FIREFLY RESOURCES LIMITED

ABN 84 118 522 124

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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Interim Report for the half-year ended 31 December 2019

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The directors present their report on the consolidated entity consisting of Firefly Resources Limited (formerly Marindi Metals Limited) (the **Company** or **Firefly**) and its controlled entities (the **Group**) for the six months ended 31 December 2019 and the auditor's review report thereon:

1. DIRECTORS

The directors of the Company at any time during or since the end of the half-year are:

Name	Period of directorship
Mr John Hutton *Non-Executive Chairman*	Director since 15 December 2010, appointed Chairman on 3 November 2017
Mr Simon Lawson *Managing Director*	Director since 1 May 2018
Mr Geoffrey Jones *Non-Executive Director*	Director since 24 February 2006
Mr Michael Edwards *Non-Executive Director*	Director since 10 October 2019

2. RESULTS

The loss of the consolidated entity for the half-year was $6,334,713 (2018: $2,420,532).

3. REVIEW OF OPERATIONS

Forrestania Gold-Lithium Project, Western Australia (Firefly 100%)

During the Half Year to December 2019, Firefly completed its maiden gold-focused Reverse Circulation (RC) drilling program across three high-priority gold prospects at Forrestania, comprising a total of 2,244m of RC drilling and successfully testing the Gemcutter, Crossroads and Kit Kat gold prospects. Initial results from the discovery program included 21m @ 3.20g/t gold from 34m, including 3m @ 4.58g/t and 1m @ 33.10g/t.

A follow-up drilling program then targeted the Gemcutter gold prospect, located on the 100% owned Gem Mining Lease, comprising seven drill holes for a total of 720m of RC drilling. The completion of the follow-up program indicated that the mineralised system for Gemcutter is open in all directors, with highly variable gold grades.

Drill planning and permitting for follow-up of the recent Crossroads high grade gold discovery and further testing of the Kit Kat gold prospect are underway. Flora and fauna clearances have been conducted for both areas and drill line work is currently awaiting clearance from the DMIRS. Drilling of these high priority targets is planned to commence once all permitting and approvals have been received.

Paterson Copper-Gold Project, Western Australia (Firefly 100%)

Firefly continued to establish its position in the highly prospective Paterson Province in north-western Western Australia with several tenement applications covering ~1,000 square kilometers. Discussions with the Western Desert Lands Aboriginal Corporation (WDLAC), as representatives for the interests of the Martu people as the traditional owners of the region, are ongoing. Establishment of a mutually agreed Native Title Agreement is progressing.

Other tenements and cost reduction program

During the Half Year to December 2019, the Board undertook a thorough review of costs across the Company and all non-core base metal projects within the Company's tenement portfolio have been relinquished, as detailed below.

Yalco and Caranbirini Projects, Northern Territory

After completing rehabilitation work over previous exploration drill areas, the early stage Yalco and Caranbirini zinc project exploration tenements in the Northern Territory have been relinquished.

Newman Project, Western Australia

After economic evaluation of the Newman Project (comprised of the Prairie Downs zinc-lead prospect and the Deadman's Flat gold prospect), particularly the reported zinc resource and high-grade vanadium mineralization, and including a management review of the gold potential, the Board concluded that the Prairie zinc-lead resource at 3Mt @ 5% Zn Eq was too small to support a stand alone processing option based on the following factors and a decision to surrender the Prairie Downs zinc-lead prospect was made.

Other tenements and cost reduction program (continued)

Newman Project, Western Australia (continued)

- Along-strike extensions to the Prairie zinc-lead resource were tested by previous management, with results suggesting that any potential resource extension or additional resource volume would likely be at depth and therefore expensive to evaluate.
- The base metal prospectivity of the wider Prairie Downs fault system that hosts the current zinc-lead resource, as well as many other small base metal prospects, has been extensively tested to shallow depth. Further exploration work will require a strong base metal focus and potentially significant expenditure on deep drilling.
- The gold potential of the Prairie Downs zinc-lead prospect itself has been proven to be minimal with samples from the drill campaigns at Newman assayed for gold in conjunction with base metals.
- The area adjacent to the main fault structure, being the Deadman's Flat gold prospect, has an increased prospectivity for gold and is currently retained.
- The overall total annual expenditure commitments required to hold the Newman package of tenements (~$700K) outweigh any perceived and/or actual value to the Company.

