1 December 2009

Mt Cattlin Mining Leases Granted, West Kundip Exploration Commencing

Highlights

- Additional Mt Cattlin mining leases granted to consolidate tenement holding
- The West Kundip manganese tenements granted
- Exploration commencing at West Kundip, with VTEM airborne geophysics survey imminent

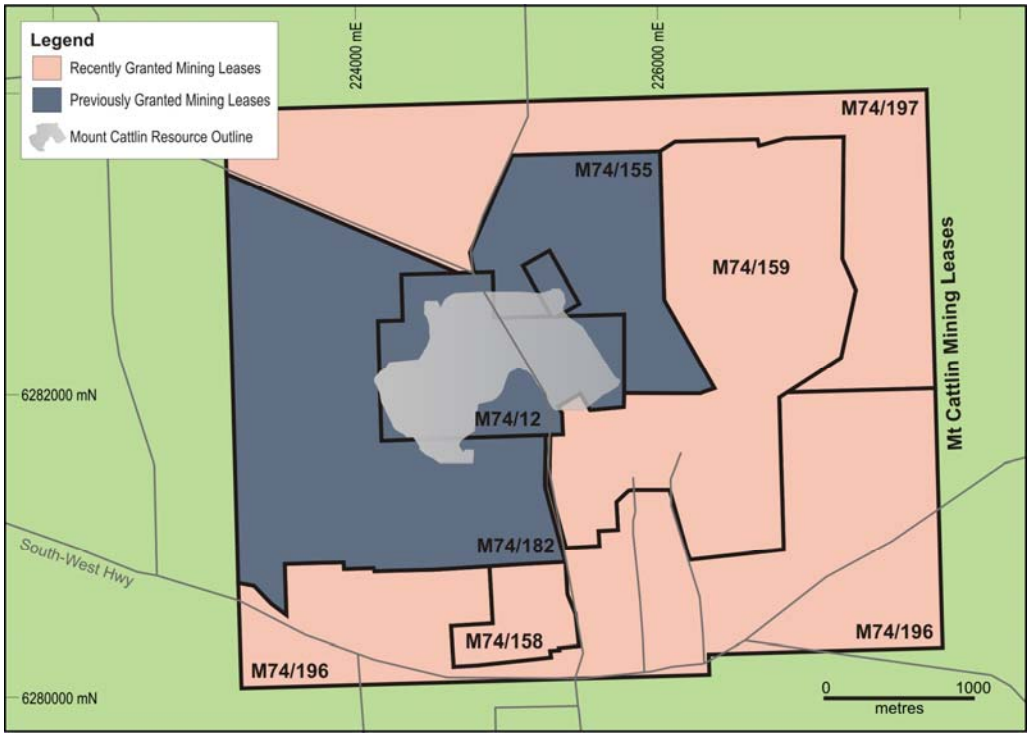
Galaxy Resources Limited (GXY) is pleased to announce that additional mining leases surrounding the Mt Cattlin Spodumene Project have been granted. Two additional mining leases making up the West Kundip Manganese Project have also been granted.

Mt Cattlin Spodumene Project

Four mining leases (M74/158, M74/159, M74/196 and M74/197) surrounding the Mt Cattlin Spodumene mine were recently granted to Galaxy by the Department of Mines and Petroleum (DMP). The leases further consolidate Galaxy's tenement holding in the area.

They are considered very prospective for pegmatite-hosted lithium-tantalum mineralisation, and outcropping spodumene (lithium) bearing pegmatite has been recorded from several areas on the new leases. Galaxy is currently planning sampling and drill programs to follow up on pegmatite mineral occurrences with the aim of expanding the Mt Cattlin resource base.

Figure 1. Mt Cattlin Mining Leases



West Kundip Manganese Project

Two mining leases (M74/133 and M74/238) making up Galaxy's West Kundip Manganese Project were also granted recently (Figure 2). The leases are approximately 15km south of Ravensthorpe and cover a sequence of Proterozoic sediments including dolomite units, which are prospective for manganese mineralisation. Work conducted by Galaxy several years ago, prior to the tenements being converted to mining leases, outlined the presence of scattered pods of high grade manganese mineralisation. Galaxy will carry out a VTEM airborne geophysical survey in the near future to follow up on the potential for manganese mineralisation and to define drill targets with economic tonnage potential.

