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meeting a lithium future

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MT CATTLIN DRILLING DELIVERS MORE HIGH GRADE INTERCEPTS

Highlights

- Latest drill results show excellent intercepts for lithium
- WMC Costean Zone shows near surface mineralisation with the best result 14m @ 1.91% Li_2O
- North Ravensthorpe Zone returns high grade intercepts with best result 13m @ 2.10% Li_2O
- Grade control drilling at the Dowling Pit confirms it is an excellent pit to commence the operation

Emerging lithium producer, Galaxy Resources Limited (ASX: GXY), has completed a 9,260m RC drilling program aimed at upgrading and extending resources at the Mt Cattlin Spodumene Project with latest drill results showing excellent intercepts. The overall resource grade for Mt Cattlin is 1.08% Li_2O so intercepts above this level are considered significant.

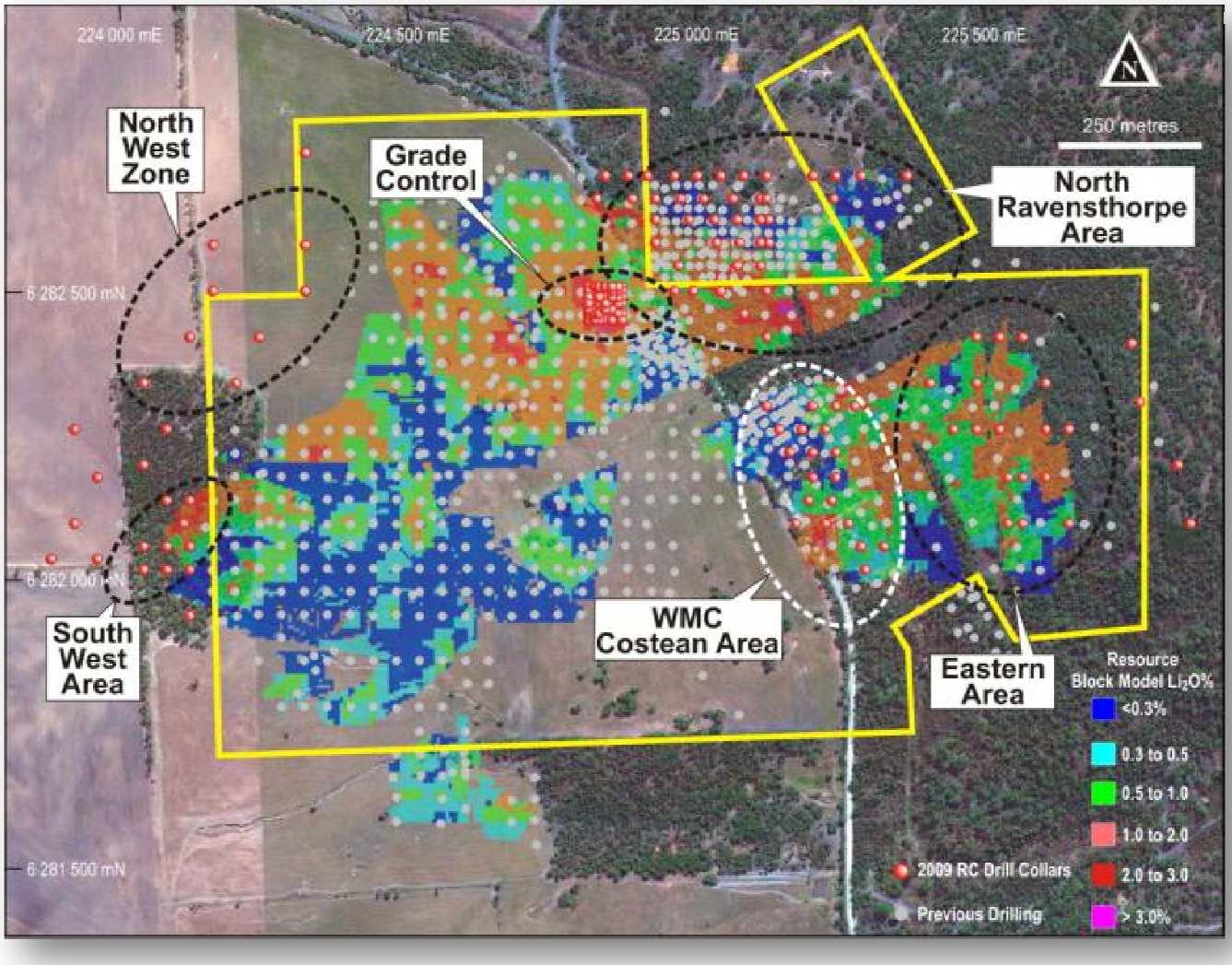
Highlights:

