

ASX ANNOUNCEMENT
12 October 2015

General Mining Corporation
ABN: 95 125 721 075

ASX Code: GMM

Issued Capital:
223,813,993 shares
25,300,000 unlisted options

Share Price:
12.5 cents per share

Market Capitalisation:
AUD\$27.9M

Board of Directors

Mr Michael Wright
Chairman

Mr Craig Readhead
Non-executive Director

Mr Michael Fotios
Non-executive Director

Mr Bob Wanless
Non-executive Director

Company Secretary
Ms Karen Brown

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INDEPENDENT REVIEW SUPPORTS NEAR TERM PRODUCTION AT MT CATTLIN

- Average annual spodumene production of ~111,500 tonnes per annum over an initial life of mine (“LOM”) of 17 years
- Average annual spodumene production of ~133,500 tonnes per annum over first 10 years of production
- Near term cash flow at low \$14.7m restart capital cost
- LOM Revenue: \$1,164m
- LOM net cash flow: \$526m
- Net cash flow 2017-2019: \$119.9m
- Base case: NPV \$247.5m (8% Discount Rate), IRR 230%
- Robust financials support intention to restart production at Mt Cattlin by end of March 2016

Cautionary Statements

A component of the resources underpinning the production target are classified as inferred mineral resources. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

General Mining is satisfied it has reasonable grounds for reporting a production target that is based on ore reserves as well as measured, indicated and inferred mineral resources because the proportion of production attributable to inferred mineral resources is not the determining factor in project viability.

General Mining Corporation Limited (“General Mining” or “Company”) is pleased to announce a summary of the independent review conducted by Entech Mining Consultants of General Mining’s financial model of the Mt Cattlin Project (“Review”).

The Review was based on the current Mineral Resource and Ore Reserve estimates announced to the ASX on 4 August 2015 and, for the first time, quantifies the attractive project returns that could be realised by General Mining following its acquisition of a 50% interest in Galaxy Resources Limited's (ASX:GXY) ("**Galaxy**") global hard rock lithium assets, including the Mt Cattlin Project near Ravensthorpe in Western Australia. Entech has confirmed that General Mining's financial model is accurate and concluded that it had been prepared to a scoping study level.

Confirmation by an independent consultant now gives General Mining Director Michael Fotios the confidence to say:

"Mt Cattlin represents an exceptional opportunity for General Mining to enter the lithium market at a low capital cost, and at a time of increasingly robust global demand for the commodity.

With General Mining benefitting from approximately \$130m in historic sunk capital, which shortens its lead time to production, and a much improved commodity price and exchange rate environment, the Company is well placed to be the first ASX listed miner to deliver spodumene concentrate to the global market in early 2016"

For clarity, the results of the Review are for 100% of the Mt Cattlin Project. GMM has the right to acquire a 50% interest in the Project, for which it has agreed to pay a total of \$25 million. \$7 million of this is payable in upfront capital contributions to recommence production at Mt Cattlin by 31 March 2016, with the balance of \$18 million being payable in deferred consideration over a period of three years

Previously mined for both spodumene and associated tantalum by-products, the Mt Cattlin operation has historically produced over 100,000 tonnes of spodumene concentrate that was successfully upgraded to battery and technical grade lithium carbonate. As part of this process, the Mt Cattlin concentrate passed a number of end user qualification criteria and the ore has already been used in a range of finished products, including batteries.

As a result of the change in lithium metal prices since the current Ore Reserve at Mt Cattlin was first calculated, it is anticipated that General Mining will announce a further upwards revision to its financial model in the future.

Review – Summary Tables

Table 1.1 - Financial Assumptions:

Item	Description	Value
Spodumene (6% Li ₂ O)	US \$/t	\$445.00
Tantalite	US \$/lb	\$75.00
Exchange Rate	AUD/USD	0.75
Penalties Payable	% Spodumene Variability	5.0%
Penalties Payable	% Marketing	5.0%
Penalties Payable	% State Royalty	5.0%
NPV Discount Rate	%	8%

Table 1.2 - Summary Outputs:¹

Item	Description	Value
Life of mine		17 years
Peak Metallurgical Recoveries (start 2017 onwards)	Spodumene	75%
	Tantalite	70%
Ore Mined		12.04Mt
Throughput Rate		800kt pa
Spodumene Produced		1,894,420t
Average Annual Spodumene Production		~111,500t
Tantalite Produced		85,924t
Total Revenue		\$1,164,464,000
Total Operating Costs		\$575,795,000
Total Operating Costs	Per Tonne	\$47.82
Recommencement and Optimisation Capital		\$14,722,119
Indicative Finance	USD \$10m offtake loan	\$13,333,333
LOM Sustaining Capital		\$34,244,548
LOM Net Cash Flow		\$526,215,000

Table 1.3 – NPV Sensitivity Analysis (NPV in A\$m)

Spodumene Price USD/t	FX Rate (AUD/USD)		
	0.700	0.725	0.750
\$445	\$289	\$268	\$247
\$470	\$316	\$294	\$273
\$500	\$348	\$325	\$303

Please see Appendix A for a comparison between the assumptions used above and those used to define the Mt Cattlin Reserve as per the Company's 4/8/2015 announcement.

¹ The production targets contained in this table must be read in conjunction with the cautionary statement on page 1 that "there is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised". General Mining is satisfied it has reasonable grounds for reporting a production target that is based on ore reserves as well as measured, indicated and inferred mineral resources because the proportion of production attributable to inferred mineral resources is not the determining factor in project viability.

Production Target

Mineral Resources and Ore Reserves

The Review and the production target contained in this announcement were based on the following Mineral Resources and Ore Reserve estimates, extracted from the Company's announcement to ASX on 4 August 2015 (also attached to this announcement as Appendix B).

Mineral Resource Estimate July 2012, 0.4% cutoff, depleted for July 2012 EOM surface

Category	Tonnes	Li ₂ O %	Ta ₂ O ₅ ppm	Nb ₂ O ₅ ppm	Li ₂ O metal t	Ta ₂ O ₅ Lbs	% of total mineral resources on which production target is underpinned
Measured	2,540,000	1.20	152	92	31,000	853,000	19%
Indicated	9,534,000	1.06	170	85	101,000	3,566,000	60%
Inferred	4,343,000	1.07	132	91	47,000	1,267,000	21%
TOTAL	16,416,000	1.08	157	88	178,000	5,686,000	100%
Total M+Indicated	12,073,336	1.09	166	86	131,000	4,419,000	79%

Figures may not sum due to rounding and significant figures do not imply an added level of precision.

Ore Reserve September 2010, 0.4% cutoff, depleted for July 2012 EOM surface

Reserves	Tonnes	Li ₂ O %	Ta ₂ O ₅ ppm	% of total ore reserves on which production target is underpinned
Proved	2,430,000	1.11	141	24%
Probable	7,544,000	1.02	152	76%
TOTAL	9,974,000	1.04	149	100%

Figures may not sum due to rounding and significant figures do not imply an added level of precision.

