Quarterly Activities Report

For period ending 31 December 2020

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ABOUT FIREFINCH LIMITED

Firefinch is a Mali focussed gold miner and lithium developer. It has an 80% interest in the Morila Gold Mine which has produced 7.5 million ounces of gold since 2000. Firefinch is ramping up production at the 4.5mtpa mill and mine from the current production profile of 40,000 ounces of gold per annum from tailings treatment through mining satellite open pits, stocks and tailings. The company plans to further increase production by re-commencing mining from the main Morila pit to fully exploit the 1.46 million ounces of gold in the Global Resource at Morila.

Morila was one of the world's highest grade open pits in the early 2000's but its limits are not well understood. Exploration will be a major focus at Morila, its satellite resources and multiple targets on the 685km^2 of surrounding tenure.

The Goulamina Lithium Project is one of the world's largest undeveloped deposits and has the potential to be one of the lowest cost producers. All permits are in place, a Definitive Feasibility Study is complete and a Global Resource of 109 million tonnes at 1.45% Li2O with 1.57 million tonnes of contained Li_2O has been declared.

Firefinch is a responsible miner. We support positive social and economic change through contributing to the communities in which we operate. We seek to buy local, employ local and safeguard the environment and our people's health, safety and wellbeing.

Key metrics as at 29/01/2021

Shares on issue (FFX)	781,908,501
Listed options on issue (FFXOA)	29,063,643
Unlisted Options on issue	2,000,000
Share Rights on issue	7,850,600
Cash, Cash equivalents and Bullion	A$27.2M
Share price	$0.195
Listed option price	$0.12
Market capitalisation	A$155.9M

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Morila Gold Mine

- On 11 November 2020, an 80% interest in the Morila Gold Mine was acquired from Barrick and AngloGold for US$29.87 million (A$41.4 million) transforming the Company into a gold producer.
- Morila is a world class asset that has produced in excess of 7.5 million ounces of gold over 20 years from a 4.5Mtpa plant.
- Mineral Resources adjacent to and beneath the Morila pit, in tailings and at satellite pits are estimated as at 31 December 2020 to be 37.7 million tonnes at 1.20 g/t gold for 1.46 million ounces of contained gold.
- A Mineral Resource Estimate update for Morila and its satellites and the life of mine plan are being prepared using prevailing gold prices and both existing data and new drilling at satellite pits and the Koting deposit.
- Production from Morila in the seven weeks since the mine was purchased was 7,625 ounces of gold.

Goulamina Lithium Project

- Results of the Goulamina Definitive Feasibility Study confirm Goulamina as one of the world's best hard rock lithium assets for scale and cost of production.
- The Company is completing a strategic review of the asset and will advise shareholders of the outcome shortly.

Corporate

- A$73.8 million before fees was raised consisting of a two tranche Placement to sophisticated investors to raise approximately A$64 million. A heavily oversubscribed Share Purchase Plan raised $9.8 million.
- Cash, bullion and cash equivalents available of A$27.2 million at 31 December 2020.
- Share price increased from 10.5 cents on 1 October 2020 to 15.5 cents as of 31 December 2020.
- The Company's name changed to Firefinch Limited (ASX: FFX), the Firefinch is the national bird of Mali.

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Overview of Activities for December Quarter

The quarter saw the transformation of the Company. Morila Gold mine in Mali (Morila) was acquired and the funding of that transaction brought a large number of new shareholders, both private and Institutional. The Company is now a gold producer with a plan to grow to become a leading West African gold producer. The Goulamina Lithium Project offers a development ready world class Lithium project, this combination of gold and lithium exposure results in Firefinch offering a unique investment proposition on ASX.

Firefinch's 80% interest in the Morila Gold Mine in Mali ("Morila") was acquired on 11 November 2020 for a total consideration of US$29.87 million (A$41.4 million) including consideration for gold at the refinery and in fine carbon. The purchase was funded by a A$74 million placement and share purchase plan completed on 28 October 2020.

Production from tailings re-treatment continued uninterrupted by the change in ownership with 900,293 tonnes of tailings mined and processed with gold produced of 7,625 ounces from 11 November to 31 December. Some 8,125 ounces of gold were sold for an average price of US$1,863 per ounce. Numerous studies and refurbishment works are in progress to prepare the operation for the resumption of mining and processing of hard rock ore from open pits.

Global Mineral Resources at Morila have been updated, almost entirely utilising existing data. The Global Resource now stands at **37.7 million tonnes at 1.20g/t gold for 1.46 million ounces** of contained gold at a cut-off grade of 0.5g/t gold in the Measured, Indicated and Inferred categories (refer ASX Announcement 24 November 2020 and Mineral Resources Table below).

The Company also released the results of the Definitive Feasibility Study (DFS) for the Goulamina Lithium Project in Mali. Goulamina is one of the world's largest undeveloped deposits and has the potential to be one of the lowest cost producers. All permits are in place and a Measured, Indicated and Inferred Mineral Resource of **109 million tonnes at 1.45% Li_2O with 1.57 million tonnes** of contained Li_2O has been declared. The DFS reported robust financial returns using conservative inputs (refer ASX Announcement 20 October 2020).

