FIREFINCH

Interim Report

FOR THE HALF YEAR ENDED

30 JUNE 2022

DIRECTORS

Mr Brett Fraser	Chairman (appointed 10 July 2022)
Mr Scott Lowe	Managing Director (Appointed 17 October 2022)
Mr Mark Hepburn	Non-Executive Director
Mr Bradley Gordon	Non-Executive Director

COMPANY SECRETARY

Mr Stuart Usher (appointed 19 August 2022)

REGISTERED ADDRESS AND PRINCIPAL PLACE OF BUSINESS

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AUDITORS

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SECURITIES EXCHANGE

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DIRECTORS' REPORT

The Directors present their report together with the financial statements for Firefinch Limited (ABN: 11 113 931 105) (**Firefinch** or **the Company**) and its subsidiaries (**the Group**) for the half year ended 30 June 2022.

DIRECTORS

The following persons were directors of the Company during the half year and up to the date of this report.

Brett Fraser	Chairman *(appointed 10 July 2022)* Non-Executive Director *(moved to Chairman position on 10 July 2022)*
Dr Alistair Cowden	Chairman *(resigned 10 July 2022)*
Dr Michael Anderson	Managing Director (*resigned 30 June 2022)*
Mr Scott Lowe	Managing Director *(Appointed 17 October 2022)*
Mark Hepburn	Non-Executive Director
Bradley Gordon	Non-Executive Director
Brendan Borg	Non-Executive Director *(resigned 31 May 2022)*
Naomi Scott	Non-Executive Director *(appointed 5 June 2022; resigned 27 June 2022)*
Elizabeth Wall	Non-Executive Director (*appointed 5 June 2022; resigned 27 June 2022)*

PRINCIPAL ACTIVITIES

During the period the principal activities of the Group consisted of:

- Production of gold from the Morila Gold Project in southern Mali, which consists of the Morila gold mine (80% owned) and associated satellite deposits; and
- Mineral exploration and evaluation activities in Mali.

During the period, Firefinch demerged its interest in the Goulamina Lithium Project by making an in-specie distribution of 80% equity in its wholly-owned subsidiary Leo Lithium Limited (**Leo Lithium**) to eligible Firefinch shareholders on a pro-rata basis. Firefinch retained a 20% interest in Leo Lithium on completion of the demerger on 6 June 2022. However, this interest has subsequently been reduced to 17.61% following a sale of 28.6 million Leo Lithium shares in July 2022, raising $12,892,750.

FINANCIAL RESULTS

The Group made a loss for the half-year of $272,782,329 (30 June 2021: $6,280,008) from continuing operations. During the half year period the Group recognised a net profit from discontinued operations of $521,843,299 (30 June 2021: nil). As at 30 June 2022, the Group had cash and cash equivalents of $40,226,925 (31 December 2021: $148,881,533) and a working capital deficit of $20,923,706 (31 December 2021: surplus of $99,489,354).

Included the loss for the half year ended 30 June 2022 are Impairment losses totalling $220,747,062. These losses relate to the Board's assessment of the effects of subsequent events relating to Morila SA on the carrying value of the Group's Assets at 30 June 2022. For further information see Note 6 to the Financial Statements.

BASIS OF PREPARATION

The attached report for the half -year ended 30 June 2022 contains an independent auditor's review report which highlights the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

On 3 November 2022, the Company announced the recapitalisation efforts would not proceed and that Firefinch Limited would no longer provide funding to its 80% owned Malian subsidiary, Morila SA. The decision to no longer provide funding to Morila SA gives rise to a risk of contingent liabilities which, in the event of an adverse outcome, has the potential to impact the Group's ability to remain a going concern.

In terms of a forward looking strategy, the Board of Firefinch Limited has commenced a process to find a new owner for Morila SA, as well as undertaking a separate strategic process inviting suitable bidders to submit proposals to the Company that deliver compelling value and liquidity to Firefinch shareholders. Firefinch Limited has engaged Treadstone Resource Partners to assist with the process.

However, the Board notes, that consistent with the ordinary course of standard commercial practice, discussions and negotiations may fail to deliver an agreement that adequately benefits Firefinch shareholders and stakeholders. In this event, the Company will terminate the process and look to return available cash to shareholders and distribute all Leo Lithium Limited shares when they are released from escrow in June 2024.

It is the position of the Directors that Firefinch is not a signatory to any of the operating agreements of Morila SA and there exists no formal funding agreement or Deed of Guarantee between Firefinch Limited as a majority shareholder, and Morila SA, that would require Firefinch Limited to either continue to fund Morila SA, nor meet its debts.

The Directors of Firefinch Limited are not aware of any legal action against Firefinch Limited, the Board or its Directors at the date of this report.

On 21 March 2023 the Board advised the market that the Company was in advanced negotiations relating to a potential transaction for the sale of its 80% interest in Morila SA, and separately that multiple non-binding indicative proposals had been received via the Treadstone strategic process that are sufficiently robust to warrant continued negotiation and discussion with the bidding parties.

Given these factors it is the conclusion of the Directors that the company has the capacity to realise its assets and meet its liabilities as and when they fall due. As a result the Company has prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For further information, refer to Note 1 to the financial statements, together with the auditor's review report.

REVIEW OF OPERATIONS

MORILA GOLD PROJECT

Safety is Firefinch's number one priority. There were no serious injuries or incidents in the six months to 30 June 2022 (**H1 22**).

Gold production from Morila and the satellite deposits in H1 22 was 24,208 ounces (**oz**), while 24,649 oz were sold at an average realised price of US$1,877/oz. A total of 10.81 million tonnes (**Mt**) of ore and waste were mined (excluding tailings) during the period, with 0.98Mt of ore mined at an average grade of 0.77g/t of gold. Plant throughput, including tailings, totalled 1.72Mt of ore grading 0.54g/t of gold with a recovery of 82%.

Production performance in the quarter ended 30 June 2022 (**Q2 22**) was below guidance, primarily due to poor equipment availability, which was exacerbated by the delayed delivery of additional mining equipment. This delay was in part due to the Economic Community of West African States (**ECOWAS**) sanctions imposed on the State of Mali that restricted the movement of goods into the country. Consequently, production ramp-up at Morila was behind schedule. The ECOWAS sanctions were lifted on 3 July 2022.

This production underperformance was compounded by cost inflation during the period. Like many others in the global gold sector, Firefinch experienced significant cost pressures, resulting in material price increases in diesel, explosives, other consumables and transport. The weakness in the A$/US$ exchange rate also impacted on A$ denominated funding provided to Morila by the Company.

During H1 2022, mining operations continued at Viper, which formed the primary source of plant feed for the period. Mine development activities commenced at the Morila Super Pit (**MSP**) and the N'Tiola satellite deposit during the period.

On 31 August 2022, the Company announced Morila Deposits Mineral Resources increased by over a million ounces to 3.3 million. The Mineral Resource for Morila Gold Deposit subsequently comprised 66.7 million tonnes at 1.55g/t.

Between September 2022 and November 2022, Firefinch undertook process to raise further Capital to support the Morila Operations via an equity injection as well as debt conversion with existing creditors.

On 3 November 2022, the Company announced recapitalisation efforts would not proceed and that Firefinch Limited would no longer provide funding to its 80% owned Malian subsidiary, Morila SA. As a result of this decision and the subsequent actions of Morila SA management on the ground it is the opinion of the Firefinch Board that Firefinch Limited lost control of Morila SA on this date. This has required the Board of Firefinch Limited to review the carrying value of the Group's assets as at 30 June 2022. For more information see Note 6 to the Financial Statements.