The estimated Mineral Resources and Ore Reserves have been prepared by competent persons in accordance with the requirements of the JORC Code (2012). Please refer to the Company's ASX Announcement of 4 August 2015 for details regarding the competent persons.

Material assumptions

The material assumptions upon which the production target included in this announcement is based are set out in the Company's ASX announcement of 4 August 2015. A comparative analysis of a number of modifying factors of the reserves referred to in the ASX announcement of 4 August 2015 and the financial assumptions set out in this announcement is set out at Appendix A of this announcement. This analysis largely relates to the fact that the Company will sell spodumene ore rather than lithium carbonate, which is a beneficiation product of spodumene. As referred to above, given the change in lithium metal prices since the current Ore Reserve at Mt Cattlin was first calculated, it is anticipated that General Mining will announce a further upwards revision in the Mt Cattlin reserves in the short term.

The Mt Cattlin Project

The Mt Cattlin Project is located two kilometres north of the town of Ravensthorpe in Western Australia. The Project has been on care & maintenance since July 2012.



About General Mining Corporation Limited

General Mining Corporation Limited is an ASX listed (ASX:GMM) rare metal developer/producer.

In June 2015 the Company announced revised terms of its agreement with Galaxy to purchase a 50% equity interest in the Mt Cattlin Project for AUD \$25 million, payable in the following installments:

- \$7m to be spent on capital works at Mt Cattlin to enable a recommencement of production by 31 March 2016;
- 3x annual payments of \$6m by General Mining to Galaxy, paid quarterly in arrears, payable from the recommencement date

In addition to this, General Mining will earn a 50% equity interest in the James Bay Project in Quebec, Canada by spending USD \$5 million over a period of three years, including 50% in the first two years after signing the agreement.

For further details on Mineral Resources and Ore Reserves at these Projects, please refer to the following ASX announcements

- Mt Cattlin – release date 4 August 2015, title *“Mt Cattlin Update - revised resource and reserve statement” (also see Appendix B)*
- James Bay – release date 9th June 2015, title *“Mt Cattlin Update - revised terms with Galaxy Resources”*

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Competent Persons Statement

The estimates of Mineral Resources and Ore Reserves in this announcement have been extracted from General Mining's ASX announcement of 4 August 2015. General Mining confirms that it is not aware of any new information or data that materially affects the information included in that previous announcement and all material assumptions and technical parameters underpinning the estimates within that announcement continue to apply and have not materially changed.

Forward Looking Statements

General Mining has concluded it has a reasonable basis for providing the forward looking statements included in this announcement, including with respect to production targets and economic forecasts. The detailed reasons and assumptions for that conclusion are outlined throughout this announcement.

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can be identified by the use of forward looking words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance", or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company's business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company's control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Appendix A – Comparison of Modifying Factors

Assumption	4th August 2015	12th October 2015
Lithium Recovery	75%	55-75%
Tantalum recovery	29.45%	50-70%
Recommencement capital	N/A	\$14.7m
Exchange rate (AUD/USD)	0.88	0.75
Operating Costs / tonne	\$35.34	\$47.82
Lithium Carbonate Price / tonne	USD \$7173	See note 1
Tantalum Oxide / lb	USD \$75/lb	USD \$75/lb

1. General Mining will sell spodumene concentrate that will get upgraded to Lithium Carbonate. Current USD price per tonne of Lithium Carbonate is USD7-8k per ton. For reference, the Spodumene price per tonne during Galaxy's operation was in the vicinity of USD \$350/t compared to USD \$445/t today.

Appendix B – Reserves and Resources Announcement

Mt Cattlin Update: Revised Resource & Reserve Statement

As released to ASX on 4 August 2015

MT CATTLIN UPDATE: REVISED RESOURCE & RESERVE STATEMENT

General Mining Corporation Limited (GMM) is pleased to announce an updated Resource and Reserve for the Mt Cattlin Project in Ravensthorpe, Western Australia. As previously announced (refer ASX announcements 9 February 2015 and 9 June 2015), GMM has the right to acquire a 50% interest in the Mt Cattlin Project from Galaxy Resources Limited (Galaxy).

Mineral Resource Estimate July 2012, 0.4% cutoff, depleted for July 2012 EOM surface

Category	Tonnes	Li ₂ O %	Ta ₂ O ₅ ppm	Nb ₂ O ₅ ppm	Li ₂ O metal t	Ta ₂ O ₅ Lbs
Measured	2,540,000	1.20	152	92	31,000	853,000
Indicated	9,534,000	1.06	170	85	101,000	3,566,000
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Total M+Indicated	12,073,336	1.09	166	86	131,000	4,419,000

Figures may not sum due to rounding and significant figures do not imply an added level of precision.

Ore Reserve September 2010, 0.4% cutoff, depleted for July 2012 EOM surface

Reserves	Tonnes	Li ₂ O %	Ta ₂ O ₅ ppm
Proved	2,430,000	1.11	141
Probable	7,544,000	1.02	152
TOTAL	9,974,000	1.04	149

Figures may not sum due to rounding and significant figures do not imply an added level of precision.

1. Material assumptions and outcome of the Feasibility Study

For the purposes of this report the NI 43-101 technical report completed by Snowden at the end of 2011 is used as the reference to the most current Feasibility Study. This report will be referred to as either the Feasibility Study or the Technical Report.

The inputs into the economic analysis were supplied by Galaxy and reviewed by Snowden.

The material assumptions that this analysis is based on include:

- Ore mined – 10,742 kt
- Ore processed – 10,742 kt
- Grade processed –1.04% Li₂O
- Spodumene concentrate produced – 1,471 kt
- Spodumene concentrate shipped – 1,491 kt

2. Criteria used for classification and confidence in modifying factors

The classification of the Ore Reserve was based on the classification of the Mineral Resource model. Material classified as Measured in the Mineral Resource model was classified as Proved in the Ore Reserve and material classified as Indicated in the Mineral Resource model was classified as Probable in the Ore Reserve.

The orebody is mostly flat lying and varies in thickness up to 18m thick over a substantial part of the orebody. It was planned to use a 190 tonne excavator for digging of the ore. It was later decided to use two smaller excavators to improve flexibility. The excavator was used to dig 2.5m high benches or flitches which gives good selectivity. Most of the ore was blasted to assist extraction. Grade control drilling was done with a reverse circulation (RC) drill rig. It is possible to use visual control to assist with identifying ore. Taking all this into account Croeser considers a 95% mining recovery assumption to be reasonable.

A 10% mining dilution was assumed to be incurred during mining and that this dilution was to contain a zero grade. All the same considerations discussed above were taken into account when choosing the dilution including the size and shape of the orebody and the mining method. This is considered to be a reasonable assumption.