Outlook for March Quarter

Forecast Gold production from Morila in the March quarter is entirely from tailings re-treatment and is expected to be between 9,500 and 10,400 ounces of gold at an All-In-Sustaining Cost (AISC) of between US$1,300/ounce and $1,500/ounce of gold based on forecast operating and capital expenditure. A production plan for the balance of 2021 is nearing completion and will be disclosed when available.

Reverse Circulation (RC) drilling is underway at Morila and satellite pits. The Company's strategy is to firstly drill those deposits which will provide the main source of gold production over the next 18 months. The first drilling programme at the N'Tiola deposit is complete and a Mineral Resource update is in progress with a formal Ore Reserve statement and incorporation into the mine plan for 2021 to follow. Further infill and extension drilling and subsequent Resource, Reserve and Mine plan updates will follow. Drilling is now underway at the Viper deposit following completion of drilling at the Koting prospect and thereafter the rigs will move to Domba and the Morila main pit. The process of drilling and updates will continue to cycle through these deposits until a final economic limit to each deposit has been delineated and the mine plan finalised. Mining tenders are expected to be received for mining of the three satellite pits and contracts let with a start to mining at the satellite pits planned during the quarter.

The Morila Plant has been found to be in sound condition and a programme of refurbishment works is expected to be completed by the end of Quarter 2 with the aim of having the plant comminution circuit being

available to process ore in Quarter 3. Plant refurbishment is expected to cost approximately US$2 million and will be funded from cashflow.

It is expected that the Tailings Storage Facility (TSF) will be available for tailings deposition during the quarter and tailings deposition in the Morila pit will cease.

A review of the Goulamina Lithium Project is being completed and a plan of action to maximise value for shareholders in this world class asset will be released to market during the quarter.

The Morila gold mine was acquired with a US$3.05 million overdraft in place, despite this, the Company finishes the quarter in a healthy financial position with A$17.4 million in cash and US$7.5 million (A$9.7 million) in bullion available. The operations continue to generate a healthy margin and are funding the preparation of the site for the re-start of mining, crushing and grinding of ore.

Morila Mine Operations

Health and Safety

There were no serious injuries during the quarter. There was one significant incident when a truck came in contact with overhead power lines whilst hauling material mined from the floor of the TSF to the crusher Run of Mine (RoM) ore pad.

Malaria is actively managed at Morila and malaria levels for employees has been consistent with historic levels (<1%.). It is the dry season in Mali which also contributes to low levels of malaria. The Health and Safety (H&S) team are working with a government-private organisation to identify the larvae type at the mine to allow targeted chemical application this wet season.

Morila has implemented protocols to prevent COVID-19 infection. The standard controls of personal masks, social distancing and hygiene are well established. All international travellers are required to present a PCR test completed within 72 hours of arriving at site, a rapid test is also completed before site access is permitted. All local workers are tested on entry to site for body temperature and access is not permitted if body temperature is elevated. Morila has ordered a PCR testing machine to implement a testing program, initially to systematically test all employees and contractors working onsite, thereafter, to randomly test.

COVID levels in local villages appear to be low however it is difficult to obtain data and the principal risk is transmission of COVID via visitors and contractors and the rapid tests are the current control for this.

Community and Workforce

Firefinch has continued a locals first policy in employment and provision of services at Morila following the practice established by the prior owners. The workforce consists of 232 direct employees, including 93 through labour hire companies, and 351 contractors. Only 5 of the Morila workforce are expatriates, minimising the impact of international travel restrictions on operations.

Key appointments at the mine since Firefinch assumed ownership have been a Finance Controller, Group Mine Manager, a Chief Geologist and a Mining Superintendent.

Firefinch continue to support community health programs with a focus on malaria, HIV/AIDS and COVID-19, in particular capacity building the peer educators programs in the community.

Firefinch is delivering several community and local development projects that have been agreed with the local communities. For example, agriculture projects with the women's associations, education support via the

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provision of 10 teachers, and an Agribusiness that operates in collaboration with the Sikasso Regional Department of Fisheries and produces over 60,000 Tilapia fry each quarter from a fish farm operated and managed by community members from the adjacent Sanso village.

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Physical and Financial Performance

The table below details the performance of the mine for the 7-week period of Firefinch ownership and the full quarter which encompassed the prior management.

	Unit	11 November 2020 to 31 December 2020	December Quarter 2020
Tailings mined	tonnes	904,186	1,577,136
Mined grade	g/t	0.45	0.45
Contained gold	ounces	13,132	22,641
Ore milled	tonnes	900,293	1,565,325
Head grade	g/t	0.45	0.45
Recovery	%	52.3%	50.2%
Gold produced	ounces	7,625	10,940
Gold sold	ounces	8,125	11,446
Realised gold price	US$/ounce	1,863	1,866
Gold revenue	US$	15,139,993	21,359,561
Mining costs	US$	37,751	37,751
Processing costs	US$	5,303,272	9,629,002
Site Administration costs	US$	1,981,001	4,089,129
Royalties	US$	906,311	1,278,594
Refining	US$	49,672	97,976
Operating Cost	**US$**	**7,322,025**	**13,755,881**
Average FX used for reporting	USD --> CFA	554.8	550.2
Cash and cash equivalents	US$	(4,484,470)	(4,484,470)
Bullion awaiting settlement	US$	7,471,813	7,471,813

Mining and Refurbishment Activities at the Tailings Dam

Tonnes mined via hydraulic sluicing of tailings were close to existing mine forecast at approximately 500,000 tonnes per month. It is expected that the production rate will reduce to approximately 420,000 tonnes per month.

