

June 2020 Quarterly Activities Report

Firefly embarks on an exciting new growth chapter in the WA gold sector following landmark acquisition of the Yalgoo Gold Project

- **Landmark agreement to acquire the Yalgoo Gold Project, located in the Murchison region of Western Australia, from private company Aurum Minerals Pty Ltd. The acquisition includes:**
 - **The advanced Melville deposit, which hosts a shallow 140,000oz (JORC 1999) Mineral Resource¹ (0.8g/t cut-off), from surface and remains open in all directions;**
 - **Additional satellite gold prospects, including further JORC 1999 gold Resources¹ of ~13,500oz (0.5g/t cut-off) and numerous shallow advanced exploration prospects; and**
 - **A 600km² contiguous exploration package providing regional-scale coverage of the historical Yalgoo goldfield and wider, under-explored Yalgoo-Singleton greenstone belt.**
- **Acquisition cost of A\$2.91M, payable entirely in Firefly shares.**
- **Maiden exploration program at the Yalgoo Gold Project expected to commence in August/September 2020, with ~5,000m of RC drilling, ~3,000m of auger drilling and a ground-based Sub-Audio Magnetic (SAM) geophysical survey planned for CY2020.**
- **Firefly announces A\$2.3M capital raising to underpin upcoming exploration, comprising:**
 - **A strategic investment by Aurum Minerals Pty Ltd (the Vendor) in Firefly through a \$1.15M share subscription;**
 - **A fully underwritten 3-for-7 non-renounceable Entitlement Offer at 3 cents (\$0.03) per share to raise up to \$1.03 million; and**
 - **A share placement of \$150,000 to existing and new sophisticated and professional investors, including a Non-Executive Director of the Company, Mr Mike Edwards**
- **Proceeds to support planned exploration at the Yalgoo Gold Project and ongoing exploration activities at the Forrestania Gold Project and Paterson Copper-Gold Project.**

Firefly Managing Director, Simon Lawson, said: *"The Aurum transaction and associated capital raising capped a busy quarter for the Company, representing the culmination of an extensive search for suitable value-accretive acquisitions in the gold sector. We are delighted with the Yalgoo acquisition, which from a standing start gives us a significant gold resource inventory with outstanding growth potential, a greenstone-scale exploration opportunity, and a high-quality long-term exploration, growth and development project in a Tier-1 mining district."*

¹ The Company cautions that the Mineral Resources are not reported in accordance with the JORC Code 2012. A Competent Person has not yet done sufficient work to classify the estimates of Mineral Resources in accordance with the JORC Code 2012. It is possible that, following evaluation and/or further exploration work, the currently reported estimates contained in this Announcement may materially change and hence will need to be reported afresh under and in accordance with the JORC Code 2012. Firefly Resources notes that nothing has come to its attention that causes it to question the accuracy or reliability of the former owner's estimate as first announced by Prosperity Resources (ASX: PSP) – ASX release dated 12th May 2004: "Prosperity Doubles Resources to 140,000 ounces at Yalgoo, WA" on the Melville Deposit and also with regards to the Satellite Deposits; however, the Company has not independently validated the former owner's estimates and therefore cannot be regarded as reporting, adopting or endorsing those estimates. For further information please see Annexure A in the Company's ASX Announcement dated 24 June 2020.

ACQUISITION OF THE YALGOO GOLD PROJECT

During the Quarter, Firefly executed a binding agreement to acquire a 100% interest in the advanced Yalgoo Gold Project, located 110km west of Mt Magnet in the Murchison region of Western Australia, through the acquisition of 100% of the issued capital of Aurum Minerals Pty Ltd (**Aurum**).

The transformational acquisition includes existing gold Resources plus a large, highly prospective tenement holding in a Tier-1 mining district encompassing the historical Yalgoo gold field (see Figure 1).

The acquisition, which is consistent with the Company's focus on securing advanced gold exploration opportunities in Western Australia, will allow Firefly to pursue a two-pronged growth strategy based on:

1. The potential to rapidly establish maiden JORC 2012 compliant Mineral Resources in a world-class mining district, with exceptional "near-mine" exploration upside and development potential within 150km of five operating gold mills; and
2. A regional-scale, multi-faceted exploration and growth strategy across an historical gold-field within a large, highly-prospective, contiguous and under-explored tenement holding.

