

\$6m capital raising to accelerate gold drilling at Yalgoo

Proceeds of strongly-supported raising to be used to add a second RC drill rig at Yalgoo and undertake maiden drill program at the recently granted Paterson copper-gold project

Key Points:

- **Strongly supported placement comprising 40m shares at 15c to raise \$6m.**
- **Existing strategic and cornerstone shareholders subscribe for \$3m or 50% of the placement.**
- **Proceeds to be used to accelerate drilling at the Yalgoo Gold Project, where Phase 2 of a 10,000m RC program is underway.**
- **Second RC rig to be added to expand drilling capacity, with one rig to focus on resource drilling at the Melville Gold Deposit and potential extensions to the north, and the second rig to focus on the Brilliant and Lady Lydia historic resources and other regional targets.**
- **Proceeds will also be used to undertake a maiden drill program at the Wanderer copper-gold prospect, part of the Paterson Project in WA.**

Firefly Resources Ltd (**ASX: FFR; Firefly or the Company**) is pleased to advise that it has received firm commitments to raise **\$6 million** through a strongly-supported share placement (**Placement**) to expand and accelerate its ongoing drilling and exploration programs at the 100%-owned **Yalgoo Gold Project** in Western Australia (Figure 1).

The proceeds of the Placement will also be used to underpin a maiden drilling program at the Company's Paterson Copper-Gold Project in the Paterson Province of WA, where it recently secured the grant of the tenement covering the highly prospective Wanderer copper-gold prospect, located 250km east of Newman.

Share Placement Details

The Placement, comprising the issue of 40 million fully-paid ordinary shares at \$0.15 per share, is being undertaken to existing and new sophisticated and professional investors. A number of existing or strategic shareholders of Firefly are subscribing for a total of \$3 million, or 50%, of the Placement.

The Placement price of \$0.15 per share represents:

- A 12% discount to the last traded price of \$0.17 per share;
- A 14% discount to the 10-day VWAP (\$0.175 per share); and
- A 9% discount to the 15-day VWAP (A\$0.165 per share).

The Placement is being undertaken within the Company's existing placement capacity pursuant to ASX Listing Rule 7.1 and 7.1A. Allotment of the shares to be issued through the Placement is expected to occur on Friday, 9 October 2020.

CPS Capital is acting as Lead Manager to the Placement. A capital raising fee of 6% (excluding GST) on all funds raised will be paid to the Lead Manager. Subject to shareholder approval, CPS Capital, or its nominees, will be granted a total of 16,000,000 Corporate Options post completion of the Placement at \$0.25 each with an expiry date of 18 months from the date of issue.

Following completion of the Placement, Firefly will have ~\$8 million in cash reserves and a total of 299,789,532 fully-paid ordinary shares on issue.

Use of Funds

The proceeds of the Placement will be used to expand the ongoing RC drilling program at the Yalgoo Gold Project in WA, where Phase 2 of the previously announced 10,000m drill program is underway.

Specifically, the funds will be used to:

- Underpin an expanded drill program with 1 RC rig to focus on resource drilling at the Melville Gold Deposit with a view to establishing a JORC 2012 compliant Mineral Resource, testing the recently identified high-grade position on the eastern margin of the historic resource, and testing possible extensions of the deposit and new discoveries to the north;
- Underpin the addition of a second RC rig to focus on drilling across the Brilliant and Lady Lydia historic resources, follow-up numerous historic gold workings which have never been drill tested and test exposed mineralised porphyry unites on the recently acquired Holland leases;
- Underpin a maiden heli-supported drill program at the Wanderer copper-gold prospect, 250km east of Newman, where Firefly recently secured the grant of the tenements (see ASX: FFR announcement 23 September 2020); and
- To provide additional working capital for potential regional strategic acquisitions, ongoing exploration at the Forrestania Gold Project in WA and for general working capital purposes.

Management Comment

Firefly Managing Director, Simon Lawson, said the completion of this strongly supported capital raising marked another exciting step in Firefly's 'coming of age' as an exciting new growth stock in the WA gold sector.

"Our recent Yalgoo acquisition and subsequent successful maiden drill program has put Firefly on the map. Now, thanks to the support of existing and new shareholders – including the cornerstone holders who have collectively subscribed for half of this Placement – we have the capacity to step up our exploration activities at Yalgoo to the next level.

"Drilling is already underway testing the area surrounding the eastern limb of the Melville deposit where we recently reported spectacular grades. We will use these funds to secure a second RC rig and our plan now is to keep both rigs turning pretty much until the end of the year, allowing for sensible phases and stages of exploration to accommodate assay turnaround.