3. Mining method selected and other mining assumptions

As described above the mining method selected for this project was conventional open cut mining using drill and blast and excavation with a diesel hydraulic excavator. Grade control drilling was done with a reverse circulation (RC) drill rig. The mining operation was mostly in primary rock at the end of 2011. The modifying factors are discussed above and are considered to be reasonable for the style of ore body and the mining method.

4. Processing method and assumptions

The plant consists of a four-stage crushing circuit producing a -6mm product from ROM ore at a treatment rate of 1 million tonnes per annum. The crushing plant runs on day shift only, providing feed to an ore bin, which feeds the concentrator on a continuous 24 hour per day basis.

The concentrator consists of a reflux classifier for mica removal, and dual size stream, two stage Dense Media Separation (“DMS”) cyclones. The final spodumene concentrate is stacked on a pad adjacent to the plant area, drained and then hauled by road to either Bunbury or Esperance for shipment in bulk. Coarse waste DMS plant float material is conveyed to the Rejects Load Out Bin, and hauled by truck to mined out areas of the pit(s) as back-fill, or used as road base.

The DMS pre-screen undersize (-0.5mm) is treated by gravity separation using spiral classifiers and wet tables to recover a tantalite concentrate, which is contract dressed and sold, or stockpiled at site, depending on price.

Tantalite circuit tailings and other plant spillage streams are directed to a thickener for process water recovery. Thickener underflow is pumped to the tailings storage facility, approximately 500 metres north of the plant.

Power is provided by dedicated diesel generators, supplemented by a solar power array, and process water is sourced from bores located on the tenements.

At the time of the Technical Report both throughput and recovery was short of the assumptions used in the Ore Reserves. Snowden considered the general approach and the ramp up to be acceptable at the time.

Snowden believes the quality and throughput to be achievable with the proposed process design.

The Ore Reserve estimate relied entirely on information supplied by Galaxy.

5. The basis for the cut-off grade applied

A cut-off grade calculation was based on the standard method as follows:

$$\text{Cut off grade} = \frac{(\text{process} + \text{overhead cost}) \times (1 + \text{Mining Dilution}(\%))}{\text{Payable Product Price} \times \text{Process Recovery}(\%)}$$

The calculation included an allowance for 5% additional revenue from the Tantalum byproduct. The calculated value was 0.295% Li₂O. During reserve calculations a raised cut-off of 0.4% was used to increase the head grade and the cashflow of the project.

6. Estimation methodology

The Mineral Resources have been optimised using industry standard Whittle software followed by detailed final pit designs and detailed mine schedules using spreadsheets. The Ore Reserve is the Measured and Indicated Resources within the pit designs, after allowing for ore loss and mining dilution and updated with the latest facelines.

7. Material modifying factors, including environmental approvals, mining tenements and approvals, other governmental factors and infrastructure requirements

The Mt Cattlin Project was in full operation during 2010 and 2011. Mining tenements are current and the necessary infrastructure is in place for the operation of the mine and the transport of the product.

For the ongoing expansion of the open pit it will be necessary to complete approvals for the relocation of a minor road and a water course. This process had been started by Galaxy. The current status of this approval is not known.

The information in this report that relates to Mineral Resources and Exploration Results for the Mt Cattlin Project is based on information compiled by Mr Robert Spiers who at the time the Updated Mineral Resource Estimates were undertaken was a full time employee of H&S Consultants Pty Ltd. Mr Spiers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Spiers consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Ore Reserves at the Mt Cattlin Project is based on information compiled by Mr Roselt Croeser who is a full time employee of Croeser Pty Ltd. Mr Croeser has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Croeser consents to the inclusion in the report of the matters based on their information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2012.

JORC 2012 Checklist of Assessment and Reporting Criteria

Table 1: Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Explanation	Commentary
Sampling techniques	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i>	<p>Mt Cattlin was sampled using a mixture of Diamond (DD) Reverse Circulation drill holes (RC), rotary Air Blast (RAB) and Open Hole (OH). In the north zone drilling is a 40mE x 40mN spacing and infilled to 20mE to 25mE x 20mN to 20mN in the central zone. In the south the drilling is on a 40mE x 80mN pattern.</p> <p>The majority of holes were drilled vertical to intersect as close as possible the true thickness of the mineralisation.</p> <p>A total of 39 DD holes for 1,528.56m, 986 RC holes for 48,763m, 59 OH holes for 1,999m and 23 RAB for 402m have been completed.</p>
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	<p>The drill-hole collars were surveyed by professional survey contractors.</p> <p>A total of 71 drill holes were surveyed by Surtron Technologies Australia of Welshpool in 2010</p> <p>Sampling was carried out under Galaxy Resources QAQC protocols and as per industry best practise.</p> <p>RC sample returns were closely monitored, managed and recorded.</p> <p>Drill samples were logged for lithology and SG measurements.</p>
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i>	<p>Diamond HQ and PQ core was quarter-cored to sample lengths relating to the geological boundaries, but not exceeding 1m on average.</p> <p>RC samples were composited from 1m drill samples split using a two stage riffle splitter 25/75 to obtain 2kg to 4kg of sample for sample preparation.</p> <p>All samples were dried, crushed, pulverised and split to produce a 3.5kg and then 200g sub-sample for analysis For Li (method AAS40Q), for Ta, Nb and Sn (method XRF780) and in some cases for SiO₂, Al₂O₃, CaO, Cr₂O₃, Fe₂O₃, K₂O₃, MgO, MnO, P₂O₅, SO₃, TiO₂ and V₂O₅ were analysed by XRF780.</p> <p>Entire drill-hole lengths were submitted for assay.</p>

Criteria	Explanation	Commentary
Drilling techniques	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i>	Diamond core is from surface, PQ in weathered rock and HQ in fresh rock. Core was not oriented because the disseminated and weathered nature of the mineralisation does not warrant or allow it. RC drilling hammer diameter is generally 4 and 5/8, but from 2009 and 2010 the bit diameter was 5¼.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Diamond core and RC core recoveries were monitored closely, recorded and assessed regularly over the duration of the drilling programs. Studies show no bias between sample size and grade
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Diamond core is drilled slowly to maximise recovery, metre marked and checked against the drillers' core blocks to ensure any core loss is recorded. All RC samples are weighed and weights compared against the expected weight for the drill diameter and geology. Moisture content logged and recorded.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Rigorous studies were conducted to assess whether there was any relationship between recovery and grade; no sampling bias was identified. Drill return and cyclone fines were collected and assayed with close correlation shown to the main samples. Comparison of the DD and RC twins showed close correlation and did not identify any drilling or sampling technique variances.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	All DD, RC and OH (PC) and RAB intervals were geologically logged (where applicable); RQD (DD only), interval weights, recovery, lithology, mineralogy and weathering were recorded in the database. The DD core was oriented using the Ezy-Mark tool and after 2009 using the Reflex ACT electronic orientation tool.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i>	Geological logging was qualitative. Recording of interval weights, recovery and RQD was quantitative. All DD core was photographed and representative 1m samples of RC and OH (PC) chips were collected in chip trays for future reference and photographed.
	<i>The total length and percentage of the relevant intersections logged.</i>	All drill holes were logged in full.
Sub-sampling techniques and sample preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	All fresh rock DD core was quarter-cored using a stand mounted brick saw. Soft, weathered DD core was also sampled quarter-core, using a knife and scoop where applicable and practical.