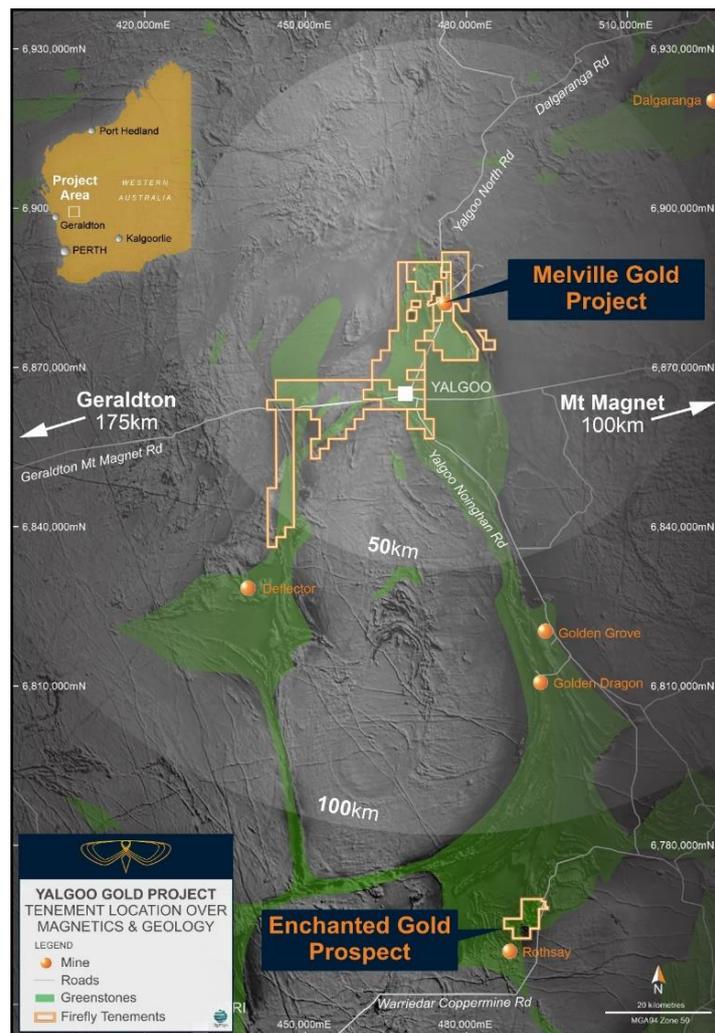


Figure 1. Yalgoo Gold Project location and tenure highlighting extensive regional greenstone coverage.

The Yalgoo Gold Project includes the advanced Melville gold deposit, which hosts a JORC 2004 Mineral Resource of 2.75Mt grading 1.57g/t Au for 140,000 ounces of contained gold (0.8g/t cut-off)¹ (Melville Deposit). Mineralisation within the Melville Deposit is hosted within a completely unmined steeply-dipping “stacked-lode” system, with both laterite at surface and broad, shallow supergene-enriched zones supporting its amenability to potential open pit mining.

In addition, while very limited drilling has been conducted below 100-150m from surface, the presence of shallow-plunging high-grade ore shoots and an apparent increase in gold grades with increasing depth indicates strong potential to upgrade the resource at depth as well as potential for future underground mining at the Melville deposit.

The Company cautions that the Melville Deposit is not reported in accordance with the JORC Code 2012. A Competent Person has not yet done sufficient work to classify the estimates of Mineral Resources in accordance with the JORC Code 2012. It is possible that following evaluation and/or further exploration work the currently reported estimates contained in this Announcement, may materially change and hence will need to be reported afresh under and in accordance with the JORC Code 2012.

The Company notes that nothing has come to its attention that causes it to question the accuracy or reliability of the former owner's estimate, as first announced by Prosperity Resources Ltd (ASX: PSP) – ASX release dated 12th May 2004: “Prosperity Doubles Resources to 140,000 ounces at Yalgoo, WA”. The Company has not independently validated the former owner's estimates and therefore cannot be regarded as reporting, adopting or endorsing those estimates, at this stage. For further information please see Annexure A and B of the Company's ASX announcement dated 24 June 2020.

