FIREFINCH

ANNUAL REPORT

2021


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126

CORPORATE DIRECTORY

Directors

Dr Alistair Cowden Non-Executive Chairman
Dr Michael Anderson Managing Director
Mr Mark Hepburn Non-Executive Director
Mr Brendan Borg Non-Executive Director
Mr Brett Fraser Non-Executive Director
Mr Bradley Gordon Non-Executive Director

Chief Financial Officer

Mr Thomas Plant

Company Secretary

Mr Nathan Bartrop

Registered Address and Principal Place of Business

Level 3, 31 Ventnor Avenue, West Perth WA 6005

Share Registry

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CONTENTS

FIREFINCH
responsibly delivering shareholder wealth

REBUILDING
a world-class gold mine

CREATING
Leo Lithium to be a Top 10 lithium producer

- **SAFELY PRODUCING GOLD** Morila produced 45,789 ounces of gold, largely underpinned by tailings retreatment. Total Recordable Injury Rate (TRIFR) of 1.43 (as at 31/12/21)
- **RESUMED MINING AND MILLING** Morila plant refurbished, milling recommenced and mining of satellite pits underway. Invested $11.15 million in plant and infrastructure, $10.4 million in drilling and $29.78 million in pre-stripping
- **RESOURCE AND RESERVES** No formal resources or reserves outside of tailings on acquisition in November 2020. Based on Firefinch's modelling and drilling, global Mineral Resources now at 2.5 million ounces of gold
- **ESG PRIORITISED PROVIDING JOBS AND COMMUNITY SUPPORT** Staff and contractors on site up from 350 to 2000 with a 97% Malian workforce. In excess of 60% Malian sourced procurement and services complemented with investment in training, health, education and local community infrastructure
- **A FOCUS ON GROWTH** Plan to grow production to over 100,000 ounces of gold in 2022 and up to 200,000 ounces by 2024. Five drill rigs at Morila aiming to grow resources and sustain production

- **A STRONG COMPANY** Firefinch has A$149 million in cash reserves and is fully funded to reach full production from the Morila Super Pit. Strong local workforce on site supported by a talented corporate team in Perth
- **DELIVERED SUBSTANTIAL VALUE** Share price up from $0.185 (4/01/2021) to $0.865 (31/12/21) representing a 368% gain. Market capitalisation up from $145 million to $1.02 billion
- **LITHIUM EXPOSURE** An updated Definitive Feasibility Study was completed on the $4.1 billion (post tax NPV) Goulamina lithium project and a Joint Venture with global lithium giant Ganfeng was concluded
- **LEO LITHIUM** Goulamina development is substantially funded for Stage 1 with Ganfeng to contribute US$130 million cash and to provide a minimum of US$40 million in debt. Leo Lithium is to be spun out on ASX with shareholders receiving an in-specie distribution and the company to conduct a pro-rata entitlement at the same time. Firefinch will retain 20% of Leo, differentiating itself from other gold plays

LETTER FROM THE CHAIR

Dr Alistair Cowden
Non-Executive Chairman

Fellow Shareholders,

It has been a fantastic year for the Company and its shareholders. Under the dynamic leadership of our Managing Director Mike Anderson our team has achieved major milestones:

- Firefinch is firmly established as an open pit gold producer at the Morila Gold Mine
- Morila is fully funded to grow to 200,000 ounces of gold per annum by 2024
- We have seen spectacular drill intercepts around Morila which hint at the further potential of this already large, 10-million-ounce endowment including resources and past production
- We have created almost 2000 direct jobs at Morila. The mine was due to close before Firefinch acquired it in 2020, we can rightly be proud of the value we are adding to the community in Mali
- A transformative Joint Venture has been secured at Goulamina with the world's largest lithium chemical producer, Ganfeng, validating this tier 1 deposit
- The Joint Venture sees Goulamina substantially funded for Stage 1 construction, Stage 1 offtake secured, and construction and engineering activities commenced
- We are progressing the proposed demerger of the Goulamina interest into Leo Lithium Limited. Leo, subject to Shareholder and regulatory approvals, will be listed on ASX and shareholders will receive a pro-rata free distribution of Leo shares
- Simon Hay, former CEO of Galaxy Resources who delivered the $5 billion merger of equals with Orocobre Limited, to create the world's fifth largest lithium producer Allkem (ASX:AKE) has joined Leo as Managing Director to drive the mine to production and growth
- Finally, shareholders have seen terrific growth with the share price appreciating from $0.185 (4/01/2021) to $0.865 (31/12/2021)

These achievements are not accidental, we set out with a clear strategy of acquiring a gold asset to permit lithium markets to recover and for value to be realised at Goulamina. We have successfully achieved that, and both international and local institutions and our retail shareholders have strongly supported raising the capital needed to drive that strategy.

We now embark on a new phase for the Company, Firefinch will focus on delivering its production target at Morila of 100,000 ounces of gold in 2022 and up to 200,000 ounces by 2024,

sustainably, responsibly and efficiently. It will also continue to aggressively drill to materially increase resources and reserves.

Should the demerger proceed, the Company will retain a 20% interest in Leo Lithium once it lists, a major strategic differentiator for a West African gold producer that provides us with optionality to follow the lithium story or grow beyond Morila.

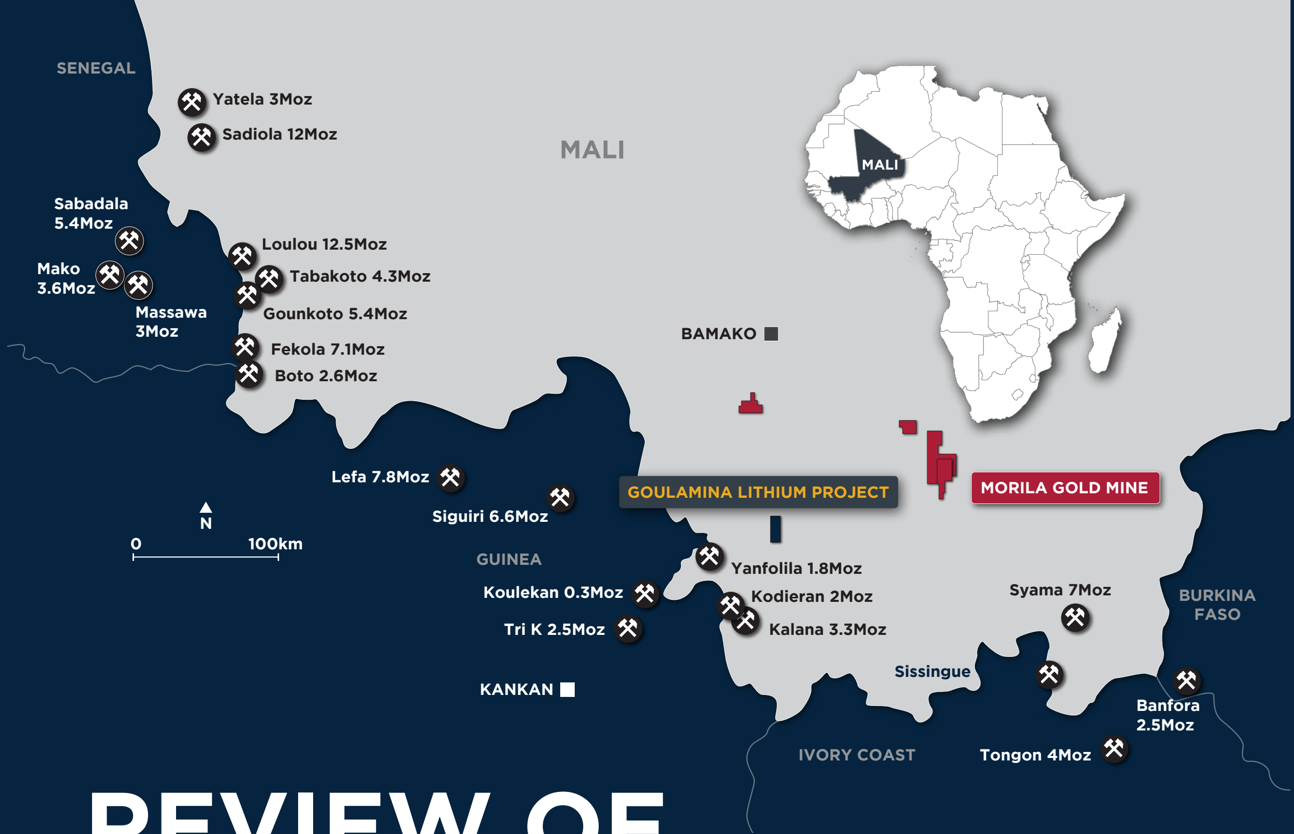
Leo will tell its own story, but we look forward to all of us becoming shareholders, enjoying the journey through construction, production to production growth and to see the fruits of a growing relationship with Ganfeng.

To close, I affirm your Board is committed to investing in the community in Mali. This report describes many of the good things we do in Mali, and I have already mentioned the jobs we have created. Leo will also create more than 1000 jobs. We know we can do better. The Company has come from a low base very quickly and we are striving to do better than best practice in engagement and contribution to our communities, minimising our impact on the environment and ensuring we treat all staff, contractors and partners with respect. We aim to produce our first sustainability report later this year.

It has been a pleasure to Chair your Board and on your behalf, I extend thanks to all of our Board, our staff and especially those who spent repeated periods in quarantine as part of managing your assets in Mali. The Government of Mali has had a difficult year but my thanks to His Excellency Lamine Seydou TRAORE, Minister of Mines, Energy and Water, in particular for his support of our endeavour to build two world class businesses in Mali.

Sincerely,

Alistair Cowden
Chairman



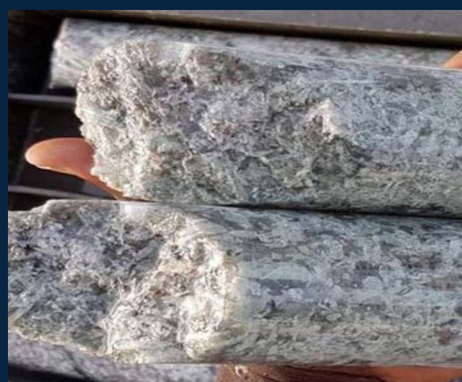
REVIEW OF OPERATIONS

OVERVIEW OF FIREFINCH

Over 97% of our 2000 strong workforce are Malian

Firefinch Limited (**the Company or Firefinch**) is a responsible miner and actively engages with the surrounding community by seeking to buy local, employ local and back local socio-economic initiatives. This is all while operating in a manner that safeguards the environment and regards employee safety and wellbeing as a top priority. The Company endeavours 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 expanding locally.

During 2021, Firefinch Limited continued to ramp up operations at the Morila Gold Mine (**Morila** or **Morila Gold Project**) in Mali after transitioning from tailings reprocessing to hard rock mining. Production for the year was



Goulamina core showing lithium pegmatite

Gold bullion produced at Morila

45,789 ounces of gold which was in line with the Company's guidance. Morila is forecast to produce over 100,000 ounces of gold in 2022.

Key achievements in 2021 at Morila included the successful recommissioning of the crushing and grinding circuits, reinstating the mill, the recommencement of open pit mining and a solid safety performance. Mineral Resources were increased to 2.5 million ounces of contained gold in the Indicated and Inferred categories, with 1.3 million ounces in the Indicated category (refer to Resources and Reserves Statement).

Intensive drilling continued at the Morila deposit, its satellite deposits and the Company's adjacent Massigui Gold Project. The drilling returned several high-grade intersections which should lead to further Resource upgrades.

At the world class Goulamina Lithium Project (**Goulamina**), Firefinch has announced a 50:50 incorporated joint venture (**Joint Venture** or **Goulamina Joint Venture**) with a subsidiary of the world's largest lithium producer by production capacity, Jiangxi Ganfeng Lithium Co. Ltd (**Ganfeng**). The Joint Venture will develop and operate the Goulamina Lithium Project, which is one of the largest undeveloped lithium projects globally. Subject to sahreholder approval, Firefinch intends to demerge its interest in Goulamina into Leo Lithium Limited (**Leo** or **Leo Lithium**), a separate lithium-focussed entity to be listed on the ASX.

During 2021, the Company updated the Definitive Feasibility Study (**DFS Update**) for Goulamina (refer ASX Announcement dated 6 December 2021). The DFS Update delivered a plan for a 2-stage project, initially 2.5 million tonnes per annum and expanding to 4 million tonnes per annum throughput. The DFS Update demonstrates exceptional financial returns at this higher production rate. The spodumene concentrate price assumption in the DFS Update is based on an average US$978 per tonne, less than half of today's spot prices.

MORILA MINE

The Company purchased its interest in the Morila Gold Mine in November 2020 from Barrick Gold Corporation (**Barrick**) and AngloGold Ashanti (**AngloGold**), who each held an effective 40% interest in Morila with the State of Mali owning the remaining 20%. Barrick's interest in Morila came about through its US$18 billion merger with Randgold Resources (**Randgold**). Morila produced some 7.5 million ounces of gold under previous ownership at grades that were among the highest in the world, earning it the moniker "Morila the Gorilla".

HEALTH & SAFTEY

At Morila, "Safety is the Number 1 Priority" and during the year we have increased the focus on keeping our employees and contractors safe, increased safety resources, restructured the health and safety team to provide a dedicated focus on safety and re-emphasised a number of safety programs. Our group TRIFR was 1.43 for 2021 however a number of high potential incidents provided a reminder to maintain vigilance.

There was a focus on monitoring and managing the spread of COVID-19 at Morila, and in local and regional communities in 2021. Polymerase chain reaction (**PCR**) testing equipment was acquired for Morila, and the neighbouring communities. Casual and random testing is performed on a daily basis, and all non-local employees are tested on arrival to site. COVID-19 case numbers peaked in quarter four of 2021 with levels now declined to 1 - 2 per week.

Firefinch has undertaken to immunise its workforce against COVID-19 with 807 single vaccinated, and 714 double vaccinated employees at the end of February 2022.

Morila has implemented a best-in-class program to control malaria in the workplace and communities and malaria cases for employees and contractors are consistently below historic levels. In conjunction with the Government of Mali, malaria vaccination programs for employees and community members were also undertaken in 2021.

Pictured: Strict health and safety protocols are in place to protect our workforce, including COVID protocols

COMMUNITY

The Morila Gold Mine had social programs established prior to acquisition, implemented by Barrick and AngloGold. These were reshaped to support the social strategy required for the re-establishment of a large-scale mining operation rather than closure as was previously planned prior to acquisition by Firefinch.

Community engagement is a central pillar of our social programs. We have shared our key message with village chiefs, elders, youth, woman and local officials that we are re-establishing a safe and sustainable mining operation with significant investment, and community employment and benefits will flow from that.

Key elements of the 2021 Communities Plan included:

- Drinking water wells installed in local communities
- Rehabilitation of and equipment for the Finkola Health Centre
- Support of the Women's Association for the establishment and growth of their market gardens
- Support for a local beekeeping business
- Community road and drainage maintenance
- Paying the salaries of 10 teachers from Sanso and Domba villages
- Installation of a multifunctional centre for women in the village of N'tiola
- Installation of solar streetlights in the village of Sanso

Projects such as construction of the Morila village youth centre and telephone network improvements in Morila village will continue in 2022, and the Community Development Plan will be refreshed in conjunction with community leaders.

The 2019 Malian Mining Code provides for a framework for local community development and procurement, and Morila has already commenced work with the Malian Mines Department to allow implementation of the framework in 2023. To support implementation, a social baseline study reflecting the Morila Life of Mine Plan will be completed in 2022, as well as a refresh of the Agricultural Business strategy. The Agricultural Business strategy was established to support ongoing local employment and economic benefit generation post mine closure.

The International Finance Corporation Environmental and Social Performance Standards (**IFC Standards**) underpin Morila's social program. Morila compensation and re-settlement processes were upgraded in 2021 to comply with the IFC Standards.

Pictured Left: *Water well installed at Keikoro*
Above: Donation of school supplies at Sanso

INFRASTRUCTURE UPGRADES AND CAPITAL WORKS

The Morila acquisition included the mine, tenements and infrastructure required of a large and remote gold mining operation. The infrastructure included the processing plant, power station, accommodation camp and offices. The processing plant is a conventional Carbon in Leach (**CIL**) facility that commenced operating in 2000. 91% recoveries (average) were experienced when treating fresh since inception in 2000. The plant was upgraded in 2004 and again in 2014 with additional capacity installed in the crushing, gravity gold, leach and CIL

Pictured Left: Ball mill refurbishment and plant structural steel replacement Top: PhotonAssay lab technology to be installed at Morila (Pic Source: Chrysos) Below: Morila Processing Plant

circuits.

The focus during 2021 has been to assess all infrastructure (processing and non-processing) and implement a fit-for-purpose capital works programme to bring the processing plant back to full production capacity. Major projects completed in 2021 included:

- Civil engineering works around the crushing circuit
- Sandblasting, painting of the mill steel framework, and re-lining
- Replacement of corroded structural steelwork, and walkways and handrails in the processing plant
- Vendor inspection and refurbishment of crushers, mills and material handling equipment
- Refurbishment of the laboratory buildings and installation of new equipment in partnership with MSA Labs
- Upgrade of the power station including refurbishment of existing medium speed generators, sourcing of hire generators as temporary power while the main generators are being overhauled, and tendering for a new hybrid power solution and power purchase agreement
- Refurbishment of main drains on the tailings storage facility (**TSF**) and establishment of short-term depositional areas
- Design of final TSF for planned life of mine

PRODUCTION

Morila has been producing gold continuously for 22 years with production to December 2021 totalling 7.66 million ounces of gold. This is in addition to the current Mineral Resource of 2.5 million ounces (refer Resources and Reserves Statement for detailed breakdown by deposit and resource category).

The 2021 plan was to supplement and then replace tailings as the primary mill feed with feed from open pit mining of the satellite deposits until ore became available from the main Morila pit (**Morila Super Pit**). The material mined via hydraulic sluicing of tailings reduced to approximately from 435,000 tonnes per month to 100,000 tonnes per month during the year. Hydraulic sluicing will cease in April 2022.

Tailings with mineralisation (~0.5g/t gold) that could not be hydraulically mined have been mechanically mined and hauled to the Run of Mine (**ROM**) pad for stockpiling and have been scheduled for processing in Q1 2022.

Open pit mining operations commenced at the Morila Pit 5 and Viper deposits in the second half of 2021. The open pit mining contract was awarded to a joint venture between international mining contractor Mota-Engil and Malian owned and operated contractor Inter-Mining Services (**MEIM JV**). The MEIM JV contract has an estimated value of approximately US$360 million and includes site preparation and mining operations at the Viper and N'tiola satellite pits, Stage 1 of the Morila Super Pit and ROM stockpile management.

Haulage of ore from the satelite pits to the Morila processing plant is undertaken by EGTF, a local Malian contractor. EGTF is also contracted to complete open pit mining on an as needs basis so that material movement can be accelerated where possible.

Pictured:
Viper and Adder Pits

RESOURCES AND RESERVES

The Mineral Resource Estimate (**MRE**) for the Morila Gold Project is 2.5 million ounces in the Indicated and Inferred categories as tabulated below and detailed in the Resource and Reserves Statement which includes tables prescribed by the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**). Key changes from the 2020 MRE are a new Mineral Resource for the Morila deposit (2.2 million contained ounces of gold in the Indicated and Inferred categories), updated MREs for the satellite pits (with contained gold increasing from 113,000 ounces to the current 290,000 ounces of contained gold in the Indicated and Inferred categories)and removal of the Morila Tailings Resource due to depletion by mining.

The updated MREs were used to create the first Ore Reserves for the Morila Gold Project (refer table below) and the initial mining schedule in May 2021. The Ore Reserves remain current as at 31 December 2021. No Ore Reserves were defined in the 2020 Annual Report.

