

9 December 2009

SETTLEMENT OF FIRST CREAT PLACEMENT

Highlights

- First share subscription placement of A\$ 6m from Creat is due around 21 December 2009
- Creat has nominated its subsidiary, AIM listed Creat Resources Holdings Limited ("CRHL") to subscribe for the full 19.9% of Galaxy
- In order to facilitate a smooth completion of the transaction, in compliance with AIM listing requirements, a new placement timetable has been agreed with CRHL
- Creat has already proved to be a valuable partner, procuring and guaranteeing the project facility loan

Emerging lithium producer, Galaxy Resources Limited (ASX: GXY), is pleased to announce that it will receive A\$ 6 million on or about 21 December 2009 being the first stage share subscription placement ("First Subscription") from Creat Resources Holdings Limited ("CRHL"), an investment vehicle for Creat Group Co Limited ("Creat"). Creat is a 70% major shareholder of CRHL listed on the AIM market of the London Stock Exchange. The owners and employees of Creat also comprise the Chairman, Managing Director/CEO and CFO of CRHL. Galaxy will be issuing 5,280,000 shares to CRHL.

The second and final stage share subscription placement of A\$ 23 million ("Final Subscription") will occur on or about 30 January 2010 immediately after the CRHL AGM to formally approve this Final Subscription.

Creat Group has nominated CRHL as the subscriber for the Galaxy shares in accordance with its right to do so under the Share Subscription Agreement. Galaxy has agreed with Creat to a delayed and staged share placement program because of the nomination of CRHL as the subscriber and the need for CRHL to comply with AIM listing requirements.

As a result of this delay, Galaxy will need to refresh its shareholder approval for these placements and the nomination of CRHL, which it will do at an EGM to be convened for late January 2010.

Managing Director, Iggy Tan said that facilitating Creat's nomination has resulted in an unforeseen delay, but noted that Creat has already otherwise proved a valuable partner by procuring bank funding independent of the parties, through its significant banking relationships with RZB Bank of Austria and the China Development Bank, as well as providing a guarantee to the banks for the \$130 million project loan facility. The first tranche of the project loan was drawn on 27 November 2009.

"The commercial benefits to the transaction are significant, marking the beginning of what Galaxy expects to be a long and mutually beneficial relationship".

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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.