



# **FIREFLY RESOURCES LIMITED**

ABN 84 118 522 124

## **INTERIM FINANCIAL REPORT** **FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

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ABN 84 118 522 124

## Interim Report for the half-year ended 31 December 2020

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The directors present their report on the consolidated entity consisting of Firefly Resources Limited (formerly Marindi Metals Limited) (the **Company** or **Firefly**) and its controlled entities (the **Group**) for the six months ended 31 December 2020 and the auditor's review report thereon:

### 1. DIRECTORS

The directors of the Company at any time during or since the end of the half-year are:

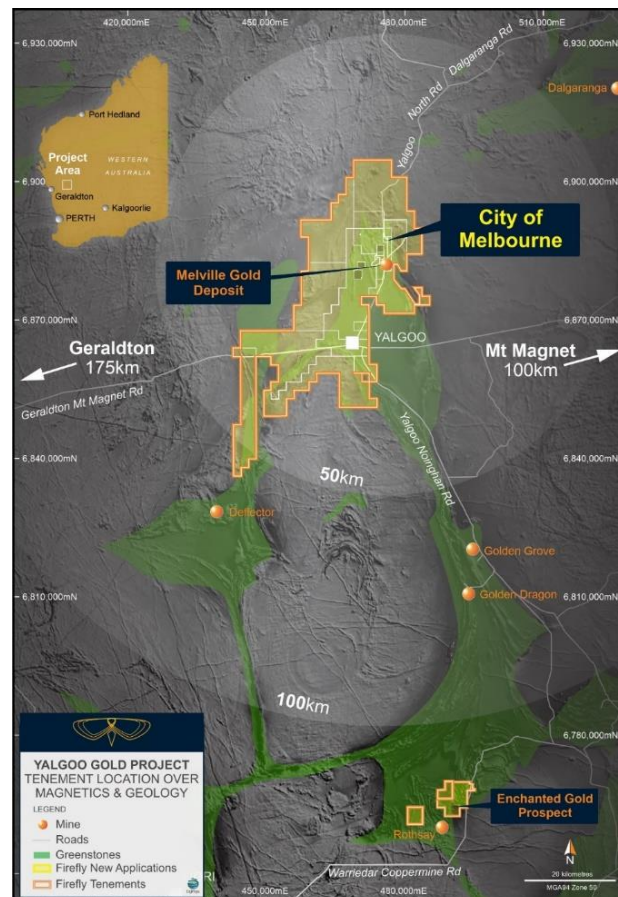
Name	Period of directorship
Mr Michael Edwards <i>Non-Executive Chairman</i>	Director since 10 October 2019, appointed Chairman on 30 July 2020
Mr Simon Lawson <i>Managing Director</i>	Director since 1 May 2018
Mr Geoffrey Jones <i>Non-Executive Director</i>	Director since 24 February 2006
Mr Ashley Pattison <i>Non-Executive Director</i>	Director since 3 September 2020
Mr John Hutton <i>Non-Executive Director</i>	Director since 15 December 2010, resigned 4 September 2020

### 2. RESULTS

The loss of the consolidated entity for the half-year was \$3,896,988 (2019: \$6,334,713).

### 3. REVIEW OF OPERATIONS

#### YALGOO GOLD PROJECT (100% OWNED)



**Figure 1.** Firefly's Yalgoo Gold Project, including the newly-acquired City of Melbourne Gold Mine, illustrating regional-scale tenure of the under-explored greenstone belt and proximity to multiple gold-specific and gold-capable process plants.

In June 2020, Firefly executed a binding agreement to acquire a 100% interest in the advanced Yalgoo Gold Project, located 110km west of Mt Magnet in the Murchison region of Western Australia, through the acquisition of 100% of the issued capital of Aurum Minerals Pty Ltd (**Aurum**) and its subsidiary companies.

The Yalgoo Gold Project includes the advanced Melville gold deposit, which hosts a JORC 2004 Mineral Resource of 2.75Mt grading 1.57g/t Au for 140,000 ounces of contained gold (0.8g/t cut-off)<sup>1</sup> (**Melville Deposit**) plus a large, highly prospective tenement holding in a Tier-1 mining district encompassing the historical Yalgoo gold field. In light of the advanced nature and strong prospectivity of the Yalgoo Gold Project, this asset became the core focus of Firefly's ongoing exploration programs in FY2021.

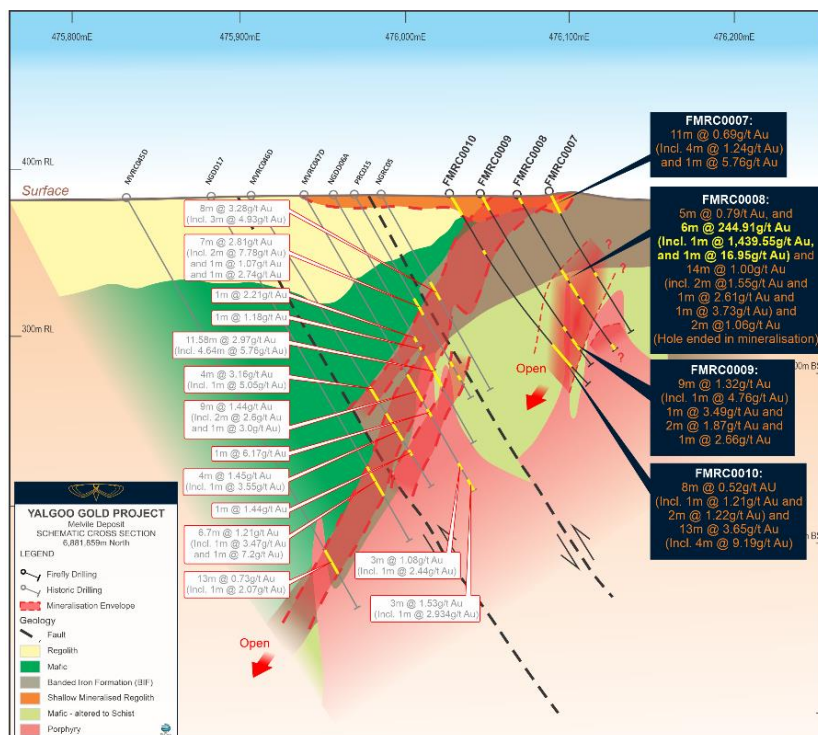
### **Maiden Drill Campaign – Phase 1**

The transformational acquisition was completed in July 2020 and following the receipt of POW approvals, Firefly commenced its maiden drilling program at the Yalgoo Gold Project in early August comprised of 10,000m of Reverse Circulation (**RC**) drilling across the main Melville Gold Deposit and the Don Bradman Gold Prospect to the south of Melville.

Results from the first phase of drilling were announced during the Q1FY21, delivering spectacular high-grade intercepts with highlights including:

- **6m at 244.9g/t from 50m including 1m at 1,439.55g/t from 51m** and 1m at 16.95g/t from 55m, 14m at 1.00g/t from 58m including 1m @ 2.61g/t and 1m @ 3.73g/t, and 2m @ 1.06g/t from 106m to the end-of-hole (in a mineralised porphyry unit)
- **13m at 3.65g/t from 113m including 4m at 9.19g/t from 119m (FMRC0010)**
- 9m at 1.32g/t from surface including 1m at 4.76g/t from 7m, 1m at 3.49g/t from 96m, 2m at 1.87g/t from 101m and 1m at 2.66g/t from 105m (FMRC0009)
- **48m @ 1.71g/t from 33m**, including **6m @ 5.28g/t from 35m** and **9m @ 2.4g/t from 70m**, 1m @ 5.72g/t from 93m and 2m @ 21.98g/t from 107m (porphyry vein) (FMRC0004)
- **4m @ 3.63g/t from 38m**, including **1m @ 11.3g/t from 38m**, and 1m @ 1.04g/t from 47m and 1m @ 1.07g/t from 64m (FMRC0001)

Holes FMRC0007 - FMRC0010 were drilled outside the historical resource envelope at Melville, highlighting strong potential to upgrade and grow the resource base at Yalgoo (see Figure 2).



**Figure 2.** Geological cross-section of the Melville Gold Deposit showing recent Firefly drill-holes (Phase 1 drilling).

<sup>1</sup> The Company cautions that the Mineral Resources are not reported in accordance with the JORC Code 2012. A Competent Person has not yet done sufficient work to classify the estimates of Mineral Resources in accordance with the JORC Code 2012. Firefly Resources notes that nothing has come to its attention that causes it to question the accuracy or reliability of the former owner's estimate as first announced by Prosperity Resources (ASX:PSP) – ASX release dated 12<sup>th</sup> May 2004 "Prosperity Doubles Resources to 140,000 ounces at Yalgoo, WA" on the Melville Deposit and also with regards to the Satellite Deposits, however the Company has not independently validated the former owner's estimates and therefore cannot be regarded as reporting, adopting or endorsing those estimates. Refer ASX Announcement dated 24 June 2020 and the 2020 Annual Report for further information.

All four of these holes intersected mineralised porphyry, high-grade gold in porphyry-associated quartz veining and/or wide intersections of mineralised porphyry-related wallrock alteration. FMRC0008 also ended in mineralised porphyry at 108m (2m @ 1.06g/t). The first phase demonstrated the potential for a mixture of large-scale, high tonnage Banded-Iron-Formation (**BIF**) and porphyry-hosted gold mineralisation, as well as high-grade quartz-hosted gold mineralisation at the Melville Gold Deposit.

For further details, please refer to the Company's ASX Announcements dated 7 September 2020 and 16 September 2020.