The table below summarises the key operational information:

		H1 2022	H1 2021
Ore mined			
Tailings	kt	145	2,061
Viper, Morila, N'Tiola and Surfen	kt	982	375
Total	**kt**	**1,127**	**2,436**
Waste mined	**kt**	**9,828**	**1,011**
Mined ore grade			
Tailings	g/t	0.40	0.49
Viper, Morila, N'Tiola and Surfen	g/t	0.77	0.63
Total	**g/t**	**0.72**	**0.52**
Ore milled	kt	1,724	2,378
Contained gold	Ounces	29,703	38,837
Recovery	%	82.1%	57.3%
Gold produced	Ounces	24,208	22,525
Gold sold	Ounces	24,649	21,830
Realised gold price	US$/ounce	1,877	1,784
Gold revenue	US$M	43.7	39.0

EXPLORATION

In H1 22, the Group drilled 46,814 metres over 798 drill holes across the Morila Gold Project (including satellite deposits), including 9,457 metres of diamond drilling. Diamond drilling continued during the period, with several high-grade results returned from the Morila NW, Morila East and Morila Midwest zones. The Group carried out reverse circulation drilling for exploration and resource definition at Morila, Viper, N'Tiola and the K2, K3 and K4 prospects. The Group completed grade control drilling at Morila, N'Tiola and Viper. The Group began to wind down drilling at the end of H1 22 due to the onset of the wet season and its focus on operational matters.

On 25 March 2022, the Company announced updates to the MREs for the Viper and N'Tiola satellite deposits within the Morila Gold Project. The MRE at Viper as at 30 June 2022 is 2.55Mt at 1.15g/t of gold for 97,000 ounces of gold, including 1.86Mt at 1.21g/t of gold for 72,000 ounces of gold in the Measured and Indicated categories. The MRE at N'Tiola as at 30 June 2022 is 2.87Mt at 1.03g/t of gold for 95,000 ounces of gold, including 2.51Mt at 1.03g/t of gold for 83,000 ounces of gold in the Measured and Indicated categories.

On 31 August 2022, the Company announced an updated Mineral Resource Estimate (**MRE**) for the Morila Gold Project of 66.7Mt at 1.55g/t of gold for 3.33 million ounces of gold. The resource update was based on almost 40,000 metres of drilling at the Morila deposit completed by Firefinch since the release of the previous MRE in February 2021. The latest MRE includes 2.57 million ounces of gold in the Measured and Indicated categories (54.99Mt at 1.46g/t of gold), an increase of 136%.

The Mineral Resources for the Morila Gold Project are detailed in Table 1. All material mined at the active deposits (Morila, Viper, N'Tiola) up until 30 June 2022 has been surveyed and removed from the Mineral Resources for these deposits.

TABLE 1: MINERAL RESOURCES FOR THE MORILA GOLD PROJECT

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes (millions)	Grade (g/t)	Ounces ('000)	Tonnes (millions)	Grade (g/t)	Ounces ('000)	Tonnes (millions)	Grade (g/t)	Ounces ('000)	Tonnes (millions)	Grade (g/t)	Ounces ('000)
Morila Pit [1]	10.7	1.65	566	44.3	1.41	2,009	3.79	0.99	121	**58.8**	**1.43**	**2,696**
Morila UG [2]	-	-	-	-	-	-	7.88	2.51	636	**7.88**	**2.51**	**636**
N'Tiola [4]	-	-	-	2.51	1.03	83	0.35	1.03	12	**2.87**	**1.03**	**95**
Viper [4]	-	-	-	1.86	1.21	72	0.69	1.12	25	**2.55**	**1.19**	**97**
Domba [5]	-	-	-	0.20	1.75	11	0.25	1.61	13	**0.46**	**1.67**	**25**
Beledjo [4]	-	-	-	0.65	1.04	22	0.28	0.94	8	**0.93**	**1.01**	**30**
Total	**10.7**	**1.65**	**566**	**49.53**	**1.38**	**2,198**	**13.24**	**1.91**	**814**	**73.44**	**1.52**	**3,579**

[1] The Morila Open Pit resource is quoted using a 0.4g/t gold cut-off grade.

[2] The Morila Underground resource is quoted using a 1.8g/t gold cut-off grade.

[3] The Tailings resource is quoted using a 0.3g/t gold cut-off grade.

[4] The N'Tiola, Viper, Pit 5 and Beledjo resources are quoted above cut-off grades based on forecast costs (0.35 – 0.48g/t).

[5] The Domba resource is quoted using a 0.5g/t gold cut-off grade.

[6] Numbers in the above table may not appear to sum correctly due to rounding.

CORPORATE

DIVIDENDS

There were no dividends paid or recommended during the period ended 30 June 2022.

A demerger distribution of $428.8 million was distributed to shareholders in June 2022.

ISSUE OF SECURITIES

During the half year, the Company issued 3,107,021 fully paid ordinary shares at an issue price of $0.9627 as consideration for services provided to the Company.

GOULAMINA LITHIUM PROJECT AND JOINT VENTURE

The Group established a 50:50 incorporated joint venture with Jiangxi Ganfeng Lithium Co. Ltd (**Ganfeng**), through a company incorporated in the Netherlands, Mali Lithium BV (**Joint Venture** or **MLBV**) to develop and operate the Goulamina Lithium Project through its 100% investment in the Malian subsidiary, Lithium du Mali SA (**LMSA**). The State of Mali will be free carried by the Joint Venture on its initial 10% interest in LMSA and has an option to subscribe for an additional 10% interest in LMSA at fair market value.

The Group performed an internal restructure to ensure that the Goulamina Lithium asset was in a separable legal structure from its gold assets. As part of this restructure, the capitalised exploration expenditure associated with the Goulamina Lithium Project was transferred to its wholly owned subsidiary, LMSA.

All agreements with Ganfeng to form the Joint Venture were executed in August 2021 with all precedent conditions satisfied on 28 March 2022. Ganfeng invested USD 130 million in the Joint Venture which was received in full on 30 March 2022. Therefore, Ganfeng acquired its 50% interest in the Joint Venture.

Following the establishment of the Joint Venture, Firefinch's 50% interest in the Goulamina Lithium Project was held by its wholly owned subsidiary, Leo Lithium**.**

DEMERGER OF LEO LITHIUM LIMITED

In April 2022, Firefinch formally commenced the process to demerge its interest in the Goulamina Lithium Project by making an in-specie distribution of 80% of its shares in Leo Lithium to Firefinch shareholders on a pro-rata basis (**Demerger**). At the same time, Leo Lithium launched an initial public offering to raise up to $100 million (**Offer**), which will be used to:

- fund the Stage 1 development capital costs for the Goulamina Lithium Project;
- repay a loan to Firefinch, which was advanced to Leo Lithium to facilitate the implementation of the Joint Venture;
- fund the transaction costs associated with the Demerger and Offer; and
- provide working capital, exploration and other expenses.

Firefinch invested $20 million in Leo Lithium as part of the Offer to maintain its 20% interest.

The Demerger was completed on 9 June 2022 and Leo Lithium commenced trading on the Australian Securities Exchange (**ASX**) on 23 June 2022.

Following a sale of 28.6 million Leo Lithium shares in July 2022 raising $12.9 million, Firefinch retains a 17.61% ownership interest in Leo Lithium, providing the Company with ongoing exposure to the lithium sector. This interest is subject to mandatory escrow until 23 June 2024.

COMPANY RECAPITALISATION

On 29 June 2022, Firefinch applied to the ASX for, and was granted, a voluntary suspension in the trading of Firefinch securities (Suspension) pending an announcement by the Company in relation to an update to operational performance and production guidance at the Morila Gold Project. Requests for the continuation of Suspension were granted on 4 July 2022, 26 July 2022, and 24 August 2022.

