

Quarterly Activities Report

For period ending 30 June 2022

ABOUT FIREFINCH LIMITED

Firefinch (ASX: FFX) is a gold miner focussed on the Morila Gold Mine in Mali.

Morila is one of the world's great open pit gold mines, having produced over 7.5 million ounces of gold since 2000 at grades that were among the highest in the world, earning it the moniker "Morila the Gorilla". With a 17.61% retained stake in Leo Lithium, Firefinch also has exposure to lithium.

Firefinch acquired Morila in late 2020 and has invested heavily to return Morila to full production.

Morila's current Global Resource is 2.5 million ounces of gold (Indicated: 27.4 million tonnes at 1.49g/t gold for 1.3 million ounces of gold and Inferred: 23.2 million tonnes at 1.56g/t gold for 1.2 million ounces of gold). However, Morila's limits have not been defined. Firefinch aims to materially expand resource and reserves to define over 10 years production and to outline the potential for underground mining.

Firefinch is a responsible miner, and we endeavour to make a difference to our local communities on multiple levels; by providing a safe and rewarding workplace, following best environmental practices and contributing economic benefits regionally by employing and buying locally.

Key metrics as at 31/07/2022

Shares on issue (FFX)	1,181,243,221
Share Rights on issue	4,357,000
Cash & Equ (30 Jun 22)	A\$40.8M
Share price	\$0.20
Market capitalisation	A\$236M

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Morila Gold Mine

- Morila June quarter production 13,334 ounces of gold relative to guidance of 17-20,000 ounces of gold. Full year production guidance withdrawn
- Production underperformance primarily due to poor mining equipment availability, in part due to ECOWAS sanctions, resulting in the Morila ramp up being behind schedule. Mining equipment is now arriving at site which will alleviate operational pressures
- Significant cost pressures experienced during the quarter, including material price increases in diesel, explosives and other consumables
- Weakness in the A\$/US\$ exchange rate impacted A\$ denominated funding provided to Morila by Firefinch
- Suspension of the offset of royalties and certain taxes against Firefinch VAT credit claims occurred during the quarter at the request of Government of Mali
- Firefinch requested voluntary suspension of trading of its shares on ASX pending the finalisation of a funding proposal
- Cost saving initiatives implemented, and financial controls enhanced
- Upgrade to Morila Resource and Reserve estimate anticipated during the September quarter
- Updated resource and reserve estimate will feed into a new mine plan, production and cost outlook and forward capital requirements
- Government of Mali granted a 3-year extension to the Morila Convention demonstrating its endorsement of the ramp-up and revival of Morila

Corporate

- Cash and cash equivalents available of A\$40.8 million at 30 June 2022 (including gold in transit)
- Demerger of the Goulamina Lithium Project into Leo Lithium Limited successfully completed
- Non-Executive directors Ms Liz Wall and Ms Naomi Scott resigned as Directors
- Managing Director Dr Michael Anderson left the Company by mutual agreement
- Dr Alistair Cowden tendered his resignation at the start of the September quarter
- Mr Andrew Taplin has been appointed Acting Chief Executive Officer and Mr Brett Fraser appointed Chairman

Overview of Activities for June Quarter

Morila

At Morila safety is Firefinch's number one priority. There were no serious injuries or incidents during the quarter.

Gold production during the quarter was 13,334 ounces of gold. This compares to previous guidance of 17-20,000 ounces of gold.

The underperformance relative to guidance has been largely due to poor equipment availability which has been exacerbated by the delayed delivery of additional mining equipment. This delay was a result of the Economic Community of West African States (**ECOWAS**) sanctions imposed on the State of Mali restricting the movement of goods. Consequently, production ramp up is behind schedule. The ECOWAS sanctions were subsequently lifted on 3 July 2022.

In common with many others in the global gold sector, Firefinch experienced significant cost pressures in the last quarter. This has included material increases in diesel prices, the cost of explosives and other consumables.

The weakness in the A\$/US\$ exchange rate has also impacted on A\$ denominated funding provided to Morila by Firefinch.

