

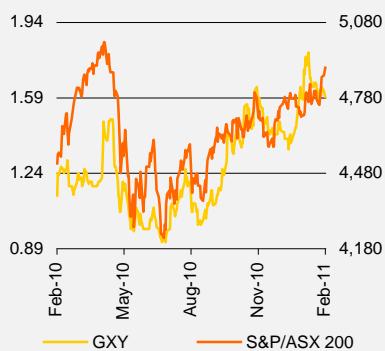
Galaxy Resources Limited

(ASX: GXY)

February 09, 2011

RB MILESTONE GROUP 
EQUITY RESEARCH AND MARKET INTELLIGENCE

Price (A\$):	1.59
Target Price (A\$):	2.03
with battery plant:	3.14
Beta:	1.19
Price/Book Ratio:	7.62
Debt/Equity Ratio:	0.00
Listed Exchange:	ASX



Recent News

03/02/2011: Galaxy Resources Limited exercises options

11/01/2011: Galaxy completes review of Ponton Rare Earths Project

11/08/2010: Galaxy finalises capital raising of A\$91.5 million

11/04/2010: GXY applies for a dual listing of its shares on the Stock Exchange of Hong Kong (SEHK)

10/05/2010: Galaxy Resources announced that the Company has commenced lithium concentrate (spodumene) production at Mt. Cattlin

10/04/2010: The Company has agreed in principle to issue A\$30 million in a convertible note to a strategic China based investor

09/07/2010: Announced that the Company has launched two high grade lithium carbonate products tailored specifically for lithium batteries to be used in production of electric vehicles

09/02/2010: GXY commenced the commissioning of its lithium carbonate facility at Mt. Cattlin

Shares in Issue

192.65M

Market Cap

A\$ 306.32 M

52 Week High: A\$1.815

52 Week Low: A\$0.905

Huge Potential to the Vertically Integrated Lithium Carbonate Producer

Galaxy Resources Limited ("Galaxy" or "the Company"), based in Western Australia, is engaged in the production of battery grade lithium carbonate from spodumene concentrate. The Company owns the world's second largest hard rock spodumene mine at Mt. Cattlin, in Western Australia. The Company has a manufacturing facility in China (Jiangsu) located in Yangtze River International Chemical Industrial Park of the Zhangjiagang Free Trade Zone to produce battery grade lithium carbonate. The Company has commenced spodumene production at the Mt. Cattlin plant and has received construction permits for the Jiangsu Lithium Carbonate Plant. Site preparation and site works at the Jiangsu plant are nearing completion. Given the exponentially increasing demand for lithium carbonate for use in lithium-ion batteries in China, the Company is expecting high and stable demand for its product. Galaxy has also recently announced positive results from its Rare Earths Project. The Company's 100% owned Ponton Rare Earths Project is located 200 km east of Kalgoorlie-Boulder and covers about 206 sq km.

Investment Arguments

- **High Future Demand for Lithium Carbonate:** Lithium Carbonate is the basic raw material for the production of lithium used for production of lithium batteries. China is targeting twenty percent of its energy requirement by 2020 from renewable sources
- **Site for Manufacturing Plant Finalized, Offers Potential for Higher Margins:** Galaxy has selected a site located in the Jiangsu Eco-Friendly New Materials Industrial Park to construct a manufacturing plant in China to produce lithium ion batteries for E-Bikes. This offers the potential for higher margins and a direct exposure to the high growing E-bikes market in China. When in production the Company will be world's largest supplier of EV grade lithium
- **Strong Lithium Assets:** In the near future, the 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 producer of EV grade lithium carbonate in the world
- **Ease of Operations:** Mt Cattlin is a simple, relatively risk free open-pit mine with ease of accessibility. The processing of spodumene to lithium carbonate is a time tested and well understood process. The Company can easily upgrade the ore by simple crush and heavy media separation. Also the China plant has all required utilities on site and all key reagents are available in a nearby region. This has helped to reduce operational risks
- **Potential to Capitalize on the Future Demand of Lithium:** Galaxy Resources has positioned itself to meet this future lithium demand by not only mining the lithium, but also by downstream processing to supply lithium carbonate to the expanding Asian market
- **Advantage of Operating in China:** Galaxy has a manufacturing base in China which will reduce operating costs for the Company. It already has off-take arrangements in place for all production from the Jiangsu plant
- **Off-take Arrangements in Place:** The Company has entered into off-take framework arrangements for 17,000 tpa of lithium carbonate with Mitsubishi Corp and 13 major cathode producers in China

- **Interest in Future Global Rare Earths Supply:** Galaxy has announced positive results from a review of the Company's 100% owned Ponton Rare Earths Project ("Ponton Project"), which has been held by Galaxy since 2003. The Ponton Project is located 200 km east of Kalgoorlie in the eastern Goldfields region of Western Australia, 70 km north of the Trans-Australian railway line. It comprises a single Exploration Licence Application (E28/1317) covering about 206 sq km
- **Proposed Hong Kong Listing to Provide Strategic Presence in Asia:** Galaxy has received its shareholder's approval to all resolutions for the Company's plans to list on the Hong Kong Stock Exchange (SEHK) towards the end of Q1 2011. The Company has applied for a dual listing of its shares on The Stock Exchange of Hong Kong (SEHK). It has submitted its Form A1 listing application and is subject to SEHK approval. Morgan Stanley and BNP Paribas have been appointed as joint sponsors and joint book-runners. Additionally, the Company finalized a capital raising of A\$91.5 million to several strategic investors, which will provide liquidity for investments

Company Overview

Galaxy Resources Limited ("Galaxy" or the "Company"), based in Western Australia, is engaged in the production of lithium and tantalum. The Company owns the world's second largest hard rock spodumene mine for the extraction of lithium. The Company intends to vertically integrate in the value chain downstream by producing lithium carbonate, a basic raw material for the manufacture of lithium ion batteries. Towards this end, the Company has set up a manufacturing facility in China's Yangtze River International Chemical Industrial Park of the Zhangjiagang Free Trade Zone which will produce battery grade lithium. The Company has a 100% ownership of this entire value chain from the mining resource to the production facility in China. The basic business model of the Company is to mine the spodumene resource from the Mt. Cattlin mine, ship it to China for further processing into battery grade lithium carbonate and then have it sold to Chinese battery makers.

The Company's vision is to be China's lowest cost, largest supplier of premium battery grade lithium carbonate.

Galaxy has signed a Memorandum of Understanding ("MOU") with Lithium One Inc., under which Galaxy can acquire up to 70% of the James Bay lithium pegmatite project in Quebec through an earn-in and joint venture agreement ("the Definitive Agreement"). Under the terms agreed in the MOU, Galaxy will initially acquire 20% of the James Bay Project for a cash payment of C\$3 million. Galaxy may earn up to 70% through the completion of a Definitive Feasibility Study ("DFS") within a 24 month period, including a committed investment of at least C\$3 million in the next 12 months.