Melville Gold Deposit

The Melville deposit sits within 800m of known strike, with mineralisation remaining open in all directions. No meaningful drilling has been conducted at the deposit since 2005, and with recent advances in geophysical, geochemical, sampling and assaying methods there is significant scope to further explore and potentially expand the deposit using systematic, modern exploration techniques.

Significant intercepts* (cut-off grade greater than 1.00g/t) from historical drilling within the Melville Deposit include:

- NMR011 – 6m @ 3.81g/t from 36m, including 3m @ 6.60g/t from 36m (hole ends in mineralisation)
- PRC012 – 5m @ 24.35g/t from 42m, including 1m @ 116.00g/t from 42m
- PRC011 – 7m @ 24.49g/t from 93m, including 3m @ 50.00g/t from 94m (hole ends in mineralisation)

Subsequent historical drilling, not included in the current resource estimate and both within and along-strike from the Melville Deposit mineralisation envelope, represents immediate and additional potential in the planned re-evaluation and update of the Melville resource to the JORC 2012-compliant reporting standard (see Figure 2).

Numerous additional targets have also been identified close to the Melville Deposit, offering a suite of immediate high-priority targets.

These include the high-grade Don Bradman gold prospect, the Lady Lydia South and Brilliant gold trend, which host a combined 13,500oz in resources (JORC 1999), as well as the advanced Prince George gold prospect centred on historical underground workings.

Firefly intends to upgrade the Melville Deposit and other suitable deposits to JORC 2012 compliance as a matter of priority through small in-fill drilling programs, with follow-up resource increases targeted through step-out and deeper (>100m) drill campaigns.