At the request of the Government of Mali, Firefinch, in tandem with other local miners, suspended the offset of royalties and certain taxes against its Value Added Tax (**VAT**) credit claims to assist the Government with meeting the challenges of the ECOWAS sanctions.

Following the events outlined above, Firefinch withdrew the 2022 calendar year production guidance announced on 12 April 2022.

The following actions have been taken to increase gold production and improve cashflow:

- Mining (largely pre-stripping) at the N'Tiola Satellite pit ceased at the start of July after extraction of available ore;
- The N'Tiola mining fleet is being relocated to the Viper pit and mining equipment from Viper has been relocated to the Morila Super Pit, resulting in a single mining contractor and larger fleet at each site, and a focus on developed pits presenting ore;
- Capital projects, including tailings repatriation, tailings dam construction and exploration drilling have been put on hold in the short term;
- A comprehensive plan for immediate cost saving at Morila is being implemented;
- Additional financial and operational controls have been instigated at Morila to ensure strict cost and commitment control;
- The Company has resumed offsetting its royalty and certain tax payments against its VAT credit;
- Experienced operational and financial managers have recently been appointed to key roles at Morila to bolster the existing team and drive the planned ramp up in production; and
- The Board has been reduced in size with two recent appointments resigning and Dr Michael Anderson leaving by mutual agreement. Dr Alistair Cowden also tendered his resignation post quarter end. Mr Andrew Taplin has been appointed Acting Chief Executive Officer and Mr Brett Fraser appointed Chairman.

Resource drilling at the Morila Super Pit (**MSP**) was wound down at the end of the quarter with the focus moving to completion of a new Mineral Resource for the Morila Deposit utilising data from Firefinch drilling. The new Mineral Resource will be a key element in refining the short-term mining plan as well as underpinning a new Life of Mine Plan (**LOMP**) for the operation.

Outlook for September Quarter

Morila

A review of operations, mine plan and schedule, and capital and operational expenditures is well underway in the context of increased input prices such as fuel and explosives and current pit advancement.

New mining equipment is now arriving at site and the Company has been advised that more equipment is now enroute. A material improvement in mining productivity is expected to follow and material movements have already improved since the mining fleet at the Morila Super Pit was expanded in early July.

In the September quarter, the Company expects to release the following updates:

- Recent drilling results;
- Updated Life of Mine Plan (LoMP);
- An upgrade to the Morila Resource Estimate incorporating almost 40,000 metres of drilling over the last 9 months;
- An update to Ore Reserve Estimates based on the new Resource Estimate;
- A new Life of Mine Plan, production schedules and mining strategy based on the upgrade to the Morilla Resource estimate; and
- Capital investment profile required to continue to expand production to a long term sustainable and profitable operation.

Morila Mine Operations

Health and Safety

There were no serious injuries during the quarter.

The ongoing strong focus on monitoring COVID-19 spread at Morila and in the local and regional communities has continued this quarter. COVID-19 levels have significantly reduced with no impact on site operations or the neighbouring communities. Morila is playing a central role to support employees, contractors, and local community members with vaccinations. This has resulted in an elevated level of vaccination at the mine and in the surrounding communities. COVID-19 did not impact operational performance during the quarter.

Morila has a best-in-class malaria control program. These controls in the workplace and communities were effective during the quarter with malaria levels for employees and contractors consistently below historic levels (<1%). During the quarter, the Morila team undertook another intensive residual spraying program that encompassed the mine and surrounding villages.

Community and Workforce

The Morila communities team has undertaken work in conjunction with the Government of Mali to refresh the Local Community Development Group (**LCDG**) and align the working processes to the requirements of the 2019 Mining Code. The new LCDG structure and processes have been rolled out to the local community stakeholders and work will commence shortly to develop a refreshed community development plan.

Work to ensure conformance with International Finance Corporation (**IFC**) performance standards has continued during the quarter and will continue throughout 2022.

