FIREBIRD METALS PTY LTD

ACN 610 035 535

INTERIM FINANCIAL REPORT

For the half year ended 31 December 2020

General Purpose Financial Statements

Contents

DIRECTOR'S REPORT

The Director of Firebird Metals Pty Ltd (formerly Forrestania Pty Ltd) (the **Company**) presents the Director's Report together with the financial statements of the Company for the six months ended 31 December 2020.

Director

The following person was a director of the Company at any time during or since the end of the half year:

Mr Simon Lawson – appointed 1 May 2018

Mr Lawson has a Master of Science in Geology from Auckland University and has over 15 years of exploration, production and management experience in gold and base metals. He has previously held senior geology roles at major Australian gold producer Northern Star Resources Ltd, where as Principal Geologist, he was part of the team which took the company from junior explorer to a major multi-mine producer, today valued at over $3 Billion.

Company Secretary

Ms Natalie Teo – appointed 12 April 2019

Ms Teo graduated with a Masters in Accounting from Curtin University in Western Australia and completed a Graduate Diploma in Applied Corporate Governance with the Governance Institute of Australia. Ms Teo is a Chartered Secretary and is currently working with a firm that provides corporate and accounting services to both listed and unlisted entities.

Review of Operations

The Company made an operating loss of $208,097 (2020: Loss of $485,235) for the half year.

Principal and Corporate Activity

The Company's principal activity during the year was mineral exploration.

On 18 December 2020, the Company's parent entity, Firefly Resources Limited (ASX:FFR) (**Firefly Resources**) announced that it is proposing, subject to shareholder and other approvals, to demerge its 100%-owned Oakover Manganese Project via its subsidiary company, being Firebird Metals Pty Ltd, and it is intended that the Company will undertake an initial public offer of its securities to facilitate an ASX-listing in conjunction with the demerger. Refer FFR ASX announcement dated 18 December 2020 for further details regarding the demerger.

The Company also entered into an option and exclusivity agreement to acquire two additional high-grade manganese exploration concessions (one still in application) within proximity to the Oakover Project with Mr Peter Gianni and Mining Equities Pty Ltd (**Vendors**). The asset purchases are conditional on completion of technical and commercial due diligence by the Company and the Vendors, the successful completion of the Company's initial public offer, and the Company receiving conditional listing approval from the ASX.

On 31 December 2020, the Company undertook a debt for equity conversion for all amounts due to related companies, following which, resulted in the issue of 24,999,900 fully paid ordinary shares, 100% held by its parent entity, Firefly Resources.

It is intended that Firefly Resources will then distribute and transfer its existing shares in-specie to its shareholders on a pro-rata basis. The in-specie distribution by Firefly Resources is also conditional upon:

- receipt of shareholder approval;
- a short-form prospectus being issued by Firefly Resources to facilitate the in-specie distribution;
- the Company's initial public offer being successfully completed; and
- the Company receiving conditional listing approval from the ASX.

DIRECTOR'S REPORT

Events arising since the end of the reporting period

There has not arisen in the interval between the end of the current reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Director, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Auditor

Stantons International was appointed and continues in office in accordance with section 327 of the Corporations Act 2001 (Cth).

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of this report.

Dated this 14 day of January 2021 at Perth, Western Australia

Signed in accordance with a resolution of the sole director:

Simon Lawson
Director

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

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14 January 2021

The Directors
Firebird Metals Pty Ltd
T2, 64-68 Hay Street
Subiaco, Western Australia 6008

Dear Sirs

RE: FIREBIRD METALS PTY LTD

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Firebird Metals Pty Ltd.

As Audit Director for the review of the financial statements of Firebird Metals Pty Ltd for the period ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Samir R Tirodkar
Director

Firebird Metals Pty Ltd
ACN 610 035 535

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Note	31 DECEMBER 2020 $	31 DECEMBER 2019 $
Income		-	-
Exploration and evaluation expenses written off	3	(208,097)	(485,235)
Corporate and administrative expenses		-	-
Loss before income tax		**(208,097)**	**(485,235)**
Income tax expense		-	-
Loss after income tax expense for the period attributable to the owners		(208,097)	(485,235)
Other comprehensive income for the period		-	-
		(208,097)	(485,235)
Total comprehensive loss for the period attributable to the owners		**(208,097)**	**(485,235)**