To verify the Mineral Resource for the Morila tailings a programme of Aircore drilling was completed and sampling of the mined floor of the tailings area is underway. Initial indications are that some remaining tailings and gold in underlying soil/rock remains unmined below the planned depth of reclamation.

A Mineral Resource update for the tailings, using the same parameters as those stated in the ASX Announcement of 7 September has been proposed and has been depleted for mining as at 31 December 2020. The resultant Mineral Resource is now stated as 3.15 million tonnes at 0.50g/t gold in the Measured category.

The Mineral Resource is the basis for the remaining inventory which will support approximately 4 to 6 months of production at 420,000 tonnes per month production rate (refer Physical and Financial Performance table above and ASX Announcement 7 September 2020 for information underpinning the production target).

An area of some 100 hectares has been identified as suitable for deposition of tailings in the short term. Internal walls to contain tailings have been built and repair and replacement of drainage is underway. This will permit the deposition of tailings in the main Morila pit to cease. In preparation for tailings deposition, some 250,000 tonnes of tailings and underlying soil and rock from the floor of the dam has been mined and trucked to Run of Mine (ROM) pad for future milling. The grade of this material is estimated to be 0.3-0.5 g/t gold.

Engineering design for the final walls of the tailings dam is underway.

Processing Plant Refurbishment

The Morila processing plant has been operating continuously for over 20 years. The plant has been treating tailings since June 2016 at an annualised throughput rate of 4.5 to 5 million tonnes per annum. This was supplemented in 2018 - 2019 by open pit ore from the N'Tiola, Viper and Domba satellite pits and the crushers and ball mill were operating to process that ore.

Firefinch is conducting a detailed review of the plant and infrastructure in preparation for the resumption of processing hard rock via the crushing and grinding circuits. Much activity is underway using the mine maintenance team, and minor works relating to deferred maintenance from the prior ownership were completed. The larger projects undertaken to date are detailed below. All work has been completed utilising cashflow from operations.

Primary and secondary crushers have been inspected by Sandvik and only minor refurbishment is required, the primary crusher dump pocket has been relined and minor civil and steelworks completed.

The Ball Mill has been inspected by local engineers and found to be in excellent condition, further inspection by Sandvik will take place this month. The mill was 'inched' regularly when stood down to prevent damage to bearings.

Inspection of pumps and cyclones indicates minor refurbishment, and some replacement is required and is underway.

Structural steel around the Ball Mill and Cyclone towers requires replacement in places and engineers have been engaged to assess the scope of work and manage the site works. Minor steelworks are required on some tanks.

The Diesel Power Station at Morila requires upgrading and refurbishment. A contract has been let to Jozi Power to provide generators with 6 MW capacity. This will be supplemented by refurbishment and servicing of 3 of 5 existing Allen 6 MW generators and two Cummins 1 MW generators. The strategy of supplementing the existing capacity minimises capital costs, maintains current operating costs, de-risks issues around failure of the 20-year-old Allen generators and provides the capacity (15 MW) needed to support the resumption of comminution.

The laboratory at Morila is operated by SGS and provides analyses for drilling, processing management and grade control. Refurbishment of the laboratory building has been completed and tenders will be invited to provide laboratory services for the expansion of production.

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Water Management

Operations are currently drawing water from the Bagoe River and depositing tailings in the existing Morila pit. It is estimated that approximately 55 million tonnes of tailings have been deposited in the pit.

Tailings deposition in the pit should cease in the next month or so and the pit, rather than the river, will be used as a water source for processing.

Water is currently some 35 metres below the crest of the pit. Removal of water and tailings from the pit is a prerequisite to resumption of mining at the Morila pit. Discharge of pit water to the environment during the wet season is being investigated with environmental authorities. Tailings will be removed via dredge and slurried to the TSF.

Mineral Resources

The combined Measured, Indicated and Inferred Mineral Resources across the Morila Project is now: **37.7 million tonnes at 1.20g/t gold for 1.46 million ounces** of contained gold at a cut-off grade of 0.5g/t gold (refer Mineral Resources Table).

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes (millions)	Grade (g/t)	Ounces ('000)	Tonnes (millions)	Grade (g/t)	Ounces ('000)	Tonnes (millions)	Grade (g/t)	Ounces ('000)	Tonnes (millions)	Grade (g/t)	Ounces ('000)
Morila							32.00	1.26	1,296	**32**	**1.26**	**1,296**
Tailings [1]	3.15	0.50	51							**3.15**	**0.50**	**51**
N'Tiola				0.75	1.35	33	0.38	1.06	13	**1.13**	**1.25**	**45**
Viper				0.67	1.31	28	0.29	1.59	15	**0.96**	**1.39**	**43**
Domba				0.20	1.75	11	0.25	1.61	13	**0.46**	**1.67**	**25**
Total	**3.15**	**0.50**	**51**	**1.60**	**1.38**	**73**	**33.00**	**1.26**	**1,339**	**37.7**	**1.20**	**1,460**