MORILA GOLD PROJECT MINERAL RESOURCES

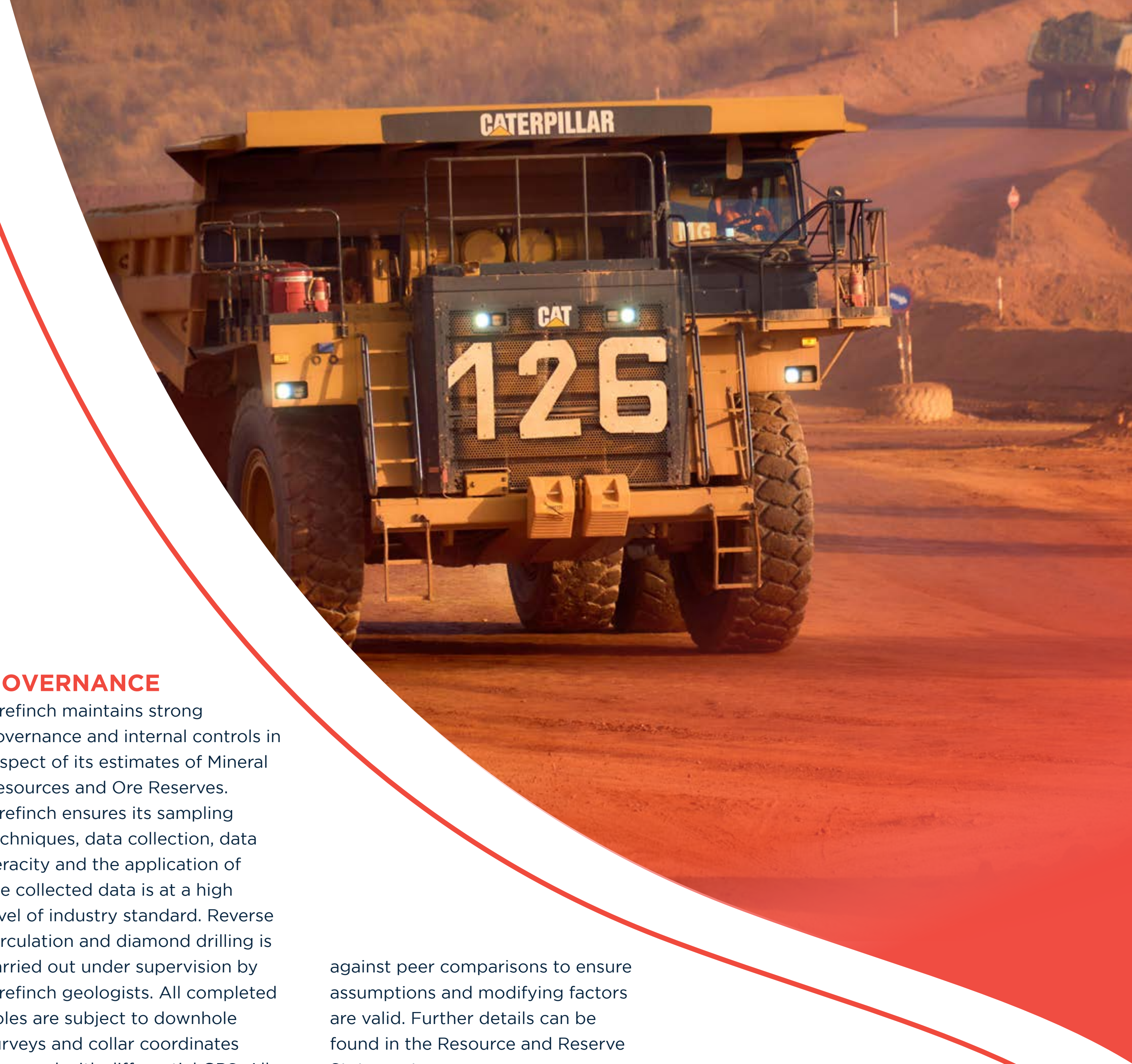
DEPOSIT	INDICATED			INFERRED			TOTAL		
	Tonnes (millions)	Grade (g/t)	Ounces ('000)	Tonnes (millions)	Grade (g/t)	Ounces ('000)	Tonnes (millions)	Grade (g/t)	Ounces ('000)
Morila Pit [1]	21.2	1.60	1,090	17.5	1.37	770	**38.6**	**1.50**	**1,860**
Morila NE [2]				0.21	3.07	21	**0.21**	**3.07**	**21**
Samacline [2]				3.74	2.56	308	**3.74**	**2.56**	**308**
Morila Pit 5 [3]	0.40	0.92	12	0.14	1.14	5	**0.54**	**0.98**	**17**
N'Tiola [3]	2.55	1.03	84	0.35	1.03	12	**2.90**	**1.03**	**96**
Viper [3]	2.47	1.16	92	0.75	1.10	27	**3.23**	**1.15**	**119**
Domba [3]	0.20	1.75	11	0.25	1.61	13	**0.46**	**1.67**	**25**
Koting [3]	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
[2] The Samacline and Morila NE resources are quoted using a 1.8g/t gold cut-off grade
[3] The N'Tiola, Viper, Morila Pit 5, Domba and Koting resources are quoted using a 0.4g/t gold cut-off grade
Numbers in the above table may not appear to sum correctly due to rounding

MORILA GOLD PROJECT ORE RESERVES

DEPOSIT	PROBABLE			TOTAL		
	Tonnes (millions)	Grade (g/t)	Ounces ('000)	Tonnes (millions)	Grade (g/t)	Ounces ('000)
Morila Pit [1]	19.8	1.47	932.0	**19.8**	**1.47**	**932**
N'Tiola [2]	2.13	0.76	74	**2.1**	**1.08**	**74**
Viper [3]	1.30	1.46	43	**1.30**	**1.46**	**43**
Koting [3]	0.63	0.98	20	**0.63**	**0.98**	**20**
Total	**23.8**	**1.40**	**1,070**	**23.8**	**1.40**	**1,070**

[1] The Morila Ore Reserve is quoted using a 0.43 g/t gold cut-off grade
[2] The N'Tiola Ore Reserve is quoted using a 0.51 g/t gold cut-off grade
[3] The Viper and Koting Ore Reserves are quoted using a 0.49 g/t gold cut-off grade
Numbers in the above table may not appear to sum correctly due to rounding



GOVERNANCE

Firefinch maintains strong governance and internal controls in respect of its estimates of Mineral Resources and Ore Reserves. Firefinch ensures its sampling techniques, data collection, data veracity and the application of the collected data is at a high level of industry standard. Reverse Circulation and diamond drilling is carried out under supervision by Firefinch geologists. All completed holes are subject to downhole surveys and collar coordinates surveyed with differential GPS. All drill holes are logged by Firefinch geologists. Diamond core is oriented and photographed. Firefinch employs field QA/QC procedures, including addition of standards, blanks and duplicates ahead of assaying which is undertaken using industry standards including fire assay at accredited laboratories. Assay data is managed by an independent database manager and continually validated. Resource estimation is undertaken by in-house geologists using geological interpretation and industry standard estimation techniques. Reporting is in accordance with the JORC Code with parameters including cut off grades, top cuts and classification dependent on the style and nature of mineralisation being assessed. Ore Reserve estimation is carried out by independent consultants using industry standards and benchmarking Firefinch data against peer comparisons to ensure assumptions and modifying factors are valid. Further details can be found in the Resource and Reserve Statement.

COMPETENT PERSONS STATEMENTS

The information in this report that relates to Exploration Results and Mineral Resources is extracted from the 2021 Resources and Reserves Statement and compiled under the supervision of Mr Bill Oliver. Mr Oliver is an employee of Firefinch and a member of the Australian Institute of Geoscientists and the Australasian Institute of Mining and Metallurgy. Mr Oliver has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Oliver consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves is extracted from the 2021 Resources and Reserves Statement and based on information compiled by Mr Ross Cheyne. Mr Cheyne is an employee of Orelogy Consulting Pty Ltd and is a Fellow of the Australian Institute of Mining and Metallurgy (Membership # 109345). Mr Cheyne has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mr Cheyne consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Pictured: Mining operations at the Viper satellite pit with locally owned and operated contractor EGTF

DRILLING

During 2021, an intensive drilling campaign commenced at Morila targeting potential extensions to high grade mineralisation intersected in historical drilling. Drilling also aimed to improve the delineation of mineralisation within initial mining areas to support Mineral Resources and Ore Reserves upgrades.

Several notable results have been received from drilling. Drilling at Morila North East returned **10.5 metres at 34.0g/t gold** from 309.2 metres (MRD0001) and **4.0 metres at 13.6g/t gold** from 315.2 metres (MRD0028). These results are interpreted to represent extensions of one of the main mineralised lodes at Morila.

Drilling at Morila East returned **5.0 metres at 30.3g/t gold** from 294.6 metres (including 1 metre at 128g/t gold) and **0.90 metres at 35.9g/t gold** from 228.2 metres (MRD0026); and **1.15 metres at 31.2g/t gold** from 174 metres (MRD0021). These results are down-dip of mineralisation previously mined at Morila and challenge the historical interpretation of mineralisation being truncated to the east of the pit by faulting.

On the western side of Morila, results in drillhole MRD0018 of **15.0 metres at 7.61g/t gold** from 263.0 metres, including **9.0 metres at 11.1g/t gold** and **2.8 metres at 23.7g/t gold** from 236.4 metres, including **0.8 metres at 82.0g/t gold** are significant as they may represent a new zone of mineralisation well outside the main pit and separated from the lodes previously mined.

Drilling of the existing Resource at Morila has delineated down-dip extensions to mineralisation below the current planned pit design in the north-western portion of the deposit; the area where pre-stripping of waste has commenced. Drilling successfully intersected a number of high-grade zones such as **7.5 metres at 5.99g/t gold** including **2.7 metres at 15.9g/t gold** and **6.3 metres at 6.95g/t gold** (MRD0015), **3.3 metres at 7.12g/t gold** including **0.9 metres at 25.0g/t gold** (MRD0011), **3.7 metres at 6.81 g/t gold** (MRD0006) and **3.3 metres at 6.93 g/t gold** (MRD0009).

Results from all drilling over the past six months will be used to update the Morila Mineral Resource during 2022 which is anticipated to convert deeper Inferred Resources to Indicated Resources. A Mineral Resource update will also inform an update of the Stage 1 Morila Super Pit design, allow detailed planning of the Stage 2 Morila Super Pit design and further refine the 2022-2023 mining schedule.

Mining at Viper commenced in August 2021 following a substantive drilling campaign (refer ASX Announcements dated 29 March 2021, 10 June 2021, 10 August 2021 and 22 October 2021). Drilling has also been carried out at the N'Tiola, Beledjo-Koting, K2 and K3 prospects.

MASSIGUI

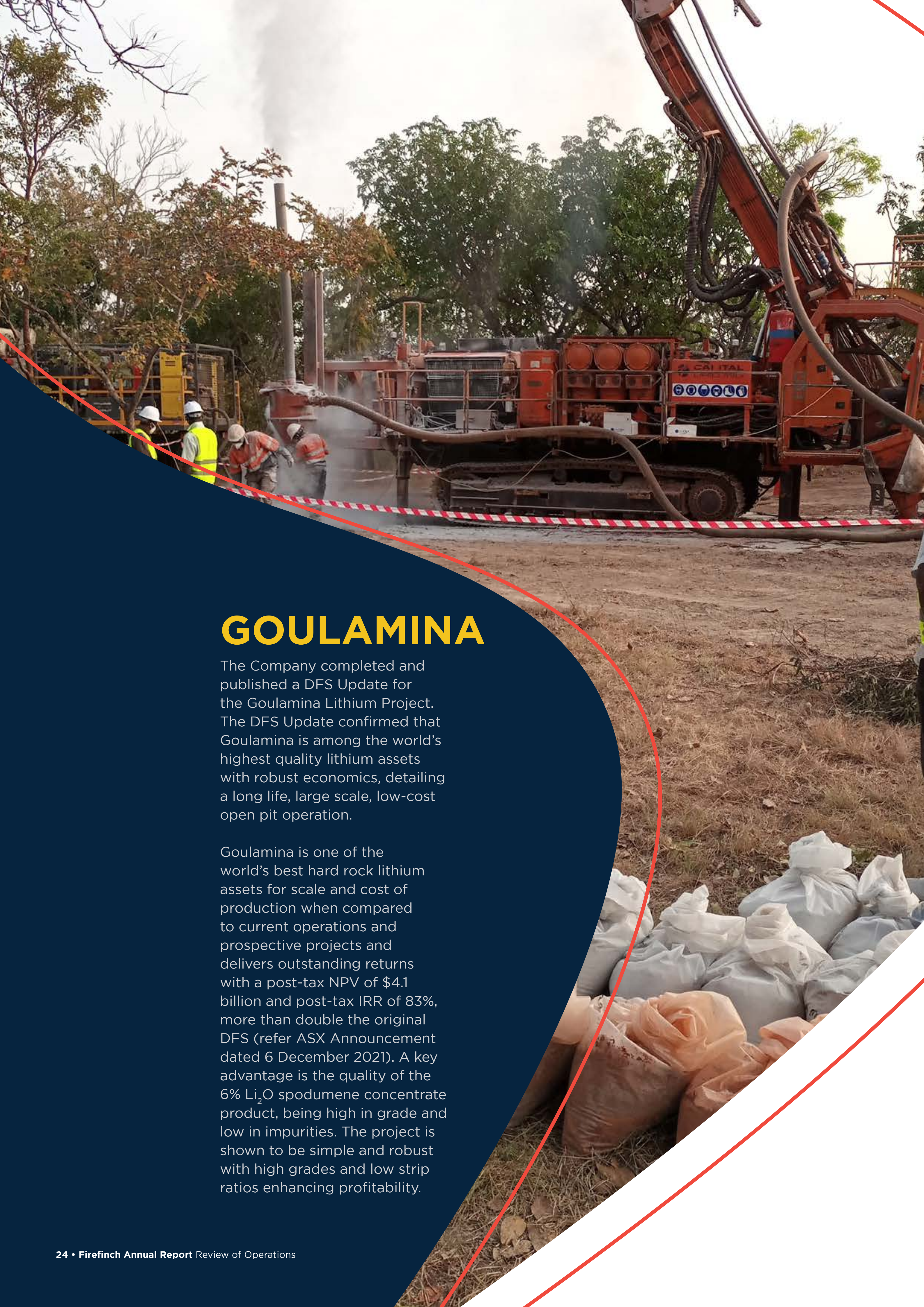
The Company owns a landholding of 409km² contiguous with the Morila mining license (which in itself covers an area of 211km²). This is held in five prospecting licences and one exploitation licence, which was granted on March 24 2022.

The Finkola exploitation licence contains the Beledjo-Koting deposit, which has a resource of 0.93 million tonnes at 1.01g/t in the Indicated and Inferred categories (refer to the Reserves and Resources tables).

Drilling during 2021 has tested targets along strike from Beledjo, namely the K2, K3 and K3 South prospects. Mineralisation has been identified at all prospects and these will be evaluated to ascertain those which are economically viable. These will then be progressed with close spaced drilling to enable Mineral Resources to be delineated.

Regional exploration has also commenced across the Massigui permits with a programme of aircore drilling to test geochemical anomalies delineated in a combination of Firefinch and historical surface sampling.

Pictured:
Drilling of MRD0018 at Morila West



GOULAMINA

The Company completed and published a DFS Update for the Goulamina Lithium Project. The DFS Update confirmed that Goulamina is among the world's highest quality lithium assets with robust economics, detailing a long life, large scale, low-cost open pit operation.

Goulamina is one of the world's best hard rock lithium assets for scale and cost of production when compared to current operations and prospective projects and delivers outstanding returns with a post-tax NPV of $4.1 billion and post-tax IRR of 83%, more than double the original DFS (refer ASX Announcement dated 6 December 2021). A key advantage is the quality of the 6% Li_2O spodumene concentrate product, being high in grade and low in impurities. The project is shown to be simple and robust with high grades and low strip ratios enhancing profitability.

KEY METRICS OF THE DFS UPDATE ARE:

Mineral Resources (M,I&I)	108.5 million tonnes at 1.45% Li_2O
Mine Life	21 years minimum
Ore Reserves (Proven and Probable)	52 million tonnes at 1.51 % Li_2O
Average Spodumene concentrate production	
Stage 1:	506,000 tonnes
Stage 2:	831,000 tonnes[1]
Life of Mine:	726,000 tonnes
Concentrate specifications	6% Li_2O, <0.6% Fe_2O_3, low mica
Annual Mine throughput	2.3 rising to 4.0 million tonnes
Pre-tax NPV (8%)[2]	$5.6 billion (US$4.0 billion)
Pre-tax IRR (real)	97.8%
Post-tax NPV (8%)	$4.1 billion (US$2.9 billion)
Post-tax IRR (real)	83%
Capital Cost (Stage 1)	US$255 million
Capital Cost (Stage 2)	US$70 million
Cash Costs (Life of Mine)	US$312 per tonne concentrate (FOB)
All in sustaining cost (AISC) Life of Mine	US$365 per tonne concentrate (FOB)

[1] Average spodumene production during the first 5 years of full production of Stage 2
[2] US$1,250/tonne real applied for the first 5 years of production, and long-term weighted average of US$900/tonne real applied for the balance of mine life

Cautionary statement: The production inventory and forecast financial information referred to in the Stage 2 metrics comprises Proven Ore Reserves (9.9%), Probable Ore Reserves (53.6%) and Inferred Mineral Resources (36.5%). The Inferred Mineral Resource included in the inventory is 30 million tonnes at 1.3% Li_2O. The Inferred Mineral Resource has been scheduled on a preliminary basis with all Inferred material mined after the Ore Reserves. The Inferred Mineral Resource does not have a material effect on the technical and economic viability of the Project. There is a lower level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised. Note: All dollar figures are in real terms.

The DFS Update incorporated the building of a 2.3 million tonne per annum throughput plant whilst making allowance in the design for the infrastructure and equipment to accommodate the construction of a Stage 2 expansion to increase plant throughput to 4.0 million tonnes per annum. The Stage 2 expansion is envisaged to be constructed approximately 18 months after commissioning of Stage 1. This staged approach allows the process flow sheet to be optimised for full production based on operating experience. An additional US$15 million in capital cost has been included in the Stage 1 Capex estimate to facilitate the optionality to readily expand to Stage 2 operations.

As part of the DFS Update, Proven and Probable Ore Reserves were derived from Measured and Indicated Mineral Resources contained within the final pit design and scheduled to be processed through the planned processing facility. The Ore Reserve does not include any material classified as Inferred and Inferred Resources are not included in economic analysis.

The Ore Reserve is contained within an open pit containing 169 million tonnes of waste resulting in a waste to ore strip ratio of 3.3:1 with a total of 222 million tonnes of ore plus waste mined over the life of mine. Included in the waste material is 1.8 million tonnes of Inferred Mineral Resource which is not reported to Ore Reserves and is an opportunity to provide additional reserves with further drilling. The Ore Reserve is detailed in the table below and further details are contained in the ASX Announcement of 20 October 2020.

Pictured:
Drilling at Goulamina

GOULAMINA LITHIUM PROJECT ORE RESERVES

PROVEN			PROBABLE			TOTAL		
Tonnes (millions)	Grade (% Li_2O)	Tonnes Li_2O ('000)	Tonnes (millions)	Grade (% Li_2O)	Tonnes Li_2O ('000)	Tonnes (millions)	Grade (% Li_2O)	Tonnes Li_2O ('000)
8.1	**1.55**	**125**	**44.0**	**1.50**	**660**	**52.0**	**1.51**	**785**

[1] All resources are quoted above a 0% Li_2O cut-off due to the proposed method of mining and processing ("whole of ore"), further information in the ASX Announcement of 20 October 2020.
[2] Numbers in the above table may not appear to sum correctly due to rounding.

GOULAMINA LITHIUM PROJECT MINERAL RESOURCES

DEPOSIT	MEASURED			INDICATED			INFERRED			TOTAL		
	Tonnes (millions)	Grade Li_2O %	Tonnes Li_2O ('000)	Tonnes (millions)	Grade Li_2O %	Tonnes Li_2O ('000)	Tonnes (millions)	Grade Li_2O %	Tonnes Li_2O ('000)	Tonnes (millions)	Grade Li_2O %	Tonnes Li_2O ('000)
Main	4.3	1.47	62	7.2	1.21	87	2.6	1.05	28	**14.1**	**1.26%**	**177**
Sangar I	0.6	1.69	33	19.3	1.61	311	11.9	1.54	183	**31.8**	**1.66%**	**527**
Sangar II				10.1	1.54	156	4.8	1.45	70	**14.9**	**1.52%**	**226**
West I	3.5	1.67	59	9.9	1.43	141	6.6	1.48	97	**20.0**	**1.49%**	**297**
West II				1.9	1.43	30						
Danaya				7.8	1.43	112	14.5	1.30	188	**22.3**	**1.35%**	**300**
Total	**8.4**	**1.57**	**133**	**56.2**	**1.48**	**832**	**43.9**	**1.38**	**606**	**108.5**	**1.45**	**1,570**

[1] All resources are quoted above a 0% Li_2O cut-off due to the proposed method of mining and processing ("whole of ore"), further information in the AXS Announcement of 8 July 2020.
[2] Numbers in the above table may not appear to sum correctly due to rounding.

A Measured, Indicated and Inferred Mineral Resource Estimate for Goulamina of 108.5 million tonnes at 1.45% Li_2O was published during 2020 (refer ASX Announcement dated 8 July 2020). The resource represents a 48% uplift in Measured and Indicated Resources compared to the previous Mineral Resource and is detailed in the table below

Some 43.9 million tonnes of Inferred Mineral Resources at a grade of 1.38% Li_2O lie within, beneath or along strike from the final pit design. That pit was been constrained by the limit of available Indicated and Measured Resources and a US$666 per tonne optimisation. Recent pit optimisations estimated using a US$900 per tonne spodumene concentrate price and including Inferred Mineral Resources demonstrate that the pit will be much larger, and it is conservative to include 30 million tonnes of Inferred Mineral Resource at a grade of 1.3% Li_2O in the life of mine production target. Detailed evaluation of those Inferred Mineral Resources has provided confidence that with the drilling underway, and assuming results are in line with expectations, a high proportion is likely to convert to Indicated Resources and be available for inclusion in Ore Reserve estimates. Work continues on open pit optimisation, design and scheduling based on new long-term pricing.

Firefinch is confident that there is considerable exploration upside beyond the current Mineral Resource and this potential will be tested in the drilling program approved by the Joint Venture partners.

COMPETENT PERSONS STATEMENT

The information in this announcement that relates to Exploration Results, Exploration Targets and Mineral Resources at Goulamina is based on information compiled by Mr Simon McCracken. Mr McCracken is an employee of Firefinch Limited and a member of the Australian Institute of Geoscientists. Mr McCracken has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code')". Mr McCracken consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

COMMUNITY

In 2021, Firefinch, along with its consultant Digby Wells, established a committee to act as the monitoring body for the economic displacement process, and advise on environmental, and social matters affecting Goulamina and neighbouring villages. The committee comprises of Prefect of Bougouni, the acting Sub-Prefect of Faragouaran, Mayors of Danou (Torakoro), Faragouaran and Kouroulamini, representatives of technical services and neighbouring villages. This is an important step in the process of community engagement and Environmental and Social Impact Assessment. It should be noted that no dwellings need to be relocated as part of the project development, and compensation will largely be based on the acquisition of cleared farmland. The committee will initially advise on early works commencing in 2022, namely road access upgrades, water infrastructure developments and site clearing activities.

DEMERGER

Firefinch announced its intention to demerge its interest in Goulamina into a separate ASX listed lithium-focused company to be called Leo Lithium. Subject to shareholder and regulatory approvals, eligible Firefinch shareholders on the record date will receive an in-specie distribution of Leo Lithium shares at no cost as part of the demerger. Firefinch will retain 20% of the issued capital of Leo Lithium following the demerger.

In conjunction with Leo Lithium seeking admission to ASX, Leo Lithium proposes to undertake a pro rata entitlement offer to fund working capital, costs of the demerger and permit flexibility to accelerate expenditure at Goulamina. A prospectus for the entitlement offer will be made available when the Leo Lithium shares are offered under the entitlement offer. Eligible Leo Lithium shareholders who wish to acquire Leo Lithium shares under the entitlement offer will need to complete the application form that will accompany the entitlement offer prospectus. This will be sent to Leo Lithium shareholders following implementation of the demerger.

Pictured: Dr Michael Anderson, Managing Director of Firefinch and Simon Hay, Managing Director of Leo Lithium

OTHER PROJECTS

DANKASSA

The Dankassa Gold Project is situated approximately 110km by road south of Bamako, the capital city of Mali, and to the north of the Goulamina Lithium Project. The Dankassa Gold Project covers an area of 112km^2 and consists of two research permits (Makono and Sanankoroni) which are held 100% by wholly owned Firefinch entities.

Reconnaissance drilling undertaken by Firefinch in 2011-2012 defined a 12km long, gold zone in the north of the Project area: the Dankassa Gold Trend. Aircore and auger drilling conducted by Firefinch has delineated coherent gold anomalies in bedrock within the Dankassa Gold Trend. Two priority areas within the broader trend were targeted for follow up drilling.

Highly encouraging results were returned, with broad zones of shallow gold mineralisation intersected in holes adjacent to, and directly along strike from, one another. To date the Company has investigated approximately 4km of prospective strike within the much more extensive 12km long trend. While the Company's focus is currently on Morila, the coherent bedrock gold anomaly within the Dankassa Gold Trend indicates there is potential to discover economic gold mineralisation.