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31 DECEMBER 2020 $	30 JUNE 2020 $
Current Assets			
Cash and cash equivalents	2	100	100
Total Current Assets		**100**	**100**
Non-Current Assets			
Exploration and evaluation expenditure	3	-	45,000
Total Non-Current Assets		**-**	**45,000**
TOTAL ASSETS		**100**	**45,100**
Current Liabilities			
Amount due to related companies	4	-	3,981,389
Total Current Liabilities		**-**	**3,981,389**
TOTAL LIABILITIES		**-**	**3,981,389**
NET ASSETS/ LIABILITIES		**100**	**(3,936,289)**
Equity			
Contributed equity	5	4,144,586	100
Accumulated losses		(4,144,486)	(3,936,389)
TOTAL EQUITY		**100**	**(3,936,289)**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Firebird Metals Pty Ltd
ACN 610 035 535

STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Contributed Equity	Accumulated Losses	Total Equity
	($)	($)	($)
Balance at 1 July 2019	**100**	**(3,280,650)**	**(3,280,550)**
Loss after income tax expense for the period	-	(485,235)	(485,235)
Other comprehensive income/(loss) for the period, net of tax	-	-	-
Total comprehensive loss for the period	-	**(485,235)**	**(485,235)**
Balance at 31 December 2019	**100**	**(3,765,885)**	**(3,765,785)**
Balance at 1 July 2020	**100**	**(3,936,389)**	**(3,936,289)**
Loss after income tax expense for the period	-	(208,097)	(208,097)
Other comprehensive income/(loss) for the period, net of tax	-	-	-
Total comprehensive loss for the period	-	**(208,097)**	**(208,097)**
Issue of share capital (Note 5)	**4,144,486**	-	**4,144,486**
Balance at 31 December 2020	**4,144,586**	**(4,144,486)**	**100**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

	Note	31 DECEMBER 2020	31 DECEMBER 2019
		$	$
Cash Flow from operating activities			
Cash payments in the course of operations (1)		(163,097)	(485,235)
Net cash (used in) operating activities		**(163,097)**	**(485,235)**
Cash Flow from investing activities			
Payments for exploration and evaluation assets		-	-
Net cash (used in) investing activities		**-**	**-**
Cash Flow from financing activities			
Proceeds in the form of an intercompany loan	6	163,197	485,335
Net cash provided by financing activities		**163,197**	**485,335**
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the year		100	100
Cash and cash equivalents at the end of the year	2	**100**	**100**

(1) Loss for the period, net of write-off of capitalised acquisition cost of $45,000 (six months ended 31 December 2019: Nil) is equivalent to the total cash used in operating activities and are paid by related parties. The Company has no active bank account as at reporting date.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation and Statement of Compliance

These general purpose financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 (Cth), Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (**AASB**) and Corporations Act 2001. The financial statements of the Company also comply with the International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

The presentational and functional currency is Australian Dollars. The financial statements have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes.

The Company's parent entity, Firefly Resources Limited, includes the Company in its consolidated financial statements, which are prepared in accordance with Australian Accounting Standards and also comply with the IFRS as issued by the IASB. The consolidated financial statements are available to the public and may be obtained from the Company's registered office at T2, 64-68 Hay Street, Subiaco Western Australia 6008, Australia.

The interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report. It is recommended that the interim financial report be read in conjunction with the annual report for the year ended 30 June 2020 and considered together with any public announcements made by the Company's parent entity, Firefly Resources Limited (ASX: FFR) during the half year ended 31 December 2020 in accordance with continuous disclosure obligations under the ASX Listing Rules.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Company's 2019 and 2020 annual financial reports. The Company has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (the **AASB**) that are relevant to its operations and effective for the current half year period.

Use of estimates and judgements

The preparation of the interim financial report requires the Director to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgments made by the Director in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual financial report for the year ended 30 June 2020.

Exploration and evaluation expenditure

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made.

Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production.

Going Concern

The interim financial report has been prepared on a going concern basis and is dependent on the continuous financial support from its parent entity in order to meet its working capital needs for a period not less than twelve months from the date of the financial statements. The Director is confident that the funding requirements of the Company can be fulfilled through the continuous support from its parent entity.

On this basis, the Director is satisfied that it is appropriate to prepare the financial statements of the Company on a going concern basis. The financial statements do not include any adjustment to the carrying amount or classification of assets and liabilities that would occur if the Company was unable to continue as a going concern.

Financial Risk Management

The Company’s financial risk management objectives and policies are consistent with those disclosed in the full financial report for the year ended 30 June 2020.

