FIREFINCH

Annual Report

FOR THE YEAR ENDED

31 DECEMBER 2023

CORPORATE DIRECTORY

DIRECTORS

Mr Brett Fraser	Executive Chairman (Appointed 31 August 2023) Non-Executive Chairman (Appointed 10 July 2022-31 August 2023)
Mr Mark Hepburn	Non-Executive Director
Mr Bradley Gordon	Non-Executive Director
Mr Scott Lowe	Managing Director (Resigned 31 August 2023)

COMPANY SECRETARY

Mr Stuart Usher

REGISTERED ADDRESS AND PRINCIPAL PLACE OF BUSINESS

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SHARE REGISTRY

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AUDITORS

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REVIEW OF OPERATIONS

MORILA GOLD PROJECT

Since 3 November 2022, Firefinch Limited (Firefinch or the Company) has not had active operational engagement over the Morila Gold Mine.

The Company has ceased to receive reliable information regarding production and operations at the Morila Gold Mine.

The Company was officially informed that production at the Morila Gold Mine had ceased in December 2023 with loss of control deemed to be effected as at 30 November 2022 for the purposes of AASB 10 Consolidated Financial Statements. As a result Firefinch deconsolidated the accounts of Morila SA as of that date.

On 3 August 2023, Firefinch received a letter from the Minister of Mines, Mali (Letter) advising that the Government of Mali (Government) would not approve any deed of sale of Firefinch interest in Société des Mines de Morila SA (Morila SA) unless the Company resolved issues relating to the Morila Gold Mine.

On 8 May 2024, the Company announced that it has entered into a memorandum of understanding (MOU) with the Government of Mali (Government), which settles all disputed matters and will facilitate the Government acquiring the Morila Gold Mine for USD$1, with the transfer of all shares in Société des Mines de Morila SA (Morila SA) and all mining titles held by subsidiaries in Mali for USD$1 to a government company (SOREM Mali SA).

Firefinch is currently finalising the share transfer and loan assignment agreement with SOREM Mali SA. In the course of operating the Morila Mine, Morila SA had received financial support from Firefinch in the form of a loan of US$102,668,563, and from Morila Limited in the form of a loan of US$22,691,081 (Assigned Loans). The Morila SA Sale involves Firefinch assigning the Assigned Loans to SOREM Mali SA and in doing so removes the right of Firefinch and Morila Limited to receive the benefit of those Assigned Loans.

On 7 May 2024, Leo Lithium, Ganfeng and Firefinch entered into a deed of Covenant and Release whereby Firefinch has agreed to make a $11,500,000 contribution to Leo Lithium. The deed includes an unconditional release by Firefinch in favour of Leo Lithium and its associates from all claims in relation to the Demerger Deed signed 29 April 2022.

Firefinch holds its investment in the Morila Gold Project at $nil (2022:$nil).

CORPORATE

In 2022 the Board of Firefinch 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 had engaged Treadstone Resource Partners to assist with the process.

The board advised the market on 21 March 2023 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 were sufficiently robust to warrant continued negotiation and discussion with the bidding parties.

Given the Letter received on 3 August 2023 and position of the Government, the Company ceased negotiations with participants in the process, and the Treadstone engagement has been terminated.

The Company has now stopped all expenditure other than that required to maintain the corporate entity, its operation and dealings with the Government.

FORWARD LOOKING STRATEGY

The Company continues with the process of obtaining a class ruling from the Australian Taxation Office as to the tax treatment on the return of assets to Firefinch shareholders. Subject to the outcome of the class ruling, shareholder approval, the Company may then be in a position to distribute remaining assets.

BUSINESS RISKS

Exposure to economic, environmental and social sustainability risks

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

DIRECTOR'S 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 year ended 31 December 2023.

DIRECTORS

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

Brett Fraser	Executive Chairman (Appointed 31 August 2023) Non-Executive Chairman (10 July 2022-31 August 2023) Non-Executive Director
Mark Hepburn	Non-Executive Director
Bradley Gordon	Non-Executive Director
Scott Lowe	Managing Director (Resigned 31 August 2023)

PRINCIPAL ACTIVITIES

During the year the principal activities of the Group consisted of Corporate operations to progress resolution of the Morila SA divestment and maintain the value of Shareholder interests.

FINANCIAL RESULT

The Group made a Loss for the year of $1,682,352 (2022: $51,078,010 Loss) from continuing operations. During the year, the Group recognised a net profit from discontinued operations of $Nil (2022: Profit of $359,959,588). At the end of the year, the Group had cash and cash equivalents of $33,456,049 (2022: $37,946,133) and a working capital surplus of $31,924,200 (2022: $37,038,221). The net assets of the Group have decreased by $2,644,288 to $109,226,231 at 31 December 2023 (2022: $111,870,519). The Group had a net cash outflow from operating activities of $4,384,798 (2022: $51,303,375).

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

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2019
Profit/ (loss) for the period, $	(1,682,352)	308,881,578	(43,952,826)	1,043,816	(3,504,280)
Dividends paid, $	nil	nil	nil	nil	nil
Net assets, $	109,226,231	111,870,519	251,932,804	99,393,236	27,166,106
Share price, $	0.20[(1)]	0.20[(1)]	0.865	0.175	0.097

(1) The share price is as of the last day of trading, 24 June 2022. The Company remained suspended from quotation until being removed from the Australian Securities Exchange (ASX) on 1 July 2024.

NON GOING-CONCERN BASIS OF PREPARATION

During the year ended 31 December 2023, the board continued to seek a new owner for the Morila Gold Mine in Mali, as well as undertaking a strategic review process by inviting and reviewing bids form suitable parties to deliver compelling value and liquidity to shareholders.

In May 2024 Firefinch entered into a memorandum of understanding with the Malian Government, which settles all disputed matters and will facilitate the Government of Mali acquiring the Morila Gold Mine for USD$1, with the transfer of all shares in Morila SA and all mining titles held by subsidiaries in Mali for USD$1 to a government company (SOREM Mali SA). Firefinch is currently finalising the share transfer and loan assignment agreement with Sorem Mali SA. In the course of operating the Morila Mine, Morila SA had received financial support from Firefinch in the form of a loan of US$102,668,563, and from Morila Limited in the form of a loan of US$$22,691,081. The Morila SA Sale involves Firefinch assigning the Assigned Loans to SOREM Mali SA and in doing so removes the right of Firefinch and Morila Limited to receive the benefit of those Assigned Loans.

The settlement agreement with the Government of Mali has been critical in allowing the Company to progress its plan to return value to shareholders through the distribution of the remaining available assets. The process to distribute assets requires the completion of multiple steps. While it is difficult to put specific timeframes around the various steps, the Board is committed to completing the process as quickly as reasonably practicable.

DIRECTOR'S REPORT

The Company continues with the process of obtaining a class ruling from the Australian Taxation Office as to the tax treatment on the return of assets to Firefinch shareholders. Subject to the outcome of the class ruling and shareholder approval, the Company may then be in a position to distribute remaining assets to shareholders. This is likely to be by way of an in-specie distribution of the Leo Lithium shares held by Firefinch to Shareholders.

The availability of remaining cash to distribute to shareholders will be determined following a payment of the Firefinch contribution (A$11,500,000) pursuant to the Tripartite Deed, satisfaction of any tax liabilities and the cost of dealing with and arguing any claims against Firefinch, (See Note 26.) including the Notice of Arbitration, and, accounting for remaining corporate operating costs.

As soon as practicable, and following approval and completion of relevant processes, which includes obtaining relevant Australian Taxation Office rulings, it is Firefinch's current intention to convene a general shareholder meeting to seek approval for an in-specie distribution of the Leo Lithium shares to Firefinch shareholders, and the distribution to Firefinch shareholders of the remaining cash reserves. The Board is committed to its endeavours to return assets to shareholders, and this is the most realistic outcome for the Group at the time of this report.

On this basis, the Directors have determined that it is more appropriate that the consolidated financial statements be prepared on the basis that the Group is not a going concern for financial reporting purposes. Non-financial assets have been written down to the lower of their carrying amounts and their net realisable values. Net realisable value is the estimated selling price the entity expects to obtain under the circumstances less the estimated costs necessary to make the sale. Non-current assets and non-current liabilities have been reclassified to current where they are expected to be realised or settled within the next twelve months from the reporting date. No additional liabilities have been recognised as a result of the decision made by the Company. The comparative year is presented on a going concern basis.

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

CORPORATE

Dividends

There were no dividends paid or recommended during the year ended 31 December 2023 (2022: No dividends were paid or recommended).

Issue of securities

During the year, the Company issued 1,103,356 new performance rights and 1,603,356 fully paid ordinary shares in relation to the conversion of Performance Rights.

A further 4,588,600 Performance Rights expired.

There were no Options issued during the year.

Change of Directors and Officers

On 31 August 2023, Mr Scott Lowe ended in his role as Managing Director by mutual agreement. From this date Mr Brett Fraser performed the role of executive chairman.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO BALANCE DATE

Deed of Covenant and Release with Leo Lithium

On 7 May 2024, Leo Lithium, Ganfeng and Firefinch entered into a deed of Covenant and Release whereby the Company has agreed to make a $11,500,000 contribution to Leo Lithium. The deed includes an unconditional release by Firefinch Limited in favour of Leo Lithium and its associates from all claims in relation to the Demerger Deed signed 29 April 2022.

DIRECTOR'S REPORT

Memorandum of Understanding (MOU) signed with the Mali Government

On 8 May 2024, the Company announced that Firefinch, Leo Lithium Limited and Ganfeng and the Government of Mali had signed an MoU to settle all disputed matters. The MoU provides for the settlement of the Government's claims against Firefinch Limited and Leo Lithium whereby:

- Ganfeng on behalf of Leo Lithium has made payment to the Government of US$60 million in the name of and on behalf of Leo Lithium and Firefinch to, among other things, settle all disputes with the Government concerning Morila SA;

- Firefinch has agreed to transfer its shares together with the assigned loans in Morila SA for USD$1 and all mining titles held by its subsidiaries in Mali for USD$1 to SOREM Mali SA.

