

11 March 2010

## GALAXY INCREASES ORE RESERVE BY 23 PERCENT

### Highlights

- New ore reserve estimation of 11.4 million tonnes at 1.05% Li<sub>2</sub>O
- Increase of 23% in contained lithium oxide from the last reserve estimate

Emerging lithium producer, **Galaxy Resources Limited (ASX: GXY)** is pleased to announce a new **ore reserve statement** for the Mt Cattlin Spodumene Project near Ravensthorpe, Western Australia. The total "Proved" and "Probable" estimate has increased to **11.4 million tonnes @ 1.05% Li<sub>2</sub>O** which represents a **23% increase** from the previous reserve estimation in September 2009 (9.3 million tonnes at 1.04% Li<sub>2</sub>O).

### New Ore Reserve Estimation

The new ore reserve estimate reported in compliance with the JORC Code is provided in Table 1 below.

Table 1 - Mt Cattlin – March 2010 Ore Reserve estimate

Reserve	Tonnes	Li <sub>2</sub> O %	Ta <sub>2</sub> O <sub>5</sub> ppm
Proved	2,683,000	1.08	135
Probable	8,684,000	1.04	151
<b>TOTAL</b>	<b>11,367,000</b>	<b>1.05</b>	<b>147</b>

Note: Li<sub>2</sub>O lower cut off grade >= 0.4% Li<sub>2</sub>O. Figures in the above table may not sum due to rounding

Ore reserves are based on the January 2010 Mt Cattlin global resource estimate (Table 2). Reserves were estimated within an optimal Whittle pit shell and a final pit design developed by consultant Roselt Croeser.

Table 2 – Mt Cattlin Global Resource Estimate (Jan 2010)

Resource	Tonnes	Li <sub>2</sub> O %	Ta <sub>2</sub> O <sub>5</sub> ppm
Measured	2,672,000	1.17	150
Indicated	9,629,000	1.09	171
Inferred	3,575,000	1.00	145
<b>TOTAL</b>	<b>15,875,000</b>	<b>1.08</b>	<b>161</b>

Note: Li<sub>2</sub>O cut off grade >= 0.4% Li<sub>2</sub>O. Figures in the above table may not sum due to rounding

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 planned pit shells and contained resource blocks.

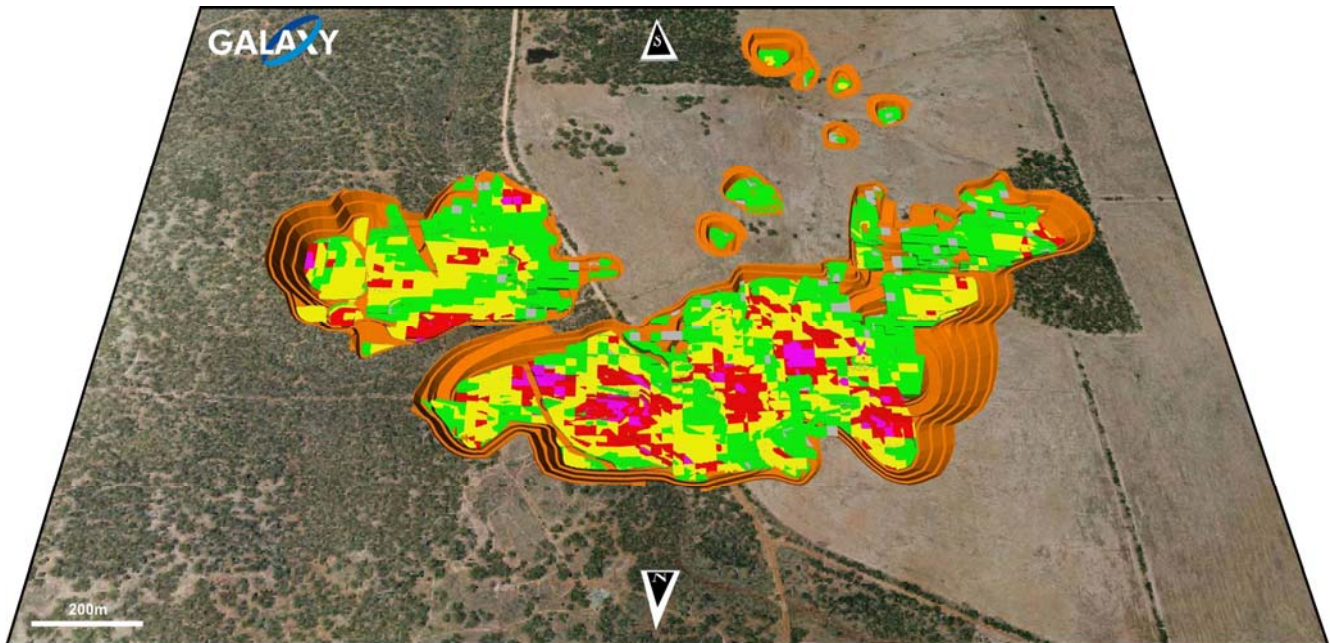


Figure 1. Proposed pit shells, with contained resource blocks coloured by Li<sub>2</sub>O grade overlain on airphoto.

### Reserve Estimation 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, assuming 95% mining recovery and 10% dilution
- Crushing and screening to -6mm
- Reflux Classifier to remove mica flakes
- Two stage heavy media separation (HMS) in two separate size streams
- Gravity concentration (spirals and wet tables) of tantalite minerals
- Contract dressing and packaging of tantalite concentrates (in Perth)
- Production of 137,000 tonnes of spodumene concentrate @ 6.0% Li<sub>2</sub>O
- Shipment of bulk concentrate through Esperance to Zhangjiagang in China
- Downstream processing at Galaxy's planned lithium carbonate chemical facility in Jiangsu Province, producing 17,000 tpa of lithium carbonate.

– ENDS –

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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. Roselt Croeser who is a full time employee of Croeser Pty Ltd. Mr. Croeser 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. Croeser 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 Resources is a Western Australian S&P / ASX 300 Index 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.