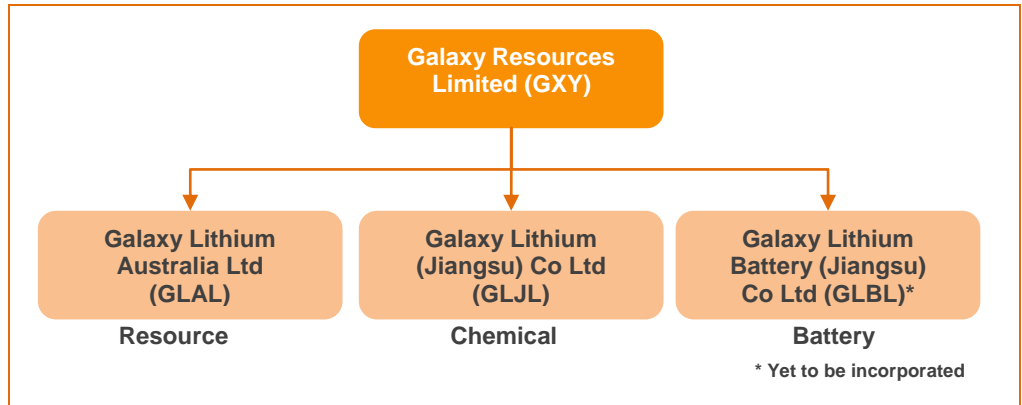
Galaxy Resources Limited announced that it has received positive results from a review of the Company's 100% owned Ponton Rare Earths Project ("Ponton Project"), which has been held by Galaxy since 2003. The Ponton Project is located 200 km east of Kalgoorlie in the eastern Goldfields region of Western Australia, 70 km north of the Trans-Australian railway line. It comprises a single Exploration Licence Application (E28/1317) covering 206 sq km. During the review, Galaxy analysed historical rare earth element (REE) exploration and drill data completed by Herald Resources Limited in 1994. Detailed aerial and ground magnetic and radiometric surveys were completed, which outlined a strong radiometric anomaly in the east of the tenement, in addition to several magnetic anomalies. In light of interest in future global rare earths supply, Galaxy has decided to review and evaluate the potential viability of the Ponton Rare Earths Project.

Corporate Structure

Galaxy Resources Limited is a company limited by shares that is incorporated and domiciled in Australia. It is the ultimate parent entity.

The structure of the Consolidated Entity is as follows:

Exhibit 1: Corporate Structure of Galaxy Resources Limited



Source: Company

The estimated capacity of Mt Cattlin Spodumene Mine is 137,000 tpa 6.0% Li₂O Spodumene with a mining life of over 16 years. The Company has executed off-take agreements for 100% of Galaxy's 17,000 tons of lithium carbonate production and has a major off-take agreement signed with Mitsubishi Corporation (Japan).

Exhibit 2: Product Flow to the Market



Source: Company

The total project costs estimated by the Company for both the projects, Mt. Cattlin Spodumene Mine & Jiangsu lithium carbonate plant, amount to A\$162.5 million. The projects are funded by equity placement to institutional investors and project finance from a syndicate of international banks. The Company has issued 31,000,000 shares to Creat Resources Holdings Limited (CRHL), a private Chinese investment firm, thereby raising A\$33 million for a 19.99% stake in the Company. Apart from equity issue, the Company has secured project finance facility for US\$105 million from a syndicate of banks comprising, Austrian Bank, RZB and the China Development Bank (CDB).

The Company also raised A\$65 million in 2009 as an equity placement and together with recent A\$91.5 million raising, the total amount raised to date is A\$294 million.

Proposed Hong Kong Listing to Provide Strategic Presence in Asia

Galaxy has applied for a dual listing of its shares on The Stock Exchange of Hong Kong (SEHK). It has submitted its Form A1 listing application and is subject to SEHK approval. Morgan Stanley and BNP Paribas have been appointed as joint sponsors and joint bookrunners to the proposed issue, while Azure Capital has been engaged as the Company's financial adviser. The listing is expected to provide greater access to capital sources, and improve liquidity.

In another development, Galaxy recently announced that it has finalized a capital raising of A\$91.5 million to several strategic investors, including key current shareholders. The capital

raising consists of A\$61.5 million in unlisted convertible bonds and A\$30 million in equity placement. The terms include a conversion price of \$1.56 on the convertible bonds, which represent a premium of 33.8% over the 20 day VWAP of Galaxy shares prior to the pricing date of 28 September 2010, and an equity raising market price of \$1.39, equivalent to the 5 day VWAP of Galaxy shares prior to pricing date of October 21, 2010.

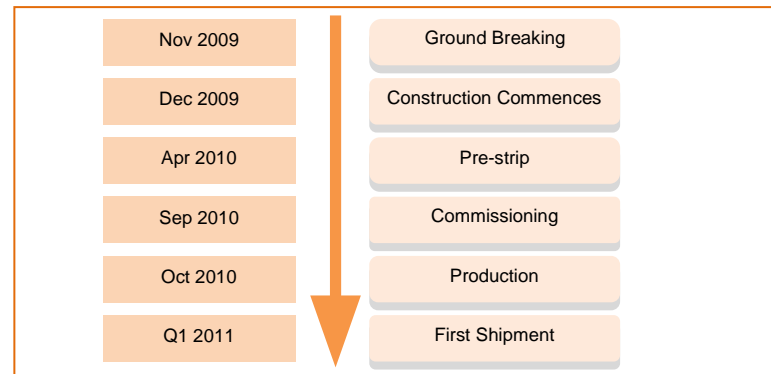
Resources Overview

Mt. Cattlin Project

The Mt Cattlin Spodumene mine is located approximately 2 km north of the town of Ravensthorpe in Western Australia. It is the second largest hard rock spodumene mine in the world. The Mt Cattlin hard rock spodumene resource is mineable by open cut at a low waste to ore ratio. It is a risk free open-pit mining resource and processing of 15 million tons of ore over a 16 year period would be carried out. The flat ore body allows a constant strip ratio once the ore is uncovered. Tests indicate the ore is readily upgradeable to a premium grade concentrate. The company owns this mineral resource. The company also holds a series of tenements surrounding and including the mining lease M74/12, which contains most of the spodumene (LiAlSi₂O₆) resource identified to date. The Project involves the mining and processing of pegmatite ore to produce a spodumene concentrate and a tantalum by-product. Ore processing will be at a rate of one million tpa at an average grade of 1.1% Li₂O and will produce approximately 137,000 tpa of spodumene concentrate at 6.0% Li₂O and 56,000 lbs pa of contained tantalum (Ta₂O₅). Spodumene concentrate ore used in production of lithium carbonate will be transported by road train to Port of Esperance to be shipped out to Zhangjiagang Port in China to be taken to Jiangsu lithium carbonate plant (Zhangjiagang, China).