### ***Maiden Drill Campaign – Phase 2***

During Q2FY21, results from the 24-hole Phase 2 RC drill program confirmed the presence of thick, shallow zones of mineralisation at the Melville Gold Deposit, with highlights including:

- 22m @ 5.36g/t incl. 5m @ 17.50g/t incl. 1m @ 73.30g/t (FMRC0031);
- 24m @ 3.50g/t incl. 3m @ 11.77g/t and 4m @ 7.71g/t, 2m @ 2.97g/t and 5m @ 3.39g/t incl. 2m @ 6.50g/t (FMRC0011);
- 17m @ 2.75g/t incl. 3m @ 7.48g/t (FMRC0033);
- 50m @ 1.40g/t incl. 4m @ 5.20g/t and 5m @ 4.04g/t (FMRC0018);
- 30m @ 1.35g/t incl. 10m @ 2.62g/t from 2m (FMRC0026);
- 30m @ 1.23g/t incl. 6m @ 7.48g/t (FMRC0021);
- 50m @ 1.10g/t incl. 20m @ 2.02g/t (FMRC0025); and
- 31m @ 1.00g/t incl. 3m @ 5.82g/t (FMRC0024).

The second phase included holes designed to further validate sections of the historical resource in preparation for a maiden resource update for the Melville Gold Deposit to JORC 2012 compliance.

The drilling to date has been conducted in "mini-campaigns" comprising several stages of 2,000m-3,000m per stage with roughly four weeks between each stage. The staged approach is designed to allow assays from each preceding stage to be returned and be fully evaluated by the Firefly geology team so that the following phase of drilling can be targeted most effectively.

The first seven holes of the Phase 2 RC program were all drilled within the footprint of the Melville Gold Deposit to test the width and continuity of the mineralisation in the "Saddle" area (section "AA"). One hole, FMRC0011, was drilled to complete coverage of the very-high-grade section seen in the first drill campaign (section "BB") (see Figure 3).

The Saddle area was named by the project's previous explorers as an area thought to consist of only shallow and sporadic mineralisation. The Firefly geology team analysed the historical intercepts in this area and, after noting a prevalence of 4m composite assays in this zone and lack of structural information, decided to drill test the area more effectively.

The results show the presence of a consistent wide and thick zone of gold mineralisation extending from surface as well as a progressive increase in grades towards the east (see Figure 3). The Firefly geology team have deduced that a local-scale minor structural offset has displaced the higher-grade component of the Melville Gold Deposit to the east in this area, reflecting the previous "saddle" theory.

Drilling to the east in this location should therefore yield further shallow wide intercepts, supporting the Company's aspiration to deliver a JORC 2012 resource upgrade for the Melville Gold Deposit.

Drill-hole FMRC0011 completed the in-fill of the high-grade section detailed in the first campaign (ASX: FFR announcement dated 9 September 2020), illustrating both the shallow and broad nature of the Banded Iron Formation mineralisation, with a spectacular intercept of 24m @ 3.50g/t from 52m while also returning 5m @ 3.39g/t, including 2m @ 6.50g/t from 141m.

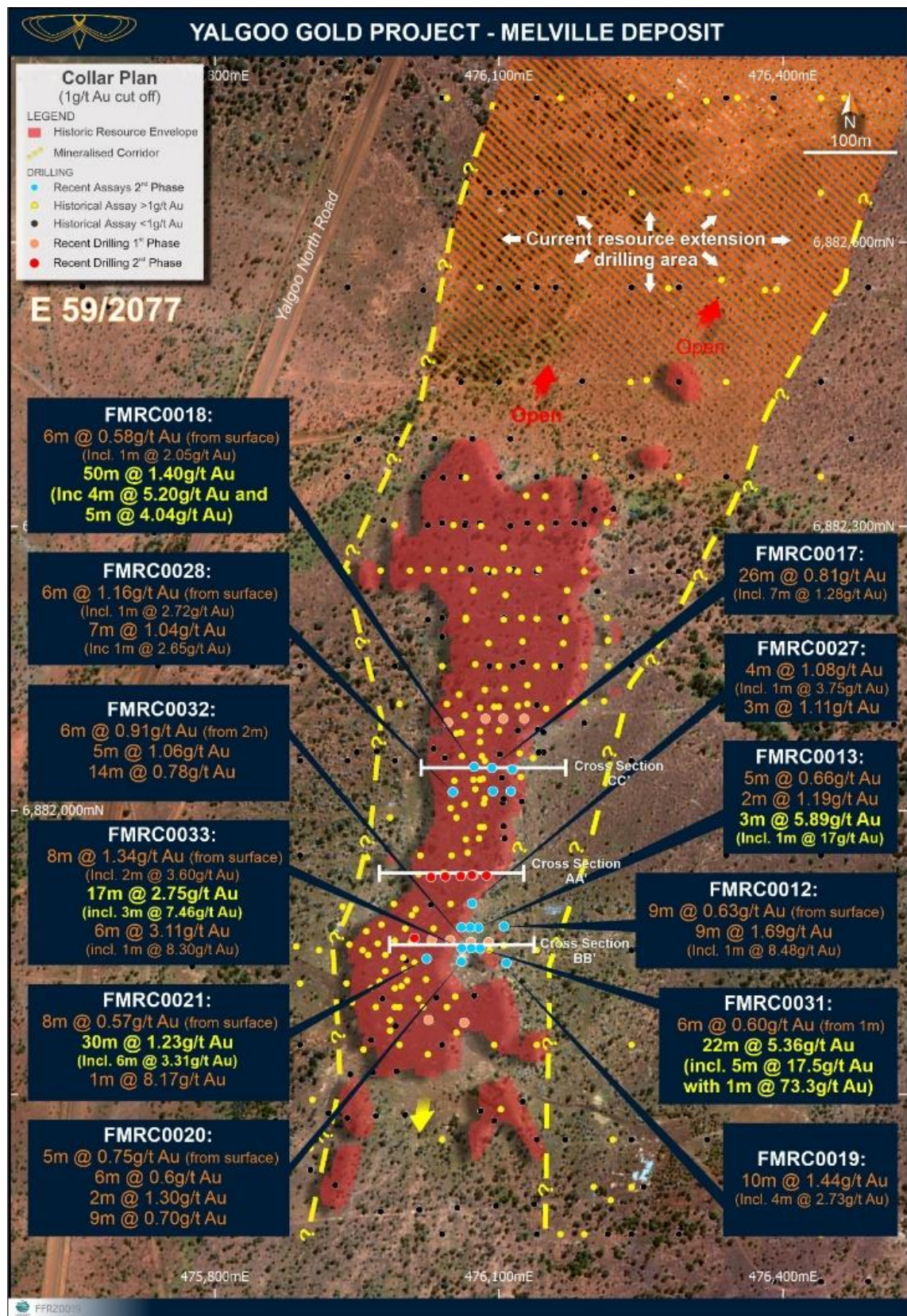
Importantly, the latter intercept is situated approximately 70m immediately down-dip of the very high-grade quartz-hosted high-grade intercept of 6m @ 244.91g/t, including 1m @ 1439g/t seen in drill-hole FMRC0008, illustrating probable continuity of the "structural" gold style of mineralisation noted at the Melville Gold Deposit and across the Yalgoo Gold Project (see Figure 4).





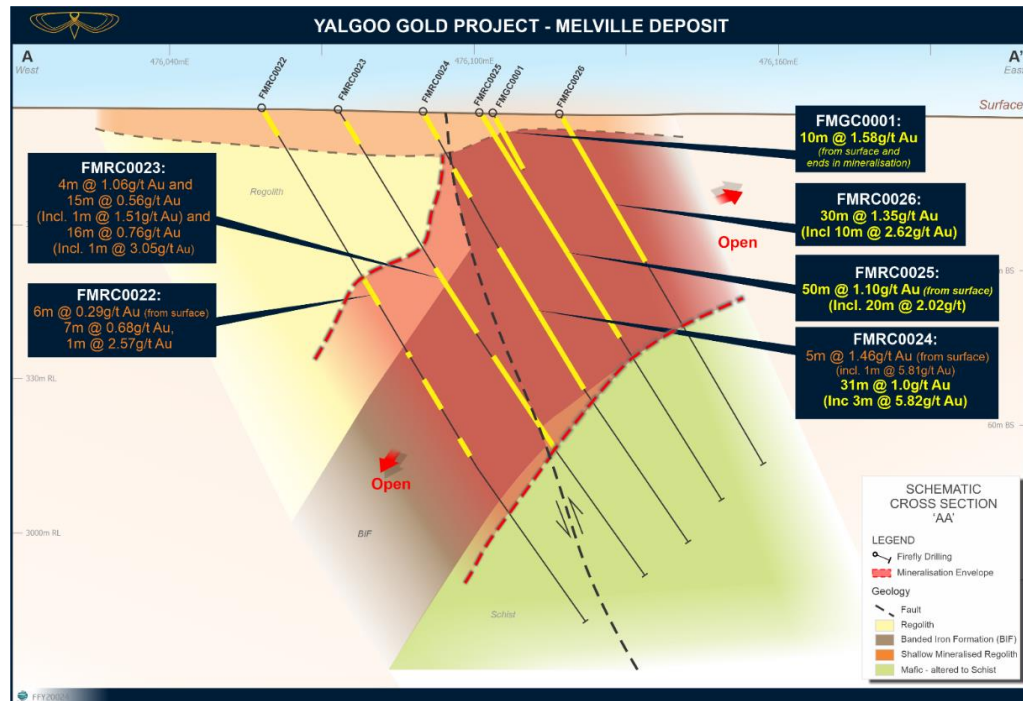
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## DIRECTORS' REPORT

