	USD --> CFA	573.5	556.2
Bullion awaiting settlement	US\$ ('000)	4,060	2,986

<sup>1</sup> During the quarter ended 31 Dec'21 Morila incurred the royalty fees of USD1.53m 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 proceeded as planned and the haulage of ore to the Morila processing plant using EGTF, a local Malian haulage contractor, was established. Viper oxide ore was blended with Morila Pit 5 fresh ore and mineralised tailings.

In line with Firefinch's strategy of recommencing hard rock mining to underpin production expansion plans at Morila, the material mined via hydraulic sluicing of tailings reduced to approximately 100,000 tonnes per month in Q4 2021 from approximately 435,000 tonnes per month in Q1 2021. Hydraulic sluicing will cease in April 2022. The operation will continue to process a combination of hydraulically mined tailings, Viper open pit ore and a small proportion of low grade stockpiled fresh ore in Q1 2022. Tailings with mineralisation (~0.5g/t gold) that could not be hydraulically mined has been mechanically mined and hauled to the Run of Mine pad for stockpiling and has been scheduled for processing in Q1 2022.



*Viper Pit Development*

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

The Morila processing plant continued to operate on a 24 / 7 basis as the rollout of Plant Improvement Projects continued during Q4 2021. These projects included normalisation of oxide circuit fluctuations, rationalisation of the Knelson concentrators, and a reduction of dilution in the CIL circuit.

There were two significant events causing downtime during the quarter. The ball mill journal experienced heavy scoring resulting in a mill shutdown. This was due to the ingress of water and process material contaminating the mill lubrication system and damaging the slipper pad bearings. The ball mill journal required re-grinding and polishing to repair the damage, as well as new seals to remedy and prevent new ingress. Secondly, the ball mill motor experienced a failure of the slip ring assembly and primary bus bar structure. Spare parts were located onsite which enabled a quick repair and timely recommissioning. During the 26 days of mill downtime (17 days and 9 days respectively) Morila was able to continue gold production by processing mineralised tailings from hydraulic mining. Lessons learned included improved management of critical spares, and of preventative maintenance procedures. During these unplanned shutdowns, the Maintenance and Operational teams brought forward pre-planned shut activities, achieving these with zero safety incidents.

Upgrade of the diesel power station at Morila is progressing well with the refurbishment of the second Allen generator was completed. Overhaul of the third Allen generator will commence at the end of Q1 2022 as parts are delivered. The fourth Allen generator will be refurbished during Q2 2022, thus ensuring Morila has stable and reliable power. Temporary power is supporting the grid to ensure sufficient power is available during the period of overhaul.

Four providers have been selected to tender for supply to Morila a new hybrid power solution and power purchase agreement, with submissions due by 31<sup>st</sup> January 2022. Morila expects to have completed the tender process and award the preferred provider by end of Q1 2022. It is anticipated that this will reduce power station operating costs by 30% and reduce Morila's carbon footprint.

MSALABS Limited took control of lab operations at Morila on 1st November 2021 following a period of upgrading the current laboratory and installing new equipment. Turnaround time for samples from grade

control, exploration and the plant has improved and site preparations are well advanced for the install of the Chryso PhotonAssay analyser during 2022.



*MSLABS Team at Morila*

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

Dewatering of the MSP has proceeded as expected. A hydraulic mining circuit has been procured and is being installed to allow repatriation of tailings from within the MSP to the TSF. It is anticipated that hydraulic sluicing of the tailings in the MSP will commence in Q2 2022.

