GALAXY
meeting a lithium future

11 September 2009

GALAXY ORE RESERVE STATEMENT

Highlights

- New ore **reserve** estimation of 9.3 million tonnes at 1.04% Li_2O
- Supports previous **resource** statement of 14.4 million tonnes at 1.08% Li_2O
- High conversion rate of "resource" to "reserve" tonnage
- 8,000m RC drilling program underway to upgrade resource categories and define resource extensions

Emerging lithium producer, **Galaxy Resources Limited** (ASX: GXY) is pleased to announce a new **reserve** statement for the Mt Cattlin Spodumene Project near Ravensthorpe, Western Australia. The new reserve estimation is based on the May 2009 resource data, as well as the updated cost and revenue figures for the Mt Cattlin and the Jiangsu Lithium Carbonate Projects.

Previous Resource Statement

An updated resource estimate including all the Mt Cattlin resource data was prepared earlier this year, with details announced in an ASX release on 27 May 09. This resource estimate gives a contained JORC-compliant mineral resource for the Mt Cattlin deposit of 155,000 tonnes of lithium oxide (Li_2O) and 4.83 million pounds of tantalum pentoxide (Ta_2O_5) above a cut off grade of 0.4% lithium oxide. Details are given below in Table 1.

Table 1 – May 2009 Mt Cattlin Global Resource Estimate

Resource	Tonnes	Li_2O %	Ta_2O_5 ppm
Measured	2,260,000	1.19	143
Indicated	7,064,000	1.10	156
Inferred	5,044,000	1.01	152
TOTAL	14,368,000	1.08	153

Note: Li_2O cutoff grade >= 0.4% Li_2O. Figures in the above table may not sum due to rounding

New Ore Reserve Estimation

The new JORC-compliant ore **reserve** estimation is provided in Table 2 below. In addition to the reserves stated below, the design pit shells contain 3.47 million tonnes at 1.02% Li_2O and 141ppm Ta_2O_5 of inferred resources. Galaxy believes there is a good chance that most of these inferred resources will be converted to reserves with additional drilling.

Table 2 - Mt Cattlin – August 2009 Ore Reserve Estimate

Reserve	Tonnes	Li_2O %	Ta_2O_5 ppm
Proved	2,333,400	1.09	130
Probable	6,949,600	1.02	140
TOTAL	9,283,000	1.04	138

Note: Li_2O lower cutoff grade >= 0.4% Li_2O. Figures in the above table may not sum due to rounding

Galaxy Managing Director, Mr Iggy Tan said the new reserve estimation shows a high conversion rate from "resource" to "reserve" tonnage based on the excellent economics relating to value adding of lithium carbonate production.

"These figures, when combined with our recent tenement acquisitions and the considerable progress we've made in bringing the Mt Cattlin project to fruition, demonstrate the robust nature of the project."

Reserve Estimation Parameters

Reserves were estimated within an optimal Whittle pit shell developed by consultants Orelogy and a final pit design prepared by Mining Resources Pty Ltd. 95% mining recovery and 10% dilution have been assumed.

Reserve estimation has incorporated data from resource definition drilling, geological modelling/resource estimation, detailed surface topography surveys, metallurgical test work, process/plant design, capital/processing cost estimation and mine planning. The pit design incorporates geotechnical pit design parameters developed by consultants Dempers and Seymour. Figure 1 shows pit shells and contained resource blocks.

Galaxy is currently completing a drill program to upgrade inferred resources to indicated or measured category. This includes areas where historical drilling was not assayed for lithium, in addition to infilling zones where drill spacing is insufficient. This program, which also includes drilling for resource extensions, is expected to be completed early in the fourth quarter of 2009.