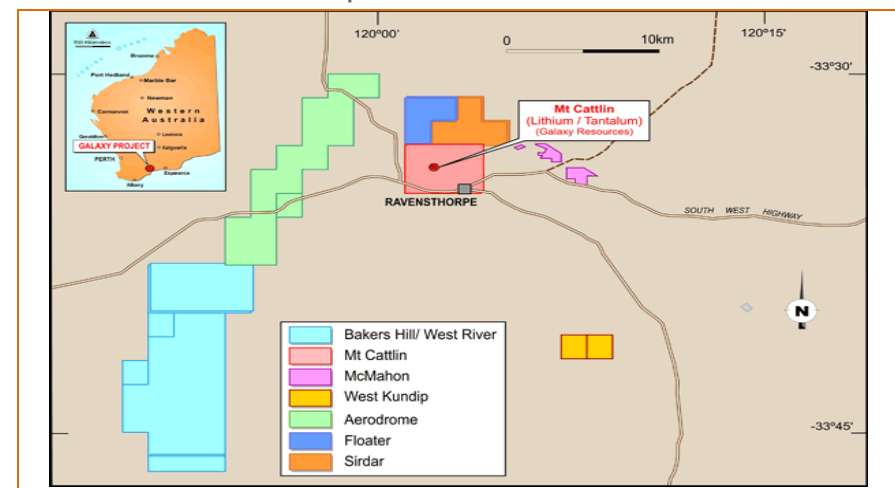
Mt Cattlin Key Milestones

Exhibit 3: Milestones



Source: Company

Exhibit 4: Mt. Cattlin Location Map



Source: Company

Exhibit 5: Mt Cattlin in Production

Source: Company Website

Mt. Cattlin Project Updates

The Company, on October 5th 2010, has commenced lithium concentrate (spodumene) production at Mt Cattlin. Following the successful commissioning of the crushing circuit and heavy media plant, the production start-up is on schedule. Over the coming weeks spodumene throughput will be progressively ramped up until the design capacity is reached on a continuous basis, ahead of its first shipment in Q1 2011.

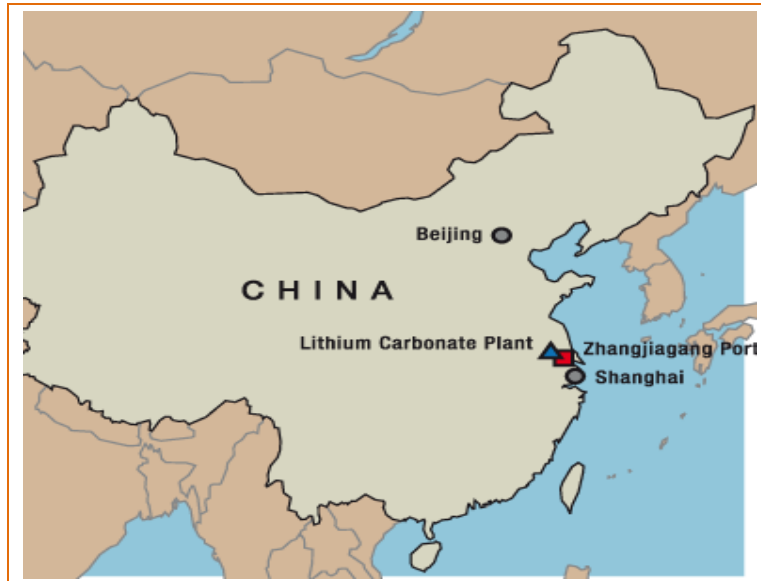
Jiangsu Lithium Carbonate Plant (Zhangjiagang, China)

The spodumene concentrate will be converted to lithium carbonate at the Company's Jiangsu lithium carbonate plant located close to the Zhangjiagang Port in Jiangsu Province. Zhangjiagang City is located in the geometrical center of the Yangtze River Delta, Jiangsu Province, one of the important economic open areas near Shanghai. The chemical facility will produce a total of 17,000 tpa of battery grade lithium carbonate. The site has been selected due to lower associated capital and operating costs, and its close geographic proximity to the strategic growing battery markets in Asia such as Japan, South Korean and Thailand. This will help the Company to maintain complete control over the production and quality of its products and to secure lower production costs. The main feature of the location in China is a tighter supply chain and closeness to cement plants and detergent plants for sales of sodium sulphate by-product used in their manufacturing. The plant will be operated by a wholly owned subsidiary of the Company that is a wholly foreign-owned enterprise in China. The plant will have capacity to produce 17,000tpa of lithium carbonate that is suitable for use in manufacturing battery cathode materials.

According to the latest half yearly report ended June 2010, the Company has modified the process plant by incorporating an additional bicarbonate purification step to enable production of higher purity lithium carbonate. The bicarbonate purification process is conventional and is already adopted by smaller batch refiners in the industry. The process involves the re-dissolution of lithium carbonate with carbon dioxide to form soluble lithium bicarbonate. The re-crystallization of high purity lithium carbonate is affected through heating. By adopting this process, the quality of the lithium carbonate can be dramatically improved. The Company launched two new high grade lithium carbonate products tailored specifically for lithium batteries to be used in the production of electric vehicles (EVs). These new categories will be branded 'EV Grade' (99.9% lithium carbonate) and 'EV Plus Grade' (99.99% lithium carbonate), representing a key niche product offering for the electric

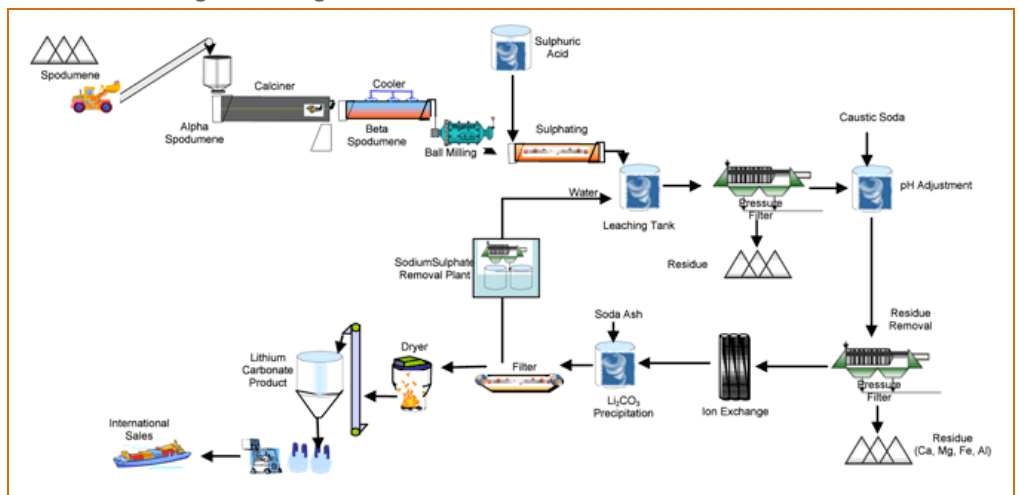
vehicle market. This modification will allow the Company to utilize the full production capacity of 17,000 tons per annum of 'EV Grade' lithium carbonate. In addition, the plant will also have the capacity to produce a limited amount of the higher purity 'EV Plus Grade'.

