

4 October 2010

GALAXY INTENDS TO RAISE A\$30 MILLION VIA CONVERTIBLE NOTE FACILITY

Highlights

- Indicative, non-binding term sheet signed for A\$30 million in a Convertible Note
- Funding to ramp up production at Mt Cattlin and development of Jiangsu
- Introduces a strategic Chinese investor and strengthens capital base

Emerging lithium producer, **Galaxy Resources Limited** (ASX:GXY) is pleased to announce that it has agreed in principle to issue A\$30 million in a convertible note to a strategic China based investor.

An indicative non-binding term sheet has been signed which is subject to final documentation, and the approval of Galaxy's Board, senior lenders and other stakeholders.

Galaxy Resources Managing Director, Iggy Tan said proceeds of the issue will be used for additional working capital and the ramp up of its Mt Cattlin and Jiangsu projects. Further details of the final terms, including the details of the investor, will be provided once final and binding transaction documents have been executed.

Hong Kong Listing

The Company is aware of several media reports regarding the potential for Galaxy listing on the Stock Exchange of Hong Kong (the SEHK). The Company confirms that it is evaluating the possibility of dual listing on the SEHK and, together with its advisors, is currently undertaking the preparatory work necessary to submit a listing application.

Mr Tan said that a listing in Hong Kong could provide an outstanding platform for growth and position Galaxy as one of the largest lithium carbonate producers in the Asia Pacific region.

"A Hong Kong listing could represent the beginning of another exciting growth phase for the Company with potential to deliver value for existing and new Galaxy shareholders," he said.

"However, at this stage, no decision has been made by the Board to proceed with a listing in Hong Kong and thus to submit the listing application."

"If submitted, Galaxy will inform the market at the appropriate time and the listing application will be subject to the approval of the SEHK".

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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.