Firefinch is committed to its “locals first” policy and has continued to employ locally and engage Malian contractors for the provision of services at Morila. We are very proud to report that of our approximately 2,371 strong workforce at Morila, consisting of 406 direct employees and 1,924 contractors, less than 5% are expatriate.

Morila Physical and Financial Performance

Morila June quarter production approximately 13,334 ounces of gold, relative to guidance of 17,000 - 20,000 ounces of gold. Full year production guidance has been withdrawn.

The table below details the performance of the Morila mine for the June quarter in comparison with the previous quarter.

	Unit	1 April 2022 to 30 June 2022	1 January 2022 to 31 March 2022
Mined Ore Tonnes			
Tailings	Tonnes	0	145,014
Morila	Tonnes	55,060	0
N'tiola	Tonnes	35,108	0
Surfen	Tonnes	37,565	0
Viper	Tonnes	403,871	450,842
Total	Tonnes	531,604	595,856
Mined Grade			
Tailings	g/t gold	0	0.4
Morila	g/t gold	0.47	0
N'tiola	g/t gold	0.59	0
Surfen	g/t gold	0.92	0
Viper	g/t gold	0.92	0.68
Total	g/t gold	0.84	0.61
Ore milled	tonnes	846,046	877,602
Contained gold	Ounces	16,533	13,170
Recovery	%	84.3%	78.9
Gold in Circuit	kilograms	48.9	30.1
Gold produced	ounces	13,334	10,874
Gold sold	ounces	13,604	11,045
Realised gold price	US\$/ounce	1,852	1,908
Gold revenue	US\$ millions	22.6	21.1
Gross Mining costs	US\$ ('000)	22,945	19,380
Processing costs	US\$ ('000)	16,924	17,531
Site Administration costs	US\$ ('000)	5,980	6,635
Other Operating Adjustments	US\$ ('000)	(11,336)	(17,389)
Operating Cost¹	US\$ ('000)	34,512	26,157
Average FX used for reporting	USD --> CFA	615.2	584.8
Bullion awaiting settlement	US\$ ('000)	3,652	3,266

¹ During the quarter ended 30 June 2022 Morila incurred royalty fees of USD2.2m that are not reflected in operating costs set out above. The royalty payments have been partially offset against the VAT credit held by Morila SA.

Mining

Development activities at the MSP advanced well during the quarter with waste stripping largely complete allowing for initial ore blocks to be scheduled for mining in the September quarter. As per the Morila LOMP, the MSP will become the primary source of ore with a ramp up of MSP ore in 2H 2022. The Viper pit provided the primary source of open pit mine feed during the quarter. Relatively low volumes of stockpiled lower grade material were also fed during the quarter to utilise available mill capacity. Development activities were undertaken at N'Tiola during the quarter.

Mining at N'Tiola, that was largely pre-stripping, ceased at the start of the September quarter after extraction of available exposed ore. The N'Tiola mining fleet has been relocated to the Viper pit and mining equipment from Viper has been relocated to the MSP, resulting in a single mining contractor and larger fleet at each site.

Capital Works – Plant, Power, Laboratory, TSF and Tailings Repatriation

The Morila processing plant continued to operate on a 24/7 basis as the rollout of Plant Improvement Projects continued during the June quarter.

There was unplanned plant downtime at the end of the quarter to replace bushes on the primary crusher. The crusher was down for approximately two days. Other than this incident, the plant ran smoothly and had no other significant downtime events this quarter. The planned 9-day Morila plant maintenance shutdown was completed in early April 2022. The Maintenance and Operational teams completed the shut successfully including reducing the timeframe to 7 days, achieving 96% scope completion, and most importantly completing the work with zero safety incidents.

Refurbishment of the diesel power units in the Morila power station is progressing well. The third genset rebuild was successfully completed in the June quarter, with preparations complete for the refurbishment of the fourth Allen generator in the September quarter. Temporary power is supporting the micro-grid to ensure sufficient power is available during the period of overhaul.

The tender process for the supply of a new hybrid power solution and power purchase agreement is complete. The final options analysis has been placed on hold pending a review of capital allocation.

