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GALAXY ALIGNS WITH MITSUBISHI IN JAPAN

Highlights

- Galaxy signs Off-take Agreement with Mitsubishi Corporation of Japan
- Mitsubishi Corporation is Japan's largest general trading company

Emerging lithium producer **Galaxy Resources Limited (ASX: GXY)** has signed an Off-take Agreement with Mitsubishi Corporation for a significant proportion of its battery grade lithium carbonate production. The agreement involves long term off-take sales and distribution of Galaxy's product to the Japanese market.



Figure 1 - Mitsubishi Motors iMiev full electric car

Mitsubishi Corporation (MC) is Japan's largest general trading company with more than 200 bases of operations in approximately 80 countries worldwide. Mitsubishi employs a multinational workforce of approximately 60,000 people across some 500 companies. Mitsubishi has long been engaged in business with customers around the world in virtually every industry, including energy, metals, machinery, chemicals, food and general merchandise.

Mitsubishi, Mitsubishi Motors and battery manufacturer GS Yuasa formed a JV Company in December 2007 called Lithium Energy Japan to manufacture and supply large capacity and high performance lithium ion batteries to the automobile sector. In July 2009, Mitsubishi Motors launched its iMiev full electric car (Figure 1) in Japan to both fleet and corporate customers. It will commence sales to individual customers in April 2010. The iMiev was awarded the 2009–10 Car of the Year, Japan's "most advanced technology" Special Achievement Award.

Mitsubishi Heavy Industries (MHI), another Group company, will build a commercial production verification plant in Nagasaki Prefecture and launch its operation by autumn 2010, moving the company towards full-scale entry into the lithium-ion secondary battery market. The new plant will have a production capacity of 66 MWh (megawatt hours) of batteries a year which is equivalent to 400,000 medium-size cells. The batteries were developed in a 20-year joint research and development project with Kyushu Electric Power Co. Inc. In October 2009, MHI became the world's first hybrid forklift producer using lithium-ion batteries to save 40% of the fuel cost.

Galaxy Resources Managing Director Iggy Tan said the Off-take Agreement with Mitsubishi marked an important milestone for Galaxy's lithium project with both companies' vision and business philosophy closely aligned.

"We are delighted to partner with one of Japan's largest companies and a very reputable name worldwide. Mr Tan said.

"By 2010, Galaxy's Mt Cattlin mine will be the world's second largest hard rock producer of spodumene, and through the development of its value adding lithium carbonate plant in China, the Company will be the largest and lowest cost battery grade lithium carbonate producer in Asia.

Galaxy is currently in discussions and is close to finalising similar off take agreements with other major groups and high end users of battery grade lithium carbonate in China and other Asia Pacific regions.

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About Galaxy (ASX: GXY)

Galaxy Resources is a Western Australian company which is soon to become one of the world's leading producers of lithium – the essential component for powering the world's fast expanding fleet of hybrid and electric cars.

By 2010, GXY's Mt Cattlin mine will be the world's second largest hard rock producer of lithium and, through the development of its value adding lithium carbonate plant (17,000 tpa), the Company will be the largest and lowest cost lithium producer in China.

Lithium concentrate and lithium carbonate materials are forecast to be in short supply against high future demand due to advances in long life batteries and sophisticated electronics including mobile phones and computers.

Galaxy Resources has positioned itself to meet this lithium future by not only mining the lithium but by downstream processing to supply lithium carbonate to the lucrative Asian market.