

Dear Shareholders,

I would like to provide you with an update regarding current workstreams, our ongoing endeavours to return the Leo Lithium Limited (“**Leo**”) shares owned by Firefinch Limited (“**Firefinch**” or the “**Company**”), and the plan to distribute available cash, to Firefinch shareholders (“**Shareholders**”), noting Firefinch will need to resolve the tax treatment of its Leo shareholding and retain some cash to meet expenses.

Your Board shares the same frustrations as our Shareholders regarding the delays to this process, but I want to assure you we are progressing as quickly as possible in the circumstances.

By now you should have received your Firefinch share certificate from Computershare. If you have not, please contact them on:

P: 1300 850 505 (within Australia)

P: +61 3 9415 4000 (Outside Australia)

Website: [www.computershare.com/au](http://www.computershare.com/au)

### Financial Reports and AGM

There have been considerable delays with finalising Firefinch’s financial reports. These delays are largely due to the various issues with which the Company is dealing. We are working with our auditors, PwC, to finalise the audit as soon as practicable.

We are considering releasing unaudited reports in mid-September, which will allow us to call an Annual General Meeting for mid to late October. It is expected the audited reports will be published prior to holding of the Annual General Meeting (which at this stage is expected to be held in late October).

### Sale of Morila SA

As announced on 8 May 2024, Firefinch entered into a Memorandum of Understanding for the sale of Morila SA to the Republic of Mali (the “**State**”), or its nominee.

While the terms of the sale have been agreed between the parties, the transaction is still awaiting the formal signatures from the State for settlement. Firefinch has just received a response from the State with respect to the steps to complete the transaction, and so every endeavour will be made to agree on these steps so that Firefinch can transfer all of its interests in Mali and wind-up that aspect of Firefinch’s activities.

### Return of Leo shares

As Shareholders are aware, Firefinch continues to endeavour to return the Leo shares held by Firefinch, to you, the Shareholders.

Since the Leo shares were released from escrow, numerous enquiries from Shareholders have been received regarding the distribution of the Leo shares to Shareholders and why there is a delay.

It is important for Shareholders to understand the various implications of returning the Leo shares.

The carrying value of Leo shares in the 31 December 2022 audited accounts of Firefinch show a \$27.9m deferred tax liability. It is possible the current deferred tax liability may exceed the current cash holdings of Firefinch.

For this reason, the Company is continuing to review pathways to ensure the maximum return to Shareholders of both cash and shares, whilst managing Firefinch’s tax obligations.

Prior to returning Leo shares to Shareholders, the Australian tax implications arising from the sale of Morila SA will need to be finalised or at a stage which provides adequate certainty of outcomes from a tax perspective to Firefinch and to Shareholders. We are currently working with the State in relation to significant loans which may be written off. Under the proposal just received from the State, Firefinch and Morila Ltd will be assigning the loans. The outcomes of this process will likely require a formal ruling by the Australian Taxation Office (“**ATO**”).

The distribution or transfer of Leo shares to Shareholders could be classified as payment of a dividend or return of capital (or combination of both) by the ATO. Classification of the distribution will determine the tax implications for Shareholders when the distribution is received. The ATO ruling, once completed and approved by the ATO, will provide Shareholders and Firefinch with the certainty regarding tax treatment of the distribution.

While we await an outcome on the settlement of the sale of Morila SA and an ATO ruling, financial prudence and good governance prevent the Board from distributing any Firefinch assets, until any resulting liability is known. The Board is obliged by law to ensure Firefinch has adequate assets to cover any potential liability.

Following the determination and of any tax liability arising on the sale of Morila SA and distribution of Leo shares, the remaining cash not otherwise needed to deal with actual or potential liabilities can then be available for distribution to Shareholders.

#### **Notice of Arbitration**

As announced on 27 May 2024, Firefinch 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**"), a company registered under the laws of Mali. A sole arbitrator has now been appointed.

EGTF has named both Morila SA and Firefinch as respondents in the Arbitration Notice, which is claiming XAF12,838,591,019, approximately A\$32 million, in relation to outstanding mining services invoices.

Firefinch considers that EGTF's claim against Firefinch is entirely without merit and has lodged submissions to that effect and requested that Firefinch be removed from the proceedings due to jurisdictional limitations. Firefinch will continue to vigorously defend itself against this claim and seek recovery from EGTF of all and any costs incurred in this process.

#### **Cash Reserves**

As at 30 August 2024 the Company had a cash balance of A\$32.7 million.

Further cuts have been made to corporate overheads which are now running at a bare minimum.

The process of returning assets to Shareholders is not a simple one. Despite our best efforts we continue to be frustrated on several fronts including the delays in the settlement of the sale of Morila SA and the EGTF arbitration.

We share your frustrations, and I can only assure you that we are doing everything reasonably possible to expedite the return of assets.

**Shareholder questions or enquiries can be emailed to: [info@firefinchltd.com](mailto:info@firefinchltd.com) Firefinch will endeavour to respond as soon as practicable.**

Approved for circulation and release by the Board of Directors.

Kind regards,

Brett Fraser

Chairman