TABULATION OF PERMITS

NAME	KM²	NUMBER	STATUS	OWNER
MORILA GOLD PROJECT				
Morila	211.2	PE 99/15	Permit Expiry: 4 August 2029/ Convention Expiry: June 2022	Société des Mines de Morila SA (Morila SA)
MASSIGUI GOLD PROJECT				
Finkola	34.2	PEGM 2022/29	Expiry: 24 March 2034	Birimian Gold Mali SARL
Diokélébougou	100	PR 21/1127	Expiry date: 14 April 2024	Birimian Gold Mali SARL
Finkola-Sud	98	PR 13/672	Renewal in progress.	Timbuktu Ressources SARL
Finkola Nord	32	PR 20/1081	Expiry date: 1 April 2023	Sudquest SARL
N'Tiola	64	PR 21/1198	Expiry date: 7 November 2024	Birimian Gold Mali SARL
DANKASSA GOLD PROJECT				
Makono	32	PR 21/1126	Expiry date: 14 April 2024	Birimian Gold Mali SARL
Sanankoroni	80	PR 16/805	Renewal in progress.	Timbuktu Ressources SARL
GOULAMINA LITHIUM PROJECT				
Torakoro	100	PE 19/25	Expiry date: 23 August 2049	Timbuktu Ressources SARL

Directors' Report

DIRECTORS

The following persons were directors of the Company during the financial year and up to the date of this report, unless otherwise stated

Dr Alistair Cowden	Chairman *(appointed 18 February 2019)*
Dr Michael Anderson	Managing Director (*appointed 6 April 2021)*
Mark Hepburn	Non-Executive Director *(appointed 14 November 2018)*
Brendan Borg	Non-Executive Director *(appointed 14 November 2018)*
Brett Fraser	Non-Executive Director (*appointed 11 November 2020*)
Bradley Gordon	Non-Executive Director (*appointed 6 April 2021*)

PRINCIPAL ACTIVITIES

During the year the principal activities of the Group during the year consisted of:

- Production of gold from Morila, its 80% owned gold mine in southern Mali;
- Evaluation of the Goulamina Lithium Project, also in southern Mali; and
- Mineral exploration and evaluation activities in Mali.

There have been no significant changes in the nature of those activities during the year.

GOING CONCERN

The Group made a loss for the year of $43,952,826 (2020: $1,043,816 profit) and had net cash outflows from operating activities of $12,909,047 (2020: $6,128,870). As at 31 December 2021, the Group's cash and cash equivalents were $148,881,533 (2020: $24,476,274) and the Group had net working capital of $99,489,354 (2020: $17,916,091).

Considering the Group's positive net cash position and the forecasted cash flows over the next 12 months, the Directors expect that the Group can continue its normal business activities and meet its debts as and when they fall due, subject to any changes to the underlying assumptions on which those forecasts have been made. The Directors therefore have determined it is appropriate for the financial statements to be prepared on a going concern basis.

FINANCIAL RESULTS

The Group made a loss for the year of $43,952,826 (2020: $1,043,816 profit). The net assets of the Group have increased by $152,539,568 to $251,932,804 at 31 December 2021 (2020: $99,393,236).

As at 31 December 2021, the Group's cash and cash equivalents increased by $131,618,457 to $148,881,533 (2020: $24,476,274) and had working capital of $99,489,354 (2020: $17,916,091).

The following table represents the Group's performance over the past five years.

	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2018	Year ended 30 June 2017
Profit/ (loss) for the period, $	(43,952,826)	1,043,816	(3,504,280)	(4,067,681)	(5,667,818)
Dividends paid, $	nil	nil	nil	nil	nil
Net assets, $	251,932,804	99,393,236	27,166,106	25,740,323	11,435,753
Share price, $	0.865	0.175	0.097	0.164	0.640

CORPORATE

Dividends

There were no dividends paid or recommended during the year ended 31 December 2021 (2020: No dividends were paid or recommended).

Issue of securities

During the year the Company issued 396,228,969 fully paid shares.

On 28 June 2021, the Company successfully completed a placement to raise $47 million (before costs) to fund the ramp-up of activities at Morila and continue exploration and resource development. This resulted in the issue of 117,187,206 ordinary fully paid shares at an issue price of $0.40 per share to sophisticated investors and shareholders

On 26 November 2021, Firefinch issued 88,560,906 ordinary fully paid shares under a Share Purchase Plan at an issue price of $0.58 per share, raising $51 million to advance the Morila Gold Project and progress exploration and development activities at Goulamina Lithium Project.

On 13 December 2021, the Company successfully completed a $100 million Institutional Placement. 149,253,732 ordinary fully paid shares were issued at $0.67 offer price per share. The Placement represented a proactive corporate initiative to provide funding certainty for the Company's growth plans at Morila and the Goulamina and remove reliance on debt funding.

In addition, the following options were exercised during the year:

- 28,936,573 options with an exercise price $0.15 per share; and
- 2,000,000 options with an exercise price of $0.40 per share.

A further 10,305,600 performance rights were converted into shares during the year and the Company granted a total of 12,667,800 performance rights to its directors, key management personnel and employees.

Change of Directors and Officers

On 6 April 2021, Mr Bradley Gordon joined the Firefinch board as Non-Executive Director and Dr Michael Anderson was appointed Managing Director.

On 23 August 2021, Mr Thomas Plant was appointed as Chief Financial Officer following the resignation of Mr Eric Hughes as Chief Financial Officer and Company Secretary. Mr Nathan Bartrop was appointed as Company Secretary on 23 August 2021.

Strategic Initiatives

On 16 June 2021, the Company announced that it had executed a binding term sheet with Ganfeng to establish a 50:50 incorporated joint venture to develop and operate the Goulamina Lithium Project. Under the terms of the joint venture, Ganfeng is required to provide up to US$194 million of funding to support the development of the Goulamina Lithium Project, consisting of equity funding of US$130 million and up to US$64 million in debt funding. Further information on the Goulamina Lithium Project is contained in the Review of Operations above. As at the date of this report the final condition precedent with respect to Ganfeng's investment into the Goulamina Lithium Project has been satisfied. Refer to the Matters Subsequent to Balance Date on page 34.

During the year, the Firefinch Board decided to make preparations to put a proposal to shareholders regarding a demerger of its interest in the Joint Venture from the Group's gold business. Structurally separating the Group's distinct businesses and creating two standalone ASX-listed companies has been determined as the best means to deliver value to shareholders. As this proposal is still in development and will be subject to further Board approval, as well as regulatory, and shareholder approvals, the Group's interest in the Joint Venture is not classified as held-for-sale as at 31 December 2021.

EXTERNAL FACTORS AFFECTING GROUP RESULTS

Commodity prices

The Group's operating revenues are sourced from the sale of gold and to a much lesser degree, silver. These commodities are priced by external markets which are subject to fluctuation.

The Group did not enter any hedging contacts during the year to manage its commodity price risk. All sales of refined gold and silver during the year were priced using the London AM Gold Fixing price. Subject to a variety of factors, gold sales take place approximately every two weeks.

Exposure to economic, environmental and social sustainability risks

The Group has potentially material exposure to economic, environmental, social and governance risks, including changes in community expectations, and environmental, social and governance legislation (including, for example, those matters related to climate change). The Group employs suitably employed personnel to assist with the management of its exposure to these risks. The Group's approach to risk management is discussed in more detail in the Group's Corporate Governance Statement and Risk Management Policy which can be found on the Group's website.

COVID-19

General
The global pandemic arising from the outbreak and spread of COVID-19 is having a material effect on global economic markets and the operation of a wide variety of businesses, including those in the mining industry and particularly in developing countries such as Mali. The global economic outlook is facing unprecedented uncertainty due to the pandemic, which has had and may continue to have a significant impact on the mining industry, the macro-economic environment in which the Group operates, and capital markets generally.

Firefinch Group

The COVID-19 pandemic represents a risk for the Group at the Morila Gold Mine and this is expected to continue into the foreseeable future.

During the year 120 cases of COVID-19 infection were identified among employees and contractors at the Morila Gold Mine.

The risk of COVID-19 introduction and spread at the Morila Gold Mine and the associated business continuity and instability is being managed using Morila's COVID-19 management plan. The management plan is focussed on ensuring the health and safety of our people, maintaining safe operations and supporting the local community.

Key controls within Morila's COVID-19 management plan to mitigate the risk of introduction and spread of COVID-19 and to manage the resulting impact on operations include:

- Monitoring local, regional and global pandemic data and information
- Site access restrictions
- Surveillance, screening and testing (PCR and rapid antigen)
- Personal, workplace hygiene and PPE
- Vaccination roll-out
- Community and government engagement
- External and internal stakeholder engagement
- Contact tracing and case management at the site level
- Business continuity planning

To date, COVID-19 has not materially impacted operations at Morila. While we remain confident that the measures that we have put in place will enable Morila to remain fully operational, the potential unchecked spread of COVID-19, and the development of new variants globally, remains a risk to the Group at this time.

Given the potential for changes to Morila's operating environment due to the direct and indirect impact of COVID-19, it is challenging to forecast future gold production or costs with full confidence. Every effort is being applied to maintaining "business as usual" and achieving internal production and cost targets, but success cannot be guaranteed.

Other external factors and risks

- Operational factors including mine grades, geotechnical factors, mill performance and workforce capability;

  Contained metal (tonnes and grade) are estimated annually and published in resource and reserves statements, however actual production in terms of tonnes and grade often varies (favourably and unfavourably) as ore bodies can be complex or inconsistent.

- Exploration success or otherwise;

  The reserves and resource base depletes as a result of mining, resulting in the Group's ability to find or replace reserves/resources presenting a significant business risk. To mitigate this risk, the Group undertakes a substantial exploration program with the objective of replenishing resources and reserves annually.

- Operating costs including supply chain, labour markets and productivity;

  Supply chain issues, such as those being experienced across the globe at this time, can materially impact the productivity of an operation especially as a result of the location of the Group's operations. As such, it is challenging to forecast future gold production or costs with full confidence. Every effort is being applied to maintaining "business as usual" and achieving internal production and cost targets, but success cannot be guaranteed.

Labour is one of the main cost drivers in the business and as such can materially impact the productivity and profitability of an operation.

- Changes in government and/or legislation;

  A rise in nationalist sentiment presents an operational risk to the Group.

  Sovereign risk associated with changes of government, including coup d'etats, can result in sanctions as is the case with the current ECOWAS sanctions in Mali.

  Fiscal policy changes can materially impact the profitability of the Group.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the year not otherwise disclosed in the Review of Operations above or the Consolidated Financial Statements.

MATTERS SUBSEQUENT TO BALANCE DATE

On 4 January 2022, the board of Firefinch and Jiangxi Ganfeng Lithium Co. Ltd (Ganfeng) approved a Final Investment Decision for the Goulamina Lithium Project. The parties have agreed to waive the FID condition to the payment of the final US$91 million upon the formation of the incorporated Joint Venture. The major remaining condition precedent to the formation of the Goulamina Joint Venture is the transfer of the Project Exploitation Licence to a single purpose Malian subsidiary as required by Malian legislation. The transfer is expected in early 2022 and, upon the satisfaction of other condition precedents, will allow the formation of the Goulamina Joint Venture.

In January 2022, mining activities commenced as scheduled at the Morila Super Pit. Initial activities comprise pre-stripping of waste from the first stage of the Morila Super Pit. Ore mining is currently forecast to commence during Q2 2022, with the Morila Super Pit becoming a consistent source of ore in the second half of 2022.

On 10 January 2022, Simon Hay joined Leo Lithium Limited as Managing Director.

On 28 March 2022, the Company announced that the transfer of the Exploitation Licence for the Goulamina Lithium Project to Lithium du Mali SA, a wholly owned entity of Mali Lithium BV (Mali Lithium) has occurred. This represented the satisfaction of the final condition precedent with respect to Ganfeng's investment into the Goulamina Lithium Project. Firefinch and Ganfeng now each hold a 50% interest in Mali Lithium. The satisfaction of this condition triggers US$130 million of equity funding to be provided to Mali Lithium by Ganfeng, with US$39 million to be released from escrow and received by Mali Lithium and a further US$91 million to be transferred to Mali Lithium by Ganfeng shortly. Ganfeng remains obliged to provide either US$40 million of Ganfeng direct debt or source US$64 million of third-party debt.

LIKELY DEVELOPMENTS

The Group intends to maintain safe operations at the Morila Gold Project, including:

- continuing production from the Viper satellite pit;
- safely ramping up production at the Morila Super Pit; and
- developing the N'Tiola and Beledjo-Koting satellite pits.

Exploration and evaluation activities will continue on existing tenements, and opportunities to expand the Group's tenement portfolio will be evaluated should they arise.

There are no other likely developments of which the Directors are aware which could be expected to significantly affect the results of the Group's operations in subsequent financial years not otherwise disclosed in the Review of Operations or the Matters Subsequent to Balance Date sections of the Directors' Report.

ENVIRONMENTAL REGULATIONS

The Group holds various permits issued by the relevant mining and environmental protection authorities that regulate its exploration and mining activities in Mali. These permits include requirements, limitations and prohibitions on exploration and mining activities in the interest of environmental protection. The holder of such permits must therefore adhere to the various conditions which regulate environment rehabilitation of areas disturbed during the course of the Group's exploration and exploitation activities.

There have been no significant known breaches during the year of environmental laws or permit conditions by the Group while conducting its operations.

INFORMATION ON DIRECTORS

The names, qualifications, experience and special responsibilities of the directors in office during or since the end of the financial year are as follows. Directors were in office for the entire financial year unless otherwise stated.

Dr Alistair Cowden – Non-Executive Chairman (from 1 May 2021)
Executive Chairman (6 April 2020 - 30 April 2021)
Non-Executive Chairman (18 February 2019 - 6 April 2020)

Dr. Cowden has more than 40 years of experience as a mining executive, director and geologist in the mining industry in Australia, Africa, Asia and Europe.

Dr. Cowden has been part of the discovery, development and operation of numerous mines in Australia, Africa and Europe and has extensive experience across all aspects of the mining industry including mergers, acquisitions and financing that created significant wealth for shareholders.

Dr. Cowden has an Honours degree in Geology from Edinburgh University and a PhD in Geology from the University of London.

Former directorships in the last three years	
Copper Mountain Mining Corporation	9 April 2018 - 5 November 2020
Echo Resources Limited	1 August 2019 - 15 October 2019
Altona Mining Limited	2 January 2011 - 9 April 2018

Dr Michael Anderson – Manging Director
(Appointed 6 April 2021)

Dr. Anderson has more than 30 years of extensive management and technical experience in the mining industry in Australia and Africa.

Dr. Anderson helped to lead Taurus Management Fund's investment into numerous West African gold producers. As Managing Director of Exco Resources, he led the Company to a number of major achievements including the successful development of the White Dam Gold Mine and the advancement of resource development, feasibility studies and approvals for the Cloncurry Copper Project ahead of its ultimate sale to Xstrata for $175 million.

Dr Anderson has a BSc. (1st Class Honours in Mining Geology) and a PhD in Mining Geology, both from the Royal School of Mines, Imperial College, University of London.

Other current directorships:

American West Metals Limited	28 May 2021 - present

Former directorships in the last three years:

Hot Chili Limited	14 December 2011 - 4 November 2020
Tiger Resources Limited	8 August 2019 - 6 November 2020 (delisted 3 Feb 2020)
Finders Resources Limited	1 October 2016 - 6 May 2019

Mr Mark Hepburn – Non-Executive Director
(Appointed 14 November 2018)

Mr Hepburn is a Corporate and Financial Markets Executive with over 28 years' experience in a range of management and board positions for Institutional Stockbroking and Derivatives Trading desks for major Financial Institutions.

His career has included roles in Sydney with Deutsche Bank and Macquarie Bank, managing global derivatives distribution sales teams. Mr Hepburn has worked as an Executive Director of a leading Perth stockbroking firm during which time he was involved in numerous fund-raising transactions for ASX listed industrial and resource companies. Mr Hepburn was also Managing Director of his own Corporate Advisory firm which specialised in executing corporate and equity transactions for ASX listed resources companies.

His experience also includes working as a corporate executive within mining companies and he has been a member of the Australian Institute of Company Directors since 2008.

Mr Hepburn has a degree in Economics and Finance (B.Econ. & Fin 1992 UWA) and has been a member of the Australian Institute of Company Directors since 2008.

Other current directorships:

Castile Resources Limited	29 November 2019 - present

Former directorships in the last three years:

Sihayo Gold Limited	1 August 2018 - 26 November 2019

Mr Brendan Borg – Non-Executive Director
(Appointed 14 November 2018)

Mr Borg is a consultant geologist who has specialised in the "battery materials" sector including lithium, graphite and cobalt mineralisation, participating in numerous successful projects, in an investment and/or operational capacity.

Mr Borg has more than 20 years’ experience gained working in management, operational and project development roles in the exploration and mining industries, with companies including Rio Tinto Iron Ore, Magnis Resources Limited, IronClad Mining Limited, Lithex Resources Limited and Sibelco Australia Limited. Brendan operates a geological consulting business Borg Geoscience Pty Ltd.

Mr Borg holds a Master of Science in Hydrogeology and Groundwater Management (University of Technology Sydney), a Bachelor of Science in Geology/Environmental Science (Monash University) and is a member of AusIMM and IAH.

Other current directorships:	
Kuniko Limited	1 April 2021 - present
Sarytogan Graphite Limited	29 November 2021 - present
Former directorships in the last three years:	
Celsius Resources Limited	18 April 2017 - 17 March 2021
Tempus Resources Limited	18 April 2018 - 1 February 2021

Mr Brett Fraser – Non-Executive Director
(Appointed 11 November 2020)

Brett is an experienced ASX director, currently holding a position as Director of central-west African iron ore company, Sundance Resources Limited. Mr Fraser’s deep knowledge (acquired over 30 years’ corporate finance experience) is a great asset to the Company, particularly regarding business acquisitions, business strategy and restructuring, and corporate governance. Mr Fraser 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).

Other current directorships:	
Sundance Resources Limited	10 March 2018 - present
Former directorships in the last three years:	
Blina Minerals	26 September - 19 September 2019
Aura Energy Limited	24 August 2005 - 18 November 2019
Holista Colltech Limited	21 February 2020 - 2 July 2020
Empire Resources Limited	17 July 2018 - 2 October 2018

Mr Bradley Gordon – Non-Executive Director
(Appointed 6 April 2021)

Mr Gordon is a seasoned resource industry executive with 30 years' experience in the gold, copper and mineral sands industries. Mr Gordon has deep operational and gold industry experience, both in large scale open pit mining and underground operations.

Mr Gordon has significant African experience, particularly as CEO of Acacia Mining. Mr Gordon was CEO of Intrepid Mines for five years during which its market capitalisation increased to A$1.4 billion through a series of corporate deals with the value primarily driven by the discovery and development of the world-class Tujuh Bukit gold-copper-silver project in Indonesia. He was CEO of Emperor Mines in Fiji and Managing Director of Placer Dome Asia Pacific. He has supervised operations at mines such as Porgera in PNG, Kanowna Belle, Paddington and Kundana all in Western Australia.

Mr Gordon holds a Mining Engineering degree from the Western Australia School of Mines (Curtin University) and an Executive MBA from INSEAD, France.

Other current directorships:

Aus Tin Mining Limited	17 May 2021 – present
Laneway Resources Limited	11 December 2020 - present

Former directorships in the last three years:
None

Mr Eric Hughes, BCom – Company Secretary
(Appointed 26 February 2019- resigned 23 August 2021)

Mr Hughes has more than 20 years' experience in senior finance executive roles with ASX-listed resource companies. He has a proven track record of structuring, evaluating, financing, developing and operating resource projects in Australia, Turkey, South Africa and Finland. Mr Hughes also brings experience in the negotiation and execution of major financial and corporate transactions. Mr Hughes holds a Bachelor of Business – Business Law from Curtin University, is a CPA and a registered tax agent. He has previously held executive director and Non-Executive Director roles in ASX-listed resource companies.

Mr Nathan Bartrop – Company Secretary
(Appointed 23 August 2021)

Mr Bartrop is a corporate governance professional with over 10 years' experience in ASX Listing Rules compliance, corporate advisory and corporate governance. Mr Bartrop has assisted numerous listed and dual listed entities across a wide range of industries as Company Secretary. During his career Nathan has also worked as an ASX listings compliance adviser at ASX in Perth and Sydney, where he was actively involved in the new listing of companies on ASX and advising listed entities on their compliance with ASX listing rules.

Mr Bartrop holds a Bachelor of Laws and Commerce from the University of Western Australia and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. Nathan is a Fellow and WA State Council member of the Governance Institute of Australia.

Directors' Report

DIRECTORS' MEETINGS

The number of meetings of the directors and the number of meetings attended by each director during the year ended 31 December 2021.

Directors	Directors' Meetings		Remuneration and Nomination Committee		Corporate Social Responsibility Committee		Audit Committee	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
A. Cowden	8	8	2	2	1	1	-	-
M. Anderson (1)	6	6	-	-	-	-	-	-
B. Borg	8	8	2	2	-	-	3	3
B. Fraser	8	7	2	2	1	1	3	3
M. Hepburn	8	8	2	2	-	-	3	2
B. Gordon (2)	6	5	-	-	1	1	-	-

(1) M. Anderson was appointed as Managing Director on 6 April 2021.
(2) B. Gordon was appointed as Non-Executive Director on 6 April 2021.

DIRECTORS'INTERESTS

The following relevant interests in shares and performance rights of the Company were held directly and beneficially by the directors as at the date of this report:

	Fully paid ordinary shares	Listed Options	Unlisted performance/share rights	Unlisted Options
Non-Executive Directors				
Dr A. Cowden	9,103,448	-	-	-
M. Hepburn	2,339,224	-	-	-
B. Fraser	336,206	-	750,000	-
B. Borg	14,578,448	-	-	-
B Gordon	-	-	750,000	-
Executive Directors				
M Anderson	1,301,724	-	6,800,000	-

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for the Company's Non-Executive Directors, Executive Directors and other Key Management Personnel (KMP) for the year ended 31 December 2021 in accordance with the Corporations Act 2001 (the Act) and its regulations. For the purpose of this report, KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether exclusive or otherwise) of the Parent entity. This information has been audited as required by section 308(3C) of the Act.

