

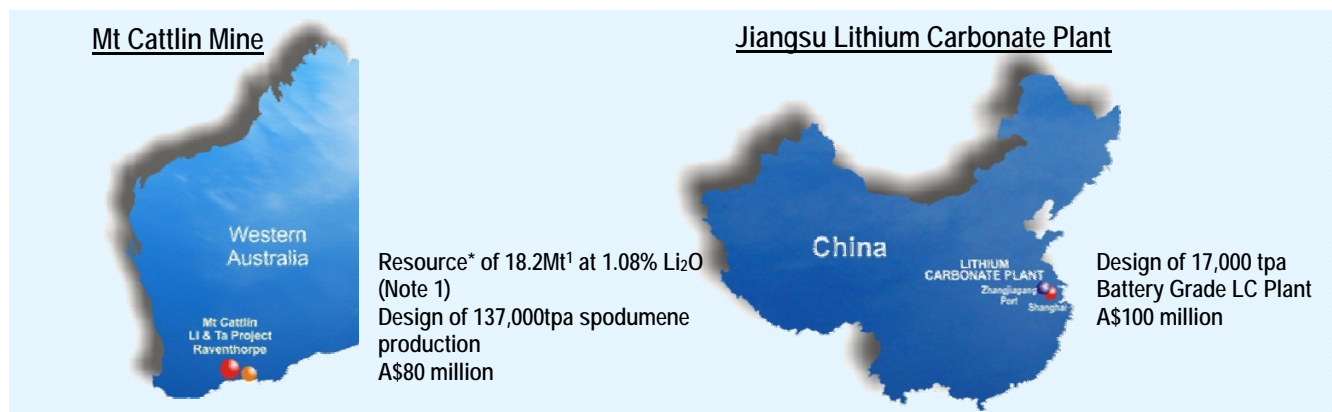
Perth, Australia
5 July 2012

INTRODUCING A GLOBAL LITHIUM COMPANY

Galaxy Resources Limited (ASX: GXY, "Galaxy") following the successful merger with Lithium One Inc (TSX-V: LI, "Lithium One") is pleased to detail its global lithium resource base and assets in four continents world wide.

Galaxy is an Australian-based global lithium company with lithium production facilities, hard rock mines and brine assets in Australia, China, Canada and Argentina. Galaxy's global partners covers the top three major lithium battery producing countries in the world, China, Japan and Korea ("Lithium Battery Producing Triangle"). Our partners include the top 13 cathode producers in China, Mitsubishi Corporation (Japan), Korean Resources Corporation (Korea), LG International (Korea) and GS Caltex (Korea).

INTRODUCING A INTEGRATED GLOBAL LITHIUM COMPANY ASIA PACIFIC



^ Resource statement is JORC compliant statement

Mt Cattlin Spodumene Mine (100%)

Galaxy owns 100% of the Mt Cattlin lithium mine and processing plant in Western Australia ("Mt Cattlin Mine") which is designed to produce 137,000 tpa of spodumene, a lithium bearing mineral, as a dedicated feedstock for the Company's downstream lithium carbonate plant in Jiangsu, China.



Mt Cattlin Mine
(Australia)

Jiangsu Lithium Carbonate Plant (100%)

Jiangsu Lithium Carbonate Plant officially commenced production in April 2012 and is located in the port city of Zhangjiagang in China's Jiangsu Province. The Jiangsu Lithium Carbonate Plant has a production capacity of 17,000 tpa of lithium carbonate and capability to produce high purity (99.9%) "EV Grade" lithium carbonate. The Jiangsu Lithium Carbonate Plant will be the largest-capacity battery grade lithium carbonate plant in the Asia Pacific region.



Jiangsu LC Plant
(China)

AMERICAS

Sal de Vida Project



Resource Statement (Note 3)
Measured & Indicated Resource of 4.1Mt lithium carbonate equivalent ("LCE") and 16.1Mt potash
Inferred Resource of 3.2Mt LCE and 12.8Mt potash

James Bay Project



Resource Statement (Note 2)
Indicated Resource of 11.8Mt at 1.3% Li₂O
Inferred Resource of 10.5Mt at 1.2% Li₂O

*Resource is a National Instrument 43-101 compliant statement.

James Bay Spodumene Project (100%)

The James Bay lithium pegmatite project in Quebec is an extensive high-grade spodumene pegmatite deposit that occurs at surface. Situated adjacent to key infrastructure including high-tension power, roads and readily accessible water, James Bay is well located to potentially provide a stable supply of lithium to the emerging lithium battery sector in the northeast United States and Eastern Canada. James Bay has a NI 43-101 compliant resource of 22.2 Mt at 1.28% Li₂O.



