

Shareholder Update

Dear Shareholders

The Board of Firefinch Limited (**"the Company"** or **"FFX"** or **"Firefinch"**) wishes to provide shareholders with a further update on the strategic review process (the **"Process"**) as first announced by the Company on 14 December 2022.

Background

On 2 June 2023 the Company announced that it was in active discussions with participants on the Process for a potential transaction that delivers value and liquidity to FFX shareholders, and the Company was continuing to work with the assistance of Treadstone Resource Partners and FFX's legal advisors, Gilbert + Tobin, to assess the potential transactions. FFX also updated shareholders that participants were continuing to finalise their due diligence on the Company.

The Board of Firefinch would like to restate that any potential transaction as part of the Process will need to deliver value and liquidity, and that the Board believe the transaction is in the best interest of the Company and its shareholders.

Strategic Review Progress

Since the last announcement, the Company and its advisors have regularly engaged with the Process participants as well as the participants' advisors.

Based on these discussions, the Board of Firefinch believes there are reasonable prospects of a binding agreement being reached with a preferred participant that is in the best interests of shareholders.¹

Process and Timing

The Process has now advanced to include detailed negotiations and finalisation of the key terms and conditions of a potential transaction, including conditions precedent. If a transaction proceeds, it will require the approval of, or acceptance by, shareholders.

The objective of the Board of Firefinch is to conclude these negotiations and announce a binding transaction during this coming quarter, Q3 2023.

Return of Assets

In the event that the Process fails to deliver a binding agreement, then Firefinch will commence the process of returning cash and Leo Lithium Limited (**"Leo Lithium"**) shares held by the Company (**"Assets"**) to shareholders. This will be undertaken by a return of the majority of current cash to FFX shareholders as soon as possible thereafter. Following the return of a majority of the current cash to shareholders, FFX will then distribute to its shareholders all Leo Lithium shares currently held by FFX after they are released from ASX imposed escrow in June 2024 together with any remaining cash.

¹ Shareholders should note that while the Board continues to be of the view that there is potential for a binding agreement to be reached with a preferred bidder that is in the best interests of Company shareholders, there is no guarantee that a definitive transaction will be agreed with the preferred bidder.

As at 29th June 2023, Firefinch assets include approximately A\$34.5m in cash together with ~210.9m Leo Lithium shares. In aggregate the assets are worth approximately A\$245m based on Leo Lithium's closing price of A\$1.00/share on 29 June 2023, which equates to approximately A\$0.208 per Firefinch share. Firefinch's last trading price was A\$0.20/share on 24 June 2023 prior to entering trading halt and subsequent suspension. Should a return of assets occur, the Company may be delisted from the ASX.

The Company has already commenced the steps required to undertake a return of assets so that there is no unnecessary delay in delivering this in the event the Process does not deliver an outcome. Currently, these steps relate primarily to the process to obtain a class ruling from the Australian Taxation Office as to the tax treatment on the return of Assets. Any return of Assets will also require the approval of shareholders.

Morila update

As previously advised, non-binding indicative term sheets were executed with a number of a suitable parties for the purchase of the Company's interests in Societe des Mines de Morila SA ("**Morila SA**"). These non-binding term sheets form the basis for negotiation of a definitive sale and purchase agreement in relation to 100% of Firefinch's shares in Morila Limited (which in turn holds 80% of Morila SA). Additionally, the non-binding term sheets form the basis for a sale and purchase of Firefinch's 100% interest in Birimian Gold (Mali) Pty Ltd ("**Birimian**").²

Firefinch has selected a substantive West African mining contractor ("**Proposed Purchaser**") as the preferred bidder out of the parties that executed non-binding indicative term sheets to acquire the Company's interest in Morila SA and Birimian. The Proposed Purchaser is well placed as a significant and experienced mining contractor in the region.

Firefinch is now focused on working closely with the Proposed Purchaser on negotiating full form binding transaction documents, in parallel with the Proposed Purchaser's work to finalise its due diligence.

The sale of the interest in Morila SA and Birimian will be for nominal consideration. The non-binding term sheets contemplate certain conditions precedent, including Firefinch obtaining shareholder approval under Listing Rule 11.2.

Firefinch 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 continue to fund Morila SA, or meet its debts (a fact recognised in the deconsolidation of the FFX balance sheet in the recently announced audited accounts).

Managing Director comments

Managing Director Scott Lowe said *"Important progress has been made with both a potential corporate transaction, and disposal of the Company's interest in Morila SA. We look forward to executing full form binding documents in the near term on Morila SA. We also have reasonable expectations of a Firefinch transaction that will deliver a positive value and liquidity outcome for our*

² Birimian holds 100% of the equity in: (i) Birimian Gold Mali Sarl (which holds the Finkola, Diokelebougou, N'Tiola and Makono permits); Sudquest SARL (which holds the Finkola Nord permit), Timbuktu Ressources SARL (which holds the Finkola Sud and Sanankoroni permits), Finkola SA, and Birimian Liberia

shareholders during this coming quarter. Importantly, we have also started on a 'Plan B' in the event a Firefinch transaction doesn't occur, so we can expedite the process of returning assets to shareholders."

Scott Lowe
Managing Director

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

Disclaimer

This announcement contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of the Company, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of the Company's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, none of the Company, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement.

The forward-looking statements are based on information available to the Company as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of the Company, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.