

01 May 2012

## GALAXY RAISES \$2.25M THROUGH SHARE PURCHASE PLAN

Galaxy Resources Ltd (ASX: GXY) ("Galaxy" or "the Company") is pleased to announce it has raised A\$2.25 million via a Share Purchase Plan ("SPP"), which was launched in conjunction with a A\$30 million Placement ("Placement") to support the Company's recommended merger ("Proposed Merger") with Lithium One Inc (TSX-V: LI, "Lithium One").

Galaxy said it received applications for a total of 2.92 million ordinary shares from existing eligible shareholders, and that the SPP was now closed.

Together with the Placement proceeds, existing funds available to the merged entity, and Lithium One's A\$10 million in cash reserves, the SPP funds will be used for working capital for the Mt Cattlin Mine and Jiangsu Lithium Carbonate Plant, to accelerate development of the Sal de Vida Lithium Project in Argentina, debt servicing, capital raising fees and merger costs.

Galaxy Managing Director Iggy Tan said: "The Galaxy Board wishes to acknowledge the support of shareholders in the Share Purchase Plan."

Galaxy added the allotment of the shares had occurred and holding statements would be despatched to shareholders shortly.

### Merger Update

Galaxy said the Proposed Merger with Lithium One was progressing as planned on both sides, with Target Circular to be finalised in the next fortnight.

The Proposed Merger, which is unanimously recommended by both the Galaxy and Lithium One Boards, and is supported by key shareholders of both companies, requires Lithium One shareholder approval <sup>1</sup> at a shareholder meeting. The meeting is expected to be held in early June 2012.

Galaxy shareholders will also be asked to vote on certain resolutions relating to the Proposed Merger at an Extraordinary General Meeting (EGM) presently intended to be held before the Lithium One shareholder meeting also in early June 2012.

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<sup>1</sup> For the Proposed Merger to proceed, it requires the following voting thresholds to be met:

- (i) 66.67% of votes cast at the Plan meeting by Lithium One shareholders to be cast in favour of it;
- (ii) 66.67% of votes cast at the Plan meeting by Lithium One shareholders and option holders, voting as a single class, to be cast in favour of it;
- (iii) 66.67% of the principal amount of the Lithium One convertible notes represented in person or by proxy at the Plan meeting; and
- (iv) 50.01% of the votes cast by minority shareholders of Lithium One in accordance with minority approval requirements of MI 61-101

For more information, please contact:

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## About Galaxy (ASX: GXY)

Galaxy Resources Ltd is an Australian-based integrated lithium mining, chemicals and battery company listed on the Australian Securities Exchange (Code: GXY) and is an S&P/ASX 300 Index Company. Galaxy wholly owns the Mt Cattlin project near Ravensthorpe in Western Australia where it mines lithium-bearing pegmatite ore and processes it on site to produce a spodumene (lithium mineral) concentrate and tantalum by-product. At full capacity, Galaxy will be able to process 137,000 tpa of spodumene concentrate and 56,000 lbs per annum of contained tantalum. The spodumene concentrate is shipped as feedstock for Galaxy's wholly-owned Lithium Carbonate Plant in China's Jiangsu province. Once complete, the Jiangsu Plant is expected to produce 17,000 tpa of battery grade lithium carbonate, which, on current global production, would make Galaxy the largest producer of lithium compounds in the Asia Pacific region and the fourth largest in the world.

Galaxy is also advancing plans for a lithium-ion battery plant, to produce 620,000 battery packs per annum for the electric bike (e-bike) market. The Company also has a farm in agreement with Lithium One Inc to acquire up to 70% of the James Bay lithium pegmatite project in Quebec, Canada.

Lithium compounds are used in the manufacture of ceramics, glass, electronics and are an essential cathode material for long life lithium-ion batteries used to power e-bikes and hybrid and electric vehicles. Galaxy is bullish about the current global lithium demand outlook and is positioning itself to achieve its goal of being involved in every step of the lithium supply chain.

### Caution Regarding Forward Looking Information.

This document contains forward looking statements concerning Galaxy and Lithium One.

Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on Galaxy's beliefs, opinions and estimates of Galaxy (and Lithium One) as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

### Not For Release in US

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