

Firefinch Ltd

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Mali Lithium will instantly transform to gold producer through acquiring 80% of Morila Gold Mine in Mali

Mali Lithium Ltd (ASX:MLL) (FRA:N9F) surged 36% on a transformational acquisition that will see it become a gold producer after securing an 80% interest in the operating Morila Gold Mine in southwest Mali from Barrick Gold Corp (NYSE:GOLD) and AngloGold Ashanti Limited (NYSE:AU) for US\$22-27 million.

The Morila mine has produced more than 7.4 million ounces of gold over 20 years from a 4.5 million tonnes per annum plant and will instantly transform Mali into a cash-generating gold producer.

Morila is producing gold from hydraulic mining and processing of tailings and will provide cashflow for Mali Lithium from completion of the acquisition.

"Transformative transaction"

MLL executive chairman Dr Alistair Cowden said: "Morila is one of West Africa's great gold mines and we are excited and privileged to acquire a mine of Morila's calibre with its past production plus mineral resources (gold endowment) of 8.7 million ounces of gold.

"This is truly a transformative transaction for the company as we become a gold producer."

Investors have responded strongly with shares surging 36% in the first hour of trading to 19 cents, a new 12-month high.

"Unique advantage"

Cowden said: "We have a unique advantage as the newest gold producer on ASX as Morila has all the infrastructure required of an operating remote gold mine as well as the expertise of the operating team.

"We will benefit from the substantial sunk capital invested by the previous owners over the last 20 years."

The acquisition is subject to securing acquisition finance and no objection from government, with the parties targeting completion by the end of October 2020.

"Cashflow to ramp-up operations"

The mine is forecast to produce around 26,350 ounces of gold from November 2020 to the second quarter of 2021 and there is potential for near-term growth in production and mine life.

In the period between settlement and the completion of the tailings treatment operations at the end of the second quarter of 2021, the operations are forecast to generate around US\$17 million (A\$24 million) of after-tax cashflow assuming a gold price of US\$1,850 per ounce.

Price: 0.155

Market Cap: \$121.2 m

1 Year Share Price Graph



Share Information

Code: FFX

Listing: ASX

52 week High Low
0.165 0.14

Sector: Gold & silver

Website: www.firefinchltd.com

Company Synopsis:

Firefinch Ltd (ASX:FFX), formerly Mali Lithium, has been an active gold explorer in Mali, Africa's third largest gold producer, since 2011. In November 2020 the company acquired an 80% interest in the Morila Gold Mine.

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Dr Cowden said: "We plan to use the cash flow from the current tailings retreatment at Morila to ramp-up the operations through recommencing open pit mining as soon as practicable.

"We are already working on defining larger resources and reserves that may support a long mine life at higher rates of gold production through a restart of mining."

The company also plans to explore high-value targets on the 474-square-kilometre Massigui Project and 211 square kilometre Morila lease aimed at discovering additional shallow resources.

Mineral resource estimate

The company estimates the inferred mineral resource adjacent and beneath the Morila pit at 32 million tonnes at 1.26 g/t gold for 1.3 million ounces contained gold within a conceptual US\$1,250 per ounce gold pit shell and above a 0.5 g/t gold cut-off.

Cowden said: "It is a truism that the best place to find gold is in the shadow of the headframe and Morila has immediate upside without the need for drilling by modelling existing data; in addition, the depth and lateral extensions to this monster mine are not well understood.

"As we learn about the deposit, it is our intention to aggressively invest in drilling with the aim of building a large resource base to support a long mine life."

A new mineral resource estimate update and a new mine plan are being prepared using prevailing gold prices and existing data for Morila, its satellite pits and Mali's Koting deposit on the adjacent Massigui project.



Morila pit in foreground and in background (from right) ROM Pad, primary crusher and processing plant.

Acquisition terms

Société des Mines de Morila SA owns the mine which lies on the Morila Exploitation Licence, and is a Malian registered company owned 40% by Barrick, 40% by AngloGold and 20% by the State of Mali.

The company has executed a binding agreement to acquire 100% of the shares of Morila Limited, a Jersey registered company, from Barrick and AngloGold which holds the 80% interest in Morila SA (Barrick and AngloGold each hold 50% interest in Jersey Co).

The consideration payable is estimated to be between US\$22 and US\$27 million (A\$31 to A\$38 million) with the final consideration will be determined with reference to the closing balance of tax credits in Morila SA (which will be available to offset future VAT and corporate tax payments).

MLL is required to pay a non-refundable deposit of US\$1 million prior to September 20.

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