

Cashed up from the POSCO sale – what's next for Galaxy Resources?

Lithium is 3rd element in the periodic table and the lightest solid element. It is a small soft silver grey metal perfectly suited for use as a super light electrolyte (conducts electrical current). The lithium-ion battery sector is one of the largest consumers of lithium, and it is growing very fast spurred on by the electric vehicle (EV) boom.

Lithium-ion batteries have superior energy density and are more efficient and environmentally friendly than traditional lead acid batteries. Originally used in computing and mobile communication devices, lithium-ion batteries are being increasingly used to power electric vehicles (bikes, cars, buses, trucks, boats, ships, and soon trains and planes), and mass energy storage devices to help power our homes and cities.

Galaxy Resources Limited (ASX: GXY) engages in the production of lithium with three 100% owned global projects diversified across spodumene and brine, and across 3 continents.

Sal de Vida (SDV) (Argentina) – Development stage

Sal de Vida is one of the world's largest and highest quality undeveloped lithium brine deposits with significant expansion potential covering more than 385 square km. Galaxy Resources recently sold their northern SDV tenements to POSCO but retained their southern tenements upon which their current resource and Feasibility Study is based on. This means the negative impact from selling the north is minimal, and the positive is US\$280 million.



Mt Cattlin Spodumene Mine (Western Australia) – Production stage

Galaxy Resources owns the Mt Cattlin spodumene Mine, located in Western Australia. Galaxy is currently mining pegmatite ore at Mt Cattlin and processes on site to produce a spodumene concentrate and a tantalum by-product. At full capacity, ore can be processed at a rate of 1.6 million tonnes per annum (tpa) with lithium oxide concentrate production of 180,000 tpa. Galaxy Resources holds a series of tenements surrounding and including the mining lease M74/244, which contains the majority of the spodumene resource identified to date and which hosts the Mt Cattlin mine.



Galaxy Resources' Mt Cattlin Mine in Western Australia

James Bay Spodumene Project (Canada) – Development stage

The James Bay lithium pegmatite Project in Quebec Canada contains Indicated Resources of 40.3 million tonnes grading at 1.4% Li₂O. The James Bay deposit occurs at surface and resource modelling indicates that the resource is amenable to open pit extraction. There is excellent potential to increase the resources through additional delineation of the pegmatite dykes along strike and at depth and potential to increase grade through infill drilling.

Recent big news for Galaxy as POSCO sale successfully completes

In what started in August of 2018, a deal to buy Galaxy's northern SDV tenements for US\$280 million by South Korean steelmaker POSCO has finally settled.

Galaxy Resources stated: "(Galaxy) is pleased to advise that final settlement of the sale of a package of tenements located on the northern portion of the Salar del Hombre Muerto to POSCO has now been completed....Galaxy will now receive US\$271.6 million (after US\$8.4 million in withholding taxes was paid in November 2018) as follows: US\$257 million consideration held in escrow plus interest accrued will be released by the escrow agent to Galaxy by Tuesday 26 February 2019 and US\$14.6 million will be paid by POSCO directly to Galaxy by Friday 1 March 2019, now that registration of the usufruct transfers has also been completed."

The above sale proceeds will combine with Galaxy's existing cash of ~US\$ 41 million, less tax to form a very nice cash pile heading towards US\$300 million.

What will Galaxy do with their new large cash hoard of ~US\$250 million?

My best hypothesis is the following:

1. ~US\$150 million towards the development of SDV, in combination with a project partner.
2. ~US\$100 million towards a lithium spodumene conversion plant either in Western Australia or China. A JV with Neometals (ASX: NMT) perhaps?
3. Any remaining funds to purchase nearby lithium tenements/projects to bolster the mine life of Mt Cattlin, and to advance James Bay.

My outlier idea is Galaxy may look to diversify away from lithium into other EV metals.

Please note the above is what I think may happen, and purely my own speculation.

What is for sure is that Galaxy Resources will continue to make profits from their Mt Cattlin lithium spodumene mine, focus to advance Sal de Vida to production, and steadily advance James Bay to FS stage completion for now. This makes Galaxy one of the very best pure play lithium miners globally, and definitely on investors radar with plenty of near term catalysts likely in 2019.

