

## Quarterly Activities Report

For period ending 30 September 2023

### Morila

Since 3 November 2022<sup>1</sup>, Firefinch Limited (“**Firefinch**”, “**FFX**” or “**Company**”) has not had active operational engagement over the Morila Gold Mine and has not been kept apprised of operational matters. As a result of this FFX has ceased to receive reliable information regarding production and operations at the Morila Gold Mine and therefore FFX is unable to report production figures from Morila during the quarter.

As announced on 3 August 2023, FFX advised that it had received a letter from the Minister of Mines, Mali (“**the letter**”). The letter stated, the Government of Mali (“**Government**”) would not approve any deed of sale of Firefinch’s interest in Societe des Mines de Morila SA (“**Morila SA**”) unless Firefinch resolved issues relating to Morila Gold Mine.

Firefinch reiterates that it is not a party to any agreements between Morila SA and its vendors and suppliers, nor is there any agreement between Firefinch and Morila SA that would require Firefinch to either continue to fund Morila SA, or meet its debts, or other liabilities.

The issues listed in the Letter included Morila SA’s financial liabilities<sup>2</sup> and environmental impact at the Morila Gold Mine. Previous correspondence from the Government included some of these issues and also raised questions regarding the tailings deposited in the mine by the previous owner and community projects. Firefinch provided a fulsome response in writing to the issues raised by the Government.

Firefinch (represented by legal counsel) continues to participate in a number of meetings held in Mali at a Commission established by the Government and comprising representatives of various Government departments and stakeholders. As previously advised, the aim of these good faith meetings is to resolve issues raised by the Government and reach a solution that results in the Government supporting a potential transaction for the Company’s sale of its interest in Morila SA. The Company is also taking the opportunity in these meetings to clarify a number of legal matters. Firefinch has provided a significant level of information in response to the Government’s various queries and has also delivered what are considered constructive steps for both parties to move forward. With each dialogue, the Company is gaining a better understanding of the Government’s position and its desired outcome.

The recent change of Government and newly installed Ministers in Mali, in a foreign jurisdiction where English is not the first language, are all factors contributing to a complex process and to the challenges and timeframe for these negotiations.

Firefinch is committed to following due process to enable a transaction that will be in the best interests of Firefinch shareholders and other Morila SA stakeholders including employees, the local community, and the Government.

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<sup>1</sup> On 2 November 2022, the Board of Directors (“**Board**”) determined that Firefinch could no longer continue to fund Morila SA to operate the Morila Gold Mine (refer ASX announcement of 3 November 2022)

<sup>2</sup> Firefinch once again emphasises that it is not a party to any agreements between Morila SA and its vendors and suppliers, nor is there any agreement between Firefinch and Morila SA that would require Firefinch to either resume funding Morila SA, or meet its debts, or other liabilities. Shareholders are also reminded that FFX has already written down the value of its shareholding in Morila SA to nil.

Firefinch previously announced that it was in negotiations with a West African contracting company that the Company considered to be the most suitable new owner of Firefinch's interest in Morila SA, however, the Company's recent meetings with Government has included discussions of another potential buyer.

Any sale of the interest in Morila SA and Birimian will be for nominal consideration. The non-binding term sheets contemplate certain conditions precedent, including Firefinch obtaining shareholder approval under Listing Rule 11.2.

Firefinch has written down its investment in the Morila Gold Project to nil as reflected in the Annual Report for the year ended 31 December 2023.

## **Corporate Review**

### *Strategic review process ("Process")*

The Company has been in active discussions with participants on the Process for a potential transaction that delivers value and liquidity to FFX shareholders, and has continued to work with the assistance of Treadstone Resource Partners and FFX's legal advisors, Gilbert + Tobin, to assess the potential transactions. Participants have been continuing to finalise their due diligence on the Company.

While a potential transaction is not necessarily contingent on a sale of Morila SA, the process is being impacted by the ongoing Government negotiations and the desire of interested parties in a disposal of Morila SA occurring.

If it becomes apparent that there are no reasonable prospects of a successful transaction within a suitable timeframe, then the Company will terminate the Process and look to returning cash to FFX shareholders as soon as possible thereafter. The Company is in the process of obtaining a class ruling from the Australian Taxation Office as to the tax treatment on the return of Assets. Following the return of cash to shareholders FFX will then distribute Leo Lithium Limited shares held by FFX shareholders when they are released from the escrow in June 2024 as per ASX requirements, and subject to their tax treatment as determined in the Australian Taxation Office class ruling.

