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GALAXY PRODUCES FIRST LITHIUM CARBONATE AT JIANGSU PLANT

Highlights

- First lithium carbonate produced at Jiangsu Plant, China
- First production follows successful completion of hot commissioning
- Jiangsu is second project brought online by Galaxy in two years
- Focus now to build plant stability, achieve continuous operation and product quality

Galaxy Resources Limited (ASX: GXY) (Galaxy or the Company) is pleased to announce the first production of lithium carbonate at its wholly-owned Jiangsu Lithium Carbonate Plant (**Jiangsu or the Plant**) in China, following the successful completion of hot commissioning.

During March 2012, the back end of the Plant - including purification, filtration, drying, micronising, and packaging plants - operated on a continuous basis, with product recycled back to the process.

Galaxy said the calcination kiln was fired to operating temperature (1,080 degrees Celsius), and has been successfully producing beta spodumene since mid March. The remainder of the Plant - including the sodium sulphate plant, utilities, and leach area - was brought online without incident. The sulphuric acid addition was established at the end of March, with the sulphation kiln producing sulphated beta spodumene which, in turn, was fed through the Plant. All process flows were then brought on line across the entire Plant, culminating in successful production of lithium carbonate.

Galaxy Managing Director, Iggy Tan, said Galaxy has brought two projects into production in less than two years, and that first product at Jiangsu was a major step for the Company.

"Producing first lithium carbonate at the Jiangsu Lithium Carbonate Plant proves the success of the Plant's design and processes. Galaxy's focus now is maintaining plant stability, achieving continuous operation and product quality. The product will need to move continuously through the process plant before we can get the quality to the required level. We expect a 12 month ramp-up of the Plant to meet its 17,000 tpa design capacity.

"In addition, the Galaxy team at Jiangsu is to be commended for bringing a large and significant chemical plant online within a tight time frame. We indicated previously that we expected first product at the end of March 2012, and the Jiangsu team has delivered on this goal. This is truly the point where we have become a vertically-integrated lithium company," Mr Tan said.

The A\$100 million Jiangsu Plant is the first fully-automated lithium carbonate plant in China and one of the most highly sophisticated plants of its kind in the world.

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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.