Arbitration Notice

On 27 May 2024, the Company announced that it had received a Notice of Arbitration under the Arbitration Rules of the United Nations Commission on International Trade Law (Arbitration Notice) from Entreprise Générale Traoré et Frères SARL (EGTF). The Arbitration Notice is in connection with Morila SA's purported failure to pay amounts under certain outstanding invoices to EGTF further to a mining services contract between EGTF and Morila SA dated 2021. EGTF claims an amount of no less than XAF 12,838,591,019 ($31,853,880).

Leo Lithium Limited Suspension

On 17 July 2023, Leo Lithium entered a trading halt. Upon reinstatement to quotation on 9 September 2023 the company share price fell sharply, closing at $0.505c prior to again entering a trading halt on 15 September 2023. Leo Lithium remains suspended on the ASX and is continuing to resolve outstanding matters with the ASX with the objective of returning to quotation on the ASX . Refer to Note 12 for details of Firefinch shareholding.

Removal from ASX

On 1 July 2024 the Company was removed from the Official List of the ASX.

LIKELY DEVELOPMENTS

The Company hopes to obtain a class ruling from the Australian Tax Office as to the tax treatment on the return of assets to Firefinch shareholders. Subject to the outcome of the class ruling and shareholder approval, the Company may then be in a position to distribute the Leo Lithium shares. This is likely to be by way of an in-specie distribution of the Leo Lithium shares held by Firefinch to Shareholders.

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

ENVIRONMENTAL REGULATIONS

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

Since 3 November 2022, the Company has not had active operational engagement over the Morila Gold Mine, with production ceasing in December 2023. As a result of this, Firefinch has ceased to receive reliable information regarding production and operations at the Morila Gold Mine and therefore Firefinch is unable to ascertain whether there is continued compliance with environmental laws from Morila during the period.

DIRECTOR’S REPORT

INFORMATION ON DIRECTORS

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

Mr Brett Fraser – Non-Executive Chairman
Executive Chairman (Appointed 31 August 2023)
Non-Executive Chairman (Appointed 10 July 2022 - 31 August 2023)
Non-Executive Director (Appointed 11 November 2020 – 10 July 2022)

Mr Fraser is an experienced ASX director, currently holding a position as Director of central-west African iron ore company, Sundance Resources Limited. Mr Fraser’s deep knowledge (acquired over 35 years’ corporate finance experience) is a great asset to the Company, particularly regarding business acquisitions, business strategy and restructuring, and corporate governance. Mr Fraser is a Fellow of CPA Australia, a Fellow of Financial Services Institute of Australasia, and a Fellow of the Governance Institute of Australia. He holds a Bachelor of Business (Accounting) and a Graduate Diploma in Finance (SIA).

Other current directorships:

Sundance Resources Limited	10 March 2018 - present

Former directorships in the last three years:
None

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

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

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

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

Mr Hepburn has a degree in Economics and Finance (B.Econ. & Fin 1992 UWA).

Other current directorships:

Castile Resources Limited	29 November 2019 - present

Former directorships in the last three years:

Leo Lithium Limited	21 April 2022 – 15 November 2022

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

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

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

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

Other current directorships:

Savannah Goldfields Limited	13 December 2020 - present
Clara Resources Australia Ltd	17 May 2021 - present
Former directorships in the last three years:	
Aus Tin Mining Limited	17 May 2021 – 31 October 2023
Laneway Resources Limited	11 December 2020 – 31 October 2023

Mr Scott Lowe – Managing Director
(Appointed 17 October 2022, Resigned 31 August 2023)

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. His most recent roles have been with South32 in Australia and as CEO of ArcelorMittal's West African mining business in Liberia. Previous roles have included CEO of publicly listed mining exploration and development companies and senior management positions in BHP and Peabody Pacific.

During the course of his career, Mr Lowe has worked in a number of African jurisdictions and delivered outstanding results in challenging environments including; achieving record production and low costs in an open cut operation in West Africa during the pandemic, managing the start-up of new open cut and underground mines in South Africa and West Africa, as well as negotiating successful Joint Ventures with BHP and Glencore.

Mr Lowe holds a post-graduate qualification in Business Management (MBA) along with tertiary qualifications in Mining Engineering, a Mine Manager's Certificate of Competency (Australia), and a Diploma in Marine Terminal Operations from King's Point Merchant Marine Academy NY USA.

Other current directorships: None

Former directorships in the last three years: None

DIRECTORS' MEETINGS

The number of meetings of the directors and the number of meetings attended by each director during the year ended 31 December 2023.

Directors	Directors' Meetings		Remuneration and Nomination Committee		Corporate Social Responsibility Committee		Audit Committee	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
B. Fraser	10	10	-	-	-	-	-	-
M. Hepburn	10	9	-	-	-	-	-	-
B. Gordon	10	10	-	-	-	-	-	-
Former Directors								
S.Lowe(1)	7	7	-	-	-	-	-	-

(1) S. Lowe resigned 31 August 2023.

DIRECTOR’S REPORT

DIRECTORS’ INTERESTS

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

	Fully paid ordinary shares	Listed Options	Unlisted performance/share rights	Unlisted Options
Non-Executive Directors				
B. Fraser	536,206	-	-	-
M. Hepburn	1,500,000	-	-	-
B Gordon	78,947	-	-	-

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for the Company’s Non-Executive Directors and Executive Directors for the year ended 31 December 2023 in accordance with the Corporations Act 2001 (the Act) and its regulations. There were no other Key Management Personnel (KMP) during the year 31 December 2023. For the purpose of this report, KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether exclusive or otherwise) of the Parent entity. This information has been audited as required by section 308(3C) of the Act.

KMPs of the Company during the financial year ended 31 December 2023:

	Position	Commenced/ Resigned
Brett Fraser	Executive Chairman	Appointed 10 July 2022
	Non-Executive Chairman	Appointed 10 July 2022 - 31 August 2023
Mark Hepburn	Non-Executive Director	Appointed 14 November 2018
Bradley Gordon	Non-Executive Director	Appointed 6 April 2021
Scott Lowe	Managing Director	Appointed 17 October 2022 Terminated 31 August 2023

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

1. Remuneration Governance
2. Executive Remuneration Framework
3. 2023 Non-Executive Director Remuneration Framework
4. 2023 Non-Executive Director Equity Plan Terms
5. Statutory Performance Indicators
6. Details of Remuneration
7. Service Agreements
8. Share Based Compensation
9. Additional Information

1. <u>Remuneration Governance</u>

a) Remuneration and Nomination Committee

The Board Dissolved all board subcommittees in 2022 and considers all Nomination and Remuneration matters as a full board.

The Board has worked with KMP and management to apply a robust governance framework and to ensure the Company’s remuneration strategy supports the creation of sustainable shareholder value.
In relation to remuneration, the responsibilities of the RNC include:

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

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

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

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

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

VI. reviewing termination payments;

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

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

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

X. performing such other functions as required by law or the Company’s Constitution.

b) Use of Remuneration Advisors

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

No Advice was required in 2023

c) Remuneration Policy

The Company adopted a Remuneration Policy in 2021 which remained unchanged in 2023.

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

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

The Policy informs the RNC on matters including:

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

2. <u>Executive Remuneration Framework</u>

a) Executive Remuneration Framework

The following remuneration framework was adopted in 2022 and remained unchanged in 2023. The Board sought to ensure that the framework is best fit for purpose and aligns with shareholder value creation.

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

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

b) Remuneration Mix and Incentive Opportunity

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

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

Incentive Opportunity	STI Target	STI Stretch	LTI	Maximum Incentive Opportunity
Managing Director[1]	30%	50%	100%	150%
Key Management Personnel	-	-	-	-

[1] Managing Director Scott Lowe, resigned 31 August 2023

3. <u>2023 Non-Executive Director Remuneration Framework</u>

a) Non-Executive Director remuneration

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

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

DIRECTOR'S REPORT

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

NEDs are not provided with retirement benefits.

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

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

b) Directors' fee limits

The aggregate amount of fees payable to Non-Executive Directors is subject to approval by shareholders. The maximum aggregate amount of fees that is approved for payment to Non-Executive Directors is $800,000 per annum, excluding the value of approved share-based payments. This limit was approved by shareholders at the General Meeting on 31 May 2022.

Table 1 – Annual board and committee fees payable to Directors

Position	$
For the period 1 January 2022 - 31 December 2023	
Chairman	176,000
Non- Executive Directors	104,500
Committee chairman	22,000
Committee member	5,500

(1) The fees are inclusive of superannuation guarantee.
(2) On 28 November 2022 the Board agreed to cease all committee fees effective from 1 December 2022 and approved to reduce Director fees from $95,000 to $60,000 and Chairman fees from $160,000 to $80,000 effective from 1 January 2023.

