

22 December 2010

GALAXY SHAREHOLDERS OVERWHELMINGLY APPROVE HONG KONG LISTING

Highlights

- Galaxy shareholders approve plans to list on the Hong Kong Stock Exchange in Q1 2011
- US\$260M listing to strengthen Company's balance sheet
- Shareholders approve A\$30M share issue to Fengli Group (Hong Kong) Co. Ltd

The Directors of **Galaxy Resources Limited (ASX: GXY, "Galaxy")** are pleased to advise that a General Meeting of Shareholders today overwhelmingly approved all resolutions for the Company's plans to list on the Hong Kong Stock Exchange ("HKEx") in the first quarter of 2011.

In addition, shareholders approved the issue of up to 21,582,733 fully paid, ordinary shares in the Company to strategic investor Fengli Group (Hong Kong) Co., Ltd, at a price of A\$1.39 per share.

The US\$260M capital raising and Hong Kong listing will provide the platform for Galaxy to become a vertically integrated company, from raw product lithium production through to chemical processing and battery manufacturing.

The rationale for the listing in Hong Kong is tied to the strong appetite for lithium investment from Chinese and international investors, along with China being Galaxy's central market for lithium carbonate.

Managing Director, Mr Iggy Tan, said it was pleasing to see such strong support for the Company's growth strategy.

"Galaxy's compelling 'China story', encompassing the downstream lithium carbonate plant in Jiangsu coupled with the Mt Cattlin resource, is well understood by investors in Hong Kong," Mr Tan said.

"The Hong Kong Stock Exchange listing marks another exciting growth phase for the Company with our enormous potential to deliver significant value for existing and new Galaxy shareholders."

Funds from both the capital raising and the Fengli share issue will be used to repay Galaxy's US\$105M loan facility; to develop its lithium-ion battery project, to ramp-up Mt Cattlin project working capital; and potential lithium-related acquisitions.

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About Galaxy (ASX: GXY)

Galaxy Resources is a Western Australian S&P / ASX 300 Index company which plans to become one of the world's leading producers of lithium compounds – the essential component for powering the world's fast expanding fleet of hybrid and electric cars.

By 2011, Galaxy's Mt Cattlin mine will be the world's second largest producer of lithium mineral concentrate globally, and through the development of its 17,000 tpa lithium carbonate plant in Jiangsu province, the Company expects to be one of the largest and lowest cost lithium compound producers in China.

Lithium compounds such as lithium carbonate 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 also by downstream processing to supply lithium carbonate to the expanding Asian market.