



Firefinch says the arrival of Leo Lithium is nigh as oversubscribed \$100m IPO is completed.  
Pic: Skyneshner/E+ via Getty Images.

## Firefinch's highly anticipated lithium spinoff Leo to roar to life after oversubscribed \$100 million IPO

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The birth of the ASX's latest major lithium player is near on complete with Firefinch announcing the completion of a \$100 million IPO to spawn Leo Lithium, owner of its share in the Goulamina lithium Project in Mali.

Goulamina is expected to be one of the largest hard rock lithium mines in the world once it enters production in 2024, with Leo formed to separate Firefinch's (ASX:FFX) share from its successful Morila gold mine venture also in the West African nation.

The \$100m IPO was oversubscribed with more than 90% of the offer allocated to existing Firefinch shareholders, an indication of the strong support for the demerger. The pro-rata, shortfall and Firefinch offer were also oversubscribed.

Those investors who took up the offer will benefit twice from Firefinch's \$20 million allocation in the Leo IPO, which will leave Firefinch with a big investment in the future lithium producer.

The sole condition remaining is a shareholder vote at a general meeting today, with the Leo shares to eligible FFX shareholders to be issued via a pro-rata in-specie distribution of 1 Leo share for every 1.4 Firefinch shares held on Thursday, June 9.

Those shares will be issued on June 16 ahead of Leo's expected admission to the ASX and likely first day of trade on June 23.

### 'Important milestone': Anderson

FFX managing director Mike Anderson branded the closure of the IPO an important milestone for the company, with its 20% stake in Leo giving exposure to Goulamina while the company expands its Morila gold mine.

“We are pleased to have reached this important milestone in the separation of our gold and lithium assets,” Anderson says.

“Subject to shareholder approval, the Demerger will allow Firefinch to focus its attention on the development of the world-class, multi-million-ounce Morila Gold Project, while providing our shareholders with exposure to the future development of Goulamina through our 20% retained stake.”

Morila is heading for a production rate of 100,000oz this year, with plans to revive the mine once termed Morila the Gorilla to its former glory at a world class level of 200,000ozpa by 2024.

## Goulamina set for take off

That is around the time spodumene will start flying out of the Goulamina plant.

The mine will be a 50:50 JV with Chinese lithium mining and processing giant Ganfeng after the global major delivered a US\$130 million investment with the promise to secure between US\$40m of its own debt or US\$64m of third party debt to complete funding for the development.

The Ganfeng investment both de-risked the project and brought a heavy hitter on board to bring one of the few projects of global scale planned over the next three years amid a worldwide shortage of lithium raw materials.

The FID on Goulamina was made in January and for good reason.

The most recent update of its DFS gave Goulamina a remarkable post-tax NPV of \$4.1 billion and IRR of 83% with production of 506,000tpa of spodumene concentrate lifting to 880,000tpa after a stage 2 expansion.

That comes with operating costs of US\$312/t and assumed spodumene prices of just US\$978/t, less than a fifth of current spot sales, which are currently hovering around the US\$5,000 mark.

Leo managing director Simon Hay, who previously held the same role at Galaxy Resources, is looking forward to the start of the journey.

“We are delighted with the strong support shown by Firefinch shareholders for the Leo Lithium IPO,” he says.

“We look forward to receipt of shareholder approval for the proposed demerger and the commencement of Leo Lithium’s life as a separate listed vehicle.”

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