

Corporate governance statement

Firefinch Limited ABN 11 113 931 105 (**Company**) has established a corporate governance framework, the key features of which are set out in this statement. In establishing its corporate governance framework, the Company has referred to the recommendations set out in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th edition (**Principles & Recommendations**). The Company has followed each recommendation in the Principles and Recommendations (**recommendation**) where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices do not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company has adopted instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at www.firefinchltd.com

Charters

- Board
- Company Constitution
- Audit and Risk Committee
- Nomination Committee
- Remuneration Committee
- Sustainability Committee

Policies and Procedures

- Anti-bribery and Corruption Policy
- Code of Conduct
- Community Relations Policy
- Continuous Disclosure Policy
- Continuous Disclosure Compliance Procedures
- Diversity Policy
- Environmental Policy
- Human Rights Policy
- Induction Program
- Occupational Health and Safety Policy
- Policy and Procedure for the Selection and (Re)Appointment of Directors
- Privacy Policy
- Process for Performance Evaluations
- Risk Management Policy
- Securities Trading Policy
- Shareholder Communication and Investor Relations Policy
- Whistleblower Policy

The Company reports below on whether it has followed each of the recommendations during the twelve-month period ended 31 December 2020 (Reporting Period). The information in this statement is current at 30 March 2021. This statement was approved by a resolution of the Board on 25 March 2021.

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management and has documented this in its Board Charter, which is disclosed on the Company’s website.

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

During the Reporting Period, relevant information was provided to shareholders in connection with the re-election of Dr Alistair Cowden in accordance with article 6.1 (f) of the Constitution, at the Annual General Meeting. Formal checks are undertaken on all directors before their initial appointment.

The Company’s Policy and Procedure for the Selection and (Re)Appointment of Directors, which is disclosed on the Company’s website, addresses both the checks that the Company will undertake before appointing a person, or putting a person forward for election, and the information to be provided to shareholders in connection with a decision on whether to elect or re-elect a director.

Recommendation 1.3

The Company has a written agreement with each of its current directors and senior executives setting out the terms of their appointment.

Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board as outlined in the Company’s Board Charter.

Recommendation 1.5

The Company has adopted a Diversity Policy, which is disclosed on the Company’s website. However, the Diversity Policy does not include requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company’s progress in achieving them. Nor has the Board set measurable objectives for achieving gender diversity. Given the Company’s stage of development, the number of employees and the nature of the labour market in Mali, the Board considers that it is not practical to set measurable objectives for achieving gender diversity.

The respective proportions of men and women on the Board, in senior executive positions and across the whole organisation as at 31 December 2020 are set out in the following table. “Senior executive” for these purposes means a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the company’s financial standing. As at 31 December 2020, this included each of the Directors and the Company Secretary & Chief Financial Officer and Chief Operating Officer:

	Proportion of women
Whole organisation (includes Board members and consultants)	11 out of 248 (4.2%)
Senior executive positions	0 out of 3 (0%)
Board	0 out of 5 (0%)

Recommendation 1.6

The Company's process for evaluating the performance of the Board (including the Managing Director) and individual directors is disclosed on the Company's website.

An evaluation of the Board and individual directors was not undertaken by an external party during the Reporting Period due to the change in board composition during the year period. However, evaluations will be undertaken during the 2021 calendar year.

Recommendation 1.7

The Company's process for evaluating the performance of its senior executives is disclosed on the Company's website.

An evaluation of senior executives was undertaken during the Reporting Period in accordance with the Company's process.

Principle 2 – Structure the board to add value

Recommendation 2.1

The Board has not established a separate Nomination Committee. Given the size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of a Nomination Committee.

Although the Board has not established a Nomination Committee, it has adopted a Nomination Committee Charter which describes the role, composition and responsibilities of the Board in its capacity as the Nomination Committee. The Nomination Committee Charter is disclosed on the Company's website. When matters within the responsibility of the Nomination Committee are considered by the Board, they are marked as separate agenda items at meetings of the Board. The Board deals with any conflicts of interest that may occur by ensuring that the director with a conflicting interest is not party to the relevant discussions.

Recommendation 2.2

The skills and diversity which the Board has in its membership are:

- sound finance, business management and legal experience;
- international, including African, resource industry experience;
- industry-government relations;
- metallurgy qualifications;
- lithium product, processing and marketing expertise;
- listed company experience; and
- leadership, governance and strategy.

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles & Recommendations.