Criteria	Explanation	Commentary
	<i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i>	RC samples were collected using a two stage riffle splitter. All samples were dry or dried prior to riffle-splitting.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	All 2kg 1m drill samples were sent to SGS, dried, crushed, pulverised and split to approximately -75µ to produce a sample less than 3.5kg sub-sample for analysis.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Sampling was carried out under Galaxy Resources QAQC protocols and as per industry best practise. Duplicate, blank and certified reference samples were inserted into the sample stream at random, but averaging no less than 1 blank and standard in every 25 samples. Samples were selected periodically and screened to ensure pulps are pulverised to the required specifications.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	Duplicate quarter-core samples were taken from DD core at random for testing averaging one in every 25 samples. Duplicate riffle-split RC samples were taken at random, but averaging one every 25 samples.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The sample sizes are considered to be appropriate to the style, thickness and consistency of the mineralisation at Mt Cattlin.
Quality of assay data and laboratory tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	All samples were dried, crushed, pulverised and split to produce a 3.5kg and then 200g sub-sample for analysis For Li (method AAS40Q), for Ta, Nb and Sn (method XRF780) and in some cases for SiO ₂ , Al ₂ O ₃ , CaO, Cr ₂ O ₃ , Fe ₂ O ₃ , K ₂ O ₃ , MgO, MnO, P ₂ O ₅ , SO ₃ , TiO ₂ and V ₂ O ₅ were analysed by XRF780. This process involves fusing the sample in a platinum crucible using lithium metaborate / tetraborate flux. For Cs, Rb, Ga, Be and Nb from time to time analysis was by IMS40Q – DIG40Q to ICPMS end.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	No geophysical tools have been used to determine element grades in the Mt Cattlin Mineral Resource.

Criteria	Explanation	Commentary
	<p><i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i></p>	<p>Duplicate, blank and certified reference samples were inserted into the sample stream at random, but averaging one every 25 samples.</p> <p>Galaxy Resources utilised certified Lithium standards produced in China and one from SGS in Australia STD-TAN1.</p> <p>Inter-laboratory checking of analytical outcomes was routinely undertaken to ensure continued accuracy and precision by the preferred laboratory.</p> <p>Samples were selected periodically and screened by the laboratory to ensure pulps are pulverised to the required specifications.</p> <p>All QAQC data is stored in the Mt Cattlin database and regular studies were undertaken to ensure sample analysis was kept within acceptable levels of accuracy; the studies confirmed that accuracy and precision are within industry standard accepted limits.</p>
<p>Verification of sampling and assaying</p>	<p><i>The verification of significant intersections by either independent or alternative company personnel.</i></p>	<p>An external geological consultant and the Technical Director of Galaxy have visually assessed and verified significant intersections of core and RC and PC chips.</p>
	<p><i>The use of twinned holes.</i></p>	<p>A number of core holes were compared to neighbouring RC and PC drill holes.</p> <p>The geological logging of the DD holes supports the interpreted geological and mineralisation domains.</p> <p>Studies on assays results from twinned holes showed a close correlation of geology and assays.</p>
	<p><i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i></p>	<p>Primary data is recorded by hand in the field and entered into Excel spread sheets with in-built validation settings and look-up codes.</p> <p>Scans of field data sheets and digital data entry spread sheets are handled on site at Galaxy.</p> <p>Data collection and entry procedures are documented and training given to all staff.</p>
	<p><i>Discuss any adjustment to assay data.</i></p>	<p>QAQC checks of assays by Galaxy identified a number of standards out of control, these were subsequently reviewed and results rectified.</p> <p>No clear and consistent biases were defined by Galaxy during the further investigations into QAQC performances although deviations were noted by Galaxy.</p>

Criteria	Explanation	Commentary
Location of data points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Collars from the 2008 Galaxy RC and diamond drill programs were picked up by Cardno Spectrum Survey, using a Real Time Kinematic (RTK) GPS, with accuracy to $\pm 0.025\text{m}$. During 2009 to 2010 71 down-hole surveys were completed post drilling using the Tensor CHAMP Electronic Multishot (EMS) instrument and 25 were subsequently surveyed using a Humphreys Gyroscope.
	<i>Specification of the grid system used.</i>	The grid system for Mt Cattlin is GDA94, MGA94 zone 51 projection.
	<i>Quality and adequacy of topographic control.</i>	The topographic height for the drill holes is assigned using a surface derived from the detailed DEM using Micromine software. The DEM is derived from local spot heights taken by Galaxy using a real time Kinematic (RTK) GPS accurate to $\pm 0.025\text{mm}$.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	The nominal drill hole spacing in the Southern Zone is 40mE x 80mN. In the northern zones the data spacing is generally 40mE x 40mN with further infill in the central zone down to 20mE to 25mE and 20mN to 25mN.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	The drilling density is sufficient to demonstrate a high degree of confidence in the continuity and grade of the mineralisation and geological domains to support the definition of Mineral Resources and Reserves, and the classifications applied under the JORC 2012 Code.
	<i>Whether sample compositing has been applied.</i>	1m DD, RC and PC drill sample were collected in the field for final assay submission. One metre composites are considered adequate for the resource estimation, variography studies and potential mining techniques for this style of mineralisation.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	The mineralisation at Mt Cattlin has been drilled with holes being predominantly vertical on regular east - west orientations to best intersect the local mineralisation and primary structural trends which have both a vertical and horizontal orientation.

Criteria	Explanation	Commentary
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	No sampling bias has been identified.
Sample security	<i>The measures taken to ensure sample security.</i>	<p>Samples are stored on-site until they are delivered by Galaxy Resources personnel in sealed bags to the laboratory at SGS in Perth.</p> <p>The SGS laboratory checks received samples against the sample dispatch form and issues a reconciliation report.</p> <p>The train of custody is managed by Galaxy Site office in conjunction with SGS using tracking sheets to monitor the progress of samples dispatches.</p>
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	H&S Consultants audited Galaxy's sampling, QAQC and data entry protocols and have found procedures to be as per industry best practice and of sufficient quality for resource estimation.

**Table 1: Section 2 Reporting of
Exploration Results**

(Criteria listed in the preceding section also apply to this section.)

