

# Lithium One Board Maintains Recommendation to Approve Merger With Galaxy Resources Limited

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VANCOUVER, April 19, 2012 - [Lithium One Inc.](#) (the "Company" or "Lithium One") (TSX VENTURE: LI) is pleased to announce that, further to its press releases dated March 30, 2012 and April 12, 2012, following the completion of the [Galaxy Resources Limited](#) ("Galaxy") Financing and the adjustment to the exchange ratio, the Lithium One Board of Directors has maintained its recommendation that the holders of Lithium One securities vote in favour of the plan of arrangement (the "Arrangement") whereby a wholly owned subsidiary of Galaxy will acquire all of the outstanding securities of Lithium One.

Galaxy announced on April 12, 2012 that it had successfully raised A\$30 million (before costs) via a placement of ordinary shares ("Financing") to institutional and sophisticated investors. The Financing will settle on April 23, 2012. In addition Galaxy is seeking to raise a maximum of A\$3 million via a Share Purchase Plan, which is open to existing Galaxy shareholders. Following the announcement of the Galaxy Financing terms, the exchange ratio was increased such that upon the effective date of the Arrangement, holders ("Shareholders") of common shares of Lithium One (the "Common Shares") will be entitled to receive, in exchange for each issued and outstanding Common Share, 1.96 Galaxy Shares.

In determining to maintain its recommendation to the holders of Lithium One securities, the Board of Directors considered a number of factors and relied, in part, on an updated opinion from BMO Capital Markets (financial advisors to Lithium One) that, as of the date of such opinion and subject to the assumptions, limitations and qualifications stated in such opinion and taking into consideration the completion of the Galaxy Financing and the adjustment to the exchange ratio, the consideration to be received by the Lithium One shareholders pursuant to the Arrangement is fair, from a financial point of view, to such shareholders.

## The Arrangement

The Arrangement will be carried out by way of a statutory plan of arrangement pursuant to the Business Corporations Act (Ontario) and must be approved by the Court of Queen's Bench of Ontario and the affirmative vote of Lithium One's security holders at a special meeting to be called by management of the Company. At the meeting, the Arrangement will require approval of (a) Shareholders holding at least 66 2/3% of the common shares, voting in person or by proxy; (b) Shareholders and Optionholders holding at least 66 2/3% of the common shares and Options represented at the meeting, voting together in person or by proxy; (c) Noteholders holding 66 2/3% of the principal amount of the Notes represented at the meeting, in person or by proxy; and (d) a majority of the minority, in accordance with National Instrument 61-101 - Protection of Minority Security Holders in Special Transactions.

The Arrangement is also subject to the approval of the TSX-V.

Galaxy shareholder approval of the merger is also required. Galaxy shareholders holding 16% of the undiluted capital of Galaxy have confirmed their intention to vote in favour and support the Arrangement.

The Arrangement is expected to close in late May or early June 2012, shortly after receipt of all security holder and court approvals. Pursuant to the terms of the Arrangement, it is expected the shares of Lithium One will be de-listed from the TSX-V.

Full details of the Arrangement will be included in a management information circular ("Circular") of Lithium One to be filed with securities regulatory authorities and mailed to Lithium One Shareholders in due course. Once mailed, a copy of the Circular and the Agreement will be available under Lithium One's SEDAR profile at [www.sedar.com](http://www.sedar.com).

## About Lithium One

Lithium One's principal asset is the Sal de Vida lithium and potash brine project in Argentina. The November

18, 2011 preliminary economic assessment by ARA Worley Parsons for the Sal de Vida project outlined an operation producing 25,000 tonnes pa lithium carbonate and 107,000 tonnes pa potash, with a 28% internal rate of return ("IRR") and a US\$1.066 billion net present value ("NPV") at an 8% discount rate (further to a press release dated October 5, 2011). The preliminary economic assessment is available under Lithium One's profile at [www.sedar.com](http://www.sedar.com). End-user partners are earning a maximum of 30% project equity in Sal de Vida by funding a minimum of US\$15M towards feasibility, by providing an off-take agreement for up to 50% of the lithium production and providing a completion guarantee for the debt component of the capital development costs.

The Company also owns the James Bay bulk tonnage spodumene project in Quebec. Galaxy is earning a maximum 70% project equity in the James Bay project through an earn-in agreement that includes delivery of a feasibility study by early 2013.

## **About Galaxy**

Galaxy Resources Ltd is an Australian-based integrated lithium mining, chemicals and battery company listed on the Australian Securities Exchange (ASX: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 expects to be able to 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 is expected to produce 17,000 tpa of battery grade lithium carbonate, which, on that basis and current global production, would make Galaxy the largest producer in the Asia Pacific region and the fourth largest in the world. The Jiangsu plant is in the final stages of commissioning with first production of lithium carbonate from processing Mt Cattlin spodumene expected before the end of March. Galaxy has successfully completed offtake or distribution agreements for what it anticipates will be 100% of the production from Jiangsu with Mitsubishi Corporation of Japan and 13 major Chinese cathode producers. 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.

More information on Galaxy can be viewed at [www.galaxylithium.com](http://www.galaxylithium.com).

## **Qualified/Competent Persons**

The technical information in this news release related to Lithium One has been prepared in accordance with Canadian regulatory requirements set out in National Instrument 43-101 and has been reviewed and approved by Mr. Roger Kelley, an independent consultant. Mr. Kelley is a metallurgical engineer with more than 40 years experience, a fellow of the South African Institute of Mining and Metallurgy (SAIMM), and a qualified person as defined by NI 43-101.

The technical information in this report release that relates to Galaxy and its mineral resources and exploration results is based on information compiled by Mr. Robert Spiers who is a full time employee of Hellman and Schofield Pty Ltd. and Dr. Mike Grigson who is a full time employee of Arc Minerals. Mr. Spiers and Dr. Grigson have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Spiers and Dr. Grigson consent to the inclusion in the report release of the matters based on their information in the form and context in which it appears.

The information in this report release that relates to Galaxy and its mineral ore resources is based on information compiled by Mr. Roselt Croeser who is a full time employee of Croeser Pty Ltd. Mr. Croeser has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Croeser consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

ON BEHALF OF THE BOARD OF DIRECTORS,

Martin Rowley  
Chairman

## **Forward-Looking Statements**

*This document may contain "forward-looking information" within the meaning of Canadian securities legislation (hereinafter referred to as "forward-looking statements"). All statements, other than statements of historical fact, included herein including, without limitation statements relating to; the satisfaction of the conditions to the Agreement, the timing and amount of estimated future production and other matters related to the exploration and development of the Company's projects, are forward-looking statements.*

*Assumptions upon which such forward-looking statements are based include that Lithium One and Galaxy will be able to satisfy the conditions in the Agreement, that the required approvals will be obtained from the shareholders of each of Lithium One and Galaxy, that all third party regulatory and governmental approvals to the Transaction will be obtained and all other conditions to completion of the Transaction will be satisfied or waived. Many of these assumptions are based on factors and events that are not within the control of Lithium One or Galaxy and there is no assurance they will prove to be correct.*

*These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements other than as required by applicable law. Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include unsuccessful exploration results, changes in metals prices, changes in the availability of funding for mineral exploration, costs of production, unanticipated changes in key management personnel and general economic conditions, title disputes as well as those factors detailed from time to time in the Company's annual information form, interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review on SEDAR at [www.sedar.com](http://www.sedar.com). In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements.*

*Not For Release in US: This announcement does not constitute an offer of securities for sale in any jurisdiction, including the United States, and any securities described in this announcement may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the company and management, as well as financial statements.*

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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