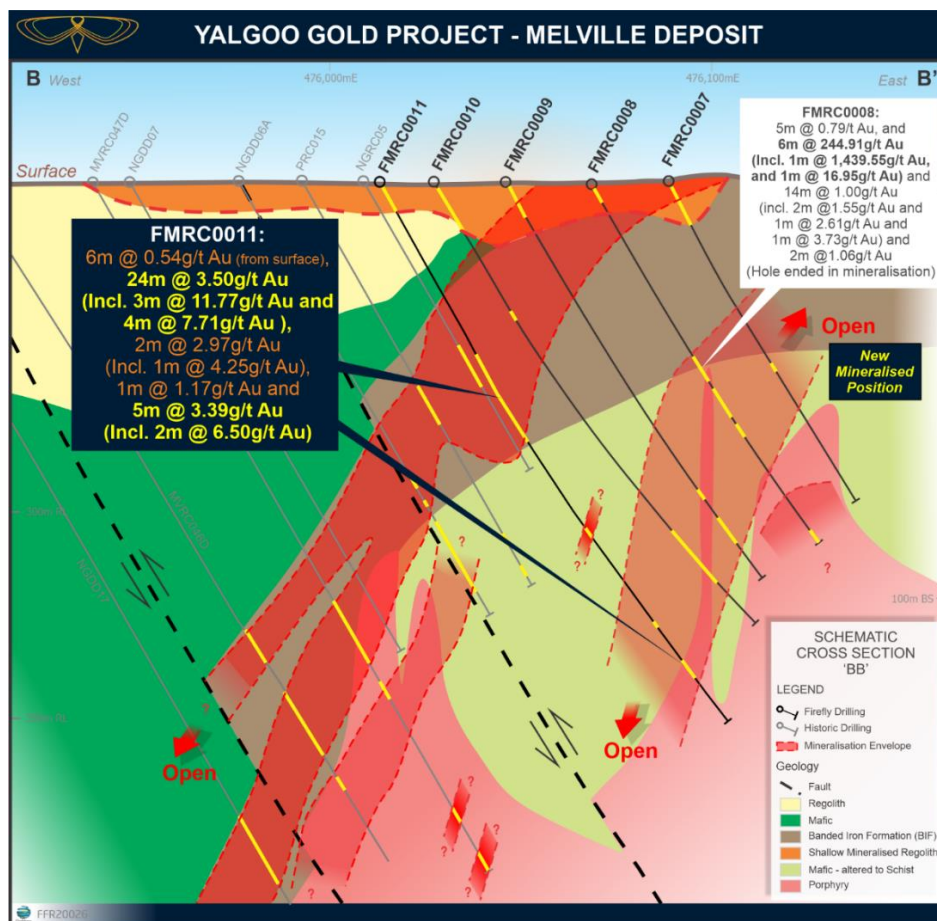


**Figure 3.** Plan view of the Melville Gold Deposit with historical drilling, recent Firefly RC drill-hole locations and the wider mineralised Melville corridor which is being targeted by the current phase of drilling. Note that sections "AA", "BB" and "CC" are detailed in Figures 4, 5 and 6 respectively.





**Figure 4.** Cross-section "AA" through the Melville Gold Deposit looking north. Note the very thick and consistent mineralisation throughout the Melville BIF unit mineralised from surface.



**Figure 5.** Cross-section "BB" through the Melville Gold Deposit looking north. Section illustrates the very high-grade intercepts in FMRC0008 from the first campaign for reference and the recently returned FMRC0011 drill-hole from the second campaign. FMRC0011 validates the broad shallow BIF-hosted mineralisation of the main Melville deposit (24m @ 3.50g/t from 52m) as well as the newly defined mineralised position further down-dip to the east (5m @ 3.39g/t from 141m including 2m @ 6.50g/t from 142m).

The subsequent 17 RC drill-holes were all drilled in and around the historical (JORC 2004) Melville Gold Deposit resource outline (Figure 3), further reinforcing the shallow high-grade gold mineralisation seen in previous holes as well as increasing the Company's knowledge and understanding of the deposit geology and structural architecture.

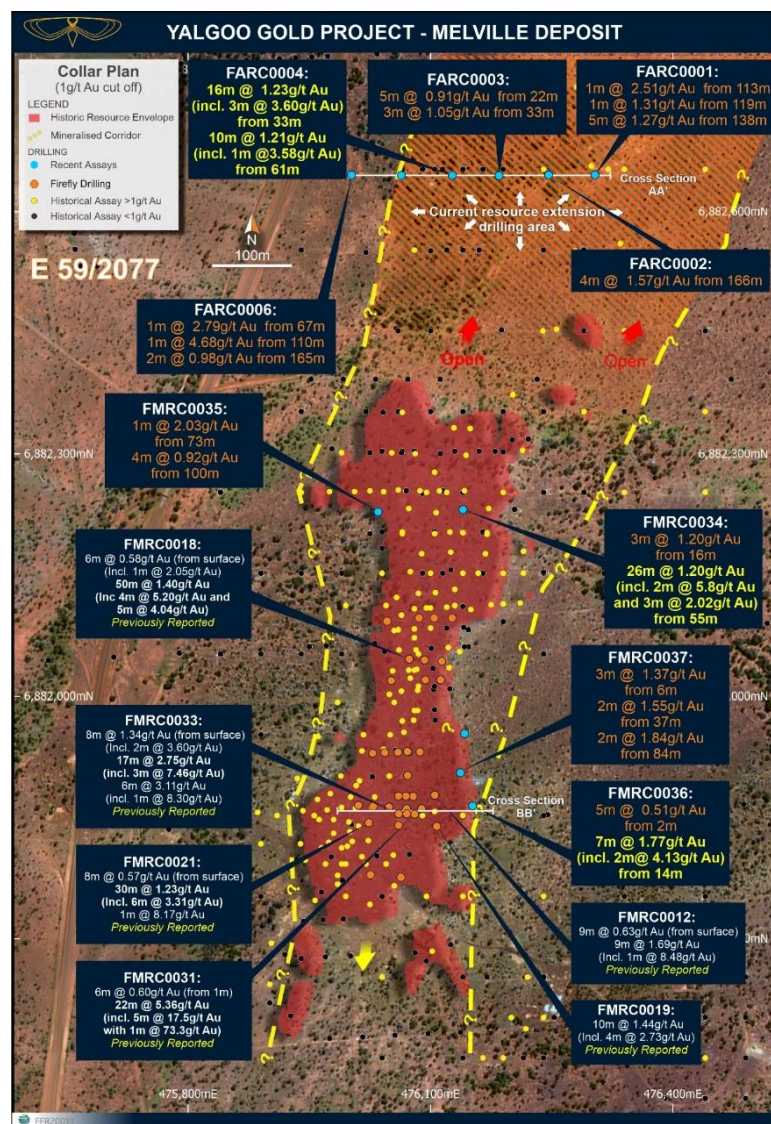
For further details, please refer to the Company's ASX Announcements dated 28 September 2020 ,11 November 2020 and 1 December 2020.

### **Maiden Drill Campaign – Phase 3**

The third phase of the Company's planned 10,000 maiden drill program was completed prior to Christmas 2020 and targeted northern extensions of the mineralisation and easterly up-dip extensions of the existing Resource, with 6 of the 11 RC holes drilled approximately 300m north of the Melville Gold Deposit at the Applecross Prospect.

The 6 holes completed at the Applecross Prospect were drilled to test for potential northern extensions to the upcoming Melville JORC resource update and to follow-up several historical drill intercepts with contrasting geology logs and 4m composite assays (see Figure 6 – Section "AA"), with highlights including:

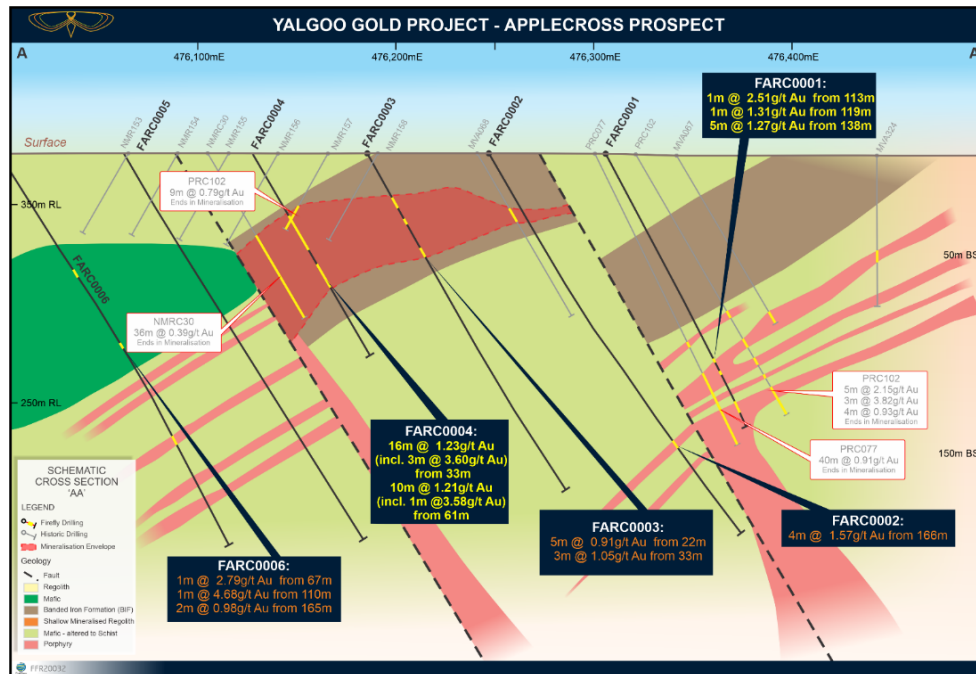
- 16m @ 1.23g/t from 33m including 3m @ 3.60g/t and 10m @ 1.21g/t including 1m @ 3.58g/t from 61m (BIF-hosted gold) (FARC0004)
- 5m @ 0.91g/t from 22m and 3m @ 1.05g/t from 33m (BIF-hosted gold) (FARC0003)
- 4m @ 1.57g/t from 166m (Porphyry-hosted gold) (FARC0002)
- 1m @ 2.51g/t from 113m and 1m @ 1.31g/t and 5m @ 1.27g/t from 138m (Porphyry-hosted gold) (FARC0001)