NOTE 2: CASH AND CASH EQUIVALENTS	31 DECEMBER 2020 $	30 JUNE 2020 $
Petty cash	100	100
	100	100

NOTE 3: EXPLORATION AND EVALUATION EXPENDITURE

	6 MONTHS TO 31 DECEMBER 2020 $	12 MONTHS TO 30 JUNE 2020 $
Mineral acquisition costs carried forward in respect of areas of interest (net of amounts written off) (a)	**-**	**45,000**
Reconciliation		
Carrying amount at the beginning of the year	45,000	65,000
Expenditure during the year – exploration	163,097	635,472
Acquisition during the year – exploration	-	-
Expenditure written off	(208,097)	(655,472)
Carrying amount at the end of the year	**-**	**45,000**

(a) The ultimate recoupment of exploration and evaluation expenditure is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas. During the period, the Company wrote off expenditure totalling $208,097 (six months ended 31 December 2019: $485,235), including acquisition costs of $45,000 (six months ended 31 December 2019: Nil).

NOTE 4: AMOUNTS DUE TO RELATED COMPANIES

This note provides information about the contractual terms of the Company's intercompany loans from the parent entity and another subsidiary within the same group.

Current		
Loan from Firefly Resources Limited (parent)	-	3,526,419
Loan from Firefly Operations Pty Ltd (related company)	-	454,970
	-	**3,981,389**

On 31 December 2020, the parties agreed to have the outstanding debt settled by way of a debt for equity conversion. This resulted in the issue of 24,999,900 fully paid ordinary shares to the Company's parent entity to extinguish the outstanding amounts due to related companies of $4,144,486 (comprised of $3,680,349 due to Firefly Resources and $464,137 due to Firefly Operations, before conversion) (Note 5). The loans were unsecured, repayable on demand and were not interest bearing.

NOTE 5: CONTRIBUTED EQUITY	31 DECEMBER 2020 $	30 JUNE 2020 $
25,000,000 (30 June 2020:100) fully paid ordinary shares	**4,144,586**	**100**

Ordinary shares entitle the holder to participate in dividends and the proceeds from winding up of the Company in proportion to the number and amounts paid on the shares held.

The following movements in issued capital occurred during the six months ended 31 December 2020:

	No. of Shares		$	
	6 months to 31 December 2020 No.	12 months to 30 June 2020 No.	6 months to 31 December 2020 $	12 months to 30 June 2020 $
Balance at beginning /and end of the period	100	100	100	100
Issue of shares in full satisfaction of amounts due to related companies[1]	24,999,900	-	4,144,486	-
Balance at end of the period	25,000,000	100	4,144,586	100

1. The issue of 24,999,900 shares to the parent entity were for amounts due to related companies. Refer Note 4 for further details.

NOTE 6: RELATED PARTY TRANSACTION

	31 DECEMBER 2020 $	30 JUNE 2020 $
(a) Transactions with related parties		
Payments for exploration and evaluation expenditure	163,097	635,739
(b) Payable to related parties		
Loans from Firefly Resources Limited (parent entity)		
Beginning of the period	3,526,419	2,902,147
Additions	153,930	624,272
Debt for equity conversion (Note 4)	(3,680,349)	-
End of the period	**-**	**3,526,419**
Loans from other related company		
Beginning of the period	454,970	443,503
Additions	9,167	11,467
Debt for equity conversion (Note 4)	(464,137)	-
End of the period	**-**	**454,970**

NOTE 6: RELATED PARTY TRANSACTION (CONTINUED)

(c) Terms and conditions

All transactions with related parties were made on normal commercial terms and conditions and are interest free.

NOTE 7: AUDITOR'S REMUNERATION

	31 DECEMBER 2020 $	30 JUNE 2020 $
Stantons International – audit services		
Audit and review of financial reports	6,000	5,000

The Company's auditor did not provide any non-audit services during the year and audit fees were paid or will be paid by related parties (refer to Note 6) on behalf of the Company.

NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE

The Company is not aware of any matter of circumstance which has arisen since 31 December 2020 that has significantly affected or may significantly affect:

(a) the operations, in the financial year subsequent to 31 December 2020, of the Company, or

(b) the results of those operations, or

(c) the state of affairs, in the financial period subsequent to 31 December 2020, of the Company.

DIRECTOR’S DECLARATION

In the Director’s opinion:

(a) the attached financial statements and notes thereto comply with the Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Act 2001;

(b) the attached financial statements and notes thereto give a true and fair view of the Company’s financial position as at 31 December 2020 and of its performance for the half year ended on that date; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the sole director made pursuant to section 295(5)(a) of the Corporations Act 2001.

Dated this 14 day of January 2021 at Perth, Western Australia

Simon Lawson
Director

Stantons International Audit and Consulting Pty Ltd
trading as
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBER OF FIREBIRD METALS PTY LTD

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Firebird Metals Pty Ltd (the "Company"), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Firebird Metals Pty Ltd does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 14 January 2021.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd
Samir

Samir R Tirodkar
Director

West Perth, Western Australia
14 January 2021