

Leo Lithium debuts on the ASX

LEO Lithium, the largest ASX mining float so far this year, has debuted on the ASX..



Firefinch managing director Michael Anderson (left) and Leo Lithium managing director Simon Hay

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Reporter

Leo, a spin-out from Mali gold producer Firefinch, raised A\$100 million at 70c in an oversubscribed initial public offering.

The stock fell to 51.5c after the opening bell and steadied to 60c per share, giving it a market capitalisation of more than \$600 million.

Firefinch retained a 20% stake in Leo as its largest shareholder.

Alistair Cowden chairs Leo, with Mark Hepburn, Brendan Borg, Rod Baxter and Amber Banfield as non-executive directors.

MNN spoke to Leo managing director, former Galaxy Resources boss Simon Hay, ahead of this morning's listing.

He said he was nervous and excited about the float but the company and its partner, China's Ganfeng Lithium, were focused on the longer term.

"Ganfeng look at the medium and long term. They see very strong demand for their product," Hay said.

"They are very supportive of us going faster and they would like us to bring Goulamina on as early as possible."

Leo and Ganfeng each own 50% of the world-class Goulamina lithium project in Mali.

Goulamina has a resource of 108 million tonnes at 1.45% lithium oxide and a reserve of 52Mt at 1.51% lithium oxide.

The definitive feasibility study for Goulamina returned a post-tax net present value of US\$2.9 billion (8% discount rate) and 83% internal rate of return for stages one and two, using a spodumene price of \$1250 per tonne for the first five years and \$900/t thereafter.

Producer Pilbara Minerals reported this morning that current pricing had risen as high as \$7000/t.

Early works are underway on the \$255 million fully funded stage one development at Goulamina, which is expected to produce 506,000 tonnes per annum of spodumene.

Hay was in Mali at Goulamina three weeks ago for a ceremony to mark the first site works, which was attended by 1000 people, including the Malian mines minister.

Production is on track for the first half of 2024.

"It's roughly a two-year construction period, but that clock started ticking around February this year," Hay said.

"We will come out with a detailed production schedule probably in the next three months."

Stage one is fully funded via IPO proceeds, \$130 million in the JV account from Ganfeng and a further \$40-64 million in debt due from Ganfeng.

A stage two expansion is being factored into the build and Hay expects it could be given the go-ahead about 18 months into stage one.

Stage two would see production rise to 831,000tpa of spodumene at all-in sustaining costs of \$356/t.

At full capacity, Goulamina would be one of the largest lithium producers in the world.

Hay is not concerned by recent research calling the end of the lithium bull market.

He described the recent Goldman Sachs report that predicted a slump in lithium prices as "well off the pace".

"It's not easy bringing on these projects, and just to assume that they're going to hit their targets in terms of time and rate, history shows that's not the case," he said.

"Now I know our project has that same sort of question mark over it and it's my job to bring this project online on time and on budget."

Hay said demand looked really solid across the world.

"The OEMs are retooling their production lines, they can't swap back tomorrow to ICE, it's EV forever for them, for those ones that have changed," he said.

"I think substitutes for lithium will emerge over time but the lithium-ion battery has a 30-year head start so I can't see a substitute coming in in the short term, or in the medium term.

"So you put all that together and how difficult it is to build a mine, I can't see a shortage any time soon."

Source: <https://www.miningnews.net/capital-markets/news/1434637/leo-lithium-debuts-on-the-asx>