Bellary Dome Conglomerate Gold Asset, Western Australia

The Bellary Dome asset was acquired by previous management during the 2017 Pilbara conglomerate gold "rush". The original option agreement terms to the vendor included a 5% gross royalty, a $350,000 annual expenditure commitment and delivery of a 100koz "JORC 2012-compliant" gold resource within four years. Failure to meet any of these terms required the project to be returned to the vendor. These terms have further proven to be a serious impediment to the economics of achieving a commercial outcome for the asset and numerous attempts by the Company to renegotiate the terms with the vendor have been unsuccessful.

Prior to the anniversary of the original agreement in late November 2019, the Board decided that it was in the best long-term interests of shareholders to return the asset to the vendor.

Corporate

In August 2019, Firefly completed a successful $2.5 million capital raise (before costs) through a placement, a convertible note deed and a fully-underwritten entitlement issue. In addition, Firefly restructured its capital on a sixty (60) for one (1) basis after shareholder approval was granted at a General Meeting held on 23 August 2019.

In October 2019, Firefly appointed experienced geologist and corporate advisor Mr Michael Edwards as a Non-Executive Director of the Company. Mr Edwards is a geologist and economist with over 20 years' experience in senior management in both the private and public sector. Since 2010, Mr Edwards has been consulting as a geologist across a range of commodities, predominantly in Australia and Africa and has worked as a corporate advisor and has been involved in numerous ASX listings and reverse takeovers across a range of commodities and industries.

In December 2019, the Company changed its name to Firefly Resources Limited following receipt of shareholder approval, with the ASX code changing from "MZN" to "FFR". The Company's new website is www.fireflyresources.com.au.

On 31 December 2019 and as announced to the ASX on 2 January 2020, 1,099,998 unlisted options with an exercise price of $1.50 each expired unexercised.

Competent Person Reference

Information in this report that relates to Exploration Results is based on information prepared by Mr Simon Lawson, a Member of the Australasian Institution of Mining and Metallurgy. Mr Lawson is the Managing Director of Firefly Resources Limited and a full-time employee. Mr Lawson has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Lawson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

Some statements in this report regarding future events are forward-looking statements. They involve risk and uncertainties that could cause actual results to differ from estimated results. Forward-looking statements include, but are not limited to, statements concerning the Company's exploration programme, outlook, target sizes, resource and mineralised material estimates. They include statements preceded by words such as "potential", "target", "scheduled", "planned", "estimate", "possible", "future", "prospective" and similar expressions.

4. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the current reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

5. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Dated at Perth, Western Australia, this 12th day of March 2020.

Signed in accordance with a resolution of the directors, made pursuant to section 295 (5)(a) of the *Corporations Act 2001*:

John Hutton
Non-Executive Chairman

Stantons International Audit and Consulting Pty Ltd
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12 March 2020

The Directors
Firefly Resources Limited
Level 3, 35 Havelock Street,
West Perth, WA 6005

Dear Sirs

RE: FIREFLY RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Firefly Resources Limited.

As Audit Director for the review of the financial statements of Firefly Resources Limited (formerly Marindi Metals Limited) for the period ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Samir R Tirodkar
Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the six months ended 31 December 2019

	Note	31 December 2019 $	31 December 2018 $
Income	8	4,615	204,086
Exploration and evaluation expenses written off	9	(5,302,874)	(1,783,380)
Corporate and administrative expenses	12	(1,036,454)	(841,238)
Loss before income tax		**(6,334,713)**	**(2,420,532)**
Income tax		-	-
Net loss for the period		**(6,334,713)**	**(2,420,532)**
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		**(6,334,713)**	**(2,420,532)**
Net loss attributable to the members of parent entity		**(6,334,713)**	**(2,420,532)**
Total comprehensive loss attributable to the members of parent entity		**(6,334,713)**	**(2,420,532)**
Basic loss per share			
Ordinary shares (cents)		(0.43)	(0.15)

Diluted loss per share is not shown as all potential fully paid ordinary shares on issue would decrease the loss per share and are thus not considered dilutive.

