FIREFINCH

Annual Report

FOR THE YEAR ENDED

31 DECEMBER 2022

CORPORATE DIRECTORY

DIRECTORS

Mr Brett Fraser	Non-Executive Chairman (appointed 10 July 2022)
Mr Scott Lowe	Managing Director (appointed 17 October 2022)
Mr Mark Hepburn	Non-Executive Director
Mr Bradley Gordon	Non-Executive Director

COMPANY SECRETARY

Mr Stuart Usher (appointed 19 August 2022)

REGISTERED ADDRESS AND PRINCIPAL PLACE OF BUSINESS

Level 3, 31 Ventnor Avenue, West Perth, 6005, WA, Australia

SHARE REGISTRY

Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace, Perth WA 6000
Telephone: 1300 850 505 (investors within Australia)
Telephone: +61 (0)3 9415 4000
Email: web.queries@computershare.com.au
Website: www.investorcentre.com

AUDITORS

PricewaterhouseCoopers, Brookfield Place, Level 15, 125 St Georges Terrace, Perth WA 6000

SECURITIES EXCHANGE

Australian Securities Exchange, Level 40, Central Park, 152-158 St Georges Terrace, Perth WA 6000
Telephone: 131 ASX (131 279) (within Australia)
Telephone: +61 (0)2 9338 0000
Facsimile: +61 (0)2 9227 0885
Website: www.asx.com.au
ASX Code : FFX

CONTENTS

REVIEW OF OPERATIONS

MORILA GOLD PROJECT

Production performance for the year was below guidance, primarily due to poor equipment availability, which was exacerbated by the delayed delivery of additional mining equipment. This delay was in part due to the Economic Community of West African States (ECOWAS) sanctions imposed on the State of Mali that restricted the movement of goods into the country. Consequently, production ramp-up at Morila was behind schedule. The ECOWAS sanctions were lifted on 3 July 2022.

This production underperformance was compounded by cost inflation during the period. Like many others in the global gold sector, Firefinch experienced significant cost pressures, resulting in material price increases in diesel, explosives, other consumables and transport. The weakness in the A$/US$ exchange rate also impacted on A$ denominated funding provided to Morila by the Company.

During the year, mining operations continued at Viper, which formed the primary source of plant feed for the period. Mine development activities commenced at the Morila Super Pit (MSP) and the N'Tiola satellite deposit during the period.

On 31 August 2022, the Company announced Morila Deposits Mineral Resources increased by over a million ounces to 3.3 million. The Mineral Resource for Morila Gold Deposit subsequently comprised 66.7 million tonnes at 1.55g/t.

Between September 2022 and November 2022, Firefinch Limited undertook process to raise further Capital to support its 80% owned Malian subsidiary, Société des Mines de Morila SA (Morila SA). The expected structure comprised an equity injection as well as debt conversion with existing creditors. The recapitalisation was necessary to enable Morila SA to continue to operate through a period projected negative cashflows and provide the necessary Capital funding to return the operation to profitability.

On 3 November 2022, the Company announced recapitalisation efforts would not proceed and that Firefinch Ltd would no longer provide funding to Morila SA.

As a direct result of the withdrawal of funding support, Firefinch Limited lost the ability to instruct the General Manager of Morila SA under Malian Law. The subsequent actions of Morila SA management on the ground reflected this.

While no longer directly involved with the mining operations, the Company continues to work with Morila SA and the local authorities to investigate options to mitigate the impact on the mine workers and the local community. To this end, Firefinch Limited is currently undertaking a process to find a new owner for the Morila Gold Mine who is able to provide the necessary funding to maintain operations and see the project reach its full potential.

A formal sale process was announced to the market on 14 December 2022 and remains in process.

In preparing this report, the Board of Firefinch Limited has reviewed the facts of the situation and its effect on the application of AASB 10 Consolidated Financial Statements. It is the conclusion that Firefinch Limited lost control of Morila SA on 3 November 2022 for the purposes of AASB 10. As a result the Company deconsolidated the accounts of Morila SA as of this date.

GOULAMINA LITHIUM PROJECT AND JOINT VENTURE

The Group established a 50:50 incorporated joint venture with Jiangxi Ganfeng Lithium Co. Ltd (**Ganfeng**), through a company incorporated in the Netherlands, Mali Lithium BV (**Joint Venture** or **MLBV**) to develop and operate the Goulamina Lithium Project through its 100% investment in the Malian subsidiary, Lithium du Mali SA (**LMSA**). The State of Mali will be free carried by the Joint Venture on its initial 10% interest in LMSA and has an option to subscribe for an additional 10% interest in LMSA at fair market value.

The Group performed an internal restructure to ensure that the Goulamina Lithium asset was in a separable legal structure from its gold assets. As part of this restructure, the capitalised exploration expenditure associated with the Goulamina Lithium Project was transferred to its wholly owned subsidiary, LMSA.

All agreements with Ganfeng to form the Joint Venture were executed in August 2021 with all precedent conditions satisfied on 28 March 2022. Ganfeng invested USD 130 million in the Joint Venture which was received in full on 30 March 2022. Therefore, Ganfeng acquired its 50% interest in the Joint Venture.

Following the establishment of the Joint Venture, Firefinch's 50% interest in the Goulamina Lithium Project was held by its wholly owned subsidiary, Leo Lithium.

REVIEW OF OPERATIONS

DEMERGER OF LEO LITHIUM LIMITED

In April 2022, Firefinch formally commenced the process to demerge its interest in the Goulamina Lithium Project by making an in-specie distribution of 80% of its shares in Leo Lithium to Firefinch shareholders on a pro-rata basis (Demerger). At the same time, Leo Lithium launched an initial public offering to raise up to $100 million (Offer), which will be used to:

- Fund the Stage 1 development capital costs for the Goulamina Lithium Project;
- Repay a loan to Firefinch, which was advanced to Leo Lithium to facilitate the implementation of the Joint Venture;
- Fund the transaction costs associated with the Demerger and Offer; and
- Provide working capital, exploration and other expenses.

Firefinch invested $20 million in Leo Lithium as part of the Offer to maintain its 20% interest.

The Demerger was completed on 9 June 2022 and Leo Lithium commenced trading on the Australian Securities Exchange (ASX) on 23 June 2022.

Following a sale of 28.6 million Leo Lithium shares in July 2022 raising $12.9 million, Firefinch retains a 17.61% ownership interest in Leo Lithium, providing the Company with ongoing exposure to the lithium sector. This interest is subject to mandatory escrow until 23 June 2024.

COMPANY RECAPITALISATION

On 29 June 2022, Firefinch applied to the ASX for, and was granted, a voluntary suspension in the trading of Firefinch securities (Suspension) pending an announcement by the Company in relation to an update to operational performance and production guidance at the Morila Gold Project. Requests for the continuation of Suspension were granted on 4 July 2022, 26 July 2022, and 24 August 2022.

On 21 September 2022, the Company announced that it had entered into a series of agreements that would, if approved by shareholders, achieve a recapitalisation of the Company.

On 26 September 2022 the Company advised the market that the Placement had been cancelled and other recapitalisation options were being considered.

On 3 November 2022, the Company advised the market that efforts to recapitalise the company had been unsuccessful and that Firefinch Limited would no longer provide funding to Morila SA to operate the Morila Gold Mine.

On 14 December 2022 the Company provided a further update, advising the market that a strategic review had commenced to invite suitable bidders to submit proposals to the Company to deliver compelling value and liquidity to Firefinch Limited shareholders

FORWARD LOOKING STRATEGY

The Board of Firefinch Limited has commenced a process to find a new owner for Morila SA, as well as undertaking a separate strategic process inviting suitable bidders to submit proposals to the Company that deliver compelling value and liquidity to Firefinch shareholders. Firefinch Limited has engaged Treadstone Resource Partners to assist with the process.

The board advised the market on 21 March 2023 that the Company was in advanced negotiations relating to a potential transaction for the sale of its 80% interest in Morila SA, and separately that multiple non-binding indicative proposals had been received via the Treadstone strategic process that are sufficiently robust to warrant continued negotiation and discussion with the bidding parties.

During the next quarter, the Board’s critical objectives will remain delivering liquidity and value for FFX shareholders, and finding a new owner for Morila that will create a positive future for employees, the community and the people of Mali.

EXTERNAL FACTORS AFFECTING GROUP RESULTS

Commodity prices

The Group's operating revenues are sourced from the sale of gold and to a much lesser degree, silver. These commodities are priced by external markets which are subject to fluctuation.

REVIEW OF OPERATIONS

The Group did not enter any hedging contacts during the year to manage its commodity price risk. All sales of refined gold and silver during the year were priced using the London AM Gold Fixing price. Subject to a variety of factors, gold sales taking place approximately every two weeks.

Exposure to economic, environmental and social sustainability risks

The Group has potentially material exposure to economic, environmental, social and governance risks, including changes in community expectations, and environmental, social and governance legislation (including, for example, those matters related to climate change). The Group employs suitably employed personnel to assist with the management of its exposure to these risks. The Group's approach to risk management is discussed in more detail in the Group's Corporate Governance Statement and Risk Management Policy which can be found on the Group's website.

DIRECTOR'S REPORT

The Directors present their report together with the financial statements for Firefinch Limited (ABN: 11 113 931 105) (**Firefinch** or **the Company**) and its subsidiaries (**the Group**) for the year ended 31 December 2022.

DIRECTORS

The following persons were directors of the Company during the financial year and up to the date of this report, unless otherwise stated.

Brett Fraser	Non-Executive Chairman (*appointed 10 July 2022)* Non-Executive Director *(appointed 11 November 2020 - 10 July 2022*)
Mark Hepburn	Non-Executive Director *(appointed 14 November 2018)*
Bradley Gordon	Non-Executive Director (*appointed 6 April 2021*)
Scott Lowe	Managing Director *(appointed 17 October 2022)*
Dr Alistair Cowden	Former Chairman *(appointed 29 June 2022 – resigned 10 July 2022)* Former Non-Executive Chairman *(Appointed 1 May 2021 – 28 June 2022)* Former Executive Chairman *(Appointed 6 April 2020 – 30 April 2021)* Former Non-Executive Chairman *(Appointed 18 February 2019 – 6 April 2020)*
Dr Michael Anderson	Former Managing Director (*appointed 6 April 2021 – resigned 30 June 2022)*
Brendan Borg	Former Non-Executive Director *(appointed 14 November 2018 – resigned 31 May 2022)*
Elizabeth Wall	Former Non-Executive Director *(appointed 5 June 2022 – resigned 27 June 2022)*
Naomi Scott	Former Non-Executive Director *(appointed 5 June 2022 – resigned 27 June 2022)*

PRINCIPAL ACTIVITIES

During the year the principal activities of the Group during the year consisted of:

- Production of gold from Morila, its 80% owned gold mine in southern Mali;
- Evaluation of the Goulamina Lithium Project, also in southern Mali; and
- Mineral exploration and evaluation activities in Mali.

During the period, Firefinch demerged its interest in the Goulamina Lithium Project by making an in-specie distribution of 80% equity in its wholly-owned subsidiary Leo Lithium Limited (**Leo Lithium**) to eligible Firefinch shareholders on a pro-rata basis. Firefinch retained a 20% interest in Leo Lithium on completion of the demerger on 6 June 2022. However, this interest has subsequently been reduced to 17.61% following a sale of 28.6 million Leo Lithium shares in July 2022, raising $12,892,750.

Between September 2022 and November 2022, Firefinch undertook process to raise further Capital to support the Morila Operations via an equity injection as well as debt conversion with existing creditors.

On 3 November 2022, the Company announced recapitalisation efforts would not proceed and that Firefinch Limited would no longer provide funding to its 80% owned Malian subsidiary, Morila SA. As a result of this decision and the subsequent actions of Morila SA management on the ground, it is the opinion of the Firefinch Board that Firefinch Limited lost control of Morila SA on this date.

FINANCIAL RESULTS

The Group made a loss for the year of $51,078,010 (2021: $11,237,254) from continuing operations. During the year, the Group recognised a net profit from discontinued operations of $359,959,588 (2021: Loss of $32,715,572). At the end of the year, the Group had cash and cash equivalents of $37,946,133 (2021: $148,881,533) and a working capital of $37,038,221 (2021: $99,489,351). The net assets of the Group have decreased by $140,062,285 to $111,870,519 at 31 December 2022 (2021: $251,932,804). The Group had a net cash outflow from operating activities of $51,303,375 (2021: $12,909,047).

The following table represents the Group's performance over the past five years.

	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2018
Profit/ (loss) for the period, $	308,881,578	(43,952,826)	1,043,816	(3,504,280)	(4,067,681)
Dividends paid, $	nil	nil	nil	nil	nil
Net assets, $	111,870,519	251,932,804	99,393,236	27,166,106	25,740,323
Share price, $	0.20(1)	0.865	0.175	0.097	0.164

(1) The share price is as the last day of trading, 29 June 2022. The Company remains suspended.

BASIS OF PREPARATION

The attached report for the year ended 31 December 2022 contains an independent auditor's report which highlights the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

On 3 November 2022, the Company announced the recapitalisation efforts would not proceed and that Firefinch Limited would no longer provide funding to its 80% owned Malian subsidiary, Morila SA. The decision to no longer provide funding to Morila SA gives rise to a risk of contingent liabilities which, in the event of an adverse outcome, has the potential to impact the Group's ability to remain a going concern.

In terms of a forward looking strategy, the Board of Firefinch Limited has commenced a process to find a new owner for Morila SA, as well as undertaking a separate strategic process inviting suitable bidders to submit proposals to the Company that deliver compelling value and liquidity to Firefinch shareholders. Firefinch Limited has engaged Treadstone Resource Partners to assist with the process.

However, the Board notes, that consistent with the ordinary course of standard commercial practice, discussions and negotiations may fail to deliver an agreement that adequately benefits Firefinch shareholders and stakeholders. In this event, the Company will terminate the process and look to return available cash to shareholders and distribute all Leo Lithium Limited shares when they are released from escrow in June 2024.

It is the position of the Directors that Firefinch is not a signatory to any of the operating agreements of Morila SA and there exists no formal funding agreement or Deed of Guarantee between Firefinch Limited as a majority shareholder, and Morila SA, that would require Firefinch Limited to either continue to fund Morila SA, nor meet its debts.

The Directors of Firefinch Limited are not aware of any legal action against Firefinch Limited, the Board or its Directors at the date of this report.

On 21 March 2023 the Board advised the market that the Company was in advanced negotiations relating to a potential transaction for the sale of its 80% interest in Morila SA, and separately that multiple non-binding indicative proposals had been received via the Treadstone strategic process that are sufficiently robust to warrant continued negotiation and discussion with the bidding parties.

Given these factors it is the conclusion of the Directors that the company has the capacity to realise its assets and meet its liabilities as and when they fall due. As a result, the Company has prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For further information, refer to Note 1 to the financial statements, together with the auditor's report.

CORPORATE

Dividends

There were no dividends paid or recommended during the year ended 31 December 2022 (2021: No dividends were paid or recommended).

A demerger distribution of $428.8 million was distributed to shareholders in June 2022.

Issue of securities

During the year, the Company issued 3,107,021 fully paid ordinary shares at an issue price of $0.9627 as consideration for services provided to the Company.

A further 7,024,200 performance rights expired.

There were no Options issued during the year.

Change of Directors and Officers

On 31 May 2022 Mr Brendon Borg resigned as Non-Executive Director.

On 5 June 2022 Ms Elizabeth Wall and Ms Naomi joined the Firefinch board as Non-Executive Directors.

On 27 June 2022 Ms Elizabeth Wall and Ms Naomi Scott resigned as Non-Executive Directors.

On 30 June 2022 Mr Michael Anderson resigned as Managing Director.

On 10 July 2022 Dr Alistair Cowden reigned as Executive Chairman and Mr Brett Fraser was appointed as Non-Executive Chairman.

On 19 August 2022 Mr Nathan Bartrop resigned as Company Secretary and Mr Stuart Usher was appointed as Company Secretary.

On 17 October 2022 Mr Scott Lowe was appointed as Managing Director.

On 15 November 2022 Mr Thomas Plant was made redundant as Chief Financial Officer.

On 31 December 2022 Mr Andrew Taplin was made redundant as Chief Operating Officer.

COVID-19

Morila is central in supporting employees, contractors, and local community members with vaccinations. Morila's activities in this area have resulted in an elevated level of vaccination at the mine and the surrounding communities. COVID-19 did not impact operational performance during 2022.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the year not otherwise disclosed in the Review of Operations above, or the Consolidated Financial Statements.

MATTERS SUBSEQUENT TO BALANCE DATE

On 14 February 2023 the company provided a corporate update, advising of the operational status of the Morila Gold Mine and a related Malian Court decision to open a "preventative procedure" effectively suspending all individual lawsuits for a maximum period of 3 months.

On 21 March 2023 that the Company announced it was in advanced discussions relating to a potential transaction for a sale of its 80% interest in Morila SA, and separately it has received multiple non-binding indicative proposals relating to the strategic process to deliver compelling value and liquidity to Firefinch shareholders.

LIKELY DEVELOPMENTS

The Group intends to :

- Divest all Malian Assets;
- Evaluate all proposals received from the strategic review. Refer to Review of Operations under Forward Looking Strategy.

There are no other likely developments of which the Directors are aware which could be expected to significantly affect the results of the Group's operations in subsequent financial years not otherwise disclosed in the Review of Operations or the Matters Subsequent to Balance Date sections of the Directors' Report.

ENVIRONMENTAL REGULATIONS

The Group holds various permits issued by the relevant mining and environmental protection authorities that regulate its exploration and mining activities in Mali. These permits include requirements, limitations and prohibitions on exploration and mining activities in the interest of environmental protection. The holder of such permits must therefore adhere to the various conditions which regulate environment rehabilitation of areas disturbed during the course of the Group's exploration and exploitation activities.

There have been no significant known breaches during the year of environmental laws or permit conditions by the Group while conducting its operations.

DIRECTOR'S REPORT

INFORMATION ON DIRECTORS

The names, qualifications, experience and special responsibilities of the directors in office during or since the end of the financial year are as follows. Directors were in office for the entire financial year unless otherwise stated.

Mr Brett Fraser – Non-Executive Chairman
(Appointed 10 July 2022)
Non-Executive Director (Appointed 11 November 2020 – 10 July 2022)

Mr Fraser is an experienced ASX director, currently holding a position as Director of central-west African iron ore company, Sundance Resources Limited. Mr Fraser's deep knowledge (acquired over 30 years' corporate finance experience) is a great asset to the Company, particularly regarding business acquisitions, business strategy and restructuring, and corporate governance. Mr Fraser is a Fellow of CPA Australia, a Fellow of Financial Services Institute of Australasia, and a Fellow of the Governance Institute of Australia. He holds a Bachelor of Business (Accounting) and a Graduate Diploma in Finance (SIA).

Other current directorships:

Sundance Resources Limited	10 March 2018 - present

Former directorships in the last three years:

Holista Colltech Limited	21 February 2020 - 2 July 2020

Mr Mark Hepburn – Non-Executive Director
(Appointed 14 November 2018)

Mr Hepburn is a Corporate and Financial Markets Executive with over 28 years' experience in a range of management and board positions for Institutional Stockbroking and Derivatives Trading desks for major Financial Institutions.

His career has included roles in Sydney with Deutsche Bank and Macquarie Bank, managing global derivatives distribution sales teams. Mr Hepburn has worked as an Executive Director of a leading Perth stockbroking firm during which time he was involved in numerous fund-raising transactions for ASX listed industrial and resource companies. Mr Hepburn was also Managing Director of his own Corporate Advisory firm which specialised in executing corporate and equity transactions for ASX listed resources companies.

