
Recapitalisation package agreed with key stakeholders including \$90 million equity raise to fund Morila Stage 1 and 2 production plan and provide working capital

- **A\$90 million equity raise to provide Firefinch with a strong balance sheet to continue the Morila production ramp up under the Company's Stage 1 and Stage 2 production plan through to 2024**
 - Firefinch launches A\$90 million two-tranche Placement. Tranche One of the Placement is set to raise approximately A\$10.4 million and Tranche Two of the Placement, which is subject to shareholder approval, is set to raise A\$79.6 million
- **In addition to the equity raise, the Company's current mining services contractor, MEIM Morila SARL, to convert approximately US\$23.4 million of outstanding debt and future liabilities to equity, subject to shareholder approval**
 - Additional trade creditors to convert at least US\$4.89 million of outstanding debt to equity, subject to shareholder approval
- **Upon settlement of both tranches of the Placement, Firefinch will have a pro-forma 31 August 2022 cash balance of ≈A\$126 million (before costs)**
- **Firefinch to launch a Share Purchase Plan offer to shareholders of up to A\$10 million, subject to shareholder approval and subject to the discretion of the Board to accept over-subscriptions**
- **New leadership team with a proposed restructured board to leverage industry knowledge and expertise:**
 - Scott Lowe appointed as Managing Director; and
 - Proposed board to consist of Scott Lowe, Brett Fraser, Mark Hepburn, Bradley Gordon and, subject to the satisfaction of certain conditions, a nominee of MEIM Morila SARL
- **Following the August update to the Morila Deposit's Mineral Resources and today's production target defined for the 18-month period to March 2024, a revised operating strategy provides a clear path to achieve business improvement, drive production and develop the significant resource base at Morila**
- **Firefinch expects to release an updated Morila Ore Reserve and Life of Mine Plan in the December quarter 2022**
- **Current directors to unanimously recommend that Firefinch shareholders vote in favour of the resolutions required to give effect to the recapitalisation package**

Firefinch Limited (ASX: FFX) (**Firefinch** or **the Company**) is pleased to announce that it has successfully agreed a recapitalisation package with relevant stakeholders, including institutional investors, MEIM Morila SARL (**MEIM**) and other trade creditors (the **Recapitalisation**) to facilitate the long-term growth of the Company.

As part of the Recapitalisation, the Company is:

- seeking to raise at least A\$90 million by way of a two-tranche placement to sophisticated and professional investors for the issue of approximately 1.5 billion new fully paid ordinary shares (**New Shares**) at an offer price of A\$0.06 per New Share (the **Placement**);
- entering into an agreement with MEIM, the Company's current mining services contractor, to provide for (subject to all necessary shareholder approvals being obtained) the conversion of approximately US\$23.4 million of outstanding debt owed by, and future liabilities of, Société des Mines de Morila SA (**Morila SA**) to MEIM under a mining services agreement (the **Mining Services Agreement**) into New Shares at the offer price of A\$0.06 per New Share;
- reducing its outstanding debts and strengthening its balance sheet by negotiating settlements with other trade creditors of Morila SA providing for the conversion of outstanding debts amounting to at least US\$4.89 million into New Shares at the offer price of A\$0.06 per New Share, subject to all necessary shareholder approvals being obtained; and
- undertaking a non-underwritten Share Purchase Plan (**SPP**) (subject to shareholder approval being obtained) at the same price as the Placement (A\$0.06 per share), to raise up to A\$10 million, subject to the discretion of the Board to accept over-subscriptions.

Non-executive Chairman, Brett Fraser said:

"The agreement of the recapitalisation package, together with the alignment of key stakeholders, represents a significant milestone and provides a strong balance sheet to enable the Company to continue the Morila production ramp up under the Company's Stage 1 and Stage 2 production plan through to 2024.

Under Scott Lowe's new leadership, the Company plans to complete its review of the Morila life of mine plan, to release an update to the Company's ore reserve estimates based on the August update to the Morila Deposit's Mineral Resources and to continue to implement its revised mining, capital expenditure and operational plans to ensure that Morila's operations are more cost-effective and efficient.

We appreciate the strong support that each of MEIM, Morila's other service providers and the Company's new and existing institutional shareholders have given the Company in order to implement the recapitalisation strategy."