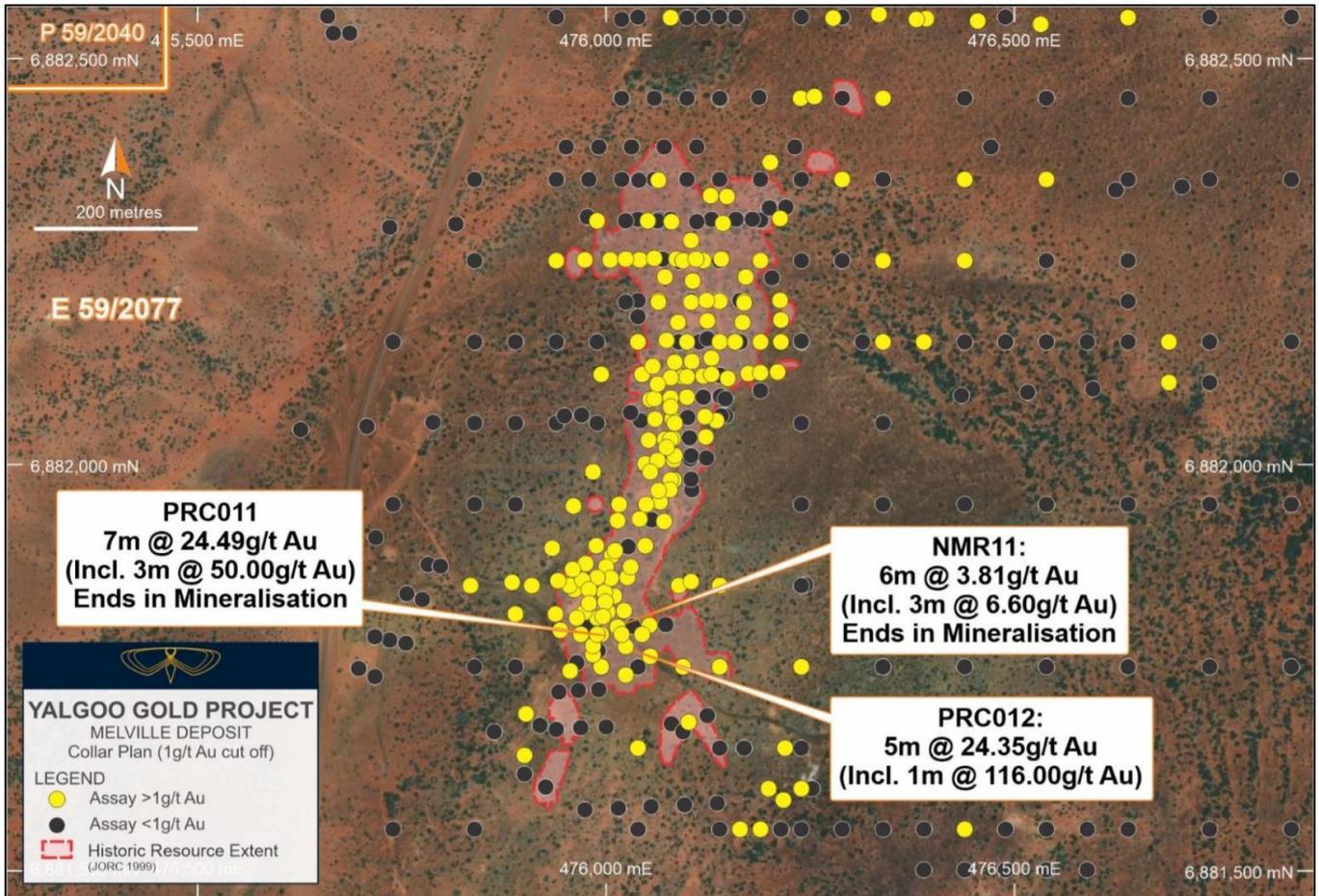


Figure 2. Plan view of Melville Gold Deposit showing historic resource extent (steeply dipping west and above 0.2g/t), selected significant intercepts and all drill collars coloured by max downhole grade using a 1g/t Au cut/off.

Detailed below are several significant intercepts (select intercepts with a cut-off grade greater than 1.00g/t) from the main satellite gold prospects. The significant intercepts were selected as indicative examples of each prospect from the broader historical sample database compiled from various previous owners/explorers. An abundance of historical gold workings, including numerous shafts from the early part of last century also represent additional “walk-up” drill targets.

Significant intercepts* (cut-off grade greater than 1.00g/t) from historical drilling at the Don Bradman gold prospect include:

- RC85/04 – 3m @ 12.70g/t from 21m
- PRC104 – 9m @ 2.66g/t from 28m, including 3m @ 7.11g/t from 30m

Significant intercepts* (cut-off grade greater than 1.00g/t) from historical drilling at the Brilliant gold prospect include:

- NB012 – 8m @ 5.19g/t from 37m, including 1m @ 15.25g/t from 15m, and 1m @ 10.20g/t from 41m
- NB029 – 7m @ 2.68g/t from 55m, including 4m @ 4.36g/t from 59m

Significant intercepts* (cut-off grade greater than 1.00g/t) from historical drilling at the Lady Lydia South gold prospect include:

- NLS004 – 6m @ 5.16g/t from 15m, including 3m @ 8.29g/t from 18m (hole ends in mineralisation)
- PRC026 – 6m @ 1.25g/t from 44m, including 1m @ 4.27g/t from 48m

Significant intercepts* (cut-off grade greater than 1.00g/t) from historical drilling at the Prince George gold prospect include:

- RRC24 – 8m @ 5.12g/t from 15m, including 2m @ 15.75g/t from 20m
- YPRC35 – 7m @ 8.23g/t from 23m, including 1m @ 35.70g/t from 23m, and 1m @ 14.00g/t from 29m

*The drill-hole assay results, as well as other drill-hole information relevant to those referred to here, were previously referred to and/or released by Prosperity Resources Ltd (ASX: PSP) in their announcements dated 08/10/03, 09/12/03, 24/12/03, 12/05/04 and 26/08/04 among others and are reported in full as set out in Annexure C of the Company's ASX Announcement dated 24 June 2020. The JORC Table 1 information in respect of the exploration results reported above is set out in Annexure E of Firefly Resources' ASX Announcement dated 24 June 2020.

The Melville tenement package also includes 600km² of highly prospective tenure covering the majority of the historical Yalgoo goldfield, as well as significant coverage of the wider potential of the regional-scale Yalgoo-Singleton greenstone belt.

During technical review of the project, Firefly has defined a 1km-wide north-south 28km-long shear zone corridor in which the majority of the existing gold occurrences at the Yalgoo Gold Project are situated. The extent of the corridor is most evident where the gold occurrences are overlaid on the 1st vertical derivative (1VD) magnetic geophysical images, highlighting the underlying stratigraphy due to the excellent contrast in magnetic BIF horizons to less magnetic mafic packages.

Firefly is acquiring more than 90% of the extent of this high-potential corridor covering most of the existing gold prospects and historical workings through this transaction (see Figure 3).