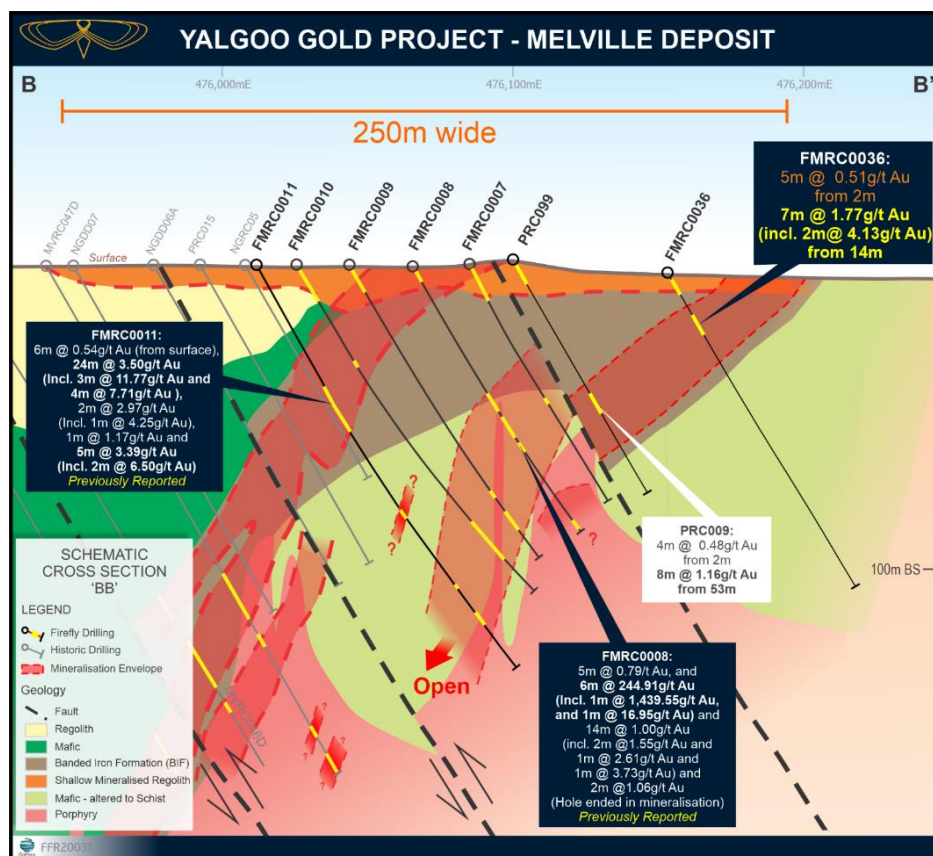
**Figure 6.** Plan view of the Melville Gold Deposit with historical drilling, recent Firefly RC drill-hole locations and the wider mineralised Melville corridor targeted by the recent phase of drilling. Note that sections "AA" and "BB" are detailed in Figures 7 and 8 respectively.



The gold mineralisation at Applecross is hosted in Banded-Iron-Formation (BIF) at shallow depth, with similar geometry to the Melville Gold Deposit. The recent drilling also encountered mineralised porphyry at depth, 50-100m east of the BIF unit.



**Figure 7.** Cross-section “AA” through the Applecross Gold Prospect looking north. Note the thick shallow mineralised BIF unit similar to that seen at the Melville Gold Deposit 300m to the south and the presence of mineralised porphyry at depth in the east.



**Figure 8.** Cross-section “BB” through the Melville Gold Deposit looking north. This section has been illustrated in previous Firefly drilling and announcements (ASX:FFR announcements dated 7 September 2020 and 11 November 2020) however recent drillhole FMRC0036 illustrates a consistent up-dip extension to the parallel system of mineralised BIF and porphyry mineralisation seen in the very high-grade FMRC0008 drillhole. Note the consistent shallow and wide gold mineralisation “blanket” near surface covering approximately 250m across-strike on this section.

Both mineralised rock types at Applecross are adjacent to local-scale north-west-striking, steep faults as seen at the Melville Gold Deposit, further reinforcing the Company's genetic model for fault-related porphyry-intrusive gold mineralisation over the Yalgoo Gold Project.

The final drilling campaign for 2020 was designed to systematically test for the presence of shallow and consistent gold at the Melville Gold Deposit both along strike to the north and across strike, to assist in refining Firefly's geological interpretation and support the Mineral Resource model.

For further details, please refer to the Company's ASX Announcement dated 28 January 2021.

### **Extension of the Yalgoo Gold Project**

During the period, the Company acquired an additional tenement package (the **Holland Acquisition**) and the City of Melbourne Gold Mine, further establishing its footprint in the Yalgoo Gold Field.

The Holland Acquisition was completed in August 2020 and includes five tenements, two Mining Leases, and three Prospecting Leases, located immediately along-strike from the two main mineralised trends at Yalgoo, namely the Brilliant or "Northwest" and the Melville or "North" trends as well, as the folded inflection point between the two trends which may represent a significant regional-scale gold target in itself. Firefly management has validated the presence of both hard-rock and alluvial gold during due diligence conducted on the acquisition.

The total consideration for the Holland Acquisition was \$250,000 cash which has been paid in full to the vendor, a private syndicate, and Firefly now holds the five tenements and has 100% ownership of all plant, equipment and infrastructure. There are no royalties payable over the five new tenements except the 2.5% levied by the State Government.

For further details, please refer to the Company's ASX Announcement dated 11 August 2020.

The City of Melbourne Gold Mine (**CoM**) is situated on granted Mining Lease M59/57 and began operation in 1937 and produced 8,500oz at an average grade of 14.7g/t over a 4-year period<sup>2</sup>. The mine was briefly operated again in 1991 with no recorded production and then lay dormant until mining resumed in 2015, through to the present. The historic inferred resource for CoM stands at 40,348t @ 5.90g/t for 6,602 ounces of gold<sup>2</sup> (**Historical Estimate**). The CoM Gold Mine is currently operating as a small-scale underground operation employing hand-held mining methods and extracting high-grade gold from a consistent quartz "reef" narrow-vein gold system.

The acquisition of the CoM Gold Mine and associated Mining Lease M59/57 gives Firefly complete coverage of a now minimum 4km long north-south gold trend (Victoria-United) running parallel to the adjacent 4km long Melville gold trend and Melville Gold Deposit. Consideration for the CoM Gold Mine acquisition was \$200,000 cash to receive 100% ownership, with no underlying royalty.

For further details, please refer to the Company's ASX Announcement dated 16 December 2020.

### **PATERSON COPPER-GOLD PROJECT (100% OWNED)**

The Paterson Copper-Gold Project comprises several tenements covering ~1,000km<sup>2</sup> of the highly prospective Paterson Province in north-western Western Australia. The main focus for Firefly in establishing these applications was to secure a favourable geological position over existing historical copper-gold prospects around the historical Kintyre mine, particularly the Wanderer copper-gold-molybdenum prospect.

Shallow historical drilling at Wanderer during the 1980's returned primary copper grades of up to 6.5%, gold grades up to 1g/t, and molybdenum assays up to 700ppm all less than 100m from surface and which have never been followed up.

Integration of available historical geophysical datasets conducted by the Company's consultants has created a large high-resolution geophysical data package over the primary tenement application containing the Wanderer prospect.

This modern dataset illustrates significant structural information, strongly supports Firefly's geological model for potential intrusive copper-gold sources for Wanderer as well as multiple nearby prospects, and has led to the development of several other high-priority drill targets across the application area.

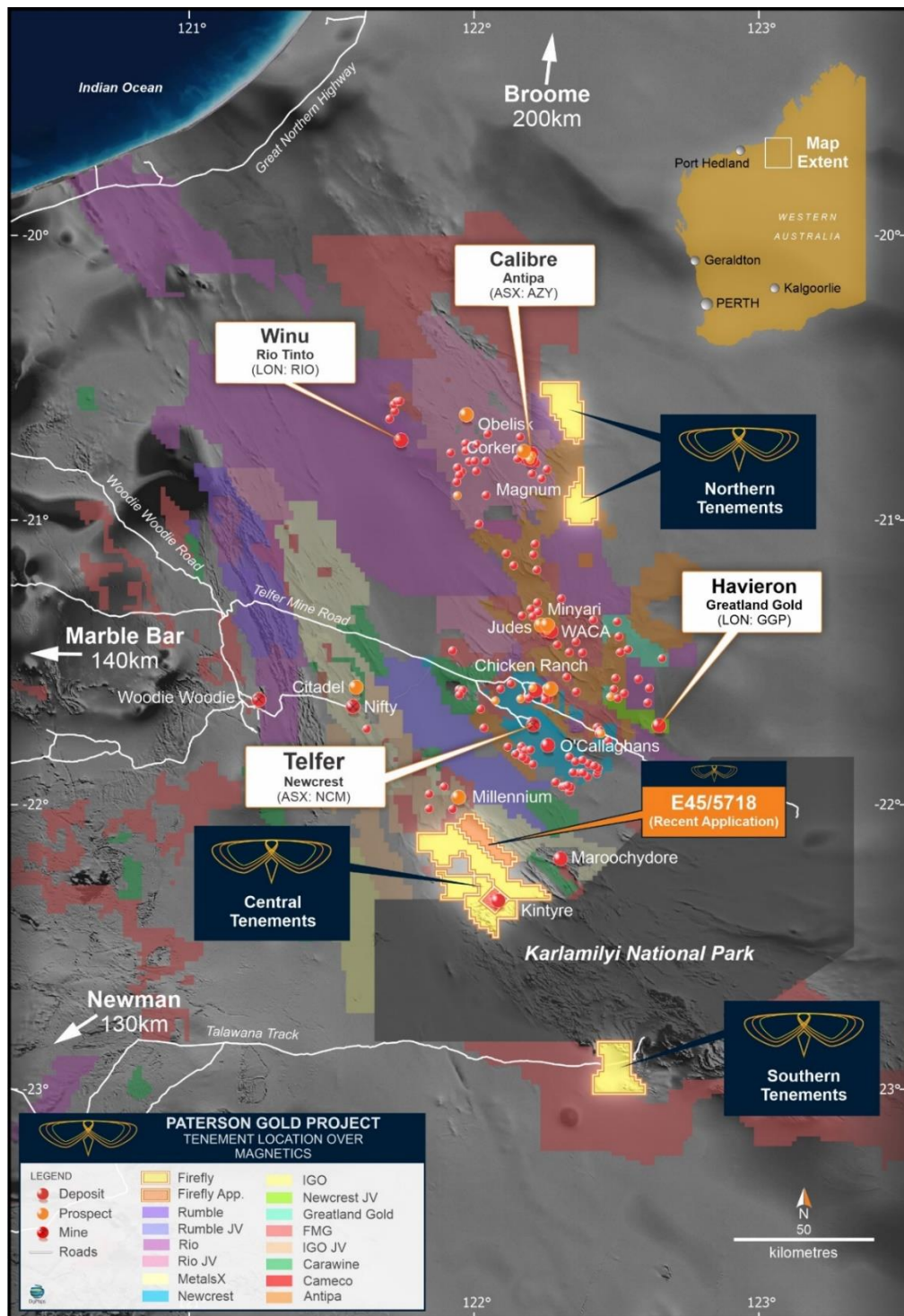
On 23 September 2020, the Company announced that it had successfully negotiated and signed heritage agreements with both the Martu and Nyangumarta People as the Traditional Owners across five existing tenements in the Paterson Province. Firefly commenced negotiations with the Traditional Owners in 2018.

