

16 January 2012

GALAXY'S JIANGSU PLANT COMMISSIONING ON TRACK

Highlights

- Jiangsu plant commissioning on schedule
- First production on track for current quarter
- Cold commissioning at half way point and progressing well
- Hot commissioning completed for microniser and packaging plants
- Wharf unloading system fully commissioned

Galaxy Resources Limited (ASX: GXY) (Galaxy or the Company) is pleased to announce the commissioning of its wholly-owned Jiangsu Lithium Carbonate Project (Jiangsu or the Project) in China continues on schedule, with first production on track for the current quarter.

In early December 2011, Galaxy received Construction Completion Certificates for all areas of the plant from EPCM contractor Hatch Engineering. During the past month, cold commissioning - ensuring integrity of plant, equipment, electrical, instrumentation and control systems - has progressed well and is on track for completion in mid-February 2012.

Galaxy Managing Director, Iggy Tan, said the Company was now half way through the cold commissioning process without any major defect issues being identified.

"Some areas of the plant like micronising and packaging have already progressed to hot commissioning and operation. The Company is very satisfied with the progress to date and, if no major defects are identified, we expect the plant to be well into hot commissioning by late February and the first lithium carbonate produced during Q1 this year.

"Our operations team continues to be fully involved in all stages of commissioning activities to ensure a smooth transfer from the commissioning to the operations phase," Mr Tan said.

Plant Commissioning Update

Areas of the plant that have been cold commissioned include utilities (Area 80), with process water, plant air, steam and natural gas established throughout the plant. The leaching, lithium carbonate production and purification circuits have largely been cold commissioned. The product dryer has been fired and was successful at drying test lithium carbonate product centrifuged and pumped from the Area 50 purification circuit.

Galaxy said hot commissioning and operation of the microniser and packaging plants had been completed. The microniser plant has been operated under actual process conditions and test lithium carbonate product has been successfully micronized to meet target size specifications. Micronised test product has also been successfully packed in the fully-automated packaging unit producing uniform bags and product packs. Both units are now ready for operation.

The plant fire protection system has been inspected and accepted by a third-party and local government. An environment system completion report was submitted to the Jiangsu Provincial Government, with an on-site inspection scheduled this month. This will lead to final production and start up approvals.

In the next month, the kilns, with associated coolers, and the sodium sulphate plant will be commissioned. This will involve the final dry out and firing of both the calciner and the sulphation kiln.

Port Unloading System Commissioning

Galaxy said the spodumene unloading system at the Two Lions wharf, overland conveyor and ore storage area had been fully commissioned, with trial shipments being successfully unloaded. The recent 31,000 tonne spodumene shipment from Galaxy's Mt Cattlin mine was successfully unloaded and conveyed to the plant ore storage area.

Pictorial Update Below

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For more information, please contact:

Corporate

Iggy Tan
Managing Director
Galaxy Resources
Tel (office): 08 9215 1700
Email: ir@galaxylithium.com

Australia Media Contact

Jane Grieve
FTI Consulting
Tel (office): 08 9386 1233
Tel (mobile): 0488 400 248
Email: jane.grieve@fticonsulting.com

Hong Kong Media Contact

Cindy Lung
Strategic Financial Relations Limited
Tel (office): (852) 2864 4867
Tel (mobile): (852) 9282 4640
Email: cindy.lung@sprg.com.hk

About Galaxy (ASX: GXY)

Galaxy Resources Ltd ("Galaxy") is an Australian-based integrated lithium mining, chemicals and battery company listed on the Australian Securities Exchange (Code: GXY) and is a S&P/ASX 300 Index Company. Galaxy wholly owns the Mt Cattlin project near Ravensthorpe in Western Australia where it mines lithium pegmatite ore and processes it on site to produce a spodumene concentrate and tantalum by-product. At full capacity, Galaxy will process 137,000 tpa of spodumene concentrate and 56,000 lbs per annum of contained tantalum. The concentrated spodumene is shipped to Galaxy's wholly-owned Lithium Carbonate Plant in China's Jiangsu province. Once complete, the Jiangsu plant will produce 17,000 tpa of battery grade lithium carbonate, the largest producer in the Asia Pacific region and the fourth largest in the world.

Galaxy is also advancing plans for a lithium-ion battery plant, to produce 350,000 battery packs per annum for the electric bike (e-bike) market. The Company also has a farm in agreement with TSX-listed Lithium One Inc to acquire up to 70% of the James Bay Lithium Pegmatite Project in Quebec, Canada.

Lithium compounds are used in the manufacture of ceramics, glass, electronics and are an essential cathode material for long life lithium-ion batteries used to power e-bikes and hybrid and electric vehicles. Galaxy is bullish about the global lithium demand outlook and is positioning itself to achieve its goal of being involved in every step of the lithium supply chain.



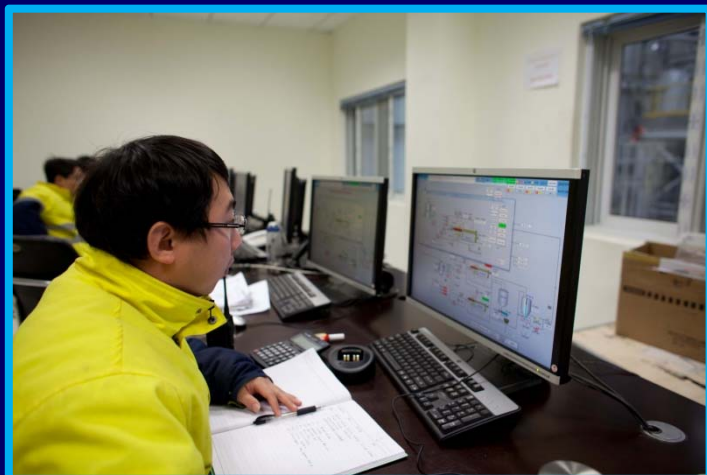
Jiangsu lithium carbonate plant at night



Cold commissioning in Area 50, Purification Plant



Cold commissioning in Area 40, lithium carbonate production area



Bulk I/O checks from the control room



Top of the product storage bins

Packaging plant in full operation



Mechanical checks during commissioning



Spodumene unloaded at wharf and conveyed via over land conveyor to the ore storage area



Galaxy operators pressure testing process lines



Control room



Lithium carbonate centrifuge in operation



Laboratory in full operation



Allen Qian (MD China) and Dr Jingyuan Liu (GM Business Readiness)



Laboratory building in front of calciner kiln



Microniser operation

Pallet wrapping operation





Area 10, ore stockpile



Product dryer checks



Area 10 spodumene conveyor feeding the kiln