### *Cost savings*

As previously announced the Company has in place a very low overhead cost structure, to preserve cash and value for FFX shareholders.

## **General Meeting**

The Company held its general Meeting on 28 August 2023. As announced on 20 July 2023, the Company received a notice from a group of Shareholders (the Convening Shareholders) requesting the Board convene a general meeting of Shareholders to remove all three of the Company's non-executive directors, Mr Brett Fraser, Mr Bradley Gordon and Mr Mark Hepburn and proposed to appoint two persons as new directors, Mr Garry Peter Lougher and Mr Gareth John Edwards. Subsequently, one of the Convening Shareholders had nominated Mr Zoran Memed who the Board agreed to include in the General Meeting.

The meeting was held with all resolutions failing to be passed.

## Financial Review

### *Financial summary*

At 30 September 2023, Firefinch had approximately A\$33.5 million in cash (30 June 2023: A\$34.6 million).

The Company retains a 17.6% shareholding in Leo Lithium Limited.

The quarter incurred a number of on-off or unbudgeted costs including:

- Costs associated with conducting the General Meeting on 28 August,
- Legal briefing and attendance at the Mali Commission,
- Final termination costs for Managing Director,
- Initial tax work on distribution of Assets, and
- Creditor timing difference.

These costs added an additional ~\$1.1million to budgeted costs and other than the on-going Mali Commission and tax planning work, these costs are not expected to re-occur.

Payments to related parties include the Managing Directors salary for July and August plus the termination cost. These amounts are included in clause 6.1 of the 5B.

### **Staff movements**

By mutual agreement, Scott Lowe resigned as Managing Director effective 31<sup>st</sup> August 2023. Executive leadership is being provided by Chairman, Brett Fraser.

### **Audit**

The Company continues to work closely with its Auditors, PricewaterhouseCoopers (“**PwC**”), on the half-year review and interim accounts which have been substantially completed. Finalisation of the half-year review and the interim accounts is subject to an outcome of the discussions with Government regarding the Company’s plans to dispose of its interest in Morila SA.

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

### **For Enquiries:**

info@firefinchltd.com  
+61 8 6149 6100

### **Disclaimer**

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.

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## Appendix 5B

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

Name of entity

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

ABN -

|                |
|----------------|
| 11 113 931 105 |
|----------------|

Quarter ended

|                   |
|-------------------|
| 30 September 2023 |
|-------------------|

| Consolidated statement of cash flows |  | Current quarter<br>\$A'000 | Year to date<br>\$A'000 |
|--------------------------------------|--|----------------------------|-------------------------|
| <b>1.</b>                            | <b>Cash flows from operating activities</b>                        |                            |                         |
| 1.1                                  | Receipts from customers  |                            | -                       |
| 1.2                                  | Payments for   |                            |                         |
|                                      | (a) exploration & evaluation (if expensed)                         |                            | -                       |
|                                      | (b) development  |                            | -                       |
|                                      | (c) production   |                            | -                       |
|                                      | (d) staff costs  |                            | -                       |
|                                      | (e) corporate costs  | (1,641)                    | (5,616)                 |
| 1.3                                  | Dividends received   |                            | -                       |
| 1.4                                  | Interest received  | 512                        | 1,182                   |
| 1.5                                  | Interest and other costs of finance paid                           |                            | -                       |
| 1.6                                  | Income taxes paid  |                            | -                       |
| 1.7                                  | Government grants and tax incentives                               |                            | -                       |
| 1.8                                  | Payments to suppliers and employees                                |                            | -                       |
| <b>1.9</b>                           | <b>Net cash from / (used in) operating activities</b>              | <b>(1,129)</b>             | <b>(4,434)</b>          |
| <b>2.</b>                            | <b>Cash flows from investing activities</b>                        |                            |                         |
| 2.1                                  | Payments to acquire:   |                            |                         |
|                                      | (a) entities   | -                          | -                       |
|                                      | (b) tenements  | -                          | -                       |
|                                      | (c) property, plant and equipment                                  | -                          | -                       |
|                                      | (d) exploration and evaluation (if capitalised) – Morila Gold Mine | -                          | -                       |
|                                      | (e) investments (Leo Lithium)                                      | -                          | -                       |
|                                      | (f) exploration and evaluation (Goulamina Lithium Project)         |                            | -                       |

