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The Australian

Galaxy Resources' shares hits 18-month high

LITHIUM play Galaxy has been attracting punters with plans to mine at Ravensthorpe and tap into expected demand for hybrid cars.

In some positive news for the embattled southern WA town, where **BHP** has idled its \$2 billion nickel operations, **Galaxy** plans to have the \$68 million Mt Cattlin mine approved next quarter and in operation a year after that, employing 70 to 100 people.

Galaxy's shares hit an 18-month high today and are up 46 per cent in the past two days. At 1pm they were at 71.5 c, up 12c, or 20 per cent, on yesterday's close.

The genesis of the rise seems to have come from a presentation MD Iggy Tan gave to the RIU resources conference in Sydney last week in which, among more tantalising arguments, he noted lithium was a key ingredient in the drink 7-Up, which was launched in the Great Depression.

While the potential for a 7-Up relaunch in the current great recession was mentioned by Mr Tan, lithium batteries for hybrids, where demand is expected to come to the fore in 2011, are supposed to be the primary cause for excitement.

The only other lithium miner in Australia is privately owned Talison, which owns Sons of Gwalia's old Greenbushes mine in WA, making Galaxy the place to put lithium bets.

According to Galaxy's crystal ball, lithium prices are expected to stay above \$US6000 a tonne for at least the next seven years, after trading around \$US4000 in 2005.

As well as Mt Cattlin, which will produce 137,000 tonnes a year of 6 per cent spodumene ore for 15 years, Mr Tan is looking at developing a plant in \$50 million plant in Jiangsu, China to process the ore into lithium carbonate.

Galaxy raised \$6.65 million last week and hopes to divest an equity stake to finance its plans.