MSALABS Limited has been operating the laboratory at Morila since 1 November 2021 following a period of upgrading the current laboratory and installing new equipment. Turnaround time for samples from grade control, exploration and the plant has improved. Site preparations are completed for the install of the Chryso Photon Assay analyser, which is now planned early in the September quarter.

Tailings from processing activities are being deposited into the Tailings Storage Facility (TSF). Sufficient capacity has been established for 2022. Regulatory approvals have been completed to increase capacity within the existing footprint. The internal division wall has been completed and in use. The TSF will be upgraded in accordance with Global Standards for Tailings Storage and Management.

Dewatering of the MSP has been completed. A hydraulic mining circuit was commissioned during the quarter to allow repatriation of tailings from within the MSP to the TSF. The tailings repatriation program is being review as part of the LoMP revisions.

Capital projects, including tailings repatriation and tailings dam construction have temporarily been put on hold for the September quarter, pending a review of capital allocation and efficiency.

Drilling and Mine Planning Activities

During the quarter 21,226 metres was drilled in 316 drillholes including 5,271.6 metres of diamond drilling (**DD**). Reverse Circulation (**RC**) drilling for exploration and resource definition was carried out at Morila, Viper, N'Tiola and the K2 – K3 prospects with grade control drilling also completed at Morila, N'Tiola and Viper.

Drilling started to be wound down at the end of the quarter due to the onset of the wet season as well as the Company's focus on operational matters. Results from recent drilling will be compiled and released to the market following review and interpretation. Work is well advanced on updating the Mineral Resource for Morila with all drilling data including some 40,000 metres drilled by Firefinch. The updated Mineral Resource will aid refinement of the short-term mining plan as well as enable a full update of the LOMP for the Morila Project. This is expected to be completed during the September quarter.

Financial Review

Cash and cash equivalents at 30 June 2022 are detailed below.

	A\$ million
Cash and cash equivalents at 31 March 2022	97.72
Cash and cash equivalents at 30 June 2022	35.6
Gold sold during quarter for which proceeds not received by 30 June 2022	5.2
Cash and cash equivalents and gold in transit available at 30 June 2022	40.8

At 30 June 2022, Firefinch had approximately A\$35.6 million in cash and A\$5.2 million in shipped gold bullion with proceeds received mid-July. In addition, Morila has two overdraft facilities with West African banks with undrawn limits of approximately A\$5.9 million. Morila also has approximately US\$27 million in VAT credits available to offset future royalty and certain tax payments as they are incurred.

The Company sold 28.6 million shares in Leo Lithium Limited (ASX: LLL) (**Leo**) on 4th July 2022 at a sale price of A\$0.455 per Leo share (**Trade**). The Trade resulted in the Company receiving a cash injection of A\$12.9 million.

The Company has a remaining 17.6% shareholding in Leo Lithium which has a current market value of approximately A\$91.7 million (based on 29 July 2022 close price), this shareholding is subject to a two-year mandatory escrow from 23 June 2022.

The Company is in discussion with several parties on potential financing measures to address the Company's working capital position.

A comprehensive plan for immediate cost savings at Morila is being implemented as well as a new regime of financial and operational controls to ensure strict cost and commitment control. The Company has resumed offsetting its royalty and certain tax payments against its VAT credit.

6,800,000 performance rights lapsed on 30 June 2022. 55,000 performance rights expired on 28 April 2022. 3,107,021 shares were issued on the 1 April 2022. Firefinch's issued share capital as at 30 June 2022 is 1,181,243,221 fully paid shares.

	Balance at 31 March 2022	Issue of Shares	Lapse of Performance Rights	Balance at 30 June 2022
Fully paid shares	1,178,136,200	3,107,021		1,181,243,221
Performance Rights	11,212,000		(6,855,000)	4,357,000

Partial Amended Notice of Tax Assessment for 2017 and 2018 – Morila Mine

The Company disclosed in previous Quarterly Activities Reports, and its 2021 Annual Report, details of the Partial Amended Notice of Tax Assessments it received in relation to Morila from the Malian tax department concerning the 2017 and 2018 fiscal years.

