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GALAXY'S MT CATTLIN EXCEEDS DESIGN OUTPUT

Highlights

- Mt Cattlin plant and mine exceeds design capacity in last fortnight
- Galaxy reports above-design plant throughput during the second half of March 2012
- Mt Cattlin ramp-up progressing in line with expectations
- Preparations underway to ship next spodumene consignment to China in April 2012

Galaxy Resources Limited (ASX: GXY) (Galaxy or the Company) is pleased to advise that the ramp-up of its wholly-owned Mt Cattlin project in Western Australia is progressing well, with the mine and the processing plant consistently exceeding design throughput levels during the second half of March 2012.

Galaxy said the crushing and dense media separation (DMS) plants performed **well above design output rates during the period**. In the last 12 months, Galaxy has made various process improvements to both circuits, which have enhanced the plant stability, utilisation times, throughput rates, and recovery. At the mine, the mining shift from Pit 1A (initial start-up) to Pit 1B has helped with presentation of a more uniform ore character. At full capacity, Mt Cattlin will mine 1 million tonnes of ore and produce 137,000 tonnes of spodumene concentrate per annum. The spodumene concentrate will be shipped to the Company's wholly-owned Jiansgu Lithium Carbonate facility in China.

Galaxy Managing Director, Iggy Tan, said achieving above-design mine and processing rates marked an important milestone: "The above-design performance at the plant and mine means we are making good progress towards reaching our full capacity targets at Mt Cattlin. It is also a direct result of the hard work of the Mt Cattlin team. We hope to continue production and processing at current design rates, but are pleased to know the plant has been able to exceed those levels," Mr Tan said.

Galaxy said it was preparing to load a 27,000 tonne consignment of spodumene concentrate to ship to third parties in China in late April 2012. This will represent the first sizeable revenue flow for Galaxy since start-up at Mt Cattlin.

Galaxy's Mt Cattlin Spodumene Mine



For more information, please contact:

Corporate

Iggy Tan
Managing Director
Galaxy Resources Ltd
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 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.