

14 April 2011

GALAXY FINALISES A\$120 MILLION CAPITAL RAISING

Highlights

- Galaxy finalises a A\$120 million capital raising via equity placement to sophisticated and institutional investors
- Funds will be used for working capital and ramp up of Mt Cattlin and Jiangsu lithium carbonate plant, potential acquisitions and debt repayment
- Issue price of A\$1.10 represents a 13.6% discount to the 30-day VWAP prior to the pricing date

Emerging lithium producer, **Galaxy Resources Limited (ASX: GXY, Galaxy)** is pleased to announce it has finalised a A\$120 million capital raising via an equity placement.

The raising was completed with sophisticated and institutional investor clients of Azure Capital, Morgan Stanley and Helmsec Global Capital (Joint Lead Managers). The placement was priced at A\$1.10, which represented a 13.6% discount to the 30-day volume weighted average price (VWAP) prior to the pricing date of 8 April 2011.

The issue was substantially oversubscribed with strong interest coming out of Europe, Asia, US and Australia.

Galaxy Resources Managing Director, Iggy Tan, said the proceeds will strengthen the Company's capital base.

"We will use the funds for working capital and ramp up of our Mt Cattlin spodumene project in Western Australia and Jiangsu lithium carbonate plant in China, which we're due to commission at the end of the quarter. The timely commissioning and ramp up of Galaxy's operations are essential in meeting the imminent surge in demand for lithium carbonate from the EV/E-bike market. The raising will also provide the Company with funds for potential acquisitions and the repayment of some debt."

"We are pleased to welcome a number of particularly high-quality investors onto Galaxy's register, to help us execute our growth strategy and support the company as it moves forward."

The capital raising will be completed in two tranches and allocated as follows:

Tranche	Shares	Amount
Tranche 1	31.0 m	A\$34.1 m
Tranche 2	78.1 m	A\$85.9 m
Total	109.1 m	A\$120.0 m

Tranche 2 is subject to the approval of Galaxy's shareholders in an Annual General Meeting scheduled for 13 May 2011.

Expected Timetable

The expected timetable for the capital raising is as follows:

Item	Expected Timing
Notice of Meeting for AGM dispatched	15 April 2011
Issue of Tranche 1 shares	21 April 2011
Shareholder approval at AGM of Tranche 2	13 May 2011
Issue of Tranche 2 shares	20 May 2011

-ENDS-

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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.