On 21 September 2022, the Company announced that it had entered into a series of agreements that would, if approved by shareholders, achieve a recapitalisation of the Company.

On 26 September 2022 the Company advised the market that the Placement had been cancelled and other recapitalisation options were being considered.

On 3 November 2022, the Company advised the market that efforts to recapitalise the company had been unsuccessful and that Firefinch Limited would no longer provide funding to Morila SA to operate the Morila Gold Mine.

On 14 December 2022 the Company provided a further update, advising the market that a strategic review had commenced to invite suitable bidders to submit proposals to the Company to deliver compelling value and liquidity to Firefinch Limited shareholders.

On 21 March 2023 that the Company announced it was in advanced discussions relating to a potential transaction for a sale of its 80% interest in Morila SA, and separately is had had received multiple non-binding indicative proposals relating to the strategic process to deliver compelling value and liquidity to Firefinch shareholders.

CHANGE IN DIRECTORS AND OFFICEHOLDERS

On 5 June 2022 Ms Liz Wall and Ms Naomi Scott joined the Firefinch board as Non-Executive Directors.

Following Firefinch shareholder approval of the Demerger on 31 May 2022, Mr Brendan Borg resigned as a Non-Executive Director of Firefinch. The departure of Mr Borg from the Firefinch Board, who was already a Non-Executive Director of Leo Lithium, was part of a planned approach in the construction of the Leo Lithium board to ensure continuity, history, and support for the new Leo Lithium board.

On 27 June 2022, Ms Liz Wall and Ms Naomi Scott resigned as Non-Executive Directors of the Company.

On 30 June 2022, Dr Michael Anderson resigned as Managing Director of the Company.

MATTERS SUBSEQUENT TO BALANCE DATE

On 4 July 2022, Firefinch Limited sold 28.6 million shares in Leo Lithium at a sale price of $0.455. The Company received net proceeds of $12.9 million for the executed sale. The remaining 210.9 million shares that the Company holds in Leo Lithium remain subject to mandatory escrow until 23 June 2024.

On 4 July 2022, the Company requested from the ASX that its securities remain in voluntary suspension pending the finalisation of a funding proposal.

On 10 July 2022, the Chairman, Dr Alistair Cowden, resigned from the Board and Brett Fraser was appointed to the position of Chairman.

On 26 July 2022, the Company requested from the ASX a further extension to the voluntary suspension of trading in its securities pending the finalisation of a funding proposal.

On 19 August 2022, Mr Stuart Usher was appointed as Company Secretary following the resignation of Mr Nathan Bartrop. Mr Usher is a CPA and Chartered Company Secretary with 25 years of extensive experience in the management and corporate affairs of public listed companies.

On 24 August 2022, the Company requested from the ASX a further extension to the voluntary suspension of trading in its securities until the finalisation of a funding proposal.

On 31 August 2022, the Company announced Morila Deposits Mineral Resources increased by over a million ounces to 3.3 million. The Mineral Resource for Morila Gold Deposit now stands at 66.7 million tonnes at 1.55g/t.

On 19 September 2022, the appointment of Mr Scott Lowe as Managing Director (with effect from 17 October 2022) was announced. Mr Lowe is a senior mining executive with extensive experience in the industry spanning more than 35 years in a wide range of commodities and countries.

On 21 September 2022, the Company announced that it had agreed a recapitalisation package with key stakeholders, including a $90 million two tranche equity raise. Tranche 1 was set to raise approximately $10.4 million and Tranche 2, which was subject to shareholder agreement, was set to raise approximately $79.6 million. In addition to the equity raise, the Company's current mining services contractor, MEIM Morila SARL, had agreed to convert approximately US$23.4 million of outstanding debt and future liabilities to equity, subject to shareholder approval. Other trade creditors had agreed to convert approximately US$4.9 million of outstanding debt to equity, subject to shareholder approval. Firefinch also announced its intention to launch a Share Purchase Plan offer to eligible shareholders to raise up to $10 million, subject to shareholder approval.

On 21 September 2022, the Company announced a medium-term production target of 180,000 for the 18-month period to March 2024 based on the recent update of the Mineral Resources for Morila.

On 26 September 2022 the company advised the market that the Placement had been cancelled and that other funding options were being pursued.

On 1 November 2022, the Company requested from the ASX a further extension to the voluntary suspension of trading in its securities until the finalisation of a funding proposal.

On 3 November 2022, the Company announced the recapitalisation efforts would not proceed and that Firefinch Ltd would no longer provide funding to its 80% owned Malian subsidiary, Morila SA. As a result of this decision and the subsequent actions of Morila SA management on the ground it is this opinion of the Firefinch Board that Firefinch Limited lost control of Morila SA on this date. This has required the Board of Firefinch Limited to review the carrying value of the Groups assets as at 30 June 2022. For more information see Note 6 to the Financial Statements.

On 16 November 2022 it was announced the position of Chief Financial Officer had been made redundant and Mr Tom Plant ceased employment with Firefinch Limited.

On 14 December 2022 the Company provided a further update, advising the market that a strategic review had commenced to invite suitable bidders to submit proposals to the Company to deliver compelling value and liquidity to Firefinch shareholders.

On 14 February 2023 the company provided a corporate update, advising of the operational status of the Morila Gold Mine and a related Malian Court decision to open a "preventative procedure" effectively suspending all individual lawsuits for a maximum period of 3 months.

On 21 March 2023 that the Company announced it was in advanced discussions relating to a potential transaction for a sale of its 80% interest in Morila SA, and separately is had had received multiple non-binding indicative proposals relating to the strategic process to deliver compelling value and liquidity to Firefinch shareholders.

COVID-19

Morila is central in supporting employees, contractors, and local community members with vaccinations. Morila's activities in this area have resulted in an elevated level of vaccination at the mine and the surrounding communities. COVID-19 did not impact operational performance during H1 22.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the half year period.

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 half year ended 30 June 2022 has been received and can be found on page 12 of this report.

This report is made in accordance with a resolution of directors.

B Fraser.

BRETT FRASER
Chairman
Dated : 31 March 2023

Auditor's Independence Declaration

As lead auditor for the review of Firefinch Limited for the half-year ended 30 June 2022, 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 review; and

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

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 2023

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2022

	Note	30-Jun-2022 $	30-Jun-2021 $
Continuing operations			
Revenue		63,766,227	50,511,027
Cost of sales		(92,096,639)	(47,809,986)
Gross (Loss)/ Profit		**(28,330,412)**	**2,701,041**
Interest income		313,435	2,996
Other income		65,550	96,545
Corporate and other expenses	5	(13,363,708)	(4,681,840)
Depreciation		(2,253,524)	(74,496)
Director fees		(572,153)	(398,700)
Employee salaries and other employment related costs		(2,894,726)	(1,223,438)
Finance costs		(540,815)	(261,425)
Impairment Losses – Financial Assets	6	(32,682,919)	-
Impairment Losses – Non-Financial Assets	6	(188,064,143)	-
Share-based payments		75,337	(1,201,085)
Foreign exchange (loss)/ gain		(3,657,745)	2,576,273
Share of net loss of associates accounted for using the equity method	19	(234,803)	-
Loss before tax		**(272,140,626)**	**(2,464,129)**
Income tax expense		(641,703)	(3,815,879)
Net Loss from continuing operations for the half-year		**(272,782,329)**	**(6,280,008)**
Profit after tax from discontinued operations	18,	**521,843,299**	**-**
Profit/(Loss) for the half-year is attributable to:		**249,060,970**	**(6,280,008)**
Owners of Firefinch Limited		257,586,201	(8,050,717)
Non-controlling interest		(8,525,231)	1,770,709
Other Comprehensive Income/(Loss)			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		2,741,532	(1,969,141)
Total Comprehensive Income/(Loss) is attributable to:		**251,802,502**	**(8,249,149)**
Owners of Firefinch Limited		259,779,426	(9,626,030)
Non-controlling interest		(7,976,924)	1,376,881
Earnings per share from continuing operations:			
Basic loss per share (cents per share)		(22.42)	(1.03)
Diluted loss per share (cents per share)		(22.42)	(1.03)
Earnings per share from discontinued operations:			
Basic profit per share (cents per share)		43.87	-
Basic profit per share (cents per share)		43.87	-

