

Mediaportal Report

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▶ **Region booster blasts off**

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▶ **Yule be right**

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IT IS Christmas and the wise men of the market are looking for a sign. Not a sign of star in the East" proportions, but a sign nonetheless.



Region booster blasts off

Galaxy Resources has come to the rescue of the embattled residents of Ravensthorpe with the development of a new mining project and the provision of new jobs. By **Wally Graham**

When *Australia's Mining Monthly* met with Galaxy Resources managing director Iggy Tan earlier this year to hear about the company's grand plans for its Mt Cattlin spodumene project, its share price was hovering around the high 20c range and the company looked like a story worth following.

It would have been nice to have followed it a bit closer as the share price went off to hit the \$2 mark before settling around \$1.60-1.75.

Not only did the share price progress well, so did the company's plans. These culminated in a ground-breaking ceremony to celebrate the start of construction of the Mt Cattlin mine.

By 2010 Galaxy Resources expects its Mt Cattlin mine to be the world's second-largest hard rock producer of spodumene.

Galaxy is confident of also becoming the largest and lowest-cost producer of lithium carbonate in the Asia-Pacific region.

The Mt Cattlin project will produce 137,000 tonnes of spodumene concentrate per annum at an onsite processing facility.

This concentrate will then be shipped to the company's own value-adding lithium carbonate plant in China.

From the China facility Galaxy will produce 17,000tpa of battery grade lithium carbonate. A large proportion of this will make its way into the burgeoning China market as well as the growing markets of Japan, Korea and Europe.

Galaxy celebrated the ground breaking at Mt Cattlin in style, with Tan joined by Western Australian Premier Colin Barnett and Ren Xiajian, chief executive officer of Chinese investor company Creat, in driving ceremonial shovels into the ground.

"We're very proud to be opening this mine," Tan told gathered media.

"In the next week or so we will commence construction. We have all the environmental approvals and yesterday [Thursday] we

announced the final mining approval.

"So we are very excited to have this mine commence construction. We hope it will be running by this time next year."

Tan expects the mine to employ about 75 permanent workers, adding the company wants these employees to live near the mine to benefit the region.

The ceremony provided Barnett with the perfect platform to bring some good news to a region left devastated earlier this year when BHP Billiton suddenly closed its nickel laterite operation.

Barnett highlighted his government's participation in the mine's progress by dealing with works approvals within agreed time frames. He said this had allowed the mine to go ahead as quickly as possible, which would benefit the people of the region.

The premier identified that not only would there be 75 employees once the mine was operational but also about 100 jobs created during mine construction.

"This year has been a very tumultuous year for Ravensthorpe," he said.

"At the beginning of the year we had the shock news when BHP closed the major nickel project, which it had only just started, and there was a loss of hundreds of jobs.

"To the great credit of the Ravensthorpe community they have kept going and, indeed, the year is ending on a far more optimistic note."

Tan admitted he could not guarantee that the Galaxy mine would not go down the same path as the BHP Billiton nickel mine.

However, he did point to the potential to extend Mt Cattlin beyond its 15-year mine life.

"We think there is a bright future for the product we are going to produce," Tan said.

"Our [spodumene] concentrate will be shipped to China where we will own a downstream processing facility ... adding to the value of the Western Australian resource

by producing that into more valuable products.

"The lithium carbonate is eventually produced in China and is used in the lithium-ion battery industry in the Asian countries of China, Korea and Japan.

"We will be a significant player in the lithium game."

Spodumene begets lithium, which in turn begets a vast array of uses across a wide range of products.

Lithium is an extremely versatile commodity widely used in ceramics, glass manufacturing, lubricants, and pharmaceuticals.

Its latest calling is in the production of long-life lithium-ion batteries that are used to power modern life and particularly electric and hybrid vehicles, which has driven lithium demand. Galaxy has positioned itself to meet what it believes will be the growing demand for lithium through its Mt Cattlin project.

"So how does lithium fit in with China?" Tan asked his ceremonial audience.

"China is the largest user of lithium carbonate in the world today and is expected to grow through its green policies.

"The Chinese government has initiated various policies since the beginning of this decade as part of its energy strategy to reduce reliance on oil and harmful CO2 gas emission.

"The Chinese government has mandated 10 per cent of all vehicles to be emission free by 2013.

"It has also mandated that 20 per cent of total power generated in China by 2020 is to come from renewable energy, with sources like wind and solar.

"Lithium batteries will be preferred source of energy storage for these renewable sources."

• *Wally Graham travelled to Ravensthorpe as a guest of Galaxy Resources.*



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Galaxy Resources managing director Iggy Tan and Western Australian Premier Colin Barnett both had reason to smile at the Ravensthorpe celebrations.



Yule be right

IT IS Christmas and the wise men of the market are looking for a sign.

Not a sign of "star in the East" proportions, but a sign nonetheless. Something that is telling them the crisis is over, that a saviour has arrived and the business of drilling holes, digging bigger holes and making money can begin again in earnest.

Lately there have been a few telltale signs that the recovery, while not quite in full swing, is generating some momentum.

Companies are once again opening their corporate entertainment funds to host marketing events in the form of site tours, media briefings (lunch) and corporate lunches (lunch or dinner).

Fortescue Metals Group recently granted the nation's resources media an inside peek at its Cloudbreak operation in Western Australia's Pilbara. The iron ore producer showed off the latest addition to its fleet of surface miners – the Wirtgen 4200, the first of five such machines scheduled to be delivered over the next couple of years.

As the number suggests, the Wirtgen 4200 is pretty much twice the size of the Wirtgen 2500 surface miners the company is using, and is capable of completing about twice as much work.

Galaxy Resources took reporters, along with loyal shareholders and business partners,

to witness Western Australian Premier Colin Barnett break ground at the Mt Cattlin project outside Ravensthorpe. When operating, the Mt Cattlin mine will be the world's second-largest hard rock spodumene mine.

The ore will be mined and processed onsite to produce 137,000 tonnes of lithium concentrate per annum.

The news that companies have returned to strategic marketing of themselves and their projects is indeed welcome. Not only to the brokers and journalists fortunate enough to attend these events, but also to long-suffering shareholders who are starting to see peaks instead of troughs.

It is also a clear indication of the direction companies perceive the market to be heading in. The best indication that the market is once again on the rise, however, is the return to favour of the resource sector initial public offering.

When the carpet hit the whizzer last year the IPO market took an absolute belting. Between January and September 2008, just 49 resource IPOs listed on the Australian Securities Exchange, averaging seven a month.

The brakes were applied for the remainder of the year with only a further four added to the shelves at an average of 1.3 per month.

As 2009 sprang into life, the lack of joy

from the Christmas past lingered with a monthly average of only 0.85 IPOs presenting themselves for a total of six between January and September.

Now the cycle has run its full measure, and the season to be jolly has come around again and investors are making it live up to its name.

Three resource IPOs emerged in October, setting a trend that continued into November with four having listed at the time of writing.

Another two were waiting in the wings for a November call-up with another 14 waiting to be kissed under the mistletoe in December.

Do the maths. Should all come to fruition, 23 new companies will ring in the New Year, closing out the old with a very healthy 7.6 monthly average.

Although this new crop of companies has not exactly set the world afire in terms of price movement, a purchase of 1000 shares in each IPO would have investors sitting white-whiskered and rosy-cheeked with \$895 to give to the poor.

The best performed of these companies is Matrix Composites and Engineering, which debuted at a 36% premium to its \$1 a share issue price. Matrix manufactures and supplies specialised engineering products and services to a number of industries, including offshore oil and gas and mineral processing.