

September 2021 Quarterly Activities Report

Proposed merger with Gascoyne Resources via a Scheme of Arrangement progressing, with Scheme Meeting held on 27 October

MERGER WITH GASCOYNE RESOURCES

- Merger with Gascoyne via Scheme of Arrangement progressing, with the Scheme Booklet and a notice of meeting in respect of the Demerger dispatched to Firefly shareholders on 10 September 2021.
- The Scheme Meeting took place at 2.00pm (WST) on Wednesday, 27 October 2021.

YALGOO GOLD PROJECT, WA

- 2,100m RC drilling completed across the Applecross, Don Bradman and Crescent targets ahead of foreshadowed JORC Resource updates. Assays awaited.
- 2,000m of diamond drilling completed at Melville, Applecross and Don Bradman for metallurgical testwork and geotechnical evaluation. Assays awaited.
- Awaited assays to be used in the creation of several previously foreshadowed mineral resource estimates across the Yalgoo Gold Project.
- Mining Lease Application for Melville Gold Deposit successfully lodged.

CORPORATE

- Forrestania Resources exercises its option to acquire the non-core Forrestania Gold Project.
 - Consideration of \$1.25m in shares, \$50,000 in cash and a further milestone payment of \$500,000 to be assigned to Firetail Resources, the new company created by the demerger and spin-off of its exploration assets as part of the agreed merger with Gascoyne Resources (ASX: GCY).
 - Cash reserves as at 30 September 2021 of \$2.4 million.
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MERGER WITH GASCOYNE RESOURCES

As outlined in the Company's June 2021 Quarterly Activities Report, Firefly has entered into a binding Scheme Implementation Deed (**SID**) with Gascoyne Resources Limited (ASX: GCY) ("**Gascoyne**"), pursuant to which the two companies will merge by way of a Scheme of Arrangement under which Gascoyne will acquire all of the issued shares in Firefly in consideration for the issue of 0.34 fully paid ordinary shares in Gascoyne for each Firefly share (**Scheme**).

Full details of the SID were provided in the Company's ASX Announcement dated 16 June 2021.

The proposed merger with Gascoyne Resources progressed during the September 2021 Quarter, with the Scheme Booklet registered with the Australian Securities and Investments Commission (**ASIC**) on 8 September and dispatched to shareholders on 10 September.

Firefly issued a Supplementary Disclosure Statement to the ASX on 15 October 2021. The Supplementary Disclosure includes a supplementary report from the Independent Expert, BDO Corporate Finance (WA)

Pty Ltd (Independent Expert) which continues to conclude that the Scheme is fair and reasonable and hence in the best interests of Firefly shareholders, in the absence of a superior proposal. The Independent Expert's supplementary report should be read in context with the full Independent Expert's Report, the Scheme Booklet and the Supplementary Disclosure.

The Board of Firefly continue to unanimously recommended that, in the absence of a superior proposal and on the basis that the Independent Expert maintains its opinion that the Scheme is fair and reasonable and therefore in the best interests of shareholders, Firefly Shareholders vote in favour of the Scheme.

The Scheme Meeting for Firefly shareholders to consider and vote on the Scheme was held at 2.00pm (WST) on Wednesday, 27 October 2021 at BDO Australia, 38 Station Street, Subiaco, Western Australia 6008 and voting results were released on the same day.

The Scheme remains subject to a number of conditions, including the approval of the WA Supreme Court at the Second Court Hearing, currently scheduled to be heard at 2.00pm (WST) on 1 November 2021.

FIRETAIL DEMERGER

As set out in the ASX Announcements dated 16 June 2021 and 8 September 2021, Firefly and Gascoyne have agreed to demerge certain copper-gold and lithium assets, which will be transferred to a newly incorporated entity, Firetail Resources Limited (**Firetail**), by way of a capital reduction and in-specie distribution of 1 fully paid ordinary share in Firetail for approximately every 11.91 Firefly Shares (**Demerger**).

The General Meeting for Firefly shareholders to consider and, if thought fit, approve the Demerger was held at 2.30pm (WST) on Wednesday, 27 October 2021 at BDO Australia, 38 Station Street, Subiaco, Western Australia 6008 and voting results were released on the same day.

YALGOO GOLD PROJECT

Exploration, resource development and preparations for mining are progressing at the Company's 100%-owned Yalgoo Gold Project, with the following activities either completed, underway or planned:

- 2,100m Reverse Circulation drilling program completed across the Applecross, Don Bradman and Crescent targets, to lay the foundation for maiden JORC Code 2012 Mineral Resource Estimates. Assays are awaited;
- ~2,000m of diamond drilling completed at the cornerstone 196,000oz Melville Deposit, as well as at Applecross and Don Bradman for metallurgical testwork and geotechnical evaluation. Assays are awaited; and,
- Awaited assays to be used in the creation of several previously foreshadowed mineral resource estimates across the Yalgoo Gold Project.
- A Mining Lease Application (**MLA**) for the Melville Deposit has been prepared and successfully lodged as part of the Company's preparations for the start of mining.