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30-Jun-2022 $	31-Dec-2021 $
Current Assets			
Cash and cash equivalents	7	40,226,925	148,881,533
Trade and other receivables	8	15,838,754	13,236,843
Inventories	9	23,380,399	34,532,489
Total Current Assets		**79,446,078**	**196,650,865**
Non-Current Assets			
Property, plant, and equipment	10	1,560,898	103,622,190
Right of use asset		452,867	532,064
Exploration and evaluation expenditure	11	-	32,684,085
Investments accounted for using the equity method	19	132,597,338	-
Other receivables	8	80,000	15,750,609
Total Non-Current Assets		**134,691,103**	**152,588,948**
Total Assets		**214,137,181**	**349,239,813**
Current Liabilities			
Trade and other payables	12	79,091,299	50,707,672
Lease liability		155,766	150,479
Provisions	13	3,636,869	3,122,904
Interest bearing liabilities		15,940,801	14,768,304
Current tax liabilities		1,545,050	4,655,098
Total Current Liabilities		**100,369,784**	**73,404,457**
Non- Current Liabilities			
Lease liability		319,971	393,187
Provisions	13	25,078,488	23,509,365
Deferred tax liability		33,046,591	-
Total Non-Current Liabilities		**58,445,050**	**23,902,552**
Total Liabilities		**158,814,833**	**97,307,009**
Net Assets		**55,322,348**	**251,932,804**
Equity			
Issued capital	14	303,823,417	323,402,393
Reserves	15	9,746,171	7,079,976
Accumulated losses		(249,964,269)	(78,791,825)
Non-controlling interest		(8,282,971)	242,260
Total Equity		**55,322,348**	**251,932,804**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2022

	Note	Issued Capital $	Accumulated Profit/(Loss) $	Other Reserves $	Share-based Payment Reserve $	NCI $	Total $
Balance at 1 January 2021		**128,689,714**	**(36,565,801)**	**730,152**	**4,570,109**	**1,969,062**	**99,393,236**
(Loss)/profit for the half-year		-	(8,050,717)	-	-	1,770,709	(6,280,008)
Other comprehensive loss for the half-year		-	-	(1,969,141)	-	-	(1,969,141)
Total comprehensive loss for the half-year		**-**	**(8,050,717)**	**(1,969,141)**	**-**	**1,770,709**	**(8,249,149)**
Transaction with owners, directly in equity:							
Shares issued during half-year (net of costs)		44,657,466	-	-	-	-	44,657,466
Share-based payments		-	-	-	1,201,085	-	1,201,085
Balance at 30 June 2021		**173,347,180**	**(44,616,518)**	**(1,238,989)**	**5,771,194**	**3,739,771**	**137,002,638**
Balance at 1 January 2022		**323,402,393**	**(78,791,825)**	**47,741**	**7,032,235**	**242,260**	**251,932,804**
Profit/(loss) for the half-year		-	257,586,201	-	-	(8,525,231)	249,060,970
Other comprehensive income for the half-year		-	-	2,741,532	-	-	2,741,532
Total comprehensive income for the half-year		**-**	**257,586,201**	**2,741,532**	**-**	**(8,525,231)**	**251,802,502**
Transaction with owners, directly in equity:		-	-	-		-	-
Shares issued during half-year (net of costs)	14	2,991,207	-	-	-	-	2,991,207
Share based payments		-	-	-	(75,337)	-	(75,337)
Return of capital	14	(22,570,183)	-	-	-	-	(22,570,183)
Dividend distribution on demerger	18	-	(428,758,645)	-	-	-	(428,758,645)
Balance at 30 June 2022		**303,823,417**	**(249,964,269)**	**2,789,273**	**6,956,898**	**(8,282,971)**	**55,322,348**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2022

	Note	30-Jun-2022 $	30-Jun-2021 $
Cash Flows from Operating Activities			
Cash receipts from customers		64,811,008	54,694,590
Payments to suppliers and employees		(107,424,999)	(45,623,694)
Taxes paid		(641,702)	(3,567,756)
Interest paid		(200,225)	-
Interest received		313,435	2,996
Net Cash Flow from Operating Activities		**(43,142,483)**	**5,506,136**
Cash Flows from Investing Activities			
Payments for exploration and evaluation expenditure		(8,643,777)	(6,073,439)
Payments made for plant and equipment		(47,801,056)	(9,969,747)
Payments for investment in associates		(20,000,000)	-
Net Cash Flow from Investing Activities		**(76,444,833)**	**(16,043,186)**
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	47,353,522
Payments for capital raising		-	(2,696,056)
Proceeds from loan repayments		10,295,000	-
Net Cash Flow from Financing Activities		**10,295,000**	**44,657,466**
Net (Decrease)/Increase in cash held		(109,292,316)	34,120,416
Cash and cash equivalents at the beginning of the half-year		144,888,661	17,263,076
Change in foreign currency held		86,307	(274,610)
Cash and Cash Equivalents at the end of the half-year	7	**35,682,652**	**51,108,882**

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

1. BASIS OF PREPARATION

This general purpose interim financial report for the half-year ended 30 June 2022 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The interim report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. It is recommended that the interim financial report be read in conjunction with the financial report for the year ended 31 December 2021 and considered together with any public announcements made by Firefinch Limited during the half-year ended 30 June 2022 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

The financial statements were authorised for issue on 31 March 2023 by the Directors of the Company.

The nature of the operations and principal activities of the Group are described in the Directors' 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.

Going concern

The financial statements of the Group for the six months ended 30 June 2022 have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

For the six months ended 30 June 2022, the Group recorded an after-tax loss from continuing operations of $272,782,329 and operating cash outflows of $43,142,483. As at 30 June 2022, the Group had net current liabilities of $20,923,707. Furthermore, the Group also had cash outflows from investing activities of $76,444,833 and cash inflows from financing activities of $10,295,000.

On 29 June 2022, Firefinch applied to ASX for, and was granted, a voluntary suspension in the trading of Firefinch securities (**Suspension**) pending an announcement by the Company in relation to an update to operational performance and production guidance at the Morila Gold Project. Requests for the continuation of Suspension were granted on 4 July 2022, 26 July 2022 and 24 August 2022.

On 4 July 2022, the Company announced an operational update in which it advised that the following factors had adversely impacted on the Group's working capital position:

- June quarter gold production was estimated to be 13,300 oz of gold, it would not achieve the previous guidance of 17-20,000 oz and previous guidance announced on 12 April 2022 was withdrawn. The underperformance relative to guidance was largely due to poor equipment availability, which was exacerbated by the delayed delivery of additional mining equipment. This delay was in part due to the ECOWAS sanctions imposed on the State of Mali that restricted the movement of goods into the country;

- Like many others in the global gold sector, the Company had experienced significant cost pressures, resulting in material price increases in diesel, explosives, other consumables and transport; and

- The weakness in the A$/US$ exchange rate which impacted on A$ denominated funding provided to Morila by the Company.

In response to the above factors, the Company revised its mining, capital expenditure, operational plans, and budget to ensure that Morila's operations were more cost-effective and announced a recapitalisation plan to raise $90M in equity funds on 21 September 2022.