The advanced gold Resources, extensive ground coverage and presence of existing nearby infrastructure offers Firefly significant flexibility and a range of commercial opportunities with gold prices at near record levels.

In addition to the Melville Project tenements, the acquisition also includes the un-mined Enchanted Gold Prospect, located 100km south of Melville (see Figure 1).

Enchanted comprises a 33km² tenement over the same highly-prospective Yalgoo-Singleton greenstone belt geology that hosts the nearby 400koz Rothsay Gold Project. Rothsay (under development) was acquired by Silver Lake Resources (ASX: SLR) in December 2019 from Egan Street Resources for \$100 million and sits just 2.5km from the shallow Enchanted Gold Project.

Firefly considers the Enchanted Gold Project to be a potential early-stage analogue to the Rothsay deposit due to similarities in lithological setting, mineralisation style and geometry and requires further drill testing.

Significant intercepts* (cut-off grade greater than 1.00g/t) from historical drilling at the Enchanted Gold Project include:

- ENR002 – 11m @ 3.74g/t from 44m, including 2m @ 17.87g/t from 45m
- ENR005 – 5m @ 1.92g/t from 44m, including 3m @ 2.97g/t from 45m
- ENRC011 – 10m @ 1.81g/t from 27m, including 1m @ 9.49g/t from 31m

For a full list of the tenements being acquired by Firefly Resources in this transaction please refer to the Company's ASX Announcement dated 24 June 2020.