- WMC Costean Zone
  Resource upgrade drilling in the WMC Costean Area to the east of Floater Road intersected some excellent near surface mineralisation. Intercepts include 15m @ 1.71% Li_2O in GX984 and 14m @ 1.91% Li_2O in GX986.

- North Ravensthorpe
  Some very high grade intercepts over wide zones have been returned, including 21m @ 1.88% Li_2O in GX1008, 14m @ 2.06% Li_2O in GX1007 and 13m @ 2.10% Li_2O in GX1009. This area also showed some very high grade tantalum results, including 2m @ 5,513 ppm Ta_2O_5 in GX1037 compared with an overall tantalum resource grade of 153 ppm Ta_2O_5.

- Dowling Pit Area
  Close spaced drilling in the Dowling Pit area has returned some excellent intercepts, including 10m @ 3.37% Li_2O in GX921, 14m @ 2.07% Li_2O in GX996 and 10m @ 2.42% Li_2O in GX1002.

Figure 1. Location of Zones (Recent drill hole collars in red)



WMC Costean Area

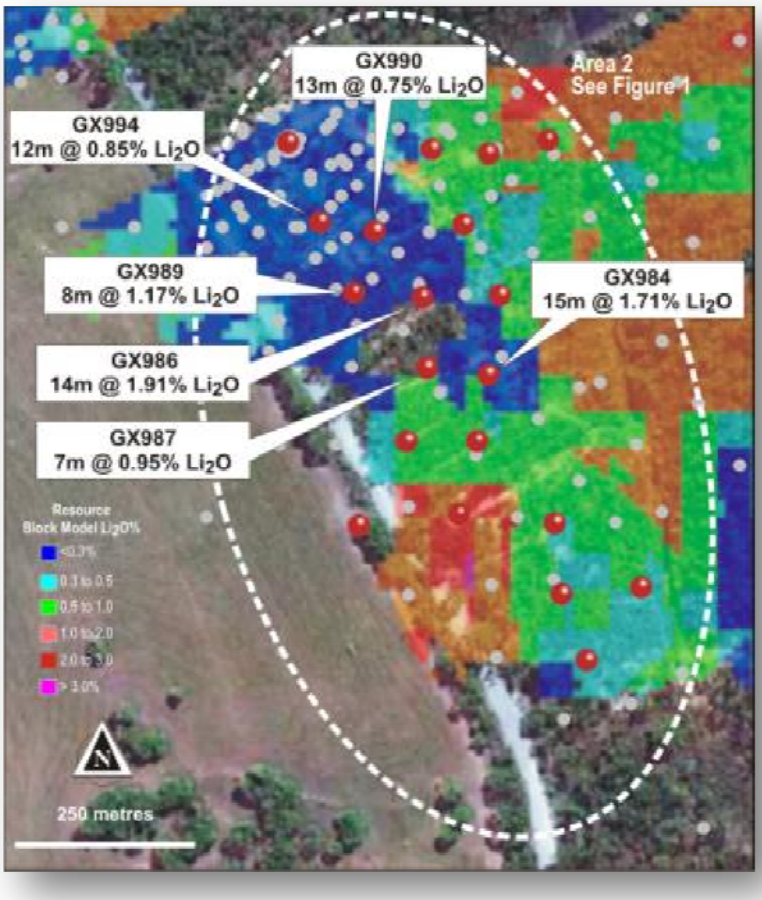
Resource upgrade drilling in the WMC Costean Area to the east of Floater Road (see Figure 1) has intersected some excellent near surface mineralisation. This drilling was designed to upgrade resources from inferred to measured and indicated, and thereby increase reserves. Some historic drilling in this area was not assayed for lithium or was drilled using inappropriate techniques for resource estimation, so additional drilling was required.