His experience also includes working as a corporate executive within mining companies and he has been a member of the Australian Institute of Company Directors since 2008.

Mr Hepburn has a degree in Economics and Finance (B.Econ. & Fin 1992 UWA).

Other current directorships:

Castile Resources Limited	29 November 2019 - present

Former directorships in the last three years:

Leo Lithium Limited	21 April 2022 – 15 November 2022

Mr Bradley Gordon – Non-Executive Director
(Appointed 6 April 2021)

Mr Gordon is a seasoned resource industry executive with 30 years' experience in the gold, copper and mineral sands industries. Mr Gordon has deep operational and gold industry experience, both in large scale open pit mining and underground operations.

Mr Gordon has significant African experience, particularly as CEO of Acacia Mining. Mr Gordon was CEO of Intrepid Mines for five years during which its market capitalisation increased to A$1.4 billion through a series of corporate deals with the value primarily driven by the discovery and development of the world-class Tujuh Bukit gold-copper-silver project in Indonesia. He was CEO of Emperor Mines in Fiji and Managing Director of Placer Dome Asia Pacific. He has supervised operations at mines such as Porgera in PNG, Kanowna Belle, Paddington and Kundana all in Western Australia.

Mr Gordon holds a Mining Engineering degree from the Western Australia School of Mines (Curtin University) and an Executive MBA from INSEAD, France.

Other current directorships:	
Aus Tin Mining Limited	17 May 2021 – present
Laneway Resources Limited	11 December 2020 - present
Former directorships in the last three years:	None

Mr Scott Lowe – Managing Director
(Appointed 17 October 2022)

Mr Lowe is a Senior Mining Executive with extensive experience in the industry spanning more than 35 years in a wide range of commodities and countries. His most recent roles have been with South32 in Australia and as CEO of ArcelorMittal's West African mining business in Liberia. Previous roles have included CEO of publicly listed mining exploration and development companies and senior management positions in BHP and Peabody Pacific.

During the course of his career, Mr Lowe has worked in a number of African jurisdictions and delivered outstanding results in challenging environments including; achieving record production and low costs in an open cut operation in West Africa during the pandemic, managing the start-up of new open cut and underground mines in South Africa and West Africa, as well as negotiating successful Joint Ventures with BHP and Glencore.

Mr Lowe holds a post-graduate qualification in Business Management (MBA) along with tertiary qualifications in Mining Engineering, a Mine Manager's Certificate of Competency (Australia), and a Diploma in Marine Terminal Operations from King's Point Merchant Marine Academy NY USA.

Other current directorships:	None
Former directorships in the last three years:	None

Dr Alistair Cowden – Former Executive Chairman
(Appointed 29 June 2022 – resigned 10 July 2022)
Non-Executive Chairman (1 May 2021 – 28 June 2022)
Executive Chairman (6 April 2020 - 30 April 2021)
Non-Executive Chairman (18 February 2019 - 6 April 2020)

Dr. Cowden has more than 40 years of experience as a mining executive, director and geologist in the mining industry in Australia, Africa, Asia and Europe.

Dr. Cowden has been part of the discovery, development and operation of numerous mines in Australia, Africa and Europe and has extensive experience across all aspects of the mining industry including mergers, acquisitions and financing that created significant wealth for shareholders.

Dr. Cowden has an Honours degree in Geology from Edinburgh University and a PhD in Geology from the University of London.

Former directorships in the last three years	
Leo Lithium Limited	16 December 2019 – 31 October 2022
Copper Mountain Mining Corporation	9 April 2018 - 5 November 2020

Dr Michael Anderson – Former Managing Director
(Appointed 6 April 2021 – resigned 30 June 2022)

Dr. Anderson has more than 30 years of extensive management and technical experience in the mining industry in Australia and Africa.

Dr. Anderson helped to lead Taurus Management Fund’s investment into numerous West African gold producers. As Managing Director of Exco Resources, he led the Company to a number of major achievements including the successful development of the White Dam Gold Mine and the advancement of resource development, feasibility studies and approvals for the Cloncurry Copper Project ahead of its ultimate sale to Xstrata for $175 million.

Dr Anderson has a BSc. (1st Class Honours in Mining Geology) and a PhD in Mining Geology, both from the Royal School of Mines, Imperial College, University of London.

Other current directorships:	
American West Metals Limited	28 May 2021 - present
Former directorships in the last three years:	
Leo Lithium Limited	6 April 2021 – 21 April 2022
Hot Chili Limited	14 December 2011 - 4 November 2020
Tiger Resources Limited	8 August 2019 - 6 November 2020 (delisted 3 Feb 2020)

Mr Brendan Borg – Former Non-Executive Director
(Appointed 14 November 2018 - resigned 31 May 2022)

Mr Borg is a consultant geologist who has specialised in the "battery materials" sector including lithium, graphite and cobalt mineralisation, participating in numerous successful projects, in an investment and/or operational capacity.

Mr Borg has more than 20 years' experience gained working in management, operational and project development roles in the exploration and mining industries, with companies including Rio Tinto Iron Ore, Magnis Resources Limited, IronClad Mining Limited, Lithex Resources Limited and Sibelco Australia Limited. He operates a geological consulting business Borg Geoscience Pty Ltd.

Mr Borg holds a Master of Science in Hydrogeology and Groundwater Management (University of Technology Sydney), a Bachelor of Science in Geology/Environmental Science (Monash University) and is a member of AusIMM and IAH.

Other current directorships:	
Leo Lithium Limited	13 October 2021 - present
Kuniko Limited	1 April 2021 - present
Sarytogan Graphite Limited	29 November 2021 - present
Former directorships in the last three years:	
Celsius Resources Limited	18 April 2017 - 17 March 2021
Tempus Resources Limited	18 April 2018 - 1 February 2021

Ms Elizabeth Wall – Former Non-Executive Director
(Appointed 5 June 2022 – resigned 27 June 2022)

Ms Wall is a specialist consultant in Environment, Social and Governance matters with more than 20 years of global experience assessing and addressing social and environmental risks associated with extractive sector projects and investments. She served as Chair and director of TSX listed Royal Road Minerals.

Ms Wall is a Rhodes scholar with a Bachelor's degree in Mining Engineering, and Master's degrees in Development Studies and Environmental Management. She is a Fellow and CP (social performance) of the AusIMM and is Chair of the Social Practice Forum.

Other current directorships:	None
Former directorships in the last three years:	None

Ms Naomi Scott – Former Non-Executive Director
(Appointed 5 June 2022 – resigned 27 June 2022)

Ms Scott has 11 years of operational experience within the mining sector and over 10 years of experience in the design and implementation of United Nations programmes. For the last 6 years she has served as Legal Counsel and Country Director Mozambique for Battery Minerals (Australia).

Ms Scott was CEO of Anglo American (Mozambique) for four years, a position which, alongside day to day management, focused on business development, project generation, regional project integration and government negotiation. Prior to Anglo, Ms Scott was Regional Director of Metals Africa.

Other current directorships:	None
Former directorships in the last three years:	
Metals Africa	

DIRECTOR'S REPORT

DIRECTORS' MEETINGS

The number of meetings of the directors and the number of meetings attended by each director during the year ended 31 December 2022.

Directors	Directors' Meetings		Remuneration and Nomination Committee		Corporate Social Responsibility Committee		Audit Committee	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
B. Fraser	20	20	1	1	1	1	2	2
M. Hepburn	20	20	-	-	-	-	2	2
B. Gordon	18	20	1	1	1	1	-	-
S. Lowe(1)	6	6	-	-	-	-	-	-
Former Directors								
A. Cowden(2)	8	8	1	1	1	1	-	-
M. Anderson(3)	4	6	-	-	-	-	-	-
B. Borg(4)	4	4	1	1	-	-	1	1
E. Wall(5)	1	1	-	-	-	-	-	-
N Scott(5)	1	1	-	-	-	-	-	-

(1) S. Lowe was appointed as Managing Director on 17 October 2022.
(2) A. Cowden resigned 10 July 2022
(3) M. Anderson resigned 30 June 2022
(4) B. Borg resigned 31 May 2022.
(5) E. Wall and N. Scott resigned 27 June 2022.

DIRECTORS' INTERESTS

The following relevant interests in shares and performance rights of the Company were held directly and beneficially by the directors as at the date of this report:

	Fully paid ordinary shares	Listed Options	Unlisted performance/share rights	Unlisted Options
Non-Executive Directors				
B. Fraser	536,206	-	1,200,000	-
M. Hepburn	1,500,000	-	-	-
B Gordon	78,947	-	1,200,000	-

DIRECTOR’S REPORT

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for the Company’s Non-Executive Directors, Executive Directors and other Key Management Personnel (KMP) for the year ended 31 December 2022 in accordance with the Corporations Act 2001 (the Act) and its regulations. For the purpose of this report, KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether exclusive or otherwise) of the Parent entity. This information has been audited as required by section 308(3C) of the Act.

KMPs of the Company during the financial year ended 31 December 2022:

	Position	Commenced/ Resigned
Brett Fraser	Non-Executive Chairman	Appointed 10 July 2022
	Non-Executive Director	Appointed 11 November 2020 – 10 July 2022
Mark Hepburn	Non-Executive Director	Appointed 14 November 2018
Bradley Gordon	Non-Executive Director	Appointed 6 April 2021
Scott Lowe	Managing Director	Appointed 17 October 2022
Alistair Cowden	Former Executive Chairman	Appointed 29 June 2022 / resigned 10 July 2022
	Former Non-Executive Chairman	Appointed 1 May 2021 – 28 June 2022
	Former Executive Chairman	Appointed 6 April 2020 – 30 April 2021
	Former Non-Executive Chairman	Appointed 18 February 2019 – 6 April 2020
Michael Anderson	Former Managing Director	Appointed 6 April 2021 / resigned 30 June 2022
Brendan Borg	Former Non-Executive Director	Appointed 14 November 2018 / resigned 31 May 2022
Elizabeth Watts	Former Non-Executive Director	Appointed 5 June 2022 / resigned 27 June 2022
Naomi Scott	Former Non-Executive Director	Appointed 5 June 2022 / resigned 27 June 2022
Thomas Plant	Former Chief Financial Officer	Appointed 23 August 2021 / redundant 15 November 2022
Andrew Taplin	Former Chief Operating Officer	Appointed 2 November 2020 / redundant 31 December 2022

The Remuneration Report has been set out under the following main headings:

1. Remuneration Governance
2. Executive Remuneration Framework
3. 2022 KMP Long Term Incentive Plan Terms
4. 2022 KMP Short Term Incentive Plan Terms
5. 2022 Non-Executive Director Remuneration Framework
6. 2022 Non-Executive Director Equity Plan Terms
7. Statutory Performance Indicators
8. Details of Remuneration
9. Service Agreements
10. Share Based Compensation
11. Additional Information

1. Remuneration Governance

a) Remuneration and Nomination Committee

The Board formed the Remuneration and Nomination Committee (RNC) in 2021 which is governed by a Remuneration Committee Charter. In 2022, the RNC comprised of:

Mr Brett Fraser	Committee Member
Mr Bradley Gordon	Committee Member
Mr Mark Hepburn	Committee Member
Mr Brendan Borg	Former Committee Chairman (Resigned 31 May 2022)
Dr Alistair Cowden	Former Committee Member (Resigned 10 July 2022)

The RNC has worked with KMP and management to apply a robust governance framework and to ensure the Company's remuneration strategy supports the creation of sustainable shareholder value.
In relation to remuneration, the responsibilities of the RNC include:

I. reviewing the Company's Remuneration Policy and making appropriate recommendations to the Board. In considering the Company's Remuneration Policy, the Committee refers to the guidelines for non-executive director remuneration and executive remuneration set out in the commentary to recommendation 8.2 in the ASX Principles and Recommendations;

II. reviewing senior executives' remuneration and incentives, and making appropriate recommendations to the Board;

III. reviewing the remuneration framework for non-executive directors, including the process by which the pool of directors' fees approved by shareholders is allocated to directors, and making appropriate recommendations to the Board;

IV. reviewing and making recommendations to the Board on short and long-term incentive compensation plans, including equity based plans;

V. reviewing superannuation arrangements for directors, senior executives and other employees;

VI. reviewing termination payments;

VII. reviewing remuneration related reporting requirements, including disclosing a summary of the Company's policies and practices (if any) regarding the deferral of performance-based remuneration and the reduction, cancellation, or clawback of performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements;

VIII. reviewing whether there is any gender or other inappropriate bias in remuneration for directors, senior executives, or other employees;

IX. monitoring compliance with applicable legal and regulatory requirements relevant to remuneration-related matters and any changes in the legal and regulatory framework in relation to remuneration; and

X. performing such other functions as required by law or the Company's Constitution.

b) Use of Remuneration Advisors

The Committee's Charter allows the RNC access to specialist, external remuneration advice about remuneration structure and levels.

In June 2022, the Company received advice from Loftswood in relation to compensation to the Managing Director and KMP in light of the Leo Lithium demerge. Loftswood was paid $8,773 for these services.

It was the intention of the Board, as part of the Leo Lithium demerger, to keep the value of Executive's incentive awards whole due to the reduction in capital of Firefinch post-demerger resulting from a fall in share price, and corresponding reduction in value of existing Firefinch Performance Rights held by Executives.

To accommodate the expected fall, the Board tabled, and shareholders approved at the General Meeting held 31 May 2022, additional performance rights to accommodate for the expected loss of value. The details of the award are found at 6b of the Remuneration Report.

c) Remuneration Policy

The Company adopted a Remuneration Policy in 2021 which remained unchanged in 2022.

The Remuneration Policy serves to guide the RNCs recommendations on remuneration and the Board's adoption of those recommendations and covers all employees of the Group, including KMP, executives and employees of Firefinch subsidiaries. The RNC administers the Remuneration Policy.

The Policy seeks to provide the foundation for competitive remuneration to attract, motivate and retain high quality individuals in order to deliver Firefinch's strategy. Remuneration and incentive programs are structured to reward employees for their individual and collective contribution to the Company's success and business objectives, for appropriate risk-taking, for outperformance and for creating and enhancing value for shareholders.

The Policy informs the RNC on matters including:

i. Remuneration market positioning (taking into consideration industry benchmarks, market forces and talent availability);
ii. Remuneration mix including fixed and variable remuneration strategies;
iii. Setting remuneration; and
iv. Reviewing remuneration levels annually

2. Executive Remuneration Framework

a) Executive Remuneration Framework

The following remuneration framework was adopted in 2021 and remained unchanged in 2022. The Board sought to ensure that the framework is best fit for purpose and aligns with shareholder value creation.

The framework covers executives of the Company. NED remuneration is dealt with separately below.

Remuneration Category	Purpose of Category
Fixed remuneration	Fixed remuneration consists of base salary, superannuation, and other non-monetary benefits such as employee leave. Fixed remuneration is linked to the market rate of the role and is intended to compensate for fulfilling the scope of the employees roles and responsibilities and the employees skills, experience, and qualifications.
At-risk remuneration – Short Term Incentive (STI)	The primary purpose of the STI is to incentivise executives to achieve the annual STI performance targets set by the Board at the beginning of the period. The STI performance targets clearly set out the annual performance targets the Board requires from executives and achievement of the targets is determined by the Board at the end of the annual period. The STI comprises an annual award which is measured over a 12 month performance period and is payable in cash. The performance targets are contained in a balanced scorecard with financial and non-financial measures, as well as a mixture between corporate and personal measures. At the Boards' absolute discretion, in the event of a fatality, no payout will be made.
At-risk remuneration – Long Term Incentive (LTI)	The LTI is designed to incentivise executives in the creation of long-term shareholder value as evidenced by market and non-market measures, by rewarding executives for the achievement of long-term performance targets set by the Board at the beginning of the long-term performance period. The long-term targets are set out by the Board to provide clear and measurable direction as to what the Board and shareholders require from executives by the end of the long-term performance period.

b) Remuneration Mix and Incentive Opportunity

The remuneration mix and incentive opportunity includes a fixed remuneration component, a Short Term Incentive Scheme (STI) and a Long Term Incentive Scheme (LTI).

The table below outlines the incentive opportunity as a percentage of fixed remuneration.

Incentive Opportunity	STI Target	STI Stretch	LTI	Maximum Incentive Opportunity
Managing Director	30%	50%	100%	150%
Key Management Personnel	30%	45%	60%	105%

3. 2022 KMP Long Term Incentive Plan Terms

In 2022, the Board awarded Performance Rights to KMP to earn their at-risk LTI remuneration.

Mr Andrew Taplin – Former Chief Operating Officer (redundant 31 December 2022)

The following table details the award and conditions of a long-term incentive award made to Mr Taplin during 2020 and details on the partial vesting of that award.

How is the award delivered?	The award is delivered through the issue of Performance Rights (Rights) under the Firefinch Limited Awards Plan (previously adopted as the Mali Lithium Limited Awards Plan) approved by shareholders on 27 May 2019.
Date of award?	An award was made on 2 November 2020.
What is the quantum of the award?	500,000 Rights expiring on 2 November 2022
What are the performance conditions?	500,000 Rights are based on the completion of two years of service from date of employment which will be tested for vesting on 2 November 2022.
Why were the performance conditions selected?	Retention award and alignment of strategic objectives with that of the company.
What is the performance period?	2 November 2020 to 2 November 2022.
Have any or all of the awards vested during 2022?	500,000 Rights vested on 2 November 2022 based on two years of service from date of employment.

Mr Thomas Plant – Former Chief Financial Officer (redundant 15 November 2022)

No grants were made to Mr Plant during the reporting period, nor does Mr Plant have any Rights currently on foot as part of an equity award.

4. 2022 KMP Short Term Incentive Plan Terms

Effective 1 July 2021, the Board set out STI performance targets for KMP to earn their at-risk STI remuneration. It remained unchanged in 2022.

The incentive opportunity for each KMP is divided between a corporate and personal scorecard with performance targets for both. The corporate targets are the same for all KMP listed. Personal targets are not included in this report.

The following table summarises the Corporate 2022 STI targets for the performance period 1 July 2021 to 30 June 2022 (STI Plan).

Performance Area	Performance Measure	% of Scorecard	Target	Stretch at 150%
Morila-Production and Cost	Performance against Life of Mine Plan (LOMP)	25%	5% over budget gold production, and on budget operating expenditure per the LOMP.	10% over budget gold production and 5% under budget operating expenditure per the LOMP.
Group ESG	Safety, Environmental and Social Performance	25%	Board discretionary assessment regarding safety performance and community relations performance.	Board discretionary assessment regarding safety performance and community relations performance.
Group Resource and Reserve	Delivery of the Exploration Plan by 30 June 2022	25%	Implement Board approved program on time and within 10% of budget. Increase Morila Project Ore Reserves such that the mine life is extended by three years or 250,000 ounces.	Implement Board approved program on time and within 10% of budget. Increase Morila Project Ore Reserves such that the mine life is extended by four years or 350,000 ounces.
Goulamina Project Development	Execution of Goulamina DFS Update, FID and successful de-merger on time	25%	Board endorsed effective completion of the DFS update by Q4, 2021, FID by Q4, 2021 and successful de-merger by Q1, 2022. Board discretionary assessment on valuation of de-merged company valuation.	Board discretion.

The assessment and any payment outcome for the above STI Plan will not be made until after the end of the performance period, being 30 June 2022.

For the period 1 July 2021 to 30 June 2022, the Board made an STI cash-based award to the Managing Director based on an assessment of individual performance to the contribution of company milestones. This payment was valued at board discretion as part of the separation settlement and is reflected in Table 2.