On 3 November 2022, the Company announced the recapitalisation efforts would not proceed and that Firefinch Limited would no longer provide funding to its 80% owned Malian subsidiary, Morila SA. As a result of this decision and the subsequent actions of Morila SA management on the ground it is the opinion of the Firefinch Board that Firefinch Limited lost control of Morila SA on this date. This has required the Board of Firefinch Limited to review the carrying value of the Group's assets as at 30 June 2022. For more information see Note 6 to the Financial Statements.

The decision to no longer provide funding to Morila SA gives rise to a risk of contingent liabilities which, in the event of an adverse outcome, has the potential to impact the Group's ability to remain a going concern. For more information see Note 20 to the Financial Statements.

In terms of a forward looking strategy, the Board of Firefinch Limited has commenced a process to find a new owner for Morila SA, as well as undertaking a separate strategic process inviting suitable bidders to submit proposals to the Company that deliver compelling value and liquidity to Firefinch shareholders. Firefinch Limited has engaged Treadstone Resource Partners to assist with the process.

However, the Board notes, that consistent with the ordinary course of standard commercial practice, discussions and negotiations may fail to deliver an agreement that adequately benefits Firefinch shareholders and stakeholders. In this event, the Company will terminate the process and look to return available cash to shareholders and distribute all Leo Lithium Limited shares when they are released from escrow in June 2024.

As a result of the factors above, there is a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern *and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business*. The continuing viability of the Group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon a number of factors, including:

- The outcome of any potential legal action by stakeholders in relation to the Company's operations in Mali.
- A successful corporate transaction regarding Firefinch Limited
- The ability of the Company to liquidate its assets should the need arise to settle liabilities when they fall due

The Directors of Firefinch Limited note that there exists no formal funding agreement or Deed of Guarantee between Firefinch Limited as a majority shareholder, and Morila SA, that would require Firefinch Limited to meet the debts of Morila SA. As a result, the Directors of Firefinch Limited believe that any potential legal action by Morila SA Creditors attempting to hold Firefinch Limited liable for its outstanding debts is highly unlikely to succeed.

The Directors of Firefinch Limited are not aware of any legal action against Firefinch Limited, the Board or its Directors at the date of this report.

On 21 March 2023 the board advised the market that the Company was in advanced negotiations relating to a potential transaction for the sale of its 80% interest in Morila SA, and separately that multiple non-binding indicative proposals had been received via the Treadstone strategic process that are sufficiently robust to warrant continued negotiation and discussion with the bidding parties.

Given these factors it is the conclusion of the Directors that the company has the capacity to realise its assets and meet its liabilities as and when they fall due. As a result the Company has prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

This financial report does not include adjustments relating to the recoverability of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

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.

Key judgements and estimates

The preparation of 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.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, were disclosed throughout the notes of the annual report and because no significant change has occurred since then, these are not repeated in the interim report.

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.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting from the date on which the investee becomes an associate.

Under the equity method, the investment in associates is initially recognised at cost, identifying any capital reserve arising at the time of acquisition or loss of control, and thereafter the carrying amount is increased or decreased to recognise the Company's share of a change of the associate's net assets. Distributions received from an associate reduce the carrying amount of the investment. Adjustments to the carrying amount of the investment in the associate shall be in the Company's proportionate interest in the associate arising from changes in the associate's equity that have not been included in the statement of profit and loss. Such changes include those arising from the revaluation of fixed assets and investments, from foreign exchange translation differences and from the adjustment of differences arising on amalgamations.

The Company assess its equity method investment when events or circumstances suggest that the carrying amount of the investment may be impaired.

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 and 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).
- all resulting exchange differences are recognised in other comprehensive income; and
- on consolidation, 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 2022 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 30 June 2022 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.

The group applied the following amendment for the first time in the period commencing 1 January 2022.

- AASB 2014 – 10 – Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. This amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128.

No other standard has been early adopted.

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's reportable segments are therefore as follows:

Morila	Mining, development and exploration activities at the Morila gold mine and satellite deposits.
Mali Exploration	Gold exploration and evaluation activities in Mali. 2021 comparatives include exploration and evaluation activities related to the Goulamina Lithium Project in Mali, which was discontinued as an operation as of 30 June 2022 following the demerger of Leo Lithium.
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.

30-Jun-2022	Morila $	Mali Exploration $	Corporate $	Total Consolidated $
Revenue				
Total revenue and other income	**63,831,777**	**-**	**313,435**	**64,145,213**
Results				
Net loss from continuing operations	**(245,342,805)**	**(13,897,788)**	**(13,541,735)**	**(272,782,329)**
Included within Segment Results				
Impairments	**(202,761,648)**	**(13,896,478)**	**(4,133,936)**	**(220,747,062)**

31-Dec-2021	Morila $	Mali Exploration $	Corporate $	Total Consolidated $
Revenue				
Total revenue and other income	50,607,572	-	2,996	50,610,568
Results				
Net loss	(2,613,594)	-	(3,666,414)	(6,280,008)

30-Jun-2022	Morila $	Mali Exploration [1] $	Corporate $	Total Consolidated $
Total Assets				
Total Segment Assets	28,766,585	6,393,352	178,977,244	214,137,181
Total Liabilities				
Total segment liabilities	154,866,114	2,332,906	1,615,814	158,814,833
31-Dec-2021				
Total Assets				
Total segment assets	163,999,180	34,434,027	150,806,606	349,239,813
Total Liabilities				
Total segment liabilities	94,138,176	1,482,746	1,686,087	97,307,009

[1] At the end of June 2022, the segment Mali Exploration does not carry any assets and liabilities relating to the Goulamina Lithium Project. The comparative balance at the end of December 2021 includes total assets of $22,544,723 and total liabilities of $242,760 that related to the Goulamina Lithium Project.

5. CORPORATE AND OTHER EXPENSES

	Consolidated 30-Jun-2022 $	Consolidated 30-Jun-2021 $
Consultancy services	857,324	121,288
Insurances	2,435,795	938,088
Travel	947,756	172,479
Indirect taxes and duties	2,550,002	1,948,849
Administrative expenses [1]	6,572,831	1,501,136
	13,363,708	**4,681,840**

[1] Includes expenditure incurred on the joint venture formation, group restructuring and demerger transaction that are not reimbursable by Leo Lithium.

6. Impairments of Assets

	Consolidated	
	30-Jun-2022 $	30-Jun-2021 $
Impairments – Financial Assets	32,682,919	-
Impairments – Non-Financial Assets	188,064,143	-
	220,747,062	**-**

RECOGNITION & MEASUREMENT

Assets are reviewed for impairment whenever events for changes in circumstances indicate that the carrying value may not be recoverable. An Impairment charge is recognised for the amount which the assets carrying value exceeds the recoverable amount. For the purposes of assessing impairment, operating assets are grouped at the lowest levels for which there are separately identifiable cashflows (Cash Generating Units – CGU's). Where indicators of impairment exist, the recoverable amount was determined by calculating the higher of fair value less cost of disposal (FVLCD) and value in use (VIU).

Indicators of impairment can exist at an individual asset level due to factors such as technical obsolescence, declining market value, physical condition or saleability within a reasonable time frame. Other indicators of impairment can exist where there is a deterioration of financial performance of cash-generating units (CGUs) against their respective budgets and forecasts.

Summary of impairments taken and method used to assess impairment

Based on events subsequent to 30 June 2022 and the decision to cease funding Morila SA advised to the market on 3 November 2022, the Board of Firefinch limited has evaluated the recoverable amounts of the Group's Cash Generating Units at 30 June 2022.

Key Assumptions used fair value less costs of disposal

The board considered a market approach to the valuation of the CGU's to establish fair value less costs of disposal.

