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Firefinch cashed up with A\$100 million to execute aggressive growth plans

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[Firefinch Ltd \(ASX:FFX\)](#) has raised A\$100 million after its most recent institutional placement attracted strong support from existing shareholders and new investors.

Investors bought in at an offer price of A\$0.67 per share, representing a 11.3% discount to the last closing price and an 8.0% discount to the prevailing 10-day VWAP.

Once the placement is complete, FFX will have pro-forma cash reserves of ~A\$164 million (before costs) and will also have several high-quality, long-only offshore and domestic institutions joining the Firefinch register.

The company considers the significantly oversubscribed placement as a strong endorsement of its corporate strategy and the underlying quality of its two world-class assets.

FFX is a Mali focused gold miner and lithium developer, with an 80% interest in the Morila Gold Mine and 100% ownership of the Goulamina Lithium Project.

It is now fully funded to execute aggressive growth plans at Morila, including increasing gold production to more than 100,000 ounces in 2022 and in excess of 200,000 ounces in 2024. The company will also be able to accelerate exploration at Goulamina, which is confirmed to be among the world's largest lithium projects, ahead of the proposed demerger in early 2022.

FFX delivering on strategic vision

"The overwhelming demand from both offshore and domestic institutions for this equity raising is a strong endorsement of our corporate strategy and testament to the underlying quality of Firefinch's Morila and Goulamina projects," Firefinch managing director Michael Anderson said.

"We thank our existing shareholders for their ongoing support and welcome many new high-quality institutions to our register.

"This is a fantastic outcome for Firefinch which speaks to the outstanding growth potential inherent in our assets, the exceptional work our team has done ramping up gold production to date and in completing an updated DFS for Goulamina. We now have a huge opportunity in front of us.

"2021 has been a transformational year for the company and this funding provides a tremendous foundation for further growth as we enter 2022.

"We are now well funded to deliver on our strategic vision of becoming a West African gold producer of scale, as well as developing the next major lithium project to enter production, ahead of our Goulamina demerger in the new year. We will continue to work tirelessly to create value for our shareholders on both fronts."

Use of funds

Funds will be used for growth plans at Morila and Goulamina, and will remove reliance on debt funding.

FFX will accelerate exploration – both regionally and for resource and reserve development, facilitate the proposed demerger of Goulamina into a separate ASX-listed company and maintain its pro-rata interest in Leo Lithium post the demerger.

Firefinch is pursuing a two-prong growth strategy involving:

1. Rapidly increasing gold production at the world-class Morila Project to more than 100,000 ounces of gold in 2022 and ultimately over 200,000 ounces of gold in 2024.
2. Fast-tracking development of Goulamina, recently confirmed as being amongst the world's largest lithium development projects and realising the inherent value of the project through the proposed demerger of Goulamina into a separate ASX-listed company.

Proceeds from the placement will be applied to deliver on this strategy. Specifically, funds will be applied towards:

- Morila capital expenditure (\$43 million) including SAG mill refurbishment, plant improvement, infrastructure upgrades, mobile equipment, critical spares and TSF lift and capacity expansion.
- Morila resource definition and regional exploration (A\$14 million) including targeted exploration to follow up high-grade intersections in drilling outside the pit design, as well as geophysics on existing targets.
- Goulamina exploration and project expenditure (A\$9 million) including exploration and project expenditure at Goulamina and transaction costs related to the Goulamina joint venture and proposed demerger.
- Indicative participation in the proposed Leo Lithium Entitlement Offer (A\$10 million) to maintain Firefinch's pro-rata interest in Leo Lithium following the planned demerger.
- General working capital and offer costs (A\$24 million).

Source: <https://www.proactiveinvestors.co.uk/companies/news/968925/firefinch-cashed-up-with-a-100-million-to-execute-aggressive-growth-plans-968925.html#>