Australian based Galaxy Resources Limited has a market cap of A\$910 million, noting they will shortly have ~A\$400 million in cash, and no debt.

**A pure play lithium miner
with cash and zero debt**

attracts Galaxy interest.

The salt flats of Chile, Bolivia and Argentina hold the bulk of the world's supply of lithium. These stunningly beautiful salt flats form a region that has become known as the Lithium Triangle. The demand for lithium is expected to at least triple by 2025.

Australian based Galaxy Resources Limited (ASX: GXY) engages in the production of lithium concentrate, with their flagship project Sal de Vida (Salt of Life) located within the Lithium Triangle, in Argentina. The Company also holds 100% interest in both the Mt Cattlin lithium spodumene mine in Western Australia, and the James Bay lithium spodumene project in Quebec, Canada.



Sal De Vida – “Salt of life”

Sal de Vida

Sal de Vida (SDV) is one of the world's largest and highest quality undeveloped lithium brine deposits with significant expansion potential. Galaxy controls 100% of the brine mineral rights covering more than 385 square km.

The Sal de Vida brines average about 780 mg/L lithium which is good. They also have potassium concentrations averaging around

0.87 mg/L potassium, with low sulfate and magnesium which is also advantageous (high magnesium content can increase the production costs of lithium carbonate).

In May 2018, an updated Feasibility Study (FS) was released supporting a low cost, long life lithium and potash operation. The updated FS estimated a post tax net present value (NPV) of US\$1.48 Billion, with a post-tax IRR of 26.9%, over a 40 year mine life. Average annual revenue was estimated at US\$360M and EBITDA at US\$270M. CapEx was estimated at US\$474M and ongoing expenses at US\$3,144/t LCE. Clearly SDV economics are impressive and it looks like it will be a very profitable project. The planned development can use modular designs giving flexibility to add units to upscale the capacity of 25,000 tonnes per year of lithium carbonate and 95,000 tonnes of potassium chloride.

Galaxy's Q3 activities report

As of the 30th of September 2018 Galaxy had US\$54.7M in cash and liquid securities and zero debt. In addition, a US\$13.3M payment for a shipment completed in late September was received in early October.

During the past quarter, Galaxy entered into a binding agreement with POSCO to sell a package of tenements located on the northern area of the Salar del Hombre Muerto in Argentina, for a cash consideration of US\$280M. In early October, POSCO transferred US\$257M into the designated transaction escrow account at HSBC. These funds will be released to Galaxy upon receipt of the tenement transfer deeds which is expected to be released by the end of October 2018. Note that the sale of the northern tenements does not impact Galaxy's NPV on Sal de Vida as they were not included.

Adding all the cash Galaxy will soon be at about US\$348M, which goes a long way towards the US\$474M to start Sal De Vida.

Mt Cattlin Spodumene Mine update

During Q3, the Galaxy commenced a 30,000 m drill program in support of exploration, resource and reserve development at Mt Cattlin. As the dry season in Western Australia approaches, exploration activities will include a further round of ground penetrating radar (GPR) west of Mt Cattlin and completion of ongoing geochemical sampling programs confirming earlier GPR work. An updated resource and reserve estimate is expected early in Q1, 2019.

