

4 July 2022
Nikki Ciavatta
Adviser, Listings Compliance (Perth)
ASX Limited
Level 40, Central Park
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PERTH WA 6000

By email: tradinghaltsperth@asx.com.au

Dear Nikki

Request for continuation of Voluntary Suspension

In accordance with Listing Rule 17.2, Firefinch Limited (the **Company**) requests that its securities remain in voluntary suspension pending the finalisation of a funding proposal which is expected to be completed by the end of July 2022.

For the purpose of Listing Rule 17.2, the Company advises that:

- 1 While the initial trading halt requested on 27 June 2022 and the current voluntary suspension requested on 29 June 2022 were granted pending an announcement by the Company in relation to an update to operational performance and production guidance at the Morila Gold Project, the Company considers it is now appropriate for the period of voluntary suspension to be extended to enable the Company to manage its continuous disclosure obligations whilst continuing discussions with third parties regarding the proposed funding of the Company.
- 2 An extension to the voluntary suspension is necessary to enable the Company to finalise the funding of the Company, which is designed to place the Company in a more robust and sustainable working capital position and to support the capital investment to take the operations to a long term sustainable and profitable operation of scale.
- 3 The Company has been impacted by several factors outside of its control, including:
 - (a) the delivery of additional and replacement mining equipment to the principal mining contractor being delayed due to Economic Community of West African States (**ECOWAS**) sanctions imposed on the State of Mali restricting the movement of goods;
 - (b) significant cost pressures as a result of changes in the operating environment in the global gold mining sector, including an approximate 50% increase in diesel prices in the current quarter, as well as significant increases in the cost of explosives and other consumables; and
 - (c) the deferral of Value Added Tax (**VAT**) credit claims at the request of the Government of Mali, in tandem with other local miners, to assist the Government with meeting the challenges of the ECOWAS sanctions.
 - (d) The above has negatively impacted the Company's cashflows and has resulted in the requirement to raise additional capital in the near term to meet its objectives.

- 4 At 30 June 2022, Firefinch had approximately A\$35.8 million in cash and US\$3.6 million in shipped gold bullion with funds receivable mid-July. In addition, Morila has two overdraft facilities with West African banks with undrawn limits of approximately US\$4.4 million. Morila also has approximately US\$25 million in VAT credits available to offset future royalty and certain tax payments as they are incurred. This is in addition to its 20% shareholding in Leo Lithium which has a current market value of approximately A\$124.6 million¹, 88% of this shareholding is subject to a two-year mandatory escrow.
- 5 The Company is in the process of determining the minimum capital raising required to achieve the abovementioned normalisation of its working capital position and to meet its short-term objectives. As at the date of this request for a continuation of voluntary suspension, the Company has not yet finalised the proposed terms or structure of the capital raising that it intends to undertake to achieve the funding referred to above. The Company will determine the structure of, and undertake any capital raising, pursuant to the ASX Listing Rules.
- 6 The Company is of the opinion that, given the proposed funding has not been completed, that re-instatement of trading of its securities at this time is likely to be materially prejudicial to the completion of the proposed capital raising relating to the funding stated above;
- 7 The Company requests that its securities remain in voluntary suspension until the finalisation of the proposed funding, which is anticipated to occur by the end of July 2022.
- 8 The Company is not aware of any reason why the voluntary suspension should not be granted, nor of any other information relevant to this request.

This voluntary suspension request has been approved for release to ASX by Dr Alistair Cowden, Executive Chairman

Yours sincerely

Nathan Bartrop
Company Secretary

¹ Based on the closing price of Leo Lithium Limited shares on 1 July 2022