

15 February 2010

## GALAXY FUNDING UPDATE

### Highlights

- Galaxy maintains strong cash position of \$80m to support rapid project development
- Second drawdown of US\$40 million scheduled for April with final US\$45 million drawdown in November
- A\$33.5 million staged placement with cornerstone equity provider Creat Resources ratified at General Meeting

Emerging lithium producer, **Galaxy Resources Limited (ASX: GXY)**, is pleased to provide a finance update as it progresses the development of its Mt Cattlin Spodumene Project and the Jiangsu Lithium Carbonate Plant.

Following the transfer of the Debt Facility Agreement from Creat to an independent syndicate of banks comprising Austrian Bank RZB and China Development Bank in November, Galaxy achieved the first of three drawdowns to the value of US\$20 million.

The Company is currently working with its finance partners and legal representatives on loan and security arrangements and expects the documents to be finalised in time for the second US\$40 million drawdown in April 2010.

The final drawdown of US\$45 million is scheduled for November 2010.

Galaxy Resources Managing Director, Mr Iggy Tan, said the Company, with a current cash balance of \$80 million, is in a strong position to continue expediting the development of its projects.

"The Company's debt position is complemented by the A\$33.5 million equity funding package provided by private Chinese investment firm Creat Group Company Limited.

Creat Group has nominated its Alternative Investment Market (AIM) listed subsidiary Creat Resources (CRHL) to participate in the placement which has been staged to accommodate the investment structure of CRHL.

The first stage of the placement, comprising A\$6 million was received from CRHL on 16 December 2009.

Mr Tan said the second and final tranche of the placement of \$27.5million was expected to be completed in early April 2010 once the AIM compliance requirements have been completed.

"Galaxy shareholders overwhelmingly ratified the first placement and approved the second placement at General Meeting held on 10 February 2010," he said.

"The Company will still maintain a cash buffer of around A\$52m on start up of both projects, after the loan facility is fully drawn down and project financed" Mr Tan said.

-ENDS-

For more information, please contact:

Iggy Tan  
Managing Director  
08 9215 1700  
0419 046 397

Jon Snowball  
FD Third Person  
08 9386 1233  
0424 473 841

**Caution Regarding Forward Looking Statements**

Statements regarding Galaxy's plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Galaxy's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Galaxy will be able to confirm the presence of additional mineral deposits, that any mineralization will prove to be economic or that a mine will successfully be developed on any of Galaxy's mineral properties. Circumstances or management's estimates or opinions could change. The reader is cautioned not to place undue reliance on forward-looking statements.

**About Galaxy (ASX: GXY)**

Galaxy Resources is a Western Australian company which is soon to become one of the world's leading producers of lithium – the essential component for powering the world's fast expanding fleet of hybrid and electric cars.

By 2010, GXY's Mt Cattlin mine will be the world's second largest hard rock producer of lithium and, through the development of its value adding lithium carbonate plant (17,000 tpa), the Company will be the largest and lowest cost lithium producer in China.

Lithium concentrate and lithium carbonate materials 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 by downstream processing to supply lithium carbonate to the lucrative Asian market.