KMPs of the Company during the financial year ended 31 December 2021:

	Position	Commenced/ Resigned
Alistair Cowden	Executive Chairman	Appointed 6 April 2020
Michael Anderson	Managing Director	Appointed 6 April 2021
Mark Hepburn	Non-Executive Director	Appointed 14 November 2018
Brendan Borg	Non-Executive Director	Appointed 14 November 2018
Brett Fraser	Non-Executive Director	Appointed 11 November 2020
Bradley Gordon	Non-Executive Director	Appointed 6 April 2021
Eric Hughes	Chief Financial Officer/ Company Secretary	Appointed 26 February 2019 / resigned 23 August 2021
Thomas Plant	Chief Financial Officer	Appointed 23 August 2021
Andrew Taplin	Chief Operating Officer	Appointed 2 November 2020

The Remuneration Report has been set out under the following main headings:

1. Remuneration Governance
2. Executive Remuneration Framework
3. 2021 KMP Long Term Incentive Plan Terms
4. 2021 KMP Short Term Incentive Plan Terms
5. 2021 Non-Executive Director Remuneration Framework
6. 2021 Non-Executive Director Equity Plan Terms
7. Details of Remuneration
8. Service Agreements
9. Share Based Compensation
10. Additional Information

1. <u>Remuneration Governance</u>

a) Remuneration and Nomination Committee

The Board formed the Remuneration and Nomination Committee (RNC) in 2021 which is governed by a Remuneration Committee Charter. In 2021, the RNC comprised of:

Mr Brendan Borg	Committee Chairman
Dr Alistair Cowden	Committee Member
Mr Brett Fraser	Committee Member

The RNC has worked with KMP and management to apply a robust governance framework and to ensure the Company's remuneration strategy supports the creation of sustainable shareholder value.

In relation to remuneration, the responsibilities of the RNC include:

I. reviewing the Company's Remuneration Policy and making appropriate recommendations to the Board. In considering the Company's Remuneration Policy, the Committee refers to the guidelines for non-executive director remuneration and executive remuneration set out in the commentary to recommendation 8.2 in the ASX Principles and Recommendations;

II. reviewing senior executives' remuneration and incentives, and making appropriate recommendations to the Board;

III. reviewing the remuneration framework for non-executive directors, including the process by which the pool of directors' fees approved by shareholders is allocated to directors, and making appropriate recommendations to the Board;

IV. reviewing and making recommendations to the Board on short and long-term incentive compensation plans, including equity based plans;

V. reviewing superannuation arrangements for directors, senior executives and other employees;

VI. reviewing termination payments;

VII. reviewing remuneration related reporting requirements, including disclosing a summary of the Company's policies and practices (if any) regarding the deferral of performance-based remuneration and the reduction, cancellation, or clawback of performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements;

VIII. reviewing whether there is any gender or other inappropriate bias in remuneration for directors, senior executives, or other employees;

IX. monitoring compliance with applicable legal and regulatory requirements relevant to remuneration-related matters and any changes in the legal and regulatory framework in relation to remuneration; and

X. performing such other functions as assigned by law or the Company's Constitution.

b) Use of Remuneration Advisors

The Committee's Charter allows the RNC access to specialist, external remuneration advice about remuneration structure and levels.

In the reporting period, The Reward Practice Pty Ltd was engaged to provide remuneration market data for Non-Executive Director (NED) roles, Non-Executive Chairman and NED fee pool. The recommendations and adoptions of which were not applied until 2022.

During 2021, external advice was not sought on executive remuneration.

c) Remuneration Policy

The Company adopted a Remuneration Policy during the reporting period.

The Remuneration Policy serves to guide the RNCs recommendations on remuneration and the Board's adoption of those recommendations and covers all employees of the Group, including KMP, executives and employees of Firefinch subsidiaries. The RNC administers the Remuneration Policy.

The Policy seeks to provide the foundation for competitive remuneration to attract, motivate and retain high quality individuals in order to deliver Firefinch's strategy. Remuneration and incentive programs are structured to reward employees for their individual and collective contribution to the Company's success and business objectives, for appropriate risk-taking, for outperformance and for creating and enhancing value for shareholders.

The Policy informs the RNC on matters including:

i. Remuneration market positioning (taking into consideration industry benchmarks, market forces and talent availability);
ii. Remuneration mix including fixed and variable remuneration strategies;
iii. Setting remuneration; and
iv. Reviewing remuneration levels annually

2. Executive Remuneration Framework

a) Executive Remuneration Framework

The following remuneration framework was adopted in 2021. The Board sought to ensure that the framework is best fit for purpose and aligns with shareholder value creation.

The framework covers executives of the Company. NED remuneration is dealt with separately below.

Remuneration Category	Purpose of Category
Fixed remuneration	Fixed remuneration consists of base salary, superannuation, and other non-monetary benefits such as employee leave. Fixed remuneration is linked to the market rate of the role and is intended to compensate for fulfilling the scope of the employees roles and responsibilities and the employees skills, experience, and qualifications.
At-risk remuneration – Short Term Incentive (STI)	The primary purpose of the STI is to incentivise executives to achieve the annual STI performance targets set by the Board at the beginning of the period. The STI performance targets clearly set out the annual performance targets the Board requires from executives and achievement of the targets is determined by the Board at the end of the annual period. The STI comprises an annual award which is measured over a 12 month performance period and is payable in cash. The performance targets are contained in a balanced scorecard with financial and non-financial measures, as well as a mixture between corporate and personal measures. At the Boards' absolute discretion, in the event of a fatality, no payout will be made.
At-risk remuneration – Long Term Incentive (LTI)	The LTI is designed to incentivise executives in the creation of long-term shareholder value as evidenced by market and nonmarket measures, by rewarding executives for the achievement of long-term performance targets set by the Board at the beginning of the long-term performance period. The long-term targets are set out by the Board to provide clear and measurable direction as to what the Board and shareholders require from executives by the end of the long-term performance period.

b) Remuneration Mix and Incentive Opportunity

The remuneration mix and incentive opportunity includes a fixed remuneration component, a Short Term Incentive Scheme (STI) and a Long Term Incentive Scheme (LTI).

The table below outlines the incentive opportunity as a percentage of fixed remuneration.

Incentive Opportunity	STI Target	STI Stretch	LTI	Maximum Incentive Opportunity
Managing Director	30%	50%	100%	150%
Key Management Personnel	30%	45%	60%	105%

3. <u>2021 KMP Long Term Incentive Plan Terms</u>

In 2021, the Board awarded Performance Rights to KMP to earn their at-risk LTI remuneration.

Dr Michael Anderson – Managing Director

The following table details the award and conditions of a long-term incentive award made to Dr Anderson during 2021.

How is the award delivered?	The award is delivered through the issue of Performance Rights (Rights) under the Firefinch Limited Awards Plan (previously adopted as the Mali Lithium Limited Awards Plan) approved by shareholders on 27 May 2019.
Date of award?	An award was made on 27 May 2021.
What is the quantum of the award?	6,800,000 Rights divided into Tranches with an expiry date of 28 May 2024.
What are the performance conditions?	Tranche 1 – 2,266,667 Rights The Tranche 1 Rights will vest if the 10-day volume-weighted average price (VWAP) of the Company's shares is at a 15 cent premium to the 10-day VWAP of the Company's shares prior to the grant date. The performance hurdle will first be tested on 6 April 2023 (Test Date 1), at which point vesting may occur if the performance hurdle has been satisfied, if not, the performance hurdle will be tested again on 6 April 2024 (Test Date 2). The testing dates are procedural in that the VWAPs are tested on Test Date 1 and Test Date 2, however if at any point over the performance period, the VWAP hurdle is met, then the vesting condition is considered to be achieved. Tranche 2 – 2,266,667 Rights The Tranche 2 Rights will vest subject to the Company achieving a minimum of 250,000 ounces of gold production per annum. The performance hurdle will first be tested on Test Date 1, at which point vesting may occur if the performance hurdle has been satisfied, if not, the performance hurdle will be tested again on Test Date 2.

	Tranche 3 – 1,133,333 Rights The Tranche 3 Rights will vest subject to Morila Gold's Ore Reserves being equal to, or greater than 1,000,000 ounces of gold (with the meaning given to that definition in the 2012 JORC Code) by Test Date 2. Tranche 4 – 566,667 Rights The Tranche 4 Rights will vest subject to the completion of 36 months of nil Lost Time Injuries by Test Date 2. Tranche 5 – 566,666 Rights The Tranche 5 Rights will vest subject to the alignment of Environmental and Social Governance reporting to a Company adopted international standard/framework as determined by the Board by Test Date 2. The Rights are also subject to baseline conditions which must be met and satisfied at each of the testing dates in addition to the relevant performance hurdles for the respective tranches. The baseline conditions include nil workplace fatalities at the Company's premises or operational sites and two years of continuous service in the role as Managing Director.
Why were the performance conditions selected?	Retention award and alignment of strategic objectives with that of the company.
What is the performance period?	6 April 2021 to 6 April 2024.
Have any or all of the awards vested during 2021?	No Rights have vested in 2021.

Mr Andrew Taplin – Chief Operating Officer

The following table details the award and conditions of a long-term incentive award made to Mr Taplin during 2021 and details on the partial vesting of that award.

How is the award delivered?	The award is delivered through the issue of Performance Rights (Rights) under the Firefinch Limited Awards Plan (previously adopted as the Mali Lithium Limited Awards Plan) approved by shareholders on 27 May 2019.
Date of award?	500,000 Rights were awarded on 2 November 2020. 1,000,000 Rights were awarded on 1 March 2021.
What is the quantum of the award?	1,500,000 Rights, with 500,000 expiring on 14 October 2022 and 1,000,000 expiring on 1 July 2023.
What are the performance conditions?	500,000 Rights are based on the completion of two years of service from date of employment which will be tested for vesting on 14 October 2022. 1,000,000 Rights are based the following conditions on the basis that vesting will occur on achieving any two of the following four vesting conditions (continually tested):

	Test 1 The Company's share price has traded on ASX at 10 cent premium to the price on the three days of trading after the announcement of the Morila acquisition for 20 consecutive Trading Days in which sales of Firefinch shares are recorded; Test 2 A JORC Code compliant resource of at least 2,000,000 ounces of gold is defined at the Morila Gold Mine; Test 3 Open pit production is recommenced at the main Morila open pit; or Test 4 The Company enters into a sale, joint venture or financing agreement in respect of the Goulamina Lithium Project which delivers an implied valuation of at least $100 million for Goulamina as at the date of execution.
Why were the performance conditions selected?	Retention award and alignment of strategic objectives with that of the company.
What is the performance period?	2 November 2020 to 1 July 2023.
Have any or all of the awards vested during 2021?	In June 2021 the Board tested and determined that the performance conditions applicable to 1,000,000 of Rights had been satisfied (based on achieving Test 1, Test 2 and Test 3) and these 1,000,000 Rights therefore vested on 30 June 2021. Mr Taplin currently has 500,000 unvested Rights.

Mr Eric Hughes – Chief Financial Officer and Company Secretary (resigned 23 August 2021)

The following table details the grant, testing and vesting of an award made to Mr Hughes.

How is the award delivered?	The award is delivered through the issue of Performance Rights (Rights) under the Mali Lithium Limited Awards Plan approved by shareholders on 27 May 2019.
Date of award?	An award was made on 30 July 2020.
What is the quantum of the award?	1,500,000 Rights with an expiry date of 1 July 2023.
What are the performance conditions?	The Rights will vest subject to at least two of the following four vesting conditions being met: Test 1 The Company's share price has traded on ASX at 10 cent premium to the price on the three days of trading after the announcement of the Morila

	acquisition for 20 consecutive Trading Days in which sales of Firefinch shares are recorded; Test 2 A JORC Code compliant resource of at least 2,000,000 ounces of gold is defined at the Morila Gold Mine; Test 3 Open pit production is recommenced at the main Morila open pit; or Test 4 The Company enters into a sale, joint venture or financing agreement in respect of the Goulamina Lithium Project which delivers an implied valuation of at least $100 million for Goulamina as at the date of execution.
Why were the performance conditions selected?	Retention award and alignment of strategic objectives with that of the company.
What is the performance period?	1 July 2020 to 1 July 2023.
Have any or all of the awards vested during 2021?	The Board determined that the performance conditions applicable to 1,500,000 Rights were satisfied and therefore the Rights vested on 30 June 2021.

Mr Thomas Plant – Chief Financial Officer

No grants were made to Mr Plant during the reporting period, nor does Mr Plant have any Rights currently on foot as part of an equity award.

4. <u>2021 KMP Short Term Incentive Plan Terms</u>

Effective 1 July 2021, the Board set out STI performance targets for KMP to earn their at-risk STI remuneration.

The incentive opportunity for each KMP is divided between a corporate and personal scorecard with performance targets for both. The corporate targets are the same for all KMP listed. Personal targets are not included in this report.

The following table summarises the Corporate 2021 STI targets for the performance period 1 July 2021 to 30 June 2022 (STI Plan).

Performance Area	Performance Measure	% of Scorecard	Target	Stretch at 150%
Morila- Production and Cost	Performance against Life of Mine Plan (LOMP)	25%	5% over budget gold production, and on budget operating expenditure per the LOMP.	10% over budget gold production and 5% under budget operating expenditure per the LOMP.
Group ESG	Safety, Environmental and Social Performance	25%	Board discretionary assessment regarding safety performance and community relations performance.	Board discretionary assessment regarding safety performance and community relations performance.
Group Resource and Reserve	Delivery of the Exploration Plan by 30 June 2022	25%	Implement Board approved program on time and within 10% of budget. Increase Morila Project Ore Reserves such that the mine life is extended by three years or 250,000 ounces.	Implement Board approved program on time and within 10% of budget. Increase Morila Project Ore Reserves such that the mine life is extended by four years or 350,000 ounces.
Goulamina Project Development	Execution of Goulamina DFS Update, FID and successful de-merger on time	25%	Board endorsed effective completion of the DFS update by Q4, 2021, FID by Q4, 2021 and successful de-merger by Q1, 2022. Board discretionary assessment on valuation of de-merged company valuation.	Board discretion.

The assessment and any payment outcome for the above STI Plan will not be made until after the end of the performance period, being 30 June 2022.

For the period 1 July 2020 to 30 June 2021, the Board made an STI cash based award to the Managing Director and KMP based on an assessment of individual performance to the contribution of company milestones. These payments are reflected in Table 2.

5. Non-Executive Director Remuneration Framework

a) Non-Executive Director remuneration

Non-Executive Directors (NEDs) are paid in cash plus statutory superannuation. The Board may determine that fees may be paid by securities or a combination of cash and securities (the issue of securities subject to shareholder approval as required), whether pursuant to the terms of an equity plan or otherwise. Such determination is given regard to market practice and applicable corporate governance principles.

Fees paid to NEDs cover all activities associated with their role on the Board. The Board may from time to time determined that additional fees are payable to NED's who chair or are members of Board subcommittees or who perform special duties or extra services on behalf of the Company.

Consistent with the Company's Constitution, the aggregate quantum of all fees (including superannuation) paid to NEDs in each financial year must not exceed the aggregate NED fee pool amount set by shareholders from time to time in General Meetings.

NEDs are not provided with retirement benefits other than statutory superannuation entitlements.

The RNC will review NED fees annually and report its findings to the Board, together with any recommendations (if considered appropriate) for revised fees.

The Board retains discretion to adopt the RNC recommendations with or without amendments. In setting NED fees, the Board will have regard to market rates and the circumstances of the Company and the resulting expected workloads of the Directors.

b) Directors' fee limits

The aggregate amount of fees payable to Non-Executive Directors is subject to approval by shareholders. The maximum aggregate amount of fees that is approved for payment to Non-Executive Directors is $600,000 per annum, excluding the value of approved share-based payments. This limit was approved by shareholders at the General Meeting on 28 May 2021.

Table 1 – Annual board and committee fees payable to Directors

Position	$
Chairman	120,548
Non- Executive Directors	72,329
Committee chairman	6,027
Committee member	3,014

(1) The fees are inclusive of superannuation guarantee and effective from 1 July 2021.

6. Statutory performance indicators

The Group aims to align executive remuneration to our strategic and business objectives and the creation of shareholder wealth. The table below shows measures of the Group's financial performance over the last five years as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

Statutory disclosure key performance indicators of the Group over the last five years.

	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2018	Year ended 30 June 2017
Profit/(Loss) for the period, $	(43,952,826)	1,043,816	(3,504,280)	(4,067,681)	(5,667,818)
Dividends paid, $	nil	nil	nil	nil	nil
Net assets, $	251,932,804	99,393,236	27,166,106	25,740,323	11,435,753
Share price, $	0.865	0.175	0.097	0.164	0.640

7. 2021 Non-Executive Director Equity Plan Terms

The Board has awarded Performance Rights to NEDs on the following basis.

Dr Alistair Cowden
Mr Brendan Borg
Mr Mark Hepburn

The table below details the grant, testing and vesting of an award made to Dr Cowden, Mr Borg and Mr Hepburn.

How is the award delivered?	The award is delivered through the issue of Performance Rights (Rights) under the Mali Lithium Limited Awards Plan approved by shareholders on 27 May 2019.
Date of award?	An award was made on 23 October 2020.
What is the quantum of the award?	Dr Alistair Cowden – 2,000,000 Rights expiring on 4 November 2023. Mr Brendan Borg – 750,000 Rights expiring on 4 November 2023. Mr Mark Hepburn – 750,000 Rights expiring on 4 November 2023.
What are the performance conditions?	The Rights will vest subject to at least two of the following four vesting conditions being met: Test 1 The Company's share price has traded on ASX at a 10 cent premium or above to the VWAP for the three days after the acquisition of Morila was announced (being $0.1971) for 20 consecutive Trading Days in which sales of Firefinch shares are recorded; Test 2 Definition of a JORC Code compliant Inferred Mineral Resource of at least 2,000,000 ounces of gold (or equivalent) on the Morila Exploitation Permit and the Company's Malian subsidiary's tenements adjoining the Morila Exploitation Permit at a minimum average grade of 1.0 grams per tonne of gold (or equivalent); Test 3 The Company maintaining production from the Morila Gold Mine beyond the date provided for in the Closure Plan of May 2021 or expanding production at the Morila Gold Mine by commencing open pit production from the Exploitation Permit (after any extension of its term); or Test 4 The Company enters into a sale, joint venture or financing agreement in respect of the Company's Goulamina Lithium Project which delivers an implied valuation of at least $100 million for Goulamina as at the date of execution.

Why were the performance conditions selected?	Dr Cowden held the role of Executive Chairman prior to the appointment of a Managing Director. Mr Borg and Mr Hepburn held the role of NED prior to the appointment of an executive team. The performance conditions were selected to align the behaviours of working directors with long term value creation for shareholders.
What is the performance period?	Each Right will be able to vest at any time after 12 months from the date of issue and if the Chairman has provided continual service to the Board for at least 18 months and remains a director at the time of vesting.
Have any or all of the awards vested during 2021?	The Board determined that the performance conditions applicable to 3,500,000 Rights were satisfied and therefore the Rights vested on 3 November 2021.

Mr Brett Fraser
Mr Bradley Gordon

The following table details the award and conditions of a long-term incentive award made separately to each Mr Fraser and Mr Gordon during 2021.

How is the award delivered?	The award is delivered through the issue of Performance Rights (Rights) under the Firefinch Limited Awards Plan (previously adopted as the Mali Lithium Limited Awards Plan) approved by shareholders on 27 May 2019.
Date of award?	An award was made on 27 May 2021.
What is the quantum of the award?	1,500,000 Rights (750,000 Rights each) with an expiry date of 1 July 2023.
What are the performance conditions?	The Rights will vest subject to at least two of the following four vesting conditions being met: Test 1 The 10-day VWAP of the Company's shares is at a 15 cent premium to the 10-day VWAP of the Company's shares prior to the grant date; Test 2 Definition of a JORC Code compliant Ore Reserve of at least 1,500,000 ounces of gold on the Morila Exploitation Permit and the Company's Malian subsidiary's tenements adjoining the Morila Exploitation Permit at a minimum average grade of 1.0 grams per tonne of gold; Test 3 The Company commencing production from the Morila Super Pit; Test 4 The Company successfully completing the demerger of the Goulamina Lithium Project, with "LithiumCo" successfully listing on the ASX (or

	other recognised exchange) and achieving a market capitalisation of at least $200 million; or The vesting conditions attached to the Rights will be continuously tested from 28 May 2022 until 1 July 2023. However, the Rights will only be able to vest after 12 months from the date of issue and if the NED has provided continual service to the Board for at least 18 months and remains a NED at the time of vesting.
Why were the performance conditions selected?	The performance conditions were selected to align the behaviours of working directors with long term value creation for shareholders.
What is the performance period?	28 May 2021 to 1 July 2023.

8. Details of Remuneration

Details of the remuneration of the Directors and KMP of the Group (as defined in AASB 124 Related Party Disclosures) are set out in the following table.

Table 2 – Directors and Executive KMP's remuneration for the year ended 31 December 2021

2021 – Group	Short-term			Post-employment	Short-term	Termination benefits	Total monetary remuneration	Equity-settled share-based payments		Total remuneration	Performance
	Salary & Fees	Cash bonus	Other	Superannuation	Annual leave paid			Performance / share rights (4)	Options		
	$	$	$	$	$	$	$	$	$	$	%
Directors											
M Hepburn	70,320	-	-	6,858	-	-	77,178	116,691	-	193,869	60%
B Borg	72,603	-	-	7,082	-	-	79,685	116,691	-	196,376	59%
B Fraser	72,602	-	-	7,082	-	-	79,684	171,199	-	250,883	68%
B Gordon (1)	49,315	-	-	4,849	-	-	54,164	171,199	-	225,363	76%
A Cowden (2)	292,502	-	-	22,204	-	-	314,706	311,175	-	625,881	50%
M Anderson (3)	397,508	50,000	-	17,208	-	-	464,716	645,795	-	1,110,511	58%
Directors total	**954,850**	**50,000**	**-**	**65,283**	**-**	**-**	**1,070,133**	**1,532,750**	**-**	**2,602,883**	
Executive KMP											
E Hughes (5)	195,658	50,000	-	32,451	41,893	156,000	476,002	161,315	-	637,317	25%
T Plant (6)	131,067	-		8,538	-	-	139,605	-	-	139,605	-
A Taplin	385,872	100,000	-	22,631	-	-	508,503	175,935	-	684,438	26%
Executive KMP total	**712,597**	**150,000**	**-**	**63,620**	**41,893**	**156,000**	**1,124,110**	**337,250**	**-**	**1,461,360**	
TOTAL REMUNERATION	**1,667,447**	**200,000**	**-**	**128,903**	**41,893**	**156,000**	**2,194,243**	**1,870,000**	**-**	**4,064,243**	

(1) Mr Gordon was appointed as Non-Executive Director on 6 April 2021.
(2) The salary and fees paid during the financial year include the additional fees of $73,059 for managing the Goulamina Joint Venture and Leo Lithium demerger processes.
(3) Mr Anderson was appointed as Managing Director on 6 April 2021.
(4) Vesting expense for the year of performance / share rights issues to the directors under the terms of the Company's long-term incentive plans approved by shareholders on 23 October 2020. The fair value of the performance / share rights is calculated at the date of grant date.
(5) Mr Hughes resigned on 23 August 2021.
(6) Mr Plant was appointed as Chief Financial Officer on 23 August 2021.