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 2019

	Note	31 December 2019 $	30 June 2019 $
CURRENT ASSETS			
Cash and cash equivalents		1,535,367	239,044
Trade and other receivables		8,076	61
Prepayments		45,421	41,920
Total Current Assets		1,588,864	281,025
NON-CURRENT ASSETS			
Other assets		11,250	11,250
Trade and other receivables		76,489	76,489
Property, plant and equipment		92,333	98,238
Exploration and evaluation expenditure	9	115,000	4,738,719
Right-of-use assets	10	112,275	-
Total Non-Current Assets		407,347	4,924,696
TOTAL ASSETS		1,996,211	5,205,721
CURRENT LIABILITIES			
Trade and other payables		86,242	150,251
Provisions		469	28,468
Lease liabilities	10	42,661	-
Total Current Liabilities		129,372	178,719
NON-CURRENT LIABILITIES			
Lease liabilities	10	70,866	-
Total Non-Current Liabilities		70,866	178,719
TOTAL LIABILITIES		200,238	178,719
NET ASSETS		**1,795,973**	**5,027,002**
EQUITY			
Issued capital	11	40,945,737	38,416,267
Reserves	12	2,860,293	2,286,079
Accumulated losses		(42,010,057)	(35,675,344)
TOTAL EQUITY		**1,795,973**	**5,027,002**

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

Consolidated Statement of Changes in Equity
for the six months ended 31 December 2019

31 December 2019	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2019	**38,416,267**	**2,286,079**	**(35,675,344)**	**5,027,002**
Net loss for the period	-	-	(6,334,713)	(6,334,713)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(6,334,713)	(6,334,713)
Issue of share capital, net of costs	2,529,470	-	-	2,529,470
Share based payments	-	574,214	-	574,214
Balance as at 31 December 2019	**40,945,737**	**2,860,293**	**(42,010,057)**	**1,795,973**

31 December 2018	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2018	**36,957,220**	**1,885,441**	**(32,070,386)**	**6,772,275**
Net loss for the period	-	-	(2,420,532)	(2,420,532)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(2,420,532)	(2,420,532)
Issue of share capital, net of costs	1,026,494	-	-	1,026,494
Share based payments	-	336,506	-	336,506
Balance as at 31 December 2018	**37,983,714**	**2,221,947**	**(34,490,918)**	**5,714,743**

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

Consolidated Statement of Cash Flows
for the six months ended 31 December 2019

	Note	31 December 2019 $	31 December 2018 $
Cash flows from operating activities			
Cash receipts in the course of operations		-	122,515
Cash payments in the course of operations		(1,153,359)	(3,039,999)
Full and final settlement of cost to Kidman Resources Limited		-	(650,000)
Interest received		2,092	2,164
Government grants and joint venture cash calls received		-	903,145
Net cash (used in) operating activities		**(1,151,267)**	**(2,662,175)**
Cash flows from investing activities			
Payments for exploration and evaluation assets		-	(25,000)
Payments for property, plant and equipment		(13,032)	(11,732)
Payments for security bonds		-	(29,518)
Net cash (used in) investing activities		**(13,032)**	**(66,250)**
Cash flows from financing activities			
Repayment of lease liabilities	10	(68,848)	-
Net proceeds from issue of share capital	11	2,229,470	966,494
Net proceeds from issue of convertible notes		300,000	-
Net cash provided by financing activities		**2,460,622**	**966,494**
Net increase/ (decrease) in cash and cash equivalents		**1,296,323**	**(1,761,930)**
Cash and cash equivalents at the beginning of the period		239,044	2,271,586
Cash and cash equivalents at the end of the period		**1,535,367**	**509,656**

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

1. REPORTING ENTITY

Firefly Resources Limited (formerly Marindi Metals Limited) (the **Company** or **Firefly**) is a company domiciled in Australia. The consolidated interim financial report as at and for the six months ended 31 December 2019 covers the consolidated group of Firefly Resources Limited and its controlled entities (**consolidated entity** or **Group**).

The annual financial report of the consolidated entity for the year ended 30 June 2019 is available upon request from the Company's registered office or may be viewed on the Company's website, https://www.fireflyresources.com.au/.

2. STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated interim financial report has been prepared on the accruals basis and on an historical cost basis. It was approved by the Board of Directors on 12 March 2020.

The interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the interim financial report be read in conjunction with the annual report for the year ended 30 June 2019 and considered together with any public announcements made by the Company during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations of the *ASX Listing Rules*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2019 annual financial report for the financial year ended 30 June 2019. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (**the AASB**) that are relevant to their operations and effective for the current half year.

Exploration and evaluation expenditure

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Where an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made.

Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production.

