

Galaxy Resources Limited To Establish Strategic Asian Footprint & Fund Growth Through Hong Kong Listing

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Perth, Australia (ABN Newswire) - Emerging lithium producer, Galaxy Resources Limited (ASX: GXY) (PINK: GALXF) is pleased to announce that it has applied for a dual listing of its shares on the Stock Exchange of Hong Kong (SEHK). The Company has submitted its Form A1 listing application, and subject to SEHK approval, is targeting listing in the first quarter of 2011.

The Company has appointed Morgan Stanley (NYSE: MS) and BNP Paribas (BNP Paribas) as joint sponsors and joint bookrunners for the proposed listing on the SEHK. Both Morgan Stanley and BNP Paribas are leading, globally renowned investment banks. Azure Capital has been engaged as the Company's financial adviser.

The Hong Kong listing will provide the platform for Galaxy to establish a vertically integrated, lithium resource, chemical and battery manufacturing company.

Galaxy also announces that it is evaluating the potential to construct a manufacturing plant to produce lithium ion batteries for E-Bikes.

Galaxy Managing Director, Mr Iggy Tan, said that moving toward a vertically integrated business model and the downstream production of E-Bike lithium batteries offers the potential for higher margins and attractive returns for the Company.

'The E-Bike market in China is experiencing rapid growth and the production of these battery packs represents an excellent entry point to the market,' Mr Tan said.

Hong Kong Listing

The strategic rationale for Galaxy's listing on the SEHK is tied to a perceived strong appetite for lithium exposure by the Chinese and international investment community. With the Company approaching lithium carbonate production in 2011, this is an ideal time for the Company to list on the SEHK. The SEHK is one of the largest and most liquid stock exchanges, and has one of the most diversified bases of institutional and retail investors, in Asia.

Mr Tan said a Hong Kong listing will provide an outstanding platform for growth and position Galaxy as one of the largest and lowest cost lithium carbonate producers in China.

'The listing and associated capital raising represents the beginning of another exciting growth phase for the Company with the potential to deliver value for existing Galaxy shareholders and new investors alike,' he said.

'The dual listing will afford Galaxy greater access to capital sources, significantly improve liquidity and provide greater alignment between our investor and our customer base.

'With policies under implementation aimed at increasing the use of renewable energy and encouraging the mass production of new, clean energy vehicles, there is a greater understanding of the demand growth prospects for lithium products amongst Chinese and Hong Kong based investors,' Mr Tan said.

The joint sponsors have lodged a listing application with the SEHK on the Company's behalf known as a 'Form A1'. This marks the commencement of the process undertaken by the SEHK to consider and approve a new listing applicant. The listing will be subject to the approval of the SEHK. Galaxy shareholders will be asked to approve the proposed dual listing in an extraordinary general meeting within the next two months and further details will be made available to shareholders in the notice of this meeting.

Lithium Ion Battery Project

Galaxy has recently completed a feasibility study evaluating the potential to develop a Lithium Ion Battery Project in the Jiangsu Zhangjiagang High Technology Park. Based on feasibility study results, the Company believes the Lithium Ion Battery Project offers a compelling opportunity for Galaxy's downstream expansion and investment in the lithium ion battery manufacturing industry.

The feasibility study models production of high quality, lithium ion battery packs for E-bikes at a rate of 350,000 per annum in the first phase. The proposed plant will be highly automated, utilising Korean technology, and designed with the potential to eventually double and triple production capacity across three phases of operation to meet the growing demand for E-bike lithium ion batteries. Demand growth for battery-powered bicycles or E-Bikes is very positive in developing countries, with China producing 30 million E-Bikes in 2009 and growth recorded at 5 - 7% per annum over the period. Galaxy has entered into a non-binding Memorandum of Understanding with a Korean consortium, KUBT, to supply the turn-key equipment for the Lithium Ion Battery Project.

KUBT is a group of equipment suppliers covering different aspects of the battery manufacturing process that have formed a consortium to provide plant design and equipment supply services. KUBT has previously supplied equipment to several large and reputable lithium ion battery producers including LG Chem, Samsung and SK Energy.

The Company has also established an experienced team of lithium battery operation and technology experts to investigate the project opportunity headed by Mr Walter Yi, Managing Director (Battery Division). Mr Yi was formerly General Manager of A123 Systems' China lithium battery plant. A123 Systems is a Nasdaq listed global battery company. The project manager is Dr Yatendra Sharma, a battery technologist experienced in lithium ion batteries.

The development of the Lithium Ion Battery Project remains at a preliminary stage and a final investment decision is yet to be made by the Company.

If the Company proceeds with the project, the Company will be organised into three distinct autonomous operating divisions, being resources, chemicals and batteries. Each business division will be headed by a specialist managing director and staffed with experienced operational teams.

Mr Tan said that Galaxy has the potential to be one of the first vertically integrated lithium resource, chemical and battery producer in the world. The Company is also actively seeking opportunities to invest in other lithium battery associated processing and technology companies to meet this strategy.

For the complete Galaxy announcement including figures, please refer to the following link:
<http://www.abnnewswire.net/media/en/docs/64089-ASX-GXY-513866.pdf>

About Galaxy Resources Limited:

Galaxy Resources Limited (ASX:GXY) (PINK:GALXF) is an emerging mining and chemical company focusing on lithium and tantalum production. Galaxy is at an advanced stage of developing its Mt Cattlin Lithium Project (hard rock spodumene) in Ravensthorpe, Western Australia. The Project encompasses a mine and minerals plant which will produce 137,000 tpa of 6% Li₂O spodumene concentrate. Galaxy intends to add value to the Mt Cattlin Project by establishing its own downstream lithium processing facilities in China.

The Company is finalising plans to establish a lithium carbonate chemical facility in Jiangsu Province, producing 17,000 tpa of lithium carbonate.

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