PATERSON COPPER-GOLD PROJECT, W.A. (FIREFLY 100%)

The Paterson Project is located in the world-class Paterson Province of northern Western Australia and covers approximately 600km² across three separate tenement packages – northern, central and southern.

Each tenement group sits in highly prospective locations either containing, or located directly along-strike from, existing copper-gold prospects.

The Paterson Province hosts several major copper and gold operations, including the Nifty copper mine and the world-class Telfer gold mine, and has more recently seen a number of exciting new copper-gold discoveries, at Winu (Rio Tinto) and Havieron (Greatland Gold, now joint ventured with Newcrest).

During the Quarter, Firefly continued 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.

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. Recent geophysical work has also highlighted the prospectivity of the Wanderer target and nearby areas and illustrated a number of coincident targets to be followed up.

CORPORATE

Sale of Forrestania Gold Project

In March 2021, Firefly signed a conditional agreement with Forrestania Resources Limited (**Forrestania Resources**) allowing it to acquire the Company's 100%-owned non-core Forrestania Gold Project via the acquisition of 100% of the shares of Firefly's wholly-owned subsidiary, Firehawk Gold Pty Ltd (**Firehawk**).

Under the agreement, Forrestania Resources had the option to acquire a 100% interest in the Forrestania Gold Project, subject to completion of due diligence, Forrestania Resources receiving conditional approval to list on the ASX either via an IPO or an agreement with an ASX-listed entity as well as other standard regulatory approvals and third-party consents.

During the Quarter, Forrestania Resources exercised the option and proceeded with the acquisition of the Forrestania Gold Project. The consideration was the issue of \$1.25 million worth shares in Forrestania Resources, plus \$50,000 cash and a further milestone payment of \$500,000 in shares which is payable on the definition of JORC 2012 Resource of at least 250,000oz of gold at over 2g/t Au (see ASX announcement, 17 March 2021).

As part of the proposed Demerger, which is outlined above, the rights to the consideration from the sale of the Forrestania Gold Project are being assigned to Firetail, subject to the satisfaction or waiver of conditions precedent under the demerger agreements.

Full details of the proposed Demerger were provided in the Company's ASX Announcement dated 8 July 2021.

Coronavirus (COVID-19) Pandemic Update

Firefly is continuing to proactively manage the impacts of the Coronavirus pandemic through the implementation of measures aimed at ensuring the safety of its personnel and the public.

The measures implemented across the Company 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 Company or its exploration activities.

Financial Position

Firefly Resources had total cash reserves of \$2.4 million as at 30 September 2021.

Summary of Cashflows

The Quarterly Cashflow Report is prepared on a consolidated basis and includes the cash inflows and cash outflows of Firefly and its subsidiaries. Cash and cash equivalents were \$2.4 million at the end of the quarter compared to \$3.9 million as at 30 June 2021.

Exploration and evaluation expenditure for the Yalgoo Gold Project's ongoing exploration program resulted in cash outflows of \$975K during the quarter, whilst other exploration expenditure totalled approx. \$113K. A completion payment of \$50K was received from Forrestania Resources during the quarter.

Staff costs remained low at approx. \$29K whilst administration and corporate costs were approx. \$658K for the September quarter and included approx. \$500K of transaction costs for the merger with Gascoyne.

Payments to Related Parties of the Company and their associates comprised non-executive director fees, and executive director salary and superannuation of approx. \$82K. This amount includes a portion of non-executive director fees for the June quarter.

Authorised by:

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Managing Director and CEO

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Melville JORC 2012 Mineral Resource Estimate

Indicated			Inferred			Total		
Tonnes	Au (g/t)	Ounces	Tonnes	Au (g/t)	Ounces	Tonnes	Au (g/t)	Ounces
3,314,900	1.47	156,753	887,547	1.39	39,635	4,202,447	1.45	196,388

¹Calculated using a 0.7g/t cut-off grade

FFR confirms that it is not aware of any new information or data that materially affects the information contained in ASX announcement dated 17 March 2021 in relation to the above resource estimate. All material assumptions and technical parameters underpinning the mineral resource estimates continue to apply and have not materially changed.

