

## Quarterly Activities Report

For period ending 31 March 2023

### Morila

On and from 3 November 2022<sup>1</sup>, Firefinch Limited (**Firefinch** or **Company**) 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 unable to report production figures from Morila during the quarter.

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.

Firefinch has written down its investment in the Morila Gold Project to nil.

### Corporate Review

#### *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**).

As announced on 21 March 2023, the Process is now entering the next phase and the Board will update shareholders in Q2 CY23 regarding the progress towards a binding transaction.

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 return a majority of its current cash to FFX shareholders as soon as possible thereafter. Following the return of majority of the current cash to shareholders FFX will then distribute all Leo Lithium Limited shares currently held to FFX shareholders when they are released from the escrow in June 2024 as per ASX requirements.

#### *Cost savings*

As previously announced the Company has taken immediate steps to reduce overheads in order to preserve cash and value for FFX shareholders. Additional costs saving implemented during the quarter include but are not limited to the following:

- Termination of additional staff in the Perth office; and
- Planning to sublease the Perth office.

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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 Société des Mines de Morila S.A. (**Morila SA**) to operate the Morila Gold Mine (refer ASX announcement of 3 November 2022)

**Financial Review***Financial summary*

At 31 March 2023, Firefinch had approximately A\$36 million in cash (31 December 2022: A\$37.9 million).

The Company retains a 17.6% shareholding in Leo Lithium Limited which has a current market value of approximately A\$105.5 million (based on 26 April 2023 close price).

***Related Party Payments***

Payments of \$213k were made to related parties being the Directors' Fees as set out in Section 6.1 of Appendix 5B, and this includes settlement of deferred director fees relating to 2022.

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

**For Enquiries:**

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## 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

**Firefinch Limited**

**ABN -**

11 113 931 105

**Quarter ended**

31 March 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000 (3 months)
<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	(2,222)	(2,222)
1.3	Dividends received	-	-
1.4	Interest received	319	319
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>(1,903)</b>	<b>(1,903)</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)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000 (3 months)
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	37,946	37,946
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,903)	(1,903)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date \$A'000 (3 months)</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(6)	(6)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>36,037</b>	<b>36,037</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	2,811	2,759
5.2	Call deposits	33,226	35,187
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>36,037</b>	<b>37,946</b>

<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	213
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: Values in item 6.1 include settlement of deferred director fees relating to 2022.

<b>7.</b>	<b>Financing facilities</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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,903)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,903)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	36,037
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	36,037
<b>8.7</b>	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>18.94</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.

Date: 28 April 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.