

4 August 2022

Ms Nikki Ciavatta  
Adviser, Listings Compliance (Perth)  
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By email:        Nikki.Ciavatta@asx.com.au  
                      ListingsCompliancePerth@asx.com.au

Dear Nikki

**Response to “Firefinch Limited (‘FFX’): Aware Query”**

We refer to your letter dated 28 July 2022 (**Letter**). Capitalised terms used in this letter have the meaning given in your Letter unless otherwise defined.

We also refer to:

- a) FFX’s letter of 12 July 2022 (**12 July Letter**) in response to your letter of 5 July 2022; and
- b) FFX’s letter of 21 July 2022 (**21 July Letter**) in response to your letter of 15 July 2022.

Set out below is the response of Firefinch Limited (ABN 11 113 931 105) (**FFX**) to each of the questions in the Letter.

1. *Please confirm the date/s that FFX received the delivered equipment, as described in paragraph E above*

2x Off-Highway Truck 90 T Komatsu HD785 – Week 1 of January 2022  
3x Off-Highway Truck 90 T Komatsu HD785 – Week 2 of January 2022  
1x Bulldozer 40T Komatsu D155 – Week 5 of June 2022  
1x Motorized Pump 250 m3/h Atlas Copco VAR6-250 – Week 4 of December 2021.

Notwithstanding the delivery dates mentioned above, the equipment is subject to assembly and commissioning after the delivery date.

2. *In the 12 July Response, FFX confirmed that it expected delivery of the new equipment to the Morila Gold Mine on or around December 2021. With reference to the actual date/s of the delivered equipment noted in the response to question 1, please explain the basis for FFX’s confirmation in the 12 January Announcement that, since imposition of the ECOWAS Sanctions, operations at the Morila Gold Mine were continuing as normal with no immediate impact to supply*

It should be noted that in practice the delivery of equipment is subject to factors such as, but not limited to, importation port logistics, customs clearances, transportation logistics and transportation security support which in practice means that equipment is delivered to site in batches over a period of weeks. In relation to the equipment ‘expected’ onsite in December

2021; there was some optimism that some equipment in fact may have been delivered in November 2021, the majority of the equipment in December 2021 and likely the final delivery of the batch to be in early January 2022.

The ECOWAS sanctions were imposed on the State of Mali on 9 January 2022. On 12 January 2022, FFX confirmed that, “[a]t this stage, the Company can confirm that operations at the Morila Gold Mine are continuing as normal with no immediate impact to production, supply or the safety and security of employees and contractors.

The basis of this statement, as at 12 January 2022, was that:

- no disruptions to the supply chain that were attributable to the imposition of the ECOWAS Sanctions three days earlier were evident;
- while FFX had been expecting the delivery of certain equipment in December 2021, the delay in receiving the equipment, at that stage, was not materially outside the ordinary delivery terms in relation to the delivery of such equipment;
- FFX reasonably considered that any direct impact on production or supply from the ECOWAS Sanctions could be mitigated, including by taking the steps described in the 12 July Letter; and
- FFX was monitoring the circumstances surrounding the imposition of the ECOWAS Sanctions and receiving updates in connection with the potential lifting of the sanctions which indicated these were expected to be short term in nature.

3. *In the 12 July Response, FFX confirmed that at the time it reaffirmed its calendar year production guidance in May 2022:*

*3.1 it did not consider that the ECOWAS Sanctions were having a material impact on production;*

*3.2 it had an expectation that the ECOWAS Sanctions would cease in the short term; and*

*3.3 any production shortfall would be recovered prior to the end of 2022.*

*Please describe FFX’s basis for each of the statements in paragraph 3.1, 3.2 and 3.3 respectively, incorporating reference to actual production figures at the time (noting FFX received weekly reports), and noting the proportion of equipment delivered as compared to equipment ordered, at the time of the May Investor Presentation,*

*3.1 it did not consider that the ECOWAS Sanctions were having a material impact on production;*

As noted in the 12 July Letter, FFX put in place various strategies to mitigate the effect of the delayed delivery of equipment, including the engagement of an additional local contractor that was not linked to an ECOWAS jurisdiction and requiring existing contractors to deploy additional local plant and equipment. At the time FFX reaffirmed its calendar year production guidance in May 2022, FFX considered that these measures had proven generally effective at mitigating the impact of the delayed delivery of the new equipment and resulting equipment availability issues on operations at Morila.

