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GALAXY TO USE PURIFICATION TECHNOLOGY AT SAL DE VIDA

Highlights

- Galaxy to use patented purification technology to produce battery grade lithium carbonate at Sal de Vida
- Technology successfully proven at Jiangsu Lithium Carbonate Plant, China
- Battery grade lithium carbonate commands significant price premium versus technical grade
- Technology application included within DFS models and flow sheets
- Galaxy will be the first company in the South American lithium space to produce battery grade product from the salar site

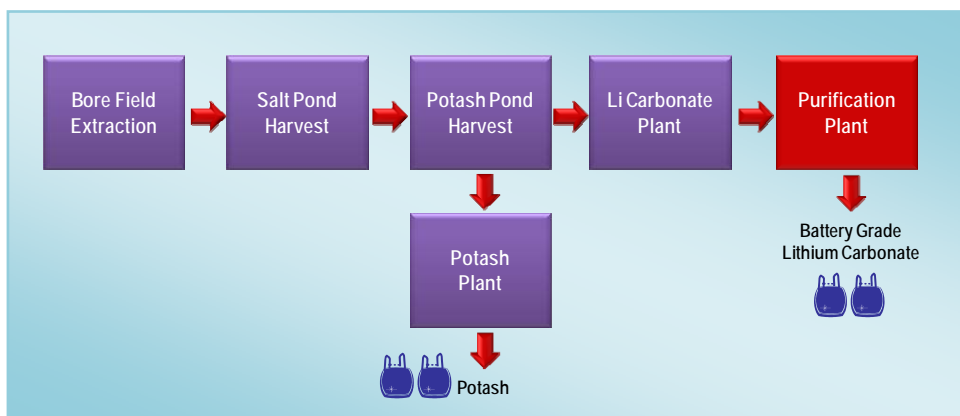
Lithium producer Galaxy Resources Ltd (ASX: GXY) (“Galaxy” or “the Company”) advises it is to utilise its own patented purification technology at the recently acquired Sal de Vida lithium and potash brine project (“Sal de Vida” or “the Project”) in Argentina to produce battery grade lithium carbonate.

The purification technology is used to upgrade lithium carbonate’s purity to ‘battery grade’ (99.5% purity, or above) meaning it can be used by battery cathode producers for the manufacture of lithium-ion batteries. Because of its high value application, battery grade lithium carbonate receives a significant price premium to more common technical grades.

Galaxy developed and patented the purification technology in 2010 and has successfully proven the technology at its wholly-owned Jiangsu Lithium Carbonate Plant (“Jiangsu Plant” or “Jiangsu”) in China. Jiangsu’s lithium carbonate met all battery grade specifications in July 2012 and initial sales of battery grade lithium carbonate have commenced.

Galaxy plans to develop a battery grade lithium carbonate plant at the recently acquired Sal de Vida site, which will mirror the purification plant design at Jiangsu. Galaxy’s purification technology is designed to be applied to either hard rock or brine based lithium carbonate production processes. A Definitive Feasibility Study currently underway on Sal de Vida will incorporate utilisation of the purification technology in its flow sheet. (Figure 1.)

Figure 1 – Sal de Vida process flow with purification plant



Galaxy Managing Director Iggy Tan said Galaxy's technology will enable it to become the first lithium company in South America to produce battery grade lithium carbonate directly from the salar site.

"Currently, South American brine lithium producers have to upgrade their lithium carbonate to battery grade standard by sending the product off site or overseas. Using our purification technology, Galaxy will be the first company in South America to produce battery grade lithium carbonate product direct from a brine salar operation.

"We see the biggest future lithium demand coming from the lithium-ion battery sector. We believe we are already achieving one of the best quality battery grade products available in the market today," Mr Tan said.

The high quality Sal de Vida project is expected to become Galaxy's next flagship asset. Sal de Vida's potential production profile is 25,000 tpa of battery grade lithium carbonate, which would take Galaxy's annual lithium carbonate production to 42,000 tpa from 2016 onwards. Galaxy is continuing work on the development of Sal de Vida, although a final investment decision won't be made by the Galaxy Board until the Jiangsu Plant is generating positive cash flows on a sustained basis, expected Q1 2013.

Table 1 shows lithium carbonate quality produced at Galaxy's Jiangsu Plant using purification technology compared to South American brine product currently available in the market. The current purified product from Jiangsu has far lower levels of critical elements such as Sodium (Na), Potassium (K), Calcium (Ca) and Magnesium (Mg). For lithium cathode and lithium-ion battery makers, these impurity levels are critical, with high levels of these elements potentially causing oxidation and gassing in the final battery product, and ultimately reduction in the life of a lithium-ion battery.

Table 1 – Galaxy's Jiangsu product compared with South American brine lithium carbonate

Analysis	ppm													
	Na	K	Ca	Mg	Fe	Al	Cu	Mn	Ni	Zn	Pb	Si	Cl	SO ₄
Galaxy	20	5	29	5	7	2	≤1	≤1	≤1	≤1	≤1	15	10	360
Sth American 1	480	5	90	40	2	6	≤1	≤1	≤1	≤1	≤1	70	60	450
Sth American 2	160	6	78	70	2	2	≤1	≤1	≤1	≤1	≤1	40	24	250
Sth American 3	570	30	90	80	5	9	≤1	≤1	≤1	≤1	≤1	110	90	240

* Samples collected from the market and analysed by Galaxy Resources Ltd

Galaxy recently added number of lithium industry experts to its Sal de Vida team, including lithium industry veteran Dr Vijay Mehta, whose expertise is in the brine processing using solar energy and the production of high purity (battery grade) lithium carbonate, lithium hydroxide and anhydrous lithium chloride.

As Galaxy's senior technical advisor on the Sal De Vida project, Dr Mehta believes the purification technology developed by Galaxy for its China plant has successfully produced one of the best grade lithium carbonate products on the global market to date.

According to Dr. Mehta, Galaxy's lithium carbonate purification technology is able to be adapted to Sal de Vida's brine based lithium carbonate process. Galaxy expects to produce the best quality grade lithium carbonate directly from the salar operation.

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About Galaxy (ASX: GXY)

Galaxy Resources Ltd ("Galaxy") is an Australian-based global lithium company with lithium production facilities, hard rock mines and brine assets in Australia, China, Canada and Argentina. The Company is an integrated lithium mining, chemicals and battery company listed on the Australian Securities Exchange (Code: GXY) and is a member of the S&P/ASX 300 Index.

Galaxy wholly owns the Mt Cattlin project near Ravensthorpe in Western Australia, which at full capacity can produce 137,000 tpa of spodumene concentrate as feed for the Company's wholly-owned Jiangsu Lithium Carbonate Plant in China's Jiangsu province. The Jiangsu Plant has commenced production and at full capacity will produce 17,000 tpa of battery grade lithium carbonate making the facility the largest producer in the Asia Pacific region and the fourth largest in the world.

Galaxy is also advancing plans to develop the Sal de Vida (70%) lithium and potash brine project in Argentina situated in the lithium triangle (where Chile, Argentina and Bolivia meet) which is currently the source of 60% of global lithium production.

The Company also owns the James Bay (100%) spodumene 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.

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