The mineralisation at West Kundip is considered to be of a similar style to Woodie Woodie, which is a significant manganese producing mine in Western Australia's Pilbara region.

The style consists of high grades pods of manganese ore produced from dolomitic sediments as a result of hydrothermal alteration is being used by Galaxy in the West Kundip area to target manganese mineralisation. Past exploration in the region in the same geological sequence has previously defined small manganese ore bodies at the Copper Mine Creek Deposit, Dempster River Crossing and Hamersley Gorge (which now lie in the Fitzgerald River National Park).

A sample of manganese from a 7 tonne bulk sample in 1998 gave assays of 38% Mn, 3.22% Fe, 2.80% Si, 0.03% P and 2.00% Al. Surface rock chip grab samples from the same area taken in 2008 and 2009 have returned up to 46.6% Mn, with 8.5% Fe, 1.0% Si, 0.002% P and 0.6% Al.

Surface Rock Chip grading 46.6% Mn, collected in 2009

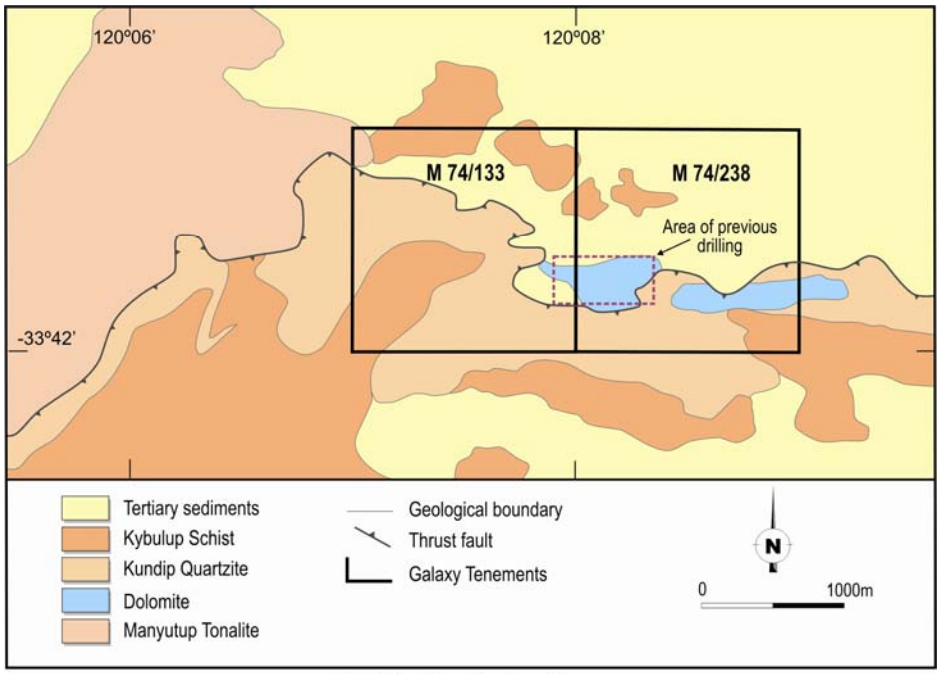
Galaxy's experience in heavy media separation processing techniques, mining fleet in the Ravensthorpe area and Esperance port facility agreements provide the company with an advantage in exploiting potential manganese mineralisation in the Ravensthorpe region.

Manganese Ore

Manganese ore is used to produce Electrolytic Manganese Dioxide (EMD) a valuable feedstock in cathode electrode material for alkaline manganese dioxide batteries, lithium manganese primary batteries and lithium ion manganese rechargeable batteries. The production of EMD follows a very similar process used for lithium carbonate, utilising calcination, sulphuric acid leaching and impurity removal through neutralisation. The only difference is the last step of electro-winning EMD from a manganese sulphate solution.

The world demand for EMD is around 225,000 tpa. In 2008, there was a supply shortfall of around 65,000 tpa of EMD due to high costs plants being shutdown around the world and limited manganese ore in China.

Figure 2. West Kundip Manganese Mining Leases



West Kundip - Geology Map

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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 mineralisation 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.

GALAXY
meeting a lithium future

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.