Placement

New Shares under the Placement will be issued in two tranches:

- Tranche one: the Company will issue approximately 173,613,409 New Shares at an Offer price of A\$0.06 per New Share, raising a total of approximately A\$10.4 million before costs (**Tranche One Placement**).
- Tranche two: subject to shareholder approval, the Company proposes to issue approximately 1,326,386,591 million New Shares at an Offer price of A\$0.06 per New Share, raising a total of approximately A\$79.6 million before costs (**Tranche Two Placement**).

New Shares under the Tranche One Placement will be issued within the Company's existing placement capacity in accordance with ASX Listing Rule 7.1. Settlement of the Tranche One Placement is expected to occur on Friday, 30 September 2022, with New Shares expected to be allotted on Monday, 3 October 2022.

Completion of the Tranche Two Placement is subject to shareholder approval, which will be sought at a General Meeting expected to be held on or around Monday, 31 October 2022. Pending shareholder approval, settlement of the Tranche Two Placement is expected to occur on Thursday, 3 November 2022, with New Shares expected to be allotted on Friday, 4 November 2022.

The Placement is expected to result in the issue of 1.5 billion New Shares, representing approximately 127% of Firefinch's existing shares on issue. New Shares issued under the Placement will rank equally with existing fully paid ordinary shares of the Company.

The Company intends to use the proceeds of the Placement and its existing cash balance as follows:

Use of Funds	Amount
Mine Development • Waste stripping from Morila Stage 2 & 3 • Tailings repatriation • Tailings dam expansion and lift • Process plant reliability and improvement projects • SAG mill upgrade (initial works)	A\$81 million
Exploration & delineation drilling • Resource drilling at Morila, regional exploration	A\$5 million
Payment of aged creditors	A\$15 million
General Working Capital & Offer Costs	A\$25 million
Total	A\$126 million

Further details of the Placement are set out in the Company's investor presentation lodged with ASX today. The investor presentation contains important information including key risks of investing in Firefinch and foreign selling restrictions with respect to the Placement.

Agreement with MEIM

As announced by the Company on 15 June 2021, the Company awarded the Mining Services Agreement to mine satellite pits Viper and N'tiola as well as phase 1 mining of the Morila Super Pit to a joint venture formed by international mining contractor Mota-Engil and Malian owned and operated Inter-Mining Services. The incorporated joint vehicle to which the Mining Services Agreement was assigned is MEIM.

In connection with the Recapitalisation, the Company has entered into an agreement with MEIM and Morila SA pursuant to which:

- MEIM has agreed to forbear from taking any action or exercising any rights or remedy (whether contractual or at law) against Morila SA to recover outstanding amounts owed to it; and
- subject to the receipt of necessary shareholder approvals, outstanding amounts owed under the Mining Services Agreement and amounts that will become payable under the Mining Services Agreement in its current term totalling approximately US\$23.4 million will be converted to equity at a deemed issued price of A\$0.06 per New Share.

Approximately 582.4 million New Shares are expected to be issued to MEIM, representing approximately 49% of Firefinch's existing shares on issue. Assuming that all proposed issues of New Shares in connection with the Recapitalisation are completed, it is expected that MEIM will have voting power of 17.2% in the Company.¹

MEIM has also agreed to voluntarily escrow the New Shares issued to it for a period of 12 months from the date of issue of the New Shares.

The key terms of the agreement with MEIM are set out in Annexure A to this announcement.

Further Creditor Debt to Equity Conversion

In addition to the agreement with MEIM, Firefinch has entered into agreements with several creditors of Morila SA (the **Creditors**) and Morila SA pursuant to which:

- the Creditors have agreed to forbear from taking any action or exercising any rights or remedy (whether contractual or at law) against Morila SA to recover outstanding amounts owed; and
- subject to the receipt of necessary shareholder approvals, outstanding amounts owed by Morila SA totalling approximately US\$4.9 million will be converted to equity at a deemed issue price of A\$0.06 per New Share.

The issue of shares to Creditors is expected to result in the issue of approximately 121.7 million New Shares, representing approximately 10% of Firefinch's existing shares on issue.¹

A number of the Creditors have also agreed to voluntarily escrow approximately 20.1 million New Shares issued to them for a period of 6 months from the date of issue of the New Shares.

SPP Details

In addition to the Placement, subject to obtaining shareholder approval, the Company will offer eligible existing shareholders with a registered address in Australia or New Zealand who were holders of Firefinch shares at 7:00pm (AWST) on Tuesday, 20 September 2022 (the **Record Date**), the opportunity to apply for new Firefinch shares via a non-underwritten SPP without incurring brokerage fees. The Company may raise up to A\$10 million under the SPP at the same price as the Placement (A\$0.06 per share), subject to the discretion of the Board to accept over-subscriptions.