Exhibit 6: Jiangsu Lithium Carbonate Plant Site (Zhangjiagang, China)



Source: Company

Exhibit 7: Flow Diagram – Jiangsu Lithium Carbonate Plant



Source: Company

Jiangsu Key Milestones

Exhibit 8: Milestones

Ground Breaking	Feb 2010
Construction Commences	Feb 2010
Commissioning	Q2 2011
Production	Q2 2011
First Product Shipment	Q3 2011

Source: Company

Evaluating Prospects for an E-bike plant in China

Galaxy has recently completed a feasibility study to evaluate the potential to develop a Lithium Ion Battery Project in the Jiangsu Zhangjiagang High Technology Park in China. The feasibility study, which estimates an initial production of 350,000 per annum in the first phase and ramp up to 2-3 times later, assumed adoption of automated Korean technology.

The Company estimates that China produced 30 million E-Bikes in 2009 and the market is growing at 5-7% per annum.

The Company has entered into a non-binding Memorandum of Understanding with a Korean consortium, KUBT, to supply the turn-key equipment for the project. KUBT is a group of equipment suppliers that have formed a consortium to provide plant design and equipment supply services and has already supplied equipment to several large lithium ion battery producers, such as LG Chem, Samsung and SK Energy.

The current analysis of project feasibility is being handled by an experienced team of lithium battery operation and technology experts, headed by Mr Walter Yi, Managing Director (Battery Division) who previously served as a General Manager of A123 Systems lithium battery plant in China.

Exhibit 9: Galaxy Proposed Battery Pack and E-bikes

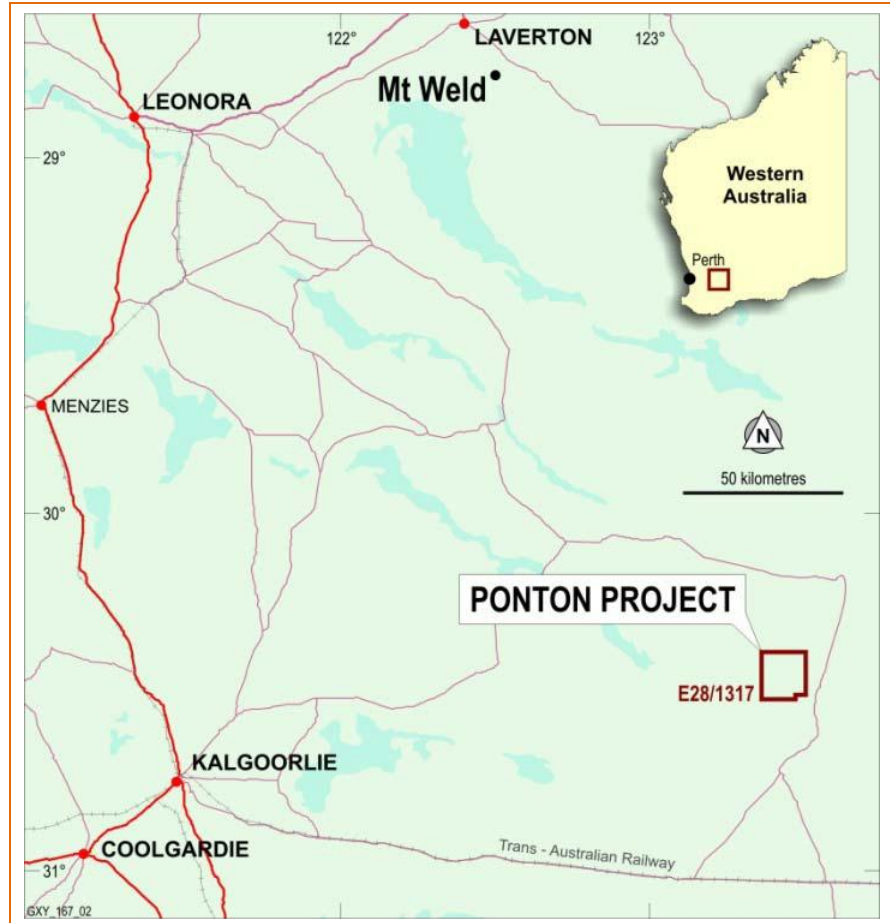


Source: Company

Review of Ponton Rare Earths Project Completed

Galaxy Resources has announced that it has received positive results from a review of the Company's 100% owned Ponton Rare Earths Project ("Ponton Project"), which has been held by Galaxy since 2003. The Ponton Project is located 200 km east of Kalgoorlie in the eastern Goldfields region of Western Australia, 70 km north of the Trans-Australian railway line. It comprises a single Exploration Licence Application (E28/1317) covering about 206 sq km.

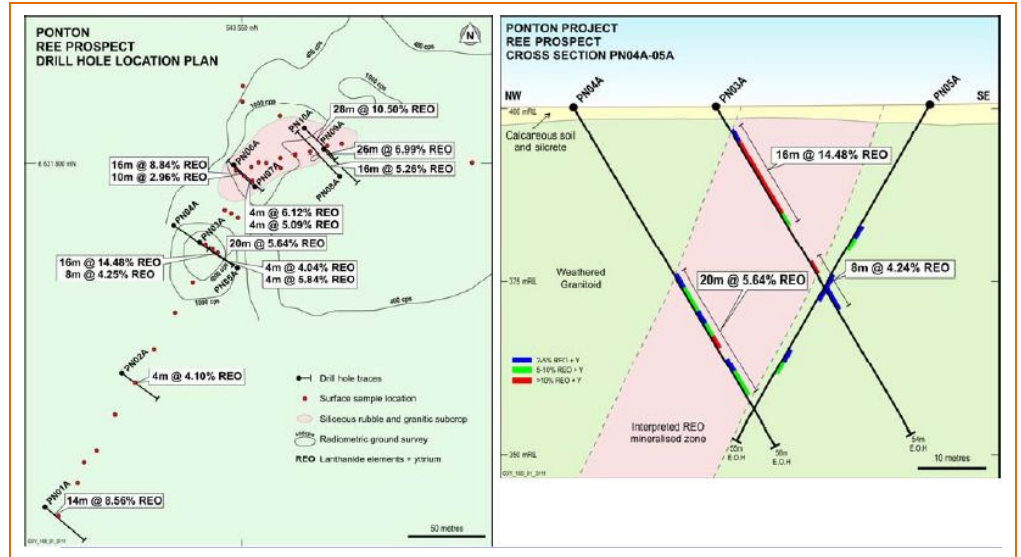
Exhibit 10: Ponton Project Location Map



Source: Company

During the review, Galaxy analyzed historical rare earth element (REE) exploration and drill data completed by Herald Resources Limited in 1994. Detailed aerial and ground magnetic and radiometric surveys were completed, which outlined a strong radiometric anomaly in the east of the tenement, in addition to several magnetic anomalies. Previous surface sampling over the radiometric anomaly also produced strongly anomalous REE results. A further historical aircore drilling programme, completed to blade refusal, returned significant intersections of REE mineralisation. The best historical drill results show intersections including 16m @ 14.48% rare earth oxides (REO), 28m @ 10.50% REO (including 6m @ 20.57% REO) and 26m @ 6.99% REO from surface (including 8m @ 13.12% REO). As a comparison, Lynas Corporation Mt Weld's Central Lanthanide deposit has an average resource grade of 10.7% REO + Y.

