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Firefinch updates Goulamina Lithium Project DFS, delivering NPV of A\$4.1 billion and 83% IRR

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Firefinch Ltd (ASX:FFX) has updated its Goulamina Lithium Project’s definitive feasibility study (DFS) following improvements to engineering design, flowsheet and metallurgic test work for the project, resulting in a recalculated post-tax net present

value (NPV) of A\$4.1 billion and internal rate of return (IRR) of 83%, more than double the previous DFS.

The updated DFS also confirmed that Goulamina – soon to be spun out into a joint venture (JV) with Jiangxi Ganfeng Lithium Co Ltd under the name Leo Lithium – is one of the largest lithium deposits in the world, boasting a potential annualised spodumene concentrate production of 506,000 tonnes which the company intends to increase to a peak of 880,000 tonnes per annum.

Ganfeng is one of the world's largest lithium chemical producers, securing offtake agreements for Firefinch – now poised to be one of the leading global lithium spodumene producers – as well as US\$130 million in equity and up to \$US64 million in debt facility.

“World leading lithium development”

“We are absolutely delighted with the outcome of the DFS update which confirms Goulamina as a world-leading lithium development with outstanding returns,” Firefinch managing director Dr Michael Anderson said.

“Only 14 months ago in delivering the original DFS we said that, given market conditions for lithium, we would be patient to ensure we maximise shareholder returns - that patience has been rewarded. We thank our shareholders for their support.

“Our strategy has been to deliver a high return project; one with low technical risk, a quality partner in Ganfeng, the world's largest lithium chemical producer, to provide a funding solution and offtake support. That is the project that we will be demerging to form Leo Lithium Limited.

“We expect to take Leo to market in March-April next year with engineering, construction and drilling works underway and a clear path to first production in early 2024 in front of us.

“Only Firefinch shareholders will be eligible to receive an in-specie distribution of Leo shares and to participate in an entitlement issue upon listing of Leo.”

With the JV requirement of a post-tax IRR exceeding 15% well and truly secured, the path is now clear for a final investment decision once Leo Lithium has been spun out into a separate entity.

Updated DFS

The updated DFS demonstrates higher financial returns and production rates are possible from the project, incorporating an improved flowsheet, engineering design

and metallurgical test-work to provide the framework for the second stage of production upgrades, which will target 4.0 million tonnes throughput per annum.

A Ganfeng-supervised revision of the project flowsheet also increased lithium recovery to 80% based on test work, producing what Firefinch calls a competitive operating cost of US\$312 per tonne of concentrate.

Additionally, the optimisation work with Ganfeng successfully converted Goulamina-produced spodumene concentrate into lithium hydroxide that meets the specifications required by Ganfeng's customers.

Next steps

Firefinch has commenced drilling at Goulamina, targeting the conversion of 43.7 million tonnes at 1.35% Li₂O inferred mineral resources into upgraded ore reserves.

The company is also leveraging the incorporation of a hybrid solar, diesel and battery power station to offset greenhouse gas emissions at Goulamina.

About Firefinch

Firefinch is a Mali focused gold miner and lithium developer with an 80% interest in the operating Morila Gold Mine which has produced 7.5 million ounces of gold since 2000.

The company plans to ramp up production from an annual production profile of 40,000 ounces to 200,000 ounces by re-starting mining from the main Morila pit to exploit the 2.35-million-ounce gold resource while also boosting the capacity of the 4.5 million tonnes per annum mill.

Firefinch also aims to demerge the Goulamina Lithium Project in Mali, West Africa, which is among the world's largest undeveloped high-quality lithium deposits into a separate lithium focused company to be listed on the ASX.

Source: <https://www.proactiveinvestors.co.uk/companies/news/968216/firefinch-updates-goulamina-lithium-project-dfs-delivering-npv-of-a-4-1-billion-and-83-irr-968216.html>