4. <u>2023 Non-Executive Director Equity Plan Terms</u>

Historical awards were made on the following basis.

a) The following table details the award and conditions of a long-term incentive award made separately to Mr Fraser and Mr Gordon during 2023

How is the award delivered?	The award is delivered through the issue of Performance Rights (Rights) under the Firefinch Limited Awards Plan (previously adopted as the Mali Lithium Limited Awards Plan) approved by shareholders on 27 May 2019.
Date of award?	An award was made on 27 May 2021.
What is the quantum of the award?	1,500,000 Rights (750,000 Rights each) with an expiry date of 1 October 2023.
What are the performance conditions?	The Rights will vest subject to at least two of the following four vesting conditions being met: Test 1 The 10-day VWAP of the Company's shares is at a 15 cent premium to the 10-day VWAP of the Company's shares prior to the grant date; Test 2 Definition of a JORC Code compliant Ore Reserve of at least 1,500,000 ounces of gold on the Morila Exploitation Permit and the Company's Malian subsidiary's tenements

	adjoining the Morila Exploitation Permit at a minimum average grade of 1.0 grams per tonne of gold; Test 3 The Company commencing production from the Morila Super Pit; Test 4 The Company successfully completing the demerger of the Goulamina Lithium Project, with "LithiumCo" successfully listing on the ASX (or other recognised exchange) and achieving a market capitalisation of at least $200 million; The vesting conditions attached to the Rights will be continuously tested from 28 May 2022 until 1 July 2023. However, the Rights will only be able to vest after 12 months from the date of issue and if the NED has provided continual service to the Board for at least 18 months and remains a NED at the time of vesting.
Why were the performance conditions selected?	The performance conditions were selected to align the behaviours of working directors with long term value creation for shareholders.
What is the performance period?	28 May 2021 to 1 July 2023.
	All Rights have expired without vesting on 1 July 2023

b) The following table details the additional award and conditions of a long-term incentive award made in line with 6(a) above to Mr Fraser and Mr Gordon during 2022 as a compensation for the fall in share price of the Company after the demerger of Leo Lithium.

How is the award delivered?	The award is delivered through the issue of Performance Rights (Rights) under the Firefinch Limited Awards Plan (previously adopted as the Mali Lithium Limited Awards Plan) approved by shareholders on 27 May 2019.
Date of award?	An award was made on 31 May 2022.
What is the quantum of the award?	900,000 Rights (450,000 Rights each) with an expiry date of 1 October 2023.
What are the performance conditions?	The Rights will vest subject to at least two of the following three vesting conditions being met: Test 1 The 10-day VWAP of the Company's shares is at a 15 cent premium to the 10-day VWAP of the Company's shares prior to the grant date; Test 2 Definition of a JORC Code compliant Ore Reserve of at least 1,500,000 ounces of gold on the Morila Exploitation Permit and the Company's Malian subsidiary's tenements adjoining the Morila Exploitation Permit at a minimum average grade of 1.0 grams per tonne of gold; Test 3 The Company commencing production from the Morila Super Pit; The vesting conditions attached to the Rights will be continuously tested from 31 May 2022 until 1 July 2023. However, the Rights will only be able to vest if the NED has provided continual service to the Board for at least 18 months and remains a NED at the time of vesting.

Why were the performance conditions selected?	The performance conditions were selected to align the behaviours of working directors with long term value creation for shareholders.
What is the performance period?	31 May 2022 to 1 October 2023.
	All Rights have expired without vesting on 1 October 2023

5. Statutory performance indicators

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

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

	2023	2022	2021	2020	2019
Profit/(Loss) for the year, $	(1,682,352)	308,881,578	(43,952,826)	1,043,816	(3,504,280)
Dividends paid, $	Nil	Nil	nil	nil	nil
Net assets, $	109,226,231	111,870,519	251,932,804	99,393,236	27,166,106
Share price, $	0.20[1]	0.20	0.865	0.175	0.097

(1) The share price is as of the last day of trading, 29 June 2022. The Company remains suspended from quotation from this date until the Company was removed from ASX on 1 July 2024.

DIRECTOR'S REPORT

6. Details of Remuneration

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

Table 2 – Directors and Executive KMP's remuneration for the year ended 31 December 2023

2023 – Group	Short-term			Post-employment	Short-term	Termination benefits	Total monetary remuneration	Equity-settled share-based payments		Total remuneration	Performance
	Salary & Fees	Cash bonus	Other	Superannuation	Annual leave movement			Performance / share rights	Options		
	$	$	$	$	$	$	$	$	$	$	%
Directors											
B Fraser [(1) (3)]	100,805	-	20,000[4]	10,584	-	-	131,389	206,642		338,031	61%
M Hepburn	72,292	-	-	7,591	-	-	79,883	-	-	79,883	-
B Gordon [(1)]	72,292	-	-	7,591			79,883	206,642		286,525	72%
Former Directors											
S Lowe [(2)]	284,169	-	-	34,743	28,981	373,103	720,996	-	-	720,996	-
Directors Total	529,558	-	20,000	60,509	28,981	373,103	1,012,151	413,284	-	1,425,435	-
TOTAL REMUNERATION	529,558	-	20,000	60,509	28,981	373,103	1,012,151	413,284	-	1,425,435	-

(1) Vesting expense for the year of performance rights issues to the directors under the terms of the Company's long-term incentive plans approved by shareholders on 23 October 2020 and 31 May 2022. The fair value of the performance rights is calculated at the grant date.
(2) Mr Lowe resigned effective 31 August 2023. In accordance with his amended ESA agreement, should the Company complete a sale to a third party of 100% of the shares in the Company's wholly owned subsidiary, Morila SA, then an amount of $130,000 cash (less any applicable tax and deductions) will be payable to Mr Lowe.
(3) Mr Fraser was appointed as Non - Executive Chairman on 10 July 2022.
(4) Contractor fees paid for services provided.

Table 2 *(continued)* – Directors and Executive KMP’s remuneration for the year ended 31 December 2022

2022 – Group	Short-term			Post-employment	Short-term	Termination benefits	Total monetary remuneration	Equity-settled share-based payments		Total remuneration	Performance
	Salary & Fees	Cash bonus	Other	Superannuation[1]	Annual leave movement			Performance / share rights	Options		
	$	$	$	$	$	$	$	$	$	$	%
Directors											
B Fraser [2] [8]	129,914	-	-	13,341	-	-	143,255	410,409	-	553,664	74%
M Hepburn	91,875	-	-	9,384	-	-	101,259	-	-	101,259	-
B Gordon [2]	91,875	-	-	9,384	-	-	101,259	410,409	-	511,668	80%
S Lowe [3]	115,041	-	-	6,323	8,581	-	129,945	-	-	129,945	-
Former Directors											
A Cowden [4]	119,463	-	-	10,796	-	-	130,259	-	-	130,259	-
B Borg [5]	45,833	-	-	4,583	-	-	50,416	-	-	50,416	-
M Anderson [6]	312,500	125,000	-	29,227	16,833	312,500	796,060	-	-	796,060	16%
E Wall [7]	6,887	-	-	689	-	-	7,576	-	-	7,576	-
N Scott [7]	6,887	-	-	689	-	-	7,576	-	-	7,576	-
Directors Total	920,275	125,000	-	84,416	25,414	312,500	1,467,605	820,818	-	2,288,423	
Former Executive KMP											
T Plant [9]	305,126	-	60,000	30,816	22,441	114,423	532,806	-	-	532,806	-
A Taplin [10]	428,698	-	-	34,758	27,245	143,756	634,457	28,256	-	662,713	4%
Executive KMP Total	733,824	-	60,000	65,574	49,686	258,179	1,167,263	28,256	-	1,195,519	
TOTAL REMUNERATION	1,654,099	125,000	60,000	149,990	75,100	570,679	2,634,868	849,074	-	3,483,942	

(1) The superannuation payment covers the payroll years 2021/2022 and 2022/2023.
(2) Vesting expense for the year of performance rights issues to the directors under the terms of the Company’s long-term incentive plans approved by shareholders on 23 October 2020 and 31 May 2022. The fair value of the performance rights is calculated at the grant date.
(3) Mr Lowe was appointed as Managing Director on 17 October 2022.
(4) Mr Cowden resigned on 10 July 2022.
(5) Mr Borg resigned on 31 May 2022.
(6) Dr Anderson resigned on 30 June 2022.
(7) Ms Wall and Ms Scott resigned on 27 June 2022.
(8) Mr Fraser was appointed as Executive Chairman on 10 July 2022.
(9) Mr Plant was made redundant on 15 November 2022.
(10) Mr Taplin was made redundant on 31 December 2022.

7. Service Agreements

Remuneration and other terms of employment of the Managing Director and Non-Executive Chairman are formalised in employment agreements. Major provisions of the agreements relating to the remuneration of these positions are set out below.

Remuneration of Non-Executive Chairman, Mr Brett Fraser

Mr Fraser moved to a position of Non-Executive Chairman from 10 July 2022 after holding a position of Non-Executive Director. Mr Fraser's contract terms with the Company are outlined below.

Fixed remuneration
On 10 July 2022 Mr Fraser was appointed as Non-Executive Chairman and was entitled to annual fees of $176,800 including statutory entitlements. This number was reduced by the 25% deferral in fees agreed by the board on 7 July 2022 to $132,600 inclusive of statutory entitlements. This number was voluntarily reduced on 1 January 2023 to $80,000 inclusive of statutory entitlements.

Consulting Fees for executive duties are to be charged at a rate of $2000 per day + GST

Remuneration of former Managing Director, Mr Scott Lowe

On 17 October 2022 the Company appointed Mr Lowe as Managing Director, and he resigned on 31 August 2023. His employment contract with the Company contained the following terms:

*Fixed remuneratio**n***
Mr Lowes' annual salary is $550,000 per annum plus statutory superannuation. This was reduced on a voluntary basis to $440,000 per annum effective 1 December 2022.

Variable remuneration

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

Retention Bonus

Mr Lowe is allocated a deferred bonus of $150,000 cash (less applicable tax) on commencement of the Employment which will become payable on the first anniversary of the Commencement Date. Mr Lowe will forfeit the deferred bonus if his employment terminates prior to the first anniversary date due to a Bad Leaver Event. If Mr Lowe's employment terminates prior to the first anniversary date due to a Good Leaver Event, the deferred bonus will be paid within 7 days following the Termination Date or, if this is not permitted by law, it will be paid on the first anniversary of the Commencement Date.

Termination of contract
Mr Lowe and the Company may terminate the contract by giving 3 months' notice.

On 5 May 2023, the Company and Mr Lowe agreed that in lieu of the short term incentive and long term incentives for which Mr Lowe was eligible under his employment agreement, that Mr Lowe is eligible for the following performance related cash bonuses:

(a) $130,000 cash (less any applicable tax and deductions) upon completion of the sale to a third party of 100% of the shares in the Company's wholly owned subsidiary, Morila Limited; and

(b) $200,000 cash (less any applicable tax and deductions) upon completion of the acquisition by a third party of 100% of the shares in the Company by way of a takeover of scheme of arrangement under the Corporations Act.

