

2 September 2009

## GALAXY EXTENDS MT CATTLIN LITHIUM RESOURCE BASE

### Highlights

- Acquires 80% interest in tenements near Mt Cattlin resource from Traka Resources Limited for \$145,000
- Further extends Mt Cattlin economics
- Contiguous with existing tenements
- Includes several zones of outcropping spodumene-bearing pegmatites.
- Rock chip sampling has returned up to 2.04% Li<sub>2</sub>O over a strike length of more than 500m

Emerging lithium producer, **Galaxy Resources Limited** (ASX: GXY) today announced it has significantly extended its resource footprint near the Mt Cattlin Project at Ravensthorpe in Western Australia through an agreement to acquire an 80% interest in a block of tenements from Traka Resources Limited.

The acquisition will further extend the life of the Project and increase the overall robust strength of the mine. The tenement block (see Figure 1), which is largely located on cleared farmland, is contiguous with Galaxy's 100% owned Mt Cattlin tenements.

Managing Director, Mr Iggy Tan said that the Traka ground covered a similar geological sequence to that of Mt Cattlin and contains a number of spodumene (lithium)-bearing pegmatite outcrops. Rock chip sampling of pegmatite outcrops on the tenement package have returned significant Li<sub>2</sub>O values showing excellent potential for complex, lithium tantalum-bearing pegmatites.

Mr Tan said the acquisition of the tenements clearly demonstrated Galaxy's intent to extend the life of the mine and build a world's-best lithium production company.

"Our clear intent is to fast track moves towards production and build a sustainable resource and tenement base," Mr Tan said. "This acquisition is a clear example of the Company's intent to capture a large part of total world lithium production at a time when vehicle manufacturers are clearly showing a preference towards long life, battery fuel cell vehicles."

Further early stage work at the Traka tenements has shown that rock chip sampling of pegmatite outcrops on farmland in the west of the tenement package has returned significant Li<sub>2</sub>O values. In particular, of seven rock chip grab samples taken over a strike length of more than 500m from one subcropping pegmatite, five samples returned values over 0.70% Li<sub>2</sub>O, with a maximum of 2.04% Li<sub>2</sub>O (Figure 3). Galaxy plans to drill test this target in the near future and is currently arranging the required permitting.

In addition, diamond drilling by previous companies exploring for gold on the tenements have encountered significant widths of pegmatites, which will also be followed up by Galaxy.

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Figure 1. Tenements over Quickbird image