<sup>2</sup> The Company cautions that the Historical Estimate is not reported in accordance with the JORC Code 2012. A Competent Person has not yet done sufficient work to classify the Historical Estimate as a mineral resource or ore reserve in accordance with the JORC Code 2012. All information is extracted from the document "Resource Report on the City of Melbourne, Lady Lydia South, Brilliant and Melville Deposits at the Yalgoo North Gold Project" prepared by Prosperity Resources Ltd and dated 1st April 2004. The document is publicly available via the WAMEX database as report A74013. Refer ASX Announcement dated 16 December 2020 for further details.

Following the completion of this process, the WA Department of Mines, Infrastructure, Resources and Safety (DMIRS) has granted the tenements to Firefly Resources (see Figure 9). Firefly can now commence ground-based activities and start planning for initial drilling activities.

Firefly has identified the Wanderer Copper-Gold Prospect – located in its Central Tenements project area, and first discovered by CRA in 1987 targeting basement-unconformity uranium deposits – as its key advanced prospect and initial “walk-up” drill target. Firefly has been working toward planning of surface activities over the Paterson Project, with specific focus on the shallow high-grade Wanderer Copper-Gold Prospect, including an inaugural drill program as well as on-ground sampling and geophysical targeting work.

For further details, please refer to the Company’s ASX Announcement dated 23 September 2020.



**Figure 9.** Firefly's Paterson Copper-Gold Project illustrating tenure across the three project areas and other regional areas of interest.



## **FORRESTANIA GOLD-LITHIUM PROJECT (100% OWNED)**

The 100%-owned Forrestania Gold-Lithium Project is located approximately 380km east of Perth in Western Australia, roughly half-way between Perth and the mining centre of Kalgoorlie. Firefly owns a highly prospective tenement package covering a total area of >1,000km<sup>2</sup> in the Southern Forrestania Greenstone belt – one of Australia's last under-explored major greenstone belts.

The Southern Forrestania region has been overlooked as a gold exploration play, with many operators in the region focusing historically on nickel and base metal exploration despite ~1.2Moz of production from the Bounty Gold Mine. Firefly's portfolio includes historical high-grade gold mines with mineralised rock dumps and geophysical extensions to proven high-grade gold structures.

No exploration activities were undertaken at the Forrestania Gold-Lithium Project during the period given the Company's focus on the identification and acquisition of more advanced gold exploration/development opportunities. A number of POWs are either already in place or in application for both the Crossroads and Kit Kat Gold prospects, giving Firefly the flexibility to progress these targets as required.

## **CORPORATE**

### ***Acquisition of Aurum Minerals Pty Ltd***

On 31 July 2020, with all resolutions having been passed at the General Meeting held on 30 July 2020, the Company completed the acquisition of the Yalgoo Gold Project from privately-owned Aurum Minerals Pty Ltd following the issue of 97 million consideration shares at a deemed issue price of \$0.03 per share and 22,999,998 Performance Rights. 833,333 exclusivity shares had been issued at an earlier date in accordance with the terms of the binding asset purchase agreement.

### ***Capital Raising***

On 30 June 2020, the Company announced a fully-underwritten non-renounceable entitlement offer on the basis of three (3) new shares for every seven (7) shares held at an issue price of \$0.03 per new share to raise approximately \$1.03 million before costs (**Entitlement Offer**), forming part of a broader \$2.3 million capital raising, including a \$1.3 million strategic share placement by the Vendor, Aurum Minerals Pty Ltd, and sophisticated and professional investors (**Placement**), that would underpin planned exploration programs at the recently secured Yalgoo Gold Project. The Placement was priced at \$0.03 per share.

The Company completed the Entitlement Offer and Placement in August 2020. The Underwriter and Lead Manager, Argonaut Capital, was paid a 6% underwriting fee on all funds raised pursuant to the Entitlement Offer and a 6% capital raising fee in respect of \$150,000 raised through the Placement. The Company paid a 6% capital raising fee in respect of the remaining \$1.15 million raised through the Placement.

On 1 October 2020, the Company announced that it had received firm commitments to raise \$6 million through a strongly supported placement (**Share Placement**) to expand and accelerate its ongoing drilling and exploration programs at the Yalgoo Gold Project. The Share Placement was priced at \$0.15 per share. CPS Capital acted as Lead Manager and received a capital raising fee of 6% on all funds raised.

The Company completed the Share Placement on 9 October 2020 and following shareholder approval at the Company's Annual General Meeting held on 26 November 2020, granted 16,000,000 unlisted corporate options exercisable at \$0.25 each on or before 4 June 2022 to the Lead Manager.

### ***Board and Corporate Changes***

Following the completion of the acquisition of the Yalgoo Gold Project in July 2020, the Company appointed experienced mining executive Ashley Pattison to its Board as a non-executive director on 3 September 2020.

As a result of the acquisition, a number of shareholders of Aurum have become major shareholders in Firefly, with the right to appoint a representative to the Company's Board. Mr Pattison was the founder of Aurum.

Concurrently with Mr Pattison's appointment, long-serving director Mr John Hutton advised his intention to step down from the Board on 4 September 2020, to continue his focus on new projects in the exploration sector and to manage the growth of his other business commitments.

On 29 September 2020, the Company appointed experienced company secretary Mr Steven Wood as Joint Company Secretary.

### ***Exercise of Unlisted Options***

On 16 September 2020, the Company issued 2,750,000 fully paid ordinary shares following the exercise of 1,500,000 Unlisted Options with a \$0.10 exercise price and 30 September 2022 expiry date and 1,250,000 Unlisted Options with a \$0.125 exercise price and 30 September 2022 expiry date, raising \$306,250 (before costs).

### ***Change of Principal Place of Business and Registered Office***

Effective from 5 November 2020, the Company has changed its principal place of business and registered office address to:

T2, 64-68 Hay Street  
Subiaco  
Western Australia 6008

### ***Demerger of non-core manganese assets***

On 18 December 2020, following consultation with the Australian Securities Exchange (ASX), the Company announced that its directors had resolved to demerge the Company's 100%-owned Oakover Manganese Project in Western Australia, subject to shareholder and other approvals.

The decision was based on a thorough review of Firefly's assets that considered a range of options. The directors ultimately concluded that the demerger via a standalone manganese-focused company called Firebird Metals (**FRB**) would deliver optimal value to Firefly shareholders, with FRB to undertake an initial public offer (**IPO**) of its securities to facilitate an ASX listing in conjunction with the demerger. An independent experienced management team and board with more than 30 years of combined manganese industry and resource sector experience will be appointed to lead FRB.

On 31 December 2020, FRB undertook a debt for equity conversion for all amounts due to related companies, following which, resulted in the issue of 24,999,900 fully paid ordinary shares to its parent entity, Firefly.

The FRB IPO included a form of priority offer to existing Firefly shareholders. In addition, shareholders registered on the record date (being Friday, 5 March 2021) are eligible for an in-specie distribution of 25 million shares in FRB. Firefly will also receive \$500,000 in cash from FRB from the IPO proceeds, as partial reimbursement for historical development expenditure incurred on the Oakover Project.

Importantly, Firefly received shareholder approval for the in-specie distribution at a general meeting held on 18 February 2021 and the ASX provided conditional approval of the listing of FRB on 1 March 2021. Subject to the satisfaction of standard ASX conditions, it is expected that FRB shares will commence trading on the ASX during the week beginning 15 March 2021.

Full details of the Oakover Manganese Project and the demerger were provided in the Company's ASX Announcement dated 18 December 2020.

For further details of FRB's IPO, please refer to the Company's ASX Announcements dated 27 January 2021, 16 February 2021, 23 February 2021 and 1 March 2021.

### ***COVID-19 pandemic***

During the period, the Group continued to proactively manage the impacts of the coronavirus (COVID-19) pandemic through the implementation of measures aimed at ensuring the safety of its personnel and the public.

The measures implemented across the Group are designed to ensure that all relevant activities can continue to allow Firefly to progress its current exploration and corporate activities with minimal impact to its staff and contractors and at the lowest possible cost.

To date there has been no significant impact on the Group or its exploration activities.

### **COMPETENT PERSON REFERENCE**

Information in this report that relates to Exploration Results is based on information prepared by Mr Simon Lawson, a Member of the Australasian Institution of Mining and Metallurgy. Mr Lawson is the Managing Director of Firefly Resources Limited and a full-time employee. Mr Lawson has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Lawson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

## **FORWARD LOOKING STATEMENTS**

Some statements in this report regarding future events are forward-looking statements. They involve risk and uncertainties that could cause actual results to differ from estimated results. Forward-looking statements include, but are not limited to, statements concerning the Company's exploration programme, outlook, target sizes, resource and mineralised material estimates. They include statements preceded by words such as "potential", "target", "scheduled", "planned", "estimate", "possible", "future", "prospective" and similar expressions.