1. *The tailings resource is quoted above a 0.3g/t gold cut-off grade.*
2. *Further information regarding the Mineral Resources can be found in the announcements of 31 August 2020 (Morila), 7 September 2020 (Morila Tailings) and 24 November 2020 (N'Tiola, Viper, Domba).*
3. *Numbers in the above table may not appear to sum correctly due to rounding.*

A new global Mineral Resource for the project was disclosed during the quarter on completion of the first resource estimates for the N'Tiola, Viper and Domba satellite pits (refer ASX Announcement 24 November 2020). In addition, the Morila Tailings resource has been re-stated at 31 December 2020 as discussed above (refer ASX Announcement 7 September 2020). A new resource estimate for the main Morila pit was completed after the close of the quarter and as at the date of this report is undergoing peer review and other checks prior to publishing.

Drilling and Mine Planning Activities

N'Tolia: N'Tiola is an open pit and resource some 25 kilometres from the Morila plant. 0.85 million tonnes at a grade of 1.42g/t gold were mined and treated by Morila in 2018-2019 for 39,000 ounces of recovered gold. The deposit is accessed via an existing haul road from the plant.

Some 2,766 metres of RC drilling in 22 holes were completed at N'Tiola during the quarter. Results were released on 22 January 2021 and included the following significant intersections:

- 15m at 1.94g/t gold from 107 metres (NTNRC013)
- 15m at 1.93g/t gold from 109 metres (NTNRC004)
- 7m at 1.72g/t gold from 40 metres (NTNRC004)
- 6m at 1.40g/t gold from 49 metres (NTNRC014)
- 18m at 1.12g/t gold from 132 metres (NTNRC022)
- 11m at 1.04g/t gold from 29 metres (NTNRC016)
- 8m at 1.10g/t gold from 68 metres (NTNRC021)

This drilling aimed to infill prior drilling and to convert existing Inferred resources to Measured and Indicated Resources. This is a pre-requisite to a formal mine plan and design for the deposit

Drilling at N'Tiola

The current Indicated and Inferred Mineral Resource at N'Tiola is **1.13 million tonnes at 1.25g/t gold for 45,000 ounces** of contained gold at a cut-off grade of 0.5g/t gold. The recent drilling is anticipated to result in an increase to the Mineral Resource at N'Tiola as well as convert a substantial portion of Inferred Resources to Indicated.

A preliminary mine design and mining schedule for N'Tiola has been completed incorporating inferred resources and will be updated once the resource model has been updated.

Koting: The Koting deposit is owned by Birimian Gold Mali SARL, a 100% subsidiary of Firefinch. Firefinch will negotiate a commercial arrangement to allow Koting to be mined and processed by Morila SA. Koting is some 20 kilometres from the Morila plant and is 2 kilometres from the existing haul road.

Drilling at Koting will infill existing wide spaced drilling with 38 holes for 5,185 metres completed in January. No Mineral Resource has been declared for Koting as yet. Drilling results will inform an initial Mineral Resource to allow a mine design to be completed, an Ore Reserve estimated and Koting to be brought into the mine schedule.

The company is preparing an application for an exploitation permit to enable Koting to be mined. Feasibility, environmental and community studies are in progress.

