6 December 2011

GALAXY ACHIEVES MECHANICAL COMPLETION AT JIANGSU PROJECT

Highlights

- Jiangsu mechanically complete, one month ahead of revised schedule
- Construction completion certificates received for all plant areas
- Construction workforce to be de-mobilised, minimum 'punch list' workforce in place
- Cold commissioning of packaging, microniser units now complete, ahead of schedule
- Cold commissioning of remainder of plant commenced
- First production at Jiangsu expected Q1 2012

Galaxy Resources Limited (ASX: GXY, Galaxy) is pleased to announce it has achieved mechanical completion of its wholly-owned Jiangsu Lithium Carbonate Project (Jiangsu or the Project) in China, a month ahead of the revised schedule.

The Company received Construction Completion Certificates with associated exceptions and punch lists for all areas of the plant from EPCM contractor, Hatch Engineering.

Galaxy said the construction effort at Jiangsu had been accelerated and the mechanical completion, ahead of schedule, was a very important milestone. Under a revised project schedule, announced July 2011, Galaxy had targeted completion by the end of Q4 2011.

The Company said Project costs were expected to close in line with previous budget estimates.

Galaxy Resources Managing Director, Iggy Tan said: "The large construction workforce is in the process of being de-mobilised, with only a skeleton crew to remain on site to complete the exceptions and final punch list items. The majority of the Hatch EPCM personnel have also been de-mobilised.

"Galaxy is processing applications for final production approvals and licenses with relevant government departments and is targeting first production during first quarter of 2012," Mr Tan said.

Significantly, the Company had also commenced cold commissioning, which it said would take approximately two months.

Cold commissioning involves checking and ensuring the integrity of plant, equipment, electrical, instrumental and control systems. Once it is completed, hot commissioning of the plant and equipment will commence, followed by the introduction of process materials and the start-up phase.

Galaxy said some parts of the plant, like the packaging and microniser units, had already been cold commissioned ahead of schedule. These units have been handed over to Galaxy operation ready for the final stage of commissioning and start-up.

--ENDS--

Pictorial Update Below

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.

Packaging plant – cold comissioning completed and handed over to Galaxy operations

Microniser plant – cold comissioning completed and handed over to Galaxy operations

Reagents and utilities plant

Final product packaging machine being commissioned

Punch list generation at construction completion handover

Digestor tanks at purification plant

Packaging plant and bag stacker

First material being micronised during hot commissioning

Purification crystalliser and digestor tanks

Lithium carbonate production area

Purification area

Maintenance workshop

Microniser units

Cold comissioning by Galaxy workforce

Final product storage bins and sodium sulphate crystalliser

East side of plant

Sodium sulphate plant

Leaching and water treatment plant