High grade intercepts were returned from some areas that previously showed gaps in the resource or low grades, due to insufficient drilling or interpolation from surrounding lower grade drill holes (see Figure 2). Intercepts include 15m @ 1.71% Li_2O in GX984 and 14m @ 1.91% Li_2O in GX986 (from surface). Significant results from this area are included below in Table 1.

Table 1. Significant intercepts, WMC Costean Area

Area	Hole	East	North	From (m)	To (m)	Width (m)	Li_2O (%)	Ta_2O_5 (ppm)
WMC Costean	GX979	225272	6282094	4	14	10	0.82	48
WMC Costean	GX981	225219	6282099	2	11	9	1.02	52
WMC Costean	GX982	225229	6282140	1	6	5	1.37	45
WMC Costean	GX983	225190	6282139	1	7	6	0.90	122
WMC Costean	GX984	225236	6282177	5	20	15	1.71	76
WMC Costean	GX986	225198	6282219	0	14	14	1.91	193
WMC Costean	GX987	225201	6282180	0	3	3	1.26	59
WMC Costean	GX987	225201	6282180	7	14	7	0.95	37
WMC Costean	GX988	225221	6282260	12	27	15	1.22	105
WMC Costean	GX989	225162	6282222	3	11	8	1.17	958
WMC Costean	GX990	225173	6282256	8	21	13	0.75	74
WMC Costean	GX991	225268	6282306	6	18	12	1.55	428
WMC Costean	GX992	225235	6282298	9	22	13	1.63	147
WMC Costean	GX993	225203	6282300	10	13	3	1.62	281
WMC Costean	GX993	225203	6282300	20	23	3	0.83	75
WMC Costean	GX994	225142	6282260	1	13	12	0.85	392
WMC Costean	GX995	225124	6282304	5	10	5	0.64	674
WMC Costean	GX1005	225275	6282055	0	8	8	1.34	101

Figure 2. WMC Costean Area



North Ravensthorpe Area

Drilling in the "North Ravensthorpe" area (see Figure 1), which was not assayed for lithium in most historic holes, has also been completed. The mineralisation shows excellent grade and continuity. Some very high grade intercepts over wide zones have been returned, including 21m @ 1.88% Li_2O in GX1008, 14m @ 2.06% Li_2O in GX1007 and 13m @ 2.10% Li_2O in GX1009. This area also showed some very high grade tantalum results, including 2m @ 5,513ppmTa_2O_5 in GX1037.

Results from this area, in addition to the WMC Costean area is expected to significantly upgrade the Mt Cattlin reserve base. Significant results from the recent North Ravensthorpe drilling are included in Table 2 below.

