



Cover Story



Galaxy Resources Intends to Continue to Develop its Mt Cattlin Lithium/Tantalum Project during 2009 to Capitalise on the Rapid Growth within these Industry Sectors

Galaxy Resources Limited is an emerging industrial minerals company that is strategically focused on production of lithium and tantalum, which are currently in short supply and anticipated to face high future demand growth due to advances in long life batteries and sophisticated electronics in hybrid and electric vehicles, mobile phones and computers.

For 2009 Galaxy will be predominately focused on the development of its flagship project – the Mt Cattlin lithium / tantalum project, with the ultimate aim of building shareholder wealth and value.

The project will generate an LOM average of A\$26 million net cash per annum based on the sale of spodumene and tantalum concentrate. The project Net Present Value (NPV) (real and non-g geared, before tax) is estimated at \$A128 million using a discount rate of 8%. The LOM average cash operating cost is estimated at A\$41 per tonne of ore processed compared with estimated revenue of A\$71 / t ore.

Mr. Iggy Tan, Galaxy's Managing Director informed the Australian Investor, "One of the key attributes of the Mt Cattlin project is that it is a low lying ore body and hence the strip ratio and mining cost is much less. Additionally, it is close to existing Ravensthorpe township and Esperance Port infrastructure."

The Company completed a definitive feasibility study (DFS) of the Mt Cattlin Lithium-Tantalum project that confirmed the economic and technical viability of the project.

Furthermore, the DFS indicated a phased start up of the project, which includes the establishment of a mine and minerals plant first as part of a lower capital cost, lower technical and financial risk strategy that will bring earlier cash flow.

"The results indicate that Mt. Cattlin is a robust project with the potential to begin production during Quarter 3, 2010," Mr. Tan commented.

It is believed that the potential value of this project places Galaxy in a strong position for future growth and development during 2009.

"Another important aspect for Galaxy is that we are in an industry that has very stable pricing," Mr. Tan explained to the Australian Investor, "While the volatility of the financial market will slow the world economy's growth, we believe the demand for lithium will continue to grow due to its use in the development of electric vehicles."

Commitments by the US President Obama to increase the use of electrical vehicles and renewable energy reflect the world's movement towards more sustainable energy uses.

"Going forward our main priority is to secure a strategic partner for our Mt. Cattlin project – one that is passionate about securing lithium supplies," Mr. Tan informed the Australian Investor, "We anticipate that this partner will most probably be a lithium battery producer. Once this partner is secured we will then embark on project finance."

The Company is also working to build an experienced lithium team to continue to advance the development of the Mt. Cattlin project.

Mr. Tan concluded, "We believe Galaxy Resources has a positive future outlook. We have an exciting project that is ideally positioned to capitalise on the rapid growth of the lithium sector and the right team to maximise the Mt. Cattlin project's potential value for our shareholders."

Article written by <http://australianinvestor.com.au>

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