

Controversial short seller goes long on Firefinch investment case

FIREFINCH'S market capitalisation may have now gone through the A\$1 billion mark but somewhat ironically, regular short seller J Capital currently reckons investors should go long on the story.



J Capital, which last year got in a tangle with its analysis and sell recommendation of Vulcan Energy Resources shares, is a huge fan of Firefinch's Goulamina lithium project in Mali that's on the cusp of being spun out into separate listing Leo Lithium.

Its very positive view of Goulamina follows a favourable comparison it made when assessing seven other hard rock lithium projects it expects to be developed over the next 2-3 years.

Firefinch shareholders are set to receive a pro-rata entitlement of Leo Lithium shares and an entitlement offer for additional shares when Leo undertakes a capital raise.

With regards sovereign risk, J Capital believes the situation is very manageable: "We spoke with a geologist experienced in all regions of Africa, who remarked 'Coups happen every Tuesday in Mali.' He said that, while Mali may be unstable, every elected and unelected person who runs the country knows it is financial suicide not to support and protect the mining sector."

In sum, J Capital currently sees 70-130% upside in Firefinch's headline market value.

Shares in Firefinch were up 1% to A89.5c in morning trade, capitalising the company at \$1.05 billion.

The stock was at levels around 20c 12 months ago and 5c two years ago.