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Firefinch makes progress in finalising watershed joint venture with leading lithium producer Ganfeng

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Firefinch Ltd ([ASX:FFX](#)) has made progress in finalising the documents pertaining to its watershed joint venture with Jiangxi Ganfeng Lithium Co Ltd (Ganfeng), the world's largest lithium producer by production capacity.

The 50:50 joint venture will fast-track the Goulamina Lithium Project in Mali, West Africa.

The date for the execution of the transaction documents pertaining to the joint venture has now been extended to Friday, 13 August 2021.

Lithium assets spin-out

Further, the company announced that it has appointed Macquarie as an advisor as part of its plans to spin out its lithium assets into a separately listed vehicle.

The timelines for the demerger are expected to be defined in the next few weeks.

Firefinch will update shareholders as and when each milestone is met.

Joint venture pact

Under a binding term sheet, Gangfeng has agreed to provide US\$130 million in equity funding to support Goulamina's development, as well as up to US\$64 million in debt funding.

The new agreement and funding mean the Goulamina Lithium Project is substantially funded to production.

As part of the agreement, a life-of-mine offtake has been secured, including a floor price and termination rights, further de-risking operations across the more than initial 23-year mine life of Goulamina.

Ganfeng has also provided a US\$2.5 million deposit on the execution of the term sheet to reflect its commitment to progressing the transaction. The deposit will form part of the producer's initial investment.

As part of the debt financing arrangements, Ganfeng will be required to arrange US\$64 million in debt from a bank at a commercial interest rate, or otherwise must provide US\$40 million in debt itself at an interest rate of no more than the secured overnight financing rate (SOFR) plus 6%.

The transaction is subject to several conditions, including securing Chinese regulatory approvals, shareholder approval from both Ganfeng and Firefinch investors and any applicable Malian government approvals and consents, including any relevant transfer of mining licenses.

Source: <https://www.proactiveinvestors.com.au/companies/news/956578/firefinch-makes-progress-in-finalising-watershed-joint-venture-with-leading-lithium-producer-ganfeng-956578.html>