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

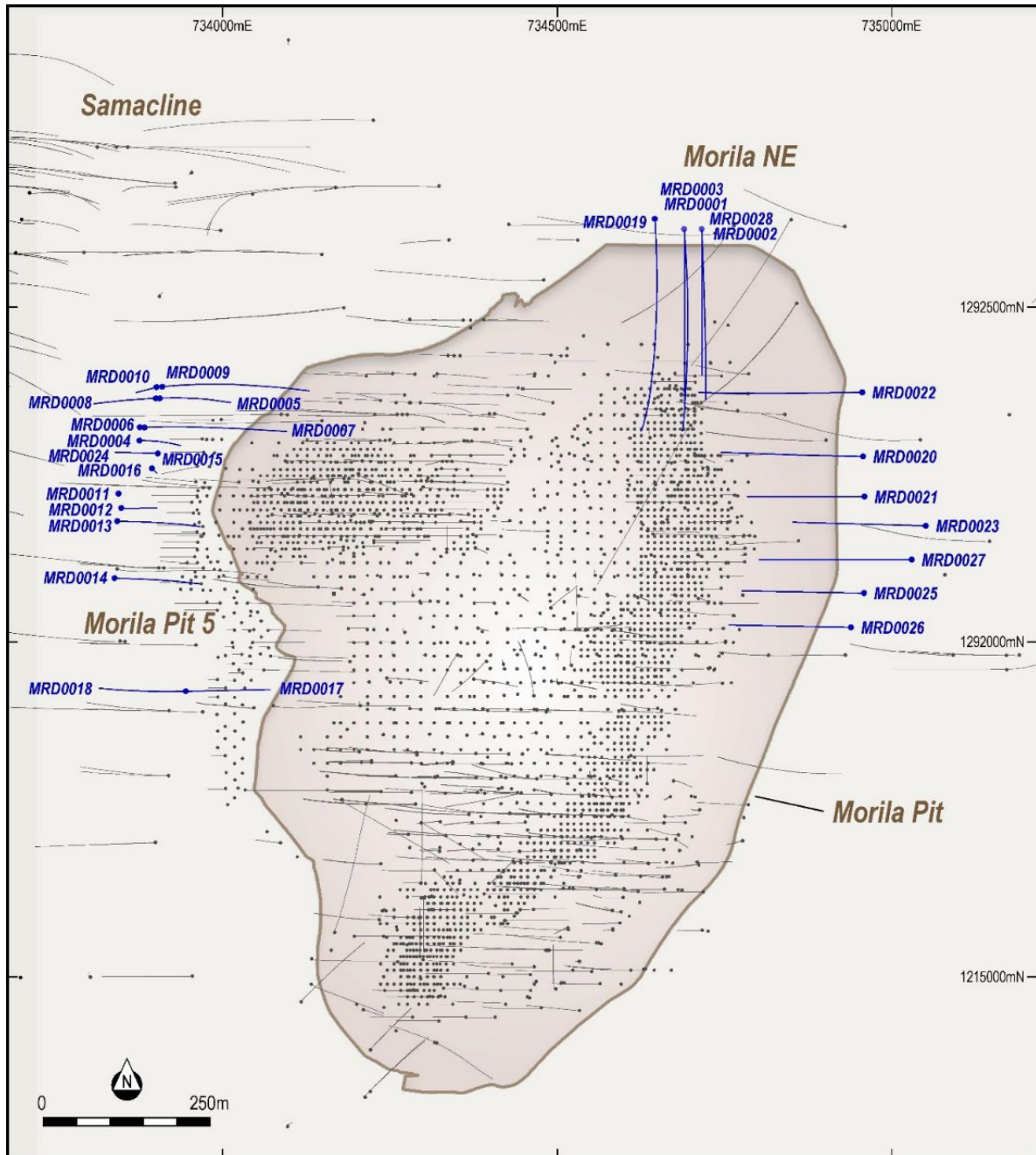
Intensive drilling at the Morila Deposit continued during the quarter, with three diamond rigs drilling continuously. RC drilling for exploration and resource definition was carried out at Viper, N'Tiola and the K3-K4 prospects and grade control drilling was also completed at Viper and Beledjo-Koting. In total 25,367 metres was drilled in 200 drillholes including 7,883.9 metres of diamond drilling.

### **Morila East Drilling**

Significant results during the quarter were received from the eastern side of the MSP, including:

- **5.0 metres at 30.3g/t gold from 294.6 metres, including 1 metre at 128g/t gold (MRD0026);**
- **0.90 metres at 35.9g/t gold from 228.2 metres (MRD0026);**
- **1.15 metres at 31.2g/t gold from 174 metres (MRD0021);**

- 1.2 metres at 18.1g/t gold from 177.3 metres (MRD0025);
- 7.9 metres at 5.60g/t gold from 313.6 metres, within a wider zone of 22.2 metres at 2.24g/t gold from 299.3 metres, including 1 metre at 31.8g/t gold (MRD0025); and
- 36.6 metres at 2.01g/t gold from 371.1 metres including 4 metres at 4.24g/t gold and 11.1 metres at 2.94g/t gold (MRD0021)



*Plan showing Firefinch and historical drilling at Morila*

Drilling on the eastern side of the MSP targeted potential extensions to previous high-grade intersections and areas which are not well drilled. Previous drilling on the eastern side of Morila is wide spaced, with mineralisation previously interpreted to be truncated or offset by a major shear zone. However, the presence of high-grade mineralisation in these drill holes suggest this interpretation is incorrect and there is clear potential for extensions to the deposit. Results are awaited from further holes on the eastern side including holes drilled to follow up the results in MRD0026.