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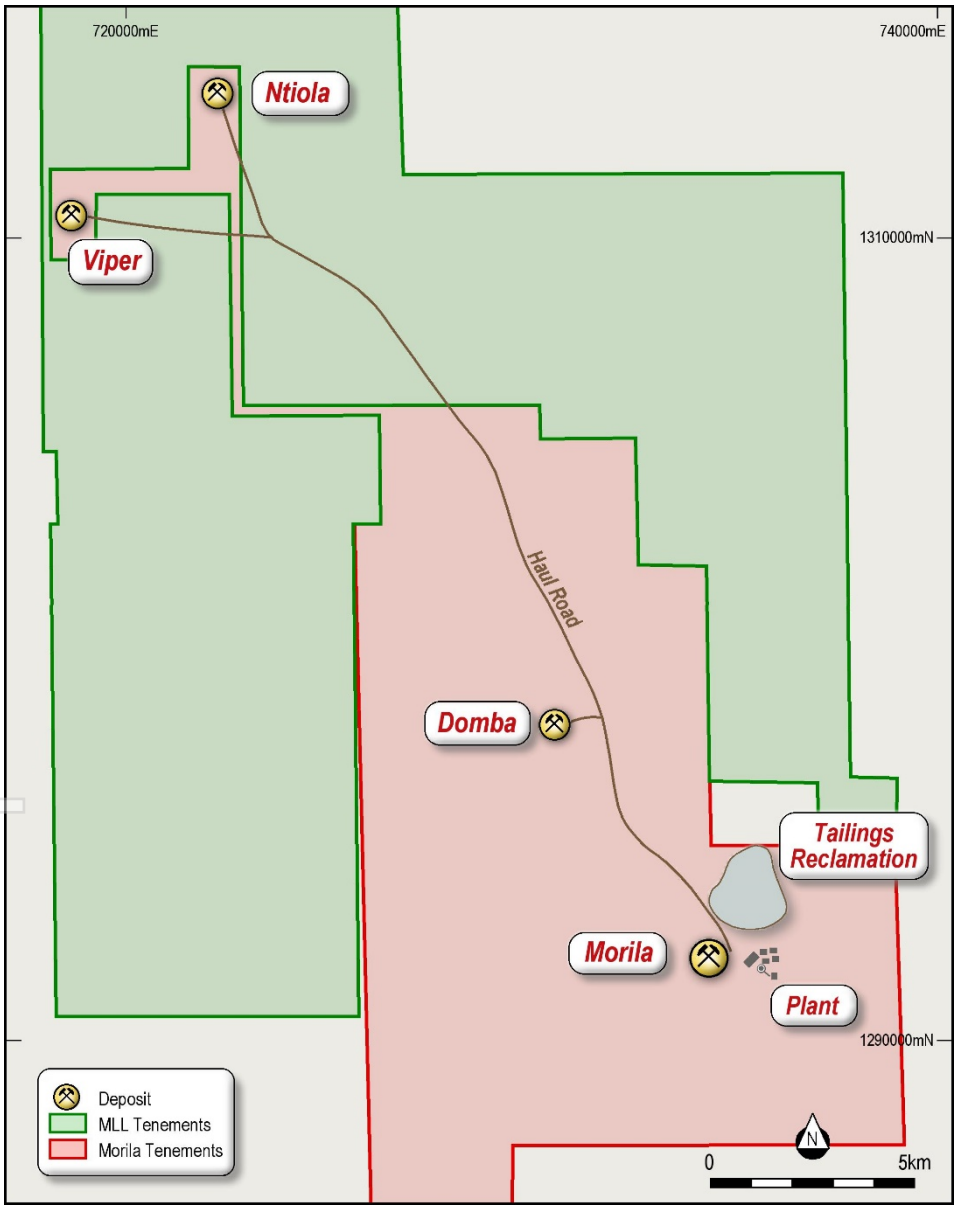
Viper: Viper is an open pit and resource some 28 kilometres from the Morila plant, near to the N'Tiola deposit. The deposit is accessed via an existing haul road from the plant. 0.81 million tonnes at a grade of 1.19g/t gold were mined and treated by Morila in 2018-2019 for 31,000 ounces of recovered gold.

RC drilling is currently underway at Viper aimed to infill prior drilling and to convert existing Inferred resources to Measured and Indicated Resources as well as test interpreted extensions to mineralisation below the mined pits. The current Indicated and Inferred Mineral Resource at Viper is **0.96 million tonnes at 1.39g/t gold** for 43,000 ounces of gold.

Tailings: Some 318 metres of Aircore drilling in 39 short holes were drilled to verify previously untested areas of the tailings dam. The remaining resource has been adjusted for new drilling, depletion by mining and trench sampling to estimate both tailings inventory and other mineralisation on the floor of the facility after hydraulic mining.



Location of Satellite deposits at the Morila Mine

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Exploration: A number of gold-in-soil targets were drill tested via Aircore drilling with anomalous results greater than 0.1g/t gold in a number of composite samples. This was undertaken to fully utilise contracted metres of Aircore drilling. A regional exploration strategy will be developed for the combined 685km^2 tenement package in due course.

A detailed Life of Mine (LoM) schedule is being optimised based on continuous Resource updates at satellite pits, resource estimates available from Morila and mining studies on the various deposits opportunities. Mining will progress in the following stages:

1. Hydraulic mining of tailings only – now until April/May 2021.
2. Satellite pit mining and milling – a blend of tailings and ore from the Koting, N'Tiola and Viper satellite pits to be fed to the re-commissioned mill for processing commencing May/June 2021.
3. Morila Main Pit pre-strip is provisionally planned to commence Quarter 1 2022. Ore is scheduled to present Quarter 2-3 2022.

Options to source low grade historically stockpiled material are being evaluated to augment crusher feed.

Dewatering of the satellite pits is scheduled to commence in February through July subject to finalisation of approvals.

Goulamina

The Goulamina Definitive Feasibility Study (DFS) was released during the quarter and confirms Goulamina is among world's highest quality lithium assets and will deliver a long life, large scale, low-cost open pit project.

Key metrics are:

Mineral Resources (M,I&I)	108.5 million tonnes at 1.45% Li_2O
Mine Life	23 years minimum
Ore Reserves (Proven and Probable)	52 million tonnes at 1.51 % Li_2O
Average Spodumene concentrate production	436,000 tonnes per annum
Concentrate specifications	6% Li_2O, <0.6%Fe_2O_3, low mica
Annual Mine throughput	2.3 million tonnes
Pre-tax NPV (8%) at $666/tonne concentrate	Approx. A$1.7 billion (US$1.2billion)
Pre-tax IRR	55.8%
Capital Cost	US$194 million
Cash Costs (Life of Mine)	US$281 per tonne concentrate
All in sustaining cost (AISC) Years 1-5	US$306 per tonne concentrate

The DFS describes a compelling long life, large-scale, hard rock open pit lithium mine in Mali, West Africa. It confirms that the project is among the best in the world for scale and cost of production when compared to current operations and prospective projects. A key advantage is the quality of the 6% Li_2O spodumene concentrate (SC6) product, being high in grade and very low in iron and mica impurities.

