

## Firefly signs conditional agreement to sell non-core Forrestania Gold Project in WA

**Firefly grants exclusive option to Forrestania Resources Pty Ltd to acquire 1,000km<sup>2</sup> tenement package for \$1.75 million worth of shares, \$50,000 cash plus a royalty**

### **Key Points:**

- Firefly enters a binding Terms Sheet with private resource company Forrestania Resources Pty Ltd for the proposed sale of its 100%-owned Forrestania Gold Project in WA.
- Under the agreement, Forrestania Resources has an exclusive option to acquire the Project subject to the completion of due diligence, an ASX listing via either an IPO or an agreement with an ASX-listed entity (RTO Entity) as well as other normal regulatory approvals and third-party consents.
- The consideration is the issue of shares in the ASX-listed entity to the value of \$1.25 million at completion plus \$50,000 in cash. A further milestone payment of \$500,000 in shares is also payable on the definition of a JORC 2012 Resource of at least 250,000oz of gold at over 2g/t Au.
- The transaction represents another significant opportunity to crystallise value for Firefly shareholders from a non-core asset, following the highly successful demerger and IPO of Firebird Metals Limited (ASX: FRB), which is scheduled to list on the ASX tomorrow.
- The transaction is consistent with Firefly's core focus on its flagship 100%-owned Yalgoo Gold Project and Paterson Copper-Gold Project in WA.

Firefly Resources Ltd (**ASX: FFR; Firefly or the Company**) is pleased to advise that it has entered into a binding Terms Sheet with unlisted resource company Forrestania Resources Pty Ltd ("**Forrestania Resources**") to sell its 100%-owned Forrestania Gold Project, located 380km east of Perth in Western Australia.

Forrestania Resources is an entity associated with WA mining executives John Hannaford and David Izzard which is proposing to list on the ASX via either an Initial Public Offering ("**IPO**") or an agreement with an existing ASX-listed entity ("**RTO Entity**").

The decision to divest the Forrestania Gold Project follows a strategic review of the Company's assets outside of the flagship Yalgoo Gold Project, where it has a major 30,000m drilling program underway and is working towards a maiden JORC 2012 Mineral Resource, and the Paterson Copper-Gold Project in Western Australia, where it is planning to commence its maiden exploration program next month.

This review has already resulted in a decision to demerge the Company's 100%-owned Oakover Manganese Project in Western Australia to a new manganese-focused exploration company, Firebird Metals (ASX: FRB), which is scheduled to list on the ASX tomorrow following a successful IPO.

Firefly's tenure at the Forrestania Gold Project comprises over 1,000 square kilometres of tenements focused on the well-endowed southern Forrestania Greenstone Belt, a 100km long, north-to-south package of variously metamorphosed mafic/ultramafic/volcano-sedimentary rocks that host the historic 1Moz Bounty gold deposit, the operating Flying Fox and Spotted Quoll nickel mines, and the more recently discovered Earl Grey lithium deposit.

Firefly has undertaken limited lithium and gold-focused exploration programs across its tenement package over the past two years, resulting in the discovery of two new structural gold positions at Gemcutter and Crossroads in previously overlooked areas.

However, the Company's focus has shifted to the more advanced Yalgoo Gold Project since acquiring that project in mid-2020, and the Board has determined that its financial and management resources should continue to be focused on progressing the Yalgoo asset while also commencing initial exploration activities at its Paterson Copper-Gold Project.

### **Agreement Terms**

Under the agreement between Forrestania Resources Pty Ltd and Firehawk Gold Pty Ltd, the latter a wholly-owned subsidiary of Firefly which holds the Forrestania Project tenements, Firefly has granted an exclusive option for a period of six months to Forrestania Resources to acquire the Project by paying a \$50,000 cash option fee.

Forrestania Resources can proceed to exercise the option and complete the acquisition subject to either meeting or waiving a number of conditions, including:

- The satisfactory completion of commercial, legal and technical due diligence on the Forrestania Project;
- Forrestania Resources receiving conditional listing approval to list on the ASX either via an IPO or entering into an agreement with an RTO Entity; and
- Other relevant regulatory and shareholder approvals (if applicable) and third-party consents which are customary for a transaction of this nature. Further announcements will be made in due course.

The consideration for the acquisition is the issue of \$1.25 million worth of shares in either the IPO or RTO Entity, a \$50,000 cash payment, plus a milestone payment of \$500,000 worth of shares on the definition of a JORC 2012 Mineral Resource of at least 250,000oz of gold at over 2g/t Au and the grant of a 1.0% Net Smelter Return Royalty over all minerals produced from the tenements.

### **Management Comment**

Firefly Managing Director, Simon Lawson, said the proposed sale of the Forrestania Project represented an opportunity to crystallise value from another non-core asset, while ensuring management time and resources remained focused on the Company's flagship Yalgoo Gold Project.



"We are continuing to establish a track record of creating value for our shareholders from non-core projects, as evidenced by the recent Firebird Metals demerger and IPO," he said. "This transaction with Forrestania Resources should be seen in a similar context."

"While we believe the Forrestania greenstone belt offers huge upside from a gold exploration perspective, we believe this asset is better placed in the hands of another explorer with the time, resources strategic focus required to unlock its discovery potential," he continued.

"We are pleased to have reached agreement with the well-regarded team at Forrestania Resources to divest the project through a transaction that will ultimately deliver Firefly a stake in a new gold IPO or RTO, providing our shareholders with exposure to future discovery success.

"We look forward to working with the Forrestania Resources' team to satisfy all the conditions required to complete this transaction, and to becoming a shareholder in what we hope will be a very successful new ASX-listed gold company."

**Authorised by Simon Lawson, Managing Director – Firefly Resources Ltd**

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