Impairment indicator assessment

The Group assessed all cash generating units (**CGUs**) for the presence of impairment indicators at the reporting date. Management considered the following external and internal factors as indicators for possible impairment:

- The negative cashflow position of the Morila CGU for the reporting period
- The negative cashflow position for the Morila CGU subsequent to the reporting date
- The estimated capital requirements to sustain future operations
- The announcement made to the market on 3 November 2022
- Subsequent to the market announcement of 3 November 2022, the Group commenced a market assessment for interest in the Group's Malian assets, both the Morila Gold mine and the company's Birimian Gold Mali exploration assets.

Impairment testing

Morila CGU includes the Morila Gold Project and its satellite pits.

Following the impairment indicators identified above, the Group estimated the recoverable amount of the Morila and Birimian Gold CGU's using the fair value less cost of disposal approach.

As a result, the Morila CGU and the Malian exploration assets held in Birimian Gold Mali have been fully impaired. Related assets in the Firefinch CGU were also fully impaired.

Impairment by Cash Generating Unit

	Valuation Method	Impairment Financial Assets $	Impairment Non-Financial Assets $	Total Impairments by CGU $
Morila SA	FVLCD	32,402,909	170,313,739	**202,716,648**
Firefinch Limited	FVLCD	280,010	3,853,926	**4,133,935**
Birimian Gold Mali	FVLCD	-	13,896,478	**13,896,478**
		32,682,919	**188,064,143**	**220,747,062**

Impairment By Asset Type

	Note	30-Jun-2021 $
Trade Receivables	8	32,682,919
Inventories	9	18,747,265
Property, Plant and Equipment	10	155,345,813
Exploration & Evaluation Expenditure	11	13,971,065
		220,747,062

A number of gold-in-process and Inventory assets remain carried at Value in Use as they generate short term cashflows which were realised in full post 30 June 2022.

7. CASH AND CASH EQUIVALENTS

	Consolidated 30-Jun-2022 $	Consolidated 31-Dec-2021 $
Cash at bank and in hand (1)	40,040,439	148,695,047
Short-term deposits (2)	186,486	186,486
	40,226,925	**148,881,533**
Reconciliation to cash flow statement		
Balance as above	40,226,925	148,881,533
Bank overdrafts	(4,544,273)	(3,992,872)
Balance per statement of cash flows	**35,682,652**	**144,888,661**

(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.

8. TRADE AND OTHER RECEIVABLES

	Consolidated	
	30-Jun-2022 $	31-Dec-2021 $
Current		
Trade debtors [(1)]	5,341,785	5,637,337
Prepayments	586,560	6,053,739
GST receivable	455,316	839,862
Reimbursement receivable from Leo Lithium Limited	9,450,556	-
Other receivables	4,537	705,905
	15,838,754	**13,236,843**
Non-current		
VAT receivable [(2)]	-	15,664,413
Security deposits	80,000	86,196
	80,000	**15,750,609**

[(1)] Trade debtors are non-interest bearing and generally are on 14-day terms.

[(2)] VAT receivable represents the fair value of the VAT refund receivable from the Tax Department of Mali and has been fully impaired.

RECOGNITION & MEASUREMENT

Trade and other receivables

Trade receivables are realisable 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.

During the year losses of $32,682,919 were recognised in the Profit or Loss in relation to impairment losses on financial assets at amortised cost. None of these impairments relate to contracts with customers.

9. INVENTORIES

	Consolidated	
	30-Jun-2022 $	31-Dec-2021 $
Current		
Gold doré on hand	1,417,928	1,561,476
Gold in circuit at cost	11,128,327	1,458,877
Consumable supplies [(1)]	10,834,144	31,512,136
	23,380,399	**34,532,489**

[(1)] Consumable supplies include reagents, spares, 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.

During the year losses of $18,747,265 were recognised in the Profit or Loss in relation to impairment losses on Inventory.

10. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		
	Plant and Equipment $	**Mine Development $**	**Total $**
31-Dec-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 1 January 2021	303,027	-	303,027
Additions	798,361	62,215,791	63,014,152
Depreciation	(156,306)	-	(156,306)
Reclassification	(165,042)	40,644,301	40,479,259
Disposals	(5,423)	-	(5,423)
Foreign currency translation movement	(12,519)	-	(12,519)
Carrying amount at 31 December 2021	**762,098**	**102,860,092**	**103,622,190**
30-Jun-2022			
Cost	2,671,776	157,435,253	160,107,029
Accumulated depreciation	(938,411)	(2,261,906)	(3,200,317)
	1,733,365	**155,173,347**	**156,906,712**
Reconciliation			
Carrying amount at 1 January 2022	**762,098**	**102,860,092**	**103,622,190**
Additions	1,110,319	49,386,358	50,496,677
Depreciation	(87,715)	(2,165,809)	(2,253,524)
Impairment Losses	(172,466)	(155,173,347)	(155,345,813)
Foreign currency translation movement	(51,338)	5,092,706	5,041,368
Carrying amount at 30 June 2022	**1,560,898**	**-**	**1,560,898**

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
Machinery and vehicles	5
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 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 30 June 2022

11. EXPLORATION AND EVALUATION EXPENDITURE

		Consolidated 30-Jun-2022 $	Consolidated 31-Dec-2021 $
Exploration and evaluation expenditure at cost:	Note		
Exploration – Goulamina Lithium Project		-	22,521,242
Exploration – Massigui		11,824,480	9,190,534
Exploration – Dankassa		1,103,527	592,809
Exploration – Finkola		1,043,058	379,500
		13,971,065	32,684,085
Reconciliation of exploration and evaluation expenditure			
Carrying amount at beginning of the period		32,684,085	59,607,354
Exploration expenditure during the period		9,936,370	11,679,974
Exploration expenditure reclassified to mine development		-	(40,644,301)
Transfer on JV formation and demerger of Leo Lithium Limited	17	(27,356,798)	-
Impairment Losses	6	(13,971,065)	
Foreign currency translation		(1,292,592)	2,041,058
Carrying amount at the end of the period		**-**	**32,684,085**

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

12. TRADE AND OTHER PAYABLES

	Consolidated 30-Jun-2022 $	Consolidated 31-Dec-2021 $
Current		
Trade payables and accruals	77,982,258	49,379,031
Royalties payable	692,836	613,572
Other liabilities [1]	416,205	715,069
	79,091,299	**50,707,672**

[1] Other liabilities include withholding taxes, payroll related taxes and contributions payable to 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.

13. PROVISIONS

	Consolidated 30-Jun-2022 $	Consolidated 31-Dec-2021 $
Current		
Employee entitlements	3,636,869	3,122,904
	3,636,869	**3,122,904**
Non-current		
Employee entitlements	1,710,499	1,625,553
Rehabilitation and decommissioning provision [1]	23,367,989	21,883,812
	25,078,488	**23,509,365**

[1] The provision for rehabilitation and decommissioning relates to the Morila gold mine and the satellite deposits.

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.

14. ISSUED CAPITAL

(a) Issued and paid-up share capital

	Consolidated 30-Jun-2022 $	31-Dec-2021 $
1,181,243,221 (31-Dec-2021: 1,178,136,200) ordinary shares fully paid	**303,823,417**	**323,402,393**

Movement in ordinary shares

	30-Jun-2022 No	30-Dec-2021 No	30-Jun-2022 $	30-Dec-2021 $
Balance at the beginning of the period	**1,178,136,200**	**781,907,231**	**323,402,393**	**128,689,714**
Shares issued during the period:				
Share placements	-	266,440,938	-	146,874,883
Shares issued for provision of services	3,107,021	-	2,991,207	-
Share allotment – SPP	-	88,560,906	-	51,365,326
Exercise of listed options	-	28,921,525	-	4,338,228
Exercise of unlisted options	-	2,000,000	-	800,000
Conversion of performance rights	-	10,305,600	-	-
Redemption of share capital – Leo Lithium demerger [(1)]	-	-	(22,570,183)	-
Transaction costs relating to share issues	-	-	-	(8,665,758)
Balance at the end of the period	**1,181,243,221**	**1,178,136,200**	**303,823,417**	**323,402,393**

[(1)] Reduction in share capital for a capital element of the distribution of Leo Lithium interest to existing shareholders. No change in number of shares.

