

24 February 2012

## GALAXY PROGRESSES JIANGSU PLANT HOT COMMISSIONING

### Highlights

- Hot commissioning of Jiangsu Lithium Carbonate Plant underway
- Cold commissioning successfully completed mid February
- Full commissioning of Jiangsu Plant on schedule
- On track for first production end-Q1 2012

Galaxy Resources Limited (ASX: GXY) (Galaxy or the Company) is pleased to advise the commissioning of its wholly-owned Jiangsu Lithium Carbonate Plant (Jiangsu or the Plant) in China continues on schedule, with hot commissioning of the plant now formally underway.

Galaxy successfully completed cold commissioning in mid-February 2012, which involved ensuring integrity of the plant equipment at Jiangsu, as well as electrical, instrumentation and control systems.

Hot commissioning is the final stage prior to start-up and first production. It involves the introduction of process materials and testing of major areas of the plant under partial or full load.

Galaxy Managing Director, Iggy Tan, said: "Our commissioning activities are progressing according to schedule without any major defect issues being identified to date.

"We are confident hot commissioning will be completed in time for us to commence lithium carbonate production at Jiangsu by the end of the current quarter," Mr Tan said.

### Hot Commissioning Update

Galaxy said the kilns and coolers in Area 20 were now operational. The calciner kiln was fired at the end of January and is now in the final stages of the refractory dry-out and curing phase. The sulphation kiln has also been successfully fired and the refractory brickwork dry-out has been completed. This particular kiln is now ready to accept final milled beta spodumene.

The Jiangsu site's utilities - such as process water, plant air, steam and natural gas – are fully established and operational.

The leach area has also been successfully tested, with process water being pumped throughout the plant. This area is also ready to accept slurry material.

Galaxy was able to hot commission the lithium carbonate production area and purification plant ahead of schedule. This includes centrifuge dewatering, drying, micronising and packaging. Galaxy has tested this area, where purchased product has been successfully digested, crystallized, micronised and processed through to final bagging. This part of the plant will be operated on a continuous basis until the rest of the plant is ready to process material.

Similarly, the ore unloading and storage area has been fully commissioned.

Final plant areas to be hot commissioned include the sodium sulphate and reagent plants. These plants represent the last areas to be brought on line before first production can be achieved.



**Pictorial Update Below**

--ENDS--

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**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 620,000 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.



