

13 November 2009

ENVIRONMENTAL APPROVAL RECEIVED FOR JIANGSU PLANT

Highlights

- Environmental Approval received for Jiangsu Lithium Carbonate Plant
- Project expected to have a small environmental footprint with residue materials sold as by-product
- Remain on schedule to lodge project approval and obtain PRC business licence in 2009

Emerging lithium producer, **Galaxy Resources Limited** (ASX: GXY) today announced that it has received the Environmental Approval for its Jiangsu Lithium Carbonate Plant. The final Environment Approval Report has been approved by the Jiangsu Province Environmental Bureau. This approval is an important step toward full project approval for the Company's Jiangsu Lithium Carbonate Plant.

The environmental approval application required extensive testing and the submission of a detailed report which was compiled by a qualified competent organisation and was assessed by an expert review panel. The process also required the project to be publicly advertised twice as a condition of the approval. The Zhangjiagang Industrial Park where the Jiangsu plant is situated has very tight environmental regulations having won awards for eco friendly development.



Figure 1 – Zhangjiagang Approval Process



The Galaxy Jiangsu Plant is expected to have a small environmental footprint. Process water requirements will be met through consumption of process steam condensate, energy efficiency will be enhanced through the use of waste heat where possible and liquid effluents will be minimal. The residue remaining after lithium has been extracted from the spodumene raw materials will be sold to the building industry as a raw material and the sodium sulphate that is generated as a by-product of the lithium carbonate will be sold to the detergent and textile industries.

Environmental Approval is a pre-requisite for the assessment of the Safety and the Energy applications by separate expert review panels (see Figure 1). Those applications are now being assessed.

The Project Application Report (PAR) will be submitted for approval once those applications have been approved. Based on the anticipation of prompt assessments, the PAR will be submitted in November 2009 for assessment during early December. The business licence for Galaxy Lithium (Jiangsu) Company Limited can be granted upon completion of the PAR assessment.

Galaxy Resources Managing Director Iggy Tan said that the Company welcomes the environmental approval for the Jiangsu project and looks forward to promptly meeting the next component of the approvals process.

"The progress with project approvals for the Jiangsu Plant means that the Company is on track to achieve first production of lithium carbonate in Q4 2010," Mr Tan said.

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For more information, please contact:

Iggy Tan
Managing Director
08 9215 1700
0419 046 397

Jon Snowball
FD Third Person
08 9386 1233
0424 473 841

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.