8. Share Based Compensation

KMP are eligible to participate in the Firefinch LTI scheme. The terms and conditions of the performance rights included in remuneration of Directors and KMP in the current or a future reporting period are set out below. The Black Scholes pricing model was used to determine a fair value of performance rights at a grant date with non-market vesting conditions and a barrier-up trinomial pricing model was used for performance rights with market vesting conditions. Performance rights granted carry no dividend or voting rights. When exercisable, the performance rights are convertible into one ordinary share per right. There is no share based compensation held by Directors and KMP as at 31 December 2023

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

Table 3 – Value of share-based compensation

Name	Total fair value of: Performance /share rights, $	Value recognised, exercised or lapsed in the year ended December 2023				Amount paid per share on exercise
		Grant date	Value recognised $	Exercised $	Lapsed $	
			Performance / share rights	Performance /share rights	Performance / share rights	
Directors						
B Fraser	788,250	27-May-21/	-	-	(288,750)	-
		31-May-22	206,642	-	(499,750)	-
B Gordon	788,250	27-May-21/	-	-	(288,750)	-
		31-May-22	206,642	-	(499,500)	-

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

Table 4 – Movement of performance / share rights granted to Directors and KMPs during the year

Name	Equity instrument	Balance at start of the year	Granted during the year as remuneration	Exercised during the year	Forfeited / lapsed	Balance at end of the year	Vested during the year	Vested and exercisable at the end of the year
Directors								
B Fraser	Performance right	1,200,000	-	-	(1,200,000)	-	450,000	-
B Gordon	Performance right	1,200,000	-	-	(1,200,000)	-	450,000	-

Details of remuneration: share-based compensation benefits

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

Table 5 – Performance/share rights granted/vested/unvested as at 31 December 2023

Name	Equity instrument	Number of rights granted	Financial year granted	Vested in current financial year	Vested in prior financial year	Forfeited in the current financial year	Financial year in which vested or may vest	Total value yet to recognise before vesting
		No	Yr	%	%	%	Yr	$
Directors								
B Fraser	Performance rights	750,000	2021	-	-	100%	-	-
	Performance rights	450,000	2022	100%	-	100%	-	-
B Gordon	Performance rights	750,000	2021	-	-	100%	-	-
	Performance rights	450,000	2022	100%	-	100%	-	-

9. Additional Information

Loans to directors and executives

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

Other transactions with KMP and or their related parties

There were $20,000 other related party transactions for the year ended 31 December 2023 (2022: $301,778).

- Consultancy fee of $20,000 was paid to Wolfstar Corporate Management Pty Ltd, a related party of Brett Fraser.

Table 6 – Shareholdings

The number of shares in the Company held by each Director and KMP and their related parties during the year ended 31 December 2023 is set out below:

2023 – Group *Group KMP*	Balance at 31 December 2022	Rights entitlement	Granted during the year on vesting	Other changes during the year [(1)]	Balance at date of resignation	Balance at 31 December 2023
Directors						
B Fraser	536,206	-	-	-	-	536,206
B Gordon	78,947	-	-	-	-	78,947
M Hepburn	1,500,000	-	-	-	-	1,500,000
Former Directors						
S Lowe	-	-	-	-	-	-

Table 7 – Options, performance rights and performance shares

The numbers of options, performance rights and share rights outstanding in the Company held by each Director, KMP and their related parties during the year ended 31 December 2023 is set out below:

2023 – Group *Group KMP*	Balance at 31 December 2022	Granted as remuneration	Exercised	Forfeited / lapsed	Balance at date of resignation	Balance at 31 December 2023	Vested and Exercisable	Unvested
Directors								
B Fraser	1,200,000	-	-	(1,200,000)	-	-	-	-
M Hepburn	-	-	-	-	-	-	-	-
B Gordon	1,200,000	-	-	(1,200,000)	-	-	-	-
Former Directors								
S Lowe	-	-	-	-	-	-	-	-

End of Remuneration Report

DIRECTOR'S REPORT

Indemnification and Insurance of Directors, Officers and Auditors

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

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

Proceedings on Behalf of the Company

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

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

Non-Audit Services

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

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

During the year, PricewaterhouseCoopers, the Company's auditor, provided consultancy services in addition to their statutory audits. Non-audit fees amounted to $20,400 (2022: $59,160). Details of remuneration paid to the auditor can be found within the financial statements at note 23.

Corporate Governance Statement

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

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

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* for the year ended 31 December 2023 has been received and can be found on page 20 of the annual report.

MR BRETT FRASER
Executive Chairman

Dated 29 October 2024

Auditor's Independence Declaration

As lead auditor for the audit of Firefinch Limited for the year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Helen Bathurst

Helen Bathurst
Partner
PricewaterhouseCoopers

Perth
29 October 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Note	2023 $	2022 $
Continuing operations			
Revenue		-	-
Cost of sales		-	-
Gross Profit		**-**	**-**
Interest income	5	1,506,405	476,265
Corporate and other expenses	6	(5,633,424)	(12,451,944)
Depreciation		(64,172)	(168,930)
Director fees		(528,816)	(1,476,965)
Employee salaries and other employment related costs		(508,652)	(4,298,698)
Impairment Losses – Financial Assets	7	-	(773,660)
Impairment Losses – Non-Financial Assets	7	-	(16,303,323)
Share-based payments		1,021,822	(622,864)
Loss on disposal of investment		(167,387)	(19,507,355)
Fair value gain on investment	12	4,218,831	2,109,415
Foreign exchange gain		(170,313)	2,174,852
Share of net loss of associates - accounted for using the equity method		-	(234,803)
Loss before Tax		**(325,705)**	**(51,078,010)**
Income tax expense	8	(1,356,647)	-
Net Loss for the year from continuing operation		**(1,682,352)**	**(51,078,010)**
Discontinued operations			
Profit/(Loss) after tax from discontinued operations	19	-	359,959,588
Net profit/(loss) for the year is attributable to:		**(1,682,352)**	**308,881,578**
Owners of Firefinch Limited		(1,682,352)	319,345,202
Non-controlling interest		-	(10,463,624)
Other Comprehensive Loss			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		59,886	(1,229,104)
Total Comprehensive income/(loss) for the Year is attributable to:		**(1,622,466)**	**307,652,474**
Owners of Firefinch Limited		**(1,622,466)**	318,116,098
Non-controlling interest		-	(10,463,624)
Earnings per share from continuing operations:			
Basic loss per share (cents per share)	9	**(0.14)**	(4.33)
Diluted loss per share (cents per share)	9	**(0.14)**	(4.33)
Earnings per share from discontinued operations:			
Basic profit/(loss) per share (cents per share)	9	**-**	30.49
Diluted profit/(loss) per share (cents per share)	9	**-**	30.49

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	Note	2023 $	2022 $
Current Assets			
Cash and cash equivalents	10	33,456,049	37,946,133
Trade and other receivables	11	1,060,561	2,628,903
Total Current Assets		**34,516,610**	**40,575,036**
Non-Current Assets			
Property, plant, and equipment		2,530	255,948
Right of use asset		-	372,357
Financial assets at fair value through profit or loss	12	106,525,479	102,306,648
Other receivables	11	41,341	40,000
Total Non-Current Assets		**106,569,350**	**102,974,953**
Total Assets		**141,085,959**	**143,549,989**
Current Liabilities			
Trade and other payables	13	2,592,410	3,337,765
Lease liabilities		-	161,203
Provisions		-	37,847
Total Current Liabilities		**2,592,410**	**3,536,815**
Non- Current Liabilities			
Lease liabilities		-	231,984
Deferred tax liability	8	29,267,318	27,910,671
Total Non-Current Liabilities		**29,267,318**	**28,142,655**
Total Liabilities		**31,859,728**	**31,679,470**
Net Assets		**109,226,231**	**111,870,519**
Equity			
Issued capital	15	303,823,417	303,823,417
Reserves	16	5,511,800	6,473,736
Accumulated losses	17	(200,108,986)	(198,426,634)
Non-controlling interest	18	-	-
Total Equity		**109,226,231**	**111,870,519**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Note	Issued Capital $	Accumulated Losses $	Foreign Currency Translation Reserve $	Share-based Payment Reserve $	Non-Controlling Interest $	Total $
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 year		-	319,345,202	-	-	(10,463,624)	308,881,578
Other comprehensive loss for the year		-	-	(1,229,104)	-	-	(1,229,104)
Total comprehensive income for the year		**-**	**319,345,202**	**(1,229,104)**	**-**	**(10,463,624)**	**307,652,474**
Transaction with owners, directly in equity:							
Shares issued during the year (net of costs)	15	2,991,207	-	-	-	-	2,991,207
Share based payments		-	-	-	622,864	-	622,864
Return of capital	18	(22,570,183)	-	-	-	-	(22,570,183)
Dividend distribution on demerger	19	-	(428,758,647)	-	-	-	(428,758,647)
Disposal of NCI	18	-	(10,221,364)	-	-	10,221,364	-
Balance at 31 December 2022		**303,823,417**	**(198,426,634)**	**(1,181,363)**	**7,655,099**	**-**	**111,870,519**
Balance at 1 January 2023		303,823,417	(198,426,634)	(1,181,363)	7,655,099	-	111,870,519
Profit/(Loss) for the year		-	(1,682,352)	-	-	-	(1,682,352)
Other comprehensive loss for the year		-	-	59,886	-	-	59,886
Total comprehensive income for the year		**-**	**(1,682,352)**	**59,886**	**-**	**-**	**(1,622,466)**
Transaction with owners, directly in equity:							
Share based payments		-	-	-	(1,021,822)	-	(1,021,822)
Return of capital		-	-	-	-	-	-
Dividend distribution on demerger		-	-	-	-	-	-
Balance at 31 December 2023		**303,823,417**	**(200,108,986)**	**(1,121,477)**	**6,633,277**	**-**	**109,226,231**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	Note	2023 $	2022 $
Cash Flows from Operating Activities			
Proceeds in the course of operations		-	-
Payments to suppliers and employees		(5,724,777)	(17,535,649)
Income taxes paid		-	-
Interest received		1,345,431	476,265
Interest paid		-	-
Net cash outflow from operating activities of discontinued operations	19	-	(34,243,991)
Net Cash used in Operating Activities	24	**(4,384,798)**	**(51,303,375)**
Cash Flows from Investing Activities			
Payments for exploration and evaluation expenditure		-	(8,643,777)
Payments for mine development expenditure		-	-
Payments made for plant and equipment		-	(136,954)
Payment for investment in Associate		-	(20,000,000)
Proceeds from sale of investment	12	-	12,892,750
Net cash outflow from Investing activities of discontinued operations	19	-	(49,862,405)
Net Cash Used in Investing Activities		**-**	**(65,750,386)**
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	-
Payments for capital raising		-	-
Lease payments		(84,768)	(167,890)
Proceeds from loan repayments		-	10,295,000
Net Cash (Outflows)/inflows from Financing Activities		**(84,768)**	**10,127,110**
Net (decrease)/Increase in Cash Held		(4,469,566)	(106,926,651)
Cash and cash equivalents at the beginning of the year		37,946,133	144,888,661
Change in foreign currency held		(20,518)	(15,877)
Cash and Cash Equivalents at the End of the Year	10	**33,456,049**	**37,946,133**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2023