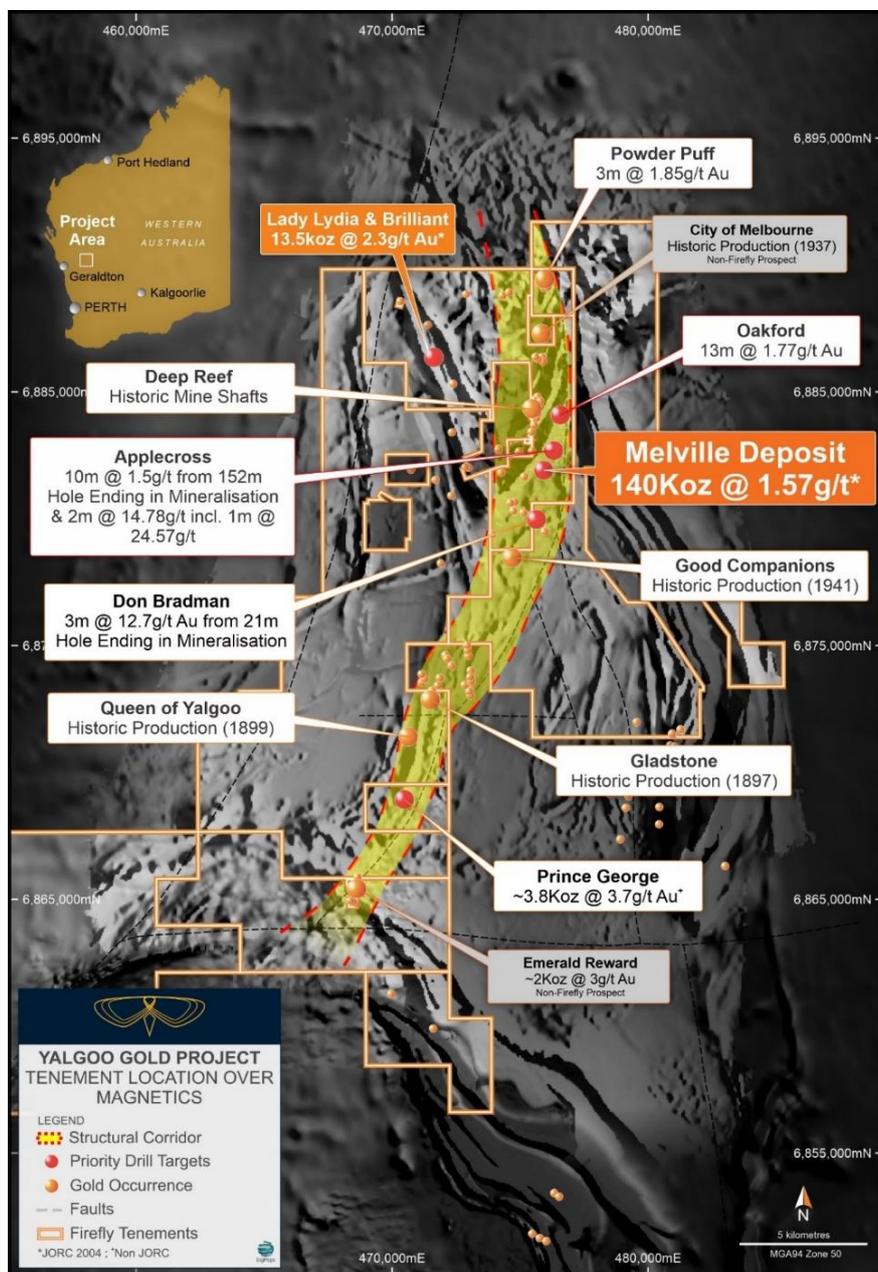


Figure 3. Yalgoo Gold Project tenure overlaid on 1VD magnetics illustrating ~28km shear corridor (yellow) over the historical Yalgoo goldfield.

FORRESTANIA GOLD-LITHIUM PROJECT, WA (FIREFLY 100%)

Firefly owns a highly prospective tenement package covering a total area of >1,000km² in the Southern Forrestania Greenstone belt – one of Australia’s last under-explored major greenstone belts.

The Southern Forrestania region has been overlooked as a gold exploration play, with many operators in the region focusing historically on nickel and base metal exploration despite ~1.2Moz of production from the Bounty Gold Mine.

Firefly’s portfolio includes historical high-grade gold mines with mineralised rock dumps and geophysical extensions to proven high-grade gold structures.

No exploration activities were undertaken at the Forrestania Gold-Lithium Project during the June 2020 Quarter given the Company’s focus on the identification and acquisition of more advanced gold exploration/development opportunities. A number of POWs are either already in place or in application for both the Crossroads and Kit Kat Gold prospects, giving Firefly the flexibility to progress these targets as required.

PATERSON COPPER-GOLD PROJECT, W.A. (FIREFLY 100%)

The Paterson Copper-Gold Project comprises several tenement applications covering ~1,000km² of the highly prospective Paterson Province in north-western Western Australia. The main focus for Firefly in establishing these applications was to secure a favourable geological position over existing historical copper-gold prospects around the historical Kintyre mine, particularly the Wanderer copper-gold-molybdenum prospect.

Shallow historical drilling at Wanderer during the 1980’s returned primary copper grades of up to 6.5%, gold grades up to 1g/t, and molybdenum assays up to 700ppm all less than 100m from surface and which have never been followed up.

Integration of available historical geophysical datasets conducted by the Company’s consultants has created a large high-resolution geophysical data package over the primary tenement application containing the Wanderer prospect.

This modern dataset illustrates significant structural information, strongly supports Firefly’s geological model for potential intrusive copper-gold sources for Wanderer as well as multiple nearby prospects, and has led to the development of several other high-priority drill targets across the application area.

Two Native Title Agreements are currently in negotiation with:

1. WDLAC as representatives for the Martu People as the Traditional Owners of lands covered by tenements E45/5358, E45/5391, E45/5397 and E45/5407; and
2. YMAC as representatives for the Nyangumarta People as the Traditional Owners of lands covered by tenement E45/5396.

No exploration activities were undertaken at the Paterson Copper-Gold Project during the June 2020 Quarter. Resolution of the Native Title Agreement negotiations and subsequent granting of these highly prospective tenements is expected early next quarter.

CORPORATE

Yalgoo Acquisition

The Yalgoo Gold Project is being acquired from a private company, Aurum Minerals Pty Ltd (**Aurum** or **Vendor**), from the shareholders of Aurum (**Aurum Shareholders**) with the acquisition entirely funded through the issue of Firefly shares and performance rights.

Exclusivity shares

In part consideration for the exclusivity granted to Firefly in respect of the Tenements, on 6 July 2020, Firefly issued 833,333 shares at 3.0 cents per share to the Vendor in accordance with the terms of the binding agreement (Exclusivity Shares). The Exclusivity Shares were issued under Firefly's 15% placement capacity under ASX Listing Rule 7.1.

