

Introducing Leo Lithium - The Next Global Lithium Producer of Significant Scale

Agreements Executed with Ganfeng

- Full form legal agreements executed with Ganfeng - a key step in completing the up to US\$194m Goulamina JV Transaction.
- Lycopodium engaged to update Goulamina Definitive Feasibility Study and incorporate plant & process optimisation agreed with Ganfeng to support a Final Investment Decision (FID).
- Firefinch and Ganfeng have agreed on expediting FID, targeting the December Quarter, 2021.
- Demerger of Goulamina will follow FID to form a new ASX-listed company (Leo Lithium Limited) – demerger completion expected during the March Quarter, 2022.
- Only Firefinch shareholders will receive an in-specie distribution of shares at no cost in Leo Lithium Limited.
- Firefinch shareholders will also have the right to subscribe for additional shares under a planned entitlement offer prior to ASX listing.
- First production from Goulamina to be accelerated, now expected in 2023.

Firefinch Limited (ASX: FFX) (**Firefinch** or **the Company**) is pleased to announce the Company and a wholly owned subsidiary of Jiangxi Ganfeng Lithium Co. Ltd (**Ganfeng**) have executed a suite of full form legal agreements to progress the 50-50 Firefinch-Ganfeng incorporated joint venture (**JV**) at the Goulamina Lithium Project (**Goulamina**, together, the **Goulamina JV Transaction**).

The Company is also pleased to advise the new ASX-listed lithium-focused entity will be called Leo Lithium Limited (**Leo Lithium**). The name Leo was chosen as the lion is an iconic African animal, commonly referred to as “King of the Beasts”, and known for demonstrating strength, authority and fierce pride loyalty – fitting for a company run for its shareholders. The components of Lion, Li-ion and the connection to Africa, are very appropriate for a company with a world-class Malian lithium asset. Sundiata Kieta, the founder of the Malian empire in the 13th century was known as the Lion of Mali.

On listing, Leo Lithium is expected to be a leader in the ASX lithium landscape:

- Goulamina will be the next large scale global lithium hard rock project to enter production, and the first of its kind in West Africa, with production targeted for 2023.
- A partnership with the world’s largest lithium chemicals producer Ganfeng, which has committed to taking up to 100% of the spodumene concentrate produced from Goulamina.
- Substantially funded to production with total funding commitments of up to US\$194 million.¹
- Prior to listing, Goulamina is expected to have reached FID and commenced engineering and preliminary works.

¹ As previously announced, in addition to its US\$130 million equity investment, Ganfeng will arrange debt funding of up to US\$64 million to support project development. The debt quantum provided is expected to be between US\$40 to US\$64 million depending on whether Ganfeng provides the debt or arranges the debt, respectively.

- A current Mineral Resource of 109Mt at 1.45% Li₂O for 1.57Mt contained Li₂O, with substantial upside potential.
- Current Ore Reserve of 52Mt at 1.51% Li₂O for 0.79Mt contained Li₂O.
- The scale of Goulamina's Resource supports organic growth via further potential expansions in production capacity (subject to market conditions).
- Developing best-in-class responsible mining (ESG) credentials, underpinned by the Company's existing strong performance at its Morila Gold Operation in safety, local workforce participation, commitment to maximising local expenditure, strong community and government relationships and green power initiatives.
- The October 2020 Definitive Feasibility Study (DFS) for Goulamina reported a pre-tax NPV (8%) of approximately A\$1.7 billion using US\$666/tonne 6% minimum Li₂O spodumene concentrate; the price is now ~US\$850/tonne.²

Firefinch Managing Director, Dr Michael Anderson commented:

"Another significant milestone has been achieved in progressing Goulamina toward construction and production. Formal documentation has been completed, and satisfaction of the remaining conditions precedent to completing the US\$194 million Ganfeng deal is well underway.

In consultation with our partner Ganfeng, we have also agreed to bring forward FID to the end of this year. Off the back of a positive FID, we will be in a very strong position to demerge Goulamina into a dynamic new ASX-listed lithium player, Leo Lithium, and list in early 2022. All Firefinch shareholders will receive a pro-rata entitlement to Leo Lithium shares, together with the opportunity to increase their interest, should they wish, under a planned entitlement offer.