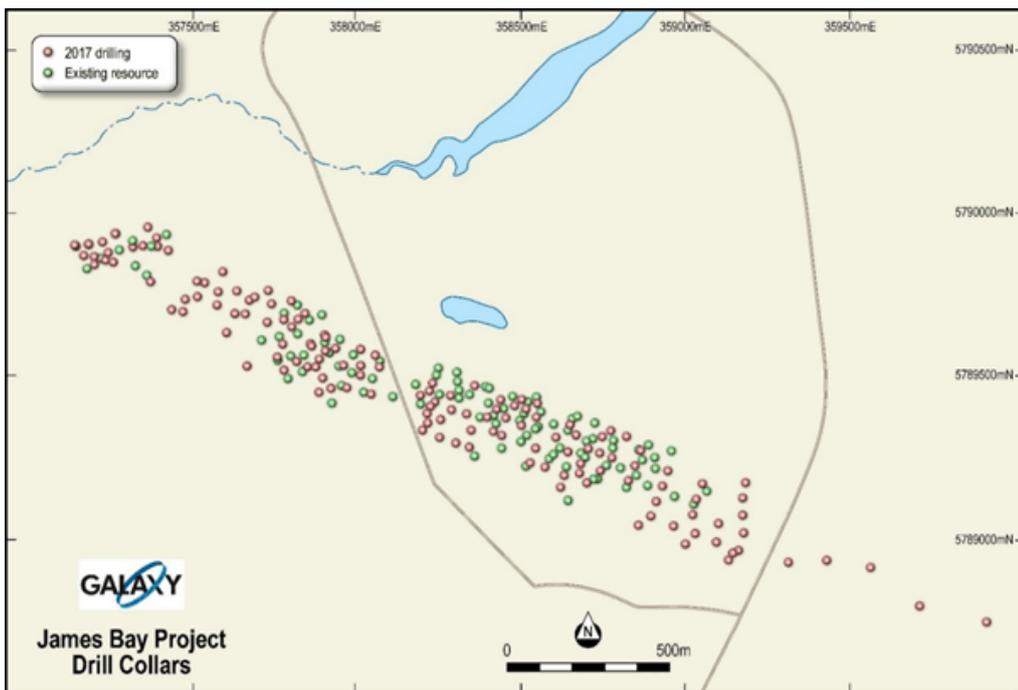


Galaxy Resources' Mt Cattlin lithium mine

James Bay Spodumene Project update

The James Bay lithium pegmatite project contains indicated resources of 40.3 million tonnes grading at 1.4% Li₂O. The deposit occurs at surface and resource modeling indicates it is amenable to open pit extraction. There is excellent potential to increase the resources through additional delineation of the pegmatite dykes along strike and at depth and potential to increase grade through infill drilling. Galaxy is steadily progressing the project towards a

Feasibility Study.



If you look from a distance it spells. "Invest in Galaxy"

Galaxy Resources continue to give investors a lower risk, high reward, pure play lithium miner with an achievable pathway ahead which should significantly reward long term investors. Cash flow and reserves are excellent, and several near term catalysts exist. The big one would be a project partner or funding decision on Sal De Vida. Put simply, Galaxy is a great buy.

**Lithium investors need look
no further than Galaxy**

Resources

Galaxy Resources Limited (ASX: GXY) is an Australian lithium miner with three lithium projects globally. Unlike their much larger peers, they are a pure play lithium miner. Galaxy recently agreed to sell their northern Sal De Vida tenements to POSCO for US\$280m, thereby boosting Galaxy's balance sheet and de-risking the Company once the sale completes in Q3, 2018.

Mt Cattlin lithium spodumene mine – Western Australia

The Mt Cattlin mine has ramped up lithium spodumene production to reach 47,901 tonnes in Q2 2018, at an average cash margin of US\$534/t. On a yearly basis that works out to be ~US\$100m just from Mt Cattlin.