Table 2 *(continued)* – Directors and Executive KMP's remuneration for the year ended 31 December 2020

2020 – Group	Short-term			Post-employment	Short-term	Termination benefits	Total monetary remuneration	Equity-settled share-based payments		Total remuneration	Performance
	Salary & Fees	Cash bonus	Other	Superannuation	Annual leave paid			Performance / share rights [5]	Options [6]		
	$	$	$	$	$	$	$	$	$	$	%
Directors											
M Hepburn	59,178	-	-	5,622	-	-	64,800	22,059	-	86,859	25%
B Borg	59,178	-	-	5,622	-	-	64,800	22,059	-	86,859	25%
B Fraser [1]	8,219	-	-	624	-	-	8,843	-	-	8,843	-
N O'Brien [2]	16,438	-	-	2,851	-	13,111	32,400	-	-	32,400	-
A Cowden [3]	270,708	-	-	19,370	-	-	290,078	58,825	-	348,903	17%
C Evans [4]	127,782	-	-	10,030	32,289	116,667	286,768	-	(305,044)	(18,276)	-
Directors total	**541,503**	**-**	**-**	**44,119**	**32,289**	**129,778**	**747,689**	**102,943**	**(305,044)**	**545,588**	
Executive KMP											
E Hughes	274,833	8,000	-	21,343	-	-	304,176	115,209	-	419,385	27%
A Taplin [7]	63,051	-	-	3,616	-	-	66,667	5,658	-	72,325	8%
Executive KMP total	**337,884**	**8,000**	**-**	**24,959**	**-**	**-**	**370,843**	**120,867**	**-**	**491,710**	
TOTAL REMUNERATION	**879,387**	**8,000**	**-**	**69,078**	**32,289**	**129,778**	**1,118,532**	**223,810**	**(305,044)**	**1,037,298**	

(1) Mr Fraser was appointed Non-Executive Director on 11 November 2020.
(2) Mr O'Brien resigned on 6 April 2020. Mr O'Brien received a further three months remuneration totalling $13,111 (excluding superannuation) under a fixed term employment contract.
(3) Dr Cowden was appointed as Executive Chairman on 6 April 2020.
(4) Mr Evans resigned as Managing Director on 6 April 2020.
(5) Vesting expense for the year of performance / share rights issues to the directors under the terms of the Company's long-term incentive plans approved by shareholders on 23 October 2020. The fair value of the performance / share rights is calculated at the date of grant date.
(6) Options forfeited upon resignation of the Managing Director.
(7) Mr Taplin was appointed as Chief Operating Officer on 2 November 2020.

9. Service Agreements

Remuneration and other terms of employment of the Managing Director, Executive Chairman, Chief Operating Officer and Chief Financial Officer are formalised in employment agreements. Major provisions of the agreements relating to the remuneration of these positions are set out below.

Remuneration of Executive Chairman, Dr Alistair Cowden

Dr Alistair Cowden moved to a position of Non- Executive Chairman from 6 April 2020 after holding a position of Executive Chairman. Dr Cowden's contract terms with the Company are outlined below.

Fixed remuneration
Dr Cowden was paid an annual salary of $450,000 inclusive of statutory entitlements from 1 November 2020 to 30 April 2021. From 1 May 2021, the annual salary is $120,548 inclusive of statutory entitlements and in addition, the audit and remuneration committees' membership fees of $6,027 per annum and fees of $120,548 for managing the Goulamina Joint Venture and Leo Lithium demerger process.

Remuneration of Managing Director, Dr Michael Anderson (Appointed 6 April 2021)

On 6 April 2021 the Company appointed Dr Anderson as Managing Director and his employment contract with the Company outlines the following terms:

Fixed remuneration
Dr Andersons' annual salary was set at $528,306 per annum plus statutory superannuation and is $549,438 per annum plus statutory superannuation from 1 July 2021.

Variable remuneration

Dr Anderson is eligible to earn a performance related short-term incentive calculated with respect to each financial year during his employment. Dr Anderson is eligible to participate in the Company's Long Term Incentive scheme.

Termination of contract
The Company may terminate Dr Andersons' employment at any time on six months' notice, of which at least 3 months must be paid in lieu. Dr Anderson may terminate his employment with the Company at any time on 6 months' notice.

Remuneration of Chief Financial Officer and Company Secretary, Mr Eric Hughes (resigned 23 August 2021)

Fixed remuneration
Mr Hughes's annual salary was $300,000 per annum, plus statutory superannuation and $312,000 from 1 July 2021.

Variable remuneration
Mr Hughes was eligible to earn a performance related short-term incentive calculated with respect to each financial year during his employment. Mr Hughes was eligible to participate in the Company's Long Term Incentive scheme.

Remuneration of Chief Financial Officer, Mr Thomas Plant (appointed 23 August 2021)

Mr Thomas Plant was appointed on 23 August 2021 as Chief Financial Officer and his employment contract with the Company outlines the following terms:

Fixed remuneration
Mr Plant's annual salary is $350,000 per annum, plus statutory superannuation effective 23 August 2021.

Variable remuneration
Mr Plant is eligible to earn a performance related short-term incentive calculated with respect to each performance year during his employment. Mr Plant is eligible to participate in the Company's Long Term Incentive scheme.

Termination of contract
Mr Plant and the Company may terminate the contract by giving three months' notice.

Remuneration of Chief Operating Officer, Mr Andrew Taplin

Mr Andrew Taplin was appointed 2 November 2020 as Chief Operating Officer and his employment contract with Firefinch outlines the terms of his employment.

Fixed remuneration
Mr Taplin's annual salary was set at $400,000 per annum, inclusive of statutory superannuation and is $393,438 base salary per annum plus statutory superannuation from 1 July 2021.

Variable remuneration
Mr Taplin is eligible to earn a performance related short-term incentive calculated with respect to each performance year during his employment. Mr Taplin is eligible to participate in the Company's Long Term Incentive scheme

Termination of contract
Mr Taplin and the Company may terminate the contract by giving three months' notice.

10. Share Based Compensation

KMP are eligible to participate in the Firefinch LTI scheme. The terms and conditions of the performance rights included in remuneration of Directors and KMP in the current or a future reporting period are set out below. The Black Scholes pricing model was used to determine a fair value of performance rights at a grant date with non-market vesting conditions and a barrier-up trinomial pricing model was used for performance rights with market vesting conditions. Performance rights granted carry no dividend or voting rights. When exercisable, the performance rights are convertible into one ordinary share per right.

Table 3 – Key terms of share-based compensation held by Directors and KMP as at 31 December 2021

Item	Performance rights (1)	Performance rights (2)	Performance rights (3)	Performance rights (4)	Performance rights (5)	Performance rights (6)	Performance rights (7)
Grant date	2 November 2020	27 May 2021	27 May 2021	27 May 2021	27 May 2021	27 May 2021	27 May 2021
Number	500,000	2,266,667	2,266,667	1,133,333	566,667	566,666	1,500,000
Exercise price, $	nil	nil	nil	nil	nil	nil	nil
Fair value, $	0.140	0.323	0.385	0.385	0.385	0.385	0.385
Total fair value, $	70,000	732,133	872,667	436,333	-	218,166	577,500
Performance period (yrs)	2	3	3	3	3	3	2.1
Expiry date	2-Nov-22	28-May-24	28-May-24	28-May-24	28-May-24	28-May-24	1-Jul-23
Vesting conditions	2 years continuous employment	Share price appreciation	Gold production	Ore reserve	Safety metric	ESG	(7)

(1) The assessed fair value of performance rights at a grant date is allocated equally over the performance period (24-month period) from 2 November 2020 to 2 November 2022, over which the individuals and the Company's performance is assessed, and the amount is included in the remuneration tables above.

(2) The performance rights will vest subject to the 10-day volume-weighted average price (VWAP) of the Company's share price being at a $0.15 premium to the 10-day VWAP to the Company's VWAP prior to the date of grant.
(3) The performance rights will vest on the Company achieving a minimum of 250,000 ounces of gold production per annum.
(4) The performance rights will vest on Morila Gold's Ore Reserves (with the meaning given to that definition in the 2012 JORC Code) at the end of the performance period (being 6 April 2021) are equal to or greater than 1,000,000 ounces of gold.
(5) The performance rights will vest on completion of 36 months of nil lost time injuries.
(6) The performance rights will vest on aligning Environmental and Social Governance reporting to a Company adopted international standard / framework as determined by the Board.
(7) The performance rights will vest subject to at least two of the following four vesting conditions being satisfied:
- The 10-day VWAP of the Company's share price is at a $0.15 premium to the Company's 10-day VWAP prior to the date of grant;
- Definition of a JORC Compliant Ore Reserve of at least 1,500,000 ounces of gold on the Morila Exploitation Permit and the Company's Malian subsidiary's tenements adjoining the Morila Exploitation Permit at a minimum average grade of 1.0 grams per tonne of gold;
- The Company commencing production from the Morila Super Pit; or
- The Company successfully completing the demerger of the Goulamina Lithium Project, with "LithiumCo" successfully listing on the ASX (or other recognised exchange) and achieving a market capitalisation of at least $200 million.

Further information relating to the portion of Directors and KMP's remuneration as an equity compensation are set out in the following table.

Table 4 – Value of share-based compensation

Name	Total fair value of: Performance /share rights, $	Value recognised, exercised or lapsed in the year ended December 2021				Amount paid per share on exercise
		Grant date	Value recognised $ Performance / share rights	Exercised $ Performance /share rights	Lapsed $ Performance / share rights	
Directors						
M Hepburn	138,750	23-Oct-20	-	116,691	-	-
B Borg	138,750	23-Oct-20	-	116,691	-	-
B Fraser	288,750	27-May-21	171,199	-	-	-
B Gordon	288,750	27-May-21	171,199	-	-	-
A Cowden	370,000	23-Oct-20	-	311,175	-	-
M Anderson	2,259,299	27-May-21	645,795	-	-	-
Executive KMP						
E Hughes	319,260	30-Jul-20		161,315	-	-
A Taplin	70,000	2-Nov-20	35,935	-	-	-
	140,000	1-Mar-21	-	140,000	-	-

The movement in performance /share right holdings for KMP and Directors during the year are set out in the following table:

Table 5 – Movement of performance / share rights granted to Directors and KMPs during the year

Name	Equity instrument	Balance at start of the year	Granted during the year as remuneration	Exercised during the year	Forfeited / lapsed	Balance at end of the year	Vested during the year	Vested and exercisable at the end of the year
Directors								
M Hepburn	Performance right	2,750,000		(2,750,000)	-	-	-	-
B Borg	Performance right	750,000	-	(750,000)	-	-	-	-
B Fraser	Performance right	-	750,000	-	-	750,000		
B Gordon	Performance right	-	750,000	-	-	750,000		
A Cowden	Performance right	2,000,000	-	(2,000,000)	-	-	-	-
M Anderson	Performance right	-	6,800,000	-	-	6,800,000	-	-
Executive KMP								
E Hughes	Share/performance right	2,000,000	-	(2,000,000)	-	-	-	-
A Taplin	Performance right	500,000	1,000,000	(1,000,000)	-	500,000	-	-

Details of remuneration: share-based compensation benefits

The following table details the percentage of the available grant that vested in the financial year and the percentage forfeited because specified performance criteria was not satisfied. The maximum value of the performance/ share rights yet to vest has been determined as the fair value amount of the performance / share rights at a grant date.

Table 6 – Performance/share rights granted/vested/unvested as at 31 December 2021

Name	Equity instrument	Number of rights granted	Financial year granted	Vested in current financial year	Vested in prior financial year	Financial year in which vested or may vest	Total value yet to recognise before vesting
		No	Yr	%	%	Yr	$
Directors							
M Hepburn	Performance rights	750,000	2020	100	-	2021	-
B Borg	Performance rights	750,000	2020	100	-	2021	-
B Fraser	Performance rights	750,000	2021	-	-	2022	117,551
B Gordon	Performance rights	750,000	2021			2022	117,551
A Cowden	Performance rights	2,000,000	2020	100	-	2021	-
M Anderson	Performance rights	6,800,000	2021			2023 / 2024	1,613,505
Executive KMP							
E Hughes	Share rights	500,000	2019	100	-	2021	-
	Performance rights	1,500,000	2020	100	-	2021	-
A Taplin	Performance rights	500,000	2020	-	-	2022	28,256
	Performance rights	1,000,000	2021	100	-	2021	-

11. Additional Information

Loans to directors and executives

There were no loans outstanding at the reporting date to directors or executives.

Other transactions with KMP and or their related parties

There were no other related party transactions for the year ended 31 December 2021 (2020: Nil).

Table 7 – Shareholdings

The number of shares in the Company held by each Director and KMP and their related parties during the year ended 31 December 2021 is set out below:

2021 – Group *Group KMP*	Balance at 31 December 2020	Rights entitlement	Received during the year on vesting	Other changes during the year (1)	Balance at date of resignation	Balance at 31 December 2021
Directors						
M Hepburn	1,112,500	51,724	2,825,000	(1,650,000)	-	2,339,224
B Borg	12,500,000	103,448	1,825,000	150,000	-	14,578,448
B Fraser	-	86,206	-	250,000	-	336,206
B Gordon	-	-	-	-	-	-
A Cowden	6,250,000	103,448	2,750,000	-	-	9,103,448
M Anderson	-	51,724	-	1,250,000	-	1,301,724
Executive KMP						
E Hughes (2)	1,875,000	-	2,000,000	-	(3,875,000)	-
T Plant	-	-	-	45,000	-	45,000
A Taplin	-	-	1,000,000	-	-	1,000,000

(1) Other changes during the year represent on-market purchase or sale of shares.
(2) Mr Hughes resigned as Chief Financial Officer on 23 August 2021 and is not considered KMP from this date. On date of resignation, Mr Hughes held 3,875,000 shares.

Table 8 – Options, performance rights and performance shares

The numbers of options, performance rights and share rights outstanding in the Company held by each Director, KMP and their related parties during the year ended 31 December 2021 is set out below:

2021 – Group *Group KMP*	Balance at 31 December 2020	Granted as remuneration	Exercised	Forfeited / lapsed	Balance at date of resignation	Balance at 31 December 2021	Vested and Exercisable	Unvested
Directors								
M Hepburn	2,825,000 (1)	-	(2,825,000)	-	-	-	-	-
B Borg	1,825,000 (2)	-	(1,825,000)	-	-	-	-	-
B Fraser	-	750,000	-	-	-	750,000	-	750,000
B Gordon	-	750,000	-	-	-	750,000	-	750,000
A Cowden	2,750,000 (3)	-	(2,750,000)	-	-	-	-	-
M Anderson	-	6,800,000	-	-	-	6,800,000	-	6,800,000
Executive KMP								
E Hughes	2,000,000	-	(2,000,000)	-	-	-	-	-
T Plant	-	-	-	-	-	-	-	-
A Taplin	500,000	1,000,000	(1,000,000)	-	-	500,000	-	500,000

(1) Includes 75,000 options acquired and paid for in cash.
(2) Includes 1,075,000 options acquired and paid for in cash.
(3) Includes 750,000 options acquired and paid for in cash.

End of Remuneration Report

Indemnification and Insurance of Directors, Officers and Auditors

The Company has executed agreements with the Directors and Officers of the Company indemnifying them against all losses or liabilities incurred by each Director or Officer in their capacity as Directors or Officer of a Group Company to the extent permitted by the Corporation Act 2001. The indemnification specifically excludes wilful acts of negligence.

The Company has paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for the current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group. The total amount of insurance premiums paid has not been disclosed for confidentiality reasons.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of Firefinch, or to intervene in any proceedings to which Firefinch is a party, for the purpose of taking responsibility on behalf of Firefinch for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of Firefinch with leave of the Court under section 237 of the Corporations Act 2001.

Non-Audit Services

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year, PricewaterhouseCoopers, the Company's auditor, provides taxation compliance services, in addition to their statutory audits. Non-audit fees amounted to $2,040 (2020: $15,300). Details of remuneration paid to the auditor can be found within the financial statements at note 25.

Corporate Governance Statement

The ASX Corporate Governance Council (CGC) has developed corporate governance principles and recommendations for listed entities. ASX listing rule 4.10.3 requires that listed entities disclose the extent to which they have followed the CGC's recommendations and, where a recommendation has not been followed, the reasons why.

Firefinch's corporate governance statement can be found on the Company's website at the following link: https://firefinchltd.com/corporate-governance/

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* for the year ended 31 December 2021 has been received and can be found on page 61 of the annual report.

DR MICHAEL ANDERSON
Managing Director

Dated 31 March 2022

Auditor's Independence Declaration

As lead auditor for the audit of Firefinch Limited for the year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Firefinch Limited and the entities it controlled during the period.

Helen Bathurst

Helen Bathurst
Partner
PricewaterhouseCoopers

Perth
31 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Note	2021 $	2020 $
Continuing operations			
Revenue	5	109,081,978	20,338,624
Cost of sales		(133,086,125)	(17,408,600)
Gross (Loss)/ Profit		**(24,004,147)**	2,930,024
Interest income		4,744	5,341
Other income	5	136,928	409,263
		141,672	414,604
Corporate and other expenses	7	(14,541,226)	(631,968)
Depreciation		(156,306)	(221,698)
Director fees		(875,957)	(747,688)
Employee salaries and other employment related costs		(4,142,910)	(1,649,486)
Finance costs		(950,666)	(112,394)
Share-based payments		(2,462,126)	(37,585)
Foreign exchange gain/ (loss)		4,890,030	1,432,534
(Loss)/Profit before Tax		**(42,101,636)**	1,376,343
Income tax (expense)/ benefit	6	(1,851,190)	(332,527)
Net (Loss)/Profit for the Year		**(43,952,826)**	1,043,816
Other Comprehensive (Loss)/Profit			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		(682,411)	(554,710)
Total Comprehensive (Loss)/Profit for the Year		**(44,635,237)**	489,106
(Loss)/Profit for the Period Attributable to:			
Owners of Firefinch Limited		(42,226,024)	114,322
Non-controlling interest		(1,726,802)	929,494
		(43,952,826)	1,043,816
Total Comprehensive (Loss)/Profit Attributable to:			
Owners of Firefinch Limited		(42,771,953)	(329,446)
Non-controlling interest		(1,863,284)	818,552
		(44,635,237)	489,106
Earnings per share:			
Basic earnings per share (cents per share)	8	(4.86)	0.03
Diluted earnings per share (cents per share)	8	(4.86)	0.03

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Note	2021 $	2020 $
Current Assets			
Cash and cash equivalents	9	148,881,533	24,476,274
Trade and other receivables	10	13,236,843	14,016,341
Inventories	11	34,532,489	37,272,200
Total Current Assets		**196,650,865**	75,764,815
Non-Current Assets			
Property, plant, and equipment	12	103,622,190	303,027
Right of use asset	16	532,064	29,970
Exploration and evaluation expenditure	13	32,684,085	59,607,354
Other receivables	10	15,750,609	10,690,169
Total Non-Current Assets		**152,588,948**	70,630,520
Total Assets		**349,239,813**	146,395,335
Current Liabilities			
Trade and other payables	15	50,707,672	9,581,390
Lease liabilities	16	150,479	28,551
Provisions	15	3,122,904	155,577
Interest bearing liabilities	17	14,768,304	16,877,494
Current tax liabilities	6	4,655,098	3,597,808
Total Current Liabilities		**73,404,457**	30,240,820
Non- Current Liabilities			
Lease liabilities	16	393,187	-
Provisions	15	23,509,365	16,761,279
Total Non-Current Liabilities		**23,902,552**	16,761,279
Total Liabilities		**97,307,009**	47,002,099
Net Assets		**251,932,804**	99,393,236
Equity			
Issued capital	19	323,402,393	128,689,714
Reserves	20	7,079,976	5,300,261
Accumulated losses	21	(78,791,825)	(36,565,801)
Non-controlling interest	29	242,260	1,969,062
Total Equity		**251,932,804**	99,393,236

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Note	Issued Capital $	Accumulated Losses $	Foreign Exchange Translation Reserve $	Share-based Payment Reserve $	Non-Controlling Interest $	Total $
Balance at 1 January 2020		**58,028,843**	**(36,680,123)**	**1,284,862**	**4,532,524**	**-**	**27,166,106**
Non-controlling interest on acquisition		-	-	-	-	1,039,568	1,039,568
Profit for the year			114,322		-	929,494	1,043,816
Other comprehensive income for the year		-	-	(554,710)	-	-	(554,710)
Total comprehensive income for the year		**-**	**114,322**	**(554,710)**	**-**	**929,494**	**489,106**
Transaction with owners, directly in equity							
Shares issued during the year (net of costs)		70,660,871	-	-	-	-	70,660,871
Share-based payments		-	-	-	37,585	-	37,585
Balance at 31 December 2020		**128,689,714**	**(36,565,801)**	**730,152**	**4,570,109**	**1,969,062**	**99,393,236**
Balance at 1 January 2021		**128,689,714**	**(36,565,801)**	**730,152**	**4,570,109**	**1,969,062**	**99,393,236**
Loss for the year			(42,226,024)		-	(1,726,802)	(43,952,826)
Other comprehensive income for the year		-	-	(682,411)	-	-	(682,411)
Total comprehensive income for the year		**-**	**(42,226,024)**	**(682,411)**	**-**	**(1,726,802)**	**(44,635,237)**
Transaction with owners, directly in equity							
Shares issued during the year (net of costs)	19	194,712,679	-	-	-	-	194,712,679
Share based payments	20	-	-	-	2,462,126	-	2,462,126
Balance at 31 December 2021		**323,402,393**	**(78,791,825)**	**47,741**	**7,032,235**	**242,260**	**251,932,804**

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Note	2021 $	2020 $
Cash Flows from Operating Activities			
Proceeds in the course of operations		113,150,074	12,206,628
Payments to suppliers and employees		(124,164,734)	(18,131,289)
Income taxes paid		(1,098,061)	(209,550)
Interest received		4,744	5,341
Interest paid		(801,070)	-
Net Cash from Operating Activities	26	**(12,909,047)**	(6,128,870)
Cash Flows from Investing Activities			
Payments for exploration and evaluation expenditure		(4,552,618)	(3,197,670)
Payments for mine development expenditure		(49,907,411)	-
Payments made for plant and equipment		(633,320)	(17,977)
Proceeds from sale of plant and equipment		-	105
Payments for acquisition of operations, net of cash acquired		-	(45,995,175)
Net Cash Used in Investing Activities		**(55,093,349)**	(49,210,717)
Cash Flows from Financing Activities			
Proceeds from issue of shares		203,378,436	73,075,749
Payments for capital raising		(8,665,758)	(3,665,053)
Net Cash Provided by Financing Activities		**194,712,678**	69,410,696
Net Increase/(Decrease) in Cash Held		126,710,282	14,071,109
Cash and cash equivalents at the beginning of the year		17,263,076	3,793,194
Change in foreign currency held		915,303	(601,227)
Cash and Cash Equivalents at the End of the Year	9	**144,888,661**	17,263,076

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

1. BASIS OF PREPARATION

These are the consolidated financial statements and notes of Firefinch Limited (Firefinch or the Company) and controlled entities (collectively the Group). Firefinch is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue on 31 March 2022 by the Directors of the Company.

