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## Market Update

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Firefinch Limited (ASX:FFX) (“**Firefinch**” or the “**Company**”) provides an update following its announcement regarding the settlement with the Government of Mali (see ASX announcement: **Settlement with Government of Mali and Agreement with Leo Lithium and Ganfeng**, 8 May 2024).

The settlement agreement with the Government of Mali has been critical in allowing the Company to progress its long-stated plan to return value to shareholders through the distribution of the remaining available assets.

The process to distribute assets requires the completion of multiple steps, which are outlined below to provide context for shareholders. While it is difficult to put specific timeframes around the various steps, the Board is committed to completing the process as quickly as reasonably practicable.

The steps include but are not limited to the following.

### 1. SALE OF MORILA SA

- Final negotiation and execution of a sale and transfer document with **SOREM SA** (a Malian Government company) in respect to Firefinch’s interest in Société des Mines de Morila SA (“**Morila SA**”) and all mining titles its subsidiaries hold in Mali.
- Firefinch is cautious that the negotiations to secure a final agreement and the signatures of the relevant Government and SOREM SA representatives may cause delay.

### 2. TREATMENT OF LEO LITHIUM SHARES

- Following the demerger of Leo Lithium Limited (“**Leo**”) in June 2022 Firefinch retained a 20% equity stake which was subsequently sold down in July 2022 to 17.6%.
- A sale of the Leo shareholding may likely result in a capital gain for Firefinch and an amount of tax payable.
- The outstanding financial statements, which are still undergoing audit prior to being lodged, may likely report a deferred tax liability which is more than the current cash holding of Firefinch. A component of the deferred tax liability will likely reflect the potential tax liability which could be incurred by Firefinch in relation to an in-specie distribution of the Leo shares to shareholders (absent a favourable tax ruling as discussed below).
- The sale and transfer documents with SOREM SA, once executed, will provide Firefinch with clarity and certainty on the loan balances outstanding with Morila operating company Morila SA and to finalise the Firefinch accounts.
- Once the sale completes, Firefinch will seek to distribute its remaining assets to Shareholders in the most efficient manner. This is likely to be by way of an in-specie distribution of the Leo shares held by Firefinch to Shareholders. Given the nature of a return of assets to shareholders and the likely need to apply for a tax ruling from the Australian Taxation Office, the process may take between three and six months to complete.

### **3. CASH REMAINING IN FIREFINCH**

- The availability of remaining cash to distribute to shareholders will be determined following:
  - i. Payment of the Firefinch contribution (A\$11.5 million) pursuant to the Tripartite Deed (see ASX announcement: **Settlement with Government of Mali and Agreement with Leo Lithium and Ganfeng**, 8 May 2024)
  - ii. Satisfaction of any tax liabilities
  - iii. The cost of dealing with and arguing any nebulous claims against Firefinch (see ASX announcement: **Notice of Arbitration**, 24 May 2024) and,
  - iv. Accounting for remaining corporate operating costs.

### **4. SHAREHOLDER VOTE**

- As soon as practicable, and following approval and completion of relevant processes, which may include obtaining relevant Australian Taxation Office rulings, it is Firefinch's current intention to convene a general shareholder meeting to seek approval for:
  - i. The in-specie distribution of Leo shares to Firefinch shareholders, and
  - ii. The distribution to Firefinch shareholders of remaining cash reserves.

The indicative timetable in the schedule to the announcement contains some indicative dates regarding the expected timing around events referred to in the Company's 8 May 2024 announcement as well as the events referred to in this announcement. Given the complexity of the various matters and the involvement of third parties, who Firefinch has no control over, the dates in the schedule are indicative only and are subject to change.

The Board of the Company is yet to make a determination as to what it intends to do once the cash and Leo Lithium shares have been distributed to shareholders (subject to a favourable tax ruling).

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

**Shareholder questions or enquiries can be emailed to: [info@firefinchltd.com](mailto:info@firefinchltd.com)**

**The Company will endeavour to respond as soon as practicable.**

### Indicative Timetable

Event	Indicative Timing
Payment of settlement amount to Government of Mali by Ganfeng on behalf of Leo	7 May 2024 <sup>1</sup>
ASX-imposed escrow on Firefinch's holding of Leo Lithium shares ends	24 June 2024 <sup>1</sup>
Second anniversary of ASX suspension of Firefinch	29 June 2024 <sup>1</sup>
Firefinch is removed from the Official List of the ASX (ie Firefinch is delisted)	1 July 2024
AGM and shareholder approval for sale of Morila SA and payment of \$11.5 million to Leo Lithium	July 2024
Payment of \$11.5 million by Firefinch to Leo Lithium (subject to shareholder approval)	July 2024
Firefinch completes sale of Morila SA to Sorem SA	July 2024
Application to ATO for class ruling	July 2024
Receipt of ATO class ruling	January 2025
Shareholder approval for in-specie distribution of Leo Lithium shareholding and excess cash	February 2025
In-specie distribution of excess cash and Leo Lithium shareholding (subject to favourable tax ruling and subject to Firefinch ceasing to be a party to the arbitration with EGTF or those proceedings finalised)	March 2025

These are indicative dates only are subject to change.

<sup>1</sup>These dates are unlikely to change and are currently known to the Company.