

14 December 2009

## GALAXY FINALISES JIANGSU PROJECT INVESTMENT CONTRACT

### Highlights

- Galaxy Resources and the Zhangjiagang FTZ have signed the Project Investment Contract for Jiangsu Lithium Carbonate Plant
- The contract confirms all commitments made to Galaxy in the Letter of Intent by the Zhangjiagang Free Trade Zone
- Confirms the provision of utilities infrastructure at no cost to Galaxy
- Confirms major taxation concessions to Galaxy

Emerging lithium producer, Galaxy Resources Limited (ASX: GXY), today announced it has signed the Project Investment Contract (PIC) for the Jiangsu Lithium Carbonate Plant with the Zhangjiagang Free Trade Zone Administrative Committee (ZFTZAC). Mayor Xu, head of the ZFTZAC visited the Company in Perth last week to finalise the PIC which supersedes the Letter of Intent (LOI) between the parties and confirms all commitments made to Galaxy that were announced in May 2009.

The PIC provides for land use for 50 years in an ideal location for the production of battery grade lithium carbonate. The site will be serviced by a 500m conveyor between the ocean bulk shipping wharf and the plant to facilitate inexpensive delivery of the Mt Cattlin spodumene from the mine.

The site will be serviced by reticulated natural gas, electricity, water, waste water drainage, steam and telecommunications to the site boundary at no cost to Galaxy as a condition of the contract. Generous taxation concessions are also a provision of the contract and will assist Galaxy in being the lowest cost lithium carbonate producer in China.

In addition, the site is next to a 2.4 million tpa sulphuric acid plant that will provide cheap concentrated sulphuric acid, a major cost item in the lithium carbonate process. The other major consumable is soda ash (sodium carbonate) which will be sourced from China's second largest synthetic soda ash plant also located within the chemical park.

The site is currently being filled, leveled and ready for site works next week. Construction of the plant is expected to commence on schedule in Q1 2010 with piling and foundations. This schedule is in accordance with the planned plant start up in Q4 2010.

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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 Jiangsu 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.