

Galaxy Resources Limited - Signs Agreement To Acquire Up To 70% Of Lithium One Inc. James Bay Lithium Pegmatite Project

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Perth, Australia (ABN Newswire) - [Galaxy Resources Limited](#) (ASX: GXY) (PINK: GALXF) is pleased to announce that it has signed a Memorandum of Understanding ('MOU') with [Lithium One Inc.](#) (CVE: LI) (PINK: LITHF) of Canada to acquire up to 70% of the James Bay Lithium Pegmatite Project as part of a farm-in arrangement.

The MOU is subject to a formal, binding agreement ('Formal Agreement') to be entered into by Lithium One and Galaxy.

Under the terms of the agreement Galaxy will acquire an initial 20% equity interest in the James Bay Project for C\$3 million and have the potential to increase its stake up to 70% through the completion of a definitive feasibility study within a 24 month period.

The James Bay Lithium Pegmatite Project in Quebec is an extensive highgrade spodumene pegmatite deposit that occurs at surface. Situated adjacent to key infrastructure including high-tension power, roads and readily accessible water, the project is well located to potentially provide a stable supply of lithium to the emerging lithium battery sector in the northeast United States and Eastern Canada.

Galaxy Resources Managing Director, Iggy Tan, said the Company intends to grow its lithium resource footprint and James Bay's location, geology and the low cost of entry, are the key attractive aspects of the proposed transaction.

'James Bay is a bulk tonnage outcropping deposit and is located close to excellent infrastructure in Quebec, one of the most mining-friendly jurisdictions in the world,' Mr Tan said.

'The project contains a NI 43-1011 compliant resource of 22 million tonnes at 1.28% Li₂O. '

'Galaxy expects to be able to fast track the development of this project by using similar capacity and design as the plants constructed at Mt Cattlin and Jiangsu.'

'Preliminary testwork shows that the James Bay spodumene ore coarseness is similar to Mt Cattlin. This lends itself to similar processing and upgrading methods adopted at Mt Cattlin where simple crushing and heavy media separation is used to produce a 6% lithium oxide spodumene product.'

As part of the DFS to be undertaken, Galaxy will evaluate the most suitable location for a battery grade lithium carbonate plant to be located in either Quebec or in Jiangsu, China, next to our current lithium carbonate project, which is under development.

Given the proposed design of both the concentrating and chemical processing plants will be similar to Galaxy's existing projects, with up to date construction costs known, it is anticipated that a definitive feasibility study will be able to be completed in a quick timeframe.

Lithium One has been drilling the resource and recently published a NI 43-101 compliant resource. The resource estimate is as follows:

Resource	Tonnes	Li2O %
Indicated	11,750,000	1.30%
Inferred	10,470,000	1.20%
TOTAL	22,220,000	1.28%

Note: Li2O cut off grade $\geq 0.75\%$ Li2O.

Figures in the above table may not sum due to rounding.

Source: Lithium One

Key summary details of Lithium One's James Bay Project include:

- Route de la Baie James - 381km north (4 hours) of Matagami
- Bulk Tonnage Outcropping Deposit - suited to an open pit mine
- Pegmatite dyke swarms grade 1.4 to 1.8% Li2O, thicken from east to west Maximum intercepts >60m true width with favourable strip
- Deposit was discovered in 1966 and drilled by the Canadian government in 1977
- Readily accessible by paved road
- Significant Hydro Quebec infrastructure in the area including high tension power less than 5 km away
- Airstrip is 15 km away and camp with fuel, motel, and restaurant services within 1km

The key parameters of the proposed acquisition are:

- Acquisition of initial 20% equity interest in the James Bay Lithium Pegmatite Project for C\$3 million;
- Upon Galaxy fulfilling its binding obligation to spend C\$3 million within a 12 month period towards the Definitive Feasibility Study (DFS), Galaxy will earn a further 31%, taking the total ownership to a controlling interest of 51% of the James Bay Lithium Pegmatite project;
- If Galaxy completes and solely funds the DFS, within that 12 month period (which is extendable by an additional 12 months), Galaxy will earn a further 19%, taking the total ownership to 70% of the James Bay Lithium Pegmatite project;
- The DFS will include metallurgical test work, engineering design, capital and operating cost estimation of a mine and concentrating plant at the James Bay project location;
- In addition, the DFS will include conversion test work, design and costing of a 17,000 tpa battery grade lithium carbonate plant in either Quebec, Canada, or next to the Jiangsu lithium carbonate plant in China which is currently under development.
- Galaxy will use a similar approach to both the concentrator and lithium carbonate plant designs and costings, so the DFS is expected to be completed easily and at cost effectively;
- On completion of the DFS, and assuming markets allow, both parties will fund their component of their respective project capital costs;
- If Galaxy earns at least 51% interest, Galaxy to have 100% exclusive marketing rights to the promotion, marketing and sale of all by-products, spodumene or lithium carbonate products.

The acquisition under the MOU is subject to execution of a Formal Agreement, which will contain a range of conditions precedent including all necessary authorisations, leases, licenses, permits, approvals and consents of and from any governmental agency, securities exchange and third party having been obtained.

Mr Tan said that James Bay is expected to be an excellent low cost addition to the Company's lithium

resource base and Galaxy will continue to evaluate opportunities in order to establish a vertically integrated lithium resource, chemical and battery manufacturing company.

For the complete Galaxy Resources announcement including location map and images, please refer to the following link:

<http://www.abnnewswire.net/media/en/docs/64395-ASX-GXY-519673.pdf>

About Galaxy Resources Limited:

Galaxy Resources Limited (ASX:GXY) (PINK:GALXF) is an emerging mining and chemical company focusing on lithium and tantalum production. Galaxy is at an advanced stage of developing its Mt Cattlin Lithium Project (hard rock spodumene) in Ravensthorpe, Western Australia. The Project encompasses a mine and minerals plant which will produce 137,000 tpa of 6% Li₂O spodumene concentrate. Galaxy intends to add value to the Mt Cattlin Project by establishing its own downstream lithium processing facilities in China.

The Company is finalising plans to establish a lithium carbonate chemical facility in Jiangsu Province, producing 17,000 tpa of lithium carbonate.

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