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GROUND BROKEN AT THE MT CATTLIN SPODUMENE PROJECT

Highlights

- WA Premier Colin Barnett attends Ground Breaking Ceremony to mark an important milestone for Galaxy's lithium project
- Construction at the Mt Cattlin Spodumene Project scheduled to commence next week
- Project on track for production in Q3, 2010

Emerging lithium producer, **Galaxy Resources Limited (ASX: GXY)** today marked the official opening of its Mt Cattlin Spodumene Project in Ravensthorpe with a Ground Breaking Ceremony attended by Hon Colin Barnett MLA, Premier of Western Australia.

Galaxy Resources Managing Director Iggy Tan said the Company was delighted to welcome the Premier to the Mt Cattlin site along with representatives from its Chinese investment partner, Creat Group, as well as industry and the local community.

"The Ground Breaking Ceremony represents an important milestone in the development of Galaxy's lithium project, with construction scheduled to commence in the coming days," Mr Tan said.

"With the project fully funded through a strategic partnership with Creat Group, and all environmental and works approvals granted, Galaxy can now focus on rapidly advancing the construction of its mine and processing facility in order to meet the forecast increase in demand for lithium.

"By 2010, the Mt Cattlin mine will be the world's second largest hard rock producer of spodumene and, through the development of its value adding lithium carbonate plant in China, the Company will be the largest and lowest cost lithium carbonate producer in Asia," he said.

Mr Tan said the Mt Cattlin Spodumene Project was an important one for Western Australia and the Ravensthorpe Esperance region.

"The rapid development of the project to the construction stage is a testament to the commitment of our team and the strong relationship between Western Australia and China, as the cornerstone investment partners in the project," Tan said.

"The project will deliver significant benefits to the Ravensthorpe-Esperance region through its residential workforce and flow on effects to local industry and businesses," he said.

The Mt Cattlin Project will produce 137,000 tonnes of spodumene concentrate per year at its onsite processing facility which will be shipped to the Company's downstream processing facility in the Jiangsu Province of China.

A large proportion of the 17,000tpa of battery grade lithium carbonate that the Company will produce in China will supply the burgeoning China market as well as the growing markets of Japan, Korea and Europe.

"With this milestone passed, construction will commence shortly on the Mt Cattlin and Jiangsu projects ensuring Galaxy is well positioned to meet the growing demand for lithium – the crucial element in the batteries powering the hybrid and electric vehicles of the future," Mr Tan said.

Images of the Ground Breaking Ceremony will be available from 1.00pm (WST)

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About Galaxy (ASX: GXY)

Galaxy Resources is a Western Australian company which is soon to become one of the world's leading producers of lithium – the essential component for powering the world's fast expanding fleet of hybrid and electric cars.

By 2010, GXY's Mt Cattlin mine will be the world's second largest hard rock producer of lithium and, through the development of its value adding lithium carbonate plant (17,000 tpa), the Company will be the largest and lowest cost lithium producer in China.

Lithium concentrate and lithium carbonate materials are forecast to be in short supply against high future demand due to advances in long life batteries and sophisticated electronics including mobile phones and computers.

Galaxy Resources has positioned itself to meet this lithium future by not only mining the lithium but by downstream processing to supply lithium carbonate to the lucrative Asian market.