1. BASIS OF PREPARATION

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

The financial statements were authorised for issue on 29 October 2024 by the Directors of the Company.

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

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

Statement of compliance

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

Historical cost convention

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

Non-going concern basis of preparation

During the year ended 31 December 2023, the board continued to seek a new owner for the Morila Gold Mine in Mali, as well as undertaking a strategic review process by inviting and reviewing bids from suitable parties to deliver compelling value and liquidity to shareholders.

In May 2024 Firefinch entered into a memorandum of understanding with the Mali Government, which settles all disputed matters and will facilitate the Government of Mali acquiring the Morila Gold Mine for USD$1, with the transfer of all shares in Morila SA and all mining titles held by subsidiaries in Mali for USD$1 to a government company (SOREM Mali SA). Firefinch is currently finalising the share transfer and loan assignment agreement with SOREM Mali SA. In the course of operating the Morila Mine, Morila SA had received financial support from Firefinch in the form of a loan of US$102,668,563, and from Morila Limited in the form of a loan of US$$22,691,081. The Morila SA Sale involves Firefinch assigning the Assigned Loans to SOREM Mali SA and in doing so removes the right of Firefinch and Morila Limited to receive the benefit of those Assigned Loans.

The settlement agreement with the Government of Mali has been critical in allowing the Company to progress its plan to return value to shareholders through the distribution of the remaining available assets. The process to distribute assets requires the completion of multiple steps. While it is difficult to put specific timeframes around the various steps, the Board is committed to completing the process as quickly as reasonably practicable.

The Company continues with the process of obtaining a class ruling from the Australian Taxation Office as to the tax treatment on the return of assets to Firefinch shareholders. Subject to the outcome of the class ruling and shareholder approval, the Company may then be in a position to distribute remaining assets to shareholders. This is likely to be by way of an in-specie distribution of the Leo Lithium shares held by Firefinch to Shareholders.

The availability of remaining cash to distribute to shareholders will be determined following a payment of the Firefinch contribution (A$11,500,000) pursuant to the Tripartite Deed, satisfaction of any tax liabilities and the cost of dealing with and arguing any claims against Firefinch, including the Notice of Arbitration, and, accounting for remaining corporate operating costs.

As soon as practicable, and following approval and completion of relevant processes, which includes obtaining relevant Australian Taxation Office rulings, it is Firefinch's current intention to convene a general shareholder meeting to seek approval for an in-specie distribution of the Leo Lithium shares to Firefinch shareholders, and the distribution to Firefinch shareholders of the remaining cash reserves. The Board is committed to its endeavours to return assets to shareholders, and this is the most realistic outcome for the Group at the time of this report.

On this basis, the Directors have determined that it is more appropriate that the consolidated financial statements be prepared on the basis that the Group is not a going concern for financial reporting purposes. Non-financial assets have been written down to the lower of their carrying amounts and their net realisable values. Net realisable value is the estimated selling price the entity expects to obtain under the circumstances less the estimated costs necessary to make the sale. Non-current assets and non-current liabilities have been reclassified to current where they are expected to be realised or settled within the next twelve months from the reporting date. No additional liabilities have been recognised as a result of the decision made by the Company. The comparative year is presented on a going concern basis.

Significant accounting estimates and judgments

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

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

These estimates and judgements are disclosed within each relevant note.

2. PRINCIPLES OF CONSOLIDATION

Subsidiaries

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

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

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

Functional and presentation currency

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

The financial report is presented in Australian dollars.

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

Group companies and foreign operations

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

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

- all resulting exchange differences are recognised in other comprehensive income.

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

3. NEW ACCOUNTING STANDARDS

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

The Group has consistently applied the accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 January 2023 but determined that their application to the financial statements is either not relevant or not material.

New Accounting Standards and Interpretations not yet adopted

New accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the group. The Group's assessment of the impact of these new standards and interpretations is that they would not have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

4. SEGMENT INFORMATION

Description of segments

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

The Group operated in one segment in 2023 being Corporate. The segment information is prepared in conformity with the Group's accounting policies. The Group comprises the following main segments:

Corporate	Investing activities and Corporate Management.

Segment reporting

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

Segment information

In 2023, the Group had only 1 segment, being Corporate operations.

Segment information

2022	Morila	Mali Exploration[1]	Corporate	Total Consolidated
	$	$	$	$
Revenue and other income				
Revenue	-	-	-	-
Interest income	-	-	476,265	476,265
Total segment	**-**	**-**	**476,265**	**476,265**
Results				
Operating loss before tax	-	(16,105,602)	(34,972,408)	(51,078,010)

2022	Morila	Mali Exploration(1)	Corporate	Total Consolidated
	$	$	$	$
Income tax	-	-	-	-
Net loss	**-**	**(16,105,602)**	**(34,972,408)**	**(51,078,006)**
Included within segment results:				
Depreciation and amortisation	-	-	168,930	168,930
Share-based payments	-	-	622,864	622,864
Foreign exchange gain	-	-	(2,174,852)	(2,174,852)
Segment assets				
Current assets	-	285,301	40,289,735	40,575,036
Non-current assets	-	-	102,974,953	102,974,953
Total segment assets	**-**	**285,301**	**143,264,688**	**143,549,989**
Segment liabilities				
Current liabilities	-	2,047,495	1,489,320	3,536,815
Non-current liabilities	-	-	28,142,655	28,142,655
Total liabilities	**-**	**2,047,495**	**29,631,975**	**31,679,470**

(1) At the end of 2022, the segment Mali Exploration did not carry any assets and liabilities relating to the Goulamina Lithium Project.

5. INTEREST INCOME

	Consolidated 2023	Consolidated 2022
	$	$
Interest Income	1,506,405	476,265
	1,506,405	**476,265**

RECOGNITION & MEASUREMENT

Interest revenue is recognised on accrual basis using actual interest received and the accrual of unpaid interest using Term Deposit interest rates applicable at the balance date

6. CORPORATE AND OTHER EXPENSES

	Consolidated 2023	Consolidated 2022
	$	$
Consultancy services	(1,248,782)	(2,783,437)
Insurances	(659,424)	(491,412)
Travel	(79,202)	(562,709)
Employee related costs	(14,690)	(508,426)
Administrative expenses	(3,631,326)	(1,398,901)
Business development expenses	-	(6,707,059)
	(5,633,424)	**(12,451,944)**

7. IMPAIRMENTS OF ASSETS

	Consolidated	
	2023 $	2022 $
Impairments – Financial Assets	-	(773,660)
Impairments – Non-Financial Assets	-	(16,303,323)
	-	**(17,076,983)**

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.

Impairment by Cash Generating Unit (2022)

	Valuation Method	Impairment Financial Assets $	Impairment Non-Financial Assets $	Total Impairments by CGU $
Firefinch Limited	FVLCD	773,660	200,364	**974,024**
Birimian Gold Mali	FVLCD	-	16,102,959	**16,102,959**
		773,660	**16,303,323**	**17,076,983**

Impairment By Asset Type

	Note	2023 $	2022 $
Other Receivables		-	773,660
Property, Plant and Equipment	12	-	1,171,122
Exploration & Evaluation Expenditure	13	-	15,132,201
		-	**17,076,983**

8. INCOME TAX

	Consolidated	
	2023	2022
	$	$
Reconciliation of income tax expense to prima facie tax payable		
The prima facie tax payable/ (benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Accounting loss before tax	(325,705)	(51,078,005)
Prima facie tax on operating loss at 30.0% (2022 30.0%)	(97,711)	(15,323,402)
Add / (less) tax effect of:		
Permanent expenses	2,396,631	5,905,487
Movement in temporary tax expenses/(benefits) - Australia	(112,161)	10,839,183
Tax losses not recognised		-
Tax losses utilised and not previously recognised	(830,112)	(1,420,268)
Income tax expenses	**1,356,647**	**-**
Current tax liabilities		
Provision for income tax	-	-
Deferred tax assets/(liabilities)		
Investments	(31,399,494)	(30,042,847)
Australian capital losses	2,132,176	2,132,176
Net deferred tax assets/(liabilities)	**(29,267,318)**	**(27,910,671)**

Tax losses and deductible temporary differences

Deferred tax assets unrecognised as at 31 December 2022 amount to $62,730,155 with the majority of the temporary differences relating to Intercompany Loans and Australian tax / capital losses carried forward.

