



Australia  
1 April 2016

## LITHIUM CONCENTRATE PRODUCTION COMMENCES AT MT CATTLIN

### Highlights

- Galaxy receives Production Commencement Notice from General Mining dated 31 March 2016
- Mining and processing has now commenced at Mt Cattlin
- Formal transfer of 14% equity stake in Mt Cattlin to General Mining to occur in April
- Mt Cattlin now the only new hard rock lithium mine to come into production globally
- Spodumene continues to play a critical role in feeding the growing lithium sector in China

### Corporate

Galaxy Resources (ASX:GXY) ("Galaxy") ("the Company") is pleased to announce it has received a Production Notice from General Mining Corporation Ltd (ASX:GMM) in accordance with the obligations in the Acquisition and Development Agreement (the "Agreement", as announced on 9 June 2015) on the Mt Cattlin Project. Mining and processing operations have now formally commenced.

Pursuant to the terms of the Agreement, the partnership on Mt Cattlin is subject to a A\$25 million earn-in by GMM for a 50% equity interest in the Project and will see Galaxy receiving no less than A\$6 million per annum in the first three years after commencement of production, as well as a 50% share of the operating cash flows. GMM had by 31 December 2015, already committed the first A\$7mil of capital required to restart production at Mt Cattlin (representing the first A\$7million tranche of the total A\$25million commitment) and has now recommenced production at the Project by 31 March 2016. The completion of both of these milestones will now result in the transfer of a 14% equity interest in Mt Cattlin to GMM, the process of which is expected to be completed in April 2016.

### Production Overview

Production has commenced, with both mining and processing operations having started up. An initial 5-week program will sequentially recover and stockpile spodumene and tantalum concentrates from the fines circuit ahead of crusher and HMS circuit (coarse circuit) commissioning in the June quarter.

Given the quantities of ore already mined and available for processing, the immediate focus at restart through to May 2016, is on the processing circuit. This work shall include progressive commissioning of the primary and secondary feed preparation circuits, thickener, fine and coarse circuit screens, mica removal screens, the tantalum spirals and tables, as well as the fines reflux classifiers and filter belt.



Mining of blasted ore in the Dowling Pit has also commenced and this ore will be stockpiled for processing in the June quarter. Recovery of fines material from the TSF for processing in the fines circuit is scheduled to begin during the quarter. Initial plant feed will be sourced from the existing crushed fine ore stockpile adjacent to the plant.

Regular operational updates will be provided to the market as the Mt Cattlin processing facility works through its 3-month ramp up to a base case throughput rate of 800ktpa by the end of June 2016. A second optimization phase will continue through the second half of the year to improve yields to a targeted 70-75%, based off the ongoing 800ktpa throughput rate. Funding for the capital expenditure required for this optimization phase and all working capital requirements from the commencement of production onwards, will be covered by pre payments to be paid by offtakers.

First delivery of concentrate remains on target for July/August 2016, GMM and GXY are currently finalizing the formal documentation with its China-based offtakers. Further updates on the execution of formal offtake agreements and ongoing exploration drilling at Mt Cattlin are scheduled for release in the coming weeks.

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For more information, please contact:

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**About Galaxy (ASX: GXY)**

Galaxy Resources Limited (“Galaxy”) is a global lithium company with lithium production facilities, hard rock mines and brine assets in Australia, Canada and Argentina. It owns the Mt Cattlin spodumene and tantalum project near Ravensthorpe in Western Australia and the James Bay lithium pegmatite project in Quebec, Canada.

Galaxy is advancing plans to develop the Sal de Vida lithium and potash brine project in Argentina situated in the lithium triangle (where Chile, Argentina and Bolivia meet), which is currently the source of 60% of global lithium production. Sal de Vida has excellent potential as a low cost brine-based lithium carbonate production facility.

Lithium compounds are used in the manufacture of ceramics, glass, and consumer electronics and are an essential cathode material for long life lithium-ion batteries used in hybrid and electric vehicles, as well as mass energy storage systems. Galaxy is bullish about the global lithium demand outlook and is aiming to become a major producer of lithium products.



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