Galaxy Resources Limited - Completes Successful Brine Pumping Tests at Sal De Vida

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Perth, Australia (ABN Newswire) - Galaxy Resources Limited (ASX:GXY) (PINK:GALXF) is pleased to advise that it has successfully completed a long term pumping test on the first proposed production well at the Sal de Vida lithium and potash brine project ('Sal de Vida' or 'the Project') in Argentina.

The successful test involved pumping brine from the production well at a constant rate and without faults or blockages, over a 30 day period. The pumping of the brine to solar ponds is a critical part of a lithium brine operation. Once the brine evaporates, concentrated lithium brine is harvested and further processed into lithium carbonate.

The consistency and rate of flow will be used as base assumptions in the Definitive Feasibility Study currently underway on Sal de Vida and expected to be completed in Q1 2013. The pump test results will be used to demonstrate capability for the long term supply of brine and lithium concentrate to the lithium carbonate plant Galaxy plans to build on the Sal de Vida site.

The initial well at Sal de Vida demonstrates the potential for long term supply to proposed solar ponds and lithium carbonate and potash production plants, utilising only a fraction of the currently estimated extractable resource.

The tested well was set at a depth of 53 metres and pumped brine to the solar ponds at a rate of 16 litres per second. The maximum drawdown at the pumped well was less than 7 metres at end of the test period. The average lithium content of pumped water was approximately 760 milligrams per litre (mg/L); average potassium content was approximately 8800 mg/L reflecting the reserve grades. The brine composition did not change appreciably throughout the test.

Galaxy's Managing Director, Iggy Tan, said: 'These results are pleasing as they demonstrate we can pump brine at a constant and rapid flow rate with no excessive draw down or degradation of brine densities. It gives us more confidence around the outcomes of the DFS and for the development of Sal de Vida. Galaxy can achieve brine supply for a possible 24 wells as part of the overall design. From Sal de Vida, Galaxy plans to produce 25,000 tpa of lithium carbonate and 100,000 tpa of saleable potash-by product. It would take Galaxy's total lithium carbonate production to 42,000 tpa in 2016.

Sal de Vida is situated in the renowned 'lithium triangle' at the meeting point of Argentina, Chile and Bolivia. Sal de Vida's brine chemistry is highly favourable, with high levels of lithium and potash and low levels of magnesium and sulphate impurities. Sal de Vida is located adjacent to FMC Lithium's El Fenix lithium operation in the Salar del Hombre Muerto, which has been in operation for the last 15 years.

Galaxy recently submitted an Environmental Impact Statement (EIS) for the Project, and anticipates obtaining construction permits and financing in early 2013, targeting first production of high purity lithium carbonate and potash by mid-2015.

Galaxy acquired a 70% stake in the Sal de Vida project following its merger with Lithium One Inc., which was completed in July 2012.

A Pre-Feasibility Study ('PFS') on the Project, completed in October 2011, estimated a net present value for the Project of US$1.07 billion. The average operating cost was estimated at US$1,537 per tonne of finished lithium carbonate, generating a net pre-tax cash flow of US$139 million per annum.

View the complete Galaxy Resources announcement including Brine flow pump images, at the link below:
http://media.abnnewswire.net/media/en/docs/ASX-GXY-607563.pdf

About Galaxy Resources Limited:

Galaxy Resources Limited (ASX:GXY) 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 completed a feasibility study for a proposed lithium-ion battery plant, to produce 620,000 battery packs per annum for the electric bike (ebike) market. 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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