

Galileo Resources accelerates an African REE story with 'very' experienced management

Galileo Resources Plc, ('Galileo', AIM: GLR) is concentrating its efforts on rare earths projects in South Africa and Zambia. The Glenover project in northeastern South Africa is the flagship project. The property had a long history of phosphate production and now the main focus has shifted toward rare earths. Last March, Galileo issued a preliminary economic assessment (PEA) evaluating the project's worth at some USD\$ 512 million based on stockpiles from abandoned operations at the site. Galileo is also advancing development at the Nkombwa Project in Zambia, which has shown encouraging grade and quantity potential. Galileo is a young company, having been launched in 2011; however the leadership behind it is very experienced, Colin Bird. Bird established Galileo fully aware of the challenge posed by difficult market conditions. Bird was behind the Jubilee Platinum project, in South Africa and known to be one of the most prolific platinum ore resources in the world.

Bird is very excited about the Glenover Project in South Africa, which is rich in apatites and carbonatites, typically rich in rare earths. The Project, moreover, will develop as an open pit mine, which would allow Galileo to advance to production stage more quickly and at lower cost. The PEA has projected a 24-year mine life and 167,100 tons of REE's with capital costs of USD\$ 233 million. The next phases will determine the indicated and measured categories with a view toward completing a pre-feasibility assessment. Given its long production history at Glenover, Galileo has considered recovering ammonium sulphate – a commonly used fertilizer – and scandium by processing phosphate stockpiles – where a large portion of REE's are said to be based – left from the

previous operation using nitric acid as the reagent. The viability of processing resources is one of the most important considerations for investors looking for rare earth opportunities, given the crucial importance that the right processing, or metallurgy, has in the sector. As for the Nkombwa Hill rare-earth project in Zambia, Galileo has entered into a joint venture agreement with Rare Earth International (REI) to acquire a 70% interest in the project along with African Consolidated Resources (ACR) and its Zambian subsidiary Fisherman Mining.

Galileo is very interested in the Nkombwa Hills project because of its high grade resource potential (about 23% TREO at best and 1.7% TREO on average) from samples. Moreover, the mineral is contained in rock presenting few acid consuming minerals, making REE recovery easier and cheaper. Galileo is now establishing the resource. Galileo's other consideration owes to Zambia's value as a mining destination. Zambia offers strong government support and a transparent legal system, especially as far as extractive industries are concerned. Zambia is rich in raw materials and rare minerals, which are very important to government revenue and export earnings, are almost entirely dependent on extractive industries. Zambia suffered from high government debt levels and the IMF and World Bank encouraged it to privatize the mining sector over the past decade to increase exploration and production also thanks to the establishment of clear license regulations. Zambia's government, consequently, has made political stability one of its main goals, which means that foreign miners will face fewer risks than in many other areas of the continent.

As part of the deal with REI, Galileo also acquired an REE project in Mozambique, the Xiluvo Project, which has a JORC compliant Indicated Resource of 1.1 million tons of 2.05% TREO and 4.4% phosphate (P2O5) (at a cut off 1% TREO). Mozambique is another fast growing mining destination, which also offers

a reliable legal framework. Some of the world's largest companies, including Vale of Brazil, Rio Tinto, or Beacon Hill Resources from the UK have launched mining projects in the country. The Mozambican government expects that the mining sector will grow at an annual rate of 30% over the next five years. While, Mozambique has had a reputation for corruption in the past – and the country remains very poor with 55% of the population living on less than a dollar a day – Mozambique could prove to be a positive surprise. The country has learned from the mistakes of other resource-rich countries in Africa and the resource boom could be used to start raising living conditions.