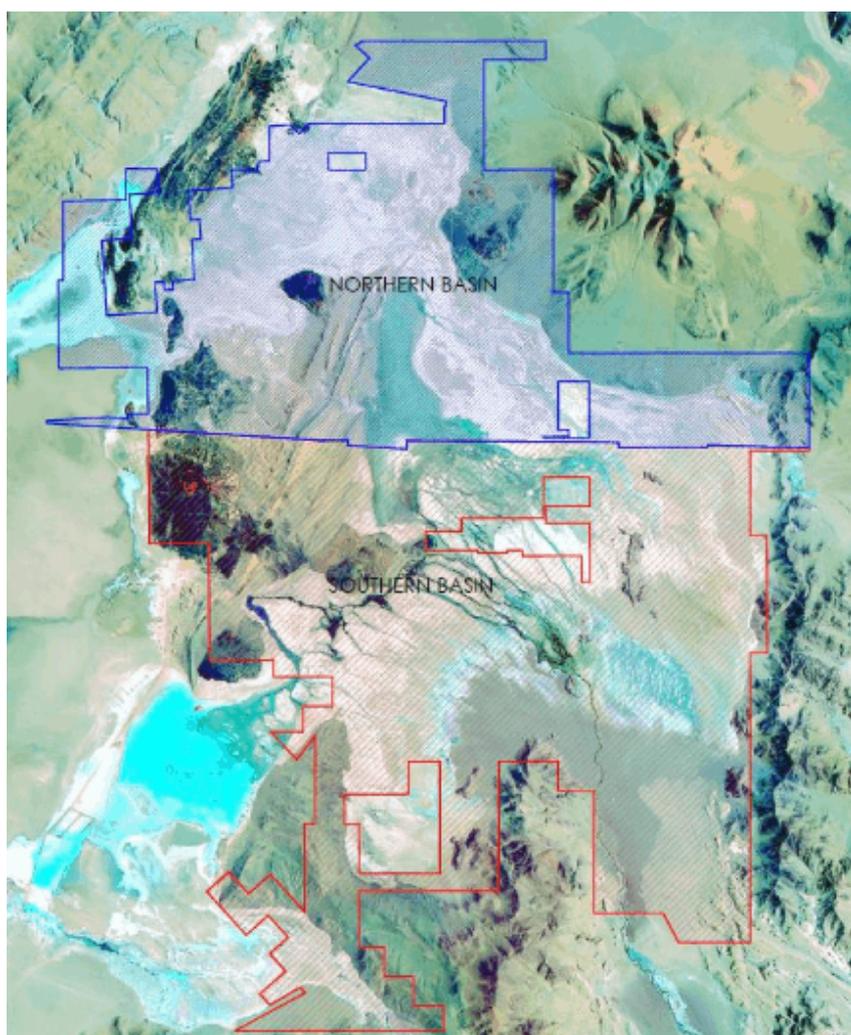
Mt Cattlin

Sal De Vida (SDV) lithium brine project – Argentina

After the sale of the northern tenements of Sal De Vida to POSCO the total resource estimate for Galaxy's retained SDV falls to 4.09 million tonnes LCE (at a grade of 780mg/L), as Galaxy retains the southern tenements. The reserves estimate

of 1.14 million tonnes also remains unchanged. The key point here is that Galaxy still has a very large high quality resource. The latest Feasibility Study results (post tax NPV8% of US\$1.48 billion) is therefore unchanged as it did not include the northern tenements.

On July 9 the Company announced (regarding the POSCO sale): “The Company advises that the agreed timetable for completion of this transaction continues to be met, with notice received from POSCO on 6 July that their investment review had been completed satisfactorily. The transaction remains conditional on execution of definitive documentation and final POSCO Board approval which is still expected during the third quarter of 2018.”



SDV tenements map – Blue sold to POSCO, and red retained by Galaxy

James Bay spodumene mine – Ontario, Canada

Galaxy Resources continues to slowly advance their final project at James Bay. The Feasibility Study is in progress as is further metallurgical test work and ongoing engagement with the local Cree community.

Valuation

As of June 30, 2018 Galaxy had US\$84.8 million in cash, and no debt. Current market cap is AUD 1.25b and enterprise value is estimated to fall to AUD 860m or lower (after the POSCO sale completes). 2018 PE is 10.4. Analyst's consensus target price is AU\$4.04.

With the POSCO sale due to complete sometime in Q3 2018 Galaxy Resources should receive a significant re-rating given the fact the sale proceeds of US\$280m (plus ~US\$200m retained Mt Cattlin earnings) will be enough to allow Galaxy to self fund Sal De Vida (CapEx US\$474million). Looking ahead once Sal De Vida is up and running it is projected to earn an EBITDA of US\$270 million for a project life of 40 years (40 years x 25,000tpa). Finally James Bay could be brought on quite easily using existing retained earnings say by mid 2020's as global lithium demand requires. Once all three projects are running Galaxy Resources could be looking at combined EBITDA of ~US\$500m pa (100m + 280m + 120m). Applying a 10x multiple to this would suggest Galaxy is headed towards an Enterprise Value of ~US\$5b by the mid 2020's, which would be 5.8x higher than now.

Investors need look no further than Galaxy Resources for a lower risk, high reward, pure play lithium miner. The pathway ahead looks very achievable, and should significantly reward the long term investor looking to buy and hold until 2025 and beyond.

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.

