

Firefinch appoints Macquarie Capital to advise on Goulamina Lithium Project value realisation

The company has turned to leading Australian investment bank Macquarie to ensure the demerger of its lithium project extracts the most value for shareholders.

SPIN-OFF



Firefinch Ltd (ASX:FFX) (OTCMKTS:EEYMF) (FRA:N9F) has appointed renowned Australian investment bank and financial services provider Macquarie Capital (Australia) Limited to advise on realising value as the company seeks to spin out Mali-based lithium project, Goulamina.

As reported last month by Proactive, Firefinch is demerging Goulamina into a separate lithium-focused company to be listed on the ASX later this year, allowing it to focus fully on the Morila Gold Mine in Mali.

To advance this process, Firefinch said it had appointed Macquarie Capital to advise on funding, partnering opportunities, offtake and the demerger process for Goulamina.

“Proven track record”

Firefinch chairman Dr Alistair Cowden said spinning out Goulamina would unlock value for shareholders.

“We are delighted to welcome Macquarie as our advisers on the value realisation process for Goulamina given their proven track record at unlocking value for large hard rock lithium assets,” he said.

“The demerger of Goulamina represents a logical separation of our gold and lithium businesses, allowing shareholders to gain direct exposure to each commodity separately.

“The new business will provide shareholders with direct exposure to the battery metals and ‘greening’ thematics at what is an ideal time in the lithium cycle to be financing and developing a world-class hard rock lithium project.”

Path to value recognition

The management of Goulamina will be undertaken by a new entity led by a separate management team to that of Firefinch.

Firefinch’s internal strategic review of the project revealed it was not receiving appropriate value recognition in Firefinch’s current corporate structure, hence the decision to spin it out.

Separation of Firefinch’s gold and lithium assets into two distinct entities would provide a more direct path to value recognition for each of the assets, Dr Cowden said.

The new company, via a services agreement, will have shared access to Firefinch’s corporate resources and benefit from Firefinch’s Malian social intellectual property.

Goulamina potential

Goulamina is one of very few near-term development projects with 100 per cent of spodumene concentrate - a precursor to lithium - available for offtake and conversion to battery-grade lithium hydroxide and carbonate.

In October last year, its world-class standing was revealed through a definitive feasibility study, placing it among the world’s highest quality and least-developed lithium deposits.

The DFS confirmed Goulamina as a long-life, large-scale, low-cost open pit project, delivering strong returns including:

- Average production of 436,000 tonnes of spodumene concentrate per annum;
- Average cash costs over life of mine of US\$281 per tonne of spodumene concentrate;
- Ore reserve of 52 million tonnes at 1.51% lithium oxide for 0.79 million tonnes contained lithium oxide;

- Mineral resource of 109 million tonnes at 1.45% lithium oxide for 1.57 million tonnes contained lithium oxide;
- Initial mine life of 23 years;
- Capital costs of US\$194 million; and
- Pre-tax NPV of \$1.7 billion.

In the time since the release of that DFS, Firefinch has received unsolicited approaches from a wide range of parties, including international and domestic mining companies, cathode and battery manufacturers and trading houses.

Dr Cowden said the new entity would now entertain these discussions, should they meet the goal of maximising overall value for the project.

- Daniel Paproth

Source: <https://www.proactiveinvestors.com.au/companies/news/942638/firefinch-appoints-macquarie-capital-to-advise-on-goulamina-lithium-project-value-realisation-942638.html>