

Corporate update

Firefinch Limited (“the Company” or “FFX”) wishes to provide the following update.

Key points

- Firefinch remains the 80% shareholder of Société des Mines de Morila (“Morila SA”), the Malian company that owns the Morila Gold Mine
- FFX does not fund, or provides advice to Morila SA
- The Morila Gold Mine is continuing to operate
- The Commercial Court of Bamako, Mali (“Court”) has temporarily suspended all individual proceedings against Morila SA and has also ordered appointment of an expert to prepare a report on the financial and economic situation of Morila SA
- FFX was not aware of the Court process being initiated, is not a party to the proceedings and does not expect the outcome of the process to impact the Company
- FFX continues to seek to find a new owner for Morila SA
- The strategic review process referred to in the shareholder letter of 14th December 2022 is progressing

Morila SA update

FFX ownership and management

Morila SA is the Malian company that owns and is the operator of the Morila Gold Mine. FFX owns 80% of Morila SA. However, while FFX does have minority representation on the board of Morila SA, the Company no longer funds, or provides advice to Morila SA¹. FFX has not received any financial or operational reports, or other pertinent information since funding of Morila SA ceased 3 November 2022.

Malian Court decision

FFX recently became aware that the Court reached a decision to open a “preventive procedure” in respect of Morila SA. FFX did not receive a copy of the petition or documents introduced before the Court by Morila SA’s lawyers to request the opening of the preventive procedure.

This preventive procedure is open to a debtor (ie: Morila SA) who, without being in a state of cessation of payments, can justify serious financial or economic difficulties. The main purpose of such procedure is to safeguard companies in financial or economic difficulty and to clear its liabilities before any cessation of payments. In this respect, the debtor is required to set out its financial or economic difficulties as well as the prospects for the recovery of the debtor and the discharge of their liabilities. Morila SA commenced this preventative procedure without any knowledge of FFX.

The Court decision suspends or prohibits all individual lawsuits aimed at obtaining payment of claims arising prior to this decision for a maximum period of three months, which may be extended by one month under the certain conditions.

¹ Refer ASX announcement dated 3rd November 2023

FFX understands that as soon as the expert's report is filed, the Court will summon the debtor to appear at a non-public hearing along with the expert as well as any creditor the Court deems useful to hear from. If the Court establishes the cessation of payments, it shall rule on the legal redress or the liquidation of assets and when the situation of the debtor justifies it, will approve an agreement where the debts of the debtor are compromised and a rescheduling of the payment terms are provided for.

FFX is not a party to the proceedings and does not expect the outcome of the process to impact it.

Operations

The Morila Gold Mine is continuing to operate.

Potential sale of Firefinch's interest Morila

As previously reported, the Company is continuing to liaise with Morila SA and local authorities regarding the possible mitigation on the impact of FFX's decision to cease funding the Morila Gold Mine, on the mine workers and the local community.

FFX is also currently working to find a new owner for the Morila Gold Mine which new owner would need to be suitably funded to service Morila SA's creditors, maintain operations, and see the project reach its full potential for the benefit of all stakeholders.

Corporate Strategic Review

The strategic review process announced 14th December 2022 and assisted by Treadstone Resource Partners is underway and progressing well. The objective of the process remains to deliver compelling value and liquidity to FFX shareholders. As previously stated, the Board will provide an update to shareholders before the end of March 2023.

Scott Lowe
Managing Director