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GALAXY WELCOMES 20% LITHIUM PRICE INCREASE BY CHEMETALL

Highlights

- Top lithium producer Chemetall announces global lithium product price increases of 20%
- Lithium prices forecast to return to pre-GFC levels
- Galaxy to revise higher its 2011/2012 budgeted price forecasts

Galaxy Resources Limited (ASX: GXY, "Galaxy") is pleased to announce it is to revise upward its 2011 and 2012 budgeted lithium price forecasts.

Rockwood Holdings' Inc. (NYSE: ROC) lithium division Chemetall Lithium (Chemetall) announced Thursday a price increase of up to 20 percent for its lithium salts, including lithium carbonate, lithium hydroxide, lithium chloride, and increases on lithium metal battery grade, effective July 1, 2011.

Chemetall Lithium is one of the largest global manufacturers and suppliers of lithium-based compounds.

In a statement, Rockwood said the price increases would see lithium carbonate and lithium hydroxide prices return to 2008 levels.

Galaxy Resources Managing Director, Iggy Tan said: "Our own modeling forecasted lithium prices to return to pre-GFC levels in the next 12 months due to the significant rise in demand".

"We now see this occurring sooner than expected, and we welcome the demand growth and corresponding signals of price increases in the global lithium market," he said.

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About Galaxy (ASX: GXY)

Galaxy Resources is an International S&P / ASX 300 Index company which plans to become one of the world's leading producers of lithium compounds – the essential component for powering the world's fast expanding fleet of hybrid and electric cars.

Galaxy wholly-owns and operates the Mt. Cattlin mine, which is currently producing spodumene concentrate. Galaxy's Jiangsu lithium carbonate plant, once completed, will have a design capacity of 17,000 tpa of lithium carbonate, which Galaxy expects would make it one of the largest plants in China converting hard rock lithium mineral concentrates into lithium compounds and chemicals.

Lithium compounds such as lithium carbonate are forecast to be in 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 also by downstream processing to supply lithium carbonate to the expanding Asian market.