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	<ul style="list-style-type: none"> • The Mineral Resource sits wholly within the Mining Lease M74/244. • The licence is 100% owned by Galaxy Resources at the time the reference for this data was collected. • There is no habitation on the Resource area. • H&SC are not aware of the extent of wilderness, historical sites, national parks or environmental settings over the areas.
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	<ul style="list-style-type: none"> • The licence is in good standing and there are no known impediments to obtaining a licence to operate in the area.
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<ul style="list-style-type: none"> • During the 1960's WMC carried out an extensive drilling programme to define the extent of the local spodumene. • The WMC work led onto a further WMC investigation into project feasibility. • In 1989 Pancontinental Mining Limited drilled 101 RC drill holes. • In 1990 Pancontinental drilled a further 21 RC drill holes. • In 1997 Greenstone Resources drilled 3 diamond holes and 38 RC holes, undertook soil sampling and metallurgical test work on bulk samples from the mine area. • Haddington Resources Ltd in 2001 drilled 9 diamond holes for metallurgical test work and undertook further sterilisation drilling. • Galaxy acquired the concession M/72/12 from Sons of Gwalia administrators in 2006.
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	<ul style="list-style-type: none"> • The Mount Cattlin Project lies within the Ravensthorpe Terrane, with host rocks comprising both the Annabelle Volcanics to the west, and the Manyutup Tonalite to the east. The contact between these rock types extends through the Project area. • The Annabelle Volcanics at Mt Cattlin consist of intermediate to mafic volcanic rocks, comprising both pyroclastic material and lavas. • The pegmatites which comprise the orebody occur as a series of sub-horizontal dykes, hosted by both volcanic and intrusive rocks.

Criteria	Explanation	Commentary
Drill hole Information	<p><i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> • <i>easting and northing of the drill hole collar</i> • <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> • <i>dip and azimuth of the hole</i> • <i>down hole length and interception depth</i> • <i>drill-hole length.</i> <p><i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i></p>	<ul style="list-style-type: none"> • The drill-hole plan in Figure 13.13 of the report illustrates the distribution of drilling over the Mineral Resource block model. • In total 1107 individual holes contribute to the Resource estimation. No new exploration results are reported in this release. Previous results are included in earlier reports.
Data aggregation methods	<p><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i></p>	<ul style="list-style-type: none"> • No new exploration results are reported in this release. • All intersection grades have been reported previously as length weighted average grades using a 0.4% Li2O lower grade cut-off except where stated. • Intersections are calculated allowing a maximum of 2m of internal dilution with no top-cut applied. Cutting of high grades is not required due to nature of the mineralisation and grade distribution.
	<p><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></p>	<ul style="list-style-type: none"> • Where higher grade zones internal to broader intervals of lower grade mineralisation were reported, these were noted as included intervals and italicised.
	<p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p>	<ul style="list-style-type: none"> • No metal equivalents have been reported.
Relationship between mineralisation widths and intercept lengths	<p><i>These relationships are particularly important in the reporting of Exploration Results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></p> <p><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. ‘down hole length, true width not known’).</i></p>	<ul style="list-style-type: none"> • Mt Cattlin’s lithium and tantalum mineralisation occurs as a thick horizontal to gently dipping pegmatite blanket and generally lies 30 to 60m below the current topographic surface resulting in drill intercepts nearing true widths • All reported intersections are down-hole lengths.

Criteria	Explanation	Commentary
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	<ul style="list-style-type: none"> • No new exploration results are reported
Balanced reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	<ul style="list-style-type: none"> • No new exploration results are reported in this release. • All significant intersections above the 0.4% Li₂O cut off have been fully reported in previous releases.
Other substantive exploration data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	<ul style="list-style-type: none"> • Density measurements were collected for the full range of lithologies and weathering overprints at Mt Cattlin and were found to be in the range of 2.05 to 2.85g/cm³ for oxide, transitional to fresh material. • Oxide=2.05g/cm³, Transition=2.65g/cm³ and Fresh=2.85g/cm³ • Multi-element assaying is carried out on all samples, including for potentially contaminating elements to the hydrometallurgical leach recovery process such as calcium, magnesium and phosphate.
Further work	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	<ul style="list-style-type: none"> • The details of future programs will depend on the outcomes of the feasibility studies in progress and as such there are no diagrams or detailed plans to release at present.

Table 1: Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	Explanation	Commentary
Database integrity	<p><i>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</i></p> <p><i>Data validation procedures used.</i></p>	<ul style="list-style-type: none"> • Galaxy have employed a data administrator to manage and host the Mt Cattlin database. The data administrator uses an access front end and trail SQL central data storage system as the front-end software. • Field data is entered into project-specific password-protected spread sheets with in-built auto-validation settings. • The spread sheets are emailed to head office on a weekly basis and then passed on to the data administrator where all data is subject to validation procedures and checks before being imported into the central database. • Invalid data cannot be imported into the central database, but is quarantined until corrected. • Data exports are routinely sent from head office for visual validation using ArcGIS and Micromine.
Site visits	<p><i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i></p> <p><i>If no site visits have been undertaken indicate why this is the case.</i></p>	<ul style="list-style-type: none"> • R. Spiers of H&SC undertook a site visit to the Mt Cattlin Project in 2011. • Regular site visits were undertaken by Mr Mike Fotios over the duration of the 2009 – 2010 drilling programs to oversee aspects of all drilling techniques, logging, sampling and other technical procedures. • R. Croeser of Croeser Pty Ltd undertook a site visit to the Mt Cattlin Project in February 2010 and on an ongoing basis through to February 2012.
Geological interpretation	<p><i>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</i></p>	<ul style="list-style-type: none"> • Considerable efforts have gone into the development of a geological and mineralisation interpretation on section and plan. H&SC confirm that the drilling density is sufficient to establish a high degree of confidence as reflected in the classification of the Mineral Resources given the understanding of the geology and confining formations defined during the 2009 – 2010 drilling programs.
	<p><i>Nature of the data used and of any assumptions made.</i></p>	<ul style="list-style-type: none"> • Geological interpretation of drill-hole cross sections and plan projections was completed by Galaxy Resources representatives and geological specialist consultants in conjunction with H&SC using all available DD, RC and PC drilling and then wireframed utilising Micromine software to create a three dimensional geological model of the lithologies and mineralisation.

