

## Shareholders' Report



# **FIRESTEEL RESOURCES INC.**

## **REPORT ON 2017 MILESTONES AND 2018 STRATEGIC GOALS**

**Laiva Gold Mine – Finland**

February 2018

# FIRESTEEL RESOURCES INC.

## REPORT ON 2017 MILESTONES AND 2018 STRATEGIC GOALS

### 2017 Milestones and Strategic Goals

- **Acquisition**
  - In early 2017 the Firesteel board agreed that a change of direction and the acquisition of a financeable project presented the best prospects for shareholders. Several areas of interest were investigated but it was eventually decided that we would attempt to acquire the Laiva Mine, a fully built, fully permitted past producing gold mine 15km from Raahe, Finland.
  
- **JV Agreement**
  - On September 11<sup>th</sup> 2017, a joint venture agreement was signed with Nordic Mines AB, whereby Firesteel would acquire 60% of Nordic Mines Marknad AB, a private Swedish company that owned 100% of the assets. Firesteel agreed to be the operator and was charged with returning the mine to production. The JV agreement also allowed for Firesteel to buy out the remainder 40% of Nordic Mines Marknad for fair market value, based on Firesteel's share value.
  
- **Internal economic assessment**
  - Extensive financial and economic analysis was conducted by JT Boyd and reviewed by RPM Global. Although this was not intended to be an NI 43-101 compliant PFS, Firesteel was confident that the level of detail provided made sense for the company to proceed with closing the deal and returning the mine to production.
  
- **Resource estimate**
  - JT Boyd was engaged to remodel the resource as Nordic Mines had only a JORC compliant resource estimate.
  - On August 9<sup>th</sup> 2017, JT Boyd delivered an updated NI- 43-101 resource estimate of 151,000 ounces of measured and indicated gold and 445,000 ounces of inferred gold.
  - Boyd has been working with Firesteel on this project since March 2017 and has done extensive data reviews and financial modelling to give us a comfort level to proceed directly to production before completing a PFS. A PFS is scheduled for completion before production starts.
  - These models were reviewed by Pandion and their consultants before financing was provided.