Area 10 – Ore  
Unloading & Storage



Area 10 now is fully commissioned and ready for operation



Unloading from ship

Area 20  
Calcination Kiln



Calcliner kiln firing and building to operating temperature



Burner flame



Area 20  
Sulphation Kiln



Sulphation kiln and cooler ready to accept beta spodumene

Area 30  
Leach Plant



Leach plant is commissioned and ready to accept slurry



Area 50  
Purification Plant

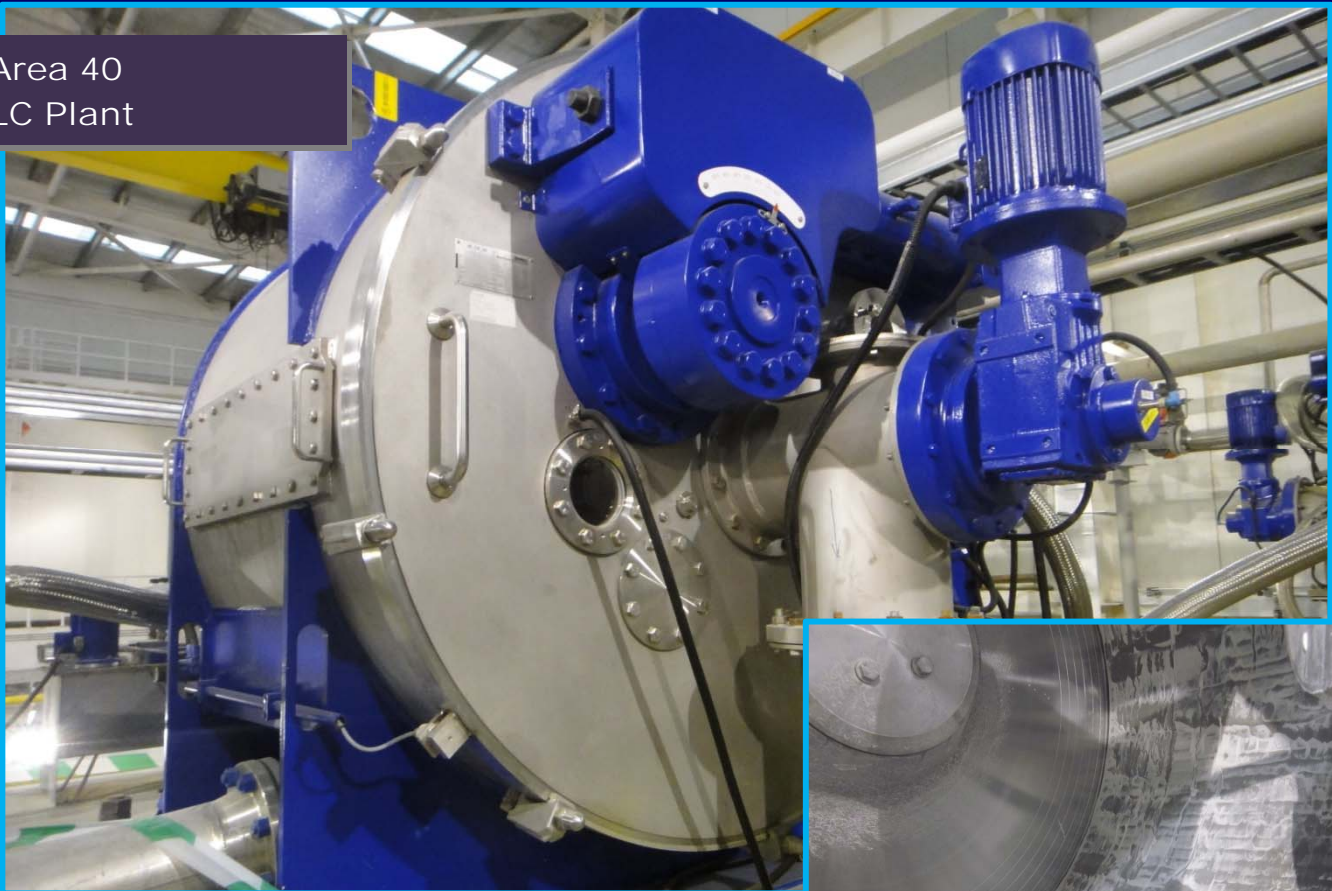


Bought product successfully processed in purification plant



Bought product used for commissioning

Area 40  
LC Plant



Filtration centrifuge in full operation



Centrifuge drum with product



Area 40  
Product Dryer



Product dryer in operation



Micronised product being sampled

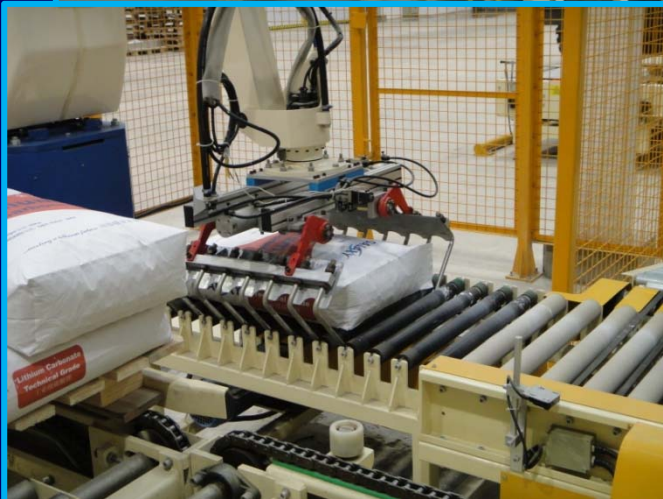
Area 40  
Microniser



Micronising of lithium carbonate and achieving size specification



Area 40  
Packaging Plant



Packaging plant in full operation





Area 60  
Sodium Sulphate Plant

Sodium sulphate plant cold  
commissioning completed



Area 80  
Utilities

All utilities established on site



Administration building and control room fully operational