## **4. EVENTS SUBSEQUENT TO REPORTING DATE**

### ***Next phase of drilling at the Yalgoo Gold Project***

On 24 February 2021, the Company announced that it has commenced the first phase of a 30,000m drilling campaign targeting aggressive resource growth at its 100%-owned Yalgoo Gold Project.

The new campaign aims to advance existing gold prospects and establish a robust JORC 2012-compliant Mineral Resource base across the broader project. Importantly, a JORC 2012-compliant Mineral Resource update for the Melville Gold Deposit is on track for delivery in March to April 2021.

For further details, please refer to the Company's ASX Announcement dated 24 February 2021.

### ***Admission of Firebird Metals to the Official List of the ASX in March 2021***

On 1 March 2021, the Company announced that the ASX had provided conditional approval for the listing of Firebird Metals (**FRB**). FRB is a wholly-owned subsidiary of Firefly that was established as a new manganese focused company.

Subject to the satisfaction of standard ASX conditions, it is expected that FRB shares will commence trading on the ASX during the week commencing 15 March 2021. Existing Firefly shareholders who are registered at the record date of 5 March 2021 are eligible for an in-specie distribution of 25 million FRB shares. Based on the current Firefly issued capital, each eligible Firefly shareholder is expected to receive 1 share in FRB for every 12 shares held in Firefly.

For further details, please refer to the Company's ASX Announcement dated 1 March 2021.

### ***Exercise of Unlisted Advisor Options***

On 5 March 2021, the Company issued 1,250,000 fully paid ordinary shares following the exercise of 1,250,000 Unlisted Advisor Options with a \$0.10 exercise price and 30 September 2022 expiry date, raising \$125,000 (before costs).


Apart from the above, there has not arisen in the interval between the end of the current reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

## **5. AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 15.

Dated at Perth, Western Australia, this 15<sup>th</sup> day of March 2021.

Signed in accordance with a resolution of the directors, made pursuant to section 295 (5)(a) of the *Corporations Act 2001*:



**Michael Edwards**  
*Non-Executive Chairman*



15 March 2021

Board of Directors  
Firefly Resources Limited  
T2, 64-68 Hay Street  
Subiaco, WA 6005

Dear Sirs

**RE: FIREFLY RESOURCES LIMITED**

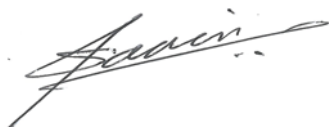
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Firefly Resources Limited.

As Audit Director for the review of the financial statements of Firefly Resources Limited for the period ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**Samir Tirodkar**  
**Director**



firefly  
RESOURCES LTD

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

	<b>Note</b>	<b>31 December 2020 \$</b>	<b>31 December 2019 \$</b>
Income	8	139,834	4,615
Exploration and evaluation expenses written off	9	(1,571,784)	(5,302,874)
Corporate and administrative expenses		(2,465,038)	(1,036,454)
<b>Loss before income tax</b>		<b>(3,896,988)</b>	<b>(6,334,713)</b>
Income tax		-	-
<b>Net loss for the period</b>		<b>(3,896,988)</b>	<b>(6,334,713)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>		<b>(3,896,988)</b>	<b>(6,334,713)</b>
<b>Net loss attributable to the members of parent entity</b>		<b>(3,896,988)</b>	<b>(6,334,713)</b>
<b>Total comprehensive loss attributable to the members of parent entity</b>		<b>(3,896,988)</b>	<b>(6,334,713)</b>
Basic loss per share			
Ordinary shares (cents)	13	(1.63)	(9.40)

Diluted loss per share is not shown as all potential fully paid ordinary shares on issue would decrease the loss per share and are thus not considered dilutive.

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

		<b>31 December 2020</b>	<b>30 June 2020</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		6,285,554	929,513
Trade and other receivables		65,128	23,179
Prepayments		29,425	38,517
<b>Total Current Assets</b>		<b>6,380,107</b>	<b>991,209</b>
<b>NON-CURRENT ASSETS</b>			
Other assets		11,250	11,250
Trade and other receivables		93,356	76,489
Property, plant and equipment		159,498	51,518
Exploration and evaluation expenditure	9	3,434,106	95,000
Right-of-use assets	10	88,521	76,099
<b>Total Non-Current Assets</b>		<b>3,786,731</b>	<b>310,356</b>
<b>TOTAL ASSETS</b>		<b>10,166,838</b>	<b>1,301,565</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		213,047	185,829
Provisions		8,195	13,632
Lease liabilities	10	66,890	73,498
<b>Total Current Liabilities</b>		<b>288,132</b>	<b>272,959</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	10	21,988	4,088
<b>Total Non-Current Liabilities</b>		<b>21,988</b>	<b>4,088</b>
<b>TOTAL LIABILITIES</b>		<b>310,120</b>	<b>277,047</b>
<b>NET ASSETS</b>		<b>9,856,718</b>	<b>1,024,518</b>
<b>EQUITY</b>			
Issued capital	11	52,064,500	40,945,737
Reserves		4,470,717	2,860,292
Accumulated losses		(46,678,499)	(42,781,511)
<b>TOTAL EQUITY</b>		<b>9,856,718</b>	<b>1,024,518</b>

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.





**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

<b>31 December 2020</b>	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
<b>Balance as at 1 July 2020</b>	<b>40,945,737</b>	<b>2,860,292</b>	<b>(42,781,511)</b>	<b>1,024,518</b>
Net loss for the period	-	-	(3,896,988)	(3,896,988)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(3,896,988)	(3,896,988)
Issue of share capital, net of costs	11,118,763	-	-	11,118,763
Application monies for corporate options	-	160	-	160
Share based payments	-	1,610,265	-	1,610,265
<b>Balance as at 31 December 2020</b>	<b>52,064,500</b>	<b>4,470,717</b>	<b>(46,678,499)</b>	<b>9,856,718</b>

<b>31 December 2019</b>	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Total Equity \$</b>
<b>Balance as at 1 July 2019</b>	<b>38,416,267</b>	<b>2,286,079</b>	<b>(35,675,344)</b>	<b>5,027,002</b>
Net loss for the period	-	-	(6,334,713)	(6,334,713)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(6,334,713)	(6,334,713)
Issue of share capital, net of costs	2,529,470	-	-	2,529,470
Share based payments	-	574,214	-	574,214
<b>Balance as at 31 December 2019</b>	<b>40,945,737</b>	<b>2,860,293</b>	<b>(42,010,057)</b>	<b>1,795,973</b>

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.



**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

	Note	31 December 2020 \$	31 December 2019 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		-	-
Cash payments in the course of operations		(2,388,444)	(1,153,359)
Interest received		1,743	2,092
Other (ATO cashflow boost, refund of rates, sublease of premises)		244,434	-
<b>Net cash (used in) operating activities</b>		<b>(2,142,267)</b>	<b>(1,151,267)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation assets		(451,933)	-
Payments for property, plant and equipment		(139,640)	(13,032)
Cash held by subsidiaries at acquisition date		3,427	-
<b>Net cash (used in) investing activities</b>		<b>(588,146)</b>	<b>(13,032)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities	10	(47,469)	(68,848)
Net proceeds from issue of shares and options	11	8,133,923	2,229,470
Net proceeds from issue of convertible notes		-	300,000
<b>Net cash provided by financing activities</b>		<b>8,086,454</b>	<b>2,460,622</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,356,041</b>	<b>1,296,323</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>929,513</b>	<b>239,044</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>6,285,554</b>	<b>1,535,367</b>

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.



## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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### 1. REPORTING ENTITY

Firefly Resources Limited (formerly Marindi Metals Limited) (the **Company** or **Firefly**) is a company domiciled in Australia. The consolidated interim financial report as at and for the six months ended 31 December 2020 covers the consolidated group of Firefly Resources Limited and its controlled entities (**consolidated entity** or **Group**).

The annual financial report of the consolidated entity for the year ended 30 June 2020 is available upon request from the Company's registered office or may be viewed on the Company's website, <https://www.fireflyresources.com.au/>.

### 2. STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated interim financial report has been prepared on the accruals basis and on an historical cost basis. It was approved by the Board of Directors on 15 March 2021.

The interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the interim financial report be read in conjunction with the annual report for the year ended 30 June 2020 and considered together with any public announcements made by the Company during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations of the *ASX Listing Rules*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2020 annual financial report for the financial year ended 30 June 2020. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (**the AASB**) that are relevant to their operations and effective for the current half year. The new and revised Standards and Interpretations had no material impact during the half-year ended 31 December 2020.

### 3. ACCOUNTING POLICIES

#### *Exploration and evaluation expenditure*

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Where an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made.

Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production.

#### *Principles of Consolidation*

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Firefly Resources Limited) and all of its controlled entities. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the controlled entities is provided in Note 15.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.





## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### 4. GOING CONCERN

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors believe this to be appropriate for the following reasons:

- (i) the Group has cash reserves of \$6,285,554 as at 31 December 2020 and has the ability to adjust its exploration expenditure to conserve cash subject to results of its exploration activities and the Group's funding position;
- (ii) the Group has no loans or borrowings; and
- (iii) the Directors regularly monitor the Group's cash position and on an ongoing basis consider a number of strategic and operational plans to ensure that adequate funding continues to be available for the Group to meet its business objectives.

The Directors are of the opinion that the above indicators demonstrate that the Group will be able to pay its debts as and when they fall due and continue as a going concern. Therefore, the Directors believe it is appropriate to adopt the going concern basis for the preparation of the Group's 2021 Interim Financial Report. In the event that the Group is not able to continue as a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business at amounts stated in this financial report.

### 5. ESTIMATES

The preparation of the interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2020.

During the period, significant judgment on the acquisition of the Yalgoo Gold Project was determined as per below:

Acquisition of an asset or a group of assets (including any liabilities assumed) that does not constitute a business are accounted for as asset acquisition under which the Group measures the assets and liabilities acquired, and the corresponding increase in equity, directly, at the fair value of the assets and liabilities acquired, unless that fair value cannot be reliably estimated.