On this basis, FFX did not consider on 2 May 2022 that the ECOWAS Sanctions or the delayed delivery of equipment were having a material impact on production.

As set out in the 12 July Letter, it was only upon receipt of the 24 June Report that FFX first became aware that the mitigating strategies put in place by FFX were becoming less effective such that a material impact on production became evident.

As set out in both the 12 July Letter and the 21 July Letter, consistent with the usual process for commissioning and ramp-up activities, FFX's expectations for June monthly production were greater than the monthly production targets for April and May and therefore the June Quarterly Production Target was more heavily reliant on gold production in the month of June.

On 2 May 2022, the FFX board had access to production figures for the first 4 weeks of the June Quarter. Given the commissioning and ramp-up activities being undertaken and the expected production over the quarter, these figures did not indicate that the ECOWAS Sanctions, or any other factor, was having a material impact on production.

*3.2 it had an expectation that the ECOWAS Sanctions would cease in the short term; and*

FFX was monitoring the circumstances surrounding the imposition of the ECOWAS Sanctions and was in regular communication with its operations team in Morila regarding the circumstances in Mali. Several of FFX's management team met with Government of Mali representatives and other sources of intelligence and discussed the status of the ECOWAS Sanctions.

Based on this information, FFX understood that it was possible that the ECOWAS sanctions could have been removed in the short term.

*3.3 any production shortfall would be recovered prior to the end of 2022.*

As at 2 May 2022, the FFX board had access to production figures for the first 4 weeks of the June Quarter. These figures established that FFX had produced a cumulative 3,283 ounces by the week ending 24 April 2022. This was largely consistent with FFX's expectations based on the production updated and plan for 2022 released by FFX on 12 April 2022 (the **Production Update**) which still allowed guidance for the quarter to be achieved.

FFX considered, as at 2 May 2022, that any production shortfall identified at that time would be recovered prior to the end of 2022, including because:

- the difference between the expected and actual production amounts as at the week ending 24 April 2022 was not material in the context of either the June Quarter Production Target or the calendar year production target;
- as set out in both the 12 July Letter and the 21 July Letter consistent with the usual process for commissioning and ramp-up activities, FFX's expectations for June monthly production were greater than the monthly production targets for April and May;
- production amounts in April 2022 were increasing each week and were consistent with the Company's expectations in connection with the Production Update; and
- the Production Update outlined that forecast gold production was 30,000 to 35,000 ounces in the September Quarter and 36,000 – 40,000 ounces in the December Quarter.

4. *Please confirm that FFX is complying with the Listing Rules and, in particular, Listing Rule 3.1.*

FFX confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

5. *Please confirm that FFX's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of FFX with delegated authority from the board to respond to ASX on disclosure matters.*

Yes, FFX's responses to the questions above have been authorised and approved by the board of FFX.

