

8 July 2021

Gascoyne & Firefly Execute Demerger of their Copper-Gold and Lithium Exploration Assets

Highlights

- **Gascoyne and Firefly execute binding documentation for the demerger of their copper-gold and lithium exploration assets**
- **Demerger creates regional scale new energy metals focused exploration company, Firetail Resources Ltd, which intends to apply to list on the ASX**
- **Demerger to unlock shareholder value with prospective tenement package and leverage to growing new energy metals market**

Gascoyne Resources Limited (ASX:GKY) ("**Gascoyne**") and Firefly Resources Limited (ASX:FFR) ("**Firefly**") are pleased to announce that they have entered into a binding Demerger Implementation Deed ("**DID**") pursuant to which Gascoyne and Firefly have agreed the terms of a demerger of various assets¹ including the Paterson Copper-Gold Project, the Forrestania Gold Project² and lithium mineral rights over various tenements held by both Gascoyne and Firefly which are to be acquired by a newly incorporated wholly owned subsidiary of Firefly, Firetail Resources Limited ("**Firetail**") ("**Demerger**").

Following the recent announcement of the merger between Gascoyne and Firefly³ ("**Merger**"), both companies believe the formation of Firetail creates a new exploration driven, energy metals focused business with a portfolio of copper-gold and lithium assets structured to unlock additional value for their respective shareholders.

The Demerger will be conducted by way of an equal capital reduction in Firefly and an in-specie distribution of shares in Firetail to Firefly shareholders. Under the Demerger Firefly shareholders will receive one (1) share in Firetail for approximately every 12.05⁴ Firefly shares they hold at the record date. Upon completion of the Demerger, existing Firefly and Gascoyne shareholders will have an approximate 90.1% and 9.9% interest in Firetail, respectively.

Firetail will initially be a publicly unlisted company with an intention to seek an ASX listing at a later date following implementation of the Merger. As part of the Demerger, Firefly will make available up to \$1.5 million in cash to Firetail which will comprise the payment of certain Firetail expenses (including reimbursement of transaction costs and immediate working capital requirements) with the remainder of such amount to be transferred to Firetail (subject to certain conditions).

The key details of Firetail are summarised below:

- A new exploration focused company;
- Up to \$1.5 million in paid expenses or cash (as described above) and nil debt on completion; and

¹ Further details of the specific assets to be acquired by Firetail Resources Ltd are included on page 2 of this announcement.

² Forrestania Gold Project remains subject to a binding term sheet agreement ("Term Sheet") with unlisted resource company Forrestania Resources Pty Ltd ("Forrestania Resources"), as announced by Firefly to the ASX on 17 March 2021 ("Forrestania Announcement"). In the event Forrestania Resources exercises its option to acquire the Forrestania Gold Project in accordance with the Term Sheet, the project will be sold to Forrestania Resources and the consideration received will be transferred to Firetail. Further details on the Term Sheet are set out in the Forrestania Announcement.

³ Refer to ASX Announcement titled "Gascoyne and Firefly to Merge" dated 16 June 2021.

⁴ Note ratio still approximate and has been revised slightly from what was anticipated in Firefly's 16 June 2021 ASX merger announcement due to how many options are expected to be exercised as opposed to cancelled as part of the merger.

- Ownership of the following existing Firefly and Gascoyne assets:
 - Paterson Copper/Gold Project;
 - Forrestania Gold Project¹;
 - Lithium mineral rights over tenements held by Firefly's subsidiary, Lightning Bug Resources Pty Ltd;
 - Lithium mineral rights over Yalgoo, except for Mining Lease 59/0358;
 - Mining Lease 59/0358, comprising the Holland exploration camp and associated infrastructure (gold rights to remain with the combined Gascoyne / Firefly entity); and
 - Lithium mineral rights over certain wholly owned tenements at Dalgarranga, excluding Mining Lease 59/749, related various Miscellaneous Licences and any known gold deposits.

Investors are cautioned that although the application for admission of Firetail to the official list of ASX is intended to occur after the implementation of the Demerger, there can be no certainty as to the timing of when such application will be made or that any such application will be successful. Any application by Firetail to admission of the official list of ASX will be subject to satisfying the requirements of ASX.

Indicative Timetable

Firefly shareholders will be asked to approve the Demerger at a shareholder meeting expected to be held in September 2021.

Full particulars of the Demerger, transaction terms and recommendations will be provided to Firefly shareholders through the notice of meeting seeking shareholder approval for the Demerger. Details will also be included in the Gascoyne / Firefly Scheme of Arrangement Booklet. It is expected that these documents will be dispatched to Firefly shareholders in August 2021.

Firefly shareholders are not required to take any action at this stage in relation to the Demerger.

Richard Hay
Managing Director & CEO
Gascoyne Resources Limited

Simon Lawson
Managing Director & CEO
Firefly Resources Limited

This announcement has been authorised to be released to the ASX by the Boards of Gascoyne Resources Limited and Firefly Resources Limited.

– ENDS –

Forward-looking statements

This announcement contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and certainties and other factors which are beyond the control of Gascoyne and Firefly and their respective

directors and management. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumption on which these statements are based. These statements may assume the success of Gascoyne and/or Firefly's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19, and except as required by law or regulation, none of Gascoyne and Firefly and their respective representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to Gascoyne as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of Gascoyne and Firefly and their respective representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events, or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

Unless otherwise stated, all dollar values in this announcement are in Australian dollars.