On completion of the entitlement offer and listing, Leo Lithium is expected to have a fully funded interest in a global scale lithium development with pre-production engineering underway and imminent commencement of construction.

Firefinch will be aligned with its shareholders as it intends to retain up to 20% of Leo Lithium and will support Leo Lithium in building operational capability and a world class management team."

Xiaoshen Wang, Vice Chairman of Ganfeng, commented:

"We are delighted to move forward in our partnership with Firefinch at Goulamina. We are especially pleased to accelerate the process to achieve FID and look forward to bringing Goulamina to production as soon as possible."

Ganfeng Executes Full Form Agreements for the Goulamina JV Transaction

The agreements executed include the Subscription Agreement, Shareholders' Agreement, Offtake Agreement and Management Agreement, amongst others.

To obtain a 50% interest in the JV, Ganfeng will provide up to US\$194 million in funding, comprising US\$130 million in equity in two instalments, and by arranging up to US\$64 million in debt, to construct the project and take it into production.

² Asian Metals Spodumene Li₂O 6% min CIF China as at 11th August 2021.

Executed documentation will now be provided to the relevant authorities to seek Chinese regulatory approvals, which are expected to take up to three months. Ganfeng has advised that it has commenced this process.

The support of the Malian Government and local community is key to the success of Goulamina. Initial engagement with Malian authorities has been very positive, and it is expected that their formal support will be confirmed shortly.

A further condition precedent is the transfer of the Exploitation Licence for the Goulamina Project to the JV company. The Company's advice is that this can be completed shortly after receipt of Chinese government approvals.

On satisfaction of the conditions precedent, Ganfeng will provide the first instalment of US\$39 million by way of equity investment into the JV. It is expected this will be received in the December Quarter, 2021.

Expedited Final Investment Decision for Goulamina

Under the terms of the JV, Ganfeng is obliged to contribute the second equity investment of US\$91 million within ten business days of Goulamina FID.

In the period since announcement of the Goulamina JV Transaction on 16th June 2021, Firefinch and Ganfeng have worked collaboratively on engineering scope and design, including the incorporation of suggested changes to the processing flowsheet based on Ganfeng's lithium processing expertise and experience at other similar projects.

Firefinch and Ganfeng have now appointed Lycopodium to execute an update of the October 2020 DFS (**Updated DFS**), which will support FID.

In light of the prevailing strong lithium market conditions, Firefinch and Ganfeng have agreed to expedite FID, and are now targeting completion of the Updated DFS and FID in the December Quarter, 2021.

The early completion of FID will also mean Ganfeng will provide the second cash investment of US\$91 million and arrange debt funding of up to US\$64 million earlier than initially anticipated.

Demerger of Leo Lithium Limited

As previously announced, Firefinch intends to demerge its interest in Goulamina into a separate ASX-listed lithium-focused entity to be called Leo Lithium Limited.

Timing for the demerger will depend on the completion of the Goulamina JV Transaction and achievement of FID. Firefinch currently intends to seek shareholder approval for the demerger in February 2022, with completion and ASX listing during the March Quarter, 2022 (subject to various ASX and other regulatory approvals and rulings).

On implementation of the demerger, Firefinch shareholders will receive a pro-rata entitlement of shares in Leo Lithium by way of an in-specie distribution (at no cost). It is also currently intended that Leo Lithium will raise additional capital via an entitlement offer to existing shareholders in parallel with its application for listing. The entitlement ratio, the pricing and quantum of the entitlement offer will be determined closer to the date of the demerger.

It should be noted that only shareholders holding Firefinch shares at the record date for the Demerger will be entitled to receive an in-specie distribution of Leo Lithium shares.

To support Leo Lithium, Firefinch will provide a range of management and operational services, including support in Mali, for a transitional period after completion of the demerger until Leo Lithium has independently developed its own capabilities. Firefinch is also intending to retain up to a 20% interest in Leo Lithium.

Firefinch has commenced a formal process for the recruitment of senior executives and an independent board to lead Leo Lithium and Goulamina into its next chapter as a world-class lithium operation.