Yours faithfully

Nathan Bartrop  
**Company Secretary**



28 July 2022

Reference: ODIN55091

Mr Nathan Bartrop  
Company Secretary  
Firefinch Limited  
Level 3, 31 Ventnor Ave  
West Perth WA 6005

By email: nbartrop@firefinchltd.com

Dear Mr Bartrop

### **Firefinch Limited ('FFX'): Aware Query**

ASX refers to the following:

- A. FFX's announcement entitled 'Update on Mali situation' released on the ASX Market Announcements Platform ('MAP') on 12 January 2022 ('12 January Announcement'), disclosing developments in Mali following the imposition of economic sanctions on Mali by the Economic Community of West African States ('ECOWAS Sanctions') and the status of FFX's operations at the Morila Gold Mine, including amongst other disclosures, the following:

*"At this stage, the Company can confirm that operations at the Morila Gold Mine are continuing as normal with no immediate impact to production, supply, or the safety and security of employees and contractors. Site-based activities at the Goulamina Lithium Project have also continued unaffected."*

- B. FFX's announcement entitled 'Firefinch Investor Presentation – May 2022' released on MAP on 1 May 2022, in which FFX reaffirmed its calendar year production guidance of 100,000 ounces of gold ('May Investor Presentation').
- C. FFX's announcement entitled 'Operational Update' released on MAP on 4 July 2022 which disclosed the following ('Operations Update Announcement'):
- (i) Full year production guidance is withdrawn.
  - (ii) *"The underperformance relative to guidance has been largely due to poor equipment availability which has been exacerbated by the delayed delivery of additional mining equipment. This delay is a result of the Economic Community of West African States (ECOWAS) sanctions imposed on the State of Mali restricting the movement of goods. Consequently, production ramp up is behind schedule."*
- D. FFX's announcement entitled 'Response to ASX Aware Query' released on MAP on 12 July 2022 ('12 July Response'), which stated (relevantly) in response to ASX's queries:

***"3. At the time FFX reaffirmed its Calendar Year Production Target in May 2022, was FFX aware of any information which suggested it may not meet its Calendar Year Production Target? In answering this question, please comment on the impact (if any) of the ECOWAS sanctions at the time FFX reaffirmed its Calendar Year Production Target."***

*No. FFX was not aware of any information that suggested that it may not meet the Calendar Year Production Target on or before 1 May 2022.*

*The ECOWAS Sanctions were imposed on 9 January 2022. From that date, FFX was aware that the sanctions could cause the delivery of new plant and equipment to be delayed by being held in ports of origin, and*

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transfer ports. FFX therefore put in place various strategies to mitigate the effect of such delays, including the engagement of an additional local contractor that was not linked to an ECOWAS jurisdiction and requiring existing contractors to deploy additional local plant and equipment.

As a result of these mitigation strategies, at the time FFX reaffirmed its Calendar Year Production Target, FFX did not consider that the ECOWAS Sanctions were having a material impact on production. Additionally, FFX had an expectation that the ECOWAS Sanctions would cease in the short term, and any production shortfall would be recovered prior to the end of 2022. The ECOWAS Sanctions were lifted on 3 July 2022.”

**“6. Please provide details regarding the time and date that FFX first became aware of:**

**6.1. The ECOWAS Sanctions;**

As noted above in response to question 3, FFX became aware of the imposition of sanctions by ECOWAS (Economic Community of West African States) on the State of Mali on or around 9 January 2022.

**6.2. The equipment availability issues mentioned in the Operations Update Announcement;**

“FFX’s mining services contractor responsible for the Morila and Satellite Pit Mining Services had procured new equipment to be delivered to the Morila Gold Mine on or around December 2021, but the delivery of such equipment was delayed due to the imposition of the ECOWAS Sanctions.”

- E. FFX’s announcement entitled ‘Response to ASX Aware Query’ released on MAP on 21 July 2022 (‘21 July Response’), which stated (relevantly) in response to ASX’s queries:

**“In FFX’s answer to question 6.2 of ASX’s query letter dated 5 July 2022, FFX noted that it had procured new equipment to be delivered to the Morila Gold Mine on or around December 2021. Please advise what equipment FFX was expecting delivery and what equipment was delivered.**

