



Australia  
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## MT CATTLIN MOVES CLOSER TO PRODUCTION

### Highlights

- Galaxy receives Capex schedule from General Mining indicating A\$7million of capital commitments to date
- Capex investment will support restart of spodumene and tantalum production
- Final spodumene pricing to take into account continued tightening of feedstock supply in China and also latest price increases of lithium products in Q4 of 2015
- On schedule for restart of production by the end of Q1 2016

### Corporate Update

Galaxy Resources Ltd (ASX:GXY) ("Galaxy") ("the Company") confirms that it has received from General Mining ("GMM") a capital expenditure schedule amounting to A\$7million, which includes purchase orders for plant equipment, fabrication, engineering and installation services, committed as at 31 December 2015.

Pursuant to the terms as announced on 9<sup>th</sup> June 2015, the partnership on Mt Cattlin is subject to a A\$25 million earn-in by GMM for a 50% equity interest in the project. Following the first milestone of at least A\$7 million in restart CAPEX being spent, Galaxy will be receiving A\$6 million per annum for the first three years after recommencement of production, as part of GMM's equity interest earn-in milestones - it is also entitled to a 50% share of the operating cash flows from the project.

In order for GMM to earn an initial 14% equity in the project and maintain its 50% share of future operating cash flows, it must have committed to A\$7 million in capital expenditure prior to 31 December 2015, as well as restart production at the Mt Cattlin plant by 31 March 2016.

All long lead items required for the restart were ordered in Q4 of 2015 with the 2016 target production timeline as follows:

- March 2016 - Fines circuit commissioning
- June 2016 - Coarse circuit commissioning
- July 2016 - First shipment of concentrate
- December 2016 - Full optimisation



### Flow Sheet Redesign

The final redesigned flow sheet is nearing completion with only non-time critical elements of the test work program remaining outstanding.

The revised flow sheet has focused on:

- Base case throughput of 800ktpa
- Increasing yield from a historic 50-55% to 70-75% across both spodumene and tantalum, implying a run rate production of 120ktpa+ spodumene concentrate and 175klbpa+ of contained tantalum pentoxide
- Final lithium oxide content in concentrate of minimum 5.5%
- Reduction of Mica in concentrate from 15-20% to below 5%

GMM has indicated that all of the base case parameters listed above have been successfully achieved during the test work program.

### Market Update

The market availability of lithium concentrate feedstock continues to remain very tight in China, as well as the general supply of lithium products overall in the market. In light of the significant price increases that have been reported in the last quarter of 2015, Galaxy and GMM will continue to review the marketing and pricing strategy of the future spodumene product from Mt Cattlin, as the project continues to advance to a restart of production.

Given this constrained supply, General Mining and Galaxy are working closely together with Mitsubishi Corporation on binding spodumene concentrate sales and the group expects to be able to further update the market on spodumene offtake contracts by the end of February 2016.

**--ENDS--**

For more information, please contact:

#### Corporate

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### **About Galaxy (ASX: GXY)**

Galaxy Resources Limited ("Galaxy") is a global lithium company with lithium production facilities, hard rock mines and brine assets in Australia, Canada and Argentina. It owns the Mt Cattlin spodumene and tantalum project near Ravensthorpe in Western Australia and the James Bay lithium pegmatite project in Quebec, Canada.

Galaxy is advancing plans to develop the Sal de Vida lithium and potash brine project in Argentina situated in the lithium triangle (where Chile, Argentina and Bolivia meet), which is currently the source of 60% of global lithium production. Sal de Vida has excellent potential as a low cost brine-based lithium carbonate production facility.

Lithium compounds are used in the manufacture of ceramics, glass, and consumer electronics and are an essential cathode material for long life lithium-ion batteries used in hybrid and electric vehicles, as well as mass energy storage systems. Galaxy is bullish about the global lithium demand outlook and is aiming to become a major producer of lithium products.

### **Caution Regarding Forward-Looking Information**

This document contains forward-looking statements concerning Galaxy.

Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

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