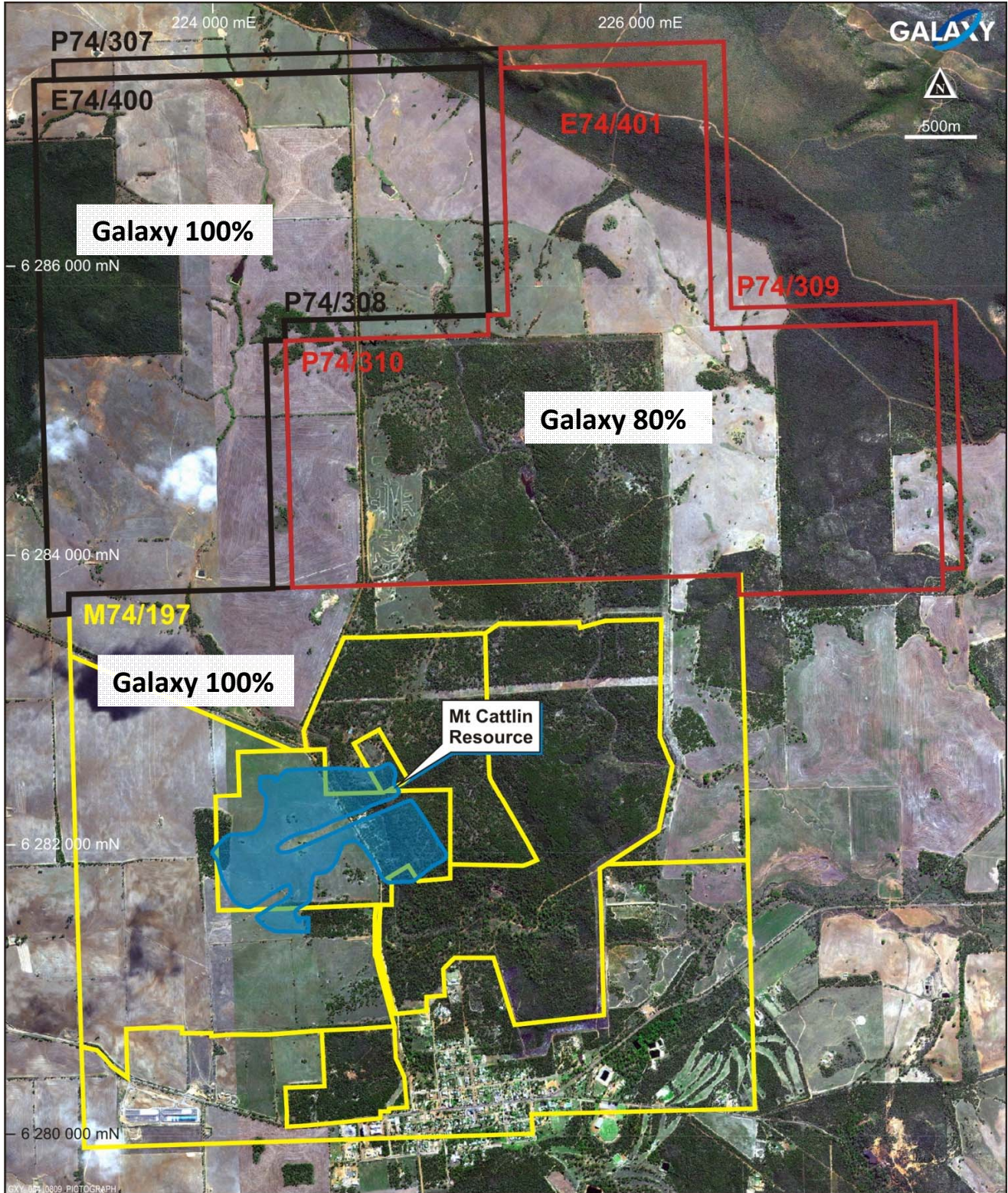
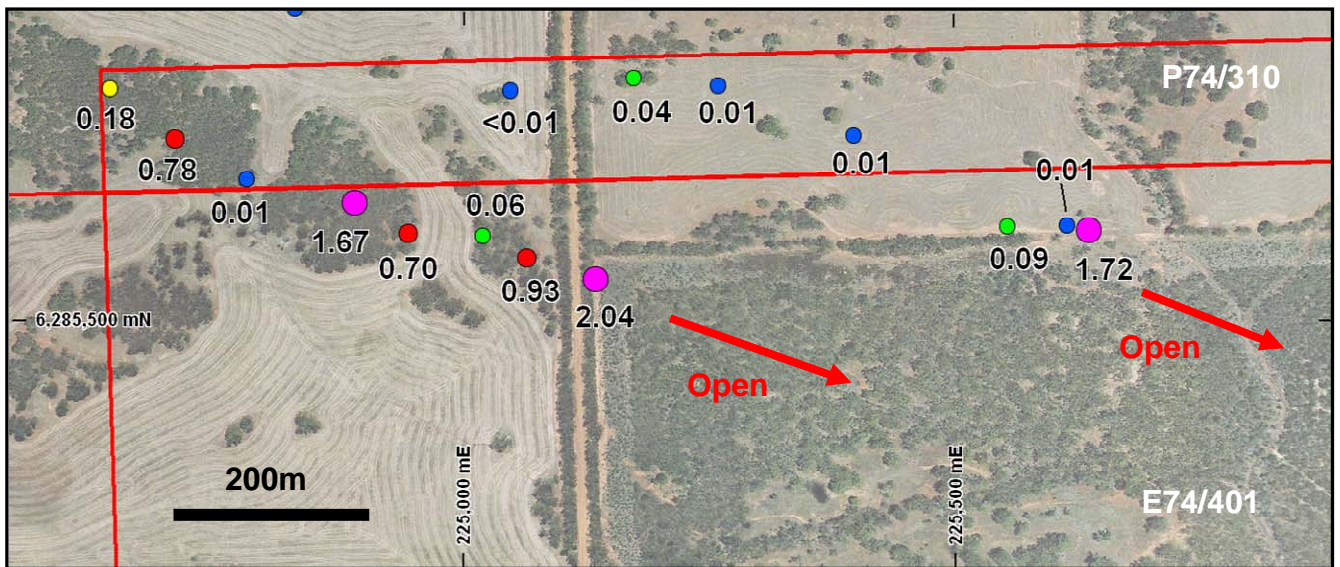


Figure 2. Spodumene (lithium)-bearing pegmatite on tenements acquired from Traka.



Figure 3. Rock chip sample results (Li<sub>2</sub>O%).



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**Competent Persons**

The information in this report that relates to Exploration Results is based on information compiled by Mr Philip Tornatora 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. Tornatora 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. Tornatora 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.

**About Galaxy (ASX: GXY)**

Galaxy is an Australian mining and chemical company focusing on lithium and tantalum production. Galaxy has completed a definitive feasibility study (DFS) which suggests the Mt Cattlin Lithium / Tantalum project (Ravensthorpe, Western Australia) is commercially viable based on a processing rate of 1 million tonnes per annum over a 15 year mine life. The Company is planning to commence the development of the mine and the construction of the mineral processing plant in Q3 2009 with first concentrate production scheduled for Q3, 2010.

The company has also commenced a pre feasibility study into the value adding downstream production of lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>). The company plans to establish a 17,000 tpa lithium carbonate plant in China due to lower associated capital and operating costs, as well as being close to the strategic growing battery markets in Asia.

Lithium concentrate and lithium carbonate raw materials are forecast to be in short supply and face high future demand growth due to advances in long life batteries and sophisticated electronics in hybrid and electric vehicles, mobile phones and computers.