5. 2022 Non-Executive Director Remuneration Framework

a) Non-Executive Director remuneration

Non-Executive Directors (NEDs) are paid in cash plus statutory superannuation. The Board may determine that fees may be paid by securities or a combination of cash and securities (the issue of securities subject to shareholder approval as required), whether pursuant to the terms of an equity plan or otherwise. Such determination is given regard to market practice and applicable corporate governance principles.

Fees paid to NEDs cover all activities associated with their role on the Board. The Board may from time to time determined that additional fees are payable to NED's who chair or are members of Board subcommittees or who perform special duties or extra services on behalf of the Company.

Consistent with the Company's Constitution, the aggregate quantum of all fees (including superannuation) paid to NEDs in each financial year must not exceed the aggregate NED fee pool amount set by shareholders from time to time in General Meetings.

NEDs are not provided with retirement benefits other than statutory superannuation entitlements.

The RNC will review NED fees annually and report its findings to the Board, together with any recommendations (if considered appropriate) for revised fees.

The Board retains discretion to adopt the RNC recommendations with or without amendments. In setting NED fees, the Board will have regard to market rates and the circumstances of the Company and the resulting expected workloads of the Directors.

b) Directors' fee limits

The aggregate amount of fees payable to Non-Executive Directors is subject to approval by shareholders. The maximum aggregate amount of fees that is approved for payment to Non-Executive Directors is $800,000 per annum, excluding the value of approved share-based payments. This limit was approved by shareholders at the General Meeting on 31 May 2022.

Table 1 – Annual board and committee fees payable to Directors

Position	$
For the period 1 January 2022 - 31 March 2022	
Chairman	176,000
Non- Executive Directors	104,500
Committee chairman	11,000
Committee member	5,500
For the period 1 April 2022 - 31 December 2022	
Chairman	176,000
Non- Executive Directors	104,500
Committee chairman	22,000
Committee member	5,500

(1) The fees are inclusive of superannuation guarantee.
(2) On 7 July 2022 the Board approved to adopt a 25% fee deferral effective 1 July 2022 to 31 December 2022.

6. 2022 Non-Executive Director Equity Plan Terms

The Board has awarded Performance Rights to NEDs on the following basis.

a) The following table details the award and conditions of a long-term incentive award made separately to Mr Fraser and Mr Gordon during 2021.

How is the award delivered?	The award is delivered through the issue of Performance Rights (Rights) under the Firefinch Limited Awards Plan (previously adopted as the Mali Lithium Limited Awards Plan) approved by shareholders on 27 May 2019.
Date of award?	An award was made on 27 May 2021.
What is the quantum of the award?	1,500,000 Rights (750,000 Rights each) with an expiry date of 1 July 2023.
What are the performance conditions?	The Rights will vest subject to at least two of the following four vesting conditions being met: Test 1 The 10-day VWAP of the Company's shares is at a 15 cent premium to the 10-day VWAP of the Company's shares prior to the grant date; Test 2 Definition of a JORC Code compliant Ore Reserve of at least 1,500,000 ounces of gold on the Morila Exploitation Permit and the Company's Malian subsidiary's tenements adjoining the Morila Exploitation Permit at a minimum average grade of 1.0 grams per tonne of gold; Test 3 The Company commencing production from the Morila Super Pit; Test 4 The Company successfully completing the demerger of the Goulamina Lithium Project, with "LithiumCo" successfully listing on the ASX (or other recognised exchange) and achieving a market capitalisation of at least $200 million; or The vesting conditions attached to the Rights will be continuously tested from 28 May 2022 until 1 July 2023. However, the Rights will only be able to vest after 12 months from the date of issue and if the NED has provided continual service to the Board for at least 18 months and remains a NED at the time of vesting.
Why were the performance conditions selected?	The performance conditions were selected to align the behaviours of working directors with long term value creation for shareholders.
What is the performance period?	28 May 2021 to 1 July 2023.

b) The following table details the additional award and conditions of a long-term incentive award made in line with 6(a) above to Mr Fraser and Mr Gordon during 2022 as a compensation for the fall in share price of the Company after the demerger of Leo Lithium.

How is the award delivered?	The award is delivered through the issue of Performance Rights (Rights) under the Firefinch Limited Awards Plan (previously adopted as the Mali Lithium Limited Awards Plan) approved by shareholders on 27 May 2019.
Date of award?	An award was made on 31 May 2022.
What is the quantum of the award?	900,000 Rights (450,000 Rights each) with an expiry date of 1 October 2023.
What are the performance conditions?	The Rights will vest subject to at least two of the following three vesting conditions being met: Test 1 The 10-day VWAP of the Company's shares is at a 15 cent premium to the 10-day VWAP of the Company's shares prior to the grant date; Test 2 Definition of a JORC Code compliant Ore Reserve of at least 1,500,000 ounces of gold on the Morila Exploitation Permit and the Company's Malian subsidiary's tenements adjoining the Morila Exploitation Permit at a minimum average grade of 1.0 grams per tonne of gold; Test 3 The Company commencing production from the Morila Super Pit; or The vesting conditions attached to the Rights will be continuously tested from 31 May 2022 until 1 July 2023. However, the Rights will only be able to vest if the NED has provided continual service to the Board for at least 18 months and remains a NED at the time of vesting.
Why were the performance conditions selected?	The performance conditions were selected to align the behaviours of working directors with long term value creation for shareholders.
What is the performance period?	31 May 2022 to 1 July 2023.

7. Statutory performance indicators

The Group aims to align executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last five years as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

Statutory disclosure key performance indicators of the Group over the last five years.

	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2018
Profit/(Loss) for the year, $	308,881,578	(43,952,826)	1,043,816	(3,504,280)	(4,067,681)
Dividends paid, $	Nil	nil	nil	nil	nil
Net assets, $	111,870,519	251,932,804	99,393,236	27,166,106	25,740,323
Share price, $	0.20	0.865	0.175	0.097	0.164

(1) The share price is as the last day of trading, 29 June 2022. The Company remains suspended.

8. Details of Remuneration

Details of the remuneration of the Directors and KMP of the Group (as defined in AASB 124 Related Party Disclosures) are set out in the following table.

Table 2 – Directors and Executive KMP's remuneration for the year ended 31 December 2022

2022 – Group	Short-term			Post-employment	Short-term	Termination benefits	Total monetary remuneration	Equity-settled share-based payments		Total remuneration	Performance
	Salary & Fees	Cash bonus	Other	Superannuation[1]	Annual leave movement			Performance / share rights	Options		
	$	$	$	$	$	$	$	$	$	$	%
Directors											
B Fraser [2] [8]	129,914	-	-	13,341	-	-	143,255	410,409	-	553,664	74%
M Hepburn	91,875	-	-	9,384	-	-	101,259	-	-	101,259	-
B Gordon [2]	91,875	-	-	9,384	-	-	101,259	410,409	-	511,668	80%
S Lowe [3]	115,041	-	-	6,323	8,581	-	129,945	-	-	129,945	-
Former Directors											
A Cowden [4]	119,463	-	-	10,796	-	-	130,259	-	-	130,259	-
B Borg [5]	45,833	-	-	4,583	-	-	50,416	-	-	50,416	-
M Anderson [6]	312,500	125,000	-	29,227	16,833	312,500	796,060	-	-	796,060	16%
E Wall [7]	6,887	-	-	689	-	-	7,576	-	-	7,576	-
N Scott [7]	6,887	-	-	689	-	-	7,576	-	-	7,576	-
Directors Total	920,275	125,000	-	84,416	25,414	312,500	1,467,605	820,818	-	2,288,423	
Former Executive KMP											
T Plant [9]	305,126	-	60,000	30,816	22,441	114,423	532,806	-	-	532,806	-
A Taplin [10]	428,698	-	-	34,758	27,245	143,756	634,457	28,256	-	662,713	4%
Executive KMP Total	733,824	-	60,000	65,574	49,686	258,179	1,167,263	28,256	-	1,195,519	
TOTAL REMUNERATION	**1,654,099**	**125,000**	**60,000**	**149,990**	**75,100**	**570,679**	**2,634,868**	**849,074**	**-**	**3,483,942**	

(1) The superannuation payment covers the payroll years 2021/2022 and 2022/2023.
(2) Vesting expense for the year of performance rights issues to the directors under the terms of the Company's long-term incentive plans approved by shareholders on 23 October 2020 and 31 May 2022. The fair value of the performance rights is calculated at the grant date.
(3) Mr Lowe was appointed as Managing Director on 17 October 2022.
(4) Mr Cowden resigned on 10 July 2022.
(5) Mr Borg resigned on 31 May 2022.

(6) Dr Anderson resigned on 30 June 2022.
(7) Ms Wall and Ms Scott resigned on 27 June 2022.
(8) Mr Fraser was appointed as Executive Chairman on 10 July 2022.
(9) Mr Plant was made redundant on 15 November 2022.
(10) Mr Taplin was made redundant on 31 December 2022.

Table 2 *(continued)* – Directors and Executive KMP's remuneration for the year ended 31 December 2021

2021 – Group	Short-term			Post-employment	Short-term	Termination benefits	Total monetary remuneration	Equity-settled share-based payments		Total remuneration	Performance
	Salary & Fees	Cash bonus	Other	Superannuation[1]	Annual leave movement [2]			Performance / share rights [3]	Options		
	$	$	$	$	$	$	$	$	$	$	%
Directors											
M Hepburn	70,320	-	-	6,858	-	-	77,178	116,691	-	193,869	60%
B Borg	72,603	-	-	7,082	-	-	79,685	116,691	-	196,376	59%
B Fraser	72,602	-	-	7,082	-	-	79,684	171,199	-	250,883	68%
B Gordon [4]	49,315	-	-	4,849	-	-	54,164	171,199	-	225,363	76%
A Cowden [5]	292,502	-	-	22,204	-	-	314,706	311,175	-	625,881	50%
M Anderson [6]	397,508	50,000	-	17,208	25,367	-	490,083	645,795	-	1,135,878	57%
Directors total	**954,850**	**50,000**	**-**	**65,283**	**25,367**	**-**	**1,095,500**	**1,532,750**	**-**	**2,628,250**	
Executive KMP											
E Hughes [7]	195,658	50,000	-	32,451	10,006	156,000	444,115	161,315	-	605,430	27%
T Plant [7]	131,067	-		8,538	9,499	-	149,104	-	-	149,104	-
A Taplin	385,872	100,000	-	22,631	22,706	-	531,209	175,935	-	707,144	25%
Executive KMP total	**712,597**	**150,000**	**-**	**63,620**	**42,211**	**156,000**	**1,124,428**	**337,250**	**-**	**1,461,678**	
TOTAL REMUNERATION	**1,667,447**	**200,000**	**-**	**128,903**	**67,578**	**156,000**	**2,219,928**	**1,870,000**	**-**	**4,089,928**	

(1) The superannuation payment covers the payroll years 2020/2021 and 2021/2022.
(2) Annual leave movement for the year has been disclosed as a comparison (2021: Annual Leave paid).
(3) Vesting expense for the year of performance rights issues to the directors under the terms of the Company's long-term incentive plans approved by shareholders on 23 October 2020. The fair value of the performance rights is calculated at the date of grant date.
(4) Mr Gordon was appointed as Non-Executive Director on 6 April 2021.
(5) The salary and fees paid during the financial year include the additional fees of $73,059 for managing the Goulamina Joint Venture and Leo Lithium demerger processes.
(6) Mr Anderson was appointed as Managing Director on 6 April 2021.
(7) Mr Hughes resigned on 23 August 2021 as Chief Financial Officer and Mr Plant was appointed for the position on the same day.

9. Service Agreements

Remuneration and other terms of employment of the Managing Director, Non-Executive Chairman, Chief Operating Officer and Chief Financial Officer are formalised in employment agreements. Major provisions of the agreements relating to the remuneration of these positions are set out below.

Remuneration of Non-Executive Chairman, Mr Brett Fraser

Mr Fraser moved to a position of Non-Executive Chairman from 10 July 2022 after holding a position of Non-Executive Director. Mr Fraser's contract terms with the Company are outlined below.

Fixed remuneration
From 1 January 2022 to 31 March 2022, Mr Fraser was paid Director fees of $104,500 and in addition Remuneration Committee Member fees of $5,500, Corporate Social Responsibility Committee Member fees of $5,500 and Chairman Audit Committee fees of $11,000, all inclusive of statutory entitlements. From 1 April 2022, the chair of the Audit Committee fee increased to $22,000 inclusive of statutory entitlements, while all other fees remained the same. On 7 July the board approved a 25% referral on all fees. On 10 July Mr Fraser was appointed as Non-Executive Chairman and was entitled to annual fees of $176,800 including statutory entitlements. This number was reduced by the 25% deferral in fees agreed by the board on 7 July 2022 to $132,600 inclusive of statutory entitlements.

Currently all board committee fees are being waived by the board.

Remuneration of former Non-Executive Chairman, Dr Alistair Cowden (resigned 10 July 2022)

Dr Cowden moved to a position of Executive Chairman from 29 June 2022. Dr Cowden's contract terms with the Company are outlined below.

Fixed remuneration
From 1 January 2022 Dr Cowden was paid Director fees of $176,000 inclusive of statutory entitlements and in addition, the audit, ESG and remuneration committees' membership fees of $5,500 per annum each and fees of $120,548 for managing the Goulamina Joint Venture and Leo Lithium demerger process. From 1 April 2022 the fees for managing the Goulamina process through Firefinch was no longer payable.

Remuneration of Managing Director, Mr Scott Lowe

On 17 October 2022 the Company appointed Mr Lowe as Managing Director and his employment contract with the Company outlines the following terms:

Fixed remuneration
Mr Lowes' annual salary is $550,000 per annum plus statutory superannuation.

Variable remuneration

Mr Lowe is eligible to earn a performance related short-term incentive calculated with respect to each financial year during his employment. He is eligible to participate in the Company's Long Term Incentive scheme.

Retention Bonus

Mr Lowe is allocated a deferred bonus of $150,000 cash (less applicable tax) on commencement of the Employment which will become payable on the first anniversary of the Commencement Date. Mr Lowe will forfeit the deferred bonus if his employment terminates prior to the first anniversary date due to a Bad Leaver Event. If Mr Lowe's employment terminates prior to the first anniversary date due to a Good Leaver Event, the deferred bonus will be paid within 7 days following the Termination Date or, if this is not permitted by law, it will be paid on the first anniversary of the Commencement Date.

Termination of contract
Mr Lowe and the Company may terminate the contract by giving 3 months' notice.

Remuneration of former Managing Director, Dr Michael Anderson (resigned 30 June 2022)

On 6 April 2021 the Company appointed Dr Anderson as Managing Director and his employment contract contained the Company outlines the following terms:

Fixed remuneration
Dr Andersons’ annual salary was set at $625,000 per annum plus statutory superannuation from 1 January 2022.

Variable remuneration

Dr Anderson was eligible to earn a performance related short-term incentive calculated with respect to each financial year during his employment. He was eligible to participate in the Company’s Long Term Incentive scheme.

Termination of contract
The Company may terminate Dr Andersons’ employment at any time on six months’ notice, of which at least 3 months must be paid in lieu with statutory entitlements. He may terminate his employment with the Company at any time on 6 months’ notice.

Remuneration of former Chief Financial Officer, Mr Thomas Plant (redundant 15 November 2022)

Mr Plant was appointed as Chief Financial Officer on 23 August 2021 and his employment contract with the Company outlines the following terms:

Fixed remuneration
Mr Plant’s annual salary is $350,000 per annum, plus statutory superannuation effective 23 August 2021.

Variable remuneration
Mr Plant was eligible to earn a performance related short-term incentive calculated with respect to each performance year during his employment. He was eligible to participate in the Company’s Long Term Incentive scheme.

Termination of contract
Mr Plant and the Company may terminate the contract by giving three months’ notice.

Remuneration of former Chief Operating Officer, Mr Andrew Taplin (made redundant 31 December 2022)

Mr Taplin was appointed as Chief Operating Officer on 14 October 2020 and his employment contract with Firefinch outlines the terms of his employment.

Fixed remuneration
Mr Taplin’s annual salary was $393,438 per annum plus statutory superannuation from 1 July 2021. From 29 June 2022 Mr Taplin acted as Chief Executive Officer and increasing his salary by $10,000 per month for these higher duties. Mr Taplin ceased acting as Chief Executive Officer on 2 November 2022.

Variable remuneration
Mr Taplin was eligible to earn a performance related short-term incentive calculated with respect to each performance year during his employment. He was eligible to participate in the Company’s Long Term Incentive scheme

Termination of contract

Mr Taplin and the Company may terminate the contract by giving three months’ notice.

10. Share Based Compensation

KMP are eligible to participate in the Firefinch LTI scheme. The terms and conditions of the performance rights included in remuneration of Directors and KMP in the current or a future reporting period are set out below. The Black Scholes pricing model was used to determine a fair value of performance rights at a grant date with non-market vesting conditions and a barrier-up trinomial pricing model was used for performance rights with market vesting conditions. Performance rights granted carry no dividend or voting rights. When exercisable, the performance rights are convertible into one ordinary share per right.

Table 3 – Key terms of share-based compensation held by Directors and KMP as at 31 December 2022

Item	Performance Rights(1)	Performance rights (2)	Performance rights (3)	Performance rights (4)	Performance rights (5)	Performance rights (6)	Performance rights (7)	Performance rights (8)
Grant date	2 Nov 2020	27 May 2021	27 May 2021	27 May 2021	27 May 2021	27 May 2021	27 May 2021	31 May 2022
Number	500,000	2,266,667	2,266,667	1,133,333	566,667	566,666	1,500,000	900,000
Exercise price, $	nil	nil	nil	nil	nil	nil	nil	nil
Fair value, $	0.140	0.323	0.385	0.385	0.385	0.385	0.385	1.11
Total fair value, $	70,000	732,133	872,667	436,333	-	218,166	577,500	999,000
Performance period (yrs)	2	3	3	3	3	3	2.1	1.3
Expiry/Vesting date	2-Nov-2022	28-May-24	28-May-24	28-May-24	28-May-24	28-May-24	1-Jul-23	01-Oct-23
Vesting conditions	2 years Continuous employment	Share price appreciation	Gold production	Ore reserve	Safety metric	ESG	(7)	(8)

(1) The assessed fair value of performance rights at a grant date is allocated equally over the performance period (24-month period) from 2 November 2020 to 2 November 2022, over the two year vesting period.
(2) The performance rights will vest subject to the 10-day volume-weighted average price (VWAP) of the Company's share price being at a $0.15 premium to the 10-day VWAP to the Company's VWAP prior to the date of grant.
(3) The performance rights will vest on the Company achieving a minimum of 250,000 ounces of gold production per annum.
(4) The performance rights will vest on Morila Gold's Ore Reserves (with the meaning given to that definition in the 2012 JORC Code) at the end of the performance period are equal to or greater than 1,000,000 ounces of gold.
(5) The performance rights will vest on completion of 36 months of nil lost time injuries.
(6) The performance rights will vest on aligning Environmental and Social Governance reporting to a Company adopted international standard / framework as determined by the Board.
(7) The performance rights will vest subject to at least two of the following four vesting conditions being satisfied:
- The 10-day VWAP of the Company's share price is at a $0.15 premium to the Company's 10-day VWAP prior to the date of grant;
- Definition of a JORC Compliant Ore Reserve of at least 1,500,000 ounces of gold on the Morila Exploitation Permit and the Company's Malian subsidiary's tenements adjoining the Morila Exploitation Permit at a minimum average grade of 1.0 grams per tonne of gold;
- The Company commencing production from the Morila Super Pit; or
- The Company successfully completing the demerger of the Goulamina Lithium Project, with "LithiumCo" successfully listing on the ASX (or other recognised exchange) and achieving a market capitalisation of at least $200 million.

