

Perth, Australia  
13 November 2012

## GALAXY JIANGSU UPDATE

### Highlights

- Jiangsu Plant October lithium carbonate production 428 tonnes, up 50% vs September
- Total sales for October 273 tonnes, recorded revenue of A\$1.7 million (RMB 11.2 million)<sup>1</sup>.
- Battery grade lithium carbonate sales commenced
- 100% of battery grade production met tight quality specifications
- Further reduction in impurity levels across product
- Calcination and sulphation kiln achieved 92% on line time
- 12 month ramp-up of Jiangsu Plant on schedule

Galaxy Resources Ltd (ASX: GXY) ("Galaxy" or "the Company") advises that lithium carbonate production at its wholly-owned Jiangsu Lithium Carbonate Plant ("Jiangsu Plant" or "Jiangsu") was 428 tonnes in October - an increase of 50% month-on-month and in line with Jiangsu's 12 month ramp-up schedule.

Production consisted of 154 tonnes of superior battery grade product (99.5% purity, or above), with the balance technical grade product.

October lithium carbonate sales totalled 273 tonnes, recording revenue of A\$1.7 million (RMB 11.2 million)<sup>1</sup>, including VAT. While sales from Jiangsu comprised mostly technical grade product, Galaxy recorded initial sales of battery grade product following customer qualification and testing.

All of the battery grade output met the necessary quality specifications, which include only certain levels of impurities. Statistical process control ("SPC") quality analysis showed further reductions in impurity variation within a narrow range, representing outstanding quality reliability.

Sales from Jiangsu will comprise mostly technical grade product until the battery grade product fully completes customer qualification processes and testing. As reported in September, battery grade samples have been sent to over 50 potential battery cathode customers in China. In addition, battery grade samples have been sent to a number of Japanese customers for product qualification and testing.

Galaxy Managing Director, Iggy Tan, said: "We are very pleased with increased lithium carbonate output we've seen at Jiangsu for the month of October as we continue to meet our ramp-up targets. The commencement of sales of battery grade lithium carbonate and the further improvements to product quality are a huge step towards Jiangsu becoming a significant producer of superior quality lithium carbonate for the lithium battery market."

<sup>1</sup> Specific details regarding pricing, sales volume, product split and cost structure is subject to confidentiality obligations of sales contracts and competitor sensitivity.

At the front end of the Plant, the calcination kiln utilisation rate (amount of time on line) reached 92% during October. Temporary lifters were installed in the calciner to provide better spodumene pre-heating and heat transfer within the kiln. These modifications have successfully reduced kiln off gas temperatures, thereby allowing increased kiln feed rates and kiln stability. The kiln feed rate was slightly reduced due to the pending replacement of internal lifters in the kiln expected end-November.

The focus during October was to improve the stability, on line rate and utilisation of the back end of the Plant. During the month, the utilisation rate of the lithium carbonate precipitation plant and dryer reached 73% on line time. Again, this was an excellent result for the particular stage of the ramp-up.

An internal audit for the Jiangsu Plant's quality, environment, safety management system was also completed in October. British Standard Institution ("BSI") carried out a third party audit in early November and the site is expected to receive the ISO 9001, ISO 14001 and OHSAS 18001 quality/environment/safety certification in several months.

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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 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 which will feed the Company's wholly-owned Jiangsu Lithium Carbonate Plant in China's Jiangsu province. The Jiangsu Plant has commenced production and 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 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. Sal de Vida has excellent promise as a future low cost brine mine and lithium carbonate processing facility. The Company also owns the James Bay (100%) 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.

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