Eligible existing shareholders will have the opportunity to apply for up to A\$30,000 worth of New Shares. The new Shares issued under the SPP will rank equally with existing ordinary shares of the Company. As the SPP is not underwritten, the SPP may raise less than A\$10 million. If the Company receives applications for more than A\$10 million, the Company may decide in its absolute discretion to accept applications that result in the SPP raising more than A\$10 million. The Company also retains the right to scale back applications (in whole or in part) at its absolute discretion, for example because the aggregate amount applied for under the SPP exceeds the Company's requirements.

Any scale back will be applied to the extent and in the manner Firefinch sees fit, which may include taking into account a number of factors such as the size of an applicant's shareholding at the Record Date for the SPP, the extent to which the applicant has sold or purchased shares since the Record

¹ Based on an exchange rate of A\$1:US\$0.67. The total number of New Shares to be issued to MEIM and the Creditors will be set out in the Notice of Meeting based on the prevailing exchange rate on the date of the announcement of the completion of the Placement results.

Date, whether the applicant may have multiple registered holdings, received from the date on which the application was made and the total applications from eligible Shareholders.

Further information in relation to the SPP, including the terms and conditions, is expected to be made available to eligible shareholders in the notice of meeting and prospectus to be issued by the Company in connection with the SPP. Eligible existing shareholders should read the terms and conditions in full before deciding whether or not to participate in the SPP.

Board and Management Changes

The composition of the Company's board has undergone structural change since June 2022. In connection with the Recapitalisation, the Company has appointed Scott Lowe as its new Managing Director, as announced on 19 September 2022.

In addition to this, subject to completion of the Recapitalisation and for so long as MEIM continues to hold at least 10% of the issued capital of the Company, MEIM will have the right to nominate a representative to be a non-executive Director on the Company's board provided that the nominee is both independent of MEIM's business and acceptable to the Company.

The Company will provide further details regarding the proposed appointment of the non-executive director at the appropriate time.

In addition, during this difficult period culminating in the Recapitalisation, Brett Fraser has been providing consulting services, through an entity related to Mr Fraser, in addition to being the Chairman of the board of directors. Mr Fraser's consulting fees are also set out in Annexure B to this announcement.

Notice of Meeting

A notice of meeting in respect of a general meeting of the Company to be held in late October 2022 for the purposes of seeking all necessary shareholder approvals in connection with ratification of the issue of New Shares pursuant to the Tranche One Placement and approval of the issue of New Shares under the Tranche Two Placement and to MEIM and other trade creditors on the conversion of outstanding debts, the SPP and any other matters relating to the Recapitalisation (the **General Meeting**) is expected to be issued shortly.

The current directors of Firefinch unanimously recommend that Firefinch shareholders vote in favour of the resolutions required to give effect to the Recapitalisation.

This announcement does not lift the voluntary suspension in trading of Firefinch shares. The Company expects that the trading of Firefinch shares will occur shortly after announcement of the Placement results and when Firefinch lodges its financial statements for the half year ending 30 June 2022.

Next Steps for Shareholders

Shareholders are not required to take any action at the present time. The General Meeting is expected to be convened in late October 2022 to consider the resolutions required to give effect to the Recapitalisation.

Indicative Timetable

Event	Date
Record date for eligibility to participate in the SPP	Tuesday, 20 September 2022
Launch of Placement and release of Investor Presentation	Wednesday, 21 September 2022
Announcement of Placement results	Friday, 23 September 2022
Despatch Notice of Meeting	On or about Wednesday, 28 September 2022
Recommencement of trading of securities on the ASX	On or about, Thursday 29 September 2022
Settlement of New Shares under Tranche 1 of the Placement	Friday, 30 September 2022
Allotment of New Shares under Tranche 1 of the Placement	Monday, 3 October 2022
Extraordinary General Meeting	On or about Monday, 31 October 2022
SPP offer opening date	On or about Tuesday, 1 November 2022
Settlement of New Shares under Tranche 2 of the Placement	On or about Thursday, 3 November 2022
Allotment of New Shares approved at the EGM	On or about Friday, 4 November 2022
SPP offer closing date	On or about Monday, 21 November 2022
Announcement of SPP participation results	On or about Wednesday, 21 November 2022
Allotment of New Shares under SPP	On or about Monday, 28 November 2022

The above timetable is indicative only and subject to change without notice to, or consultation with, you. The Company reserves the right to amend any or all of these dates at its absolute discretion, subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and any other applicable laws. The quotation of the New Shares is subject to approval from the ASX. The Company reserves the right to withdraw the Placement (or any part of it) without notice to you.

