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APPOINTMENT OF HATCH CHINA FOR LITHIUM CARBONATE FINAL STUDY

Highlights

- Appointment of Hatch China to complete Definitive Feasibility Study for lithium carbonate plant
- The Chinese DFS for lithium carbonate processing is expected to be completed by end of Q3 2009

Emerging lithium producer, Galaxy Resources Limited (ASX: GXY) today announced it has appointed Hatch Project Consulting Shanghai Co. Ltd (Hatch China), a subsidiary of the Hatch Group to complete the Definitive Feasibility Study (DFS) of the lithium carbonate plant in China.

Galaxy recently announced positive results from a Pre-feasibility Study (PFS) for a lithium carbonate plant in Ravensthorpe, Western Australia. According to the PFS, the addition of the downstream processing component of the project increased the Net Present Value to a range of \$310 million to \$360 million. The PFS results also indicated that the economics of the project could be improved by locating the chemical plant in China where it is closer to the end markets where there is a cheaper source of acid, soda ash, electricity and consumables.

Hatch China has 20 years project experience in the Peoples Republic of China (PRC). The Hatch China team has successfully completed assignments on over 260 projects with a capital value in excess of US\$2 billion. The office in Shanghai has a full time staff of 70 and is an integral part of the global Hatch organisation.

Galaxy Managing Director, Iggy Tan said the Company had selected Hatch China due to its sound knowledge of PRC codes and regulations and its understanding of local cultures, conditions and requirements for project development.

"The Hatch China team has a wide network of suppliers and construction contractors in China as well as strong relationships with many design institutes, supervision companies and government authorities," said Mr Tan.

"The team in China will also be supported by the process department from Hatch Brisbane. This department has highly regarded international experience in the design and operational support of metallurgical and chemical plants, and has recently completed a lithium carbonate design project utilizing a similar concentrate to that proposed by Galaxy."

Urumqi Engineering & Research Institute of Nonferrous Metals will provide support to Hatch on the PFS. The institute which was established in 1958, has completed designs of more than 3000 projects in China including the Xinjiang Lithium, Sichuan Aba Lithium, Xin jiang Hao Xin Lithium, Wen Yuan and Hunan Xiang lithium plants.

The DFS team will be headed by Mr Mike Kitney from MSP Engineering Pty Ltd who was study manager for the project's PFS. Mr Kitney was previously process engineer for Minproc and was involved in the development of the Sons of Gwalia lithium carbonate plant in 1995 at Greenbushes, Western Australia.

"We have gathered a very strong team of lithium carbonate design experience from around the world for this project and we expect to complete the DFS work by end of Q3 2009," said Mr Tan.

For more information, please contact:

Iggy Tan
Managing Director
08 9215 1700
0419 046 397

Katherine Knox
FD Third Person
(08) 9386 1233
0421 186 129

Caution Regarding Forward Looking Statements

Statements regarding Galaxy's plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Galaxy's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Galaxy will be able to confirm the presence of additional mineral deposits, that any mineralization will prove to be economic or that a mine will successfully be developed on any of Galaxy's mineral properties. Circumstances or management's estimates or opinions could change. The reader is cautioned not to place undue reliance on forward-looking statements.

About Galaxy (ASX: GXY)

Galaxy is a specialty minerals company focusing on lithium and tantalum production. Galaxy has completed a definitive feasibility study (DFS) which suggests the Mt Cattlin Lithium / Tantalum project (Ravensthorpe, Western Australia) is commercially viable based on a processing rate of 1 million tonnes per annum over a 15 year mine life. The Company is planning to commence the development of the mine and the construction of the mineral processing plant in Q3 2009 with first concentrate production scheduled for Q3, 2010.

The company has also commenced a pre feasibility study into the value adding downstream production of lithium carbonate (Li₂CO₃). The company plans to establish a 17,000 tpa lithium carbonate plant in China due to lower associated capital and operating costs, as well as being close to the strategic growing battery markets in Asia.

Lithium concentrate and lithium carbonate raw materials are forecast to be in short supply and face high future demand growth due to advances in long life batteries and sophisticated electronics in hybrid and electric vehicles, mobile phones and computers.