
Intention to Demerge Goulamina Lithium Project

- Intention to demerge Goulamina into a separate ASX listed entity¹
 - Demerger proposal includes Firefinch shareholders being rewarded with free shares in the new entity (Lithium Co) proportional to their existing holding
 - Restructure to unlock the deep value in Goulamina following an outstanding DFS which confirmed Goulamina as one of the world's best undeveloped hard rock lithium deposits
 - The demerger will deliver shareholders an investment in two high quality companies: each delivering a clear focus on gold or lithium
 - An Investment Bank will be appointed to advise Firefinch and Lithium Co on funding, partnership opportunities, offtake and the de-merger process
-

Firefinch Limited (ASX: FFX) (**Firefinch** or **the Company**) is pleased to announce, that to realise the true value of the Goulamina Lithium Project (**Goulamina**), the Company intends to progress a demerger of Goulamina into a separate lithium focussed company which is expected to be listed on ASX (**Lithium Co**) in 2021, subject to shareholder and other required approvals.

Overview and Rationale

Under Firefinch ownership, Goulamina has been positioned as a world class project, ready to commence development with granted permits in place.

Results of a Definitive Feasibility Study (**DFS**) in October 2020, placed Goulamina among world's highest quality and largest undeveloped lithium deposits. The DFS confirmed Goulamina as a long life, large scale, low-cost open pit project, delivering outstanding returns including:

- Average production of 436,000 tonnes of spodumene concentrate per annum;
- Average cash costs over life of mine of US\$281 per tonne of spodumene concentrate;
- Ore Reserve of 52 million tonnes at 1.51% Li₂O for 0.79 million tonnes contained Li₂O²;
- Mineral Resource of 109 million tonnes at 1.45% Li₂O for 1.57 million tonnes contained Li₂O³;
- Initial mine life of 23 years;
- Capital costs of US\$194 million; and
- Pre-tax NPV of A\$1.7 billion (see ASX release 20 October 2020).

After a strategic review, the Board considers Goulamina is materially undervalued in the Firefinch share price and requires a distinct, separate focus to release the true value of the project. The creation of a new lithium focussed company in a strong lithium market is the optimal way to realise the value

¹ Subject to meeting ASX listing requirements and securing required regulatory, shareholder and other approvals.

² Global Resource comprising, 8.4Mt @ 1.57% Li₂O in the Measured category, 56.2 Mt at 1.48% Li₂O in the Indicated category and 43.9Mt @ 1.45% Li₂O in the Inferred category

³ Ore reserve comprising 8.1 Mt @ 1.55% Li₂O in the Proven category and 44Mt at 1.50%Li₂O in the probable category

for shareholders. A sample of ASX lithium companies is up approximately 260% since 30 October 2020, demonstrating investor support for pure play lithium companies².

Since completion of the Goulamina DFS, there have been unsolicited expressions of interest in Goulamina relating to partnership and offtake opportunities. A number of these parties are currently in a dataroom and in preliminary discussions with the Company – these will be progressed in parallel with the proposed demerger.

Benefits of the Demerger

- Separation of Firefinch’s gold and lithium projects into separate focussed entities with the objective of unlocking greater value for Firefinch’s shareholders;
- Permits each separate entity to appropriately resource and focus on its project, whilst progressing organic and other value accretive growth opportunities in their respective sectors;
- Allows Firefinch to focus all its resources on its three-stage production ramp-up strategy at the Morila Gold Project, following a very strong increase in the scale of the operation (see ASX release 8 February 2021);
- Provides Firefinch shareholders with a unique investment proposition, diversification across investment assets, mitigation of commodity risk, and greater investment choice;
- Allows Firefinch shareholders to better share in the uplift expected from the lithium and EV thematic by attracting investors seeking this exposure; and
- Provides a timely, clean separation of project assets, providing a more direct path to value recognition.

Creation of a New Lithium Focussed Company

In 2021, Firefinch intends to de-merge Goulamina into a separate lithium focussed entity structured to permit quotation on ASX (“**Lithium Co**”; subject to various ASX, shareholder and other regulatory approvals).

Firefinch shareholders are expected to receive a pro rata allocation of shares in Lithium Co with further details to be provided in due course.

An Investment Bank will be appointed to advise Firefinch and Lithium Co on funding, partnership opportunities, offtake and the de-merger process.

A dedicated senior executive and Board will be recruited to provide a clear focus on delivering shareholder value through the demerged Lithium Co securing the financial and industry support to deliver one of the world’s largest hard rock lithium projects.

Firefinch will, on a commercial basis, continue to provide both corporate and technical support in Mali and in Australia. Lithium Co can leverage on Firefinch’s expertise in operations in its first years as well as both companies being able to share certain costs and overheads.

Lithium Co and Firefinch will enter into a services agreement such that Lithium Co can benefit from Firefinch’s proven operating capacity in Mali and share corporate resources.

⁴Average share price performance of AVZ Minerals, Core Lithium, Liontown Resources, Piedmont Lithium, Prospect Resources and Vulcan Energy from 30 October 2020 to 5 February 2021.

The timing of the demerger process will be settled in the coming months after determining the most effective corporate structure and receipt of advice on Australian and overseas tax, fiscal and regulatory considerations.

Executive Chairman, Dr Alistair Cowden, commented:

“The Goulamina Lithium Project and the Morila Gold Mine are both high quality assets. Given the remarkable opportunity of two world class projects, Firefinch’s board believes that demerging the Goulamina Lithium Project into a separate entity is the best way to realise material value for shareholders. Firefinch now offers a unique investment proposition with this restructure, shareholders will own shares in each of a high growth gold and lithium company.