The members of the Board changed during the Reporting Period. Set out below is a table showing the persons who were directors during the Reporting Period and their independence status:

Length of service	Name of Director	Independent/Not independent
18/2/2019 - present	Dr Alistair Cowden	Not Independent as a result of temporarily taking on the role of Executive Chairman of Board whilst the Company recruits a Managing Director after the existing Managing Director resigned. A Managing Director will commence on 6 April 2021

		with the Company.)
14/11/2018 - present	Brendan Borg	Independent
14/11/2018 - present	Mark Hepburn	Not independent – Previously fulfilled role of Chief Executive Officer on an interim basis (stepped down as Chief Executive Officer on 28 February 2019)
11/11/2020 - present	Brett Fraser	Independent Director
3/2/2019 – 31 March 2020	Christopher Evans	Whilst in the role was Managing Director and therefore Not Independent
01/12/2017 –31 March 2020	Noel O'Brien	Whilst in the role was Independent

Recommendation 2.4

At the date of this report the current Board does have a majority of independent directors. The independent directors comprise Brendan Borg and Brett Fraser. The Corporate Governance Principles consider anyone participating in an Executive role or having in the last three years participated in an executive role as not being Independent. Whilst the Board acknowledges this, it is of the opinion that Dr Cowden is independent as his executive role has been temporary whilst the Company recruited a suitably qualified Managing Director to replace Mr Evans (Managing Director) who resigned in 2020. The Board notes a Managing Director has been appointed and will commence duties with the company from 6 April 2021 at which time Dr Cowden will cease providing Executive support. The Board considers that the current composition is appropriate for the Company's current activities and includes an appropriate mix of skills and experience relevant to the Company's operations.

Recommendation 2.5

The Corporate Governance Principles indicate any person fulfilling an Executive role cannot be independent. Whilst the Board acknowledges this, it is of the opinion that Dr Cowden is independent as his executive role has been temporary whilst the Company recruited a suitably qualified Managing Director to replace Mr Evans (Managing Director) who resigned in 2020. The Board notes a Managing Director has been appointed and will commence duties with the company from 6 April 2021 at which time Dr Cowden will cease providing Executive support. Dr Cowden was appointed to the Board on 18 February 2019, commenced providing support to the Executive on 1 April 2020 after the resignation of the Company's Managing Director until 6 April 2021 when a new Managing Director commences with the Company.

Recommendation 2.6

The Company has a documented induction program, which is disclosed on the Company's website. The goal of the program is to assist new directors to participate fully and actively in Board decision-making at the earliest opportunity, and to assist senior executives to participate fully and actively in management decision-making at the earliest opportunity.

The full Board, in its capacity as the Nomination Committee, regularly reviews whether the directors as a group have the skills, knowledge and familiarity with the Company and its operating environment required to fulfil their role on the Board effectively using a Board skills matrix. Where any gaps are identified, the Board will consider what training or development should be undertaken to fill those gaps. In particular, the Board will ensure that any director who does not have specialist accounting skills or knowledge has a sufficient understanding of accounting matters to fulfil his or her responsibilities in relation to the Company's financial statements. Directors receive ongoing education on developments in accounting standards.

Principle 3 – Instil a culture of acting lawfully, ethically and responsibly

Recommendation 3.1

The Company has established a Code of Conduct for its directors, senior executives and employees, which is disclosed on the Company's website. Within the code of conduct it articulates its values the Company values.

Recommendation 3.2

The Company has established a Code of Conduct for its directors, senior executives and employees, which is disclosed on the Company's website. This policy provides a mechanism for the Board to be informed of any material breaches of this policy.

Recommendation 3.3 and 3.4

The Company has also adopted a Whistleblower Policy, which is disclosed on the Company's website, to encourage the persons to whom the policy applies to raise any concerns or report instances of any potential breach of law, any violations (or suspected violations) of the Company's Code of Conduct or any other legal or ethical concern without the fear of intimidation or reprisal. This policy together with the anti-bribery and corruption policy provides a mechanism for the Board to be informed of any material breaches of these policies.

Additional policies adopted by the Company to ensure that the Company acts ethically and responsibly are:

- Anti-bribery and Corruption Policy.
- Community Relations Policy.
- Environmental Policy.
- Human Rights Policy.
- Occupational Health & Safety Policy.

The Board has also adopted a Sustainability Committee Charter which describes the role, composition and responsibilities of the Board in its capacity as the Sustainability Committee. Each of the policies listed above and the Sustainability Committee Charter are disclosed on the Company's website.