The nature of the operations and principal activities of the Group are described in the Director's Report.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated. Where necessary, comparative information is reclassified and restated for consistency with current period disclosures.

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AAS Board**) and the *Corporations Act* 2001. The consolidated financial statements of the Group also comply with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for financial instruments and share based payments, which have been measured at fair value.

Going concern

The Group made a loss for the year of $43,952,826 (2020: $1,043,816 profit) and had net cash outflows from operating activities of $12,909,047 (2020: $6,128,870). As at 31 December, 2021 the Group's cash and cash equivalents were $148,881,533 (2020: $24,476,274) and the Group had net working capital of $99,489,354 (2020: $17,916,091).

Considering the Group's positive net cash position and the forecasted cash flows over the next 12 months, the Directors expect that the Group can continue its normal business activities and meet its debts as and when they fall due, subject to any changes to the underlying assumptions on which those forecasts have been made. The Directors therefore have determined it is appropriate for the financial statements to be prepared on a going concern basis.

Significant accounting estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2. PRINCIPLES OF CONSOLIDATION

Subsidiaries

The Group financial statements consolidate those of the Company and all its subsidiaries. The Company controls a subsidiary if it is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the activities of the subsidiary.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Functional and presentation currency

Items included in the financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of Firefinch Limited is Australian dollars.

The financial report is presented in Australian dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Group companies and foreign operations

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, foreign exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recorded in a reserve in equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the consolidated statement of profit or loss and other comprehensive income, as part of the gain or loss on sale where applicable.

3. NEW ACCOUNTING STANDARDS

New and revised accounting standards affecting amounts reported and/or disclosures in the financial statements

The Group has consistently applied the accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 January 2021 but determined that their application to the financial statements is either not relevant or not material.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. The Group's assessment of the impact of these new standards and interpretations is that they would not have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4. SEGMENT INFORMATION

Description of segments

The operating segments are based on the reports reviewed by the chief operating decision makers and Board of Directors that are used to make strategic decisions. The Group reports on a business segment basis as its risks and rates of return are different for each of the various business segments in which it operates, and this is the format of the information provided to the executive management team and Board of Directors.

The Group operated in three segments being Morila, Mali Exploration and Corporate. The segment information is prepared in conformity with the Group's accounting policies. The Group comprises the following main segments:

Morila	Mining, development and exploration activities at the Morila Gold Project
Mali Exploration	Lithium and gold exploration and evaluation activities in Mali
Corporate	Investing activities and corporate management

Revenue is derived from an external customer arising from the sale of gold doré reported under the Morila segment.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive management team and Board of Directors of the parent entity.

Segment information

2021	Morila $	Mali Exploration $	Corporate $	Total Consolidated $
Revenue and other income				
Revenue	109,081,978	-	-	109,081,978
Other income	108,043	28,886	4,743	141,672
Total segment	**109,190,021**	**28,886**	**4,743**	**109,223,650**
Results				
Operating profit / (loss) before tax	(30,864,381)	26,044	(11,263,299)	(42,101,636)
Income tax	(1,851,190)	-	-	(1,851,190)
Net profit/(loss)	**(32,715,571)**	**26,044**	**(11,263,299)**	**(43,952,826)**
Included within segment results:				
Depreciation and amortisation	(2,999)	-	(153,307)	(156,306)
Share-based payments	-	-	(2,462,126)	(2,462,126)
Foreign exchange gain / (loss)	4,864,572	(1,578)	27,036	4,890,030
Segment assets				
Current assets	48,858,340	935,375	146,857,150	196,650,865
Non-current assets	115,140,840	33,498,652	3,949,456	152,588,948
Total segment assets	**163,999,180**	**34,434,027**	**150,806,606**	**349,239,813**
Segment liabilities				
Current liabilities	70,628,811	1,482,746	1,292,900	73,404,457
Non-current liabilities	23,509,365	-	393,187	23,902,552
Total liabilities	**94,138,176**	**1,482,746**	**1,686,087**	**97,307,009**

2020	Morila $	Mali Exploration $	Corporate $	Total Consolidated $
Revenue and other income				
Revenue	20,338,624	-	-	20,338,624
Other income	292,347	-	122,257	414,604
Total segment	**20,630,971**	**-**	**122,257**	**20,753,228**
Results				
Operating profit / (loss) b/tax	4,857,020	(36,229)	(3,444,448)	1,376,343
Income tax	(332,527)	-	-	(332,527)
Net profit	**4,524,493**	**(36,229)**	**(3,444,448)**	**1,043,816**
Included within segment results:				
Depreciation and amortisation	-	(88,241)	(133,457)	(221,698)
Share-based payments	-	-	(37,585)	(37,585)
Foreign exchange gain / (loss)	1,378,570	54,256	(292)	1,432,534
Segment assets				
Current assets	41,988,686	457,270	26,135,631	68,581,587
Non-current assets	42,883,330	27,435,292	281,928	70,600,550
Total segment assets	**84,872,016**	**27,892,562**	**26,417,559**	**139,182,137**
Segment liabilities				
Current liabilities	21,660,670	348,685	1,018,267	23,027,622
Non-current liabilities	16,761,279	-	-	16,761,279
Total liabilities	**38,421,949**	**348,685**	**1,018,267**	**39,788,901**

5. REVENUE AND OTHER INCOME

	Consolidated	
	2021 $	2020 $
Revenue		
Revenue recognised from sale of gold doré	109,081,978	20,338,624
	109,081,978	20,338,624
Other income		
Cash stimulus received from the government	-	117,500
Other sales	136,928	291,763
	136,928	409,263

RECOGNITION & MEASUREMENT

Revenue recognition

Revenue is measured as the amount of consideration that the Group expects to be entitled to in exchange for transferring goods to its customers. The Group recognises revenue when (or as) the performance obligations, as determined by contracts with the customers, have been satisfied. The following criteria are also applicable to specific revenue transactions:

Sales of Gold doré

The Group recognises revenue from gold doré sales as its obligations are satisfied in accordance with an agreed contract between the Group and its customers. Revenue is recognised when the gold doré has been collected from the mine site by the customer. It is at this point that control over the gold doré has been passed to the customer and the Group has fulfilled its obligations under the contract. Revenue from the sales is recognised based on a market price on the date of sale.

Interest income

Interest income is recognised in the income statement as it accrues, using the effective interest method.

Government grants

Grants from the government are recognised at the fair value where it is a reasonable assurance that the grant will be received and the Group will comply with the conditions attached to the grant.

Other sales

The revenue from other sales that do not arise from the ordinary activities of the group are recognised at the point of a sale, when a buyer takes immediate ownership of the purchased goods.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Revenue from contracts with customers

Revenue from contracts with customers is recognised when a customer obtains control of the promised asset and the Group satisfies its performance obligations under the contract. The Revenue is allocated to each performance obligation. The Group considers the terms of the contract in determining the transaction price. The transaction value is based on the amount the entity expects to be entitled to upon an initial assay prepared on collection of the goods.

6. INCOME TAX

	Consolidated 2021 $	Consolidated 2020 $
Reconciliation of income tax expense to prima facie tax payable		
The prima facie tax payable/ (benefit) on profit/ (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Accounting profit/ (loss) before tax	(42,101,636)	1,376,343
Prima facie tax on operating loss at 30.0% (2020: 30.0%)	(12,630,491)	412,903
Add / (less) tax effect of:		
Permanent expenses/(benefits)	3,394,994	(23,975)
Movement in temporary tax expenses/(benefits) - Australia	(116,855)	(94,190)
Movement in temporary tax expenses/(benefits) - foreign operations	9,261,407	10,683
Tax losses not recognised	1,942,135	27,106
Income tax expenses	**1,851,190**	332,527
Current tax liabilities		
Provision for income tax – Mali	**4,655,098**	3,597,808
Deferred tax assets/liabilities unrecognised		
Mine development expenditure	645,339	-
Accruals and provisions	5,324,693	5,271,081
Prepayments	(2,165,555)	(1,269,473)
Property, plant and equipment	58,453	58,453
Inventory	7,224,469	
Section 40-880 costs	596,655	415,683
Net deferred tax asset not brought into account	(11,684,054)	(4,475,744)
Net deferred tax assets	-	-

Tax losses and deductible temporary differences

Total carried forward tax losses of $26,596,818 at 31 December 2021 (31 December 2020: $17,955,149) are available for offset against future assessable income, provided the relevant loss recoupment rules are satisfied. The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which Company can utilise the benefits thereof.

RECOGNITION & MEASUREMENT

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on a basis of the tax laws enacted or substantively enacted at the end of the year in the countries where the Company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate, on the basis of amounts expected to be paid to the tax authorities.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Judgement is required in determining whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future years allowing to utilise the recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future years.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date in the countries where the Group's subsidiaries operate and generate taxable income.

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

7. CORPORATE AND OTHER EXPENSES

	Consolidated 2021 $	Consolidated 2020 $
Consultancy services	(2,005,086)	(723,696)
Insurances	(2,115,910)	(147,332)
Travel	(593,014)	(180,115)
Indirect taxes and duties	(5,239,521)	(307,252)
Employee related costs	(2,562,907)	-
Administrative expenses	(2,024,788)	726,427
	(14,541,226)	**(631,968)**

8. EARNINGS PER SHARE

	Consolidated 2021 $	Consolidated 2020 $
(a) Reconciliation of earnings to profit or loss		
Profit /(loss) used in the calculation of basic and diluted EPS	(42,226,024)	114,322
	No. of shares	**No. of shares**
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	868,081,575	404,324,952
Weighted average number of dilutive equity instruments outstanding	N/A	N/A
(c) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	**868,081,575**	404,324,952
(d) Earnings per share	**$**	**$**
Basic EPS (cents per share)	(4.86)	0.03
Diluted EPS (cents per share)	(4.86)	0.03

As at 31 December 2021, the Group has nil unissued shares under options (2020: 31,064,913) and 11,212,800 under performance/share rights on issue (2020: 8,850,600).

RECOGNITION & MEASUREMENT

Basic earnings per share

Basic earnings per share is calculated by dividing the net result attributable to owners of the parent, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus element.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of ordinary shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

9. CASH AND CASH EQUIVALENTS

	Consolidated	
	2021 $	2020 $
Cash at bank and in hand (1)	148,695,047	24,443,784
Short-term deposits (2)	186,486	32,490
	148,881,533	24,476,274
Reconciliation to cash flow statement		
Balance as above	148,881,533	24,476,274
Bank overdrafts (see note 17)	(3,992,872)	(7,213,198)
Balance per statement of cash flows	**144,888,661**	17,263,076

(1) Cash at bank earns interest at floating rates based on daily bank deposit rates.
(2) Security deposit required as per the Company's office lease agreement.

RECOGNITION & MEASUREMENT

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions with an original maturity not exceeding three months, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. If greater than three months, principal amounts can be redeemed in full, with interest payable at the same cash rate from inception as per the agreement with each bank.

10. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2021	2020
	$	$
Current		
Trade debtors (1) (2)	5,637,337	9,695,692
Prepayments (3)	6,053,739	3,442,156
GST receivable	839,862	363,998
Other receivable	705,905	514,495
	13,236,843	14,016,341
Non-current		
VAT paid (4)	15,664,413	10,581,706
Security deposits	86,196	108,463
	15,750,609	10,690,169

(1) Trade and sundry debtors are non-interest bearing and generally are on 30-day terms.
(2) The Group has analysed the probability of default events and concluded that no credit losses will likely occur.
(3) Prepayments relate to insurances and services prepaid throughout the Group.
(4) The Group is entitled to a statutory VAT refund of $31.1m (AUD equivalent) of which it is currently forecasting to receive $15.6m (AUD equivalent).

RECOGNITION & MEASUREMENT

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less expected credit losses Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value. The carrying amount of the long-term receivable deposits is assumed to approximate fair value as the security deposits have a market-based interest rate.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the year-end which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

11. INVENTORIES

	Consolidated	
	2021 $	2020 $
Current		
Gold doré on hand	1,561,476	497,691
Gold in circuit at cost	1,458,877	432,761
Consumable supplies (1)	31,512,136	12,987,721
Ore – tailings at cost	-	23,354,027
	34,532,489	37,272,200

(1) Consumable supplies include reagents, fuel and general stores items.

RECOGNITION & MEASUREMENT

Gold doré, gold in circuit and tailings are physically measured or estimated and stated at the lower of cost and net realisable value. Cost comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs in getting such inventories to their existing location and condition, based on weighted average costs incurred during the year in which such inventories were produced. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product. Inventories of consumable supplies and spare parts expected to be used in production are valued at weighted average cost.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Net realisable value tests are performed at least quarterly and represent the estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production and bring the product to sale. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

12. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		
	Plant and Equipment $	Mine Development $	Total $
2020			
Cost	828,892	-	828,892
Accumulated depreciation	(525,865)	-	(525,865)
	303,027	-	303,027
Reconciliation			
Carrying amount at the beginning of the period	498,152	-	498,152
Additions	17,977	-	17,977
Depreciation	(222,309)	-	(222,309)
Reclassification	-	-	-
Disposals	-	-	-
Foreign currency translation movement	9,207	-	9,207
Carrying amount at the end of the year	303,027	-	303,027
2021			
Cost	1,335,626	102,860,092	104,195,718
Accumulated depreciation	(573,528)	-	(573,528)
	762,098	**102,860,092**	**103,622,190**
Reconciliation			
Carrying amount at the beginning of the period	303,027	-	303,027
Additions	798,361	62,215,791	63,014,152
Depreciation	(156,306)	-	(156,306)
Reclassification (1)	(165,042)	40,644,301	40,479,259
Disposals	(5,423)	-	(5,423)
Foreign currency translation movement	(12,519)	-	(12,519)
Carrying amount at the end of the year	**762,098**	**102,860,092**	**103,622,190**

(1) Exploration and evaluation expenditure relating to the Morila Gold Project (including satellite pits) have been tested for impairment and reclassified to a mine development asset. This value includes $34,181,710 recognised on the acquisition of the Morila Gold Project in November 2020.

RECOGNITION & MEASUREMENT

Property, plant and equipment

Buildings and all other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred. Property, plant and equipment directly engaged in mining operations are depreciated over the shorter of expected economic life or over the remaining life of the mine on a units-of-production basis. Assets which are depreciated on a basis other than units-of-production method are typically depreciated on a straight-line basis over their estimated useful lives as follows:

Item	Estimated useful life (years)
Plant and equipment	3-10
Buildings	20
Leasehold improvements	3

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Mine Development

The capitalised mine development represents the costs incurred in preparing the mine for production and includes plant and equipment under construction, stripping and waste removal costs incurred before commercial production commences. These costs are capitalised to the extent that they are expected to be recouped through the successful exploitation of the related mining leases. Amortisation of the costs carried forward for the development phase is not being charged pending the commencement of commercial production.

Mine development assets are assessed for impairment if an impairment trigger is identified. For the purposes of impairment testing, capitalised mine development assets are allocated to the cash generating unit (CGU) to which the development activity relates. In considering the asset for impairment, the Group needs to determine the recoverable amount of each CGU. The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and value in use.

Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Value in use is the present value of the future cash flows expected to be derived from the asset or CGU. In estimating value in use, a pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is the amount the CGU can be sold to a knowledgeable and willing market participant in an arm's length transaction, less the disposal costs. In estimating fair value less costs of disposal, discounted cash flow methodology is utilised, and a post-tax discount rate is used.

For the purposes of assessing impairment, assets are grouped at the levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGU). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each year.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Mine Development

The management assesses the stage of each mine under development/construction to determine when a mine moves into the commercial production phase, this being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine development/construction project. The Group considers various relevant criteria to assess when the commercial production phase is considered to have commenced. At this point, all related amounts are reclassified to from a mine development asset to a mine property. Some of the criteria used to identify the production start date include, but not limited to:

- Level of capital expenditure incurred compared with the original construction cost estimate
- Completion of a reasonable period of testing of the mine plant and equipment
- The mine is producing at a pre-determined level of design capacity
- Ability to sustain ongoing production of ore

When the mine development project moves into the commercial production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining property additions or improvements or mineable reserve development. It is also the point of time when depreciation based on the units-of-production method commences.

13. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated 2021 $	Consolidated 2020 $
Exploration and evaluation expenditure at cost:		
Exploration – Goulamina project (1)	22,521,242	21,510,990
Exploration – Other projects (2)	10,162,843	5,675,087
Exploration – Morila project (3)	-	32,421,277
	32,684,085	59,607,354
Reconciliation of exploration and evaluation expenditure		
Carrying amount at beginning of the year	59,607,354	24,486,347
Exploration expenditure during the year	11,679,974	2,847,845
Exploration asset on acquisition of Morila	-	34,181,710
Exploration expenditure reclassified to mine development (3)	(40,644,301)	-
Foreign currency translation	2,041,058	(1,908,548)
Carrying amount at the end of the year (4)	**32,684,085**	59,607,354

(1) The expenditure represents exploration and evaluation costs of the Goulamina Lithium Project.
(2) The total capitalised expenditure comprises the exploration and evaluation costs relating to the gold tenements in Mali in the areas of Dankassa and Massigui.
(3) Exploration and evaluation expenditure relating to the Morila Gold Project (including satellite pits) have been tested for impairment and reclassified to a mine development asset. Refer to note 12.
(4) The ultimate recoupment of this expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. There is no information up to the date of this report which would result in an impairment trigger due to potential loss of tenements.

RECOGNITION & MEASUREMENT

Exploration and evaluation expenditures in relation to each separate area of interest with current tenure are carried forward to the extent that:

(i) such expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

In the event that an area of interest is abandoned or, if facts and circumstances suggest that the carrying amount of an exploration and evaluation asset is impaired, then the accumulated costs carried forward are written off in the year in which the assessment is made.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified as ‘mine development asset’.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Management determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. In determining this, assumptions, including the maintenance of title, ongoing expenditure and prospectivity are made.

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors which could impact the future recoverability include the level of Ore Reserves and Mineral Resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

14. TRADE AND OTHER PAYABLES

	Consolidated	
	2021 $	2020 $
Current		
Trade payables and accruals [(1)]	49,379,031	7,636,729
Royalties payables	613,572	585,489
Other liabilities [(2)]	715,069	1,359,172
	50,707,672	9,581,390

(1) Trade and other creditors are non-interest bearing and are normally settled on 30-day terms.
(2) Other liabilities include withholding taxes, payroll related taxes and contributions payable to the government agencies.

RECOGNITION & MEASUREMENT

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are outstanding. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

15. PROVISIONS

	Consolidated 2021 $	Consolidated 2020 $
Current		
Employee entitlements	3,122,904	155,577
	3,122,904	155,577
Reconciliation of current provision		
Carrying amount at the beginning of the year	155,577	77,219
Increase in provision during the year	2,965,002	78,358
Foreign currency translation movement	2,325	-
Carrying amount at the end of the year	**3,122,904**	155,577

	Consolidated 2021 $	Consolidated 2020 $
Non-current		
Employee entitlements	1,625,553	1,161,395
Rehabilitation and decommissioning (1)	21,883,812	15,599,884
	23,509,365	16,761,279
Reconciliation of non-current provision – employee entitlements		
Carrying amount at the beginning of the year	1,161,395	-
Acquired through business combination of Morila	-	1,118,573
Increase in provision during the year	390,707	105,103
Foreign currency translation movement	73,451	(62,281)
Carrying amount at the end of the year	**1,625,553**	1,161,395
Reconciliation of non-current provision – rehabilitation and decommissioning		
Carrying amount at the beginning of the year	15,599,884	-
Acquired through business combination of Morila	-	16,803,993
Increase/(decrease) in provision during the year	5,043,848	(268,464)
Accretion	244,882	-
Foreign currency translation movement	995,199	(935,645)
Carrying amount at the end of the year	**21,883,812**	15,599,884

(1) The provision for rehabilitation and decommissioning relates to the Morila Gold Project (including satellite pits). The timing of settlement of those obligations will be reviewed and updated based on the additional development and mining activities at the mine.

RECOGNITION & MEASUREMENT

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses. Provisions are measured as the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the year. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

Employee benefits

(a) Short-term obligations

Liabilities for employee benefits that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

(b) Other long-term employee benefit obligations

The Group's obligation in respect of long-term employee benefits other than defined benefit plans, such as long service leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. Expected future benefit payments are discounted using market yields at the end of the year on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(c) Retirement benefit obligations

Contributions are made by the Group to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

(d) Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

Rehabilitation provision

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of development activities undertaken and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas. The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date. The initial estimate of the restoration and rehabilitation provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the year, in which case the amount is included in the cost of production for the year. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

Rehabilitation provision

The value of the current restoration and rehabilitation provision is based on a number of assumptions, including the nature of restoration activities required, the valuation at the present value of future obligations that necessitate estimation of the cost of the work required, the timing of future cash flows and the appropriate risk- free discount rate. In addition, provisions are based on the assumption that no significant changes will occur in relevant legislation covering restoration of mineral properties. A change in any, or a combination, of these assumptions used to determine current provisions could have a material impact to the carrying value of the provision.

16. LEASES

	Consolidated 2021 $	2020 $
Right of use assets		
Right of use assets - buildings	638,828	239,635
Accumulated depreciation	(106,764)	(209,665)
Net carrying amount at the end of the year	**532,064**	29,970

	2021 $	2020 $
Lease liabilities		
Current	(150,479)	28,551
Non-current	(393,187)	-
	(543,666)	28,551
Reconciliation of lease liabilities		
Carrying amount at the beginning of the year	28,551	106,832
Additions	638,828	-
Interest expense	14,576	9,923
Payments	(138,289)	(88,204)
Carrying amount at the end of the year	**543,666**	28,551

RECOGNITION & MEASUREMENT

The Group leases offices. Rental contracts are typically made for fixed periods of 1 month to 3 years and may have extension options as described below. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease contract are initially measured on a present value basis. Leases measurement includes the net present value of the following lease components:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the group under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of offices, equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

None of the leases entered into by the Group provide residual value guarantees.