Exhibit 11: Ponton Project Location Map



Source: Company

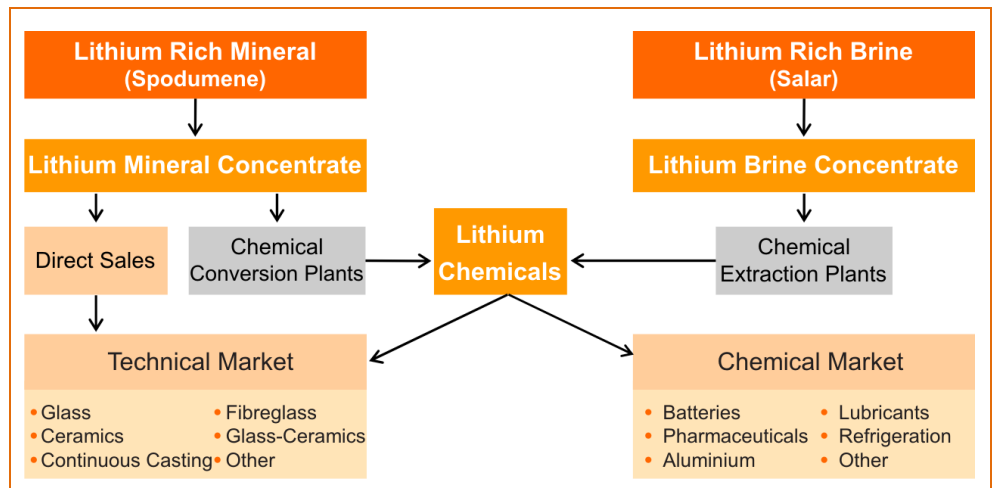
Galaxy’s review of the Ponton Project shows the grades and distribution of the various rare earth elements are comparable to those of the high grade Mt Weld deposit (Western Australia) being developed by Lynas Corporation and the Nolans Bore deposit (Northern Territory) being developed by Arafura Resources Limited. However, Ponton has a higher percentage of the element neodymium, which is projected to be in tight supply.

Upon tenement grant, Galaxy plans to commence an exploration program to update and confirm previous drilling results. Follow up targets include the northwest magnetic anomaly and further exploration work to define further REE and possible uranium targets. In light of interest in future global rare earths supply, Galaxy has decided to review and evaluate the potential viability of the Ponton Rare Earths Project.

Industry Overview

Lithium is the lightest and least dense metal on the earth. It is a highly reactive element and has the capacity to store more charge as compared to other metals, making it most suitable for the batteries of portable consumer electronics such as mobile phones and laptop computers. It also has application in other industries such as ceramics; glass; aluminum; pharmaceuticals; and lubricant and refrigerating agents. Apart from this, demand of lithium has arrived from some other sectors as well, such as the nuclear and photoelectric industries. Increasing demand from these sectors would drive the growth of lithium demand in future, mainly due to increasing demand of lithium-ion batteries from auto sector for Electronic and Hybrid Electric Vehicles. Puna Plateau of Argentina and Chile accounts for over 80% of world lithium production and has the largest concentration of economic salars in the world. Salar is the Spanish term for salt flats, which are generally the remnants of historic bodies of water, such as lakes or rivers, or of temporary and seasonal lakebeds.

Exhibit 12: Sources and End-uses of Lithium



Source: Roskill

According to Roskill estimates, in 2008, the total demand for lithium was approximately 21,280 tons (or 113,200 tons of LCE), while due to the impact of the global financial crisis global demand for lithium fell to around 102,500 tons of LCE in 2009.

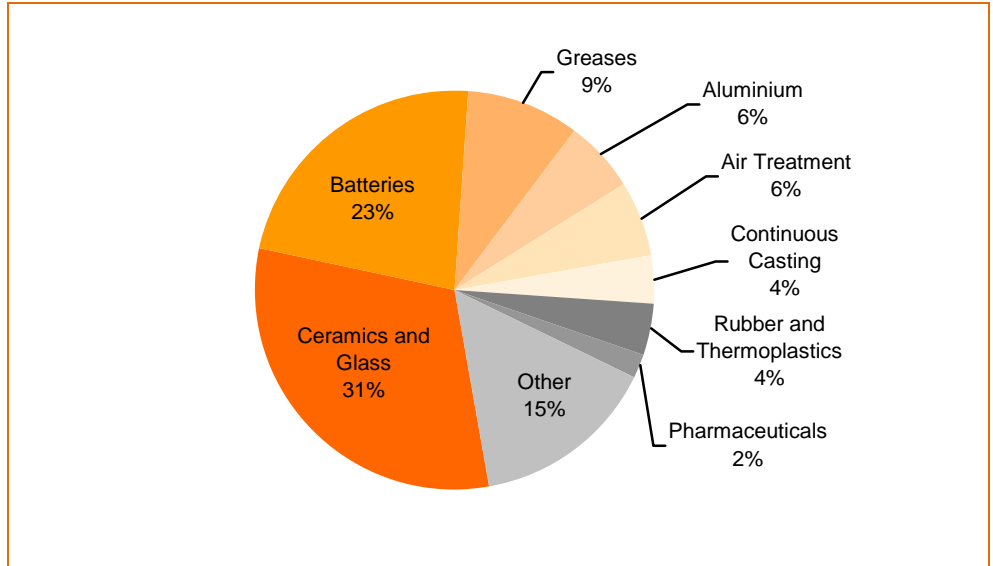
At the World Lithium Supply and Markets 2009 conference in Santiago, Chile, the world's top three lithium producers, SQM, Chemetall, and FMC Lithium, along with research groups TRU Group and Roskill, presented an outlook for lithium. According to their forecast, world lithium demand is expected to grow three-fold in just over ten years. Growth is driven by secondary (rechargeable) batteries and Electric Vehicle (EV) batteries. The demand for Lithium Carbonate Equivalent (LCE) is expected to rise to around 250,000 to 300,000 tpa in 2020 driven by rechargeable batteries and EV batteries, according to the outlook.

Lithium Demand

Lithium consumption growth in future would be driven by increasing demand of rechargeable batteries for portable electronic gadgets, and electric and hybrid vehicles.

In Kyoto Protocol, nations around the world have pledged to reduce green-house gases and carbon emission. This has increased the demand of the clean and green vehicles worldwide. Hence green-car revolution could make lithium one of the planet's most strategic commodities as EVs and HEVs batteries requires a hundred times as much lithium carbonate as its laptop equivalent.