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

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date<br>\$A'000 |
|--------------------------------------|---|----------------------------|-------------------------|
| 2.2                                  | Proceeds from the disposal of:  |                            |                         |
|                                      | (a) entities -  |                            |                         |
|                                      | (b) tenements   | -                          | -                       |
|                                      | (c) property, plant and equipment   | -                          | -                       |
|                                      | (d) investments- Leo  | -                          | -                       |
|                                      | (e) other non-current assets  | -                          | -                       |
| 2.3                                  | Cash flows from loans to other entities   | -                          | -                       |
| 2.4                                  | Dividends received (see note 3)   | -                          | -                       |
| 2.5                                  | Other   | -                          | -                       |
|                                      | (a) Reimbursement by Leo JV costs   | -                          | -                       |
|                                      | (b) Derecognition of Morila SA Accounts   | -                          | -                       |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b>                                   | -                          | -                       |
| <b>3.</b>                            | <b>Cash flows from financing activities</b>   |                            |                         |
| 3.1                                  | Proceeds from issues of equity securities (excluding convertible debt securities)       | -                          | -                       |
| 3.2                                  | Proceeds from issue of convertible debt securities                                      | -                          | -                       |
| 3.3                                  | Proceeds from exercise of options   | -                          | -                       |
| 3.4                                  | Transaction costs related to issues of equity securities or convertible debt securities | -                          | -                       |
| 3.5                                  | Proceeds from borrowings  | -                          | -                       |
| 3.6                                  | Repayment of borrowings   | -                          | -                       |
| 3.7                                  | Transaction costs related to loans and borrowings                                       | -                          | -                       |
| 3.8                                  | Dividends paid  | -                          | -                       |
| 3.9                                  | Other (provide details if material)   | -                          | -                       |
| <b>3.10</b>                          | <b>Net cash from / (used in) financing activities</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  | 34,643                     | 37,946                  |
| 4.2                                  | Net cash from / (used in) operating activities (item 1.9 above)                         | (1,129)                    | (4,434)                 |
| 4.3                                  | Net cash from / (used in) investing activities (item 2.6 above)                         | -                          | -                       |

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

| Consolidated statement of cash flows |  | Current quarter<br>\$A'000 | Year to date<br>\$A'000 |
|--------------------------------------|--|----------------------------|-------------------------|
| 4.4                                  | Net cash from / (used in) financing activities (item 3.10 above) | -                          | -                       |
| 4.5                                  | Effect of movement in exchange rates on cash held                | (1)                        | 1                       |
| <b>4.6</b>                           | <b>Cash and cash equivalents at end of period</b>                | <b>33,513</b>              | <b>33,513</b>           |

| 5.         | Reconciliation of cash and cash equivalents<br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|------------|--|----------------------------|-----------------------------|
| 5.1        | Bank balances  | 1,319                      | 2,449                       |
| 5.2        | Call deposits  | 32,194                     | 32,194                      |
| 5.3        | Bank overdrafts  | -                          | -                           |
| 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>33,513</b>              | <b>34,643</b>               |

| 6.  | Payments to related parties of the entity and their associates                          | Current quarter<br>\$A'000 |
|-----|---|----------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 543                        |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | -                          |

Note: Item 6.1 includes Gross Termination costs for the Managing Director effective 31.8.23 of 402K

| 7.  | Financing facilities<br><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.<br/>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>   | Total facility<br>amount at quarter<br>end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|-----|---|---|---|
| 7.1 | Loan facilities   | -   | -   |
| 7.2 | Credit standby arrangements   | -   | -   |
| 7.3 | Other (overdraft facility)  | -   | -   |
| 7.4 | <b>Total financing facilities</b>   | <b>-</b>  | <b>-</b>                                  |
| 7.5 | <b>Unused financing facilities available at quarter end</b>   |   | <b>-</b>                                  |
| 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. |   |   |

| 8.         | Estimated cash available for future operating activities  | \$A'000      |
|------------|---|--------------|
| 8.1        | Net cash from / (used in) operating activities (Item 1.9)   | (1,129)      |
| 8.2        | Capitalised exploration & evaluation (Item 2.1(d))  | -            |
| 8.3        | Total relevant outgoings (Item 8.1 + Item 8.2)  | (1,129)      |
| 8.4        | Cash and cash equivalents at quarter end (Item 4.6)   | 33,513       |
| 8.5        | Unused finance facilities available at quarter end (Item 7.5)   | -            |
| 8.6        | Total available funding (Item 8.4 + Item 8.5)   | 33,513       |
| <b>8.7</b> | <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>   | <b>29.68</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?  |              |
|            | N/A   |              |
|            | 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? |              |
|            | N/A   |              |
|            | 3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?  |              |
|            | N/A   |              |

### 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.

Brett Fraser

Date: 31 October 2023

**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.



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

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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.

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