Total carried forward Australian tax losses of $18,718,968 at 31 December 2023 (31 December 2022: $21,486,006) are available for offset against future assessable income, provided the relevant loss recoupment rules are satisfied. The deductible temporary differences and tax losses do not expire under current tax legislation.

In respect of all deferred tax assets (apart from Loans and capital losses made during the 31 December 2022 year), the amounts have not been recognised because it is not probable that future taxable profit will be available against which the Company can utilise the benefits thereof.

Regarding the Loans deferred tax asset: the assets value exceeds the deferred tax liability from Investments; however, the asset has not been recognised to offset the deferred tax liability on the basis that it is yet to be determined whether the actual realisation of the Loans in the future would give rise to a capital loss.

RECOGNITION & MEASUREMENT

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

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

SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

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

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

9. EARNINGS PER SHARE

	Consolidated	
	2023	**2022**
	$	**$**
(a) Reconciliation of earnings to profit or loss		
(Profit)/Loss used in the calculation of basic and diluted EPS for continued operation	(1,682,352)	(51,078,010)
Profit used in the calculation of basic and diluted EPS for discontinued operation	-	359,959,588
		No. of shares
(b) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS		
(c)	1,182,648,903	1,180,468,593
Weighted average number of dilutive equity instruments outstanding	-	N/A
(d) Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	**1,182,648,903**	**1,180,468,593**
(e) Earnings per share from continuing operations	**$**	**$**
Basic loss per share (cents per share)	(0.14)	(4.33)
Diluted loss per share (cents per share)	(0.14)	(4.33)
(f) Earnings per share from discontinued operations		
Basic profit/(loss) per share (cents per share)	-	30.49
Diluted profit/(loss) per share (cents per share)	-	30.49

As at 31 December 2023, the Group has Nil unissued shares under options (2022: nil) and Nil under performance/share rights on issue (2022: 5,088,600).

RECOGNITION & MEASUREMENT

Basic earnings per share

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

Diluted earnings per share

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

10. CASH AND CASH EQUIVALENTS

	Consolidated	
	2023	2022
	$	$
Cash at bank and in hand (1)	1,456,049	2,759,647
Deposits at call (2)	32,000,000	35,000,000
Short-term security deposits (3)	-	186,486
	33,456,049	**37,946,133**

(1) Cash at bank earns interest at floating rates based on daily bank deposit rates.
(2) Deposits are at floating interest rates between 5.06% and 5.11% p.a (2022: 3.60% and 3.75%) on Australian currency.
(3) 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.

11. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2023	2022
	$	$
Current		
Trade debtors	-	87,639
Prepayments (1)	277,950	298,988
GST receivable	48,853	206,862
Receivables from Leo Lithium	574,124	1,908,633
Other receivables	159,634	126,781
	1,060,561	**2,628,903**
Non-current		
Security deposits	41,341	40,000
	41,341	**40,000**

(1) Prepayments relate to insurances and services prepaid throughout the Group.

RECOGNITION & MEASUREMENT

Trade and other receivables

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

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

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

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

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

Loans and receivables

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

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The group classifies its equity investment in Leo Lithium as financial assets at fair value through profit or loss (FVPL).

The fair value of equity investments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These represent level one inputs in the fair value hierarchy prescribed under the accounting standards.

Leo Lithium entered a trading halt on 15 September 2023, a voluntary suspension on 19 September 2023 and has been suspended from trading by the ASX since 3 October 2023. Leo Lithium remains suspended at the date of this report. The last traded market price of Leo Lithium was $0.505 on 14 September 2023.

Given the lack of observable market data relevant to the value of shares in Leo Lithium, the Company’s valuation of financial assets at fair value through profit or loss is considered to be a level three measurement in the fair value hierarchy at 31 December 2023 (31 December 2022: level one).

Reconciliation of fair value of Investment	2023 $	2022 $
Carrying value of the investment at the date of disposal	-	132,597,338
Proceeds from disposal of investment	-	(12,892,750)
Loss on disposal of investment	-	(19,507,355)
Fair value of retained investment after disposal	-	100,197,233
Balance at beginning of the year	102,306,648	-
Marked to Market gain at the end of the year	4,218,831	2,109,415
Fair value of the Investment	**106,525,479**	**102,306,648**

RECOGNITION & MEASUREMENT

The group's other financial assets are presented at fair value through profit or loss (FVPL). Fair value gains and losses are recognised in the profit or loss.

Fair value measurements

The Company engaged an independent consulting firm to perform a valuation of its 17.61% equity interest in Leo Lithium required for financial reporting purposes. Discussions of valuation processes and results are held by the Board of Directors at least once every six months, in line with the group's half-yearly reporting periods.

The Mineral Resource multiple method under the market approach has been used to value Leo Lithium's investment in its main asset, the Goulamina Lithium Project, translated to a value per share of Leo Lithium. The resulting fair value is estimated to range between $93.6 million and $132.8 million, or between $0.4437 and $0.6296 per share in Leo Lithium. The Company has utilised the last traded market price of Leo Lithium of $0.505 to value its investment as it falls within the valuation range

13. TRADE AND OTHER PAYABLES

	Consolidated 2023 $	Consolidated 2022 $
Current		
Trade payables and accruals [1]	2,383,696	2,905,698
Other liabilities [2]	208,714	432,067
	2,592,410	**3,337,765**

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

RECOGNITION & MEASUREMENT

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

14. FINANCIAL RISK MANAGEMENT

Set out below is an overview of financial instruments held by the Group as at 31 December 2023 and 31 December 2022.

	Interest bearing $	Non-interest bearing $	Total $	Interest bearing $	Non-interest bearing $	Total $
		2023			2022	
Financial Assets						
Cash and cash equivalent	33,456,049	-	33,456,049	37,946,133	-	37,946,133
Trade and other receivables	-	1,060,561	1,060,561	-	2,628,903	2,628,903
Non-current receivables	41,341	-	41,341	40,000	-	40,000
Total Financial Assets	**33,497,390**	**1,060,561**	**34,557,951**	**37,986,133**	**2,628,903**	**40,615,036**
Financial Liabilities						
Trade and other payables	-	2,592,410	2,592,410	-	3,337,765	3,337,765
Total Financial Liabilities	**-**	**2,592,410**	**2,592,410**	**-**	**3,337,765**	**3,337,765**
Net Financial (Liabilities)/ Assets	**33,497,390**	**(1,531,849)**	**31,965,541**	**37,986,133**	**(708,862)**	**37,277,271**

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

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

Market Risk

(a) Foreign currency exchange risk

The Group during the previous comparable period ended 31 December 2022, operated internationally and was exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the West African Franc (CFA), US dollar (USD) and Euro (EUR). Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting. In addition, the parent entity has intercompany receivables from its subsidiaries denominated in USD which are eliminated on consolidation. The gains or losses on re-measurement of these intercompany receivables from USD to AUD are not eliminated on consolidation as those loans are not considered to be part of the net investment in the subsidiaries.

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

	USD	CFA	EUR	USD	CFA	EUR
		2023			2022	
inancial Assets						
Cash and cash equivalents	13,197	-	154,721	771,229	176,973	642,217
Total Financial Assets	**13,197**	**-**	**154,721**	**771,229**	**176,973**	**642,217**
inancial Liabilities						
Trade and other payables	-	795,701,801	-	-	-	-
Total Financial Liabilities	**-**	**795,701,801**	**-**	**-**	**-**	**-**

Sensitivity

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

	Change in USD rate	Impact on profit or loss before tax and equity, $
2023	+10%	(1,763)
	-10%	2,155
2022	+10%	(70,079)
	-10%	85,732

	Change in CFA rate	Impact on profit or loss before tax and equity, $
2023	+10%	(178,836)
	-10%	218,577
2022	+10%	(20,316)
	-10%	14,497

	Change in EUR rate	Impact on profit or loss before tax and equity, $
2023	+10%	(22,810)
	-10%	27,879

2022	+10%	(58,425)
	-10%	71,307

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

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

Based on the financial assets and liabilities held at reporting date, with all other variables assumed to be held constant, the table below sets out the notional effect on consolidated profit or loss after tax for the year and on equity at 31 December 2023 under varying hypothetical changes in prevailing interest rates.

	2023 $	2022 $
100 basis points increase in interest rate	320,000	128,625
100 basis points decrease in interest rate	(320,000)	(128,625)

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

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

	2023 $	2022 $
inancial Assets		
Cash and cash equivalents	33,456,049	37,946,133
Trade and other receivables	1,060,561	2,629,003
Non-current receivables	41,341	40,000
Total Financial Assets	**34,557,951**	**40,615,036**

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

	2023 $	2022 $
Financial assets		
Westpac Bank - AA-/A+ (1)	33,456,049	37,769,160
Banks in Mali - BB rated (2)	-	176,973
Unrated	-	2,668,903
	33,456,049	**40,615,036**

(1) Represents the long-term credit rating of Westpac Banking Corporation as at 17 April 2024 by Standard and Poor's and Fitch Ratings respectively.

(21) Represents the long-term credit rating of Bank of Africa as at 17 April 2024 by Fitch Ratings.

Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities. As at 31 December 2023 the Group had sufficient cash reserves to meet its requirements. The financial liabilities of the Group at reporting date were trade and other payables incurred in the normal course of the business. The trade and other payable were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

Maturities of financial liabilities

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

2023	1-3 months $	3-12 months $	12+ months $	Total $
Financial liabilities due for payment:				
Trade and other payables	624,478	1,967,932	-	2,592,410
Total	624,478	1,967,932	-	2,592,410

2022	1-3 months $	3-12 months $	12+ months $	Total $
Financial liabilities due for payment:				
Trade and other payables	3,337,765	-	-	3,337,765
Lease liabilities	38,905	122,298	231,984	393,187
Total	3,380,149	122,298	231,984	3,730,952

Fair value estimation

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

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

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

- Cash and cash equivalents;
- Trade and other receivables; and
- Trade and other payables

15. ISSUED CAPITAL

(a) Issued and paid-up share capital

	Consolidated 2023 $	Consolidated 2022 $
1,182,846,577 (2022: 1,181,243,221) ordinary shares fully paid	**303,823,417**	**303,823,417**

Movement in ordinary shares

	Note	2023 No	2022 No	2023 $	2022 $
Balance at the beginning of the year		**1,181,243,221**	**1,178,136,200**	**303,823,417**	**323,402,393**
Shares issued during the period:					
Share allotment - placements (1)		-	3,107,021	-	2,991,207
Conversion of performance rights (2)		1,603,356	-	-	-
Transaction costs relating to share issues		-	-	-	-
Return of capital		-	-	-	(22,570,183)
Balance at the end of the year		**1,182,846,577**	**1,181,243,221**	**303,823,417**	**303,823,417**

(1) During the 2022 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. 117,187,206 ordinary fully paid shares were issued at $0.40 per share through a placement in June 2021 and 149,253,732 ordinary fully paid shares were issued at $0.67 per share through a placement in December 2021.

(2) Conversion of 1,603,356 Performance rights to 1,603,356 fully paid ordinary shares announced in February 2023.

(b) Movements in performance / share rights

	2023 No.	2022 No.
At beginning of the year	5,088,600	11,212,800
Forfeited during the year (1)	(4,588,600)	(7,024,200)
Issued during the year (2)	1,103,356	900,000
Converted to shares during the year(2)	(1,603,356)	-
Balance at the end of the year	**-**	**5,088,600**

(1) During the year 4,588,600 performance rights expired without vesting

(2) 1,103,356 share rights were issued to employees on 14 February 2023 under the Awards Plan. They vested and were exercised on the day of issue along with 500,000 pre-existing rights

(c) Movements in options

	2023 No.	2022 No.
At beginning of the year	-	-
Balance at the end of the year	**-**	**-**

RECOGNITION & MEASUREMENT

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

(d) Capital Management

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

The working capital position of the Group at 31 December 2023 was:

	Consolidated	
	2023	2022
	$	$
Cash and cash equivalents	33,456,049	37,946,133
Trade and other receivables	1,060,561	2,628,903
Trade and other payables	(2,592,410)	(3,337,765)
Lease liability	-	(161,203)
Current provisions	-	(37,847)
Working capital position	**31,924,200**	**37,038,221**

16. RESERVES

	Consolidated	
	2023	2022
	$	$
Foreign currency translation reserve	(1,121,477)	(1,181,363)
Share-based payment reserve	6,633,277	7,655,099
	5,511,800	**6,473,736**

Movement in share-based payment reserve

	Consolidated	
	2023	2022
	$	$
Balance at beginning of the year	**7,655,099**	**7,032,235**
Vesting expense of performance/share rights issued during the year	104,488	585,714
Vesting expense of prior years' performance/ share rights	837,810	1,141,460
Forfeited performance /share rights during the year	(1,964,120)	(1,104,310)
Movement for the year	**(1,021,822)**	**622,864**
Balance at the end of the year	**6,633,277**	**7,655,099**

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.

Non-controlling interest's reserve

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

17. ACCUMULATED LOSSES

Movements in accumulated losses were as follows.

		Consolidated	
		2023	2022
		$	$
Balance at beginning of the year		(198,426,634)	(78,791,825)
Net profit/(loss) for the year attributable to owners of the parent		(1,682,352)	319,345,202
Dividend distribution on demerger	22	-	(428,758,647)
Disposal of Non-Controlling Interest	21	-	(10,221,364)
Balance at the end of the year		**(200,108,986)**	**(198,426,634)**

18. NON-CONTROLLING INTEREST

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

	Note		
Movement in non-controlling interest during the period			
Balance at the start of the year		**-**	**242,260**
Allocated (loss)/profit for the period		-	(10,463,624)
De-recognition on deconsolidation	19	-	10,221,364
Balance at the end of the year		**-**	**-**

RECOGNITION & MEASUREMENT

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

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

Non-controlling interest was de-consolidated on 3 November 2022 as a result of the Company losing control of Morila SA. Refer Note 19.

19. DISCONTINUED OPERATIONS

JOINT VENTURE FORMATION – GOULAMINA LITHIUM PROJECT

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	2022 $
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.

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.

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		2022 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.

Reconciliation of Profit from Leo Demerger	**2022 Total**
	$
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 Leo Demerger	**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 ON DEMERGER

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.

DECONSOLIDATION OF MORILA SA

On 3 November 2022, the Company announced recapitalisation efforts would not proceed and that Firefinch Ltd would no longer provide funding to Morila SA.

As a direct result of the withdrawal of funding support, Firefinch Limited lost the ability to instruct the General Manager of Morila SA under Malian Law. The subsequent actions of Morila SA management on the ground reflected this.

While no longer directly involved with the mining operations, the Company continues to work with Morila SA and the local authorities to investigate options to mitigate the impact on the mine workers and the local community. To this end, Firefinch Limited is currently undertaking a process to find a new owner for the Morila Gold Mine who is able to provide the necessary funding to maintain operations and see the project reach its full potential.

A formal sale process was announced to the market on 14 December 2022 and remains in process.

The Board of Firefinch Limited reviewed the facts of the situation and its effect on the application of AASB 10 *Consolidated Financial Statements.* It is the conclusion that Firefinch Limited lost control of Morila SA on 3 November 2022 for the purposes of AASB 10. As a result, the Company has deconsolidated the accounts of Morila SA as at 3 November 2022.

The Financial Information relating to Morila SA at the date of loss of control is set out below:

(i) Financial Performance	2022 $
Revenues	125,876,219
Impairment losses	(222,011,948)
Expenses	(175,678,088)
Loss before Income Tax	**(271,813,817)**
Income Tax	(1,116,096)
Loss after Income Tax	**(272,929,913)**
Cashflows from De-consolidated Operations	
Cashflows from Operating Activities	(34,243,991)
Cashflows from Investing Activities	(49,862,405)
Cashflows From Financing Activities	-
Net decrease in cash – Morila SA	**(84,106,396)**

(ii) Carrying amounts of assets and liabilities at the date of derecognition	Note	$
Current Assets		63,190,691
Non-Current Assets		15,775,200
Total Assets		**78,965,891**
Current Liabilities		(163,467,018)
Non-Current Liabilities		(26,545,076)
Total Liabilities		**(190,012,094)**
Details of the de-consolidation of the subsidiary		
Net liabilities		111,046,203
Loss after tax for the period		(272,929,914)
Loss on deconsolidation of net assets of Morila SA	19	**(161,883,711)**

KEY JUDGEMENT

The financial information above relating to Morila SA at the date of loss of control on 3 November 2022 was prepared using the best available financial information and data at this date, however as a result of the loss of control the Company has been unable to access financial records that evidence the transactions and financial position of Morila SA from this date.

PROFIT FROM DISCONTINUED OPERATIONS

Reconciliation of Profit from discontinued operations	2023 $	2022 $
Profit from Leo Demerger	-	521,843,299
Loss on deconsolidation of Morila SA	-	(161,883,711)
Profit From Discontinued Operations	**-**	**359,959,588**

20. SUBSIDIARIES

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

Name of Subsidiary	Place of Incorporation	Consolidated Entity Interest, % 2023	2022
Birimian Gold (Mali) Pty Limited	Australia	100	100
Birimian Gold Mali SARL	Mali	100	100
Birimian Gold Liberia Inc	Liberia	100	100
Sudquest SARL	Mali	100	100
Timbuktu Resources SARL	Mali	100	100
Leo Lithium Limited (1)	Australia	-	-
Lithium du Mali SA (1)	Mali	-	-
Firefinch Services Pty Ltd	Australia	100	100
Morila Limited	Jersey	100	100
Société des Mines de Morila SA (2)	Mali	80	80
Mali Lithium BV (1)	Netherlands	-	-

(1) Leo Lithium Limited, Lithium du Mali SA and Mali Lithium BV were demerged at 9 June 2022. Refer to Note 19
(2) Société des Mines de Morila SA was deconsolidated at 3 November 2022. Refer to Note 19.

21. PARENT ENTITY DISCLOSURE

	Parent 2023 $	2022 $
Assets		
Current assets	34,516,609	40,662,091
Non-current assets	83,250,975	83,388,764
Total assets	**117,767,584**	**124,050,855**
Liabilities		
Current liabilities	624,478	1,489,320
Non-current liabilities	-	231,984
Total liabilities	**624,478**	**1,721,304**
Equity		
Issued capital	303,823,417	303,823,417
Reserve	7,918,137	8,939,959
Accumulated losses	**(194,598,448)**	**(190,433,824)**
Total equity	**117,143,106**	**122,329,552**
(Loss) for the year	**(4,164,624)**	**(86,817,927)**
Other comprehensive income		-
Total comprehensive (loss) / income	**(4,164,624)**	**(86,817,927)**

Contingent liabilities of the parent entity. Refer to Note 26 .

RECOGNITION & MEASUREMENT

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

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Firefinch Limited. Dividends from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments. No dividends were received in 2023 (2022: nil).

22. RELATED PARTY DISCLOSURES

(a) Identity of related parties

The consolidated entity has a related party relationship with its subsidiaries (see note 20) and with its key management personnel (refer below).

(b) Transaction with other related parties

The transactions with other related parties are as follows.

	Consolidated	
	2023	2022
	$	$
Transactions with other related parties	20,000	301,778
Total transactions with other related parties	20,000	301,778

(1) Consultancy fee of $20,000 was paid to Wolfstar Corporate Management Pty Ltd, a related party of Brett Fraser.

