

4 August 2009

AWARD OF MT CATTLIN EPCM CONTRACT

Highlights

- Awards EPCM contract for Mt Cattlin crusher and concentrator process plant to DMB JV
- The JV consists of DRA Pacific Pty Ltd, Mintrex and BEC Engineering
- DMB JV to commence early detailed engineering design and procurement phase

Emerging lithium producer, **Galaxy Resources Limited** (ASX: GXY) today announced it has awarded the Engineering, Procurement and Construction Management (EPCM) contract for its minerals processing plant at Mt Cattlin in Ravensthorpe to the DRA Pacific, Mintrex, BEC Engineering Joint Venture (DMB JV).

The EPCM contract includes construction of a crusher and concentrator process plant at Ravensthorpe capable of producing 137,000 tonnes of spodumene concentrate per year.

Both Mintrex and DRA Pacific have strong track records in the field of mineral processing, and project delivery, stretching over the past 25 years. Mintrex has specialist strengths in crushing and materials handling, while DRA has significant capability in the processing and concentrating of most ores via Dense Medium Separation (DMS), Gravity and Mill Concentrators.

The Joint Venture will utilise the strengths of BEC Engineering for the electrical and instrumentation design and construction management.

Galaxy has authorised the DMBJV to commence the early detailed engineering design and procurement phase.

Managing Director, Iggy Tan said that the Company is confident in the DMB JV's ability to successfully deliver the minerals processing plant for the Mt Cattlin lithium project.

"We are pleased to have DRA Pacific, Mintrex and BEC Engineering involved in the construction of the Mt Cattlin processing plant," said Mr Tan.

"Their combined knowledge and experience in developing successful minerals processing projects make them ideal candidates to construct the project.

"The award of the EPCM contract moves the Mt Cattlin project firmly into development phase and on track to achieve first production of spodumene concentrate by Q3 2010."

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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.