

Perth, Australia
18 July 2013

SAL DE VIDA PROJECT: OPTION UPDATE

- Galaxy has not received a notice from Sal de Vida Korea Corporation exercising its option to increase its interest in the Sal de Vida Project to 30% within 90 days of delivery of a Feasibility Study
- Sal de Vida Korea Corporation has instead raised a technical issue regarding the content of the Feasibility Study

Galaxy Resources Ltd (ASX: GXY) ("Galaxy" or "the Company") advises that its potential partner in the Sal de Vida Lithium Brine and Potash Project ("Sal de Vida" or "the Project") has not given a notice to exercise its option to vest a 30% equity interest in Galaxy Lithium (Sal de Vida) S.A., the Galaxy subsidiary that owns the Sal de Vida Project.

Galaxy's potential partner in Sal de Vida (KORES, LG International and GS Caltex, together known as the Sal de Vida Korea Corporation ("SDVVC") previously acquired a 4% equity interest in Galaxy Lithium (Sal de Vida) S.A.

Galaxy delivered a Feasibility Study to SDVVC on 13 April 2013. Under the terms of an Option Agreement between SDVVC and Galaxy, SDVVC had 90 days from the date of delivery of a Feasibility Study meeting certain criteria set out in the Option Agreement to decide whether to exercise its option to acquire a 30% equity interest in that company. After SDVVC's request for further time to consider its position, Galaxy extended that date to 17 July 2013 to enable SDVVC to consider further information provided in connection with the Feasibility Study.

SDVVC has now advised Galaxy that it does not consider the Feasibility Study to satisfy all the criteria set out in the Option Agreement so as to trigger the 90 day option period.

Galaxy will now seek to resolve this technical issue with SDVVC and advise the market as soon as a resolution is achieved.

Meanwhile, Galaxy will continue to assess various options regarding the future of the Project as part of a previously-announced review of the Company's business, operations and financial structuring led by a Special Management Committee.

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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 a lithium producer listed on the Australian Securities Exchange (Code: GXY) and is a member of the S&P/ASX 300 Index.

Galaxy wholly owns the Jiangsu Lithium Carbonate Plant in China's Jiangsu province. The Jiangsu Plant will eventually produce 17,000 tpa of battery grade lithium carbonate, becoming 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 owns Mt Cattlin (100%) spodumene project near Ravensthorpe in Western Australia and 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 become a major producer of lithium products.

Caution Regarding Forward Looking Information.

This document contains forward looking statements concerning Galaxy.

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 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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