Advisors

Canaccord Genuity (Australia) Limited and Euroz Hartleys Limited are acting as Joint Lead Managers in relation to the Placement and Jett Capital Advisors is acting as Co-Lead Manager. Gilbert + Tobin is acting as Australian legal adviser.

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

For Enquiries

Firefinch Limited
info@firefinchlimited.com
+61 8 6149 6100

Future performance and forward looking statements

This announcement contains certain forward-looking statements which are identified by words such as ‘may’, ‘could’, ‘believes’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are considered reasonable. Such forward-looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management.

No representation or warranty, express or implied, is made by the Company, or any of its directors, officers, employees, advisers or agents that any intentions, expectations or plans will be achieved either totally or partially and there can be no assurance that the transactions contemplated in this announcement will be completed. Investors are strongly cautioned not to place undue reliance on forward-looking statements. The directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by law or the ASX listing rules.

Not for distribution or release in the United States

Not for distribution or release in the United States This announcement has been prepared for publication in Australia and may not be released in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

General

In addition, this announcement is subject to the same “Important Notices” as appears on slides 35 – [of the Investor Presentation released on the same date as this announcement, with any necessary contextual changes.

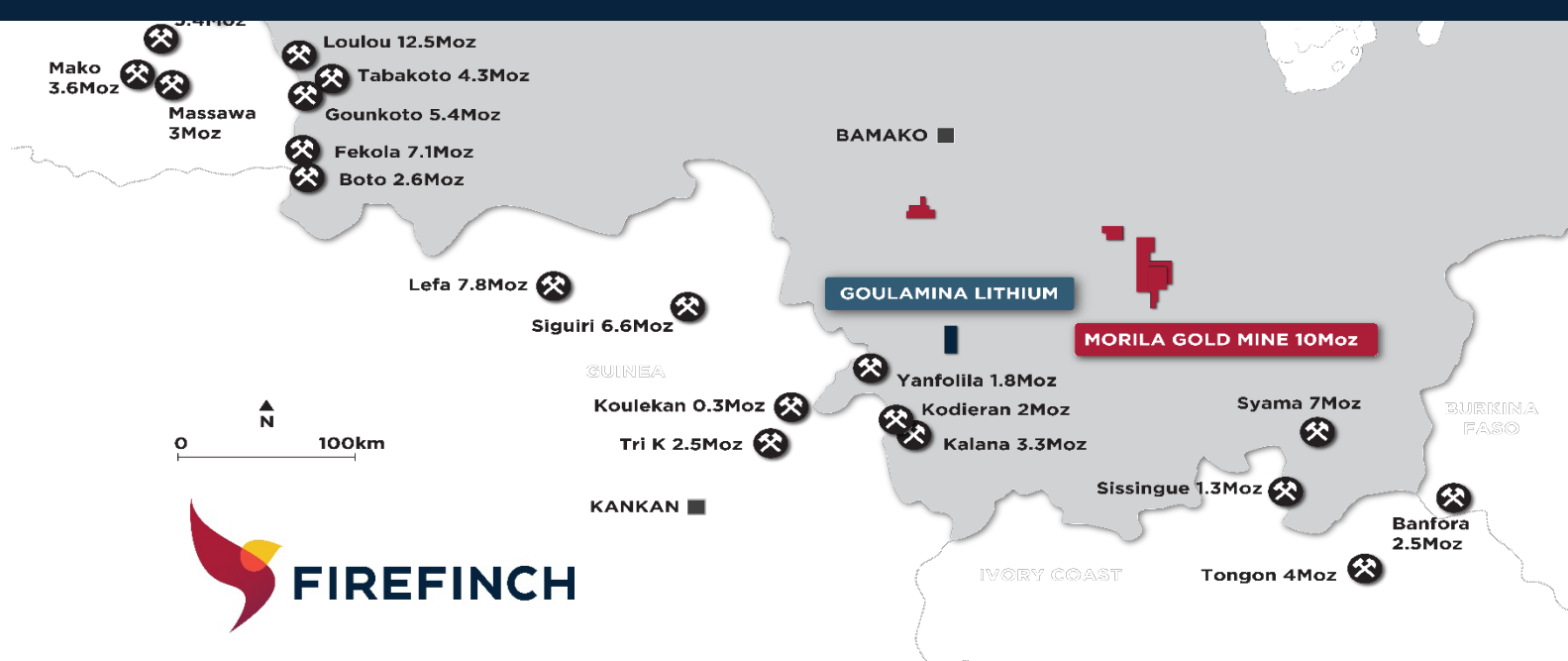
Annexure A – Summary of key terms of agreement with MEIM