Principle 4 – Safeguard integrity in corporate reporting

Recommendation 4.1

The Board has recently established a separate Audit Committee and has adopted an Audit and Risk Committee Charter which describes the role, composition and responsibilities of the Committee in its capacity as the Audit and Risk Committee. The Audit and Risk Committee Charter is disclosed on the Company's website. The Board deals with any conflicts of interest that may occur by ensuring that the director with a conflicting interest is not party to the relevant discussions. Details of each of the director's qualifications are set out in the Directors' Report commencing on page 13. Each of the members of the Board consider themselves to be financially literate and have an understanding of the industry in which the Company's operates.

The Company has also established a Procedure for the Selection, Appointment and Rotation of its External Auditor, which is disclosed on the Company's website. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

Recommendation 4.2

Before the Board approved the Company financial statements for the full-year ended 31 December 2020, it received from the Chief Executive Officer and the Chief Financial Officer a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively (Declaration).

The Board did not receive a Declaration for each of the quarters ending 30 March 2019, 30 June 2019, 30 September 2019 and 31 December 2019 because in the Board's view its quarterly reports are not financial statements to which the Declaration can be appropriately given.

Recommendation 4.3

The Appendix 5B Quarterly Cash Flow documents (period corporate report) were reviewed by the Company's Auditors as an element of the 31 December 2020 Audit. Each Quarterly Activities Report together with the Appendix 5B is reviewed and approved by the Board prior to its release. In addition, under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered and must arrange to be represented at that meeting by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company writes to the Company's auditor to inform them of the date of the Company's annual general meeting. In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chairman allows a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chairman also allows a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

Mr Chris Wickenhauser, a representative of the Company's auditor, PricewaterhouseCoopers attended the Company's annual general meeting held on 17 July 2020.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1

The Company has established written policies and procedures for complying with its continuous disclosure obligations under the ASX Listing Rules. The Company's Policy on Continuous Disclosure and Continuous Disclosure Compliance Procedures are disclosed on the Company's website.

Recommendation 5.2

The Company has established a process whereby all material market announcements are approved by the Board prior to release and confirmation is provided to the Board of the release of that announcement

Recommendation 5.3

The Company has established a process whereby presentations and materials provided to new and substantive investor or analysts are released on the ASX Market Announcements Platform ahead of its presentation.

Principle 6 – Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at www.Malilithium.com.

Recommendation 6.2

The Company has designed and implemented an investor relations program to facilitate effective two-way communication with investors. The program is set out in the Company's Shareholder Communication and Investor Relations Policy.

Recommendation 6.3

The Company has in place a Shareholder Communication and Investor Relations Policy which outlines the policies and processes that it has in place to facilitate and encourage participation at meetings of shareholders.

Recommendation 6.4

The Company acknowledges the principle of "one security one vote". On substantive matters, whilst not required by its Constitution to do so, The Company will seek to conduct a poll on substantive matters.

Recommendation 6.5

Shareholders are given the option to receive communications from, and send communications to, the Company and its share registry electronically. The Company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the Company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Computershare Investor Services Pty Ltd, at www.computershare.com.au

Principle 7 – Recognise and manage risk

Recommendation 7.1

The Board has established a separate Committee that considers Risk and meets in conjunction with the Audit Committee which commenced meeting separately from the Board in 2021. The Committee has adopted a Risk Committee Charter which describes the role, composition and responsibilities of the Committee in its capacity as the Audit and Risk Committee. The Audit and Risk Committee Charter is disclosed on the Company's website

Recommendation 7.2

The Committee reviews the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board. The Committee reports to and makes recommendation on risk to the Board during the Reporting Period.

Recommendation 7.3

The Company does not have an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board will rely on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy, a copy of which is disclosed on the Company's website.

Recommendation 7.4

The Company has identified material exposure to the following economic, environmental and social sustainability risks:

Risk	Management of risk
<p>Commodity price volatility</p> <p>If the Company's existing projects are developed to production, its revenue will be derived from the sale of lithium and gold. Accordingly, fluctuations in lithium and gold prices will significantly affect the Company's future operations and profitability. Declines in the prices for lithium and gold could cause the continued development of, and eventually the commercial production, from the Company's projects to be rendered uneconomic.</p>	<p>Factors such as inflation, exchange rates, supply and demand and political and economic events can all impact commodity prices and are out of the Company's control. However, the Company will manage its exposure to commodity price volatility by monitoring market conditions and making decisions based on industry experience.</p>
<p>Additional requirements for capital</p> <p>The Company's ongoing activities and growth through development will require substantial expenditures. There can be no guarantee that the Company will be able to continue to use debt and/or equity to fund its activities. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and have a material adverse effect on its activities.</p>	<p>The Company manages this risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.</p>
<p>Country risk</p> <p>The Company's operations in Mali are exposed to various levels of political, economic and other risks and uncertainties with operating in a foreign jurisdiction. These risks include, but are not limited to, currency exchange rates, high rates of inflation, labour unrest, social unrest, civil disobedience, renegotiation or nullification of existing concessions, licences, permits and contracts, changes in taxation policies, restrictions on foreign exchange, changing political conditions, war and civil conflict, lack of law enforcement, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, Mali.</p>	<p>Factors such as the political and economic risks outlined opposite are out of the Company's control. However, the Company manages this risk by engaging with and maintaining open dialogue with all relevant Malian government agencies and other relevant stakeholders.</p>
<p>Malian mining law and regulations</p> <p>Mining in Mali is subject to regulation under the Mining Code of Mali and Mining Regulations. These include obligations in relation to participation of the Malian government, beneficiation, the environment and site rehabilitation, community development, relationships with landowners, compliance with the Malian tax regime and funding for research, training and promotion of mining activities. There is a risk that government approvals may not be granted or may be significantly delayed. New legislation, changes to existing legislation or new government policy may impact the Company's</p>	<p>The Company manages this risk by engaging suitably qualified advisers to assist the Company and its subsidiaries operate in accordance with all relevant laws and regulations. The Company also engages with and maintains open dialogue with all relevant Malian government agencies and other relevant stakeholders.</p>

projects.	
<p>Corporate responsibility risk</p> <p>The Company's operations and activities interact with a range of community stakeholders who have an interest in the impacts of the Company's activities and require the Company to maintain a social licence to discover, develop and operate mining projects. This encompasses compliance with environmental laws and regulations, occupational health and safety laws and regulations, anti-bribery and corruption laws. It also encompasses establishment and maintenance of community relations in Mali. These give rise to a range of risks including land access, reputational risk and the risk of losing its social licence to operate.</p>	<p>The Company engages qualified consultants and advisers to maintain its social licence to operate in Mali, The Company strives to conduct its operations and activities to the required standard and in compliance with all applicable laws and regulations. The Company has adopted a Community Relations Policy and engages with stakeholders.</p>

In addition, the above risks form part of the Company's overall risk management strategy. The Board has adopted a Risk Management Policy. Under the Risk Management Policy, the Board oversees the processes by which risks are managed. This includes defining the Company's risk appetite, monitoring of risk performance and those risks that may have a material impact to the business. Management is responsible for the implementation of the risk management and internal control system to manage the Company's risk and to report to the Board whether those risks are being effectively managed.

The Company's system to manage its material business risks includes the preparation of a risk register by management to identify the Company's material business risks, analyse those risks, evaluate those risks (including assigning a risk owner to each risk) and treat those risks. Risks and their management are to be monitored and reviewed at least annually by senior management. The Chief Executive Officer is required to report to the Board on all matters associated with risk management as required; report to the Board as to the effectiveness of the Company's management of its material business risks at least annually and review and update the Company's risk register and present the register to the Board on at least an annual basis. The Company's Risk Management Policy is disclosed on the Company's website.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1

The Board has established a separate Remuneration Committee which commenced meeting separately from the Board in 2021.

The Committee has adopted a Remuneration Committee Charter which describes the role, composition and responsibilities of the Committee in its capacity as the Remuneration Committee. The Remuneration Committee Charter is disclosed on the Company's website. When matters within the responsibility of the Remuneration Committee are considered by the Committee and recommendations are made to the Board. The Board deals with any conflicts of interest that may occur by ensuring that the director with a conflicting interest is not party to the relevant discussions.

Recommendation 8.2

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report and commences at page 16 of the Company's Annual Report for the twelve-month period ended 31 December 2020.

The Company's "clawback policy" regarding the lapsing or clawback of performance-based remuneration under the Company's Incentive Option Plan or Incentive Performance Rights Plan is set out in those plans. In certain circumstances including fraudulent or dishonest behaviour, gross negligence, serious or wilful

misconduct or ineligibility to hold office under Part 2D.6 of the Corporations Act, the Board may, by written notice to the participant, deem any unvested, or vested but unexercised, performance rights or options (as the case may be) to have lapsed or require the participant to do all such things necessary to cancel any shares issued on exercise of the performance rights or options (as the case may be).

Recommendation 8.3

The Company's Securities Trading Policy includes a statement on the Board's policy that participants in the Company's equity-based remuneration schemes are prohibited from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.