

Another Galaxy milestone in Lithium production

Galaxy Resources Limited (ASX: GXY) ("Galaxy") has long been a favourite of ours; their assets are robust, their partners strong and their team evidently driven. Whether they are motivated entirely by a love of grinding myriad rock-types into valuable commodities is unclear, but Galaxy continue to prove that they are fast movers in an already quick-paced game with landmark progress at multiple sites.

Not only did they reach full production earlier this year, but the completed shipments have so far both departed northward, the most recent of which was 14,000wmt of spodumene concentrate bound for Mitsubishi Corporation in China, for which payment is now imminent. This has left the guys at Galaxy a little extra free-time, and more cash to focus on finishing up exploration work at the James Bay pegmatite project in Quebec, Canada. Additionally, the product coming off the belt at Mt Cattlin has exceeded the 5.5% Lithium Oxide concentration originally stipulated by the company.

As if this weren't enough, Galaxy are the proud owners of a total of three world class lithium deposits, and one of the greatest things about having multiple assets is the ability to bring the most valuable to production first and use the resulting cash-flow to make progress on other resources without having to beg for additional capital.

Having shelved progress on the Definitive Feasibility Study (DFS) at James Bay back in 2012 to focus on Mt Cattlin, Galaxy are keen to return to Canada to demonstrate that the James Bay resources are up-to-scratch. Interestingly, there are still many spodumene-bearing pegmatites at the site that have not yet been fully explored, which could reveal valuable additions to Galaxy's growing collection of James Bay DFS data.

Currently, the asset comes in at 22.2Mt inferred and indicated, with a grade of 1.28% Lithium Oxide, and metallurgical work conducted in 2012 revealed that a lithium concentrate could be produced with grades of up to 6.53%, which is not to be sniffed at. The DFS will confirm or deny the ultimate value of the project, but the company wouldn't be reactivating the area if things weren't looking good.

In today's hyper-competitive junior mining world, any company that wishes to reach production must do so with cost refined downward about as far as it can go. This leads to a multitude of geological, metallurgical and logistical considerations that can truly make or break a project on efficiency alone. The James Bay deposit occurs at surface, and modelling has indicated that the site is good for a simple open pit extraction, which keeps costs much lower and logistics far less nightmarish, and yet there still remains excellent potential to use the drilling programs, studies and pilot-plant testing to add significantly to resource estimates. Getting involved with Galaxy now might seem a little late, but they may still have a few underground surprises in-store for us yet.

Mt Cattlin is not only generating revenue these days, but moving ever-closer to its nameplate capacity of processing around a million tonnes of ore per annum. With the Australian mine currently exceeding its own quality specifications, I'm left wondering what treasures will be revealed at James Bay. In addition to the two mentioned projects, let's not forget Galaxy's Sal de Vida claim in the Argentina section of the renowned "lithium triangle" – host to more than half of the world's lithium reserves.

A few years ago, you could have looked at Galaxy and passed them over quite readily, but like an archaeologist carefully brushing away the sand long-accumulated atop a valuable artifact, they have revealed some truly great finds from not much more than piles of dust.