Acquisition terms

The consideration payable by Firefly for the Yalgoo Gold Project comprises:

- The issue of \$2.91 million of shares (97,000,000 Firefly shares at 3.0 cents per share) pro-rata to the Aurum Shareholders to complete the project acquisition.
- The issue of up to \$0.69 million of Performance Rights (22,999,998 Performance Rights at 3.0 cents per performance right) to be split into three equal and separate tranches that will vest upon completion of the following milestones over a five-year period:
 1. Aggregate Resource increase of greater than 100,000oz of gold Mineral Resources;
 2. Aggregate Resource increase of greater than 200,000oz of gold Mineral Resources; and
 3. Mining greater than 50,000 tonnes @ 1.0g/t gold from below 12m from natural surface.

Aurum are also granted an NSR royalty of up to but not exceeding 1.25% across all concessions (based on various existing royalties, none of which currently exceed 1.0%). As disclosed in the Notice of Meeting dated 30 June 2020, the parties will negotiate a royalty deed, in respect of the 1.25% NSR royalty, and a tribute mining agreement, allowing the Vendor the right to mine a defined area within the tenement package subject to the terms and conditions set out in the agreement.

In addition, the completion of the acquisition will be subject to conditions precedent, including:

- Firefly obtaining all necessary shareholder approvals;
- The parties receiving all regulatory approvals or consents and/or complying with all requirements imposed by any regulatory body (including any governmental agency and ASX) and approvals; and
- Other conditions customary for a transaction of this nature.

Entitlement Offer

Firefly has launched an Entitlement Offer to eligible shareholders, under which the Company will offer approximately 34,262,080 Shares to shareholders of the Company with a registered address in Australia,

New Zealand and Singapore on Friday, 3 July 2020 (**Record Date**) (**Eligible Shareholders**) on a 3-for-7 basis at an issue price of 3.0 cents per Share.

The Directors have indicated that they will take up their entitlements in full and the Chairman, Mr John Hutton and Non-Executive Director, Mr Geoff Jones, have committed to provide up to \$200,000 of sub-underwriting. Details regarding the underwriting agreement with Argonaut Capital, including termination events, sub-underwriting arrangements and underwriting fees are set out in the prospectus and amended Appendix 3B lodged with ASX on 30 June 2020. If fully subscribed, the Offer will raise approximately \$1,027,862 before costs. Fractional entitlements to new Shares will be rounded down to the nearest whole number.

Funds raised under the Entitlement Offer are intended to be used as follows:

- To support the Company's planned exploration programs at Yalgoo;
- To progress the next phase of gold-focused exploration activities at the Forrestania Gold Project and other strategies for the Paterson Gold-Copper Project; and
- General working capital and transaction costs.

Shareholders as at the Record Date that have a registered address outside Australia, New Zealand or Singapore (**Ineligible Shareholders**) will not be eligible to participate in the Offer. In accordance with ASX Listing Rule 7.7.1, the Company has determined that it would be unreasonable to extend the offer to Ineligible Shareholders.

Under the Offer, Eligible Shareholders may:

- Take up all of their Entitlement;
- Allow all of their Entitlement to lapse; or
- Take up part of their Entitlement and allow the balance to lapse.

Eligible Shareholders who are taking up part or all of their Entitlement must ensure that the completed application form and application money is received by the Company's share registry, Automic Group, by 5.00 pm (AWST) on the Closing Date.

The indicative timetable and important dates of the Offer are set out below:

Event	Date
Lodgement of Prospectus with ASIC Lodgement of Prospectus, announcement of Offer and lodgement of amendment Appendix 3B with ASX	Tuesday, 30 June 2020
Notice of General Meeting despatched to shareholders and lodged with ASX	Tuesday, 30 June 2020
"Ex" Date	Thursday, 2 July 2020
Record date to determine entitlements	Friday, 3 July 2020

Prospectus and Entitlement and Acceptance Forms despatched to shareholders, and announcement that this has occurred Offer opens	Wednesday, 8 July 2020
Last date to extend the Entitlement Offer	Wednesday, 29 July 2020
Anticipated date for the General Meeting	Thursday, 30 July 2020
Anticipated date for the completion of the Yalgoo Gold Project acquisition – issue of Consideration Shares, Performance Rights and Placement Shares Lodgement of Appendix 2A	Friday, 31 July 2020
Closing date for all acceptances (5pm AWST)*	Monday, 3 August 2020
Shares quoted on a deferred settlement basis	Tuesday, 4 August 2020
Announcement of results of Entitlement Offer	Wednesday, 5 August 2020
Issue date for new shares issued under the Entitlement Offer, deferred settlement trading ends Lodgement of Appendix 2A	Friday, 7 August 2020
Normal Trading of new shares on ASX commences	Monday, 10 August 2020

* All dates (other than the date of the Prospectus and the date of lodgement of the Prospectus with ASIC and ASX) are indicative only.

