

21 July 2022

Ms Nikki Ciavatta
Adviser, Listings Compliance (Perth)
ASX Limited
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By email: Nikki.Ciavatta@asx.com.au
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Dear Nikki

Response to “Firefinch Limited (‘FFX’): Aware Query”

We refer to your letter dated 15 July 2022 (**Letter**). Capitalised terms used in this letter have the meaning given in your Letter unless otherwise defined. Set out below is the response of Firefinch Limited (ABN 11 113 931 105) (**FFX**) to each of the questions in the Letter. We also refer to FFX’s letter of 12 July 2022 (**12 July Letter**) in response to your letter of 5 July 2022.

1. *Please provide production amounts in ounces from each of the weekly reports for the June 2022 quarter.*

Set out below is a table with production amounts for each of the weekly reports.

Production Amounts in Ounces from each of the weekly reports for the June Quarter

April:	Cumulative
- Week 13 (Week ending 3.4.22): 387	387
- Week 14 (Week ending 10.4.22): 643	1,030
- Week 15 (Week ending 17.4.22): 1,063	2,093
- Week 16 (Week ending 24.4.22): 1,190	3,283
- Week 17 (Week ending 1.5.22): 1,211	4,494
May:	
- Week 18 (Week ending 8.5.22): 1,286	5,780
- Week 19 (Week ending 15.5.22): 1,036	6,816
- Week 20 (Week ending 22.5.22): 1,061	7,877
- Week 21 (Week ending 29.5.22): 1,190	9,067
June:	
- Week 22 (Week ending 5.6.22): 948	10,015
- Week 23 (Week ending 12.6.22): 1,190	11,205
- Week 24 (Week ending 19.6.22): 1,000	12,205
- Week 25 (Week ending 26.6.22): 788	12,993
- Week 26 (Week ending 3.7.22): 969	13,962

As per our 12 July Letter, consistent with the usual process for commissioning and ramp-up activities, FFX's expectations for June monthly production were greater than the monthly production targets for April and May and therefore the June Quarterly Production Target was more heavily reliant on gold production in the month of June. In addition, and as per our 12 July Letter, the weekly report which contained production data up to 12 June 2022, which was received on 17 June 2022 by the board of FFX, indicated that the mine and plant team were confident of production in June.

2. *Please advise whether any of the weekly reports for the June 2022 quarter referred to restrictions to access of equipment.*

The weekly reports do not refer to 'restrictions to access to equipment' however the weekly reports refer to mining fleet reliability impacting on mining production. These comments are set out in Attachment 1.

3. *If the answer to question 2 is "yes", please provide details (including, but not limited to, dates and the relevant contents of the report), as they relate to restrictions to access of equipment*

Refer to Attachment 1. See also response to question 4 and the 12 July Letter, to the mitigation steps taken by FFX.

4. *In FFX's answer to question 6.2 of ASX's query letter dated 5 July 2022, FFX noted that it had procured new equipment to be delivered to the Morila Gold Mine on or around December 2021. Please advise what equipment FFX was expecting delivery and what equipment was delivered.*

Expecting Delivery

2x Crawler Excavator 50 T Komatsu PC 500
2x Hydraulic Mining Shovel 250 T Komatsu PC 2000
2x Hydraulic Mining Shovel 350 T Caterpillar 6030
2x Wheel Loader 50 T Komatsu WA 600
1x Wheel Loader 100 T Komatsu WA 900

12x Off-Highway Truck 90 T Komatsu HD785
4x Off-Highway Truck 150T Caterpillar 785
6x Off-Highway Truck 150T Komatsu HD1500
4x Bulldozer 50T Komatsu D275
4x Bulldozer 40T Komatsu D155
3x Bulldozer 70T Komatsu D375
3x Motor Grader 20 T Komatsu GD705
2x Off-Highway WB 90 T Komatsu HD785
1x Service Truck MAN TGS 33.360 6x6
1x Diesel Truck MAN TGS 33.360 6x6
1x Motorized Pump 250 m3/h Atlas Copco VAR6-250
3x Motorized Pump 500 m3/h
1x Drill Rig Epiroc D60
1x Drill Rig Epiroc D65 RC

Delivered

5x Off-Highway Truck 90 T Komatsu HD785
1x Bulldozer 40T Komatsu D155
1x Motorized Pump 250 m3/h Atlas Copco VAR6-250

As per our 12 July Letter, FFX took various measures to compensate for the underperformance of its contractor and the delayed delivery of the new equipment, including:

- (a) mobilising a new contractor and a separate mining fleet to operate at the Viper satellite pit;
- (b) requiring existing contractors to deploy additional plant and equipment to address any inefficiencies; and
- (c) initiating commercial action in accordance with the mining contract.