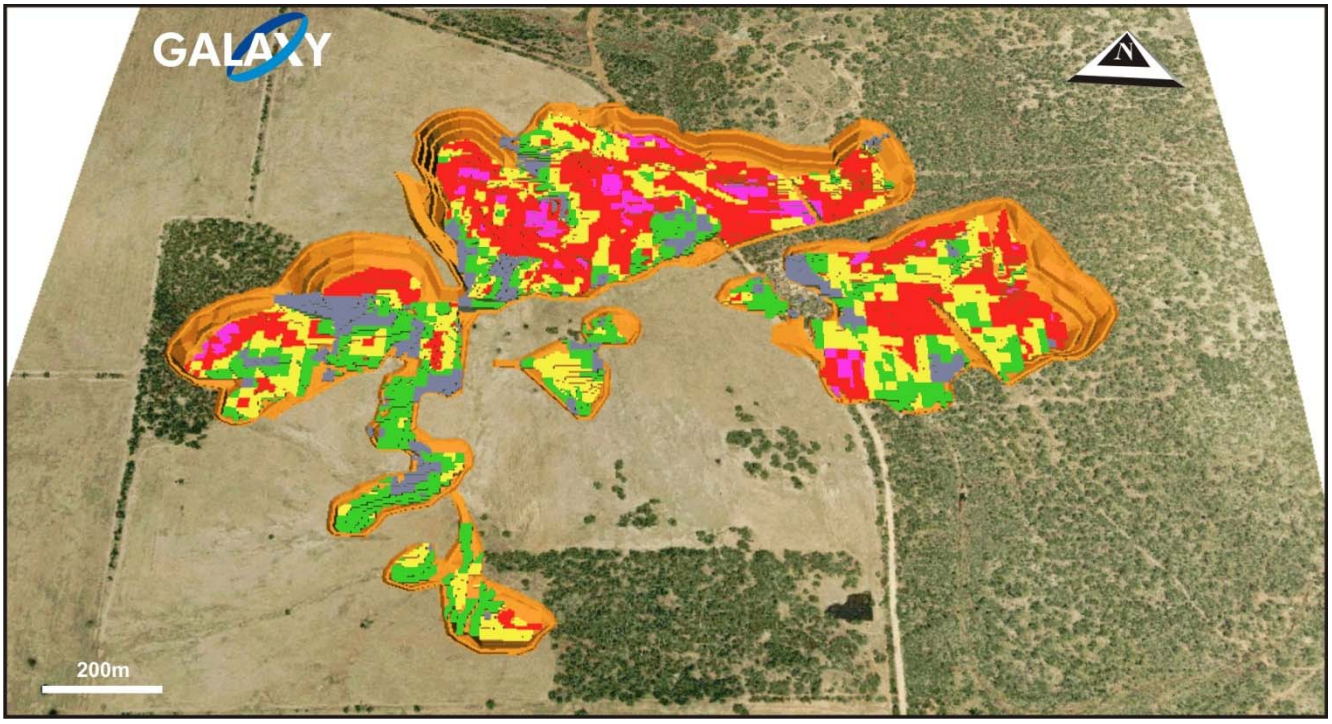

Figure 1. Proposed pit shells, with contained resource blocks coloured by Li_2O grade overlain on airphotograph.

Reserve Estimation Operating Parameters

For reserve estimation, a mining and processing rate of 1 million tonnes per annum of ore has been assumed. Conventional open pit mining, crushing, heavy media separation and classification circuits comprising the following key process steps have been proposed:

- Open pit mining
- Crushing and screening of ROM ore to -6mm
- Three stage heavy media separation (HMS)
- Gravity concentration (spirals and wet tables) of tantalite minerals
- Contract dressing and packaging of tantalite concentrates
- Production of spodumene concentrate at 6.0 % Li_2O
- Shipment of bulk concentrate through Esperance port
- Downstream processing at Galaxy's proposed lithium carbonate chemical facility in Jiangsu Province, producing 17,000 tpa of lithium carbonate.

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Competent Persons

The information in this report that relates to Mineral Resources and Exploration Results is based on information compiled by Mr. Robert Spiers who is a full time employee of Hellman & Schofield Pty Ltd and Mr Philip Tornatora who is a full time employee of the Company. Mr. Spiers and Mr Tornatora have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are 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. Spiers and Mr Tornatora consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Mineral Ore Reserves is based on information compiled by Mr. Glenn Williamson who is a full time employee of Mining Resources Pty Ltd. Mr. Williamson 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. Williamson 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 (Li2CO3). 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.