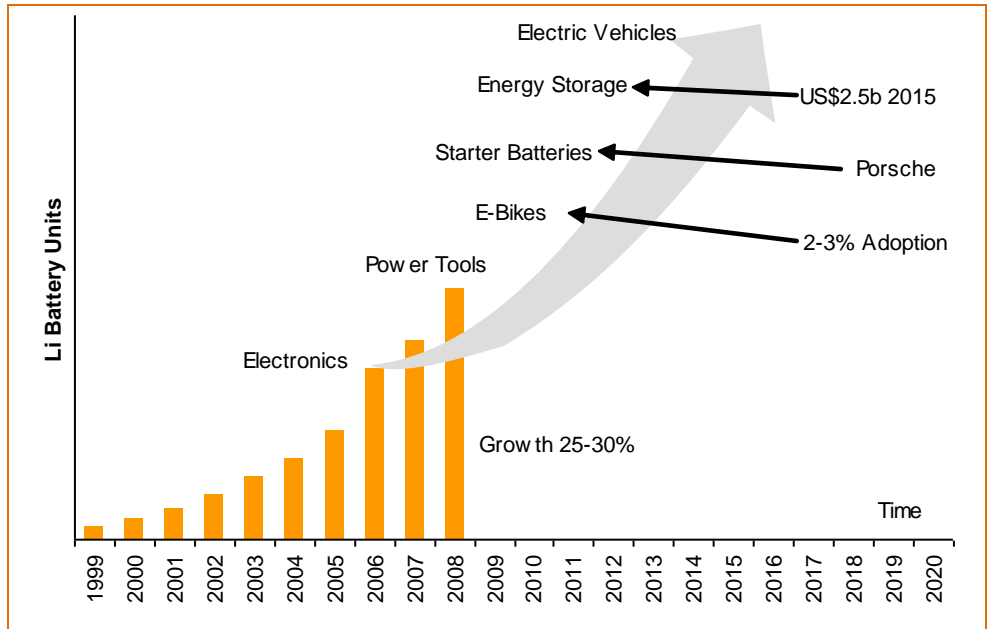
Exhibit 13: Estimated Consumption of Lithium by End-use, 2009



Source: Roskill

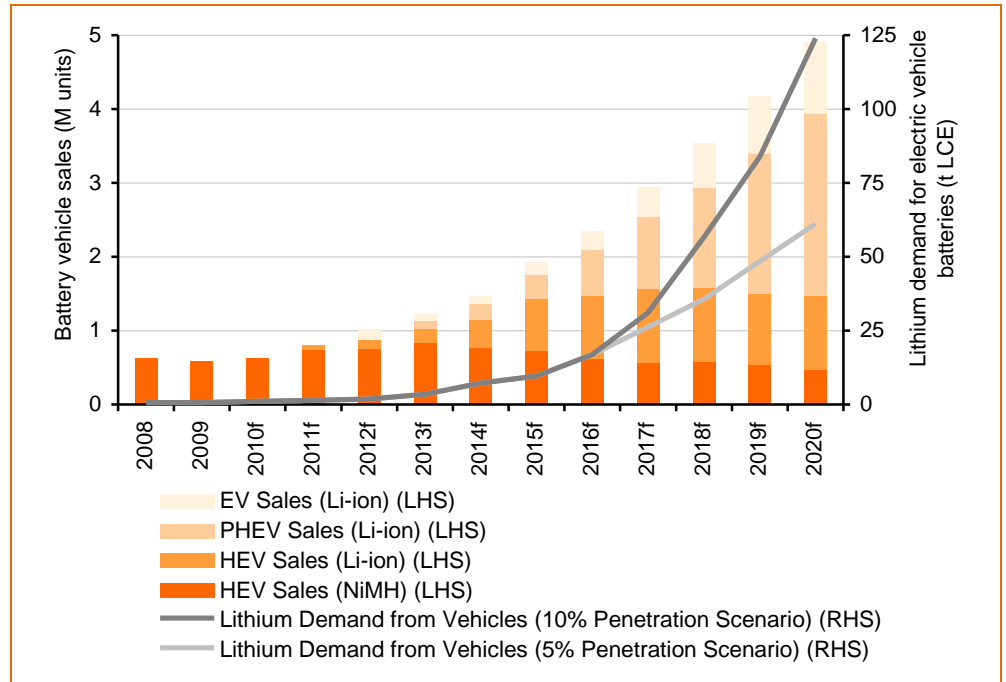
The largest uses of lithium, according to the Roskill estimates, are in the manufacture of ceramics and glass, which accounted for 31% of total demand in 2009, and the manufacture of lithium-ion batteries, which accounted for 23%. Other significant end-uses include the manufacture of greases, and in aluminum smelting, air treatment and continuous casting.

Exhibit 14: Growth in Other Areas Before EVs



Source: Company

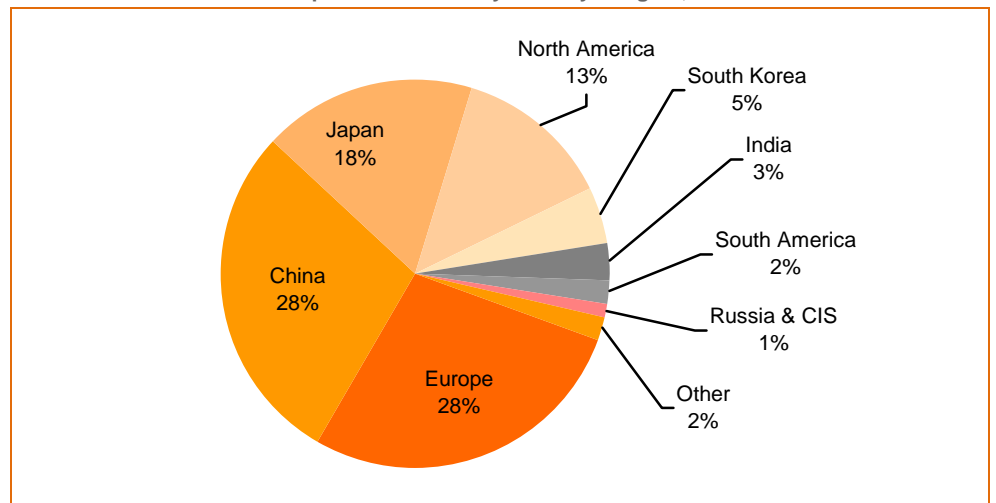
Exhibit 15: Significant Potential for Increased Lithium Demand from Mid-2010s as EV Roll-Out Gains Momentum



Source: Chemetall Company Presentation

Note: Vehicle sales data assumes 5% electric vehicle penetration by 2020 (i.e. 5% of total vehicles will have some form of battery power assist) 2kg LCE in HEV, 15kg LCE in PHEV and 22kg LCE in EV

Exhibit 16: Estimated Consumption of Lithium by Country / Region, 2008



Source: Roskill

In March 2009, US President Barack Obama announced \$2.4 billion fund for Department of Energy (DOE) to support next generation electric vehicles. Advanced batteries, capable of meeting standards for durability, performance, and weight, are a key technology for plug-in hybrid electric vehicles and other electric vehicles. DOE plans to provide assistance to construct or upgrade battery manufacturing, component, and recycling plants for lithium-ion and other advanced batteries, as well as for production factories for electric drive vehicle power electronics.

