GALAXY
meeting a lithium future

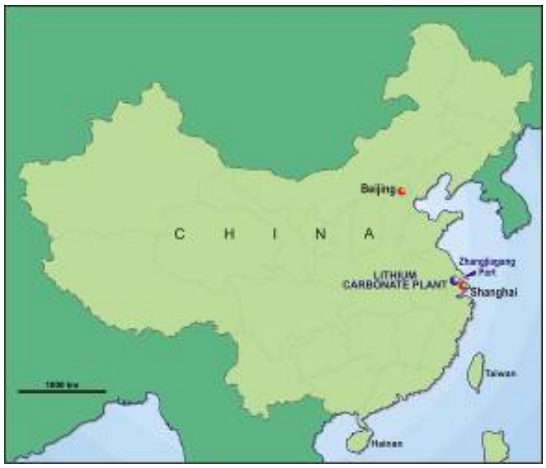
11 May 2009

GALAXY SELECTS SITE FOR LITHIUM CARBONATE PLANT IN CHINA

Highlights

- Location selected for proposed lithium carbonate plant in Jiangsu Province of China
- Letter of Intent (LOI) signed with the Jiangsu Province Zhangjiagang Free Trade Zone (JPZFTZ) Administrative Committee to secure the site
- Proposed site has easy access to utilities, consumables and processing materials required for lithium carbonate production.

Emerging lithium producer, Galaxy Resources Limited (ASX: GXY) today announced it has selected a location for its proposed lithium carbonate plant in China. The site selected is within the Jiangsu Province Zhangjiagang Free Trade Zone of the Yangtze River International Chemical Industrial Park in Jiangsu Province of China.



Galaxy has signed a Letter of Intent (LOI) with the Jiangsu Province Zhangjiagang Free Trade Zone (JPZFTZ) Administrative Committee, an agency of Jiangsu Province People's Government to secure the site.

The Yangtze River International Chemical Industrial Park (Chemical Industrial Park) has in excess of 3,379 enterprises including 40 international companies. It is close to the Zhangjiagang port, one of the largest international trade deep water ports along the Yangtze River Valley and the major distributing port in China for containers, timber, plant oil, steel and chemicals. It is also an important cargo transfer port to connect the middle and western parts of China and the provinces alongside the Yangtze River.

L to R: Mr Xu Zhonggao (Head of JPZFTZ) Mr Iggy Tan (MD Galaxy), Mr Xu Jianbo(Vice Director of JPZFTZ).

In the agreed LOI, the JPZFTZ Administrative Committee has agreed to reserve 53,000 m^2 of the proposed land within the Chemical Industrial Park for Galaxy for two years. The site is around 500m from a wharf berth and has access to nine utilities such as water supply, sewage treatment, power supply, steam, telecommunication, natural gas, fire-fighting facilities and paved roads. It is envisaged that Galaxy's spodumene product will be shipped and unloaded at the Zhangjiagang port and transferred to the nearby lithium carbonate plant by conveyor 500m from the berth for conversion.

The LOI is valid but not legally binding, Galaxy shall undergo a public bidding process for the land use right over the reserved land as required by the laws of China.

The proposed site is next to a 2.4 million tonne per annum sulphuric acid plant that can provide concentrated sulphuric acid, caustic soda and steam for the lithium carbonate process. The second largest soda ash supplier is also located within the chemical park. In addition, cement plants for waste residue disposal and detergent plants for sodium sulphate disposal, both important factors that drive the economics of a lithium carbonate plant, are close by.


Zhangjiagang City

Managing Director, Iggy Tan said that the site presented a fantastic location for Galaxy's proposed lithium carbonate facility with all utilities, consumables and processing materials required for lithium carbonate production available internally within the industrial park.

"The Yangtze River International Chemical Industrial Park presents the ideal location for our proposed lithium carbonate facility," said Mr Tan.

"The location provides easy access to cheaper sources of acid, soda ash, electricity and consumables which will significantly reduce the operating costs of the proposed project. Its proximity to end markets will also be a major advantage once the facility is in production.

"We look forward to the completion of the Definitive Feasibility Study (DFS) for this aspect of the project."

Head of JPZFTZ Administrative Committee, Standing Member of Party Committee, and Party Secretary of Zhanjiagang city, Mr Xu Zhonggao said that he was very pleased to welcome the first Australian company to the Chemical Industrial Park.

"There are many international companies operating in our park and we look forward to Galaxy establishing a successful operation here," said Mr Xu

"The Zhangjiagang administrative committee has committed to help Galaxy with the necessary approvals and establishment process and the land use right granting to ensure the project proceeds as planned."

– ENDS –


Entry to Zhangjiagang Free Trade Zone

Utilities piped to each site via park wide pipe-racks

Galaxy meeting Zhangjiagang Free Trade Zone Administrative Committee

From Galaxy's site looking at wharf 500 metres away

Wharf facility with unloading capability of 1,000 tonne per hour

Sulphuric Acid plant next to Galaxy site

Soda Ash plant in the industrial complex

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 an 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.