As per our 12 July Letter, these measures had proven generally effective at mitigating the impact of the delayed delivery of the new equipment and resulting equipment availability issues on operations at Morila. As noted in the 12 July Letter, it was only upon receipt of the 24 June Report that FFX first became aware that these measures were becoming less effective and that the June Quarter Production Target may not be achieved.

5. *Having regard to the Morila plant capacity, was it possible for FFX to meet the minimum range of the June Production Target following the weekly report for 12 June 2022?*

Yes, with regard to the Morila plant capacity it was possible for FFX to meet the minimum range of the June Production target following the weekly report for the week ending 12 June 2022.

6. *If the answer to question 5 is “yes”, please provide details of how it was intended that the June 2022 production target would be met.*

Following April and May aggregate gold production of 9,040oz, it was intended that the Morila Plant would achieve 8000 to 9000 tonnes per day throughput and 90% recovery. Both performance metrics are within the Morila plant capacity and had been historically achieved. For the week ending 12 June 2022, head grade was increasing and expected to continue based on the scheduled ore feed. This factor would have resulted in achieving the necessary ounces to achieve gold production within the June Quarterly Production Target.

7. *Please confirm that FFX is complying with the Listing Rules and, in particular, Listing Rule 3.1.*

FFX confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

8. *Please confirm that FFX’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of FFX with delegated authority from the board to respond to ASX on disclosure matters.*

Yes, FFX’s responses to the questions above have been authorised and approved by the board of FFX.

Yours faithfully

Nathan Bartrop
Company Secretary

Attachment 1

April:

- Week 13 (Week ending 3.4.22): "CAT 385 breakdown 3.7hrs, 74.6hrs on diggers"
- Week 14 (Week ending 10.4.22): "CAT 385 breakdown 4.6hrs, 28hrs on diggers"
- Week 15 (Week ending 17.4.22): "CAT 395 breakdown for the whole week due to bucket pin issue, 28hrs on diggers due to oil leak"
- Week 16 (Week ending 24.4.22): "Morila, 27hrs on the main digger and 157hrs on trucks. Viper CAT 395 breakdown for 90hrs, 19hrs on second digger"
- Week 17 (Week ending 1.5.22): "CAT 385 breakdown 8hrs"

May:

- Week 18 (Week ending 8.5.22): "TMM for MEIM Morila and MEIM Viper was below as a lack of fuel on 3rd May" "13.1hrs breakdown on primary digger"
- Week 19 (Week ending 15.5.22): "139.7hrs breakdown time on diggers, 40.6hrs trucks"
- Week 20 (Week ending 22.5.22): "Morila 40.3hrs breakdown time for diggers, 74hrs trucks" "Viper 22hrs breakdown for diggers, 157hrs for trucks"
- Week 21 (Week ending 29.5.22): "Morila, 140hrs breakdown time on diggers, 67.2hrs trucks. CAT 395 broke down on 28th and expected to be back online 8th June" "Viper, CAT 395 primary excavator down for 24hrs and 190hrs for trucks"

June:

- Week 22 (Week ending 5.6.22): "Morila CAT 395 down for the whole week due to bucket failure. CAT 385 down for 32.1hrs" "Viper, 25hrs breakdown time on CAT 395"
- Week 23 (Week ending 12.6.22): "Morila, CAT 385 45.1hrs breakdown time and 7.4hrs for CAT 374" "Viper, 16.3hrs on CAT 395 and 94hrs breakdown for trucks"
- Week 24 (Week ending 19.6.22): "Morila, trucks 37hrs breakdown time and 4hrs for CAT 374" "Viper, breakdowns: 89.2hrs on CAT 395, 53.2hrs on CAT 385 and 108hrs for trucks"
- Week 25 (Week ending 26.6.22): "Morila, diggers 27hrs breakdown time and trucks 258hrs" "Viper, 12hrs on CAT 395, 23hrs on CAT 385 and 223hrs breakdown for trucks" "Haulage – 193hrs breakdown on trucks"
- Week 26 (Week ending 3.7.22): "Haulage – 193hrs breakdown on trucks"



15 July 2022

Reference: ODIN55091

Mr Nathan Bartrop
Company Secretary
Firefinch Limited
Level 3, 31 Ventnor Ave
West Perth WA 6005

By email: nbartrop@firefinchltd.com

Dear Mr Bartrop

Firefinch Limited ('FFX'): Aware Query

ASX refers to the following:

- A. FFX's announcement entitled 'Response to ASX Aware Query' released on the ASX Market Announcements Platform ('MAP') on 12 July 2022, which stated (relevantly) in response to ASX's queries:

"4. As FFX only produced approximately 13,300 ounces of gold at Morila during the June 2022 quarter compared to the June Quarter Production Target of 17,000-20,000 ounces, when did FFX become aware of issues impacting production at Morila for the June 2022 quarter such that FFX was unlikely to meet the June Production Target?"