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.

15. RESERVES

	Consolidated 30-Jun-2022 $	31-Dec-2021 $
Foreign currency translation reserve	2,789,273	47,741
Share-based payments reserve	6,956,898	7,032,235
	9,746,171	**7,079,976**

Movement in share-based payments reserve

	Consolidated	
	30-Jun-2022 $	31-Dec-2021 $
Balance at beginning of the period	7,032,235	4,570,109
Vesting expense of performance / share rights issued during the period	-	1,421,101
Vesting expense of prior years' performance / share rights	1,028,975	1,041,025
Forfeited performance / share rights during the period	(1,104,312)	-
Balance at the end of the period	**6,956,898**	**7,032,235**

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.

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.

16. COMMITMENTS

There has been no significant change to the expenditure commitments disclosed in the 31 December 2021 financial statements.

17. JOINT VENTURE FORMATION – GOULAMINA LITHIUM PROJECT

As disclosed in the Directors' Report, the Group established a 50:50 incorporated joint venture with Ganfeng, through MLBV, a Netherlands incorporated company, to develop and operate the Goulamina Lithium Project through LMSA, its 100% owned Malian subsidiary. The State of Mali will be free carried by the Joint Venture on its initial 10% interest in LMSA and has an option to subscribe for an additional 10% interest in LMSA at fair market value.

The Group performed an internal restructure to ensure that the Goulamina Lithium asset was in a separable legal structure from its gold assets. As part of this restructure, the capitalised exploration expenditure associated with the Goulamina Lithium Project was transferred to its wholly owned subsidiary, LMSA.

All agreements with Ganfeng to form the Joint Venture were executed in August 2021 with all precedent conditions satisfied on 28 March 2022. Ganfeng invested USD 130 million in the Joint Venture which was received in full on 30 March 2022. Therefore, Ganfeng acquired its 50% interest in the Joint Venture.

The Group considers the substance of the arrangement to be the contribution of a non-monetary asset into the Joint Venture, being the Goulamina Lithium Project, in exchange for the 50% equity interest in the Joint Venture. Where an owner or seller contributes an asset to a joint venture, AASB 128 Investments in Associates and Joint Ventures requires that a gain can only be recognised to the extent of external ownership in the entity.
Accordingly, the Group can only recognise 50% of the gain generated from the contribution of the asset to the Joint Venture. The Group considers the purchase price paid by Ganfeng to be the best indicator of fair value of the assets and of a 50% interest in the Joint Venture. The gain on formation of the Joint Venture reflects the value of the Group's 50% interest in the entity implied by the transaction with Ganfeng, less the total cost base of the Joint Venture. The gain is recognised by the Group only to the extent of its 50% ownership.

Leo Lithium Investment in Joint Venture	$
Balance at beginning of the period (1 fully paid share)	1
Issue of shares on incorporation of MLBV	-
Receipt of 359 shares in MLBV for loan payable to Firefinch	13,816,260
Transfer Goulamina Definitive Feasibility Study (**DFS**) expenditure in exchange for 140 shares in MLBV	5,399,819
Gain on formation of the joint venture (extent of 50% ownership)	76,747,785
Foreign currency movement	4,113,399
Balance on demerger date	**100,077,264**

Subsequent to the formation of the Joint Venture, Firefinch demerged Leo Lithium, its wholly owned subsidiary holding Firefinch's interest in the Joint Venture. Refer to note 18 for the demerger details.

18. DEMERGER OF LEO LITHIUM

The demerger of Leo Lithium from the Firefinch Group resulted in the formation of an independent ASX listed company, Leo Lithium Limited, which holds a 50% interest in the Goulamina Lithium Project in Mali through the Joint Venture formed with Ganfeng. Refer to note 17.

Under the demerger, Firefinch transferred Leo Lithium shares to eligible Firefinch shareholders by way of a pro-rata in-specie distribution, on the basis of 1 Leo Lithium share for every 1.4 Firefinch shares. Post demerger, the Group retained a 20% equity interest in Leo Lithium Limited, which is equity accounted. On 4 July 2022, the Company sold 28.6M shares in Leo Lithium Limited. Equity accounting ceased on this date.

The Group implemented the demerger on 9 June 2022 in accordance with the Demerger Notice of Meeting and Prospectus and ASX announcement released on 23 June 2022. After formation of the Joint Venture, to affect the demerger the Group firstly transferred the carrying value of the Goulamina Lithium Project to Leo Lithium (a wholly owned subsidiary of the Group before the demerger). Then, the Group distributed 80% of its shares in Leo Lithium to its eligible shareholders, which is reflected in the statement of changes in equity. The distribution resulted in a capital redemption of $22.6 million, with the balance of $428.8 million distributed as a demerger dividend. The Group recognised the difference between 80% of the carrying value of the assets derecognised and their fair value in profit and loss. These gains are shown separately in the statement of comprehensive income.

	Fair value gain on shares		Total
Profit after tax from demerger	80% Distributed	20% Retained	
	$	$	$
Carrying value of net assets of Leo Lithium	80,061,749	20,015,437	100,077,186
Fair value of Leo Lithium (1)	451,328,566	112,832,141	564,160,707
Gross fair value gain	**371,266,817**	**92,816,704**	**464,083,521**
Less: transaction costs	(5,128,904)	-	(5,128,904)
Net fair value gain	**366,137,913**	**92,816,704**	**458,954.617**
Tax expense attributable to discontinued operations	-	(33,046,591)	(33,046,591)
Profit after tax from demerger	**366,137,913**	**59,770,113**	**425,908,026**

(1) The fair value of Leo Lithium was calculated using the 5 day VWAP share price of $0.5349 as traded on the ASX after the demerger multiplied by 1,054,681,447 Leo Lithium shares issued on demerger. The fair value gain on the 20% interest represents the gain on the remeasurement of the retained interest in Leo Lithium after the demerger.

	Total

Reconciliation of Profit from discontinued operations	$
Profit after tax from Demerger	425,908,026
Gain on JV formation, including foreign currency impact	81,002,102
Recognition of intercompany balances (i)	14,933,171
Profit From Discontinued Operations	**521,843,299**

(i) Certain steps of the company restructure, JV formation and demerger transaction resulted in intercompany balances recognised, given they relate to the demerger these do not relate to Firefinch's continuing operations

KEY ESTIMATE: DETERMINING THE FAIR VALUE OF LEO LITHIUM

The fair value of Leo Lithium on demerger, being $564.1 million, was calculated using the volume weighted average price (VWAP) of Leo Lithium shares as traded on the ASX over the first five trading days after demerger ($0.5349 per share) multiplied by the number of Leo Lithium shares (1,054,681,447 shares). Determining the fair value of Leo Lithium on this basis was deemed as the most appropriate and practical way of reliably estimating the fair value of Leo Lithium since it maximises the use of observable, externally available information. The fair value of the 20% investment retained by the Group of $112.8 million was determined by applying the same methodology.

19. EQUITY ACCOUNTED INVESTMENT – LEO LITHIUM

At the end of the reporting period, the Group accounted for its retained 20% investment in Leo Lithium as an equity accounted associate. It can exert significant influence, but not control, over Leo Lithium through the ability to exercise voting rights attached to its 20% ownership interest.