Drilling has also been completed in the north-western portion of the deposit ahead of mining activities. Drilling tested extensions to mineralisation below the planned open pit in this area. First results from drilling in this area were released in ASX Announcement 22<sup>nd</sup> October 2021 and recent drilling has tested targets derived from both prior drilling and Firefinch's drilling.

Results will be used to refine the geological interpretation and aid resource modelling and mine planning for Stage 1 of the MSP. As announced on 6<sup>th</sup> January 2022 pre-stripping of waste has commenced in this area.

Results from all drilling over the past 6 months will be used to update the Mineral Resource for the Morila Deposit which currently stands at 42.6 million tonnes at 1.6g/t gold for 2.2 million contained ounces of gold (21.2 million tonnes at 1.60g/t gold in the Indicated category and 21.4 million tonnes at 1.59g/t gold in the Inferred category; refer Table 1 and ASX Announcement 8<sup>th</sup> February 2021). This Mineral Resource update will inform an update of the Stage 1 MSP pit design, enable the conversion of deeper Inferred Resources to Indicated Resources, allow detailed planning of the Stage 2 MSP pit design and further refine the 2022-2023 mining schedule.

### **Drilling at Satellite Deposits**

RC drilling was completed at the Viper Deposit and the contiguous Adder zone during the quarter. Drilling tested down-dip extensions to mineralisation, interpreted extensions along strike and infill drilling at Adder to increase data density. Mineralisation identified in this drilling will be incorporated into the forthcoming Mineral Resource update for Viper.

Drilling at N'Tiola comprised a near-surface grade control programme and infill drilling targeting mineralisation up-dip (closer to the previous pit floor) of the drilling completed in 2021 (refer ASX Announcement 22<sup>nd</sup> January 2021). Results will be used to inform the forthcoming Mineral Resource update for N'Tiola.

Drilling was also completed at the K3 and K4 prospects, part of the Firefinch's Massigui Project which surrounds the Morila mining licence. Historical anomalies in this area were delineated by Firefinch prior to the acquisition of the Morila Gold Mine and similar anomalies at Beledjo-Koting and K2 have already delineated potentially open pitable deposits (refer ASX releases 30<sup>th</sup> April 2021 and 25<sup>th</sup> May 2021).

## **Goulamina**

### ***Demerger of Goulamina Project from Firefinch***

By way of ASX announcement dated 16<sup>th</sup> August 2021, Firefinch 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 March 2022, targeting the end of Q1 2022 for completion and ASX listing (subject to various ASX and other regulatory approvals and rulings).

Only eligible Firefinch shareholders<sup>2</sup>, on the record date, 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 proposes to 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>2</sup> who wish to acquire Leo shares under the Entitlement Offer

---

<sup>2</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.

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.

### ***Updated DFS***

The DFS Update (refer ASX release 6<sup>th</sup> December 2021) demonstrated exceptional financial returns and a higher production rate than outlined in the October 2020 DFS. The update included a revised engineering design, flowsheet and metallurgical test work.

Increased capital costs compared to the original DFS related to the infrastructure and equipment changes to accommodate an accelerated Stage 2 expansion and impacts of industry cost inflation.

Under the DFS Update, throughput from the mine will be increased from 2.3 million to 4 million tonnes per annum, 18 months after the commissioning of the stage one processing circuit.

Annualised spodumene concentrate production now sits at 506,000 tonnes for the Stage 1 plant and is expected to increase to 831,000 tonnes for Stage 2.

The Life of Mine average Spodumene concentrate price assumed was US\$978 per tonne.

The Post-Tax Net Present Value is \$4.1 billion and post-tax internal rate of return is 83%, more than double the previous DFS.

