



Phoebe Shields

10:44 Wed 20 Oct 2021

Firefinch plans extensive Goulamina Lithium Project work as Ganfeng JV proceeds as planned

"Importantly, Goulamina will be on a quick path to production, expected in 2023, and in an enviable position to take advantage of prevailing very strong lithium market conditions," says MD



A pegmatite drill core containing spodumene (lithium aluminium inosilicate).

Firefinch Ltd (ASX:FFX) continues to progress the Goulamina Lithium Project in Mali with an extensive drilling campaign and infrastructure upgrades planned while the next conditional steps of a joint venture (JV) with Jiangxi Ganfeng Lithium Co Ltd (Ganfeng) for the project take place.

The JV between Ganfeng and Firefinch is subject to various conditions precedent, and on satisfaction Ganfeng will contribute US\$130 million in cash and will arrange up to US\$64 million in debt.

The partners have been working on an update of the October 2020 Definitive Feasibility Study (DFS) which will facilitate the fast-tracking of a Final Investment Decision (FID) as they await completion of approvals and other administrative matters.

50 kilometres of drilling

Both have agreed to begin a major drilling program. Taking place over two years and expected to cost US\$6 million, the program will consist of almost 50 kilometres of drilling, expected to lift reserves and resources and increase Goulamina's global ranking.

Firefinch and Ganfeng anticipate the extensive drilling will support a multi-decade mine at a higher rate of production, positioning it to claim a large market share of the rapidly growing lithium sector.

"Considerable progress has been made advancing Goulamina over the past few months. The key takeaway is that following the proposed demerger in 2022, Goulamina will be substantially funded, with engineering and procurement well progressed and 50 kilometres of drilling already underway," Firefinch managing director Dr Michael Anderson said.

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Leo Lithium ASX listing

On completion of the proposed demerger, Leo Lithium Pty Ltd to be converted to Leo Lithium Ltd, will be a standalone company which will hold a 50% interest in the JV with Ganfeng. In connection with the demerger, Leo will seek an ASX listing.

The management and board of Leo Lithium are being recruited, with the recent appointment of lithium industry stalwart Simon Hay as managing director.

In the meantime, Firefinch is focused on completing all commercial, technical and regulatory matters to clear the way for Leo to seek an ASX listing with an updated DFS, FID made, and all funding received from Ganfeng.

This will see Goulamina's development substantially funded, engineering and procurement already underway, and importantly, on a clear path to first production in 2023. It will also enable Firefinch to fully focus on its gold strategy.

Demerger progress

Having received Chinese regulatory approvals, and advice on non-objection from the Government of Mali, the first tranche of equity (US\$39 million) is expected to be deposited into escrow, awaiting the restructure of JV subsidiaries and the transfer of the Exploitation Licence for the project to a subsidiary. The licence transfer is expected to be completed before the end of 2021.

The companies intend to swiftly resolve the FID following the completion of an updated DFS. The JV agreement requires that the project only exceed 15% Internal Rate of Return (IRR) for the decision to be made unless otherwise agreed.

FID is one of the pre-conditions for Ganfeng to make its second tranche of cash investment of US\$91 million, and subsequent arrangements for up to US\$64 million of debt funding. FID and the second tranche of investment are both expected in December 2021.

Firefinch has progressed regulatory requirements and commenced preparing documentation to implement the demerger. An indicative timeline is below:

Indicative Demerger Timetable	
Lodge Demerger Short Form Prospectus & Notice of Meeting	Early January 2022
Shareholder vote on demerger	February 2022
Demerger implementation	February 2022
Lodge Entitlement Offer Long Form Prospectus	February 2022
ASX listing of Leo ¹	By end March Quarter 2022

Note: The dates set out above are indicative only and subject to change. Further detail will be provided in the Notice of Meeting to be sent to Firefinch shareholders in connection with shareholder approval for the demerger. Admission of Leo to the Official List of ASX is at the discretion of ASX.

Eligible Firefinch shareholders will receive an in-specie distribution of Leo shares at no cost as part of the demerger and Firefinch will retain up to 20% of the issued capital of Leo following the demerger.

Leo will also undertake a pro rata Entitlement Offer to fund working capital, costs of the demerger and permit flexibility to accelerate expenditure at Goulamina.

Updated DFS

The October 2020 DFS for Goulamina reported a pre-tax net present value (NPV) (8%) of approximately A\$1.7 billion using a price of US\$666 per tonne of 6% minimum Li₂O spodumene concentrate.

Current spodumene prices are approximately US\$1,000 per tonne or more, with strong lithium demand expected for some time.

Firefinch and its engineer Lycopodium (ASX:LYL), expect to deliver the updated DFS in December 2021. The update is focused on revisions to the flowsheet and process design, capital costs, operating costs and financial modelling.

Design modifications

The original design of Goulamina's infrastructure has been reconfigured to allow a second process train to be added, increasing throughput by 70-75% up to 4 million tonnes per annum. This will be reflected in a similar uplift in 6% Li₂O spodumene concentrate from 450,000 tonnes per annum. The revisions to the design include:

- ▶ The crushing and screening plant has been modelled so that duplicate secondary and tertiary crushing can be easily added to increase throughput, with minimal impact on Stage 1 production;
- ▶ The conveyors selected for Stage 1 are sized for the increased throughput;
- ▶ The crushed ore storage, stockpiling and emergency feed infrastructure does not require any extra capital expenditure to sustain an increased throughput;
- ▶ To allow the crushing & screening plant to feed two milling circuits, the layout includes a distribution bin that can feed one or both trains concurrently and can easily accommodate the installation of a second feeder and conveyor in the future;
- ▶ The plant layout has been designed with a central services spine to enable a linear flow of process plant infrastructure. The central services spine for electrical and piping infrastructure is designed to enable Stage 2 services to be installed on the opposite side to the Stage 1 services for the milling, magnetic separation, and flotation areas with minimal impact on operations;
- ▶ The filtration infrastructure including the belt filter structure and conveying infrastructure will be designed for the addition of extra filtration capacity by laying the filters out side by side; and
- ▶ The storage of concentrate and load out area is designed to allow the expansion of storage capacity without impacting on operations, by allowing for adjacent area for expansion.

This production profile will place Goulamina as one of the largest and highest-grade lithium producing projects globally and will increase the project's potential earnings and value.

Ganfeng has had considerable input into updating the process flowsheet and plant design based on their experience of the lithium processing industry.

Additional flotation and magnetic separation test work using the Goulamina ore has commenced in China under Ganfeng's guidance, with results to be used to verify process design criteria.

Exploration targets and drill program

The partners believe there is considerable potential to increase mineral resources and ore reserves at Goulamina. An almost 50-kilometre reverse circulation (RC) and diamond drilling program has been designed to upgrade the reserves, planned to extend over two years.

Drilling will target:

- ▶ Converting inferred mineral resources to the indicated category;
- ▶ Defining extensions to Sangar at depth and to Danaya along strike and down dip;
- ▶ Testing the gap between the Danaya and Sangar zones;
- ▶ Sterilisation of planned infrastructure areas; and
- ▶ Reviewing other exploration opportunities within the tenement.

60 RC and diamond holes are planned to convert inferred resources of 29.4 million tonnes at 1.44% Li₂O at Main, West and Sangar domains to indicated resources.

Source: <https://www.proactiveinvestors.com.au/companies/news/963692/firefinch-plans-extensive-goulamina-lithium-project-work-as-ganfeng-jv-proceeds-as-planned-963692.html>