James Bay Project
(Canada)

Sal de Vida Lithium Potash Project (70%)

The Sal de Vida lithium and potash brine project in Argentina is Galaxy's flagship property and is situated in the lithium triangle. The lithium triangle (where Chile, Argentina and Bolivia meet) is currently the source of 60% of global lithium production. Lithium is found in the brine (salty water) below the dry lake beds (called salars) at high altitude. There are only two producing areas in the lithium triangle; Salar de Atacama in Chile and Salar del Hombre Muerto in Argentina. Sal de Vida is located close to projects owned by major lithium producer FMC Lithium, which in 2011, produced 16% of the global lithium supply. Sal de Vida has excellent promise as a future low cost brine mine and lithium carbonate processing facility.



Sal de Vida Project
(Argentina)

Jiangsu Lithium Battery Project (100%)

Galaxy's Battery Division has completed a feasibility study to build a lithium-ion battery plant in Jiangsu, near to the existing Jiangsu Lithium Carbonate Plant. Proposed production is 620,000 battery packs per year for the e-bike market. The Company has aligned with a turn-key Korean battery plant builder acquired a technology licence from K2 Energy; acquired land in Jiangsu; secured 80% of production in offtake arrangements and has received funding interest from three major Chinese banks. The Galaxy Board will be seeking divestment or joint venture partnerships for this project.



Jiangsu Battery
Project (China)

SUMMARY OF LITHIUM ASSETS

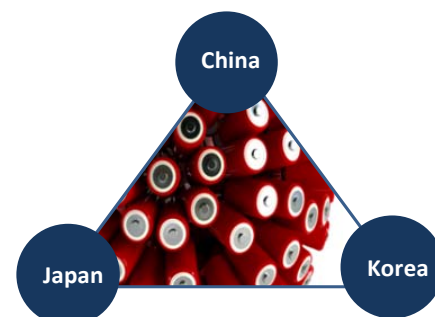
- The Mt Cattlin Mine, an operating lithium mine which contains the third largest JORC-compliant (or similar) hard rock lithium Ore Reserve globally;
- The Jiangsu Lithium Carbonate Plant, which will be the largest and most modern hard rock lithium carbonate plant in the world;
- The Sal de Vida project, a large, high quality brine development project located adjacent to one of the world's largest existing lithium producers;
- The James Bay project, a longer term development project which presents a future opportunity to supply the North American market; and
- The Jiangsu Lithium Battery Project, a value adding downstream project to supply lithium-ion batteries to the rapidly growing electric bicycle and electric vehicle market.

OUR GLOBAL PARTNERS

Galaxy's global partners covers the top three major lithium battery producing countries in the world, China, Japan and Korea ("Lithium Battery Producing Triangle"). Galaxy is primarily targeting the battery materials sector and has successfully completed offtake framework agreements for 100% of its production with Mitsubishi Corporation of Japan and 13 major cathode producers in China.



Galaxy's cathode partners in China represents the top and most advanced manufacturers of lithium cathode materials of the Peoples Republic of China.



Mitsubishi Corporation

Mitsubishi Corporation (MC) is Japan's largest general trading company with more than 200 bases of operations in approximately 80 countries worldwide. Mitsubishi employs a multinational workforce of approximately 60,000 people across some 500 companies. Mitsubishi has long been engaged in business with customers around the world in virtually every industry, including energy, metals, machinery, chemicals, food and general merchandise.

For the Sal de Vida project, Galaxy has partnered with a Korean Consortium ("KC") that includes Korean state mining company Korea Resources Corporation ("KORES") as well as GS Caltex and LG International. The Korean Consortium has a farm-in arrangement to earn 30% of the project and the off-take framework arrangement for 30% of the final product.

Korea Resources Corporation ("KORES") is wholly owned government enterprise and aims to secure mineral resource supplies in Korea. KORES was incorporated in year 1967 and it has ever since contributed to the national economic development by supplying stable energy and industrial mineral resources. Korea depends on foreign countries for 97% of the energy and mineral resources Korea uses, independent resource developments are one of the key tasks for it's nation's economic development.