The “unstoppable” Galaxy Resources, bullish about global lithium demand

An outstretched hand is often bitten; unless that hand belongs to Galaxy Resources Limited (ASX: GXY) (“Galaxy”), in which case it apparently gets filled with cash. Since the first lithium shipment left its Mt. Cattlin spodumene project only last month, Galaxy has moved to advance its South-American brine deposits, raising A\$61m in a massive show of confidence.

It’s really no surprise that people would slam bets down on these guys; they just get stuff done. Despite 240mm of unseasonal rainfall in the second week of February causing minor damages and a two-day shutdown, production rates were entirely unaffected and the second 15,000mt shipment is expected to depart Esperance Port for China any day now.

The processing plant has already reached 90% of nameplate throughput, with a peak feed rate at 95% of design. By the end of this month, Galaxy expects to have met its stated nameplate design of 210tph of processed material. It’s this sort of smooth running in spite of hiccups that drives confidence in the company; in some countries, snow stops trains.

Their planned developments in the lithium triangle of Latin-America have attracted considerable interest, not surprising

since the region Galaxy is meddling in produces 60% of the world's lithium. Galaxy's Sal de Vida lithium and potash brine project in Argentina is a large salt flat, or salar. The salar lies approximately 1,400 kilometres north-west of Buenos Aires at an altitude of 4,025 metres and is accessible from the city of Salta. A Definitive Feasibility Study has already been completed on the property, concluding that Sal de Vida has the potential to generate total annual revenues in the region of US\$215m.

Galaxy's capital raising was primarily to advance the Sal de Vida project as well as their lithium pegmatite project in James Bay, Quebec. The capital raising was significantly oversubscribed, with support shown by both existing shareholders and new investors. The Sal de Vida project in particular has excellent potential as a low cost production facility; Salars, essentially dry lake beds, are so expansive that all processing equipment can normally be housed on site. Drying out a brine pond takes quite some time as it can only be done naturally, and not having to haul massive volumes of liquid down mountains is a logistical win.

The company is expecting significant cash flows from Mt Cattlin, with initial offtake prepayments of US\$13.5 million already received. The strong demand for the recent share placement confirms that people really believe in the way that Galaxy have spread their bets. This particular set of assets, owned by this particular company, as they exist today, is a prime choice in the lithium game, and everyone seems to know it.

Lithium compounds are an essential cathode material for long life lithium-ion batteries used in hybrid and electric vehicles (EVs), as well as mass energy storage systems. Galaxy has always been bullish about the global lithium demand outlook and is set on becoming a major producer of lithium products. The market shows no signs of slowing, and EV demand over the coming years is still driving investment in this

sector.

With full pockets and projects in three continents, it is almost certainly going to be a busy year for Galaxy Resources. The Australian company has grown in many respects over the last couple of orbits, and they continue to play a well-focused and hard-working game.

Galaxy Resources: “first in, best dressed” in the Lithium space

With the revival of interest in the Lithium space and us having declared 2016 to be the **Year of Lithium**, it seems timely to visit one of the veterans of the space which has ridden the bucking bronco of the markets, been tossed off once and is now back in the saddle.



Galaxy Resources Limited (ASX:GXY) has gone full circle. It was the outlier hard rock Lithium story at the start of the Lithium boom with its focus being the Mt Cattlin spodumene deposit in Western Australia when everyone else was off chasing LatAm *salares*. After bringing that to production, then focusing on the downstream with a processing plant in China, then disposing of that plant and then Jving out the Australian mine, it has parallel processed an Argentine *salar* in recent years and that has now moved into poll position in its list of focuses.

Nevertheless with its residual stake in Mt Cattlin and now its

evolving Latin brine focus, Galaxy is the only listed company we can think of (though Talison used to be an example) that straddles the two types of mineralisation (and the two continents. Clearly it hopes the ultimate outcome will be as profitable for shareholders as the ultimate fate of Talison.

Salt of the Earth

We jest though the project is called Sal de Vida which is Spanish for Salt of Life. The project is located in north-west Argentina in what is known as the 'Lithium Triangle', the current source of more than 60% of the world's annual production of lithium.



Galaxy controls 100% of the brine mineral rights over more than 385 square kilometres on the eastern half of the Salar del Hombre Muerto, which lies in the high altitude Puna, a plateau comprised of basins and ranges discrete from the much larger Cordillera-bounded Altiplano basin to the north.