"The deliverables from this work will be a maiden JORC Resource for the Melville deposit by year-end and, we hope, one, two or maybe more new discoveries across the under-explored Yalgoo gold field. In addition, we now have the ability to commence our maiden drill program at the exciting Wanderer prospect in the Paterson, and we will resume the next phase of exploration at the Forrestania Project in south-west WA.

"There should be news flow aplenty, and on multiple fronts, as we really put our foot on the exploration accelerator and work hard to deliver value for our shareholders in the months ahead."

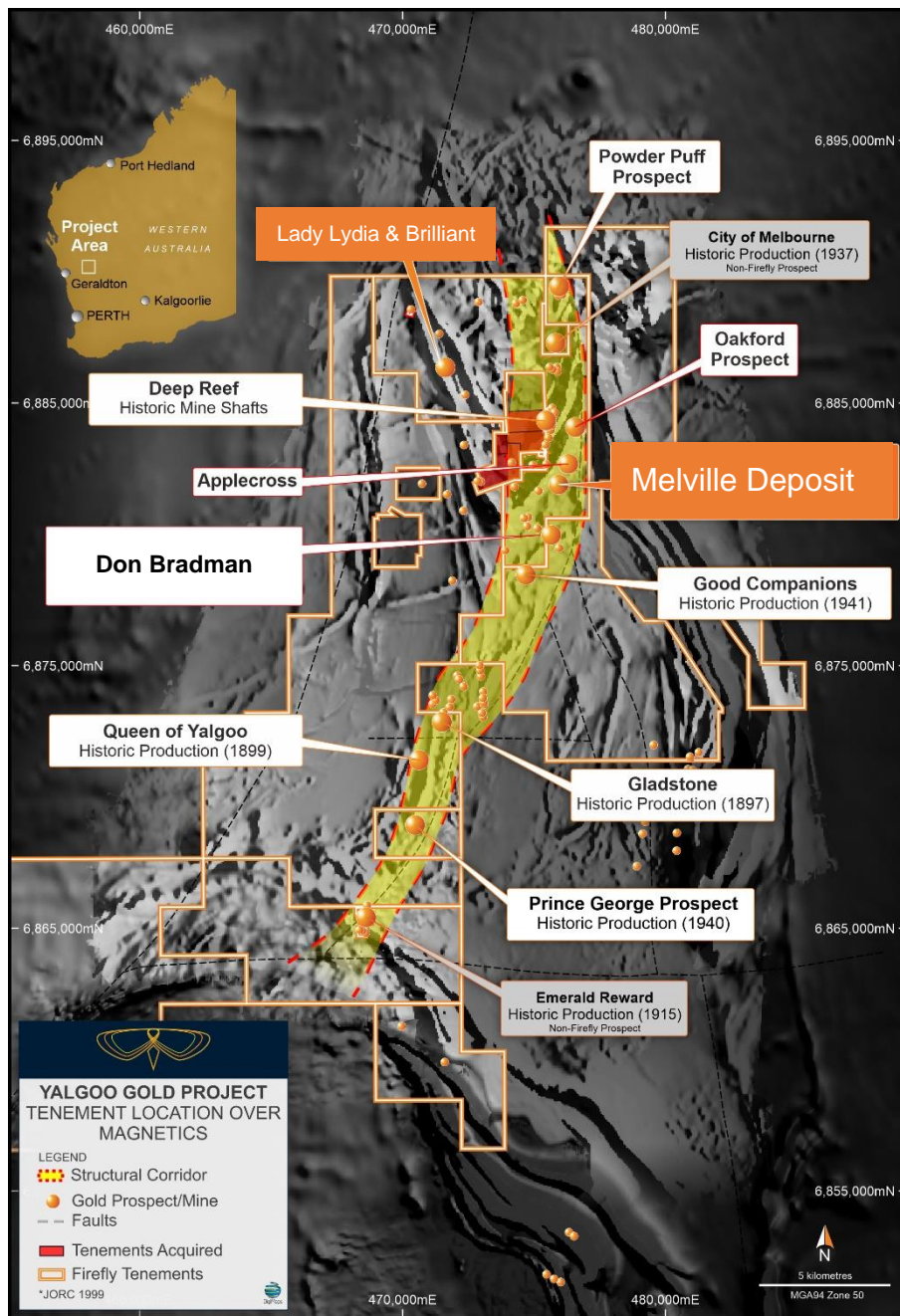


Figure 1. Yalgoo Gold Project location map showing existing Firefly YGP tenure with the new Holland Acquisition ground (shown in red).

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