17. INTEREST BEARING LIABILITIES

	Consolidated	
	2021 $	2020 $
Current		
Unsecured		
Bank overdraft (1)	3,992,872	7,213,198
Other loan (2)	10,775,432	9,664,296
Total unsecured interest-bearing liabilities	**14,768,304**	**16,877,494**

The effective average interest rate (excluding local taxes) charged on the Group's interest-bearing liabilities at 31 December 2021 was 3.77% (2020: 4.67%)

(1) The Group has an unsecured bank overdraft facility denominated in CFA with the Banque de Développement du Mali SA. The facility is subject to an annual revision in November 2022 and has a limit of CFA 3.0 billion ($7.1 million). As at 31 December 2021, $3.2 million of the facility was unused.

(2) The Group has an unsecured USD denominated loan from the Government of the Republic of Mali (Government). The Group inherited the loan on the acquisition of Morila in 2020. The initial loan balance of US$1.6 million, which is documented in the 1992 Morila Establishment Convention (Morila Convention), was intended as compensation to the Government for the previous exploration work undertaken by it on the Morila exploration permit. The Morila Convention does not specify a borrowing limit or repayment date. All interest on the loan is capitalised.

RECOGNITION & MEASUREMENT

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the year.

18. FINANCIAL RISK MANAGEMENT

Set out below is an overview of financial instruments held by the Group as at 31 December 2021 and 31 December 2020.

	Interest bearing $	Non-interest bearing $	Total $	Interest bearing $	Non-interest bearing $	Total $
		2021			2020	
Financial Assets						
Cash and cash equivalents	148,881,533	-	148,881,533	24,476,274	-	24,476,274
Trade and other receivables	-	13,236,843	13,236,843	-	14,016,341	14,016,341
Non-current receivables	-	89,196	89,196	-	108,463	108,463
Total Financial Assets	**148,881,533**	**13,326,039**	**162,207,572**	24,476,274	14,124,804	38,601,078
Financial Liabilities						
Trade and other payables	-	50,707,672	50,707,672	-	9,581,390	9,581,390
Current loans	14,768,304	-	14,768,304	16,877,494	-	16,877,494
Total Financial Liabilities	**14,768,304**	**50,707,672**	**65,475,976**	16,877,494	9,581,390	26,458,884
Net Financial (Liabilities)/ Assets	**134,113,229**	**(37,381,633)**	**96,731,596**	7,598,780	4,543,414	12,142,194

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and equity price risk. The Group therefore has an overall risk management program that focuses on the unpredictability of financial and precious metal commodity markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses different methods to measure different types of risk to which it is exposed including sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk. Risk management is carried out by the board of directors with assistance from suitably qualified external and internal advisors as required. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Group.

Market Risk

(a) Foreign currency exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (USD) and West African CFA franc (CFA). Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting. In addition, the parent entity has intercompany receivables from its subsidiaries denominated in USD which are eliminated on consolidation. The gains or losses on re-measurement of these intercompany receivables from USD to AUD are not eliminated on consolidation as those loans are not considered to be part of the net investment in the subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's exposure to foreign currency risk at the end of the year, expressed in Australian dollars, was as follows.

	USD	CFA	EUR	USD	CFA	EUR
		2021			2020	
Financial Assets						
Cash and cash equivalents	-	7,126,273	-	-	588,506	-
Intercompany loans	37,284,417		-	37,278,819		-
Trade and other receivables	-	-	-	-	-	-
Total Financial Assets	**37,284,417**	**7,126,273**	**-**	37,278,819	588,506	-
Financial Liabilities						
Trade and other payables	(55,508,135)	-	-	(11,874,091)	-	(2,974)
Bank overdraft	-	(3,992,872)	-	-	(7,213,198)	-
Loan	-	(10,775,432)	-	-	(9,664,296)	-
Total Financial Liabilities	**(55,508,135)**	**(14,768,304)**	**-**	(11,874,091)	(16,877,494)	(2,974)

Sensitivity

The following table summarises the sensitivity of financial instruments held at balance date to movement in the exchange rate of AUD to USD with all other variables held constant and AUD to CFA with all other variables held constant. The sensitivity is based on management's estimate of reasonably possible changes over a financial year.

	Change in USD rate	Impact on profit or loss before tax and equity, $
2021	+10%	1,656,702
	-10%	(2,024,858)
2020	+10%	(3,388,984)
	-10%	4,142,091
	Change in CFA rate	Impact on profit or loss before tax and equity, $
2021	+10%	767,285
	-10%	(760,436)
2020	+10%	2,493,607
	-10%	(572,033)

The Group's exposure to other foreign currency movements is not material.

(*b*) *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Group's exposure to market risk for changes to interest rates relates primarily to its earnings on cash and term deposits and borrowings.

Based on the financial assets and liabilities held at reporting date, with all other variables assumed to be held constant, the table below sets out the notional effect on consolidated profit or loss after tax for the year and on equity at 31 December 2021 under varying hypothetical changes in prevailing interest rates.

	2021 $	2020 $
100 basis points increase in interest rate	211,672	87,127
100 basis points decrease in interest rate	(211,672)	(232,360)

(*c*) *Price risk*

The Group is exposed to commodity price risk for its future gold production at the Morila Gold Mine. These risks are measured using sensitivity analysis and cash flow forecasting. As at the end of the financial year, the Group did not have in place any derivative instruments to manage its commodity price risk.

Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted under a financial instrument resulting in a financial loss to the Group and arises from deposits with banks and financial institutions, favourable derivative financial instruments as well as credit exposures to customers including outstanding receivables and committed transactions. The Group measures credit risk on a fair value basis. The Group does not have any significant credit risk exposure to a single counterparty or any Group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

	2021 $	2020 $
Financial Assets		
Cash and cash equivalents	148,881,533	24,476,274
Trade and other receivables	13,236,843	14,016,341
Non-current receivables	89,196	108,463
Total Financial Assets	**162,204,572**	**38,601,078**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings as follows:

	2021 $	2020 $
Financial assets		
Westpac Bank - AA-/A+ (1)	145,724,650	23,863,337
Banks in Mali - BB rated (2)	3,111,828	559,849
Unrated	13,368,094	14,177,892
	162,204,572	38,601,078

(1) Represents the long-term credit rating of Westpac Banking Corporation as at 28 March 2022 by Standard and Poor's and Fitch Ratings respectively.

(2) Represents the long-term credit rating of Bank of Africa as at 28 March 2022 by Fitch Ratings.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, that as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. As at 31 December 2021 the Group had sufficient cash reserves to meet its requirements. The financial liabilities of the Group at reporting date were trade and other payables and interest-bearing borrowings incurred in the normal course of the business. The trade and other payable were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

Maturities of financial liabilities

The following table analyses the Group's financial liabilities based on their contractual maturities.

2021	1-3 months $	3-12 months $	12+ months $	Total $
Financial liabilities due for payment:				
Trade and other payables	50,262,894	444,778	-	50,707,672
Loan	-	10,775,432	-	10,755,432
Bank overdraft	3,992,872	-	-	3,992,872
Lease liabilities	-	150,479	393,187	546,666
	54,255,766	**11,370,689**	**393,187**	**66,002,642**
Financial assets:				
Cash and cash equivalents	148,881,533	-	-	148,881,533
Trade and other receivables	8,059,221	5,177,622	-	13,236,843
	156,940,754	**5,177,622**	**-**	**162,118,376**
Net inflow/(outflow) of financial instruments	**102,684,988**	**(6,193,067)**	**(393,187)**	**96,115,734**

2020	1-3 months $	3-12 months $	12+ months $	Total $
Financial liabilities due for payment:				
Trade and other payables	9,130,127	451,263	-	9,581,390
Loan	-	9,664,296	-	9,664,296
Bank overdraft	7,213,198	-	-	7,213,198
Lease liabilities	-	28,551	-	28,551
	16,343,325	10,144,110	-	26,487,435
Financial assets:				
Cash and cash equivalents	24,476,274	-	-	24,476,274
Trade and other receivables	10,775,854	3,240,487	-	14,016,341
	35,252,128	3,240,487	-	38,492,615
Net inflow/(outflow) of financial instruments	18,908,803	(6,903,623)	-	12,005,180

Fair value estimation

The fair value of financial assets and financial liabilities held by the Group must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their fair value.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Financial instruments whose carrying values is equivalent to fair value due to their nature include:

- Cash and cash equivalents;
- Trade and other receivables;
- Trade and other payables; and
- Loans and bank overdraft.

At the end of the financial year the Group did not have financial instruments other than those with carrying amounts which are reasonable approximation of fair value.

19. ISSUED CAPITAL

(a) Issued and paid-up share capital

	Consolidated	
	2021 $	2020 $
1,178,136,200 (2020: 781,907,231) ordinary shares fully paid	**323,402,393**	**128,689,714**

Movement in ordinary shares

	2021 No	2020 No	2021 $	2020 $
Balance at the beginning of the year	**781,907,231**	317,348,112	**128,689,714**	58,028,843
Shares issued during the period:				
Share allotment - placements [(1)]	266,440,938	402,736,345	146,874,883	64,437,820
Share allotment – SPP [(2)]	88,560,906	61,468,750	51,365,326	9,835,000
Exercise of listed options [(3)]	28,921,525	354,024	4,338,228	53,104
Exercise of unlisted options [(4)]	2,000,000	-	800,000	-
Conversion of performance rights [(5)]	10,305,600	-	-	-
Transaction costs relating to share issues	-	-	(8,665,758)	(3,665,053)
Balance at the end of the year	**1,178,136,200**	781,907,231	**323,402,393**	128,689,714

(1) 117,187,206 ordinary fully paid shares were issued at $0.40 per share through a placement in June 2021 and 149,253,732 ordinary fully paid shares were issued at $0.67 per share through a placement in December 2021.
(2) Share were issued at $0.58 per share pursuant to Share Purchase Plan (SPP) announced in November 2021.
(3) Listed options expiring on 17 October 2021 were exercised at $0.15.
(4) Unlisted options expiring on 20 February 2022 were exercised at $0.40.
(5) Vested performance rights issued to Directors and employees were transferred into shares at nil consideration.

(b) Movements in performance / share rights

	2021 No.	2020 No.
At beginning of the year	8,850,600	7,500,000
Forfeited during the year	-	(7,000,000)
Issued during the year [(1) (2) (3)]	12,667,800	8,350,600
Converted to shares during the year	(10,305,600)	-
Balance at the end of the year	**11,212,800**	8,850,600

(1) 8,300,000 performance rights were issued to directors with nil exercise price as per the shareholders' approval at the Annual General Meeting held on 27 May 2021. 1,500,000 performance rights expire on 1 July 2023 and 6,800,000 performance rights expire on 28 May 2024.
(2) 1,955,00 share rights were issued to employees under the Awards Plan. The share rights expire on 1 July 2023 and have nil exercise price.
(3) 2,412,800 performance rights were issued to Société des Mines de Morila SA (Morila SA) employees under the Awards Plan. The performance rights expire on 31 December 2023 and have nil exercise price.

(c) Movements in options

	2021 No.	2020 No.
At beginning of the year	31,064,913	31,418,937
Listed options exercised (at $0.15)	(28,936,513)	(354,024)
Unlisted options exercised (at $0.40)	(2,000,000)	-
Expired options	(128,400)	-
Balance at the end of the year	-	31,064,913

RECOGNITION & MEASUREMENT

Ordinary shares are classified as equity and incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. If the Company reacquires its own equity instruments for the purpose of reducing its issued capital, for example as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of tax) is recognised directly in equity.

(d) Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents, borrowings and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures and general administrative outgoings. Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate funding as required.

The working capital position of the Group at 31 December 2021 was:

	Consolidated	
	2021 $	2020 $
Cash and cash equivalents	148,881,533	24,476,274
Trade and other receivables	13,236,843	14,016,341
Trade and other payables	(50,707,672)	(9,581,390)
Bank overdraft	(3,992,872)	(7,213,198)
Current tax asset/(liabilities)	(4,655,095)	(3,597,808)
Lease liability	(150,479)	(28,551)
Current provisions	(3,122,904)	(155,577)
Working capital position	**99,489,354**	17,916,091

20. RESERVES

	Consolidated 2021 $	Consolidated 2020 $
Foreign currency translation reserve	47,741	730,152
Share-based payment reserve	7,032,235	4,570,109
	7,079,976	5,300,261

Movement in share-based payment reserve

	Consolidated 2021 $	Consolidated 2020 $
Balance at beginning of the year	4,570,109	4,532,524
Vesting expense of performance/share rights issued during the year	1,421,101	291,959
Vesting expense of prior years' performance/ share rights	1,041,025	50,670
Forfeited performance /share rights during the year	-	(305,044)
Balance at the end of the year	**7,032,235**	4,570,109

RECOGNITION & MEASUREMENT

Share-based payments

The share-based payments reserve is used to record the fair value of options, performance rights and share rights issued to employees and consultants but not exercised. The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they were granted. The fair value of equity instruments granted is determined using Black-Scholes method or Monte Carlo simulation model and recognised over the vesting period. Refer to note 27 for further details.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity along with the Company's movement in its associate's foreign currency translation reserve.

Non-controlling interest's reserve

The non-controlling interest's reserve records the difference between the fair value of the amount by which the non-controlling interests were adjusted to record their initial relative interest and the consideration paid.

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21. RETAINED EARNINGS / (ACCUMULATED LOSSES)

Movements in accumulated losses were as follows.

	Consolidated	
	2021 $	2020 $
Balance at beginning of the year	(36,565,801)	(36,680,123)
Net loss for the year attributable to owners of the parent	(42,226,024)	114,322
Balance at the end of the year	**(78,791,825)**	(36,565,801)

22. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of Subsidiary	Place of Incorporation	Consolidated Entity Interest, % 2021	2020
Birimian Gold (Mali) Pty Limited	Australia	100	100
Birimian Gold Mali SARL	Mali	100	100
Birimian Gold Liberia Inc	Liberia	100	100
Sudquest SARL	Mali	100	100
Timbuktu Ressources SARL	Mali	100	100
Leo Lithium Limited (formerly Goulamina Holdings Pty Ltd)	Australia	100	100
Lithium du Mali SA	Mali	100	100
Firefinch Services Pty Ltd	Australia	100	100
Morila Limited	Jersey	100	100
Société des Mines de Morila SA	Mali	80	80
Mali Lithium BV (1)	Netherlands	100	-

(1) Mali Lithium BV was incorporated in the Netherlands in October 2021 and at 31 December 2021 was 100% owned by Leo Lithium Limited (formerly Goulamina Holdings Pty Ltd).

23. PARENT ENTITY DISCLOSURE

	Parent	
	2021 $	2020 $
Assets		
Current assets	147,389,214	26,135,631
Non-current assets	82,400,464	74,275,872
Total assets	**229,789,678**	100,411,503
Liabilities		
Current liabilities	1,292,900	1,018,267
Non-current liabilities	393,187	-
Total liabilities	**1,686,087**	1,018,267
Equity		
Issued capital	323,402,393	128,689,714
Reserve	8,317,095	5,854,972
Accumulated losses	**(103,615,897)**	(35,151,450)
Total equity	**228,103,591**	99,393,236
(Loss) for the year	**(68,464,447)**	(335,328)
Other comprehensive income	**-**	-
Total comprehensive (loss) / income	**(68,464,447)**	(335,328)

Contingent liabilities of the parent entity:

There are no guarantees entered into by Firefinch Limited for the debts of its subsidiaries as at 31 December 2021 (2020: nil)

RECOGNITION & MEASUREMENT

The financial information for the parent entity, Firefinch Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Firefinch Limited. Dividends from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments. No dividends were received in 2021 (2020: nil).

24. RELATED PARTY DISCLOSURES

(a) Identity of related parties

The consolidated entity has a related party relationship with its subsidiaries (see note 22) and with its key management personnel (refer below).

(b) Transaction with other related parties

The consolidated entity had no transactions with any other related party during the year ended 31 December 2021.

(c) Key management personnel compensation

The key management personnel compensation included in 'Employee benefits expenses' and 'Share based payments' is as follows.

	Consolidated	
	2021 $	2020 $
Short-term employee benefits	1,909,340	919,676
Post-employment benefits	128,903	69,078
Termination benefits	156,000	129,778
Share-based payments	1,870,000	(81,234)
Total compensation	**4,064,243**	1,037,298

Details of remuneration disclosures are provided in the remuneration report on pages 40-58

25. REMUNERATION OF AUDITORS

	Consolidated	
	2021 $	2020 $
Amounts paid or payable to PwC Australia for:		
Audit services	327,565	146,464
Tax advisory services	2,040	15,300
	329,605	161,764
Amounts paid or payable to auditors in Mali:		
Audit services by Sec Diarra SARL to Société des Mines de Morila SA	56,310	79,314
Audit services by Sylla et Associes SARL to Birimian Gold Mali SARL, Timbuktu Ressources SARL and Sudquest SARL	14,286	14,626
	70,596	93,940
	400,201	255,704

26. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	2021 $	2020 $
Reconciliation of cash flow from operating activities to (loss)/profit after income tax		
Profit/(Loss) after income tax	(43,952,826)	1,043,816
Non-cash flows in (loss)/profit from ordinary activities:		
Depreciation and amortisation	156,307	221,698
Non-cash cost of production	-	8,600,329
Net share-based payments expensed	2,462,126	37,585
Foreign exchange (gain)/loss	(3,974,729)	358,532
Backcharges income	(136,928)	-
Other	112,089	(88,030)
Changes in operating assets and liabilities:		
(Increase)/decrease in inventory	(20,614,318)	(2,793,396)
(Increase)/decrease in trade and other receivables	(1,671,774)	(5,321,900)
(Increase)/decrease in prepayments	(2,631,436)	(68,360)
(Increase)/decrease in other assets	(479,827)	83,899
Increase/(decrease) in trade and other payables	47,287,581	(10,621,619)
Increase/(decrease) in provisions	10,230,528	(1,161,211)
Increase/(decrease) in tax liability	304,160	3,579,787
Cash flow from operating activities	**(12,909,047)**	(6,128,870)

27. SHARE BASED PAYMENTS

(a) Performance/share rights

Share rights/performance rights were issued to employees of the Company under the terms of the Awards Plan (Plan) approved by shareholders on 29 May 2020. Performance rights were issued to Directors of the Company as per the shareholders' approval at the General Meeting held on 27 May 2021. These share rights/performance rights were issued at nil consideration and each share right/performance right will convert to an ordinary share upon satisfaction of vesting criteria.

The following table illustrates the number and movements in share rights and performance rights during the year. The weighted average exercise price of all performance rights granted in 2021 was nil.

Grant date	Equity instrument	Expiry date	Exercise price $	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited / lapsed Number	Balance at end of the year Number	Vested and exercisable at the end of the year Number
2021									
26/02/2019	Share rights (1)	26/02/2021	nil	500,000	-	(500,000)	-	-	-
30/07/2020	Share rights (2)	01/07/2023	nil	3,880,600	-	(3,880,600)	-	-	-
16/09/2020	Share rights (2)	01/07/2023	nil	470,000	-	(470,000)	-	-	-
23/10/2020	Perform. rights (3)	01/07/2023	nil	3,500,000	-	(3,500,000)	-	-	-
02/11/2020	Perform. rights (4)	14/10/2022	nil	500,000	-	-	-	500,000	-
01/01/2021	Perform. rights (5)	01/07/2023	nil	-	1,955,000	(1,955,000)	-	-	-
27/05/2021	Perform. rights (6)	01/07/2023	nil	-	1,500,000	-	-	1,500,000	-
27/05/2021	Perform. rights (7) (8)	28/05/2024	nil	-	2,266,667	-	-	2,266,667	-
27/05/2021	Perform. rights (7) (9)	28/05/2024	nil	-	2,266,667	-	-	2,266,667	-
27/05/2021	Perform. rights (7) (10)	28/05/2024	nil	-	1,133,333	-	-	1,133,333	-
27/05/2021	Perform. rights (7) (11)	28/05/2024	nil	-	566,667	-	-	566,667	-
27/05/2021	Perform. rights (7) (12)	28/05/2024	nil	-	566,666	-	-	566,666	-
9/07/2021	Perform. rights (13)	31/12/2023	nil	-	2,412,800	-	-	2,412,800	-
				8,850,600	**12,667,800**	**(10,305,600)**	**-**	**11,212,800**	**-**

(1) Share rights issued to KMP with nil exercise price and vesting condition being two years of a consecutive service with the Company.
(2) Share rights issued to employees under the Awards Plan with vesting upon meeting any two of the following four performance hurdles: (i) the Company's share price has traded on ASX at a $0.10 premium to the price on the three days of trading after the announcement of the Morila acquisition for 20 consecutive trading days; (ii) a JORC Code compliant resource of at least 2,000,000 ounces of gold is defined at the Morila Gold Mine; (iii) open pit production is recommenced at the main Morila open pit; and (iv) the Company enters into a sale, joint venture or financing agreement in respect of the Goulamina Lithium Project. The share rights vested on 30 June 2021.
(3) Performance rights were issued to the Directors of the Company as per the shareholders' approval given on 23 October 2020 with vesting upon meeting any two of the following four vesting conditions: (i) the Company's share price has traded on ASX at a $0.10 premium or above to the VWAP of the three days after the announcement of the Morila acquisition for 20 consecutive trading days in which sales of Firefinch shares are recorded; (ii) definition of a JORC Code compliant Inferred Mineral Resource of at least 2,000,000 ounces of gold (or equivalent) on the Morila Exploitation Permit and the Company's Malian subsidiary's tenements adjoining the Morila Exploitation Permit at a minimum average grade of 1.0 grams per tonne of gold (or equivalent); (iii) maintaining production from Morila beyond the date provided for in the closure plan on acquisition of May 2021 or expanding production at the Morila Gold Mine by commencing open pit production from the Exploitation Permit (after any extension of its term); and (iv) the Company enters into a sale, joint venture or financing agreement in respect of the Goulamina Lithium Project. The performance rights vested on 30 June 2021.
(4) Performance rights were issued on commencement of employment of the KMP with vesting condition being completion of two years of continuous employment with the Company.
(5) Performance rights issued to employees under the Awards Plan with vesting upon meeting any two of the following four performance hurdles: (i) the Company's share price has traded on ASX at a $0.10 premium to the price on the three days of trading after the announcement of the Morila acquisition for 20 consecutive trading days; (ii) a JORC Code compliant resources of at least 2,000,000 ounces of gold is defined at the Morila Gold Mine; (iii) open pit production is recommenced at the main Morila open pit; and (iv) the Company enters into a sale, joint venture or financing agreement in respect of the Goulamina Lithium Project. The performance rights vested on 30 June 2021.
(6) The performance rights issued to Directors of the Company as per the shareholders' approval on 27 May 2021 with vesting upon meeting any two of the following four performance hurdles: (i) the 10-day VWAP of the Company's share price is at a $0.15 premium to the Company's 10-day VWAP prior to the date of grant; (ii) definition of a JORC Compliant Ore Reserve of at least 1,500,000 ounces of gold on the Morila Exploitation Permit and the Company's Malian subsidiary's tenements adjoining the Morila Exploitation Permit at a minimum average grade of 1.0 grams per tonne of gold; (iii) the Company commencing production from the Morila Super Pit; and (iv) the Company successfully completing the demerger of the Goulamina Lithium Project, with "LithiumCo" successfully listing on the ASX (or other recognised exchange) and achieving a market capitalisation of at least $200 million.
(7) The performance rights issued to Managing Director of the Company as per the shareholders' approval on 27 May 2021.