Table 2. Significant intercepts, North Ravensthorpe Area

Area	Hole	East	North	From (m)	To (m)	Width (m)	Li_2O (%)	Ta_2O_5 (ppm)
North Ravy	GX1007	224959	6282501	29	43	14	2.06	76
North Ravy	GX1008	224992	6282499	40	61	21	1.88	206
North Ravy	GX1009	224967	6282546	34	47	13	2.10	205
North Ravy	GX1010	224928	6282585	25	37	12	1.31	368
North Ravy	GX1011	224926	6282625	36	44	8	1.69	269
North Ravy	GX1012	224925	6282661	35	37	2	1.09	52
North Ravy	GX1014	224910	6282699	58	61	3	0.95	688
North Ravy	GX1015	224881	6282699	38	40	2	0.54	1374
North Ravy	GX1021	225110	6282700	71	73	2	0.55	366
North Ravy	GX1033	225006	6282660	61	66	5	1.02	369
North Ravy	GX1034	225061	6282662	58	60	2	0.83	110
North Ravy	GX1037	225234	6282659	72	74	2	0.76	5513
North Ravy	GX1038	225122	6282624	64	70	6	1.58	495
North Ravy	GX1039	225107	6282624	54	64	10	1.59	249
North Ravy	GX1040	224984	6282626	48	57	9	1.45	146
North Ravy	GX1041	225028	6282624	53	64	11	1.60	365
North Ravy	GX1042	225070	6282626	51	62	11	0.99	177
North Ravy	GX1043	225123	6282586	57	62	5	1.02	107
North Ravy	GX1044	225107	6282584	49	60	11	1.57	155
North Ravy	GX1045	225070	6282584	48	58	10	1.55	156
North Ravy	GX1046	225029	6282585	48	58	10	1.67	271
North Ravy	GX1047	225042	6282499	45	60	15	1.51	299
North Ravy	GX1048	225068	6282540	43	50	7	1.82	283
North Ravy	GX1049	225108	6282543	43	54	11	1.62	198
North Ravy	GX1050	225122	6282499	45	56	11	0.75	336
North Ravy	GX1051	225122	6282428	29	45	16	1.69	198
North Ravy	GX1052	225083	6282461	34	48	14	1.40	82
North Ravy	GX1053	224824	6282661	50	52	2	0.57	232

Dowling Pit Area

A 10m x 10m grade control pattern over a small area of the Dowling pit was also completed. This work was carried out to investigate short range continuity of mineralisation, aid in grade control planning, and to gain further information on rock hardness and blasting characteristics. The drilling has returned some excellent intercepts, including 10m @ 3.37% Li_2O in GX921, 14m @ 2.07% Li_2O in GX996 and 10m @ 2.42% Li_2O in GX1002. It should be noted that some of the intercepts from this area, in addition to North Ravensthorpe, include a small proportion of the lithium-bearing mineral lepidolite, in addition to spodumene. Significant tantalum was reported from hole GX1059, which returned 8m @ 1,074 ppmTa_2O_5. A full list of significant intersections is given in Table 3 below.

Table 3. Significant intercepts, Dowling Pit

Area	Hole	East	North	From (m)	To (m)	Width (m)	Li_2O (%)	Ta_2O_5 (ppm)
Grade Control	GX910	224810	6282510	32	37	5	1.99	405
Grade Control	GX911	224820	6282491	30	35	5	1.34	177
Grade Control	GX912	224830	6282470	23	33	10	1.44	839
Grade Control	GX913	224840	6282450	22	33	11	1.64	233
Grade Control	GX913	224840	6282450	38	40	2	0.89	116
Grade Control	GX914	224810	6282500	31	36	5	1.21	459
Grade Control	GX915	224820	6282480	26	33	7	1.56	170
Grade Control	GX919	224811	6282490	30	35	5	2.68	222
Grade Control	GX920	224821	6282470	23	32	9	1.43	125
Grade Control	GX921	224830	6282450	20	30	10	3.37	152
Grade Control	GX933	224821	6282511	28	36	8	1.42	192
Grade Control	GX934	224830	6282500	28	34	6	2.10	163
Grade Control	GX935	224840	6282490	28	36	8	2.43	485
Grade Control	GX936	224850	6282480	25	36	11	2.14	113
Grade Control	GX937	224860	6282470	25	37	12	1.48	89
Grade Control	GX938	224870	6282460	23	36	13	1.36	125
Grade Control	GX939	224871	6282510	37	46	9	1.36	233
Grade Control	GX940	224870	6282501	38	43	5	1.33	79
Grade Control	GX943	224871	6282490	33	42	9	0.93	71
Grade Control	GX944	224871	6282480	30	40	10	1.47	106
Grade Control	GX956	224830	6282480	24	35	11	1.41	239
Grade Control	GX957	224830	6282490	25	34	9	0.94	182
Grade Control	GX996	224860	6282450	21	35	14	2.07	563
Grade Control	GX997	224860	6282460	21	36	15	1.76	127
Grade Control	GX998	224860	6282480	27	38	11	1.81	99
Grade Control	GX999	224860	6282490	29	41	12	1.82	147
Grade Control	GX1000	224860	6282500	34	42	8	1.08	104
Grade Control	GX1001	224860	6282510	36	45	9	1.52	123
Grade Control	GX1002	224850	6282450	22	32	10	2.42	197
Grade Control	GX1003	224850	6282470	21	27	6	1.40	60
Grade Control	GX1026	224810	6282450	24	35	11	1.38	284
Grade Control	GX1027	224810	6282460	25	36	11	1.21	128

