

4 June 2009

GALAXY SECURES SODA ASH SUPPLY

Highlights

- Secured a key supply of soda ash for its proposed lithium carbonate plant in Jiangsu Province, China
- Letter of Intent (LOI) with the Jiangsu Huachang Chemical Co. Limited to supply 40,000 tonnes of soda ash (Na_2CO_3) per annum for 15 years.

Emerging lithium producer, Galaxy Resources Limited (ASX: GXY) today announced it has secured a key supply of soda ash for its proposed lithium carbonate plant in Jiangsu Province, China. The Company has signed a Letter of Intent (LOI) with the Jiangsu Huachang Chemical Co. Limited (Huachang) to supply 40,000 tonnes of soda ash (Na_2CO_3) per annum for 15 years.

Huachang is based in the Yangtze River International Chemical Industrial Park, close to Galaxy's proposed site for its lithium carbonate plant. Huachang is a core enterprise of Jiangsu Huachang Group Limited and is mainly involved in the manufacture of basic chemicals, fine chemicals and bio-chemicals.

Huachang has been operating for more than 30 years and is a major supplier of chemicals producing 300,000 tonnes of soda ash, 150,000 tonnes of synthetic ammonia, 300,000 tonnes of ammonium chloride and 300,000 tonnes of compound fertilizer annually.

Managing Director, Iggy Tan said that soda ash supply is one of the key consumables for the lithium carbonate process and the Huachang supply agreement provides access to good quality soda ash.

"Huachang is in close proximity to the proposed site of our lithium carbonate plant, reinforcing the strategic significance of securing the site within the Yangtze River International Chemical Industrial Park."



Huachang Soda Ash plant in the industrial complex



L to R: Huachang GM, Hu Bo with Galaxy MD, Iggy Tan

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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 an Australian mining and chemical 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.