The Company continues to proactively push to bring this matter to a satisfactory conclusion. The Company held a meeting during the quarter between management and the Malian tax department. At this time, both Partial Amended Notice of Tax Assessments remain open.

Related Party Payments

Payments of \$208,000 were made to related parties being the Managing Director's remuneration, Non-Executive Directors' Fees and \$5,390 to Geneva Partners Pty Ltd for review of the 2021 Annual Report as set out in Section 6.1 of Appendix 5B.

Third Party Discussions

The Company confirms that, as previously disclosed, it remains in discussions with third parties regarding a range of funding options. There is no guarantee this will lead to any transaction.

If there are material developments in the future, the Company will inform shareholders in accordance with its continuous disclosure obligations.

Permit Status

The Government of Mali agreed to extend the Establishment Convention (**Convention**) for the Morila Gold Mine for 3 years until 16 May 2025. The terms and conditions of the Convention remain unchanged.

The Company has six research tenements, one mining tenement hosting the Morila gold mining operations, and one mining tenement hosting the Finkola gold project. Six tenements are located within the Circle of Bougouni and two tenements in the Circle of Kati, in Mali. All tenements are in good standing. A tabulation of the Company's tenure in Mali is given below.

Morila PE 99/15 (Morila Gold Project). The Morila Exploitation Permit (211.2 km²) was initially issued on the 4 August 1999, under Decree N°99-217/PM-RM for a validity period of 30 years. The Decree was modified by Decree N°99-361/PM-RM dated 17 November 1999 to authorise the transfer of the Morila Mining Permit to a dedicated entity "Société des Mines de Morila" (**Morila SA**), then modified by Decree N°2018-0441/PM-RM date 17 May 2018, which modified the surface area of the permit, to include areas of Viper and N'Tiola. Firefinch owns 80% of Morila SA. The Morila Exploitation Permit is valid until 4 August 2029.

Finkola: PEGM 2022/29. An Exploitation Permit for Gold and Group 2 Mineral Substances was issued under Decree No2022-0200/PM-RM du 24 March 2022 at Finkola (Circle of Bougouni). An exploitation company was created, and the process is underway for the contributory audit for exploration expenditure transfer into the newly established company.

Makono: PR 21/1126. The Ministry of Mines, Energy and Water has issued Arrêté No2021-1554/MMEE-SG dated 14 April 2021, which granted the research tenement of Makono to Birimian Gold Mali, a subsidiary of Firefinch.

Diokélébougou: PR 21/1127. The Ministry of Mines, Energy and Water has issued Arrêté No2021-1553/MMEE-SG dated 14 April 2021, which granted the research tenement of Diokélébougou to Birimian Gold Mali, a subsidiary of Firefinch.

N'Tiola: The Ministry of Mines, Energy and Water has issued Arrêté No2021-4624/MMEE-SG dated 8 November 2021, which granted the research tenement of N'Tiola to Birimian Gold Mali, a subsidiary of Firefinch.

Finkola Sud: PR 13-672 2BIS. The Ministry of Mines and Petroleum has issued the Arrêté #2019-3799/MMP-SG dated 28 October 2019 for the Permit of Finkola Sud, extending Permit validity until 4 August 2021. Following the expiration of the tenement of Finkola-Sud, a request for new tenure was lodged with the DNGM on 5 August 2021. The related mining convention was approved and signed on 3 February 2022. The process is ongoing at the level of the Ministry of Mines for issuance of the Arrêté.

Sanankoroni: PR 16-805 1BIS. The Ministry of Mines and Petroleum has issued the Arrêté #2022-1455/MMEE-SG dated 12 May 2022 for the Permit of Sanankoroni, extending Permit validity until 11 October 2024.

Finkola Nord: PR 20/1081. The Ministry of Mines and Petroleum has issued the Arrêté #2020-1303/MMP-SG dated 1 April 2020 for the Permit of Finkola Nord. The permit is valid for three years, until 31 March 2023, and the validity is renewal twice upon request by the Company.