New and revised Accounting Standards and Interpretations adopted 1 July 2019

The Group has adopted all of the new or amended Australian Accounting Standards and Interpretations that are mandatory for the current reporting period, including the following:

- *AASB 16 Leases*

  The nature and effect of the adoption of AASB 16: Leases on the Group's financial statements and discloses below the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods. The Group has adopted AASB 16: Leases using the modified retrospective transition approach.

  At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability will be recognised by the Group where the Group is a lessee. Exceptions include contracts that are classified as short-term leases (i.e. leases with a lease term or remaining lease term of 12 months or less) and leases of low-value assets which are recognised as an operating expense on a straight-line basis over the term of the lease.

  Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

2. STATEMENT OF COMPLIANCE (CONTINUED)

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measures using the index or rate at the commencement date; and
- the amount expected to be payable by the lessee under residual value guarantees.

The right-of-use assets comprises the initial measurement of the corresponding lease liability, any lease payment made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use asset is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the costs of the right-of-use assets reflects that the Group anticipates the exercise of a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

- *Initial Application of AASB 16: Leases*

The Group has adopted AASB 16: Leases using the modified retrospective approach with the cumulative effect of initially applying AASB 16 recognised as at 1 July 2019. The comparatives for the 2018 reporting period have not been restated.

The Group has recognised a lease liability and a right-of-use asset for all leases (except for short-term and low value leases) recognised as operating leases under AASB 117: Leases where the Group is a lessee.

Lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate was used to discount the lease payments.

The right-of-use assets were measured at their carrying value as if AASB 16: Leases had been applied since the commencement date but discounted using the Group's incremental borrowing rate per the lease term as at 1 July 2019. The right-of-use assets have been recognised in the Consolidated Statement of Financial Position as at 1 July 2019.

The following practical expedients have been used by the Group in the application of AASB 16:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate, being the Group's incremental borrowing rate, has been applied;
- leases that have a remaining term of 12 months or less as at 1 July 2019 have been classified as short-term leases; and
- the use of hindsight by management to determine lease terms or contracts that have options to extend or terminate.

The Group's incremental borrowing rate applied to the lease liabilities was 5.5%.

If the impact of the adoption of AASB 16 is material, the Group will consider including the interpretation of AASB 16 as a part of critical accounting estimates or judgements given the fact that leases involve the exercise of professional judgement.

The impact of the adoption of AASB 16 on the Consolidated Statement of Financial Position as at 31 December 2019, is an increase in assets (right-of-use assets) of $112,275 (2018: nil) and an increase in liabilities (lease liability) of $113,527 (2018: nil) comprised of $42,661 as current lease liability and $70,866 as non-current lease liability. The impact on the Consolidated Statement of Profit and Loss and Other Comprehensive Income for the half year ended 31 December 2019 is an increase in depreciation expense of $36,176, an increase in interest expense of $3,995 and a decrease in operating lease expenses of $38,919. Additional details are provided in Note 10.

3. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Firefly Resources Limited) and all of its controlled entities. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 14.

3. PRINCIPLES OF CONSOLIDATION (CONTINUED)

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

4. GOING CONCERN

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors believe this to be appropriate for the following reasons:

(i) the Group has cash reserves of $1,535,367 at 31 December 2019 and has the ability to adjust its exploration expenditure to conserve cash subject to results of its exploration activities and the Group’s funding position;

(ii) the Group has no loans or borrowings; and

(iii) the Group continues to monitor opportunities to raise further equity from interested investors.

In the event that the Group is not able to continue as a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business at amounts stated in this financial report.

5. ESTIMATES

The preparation of the interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgments made by management in applying the consolidated entity’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2019.

6. FINANCIAL RISK MANAGEMENT

The Group’s financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 30 June 2019.

7. SEGMENT REPORTING

The consolidated entity operates predominantly in the mineral exploration industry in Australia.

	31 December 2019 $	31 December 2018 $
8. INCOME		
Interest income	2,092	2,164
Other income	2,523	201,922
	4,615	**204,086**

	31 December 2019 $	30 June 2019 $
9. CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE		
Exploration and evaluation costs carried forward in respect of areas of interest (net of amounts written off) (a)	**115,000**	**4,738,719**

Reconciliation	6 months to 31 December 2019 $	12 months to 30 June 2019 $
Carrying amount at beginning of period	4,738,719	5,139,591
Expenditure during the period – exploration	679,155	2,447,453
Expenditure during the period – acquisitions (including non-cash consideration)	-	95,000
Expenditure written off	(5,302,874)	(2,943,325)
Carrying amount at end of period	**115,000**	**4,738,719**

(a) The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. During the six months ended 31 December 2019 the consolidated entity wrote-off expenditure totalling $5,302,874 (six months ended 31 December 2018: $1,783,380), including acquisition costs of $3,782,679 (six months ended 31 December 2018: $150,000) and goodwill of $841,040 (six months ended 31 December 2018: nil).

