

Mt Cattlin operational and shipping update

Galaxy Resources Limited (ASX: GXY, “Galaxy” or the “Company”) is leveraging off its portfolio of world-class assets to create a sustainable, large scale, global lithium chemicals business. The Company is pleased to provide an operational and shipping update at its Western Australian spodumene project, Mt Cattlin.

HIGHLIGHTS

- ◆ Operations resumed on schedule in February after a planned summer outage
- ◆ Front-end optical sorters (“ore sorters”) successfully installed and commissioned to upgrade low-grade stockpiled ore
- ◆ Overall recoveries expected to improve whilst maintaining a final product grade of 6.0% Li₂O
- ◆ 33,000 dry metric tonnes (“dmt”) of lithium concentrate shipped in March, reducing inventory levels by half
- ◆ Production volumes and inventory levels sufficient to meet 2020 contractual terms

ORE SORTERS INSTALLED AND COMMISSIONED

As part of Galaxy’s strategy to optimise operations at Mt Cattlin in current market conditions, the Company has prioritised value over volume to preserve resource life and control unit costs. A key part of this strategy is the use of ore sorters at the front-end of the process plant to upgrade and process low-grade ore that has been stockpiled at site. The ore sorters are designed to upgrade this ore, by detecting and rejecting basalt content, before it is presented to the process plant.

Commissioning comes after a successful pilot program in 2019 that demonstrated over 70% of basalt contained in the stockpiled ore could be rejected. Based on prior sampling and analysis, the stockpiled ore contains a basalt content of between 10-24%. The underlying head grade of the ore is similar to material mined and processed in 2019, however the stockpile is referred to as low-grade due to its basalt content.

Stockpiled ore and mined material are crushed and sorted into three size fractions with only coarse material presented to the ore sorter. The reduction of fine material improves the performance of the dense medium separation circuit and is expected to increase overall plant recoveries.

Each ore sorter detects the darker basalt rocks through a camera and rejects it using high pressure air jets as it falls through the sorter. Upgraded ore, with basalt content less than 3%, is produced and reports to the main process plant. Further basalt is rejected by the product ore sorter at the back end of the process plant, enabling a final product grade of 6.0 % Li₂O.

Stockpiled ore will contribute to approximately 40% of throughput in 2020, allowing mining volumes to be reduced. Mining costs associated with the stockpiled ore have already been expensed, assisting to control unit operating costs.

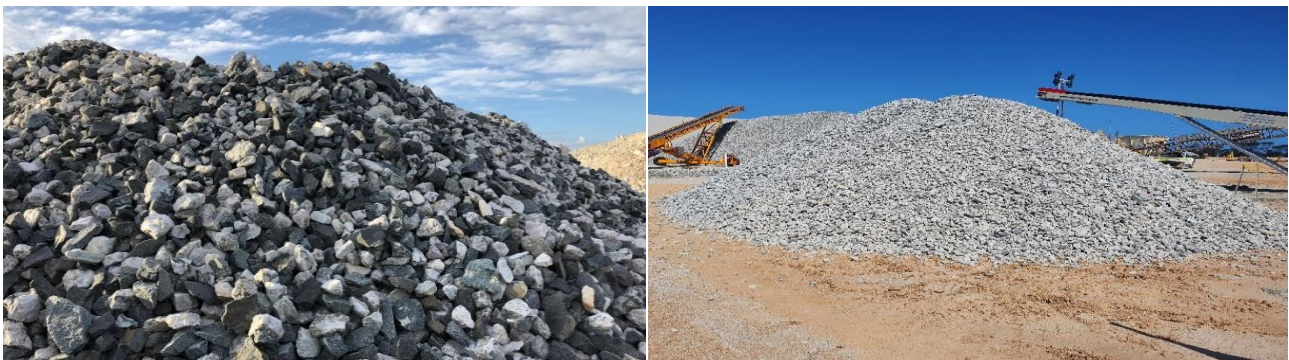


Figure 1: Low-grade stockpile containing basalt (left), upgraded material presented to the process plant (right)

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SHIPMENT

Galaxy confirms 33,000 dmt of lithium concentrate was shipped from the Esperance Port on 11 March, indicating that processing facilities in China are slowly resuming activities since the disruption caused by COVID-19.

Galaxy is monitoring the situation daily and is in regular contact with its customers.

The March shipment is in addition to the previously reported 15,000 dmt that was sold in Q4 2019 but not shipped at the discretion of the customer. Prepayment of 65% was received and the customer has advised that they now expect to take this shipment in Q2 2020.

PRODUCTION OUTLOOK

Targeted lithium concentrate production volume for Q1 2020 is expected to range between 14,000-17,000 dmt following the restart of operational activities in February 2020. The restart comes after a scheduled break over the Christmas period, allowing for the installation of the ore sorters and the retendering of the mining contract. Retendering was part of a cost saving initiative program and the new mining contractor has transitioned smoothly.

As previously announced, lower operational settings are being applied to Mt Cattlin to complement inventory levels and utilise the low-grade stockpiled ore for processing. Positively, mining and operational plans retain flexibility to promptly ramp up in response to increased market and/or customer demand.

Mt Cattlin's key operational parameters for 2020, as outlined in the December 2019 Quarterly Activities Report, are detailed below.

Table 1: Mt Cattlin Forecast Production Metrics for 2020

	Units	Operating output
Mining		
Total material mined	bcm	1,600,000 – 1,800,000
Strip ratio	bcm	5.2
Processing		
Ore processed	wmt	900,000 – 1,000,000
Grade of ore processed	% Li ₂ O	1.1 – 1.2
Recovery	%	58 – 62
Concentrate produced	dmt	90,000 – 105,000
Grade of concentrate produced	% Li ₂ O	6.0

ENDS

This release was authorised by Mr. Simon Hay, Chief Executive Officer of Galaxy Resources Limited.

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About Galaxy (ASX: GXY)

Galaxy Resources Limited ("Galaxy") is an international company with lithium production facilities, hard rock mines and brine assets in Australia, Canada and Argentina. It wholly owns and operates the Mt Cattlin mine in Ravensthorpe Western Australia, which is currently producing spodumene and tantalum concentrate.

Galaxy is advancing the development of the Sal de Vida lithium brine project in Argentina situated in the lithium triangle (where Chile, Argentina and Bolivia meet), which is currently the source of more than 40% of global lithium production. Sal de Vida has excellent potential as a low-cost brine-based lithium carbonate production facility.

Galaxy's diversified project portfolio also consists of the wholly owned James Bay lithium pegmatite project in Quebec, Canada. James Bay will provide additional expansion capacity to capitalize on future lithium demand growth.

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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This document contains forward looking statements concerning Galaxy. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions.

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