Goulamina is simple and robust, with high grades and low strip ratios enhancing financial performance. The Project delivers outstanding returns and, unlike peers, delivers good returns even at todays depressed lithium prices. The Project is not dependant on credits from other minerals.

There is considerable potential to increase the size of open pit Mineral Resources and Ore Reserves through infill and extension drilling. These characteristics make Goulamina an important strategic asset for the world's growing demand for lithium.

The Company is undertaking a strategic review of the asset and will update the market in February.

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Downstream Scoping Study

During the DFS, the Company commissioned a scoping study to evaluate the potential to further process spodumene concentrate to produce a lithium sulphate product. Lithium sulphate can potentially be sold directly to chemical manufacturers for conversion into lithium hydroxide or carbonate.

Whilst there were some promising aspects to the study, it was clear that further work is required before this can be properly evaluated as a viable option. The following items were specifically identified for further review:

- Discussions with potential customers to gauge potential of lithium sulphate as a product.
- Determine a pricing mechanism for lithium sulphate. By using a lithium sulphate product, a lithium hydroxide refinery will save over 80% of its operating costs.
- The scoping study had the location of the refinery close to the mine, therefore reducing the cost of concentrate transportation, but increasing the cost and difficulty of transporting reagents, energy and equipment. There is an opportunity to consider alternative refinery locations to improve access to reagents, energy and the operational labour force.
- Confirmatory test work to support Pre-Feasibility Study (PFS) level engineering. This would further provide confidence in the flowsheet design and could target production of a high purity product for analysis.
- Development of engineering to a PFS level which would allow better definition of the process flowsheet and site-specific infrastructure requirements. This would improve the capital and operating cost estimate accuracy to (± 25%) without requirement for significant additional engineering.
- Consideration of developing a refinery that produces Lithium hydroxide, which could then be marketed directly to end users.

Financial Review

Significant one-off costs relate to transaction and capital raising occurred. The Morila mine had an overdraft position of US$3.05 million when Firefinch assumed ownership, movements in cash since then are detailed below.

	A$ million
Opening cash	6.03
Net proceeds from issue of securities	63.71
Acquisition of Morila	(40.07)
Evaluation/Exploration expenditure	(3.64)
Mine overdraft on acquisition	(3.05)
Proceeds from gold sales	11.39
Development costs	(1.03)
Operating costs	(13.29)
Administration costs	(2.48)
Foreign exchange	(0.14)
Closing balance	17.45

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At 31 December 2020, 4,003 ounces of gold had been delivered to Rand Refinery and proceeds of US$7.4 million were received in early January. Fine gold in carbon is being shipped to Ghana in batches for refining. Revenue from the fine gold in carbon is estimated to be approximately $2.9m and will be received February through June.

Gold sales for the period of ownership have been 8,125 ounces and generated revenue of US$14.2m. Gold inventory at 31 December 2020 was 332 ounces.

The Company completed a capital raising of A$64 million to institutional and sophisticated investors in the December quarter. Proceeds from the initial capital raising of A$7.7million was received in the September quarter. In addition, the Company offered existing eligible shareholders an opportunity to participate in the fundraising under an A$6 million Share Purchase Plan (SPP). The SPP was heavily oversubscribed and raised $9.8 million before costs.

The Company received strong support from existing major shareholders and a range of new institutional investors. Following shareholder approval, the Directors also participated in the Placement and a number of Directors and Executives also converted A$0.4 million of deferred fees to shares.

Euroz Securities Limited acted as Sole Lead Manager to the Placement.

The Company agreed with Capital Drilling to convert to equity up to A$1.25 million owed by the Company to Capital Drilling, for drilling services previously provided, at A$0.16 per share being the same issue price as the placement.

Capital Drilling has also been given preferred contractor status for drilling being undertaken by the Company to 3 September 2023.

Tax Dispute

The Company purchased an 80% interest in Societe des Mine de Morila SA **("Morila SA")** the owner of the Morila Gold Mine in Mali on 11 November 2020. A document called a partial assessment from the tax department of Mali (Direction Générale des Impôts) (**"Assessment"**) was received by Morila SA after the close of the quarter.

The Assessment advises that the tax department disputes the amounts due in relation to various employment taxes, withholding taxes and VAT paid by, or claimed by Morila SA for the tax year ending 31 December 2017.

The Assessment also advises that the tax department believes that Morila SA has materially understated its 2017 income from gold sales. In 2017, the mine produced approximately 70,000 ounces of gold and sold 67,612 ounces of gold for net revenue received of US$92.65 million. The mine has reviewed its records and has no reason to revise the amount of gold produced or the revenue received. Firefinch notes that this gold production was disclosed to public exchanges by the previous owners of Morila SA: Barrick Gold and AngloGold Ashanti.

The tax department has advised that, based on advice from the government department responsible for customs and exports, it believes the revenue from gold sales for 2017 should be US$146.9 million. The basis for this higher estimate was not provided. The Company's internal records and receipts of sales from Rand Refinery in South Africa confirm its production and revenue as disclosed in its 2017 tax return. The Company is confident that the source of information (government department not Morila SA records) utilised by the tax department to establish Morila SA gold sales is incorrect.

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The Company believes the Assessment of employment tax, withholding tax, VAT and gold revenue is incorrect and will meet with the tax department after the department has assessed the Company's response and supporting documentation. The Company will keep the market informed on the progress of the dispute.