LG International

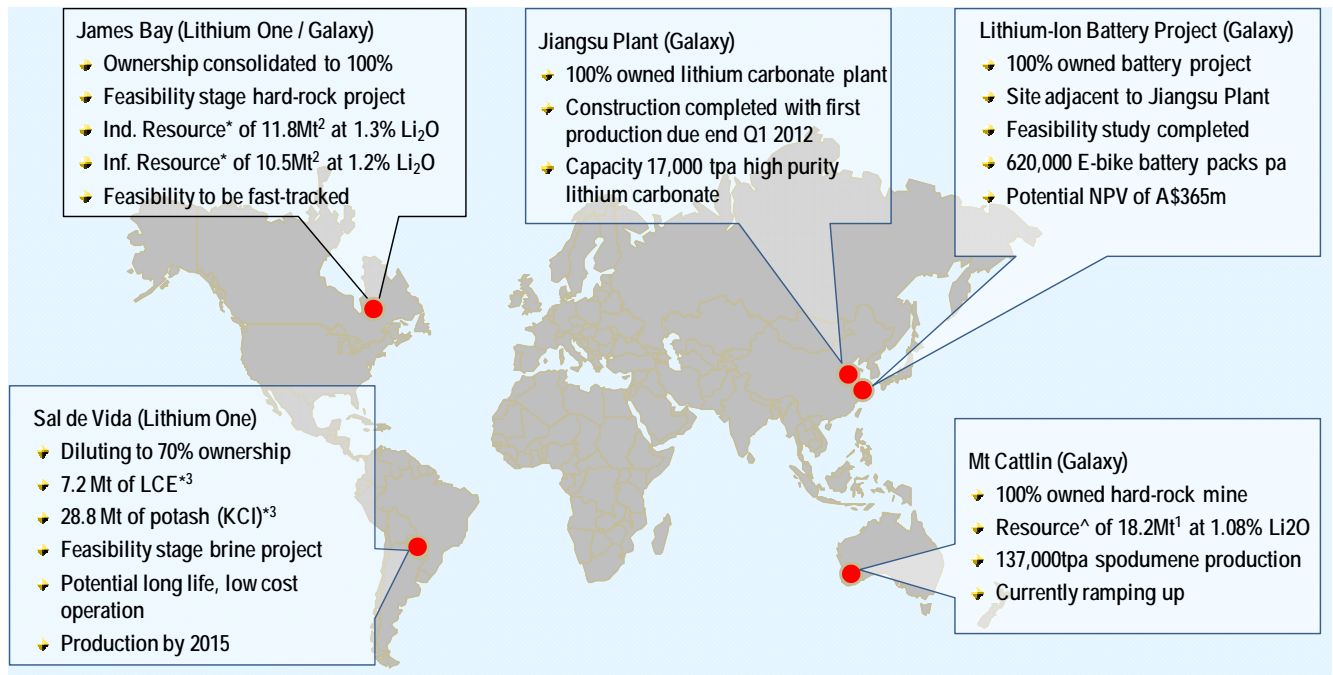
LG International specializes in natural resources exploration and development projects and is the trading company for the LG Group, which includes leading global lithium battery maker LG Chem. LG International operates its business through three divisions, including energy and raw materials, industrial materials and import and distribution.

GS Caltex is one of the largest energy companies in Korea and is jointly owned by the Korean conglomerate GS Holdings Corp and Chevron. Over the past 40 years, GS Caltex has expanded its petroleum and petrochemical businesses to include city gas, electric power, exploration & production, convenience retail, e-business and New and Renewable Energy, to become a globally competitive total energy service provider.



"We have the lithium battery producing triangle covered" Iggy Tan, MD Galaxy

A GLOBAL LITHIUM COMPANY



*Resource statement is a National Instrument 43-101 compliant statement. ^ Resource statement is JORC compliant statement

--ENDS--

For more information, please contact:

Corporate

Iggy Tan
Managing Director
Galaxy Resources Ltd
Tel (office): +61 (0)8 9215 1700
Email: ir@galaxylithium.com

Media Contact

Shane Murphy
FTI Consulting
Tel (office): +61 (0)8 9386 1233
Tel (mobile): + 61 (0)420 945 291
Email: shane.murphy@fticonsulting.com

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 an integrated lithium mining, chemicals and battery company listed on the Australian Securities Exchange (Code: GXY) and is a member of the S&P/ASX 300 Index.

Galaxy wholly owns the Mt Cattlin project near Ravensthorpe in Western Australia where it mines lithium pegmatite ore and processes it on site to produce a spodumene concentrate and tantalum by-product. At full capacity, Galaxy will process 137,000 tpa of spodumene concentrate which will feed the Company's wholly-owned Jiangsu Lithium Carbonate Plant in China's Jiangsu province. The Jiangsu plant has commenced production and will produce 17,000 tpa of battery grade lithium carbonate, 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 completed a feasibility study for a lithium-ion battery plant, to produce 620,000 battery packs per annum for the electric bike (e-bike) market. The Company also owns 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 achieve its goal of being involved in every step of the lithium supply chain.

Note 1

Resource	Tonnes	Li ₂ O %
Indicated	11,750,000	1.30%
Inferred	10,470,000	1.20%
TOTAL	22,220,000	1.28%

Note 2

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 3

Category	Brine Volume (m ³)	Li Grade (mg/L)	In Situ Li (tonnes)	Li ₂ CO ₃ Equiv (tonnes)	K Grade (mg/L)	In Situ K (tonnes)	KCl Equiv (tonnes)
Measured	7.2 x 10 ⁸	787	565,000	3,006,000	8,665	6,241,000	11,902,000
Indicated	2.6 x 10 ⁸	768	197,000	1,048,000	8,534	2,136,000	4,169,000
M & I	9.8 x 10⁸	782	762,000	4,053,000	8,663	8,427,000	16,071,000
Inferred	8.3 x 10 ⁸	718	597,000	3,180,000	8,051	6,692,000	12,762,000

The Preliminary Economic Assessment Cautionary Note

At the time of announcement of the PEA Lithium One made a "Cautionary Note" statement regarding the PEA, which is repeated below. Galaxy has not verified, considered or assessed the results or outcomes of the PEA and makes no representation in this regard.