Grade Control	GX1028	224810	6282470	35	37	2	1.41	317
Grade Control	GX1029	224810	6282480	29	34	5	1.33	161
Grade Control	GX1030	224820	6282450	25	35	10	1.18	192
Grade Control	GX1031	224820	6282460	22	27	5	2.00	686
Grade Control	GX1056	224830	6282510	27	37	10	0.55	135
Grade Control	GX1057	224840	6282510	37	41	4	1.43	383
Grade Control	GX1058	224849	6282490	28	40	12	1.92	105
Grade Control	GX1059	224850	6282500	33	41	8	1.46	1074
Grade Control	GX1060	224850	6282509	37	44	7	1.87	331
Grade Control	GX1061	224870	6282451	23	36	13	1.62	518
Grade Control	GX1062	224870	6282470	27	39	12	1.61	180
Grade Control	GX1063	224830	6282460	21	31	10	2.60	373
Grade Control	GX1064	224838	6282469	22	33	11	1.35	236
Grade Control	GX1065	224840	6282480	21	23	2	0.59	31
Grade Control	GX1065	224840	6282480	28	38	10	1.67	69

Note: Coordinates are in projection GDA 94, Zone 51 to an accuracy of <1m. Holes are vertical and since the mineralised pegmatite is sub-horizontal, intercept widths approximate true thickness. Intercepts are weighted averages calculated using a lower cut of 0.4% Li_2O from 1 metre riffle split samples of RC percussion chips. No top cut has been applied. Analysis by SGS Australia Pty Ltd using AAS for Li (converted to Li_2O) and XRF for Ta (converted to Ta_2O_5).

The May 2009 Mt Cattlin resource model is now being updated, with a new resource model and reserve statement expected to be announced in early 2010.

– 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

Competent Persons

The information in this report that relates to Exploration Results 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 mineralisation 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.

GALAXY
meeting a lithium future

About Galaxy (ASX: GXY)

Galaxy is an Australian mining and chemical company focusing on lithium and tantalum production. Galaxy has completed a definitive feasibility study (DFS) which suggests the Mt Cattlin Lithium / Tantalum project (Ravensthorpe, Western Australia) is commercially viable based on a processing rate of 1 million tonnes per annum over a 15 year mine life. The Company is planning to commence the development of the mine and the construction of the mineral processing plant in Q3 2009 with first concentrate production scheduled for Q3, 2010.

The company has also commenced a pre feasibility study into the value adding downstream production of lithium carbonate (Li2CO3). The company plans to establish a 17,000 tpa lithium carbonate plant in China due to lower associated capital and operating costs, as well as being close to the strategic growing battery markets in Asia.

Lithium concentrate and lithium carbonate raw materials are forecast to be in short supply and face high future demand growth due to advances in long life batteries and sophisticated electronics in hybrid and electric vehicles, mobile phones and computers.