Table 1: Indicative Transaction Timetable

Ganfeng Transaction & FID	
Chinese regulatory approvals received	December Quarter, 2021
Ganfeng US\$39 million first investment received	December Quarter, 2021
Goulamina Final Investment Decision	December Quarter, 2021
Ganfeng US\$91 million second investment received	December Quarter, 2021
Ganfeng debt received (up to US\$64 million)	March / early June Quarter, 2022

Table 2: Indicative Demerger Timetable

Demerger of Leo Lithium	
Australian Tax Office ruling on demerger tax relief	December 2021
Lodge Demerger Short Form Prospectus & Notice of Meeting	Early January 2022
Shareholder vote on demerger	February 2022
Demerger implementation	February 2022
Lodge Entitlement Offer Long Form Prospectus	February 2022
ASX listing of Leo Lithium	By end March Quarter, 2022

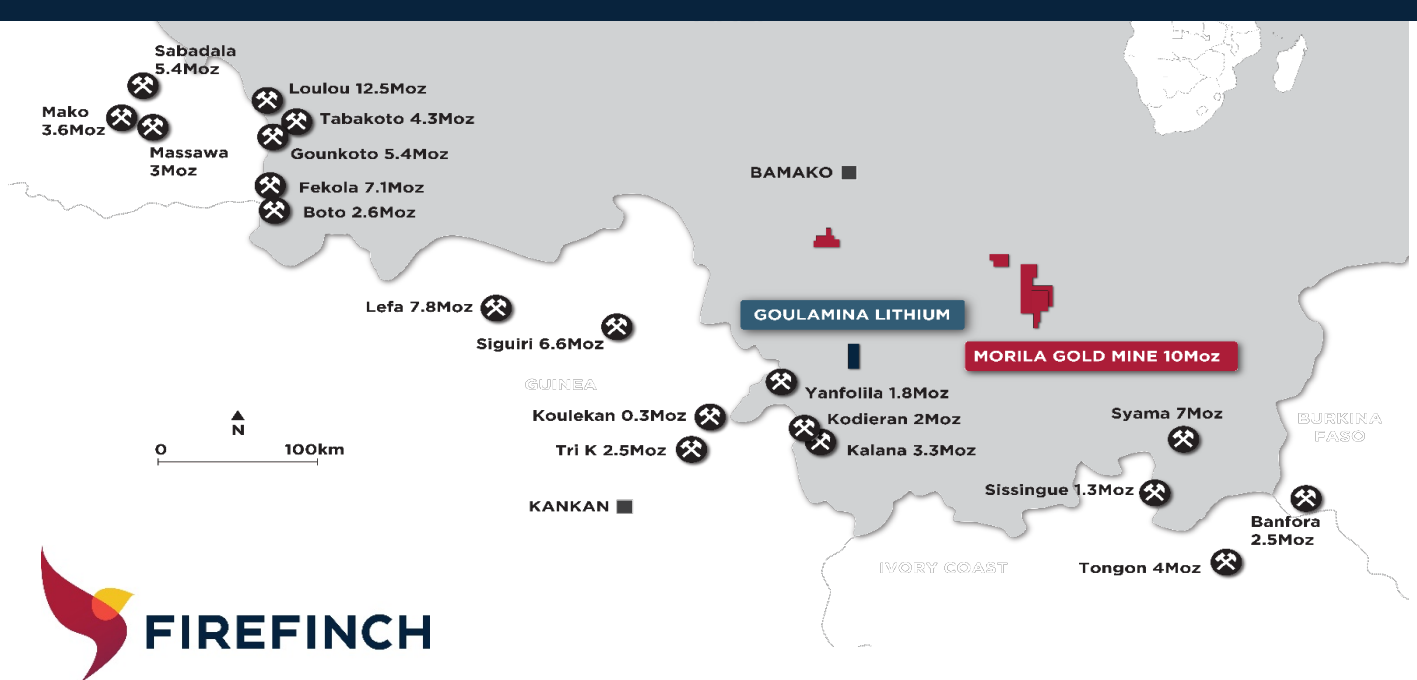
Note: The dates set out above are indicative only and subject to change. Further detail will be provided in the Notice of Meeting to be sent to Firefinch shareholders in connection with shareholder approval for the demerger.

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

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Firefinch (ASX: FFX) is a Mali focussed gold miner and lithium developer. Firefinch has an 80% interest in the Morila Gold Mine (**Morila**) and it currently owns 100% of the Goulamina Lithium Project (**Goulamina**).