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

Digby Wells (DW) completed a Scoping Study on the economic displacement assessment based on the revised Site Layouts and survey of the tenement and Sélingué Dam pipeline route.

During the quarter, DW undertook the establishment of committees who will be the monitoring body of the Economic displacement process.

DW to commence the identification of properties in the project area and commence detailed ESIA works to enable construction activities to commence in 2022.

### ***Sterilisation Drilling***

Sterilisation drilling for the waste rock facility has commenced. A total of 503 metres for five holes has been completed. Minor spodumene bearing pegmatites have been intersected. Drilling to convert Inferred Mineral Resources to Ore Reserves will commence shortly.



*Drilling at Goulamina*

## Financial Review

Cash and cash equivalents at 31<sup>st</sup> December 2021 are detailed below.

	A\$ million
Cash at 30 <sup>th</sup> September 2021	33.52
<b>Cash at 31<sup>st</sup> December 2021</b>	<b>146.46</b>
<b>Gold sold during quarter for which proceeds not received by 31<sup>st</sup> December 2021</b>	<b>5.6</b>
<b>Cash and cash equivalents available</b>	<b>152.06</b>

Firefinch received notices to exercise 15,221,959 \$0.15 options expiring on 17th October 2021. This resulted in the issue of 15,221,959 shares during the period as reflected in the table below. The Company raised capital via an SPP and Institutional Placement during Q4 2021, resulted in the issue of 237,813,749 shares. Firefinch's current issued share capital is 1,178,136,200 as at 31 December 2021.

	Balance at 1 <sup>st</sup> October 2021	Conversion of options/performance rights	Other shares issued (Placement & Share Purchase Plan)	Balance at 31 <sup>st</sup> December 2021
<b>Fully paid shares</b>	<b>919,600,922</b>	<b>20,721,529</b>	<b>237,813,749</b>	<b>1,178,136,200</b>
\$0.15 options expiring 17 <sup>th</sup> October 2021	15,364,028	15,221,529	-	0 (142,499 expired)
\$0.40 unlisted options	2,000,000	2,000,000		0
Performance Rights	14,712,000	3,500,000	-	11,212,000

### ***Update Notice of Amended Assessment (2017) – 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.

The Company has lodged an objection with taxation authorities to all claims raised.

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.

The Company continues to proactively push to bring this matter to a satisfactory conclusion with meetings held during the quarter between the Company’s Managing Director and the Minister of Finance.

### ***New Amended Assessment in Respect of Year Ended 31 December 2018***

On 31<sup>st</sup> December 2021, the Company received a partial amended notice of assessment for the year ended 31 December 2018. 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 during the year. The value of the amended assessment is not considered material.

Unlike the 2017 partial assessment, this partial assessment does not include a claim in respect of Morila’s gold sales. As the gold content in Morila’s doré continued to be materially lower than the 85% used in the Customs Export practice, the Company views the absence of such a claim to support its position in respect of the matter in the 2017 amended notice of assessment.

The Company has lodged an objection with taxation authorities to the claims with documentation to evidence the Company’s position.

### **Related Party Payments**

Payments of \$173,000 were made to related parties being the Managing Director’s remuneration and Non-Executive Directors’ Fees as set out in Section 6.1 of Appendix 5B.

### **Government Relations**

Firefinch’s Managing Director, Michael Anderson and Chief Operating Officer, Andrew Taplin, were in Mali during the quarter and participated in a number of Government engagements. Dr Anderson along with Firefinch’s Country Manager, Seydou Semega had very positive discussions with the Minister of Mines, Energy and Water, Lamine Seydou Traoré, during which Minister Traoré expressed his strong support for Firefinch at both Morila and Goulamina.

Dr Anderson, along with Morila Senior Management, hosted a delegation of visitors to the mine site, led by the Governor of the Bougouni Region, General de Brigade Keba Sangare. The Bougouni Region hosts both of Firefinch’s projects; Morila and Goulamina. The Governor enjoyed his first visit to the mine, and expressed his strong support for Firefinch as it looks to return Morila to its former glories, and to develop Mali’s first Lithium mine at Goulamina. Discussions during the visit focused on ensuring local communities continue to benefit from employment opportunities at Firefinch’s operations.

Dr Anderson also met with the Minister of Economy and Finance and his Chief of Staff to discuss the ministry’s ongoing support of Firefinch’s investments at both Morila and Goulamina.