	31 December 2019 $	30 June 2019 $
10. LEASES		
(a) Right-of-use assets		
Rental Property	112,275	-
(b) Lease liabilities		
Current	42,661	-
Non-current	70,866	-
	113,527	
(c) Amortisation of right-of-use assets		
Depreciation expense per AASB 16: Leases	36,176	-
(d) Interest expense on lease liabilities		
Interest expense from the unwinding of interest per AASB 16: Leases	3,995	-
(e) Total cash outflows for leases for the six months ended 31 December 2019	68,848	-

11. ISSUED CAPITAL	31 December 2019 $	30 June 2019 $
79,944,854 (30 June 2019: 2,132,371,023) fully paid ordinary shares	40,945,737	38,416,267

(a) Ordinary shares

The following movements in issued capital occurred during the six months ended 31 December:

	Shares		Consolidated	
	6 months to 31 December 2019 No.	12 months to 30 June 2019 No.	6 months to 31 December 2019 $	12 months to 30 June 2019 $
Balance at beginning of the period	2,132,371,023	1,780,460,084	38,416,267	36,957,220
Issue of shares at $0.0066 each to acquire E77/2313	-	3,000,000	-	20,000
Issue of shares at $0.005 each for cash pursuant to a share placement	-	193,298,800	-	966,494
Issue of shares at $0.005 each to purchase exploration data for Forrestania region	-	8,000,000	-	40,000
Issue of shares at $0.036 each for cash pursuant to various share placements	-	147,612,139	-	531,404
Issue of shares at $0.001 each for cash pursuant to a share placement	116,000,000	-	116,000	-
Issue of shares at $0.001 each for cash pursuant to an entitlement offer	2,248,371,023	-	2,248,371	-
Share consolidation on a basis that every 60 shares be consolidated into 1 share	(4,421,797,190)	-	-	-
Issue of shares at $0.06 each in full satisfaction of convertible notes	4,999,998	-	300,000	-
Share issue costs	-	-	(134,901)	(98,851)
Balance at end of the period	79,944,854	2,132,371,023	40,945,737	38,416,267

(b) Options

Options issued or granted during the half-year

The following options to subscribe for fully paid ordinary shares were granted during the half-year:

Class	Expiry Date	Exercise Price	Number of Options
Unlisted Advisor Options	30 September 2022	$0.10	5,000,000
Unlisted Advisor Options	30 September 2022	$0.125	5,000,000
Unlisted Related-Party Options	31 December 2021	$0.12	2,000,000
Unlisted Related-Party Options	31 December 2022	$0.14	2,000,000
Unlisted Employee Options	31 December 2021	$0.12	850,000
Unlisted Employee Options	31 December 2022	$0.14	850,000

11. ISSUED CAPITAL (CONTINUED)

Unissued shares under option

The following options to subscribe for fully paid ordinary shares were outstanding at the end of the half-year:

Class[1]	Expiry Date	Exercise Price	Number of Options
Unlisted Options	15 April 2021	$1.20	1,083,333
Unlisted Director Options	30 June 2021	$1.20	166,666
Unlisted Employee Options	15 April 2021	$1.20	624,997
Unlisted Options	31 March 2022	$0.60	399,999
Unlisted Advisor Options	30 September 2022	$0.10	5,000,000
Unlisted Advisor Options	30 September 2022	$0.125	5,000,000
Unlisted Related-Party Options	31 December 2021	$0.12	2,000,000
Unlisted Related-Party Options	31 December 2022	$0.14	2,000,000
Unlisted Employee Options	31 December 2021	$0.12	850,000
Unlisted Employee Options	31 December 2022	$0.14	850,000

1. On 23 August 2019, shareholders approved the consolidation of the Company's shares and options through the conversion of every sixty (60) shares/ options into one (1) share/ option. The above table shows post-consolidation numbers and exercise prices for each relevant class of option on issue.