The Salar de Vida lies approximately 1,400 kilometres north-west of Buenos Aires at an altitude of 4,025 metres and is accessible from the city of Salta via an all-seasons road, and there is a major powerline 115 kilometres away.

The western half of the Salar de Vida is the site of Argentina's only commercial scale lithium mining operation owned by Minera del Altiplano.

Brines in LatAm

Much of the current production comes from brines in the Salar de Atacama (in Chile) and the Salar del Hombre Muerto (in Argentina). As we have written in the past there are a number of listed and unlisted players in the Argentine space. Orocobre listed on the ASX is the most advanced with the Salar de Olaroz but we first starting looking at this area when

Admiralty Resource's Rincon project was in its formative stages. That was later acquired by the resources hedge fund, Sentient, and has fallen behind Orocobre.



As mentioned earlier the western half of the Salar de Vida is the site of Argentina's only commercial scale lithium mining operation exploited by a subsidiary of FMC Corporation. The Fenix operation has been producing lithium since 1997 and according to FMC's website has a mine life of over 75 years.

Location and Geology

The Salar del Hombre Muerto lies in the high altitude Puna, a plateau comprised of basins and ranges. Outcropping basement at Farallon Catal divides the basin into Western and Eastern sub-basins. The origin of lithium in the brines of the Puna is not well known. The area is underlain by an extensive magma chamber at depths of only 4km and this could be the ultimate source, lithium being transported to the surface via volcanic activity, especially hydrothermal vents. It is not known whether the transfer was as a result of the leaching of lithium-bearing volcano clastic sediments or by the recycling of trapped lithium-bearing solutions.

The Sal de Vida brines average about 780mg/L Li. They also have potassium concentrations averaging around 0.87mg/L K, low magnesium and sulphate. High magnesium content can increase the production costs of lithium carbonate. The Sal de Vida Mg:Li ratio of approximately 2.2 and SO₄ Li ratio of 11.5 are low by industry standards. The Salar de Atacama in Chile, the largest lithium producing brine operation in the world, reports Mg:Li ratios of more than 4 and Salar de Uyuni in Bolivia has an Mg:Li ratio of more than 14. In addition to the brines, the Salar hosts near surface deposits of ulexite, a sodium-calcium borate mineral mainly used for the production of boric acid.

The Resource

A maiden JORC-compliant Reserve estimate of 1.1 million tonnes of retrievable lithium carbonate equivalent and 4.2 million tonnes of potassium chloride (potash or KCl) equivalent supports total annual production over a 40 year period.

The “Secret” of the Salares

A *salar* is a predominantly dry lake bed within a restricted drainage basin. Normally, the dry climate and lack of drainage results in the deposit of salt and borate minerals with sand and clay intervals. Just below the surface, the pore spaces of the unconsolidated sands, silts and salt bodies are filled with water. Near surface, the water is brackish and below approximately two metres in depth, the water is consistently very salty (brine). In addition to ordinary salt (sodium chloride), the brines also contain high concentrates of dissolved potassium chloride, lithium chloride and boron.

All mining is a chemical process to some degree. The production of lithium and its by-products highlights this fact. Firstly the brines are evaporated into lined evaporating ponds, with the evaporation rate at the *salar* being around 3,000mm per annum. Then the output from the evaporating ponds requires the selective precipitation of calcium and magnesium cations (positively charged ions) that interfere in the recovery of lithium of sufficient quality.



These pre-treatments require the input of lime and sodium sulphate. To produce 15,000 tpa of LiCl will require approximately 84,000 tpa of sodium sulphate.

The brine passes through a series of evaporation ponds (phases B, C & D above). These are all of one metre in depth. If Magnesium is an issue then it is removed at Phase C. Then the potash is extracted at the concentrated brine phase (E).

Finally the ionization plant (at phase F) creates the finished chemicals for bagging and then export.

The DFS

In Galaxy's estimation the Sal de Vida deposit is "one of the world's largest and highest quality" undeveloped lithium brine deposits. In the words of Mandy Rice-Davies, they "would say that wouldn't they". But they have good reason to do so considering that they own the other part of a *salar* with one of the most substantial producers in the world.

