
Government of Mali - Update

Firefinch Limited (ASX:FFX) (“**Firefinch**”, “**FFX**” or “**Company**”) wishes to provide the following update in relation to correspondence and various meetings held between the Company and the Government of Mali (“**Government**”) further to its announcement on 3rd August 2023.

Background and context

Good faith discussions are currently underway between Firefinch and the Government to resolve issues relating to the Company’s plans to dispose of its interest in Société des Mines de Morila SA (“**Morila SA**”) for the benefit of a range of stakeholders including employees, community and the Government. These discussions are ongoing.

Communications with Government

Since its decision to cease funding of the Morila Gold Mine in November 2022 and throughout 2023, the Company has exchanged a number of letters with the Government relating to Firefinch’s plans to sell its interest in Morila SA. In addition to the exchange of letters, Managing Director, Scott Lowe has met in person with representatives of the Government on two (2) occasions including meeting the previous Minister of Mines, Energy and Water in Toronto in March 2023.

On 3rd August 2023, FFX announced that it had received a letter from the Minister of Mines, Mali (“**Letter**”). The Letter was received on 18th July 2023 and dated 17th July 2023 which followed on from previous correspondence between the Company and the Government. As previously announced, the Letter stated that the Government will not approve any deed of sale of Firefinch’s interest in Morila SA unless Firefinch resolves issues relating to the Morila Gold Mine. The issues listed in the Letter included Morila SA’s financial liabilities¹ and environmental impact at the Morila Gold Mine. Previous correspondence from the Government included some of these issues and also raised questions regarding the tailings deposited in the mine by the previous owner of the Morila Gold Mine and community projects. Firefinch provided a fulsome response in writing to the issues raised by the Government.

The nature of the various letters, communications and discussions with the Government throughout 2023 and including the receipt of the Letter, has been confidential concerning matters which are incomplete. For this reason and in accordance with its continuous disclosure obligations, Firefinch has not previously disclosed the details of correspondence with Government. However, when the Company became aware of inaccurate information in social media regarding a non-existent court order being imposed on Firefinch, the Company chose to issue an ASX release to correct this misstatement in its announcement of 3rd August 2023.

¹ Firefinch once again emphasises that it is not a party to any agreements between Morila SA and its vendors and suppliers, nor is there any agreement between Firefinch and Morila SA that would require Firefinch to either resume funding Morila SA, or meet its debts, or other liabilities. Shareholders are also reminded that FFX has already written down the value of its shareholding in Morila SA to nil.

Current discussions with Government

Firefinch (represented by legal counsel) has recently participated in a number of meetings held in Mali with a Commission established by the Government and comprising representatives of various Government departments and stakeholders. As previously advised, the aim of these good faith meetings is to resolve issues raised by Government and reach a solution that results in the Government supporting a potential transaction for the Company's sale of its interest in Morila SA. The Company is also taking the opportunity in these meetings to clarify a number of legal matters.

The Company is also aware that Leo Lithium Ltd ("**Leo**") has made representations to the Government to demonstrate that Leo and its JV partner, Ganfeng Lithium Group, Co. Ltd, have no affiliation with Firefinch (except for FFX's shareholding in Leo). Firefinch concurs that these representations are factually correct.

No conclusion has yet been reached. However, more meetings are planned in the near future. Firefinch remains convinced that the best solution for all stakeholders is a change of ownership at Morila SA to a company with the technical and financial capacity to make the Morila Gold Mine a success.

Potential transactions²

Sale of Firefinch interest in Morila SA

Firefinch previously announced that it was in negotiations with a West African contracting company that the Company considered to be the most suitable new owner of Firefinch's interest in Morila SA.

However, the Company's recent meetings with Government has included discussions of another potential buyer.

Corporate transaction

Firefinch directors continue to work with advisors Treadstone Resource Partners and Gilbert + Tobin to assess options that deliver value to all Firefinch shareholders via a potential corporate transaction.

Return of assets

As previously stated, if it becomes apparent that there are no reasonable prospects of a successful corporate transaction within a suitable timeframe, the Company will commence the return of assets to shareholders.

Timing

The Board is conscious that in the ASX announcement on 30th June 2023 it set a target timeframe of Q3 2023 for a potential corporate transaction. These good faith discussions with Government could potentially impact this timing. However, an update will be provided on or before 30th September 2023.

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

² Shareholders are reminded that any potential transaction to dispose of Morila SA, or a corporate transaction will require shareholder approval.