*Drissa Arama (General Manager Morila), Michael Anderson, General de Brigade Keba Sangare (Governor of the Bougouni Region) and Seydou Semega (Country Manager – Firefinch)*

### **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 Bèlèdjo (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 updated PFS was submitted on 24 December 2021 and is under review by the DNGM prior to transmittal to the Ministry of Mines for further processing.

**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, and the Ministry of Mines, Energy and Water has issued Arrêté No2021-4624/MMEE-SG dated 8<sup>th</sup> November 2021, which granted the research tenement of N’Tiola to Birimian Gold Mali, a subsidiary of Firefinch.

**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. The process is ongoing at the level of the Ministry of Mines.

**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 is ongoing 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:**

Dr Michael Anderson  
 Managing Director  
 Firefinch Limited  
 info@firefinchlimited.com  
 +61 8 6149 6100

Dannika Warburton  
 Principal  
 Investability Partners  
 dannika@investability.com.au  
 +61 401 094 261

**Tabulation of Permits**

Name	Km <sup>2</sup>	Number	Status	Owner
<b>GOULAMINA LITHIUM PROJECT</b>				
Torakoro	100	PE 19/25 (Exploitation Permit)	To be transferred to 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 21/1198	Granted for a 3-year term, effective from 08 November 2021 Expiry date: 7 November 2024	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: June 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
- “Goulamina Lithium Project Update to DFS” 6<sup>th</sup> December 2021
- “Drilling at Morila Identifies New High-Grade Zone” 21<sup>st</sup> December 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), 8<sup>th</sup> February 2021 (Morila Resource), 7<sup>th</sup> September 2020 and 28<sup>th</sup> April 2021 (Morila Tailings), 24<sup>th</sup> November 2020, 3<sup>rd</sup> May 2021 and 10<sup>th</sup> August 2021 (N’Tiola, Viper, Domba, Koting, Morila Pit 5), and 5<sup>th</sup> May 2021, 6<sup>th</sup> July 2021, 29<sup>th</sup> July 2021 and 22<sup>nd</sup> October 2021 (Morila Gold Production, Ore Reserves and Production Targets

## Appendix 5B

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

#### Name of entity-

Firefinch Limited

#### ABN -

11 113 931 105

#### Quarter ended

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	26,874	113,961
1.2 Payments for		
(a) exploration & evaluation (if expensed)		
(b) development		
(c) production	(44,678)	(133,720)
(d) staff costs	(995)	(3,688)
(e) mine administration and corporate costs	(8,662)	(20,792)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	4
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
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(27,460)</b>	<b>(42,635)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(4,753)	(12,363)
(d) exploration & evaluation (if capitalised)	(2,569)	(9,148)
(e) investments	(399)	(620)
(f) other non-current assets	-	(189)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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</b>	<b>Net cash from / (used in) investing activities</b>	<b>(7,721)</b>	<b>(22,320)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	151,365	195,814
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	3,041	5,030
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(6,355)	(6,895)
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</b>	<b>Net cash from / (used in) financing activities</b>	<b>148,051</b>	<b>193,949</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	33,520	17,851
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(27,460)	(42,635)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,721)	(22,320)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	148,051	193,949

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	73	(382)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>146,463</b>	<b>146,463</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	150,185	37,211
5.2	Call deposits		
5.3	Bank overdrafts	(3,722)	(3,691)
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>146,463</b>	<b>33,520</b>

On 31 December 2021, \$A5.6 million value of bullion were shipped with the funds receivable mid January 2022. These funds are excluded from Cash and cash equivalents at 5.5.

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	173
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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)	7,158	3,723
7.4 <b>Total financing facilities</b>	<b>7,158</b>	<b>3,723</b>
7.5 <b>Unused financing facilities available at quarter end</b>		3,435
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 in Mali in XOF currency from which local suppliers are paid.		

<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)	(27,460)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(2,569)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(30,029)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	146,463
8.5 Unused finance facilities available at quarter end (Item 7.5)	3,435
8.6 Total available funding (Item 8.4 + Item 8.5)	149,898
<b>8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>5</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.

Tom Plant  
Chief Financial Officer

Date: 28 January 2022

**Authorised by: The Board of Directors****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.