These options do not entitle the holder to participate in any share issue of the Company or any other entity.

Options exercised or lapsed during the half-year

1,099,998 unlisted options exercisable at $1.50 each expired unexercised on 31 December 2019.

(c) Convertible Notes

On 16 July 2019, the Company issued convertible notes with a total face value of $300,000 on the following principle terms:

- Maturity Date : 4 months from the date of issue
- Convertibility : conversion to ordinary fully paid shares subject to shareholder approval
- Conversion Price : $0.001 per share pre-consolidation and $0.06 per share post-consolidation
- Interest : nil
- Security : the notes are unsecured

On 6 September 2019, the Company issued 4,999,998 ordinary fully paid shares at $0.06 per share (on a post-consolidation basis) in full satisfaction of the convertible notes totalling $300,000 following shareholder approval granted at the general meeting held on 23 August 2019.

12. SHARE BASED PAYMENTS

Total share-based payment expense recognised for the half-year ended 31 December 2019 of $574,214 (31 December 2018: $344,421) is included in Corporate and Administrative Expenses in the Consolidated Statement of Profit and Loss and Other Comprehensive Income. Further details of the items included in this amount are shown below.

Advisor Options

On 6 September 2019, the Company granted 10,000,000 Advisor Options on a post-consolidation basis to nominees of Forrest Capital Pty Ltd, the lead manager and underwriter to the entitlement offer completed in August 2019, which comprised of 5,000,000 options exercisable at $0.10 each and 5,000,000 options exercisable at $0.125 each on or before 30 September 2022.

Total expense recognised as share-based payments in the period was $406,913.

12. SHARE BASED PAYMENTS (CONTINUED)

Employee Options

On 17 December 2019, the Company granted 1,700,000 options to employees under the Company's Employee Incentive Plan (**Plan**), comprised of 850,000 options exercisable at $0.12 each on or before 31 December 2021 and 850,000 options exercisable at $0.14 each on or before 31 December 2022. Shareholder approval for the issue of employee options to a director of the Company under the Plan was granted at the Company's Annual General Meeting held on 29 November 2019. The Plan was approved by shareholders at a General Meeting held on 29 June 2018.

Total expense recognised as employee costs in the period was $114,986.

Related-Party Options

On 29 November 2019, shareholders approved the grant of the following options to directors of the Company:

- 2,000,000 options exercisable at $0.12 each on or before 31 December 2021; and
- 2,000,000 options exercisable at $0.14 each on or before 31 December 2022.

Total expense recognised as related-party costs in the period was $41,516.

Prior Year Options

Total expense recognised as share-based payments for prior year options in the period was $10,799.

13. COMMITMENTS AND CONTINGENCIES

The changes to the commitments and contingencies as disclosed in the most recent annual report are specified below.

Exploration commitments

The Group has certain obligations to perform minimum exploration work on mineral leases held. These obligations may vary over time, depending on the Group's exploration programme and priorities. These obligations are also subject to variations by negotiation, joint venturing or relinquishing some of the relevant tenements. As at balance date, total exploration expenditure commitments of the Group which have not been provided for in the financial statements amounted to $646,113 per annum.

14. CONTROLLED ENTITIES

	Class of shares	Beneficial interest 31 December 2019	Beneficial interest 31 December 2018
Shares in controlled entity:			
Brumby Creek Pty Ltd (incorporated in WA)	Ordinary	100%	100%
Marindi Metals Operations Pty Ltd (incorporated in WA)	Ordinary	100%	100%
Forrestania Pty Ltd (incorporated in WA)	Ordinary	100%	100%

15. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the current reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

In the opinion of the directors of Firefly Resources Limited:

1. the consolidated financial statements and notes, set out on pages 7 to 17 are in accordance with the Corporations Act 2001, including:

   (a) complying with Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

   (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth, Western Australia this 12th day of March 2020.

Signed in accordance with a resolution of the Directors, made pursuant to section 295 (5)(a) of the *Corporations Act 2001*:

John Hutton
Non-Executive Chairman

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
FIREFLY RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Firefly Resources Limited (formerly Marindi Metals Limited), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Firefly Resources Limited. The consolidated entity comprises both Firefly Resources Limited (the Company) and the entities it controlled ('the Group') during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Firefly Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Firefly Resources Limited on 12 March 2020.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

Samir R Tirodkar
Director

West Perth, Western Australia
12 March 2020