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

For further information:

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Table 1: Mineral Resources for the Morila Gold Project

Deposit	Indicated			Inferred			Total		
	Tonnes (millions)	Grade (g/t)	Ounces ('000)	Tonnes (millions)	Grade (g/t)	Ounces ('000)	Tonnes (millions)	Grade (g/t)	Ounces ('000)
Morila Pit ¹	21.2	1.60	1,090	17.5	1.37	770	38.6	1.50	1,860
Morila NE ²				0.21	3.07	21	0.21	3.07	21
Samacline ²				3.74	2.56	308	3.74	2.56	308
Morila Pit 5 ^{3,4}	0.40	0.92	12	0.14	1.14	5	0.54	0.98	17
N'Tiola ^{3,4}	2.55	1.03	84	0.35	1.04	12	2.90	1.04	96
Viper ³	2.47	1.16	92	0.75	1.10	27	3.23	1.15	119
Domba ⁵	0.20	1.75	11	0.25	1.61	13	0.46	1.67	25
Koting ⁴	0.65	1.04	22	0.28	0.94	8	0.93	1.01	30
Total	27.45	1.49	1,313	23.17	1.56	1,160	50.62	1.52	2,474

¹ The Morila Pit resource is quoted using a 0.4g/t gold cut-off grade, refer ASX Announcement 8th February 2022.

² The Samacline and Morila NE resources are quoted using a 1.8g/t gold cut-off grade, refer ASX Announcement 8 February 2022.

³ The N'Tiola, Viper, Pit 5 and Koting resources are quoted above cut-off grades based on current costs (0.35 – 0.5g/t), refer ASX Announcements 3 May 2021 and 25 March 2022.

⁴ The Viper and Pit 5 resources have been depleted for mining as at 31 December 2021.

⁵ The Domba resource is quoted using a 0.5g/t gold cut-off grade, refer ASX Announcement 24 November 2020.

NB Numbers in the above table may not appear to sum correctly due to rounding.

Tabulation of Permits

Name	Km ²	Number	Status	Owner
MASSIGUI GOLD PROJECT				
Finkola	34.2	PEGM 2022/29 (Exploitation Permit)	Exploitation Permit Effective from 24 April 2022 Expiry date: 23 April 2032	Birimian Gold Mali SARL
Diokélébougou	100	PR 21/1127	Granted for a 3-year term, effective from 14 April 2021 Expiry date: 14 April 2024	Birimian Gold Mali SARL
Finkola-Sud	98	PR 13/672	Second renewal effective from 4 August 2019 Expiry date: 4 August 2021 Process underway with Ministry of Mines for new tenure.	Timbuktu Ressources SARL
Finkola Nord	32	PR 20/1081	Granted for a 3-year term, effective from 1 April 2020 Expiry date: 1 April 2023	Sudquest SARL
N'Tiola	64	PR 21/1198	Granted for a 3-year term, effective from 8 November 2021 Expiry date: 7 November 2024	Birimian Gold Mali SARL
DANKASSA GOLD PROJECT				
Makono	32	PR 21/1126	Granted for a 3-year term, effective from 14 April 2021. Expiry date: 14 April 2024	Birimian Gold Mali SARL
Sanankoroni	80	PR 16/805	Second renewal effective from 11 October 2021 for 3 years. Expiry date: 11 October 2024	Timbuktu Ressources SARL
MORILA GOLD PROJECT				
Morila	211.2	PE 99/15	Morila Gold Mine Permit Expiry date: 4 August 2029 / Convention Expiry date: 16 May 2025	Société des Mines de Morila SA

Forward Looking and Cautionary Statements

This announcement contains “forward-looking information” that is based on the Company’s expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to the pre-feasibility and feasibility studies, the Company’s business strategy, plan, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, mineral resources, results of exploration and relations expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as ‘outlook’, ‘anticipate’, ‘project’, ‘target’, ‘likely’, ‘believe’, ‘estimate’, ‘expect’, ‘intend’, ‘may’, ‘would’, ‘could’, ‘should’, ‘scheduled’, ‘will’, ‘plan’, ‘forecast’, ‘evolve’ and similar expressions. Persons reading this announcement are cautioned that such statements are only predictions and that the Company’s actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information.

Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein, including but not limited to general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of lithium, gold and other metals; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accident, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development or construction activities. This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information. The Company disclaims any intent or obligations to or revise any forward-looking statements whether as a result of new information, estimates, or options, future events or results or otherwise, unless required to do so by law.

Statements regarding plans with respect to the Company’s mineral properties may contain forward-looking statements in relation to future matters that can be only made where the Company has a reasonable basis for making those statements. Competent Person Statements regarding plans with respect to the Company’s mineral properties are forward looking statements. There can be no assurance that the Company’s plans for development of its mineral properties will proceed as expected. There can be no assurance that the Company will be able to confirm the presence of mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of the Company’s mineral properties.

Previously Reported Information

In accordance with Listing Rule 5.23, references to exploration results, estimates of mineral resources or ore reserves have previously been announced, including the information required under Listing Rule 5.22, in the following announcements:

- “Substantial Increase to Goulamina Mineral Resource” dated 8 July 2020
- “Mali Lithium to Acquire Morila Gold Mine to Become Producer” dated 31 August 2020
- “Morila - Tailings Resource and Production Target” dated 7 September 2020
- “Satellite Pit Resources update delivers 1.49M oz of gold” dated 24 November 2020
- “December 2020 Quarter Gold Production” dated 8 January 2021
- “Drilling Update at N’Tiola” dated 22 January 2021
- “2.2 Million Ounce Resource Estimate Transforms Morila” dated 8 February 2021
- “Koting and Pit 5 Drilling Update” dated 5 March 2021
- “Viper delivers high grade gold results” dated 29 March 2021
- “High grade results from drilling at satellite deposits” dated 30 April 2021

- “Global mineral resources at Morila increase to 2.43m oz” dated 3 May 2021
- “Life of mine plan for the Morila Gold Mine” dated 5 May 2021
- “High-grade gold discovery at K3 prospect 21 m at 13.45g/t Au” dated 12 May 2021
- “New satellite deposit identified at K2” dated 25 May 2021
- “Pit 5 delivers more high-grade gold results” dated 1 June 2021
- “Scale of viper mineralised system continues to grow” dated 10 June 2021
- “Morila Gold Production, Ore Reserves and Production Targets” dated 6 July 2021
- “Further Viper Results and Commencement of Mining” dated 10 August 2021
- “Morila Super Pit Delivers 10.5m @30.4g/t gold” dated 18 August 2021
- “Morila Operations and Drilling Update” dated 22 October 2021
- “Drilling at Morila Identifies New High-Grade Zone” dated 21 December 2021
- “Substantial Resource Increases for Viper and N’Tiola” dated 25 March 2022
- “2021 Mineral Resource and Ore Reserve Statement” dated 31 March 2022

The Company confirms that it is not aware of any other new information or data that materially affects the information included in the original market announcements, and that all material assumptions and technical parameters have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements.

In accordance with Listing Rule 5.19, information relating to production targets or forecast financial information have been previously disclosed. The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources at Morila. The Company also confirms that all material assumptions and parameters underpinning the Mineral Resource estimates and production estimates continue to apply and have not materially changed. Please refer to ASX Announcements of 8 February 2021 and 31 March 2022 (Morila Resource and Ore Reserves), 24 November 2020, 3 May 2021, 10 August 2021 and 25 March 2022 (N’Tiola, Viper, Domba, Koting, Morila Pit 5), 4 July 2022 (Morila Gold Production and Production Targets).

