

**Quarterly Activities Report**  
For period ending 31 December 2022

**Morila**

Firefinch Limited (**Firefinch** or **Company**) continued to work on a recapitalisation plan during the quarter. Unfortunately, despite Firefinch's best efforts, the recapitalisation options were either unsuccessful or not in the best interests of Firefinch shareholders. Accordingly, on 2 November 2022, the Board of Directors (**Board**) determined that Firefinch could no longer continue to fund Société des Mines de Morila S.A. (**Morila SA**) to operate the Morila Gold Mine (refer ASX announcement of 3 November 2022). Firefinch expects to write down its investment in the Morila Gold Project to nil.

On and from 3 November 2022, Firefinch has not had active operational engagement over the Morila Gold Mine and has not been kept apprised of current operational matters since that date. 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 reporting production figures only up until 2 November 2022.

Gold production for the period 1 October 2022 to 2 November was 4,815 ounces of gold.

FFX's desire remains that a new owner for the Morila Gold Mine will be found in the near term, and one who is suitably funded to service Morila SA's immediate cash needs, maintain operations, and see the project reach its full potential for the benefit of all stakeholders.

**Corporate Review**

*Recapitalisation*

The Company announced a proposed recapitalisation package with relevant stakeholders, including a placement to institutional investors (**Placement**), MEIM Morila SARL and other trade creditors to facilitate the long-term growth of the Company. Despite Firefinch working on a recapitalisation plan since early July 2022, the recapitalisation did not proceed.

The Board considered all potential options from July 2022 to 2 November 2022 to execute a recapitalisation plan that would place Morila SA in a strong position to underpin the growth of the Morila Gold Mine. The Board also looked at options to sell the asset. Unfortunately, despite Firefinch's best efforts, the recapitalisation options were either unsuccessful or not in the best interests of Firefinch shareholders. Accordingly, the Board determined that Firefinch could no longer continue to fund Morila SA to operate the Morila Gold Mine.

On 2 November 2022, the board of directors of Morila SA was notified of Firefinch's position regarding ongoing funding. Notwithstanding efforts to find a new owner for Morila, Firefinch expects that Morila SA may enter a Malian insolvency process. Accordingly and in either case, Firefinch expects to write down its investment in the Morila Gold Project to nil.

*Strategic review process*

As announced on 14 December 2022, the Board has decided to commence a strategic review process that will invite suitable bidders to submit proposals to the Company that deliver compelling value and liquidity to FFX shareholders (**Process**). The Process is ongoing.

If the Process does not result in a transaction that delivers attractive value and liquidity to FFX shareholders, the Company intends to return a majority of its current cash to shareholders as soon as possible post termination of the Process. Following the return of majority of the current cash to shareholders FFX will then

distribute all LLL shares currently held to FFX shareholders when they are released from the escrow in June 2024 as per ASX requirements.

The Company will report to shareholders by 31<sup>st</sup> March 2023 in relation to progress of this Process.

#### *Cost savings*

As previously announced the Company has taken immediate steps to reduce overheads in order to preserve cash and value for FFX shareholders. These include but are not limited to the following;

- Agreement by the Managing Director to a 20% salary reduction (refer ASX Announcement of 14 December 2022)
- Reduction in Directors' fees (refer ASX Announcement of 14 December 2022)
- Termination of technical and mine staff in the Perth office (including the COO and CFO)
- Planning to sublease the Perth office

#### **Financial Review**

##### *Financial summary*

At 31 December 2022, Firefinch had approximately A\$37.9 million in cash (30 September 2022: A\$48.8M)

As announced on 3 November 2022, the Company will no longer be providing funding to Morila SA. As a result, the following Appendix 5B as at 31 December 2022 does not take into account Morila SA cashflows after 31 October 2022, nor Morila SA bank overdraft liabilities in place at that date. A positive cash movement of \$5.9M has been recorded in the following Appendix 5B under item 2.5 to reflect the de-recognition of the overdraft liability.

Group trade creditors and accruals at 31 December 2022, net of Morila SA liabilities, are \$3.2M (September 2022: \$79.8M including Morila SA)

The Company retains a 17.6% shareholding in Leo Lithium which has a current market value of approximately A\$142 million (based on 30 January 2023 close price).

##### *Capital Structure*

	<b>Balance at 30 September 2022</b>	<b>Issue of Shares</b>	<b>Lapse of Performance Rights</b>	<b>Balance at 31 December 2022</b>
<b>Fully paid shares</b>	1,181,243,221	-		1,181,243,221
Performance Rights	4,188,600	-	-	4,188,600

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

Payments of \$497,052 were made to related parties being the Non-Executive Directors' Fees as set out in Section 6.1 of Appendix 5B. This amount includes the payment of accrued consulting fees paid to Chairman, Mr Fraser totalling \$262,562 including GST. Details of the fees were disclosed in an announcement dated 21st September 2022 titled, 'Recapitalisation package'.