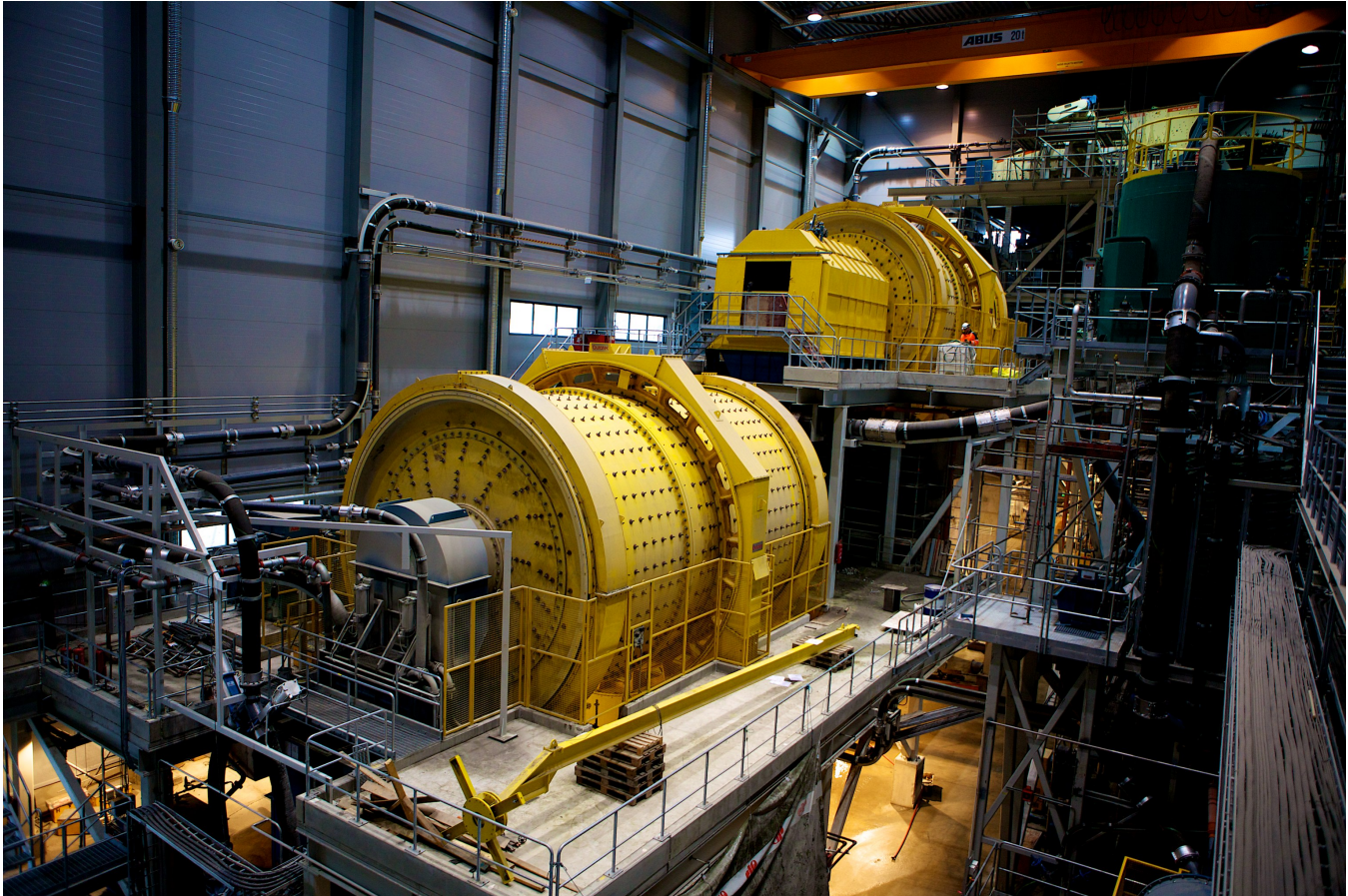
- **Acquisition of US\$20,600,000 financing.**

- On November 14<sup>th</sup> 2017, Firesteel signed a gold forward sale agreement (PPF) with Pandion Mine Finance subsidiary, PFL.
- Under the PPF Agreement, over a period of 60 months following the date of closing, the Company will be obligated to deliver to PFL 67,155 ounces of gold. PFL will then pay to the Company, on each delivery of gold, an amount of gold equal to the market price, less a discount.
- The PPF Agreement has an exchange mechanism that allows PFL to elect at any time, in lieu of delivery of up to 24,000 ounces of gold, to receive up to 270 million common shares of the Company at an exchange rate of 100 ounces to 1,125,000 shares. The exercise of such contract quantity exchange option is conditioned upon PFL owing less than 20% of the issued and outstanding shares of Firesteel after giving effect to such exchange, unless PFL has secured the necessary shareholder approval required to exceed the 20% threshold.
- If prior to period of 60 months following the date of closing (December 8, 2017), the listed common shares of Firesteel trade at more than CDN\$0.60 for a period of one hundred eighty (180) consecutive trading days, PFL shall be required to exercise its exchange right and send a notice to Firesteel within 90 days after the expiry of such one hundred eighty (180) day period and consummate the conversion contemplated therein.
- PFL may, by written notice to Firesteel, at any time prior to sixty (60) months after December 8, 2017, elect to exchange any unexercised portion of the Contract Quantity Exchange Option (in whole or in part) into a secured obligation to pay the full value of the exchanged Contract Quantity Exchange Option out of the Company's excess cash flows. The full value of the exchanged Contract Quantity Exchange Option shall be calculated as equal to the 24,000 ounces of the Contract Quantity Exchange Option multiplied by 11,250 (equals 270,000,000 shares) multiplied by the volume weighted average closing price of the common shares of Firesteel on the TSX Venture Exchange for the 5 days immediately preceding such election.