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Firefinch Limited

ABN -

11 113 931 105

Quarter ended

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	34,691	65,022
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) mine administration and corporate costs	-	-
(f) Goulamina JV and Leo Lithium demerger transaction costs*	(6,105)	(6,574)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	5
1.5 Interest and other costs of finance paid	(163)	(243)
1.6 Income taxes paid	(321)	(639)
1.7 Government grants and tax incentives	-	-
1.8 Payments to suppliers and employees	(68,839)	(137,780)
1.9 Net cash from / (used in) operating activities	(40,735)	(80,210)

* In July 2022, Firefinch received A\$8.3 million from Leo Lithium Limited (“Leo Lithium”) as partial reimbursement for the expenditure incurred in relation to progressing the Goulamina Lithium Project, establishing the Goulamina Joint Venture and the demerger of Leo Lithium. Discussions with Leo Lithium are ongoing in relation to further reimbursements and Firefinch expects to receive additional funds in the September 2022 quarter. In addition, Firefinch expects to be reimbursed by Leo Lithium in the September 2022 quarter for corporate overhead costs of approximately A\$0.4 million incurred by Firefinch on behalf of Leo Lithium.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(6,305)	(10,783)
(d) exploration and evaluation (if capitalised) – Morila Gold Mine	(2,259)	(4,621)
(e) investments (Leo Lithium)	(20,000)	(20,000)
(f) exploration and evaluation (Goulamina Lithium Project)	(3,405)	(5,347)
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	10,303	10,303
2.4 Dividends received (see note 3)	-	-
2.5 Other	-	-
2.6 Net cash from / (used in) investing activities	(21,666)	(30,448)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	97,718	146,463
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(40,735)	(80,210)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(21,666)	(30,448)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	305	(182)
4.6	Cash and cash equivalents at end of period	35,623	35,623

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	40,144	104,054
5.2	Call deposits		
5.3	Bank overdrafts	(4,521)	(6,336)
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	35,623	97,718

On 30 June 2022, A\$5.2 million of bullion was shipped with the funds received 12 July 2022. These funds are excluded from Cash and cash equivalents at 5.5.

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	213
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (overdraft facility)	10,419	4,521
7.4 Total financing facilities	10,419	4,521
7.5 Unused financing facilities available at quarter end		5,898
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
The Morila Gold Mine operates two local overdrafts facilities in Mali in XOF currency from which local suppliers, duties and any taxes are paid.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(40,735)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(2,259)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(42,994)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	35,623
8.5 Unused finance facilities available at quarter end (Item 7.5)	5,898
8.6 Total available funding (Item 8.4 + Item 8.5)	41,521
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.0

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

No. The Company expects that its net operating cashflows will remain negative, but improve, primarily because:

- the Company has undertaken a number of actions to increase gold production and improve cash flows. These are described in more detail in the Company's Quarterly Activities Report for the period ending 30 June 2022 and its Operational Update dated 4 July 2022; and
- the Company's cash flows in the June 2022 quarter included non-recurring expenditure of A\$6.1 million that related to:
 - the establishment of the Goulamina Lithium Joint Venture;
 - the demerger of Leo Lithium; and
 - corporate overhead costs of Leo Lithium.

As mentioned earlier, the Company received a partial reimbursement for such expenditure in July 2022 and expects to receive additional reimbursements in the September 2022 quarter.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

As disclosed in the Company's June 2022 Quarterly Activities Report and the Operational Update dated 4 July 2022, the Company is in discussions with a number of third parties regarding the proposed funding of the Company. These discussions are ongoing. The Company has a history of raising funds as required.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

As mentioned above, the Company remains in discussions with a number of third parties regarding the proposed funding of the Company and has taken a number of actions to increase gold production and improve cash flows. Additionally, the Company is in discussions with its key suppliers at Morila in relation to terms of trade.

Given the overall position and outlook of the Company, including its ability to secure additional funding via capital raising, divestment of assets or other types of corporate transactions, the Company expects to be able to continue its operations and meet its business objectives.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Tom Plant
Chief Financial Officer

Date: 31 July 2022

Authorised by: The Board of Directors

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

[name of board committee – eg *Audit and Risk Committee*]. If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.