Term	Summary
Forbearance	MEIM agrees to forbear from taking any action or exercising any rights or remedy (whether contractual or at law) against Morila SA under or in relation to the Mining Services Agreement in respect of any outstanding amount owing to MEIM, including to recover that outstanding amount
Conversion of Outstanding Amounts	Subject to obtaining necessary Shareholder approvals, the Company, MEIM and Morila SA agree to settle: - outstanding amounts owed to MEIM by Morila SA under the Mining Services Agreement; and - amounts that will become payable to MEIM under the Mining Services Agreement over its current term in relation to monthly management fees, by converting this amount (totalling US\$23,413,239) into New Shares at a deemed issue price of A\$0.06 per New Share.
Voluntary Escrow	MEIM agrees that New Shares issued to it will be subject to voluntarily escrow for a period of 12 months from the date of issue of the New Shares.
Clawback	If the Mining Services Agreement is terminated before the end of its current term, the value of the MEIM Shares issued to MEIM in respect of future fixed costs that were not incurred under the Mining Services Agreement will be repaid to the Company. If by 30 June 2023, the amount invoiced are less than the future fixed costs, the difference will be set off against invoices issued after this date.
Right to appoint nominee director	MEIM has the right to nominate a representative (that is independent of MEIM's business and acceptable to the Company) to be a non-executive Director on the Company's board for so long as it continues to hold at least 10% of the issued capital of the Company.
Right of first refusal	MEIM is granted a first right of refusal if Morila SA elects to invite mining contractors to tender for mining further deposits at the Morila Gold Mine on the same terms offered to an alternative provider.
Termination	The forbearance will end on the earlier of the: Placement not launching on or before 15 October 2022 or not being successfully completed by 30 November 2022;

Term	Summary
	• New Shares not being issued to MEIM by 30 November 2022; or • appointment of a receiver, receiver and manager, administrator or liquidator to the Company, Morila SA or a related body corporate, or any of them becoming unable to pay their debts as and when they fall due for payment.

Annexure B**Brett Fraser consultancy**

In accordance with ASX Listing Rule 3.16.4, the Company will pay a day rate of \$3,000 in respect of Mr Fraser's consulting services to the Company.



Firefinch (ASX: FFX) is a gold miner focussed on the Morila Gold Mine in Mali. Morila is one of the world's great open pit gold mines, having produced over 7.5 million ounces of gold since 2000 at grades that were among the highest in the world, earning it the moniker "Morila the Gorilla". With a 17.61% retained stake in Leo Lithium, Firefinch also has exposure to lithium.

Firefinch acquired Morila in late 2020 and set about reviving the great mine which was slated for closure by its previous owners, mining majors Barrick and AngloGold. Firefinch has invested heavily to return Morila to full production.

Morila's current Global Resource for the Project is 3.58 million ounces of gold (Measured: 10.7 million tonnes at 1.65g/t gold for 0.6 million ounces of gold, Indicated: 49.5 million tonnes at 1.38g/t gold for 2.2 million ounces of gold and Inferred: 13.2 million tonnes at 1.91g/t gold for 0.8 million ounces of gold). However, the limits of the Morila Deposit have not been defined or closed off. Firefinch aims to materially expand resource and reserves through drilling and exploration.

Firefinch is a responsible miner, and we endeavour to make a difference to our local communities on multiple levels; by providing a safe and rewarding workplace, following best environmental practices and contributing economic benefits regionally by employing and buying locally.

The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources at the Morila Gold Project. The Company also confirms that all material assumptions and parameters underpinning the Mineral Resource estimates continue to apply and have not materially changed. Please refer to ASX Announcements of 8th February 2021, 31st March 2022 and this announcement (Morila Resource, 24th November 2020, 3rd May 2021, 10th August 2021 and 25th March 2022 (N'Tiola, Viper, Domba, Beledjo, Morila Pit 5).