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GALAXY IDENTIFIES NEW RARE EARTH EXPLORATION TARGETS AT PONTON

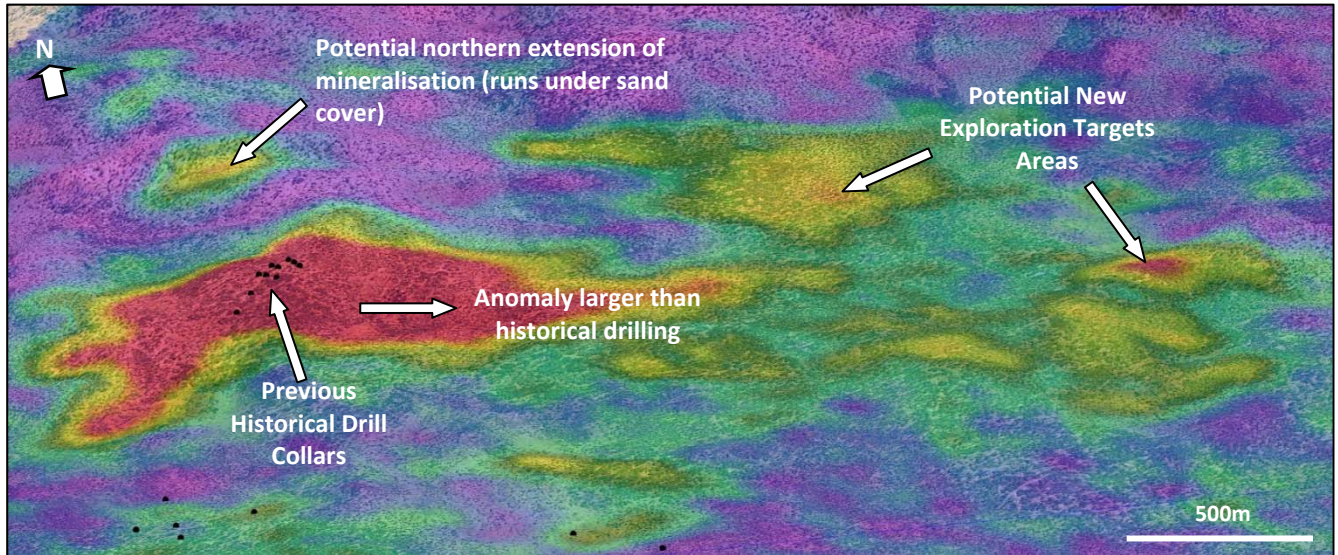
Highlights

- Galaxy identifies new exploration targets at its Ponton Rare Earths Project after data review
- Target areas to the north and west of previous drill sites
- Strong radiometric signatures suggest the Ponton project area could be larger than initially thought
- Company is continuing discussions with WA Government for grant of tenement application

Galaxy Resources Limited (ASX: GXY, Galaxy) is pleased to announce it has identified potential new exploration target areas at its 100%-owned Ponton Rare Earths Project (**Ponton project**), which lies 200km east of Kalgoorlie in the eastern Goldfields region of Western Australia.

A review and subsequent interpretation of recently purchased historic remote sensing data suggest the anomaly is significantly larger than the area previously tested. Consequently, Galaxy has now identified potential exploration targets to the north and west of the previous drill area.

Figure 1. Ponton REE prospect showing radiometric data draped on topography



Galaxy Resources Managing Director Iggy Tan said: "The original targets show very strong radiometric signatures which suggest that the Ponton project area could be much larger than we initially contemplated."

The latest results are part of a previously-announced review of historical drilling at the Ponton project.

Most of the original data was collected in 1993 by previous owners Herald Resources Limited (Herald) during an exploration program. Galaxy has recently purchased original grids of the detailed Herald aeromagnetic-radiometric survey, in addition to government data from a 400m line-spaced East Yilgarn aeromagnetic-radiometric survey.

The company has also purchased recent aerial photography and digital elevation model (DEM) data from Landgate. Data from Herald and the Government were processed and merged across the Ponton project area by geophysics group Southern Geoscience Consultants.

Galaxy's Ponton project is located, 70km north of the Trans-Australian railway line. It comprises a single Exploration Licence Application (E28/1317) covering 206 km². Results from the Herald drilling were reported in an ASX release dated 11/01/11, and include 16m @ 14.48%, 28m @ 10.50% (including 6m @ 20.57%) and 26m @ 6.99% from surface (including 8m @ 13.12%) rare earth oxides (REO).

The Ponton Project ELA lies on a Class A nature reserve and the Company is currently in discussions with the Western Australian Government to progress the grant of the tenement application. There is no guarantee that the tenement application will be granted by the WA Government. If the tenements are granted, the Company plans to embark on a drilling program targeting the newly identified exploration areas.

Rare Earth Elements

Rare earth elements include the fifteen lanthanides, in addition to scandium and yttrium (which have similar chemical properties and tend to occur in the same geological environment). While relatively common in the earth's crust, rare earth elements (REEs) are difficult to find and process in economic quantities. REEs have a wide range of uses in advanced technologies, including superconductors, magnets and catalysts. Their application in environmentally-friendly technologies including low-emission electric and hybrid vehicles has seen a rapid growth in demand. China, which supplies over 90% of the world's REE market, has in recent years reduced REE export quotas. In late 2010, the Chinese Ministry of Commerce announced a 35% reduction in the export quota for the first half of 2011, compared to the corresponding period in 2010.

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Competent Persons

The information in this report that relates to Exploration Results is based on information compiled by Mr Philip Tomatora who is a full time employee of the Company and who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr. Tomatora has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is 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 Tomatora consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Caution Regarding Forward Looking Statements

Statements regarding Galaxy's plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Galaxy's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Galaxy will be able to confirm the presence of additional mineral deposits, that any mineralization will prove to be economic or that a mine will successfully be developed on any of Galaxy's mineral properties. Circumstances or management's estimates or opinions could change. The reader is cautioned not to place undue reliance on forward-looking statements.

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About Galaxy (ASX: GXY)

Galaxy Resources is an international S&P / ASX 300 Index company which plans to become one of the world's leading producers of lithium compounds – the essential component for powering the world's fast expanding fleet of hybrid and electric cars.

Galaxy wholly-owns and operates the Mt. Cattlin mine, which is currently producing spodumene concentrate. Galaxy's Jiangsu lithium carbonate plant, once completed, will have a design capacity of 17,000 tpa of lithium carbonate, which Galaxy expects would make it one of the largest plants in China converting hard rock lithium mineral concentrates into lithium compounds and chemicals.

Lithium compounds such as lithium carbonate are forecast to be in 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 also by downstream processing to supply lithium carbonate to the expanding Asian market.