

FIREBIRD METALS LIMITED
ACN 610 035 535
SUPPLEMENTARY PROSPECTUS

1. IMPORTANT INFORMATION

This is a supplementary prospectus (**Supplementary Prospectus**) which supplements and is intended to be read with the prospectus dated 27 January 2021 (**Prospectus**) issued by Firebird Metals Limited (ACN 610 035 535) (**Company**).

This Supplementary Prospectus is dated 22 February 2021 and was lodged with the ASIC on that date.

The ASIC, the ASX and their respective officers take no responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than as set out below, all details in relation to the Prospectus remain unchanged. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus, copies of which can be downloaded from the website of the Company at www.firebirdmetals.com.au.

This is an important document and should be read in its entirety. If you do not understand it, you should consult your professional advisers without delay.

The Directors believe that the changes in this Supplementary Prospectus are not materially adverse from the point of view of an investor. Accordingly, no action needs to be taken if you have already subscribed for new Shares under the Prospectus.

2. PURPOSE OF THIS DOCUMENT

The purpose of this Supplementary Prospectus is to provide additional information to investors as set out in section 3 below.

3. ADDITIONAL INFORMATION

The following additional information is provided with respect to the Performance Rights proposed to be issued to Messrs Peter Allen and Wei Li (together, the **Recipients**) (refer to sections 9.3.1, 9.3.2 and 10.4 of the Prospectus for further details):

- (a) The Performance Rights are being issued to the Recipients as part of their respective remuneration packages, in order to link part of the remuneration payable to the recipients to specific performance milestones set out in Section 10.4(a) of the Prospectus. The Performance Rights are being issued to incentivise the Recipients and are not ordinary course of business remuneration securities.
- (b) A summary of the executive services agreements for each of Messrs Peter Allen (proposed Managing Director) and Wei Li (CFO) are included at Sections 9.3.1 and 9.3.2 of the Prospectus. As executive directors of the

Company, each of the Recipients will play a key role in executing the Company's business strategy (as set out in Sections 5.3 to 5.5 of the Prospectus), which is directly aligned with the performance milestones for the Performance Rights.

As Managing Director, Mr Allen will be responsible for, among other things, directing the operations of the Company and providing recommendations of a strategic nature to board members.

As CFO, Mr Li will be responsible for planning, implementation, managing and running of all the finance activities of the Company, including business planning, budgeting, forecasting and negotiations.

- (c) Details of the existing total remuneration package for the Recipients is disclosed at Section 8.2 of the Prospectus.
- (d) Details of the security holdings of the Recipients (assuming completion of the Offers and in-specie distribution) are set out in Section 8.2 of the Prospectus.

The Performance Rights are being issued as part of the Recipients' remuneration packages, as detailed in Section 9.3 of the Prospectus.

As at the date of this Supplementary Prospectus, the Company is a wholly owned subsidiary of Firefly. The Shares noted in the table in Section 8.2 are an estimate of the number of Shares each of the Recipients will receive (on account of their shareholding in Firefly) under the In-specie Distribution.

- (e) The Company considers it necessary and appropriate to further remunerate and incentivise the Recipients to achieve the applicable performance milestones for the following reasons:
 - i the issue of Performance Rights to the Recipients will further align the interests of the Recipients with those of Shareholders;
 - ii the Performance Rights are unlisted, therefore the grant of the Performance Rights has no immediate dilutionary impact on Shareholders;
 - iii the issue of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Recipients; and
 - iv it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights on the terms proposed.
- (f) The number of Performance Rights to be issued to each of the Recipients was determined by the Board following arm's length negotiations with each of the Recipients, and having regard to:
 - i current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;

- ii the remuneration of the Recipients; and
- iii incentives to attract and retain the service of the Recipients, who have the desired knowledge and expertise, while maintaining the Company's cash reserves.

In addition to the above, regard was also had to the recent issue of performance rights to the Firefly directors in December 2020 (which are comparable in terms of structure and quantum) as well as the principles and guidance articulated in ASX Guidance Note 19 with respect to the issue of performance linked securities.

The Board considers the number of Performance Rights to be appropriate and equitable for the following reasons:

- i the Performance Rights are consistent with ASX's policy regarding the base requirements for performance securities, which are detailed in section 9 of ASX Guidance Note 19;
- ii the number of Shares into which the Performance Rights will convert if the milestones are achieved is fixed (one for one) which allows investors and analysts to readily understand and have reasonable certainty as to the impact on the Company's capital structure if the milestones are achieved;
- iii there is an appropriate link between the milestones and the purposes for which the Performance Rights are being issued and the conversion milestones are clearly articulated by reference to objective criteria;
- iv there is an appropriate link to the benefit of Shareholders and the Company at large through the achievement of the milestones, which have been constructed so that satisfaction of the milestones will be consistent with increases in the value of Company's business;
- v the Performance Rights which are proposed to be issued represent a small proportion of the Company's issued capital upon listing (less than 10% of issued Share capital); and
- vi the Performance Rights have an expiry date by which the milestones are to be achieved and, if the milestones are not achieved by that date, the Performance Rights will lapse.

4. CONSENTS

The Company confirms that as at the date of this Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.

5. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.



Ashley Pattison
Non-Executive Director
For and on behalf of
Firebird Metals Limited