(8) The performance rights issued as a top up to compensate the fall in share price of the Company on demerger of Leo Lithium will vest subject to at least two of the first 3 vesting conditions listed in point 7 above being satisfied.

Further information relating to the portion of Directors and KMP's remuneration as an equity compensation are set out in the following table.

Table 4 – Value of share-based compensation

Name	Total fair value of: Performance /share rights, $	Value recognised, exercised or lapsed in the year ended December 2022				Amount paid per share on exercise
		Grant date	Value recognised $	Exercised $	Lapsed $	
			Performance / share rights	Performance /share rights	Performance / share rights	
Directors						
B Gordon	788,250	27-May-21/ 31-May-22	117,551 292,858	- -	- -	- -
B Fraser	788,250	27-May-21/ 31-May-22	117,551 292,858	- -	- -	- -
Former Director						
M Anderson	2,053,033	27-May-21	1,069,032	-	(1,069,032)	-
Former Executive KMP						
A Taplin	70,000	2-Nov-20	28,256	-	-	-

The movement in performance /share right holdings for KMP and Directors during the year are set out in the following table:

Table 5 – Movement of performance / share rights granted to Directors and KMPs during the year

Name	Equity instrument	Balance at start of the year	Granted during the year as remuneration	Exercised during the year	Forfeited / lapsed	Balance at end of the year	Vested during the year	Vested and exercisable at the end of the year
Directors								
B Fraser	Performance right	750,000	450,000	-	-	1,200,000	-	-
B Gordon	Performance right	750,000	450,000	-	-	1,200,000	-	-
Former KMP								
M Anderson	Performance right	6,800,000	-	-	(6,800,000)	-	-	-
A Taplin	Performance right	500,000	-	-	-	500,000	-	500,000

Details of remuneration: share-based compensation benefits

The following table details the percentage of the available grant that vested in the financial year and the percentage forfeited because specified performance criteria was not satisfied. The maximum value of the performance/ share rights yet to vest has been determined as the fair value amount of the performance / share rights at a grant date.

Table 6 – Performance/share rights granted/vested/unvested as at 31 December 2022

Name	Equity instrument	Number of rights granted	Financial year granted	Vested in current financial year	Vested in prior financial year	Financial year in which vested or may vest	Total value yet to recognise before vesting
		No	Yr	%	%	Yr	$
Directors							
B Gordon	Performance rights	750,000	2021	-	-	2023	-
	Performance rights	450,000	2022	-	-	2023	206,642
B Fraser	Performance rights	750,000	2021	-	-	2023	-
	Performance rights	450,000	2022	-	-	2023	206,642
Former Executive KMP							
A Taplin	Performance rights	500,000	2020	100	-	2022	-

11. Additional Information

Loans to directors and executives

There were no loans outstanding at the reporting date to directors or executives.

Other transactions with KMP and or their related parties

There were $301,778 other related party transactions for the year ended 31 December 2022 (2021: Nil).

- Consultancy fee of $262,563 was paid to Wolfstar Corporate Management Pty Ltd, a related party of Brett Fraser.
- Consultancy fee of $8,965 was paid to Geneva Partners Pty Ltd, a related party of Brett Fraser.
- Consultancy fee of $30,250 was paid to Coledale Resources Pty Ltd, a related party of Scott Lowe.

Table 7 – Shareholdings

The number of shares in the Company held by each Director and KMP and their related parties during the year ended 31 December 2022 is set out below:

2022 – Group *Group KMP*	Balance at 31 December 2021	Rights entitlement	Granted during the year on vesting	Other changes during the year (1)	Balance at date of resignation	Balance at 31 December 2022
Directors						
B Fraser	336,206	-	-	200,000	-	536,206
B Gordon	-	-	-	78,947	-	78,947
M Hepburn	2,339,224	-	-	(839,224)	-	1,500,000
S Lowe	-	-	-	-	-	-
Former Directors						
A Cowden	9,103,448	-	-	95,531	9,198,979	9,198,979
B Borg	14,578,448	-	-	(2,578,448)	12,000,000	12,000,000
M Anderson	1,301,724	-	-	-	1,301,724	1,301,724
E Wall	-	-	-	-	-	-
N Scott	-	-	-	-	-	-
Former Executive KMP						
T Plant	45,000	-	-	-	45,000	45,000
A Taplin	1,000,000	-	-	-	1,000,000	1,000,000

(1) Other changes during the year represent on-market purchase or sale of shares.

Table 8 – Options, performance rights and performance shares

The numbers of options, performance rights and share rights outstanding in the Company held by each Director, KMP and their related parties during the year ended 31 December 2022 is set out below:

2022 – Group *Group KMP*	Balance at 31 December 2021	Granted as remuneration	Exercised	Forfeited / lapsed	Balance at date of resignation	Balance at 31 December 2022	Vested and Exercisable	Unvested
Directors								
B Fraser	750,000	450,000	-	-	-	1,200,000	-	1,200,000
M Hepburn	-	-	-	-	-	-	-	-
B Gordon	750,000	450,000	-	-	-	1,200,000	-	1,200,000
S Lowe	-	-	-	-	-	-	-	-
Former Directors								
A Cowden	-	-	-	-	-	-	-	-
M Anderson	6,800,000	-	-	(6,800,000)	-	-	-	-
B Borg	-	-	-	-	-	-	-	-
E Wall	-	-	-	-	-	-	-	-
N Scott	-	-	-	-	-	-	-	-
Former Executive KMP								
T Plant	-	-	-	-	-	-	-	-
A Taplin	500,000	-	-	-	-	500,000	500,000	-

End of Remuneration Report

Indemnification and Insurance of Directors, Officers and Auditors

The Company has executed agreements with the Directors and Officers of the Company indemnifying them against all losses or liabilities incurred by each Director or Officer in their capacity as Directors or Officer of a Group Company to the extent permitted by the Corporation Act 2001. The indemnification specifically excludes wilful acts of negligence.

The Company has paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for the current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed for confidentiality reasons.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of Firefinch, or to intervene in any proceedings to which Firefinch is a party, for the purpose of taking responsibility on behalf of Firefinch for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of Firefinch with leave of the Court under section 237 of the Corporations Act 2001.

Non-Audit Services

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year, PricewaterhouseCoopers, the Company's auditor, provided consultancy services (2021: taxation compliance services), in addition to their statutory audits. Non-audit fees amounted to $59,160 (2021: $2,040). Details of remuneration paid to the auditor can be found within the financial statements at note 29.

Corporate Governance Statement

The ASX Corporate Governance Council (CGC) has developed corporate governance principles and recommendations for listed entities. ASX listing rule 4.10.3 requires that listed entities disclose the extent to which they have followed the CGC's recommendations and, where a recommendation has not been followed, the reasons why.

Firefinch's corporate governance statement can be found on the Company's website at the following link:
https://firefinchltd.com/corporate-governance/

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* for the year ended 31 December 2022 has been received and can be found on page 30 of the annual report.

B Fraser.

MR BRETT FRASER
Chairman

Dated 31 March 2023

Auditor's Independence Declaration

As lead auditor for the audit of Firefinch Limited for the year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Firefinch Limited and the entities it controlled during the period.

Helen Bathurst

Helen Bathurst
Partner
PricewaterhouseCoopers

Perth
31 March 2023

PricewaterhouseCoopers, ABN 52 780 433 757
Brookfield Place, 125 St Georges Terrace, PERTH WA 6000, GPO Box D198, PERTH WA 6840
T: +61 8 9238 3000, F: +61 8 9238 3999, www.pwc.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Note	2022 $	2021 $
Continuing operations			
Revenue	5	-	-
Cost of sales		-	-
Gross Profit		**-**	-
Interest income		476,265	4,744
Other income	5	-	28,886
Corporate and other expenses	6	(12,451,944)	(4,445,404)
Depreciation		(168,930)	(153,307)
Director fees		(1,476,965)	(875,957)
Employee salaries and other employment related costs		(4,298,698)	(3,359,550)
Finance costs		-	-
Impairment Losses – Financial Assets	7	(773,660)	-
Impairment Losses – Non-Financial Assets	7	(16,303,323)	-
Share-based payments		(622,864)	(2,462,124)
Loss on disposal of investment		(19,507,355)	-
Fair value gain on investment	15	2,109,415	-
Foreign exchange gain		2,174,852	25,458
Share of net loss of associates - accounted for using the equity method		(234,803)	-
Loss before Tax		**(51,078,010)**	(11,237,254)
Income tax expense	8	-	-
Net Loss for the year from continuing operation		**(51,078,010)**	(11,237,254)
Discontinued operations			
Profit/(Loss) after tax from discontinued operations	25	359,959,588	(32,715,572)
Net profit/(loss) for the year is attributable to:		**308,881,578**	**(43,952,826)**
Owners of Firefinch Limited		319,345,202	(42,226,024)
Non-controlling interest		(10,463,624)	(1,726,802)
Other Comprehensive Loss			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		(1,229,104)	(682,411)
Total Comprehensive income/(loss) for the Year is attributable to:		**307,652,474**	**(44,635,238)**
Owners of Firefinch Limited		318,116,098	(42,908,436)
Non-controlling interest		(10,463,624)	(1,726,802)
Earnings per share from continuing operations:			
Basic loss per share (cents per share)	9	(4.33)	(1.29)
Diluted loss per share (cents per share)	9	(4.33)	(1.29)
Earnings per share from discontinued operations:			
Basic profit/(loss) per share (cents per share)	9	30.49	(3.77)
Diluted profit/(loss) per share (cents per share)	9	30.49	(3.77)

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 2022

	Note	2022 $	2021 $
Current Assets			
Cash and cash equivalents	10	37,946,133	148,881,533
Trade and other receivables	11	2,628,903	13,236,843
Inventories	12	-	34,532,489
Total Current Assets		**40,575,036**	**196,650,865**
Non-Current Assets			
Property, plant, and equipment	13	255,948	103,622,190
Right of use asset	18	372,357	532,064
Exploration and evaluation expenditure	14	-	32,684,085
Financial assets at fair value through profit or loss	15	102,306,648	-
Other receivables	11	40,000	15,750,609
Total Non-Current Assets		**102,974,953**	**152,588,948**
Total Assets		**143,549,989**	**349,239,813**
Current Liabilities			
Trade and other payables	16	3,337,765	50,707,672
Lease liabilities	18	161,203	150,479
Provisions	17	37,847	3,122,904
Interest bearing liabilities	19	-	14,768,304
Current tax liabilities	8	-	4,655,098
Total Current Liabilities		**3,536,815**	**73,404,457**
Non- Current Liabilities			
Lease liabilities	18	231,984	393,187
Provisions	17	-	23,509,365
Deferred tax liability	8	27,910,671	-
Total Non-Current Liabilities		**28,142,655**	**23,902,552**
Total Liabilities		**31,679,470**	**97,307,009**
Net Assets		**111,870,519**	**251,932,804**
Equity			
Issued capital	21	303,823,417	323,402,393
Reserves	22	6,473,736	7,079,976
Accumulated losses	23	(198,426,634)	(78,791,825)
Non-controlling interest	24	-	242,260
Total Equity		**111,870,519**	**251,932,804**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

	Note	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Share-based Payment Reserve	Non-Controlling Interest	Total
		$	$	$	$	$	$
Balance at 1 January 2021		**128,689,714**	**(36,565,801)**	**730,152**	**4,570,109**	**1,969,062**	**99,393,236**
Loss for the year			(42,226,024)		-	(1,726,802)	(43,952,826)
Other comprehensive loss for the year		-	-	(682,411)	-	-	(682,411)
Total comprehensive loss for the year		**-**	**(42,226,024)**	**(682,411)**	**-**	**(1,726,802)**	**(44,635,237)**
Transaction with owners, directly in equity:							
Shares issued during the year (net of costs)		194,712,679	-	-	-	-	194,712,679
Share-based payments		-	-	-	2,462,126	-	2,462,126
Balance at 31 December 2021		**323,402,393**	**(78,791,825)**	**47,741**	**7,032,235**	**242,260**	**251,932,804**
Balance at 1 January 2022		**323,402,393**	**(78,791,825)**	**47,741**	**7,032,235**	**242,260**	**251,932,804**
Profit/(Loss) for the year		-	319,345,202	-	-	(10,463,624)	308,881,578
Other comprehensive loss for the year		-	-	(1,229,104)	-	-	(1,229,104)
Total comprehensive income for the year		**-**	**319,345,202**	**(1,229,104)**	**-**	**(10,463,624)**	**307,652,474**
Transaction with owners, directly in equity:							
Shares issued during the year (net of costs)	21	2,991,207	-	-	-	-	2,991,207
Share based payments	22	-	-	-	622,864	-	622,864
Return of capital	21	(22,570,183)	-	-	-	-	(22,570,183)
Dividend distribution on demerger	23	-	(428,758,647)	-	-	-	(428,758,647)
Disposal of NCI	24		(10,221,364)	-	-	10,221,364	-
Balance at 31 December 2022		**303,823,417**	**(198,426,634)**	**(1,181,363)**	**7,655,099**	**-**	**111,870,519**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	Note	2022 $	2021 $
Cash Flows from Operating Activities			
Proceeds in the course of operations		-	113,150,074
Payments to suppliers and employees		(17,535,649)	(124,164,734)
Income taxes paid		-	(1,098,061)
Interest received		476,265	4,744
Interest paid		-	(801,070)
Net cash outflow from operating activities of discontinued operations	25	(34,243,991)	-
Net Cash used in Operating Activities	30	**(51,303,375)**	**(12,909,047)**
Cash Flows from Investing Activities			
Payments for exploration and evaluation expenditure		(8,643,777)	(4,552,618)
Payments for mine development expenditure		-	(49,907,411)
Payments made for plant and equipment		(136,954)	(633,320)
Payment for investment in Associate		(20,000,000)	-
Proceeds from sale of investment	15	12,892,750	-
Net cash outflow from Investing activities of discontinued operations	25	(49,862,405)	-
Net Cash Used in Investing Activities		**(65,750,386)**	**(55,093,349)**
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	203,378,436
Payments for capital raising		-	(8,665,758)
Lease payments		(167,890)	-
Proceeds from loan repayments		10,295,000	-
Net Cash inflow from Financing Activities		**10,127,110**	**194,712,678**
Net (decrease)/Increase in Cash Held		(106,926,651)	126,710,282
Cash and cash equivalents at the beginning of the year		144,888,661	17,263,076
Change in foreign currency held		(15,877)	915,303
Cash and Cash Equivalents at the End of the Year	10	**37,946,133**	**144,888,661**

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

1. BASIS OF PREPARATION

These are the consolidated financial statements and notes of Firefinch Limited (Firefinch or the Company) and controlled entities (collectively the Group). Firefinch is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue on 31 March 2023 by the Directors of the Company.

The nature of the operations and principal activities of the Group are described in the Director's Report.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated. Where necessary, comparative information is reclassified and restated for consistency with current period disclosures.

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act* 2001. The consolidated financial statements of the Group also comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for investments, financial instruments and share based payments, which have been measured at fair value.

Going concern

The financial statements of the Group for the year ended 31 December 2022 have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The Group made a loss for the year of $51,078,010 (2021: $11,237,254) from continuing operations. During the year, the Group recognised a net profit from discontinued operations of $359,959,588 (2021: Loss of $32,715,572). At the end of the year, the Group had cash and cash equivalents of $37,946,133 (2021: $148,881,533) and a working capital of $37,038,221 (2021: $99,489,351). The Group had a net cash outflow from operating activities of $51,303,375 (2021: $12,909,047).

On 29 June 2022, Firefinch applied to ASX for, and was granted, a voluntary suspension in the trading of Firefinch securities (**Suspension**) pending an announcement by the Company in relation to an update to operational performance and production guidance at the Morila Gold Project. Requests for the continuation of Suspension were granted on 4 July 2022, 26 July 2022 and 24 August 2022.

On 4 July 2022, the Company announced an operational update in which it advised that the following factors had adversely impacted on the Group's working capital position:

- June quarter gold production was estimated to be 13,300 oz of gold, it would not achieve the previous guidance of 17-20,000 oz and previous guidance announced on 12 April 2022 was withdrawn. The underperformance relative to guidance was largely due to poor equipment availability, which was exacerbated by the delayed delivery of additional mining equipment. This delay was in part due to the ECOWAS sanctions imposed on the State of Mali that restricted the movement of goods into the country;

- Like many others in the global gold sector, the Company had experienced significant cost pressures, resulting in material price increases in diesel, explosives, other consumables and transport; and

- The weakness in the A$/US$ exchange rate which impacted on A$ denominated funding provided to Morila by the Company.

In response to the above factors, the Company revised its mining, capital expenditure, operational plans, and budget to ensure that Morila's operations were more cost-effective and announced a recapitalisation plan to raise $90M in equity funds on 21 September 2022.

On 3 November 2022, the Company announced the recapitalisation efforts would not proceed and that Firefinch Limited would no longer provide funding to its 80% owned Malian subsidiary, Morila SA. As a result of this decision and the subsequent actions of Morila SA management on the ground it is the opinion of the Firefinch Board that Firefinch Limited lost control of Morila SA on this date. Thus, the Company deconsolidated Morila SA from the group. Refer to note 25.

The decision to no longer provide funding to Morila SA gives rise to a risk of contingent liabilities which, in the event of an adverse outcome, has the potential to impact the Group's ability to remain a going concern. For more information see Note 33 to the Financial Statements.

In terms of a forward looking strategy, the Board of Firefinch Limited has commenced a process to find a new owner for Morila SA, as well as undertaking a separate strategic process inviting suitable bidders to submit proposals to the Company that deliver compelling value and liquidity to Firefinch shareholders. Firefinch Limited has engaged Treadstone Resource Partners to assist with the process.

However, the Board notes, that consistent with the ordinary course of standard commercial practice, discussions and negotiations may fail to deliver an agreement that adequately benefits Firefinch shareholders and stakeholders. In this event, the Company will terminate the process and look to return available cash to shareholders and distribute all Leo Lithium Limited shares when they are released from escrow in June 2024.

As a result of the factors above, there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon a number of factors, including:

- The outcome of any potential legal action by stakeholders in relation to the Company's operations in Mali.
- A successful corporate transaction regarding Firefinch Limited
- The ability of the Company to liquidate its assets should the need arise to settle liabilities when they fall due

The Directors of Firefinch Limited note that there exists no formal funding agreement or Deed of Guarantee between Firefinch Limited as a majority shareholder, and Morila SA, that would require Firefinch Limited to meet the debts of Morila SA. As a result, the Directors of Firefinch Limited believe that any potential legal action by Morila SA Creditors attempting to hold Firefinch Limited liable for its outstanding debts is highly unlikely to succeed.

The Directors of Firefinch Limited are not aware of any legal action against Firefinch Limited, the Board or its Directors at the date of this report.

On 21 March 2023 the board advised the market that the Company was in advanced negotiations relating to a potential transaction for the sale of its 80% interest in Morila SA, and separately that multiple non-binding indicative proposals had been received via the Treadstone strategic process that are sufficiently robust to warrant continued negotiation and discussion with the bidding parties.

Given these factors it is the conclusion of the Directors that the company has the capacity to realise its assets and meet its liabilities as and when they fall due. As a result the Company has prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

This financial report does not include adjustments relating to the recoverability of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Significant accounting estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

These estimates and judgements are disclosed within each relevant note.

2. PRINCIPLES OF CONSOLIDATION

Subsidiaries

The Group financial statements consolidate those of the Company and all its subsidiaries. The Company controls a subsidiary if it is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the activities of the subsidiary.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting from the date on which the investee becomes an associate.