The initially recognised investment in Leo Lithium was equal to the carrying value of the net assets prior to demerger and then it was remeasured to its fair value of the retained 20% interest (as shown in note 17). The Group recognises its share of the profits or losses of Leo Lithium, being 20% of its net profit or loss in each reporting period. The Group recognised $234,803 in equity accounted loss for the period ended 30 June 2022 (1 month post demerger).

	30-Jun-2022 $	31-Dec-2021 $
Equity accounted investment – Leo Lithium		
Fair value of the retained 20% investment	112,832,141	-
Additional investment on IPO	20,000,000	-
Share in net losses during the period (after demerger)	(234,803)	-
Carrying value at the end of the period	**132,597,338**	**-**

On 4 July 2022, the Company sold 28.6M shares in Leo Lithium Limited. Equity accounting ceased on this date.

20. 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 corporate tax and various other 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. Firefinch has reviewed Morila SA's 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, but it is believed to be based on a customs export practice that requires exported gold doré to be valued on the basis of a 85% gold content, irrespective of the declared content contained in the supporting documentation.

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). 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.

Capital Gains Tax

Under the Malian Mining Code, the Government has the right to collect tax on a direct or indirect change in control of tenements in Mali. The in-specie distribution of shares by Firefinch may give rise to a change in control by a foreign entity that could result in a capital gain for Firefinch. Under the Demerger Deed, Leo Lithium has indemnified Firefinch for any loss or damage (including tax liabilities) incurred in connection with the Demerger and the reorganisation of assets and liabilities required to implement the Goulamina Joint Venture, and any other loss or damage incurred by Firefinch (including tax liabilities) relating to the Leo Lithium business. As a result of this indemnification, Leo Lithium would be obligated to reimburse any capital gains tax liability incurred by Firefinch.

Legal Contingencies

On 3 November 2022 the Board of Firefinch Limited advised the Board of Morila SA that Firefinch Limited would no longer be able to provide funding support to the Morila Gold Project. As disclosed in note 25, Firefinch Limited lost control of Morila SA at this date and as at 3 November 2022 Morila SA had net liabilities of $111,043,203.

The Directors have considered the possibility that Morila SA or its creditors might take legal action to attempt to compel the Company to meet Morila SA's liability. It is the position of the Directors that Firefinch Limited is not a signatory to any of the operating agreements of Morila SA and there exists no formal funding agreement or Deed of Guarantee between Firefinch Limited as a majority shareholder, and Morila SA, that would require Firefinch Limited to either continue to fund Morila SA, nor meet its debts. At the date of this report no legal action has been taken against Firefinch Limited.

The Group believes it is highly improbable that a court will place such a liability on Firefinch Limited. On this basis no provisions have been recorded in respect of these matters.

21. EVENTS OCCURING AFTER THE REPORTING PERIOD

On 4 July 2022, Firefinch Limited sold 28.6 million shares in Leo Lithium at a sale price of $0.455. The Company received net proceeds of $12.9 million for the executed sale. The remaining 210.9 million shares that the Company holds in Leo Lithium remain subject to mandatory escrow until 23 June 2024.

On 4 July 2022, the Company requested from the ASX that its securities remain in voluntary suspension pending the finalisation of a funding proposal.

On 10 July 2022, the Chairman, Dr Alistair Cowden, resigned from the Board and Brett Fraser was appointed to the position of Chairman.

On 26 July 2022, the Company requested from the ASX a further extension to the voluntary suspension of trading in its securities pending the finalisation of a funding proposal.

On 19 August 2022, Mr Stuart Usher was appointed as Company Secretary following the resignation of Mr Nathan Bartrop. Mr Usher is a CPA and Chartered Company Secretary with 25 years of extensive experience in the management and corporate affairs of public listed companies.

On 24 August 2022, the Company requested from the ASX a further extension to the voluntary suspension of trading in its securities until the finalisation of a funding proposal.

On 31 August 2022, the Company announced Morila Deposits Mineral Resources increased by over a million ounces to 3.3 million. The Mineral Resource for Morila Gold Deposit now stands at 66.7 million tonnes at 1.55g/t.

On 19 September 2022, the appointment of Mr Scott Lowe as Managing Director (with effect from 17 October 2022) was announced. Mr Lowe is a senior mining executive with extensive experience in the industry spanning more than 35 years in a wide range of commodities and countries.

On 21 September 2022, the Company announced that it had agreed a recapitalisation package with key stakeholders, including a $90 million two tranche equity raise. Tranche 1 was set to raise approximately $10.4 million and Tranche 2, which was subject to shareholder agreement, was set to raise approximately $79.6 million. In addition to the equity raise, the Company's current mining services contractor, MEIM Morila SARL, had agreed to convert approximately US$23.4 million of outstanding debt and future liabilities to equity, subject to shareholder approval. Other trade creditors had agreed to convert approximately US$4.9 million of outstanding debt to equity, subject to shareholder approval. Firefinch also announced its intention to launch a Share Purchase Plan offer to eligible shareholders to raise up to $10 million, subject to shareholder approval.

On 21 September 2022, the Company announced a medium-term production target of 180,000 for the 18-month period to March 2024 based on the recent update of the Mineral Resources for Morila.

On 26 September 2022 the company advised the market that the Placement had been cancelled and that other funding options were being pursued.

On 1 November 2022, the Company requested from the ASX a further extension to the voluntary suspension of trading in its securities until the finalisation of a funding proposal.

On 3 November 2022, the Company announced the recapitalisation efforts would not proceed and that Firefinch Ltd would no longer provide funding to its 80% owned Malian subsidiary, Morila SA. As a result of this decision and the subsequent actions of Morila SA management on the ground it is this opinion of the Firefinch Board that Firefinch Limited lost control of Morila SA on this date. This has required the Board of Firefinch Limited to review the carrying value of the Groups assets as at 30 June 2022. For more information see Note 6 to the Financial Statements.

On 16 November 2022 it was announced the position of Chief Financial Officer had been made redundant and Mr Tom Plant ceased employment with Firefinch Limited.

On 14 December 2022 the Company provided a further update, advising the market that a strategic review had commenced to invite suitable bidders to submit proposals to the Company to deliver compelling value and liquidity to Firefinch shareholders.

On 14 February 2023 the company provided a corporate update, advising of the operational status of the Morila Gold Mine and a related Malian Court decision to open a "preventative procedure" effectively suspending all individual lawsuits for a maximum period of 3 months.

On 21 March 2023 that the Company announced it was in advanced discussions relating to a potential transaction for a sale of its 80% interest in Morila SA, and separately is had had received multiple non-binding indicative proposals relating to the strategic process to deliver compelling value and liquidity to Firefinch shareholders.

DIRECTORS' DECLARATION

For the half-year ended 30 June 2022

In the Directors' opinion:

(a) the interim financial statements and notes set out on pages 11 to 32 are in accordance with the Corporations Act 2001, including:

- complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
- giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the half year ended on that date.

(b) subject to the matters stated in note 1, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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:

B Fraser.

BRETT FRASER

Chairman

31 March 2023

Independent auditor's review report to the members of Firefinch Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Firefinch Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the Condensed consolidated statement of financial position as at 30 June 2022, the Condensed consolidated statement of changes in equity, Condensed consolidated statement of cash flows and Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Firefinch Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty relating to going concern

We draw attention to Notes 1 and 20 in the half year financial report, which comment that as a result of the Group no longer providing funding to its 80% owned Malian subsidiary, Société des Mines de Morila SA, the Group has commenced a process to sell their interest in the subsidiary, and there are uncertainties in relation to contingent liabilities. These conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter

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Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Helen Bathurst

Helen Bathurst
Partner

Perth
31 March 2023