(c) Key management personnel compensation

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

	Consolidated	
	2023	2022
	$	$
Short-term employee benefits	578,269	1,914,200
Post-employment benefits	60,779	149,990
Termination benefits	373,103	570,679
Share-based payments	413,284	849,073
Total compensation	**1,425,435**	**3,483,942**

Details of remuneration disclosures are provided in the remuneration report on pages 8-18

23. REMUNERATION OF AUDITORS

	Consolidated	
	2023	2022
	$	$
Amounts paid or payable to PwC Australia for:		
Audit services	275,400	142,095
Consultancy services	20,400	59,160
Tax advisory services	-	-
	295,800	**201,255**

Amounts paid or payable to auditors in Mali:		
Audit services by Sec Diarra SARL to Société des Mines de Morila SA	-	-
Audit services by Sylla et Associes SARL to Birimian Gold Mali SARL, Timbuktu Resources SARL and Sudquest SARL	-	24,717
	-	**24,717**
	-	**225,972**

24. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Note	Consolidated 2023 $	Consolidated 2022 $
Reconciliation of cash flow from operating activities to loss after income tax			
Profit after income tax		(1,682,352)	(51,078,010)
Non-cash flows in (loss)/profit from ordinary activities:			
Depreciation and amortisation		64,172	168,930
Net share-based payments expensed		(1,021,822)	622,864
Foreign exchange (gain)/loss		170,313	(2,174,852)
Impairment loss	7	-	17,076,982
Fair value gain on investment	14	(4,218,831)	(2,109,415)
Loss on Disposal of Assets		167,387	-
Loss on disposal of investment	14	-	19,507,355
Discontinued operations	23	-	(34,243,991)
Changes in operating assets and liabilities:			
(Increase)/decrease in inventory		-	-
(Increase)/decrease in trade and other receivables		1,562,890	1,447,814
(Increase)/decrease in prepayments		-	-
(Increase)/decrease in other assets		-	-
Increase/(decrease) in trade and other payables		(745,355)	(677,567)
Increase/(decrease) in provisions		(37,847)	156,515
Increase/(decrease) in deferred tax liability		1,356,647	-
Cash flow from operating activities		**(4,384,798)**	**(53,303,375)**

25. COMMITMENTS

Exploration commitments

With respect to the Group's exploration tenements in Mali, the Group is subject to minim expenditure requirements. In assessing subsequent renewal applications, the mining authorities review actual expenditure against previous expenditure. These amounts do not become legal obligations of the Group and actual expenditure does vary depending on the outcome of the actual activities.

	2023 $	2022 $
Within one year	433,456	433,456
After one year but not more than five years	-	-
	433,456	**433,456**

This value represents the Group's Exploration commitment under the current Mining Act. The proposed new mining act would require annual expenditure commitments of $2,126,402 should it become Law by Presidential Decree.

26. CONTINGENCIES

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. However, on 7 May 2024, Firefinch, Leo Lithium and Ganfeng entered into a Deed of Covenant and release whereby Firefinch has agreed to unconditionally release Leo Lithium and its associates from all claims in relation to the Demerger Deed.

Legal Contingencies

On 3 November 2022 the Board of Firefinch 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 19, Firefinch lost control of Morila SA at this date and as at 3 November 2022 Morila SA had net liabilities of $111,046,203.

On 3 August 2023, the Company advised the market it had received a letter from the Minister of Mines, Mali advising that the Government will not approve any deed of sale of Firefinch's interest in Morila SA unless Firefinch resolves issues relating to the Morila Gold Mine.

On 8 May 2024, the Company announced that Firefinch, Leo Lithium Limited ("Leo Lithium"), Ganfeng and the Government of Mali had signed a Memorandum of Understanding ("MoU") to settle all disputed matters. Firefinch has agreed to transfer its shares together with the "intercompany loans" in Morila SA for USD$1 and shares together with the "intercompany loans" held in its subsidiaries in Mali for USD$1 to a government company (SOREM Mali SA), such agreement within the MoU is not subject to Firefinch obtaining shareholder approval.

In the course of operating the Morila Mine, Morila SA has received financial support from Firefinch in the form of a loan of US$102,668,563, and from Morila Limited in the form of a loan of US$22,691,081. The Morila SA Sale involves Firefinch assigning these Intercompany Loans to SOREM Mali SA and in doing so removes the right of Firefinch and Morila Limited to receive the benefit of those Intercompany Loans.

In the course of operating the Subsidiaries, the Subsidiaries have received financial support from Firefinch Limited in the form of loans in aggregate of AU$21,410,091. The Sale of the Subsidiaries involves Firefinch assigning the Intercompany Loans to SOREM Mali SA and in doing so removes the right of Firefinch to receive the benefit of those Intercompany Loans.

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 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 to either continue to fund Morila SA, nor meet its debts.

As included in note 13 below, the Company announced on 27 May 2024 that it had received a Notice of Arbitration under the Arbitration Rules of the United Nations Commission on International Trade Law (Arbitration Notice) from Entreprise Générale Traoré et Frères SARL (EGTF). The Arbitration Notice is in connection with Morila SA's purported failure to pay amounts under certain outstanding invoices to EGTF further to a mining services contract between EGTF and Morila SA dated 2021. EGTF claims an amount of no less than XAF 12,838,591,019 ($31,853,880) which the Company intends to vigorously defend.

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

27. EVENTS OCCURRING AFTER THE END OF YEAR DATE

Leo Lithium Limited Suspension

On 23 June 2024, Firefinch's shareholding in Leo Lithium came out of escrow with the shares now quoted on ASX. Agreement has now been reached and has received shareholder approval for the sale of its remaining 40% shareholding in Mali Lithium B.V. for US$342.7million to Ganfeng, this was after an initial sale of 5% interest being transacted on 19 January 2024 for US$65million. Additional funds are planned to be returned to shareholders as part of the first distribution in January 2025 and second distribution planned for July 2025. Ganfeng has agreed to pay Leo Lithium a trailing product sales fee as consideration for the assignment of the offtake rights, this trailing fee is valued at 1.5% of gross revenue received from the sale of up to 500,000 tonnes from the project per year for a term of 20 years. It ceased being the manager of the project and transferred all responsibilities to Ganfeng on 1 July 2024. The Company remains suspended on the ASX and is continuing to resolve outstanding matters with the ASX with the objective of being reinstated on ASX .

Deed of Covenant and Release with Leo Lithium

On 7 May 2024, Leo Lithium, Ganfeng and Firefinch entered into a deed of Covenant and Release whereby the Company has agreed to make a $11,500,000 contribution to Leo Lithium. The deed includes an unconditional release by Firefinch in favour of Leo Lithium and its associates from all claims in relation to the Demerger Deed signed 29 April 2022

Memorandum of Understanding (MOU) signed with the Mali Government

On 8 May 2024, the Company announced that Firefinch, Leo Lithium Limited and Ganfeng and the Government of Mali had signed an MoU to settle all disputed matters. The MoU provides for the settlement of the Government's claims against Firefinch Limited and Leo Lithium whereby:

- Ganfeng on behalf of Leo Lithium will make payment to the Government of US$60 million in the name of and on behalf of Leo Lithium and Firefinch to, among other things, settle all disputes with the Government concerning Morila SA;

- Firefinch Limited has agreed to transfer its shares together with the assigned loans in Morila SA for USD$1 and all mining titles held by its subsidiaries in Mali for USD$1 to SOREM Mali SA.

Arbitration Notice

On 27 May 2024, the Company announced that it had received a Notice of Arbitration under the Arbitration Rules of the United Nations Commission on International Trade Law (Arbitration Notice) from Entreprise Générale Traoré et Frères SARL (EGTF). The Arbitration Notice is in connection with Morila SA's purported failure to pay amounts under certain outstanding invoices to EGTF further to a mining services contract between EGTF and Morila SA dated 2021. EGTF claims an amount of no less than XAF 12,838,591,019 ($31,853,880).

Removal from ASX

On 1 July 2024 the Company was removed from the Official List of the ASX.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 21-48 are in accordance with the Corporations Act 2001, including:

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

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial year ended on that date,

(b) as disclosed in note 1 to the financial statements, the company is no longer a going concern. However, the assets exceed the liabilities and there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

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

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

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

MR BRETT FRASER

Executive Chairman

Dated 29 OCTOBER 2024

Independent auditor's report

To the members of Firefinch Limited

Our qualified opinion

In our opinion, except for the possible effects of the matters described in the *Basis for qualified opinion* section of our report, the accompanying financial report of Firefinch Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended

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

What we have audited

The financial report comprises:

- the consolidated statement of financial position as at 31 December 2023
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

Basis for qualified opinion

During the year ended 31 December 2022, the Group lost control of and deconsolidated its subsidiary, Société des Mines de Morila SA. The Company was unable to access financial records that evidence the transactions and financial position of Société des Mines de Morila SA from 3 November 2022. As a result, we were unable to obtain sufficient appropriate audit evidence regarding the classification of items within the disclosure of financial performance in Note 19 for the period ended 3 November 2022 and carrying amounts of assets and liabilities at the date of derecognition in Note 19 in relation to the deconsolidated subsidiary and were therefore unable to determine whether any adjustments to these disclosures were necessary. Our audit opinion on the financial report for the year ended 31 December 2022 was modified accordingly.

The audit opinion on the current year's financial report is also modified because of the possible effects of this matter on the comparability of the current year's figures and the corresponding figures.

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

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

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Independence

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

Emphasis of matter - going concern no longer appropriate

We draw attention to Note 1 in the financial report, which comments on the directors' intention to transfer shares in its subsidiary, Société des Mines de Morila SA, to SOREM Mali SA and to return remaining assets to shareholders when practicable. As a result, the financial report has been prepared on a liquidation basis and not on a going concern basis. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 31 December 2023.

In our opinion, the remuneration report of Firefinch Limited for the year ended 31 December 2023 complies with section 300A of the Corporations Act 2001.

Responsibilities

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Helen Bathurst

Helen Bathurst
Partner

Perth
29 October 2024