Morila SA has significant unused tax credits which was recently confirmed by the tax office and which the Company believes are available to be applied to its tax obligations, should any arise.

Firefinch Team

During the quarter, the Company made multiple key appointments which greatly strengthen the team.

Mr Brett Fraser joined the Board of Firefinch as a Non-Executive Director. Brett is an experienced ASX company director, currently holding a position as Director of African iron ore company, Sundance Resources Limited. Brett has over his 30 years' corporate finance experience including business acquisitions, business strategy and restructuring, and corporate governance.
Brett is a Fellow of CPA Australia, a Fellow of Financial Services Institute of Australasia, and a Fellow of the Governance Institute of Australia. He holds a Bachelor of Business (Accounting) and a Graduate Diploma in Finance (SIA).

Mr Andrew Taplin joined Firefinch as Chief Operating Office. Andrew is a qualified engineer, holds an MBA and has extensive executive leadership and operational experience with Rio Tinto and BGC Contracting. Andrew brings more than 25 years' experience in the resources sector working in operations, major project development, studies and joint ventures.

Andrew has worked extensively around the world including in Australia, Canada, USA and Africa. In particular his experience working in operations and projects in West Africa and his fluency in French will be an integral part of the ramp up the Morila operations.

Mr Denis Matanda was appointed Group Mining Engineer after 8 years with Resolute at the Syama mine in Mali where he was manager of surface mining and previously with Barrick and AngloGold in East and West Africa. Denis brings more than 17 years' experience in mine production, mine planning, projects and management. He has a BSc in Mining Engineering.

Mr Amadou Maiga was appointed finance and administration manager at the Morila mine. He is an accountant and was previously Finance Manager at the Loulo and Morila mines for 12 years and has deep knowledge of Morila.

Ms Irina Latonenko joined the company as Financial Controller in the Corporate Office. Ms Latonenko is a Chartered Accountant with extensive experience in West Africa, including with Byrnecut Offshore Group where she held the role as Commercial Manager.

Permit Status

The company has seven (7) research tenements, one (1) mining tenement hosting the Goulamina Lithium Project, and one (1) mining tenement hosting the Morila Gold Mining Operations. Seven tenements are located within the Circle of Bougouni and two tenements in the Circle of Kati, in Mali.

All tenements are in good standing. It should be noted that the tenements of Finkola, Diokélébougou and Makono had an official expiry date of 31 July 2020. Applications for new tenure on these tenements were submitted to the Direction Nationale de la Geologie et des Mines (DNGM), on the 22 December 2020. The

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DNGM subsequently validated the related mining conventions, and the permits processed is being handled by the office of the Minister of Mines.

Torokoro PE 19/25 (Goulamina Lithium Project). The Torakoro Exploitation Permit (100 km^2) was issued on the 23 August 2020, under Decree NO2019-0642/PR/RM under the title: "Exploitation Permit for Lithium and Group 2 Mineral Substance to the Company Timbuktu Resources SARL at Torakoro (Circle of Bougouni)." The Goulamina Lithium Project Mining Company was created under the name: "Lithium du Mali S.A.". To comply with the provisions of the mining code, the Torakoro tenement will be transferred to the newly created company. The Company has started the valuation process for the research tenement's assets, which will then be transferred to the new company.

Finkola: PR 13/640 2BIS. The company's tenure on the tenement expired on the 31 July 2020. Following discussions with the Mining Department, the DNGM agreed for the Company to request new tenure on the Finkola tenement. The application was subsequently lodged, for a three (3) years period, with the DNGM on the 22 December 2020. On the 21 January 2021, the DNGM validated the proposed mining convention for the tenement and the application is under review the office of the Minister of Mines.

N'Tiola: PR 14-715 2BIS. The Ministry of Mines and Petroleum has issued the Arrêté No2019-3836/MMP-SG dated 29 October 2019 for the Permit of N'Tiola, extending Permit validity until the 17 June 2021.

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 the 4 August 2021.

Sanankoroni: PR 16-805 1BIS. The Ministry of Mines and Petroleum has issued the Arrêté #2019-4873/MMP-SG dated 20 December 2019 for the Permit of Sanankoroni, extending Permit validity until the 11 October 2021.

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 (3) years, until the 31 March 2023, and the validity is renewal twice upon request by the Company.

Diokélébougou: PR 13-639 2BIS. The company's tenure on the tenement expired on the 31 July 2020. Following discussions with the Mining Department, the DNGM agreed for the Company to request new tenure on the Diokélébougou tenement. The application was subsequently lodged, for a three (3) years period, with the DNGM on the 22 December 2020. On the 21 January 2021, the DNGM validated the proposed mining convention for the tenement and the application is under review the office of the Minister of Mines.

Makono: PR 13-637 2BIS. The company's tenure on the tenement expired on the 31 July 2020. Following discussions with the Mining Department, the DNGM agreed for the Company to request new tenure on the Makono tenement. The application was subsequently lodged, for a three (3) years period, with the DNGM on the 22 December 2020. On the 21 January 2021, the DNGM validated the proposed mining convention for the tenement and the application is under review the office of the Minister of Mines.

A tabulation of the Company's tenure in Mali is given below.