In April 2013, Galaxy released a Definitive Feasibility Study positing a low-cost, long-life lithium and potash operation. The DFS outlined a project site that, when completed, would include evaporation ponds, a battery grade lithium carbonate plant and a potash plant.

This study estimated, at a 10% discount rate that the pre-tax net present value would be US\$645 million or US\$380 million post tax. Sal de Vida has the potential to generate total annual revenues in the region of US\$215 million and operating cash flow before interest and tax of US\$118 million per annum at full production rates.

Scalability

After production, scalability is our second most favorite word and we when use it we imply smaller rather than larger. It is pleasing to see that Galaxy have also taken this issue to heart and have also considered alternative low-cost, scalable development options at Sal de Vida. The options targeted have an initial capital investment limited to US\$100 million and output of saleable product within two years of construction commencing. All development options consider modular designs, providing the flexibility to add units and scale up to the capacity of 25,000 tonnes per year of lithium carbonate and 95,000 tonnes of potassium chloride.

Mt Cattlin – on the Move Again

When J.P. Morgan was asked how he got so wealthy, he sagaciously commented “I sold too soon”. Well might we say that about Galaxy’s transaction passing management of the Mt Cattlin asset over to General Mining (ASX:GMM) which was struck on the eve of the Great Lithium Rebound.

When first mooted the Mt Cattlin was aiming to produce 137,000 tonnes of 6% spodumene concentrate per annum. The mine also has a Tantalum by-product credit which was expected to be 56,000 lbs per annum of Tantalum Oxide if production reached the aforementioned spodumene tonnages.

For a couple of years now Mt Cattlin has been mothballed. It was for a brief period the “other” Australian Lithium producer from spodumene with the “big” producer being the Greenbushes mine, which was owned by Talison, until that company was taken over for around \$760mn by a consortium of a Chinese producer and Rockwood.

In February of last year, General Mining cut a deal with Galaxy under which it was granted the right to solely operate at the Mt Cattlin Project for three years with an option to purchase 100% interest in Mt Cattlin for AUD\$30mn plus a 3% net smelter return, at any time during the three year period. GMM would pay a lease fee of AUD\$2.5mn per annum to Galaxy, and a 10% production royalty. GMM at the time planned to commence Tantalum production at Mt Cattlin within approximately 6 months with Lithium not even in consideration.

However the deal was recomposed along the way (early June 2015) as a 50/50 deal and here we are nearly a year later and it is drawing nearer to production but is not there yet. In recent weeks GMM announced that it had met its 31 December 2015 deadline under the altered agreement by committing to an initial AUD\$7mn capital spend on the recommencement of production at Mt Cattlin.

This means that, upon the restart, General Mining will earn its initial 14% equity and 50% profit interest in the Mt Cattlin Project as per the June agreement.

All long lead items required for the restart were ordered in late December 2015, with the 2016 production timeline comprising:

- Fines circuit commissioning – late March 2016
- Coarse circuit commissioning – late June 2016
- First export of concentrate – estimated July 2016
- Plant optimisation process – completed December 2016

In October it was announced that Mitsubishi would buy 100% of the spodumene output of Mt Cattlin. Understandably GMM's stock price has been on an absolute tear as a result of these developments.

As for Mt Cattlin, the comparative cross-sections below are a good visualisation.



Greenbushes is the long-producing property of Talison. Mt Cattlin is now owned by the GMM/Galaxy's JV. Talison has the most problematical property logistically but is compensated with a good grade. Neometals' Mt Marion has the advantage of a minimal strip ratio and a grade that is double Mt Cattlin's. Strip ratios for the Mt Marion deposits range from 1:1 to 2:1. Meanwhile Mt Cattlin has the Tantalum credits.

Conclusion

Galaxy was "first in, best dressed" in the Lithium space and learnt the lessons before many of the others. At least from the outside it appears a lesson to learn is to be wary of "Chinese bearing gifts". Fortunately Galaxy eventually managed to escape from that relationship and managed to get the "money and the house" in the form of the Mt Cattlin asset. It has

since sliced and diced that asset, and up-focussed its Sal de Vida property.

Now it seems ready to enter the fray as a producer again using its cred as a mine-builder to lure the ever-wary Japanese and Korean seekers of Lithium sources with Galaxy's past track record of "getting it done". The goal is having them panting for some Sal de Vida.