Under the equity method, the investment in associates is initially recognised at cost, identifying any capital reserve arising at the time of acquisition or loss of control, and thereafter the carrying amount is increased or decreased to recognise the Company's share of a change of the associate's net assets. Distributions received from an associate reduce the carrying amount of the investment. Adjustments to the carrying amount of the investment in the associate shall be in the Company's proportionate interest in the associate arising from changes in the associate's equity that have not been included in the statement of profit or loss. Such changes include those arising from the revaluation of fixed assets and investments, from foreign exchange translation differences and from the adjustment of differences arising on amalgamations.

The Company assess its equity method investment when events or circumstances suggest that the carrying amount of the investment may be impaired.

Functional and presentation currency

Items included in the financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of Firefinch Limited is Australian dollars.

The financial report is presented in Australian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Group companies and foreign operations

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, foreign exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recorded in a reserve in equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the consolidated statement of profit or loss and other comprehensive income, as part of the gain or loss on sale where applicable.

3. NEW ACCOUNTING STANDARDS

New and revised accounting standards affecting amounts reported and/or disclosures in the financial statements

The Group has consistently applied the accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 January 2021 but determined that their application to the financial statements is either not relevant or not material.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the group. The Group's assessment of the impact of these new standards and interpretations is that they would not have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4. SEGMENT INFORMATION

Description of segments

The operating segments are based on the reports reviewed by the chief operating decision makers and Board of Directors that are used to make strategic decisions. The Group reports on a business segment basis as its risks and rates of return are different for each of the various business segments in which it operates, and this is the format of the information provided to the executive management team and Board of Directors.

The Group operated in three segments being Morila, Mali Exploration and Corporate. The segment information is prepared in conformity with the Group's accounting policies. The Group comprises the following main segments:

Morila	Mining, development and exploration activities at the Morila Gold Project, treated as discontinued operation (Note 25).
Mali Exploration	Gold exploration and evaluation activities in Mali. 2021 comparatives include exploration and evaluation activities related to the Goulamina Lithium Project in Mali, which was discontinued as an operation as of 30 June 2022 following the demerger of Leo Lithium.
Corporate	Investing activities and corporate management

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive management team and Board of Directors of the parent entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2022

Segment information

2022	Morila $	Mali Exploration[(1)] $	Corporate $	Total Consolidated $
Revenue and other income				
Revenue	-	-	-	-
Interest income	-	-	476,265	476,265
Total segment	**-**	**-**	**476,265**	**476,265**
Results				
Operating loss before tax	-	(16,105,602)	(34,972,408)	(51,078,010)
Income tax	-	-	-	-
Net loss	**-**	**(16,105,602)**	**(34,972,408)**	**(51,078,006)**
Included within segment results:				
Depreciation and amortisation	-	-	168,930	168,930
Share-based payments	-	-	622,864	622,864
Foreign exchange gain	-	-	(2,174,852)	(2,174,852)
Segment assets				
Current assets	-	285,301	40,289,735	40,575,036
Non-current assets	-	-	102,974,953	102,974,953
Total segment assets	**-**	**285,301**	**143,264,688**	**143,549,989**
Segment liabilities				
Current liabilities	-	2,047,495	1,489,320	3,536,815
Non-current liabilities	-	-	28,142,655	28,142,655
Total liabilities	**-**	**2,047,495**	**29,631,975**	**31,679,470**

(1) At the end of 2022, the segment Mali Exploration does not carry any assets and liabilities relating to the Goulamina Lithium Project. The comparative balance at the end of December 2021 includes total assets of $22,544,723 and total liabilities of $242,760 that related to the Goulamina Lithium Project.

2021	Morila $	Mali Exploration $	Corporate $	Total Consolidated $
Revenue and other income				
Revenue	-	-	-	-
Interest and other income	-	28,886	4,744	33,630
Total segment	**-**	**28,886**	**4,744**	**33,630**
Results				
Operating profit / (loss) before tax	-	26,044	(11,263,298)	(11,237,254)
Income tax	-	-	-	-
Net profit/(loss)	**-**	**26,044**	**(11,263,298)**	**(11,237,254)**
Included within segment results:				
Depreciation and amortisation	-	-	(153,307)	(153,307)
Share-based payments	-	-	(2,462,124)	(2,462,124)
Foreign exchange gain / (loss)	-	(1,578)	27,036	25,458
Segment assets				
Current assets	48,858,340	935,375	146,857,150	196,650,865
Non-current assets	115,140,840	33,498,652	3,949,456	152,588,948
Total segment assets	**163,999,180**	**34,434,027**	**150,806,606**	**349,239,813**
Segment liabilities				
Current liabilities	70,628,811	1,482,746	1,292,900	73,404,457
Non-current liabilities	23,509,365	-	393,187	23,902,552
Total liabilities	**94,138,176**	**1,482,746**	**1,686,087**	**97,307,009**

5. REVENUE AND OTHER INCOME

	Consolidated	
	2022 $	2021 $
Revenue		
Revenue recognised from sale of gold doré	-	-
	-	-
Other income		
Other sales	-	28,886
	-	28,886

RECOGNITION & MEASUREMENT

Revenue recognition

Revenue is measured as the amount of consideration that the Group expects to be entitled to in exchange for transferring goods to its customers. The Group recognises revenue when (or as) the performance obligations, as determined by contracts with the customers, have been satisfied. The following criteria are also applicable to specific revenue transactions:

Sales of Gold doré

The Group recognises revenue from gold doré sales as its obligations are satisfied in accordance with an agreed contract between the Group and its customers. Revenue is recognised when the gold doré has been collected from the mine site by the customer. It is at this point that control over the gold doré has been passed to the customer and the Group has fulfilled its obligations under the contract. Revenue from the sales is recognised based on a market price on the date of sale.

Interest income

Interest income is recognised in the income statement as it accrues, using the effective interest method.

Government grants

Grants from the government are recognised at the fair value where it is a reasonable assurance that the grant will be received and the Group will comply with the conditions attached to the grant.

Other sales

The revenue from other sales that do not arise from the ordinary activities of the group are recognised at the point of a sale, when a buyer takes immediate ownership of the purchased goods.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Revenue from contracts with customers

Revenue from contracts with customers is recognised when a customer obtains control of the promised asset and the Group satisfies its performance obligations under the contract. The Revenue is allocated to each performance obligation. The Group considers the terms of the contract in determining the transaction price. The transaction value is based on the amount the entity expects to be entitled to upon an initial assay prepared on collection of the goods.

6. CORPORATE AND OTHER EXPENSES

	Consolidated	
	2022 $	2021 $
Consultancy services	(2,783,437)	(374,905)
Insurances	(491,412)	(196,413)
Travel	(562,709)	(219,116)
Employee related costs	(508,426)	(344,407)
Administrative expenses	(1,398,901)	(3,139,241)
Business development expenses	(6,707,059)	(171,322)
	(12,451,944)	**(4,445,404)**

7. IMPAIRMENTS OF ASSETS

	Consolidated	
	31-Dec-2022 $	31-Dec-2021 $
Impairments – Financial Assets	(773,660)	-
Impairments – Non-Financial Assets	(16,303,323)	-
	(17,076,983)	**-**

RECOGNITION & MEASUREMENT

Assets are reviewed for impairment whenever events for changes in circumstances indicate that the carrying value may not be recoverable. An Impairment charge is recognised for the amount which the assets carrying value exceeds the recoverable amount. For the purposes of assessing impairment, operating assets are grouped at the lowest levels for which there are separately identifiable cashflows (Cash Generating Units – CGU's). Where indicators of impairment exist, the recoverable amount was determined by calculating the higher of fair value less cost of disposal (FVLCD) and value in use (VIU).

Indicators of impairment can exist at an individual asset level due to factors such as technical obsolescence, declining market value, physical condition or saleability within a reasonable time frame. Other indicators of impairment can exist where there is a deterioration of financial performance of cash-generating units (CGUs) against their respective budgets and forecasts.

Impairment by Cash Generating Unit

	Valuation Method	Impairment Financial Assets $	Impairment Non-Financial Assets $	Total Impairments by CGU $
Firefinch Limited	FVLCD	773,660	200,364	**974,024**
Birimian Gold Mali	FVLCD	-	16,102,959	**16,102,959**
		773,660	**16,303,323**	**17,076,983**

Impairment By Asset Type

	Note	2022 $
Other Receivables		773,660
Property, Plant and Equipment	13	1,171,122
Exploration & Evaluation Expenditure	14	15,132,201
		17,076,983

8. INCOME TAX

	Consolidated	
	2022	2021
	$	$
Reconciliation of income tax expense to prima facie tax payable		
The prima facie tax payable/ (benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Accounting loss before tax	(51,078,005)	(11,237,254)
Prima facie tax on operating loss at 30.0% (2021: 30.0%)	(15,323,402)	(3,371,176)
Add / (less) tax effect of:		
Permanent expenses	5,905,487	1,545,833
Movement in temporary tax expenses/(benefits) - Australia	10,839,183	(116,792)
Tax losses not recognised	-	1,942,135
Tax losses utilised and not previously recognised	(1,420,268)	-
Income tax expenses	-	-
Current tax liabilities		
Provision for income tax	-	-
Deferred tax assets/(liabilities)		
Investments	(27,910,671)	-
Mine development expenditure	-	645,339
Accruals and provisions	-	5,324,693
Prepayments	-	(2,165,555)
Property, plant and equipment	-	58,453
Inventory	-	7,224,469
Section 40-880 costs	-	596,654
Net deferred tax asset not brought into account	-	(11,684,054)
Net deferred tax assets/(liabilities)	**(27,910,671)**	**-**

Tax losses and deductible temporary differences

Deferred tax assets unrecognised as at 31 December 2022 amount to $63,719,059 with the majority of the temporary differences relating to Intercompany Loans and Australian tax / capital losses carried forward.

Total carried forward Australian tax losses of $14,247 012 at 31 December 2022 (31 December 2021: $24,352,664) are available for offset against future assessable income, provided the relevant loss recoupment rules are satisfied. The deductible temporary differences and tax losses do not expire under current tax legislation.

In respect of all deferred tax assets (apart from Loans), the amounts have not been recognised because it is not probable that future taxable profit will be available against which the Company can utilise the benefits thereof.

Regarding the Loans deferred tax asset: the assets value exceeds the deferred tax liability from Investments; however, the asset has not been recognised to offset the deferred tax liability on the basis that it is yet to be determined whether the actual realisation of the Loans in the future would give rise to a capital loss.

RECOGNITION & MEASUREMENT

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on a basis of the tax laws enacted or substantively enacted at the end of the year in the countries where the Company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate, on the basis of amounts expected to be paid to the tax authorities.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Judgement is required in determining whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future years allowing to utilise the recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future years.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date in the countries where the Group's subsidiaries operate and generate taxable income.

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

9. EARNINGS PER SHARE

	Consolidated	
	2022	2021
	$	$
(a) Reconciliation of earnings to profit or loss		
Loss used in the calculation of basic and diluted EPS for continued operation	(51,078,010)	(11,237,254)
Profit/(Loss) used in the calculation of basic and diluted EPS for discontinued operation	359,959,588	(32,715,572)
	No. of shares	No. of shares
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	1,180,468,593	868,081,575
Weighted average number of dilutive equity instruments outstanding	N/A	N/A
(c) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	**1,180,468,593**	868,081,575
	$	$
(d) Earnings per share from continuing operations		
Basic loss per share (cents per share)	(4.33)	(1.29)
Diluted loss per share (cents per share)	(4.33)	(1.29)
(e) Earnings per share from discontinued operations		
Basic profit/(loss) per share (cents per share)	30.49	(3.77)
Diluted profit/(loss) per share (cents per share)	30.49	(3.77)

As at 31 December 2022, the Group has nil unissued shares under options (2021: nil) and 5,088,600 under performance/share rights on issue (2021: 11,212,800).

RECOGNITION & MEASUREMENT

Basic earnings per share

Basic earnings per share is calculated by dividing the net result attributable to owners of the parent, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus element.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of ordinary shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

10. CASH AND CASH EQUIVALENTS

	Consolidated	
	2022 $	2021 $
Cash at bank and in hand (1)	2,759,647	148,695,047
Deposits at call (2)	35,000,000	-
Short-term security deposits (3)	186,486	186,486
	37,946,133	148,881,533
Reconciliation to cash flow statement		
Balance as above	37,946,133	148,881,533
Bank overdrafts (see note 19)	-	(3,992,872)
Balance per statement of cash flows	**37,946,133**	144,888,661

(1) Cash at bank earns interest at floating rates based on daily bank deposit rates.
(2) Deposits are at floating interest rates between 3.60% and 3.75% p.a (2021: nil) on Australian currency.
(3) Security deposit required as per the Company's office lease agreement.

RECOGNITION & MEASUREMENT

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions with an original maturity not exceeding three months, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. If greater than three months, principal amounts can be redeemed in full, with interest payable at the same cash rate from inception as per the agreement with each bank.

11. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2022	2021
	$	$
Current		
Trade debtors (1) (2)	87,639	5,637,337
Prepayments (3)	298,988	6,053,739
GST receivable	206,862	839,862
Receivables from Leo Lithium Limited	1,908,633	-
Other receivables	126,781	705,905
	2,628,903	13,236,843
Non-current		
VAT paid	-	15,664,413
Security deposits	40,000	86,196
	40,000	15,750,609

(1) Trade and sundry debtors are non-interest bearing and generally are on 30-day terms.
(2) The Group has analysed the probability of default events and concluded that no credit losses will likely occur.
(3) Prepayments relate to insurances and services prepaid throughout the Group.

RECOGNITION & MEASUREMENT

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less expected credit losses Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value. The carrying amount of the long-term receivable deposits is assumed to approximate fair value as the security deposits have a market-based interest rate.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the year-end which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

12. INVENTORIES

	Consolidated 2022 $	Consolidated 2021 $
Current		
Gold doré on hand	-	1,561,476
Gold in circuit at cost	-	1,458,877
Consumable supplies [1]	-	31,512,136
	-	34,532,489

(1) Consumable supplies include reagents, fuel and general stores items.

RECOGNITION & MEASUREMENT

Gold doré, gold in circuit and tailings are physically measured or estimated and stated at the lower of cost and net realisable value. Cost comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs in getting such inventories to their existing location and condition, based on weighted average costs incurred during the year in which such inventories were produced. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product. Inventories of consumable supplies and spare parts expected to be used in production are valued at weighted average cost.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Net realisable value tests are performed at least quarterly and represent the estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production and bring the product to sale. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		
	Plant and Equipment $	Mine Development $	Total $
2022			
Cost	2,263,365	-	2,263,365
Accumulated depreciation	(836,295)	-	(836,295)
Impairment	(1,171,122)	-	(1,171,122)
	255,948	**-**	**255,948**
Reconciliation			
Carrying amount at the beginning of the year	762,098	102,860,092	103,622,190
Additions	20,356,800	49,386,358	69,743,158
Depreciation	(168,930)	-	(168,930)
Disposals	(29,143)	-	(29,143)
Impairment loss	(1,171,122)	-	(1,171,122)
Foreign currency translation movement	-	(457,864)	(457,864)
De-recognised on deconsolidation	(19,493,755)	(151,788,586)	(171,282,341)
Carrying amount at the end of the year	**255,948**	**-**	**255,948**
2021			
Cost	1,335,626	102,860,092	104,195,718
Accumulated depreciation	(573,528)	-	(573,528)
	762,098	**102,860,092**	**103,622,190**
Reconciliation			
Carrying amount at the beginning of the year	303,027	-	303,027
Additions	798,361	62,215,791	63,014,152
Depreciation	(156,306)	-	(156,306)
Reclassification (1)	(165,042)	40,644,301	40,479,259
Disposals	(5,423)	-	(5,423)
Foreign currency translation movement	(12,519)	-	(12,519)
Carrying amount at the end of the year	**762,098**	**102,860,092**	**103,622,190**

(1) Exploration and evaluation expenditure relating to the Morila Gold Project (including satellite pits) were tested in prior year for impairment and reclassified to a mine development asset. This value includes $34,181,710 recognised on the acquisition of the Morila Gold Project in November 2020.

RECOGNITION & MEASUREMENT

Property, plant and equipment

Buildings and all other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred. Property, plant and equipment directly engaged in mining operations are depreciated over the shorter of expected economic life or over the remaining life of the mine on a units-of-production basis. Assets which are depreciated on a basis other than units-of-production method are typically depreciated on a straight-line basis over their estimated useful lives as follows:

Item	Estimated useful life (years)
Plant and equipment	3-10
Buildings	20
Leasehold improvements	3

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Value in use is the present value of the future cash flows expected to be derived from the asset or CGU. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is the amount the CGU can be sold to a knowledgeable and willing market participant in an arm's length transaction, less the disposal costs. In estimating fair value less costs of disposal, discounted cash flow methodology is utilised, and a post-tax discount rate is used.

For the purposes of assessing impairment, assets are grouped at the levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGU). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each year.

14. EXPLORATION AND EVALUATION EXPENDITURE

	Note	Consolidated 2022 $	2021 $
Exploration and evaluation expenditure at cost:			
Exploration – Goulamina project (1)		-	22,521,242
Exploration – Other projects (2)		-	10,162,843
		-	32,684,085
Reconciliation of exploration and evaluation expenditure			
Carrying amount at beginning of the year		32,684,085	59,607,354
Exploration expenditure during the year		11,097,036	11,679,974
Transfer on JV formation and demerger of Leo Lithium Limited		(27,356,798)	-
Exploration expenditure reclassified to mine development (3)		-	(40,644,301)
Foreign currency translation		(1,292,122)	2,041,058
		15,132,201	32,684,085
Impairment	7	(15,132,201)	-
Carrying amount at the end of the year (4)		-	32,684,085

(1) The expenditure represents exploration and evaluation costs of the Goulamina Lithium Project.
(2) The total capitalised expenditure comprises the exploration and evaluation costs relating to the gold tenements in Mali in the areas of Dankassa and Massigui.
(3) Exploration and evaluation expenditure relating to the Morila Gold Project for the prior year (including satellite pits) have been tested for impairment and reclassified to a mine development asset. Refer to note 13.
(4) The carrying value of the group's exploration assets has been reviewed by the Board and fully impaired. Refer to note 7.

RECOGNITION & MEASUREMENT

Exploration and evaluation expenditures in relation to each separate area of interest with current tenure are carried forward to the extent that:

(i) such expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

In the event that an area of interest is abandoned or, if facts and circumstances suggest that the carrying amount of an exploration and evaluation asset is impaired, then the accumulated costs carried forward are written off in the year in which the assessment is made.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified as 'mine development asset'.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Management determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. In determining this, assumptions, including the maintenance of title, ongoing expenditure and prospectivity are made.

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors which could impact the future recoverability include the level of Ore Reserves and Mineral Resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

At the end of the half year reporting period, the Group accounted for its retained 20% investment in Leo Lithium as an equity accounted associate. On demerger, the company could exert significant influence, but not control, over Leo Lithium through the ability to exercise voting rights attached to its 20% ownership interest.

The initially recognised investment in Leo Lithium was equal to the carrying value of the net assets prior to demerger and then it was remeasured to its fair value of the retained 20% interest (as shown in note 25). The Group recognises its share of the profits or losses of Leo Lithium, being 20% of its net profit or loss in each reporting period. The Group recognised $234,803 in equity accounted loss for the period ended 30 June 2022 (1 month post demerger).

On 4 July 2022, the Company sold 28,571,428 shares in Leo Lithium Limited. Equity accounting ceased on this date.