- **Frankfurt Listing**

- On November 10<sup>th</sup>, Firesteel was also listed on the Frankfurt DB exchange under the symbol 2FN.

- **Acquisition of 60% of Laiva Mine**
  - On December 8<sup>th</sup> 2017, Firesteel received the funds (US\$20,6 million) from Pandion Mine finance and closed the transaction whereby it owned 60% of Nordic Mines Marknad.
  
- **Acquisition of remaining 40%**
  - On February 8<sup>th</sup>, 2018, Firesteel exercised it's option to acquire the remaining 40% of Nordic Mines by issuing 58.4 million Firesteel shares to NOMI at a deemed issue price of \$0.0966 per common share ( \$5.6 million).



## Goals and Achievements For 2018

- **Team on the ground managing and initiating restart program**
  - Firesteel and JT Boyd employees arrived at Laiva on 4<sup>th</sup> January 2018 to begin work recommissioning the mill and plant and restarting the mine. Work is currently on schedule for a July or August 2018 restart.
  
- **Qualified senior team in place**
  - The first job for Firesteel was to recruit a suitably qualified senior management team to ensure that restart plans proceed as planned. The top team including the general manager is now in place. The focus has been on finding suitably qualified Finns to fill

- most of the positions. Only 3 of the top positions at the mine are currently filled by expat employees.
- **Complete pre-feasibility study**
  - Although extensive modeling and review has been conducted, a pre-feasibility study is expected by the end of April 2018. This will enable peer comparisons and for us to disclose production plans and costs etc. The decision to go straight to production before a PFS prevents us from disclosing any financial modeling details and was done to cut the burn of €200,000 per month for care and maintenance.
- **Commissioning of the plant**
  - The JT Boyd team of consultants continues to work with us at the mine to bring the Laiva Mine back into production. Their work includes an extensive review of the geology, all of the historical data from mining and production, along with new work on metallurgical balances, mill and plant operations and gold recovery.
  - We expect the plant will return to production by July or August 2018.
- **Commencement of operations**
  - Operations in the pits are expected to begin in May of 2018. Initially selective mining will be employed to not only ensure grade but also to provide sufficient ore to feed the 250 tonne per hour mill on start up. We currently expect the mill to start in July of 2018.
- **Exploration to add ounces**
  - One of our key objectives is to conduct exploration not only to extend the number of ounces in and around the pits but also to discover new ounces on our satellite exploration properties. These 100% owned exploration properties are only 2-3 kilometers from the current pits and plant. Already bedrock sampling has show promising grades of gold on both the Mussuneva and Kaukainen properties.
- **Increase market awareness**
  - We currently have in place extensive social media and marketing programs to get the story out to investors. We will be conducting road shows in both Europe and Canada with both retail and institutional investors. In addition there is an active social media campaign and a focused effort to recruit newsletter writers.
- **Analyst coverage**
  - Analyst coverage will be a major focus over the next 12 months. In February 2018 the first analyst coverage was received from Fundamental Research.

Video Link: <https://www.youtube.com/watch?v=VP21ogyNHGs&t=1s>

### **About Firesteel**

Firesteel is an exploration-stage junior mining company engaged in the acquisition and exploration of

prospective precious and base metal properties in Finland and Canada. Firesteel is currently working to evolve from an exploration company to become a junior producer. It is the owner of a 100%

interest in the Laiva Mine near Raahe in Finland and holds a 49% interest in the Star Property, a highly prospective property in British Columbia. The Star Property is currently operated under a joint venture agreement between Firesteel and Prosper Gold. (TSX-V: PGX).

For a detailed overview of Firesteel Resources Inc. please visit:

[www.FiresteelResources.com](http://www.FiresteelResources.com)

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