*Expecting Delivery*

2x Crawler Excavator 50 T Komatsu PC 500 2x Hydraulic Mining Shovel 250 T Komatsu PC 2000 2x Hydraulic Mining Shovel 350 T Caterpillar 6030 2x Wheel Loader 50 T Komatsu WA 600 1x Wheel Loader 100 T Komatsu WA 900 12x Off-Highway Truck 90 T Komatsu HD785 4x Off-Highway Truck 150T Caterpillar 785 6x Off-Highway Truck 150T Komatsu HD1500 4x Bulldozer 50T Komatsu D275 4x Bulldozer 40T Komatsu D155 3x Bulldozer 70T Komatsu D375 3x Motor Grader 20 T Komatsu GD705 2x Off-Highway WB 90 T Komatsu HD785 1x Service Truck MAN TGS 33.360 6x6 1x Diesel Truck MAN TGS 33.360 6x6 1x Motorized Pump 250 m3/h Atlas Copco VAR6-250 3x Motorized Pump 500 m3/h 1x Drill Rig Epiroc D60 1x Drill Rig Epiroc D65 RC

*Delivered*

5x Off-Highway Truck 90 T Komatsu HD785 1x Bulldozer 40T Komatsu D155 1x Motorized Pump 250 m3/h Atlas Copco VAR6-250”

- F. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity” and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information.”

- G. Section 7.8 of Guidance Note 8 which provides:

“Other financial forecasts (such as forecast sales or forecast operational or capital expenditure) published by entities, and exploration and production targets published by mining or oil and gas entities, can raise similar considerations to earnings guidance. As forward-looking statements, these must be based on reasonable grounds or else they will be deemed to be misleading, with all the significant legal consequences that entails.

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*For this reason, appropriate due diligence needs to be applied to their preparation and the underlying figures and assumptions should be carefully vetted and signed off at a suitably senior level before they are released.*

*If an entity becomes aware that its financial results will differ materially (downwards or upwards) from any financial forecast it has published, or that its exploration or production results for a period will differ materially (downwards or upwards) from any target it has published, it may have a legal obligation to notify the market of that fact. This obligation may arise under Listing Rule 3.1 and section 674 if the difference is of such a magnitude that a reasonable person would expect it to have a material effect on the price or value of the entity's securities. It may also arise under section 1041H, because failing to inform the market that its published forecast or target is no longer accurate could constitute misleading conduct on its part."*

- H. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed."*

- I. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

*"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."*

### **Request for information**

Having regard to the above, ASX asks FFX to respond separately to each of the following questions and requests for information:

1. Please confirm the date/s that FFX received the delivered equipment, as described in paragraph E above.
2. In the 12 July Response, FFX confirmed that it expected delivery of the new equipment to the Morila Gold Mine on or around December 2021. With reference to the actual date/s of the delivered equipment noted in the response to question 1, please explain the basis for FFX's confirmation in the 12 January Announcement that, since imposition of the ECOWAS Sanctions, operations at the Morila Gold Mine were continuing as normal with no immediate impact to supply.
3. In the 12 July Response, FFX confirmed that at the time it reaffirmed its calendar year production guidance in May 2022:

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- 3.1 it did not consider that the ECOWAS Sanctions were having a material impact on production;
  - 3.2 it had an expectation that the ECOWAS Sanctions would cease in the short term; and
  - 3.3 any production shortfall would be recovered prior to the end of 2022.

Please describe FFX's basis for each of the statements in paragraph 3.1, 3.2 and 3.3 respectively, incorporating reference to actual production figures at the time (noting FFX received weekly reports), and noting the proportion of equipment delivered as compared to equipment ordered, at the time of the May Investor Presentation,

4. Please confirm that FFX is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that FFX's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of FFX with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **12:00 PM AWST Thursday, 4 August 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, FFX's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require FFX to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

#### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in FFX's securities under Listing Rule 17.3.

#### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to FFX's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that FFX's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

#### **Release of correspondence between ASX and entity**

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.



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## Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

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**Nikki Ciavatta**

Adviser, Listings Compliance (Perth)