Share Placements

As part of the Yalgoo acquisition agreement, Aurum Minerals Pty Ltd has also agreed to make a strategic investment in Firefly through a \$1.15 million share subscription, comprising the issue of 38,333,334 Firefly shares at 3.0 cents per share (**Vendor Placement**).

In addition to the Entitlement Offer, Firefly will also undertake a separate share placement to existing and new sophisticated and professional investors (including a Non-Executive Director of the Company, Mr Mike Edwards) comprising the issue of 5,000,000 Firefly shares at 3.0 cents per share to raise \$150,000 (**Additional Placement**).

The completion of the Vendor Placement and Additional Placement will be subject to the receipt of prior shareholder approval, with a General Meeting of Shareholders convened for 30 July 2020 to seek shareholder approval.

Change of Registered Office Address

Effective from 29 June 2020, the Company has changed its registered office address to:

15 McCabe Street
North Fremantle
Western Australia 6159

The Company's principal place of business and other contact details remains unchanged.

Coronavirus (COVID-19) Pandemic Update

Firefly is continuing to proactively manage the impacts of the Coronavirus pandemic through the implementation of measures aimed at ensuring the safety of its personnel and the public.

The measures implemented across the Company are designed to ensure that all relevant activities can continue to allow Firefly to progress its current exploration and corporate activities with minimal impact to its staff and contractors and at the lowest possible cost.

To date there has been no significant impact on the Company or its exploration activities.

Financial Position

Firefly Resources had total cash reserves of \$0.9 million as at 30 June 2020.

During the quarter, payments to Related Parties of the Company and their associates comprised executive director fees of approx. \$34K.

Authorised by:

Simon Lawson

Managing Director and CEO

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Table 1 – Tenements as at 30/06/2020

Lease	Lease Holder	Locality	Status	Current Area (blocks)	Interest
E16/0522	Firefly Resources Limited	WA	Granted	2	100%
E16/0523	Firefly Resources Limited	WA	Granted	6	100%
E16/0524	Firefly Resources Limited	WA	Granted	9	100%
E52/3756	Firefly Resources Limited	WA	Granted	4	100%
E74/0586	Forrestania Pty Ltd	WA	Granted	20	100%
E74/0591	Forrestania Pty Ltd	WA	Granted	69	100%
E74/0627	Forrestania Pty Ltd	WA	Granted	4	100%
E77/2313	Forrestania Pty Ltd	WA	Granted	5	100%
E77/2364	Forrestania Pty Ltd	WA	Granted	20	100%
E77/2348	Forrestania Pty Ltd	WA	Granted	70	100%
E77/2345	Forrestania Pty Ltd	WA	Granted	20	100%
E77/2346	Forrestania Pty Ltd	WA	Granted	20	100%
M77/0549	Forrestania Pty Ltd	WA	Granted	73.53 HA	100%
P77/4069	Forrestania Pty Ltd	WA	Granted	180 HA	100%
E52/3577	Forrestania Pty Ltd	WA	Granted	54	100%
E45/5358	Marindi Metals Operations Pty Ltd	WA	Application	68	100%
E45/5396	Marindi Metals Operations Pty Ltd	WA	Application	76	100%
E45/5397	Marindi Metals Operations Pty Ltd	WA	Application	51	100%
E45/5407	Marindi Metals Operations Pty Ltd	WA	Application	87	100%
E45/5391	Marindi Metals Operations Pty Ltd	WA	Application	174	100%
E77/2600	Firefly Resources Limited	WA	Application	21	100%
P15/6565	Firefly Resources Limited	WA	Application	192 HA	100%
P16/3265	Firefly Resources Limited	WA	Application	91.49 HA	100%
P16/3266	Firefly Resources Limited	WA	Application	133.35 HA	100%
P16/3273	Firefly Resources Limited	WA	Application	118.26 HA	100%
E45/5718	Firefly Resources Limited	WA	Application	48	100%