Further Information:

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Tabulation of Permits

Name	Km²	Number	Status	Owner
GOULAMINA LITHIUM PROJECT				
Torakoro	100	PE 19/25 (Exploitation Permit)	Goulamina Lithium Project's Mining Company officially created under the name: "Lithium du Mali S.A.".	Timbuktu Resources SARL
MASSIGUI GOLD PROJECT				
Finkola	88	PR 13/640	Request submitted for new tenure (3 years period). Mining Convention validated by DNGM. Permitting being processed by the Ministry of Mines. Feasibility Study and Environmental Studies started as part of the mining application process.	Birimian Gold Mali SARL
N'Tiola	64	PR 14/715	Second renewal effective from 17th June 2019 Expiry: 17th June 2021	Birimian Gold Mali SARL
Diokélébougou	100	PR 13/639	Request submitted for new tenure (3 years period). Mining Convention validated by DNGM. Permitting being processed by the Ministry of Mines	Birimian Gold Mali SARL
Finkola-Sud	98	PR 13/672	Second renewal effective from 4th August 2019 Expiry date: 4th August 2021	Timbuktu Resources SARL
Finkola Nord	32	PR 20/1081	Granted for a 3-year term, effective from 1st April 2020 Expiry date: 1st April 2023	Sudquest SARL
DANKASSA GOLD PROJECT				
Makono	32	PR 13/637	Request submitted for new tenure (3 years period). Mining Convention validated by DNGM. Permitting being processed by the Ministry of Mines	Birimian Gold Mali SARL
Sanankoroni	80	PR 16/805	First renewal effective from 11th October 2019 Expiry date: 11th October 2021	Timbuktu Resources SARL
MORILA GOLD PROJECT				
Morila	211.2	PE 99/15	Morila Gold Mine Expiry date: 4th August 2029	Morila SA

***** Permits valid beyond the date of 31 July 2020

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:

- "Goulamina Lithium Project Definitive Feasibility Study" dated 20 October 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
- "Substantial Increase to Goulamina Mineral Resource" dated 8 July 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

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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 all material assumptions and parameters underpinning the Mineral Resource estimates and production estimates at Goulamina and Morila and the production estimates for Goulamina in the DFS continue to apply and have not materially changed. Please refer to ASX Announcements of 8 July 2020 and 20 October 2020 (Goulamina), 31 August 2020 (Morila), 7 September 2020 (Morila Tailings), 24 November 2020 (Morila), 8 January 2021 (Morila) and 22 January 2021 (N'Tiola).

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Appendix 5B

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

Name of entity-

Firefinch Limited

ABN -	**Quarter ended**
11 113 931 105	31 December 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	11,393	11,393
1.2	Payments for		
	(a) exploration & evaluation (if expensed)		
	(b) development	(1,026)	(1,026)
	(c) production	(13,290)	(13,290)
	(d) staff costs	(447)	(845)
	(e) administration and corporate costs	(2,083)	(2,880)
1.3	Dividends received (see note 3)		
1.4	Interest received	2	4
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (Federal Govt COVID 19 payment)	48	140
1.9	**Net cash from / (used in) operating activities**	**(5,403)**	**(6,504)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	-	(29)
	(d) exploration & evaluation (if capitalised)	(3,635)	(6,154)
	(e) investments	(40,069)	(41,441)
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
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		
2.4	Dividends received (see note 3)		
2.5	Other (bank overdraft acquired on Morila acquisition)	(3,049)	(3,049)
2.6	**Net cash from / (used in) investing activities**	**(46,753)**	**(50,673)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	67,078	74,273
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	-	53
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(3,366)	(3,420)
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**	**63,712**	**70,906**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	6,028	3,793
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,403)	(6,504)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(46,753)	(50,673)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	63,712	70,906

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(139)	(77)
4.6	**Cash and cash equivalents at end of period**	**17,445**	**17,445**

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	24,288	6,028
5.2	Call deposits		
5.3	Bank overdrafts	(6,843)	-
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	17,445	6,028

During the month of December 2020, A$9.7million of bullion had been delivered with these funds being received in early January. These funds are excluded from the *Cash and cash equivalents* disclosed at 5.5. including these funds would increase **Cash and cash equivalents to A$27.2 million**.

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	25
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

- All Directors reduced their fees by 20%. In addition, Alistair Cowden and Brendan Borg deferred receiving their fees in July, August and September.
- Mark Hepburn received $16k in director fees during the quarter.
- Outstanding director fees of $118k were accrued during the quarter.

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7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (overdraft facility)	7,045	6,843
7.4	**Total financing facilities**	7,045	6,843

7.5	**Unused financing facilities available at quarter end**	200
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 mine operates a local overdraft facility from which local suppliers are paid. Bullion sales proceeds are deposited into a USD bank account and as required transferred to the local accounts

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(5,403)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(3,635)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(9,038)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	17,445
8.5	Unused finance facilities available at quarter end (Item 7.5)	73
8.6	Total available funding (Item 8.4 + Item 8.5)	17,518 (excludes December bullion sales of A$9,714)
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	**2**

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

1. 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?

Not applicable.

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?

Not applicable.

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

Not applicable.

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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.

Date: 29 January 2021

Authorised by the board
(Name of body or officer authorising release – see note 4)

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 [*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.

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