GALAXY
meeting a lithium future

Perth, Australia
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PRODUCTION INCREASES AT GALAXY'S JIANGSU PLANT

Highlights

- 425 tonnes produced in March - first full month post recommencement of operations
- Production continuing to increase as ramp-up progresses
- 100% of battery grade product meeting quality specifications
- Battery and technical grade sales increase after Chinese NY
- First sales to Japan completed following extensive qualification process
- Jiangsu operation now likely to become cash flow positive during Q3 2013

Following the recommencement of operations at the Jiangsu Lithium Carbonate Plant ("Jiangsu" or "the Plant") in China, Galaxy Resources Ltd (ASX: GXY) ("Galaxy" or "the Company") advises that the Plant achieved a solid month of production. The Plant produced 425 tonnes (31% of design output) of lithium carbonate in its first full month of production since operations recommenced in February 2013.

Last week, the Plant recorded output of 33 tonnes on a single day (70% of design output) demonstrating the potential for continued production hikes in the coming months.

Jiangsu has been producing technical grade (99.0% purity), battery grade (99.5% purity) and EV Grade (99.9%) lithium carbonate. All of the battery grade lithium carbonate produced has met the necessary quality specifications.

Lithium carbonate sales are increasing following the resumption of demand post Chinese New Year. March sales totalled 304 tonnes at a value of A$1.9 million (inclusive of VAT). 113 tonnes were sold to battery grade customers, with the balance sold as technical grade. The Company reports battery and technical grade prices are currently almost at parity due to tight supply of technical grade product.

Significantly, the Company recorded its first sales to Japan in late March. This is a significant milestone as the Japanese market sets the highest standards for product quality and it only comes after an extensive testing and qualification period.

Galaxy Managing Director Iggy Tan said: "We are pleased to have Jiangsu producing at a stable rate again, and we will continue to increase production and sales as part of Jiangsu's ramp-up program. Subject to sales and the ramp-up progress, the Company now expects Jiangsu to become cash flow positive during the third quarter this year."

In the coming months, the Company will focus on increasing back-end output at the Plant. The kiln, located at the front end, has been operating at up to 18 tonnes per hour (design feed rate) for periods during March, indicating modifications to the internal workings of the kiln during the recent shut down are having a beneficial impact. The newly installed kiln lifters are also allowing the kiln to operate at close-to-design feed rates and with improved levels of natural gas usage.

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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 a lithium producer listed on the Australian Securities Exchange (Code: GXY) and is a member of the S&P/ASX 300 Index.

Galaxy wholly owns the Jiangsu Lithium Carbonate Plant in China's Jiangsu province. The Jiangsu Plant will eventually produce 17,000 tpa of battery grade lithium carbonate, becoming 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 owns Mt Cattlin (100%) spodumene project near Ravensthorpe in Western Australia and 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 become a major producer of lithium products.