Competent Persons Statement

The information in this announcement that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information reviewed, collated and compiled by Mr Simon Lawson, a full-time employee and the Managing Director of Firefly Resources Ltd. Mr Lawson is a professional geoscientist and Member of The Australian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration, and to the activity which has been undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore Reserves. Mr Lawson consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

Table 1 – Tenements as at 30 September 2021

Projects	Tenement Number	Area (blocks)	Registered Holder	Status	Interest
Edgerton	E52/3756	4	Firefly Resources Limited	Granted	100%
Edgerton	E52/3894	24	Firefly Resources Limited	Granted	100%
Paterson	E45/5358	68	Firefly Operations Pty Ltd	Granted	100%
Paterson	E45/5391	174	Firefly Operations Pty Ltd	Granted	100%
Paterson	E45/5396	76	Firefly Operations Pty Ltd	Granted	100%
Paterson	E45/5397	51	Firefly Operations Pty Ltd	Granted	100%
Paterson	E45/5407	87	Firefly Operations Pty Ltd	Granted	100%
Paterson	E45/5831	8	Firefly Resources Limited	Granted	100%
Paterson	E45/5971	48	Firefly Operations Pty Ltd	Application	-
Yalgoo	E59/2077	34	Yalgoo Exploration Pty Ltd	Granted	100%
Yalgoo	E59/2140	37	Yalgoo Exploration Pty Ltd	Granted	100%
Yalgoo	E59/2230	11	Yalgoo Exploration Pty Ltd	Granted	100%
Yalgoo	E59/2252	34	Yalgoo Exploration Pty Ltd	Granted	100%
Yalgoo	E59/2284	6	Yalgoo Exploration Pty Ltd	Granted	100%
Yalgoo	E59/2295	47	Yalgoo Exploration Pty Ltd	Granted	100%
Yalgoo	E59/2363	1	Yalgoo Exploration Pty Ltd	Granted	100%
Yalgoo	E59/2364	45	Yalgoo Exploration Pty Ltd	Granted	100%
Yalgoo	M59/358	189.15 HA	Firefly Resources Limited	Granted	100%
Yalgoo	M59/384	98.185 HA	Firefly Resources Limited	Granted	100%
Yalgoo	P59/2040	64 HA	MMPS Pty Ltd	Granted	100%
Yalgoo	P59/2042	2 HA	MMPS Pty Ltd	Granted	100%
Yalgoo	P59/2086	39 HA	Firefly Resources Limited	Granted	100%
Yalgoo	P59/2087	119 HA	Firefly Resources Limited	Granted	100%
Yalgoo	P59/2134	4.04 HA	Firefly Resources Limited	Granted	100%

Projects	Tenement Number	Area (blocks)	Registered Holder	Status	Interest
Yalgoo	P59/2138	48.82 HA	Yalgoo Exploration Pty Ltd	Granted	100%
Yalgoo	P59/2158	43.74 HA	Yalgoo Exploration Pty Ltd	Granted	100%
Yalgoo	M59/57	76.535 HA	Firefly Resources Limited	Granted	100%
Yalgoo	E59/2468	4	Firefly Resources Limited	Granted	100%
Yalgoo	P59/2088	119.942 HA	Yalgoo Exploration Pty Ltd	Granted	100%
Yalgoo	P59/2089	119.85 HA	Yalgoo Exploration Pty Ltd	Granted	100%
Yalgoo	E59/2469	3	Firefly Resources Limited	Granted	100%
Yalgoo	E59/2458	38	Firefly Resources Limited	Granted	100%
Yalgoo	E59/2456	8	Firefly Resources Limited	Granted	100%
Yalgoo	E59/2478	46	Firefly Resources Limited	Application	-
Yalgoo	E59/2457	49	Firefly Resources Limited	Application	-
Yalgoo	E59/2459	40	Firefly Resources Limited	Application	-
Yalgoo	E59/2460	41	Firefly Resources Limited	Application	-
N/A	E59/2534	50	Lightning Bug Resources Pty Ltd	Application	-
N/A	E59/2543	35	Lightning Bug Resources Pty Ltd	Application	-
N/A	E59/2544	24	Lightning Bug Resources Pty Ltd	Application	-
Yalgoo	M59/767	338.17 HA	Yalgoo Exploration Pty Ltd	Application	-

Table 2 – Tenement Changes for the September 2021 Quarter

Changes in Tenements	Tenement Number	Nature of Interest	Interest at beginning of quarter	Interest at end of quarter
Interests in mining tenements lapsed, relinquished or reduced (a)	E74/627 E77/2364 E74/591 E77/2348 E77/2346 E74/586 E77/2345 E77/2313 M77/549	(a) Sale of the Forrestania Gold Project (comprised of nine (9) tenements) to Forrestania Resources Limited	100%	Nil
Interests in mining tenements lapsed, relinquished or reduced (b)	E45/5718 E59/2470 E59/2471	Application Application Application	100% 100% 100%	Nil Nil Nil
Interests in mining tenements acquired, transferred or increased	M59/767 E45/5971	Application Application	Nil Nil	- -