Reconciliation of fair value of Investment	Total $
Carrying value of the investment at the date of disposal	132,597,338
Proceeds from disposal of investment	(12,892,750)
Loss on disposal of investment	(19,507,355)
Fair value of retained investment after disposal	100,197,233
Marked to Market gain at the end of the year	2,109,415
Fair value of the Investment	**102,306,648**

RECOGNITION & MEASUREMENT

The group's other financial assets are presented at fair value through profit or loss (FVPL). Fair value gains and losses are recognised in the profit or loss.

Fair value measurements

The valuation techniques and key assumptions used in measuring the fair value of financial assets are as follows:

- Listed equity securities: quoted market prices in active markets.

16. TRADE AND OTHER PAYABLES

	Consolidated	
	2022 $	2021 $
Current		
Trade payables and accruals [(1)]	2,905,698	49,379,031
Royalties payable	-	613,572
Other liabilities [(2)]	432,067	715,069
	3,337,765	50,707,672

(1) Trade and other creditors are non-interest bearing and are normally settled on 30-day terms.
(2) Other liabilities include withholding taxes, payroll related taxes and contributions payable to the government agencies.

RECOGNITION & MEASUREMENT

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are outstanding. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

17. PROVISIONS

	Note	Consolidated 2022 $	2021 $
Current			
Employee entitlements		37,847	3,122,904
		37,847	3,122,904
Reconciliation of current provision			
Carrying amount at the beginning of the year		3,122,904	155,577
Increase in provision during the year		327,961	2,965,002
De-recognised on deconsolidation	25	(3,413,018)	-
Foreign currency translation movement		-	2,325
Carrying amount at the end of the year		**37,847**	3,122,904
Non-current			
Employee entitlements		-	1,625,553
Rehabilitation and decommissioning (1)		-	21,883,812
		-	23,509,365
Reconciliation of non-current provision – employee entitlements			
Carrying amount at the beginning of the year		1,625,553	1,161,395
(Decrease)/Increase in provision during the year		(1,625,553)	390,707
Foreign currency translation movement		-	73,451
Carrying amount at the end of the year		-	1,625,553
Reconciliation of non-current provision – rehabilitation and decommissioning			
Carrying amount at the beginning of the year		21,883,812	15,599,884
Increase in provision during the year		4,661,264	5,043,848
Accretion		-	244,881
De-recognised on deconsolidation	25	(26,545,076)	-
Foreign currency translation movement		-	995,199
Carrying amount at the end of the year		-	21,883,812

(1) The provision for rehabilitation and decommissioning relates to the Morila Gold Project (including satellite pits). The timing of settlement of those obligations will be reviewed and updated based on the additional development and mining activities at the mine.

RECOGNITION & MEASUREMENT

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Provisions are measured as the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the year. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

Employee benefits

(a) Short-term obligations

Liabilities for employee benefits that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

(b) Other long-term employee benefit obligations

The Group's obligation in respect of long-term employee benefits other than defined benefit plans, such as long service leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. Expected future benefit payments are discounted using market yields at the end of the year on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(c) Retirement benefit obligations

Contributions are made by the Group to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

(d) Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

Rehabilitation provision

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas. The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date. The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the year, in which case the amount is included in the cost of production for the year. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Rehabilitation provision

The value of the current restoration and rehabilitation provision is based on a number of assumptions, including the nature of restoration activities required, the valuation at the present value of future obligations that necessitate estimation of the cost of the work required, the timing of future cash flows and the appropriate risk- free discount rate. In addition, provisions are based on the assumption that no significant changes will occur in relevant legislation covering restoration of mineral properties. A change in any, or a combination, of these assumptions used to determine current provisions could have a material impact to the carrying value of the provision.

18. LEASES

	Consolidated	
	2022 $	2021 $
Right of use assets		
Right of use assets - buildings	638,828	638,828
Accumulated depreciation	(266,471)	(106,764)
Net carrying amount at the end of the year	**372,357**	532,064
Lease liabilities		
Current	(161,203)	(150,479)
Non-current	(231,984)	(393,187)
	(393,187)	(543,666)
Reconciliation of lease liabilities		
Carrying amount at the beginning of the year	543,666	28,551
Additions	-	638,828
Interest expense	17,411	14,576
Payments	(167,890)	(138,289)
Carrying amount at the end of the year	**393,187**	543,666

RECOGNITION & MEASUREMENT

The Group leases offices. Rental contracts are typically made for fixed periods of 1 month to 3 years and may have extension options as described below. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease contract are initially measured on a present value basis. Leases measurement includes the net present value of the following lease components:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Payments associated with short-term leases of offices, equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

None of the leases entered into by the Group provide residual value guarantees.

19. INTEREST BEARING LIABILITIES

	Consolidated	
	2022 $	2021 $
Current		
Unsecured		
Bank overdraft [1]	-	3,992,872
Other loan [2]	-	10,775,432
Total unsecured interest-bearing liabilities	-	14,768,304

The effective average interest rate (excluding local taxes) charged on the Group's interest-bearing liabilities at 31 December 2022 was nil (2021: 3.77%)

(1) Morila SA has an unsecured bank overdraft facility of CFA 3.0 billion ($7.1 million) with the Banque de Développement du Mali SA. This has been derecognised due to the deconsolidation of Morila SA. Refer to note 25.

(2) Morila SA has an unsecured USD denominated loan from the Government of the Republic of Mali (Government). Morila SA inherited the loan when Firefinch acquired Morila SA in 2020. The initial loan balance of US$1.6 million, which is documented in the 1992 Morila Establishment Convention (Morila Convention), was intended as compensation to the Government for the previous exploration work undertaken by it on the Morila exploration permit. The Morila Convention does not specify a borrowing limit or repayment date. This has been derecognised due to the deconsolidation of Morila SA. Refer to note 25.

RECOGNITION & MEASUREMENT

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the year.

20. FINANCIAL RISK MANAGEMENT

Set out below is an overview of financial instruments held by the Group as at 31 December 2022 and 31 December 2021.

	Interest bearing $	Non-interest bearing $	Total $	Interest bearing $	Non-interest bearing $	Total $
		2022			2021	
Financial Assets						
Cash and cash equivalents	37,946,133	-	37,946,133	148,881,533	-	148,881,533
Trade and other receivables	-	2,628,903	2,628,903	-	13,236,843	13,236,843
Non-current receivables	40,000	-	40,000	-	86,196	86,196
Total Financial Assets	**37,986,133**	**2,628,903**	**40,615,036**	148,881,533	13,323,039	162,204,572
Financial Liabilities						
Trade and other payables	-	3,337,765	3,337,765	-	50,707,672	50,707,672
Current loans	-	-	-	14,768,304	-	14,768,304
Total Financial Liabilities	**-**	**3,337,765**	**3,337,765**	14,768,304	50,707,672	65,475,976
Net Financial (Liabilities)/ Assets	**37,986,133**	**(708,862)**	**37,277,271**	134,113,229	(37,384,633)	96,728,596

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and equity price risk. The Group therefore has an overall risk management program that focuses on the unpredictability of financial and precious metal commodity markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses different methods to measure different types of risk to which it is exposed including sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk. Risk management is carried out by the board of directors with assistance from suitably qualified external and internal advisors as required. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Group.

Market Risk

(a) Foreign currency exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (USD) and West African CFA franc (CFA). Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting. In addition, the parent entity has intercompany receivables from its subsidiaries denominated in USD which are eliminated on consolidation. The gains or losses on re-measurement of these intercompany receivables from USD to AUD are not eliminated on consolidation as those loans are not considered to be part of the net investment in the subsidiaries.

The Group's exposure to foreign currency risk at the end of the year, expressed in Australian dollars, was as follows.

	USD	CFA	EUR	USD	CFA	EUR
		2022			2021	
Financial Assets						
Cash and cash equivalents	771,229	176,973	642,217	-	7,126,273	-
Intercompany loans	-	-	-	37,284,417		-
Total Financial Assets	**771,229**	**176,973**	**642,217**	**37,284,417**	**7,126,273**	**-**
Financial Liabilities						
Trade and other payables	-	-	-	(55,508,135)	-	-
Bank overdraft	-	-	-	-	(3,992,872)	-
Loan	-	-	-	-	(10,775,432)	-
Total Financial Liabilities	**-**	**-**	**-**	**(55,508,135)**	**(14,768,304)**	**-**

Sensitivity

The following table summarises the sensitivity of financial instruments held at balance date to movement in the exchange rate of AUD to USD with all other variables held constant and AUD to CFA with all other variables held constant. The sensitivity is based on management's estimate of reasonably possible changes over a financial year.

	Change in USD rate	Impact on profit or loss before tax and equity, $
2022	+10%	(70,079)
	-10%	85,732
2021	+10%	1,656,702
	-10%	(2,024,858)
	Change in CFA rate	Impact on profit or loss before tax and equity, $
2022	+10%	(20,316)
	-10%	14,497
2021	+10%	767,285
	-10%	(760,436)
	Change in EUR rate	Impact on profit or loss before tax and equity, $
2022	+10%	(58,425)
	-10%	71,307
2021	+10%	767,285
	-10%	(760,436)

The Group's exposure to other foreign currency movements is not material.

(b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Group's exposure to market risk for changes to interest rates relates primarily to its earnings on cash and term deposits and borrowings.

Based on the financial assets and liabilities held at reporting date, with all other variables assumed to be held constant, the table below sets out the notional effect on consolidated profit or loss after tax for the year and on equity at 31 December 2022 under varying hypothetical changes in prevailing interest rates.

	2022 $	2021 $
100 basis points increase in interest rate	128,625	211,672
100 basis points decrease in interest rate	(128,625)	(211,672)

Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted under a financial instrument resulting in a financial loss to the Group and arises from deposits with banks and financial institutions, favourable derivative financial instruments as well as credit exposures to customers including outstanding receivables and committed transactions. The Group measures credit risk on a fair value basis. The Group does not have any significant credit risk exposure to a single counterparty or any Group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

	2022 $	2021 $
Financial Assets		
Cash and cash equivalents	37,946,133	148,881,533
Trade and other receivables	2,629,003	13,236,843
Non-current receivables	40,000	89,196
Total Financial Assets	**40,615,036**	162,204,572

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings as follows:

	2022 $	2021 $
Financial assets		
Westpac Bank - AA-/A+ (1)	37,769,160	145,724,650
Banks in Mali - BB rated (2)	176,973	3,111,828
Unrated	2,668,903	13,368,094
	40,615,036	162,204,572

(1) Represents the long-term credit rating of Westpac Banking Corporation as at 28 March 2022 by Standard and Poor's and Fitch Ratings respectively.

(21) Represents the long-term credit rating of Bank of Africa as at 6 February 2023 by Fitch Ratings.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, that as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. As at 31 December 2021 the Group had sufficient cash reserves to meet its requirements. The financial liabilities of the Group at reporting date were trade and other payables and interest-bearing borrowings incurred in the normal course of the business. The trade and other payable were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

Going Concern

On 3 November 2022, the Company announced the recapitalisation efforts would not proceed and that Firefinch Limited would no longer provide funding to its 80% owned Malian subsidiary, Morila SA. As a result of this decision and the subsequent actions of Morila SA management on the ground it is the opinion of the Firefinch Board that Firefinch Limited lost control of Morila SA on this date. This has required the Board of Firefinch Limited to review the carrying value of the Group's assets as at 30 June 2022. For more information see Note 6 to the Financial Statements.

The decision to no longer provide funding to Morila SA gives rise to a risk of contingent liabilities which, in the event of an adverse outcome, has the potential to impact the Group's ability to remain a going concern. For more information see Note 33 to the Financial Statements.

In terms of a forward looking strategy, the Board of Firefinch Limited has commenced a process to find a new owner for Morila SA, as well as undertaking a separate strategic process inviting suitable bidders to submit proposals to the Company that deliver compelling value and liquidity to Firefinch shareholders. Firefinch Limited has engaged Treadstone Resource Partners to assist with the process.

However, the Board notes, that consistent with the ordinary course of standard commercial practice, discussions and negotiations may fail to deliver an agreement that adequately benefits Firefinch shareholders and stakeholders. In this event, the Company will terminate the process and look to return available cash to shareholders and distribute all Leo Lithium Limited shares when they are released from escrow in June 2024.

As a result of the factors above, there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern. The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon a number of factors, including:

- The outcome of any potential legal action by stakeholders in relation to the Company's operations in Mali.
- A successful corporate transaction regarding Firefinch Limited
- The ability of the Company to liquidate its assets should the need arise to settle liabilities when they fall due

The Directors of Firefinch Limited note that there exists no formal funding agreement or Deed of Guarantee between Firefinch Limited as a majority shareholder, and Morila SA, that would require Firefinch Limited to meet the debts of Morila SA. As a result, the Directors of Firefinch Limited believe that any potential legal action by Morila SA Creditors attempting to hold Firefinch Limited liable for its outstanding debts is highly unlikely to succeed.

The Directors of Firefinch Limited are not aware of any legal action against Firefinch Limited, the Board or its Directors at the date of this report.

Maturities of financial liabilities

The following table analyses the Group's financial liabilities based on their contractual maturities.

2022	1-3 months $	3-12 months $	12+ months $	Total $
Financial liabilities due for payment:				
Trade and other payables	3,337,765	-	-	3,337,765
Lease liabilities	38,905	122,298	231,984	393,187
Total	3,380,149	122,298	231,984	3,,730,952

2021	1-3 months $	3-12 months $	12+ months $	Total $
Financial liabilities due for payment:				
Trade and other payables	50,262,894	444,778	-	50,707,672
Loan	-	10,775,432	-	10,755,432
Bank overdraft	3,992,872	-	-	3,992,872
Lease liabilities	-	150,479	393,187	546,666
Total	**54,255,766**	**11,370,689**	**393,187**	**66,002,642**

Fair value estimation

The fair value of financial assets and financial liabilities held by the Group must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their fair value.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Financial instruments whose carrying values is equivalent to fair value due to their nature include:

- Cash and cash equivalents;
- Trade and other receivables;
- Trade and other payables; and
- Loans and bank overdraft.

At the end of the financial year the Group did not have financial instruments other than those with carrying amounts which are reasonable approximation of fair value.

21. ISSUED CAPITAL

(a) Issued and paid-up share capital

	Consolidated	
	2022 $	2021 $
1,181,243,221 (2021: 1,178,136,200) ordinary shares fully paid	**303,823,417**	**323,402,393**

Movement in ordinary shares

	Note	2022 No	2021 No	2022 $	2021 $
Balance at the beginning of the year		**1,178,136,200**	781,907,231	**323,402,393**	128,689,714
Shares issued during the period:					
Share allotment - placements (1)		3,107,021	266,440,938	2,991,207	146,874,883
Share allotment – SPP (2)		-	88,560,906	-	51,365,326
Exercise of listed options (3)		-	28,921,525	-	4,338,228
Exercise of unlisted options (4)		-	2,000,000	-	800,000
Conversion of performance rights (5)		-	10,305,600	-	-
Transaction costs relating to share issues		-	-	-	(8,665,758)
Return of capital	25	-	-	(22,570,183)	-
Balance at the end of the year		**1,181,243,221**	1,178,136,200	**303,823,417**	323,402,393

(1) During the year, the Company issued 3,107,021 fully paid ordinary shares at an issue price of $0.9627 as consideration for services provided to the Company. 117,187,206 ordinary fully paid shares were issued at $0.40 per share through a placement in June 2021 and 149,253,732 ordinary fully paid shares were issued at $0.67 per share through a placement in December 2021.
(2) Share were issued at $0.58 per share pursuant to Share Purchase Plan (SPP) announced in November 2021.
(3) Listed options expiring on 17 October 2021 were exercised at $0.15.
(4) Unlisted options expiring on 20 February 2022 were exercised at $0.40.
(5) Vested performance rights issued to Directors and employees were transferred into shares at nil consideration.

(b) Movements in performance / share rights

	2022 No.	2021 No.
At beginning of the year	11,212,800	8,850,600
Forfeited during the year (1)	(7,024,200)	-
Issued during the year (2) (3) (4) (5)	900,000	12,667,800
Converted to shares during the year	-	(10,305,600)
Balance at the end of the year	**5,088,600**	11,212,800

(1) During the year 6,800,000 performance rights issued to the directors expired on separation and 224,200 performance rights issued to employees expired without vesting.
(2) 8,300,000 performance rights were issued to directors with nil exercise price as per the shareholders' approval at the Annual General Meeting held on 27 May 2021. 1,500,000 performance rights expire on 1 July 2023 and 6,800,000 performance rights expire on 28 May 2024.
(3) 1,955,00 share rights were issued to employees under the Awards Plan. The share rights expire on 1 July 2023 and have nil exercise price.
(4) 2,412,800 performance rights were issued to Société des Mines de Morila SA (Morila SA) employees under the Awards Plan. The performance rights expire on 31 December 2023 and have nil exercise price.
(5) 900,000 performance rights issued as a top up to compensate the fall in share price of the Company on demerger of Leo Lithium and the rights expire on 1 October 2023.

(c) Movements in options

	2022 No.	2021 No.
At beginning of the year	-	31,064,913
Listed options exercised (at $0.15)	-	(28,936,513)
Unlisted options exercised (at $0.40)	-	(2,000,000)
Expired options	-	(128,400)
Balance at the end of the year	**-**	-

RECOGNITION & MEASUREMENT

Ordinary shares are classified as equity and incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. If the Company reacquires its own equity instruments for the purpose of reducing its issued capital, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of tax) is recognised directly in equity.

(d) Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents, borrowings and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures and general administrative outgoings. Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate funding as required.

The working capital position of the Group at 31 December 2022 was:

		Consolidated	
		2022 $	2021 $
Cash and cash equivalents		37,946,133	148,881,533
Trade and other receivables		2,628,903	13,236,843
Trade and other payables		(3,337,765)	(50,707,672)
Bank overdraft	19	-	(3,992,872)
Current tax liabilities		-	(4,655,098)
Lease liability		(161,203)	(150,479)
Current provisions		(37,847)	(3,122,904)
Working capital position		**37,038,221**	99,489,351

22. RESERVES

	Consolidated 2022 $	2021 $
Foreign currency translation reserve	(1,181,363)	47,741
Share-based payment reserve	7,655,099	7,032,235
	6,473,736	7,079,976

Movement in share-based payment reserve

	Consolidated 2022 $	2021 $
Balance at beginning of the year	**7,032,235**	4,570,109
Vesting expense of performance/share rights issued during the year	585,714	1,421,101
Vesting expense of prior years' performance/ share rights	1,141,460	1,041,025
Forfeited performance /share rights during the year	(1,104,310)	-
Movement for the year	**622,864**	2,462,126
Balance at the end of the year	**7,655,099**	7,032,235

RECOGNITION & MEASUREMENT

Share-based payments

The share-based payments reserve is used to record the fair value of options, performance rights and share rights issued to employees and consultants but not exercised. The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they were granted. The fair value of equity instruments granted is determined using Black-Scholes method or Monte Carlo simulation model and recognised over the vesting period. Refer to note 31 for further details.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity along with the Company's movement in its associate's foreign currency translation reserve.

Non-controlling interest's reserve

The non-controlling interest's reserve records the difference between the fair value of the amount by which the non-controlling interests were adjusted to record their initial relative interest and the consideration paid.

23. ACCUMULATED LOSSES

Movements in accumulated losses were as follows.

		Consolidated	
		2021 $	2020 $
Balance at beginning of the year		(78,791,825)	(36,565,801)
Net gain/(loss) for the year attributable to owners of the parent		319,345,202	(42,226,024)
Dividend distribution on demerger	25	(428,758,647)	-
Disposal of Non-Controlling Interest	24	(10,221,364)	-
Balance at the end of the year		**(198,426,634)**	(78,791,825)

24. NON-CONTROLLING INTEREST

Non-controlling interest

A non-controlling interest of 20% in Morila SA was accounted for as an equity transaction resulting in the following:

	Note	2022 $	2021 $
Movement in non-controlling interest during the period			
Balance at the start of the year		**242,260**	1,969,062
Allocated (loss)/profit for the period		(10,463,624)	(1,726,802)
De-recognition on deconsolidation	25	10,221,364	-
Balance at the end of the year		-	242,260

RECOGNITION & MEASUREMENT

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Morila SA, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Non-controlling interest was de-consolidated on 3 November 2022 as a result of the Company losing control on Morila SA.

