

27 November 2009

## FINANCE TRANSFERRED TO BANKS AND FIRST DRAWDOWN ACHIEVED

### Highlights

- A\$130m debt finance transferred from Creat Group to an independent syndicate of commercial banks
- Bank syndicate lead by Austria's third largest bank, Raiffeisen Zentralbank Österreich (RZB)
- First drawdown of US\$ 20 million achieved

Emerging lithium producer **Galaxy Resources Limited** (ASX: GXY) is pleased to announce that it has agreed with Creat Group Co Ltd (Creat) to the transfer of the Debt Facility Agreement ("Agreement") for financing its lithium project from Creat to a syndicate of banks lead by Austrian bank, Raiffeisen Zentralbank Österreich AG (RZB).

The Creat funding Agreement envisaged that such an assignment of the project loan commitments to a reputable commercial bank could occur if the two parties agreed. Galaxy and Creat are now both of the view that it is in the best interests of the project over the longer term for the project funding to be provided by an independent banking arrangement rather than by a major shareholder of Galaxy. Creat has fulfilled its funding obligation by procuring the bank funding through its significant banking relationships. In effect, the parties have decided that it is better to accelerate that envisaged outcome now rather than putting in place these arrangements at a later date.

RZB has conducted its due diligence on the Mt Cattlin and Jiangsu Projects and has now approved its portion of the loan. The terms of the loan are commercially similar to the terms agreed with Creat previously. RZB is currently finalising project finance syndication with a local Chinese bank, which will be announced shortly.

With a balance sheet total of € 155.9 billion as of 30 June 2009, RZB is the third-largest bank in Austria and one of the country's leading commercial and investment banks. Founded in 1927 and headquartered in Vienna, RZB is the central institution of the Austrian Raiffeisen Banking Group (RBG) and the core company of the RZB Group.

In order to allow for sufficient time to complete the loan and security documentation from RZB, the bank has provided a bridging loan to Galaxy of US\$ 20 million, meeting the first drawdown. The project finance documentation will be finalised by the end of the year. Galaxy has now received the US\$ 20 million in its account from RZB.

Managing Director, Mr Iggy Tan said that the Company is delighted to have met its first draw down.

"Having the project loan facility with an independent international bank that is not a major shareholder in Galaxy is a significant benefit for the Company".

"We have worked with Creat on transferring the loan facility and we are delighted to have RZB as our new commercial finance partner," Mr Tan said.

"Importantly, the Company maintains its robust financial position with approximately A\$81 million in cash to fund the construction of both the Mt Cattlin and Jiangsu projects, which have already commenced".

– ENDS –

For more information, please contact:

Iggy Tan  
Managing Director  
08 9215 1700  
0419 046 397

Jon Snowball  
FD Third Person  
08 9386 1233  
0424 473 841

**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 Resources is a Western Australian company which is soon to become one of the world's leading producers of lithium – the essential component for powering the world's fast expanding fleet of hybrid and electric cars.

By 2010, GXY's Mt Cattlin mine will be the world's second largest hard rock producer of lithium and, through the development of its value adding lithium carbonate plant (17,000 tpa), the Company will be the largest and lowest cost lithium producer in China.

Lithium concentrate and lithium carbonate materials are forecast to be in short supply against 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 by downstream processing to supply lithium carbonate to the lucrative Asian market.