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Firefinch receives US\$39 million first tranche equity funding from Ganfeng

The payment is part of a subscription agreement for the joint development of the Goulamina Lithium Project in Mali.



Firefinch Ltd (ASX:FFX) has received the US\$39 million first tranche equity funding from Jiangxi Ganfeng Lithium Co Ltd as part of a subscription agreement to fund the development of Goulamina Lithium Project in Mali.

Ganfeng and Firefinch have formed an incorporated joint venture (JV) to develop Goulamina, which is being spun out by FFX into a new company called Leo Lithium Limited.

JV agreement

The JV is subject to various conditions and on satisfaction, Ganfeng, a major player in global lithium, will contribute US\$130 million in cash to the JV and arrange up to US\$64 million in debt.

After receiving Chinese regulatory approvals and advice of non-objection from the Government of Mali, Ganfeng deposited the US\$39 million first tranche payment into an escrow account in line with a subscription agreement between the parties.

Large resource

Goulamina is one of the world's largest undeveloped high-quality spodumene deposits and in partnership with Ganfeng, Firefinch aims to bring the project into production.

It has a resource of 109 million tonnes at 1.45% Li₂O for 1.57 million tonnes contained Li₂O comprising 8.4 million tonnes at 1.57% in the measured category, 56.2 million tonnes at 1.48% in the indicated category and 43.9 million tonnes at 1.45% in the inferred category.

Corporate restructure

Once a restructure of Firefinch's corporate structure has been completed to separate its lithium activities from its gold activities, the Project Exploitation Licence will be transferred to the JV company, and the cash will be released from escrow.

That transfer is expected to be completed early in 2022.

A 50/50 incorporated JV has been established, with Ganfeng contributing US\$194 million in development funding, comprising US\$130 million in equity funding and US\$40-64 million in debt funding.

Goulamina progress

Permits are in place and a definitive feasibility study (DFS) has confirmed Goulamina as a long-life, large-scale and low-cost open pit project expected to annually produce 436,000 tonnes of spodumene concentrate at an average cash cost of US\$281/tonne.

An initial mine life of 23 years is underpinned by a high-grade, low impurity ore reserve of 52 million tonnes at 1.51% Li₂O for 790,000 tonnes contained Li₂O comprising 8.1 million tonnes of proven ore reserves at 1.55% and 44 million tonnes of probable ore reserves at 1.50%.

Firefinch is completing an updated DFS considering a Stage 2 expansion involving a 75% increase in production capacity from 2.3 million to 4 million tonnes per annum.

This would see spodumene concentrate production increasing from 450,000 tonnes per annum in line with the planned throughput upgrade, placing Goulamina among the largest producers globally.

Completion of the updated DFS and a final investment decision for Goulamina remain on track for late 2021.

Source: <https://www.proactiveinvestors.com.au/companies/news/967818/firefinch-receives-us-39-million-first-tranche-equity-funding-from-ganfeng-967818.html>