Criteria	Explanation	Commentary
	<i>The effect, if any, of alternative interpretations on Mineral Resource estimation.</i>	<ul style="list-style-type: none"> The current geological interpretation is believed to be robust and it is not considered that an alternative interpretation would have a significant impact on the outcome of the Resource.
	<i>The use of geology in guiding and controlling Mineral Resource estimation.</i>	<ul style="list-style-type: none"> The geological interpretation is based on the uniformly logged geology validated and checked against geochemistry from the assay of a range of elements. Drill assays were also used to assist interpretation where the nature of the weathering hampered visual identification of primary lithology boundaries. The wireframe models were used as hard boundaries during the Mineral Resource estimation process.
	<i>The factors affecting continuity both of grade and geology.</i>	<ul style="list-style-type: none"> Mineralisation in the main zone nearer surface is strongly weathered. The primary and weathering processes result in a bulk deposit with uniform grades of good continuity.
Dimensions	<i>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</i>	<ul style="list-style-type: none"> The total Mt Cattlin Mineral Resource extends 1.9km approximately east to west. Mineralisation starts from surface. The deepest drill hole extends to a maximum depth of 232m (GX864) below surface.
Estimation and modelling techniques	<i>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</i>	<ul style="list-style-type: none"> The resource model was undertaken using Ordinary Kriging ("OK") from one metre composites within the mineralised zones using three estimation passes with the searches aligned parallel to the strike and dip of the mineralisation. H&S's proprietary software, GS3 was used for estimation. This approach was validated against the original data on section and in plan to ensure model integrity and global representativeness of Li₂O% and Ta₂O₅ppm above a range of nominated cut-off grades. Search radii of 40mE by 40mN by 5mRL on the first pass with the application of an expansion factor of one (1) applied resulting in a search of 80m x 80m x 10m. No top cutting was employed due to moderate to low coefficients of variation observed in the skewed populations defined by the mineralised domaining

Criteria	Explanation	Commentary
	<i>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</i>	<ul style="list-style-type: none"> • Previous estimates were undertaken by Hellman and Schofield during December 2009. • H&SC are aware that mine production has occurred over the Mt Cattlin project area and the Mineral Resource Estimates and subsequent Ore Reserves have been depleted in accordance with the mining to date.
	<i>The assumptions made regarding recovery of by-products.</i>	<ul style="list-style-type: none"> • No assumptions regarding the recovery of by-products were employed during the estimation of the Mineral Resources.
	<i>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).</i>	<ul style="list-style-type: none"> • Variables modelled included Li₂O, Ta₂O₅, Nb₂O₅ and SnO₂.
	<i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i>	<ul style="list-style-type: none"> • Primary block dimensions employed are 20mE by 20mN by 2.5mRL in-line with local mineralised geometry and proposed mining selective mining approaches put forth by Galaxy Resources Pty Ltd. • Sub-blocking was applied within Micromine software to the domain boundaries. • In the main mineralised zone drilling was on a 40mE by 80mN spacing with minor infill down to 20mE by 20mN spacing to further define more complex internal mineralised zones within the main mineralised zone. • Search radii are in-line with the broader drill spacing at or near 80mE by 80mN in the second and third passes.
	<i>Any assumptions behind modelling of selective mining units.</i>	<ul style="list-style-type: none"> • The definition of primary block sizes took into account the likely selective mining units which were in-turn proposed as a function of the mineralised continuity locally.
	<i>Any assumptions about correlation between variables.</i>	<ul style="list-style-type: none"> • All elements were analysed for their degree of correlation to associated elements using correlation coefficient analysis. The lithium was found to be strongly correlated to Tantalum with correlation coefficients in excess of 0.99 and rank correlation coefficients of in excess of 0.98.

Criteria	Explanation	Commentary
	<i>Description of how the geological interpretation was used to control the resource estimates.</i>	<ul style="list-style-type: none"> Data were coded within the geological domains for modelling in isolation to other geological domains to minimise the proliferation of skewed grade populations beyond geological and oxidation domain boundaries.
	<i>Discussion of basis for using or not using grade cutting or capping.</i>	<ul style="list-style-type: none"> Whilst grade populations within the mineralised domains were positively skewed, conditional statistics did not indicate a significant deviation between the mean and median values across all grade thresholds for all elements, thus grade capping was not employed.
	<i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i>	<ul style="list-style-type: none"> The final block model was compared on section and in plan to the local informing data to assess appropriateness of local estimates. In addition swath plots were review to assess partitions of the deposit in northing and easting orientations to further assess local variability between informing grade and block model estimated grades. No significant deviation were observed.
Moisture	<i>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</i>	<ul style="list-style-type: none"> The tonnages are estimated on a dry basis.
Cut-off parameters	<i>The basis of the adopted cut-off grade(s) or quality parameters applied.</i>	<ul style="list-style-type: none"> Reported cut-off grades have been based on assumptions made by Galaxy Resources that are believed to be realistic in terms of considerations of rare earth prices, processing and mining costs and the marketability of the lithium and tantalum resource.
Mining factors or assumptions	<i>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</i>	<ul style="list-style-type: none"> No assumptions have been made on mining methodology.

Criteria	Explanation	Commentary
Metallurgical factors or assumptions	<i>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</i>	<ul style="list-style-type: none"> • Extensive metallurgical test-work has been completed and has been integrated into the current plant flow sheet.
Environmental factors or assumptions	<i>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</i>	<ul style="list-style-type: none"> • Plant has been constructed and the waste / residue has been treated in accordance with the existing mining proposal.
Bulk density	<i>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</i>	<ul style="list-style-type: none"> • Density measurements were collected by 275 individual readings from the full range of lithologies from numerous diamond holes located within or around the main mineralised zones over the period 2001 through to 2009. In 2010 further density analysis was undertaken to bring the total to 963 readings. • The main method used during 2001 was the waxed immersion and water displacement method. In 2009 the water immersion method was employed and good correlation between techniques was observed. • All samples were dried prior to measuring. • After analysis of the available density data a range of between 2.05 to 2.85 tonnes/m³ was observed to exist within the dataset, the variations reflecting the range of weathering and lithologies.

Criteria	Explanation	Commentary
	<p><i>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.</i></p>	<ul style="list-style-type: none"> • The immersion method was deemed the most appropriate after analysis of the readings. • The sample was dried in air then measured, then once submerged in water was weighed again. • Cling wrap was applied for oxide and transitional material where deemed necessary by Galaxy representatives.
	<p><i>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</i></p>	<ul style="list-style-type: none"> • The density determinations compiled from the density analysis were assigned to the blocks in the model based on the location above or below the base of oxidation digital surface and above or below the top of fresh rock digital surface.
Classification	<p><i>The basis for the classification of the Mineral Resources into varying confidence categories.</i></p>	<ul style="list-style-type: none"> • Classification is based on search neighbourhood informing data for each pass (1, 2 and 3) with consideration for the geological and oxidation modelling over the deposit.
	<p><i>Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</i></p>	<ul style="list-style-type: none"> • During the estimation of the Mineral Resource Estimates great lengths have been taken to develop a very high quality geological model which draws on local grade, lithological and oxidation continuity and is supported by statistical geometry modelling and variography.
	<p><i>Whether the result appropriately reflects the Competent Person's view of the deposit.</i></p>	<ul style="list-style-type: none"> • In the opinion of the competent person responsible for the production of the Mineral Resource Estimates the results appropriately reflect the view of the deposit.
Audits or reviews.	<p><i>The results of any audits or reviews of Mineral Resource estimates.</i></p>	<ul style="list-style-type: none"> • An internal peer review of the existing Mineral Resource Estimates was conducted by H&SC using an alternative estimation methodology, the results of which confirmed the veracity of the original estimates.
Discussion of relative accuracy/confidence	<p><i>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</i></p>	<ul style="list-style-type: none"> • The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the 2012 JORC Code.