FFX became aware that the Morila mine was experiencing material operational underperformance relative to budget on 24 June 2022 when the board of FFX received a weekly report on the operation of the Morila Gold Mine which contained production data up to 19 June 2022 (24 June Report).

The previous weekly operational report (received on 17 June 2022), which contained production data up to 12 June 2022, indicated that the mine and plant team were confident of production in June. Consistent with usual process for commissioning and ramp-up activities, FFX's expectations for June monthly production were greater than the monthly production targets for April and May and therefore the June Quarterly Production Target was more heavily reliant on gold production in the month of June.

On Saturday 25 June 2022 a Board meeting was convened for the evening of Sunday 26 June 2022 to consider the contents of the 24 June Report and other information regarding the financial position and operating performance of the company requested from management in Mali and provided over the weekend. Having considered all this information, the Board determined that it was appropriate to request a trading halt prior to the commencement of trading on 27 June 2022 pending the preparation of an appropriate announcement.

and

6. Please provide details regarding the time and date that FFX first became aware of:

6.2. The equipment availability issues mentioned in the Operations Update Announcement;

FFX's mining services contractor responsible for the Morila and Satellite Pit Mining Services had procured new equipment to be delivered to the Morila Gold Mine on or around December 2021, but the delivery of such equipment was delayed due to the imposition of the ECOWAS Sanctions.

FFX was aware since around February 2022 that the contractor had been using older equipment that tended to go offline or require unscheduled maintenance more frequently than would ordinarily be expected of new equipment.

FFX has taken various measures to compensate for underperformance of its contractor and the delayed delivery of the new equipment, including:

- (a) mobilising a new contractor and a separate mining fleet to operate at the Viper satellite pit;
- (b) requiring existing contractors to deploy additional plant and equipment to address any inefficiencies; and
- (c) initiating commercial action in accordance with the mining contract.

These measures had proven generally effective at mitigating the impact of the ECOWAS Sanctions and resulting equipment availability issues on operations at Morila. As noted above in response to question 4, it was only upon receipt of the 24 June Report that FFX first became aware that these measures were becoming less effective and that the June Quarter Production Target may not be achieved.”

B. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity” and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information.”

C. Section 7.8 of Guidance Note 8 which provides:

“Other financial forecasts (such as forecast sales or forecast operational or capital expenditure) published by entities, and exploration and production targets published by mining or oil and gas entities, can raise similar considerations to earnings guidance. As forward-looking statements, these must be based on reasonable grounds or else they will be deemed to be misleading, with all the significant legal consequences that entails. For this reason, appropriate due diligence needs to be applied to their preparation and the underlying figures and assumptions should be carefully vetted and signed off at a suitably senior level before they are released.

If an entity becomes aware that its financial results will differ materially (downwards or upwards) from any financial forecast it has published, or that its exploration or production results for a period will differ materially (downwards or upwards) from any target it has published, it may have a legal obligation to notify the market of that fact. This obligation may arise under Listing Rule 3.1 and section 674 if the difference is of such a magnitude that a reasonable person would expect it to have a material effect on the price or value of the entity’s securities. It may also arise under section 1041H, because failing to inform the market that its published forecast or target is no longer accurate could constitute misleading conduct on its part.”

D. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

E. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Request for information

Having regard to the above, ASX asks FFX to respond separately to each of the following questions and requests for information:

1. Please provide production amounts in ounces from each of the weekly reports for the June 2022 quarter.
2. Please advise whether any of the weekly reports for the June 2022 quarter referred to restrictions to access of equipment.
3. If the answer to question 2 is "yes", please provide details (including, but not limited to, dates and the relevant contents of the report), as they relate to restrictions to access of equipment.
4. In FFX's answer to question 6.2 of ASX's query letter dated 5 July 2022, FFX noted that it had procured new equipment to be delivered to the Morila Gold Mine on or around December 2021. Please advise what equipment FFX was expecting delivery and what equipment was delivered.
5. Having regard to the Morila plant capacity, was it possible for FFX to meet the minimum range of the June Production Target following the weekly report for 12 June 2022?
6. If the answer to question 5 is "yes", please provide details of how it was intended that the June 2022 production target would be met.
7. Please confirm that FFX is complying with the Listing Rules and, in particular, Listing Rule 3.1.
8. Please confirm that FFX's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of FFX with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12:00 PM AWST Thursday, 21 July 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, FFX's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require FFX to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in FFX's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in FFX's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to FFX's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that FFX's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Nikki Ciavatta
Adviser, Listings Compliance (Perth)