Lithium Supply

Sources for Lithium Extraction

- Lithium Brines:** Salt lakes with a concentration of minimum 600 mg of lithium per litre are a cost effective source of lithium, but too much magnesium can also cause problems. A ratio of more than 9:1 magnesium to lithium is considered uneconomical. The

methodology of extraction is to pump salt water containing lithium from the ground into an evaporation pond. Filling the pond takes about a year, then the evaporation process can take anywhere from about eight months to three years.

- Spodomene (Hard Rock Lithium Source):** In case of spodumene deposits, the rock must be mined and heated up to 1,100 degrees celsius and then pulverized before the spodumene crystals are processed with acid to produce lithium. Once a mine is in production, getting lithium from hard rock is far quicker than producing from brine. But costs are higher because it involves traditional mining and an energy intensive separation process.
- Hectorite Clay:** A newer source of lithium is clay deposits - which sits between brines and hard rock in terms of cost-effectiveness. The mining costs are cheaper with clay, as it is relatively easy to extract. But the clay must be leached or roasted to extract the lithium, a chemically intensive process. There is currently no lithium produced from hectorite, but explorers say processing clay in Nevada could rival Chile's brines for cost-effectiveness.

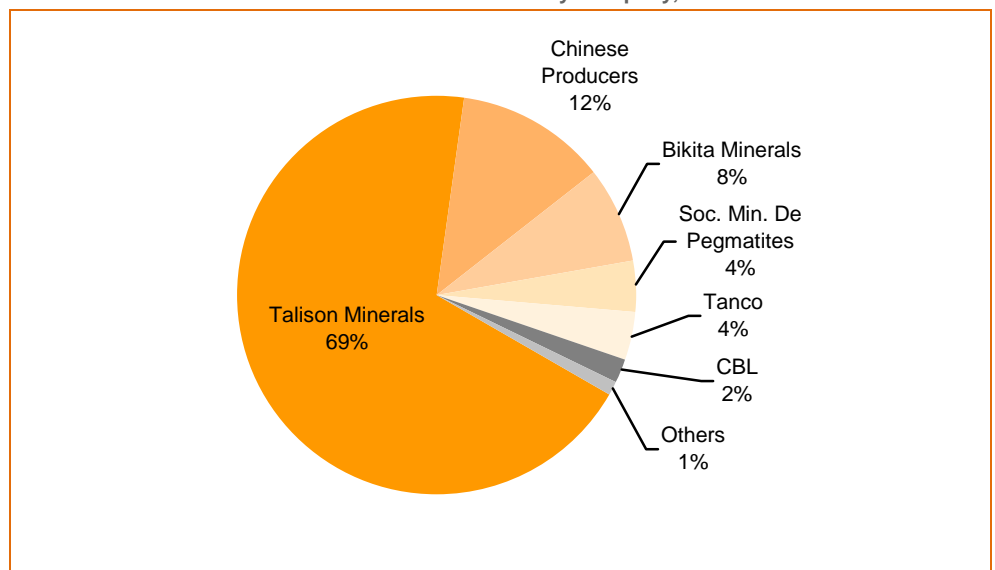
Exhibit 17: World Mine Production and Reserves: in MT

Country	2008	2009[e]	Reserves
United States	W	-	-
Bolivia	3,500	4,500	310,000
People's Republic of China	180,000	170,000	790,000
Russia (recoverable)	3,500	3,000	350,000
South Africa	2,800	3,000	44,000
Tajikistan	2,000	2,000	50,000
Thailand	-	-	420,000
Other countries	5,000	4,000	150,000
World Total (rounded)	197,000	187,000	2,100,000

Source: www.Li3Energy.com

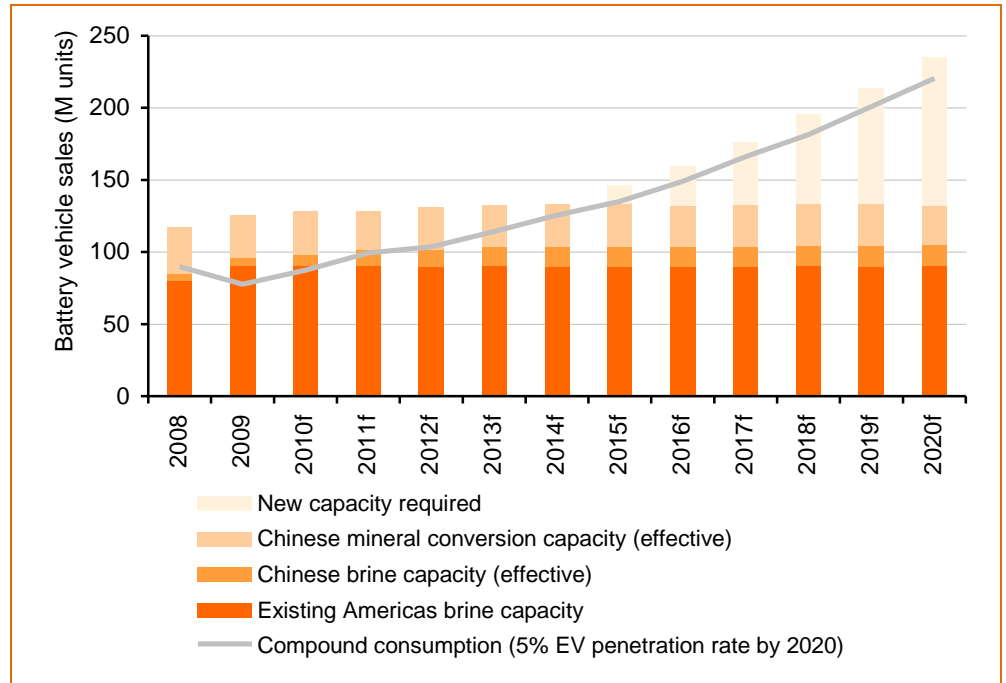
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Exhibit 18: Estimated Production of Lithium Minerals by Company, 2008



Source: Roskill

Exhibit 19: Capacity for the Production of Lithium Compounds 2008-2013 (t LCE)



Source: Chemetall Company Presentation

Lithium Market in China

In 2008, about 34% of the global production of lithium from hard rock lithium minerals was converted into lithium compounds and chemicals, with the remaining 66% sold directly to end uses as lithium mineral concentrate, according to the Roskill estimates. More than 90% of the production of lithium compounds and chemicals from hard rock lithium minerals occurred at seven producers variously located in Xinjiang, Sichuan, Jiangxi and Jiangsu provinces in the PRC.

Total production from these seven producers was estimated to be 12,800 tons of lithium compounds in 2008. Roskill estimates that the largest two, Sichuan Tianqi Lithium Industries, Inc. and Sichuan Ni&Co Guorun New Materials Co., Ltd., to have produced approximately two thirds of that total.