Criteria	Explanation	Commentary
	<p><i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i></p>	<ul style="list-style-type: none"> • The statement refers to the global estimates for the main mineralised zone over the Galaxy project.
	<p><i>These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i></p>	<ul style="list-style-type: none"> • The December 2011 NI 43-101 report discusses some reconciliations that have been completed. The overall reconciliation between March 2010 and December 2011 is -12% in terms of metal produced. This is a comparison between the diluted resource and production.

Table 1: Section 4 Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	<p><i>Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.</i></p> <p><i>Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.</i></p>	<p>The Measured and Indicated Resources from Section 3 have been used as the basis for conversion to the Ore Reserve.</p> <p>The Mineral Resources are inclusive of the Ore Reserve.</p>
Site visits	<p><i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case.</i></p>	<p>Site visits were undertaken on an ongoing basis during the mining of the ore body by Roselt Croeser (Principal of Croeser Pty Ltd and CP for mining). All relevant areas of the project were visited.</p>
Study status	<p><i>The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.</i></p> <p><i>The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.</i></p>	<p>A technical report to NI 43-101 specification was completed in December 2011 after the mine had been operating for approximately 18 months. This study is deemed to be a Feasibility study and includes experience gained from the actual mine operation.</p>
Cut-off parameters	<p><i>The basis of the cut-off grade(s) or quality parameters applied.</i></p>	<p>The cut-off grade calculation was based on the inputs used in the feasibility study. The basis for calculation of cut-off is:</p> $\text{Cut off grade} = \frac{(\text{process} + \text{overhead cost}) \times (1 + \text{Mining Dilution}(\%))}{\text{Payable Product Price} \times \text{Process Recovery}(\%)}$ <p>The cut-off grade calculation allows for an additional 5% of revenue from Tantalum. The calculated value was 0.295% Li₂O. During reserve calculations a raised cut-off of 0.4% was used to increase the head grade and the cashflow of the project.</p>

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	<p><i>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</i></p> <p><i>The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.</i></p> <p><i>The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.</i></p> <p><i>The major assumptions made and Mineral Resource model used for pit and slope optimisation (if appropriate).</i></p> <p><i>The mining dilution factors used.</i></p> <p><i>The mining recovery factors used.</i></p> <p><i>Any minimum mining widths used.</i></p> <p><i>The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.</i></p> <p><i>The infrastructure requirements of the selected mining methods.</i></p>	<p>The Mineral Resources have been optimised using Whittle software followed by detailed final pit designs for each deposit. The Ore Reserve is the Measured and Indicated Resources within the pit designs, after allowing for ore loss and mining dilution.</p> <p>The mining method selected is open pit, selective mining of ore and waste on nominal 5m benches using a backhoe excavator. Pit ramps are designed at a 1 in 9 gradient and 24m wide, except for lower pit levels or very small pits where the ramp is 15m wide.</p> <p>Pit slope angles are based on a geotechnical report completed by Dempers and Seymour in December 2008 (Galaxy Resources, Mount Cattlin, Pit Slope Design). The 45 degree slope angle used in the pit optimisation is a reasonable approximation of the actual overall slope angles achieved in the pit design. This project is not sensitive to slope angles since the pit is relatively shallow and the strip ratio is relatively low.</p> <p>Grade control was based on additional RC drilling and pit mapping and a 10m along strike and 10m across strike pattern has been allowed for.</p> <p>The resource model used for the final pit optimisation was prepared by geological consultants Hellman and Schofield in December 2009 and is documented in Mt Cattlin Resource Estimation Report, Lithium / Tantalum Elements, Ravensthorpe, WA, dated December 2009.</p> <p>Pit optimization was carried out on all of the Mineral Resources. The quantity of Inferred Resources within the pit shells selected for pit designs was 5%. Only Measured and Indicated Resources were included in the Reserve Statement.</p> <p>Mining dilution estimated from cross sectional interpretations and ongoing mining experience was 10%, at zero grade.</p> <p>Mining recovery was estimated from cross sectional interpretation and ongoing mining experience. Ore recovery of 95% has been estimated.</p> <p>A minimum mining width at each pit base was approximately 20m.</p> <p>Inferred Resources within the pit designs contains 5% of total resources and has not been considered for Ore Reserve estimates.</p> <p>Infrastructure required for the open pit mining operations are all in place and include mining contractor workshop, mining office, fuel and explosives storage.</p>

Criteria	JORC Code explanation	Commentary
Metallurgical factors or assumptions	<p><i>The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.</i></p> <p><i>Whether the metallurgical process is well-tested technology or novel in nature.</i></p> <p><i>The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.</i></p> <p><i>Any assumptions or allowances made for deleterious elements.</i></p> <p><i>The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.</i></p> <p><i>For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?</i></p>	<p>The plant consists of a four-stage crushing circuit producing a -6mm product from ROM ore at a treatment rate of 1 million tonnes per annum.</p> <p>The concentrator consists of a reflux classifier for mica removal, and dual size stream, two stage Dense Media Separation (“DMS”) cyclones. The final spodumene concentrate is stacked on a pad adjacent to the plant area, drained and then hauled by road to either Bunbury or Esperance for shipment in bulk. Coarse waste DMS plant float material is conveyed to the Rejects Load Out Bin, and hauled by truck to mined out areas of the pit(s) as back-fill, or used as road base.</p> <p>The DMS pre-screen undersize (-0.5mm) is treated by gravity separation using spiral classifiers and wet tables to recover a tantalite concentrate, which is contract dressed and sold, or stockpiled at site or, depending on price.</p> <p>All metallurgical processes proposed are well-tested technology and appropriate for the styles of mineralisation.</p> <p>Galaxy carried out bench scale and pilot plant test work during and subsequent to the feasibility study phases of the Mt. Cattlin Project.</p> <p>Snowden has reviewed the test work and is of the opinion that it supported the design grade and recovery.</p> <p>No metallurgical domaining has been used for the Ore Reserve estimate.</p> <p>Metallurgical recoveries determined from testwork includes recovery of Lithium into concentrate (75%), the efficiency of the Lithium Carbonate plant (85%) giving an overall recovery of Lithium of 63.75% or a yield of Lithium Carbonate per tonne of Li₂O of 1.576.</p> <p>In the case of Tantalum the overall recovery is assumed to be 29.45%.</p> <p>No allowance has been made for deleterious elements.</p> <p>Snowden notes that Galaxy carried out bench scale and pilot plant test work during and subsequent to the feasibility study phases of the Mt. Cattlin Project.</p> <p>Snowden has reviewed the test work and is of the opinion that it supported the design grade and recovery.</p> <p>Yes.</p>