25. DISCONTINUED OPERATIONS

JOINT VENTURE FORMATION – GOULAMINA LITHIUM PROJECT

As disclosed in the Directors' Report, the Group established a 50:50 incorporated joint venture with Ganfeng, through MLBV, a Netherlands incorporated company, to develop and operate the Goulamina Lithium Project through LMSA, its 100% owned Malian subsidiary. The State of Mali will be free carried by the Joint Venture on its initial 10% interest in LMSA and has an option to subscribe for an additional 10% interest in LMSA at fair market value.

The Group performed an internal restructure to ensure that the Goulamina Lithium asset was in a separable legal structure from its gold assets. As part of this restructure, the capitalised exploration expenditure associated with the Goulamina Lithium Project was transferred to its wholly owned subsidiary, LMSA.

All agreements with Ganfeng to form the Joint Venture were executed in August 2021 with all precedent conditions satisfied on 28 March 2022. Ganfeng invested USD 130 million in the Joint Venture which was received in full on 30 March 2022. Therefore, Ganfeng acquired its 50% interest in the Joint Venture.

The Group considers the substance of the arrangement to be the contribution of a non-monetary asset into the Joint Venture, being the Goulamina Lithium Project, in exchange for the 50% equity interest in the Joint Venture. Where an owner or seller contributes an asset to a joint venture, AASB 128 *Investments in Associates and Joint Ventures* requires that a gain can only be recognised to the extent of external ownership in the entity. Accordingly, the Group can only recognise 50% of the gain generated from the contribution of the asset to the Joint Venture. The Group considers the purchase price paid by Ganfeng to be the best indicator of fair value of the assets and of a 50% interest in the Joint Venture. The gain on formation of the Joint Venture reflects the value of the Group's 50% interest in the entity implied by the transaction with Ganfeng, less the total cost base of the Joint Venture. The gain is recognised by the Group only to the extent of its 50% ownership.

Leo Lithium Investment in Joint Venture	$
Balance at beginning of the period (1 fully paid share)	1
Issue of shares on incorporation of MLBV	-
Receipt of 359 shares in MLBV for loan payable to Firefinch	13,816,260
Transfer Goulamina Definitive Feasibility Study (**DFS**) expenditure in exchange for 140 shares in MLBV	5,399,819
Gain on formation of the joint venture (extent of 50% ownership)	76,747,785
Foreign currency movement	4,113,399
Balance on demerger date	**100,077,264**

Subsequent to the formation of the Joint Venture, Firefinch demerged Leo Lithium, its wholly owned subsidiary holding Firefinch's interest in the Joint Venture.

DEMERGER OF LEO LITHIUM

The demerger of Leo Lithium from the Firefinch Group resulted in the formation of an independent ASX listed company, Leo Lithium Limited, which holds a 50% interest in the Goulamina Lithium Project in Mali through the Joint Venture formed with Ganfeng.

Under the demerger, Firefinch transferred Leo Lithium shares to eligible Firefinch shareholders by way of a pro-rata in-specie distribution, on the basis of 1 Leo Lithium share for every 1.4 Firefinch shares. Post demerger, the Group retained a 20% equity interest in Leo Lithium Limited, which is equity accounted. On 4 July 2022, the Company sold 28.6M shares in Leo Lithium Limited. Equity accounting ceased on this date.

The Group implemented the demerger on 9 June 2022 in accordance with the Demerger Notice of Meeting and Prospectus and ASX announcement released on 23 June 2022. After formation of the Joint Venture, to affect the demerger the Group firstly transferred the carrying value of the Goulamina Lithium Project to Leo Lithium (a wholly owned subsidiary of the Group before the demerger). Then, the Group distributed 80% of its shares in Leo Lithium to its eligible shareholders, which is reflected in the statement of changes in equity. The distribution resulted in a capital redemption of $22.6 million, with the balance of $428.8

million distributed as a demerger dividend. The Group recognised the difference between 80% of the carrying value of the assets derecognised and their fair value in profit and loss. These gains are shown separately in the statement of comprehensive income.

Profit after tax from demerger	Fair value gain on shares 80% Distributed $	20% Retained $	Total $
Carrying value of net assets of Leo Lithium	80,061,749	20,015,437	100,077,186
Fair value of Leo Lithium (1)	451,328,566	112,832,141	564,160,707
Gross fair value gain	**371,266,817**	**92,816,704**	**464,083,521**
Less: transaction costs	(5,128,904)	-	(5,128,904)
Net fair value gain	**366,137,913**	**92,816,704**	**458,954,617**
Tax expense attributable to discontinued operations	-	(33,046,591)	(33,046,591)
Profit after tax from demerger	**366,137,913**	**59,770,113**	**425,908,026**

(1) The fair value of Leo Lithium was calculated using the 5-day VWAP share price of $0.5349 as traded on the ASX after the demerger multiplied by 1,054,681,447 Leo Lithium shares issued on demerger. The fair value gain on the 20% interest represents the gain on the remeasurement of the retained interest in Leo Lithium after the demerger.

Reconciliation of Profit from Leo Demerger	Total $
Profit after tax from Demerger	425,908,026
Gain on JV formation, including foreign currency impact	81,002,102
Recognition of intercompany balances (i)	14,933,171
Profit From Leo Demerger	**521,843,299**

(i) Certain steps of the company restructure, JV formation and demerger transaction resulted in intercompany balances recognised, given they relate to the demerger these do not relate to Firefinch's continuing operations.

KEY ESTIMATE: DETERMINING THE FAIR VALUE OF LEO LITHIUM ON DEMERGER

The fair value of Leo Lithium on demerger, being $564.1 million, was calculated using the volume weighted average price (VWAP) of Leo Lithium shares as traded on the ASX over the first five trading days after demerger ($0.5349 per share) multiplied by the number of Leo Lithium shares (1,054,681,447 shares). Determining the fair value of Leo Lithium on this basis was deemed as the most appropriate and practical way of reliably estimating the fair value of Leo Lithium since it maximises the use of observable, externally available information. The fair value of the 20% investment retained by the Group of $112.8 million was determined by applying the same methodology.

DECONSOLIDATION OF MORILA SA

On 3 November 2022, the Company announced recapitalisation efforts would not proceed and that Firefinch Ltd would no longer provide funding to Morila SA.

As a direct result of the withdrawal of funding support, Firefinch Limited lost the ability to instruct the General Manager of Morila SA under Malian Law. The subsequent actions of Morila SA management on the ground reflected this.

While no longer directly involved with the mining operations, the Company continues to work with Morila SA and the local authorities to investigate options to mitigate the impact on the mine workers and the local community. To this end, Firefinch Limited is currently undertaking a process to find a new owner for the Morila Gold Mine who is able to provide the necessary funding to maintain operations and see the project reach its full potential.

A formal sale process was announced to the market on 14 December 2022 and remains in process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In preparing this report, the Board of Firefinch Limited has reviewed the facts of the situation and its effect on the application of AASB 10 *Consolidated Financial Statements.* It is the conclusion that Firefinch Limited lost control of Morila SA on 3 November 2022 for the purposes of AASB 10. As a result the Company has deconsolidate the accounts of Morila SA as at 3 November 2022.

The Financial Information relating to Morila SA at the date of loss of control is set out below:

(i) Financial Performance	2022 $	2021 $
Revenues	125,876,219	109,081,979
Impairment losses	(222,011,948)	-
Expenses	(175,678,088)	(139,946,361)
Loss before Income Tax	**(271,813,817)**	**(30,864,383)**
Income Tax	(1,116,096)	(1,851,189)
Loss after Income Tax	**(272,929,913)**	**(32,715,571)**
Cashflows from De-consolidated Operations		
Cashflows from Operating Activities	(34,243,991)	-
Cashflows from Investing Activities	(49,862,405)	-
Cashflows From Financing Activities	-	-
Net decrease in cash – Morila SA	**(84,106,396)**	-

(ii) Carrying amounts of assets and liabilities at the date of de-recognition	Note	$
Current Assets		63,190,691
Non-Current Assets		15,775,200
Total Assets		**78,965,891**
Current Liabilities		(163,467,018)
Non-Current Liabilities		(26,545,076)
Total Liabilities		**(190,012,094)**

Details of the de-consolidation of the subsidiary	
Net liabilities	111,046,203
Loss after tax for the period	(272,929,914)
Loss on de-consolidation of net assets of Morila SA	**(161,883,711)**

KEY JUDGEMENT

The financial information above relating to Morila SA at the date of loss of control on 3 November 2022 was prepared using the best available financial information and data at this date, however as a result of the loss of control the Company has been unable to access financial records that evidence the transactions and financial position of Morila SA from this date.

PROFIT FROM DISCONTINUED OPERATIONS

Reconciliation of Profit from discontinued operations	Total $
Profit from Leo Demerger	521,843,299
Loss on de-consolidation of Morila SA	(161,883,711)
Profit From Discontinued Operations	**359,959,588**

26. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of Subsidiary	Place of Incorporation	Consolidated Entity Interest, % 2022	2021
Birimian Gold (Mali) Pty Limited	Australia	100	100
Birimian Gold Mali SARL	Mali	100	100
Birimian Gold Liberia Inc	Liberia	100	100
Sudquest SARL	Mali	100	100
Timbuktu Resources SARL	Mali	100	100
Leo Lithium Limited (1)	Australia	-	100
Lithium du Mali SA (1)	Mali	-	100
Firefinch Services Pty Ltd	Australia	100	100
Morila Limited	Jersey	100	100
Société des Mines de Morila SA (2)	Mali	80	80
Mali Lithium BV (1)	Netherlands	-	100

(1) Leo Lithium Limited, Lithium du Mali SA and Mali Lithium BV were demerged at 9 June 2022. Refer to Note 25.
(2) Société des Mines de Morila SA was deconsolidated at 3 November 2022. Refer to Note 25.

27. PARENT ENTITY DISCLOSURE

	Parent 2022 $	Parent 2021 $
Assets		
Current assets	40,662,091	147,389,214
Non-current assets	83,388,764	82,400,464
Total assets	**124,050,855**	229,789,678
Liabilities		
Current liabilities	1,489,320	1,292,900
Non-current liabilities	231,984	393,187
Total liabilities	**1,721,304**	1,686,087
Equity		
Issued capital	303,823,417	323,402,393
Reserve	8,939,959	8,317,095
Accumulated losses	**(190,433,824)**	(103,615,897)
Total equity	**122,329,552**	228,103,591
(Loss) for the year	**(86,817,927)**	**(68,464,447)**
Other comprehensive income	-	-
Total comprehensive (loss) / income	**(86,817,927)**	**(68,464,447)**

Contingent liabilities of the parent entity. Refer to Note 33.

RECOGNITION & MEASUREMENT

The financial information for the parent entity, Firefinch Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Firefinch Limited. Dividends from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments. No dividends were received in 2022 (2021: nil).

28. RELATED PARTY DISCLOSURES

(a) Identity of related parties

The consolidated entity has a related party relationship with its subsidiaries (see note 22) and with its key management personnel (refer below).

(b) Transaction with other related parties

The transactions with other related parties is as follows.

	Consolidated	
	2022 $	2021 $
Transactions with other related parties	301,778	-
Total transactions with other related parties	**301,778**	**-**

(1) Consultancy fee of $262,563 was paid to Wolfstar Corporate Management Pty Ltd, a related party of Brett Fraser.
(2) Consultancy fee of $8,965 was paid to Geneva Partners Pty Ltd, a related party of Brett Fraser.
(3) Consultancy fee of $30,250 was paid to Coledale Resources Pty Ltd, a related party of Scott Lowe.
(4) There was nil amount payable to related parties at the end of the year.

(c) Key management personnel compensation

The key management personnel compensation included in 'Employee benefits expenses' and 'Share based payments' is as follows.

	Consolidated	
	2022 $	2021 $
Short-term employee benefits	1,914,200	1,935,025
Post-employment benefits	149,990	128,903
Termination benefits	570,679	156,000
Share-based payments	849,073	1,870,000
Total compensation	**3,483,942**	**4,089,928**

Details of remuneration disclosures are provided in the remuneration report on pages 13-28

29. REMUNERATION OF AUDITORS

	Consolidated 2022 $	Consolidated 2021 $
Amounts paid or payable to PwC Australia for:		
Audit services	142,095	327,565
Consultancy services	59,160	
Tax advisory services	-	2,040
	201,255	329,605
Amounts paid or payable to auditors in Mali:		
Audit services by Sec Diarra SARL to Société des Mines de Morila SA	-	56,310
Audit services by Sylla et Associes SARL to Birimian Gold Mali SARL, Timbuktu Ressources SARL and Sudquest SARL	24,717	14,286
	24,717	70,596
	225,972	400,201

30. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Note	Consolidated 2022 $	Consolidated 2021 $
Reconciliation of cash flow from operating activities to loss after income tax			
Loss after income tax		(51,078,010)	(43,952,826)
Non-cash flows in (loss)/profit from ordinary activities:			
Depreciation and amortisation		168,930	156,307
Net share-based payments expensed		622,864	2,462,126
Foreign exchange (gain)/loss		(2,174,852)	(3,974,729)
Back charges income		-	(136,928)
Impairment loss	7	17,076,982	-
Fair value gain on investment	15	(2,109,415)	-
Loss on disposal of investment	15	19,507,355	-
Discontinued operations	25	(34,243,991)	-
Other		-	112,089
Changes in operating assets and liabilities:			
(Increase)/decrease in inventory		-	(20,614,318)
(Increase)/decrease in trade and other receivables		1,447,814	(1,671,774)
(Increase)/decrease in prepayments		-	(2,631,436)
(Increase)/decrease in other assets		-	(479,827)
Increase/(decrease) in trade and other payables		(677,567)	47,287,581
Increase/(decrease) in provisions		156,515	10,230,528
Increase/(decrease) in tax liability		-	304,160
Cash flow from operating activities		**(53,303,375)**	(12,909,047)

31. SHARE BASED PAYMENTS

(a) Performance/share rights

Share rights/performance rights were issued to employees of the Company under the terms of the Awards Plan (Plan) approved by shareholders on 27 May 2019. Performance rights were issued to Directors of the Company as per the shareholders' approval at the General Meeting held on 31 May 2022. These share rights/performance rights were issued at nil consideration and each share right/performance right will convert to an ordinary share upon satisfaction of vesting criteria.

The following table illustrates the number and movements in share rights and performance rights during the year. The weighted average exercise price of all performance rights granted in 2022 was nil.

Grant date	Equity instrument	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited / lapsed	Balance at end of the year	Vested and exercisable at the end of the year
			$	Number	Number	Number	Number	Number	Number
2022									
02/11/2020	Perform. rights (1)	14/10/2022	nil	500,000	-	-	-	500,000	500,000
27/05/2021	Perform. rights (2)	1/07/2023	nil	1,500,000	-		-	1,500,000	-
27/05/2021	Perform. rights (3) (4)	28/05/2024	nil	2,266,667	-	-	(2,266,667)	-	-
27/05/2021	Perform. rights (3) (5)	28/05/2024	nil	2,266,667	-	-	(2,266,667)	-	-
27/05/2021	Perform. rights (3) (6)	28/05/2024	nil	1,133,333	-	-	(1,133,333)	-	-
27/05/2021	Perform. rights (3) (7)	28/05/2024	nil	566,667	-	-	(566,667)	-	-
27/05/2021	Perform. rights (3) (8)	28/05/2024	nil	566,666	-	-	(566,666)	-	-
9/07/2021	Perform. rights (9)	31/12/2023	nil	2,412,800	-	-	(224,200)	2,188,600	-
31/05/2022	Perform. rights (10)	01/10/2023	nil	-	900,000	-	-	900,000	-
				11,212,800	**900,000**	**-**	**(7,024,200)**	**5,088,600**	**500,000**

(1) Performance rights were issued on commencement of employment of the KMP with vesting condition being completion of two years of continuous employment with the Company.

(2) The performance rights issued to Directors of the Company as per the shareholders' approval on 27 May 2021 with vesting upon meeting any two of the following four performance hurdles: (i) the 10-day VWAP of the Company's share price is at a $0.15 premium to the Company's 10-day VWAP prior to the date of grant; (ii) definition of a JORC Compliant Ore Reserve of at least 1,500,000 ounces of gold on the Morila Exploitation Permit and the Company's Malian subsidiary's tenements adjoining the Morila Exploitation Permit at a minimum average grade of 1.0 grams per tonne of gold; (iii) the Company commencing production from the Morila Super Pit; and (iv) the Company successfully completing the demerger of the Goulamina Lithium Project, with "LithiumCo" successfully listing on the ASX (or other recognised exchange) and achieving a market capitalisation of at least $200 million.

(3) The performance rights issued to Managing Director of the Company as per the shareholders' approval on 27 May 2021.

(4) The performance rights will vest subject to the Company's 10-day VWAP being at a 15 cent premium to the Company's 10-day VWAP prior to the date of grant.

(5) The performance rights will vest on the Company achieving a minimum of 250,000 ounces of gold production per annum.

(6) The performance rights will vest on Morila Gold's Ore Reserves (with the meaning given to that definition in the 2012 JORC Code) at the end of the performance period (being 6 April 2021) are equal to or greater than 1,000,000 ounces of gold.

(7) The performance rights will vest on completion of 36 months of nil lost time injuries.

(8) The performance rights will vest on aligning Environmental and Social Governance (ESG) reporting to a Company adopted international standard / framework as determined by the Board.

(9) The performance rights issued to Morila SA mine staff under the Long-Term Incentive Scheme approved by the Board on 26 March 2021. The performance rights have the following vesting conditions attached to them: (i) 30% will vest upon the mine plan and plant feed plans delivering the quantity and quality of ore required to achieve the budget, without material changes to material sequencing; (ii) 30% will vest upon the process plant achieving the level of availability and throughput necessary to achieve the production budget; (iii) 20% will vest on maintenance of JORC Code compliant Ore Reserves above 500,000 ounces of gold at the Morila Gold Mine throughout the performance period; and (iv) 20% will vest upon conformance with industry benchmark ESG standards, and where necessary gap closure plan.

(10) 900,000 performance rights issued as a top up to compensate the fall in share price of the Company on demerger of Leo Lithium and the rights expire on 1 October 2023.

Grant date	Equity instrument	Expiry date	Exercise price $	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited / lapsed Number	Balance at end of the year Number	Vested and exercisable at the end of the year Number
2021									
26/02/2019	Share rights (1)	26/02/2021	nil	500,000	-	(500,000)	-	-	-
30/07/2020	Share rights (2)	01/07/2023	nil	3,880,600	-	(3,880,600)	-	-	-
16/09/2020	Share rights (2)	01/07/2023	nil	470,000	-	(470,000)	-	-	-
23/10/2020	Perform. rights (3)	01/07/2023	nil	3,500,000	-	(3,500,000)	-	-	-
02/11/2020	Perform. rights (4)	14/10/2022	nil	500,000	-	-	-	500,000	-
01/01/2021	Perform. rights (5)	01/07/2023	nil	-	1,955,000	(1,955,000)	-	-	-
27/05/2021	Perform. rights (6)	01/07/2023	nil	-	1,500,000	-	-	1,500,000	-
27/05/2021	Perform. rights (7) (8)	28/05/2024	nil	-	2,266,667	-	-	2,266,667	-
27/05/2021	Perform. rights (7) (9)	28/05/2024	nil	-	2,266,667	-	-	2,266,667	-
27/05/2021	Perform. rights (7) (10)	28/05/2024	nil	-	1,133,333	-	-	1,133,333	-
27/05/2021	Perform. rights (7) (11)	28/05/2024	nil	-	566,667	-	-	566,667	-
27/05/2021	Perform. rights (7) (12)	28/05/2024	nil	-	566,666	-	-	566,666	-
9/07/2021	Perform. rights (13)	31/12/2023	nil	-	2,412,800	-	-	2,412,800	-
				8,850,600	**12,667,800**	**(10,305,600)**	**-**	**11,212,800**	**-**

(1) Share rights issued to KMP with nil exercise price and vesting condition being two years of a consecutive service with the Company.

