

22 March 2011

GALAXY EXTENDS MT CATTLIN MINE LIFE AFTER RESOURCE UPGRADE

Highlights

- Total contained lithium oxide (Li₂O) resource increased by 14% to 197,000 tonnes
- Total resource ore tonnes increased by 14.6%, or 2.31 million tonnes from previous estimate
- Measured and indicated resource up 12%, or 1.50 million tonnes, to 13.8 million tonnes
- Mt Cattlin mine life potential extended to 18 years, including inferred resources

Galaxy Resources Limited (ASX: GXY, "Galaxy") is pleased to announce it has lifted the total contained lithium oxide (Li₂O) resource at its wholly-owned Mt Cattlin mine by 14% to 197,000 tonnes from its last resource estimate, issued January 2010.

Recent drilling, modelling and evaluation have boosted both resources and reserves at Galaxy's Mt Cattlin lithium focussed project, which is near Ravensthorpe in Western Australia. Total resource tonnes at Mt Cattlin increased by 14.6%, or 2.31 million tonnes from the previous estimate, while the measured and indicated mineral resource was up 12%, or 1.50 million tonnes, to 13.8 million tonnes.

Galaxy Resources Managing Director, Iggy Tan, said the resource increase at Mt Cattlin extends the potential mine life of the spodumene project to 18 years, including inferred resources.

Resource Estimate Upgrade

The geological model was prepared by Galaxy Resources and the estimation was prepared by consultants Hellman and Schofield Pty Ltd (H&S).

This new estimate of contained mineral resources for the Mt Cattlin deposit is 197,000 tonnes of lithium oxide (Li₂O) and 6.26 million pounds of tantalum pentoxide (Ta₂O₅) above a cut off grade of 0.4% lithium oxide, reported below in accordance with the JORC Code and Guidelines. The new estimate has increased the total tonnes for all resources by 2.31 million tonnes, while tonnes in the measured and indicated resource categories have increased by 1.50 million tonnes, or 12% compared to 2010.

The classification of the Mt Cattlin mineral resource is shown below in Table 1 and a summary of the estimation methodology is included at the end of this announcement. Details of the previous resource estimate completed in January 2010 are included in Table 2 for comparison.

Table 1 – Current (February 2011 Mt Cattlin Global Resource Estimate)

Resource	Tonnes	Li ₂ O %	Ta ₂ O ₅ ppm
Measured	3,193,000	1.17	149
Indicated	10,613,000	1.06	168
Inferred	4,382,000	1.07	132
TOTAL	18,188,000	1.08	156

Note: Li₂O cutoff grade >= 0.4% Li₂O. Figures in the above table may not sum due to rounding

Table 2 – Previous (January 2010 Mt Cattlin Global Resource Estimate)

Resource	Tonnes	Li ₂ O %	Ta ₂ O ₅ ppm
Measured	2,672,000	1.17	150
Indicated	9,629,000	1.09	171
Inferred	3,575,000	1.00	145
TOTAL	15,875,000	1.08	161

Note: Li₂O cutoff grade >= 0.4% Li₂O. Figures in the above table may not sum due to rounding

The new resource estimate is based on the pre-mining topographic surface and does not account for mining depletion, since all mined material is still contained on site in product stockpiles, crushed stocks and the ROM pad. Once product shipment has commenced, future resource estimates will account for mining depletion.

The latest resource estimate includes an additional 67 RC holes (5446m) and five diamond holes (390m) compared to the January 2010 estimate. Collar positions of drill holes are shown in Figure 1, with those completed after the January 2010 resource estimate highlighted. Drilling during 2010 focused mainly on the North West Zone, which accounts for the bulk of the resource increase. Some infill drilling was completed in other areas to extend known mineralised zones or upgrade resource categories.