(8) The performance rights will vest subject to the Company's 10-day VWAP being at a 15 cent premium to the Company's 10-day VWAP prior to the date of grant.
(9) The performance rights will vest on the Company achieving a minimum of 250,000 ounces of gold production per annum.
(10) The performance rights will vest on Morila Gold's Ore Reserves (with the meaning given to that definition in the 2012 JORC Code) at the end of the performance period (being 6 April 2021) are equal to or greater than 1,000,000 ounces of gold.
(11) The performance rights will vest on completion of 36 months of nil lost time injuries.
(12) The performance rights will vest on aligning Environmental and Social Governance (ESG) reporting to a Company adopted international standard / framework as determined by the Board.
(13) The performance rights issued to Morila SA mine staff under the Long-Term Incentive Scheme approved by the Board on 26 March 2021. The performance rights have the following vesting conditions attached to them: (i) 30% will vest upon the mine plan and plant feed plans delivering the quantity and quality of ore required to achieve the budget, without material changes to material sequencing; (ii) 30% will vest upon the process plant achieving the level of availability and throughput necessary to achieve the production budget; (iii) 20% will vest on maintenance of JORC Code compliant Ore Reserves above 500,000 ounces of gold at the Morila Gold Mine throughout the performance period; and (iv) 20% will vest upon conformance with industry benchmark ESG standards, and where necessary gap closure plan.

Grant date	Equity instrument	Expiry date	Exercise price $	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited / lapsed Number	Balance at end of the year Number	Vested and exercisable at the end of the year Number
2020									
26/02/2019	Share rights [(1)]	26/02/2021	nil	500,000	-	-	-	500,000	-
27/05/2019	Share rights [(2)]	17/03/2022	0.40	1,000,000	-	-	(1,000,000)	-	-
27/05/2019	Share rights [(2)]	17/03/2022	0.55	1,000,000	-	-	(1,000,000)	-	-
27/05/2019	Share rights [(2)]	17/03/2022	1.00	1,000,000	-	-	(1,000,000)	-	-
27/05/2019	Perform. rights [(2)]	17/03/2021	nil	1,000,000	-	-	(1,000,000)	-	-
27/05/2019	Perform. rights [(2)]	17/09/2021	nil	1,000,000	-	-	(1,000,000)	-	-
27/05/2019	Perform. rights [(2)]	17/03/2022	nil	2,000,000	-	-	(2,000,000)	-	-
30/07/2020	Share rights [(3)]	01/07/2023	nil	-	3,880,600	-	-	3,880,600	-
16/09/2020	Share rights [(3)]	01/07/2023	nil	-	470,000	-	-	470,000	-
23/10/2020	Perform. rights [(4)]	01/07/2023	nil	-	3,500,000			3,500,000	-
02/11/2020	Perform. rights [(5)]	14/10/2022	nil	-	500,000	-	-	500,000	-
				7,500,000	**8,350,600**	**-**	**(7,000,000)**	**8,850,600**	**-**

The fair value of the equity-settled performance rights granted was estimated as at the grant date using a Black Scholes model for performance rights with non-market conditions and a barrier-up trinomial pricing model was used for performance rights with market vesting conditions, taking into account the terms and conditions upon which the performance rights and share rights were granted.

The following table lists the inputs to the model used for the performance rights issued during the year ended 31 December 2021.

Grant date	Exercise Price	Expiry date	Expected life of performance/ share rights (years)	Price of underlying shares at grant date $	Volatility %	Dividends expected on shares %	Risk-free interest rate %	Estimated vesting date
2021								
01/01/2021	nil	01/07/2023	2.5	0.18	80	nil	0.110	30/06/2021
27/05/2021	nil	01/07/2023	2.1	0.385	80	nil	0.072	28/05/2022
27/05/2021	nil	28/05/2024	3.1	0.385	80	nil	0.065	06/04/2023
27/05/2021	nil	28/05/2024	3.1	0.385	80	nil	0.065	06/04/2023
27/05/2021	nil	28/05/2024	3.1	0.385	80	nil	0.065	06/04/2024
27/05/2021	nil	28/05/2024	3.1	0.385	80	nil	0.065	06/04/2024
27/05/2021	nil	28/05/2024	3.1	0.385	80	nil	0.065	06/04/2024
09/07/2021	nil	31/12/2023	2.5	0.40	80	nil	0.036	31/12/2023

(b) Options

No options were issued during the year ending 31 December 2021. The following table illustrates the number and movements in options during the year.

Grant date	Equity instrument	Expiry date	Exercise price $	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Forfeited / lapsed Number	Balance at end of the year Number	Vested and exercisable at the end of the year Number
2021									
15/12/2018	Unlisted options	20/02/2022	0.40	2,000,000	-	(2,000,000)	-	-	-
				2,000,000	**-**	**(2,000,000)**	**-**	**-**	**-**
2020									
15/12/2018	Unlisted options	20/02/2022	0.40	2,000,000	-	-	-	2,000,000	2,000,000
				2,000,000	**-**	**-**	**-**	**2,000,000**	**2,000,000**

RECOGNITION & MEASUREMENT

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black Scholes option pricing model and Monte Carlo methodology as appropriate.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (‘vesting date’). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options or performance rights that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

28. COMMITMENTS

Exploration commitments

With respect to the Group's exploration tenements in Mali, the Group submits budgeted exploration expenditure as part of the licence application and renewal requirements. In assessing subsequent renewal applications, the mining authorities review actual expenditure against budgets previously submitted. These amounts do not become legal obligations of the Group and actual expenditure does vary depending on the outcome of the actual activities.

	2021 $	2020 $
Within one year	7,337,135	3,489,131
After one year but not more than five years	-	-
	7,337,135	3,489,131

29. NON-CONTROLLING INTEREST

Non-controlling interest

A non-controlling interest of 20% in Morila SA was accounted for as an equity transaction resulting in the following:

	2021 $	2020 $
Movement in non-controlling interest during the period		
Balance at the start of the year	**1,969,062**	**-**
Balance on acquisition	-	1,039,568
Allocated (loss)/profit for the period	(1,726,802)	950,651
Foreign currency movements	-	(21,157)
Balance at the end of the year	**242,260**	1,969,062

RECOGNITION & MEASUREMENT

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Morila SA, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

30. BUSINESS COMBINATIONS - ACQUISITION OF MORILA

Transaction details

On 10 November 2020, Firefinch Limited completed the acquisition of an 80% interest in the Morila gold mine in Mali. Morila is an operating gold mine and has 4.5 million tonnes per annum processing plant and all infrastructure required for a remote mine site. Following the satisfaction of conditions precedent to completion of the transaction, Barrick Gold Corporation and AngloGold Ashanti Limited (Vendors) advised that the final acquisition price was US$29.7 million (approximately $41.44 million). Firefinch acquired 100% interest in Morila Limited, incorporated in Jersey, which in turn owns an 80% interest in Morila SA, the owner of the Morila gold mine. The Government of Mali owns the remaining 20% of Morila SA.

At 31 December 2020, the acquisition accounting balances recognised were provisional due to ongoing work finalising asset valuations, provision balances and tax related matters. The acquisition accounting for this transaction has now been finalised finalised and no changes to the provisional acquisition accounting were made.

The following table details both the provisional and final acquisition accounting balances.

	Fair Value recognised on acquisition (Final) $	Fair Value recognised on acquisition (Provisional) $
Assets		
Bank overdraft	(4,554,734)	(4,554,734)
Trade receivables	1,501,902	1,501,902
VAT paid	14,762,657	14,762,657
Other receivables	2,535,728	2,535,728
Inventory	44,202,556	44,202,556
Exploration and evaluation expenditure recognised on acquisition	34,180,873	34,180,873
Total assets	**92,628,982**	**92,628,982**
Liabilities		
Trade and other payables	21,992,275	21,992,275
Provisions	17,922,567	17,922,567
Loans	47,512,950	47,512,950
Total liabilities	**87,427,792**	**87,427,792**
Net assets acquired	**5,201,190**	**5,201,190**

RECOGNITION & MEASUREMENT

The acquisition method of accounting is used to account for business combinations by the Group.

The initial accounting for a business combination involves identifying and determining the fair values to be assigned to the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the combination. If the initial accounting for a business combination can be determined only provisionally by the end of the period the Group will account for the combination using those provisional values. Any adjustments to those provisional values as a result, of completing the initial accounting will be recognised within twelve months of the acquisition date.

31. CONTINGENCIES

Tax Assessment

Partial Amended Notice of Tax Assessment (2017)
Morila SA received a partial amended notice of assessment for the year ended 31 December 2017 on 18 January 2021 (2017 Assessment). The 2017 Assessment advised that the Malian tax department (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 2017 Assessment also advises that the Tax Department believes that Morila SA has materially understated its income from gold sales in 2017. 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 revenue. Firefinch notes that this gold production was disclosed to public exchanges by the previous owners of Morila SA: Barrick Gold Corporation and AngloGold Ashanti Limited.

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 Tax Department did not provide a basis for this higher estimate. The Company's internal records and sales receipts 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 utilised by the Tax Department to establish Morila SA gold sales is incorrect.

The Company also believes the assessment of employment tax, withholding tax, VAT and gold revenue is incorrect and has lodged an objection to the 2017 Assessment with the Tax Department together with supporting documentation.

On the above basis, no amounts have been recorded for any potential liability in relation to these matters, as the Group believes it is probable that the taxation authority will accept the Group's tax treatment in the past. The Group has not disclosed an estimate of the potential liability as it cannot reasonably predict the outcome.

Partial Amended Notice of Tax Assessment (2018)
Morila SA received a partial amended notice of assessment for the year ended 31 December 2018 on 31 December 2021 (2018 Assessment). As with the 2017 Assessment, the 2018 Assessment advised 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 2018.
Unlike the 2017 Assessment, the 2018 Assessment does not include a claim that Morila SA has materially understated its income from gold sales in the year. The Company believes the assessment of employment tax, withholding tax and VAT is incorrect and has lodged an objection to the 2018 Assessment with the Tax Department together with supporting documentation.

On the above basis, no amounts have been recorded for any potential liability in relation to these matters, as the Group believes it is probable that the taxation authority will accept the Group's tax treatment in the past. The Group has not disclosed an estimate of the potential liability as it cannot reasonably predict the outcome.

Goulamina – Fees Payable on Commercial Production

Vendor fee
As a result of the Group acquiring the Goulamina Lithium Project in March 2016, the vendor is entitled to receive a final payment of US$200,000 should the project reach commercial production.

Founders fee
Pursuant to the Establishment Convention in relation to the Goulamina Lithium Project entered into by Timbuktu Ressources SARL, a wholly owned subsidiary, with the State of Mali, it has been agreed that a "Founder's Fee" (the Fee) is payable to the State of Mali represented by the Direction Nationale de la Géologie et des Mines (Department of Geology and Mines) (DNGM).

Although agreed to by the holder of an exploration permit, the Fee is payable by the exploitation company that must be formed in Mali to accept a transfer of the exploitation (mining) permit once granted to the holder of the exploration permit. The establishment of an exploitation company to hold the exploitation permit is a requirement of article 65 of the 2019 Mining Code. The Fee is defined as a fixed amount payable in USD to the State of Mali in each relevant applicable Establishment Convention and is payable to the DNGM should the Goulamina Lithium Project reach commercial production.

The Fee is intended to compensate the State of Mali for previous geological work it has undertaken over the area subject to the exploration permit. In the case of the Goulamina Lithium Project, the Fee is US$300,800.

32. EVENTS OCCURING AFTER THE END OF YEAR DATE

On 4 January 2022, the board of Firefinch and Jiangxi Ganfeng Lithium Co. Ltd (Ganfeng)approved a Final Investment Decision for the Goulamina Lithium Project. The parties have agreed to waive the FID condition to the payment of the final US$91 million upon the formation of the incorporated Joint Venture. The major remaining Condition Precedent to the formation of the Goulamina Joint Venture is the transfer of the Project Exploitation Licence to a single purpose Malian subsidiary as required by Malian legislation. The transfer is expected in early 2022 and, upon the satisfaction of other Condition Precedents, will allow the formation of the Goulamina Joint Venture.

In January 2022, mining activities commenced as scheduled at the Morila Super Pit. Initial activities comprise pre-stripping of waste from the first stage of the Morila Super Pit. Ore mining is currently forecast to commence during Q2 2022, with the Morila Super Pit becoming a consistent source of ore in the second half of 2022.

On 10 January 2022, Simon Hay joined Leo Lithium Limited as Managing Director.

On 28 March 2022, the Company announced that the transfer of the Exploitation Licence for the Goulamina Lithium Project to Lithium du Mali SA, a wholly owned entity of Mali Lithium BV (Mali Lithium) has occurred. This represented the satisfaction of the final condition precedent with respect to Ganfeng's investment into the Goulamina Lithium Project. Firefinch and Ganfeng now each hold a 50% interest in Mali Lithium. The satisfaction of this condition triggers US$130 million of equity funding to be provided to Mali Lithium by Ganfeng, with US$39 million to be released from escrow and received by Mali Lithium and a further US$91 million to be transferred to Mali Lithium by Ganfeng shortly. Ganfeng remains obliged to provide either US$40 million of Ganfeng direct debt or source US$64 million of third-party debt.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 62 to 102 are in accordance with the Corporations Act 2001, including:

  (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, and

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

DR MICHAEL ANDERSON

Managing Director

Dated 31 March 2022

Independent auditor's report

To the members of Firefinch Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Firefinch Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended, and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2021
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information, and
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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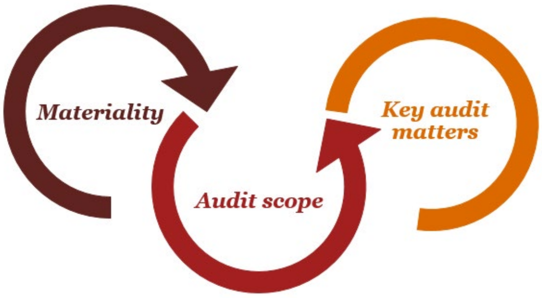
Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of $3.5 million, which represents approximately 1% of the Group's total assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We consider total assets to be the most appropriate benchmark to use as the basis for our materiality calculations as it is most reflective of the scale and operations of the Group during the financial year.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The accounting processes are structured around a group finance function at the Group's head office in Perth which receives information from a finance function in Mali. Component auditors, operating under our instructions, performed audit procedures over the Group's Morila Limited operations' financial information. These procedures, combined with the work performed by us which included reviewing component auditors' work, as the Group engagement team, provided sufficient appropriate audit evidence as a basis for our opinion on the Group financial report as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

Key audit matter	How our audit addressed the key audit matter
Finalisation of the Morila Limited business combination *(Refer to note 30 of the financial report)* On 10 November 2020, Firefinch Limited completed the acquisition of an 80% interest in Morila Limited for purchase consideration of US$29.7 million. The acquisition of a business is complex and the accounting standards require the Group to identify all assets and liabilities of the newly acquired subsidiary and estimate the fair value of each item. Given the short period of time between acquisition date and the year end, the Group assigned provisional fair values to the identified assets and liabilities at 31 December 2020. No adjustment was made as part of the finalisation of provisional fair values. The finalisation of these fair values was a key audit matter given its significance to the Group and that significant judgement was involved in determining provisional and final fair values to the assets and liabilities acquired.	We focussed on significant judgements made in finalising the provisional fair value measurements of Morila Limited's assets and liabilities by assessing new information obtained about facts and circumstances that existed at the acquisition date in respect of the following matters amongst others: • *Capitalised exploration and evaluation expenditure*; We inspected the revised life of mine plan approved by the directors, in conjunction with the Group's accounting policies to consider the classification as exploration and evaluation versus mine development, and • *Rehabilitation provision*; We assessed key revised assumptions including expected timing and quantum of cash outflows to rehabilitate the Morila operations based on new information obtained that informs the estimation at acquisition date. We also evaluated the adequacy of the disclosures made in note 30 to the financial statements in light of the requirements of Australian Accounting Standards.
Rehabilitation and decommissioning provisions *(Refer to note 15 of the financial report)* At 31 December 2021 the consolidated statement of financial position included provisions for rehabilitation and decommissioning of $21.9 million as a result of its obligations to restore and rehabilitate the environment which has been disturbed by Morila's mining operations. Rehabilitation and decommissioning activities are governed by a combination of legislative requirements and Group policies. This was a key audit matter given the determination of these provisions required judgement by the Group in the assessment of the nature and extent of the work to be performed, the	We performed the following procedures over the Group's rehabilitation provision, amongst others. We evaluated key assumptions utilised in the rehabilitation models by performing the following procedures: • Developed an understanding of how the Group identified the relevant methods, assumptions or sources of data, and the need for changes in them, that are appropriate for developing the rehabilitation provision in the context of the Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
future cost of performing the work, the timing of when the rehabilitation will take place and economic assumptions such as the discount rate for future cash outflows associated with the rehabilitation and decommissioning provisions	• Evaluated the competency and independence of the experts retained by the Group to assist with the assessment of its rehabilitation obligations. • Examined the Group's assessment of significant changes in future cost estimates from the prior year and at acquisition date. • Tested on a sample basis, the future rehabilitation costs to comparable data from external parties and management's experts. • Considered the appropriateness of the discount rates and inflation rates utilised in calculating the provision by comparing them to current market consensus.
Basis of preparation of the financial report (going concern assumption) As described in Note 1 to the financial report, the financial statements have been prepared by the Group on a going concern basis, which contemplates that the Group will continue to meet its commitments, realise its assets and settle its liabilities in the normal course of business. The Group continues to ramp up operations at the Morila gold mine, transitioning from tailings reprocessing to hard rock mining, but does not currently generate a commercial level of revenue. In determining the appropriateness of their going concern basis of preparation of the financial report, the Group has made a number of judgements, including the capital expenditure required at the Morila pit and associated satellite pits and expected cash inflows from gold dore sales. Assessing the appropriateness of the Group's basis of preparation for the financial report was a key audit matter due to its importance to the financial report and the level of judgement involved in forecasting future cash flows	We considered the appropriateness of the going concern assumption used in preparing the financial report by performing the following procedures, amongst others: • evaluated the Group's assessment of its ability to continue as a going concern, including whether the period covered is at least 12 months from the date of approval of the financial report and that relevant information of which we are aware from the audit was included • inquired of management and the directors whether they were aware of any events or conditions, including beyond the period of the assessment that may cast significant doubt on the Group's ability to continue as a going concern • evaluated selected data and assumptions used in the Group's cash flow forecasts, including agreeing assumptions to external and internal data, where available • developed an understanding of what forecast expenditure in the cash flow forecast is committed, and what could be considered discretionary • evaluated the adequacy of the disclosures made in the financial report, including the basis for the directors' conclusion that the Group is a going concern in light of the requirements of the Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 40 to 58 of the directors' report for the year ended 31 December 2021.

In our opinion, the remuneration report of Firefinch Limited for the year ended 31 December 2021 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Helen Bathurst

Helen Bathurst
Partner

Perth
31 March 2022

Additional Information for Listed Public Companies

The information set out below is as at 23 March 2022, pursuant to the requirements of ASX Listing Rule 4.10.

1 **Share Capital**

a. **Ordinary share capital**

1,178,136,200 ordinary fully paid shares held by 8,883 shareholders.

b. **Performance Rights over Unissued Shares**

There are currently 54 holders of performance rights over unissued shares, holding 11,043,600 performance rights.

c. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

- **Ordinary shares**: Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
- **Unlisted Options/performance rights:** Options/performance rights do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the options are exercised or performance shares convert and subsequently registered as ordinary shares.

d. **Substantial Shareholders**

Details of substantial shareholders disclosed in substantial holder notices given to the Company are as follows

Holder	Number of ordinary shares held	Percentage of capital held
Van Eck Associates Corporation	59,481,303	5.05

e. **Distribution Schedule of Ordinary Shares**

Category (size of holding)	Number of holders	Number of ordinary shares	Percentage of capital
1 – 1,000	861	553,851	0.05
1,001 – 5,000	2,222	6,133,347	0.52
5,001 – 10,000	1,400	10,771,808	0.91
10,001 – 100,000	3,282	120,630,451	10.24
100,001 – and over	1,118	1,040,046,743	88.28
	8,883	**1,178,136,200**	**100.00**

f. **Unmarketable Parcels of Ordinary Shares**

There were 213 shareholders of ordinary Shares who held less than a marketable parcel of shares.

g. **On-Market Buy-Back and Purchase**

There is no current on-market buy-back and there were no securities purchased on market for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

h. **Item 7 of section 611 Corporations Act (Item 7)**

There are no securities approved for the purposes of Item 7 which have not yet completed.

i. **Restricted Securities**

The Company has no restricted securities.

Additional Information for Listed Public Companies

k. 20 Largest Shareholders

Rank	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	HSBC Custody Nominees <Australia> Limited	194,013,130	16.47
2.	J P Morgan Nominees Australia Pty Limited	81,142,809	6.89
3.	Citicorp Nominees Pty Limited	64,527,445	5.48
4.	UBS Nominees Pty Ltd	25,052,420	2.13
5.	BNP Paribas Noms Pty Ltd <DRP>	22,238,415	1.89
6.	BNP Paribas Nominees Pty Ltd ACF Clearstream	21,503,115	1.83
7.	Zero Nominees Pty Ltd	19,535,000	1.66
8.	Capital Di Limited	17,950,000	1.52
9.	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	17,618,229	1.50
10.	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	17,291,718	1.47
11.	National Nominees Limited	17,252,451	1.46
12.	BNP Paribas Nominees Pty Ltd Six Sis Ltd <DRP A/C>	14,384,652	1.22
13.	Washington H Soul Pattinson & Co Ltd	14,250,000	1.21
14.	Mr Phillip Richard Perry	9,863,224	0.84
15.	Borg Geoscience Pty Ltd	7,557,500	0.64
16.	Macquarie Bank Limited <Metals Mining And Ag A/C>	7,462,687	0.63
17.	CS Third Nominees Pty Limited <Hsbc Cust Nom Au Ltd 13 A/C>	7,231,997	0.61
18.	Mr Gareth John Edwards	6,800,000	0.58
19.	Mr Alistair Cowden + Mrs Rosemary Cowden <The Inverkip A/C>	6,791,793	0.58
20.	Desgail Pty Ltd <Ian Ash Super Fund A/C>	6,250,000	0.53
	Total	**578,716,585**	**49.12**