"The Preliminary Economic Assessment (PEA) was prepared to broadly quantify the Sal de Vida project's capital and operating cost parameters and to provide guidance on the type and scale of future project engineering and development work that will be needed to ultimately define the project's likelihood of a positive feasibility determination and optimal production rate. It was not prepared to be used as a valuation of the project nor should it be considered to be a final feasibility study on which a commercial production decision could be made as mineral resources that are not mineral reserves do not have demonstrated economic viability. The PEA includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as mineral reserves, and there is no certainty that the results predicted by the PEA will be realised. The capital and operating cost estimates which were used have been developed only to an approximate order of magnitude based on generally understood capital cost to production level relationships, and although they are based on engineering studies, these are preliminary so the ultimate costs may vary widely from the amounts set out in the PEA. This could materially adversely impact the projected economics of the project. As is normal at this stage of a project, data in some areas was incomplete and estimates were developed based solely on the expertise of the

Company's employees and consultants. At this level of engineering, the criteria, methods and estimates are preliminary and result in a high level of subjective judgment being employed. There can be no assurance that the potential results contained in the PEA will be realised."

Competent Persons & Qualified Persons

Mt Cattlin

The information in this report that relates to Mineral Resources and Exploration Results is based on information compiled by Mr Robert Spiers who is a full time employee of Hellman and Schofield Pty Ltd and Dr Mike Grigson who is a full time employee of Arc Minerals. Mr Spiers and Dr Grigson have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are 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 and Dr Grigson consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Mineral Ore Resources is based on information compiled by Mr Roselt Croeser who is a full time employee of Croeser Pty Ltd. Mr Croeser has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are 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 Croeser consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

James Bay

Competent Person

The information in this report that relates to Mineral Resources for the James Bay project is based on work completed by Mr. Sébastien Bernier, who is a Member of a Recognised Overseas Professional Organisation. Mr Bernier is a full time employee of SRK Consulting (Canada) Inc. and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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 Bernier consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

National Instrument 43-101 - Qualified Person

The mineral resources for the James Bay project are reported in accordance with National Instrument 43-101 and have been estimated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines. Resource evaluation work was completed by Mr. Sébastien Bernier, P.Geol (OGQ#1034, APGO#1847) an independent Qualified Person as defined by NI 43-101. Mr. Bernier has read and approved the content of this news release. A Technical Report compliant with NI 43-101 standards describing the resource estimation was filed on SEDAR within 45 days of its release.

Sal de Vida

Competent Persons

The information in this report that relates to Mineral Resources for the Sal de Vida lithium project is based on work completed by Mr. Michael Rosko, who is a Member of a Recognised Overseas Professional Organisation. Mr. Rosko is a full time employee of E. L. Montgomery and Associates and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which 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. Rosko consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

National Instrument 43-101 - Qualified Person

The mineral resources for the Sal de Vida lithium project are reported in accordance with National Instrument 43-101 and have been estimated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines. Resource evaluation work was completed by Mr. Michael Rosko, P.Geol (Arizona 25065, Texas 6359, California 5236) an independent Qualified Person as defined by NI 43-101. Mr. Rosko has read and approved the content of this news release. A Technical Report compliant with NI 43-101 standards describing the resource estimation was filed on SEDAR within 45 days of its release.

Caution Regarding Forward Looking Information

This document contains forward looking statements concerning the projects owned by Galaxy and Lithium One. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions.

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 (and Lithium One) 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.

There can be no assurance that Galaxy's plans for development of its mineral properties (and those of Lithium One, assuming successful completion of the merger with Lithium One) will proceed as currently expected. There can also be no assurance that Galaxy (or Lithium One) 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 (or Lithium One'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.

Data and amounts shown in this document relating to capital costs, operating costs and project timelines are internally generated best estimates only. All such information and data is currently under review as part of Galaxy's ongoing development and feasibility studies. Accordingly, Galaxy makes no representation as to the accuracy and/or completeness of the figures or data included in the document until the feasibility studies are completed.

Not For Release in US

This announcement has been prepared for publication in Australia and may not be released in the U.S. This announcement does not constitute an offer of securities for sale in any jurisdiction, including the United States, and any securities described in this announcement may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the company and management, as well as financial statements.