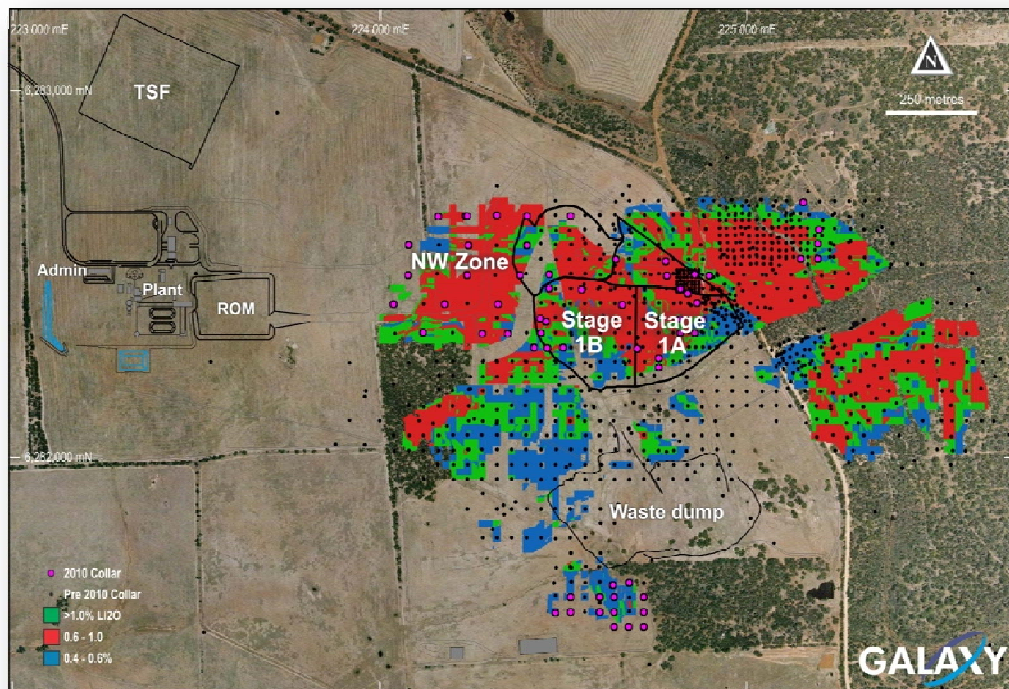
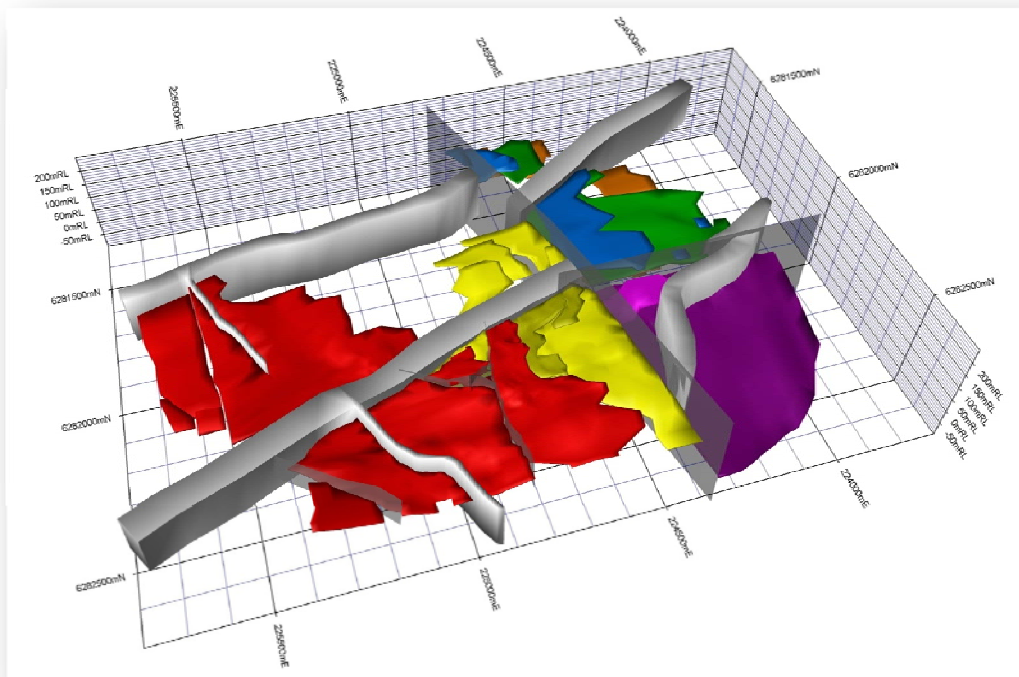


Figure 1. Mt Cattlin drill collar plan

During 2010, the North West Zone was infill drilled to a spacing of 80m x 80m. This drilling returned numerous significant intersections, including 16m @ 1.52% Li₂O, 9m @ 2.41% Li₂O, 26m @ 1.61% Li₂O and 20m @ 1.49% Li₂O (reported in ASX releases on 14/04/2010 and 22/06/2010).

A surface geophysical survey was completed in late 2010 to investigate the potential for detecting pegmatite zones at depth. Data from this survey is currently being processed, with results expected in the second quarter of 2011.



GALAXY RESOURCES LIMITED (ABN: 11 071 976 442) incorporating Galaxy Lithium Australia Limited, Galaxy Lithium International Limited, Galaxy Lithium (Jiangsu) Limited, Galaxy Lithium Holdings BV, Galaxy Lithium (Canada) Inc and Galaxy Lithium (US) Inc.