In determining when an acquisition is classified as an asset acquisition and not a business, significant judgement is required to assess whether the assets acquired constitute a business in accordance with AASB3. Management determined that the acquisition of the Yalgoo Gold Project through acquiring 100% of the issued capital of Aurum Minerals Pty Ltd and its subsidiaries was an asset acquisition. Refer Note 16 for further details.

### 6. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 30 June 2020.

### 7. SEGMENT REPORTING

The consolidated entity operates predominantly in the mineral exploration industry in Australia.

### 8. INCOME

	31 December 2020 \$	31 December 2019 \$
Interest income	1,743	2,092
Sublease income	33,030	-
Other income	105,061	2,523
	<b>139,834</b>	<b>4,615</b>



**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	<b>31 December 2020 \$</b>	<b>30 June 2020 \$</b>
<b>9. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE</b>		
Exploration and evaluation costs carried forward in respect of areas of interest (net of amounts written off) (a)	<b>3,434,106</b>	<b>95,000</b>
	<b>6 months to 31 December 2020 \$</b>	<b>12 months to 30 June 2020</b>
<b>Reconciliation</b>	<b>\$</b>	<b>\$</b>
Carrying amount at beginning of period	95,000	4,738,719
Expenditure during the period – exploration	1,526,784	989,820
Expenditure during the period – acquisitions (cash consideration)	451,933	-
Expenditure during the period – acquisitions (non-cash consideration) (Note 16)	2,932,173	-
Expenditure written off	(1,571,784)	(5,633,539)
Carrying amount at end of period	<b>3,434,106</b>	<b>95,000</b>
 (a) The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. During the six months ended 31 December 2020 the consolidated entity wrote-off expenditure totalling \$1,571,784 (six months ended 31 December 2019: \$5,302,874), including acquisition costs of \$45,000 (six months ended 31 December 2019: \$3,782,679) and goodwill of \$nil (six months ended 31 December 2019: \$841,040). Refer Note 16 for details of non-cash acquisition costs.		
	<b>31 December 2020 \$</b>	<b>30 June 2020 \$</b>
<b>10. LEASES</b>		
<b>(a) Right-of-use assets</b>		
Rental Property	<b>88,521</b>	<b>76,099</b>
<b>(b) Lease liabilities</b>		
Current	66,890	73,498
Non-current	21,988	4,088
	<b>88,878</b>	<b>77,586</b>
	<b>6 months to 31 December 2020 \$</b>	<b>12 months to 30 June 2020 \$</b>
<b>(c) Amortisation of right-of-use assets</b>		
Depreciation expense per AASB 16: Leases	<b>43,119</b>	<b>72,353</b>
<b>(d) Interest expense on lease liabilities</b>		
Interest expense from the unwinding of interest per AASB 16: Leases	<b>3,219</b>	<b>7,038</b>
<b>(e) Total cash outflows for leases for the six months ended 31 December 2020</b>	<b>47,469</b>	<b>77,903</b>

During the period, the Group entered into a new office lease agreement for a period of two years. An incremental borrowing rate of 6.5% was applied to the lease liability for this new office lease.



**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	31 December 2020 \$	30 June 2020 \$
<b>11. ISSUED CAPITAL</b>		
299,789,532 (30 June 2020: 79,944,854) fully paid ordinary shares	<b>52,064,500</b>	<b>40,945,737</b>

**(a) Ordinary shares**

The following movements in issued capital occurred during the six months ended 31 December 2020:

	<b>Shares</b>		<b>Consolidated</b>	
	<b>6 months to 31 December 2020 No.</b>	<b>12 months to 30 June 2020 No.</b>	<b>6 months to 31 December 2020 \$</b>	<b>12 months to 30 June 2020 \$</b>
Balance at beginning of the period	79,944,854	2,132,371,023	40,945,737	38,416,267
Issue of shares at \$0.001 each for cash pursuant to a share placement	-	116,000,000	-	116,000
Issue of shares at \$0.001 each for cash pursuant to an entitlement offer	-	2,248,371,023	-	2,248,371
Share consolidation on a basis that every 60 shares be consolidated into 1 share	-	(4,421,797,190)	-	-
Issue of shares at \$0.06 each in full satisfaction of convertible notes	-	4,999,998	-	300,000
Issue of shares at a deemed issue price of \$0.03 each pursuant to a binding terms sheet for the Yalgoo Gold Project	833,333	-	25,000	-
Issue of shares at a deemed issue price of \$0.03 each pursuant to a binding terms sheet for the Yalgoo Gold Project	97,000,000	-	2,910,000	-
Issue of shares at \$0.03 each for cash pursuant to a share placement	43,333,334	-	1,300,000	-
Issue of shares at a deemed issue price of \$0.03 each in lieu of director fees to Mr M Edwards	1,666,667	-	50,000	-
Issue of shares at \$0.03 each for cash pursuant to an entitlement offer	34,261,344	-	1,027,840	-
Issue of shares at \$0.10 each following the exercise of unlisted options	1,500,000	-	150,000	-
Issue of shares at \$0.125 each following the exercise of unlisted options	1,250,000	-	156,250	-
Issue of shares at \$0.15 each for cash pursuant to a share placement	40,000,000	-	6,000,000	-
Share issue costs	-	-	(500,327)	(134,901)
<b>Balance at end of the period</b>	<b>299,789,532</b>	<b>79,944,854</b>	<b>52,064,500</b>	<b>40,945,737</b>

**(b) Options**

**Options issued or granted during the half-year**

The following options to subscribe for fully paid ordinary shares were granted during the half-year:

<b>Class</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Options</b>
Unlisted Corporate Options	4 June 2022	\$0.25	16,000,000



**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**11. ISSUED CAPITAL (CONTINUED)**

**Unissued shares under option**

The following options to subscribe for fully paid ordinary shares were outstanding at the end of the half-year:

Class <sup>1</sup>	Expiry Date	Exercise Price	Number of Options
Unlisted Options	15 April 2021	\$1.20	1,708,330
Unlisted Director Options	30 June 2021	\$1.20	166,666
Unlisted Options	31 March 2022	\$0.60	399,999
Unlisted Advisor Options	30 September 2022	\$0.10	3,500,000
Unlisted Advisor Options	30 September 2022	\$0.125	3,750,000
Unlisted Related-Party Options	31 December 2021	\$0.12	2,000,000
Unlisted Related-Party Options	31 December 2022	\$0.14	2,000,000
Unlisted Employee Options	31 December 2021	\$0.12	850,000
Unlisted Employee Options	31 December 2022	\$0.14	850,000
Unlisted Corporate Options	4 June 2022	\$0.25	16,000,000

1. On 23 August 2019, shareholders approved the consolidation of the Company's shares and options through the conversion of every sixty (60) shares/ options into one (1) share/ option. The above table shows post-consolidation numbers and exercise prices for each relevant class of option on issue.

These options do not entitle the holder to participate in any share issue of the Company or any other entity.

**Options exercised or lapsed during the half-year**

On 16 September 2020, the Company issued 2,750,000 fully paid ordinary shares following the exercise of 1,500,000 Unlisted Advisor Options with a \$0.10 exercise price and 30 September 2022 expiry date and 1,250,000 Unlisted Advisor Options with a \$0.125 exercise price and 30 September 2022 expiry date, raising \$306,250 (before costs).

**(c) Performance Rights**

**Performance Rights granted during the half-year**

The following performance rights were granted during the half-year:

Class <sup>1</sup>	Expiry Date	Exercise Price	Number of Performance Rights
Vendor Performance Rights – Class A <sup>2</sup>	31 July 2025	Nil	7,666,666
Vendor Performance Rights – Class B <sup>3</sup>	31 July 2025	Nil	7,666,666
Vendor Performance Rights – Class C <sup>4</sup>	31 July 2025	Nil	7,666,666
Director Performance Rights – Class 1 <sup>5</sup>	25 November 2023	Nil	5,033,332
Director Performance Rights – Class 2 <sup>6</sup>	25 November 2023	Nil	5,033,332
Director Performance Rights – Class 3 <sup>7</sup>	25 November 2023	Nil	5,033,332
Employee Performance Rights – Class 1 <sup>5</sup>	4 December 2023	Nil	1,266,666
Employee Performance Rights – Class 2 <sup>6</sup>	4 December 2023	Nil	1,266,666
Employee Performance Rights – Class 3 <sup>7</sup>	4 December 2023	Nil	1,266,666

1. The above performance rights were issued after the Company's reconstruction of capital.
2. The Vendor Performance Rights form part of the consideration for the Company's recently acquired Yalgoo Gold Project and the vesting of the Vendor Rights is subject to the terms and conditions and the satisfaction of relevant milestones for each class. Class A will vest upon announcement of a New Resource New Resource (or multiple New Resources in aggregate) of greater than 100,000oz (2.073Mt @ 1.5g/t gold and gold Equivalent) reported in accordance with JORC 2012 on any one of more of the tenements that form the Yalgoo Gold Project. New Resource means a resource not including the aggregate 153,000oz in resource estimates in the Company's ASX Announcement dated 24 June 2020 and Equivalent has the meaning given in the JORC Code 2012.





## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### 11. ISSUED CAPITAL (CONTINUED)

#### Performance Rights granted during the half-year

3. Class B will vest upon announcement of a New Resource (or multiple New Resources in aggregate) of greater than 200,000oz (2.073Mt @ 1.5g/t gold and gold Equivalent) reported in accordance with JORC 2012 on any one of more of the tenements that form the Yalgoo Gold Project.
4. Class C will vest upon the Company mining greater than 50kt from below 12m from surface (with a minimum gold grade of >1.0g/t Equivalent) on any one or more of the tenements that form the Yalgoo Gold Project.
5. The Director and Employee Performance Rights form part of the Company's remuneration arrangements and are subject to various vesting conditions. Class 1 will vest upon announcement of a minimum of 210,000 ounces of Inferred, Indicated and/or Measured Resources, at a minimum grade of 0.3g/t gold or gold Equivalent, reported in accordance with JORC 2012 on any one or more of the tenements that form the Yalgoo Gold Project. Equivalent has the meaning given in the JORC Code 2012.
6. Class 2 will vest upon announcement of a minimum 350,000 ounces of Inferred, Indicated and/or Measured Resources, at a minimum grade of 0.3g/t gold or gold Equivalent, reported in accordance with JORC 2012 on any one or more of the tenements that form the Yalgoo Gold Project.
7. Class 3 will vest upon the volume weighted average market price of the Company's fully paid ordinary shares (Shares) trading on ASX over 20 consecutive trading days on which the Shares have traded being at least \$0.20.
8. Each class of Performance Rights will lapse upon the relevant milestone being incapable of satisfaction on or before the expiry date.

Each Performance Right, once vested, entitles the holder, on exercise, to the issue of one fully paid ordinary share in the capital of the Company.

### 12. SHARE BASED PAYMENTS

Total share-based payment expense recognised for the half-year ended 31 December 2020 of \$1,610,265 (31 December 2019: \$574,214) is included in Corporate and Administrative Expenses in the Consolidated Statement of Profit and Loss and Other Comprehensive Income. Further details of the items included in this amount are shown below.

#### Vendor Performance Rights

On 30 July 2020, shareholders approved the grant of the following performance rights to vendors of the Yalgoo Gold Project:

- 7,666,666 Class A Performance Rights;
- 7,666,666 Class B Performance Rights; and
- 7,666,666 Class C Performance Rights.

The performance rights are subject to various vesting conditions and formed part of the consideration for the recently acquired Yalgoo Gold Project, refer Note 11 for further details.

Total expense recognised as share-based payments in the period was \$56,284.

#### Director Performance Rights

On 26 November 2020, shareholders approved the grant of the following performance rights to directors of the Company:

- 5,033,332 Class 1 Performance Rights;
- 5,033,332 Class 2 Performance Rights; and
- 5,033,332 Class 3 Performance Rights.

The performance rights are subject to various vesting conditions and are designed to align the Company's current remuneration structure to the achievement of short-term and longer-term sustainable growth for shareholders as the Company embarks on a significant phase of growth at its 100% owned Yalgoo Gold Project in WA. Refer Note 11 for further details.

Total expense recognised as related-party costs in the period was \$61,538.

#### Unlisted Corporate Options

On 4 December 2020, the Company granted 16,000,000 Corporate Options to nominees of CPS Capital Pty Ltd, the lead manager to the share placement completed in October 2020, exercisable at \$0.25 each on or before 4 June 2022.

Total expense recognised as share-based payments in the period was \$1,481,200.



**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**12. SHARE BASED PAYMENTS (CONTINUED)**

**Employee Performance Rights**

On 4 December 2020, the Company granted the following performance rights to employees under the Company's Employee Incentive Plan (**Plan**):

- 1,266,666 Class 1 Performance Rights;
- 1,266,666 Class 2 Performance Rights; and
- 1,266,666 Class 3 Performance Rights.

The Plan was approved by shareholders at a General Meeting held on 29 June 2018 and the milestone for each class of performance rights was carefully considered by the Board to align the interests of key employees with existing shareholders. Refer Note 11 for further details.

Total expense recognised as employee costs in the period was \$11,243.

**13. LOSS PER SHARE**

**Basic loss per share**

The calculation of basic loss per share for the half-year ended 31 December 2020 was based on the following:

	<b>Consolidated 31 December 2020 \$</b>	<b>31 December 2019 \$</b>
<i>Loss attributable to ordinary shareholders</i>		
Net loss for the period	<u>(3,896,988)</u>	<u>(6,334,713)</u>
	<b>2020 Number</b>	<b>2019 Number</b>
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share	<u>239,399,290</u>	<u>67,409,046</u>

On 23 August 2019, shareholders approved the consolidation of the Company's shares through the conversion of every sixty (60) shares into one (1) share. Accordingly, the weighted average number of ordinary shares for the prior reporting period has been adjusted retrospectively.

Diluted earnings per share are calculated where potential ordinary shares on issue are dilutive. As the potential ordinary shares on issue would decrease the loss per share in the current year, they are not considered dilutive, and not shown. The number of potential ordinary shares is set out in Note 11.

**14. COMMITMENTS AND CONTINGENCIES**

The changes to the commitments and contingencies as disclosed in the most recent annual report are specified below.

**Exploration commitments**

The Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Group's exploration programme and priorities. These obligations are also subject to variations by negotiation, joint venturing or relinquishing some of the relevant tenements. As at balance date, total exploration expenditure commitments of the Group which have not been provided for in the financial statements amounted to \$1,397,829 per annum.



**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**15. CONTROLLED ENTITIES**

	<b>Class of shares</b>	<b>Beneficial interest 31 December 2020</b>	<b>Beneficial interest 30 June 2020</b>
<i>Shares in controlled entity:</i>			
Fire Creek Resources Pty Ltd (incorporated in WA)	Ordinary	100%	100%
Firefly Operations Pty Ltd (incorporated in WA)	Ordinary	100%	100%
Firebird Metals Pty Ltd (incorporated in WA)	Ordinary	100%	100%
Firehawk Gold Pty Ltd (incorporated in WA)	Ordinary	100%	-
Aurum Minerals Pty Ltd (incorporated in WA)	Ordinary	100%	-
Yalgoo Exploration Pty Ltd (incorporated in WA)	Ordinary	100%	-
Lightning Bug Resources Pty Ltd (incorporated in WA)	Ordinary	100%	-

**16. ASSET ACQUISITION**

On 24 June 2020, Firefly announced that it had executed a binding agreement with the vendors of Aurum Minerals Pty Ltd (**Aurum**) and its subsidiaries to acquire a 100% interest in the advanced Yalgoo Gold Project (WA) through the issue of 97 million fully paid ordinary shares (**Consideration Shares**) and 22,999,998 performance rights. An additional 833,333 fully paid ordinary shares were issued on 6 July 2020 in accordance with the terms of the binding agreement (**Exclusivity Shares**).

On 31 July 2020, Firefly completed the acquisition through the issue of the consideration shares and performance rights to the vendors of Aurum. The performance rights were issued in three equal tranches of 7,666,666 and are subject to various vesting conditions. Upon completion of the acquisition, Firefly obtained a 100% interest in Aurum's assets.

The transaction is not a business combination as the Company's acquired assets did not meet the definition of a business as defined in AASB 3. The substance and intent was for the Company to acquire the exploration and evaluation assets that form the Yalgoo Gold Project for the purposes of building the Company's resource base, in line with its strategy of securing advanced gold exploration opportunities in Western Australia.

The fair value of the assets acquired at the date of acquisition (being 31 July 2020) and share based payments are outlined as follows:

	<b>31 December 2020 (\$)</b>
<b>Consideration:</b>	
Equity instruments issued (833,333 Exclusivity Shares)	25,000
Equity instruments issued (97,000,000 Consideration Shares)	2,910,000
<b>Total Consideration</b>	<b>2,935,000</b>
<b>Value of assets acquired:</b>	
Cash and cash equivalent	3,427
Trade and other receivables	1,220
Exploration and evaluation expenditure	1,008,287
Trade and other payables	(1,820)
<b>Net Value</b>	<b>1,011,114</b>
Intangible asset – exploration and evaluation asset	1,923,886
<b>Fair value of assets acquired</b>	<b>2,935,000</b>



## CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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### 17. EVENTS SUBSEQUENT TO REPORTING DATE

#### ***Admission of Firebird Metals to the Official List of the ASX in March 2021***

On 1 March 2021, the Company announced that the ASX had provided conditional approval for the listing of Firebird Metals (**FRB**). FRB is a wholly-owned subsidiary of Firefly that was established as a new manganese focused company.

Subject to the satisfaction of standard ASX conditions, it is expected that FRB shares will commence trading on the ASX during the week commencing 15 March 2021. Existing Firefly shareholders who are registered at the record date of 5 March 2021 are eligible for an in-specie distribution of 25 million FRB shares. Based on the current Firefly issued capital, each eligible Firefly shareholder is expected to receive 1 share in FRB for every 12 shares held in Firefly.

#### ***Exercise of Unlisted Advisor Options***

On 5 March 2021, the Company issued 1,250,000 fully paid ordinary shares following the exercise of 1,250,000 Unlisted Advisor Options with a \$0.10 exercise price and 30 September 2022 expiry date, raising \$125,000 (before costs).

Apart from the above, there has not arisen in the interval between the end of the current reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.





## DIRECTORS' DECLARATION

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In the opinion of the directors of Firefly Resources Limited:

1. the consolidated financial statements and notes, set out on pages 16 to 28 are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Dated at Perth, Western Australia this 15<sup>th</sup> day of March 2021.

Signed in accordance with a resolution of the Directors, made pursuant to section 295 (5)(a) of the *Corporations Act 2001*:

**Michael Edwards**  
*Non-Executive Chairman*

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
FIREFLY RESOURCES LIMITED**

**Report on the Half-Year Financial Report**

*Conclusion*

We have reviewed the half-year financial report of Firefly Resources Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Firefly Resources Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 15 March 2021.

*Responsibility of the Directors for the Financial Report*

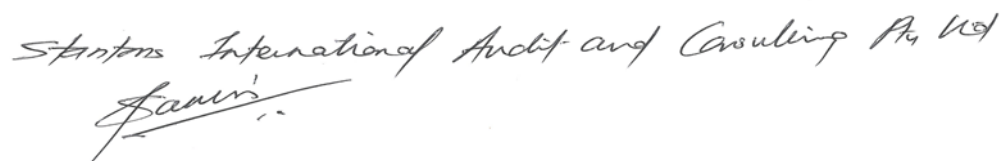
The directors of Firefly Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



*Stantons International Audit and Consulting Pty Ltd*  
*Samir*

**Samir Tirodkar**  
Director

West Perth, Western Australia  
15 March 2021