## Permit Status

The Company's subsidiaries have six research tenements, one mining tenement hosting the Morila gold mining operations, and one mining tenement hosting the Finkola gold project. Six 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 below.

*Morila SA (Firefinch – 80% (through Morila Ltd, a wholly owned subsidiary of Firefinch))*

**Morila PE 99/15 (Morila Gold Project).** The Morila Exploitation Permit (211.2 km<sup>2</sup>) was initially issued on the 4 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 November 1999 to authorise 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 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 August 2029.

*Birimian Gold Mali SARL (Firefinch – 100%)*

**Finkola: PEGM 2022/29.** An Exploitation Permit for Gold and Group 2 Mineral Substances was issued under Decree No2022-0200/PM-RM du 24 March 2022 at Finkola (Circle of Bougouni). An exploitation company was created, and the process is underway for the contributory audit for exploration expenditure transfer into the newly established company.

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

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

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

*Timbuktu Resources SARL (Firefinch – 100%)*

**Finkola Sud: PR 22/1280.** The Ministry of Mines, Energy and Water has issued Arrêté No2022-4456/MMEE-SG dated 27 September 2022, which granted the research tenement of Finkola-Sud to Timbuktu Resources SARL, a subsidiary of Firefinch.

**Sanankoroni: PR 16-805 1BIS.** The Ministry of Mines and Petroleum has issued the Arrêté #2022-1455/MMEE-SG dated 12 May 2022 for the Permit of Sanankoroni, extending Permit validity until 11 October 2024.

*Sudquest SARL (Firefinch – 100%)*

**Finkola Nord: PR 20/1081.** The Ministry of Mines and Petroleum has issued the Arrêté #2020-1303/MMP-SG dated 1 April 2020 for the Permit of Finkola Nord. The permit is valid for three years, until 31 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 Enquiries:

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**Tabulation of Permits**

Name	Km <sup>2</sup>	Number	Status	Owner
<b>MASSIGUI GOLD PROJECT</b>				
Finkola	34.2	PEGM 2022/29 (Exploitation Permit)	Exploitation Permit Effective from 24 April 2022 Expiry date: 23 April 2032	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 22/1280	Granted for a 3-year term, effective from 27 September 2022 Expiry date: 27 September 2025	Timbuktu Resources SARL
Finkola Nord	32	PR 20/1081	Granted for a 3-year term, effective from 1 April 2020 Expiry date: 1 April 2023	Sudquest SARL
N'Tiola	64	PR 21/1198	Granted for a 3-year term, effective from 8 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	Second renewal effective from 11 October 2021 for 3 years. Expiry date: 11 October 2024	Timbuktu Resources SARL
<b>MORILA GOLD PROJECT</b>				
Morila	211.2	PE 99/15	Morila Gold Mine Permit Expiry date: 4 August 2029 / Convention Expiry date: 16 May 2025	Société des Mines de 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.

## Appendix 5B

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

Name of entity

<b>Firefinch Limited</b>
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ABN -

11 113 931 105
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Quarter ended

31 December 2022
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Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	15,902	119,247
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) mine administration and corporate costs	-	-
	(f) Goulamina JV and Leo Lithium demerger transaction costs	-	(6,574)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	143	476
1.5	Interest and other costs of finance paid	(153)	(697)
1.6	Income taxes paid	(105)	(1,123)
1.7	Government grants and tax incentives	-	-
1.8	Payments to suppliers and employees	(20,857)	(162,989)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(5,070)</b>	<b>(51,660)</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	(4,496)	(57,813)
	(d) exploration and evaluation (if capitalised) – Morila Gold Mine	(4,646)	(9,249)
	(e) investments (Leo Lithium)	-	(20,000)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
	(f) exploration and evaluation (Goulamina Lithium Project)	-	(5,437)
2.2	Proceeds from the disposal of:		
	(a) entities -		
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments- Leo	-	12,893
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	10,295
2.4	Dividends received (see note 3)	-	-
2.5	Other		
	(a) Reimbursement by Leo JV costs	-	8,269
	(b) Derecognition of Morila SA Accounts	5,905	5,905
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(3,237)</b>	<b>(55,137)</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>-</b>	<b>-</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	46,269	144,889
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,070)	(51,660)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,237)	(55,137)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(16)	(146)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>37,946</b>	<b>37,946</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	2,759	48,819
5.2	Call deposits	35,187	-
5.3	Bank overdrafts	-	(2,550)
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>37,946</b>	<b>46,269</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

497

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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)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</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.	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(5,070)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(4,646)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(9,716)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	37,946
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	37,946
<b>8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>3.91</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.

Scott Lowe  
Managing Director

Date: 30 January 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.
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.