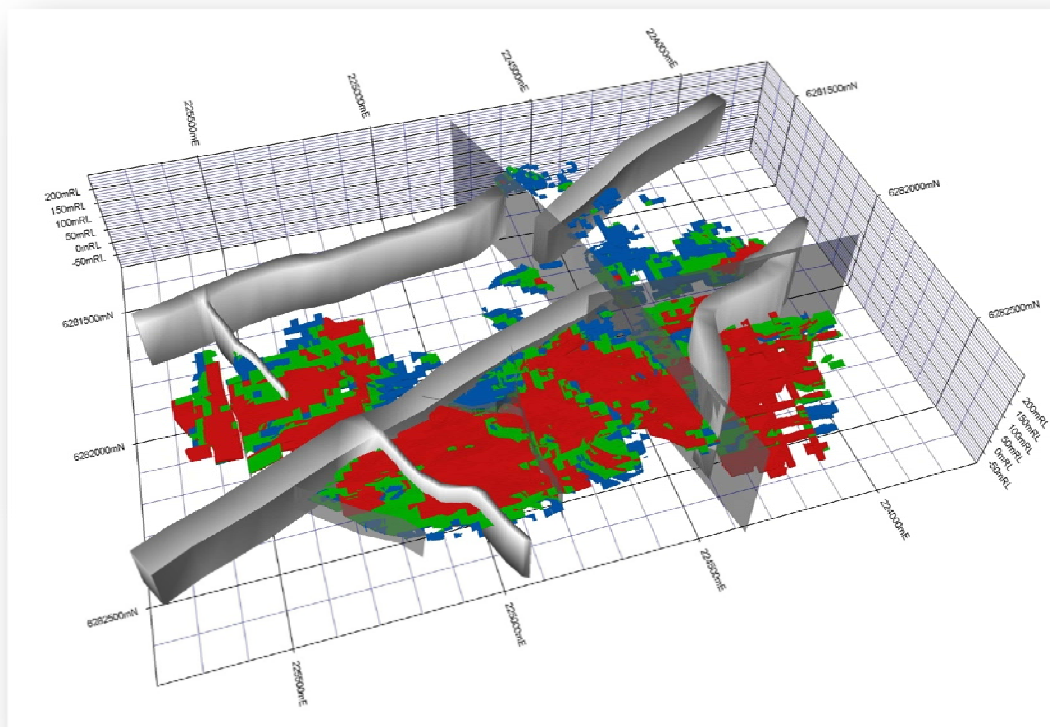


Figure 3. Resource model, February 2011 resource estimate, showing blocks coloured by Li₂O grade and faults and dolerite dykes (grey). Isometric view looking south.

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Resource Estimation Methodology

Drill testing over the Mt Cattlin deposit has been infilled predominantly to 40m x 40m pattern density. Some areas in the south and northwest of the deposit have been drilled to 80m x 40m and 80m x 80m hole spacings. The resource data set contains 969 RC drillholes totalling 47,186m and 39 diamond drillholes totalling 1529m. The majority of samples are 1 metre riffle split samples of RC percussion chips, with analysis by SGS Australia Pty Ltd using AAS for Li (converted to Li₂O) and XRF for Ta (converted to Ta₂O₅).

Geological interpretation was completed by Galaxy on drillhole cross sections and then wireframed utilising Micromine software to create a three dimensional geological model. The resource model was undertaken using a single pass, 3D ordinary kriging approach with the search aligned parallel to the strike and dip of the mineralisation. Hellman & Schofield's proprietary software, GS3 was used for estimation. This approach was validated against the original data on section and in plan. Variables modelled included Li₂O, Ta₂O₅, and Nb₂O₅ using Ordinary Kriging with search radii of 30mE by 30mN by 5mRL employed. Several iterations of the modelling process were undertaken to assess model sensitivities to modelling parameters and to ensure that the model properly reflected the underlying data. The block grades from GS3 were then imported into a Micromine 3D model, trimmed to the existing geological model wireframe and regularised for later use in mine planning software. Estimates of mineral resources in this report are presented above a 0.4% Li₂O cutoff grade which is considered to represent the economic cutoff for the project area.

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Competent Persons

The information in this report that relates to Mineral Resources is based on information compiled by Mr. Robert Spiers who is a full time employee of Hellman & Schofield Pty Ltd and who is a Member of the Australian Institute of Geoscientists. Mr. Spiers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Spiers consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results, including exploration data and geological interpretations is based on information compiled by Mr Philip Tornatora who is a full time employee of the Company and who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr. Tornatora has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Tornatora consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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 an international 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.

Galaxy wholly-owns and operates the Mt. Cattlin mine, which is currently producing spodumene concentrate. Galaxy's Jiangsu lithium carbonate plant, once completed, will have a design capacity of 17,000 tpa of lithium carbonate, which Galaxy expects would make it one of the largest plants in China converting hard rock lithium mineral concentrates into lithium compounds and chemicals.

Lithium compounds such as lithium carbonate are forecast to be in 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.