
Tax Dispute

Firefinch Limited (ASX: FFX) (“**Firefinch**” or “**Company**”) purchased an 80% interest in Societe des Mine de Morila SA (“**Morila SA**”) the owner of the Morila Gold Mine in Mali on 11 November 2020. A document called a partial assessment from the tax department of Mali (Direction Générale des Impôts) (“**Assessment**”) was received by Morila SA last week.

The Assessment advises that the 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 December 2017.

The Assessment also advises that the tax department believes that Morila SA has materially understated its income from gold sales. In 2017, the mine produced approximately 70,000 ounces of gold and sold 67,612 ounces of gold for net revenue received of US\$92.65 million. The mine has reviewed its records and has no reason to revise the amount of gold produced or the revenue received. Firefinch notes that this gold production was disclosed to public exchanges by the previous owners of Morila SA: Barrick Gold and AngloGold Ashanti.

The tax department has advised that, based on advice from the government department responsible for customs and exports, it believes the revenue from gold sales for 2017 should be US\$146.9 million. The basis for this higher estimate was not provided. The Company’s internal records and receipts of sales from Rand Refinery in South Africa confirm its production and revenue as disclosed in its 2017 tax return. The Company is confident that the source of information (government department not Morila SA records) utilised by the tax department to establish Morila SA gold sales is incorrect.

The Company believes the Assessment of employment tax, withholding tax, VAT and gold revenue is incorrect and is seeking to meet with the tax department after it has submitted its position, along with the supporting documentation, in coming days. The Company will keep the market informed on the progress of the dispute.

Morila SA has significant unused tax credits which was recently confirmed by the tax office and which the Company believes are available to be applied to its tax obligations, should any arise.

This announcement has been approved for release to the ASX by the Board.

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ABOUT FIREFINCH

Firefinch is a Mali-focussed gold miner and lithium developer. It has an 80% interest in the Morila Gold Mine which has produced 7.5 million ounces of gold in the last 20 years under Barrick/AngloGold ownership and was one of the world’s highest-grade, open pit gold mines in its prime.

Firefinch is ramping up production at its 4.5mtpa mill and mine throughout 2021, from a current annual production profile of 40,000 ounces per annum from tailing treatment, to a target of 80,000 ounces per annum from small open pits, stocks and tailings. In 2022, the Company plans to further increase production by re-commencing mining from the main Morila pit to exploit the 1.49 million ounce global resource at the project.

Exploration will be a major focus at Morila, its satellite resources and multiple targets on the 685km² of surrounding tenure.

The Goulamina Lithium Project is one of the world’s largest undeveloped deposits and has the potential to be one of the lowest cost producers. All permits are in place, a Definitive Feasibility Study is complete and a Global Resource of 109 million tonnes at 1.45% Li₂O with 1.57 million tonnes of contained Li₂O has been declared.

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 safeguard the environment and people’s health, safety and wellbeing.

The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources at Goulamina and Morila and the production estimates for Goulamina. The Company also confirms that all material assumptions and parameters underpinning the Mineral Resource estimates and production estimates continue to apply and have not materially changed. Please refer to ASX Announcements of 8 July 2020 and 20 October 2020 (Goulamina), 31 August 2020 (Morila) and 7th September 2020 (Morila Tailings).