Criteria	JORC Code explanation	Commentary
Environmental	<p><i>The status of studies of potential environmental impacts of the mining and processing operation.</i></p> <p><i>Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.</i></p>	<p>A potential obstruction to the achievement of the LoM schedule is the relocation of a minor road and water course. The approval process for relocation of the road and water course had commenced. The current status of these approvals are unknown and will need to be completed in time for mining of the affected areas.</p> <p>Waste geochemistry investigations have been undertaken by Marcus Sweetapple of the CSIRO and testing of waste rock samples indicates that none of the waste rock samples tested are potentially acid generating, with the majority of samples being non-acid generating with a high degree of excess neutralising capacity. Management of surface runoff and seepage from the waste dumps and pit walls during operation will need to be managed and final waste dumps capped with suitable materials to minimise water infiltration.</p>
Infrastructure	<p><i>The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.</i></p>	<p>The Mt Cattlin Project has been operating for a number of years. All the necessary infrastructure is in place including access roads, offices, power supply, processing plant, TSF, water supply workshops etc. The project is within 4 km of the Ravensthorpe town site and all the mine staff were previously accommodated in mostly privately owned residences in the surrounding area.</p> <p>A potential obstruction to the achievement of the LoM schedule is the relocation of a minor road and water course. The approval process for relocation of the road and water course had commenced. The current status of these approvals are unknown and will need to be completed in time for mining of the affected areas.</p>

Criteria	JORC Code explanation	Commentary
Costs	<p><i>The derivation of, or assumptions made, regarding projected capital costs in the study.</i></p> <p><i>The methodology used to estimate operating costs.</i></p> <p><i>Allowances made for the content of deleterious elements.</i></p> <p><i>The source of exchange rates used in the study.</i></p> <p><i>Derivation of transportation charges.</i></p> <p><i>The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.</i></p> <p><i>The allowances made for royalties payable, both Government and private.</i></p>	<p>All capital costs have been sunk into this project. Capital costs for the start up of the project under General Mining are not known.</p> <p>Mining operating costs were based on contract proposals from an earth moving contractor and a drill and blast contractor. These were built up together with the owner's costs into a unit cost value that was used in the pit optimisation. These estimates have been tested against the actual operation. The average mining costs, are \$4.76/t mined. Processing and general and administration costs were provided by Galaxy based on the metallurgical testwork and associated processing flow sheet. The average processing and treatment cost, which includes processing, general and administration, grade control and ore rehandle costs was estimated to be \$30.58/t of spodumene milled and the Lithium Carbonate cost was estimated to be \$1719/t of Lithium Carbonate produced.</p> <p>No allowances have been made for deleterious elements.</p> <p>An exchange rate of US\$0.88/A\$ was used.</p> <p>Transportation and local freight costs have been provided by international and local suppliers as part of the estimation of capital and operating costs.</p> <p>Onward processing of the Lithium processing into Lithium Carbonate was part of the Galaxy model. No details of the source of this information was available to the author.</p> <p>I assume that the product price provided by Galaxy was net of royalties.</p>
Revenue factors	<p><i>The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.</i></p> <p><i>The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.</i></p>	<p>Revenue assumes a Lithium Carbonate sale price of US\$7173/tonne and allows for transport and refining charges and government royalties. Revenue for Tantalum Oxide was assumed to be US\$75/lb. An exchange rate of US\$0.88/A\$ was used. Net smelter returns were included in the overall recovery figure stated in the metallurgical recovery section.</p> <p>Galaxy provided forward estimates of the product prices based on proprietary information.</p>
Market assessment	<p><i>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.</i></p> <p><i>A customer and competitor analysis along with the identification of likely market windows for the product.</i></p> <p><i>Price and volume forecasts and the basis for these forecasts.</i></p>	<p>The market for Lithium is well established and the price is increasing as the demand for Lithium batteries increases. Lithium is not sold on the open market and as such there is no public information available regarding the price. The actual product price achieved depends on negotiated contracts.</p>

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Economic	<p><i>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.</i></p> <p><i>NPV ranges and sensitivity to variations in the significant assumptions and inputs.</i></p>	<p>The December 2011 Feasibility Study has been reported in a NI 43-101 Technical Report and includes the inputs and economic analysis details current at that time.</p> <p>A sensitivity analysis was also included in the 43-101 Report.</p>
Social	<p><i>The status of agreements with key stakeholders and matters leading to social licence to operate.</i></p>	<p>The mining operation was previously restricted to operating during day shift only due to the proximity to the Ravensthorpe township.</p>
Other	<p><i>To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:</i></p> <ul style="list-style-type: none"> • <i>Any identified material naturally occurring risks.</i> • <i>The status of material legal agreements and marketing arrangements.</i> • <i>The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.</i> 	<p>No material naturally occurring risks have been identified.</p> <p>No material legal or marketing agreements have been entered into.</p> <p>Mining Leases over the tenements containing the Ore Reserves have been approved.</p> <p>The project has been operating since early in 2010 with all necessary approvals.</p> <p>Approvals for the relocation of a road and water course will need to be completed to allow the mining of the full Life of Mine ore body.</p>
Classification	<p><i>The basis for the classification of the Ore Reserves into varying confidence categories. Whether the result appropriately reflects the Competent Person's view of the deposit. The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).</i></p>	<p>Measured Resources have been converted to Proved Reserves. Indicated Resources have been converted to Probable Reserves.</p> <p>The estimated Ore Reserves are, in the opinion of the Competent Persons, appropriate for these deposits.</p> <p>No Measured Resources have been classified as Probable Reserves.</p>
Audits or reviews	<p><i>The results of any audits or reviews of Ore Reserve estimates.</i></p>	<p>The December 2011 NI 43-101 technical report completed by Snowden is in essence an audit of the project up to that date.</p>

Criteria	JORC Code explanation	Commentary
<i>Discussion of relative accuracy/confidence</i>	<p><i>Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.</i></p> <p><i>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</i></p> <p><i>Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.</i></p> <p><i>It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.</i></p>	<p>As detailed above the Ore Reserve is documented in the December 2011 NI 43-101 technical report and has been updated to allow for mining to the end of the mining operation. The NI 43-101 covers all the detail normally assumed to be a Feasibility Study. The Mineral Resource and all aspects pertaining to the Mineral Resource model is covered in Sections 1 to 3 of this table.</p> <p>Assumptions regarding costs and metallurgical recoveries made were applied across the entire ore body. The procedures used to estimate the Ore Reserve are discussed above.</p> <p>The Modifying Factors included consideration of mining, processing, metallurgical, infrastructure, economic, product price, legal, environmental, social and governmental factors as detailed in sections above. The project viability is most susceptible to the product price.</p> <p>The December 2011 NI 43-101 report discusses some reconciliations that have been completed. So far the grade control reconciliation is approximately 10% unfavourable while processing recoveries are approximately 5% below the target.</p>