(2) Share rights issued to employees under the Awards Plan with vesting upon meeting any two of the following four performance hurdles: (i) the Company's share price has traded on ASX at a $0.10 premium to the price on the three days of trading after the announcement of the Morila acquisition for 20 consecutive trading days; (ii) a JORC Code compliant resource of at least 2,000,000 ounces of gold is defined at the Morila Gold Mine; (iii) open pit production is recommenced at the main Morila open pit; and (iv) the Company enters into a sale, joint venture or financing agreement in respect of the Goulamina Lithium Project. The share rights vested on 30 June 2021.

(3) Performance rights were issued to the Directors of the Company as per the shareholders' approval given on 23 October 2020 with vesting upon meeting any two of the following four vesting conditions: (i) the Company's share price has traded on ASX at a $0.10 premium or above to the VWAP of the three days after the announcement of the Morila acquisition for 20 consecutive trading days in which sales of Firefinch shares are recorded; (ii) definition of a JORC Code compliant Inferred Mineral Resource of at least 2,000,000 ounces of gold (or equivalent) on the Morila Exploitation Permit and the Company's Malian subsidiary's tenements adjoining the Morila Exploitation Permit at a minimum average grade of 1.0 grams per tonne of gold (or equivalent); (iii) maintaining production from Morila beyond the date provided for in the closure plan on acquisition of May 2021 or expanding production at the Morila Gold Mine by commencing open pit production from the Exploitation Permit (after any extension of its term); and (iv) the Company enters into a sale, joint venture or financing agreement in respect of the Goulamina Lithium Project. The performance rights vested on 30 June 2021.

(4) Performance rights were issued on commencement of employment of the KMP with vesting condition being completion of two years of continuous employment with the Company.

(5) Performance rights issued to employees under the Awards Plan with vesting upon meeting any two of the following four performance hurdles: (i) the Company's share price has traded on ASX at a $0.10 premium to the price on the three days of trading after the announcement of the Morila acquisition for 20 consecutive trading days; (ii) a JORC Code compliant resources of at least 2,000,000 ounces of gold is defined at the Morila Gold Mine; (iii) open pit production is recommenced at the main Morila open pit; and (iv) the Company enters into a sale, joint venture or financing agreement in respect of the Goulamina Lithium Project. The performance rights vested on 30 June 2021.

(6) The performance rights issued to Directors of the Company as per the shareholders' approval on 27 May 2021 with vesting upon meeting any two of the following four performance hurdles: (i) the 10-day VWAP of the Company's share price is at a $0.15 premium to the Company's 10-day VWAP prior to the date of grant; (ii) definition of a JORC Compliant Ore Reserve of at least 1,500,000 ounces of gold on the Morila Exploitation Permit and the Company's Malian subsidiary's tenements adjoining the Morila Exploitation Permit at a minimum average grade of 1.0 grams per tonne of gold; (iii) the Company commencing production from the Morila Super Pit; and (iv) the Company successfully completing the demerger of the Goulamina Lithium Project, with "LithiumCo" successfully listing on the ASX (or other recognised exchange) and achieving a market capitalisation of at least $200 million.

(7) The performance rights issued to Managing Director of the Company as per the shareholders' approval on 27 May 2021.

(8) The performance rights will vest subject to the Company's 10-day VWAP being at a 15 cent premium to the Company's 10-day VWAP prior to the date of grant.

(9) The performance rights will vest on the Company achieving a minimum of 250,000 ounces of gold production per annum.

(10) The performance rights will vest on Morila Gold's Ore Reserves (with the meaning given to that definition in the 2012 JORC Code) at the end of the performance period (being 6 April 2021) are equal to or greater than 1,000,000 ounces of gold.

(11) The performance rights will vest on completion of 36 months of nil lost time injuries.

(12) The performance rights will vest on aligning Environmental and Social Governance (ESG) reporting to a Company adopted international standard / framework as determined by the Board.

(13) The performance rights issued to Morila SA mine staff under the Long-Term Incentive Scheme approved by the Board on 26 March 2021. The performance rights have the following vesting conditions attached to them: (i) 30% will vest upon the mine plan and plant feed plans delivering the quantity and quality of ore required to achieve the budget, without material changes to material sequencing; (ii) 30% will vest upon the process plant achieving the level of availability and throughput necessary to achieve the production budget; (iii) 20% will vest on maintenance of JORC Code compliant Ore Reserves above 500,000 ounces of gold at the Morila Gold Mine throughout the performance period; and (iv) 20% will vest upon conformance with industry benchmark ESG standards, and where necessary gap closure plan.

The fair value of the equity-settled performance rights granted was estimated as at the grant date using a Black Scholes model for performance rights with non-market conditions and a barrier-up trinomial pricing model was used for performance rights with market vesting conditions, taking into account the terms and conditions upon which the performance rights and share rights were granted.

The following table lists the inputs to the model used for the performance rights issued during the year ended 31 December 2022.

Grant date	Exercise Price	Expiry date	Expected life of performance/share rights (years)	Price of underlying shares at grant date $	Volatility %	Dividends expected on shares %	Risk-free interest rate %	Estimated vesting date
2022								
31/05/2022	nil	1/10/2023	1.3	1.11	70	nil	2.685	31/05/2023
2021								
1/01/2021	nil	1/07/2023	2.5	0.18	80	nil	0.11	30/06/2021
27/05/2021	nil	1/07/2023	2.1	0.385	80	nil	0.072	28/05/2022
27/05/2021	nil	28/05/2024	3.1	0.385	80	nil	0.065	6/04/2023
27/05/2021	nil	28/05/2024	3.1	0.385	80	nil	0.065	6/04/2023
27/05/2021	nil	28/05/2024	3.1	0.385	80	nil	0.065	6/04/2024
27/05/2021	nil	28/05/2024	3.1	0.385	80	nil	0.065	6/04/2024
27/05/2021	nil	28/05/2024	3.1	0.385	80	nil	0.065	6/04/2024
9/07/2021	nil	31/12/2023	2.5	0.4	80	nil	0.036	31/12/2023

(b) Options

No options were issued during the year ending 31 December 2022. The following table illustrates the number and movements in options during the year.

Grant date	Equity instrument	Expiry date	Exercise price $	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited / lapsed Number	Balance at end of the year Number	Vested and exercisable at the end of the year Number
2022									
				-	-	-	-	-	-
2021									
15/12/2018	Unlisted options	20/02/2022	0.40	2,000,000	-	(2,000,000)	-	-	-
				2,000,000	-	(2,000,000)	-	-	-

RECOGNITION & MEASUREMENT

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black Scholes option pricing model and Monte Carlo methodology as appropriate.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options or performance rights that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

32. COMMITMENTS

Exploration commitments

With respect to the Group's exploration tenements in Mali, the Group submits budgeted exploration expenditure as part of the licence application and renewal requirements. In assessing subsequent renewal applications, the mining authorities review actual expenditure against budgets previously submitted. These amounts do not become legal obligations of the Group and actual expenditure does vary depending on the outcome of the actual activities.

	2022 $	2021 $
Within one year	433,456	7,337,135
After one year but not more than five years	-	-
	433,456	7,337,135

33. CONTINGENCIES

Capital Gains Tax

Under the Malian Mining Code, the Government has the right to collect tax on a direct or indirect change in control of tenements in Mali. The in-specie distribution of shares by Firefinch may give rise to a change in control by a foreign entity that could result in a capital gain for Firefinch. Under the Demerger Deed, Leo Lithium has indemnified Firefinch for any loss or damage (including tax liabilities) incurred in connection with the Demerger and the reorganisation of assets and liabilities required to implement the Goulamina Joint Venture, and any other loss or damage incurred by Firefinch (including tax liabilities) relating to the Leo Lithium business. As a result of this indemnification, Leo Lithium would be obligated to reimburse any capital gains tax liability incurred by Firefinch.

Legal Contingencies

On 3 November 2022 the Board of Firefinch Limited advised the Board of Morila SA that Firefinch Limited would no longer be able to provide funding support to the Morila Gold Project. As disclosed in note 25, Firefinch Limited lost control of Morila SA at this date and as at 3 November 2022 Morila SA had net liabilities of $111,046,203.

The directors have considered the possibility that Morila SA or its creditors might take legal action to attempt to compel the Company to meet Morila SA's liability. It is the position of the Directors that Firefinch Limited is not a signatory to any of the operating agreements of Morila SA and there exists no formal funding agreement or Deed of Guarantee between Firefinch Limited as a majority shareholder, and Morila SA, that would require Firefinch Limited to either continue to fund Morila SA, nor meet its debts. As at the date of this report no legal action has been taken against Firefinch Limited.

The Group believes it is highly improbable that a court will place such a liability on Firefinch Limited. On this basis no provisions have been recorded in respect of these matters.

34. EVENTS OCCURRING AFTER THE END OF YEAR DATE

On 14 February 2023 the company provided a corporate update, advising of the operational status of the Morila Gold Mine and a related Malian Court decision to open a “preventative procedure” effectively suspending all individual lawsuits for a maximum period of 3 months.

On 21 March 2023 that the Company announced it was in advanced discussions relating to a potential transaction for a sale of its 80% interest in Morila SA, and separately it has received multiple non-binding indicative proposals relating to the strategic process to deliver compelling value and liquidity to Firefinch shareholders.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 31-75 are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial year ended on that date, and

(b) subject to the matters disclosed in note 1, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

MR BRETT FRASER

CHAIRMAN

Dated 31 March 2023

Independent auditor's report

To the members of Firefinch Limited

Report on the audit of the financial report

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial report of Firefinch Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2022
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for qualified opinion

The Group lost control of and deconsolidated its subsidiary, Société des Mines de Morila SA on 3 November 2022. The Company has been unable to access financial records that evidence the transactions and financial position of Société des Mines de Morila SA from this date. We were unable to obtain sufficient appropriate audit evidence regarding the classification of items within the disclosure of financial performance in Note 25 (i) for the period ended 3 November 2022 and carrying amounts of assets and liabilities at the date of derecognition in Note 25 (ii) in relation to the deconsolidated subsidiary. Consequently, we were unable to determine whether any adjustments to these disclosures were necessary.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence
We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

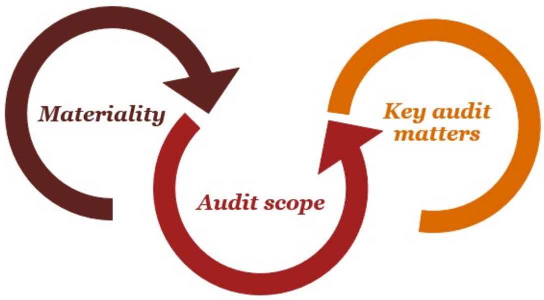
Material uncertainty related to going concern

We draw attention to Notes 1 and 33 in the financial report, which comment that as a result of the Group no longer providing funding to its 80% owned Malian subsidiary, Société des Mines de Morila SA, the Group has commenced a process to sell their interest in the subsidiary, and there are uncertainties in relation to contingent liabilities. These conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
• For the purpose of our audit we used overall Group materiality of $1,435,500, which represents approximately 1% of the Group's total assets. • We applied this threshold, together with qualitative	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.	• Amongst other relevant topics, we communicated the following key audit matters to the Board of Directors: – Discontinued Operations relating to the loss of control of Société des Mines de Morila SA

considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.

- We consider total assets to be the most appropriate benchmark to use as the basis for our materiality calculations as it is most reflective of the scale and operations of the Group during the financial year.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

  – Formation of Goulamina Joint Venture and subsequent demerger
- These are further described in the *Key audit matters* section of our report, except for the matters which are described in the *Basis of qualified opinion* section and *material uncertainty related to going concern* section.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

In addition to the matters described in the *Material uncertainty related to going concern* and *Basis for qualified opinion* sections, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	*How our audit addressed the key audit matter*
Discontinued Operations relating to the loss of control of Société des Mines de Morila SA *(Refer to note 25)* Firefinch owns 80% of the issued capital of Société des Mines de Morila SA (Morila SA). The remaining 20% of this entity is held by the State of Mali. On 3 November 2022, the board of Firefinch decided to cease provision of funding to Morila SA.	We performed the following procedures, amongst others: • Assessed legal advice obtained by Firefinch in relation to the powers and duties of the General Manager and the Malian insolvency process • Obtained and evaluated the articles of association of Morila SA • Considered board minutes and public announcements regarding personnel changes at

Key audit matter	How our audit addressed the key audit matter
As a result of this decision and the subsequent actions of Morila SA management, Firefinch Limited lost control of Morila SA on this date. Accordingly, Morila SA was deconsolidated from the Group and is presented within discontinued operations in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and within Note 25 Discontinued Operations. This was a key audit matter due to the significant judgements involved in ascertaining the date of loss of control and the resulting accounting impact on deconsolidation	both Firefinch and on the board of Morila SA • Assessed management's judgement on loss on control considering the results of procedures above and the requirements of Australian Accounting Standards • Evaluated the relevant disclosures in light of the requirements of Australian Accounting Standards.
Formation of Goulamina Joint Venture (JV) and subsequent demerger *(Refer to note 25)* During the year, Ganfeng Lithium Co. Ltd ("Ganfeng") contributed US$130 million into the Goulamina JV in exchange for a 50% interest, structured as a shareholding in Mali Lithium BV ("MLBV"). The Group considers the substance of its part of the arrangement to be the contribution of a non-monetary asset, being exploration assets, in exchange for a 50% equity interest in the Goulamina JV. The Group recognised a gain on the formation of the Goulamina JV reflecting the value of the Group's 50% interest in the Goulamina JV less the total cost base of the joint venture. Leo Lithium Limited (Leo, formerly Goulamina Holdings Pty Ltd), which held the 50% interest in MLBV, was demerged from the Group with an implementation date of 9 June 2022. Firefinch participated in a pro rata priority offer on 16 June 2022 to retain its 20% equity interest, maintaining significant influence at that point. As disclosed in Note 25 the Group has recognised two	We performed the following procedures, amongst others: • Obtained and read key documents associated with the formation of the Goulamina JV and the subsequent demerger to identify the terms relevant to the accounting treatment and calculation of the respective fair value gains • Assessed the Group's accounting treatment for the formation of the Goulamina JV against the requirements of Australian Accounting Standards • Agreed the amount contributed by Gangfeng to the Goulamina JV to the relevant legal agreements and bank statements. • Reperformed the Group's calculation of the carrying value of the JV after the transaction and the calculation of the gain on formation. • Evaluated the key inputs to the post-tax gain on demerger calculation, being the distribution value, the fair value of the retained investment at demerger date, the carrying value of the Leo net assets at demerger date and the transaction costs

Key audit matter	How our audit addressed the key audit matter
fair value gains on demerger, a $366.1 million gain on the demerger and a $59.8 million post tax gain arising from remeasurement of its retained interest to fair value. We considered this a key audit matter because of the financial significance of the gain to the financial statements and the complexity of the transaction.	incurred • Assessed whether the Group appropriately determined the value of assets and liabilities derecognised as at the demerger date • Considered the tax accounting of the demerger • Evaluated the relevant disclosures in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence regarding the classification of items within the disclosure of financial performance in Note 25 (i) for the period ended 3 November 2022 and carrying amounts of assets and liabilities at the date of derecognition in Note 25 (ii) in relation to the deconsolidated subsidiary. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 13 to 28 of the directors’ report for the year ended 31 December 2022.

In our opinion, the remuneration report of Firefinch Limited for the year ended 31 December 2022 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Helen Bathurst

Helen Bathurst
Partner

Perth
31 March 2023

Additional Information for Listed Public Companies

The information set out below is as at 15 March 2023, pursuant to the requirements of ASX Listing Rule 4.10.

1 Share Capital

a. Ordinary share capital

1,182,846,577 ordinary fully paid shares held by 11,974 shareholders.

b. Performance Rights over Unissued Shares

There are currently 48 holders of performance rights over unissued shares, holding 4,318,400 performance rights.

c. Voting Rights

The voting rights attached to each class of equity security are as follows:

- **Ordinary shares**: Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
- **Unlisted Options/performance rights:** Options/performance rights do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the options are exercised or performance shares convert and subsequently registered as ordinary shares.

d. Substantial Shareholders

Details of substantial shareholders disclosed in substantial holder notices given to the Company are as follows

Holder	Number of ordinary shares held	Percentage of capital held
State Street Corporation	60,103,122	5.09
Van Eck Associates Corporation	59,140,920	5.01

e. Distribution Schedule of Ordinary Shares

Category (size of holding)	Number of holders	Number of ordinary shares	Percentage of capital
1 – 1,000	1,422	932,462	0.08
1,001 – 5,000	3,396	9,594,824	0.81
5,001 – 10,000	1,925	15,135,801	1.28
10,001 – 100,000	4,052	142,863,571	12.08
100,001 – and over	1,179	1,014,319,917	85.75
	11,976	**1,182,846,577**	**100.00**

f. Unmarketable Parcels of Ordinary Shares

There were 403 shareholders of ordinary Shares who held less than a marketable parcel of shares.

g. On-Market Buy-Back and Purchase

There is no current on-market buy-back and there were no securities purchased on market for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

h. Item 7 of section 611 Corporations Act (Item 7)

There are no securities approved for the purposes of Item 7 which have not yet completed.

i. Restricted Securities

The Company has no restricted securities.

Additional Information for Listed Public Companies

k. 20 Largest Shareholders

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	HSBC CUSTODY NOMINEES <AUSTRALIA> LIMITED	186,700,308	15.78
2.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	70,728,620	5.98
3.	BNP PARIBAS NOMS PTY LTD <DRP>	55,021,233	4.65
4.	CITICORP NOMINEES PTY LIMITED	49,675,627	4.20
5.	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	30,869,273	2.61
6.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	20,506,047	1.73
7.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	18,493,083	1.56
8.	NATIONAL NOMINEES LIMITED	15,811,444	1.34
9.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	12,892,156	1.09
10.	MR PHILLIP RICHARD PERRY	12,458,224	1.05
11.	UBS NOMINEES PTY LTD	12,395,036	1.05
12.	CAPITAL DI LIMITED	11,500,000	0.97
13.	WASHINGTON H SOUL PATTINSON & CO LTD	10,000,000	0.85
14.	BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	9,924,774	0.84
15.	MACQUARIE BANK LIMITED <METALS MINING AND AG A/C>	7,462,687	0.63
16.	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	6,548,283	0.55
17.	BORG GEOSCIENCE PTY LTD	6,500,000	0.55
18.	DESGAIL PTY LTD <IAN ASH SUPER FUND A/C>	6,400,000	0.54
19.	MR BRENDAN JAMES BORG + MRS ERIN BELINDA BORG <BORG FAMILY SUPER FUND A/C>	5,500,000	0.46
20.	MEM PTY LTD <MEM STAFF SUPER FUND A/C>	5,200,000	0.44
	Total	554,586,795	**46.89**