

2 September 2010

## GALAXY COMMENCES MT CATTLIN COMMISSIONING

### Highlights

- Galaxy commences commissioning of Mt Cattlin processing plant
- Project has been completed on schedule and on budget
- Spodumene processing to ramp up in time for first shipment in November
- Bridging finance secured ahead of final loan facility drawdown in mid September

Emerging lithium producer, **Galaxy Resources Limited (ASX: GXY)**, is pleased to announce that it has commenced commissioning of its lithium concentrate facility at Mt Cattlin.

Commissioning of the processing plant commenced this week with the energisation of the crushing plant switch room and the energisation of the heavy media plant switch room will follow later in the week.

The process of commissioning the crushing circuit will commence with directional testing of all motor drives followed by tracking of all conveyor belts in the circuit. Once completed, low grade ore will be introduced into the crusher and the fine ore bin will be filled.

Once the heavy media plant switch room is energised, directional testing of all the motor drives in the water circuit and spiral plant will be conducted after which water will be introduced into the circuit and tested for leaks.

Fine crushed ore will then be moved forward from the fine ore bin and fed to the two stage heavy media separation circuit.



Galaxy Resources Managing Director, Mr Iggy Tan, said the completion of construction and commencement of commissioning at Mt Cattlin was achieved on schedule and on budget.

"Over the coming weeks, spodumene throughput will be progressively ramped up until the design capacity is reached on a continuous basis," Mr Tan said.

"The final spodumene product will be trucked to the Esperance Port by local haulage contractor, Esperance Freight Lines.

"Galaxy and the Esperance Port Authority are in the final stages of ensuring our spodumene product can be exported to China and we expect to make our first shipment in November," he said.



## Financing Update

As announced in the recent quarterly activities report, the loan facility, provided by finance partners China Development Bank (CDB) and Austrian bank, Raiffeisen Zentralbank Österreich AG (RZB), was slightly delayed as a result of a protracted loan documentation process. The Company still expects the final documentation to be executed and loan to be drawn down in mid September. When this occurs, the Company expects to receive the full US\$105 million (or A\$116m at an exchange rate of 0.9 AUD:USD) from the syndicate banks in the loan facility disbursement account and equity account (US\$50m reserved for interest and loan repayments). Meanwhile, the Company also secured and received a US\$14 million short term bridging loan through its cornerstone investment partner, Creat Group, during the delays of the project loan facility. This will be re-paid to Creat Group when loan facility funds become available.



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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 Resources is a Western Australian S&P / ASX 300 Index 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.