

Perth, Australia
4 July 2012

COMPLETION OF MERGER TO FORM A GLOBAL LITHIUM COMPANY

Galaxy Resources Limited (ASX: GXY, "Galaxy") is pleased to advise that the plan of arrangement with Lithium One Inc (TSX-V: LI, "Lithium One") has been successfully completed. Following the completion of the Arrangement, an application was filed to have the Lithium One Common Shares de-listed from the TSX-V.

Galaxy Managing Director, Iggy Tan, said that Galaxy has now boosted its global lithium resource base and become a major global lithium company with assets in Australia, China, Canada and Argentina.

"Galaxy will require more lithium resources over the next few years, and Sal de Vida along with James Bay has added to our existing Australian resource inventory. Together with our China processing assets we now have ample resources to continue to grow the lithium business and drive the long term value of the company.

With Galaxy's expertise across project development and lithium mining, processing and marketing, we would be able to fast track development of Sal de Vida as we did at our Mt Cattlin lithium mine and Jiangsu lithium carbonate plant."

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About Galaxy (ASX: GXY)

Galaxy Resources Ltd ("Galaxy") is an Australian-based global lithium company with lithium production facilities, hard rock mines and brine assets in Australia, China, Canada and Argentina. The Company is an integrated lithium mining, chemicals and battery company listed on the Australian Securities Exchange (Code: GXY) and is a member of the S&P/ASX 300 Index.

Galaxy wholly owns the Mt Cattlin project near Ravensthorpe in Western Australia where it mines lithium pegmatite ore and processes it on site to produce a spodumene concentrate and tantalum by-product. At full capacity, Galaxy will process 137,000 tpa of spodumene concentrate which will feed the Company's wholly-owned Jiangsu Lithium Carbonate Plant in China's Jiangsu province. The Jiangsu plant has commenced production and will produce 17,000 tpa of battery grade lithium carbonate, the largest producer in the Asia Pacific region and the fourth largest in the world.

Galaxy is also advancing plans to develop the Sal de Vida (70%) lithium and potash brine project in Argentina situated in the lithium triangle (where Chile, Argentina and Bolivia meet) which is currently the source of 60% of global lithium production. Sal de Vida has excellent promise as a future low cost brine mine and lithium carbonate processing facility.

The Company completed a feasibility study for a lithium-ion battery plant, to produce 620,000 battery packs per annum for the electric bike (e-bike) market. The Company also owns the James Bay (100%) 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 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

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.

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