

4 September 2009

GALAXY FORMALISES FUNDING AGREEMENT WITH CREAT

Emerging lithium producer, **Galaxy Resources Limited** (ASX: GXY; Galaxy) is pleased to announce the formal signing of the Loan Facility Agreement with Chinese investment company Creat Group Co Ltd (Creat) was completed yesterday in Beijing.



From L to R: Mr D Sun (VP Creat), Mr I Tan (MD GXY), Dr Zheng (Chairman Creat), Mr C Readhead (Chairman GXY), Mr Ren (CEO Creat).

The signing ceremony, signed by the Board of Directors of Creat and Galaxy, was witnessed by senior Chinese and Australian ministry officials, along with representatives of foreign and Chinese banks and financial institutions. The signing ceremony formalized the announcement last week by Galaxy of a financing package with Creat to fund development for Galaxy's Australian mining and Chinese processing projects.

The funding of A\$159 million (\$29 million equity representing 19.9% of the company's shares on issue and \$130 million debt) will be used to fund the mine and primary spodumene processing phase at Ravensthorpe, Western Australia, and the construction of a lithium carbonate chemical facility at the Jiangsu Province Zhangjiagang Free Trade Zone near Shanghai.

The signing ceremony was opened by Dr Zheng, Chairman of Creat Group. Dr Zheng expressed his company's delight in the Galaxy investment and said that he looked forward to a long term and beneficial relationship with his new Australian partners.

Galaxy Chairman, Mr Craig Readhead, said Galaxy was proud to have attracted the interest of Creat., a successful private Chinese investment enterprise.

"We understand that Creat is a very important private investment enterprise in China and that this is reflected in the high standing, success and reputation of the members of the Creat board and the skill and the ability of it's senior management team. We believe this will result in a balanced and harmonious relationship between Creat and Galaxy for many years to come".

"This will produce positive financial returns for our two companies and further enhance the important relationship between China and Western Australia", said Mr Readhead.

Assistant Governor of the China Development Bank, Mr JP Zhao and General Manager of Raiffeisen Zentrabank Osterreich (RZB), Mr A Werner also praised the Creat and Galaxy partnership during the ceremony.



From L to R: Mr JP Zhao (China Dev Bank), Dr Zheng (Chairman Creat), Mr Readhead (Chairman GXY), Mr I Tan (MD GXY).



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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.