Firefinch will become solely focussed on gold on the completion of the demerger.”

Shareholders are invited to attend an investor briefing on Wednesday 10 February. Please register here: <http://bit.ly/3iGyR30>

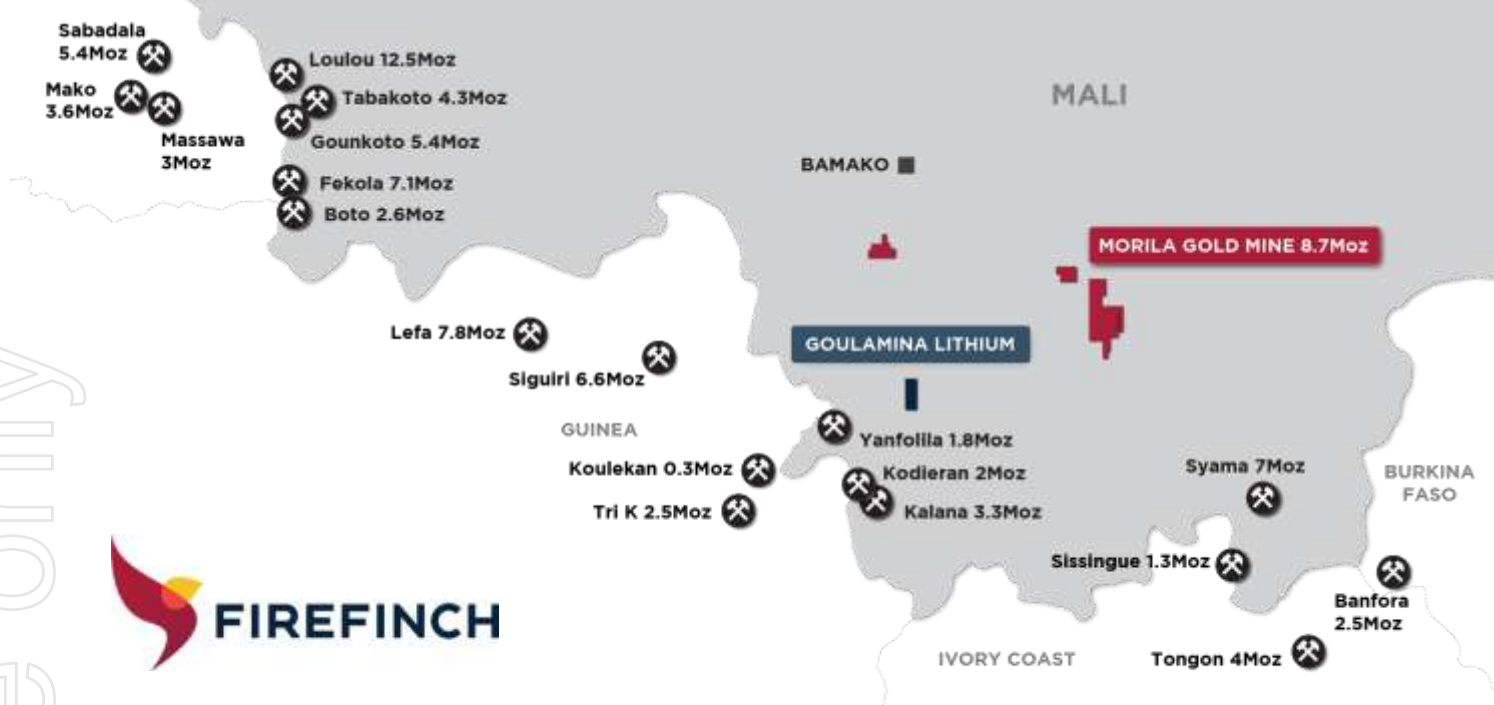
This announcement has been approved for release to the ASX by the Board.

For Enquiries

Dr Alistair Cowden
Executive Chairman
Firefinch Limited
info@firefinchlimited.com
+61 8 6149 6100

Dannika Warburton
Principal
Investability Partners
dannika@investability.com.au
+61 401 094 261

For personal use only



ABOUT FIREFINCH

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 a current annual production profile of 40,000 ounces of gold per annum from tailing treatment towards a target of 80 to 90,000 ounces of gold per annum from small open pits, stocks and tailings. In 2022, the company plans to further increase production by re-commencing mining from the main Morila pit to fully exploit the 2.35 million ounces of gold in the Global Resource at Morila. The resource comprises 3.15 @ 0.5g/t gold in the Measured category, 22.80Mt at 1.59g/t gold in the Indicated category and 22.23Mt @ 1.58g/t gold in the Inferred category

Morila was one of the world's highest grade open pits 12 to 20 years ago but its limits are not well understood. Exploration will be a major focus at Morila, its satellite resources and multiple targets on the 685km² 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 Li₂O has been declared comprising, 8.4Mt @ 1.57% Li₂O in the Measured category, 56.2 Mt at 1.48% Li₂O in the Indicated category and 43.9Mt @ 1.45% Li₂O in the Inferred category.

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.

The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resources at Goulamina and Morila and the production estimates for Goulamina. 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 July 2020 and 20 October 2020 (Goulamina), 31 August 2020, 26 November 2020 and 8 February 2021 (Morila), 7 September 2020 (Morila Tailings), 24 November 2020 (N'Tiola, Viper, Domba), 8 January 2021 (Gold Production) and 22 January 2021 (N'Tiola).