

17 January 2011

GALAXY TRANCHE 2 FUNDING PART RECEIVED

Highlights

- Part of the second tranche of funding (A\$10.5 million in convertible bonds) received today
- Settlement of Fengli's part (comprising A\$19 million convertible bonds and a A\$30 million equity placement) will now occur by 15 February, 2011, due to the sad and sudden passing of Mr Wu Yue Ming, President and major shareholder of the Fengli Group
- Galaxy extends its condolences to the Wu family and Fengli Group

Galaxy Resources Ltd (ASX:GXY, "Galaxy") wishes to announce that A\$10.5 million in convertible bonds, comprising part of the second tranche of Galaxy's previously-announced A\$91.5 million capital raising, has been settled and funds have been received by the Company today.

The settlement deadline to finalise Fengli's part of the second tranche (comprising A\$19 million convertible bonds and a A\$30 million equity placement) has been extended by 31 days to 15 February, 2011, due to the very sad and unexpected passing of Mr Wu Yue Ming, President and major shareholder, Fengli Group.

The purpose of the extension is, at Fengli's request, to allow time for appropriate administrative arrangements to be made by Fengli due to Mr Wu's passing to enable it to be able to complete its investment. All parties have agreed to the deadline extension. The extension will have no impact on the total funds raised or the terms of the capital raising.

The first tranche of the capital raising comprising A\$32 million in convertible bonds was settled on 19 November 2010.

As previously advised, this capital raising as well as the Company's intentions to list on the Hong Kong Stock Exchange will provide the platform for Galaxy to become a vertically integrated lithium company, from raw product lithium production through to chemical processing and lithium-ion battery manufacturing.

Galaxy Resources Managing Director, Mr Iggy Tan, said Galaxy has extended its deepest condolences to the Wu family and the Fengli Group.

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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.

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