The Morila Gold Mine is one of the world's great open pit gold mines, having produced over 7.5Moz of gold since 2000 at grades that were among the highest in the world, earning it the moniker "Morila the Gorilla". Firefinch acquired Morila for just US\$28.9m in late 2020 with the strategic intent to rapidly increase production; initially targeting 70-90kozpa of gold from a combination of satellite pits, stocks and tailings, and thereafter growing production to 150-200kozpa of gold by mining the Morila Superpit. Morila's current Global Resource is 2.43 million ounces of gold (Measured: 1.73Mt at 0.5g/t gold for 0.03Moz, Indicated: 26.7Mt at 1.49g/t gold for 1.28Moz and Inferred: 22.1Mt at 1.58g/t gold for 1.12Moz). However, Morila's geological limits have not been tested. Exploration is therefore a major focus at the existing deposits and multiple targets on the 685km² of surrounding tenure.

Goulamina is one of the world's largest undeveloped high quality spodumene deposits. In partnership with Ganfeng, Firefinch will bring the project into production. A 50/50 incorporated joint venture has been established, with Ganfeng contributing US\$194 million in development funding, comprising US\$130 million in equity funding and US\$40-64 million in debt funding. All permits are in place and the Definitive Feasibility Study confirmed Goulamina as a long life, large scale and low-cost open pit project expected to produce 436ktpa of spodumene concentrate at an average cash cost of US\$281/t. An initial mine life of 23 years is underpinned by a high grade, low impurity Ore Reserve of 52Mt at 1.51% Li₂O for 0.79Mt contained Li₂O comprising 8.1 million tonnes of Proven Ore Reserves at 1.55% Li₂O and 44.0 million tonnes of Probable Ore Reserves at 1.50% Li₂O. Goulamina has a Mineral Resource of 109Mt at 1.45% Li₂O for 1.57Mt contained Li₂O comprising 8.4 million tonnes at 1.57% Li₂O in the Measured category, 56.2 million tonnes at 1.48% Li₂O in the Indicated category and 43.9 million tonnes at 1.45% Li₂O in the Inferred category. The Company is in the process of demerging Goulamina into a new ASX listed entity.

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 back local socio-economic initiatives, whilst operating in a manner that safeguards the environment and places our team's safety and wellbeing as our first priority.

Appendix

Mineral Resource Estimate

A Measured, Indicated and Inferred Mineral Resource Estimate for Goulamina of 108.5 million tonnes at 1.45% Li₂O was published in an ASX release dated 8th July 2020.

Table 1: Goulamina Mineral Resource Estimate – June 2020

Classification	Tonnes (Millions)	Grade Li ₂ O%	Contained Tonnes Li ₂ O
Measured	8.4	1.57	133,000
Indicated	56.2	1.48	832,000
Inferred	43.9	1.38	606,000
Total	108.5	1.45	1,570,000

Ore Reserves

Cube Consulting (Cube) undertook open pit optimisation, open pit designs, production scheduling and reporting of an Ore Reserve estimate in accordance with the JORC Code (2012 Edition).

Proven and Probable Ore Reserves have been derived from Measured and Indicated Mineral Resources respectively and are contained within the final pit design and scheduled to be processed through the planned processing facility. The Ore Reserves do not include any material classified as Inferred and are not included in economic analysis.

Table 2: Goulamina Open Pit Ore Reserve Estimate – October 2020

Category	Cut-off grade Li ₂ O%	Tonnes (Millions)	Grade Li ₂ O%	Contained Tonnes Li ₂ O
Proven	0.00	8.1	1.55	125,000
Probable	0.00	44.0	1.50	660,000
Total	0.00	52.0	1.51	785,000

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 8th July 2020 and 20th October 2020 (Goulamina), 8th February 2021 (Morila Resource), 7th September 2020 and 28th April 2021 (Morila Tailings), 24th November 2020, 3rd May 2021, and 10th August 2021 (N'Tiola, Viper, Domba, Koting, Morila Pit 5), and 5th May 2021, 6th July 2021 and 29th July 2021 (Morila Gold Production, Ore Reserves and Production Targets).