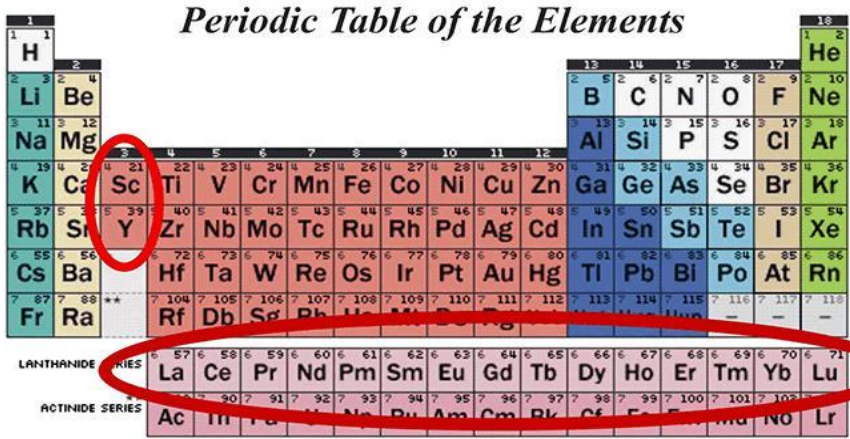
Rare Earth Elements

Rare Earth Elements (REEs) are a group of specialty metals with unique physical, chemical and light-emitting properties that find use in technological applications. While relatively common in the earth's crust, rare earth elements are difficult to find and process in economic quantities. They form inputs for items used to manufacture hybrid vehicles, mobile telephones, computers, televisions and energy efficient lights. Furthermore, rare earth elements are considered strategic materials as they are generally present in minute concentrations and cannot be recycled.

The REE group includes 15 lanthanide elements: lanthanum, cerium, praseodymium, promethium (does not occur naturally), neodymium, samarium, europium, gadolinium, terbium, dysprosium, holmium, erbium, thulium, ytterbium, and lutetium. The elements yttrium and scandium are also included as they have similar chemical properties, bringing the total to 17 REE's.

Exhibit 20: Rare-Earth's Resources

Periodic Table of the Elements

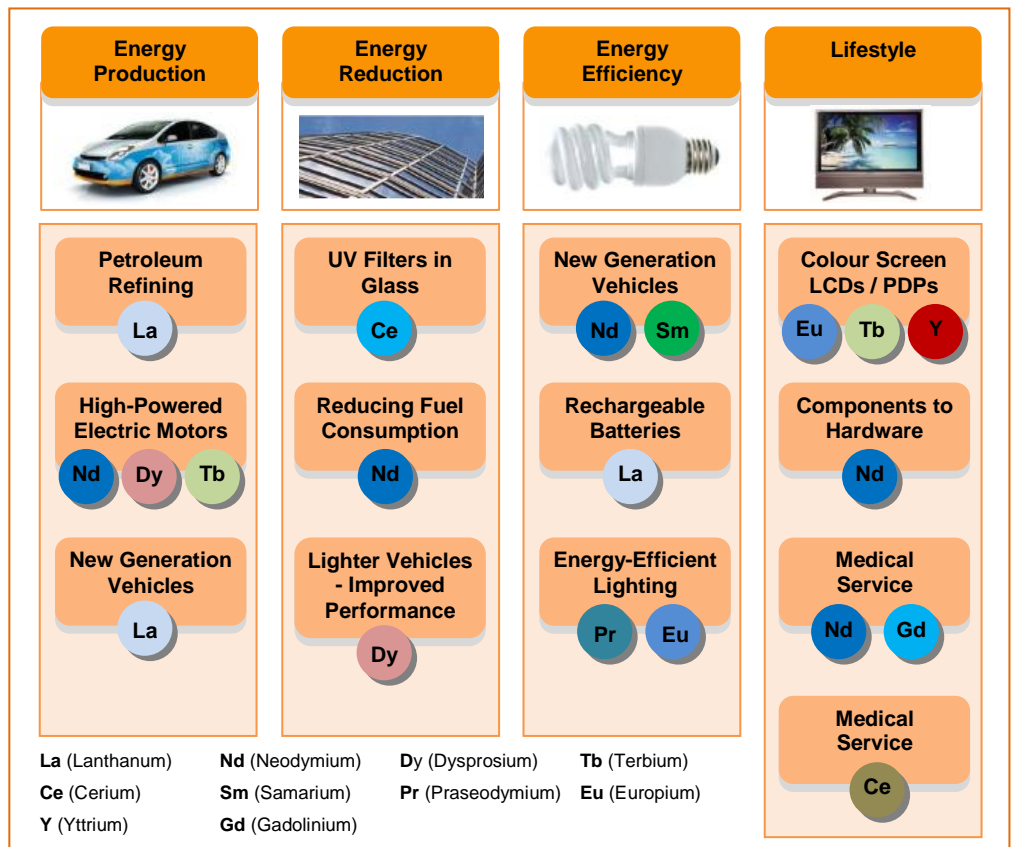


The image shows a standard periodic table of elements. Two red circles highlight the Lanthanide and Actinide series. The Lanthanide series (La to Lu) is located below the main table, and the Actinide series (Ac to Lr) is located below the Lanthanide series. The elements Scandium (Sc) and Yttrium (Y) are also highlighted with a red circle.

Source: Company

REEs have a wide range of uses in advanced technologies, including superconductors, magnets and catalysts. Their application in environmentally-friendly technologies including low-emission electric and hybrid vehicles has seen a rapid growth in demand. The diverse nuclear; metallurgical; chemical; catalytic; electrical; magnetic; and optical properties of REE's have led to an ever increasing variety of applications. They are particularly vital in new green technologies such as super magnets, energy efficient lighting and rechargeable batteries.

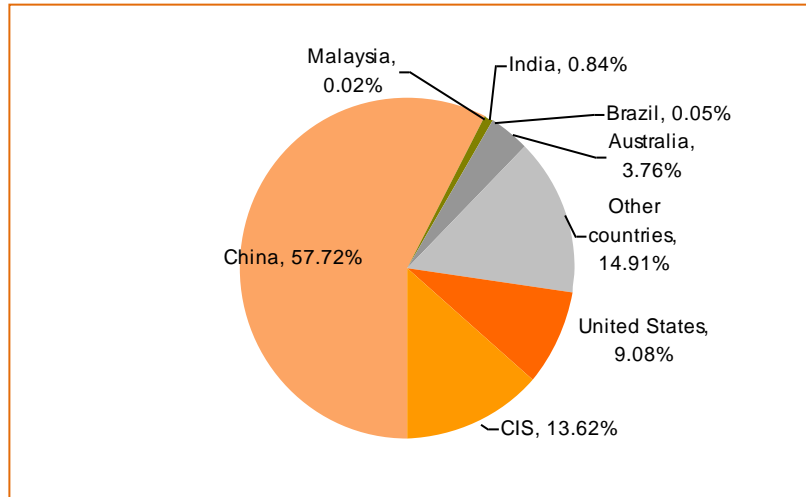
Exhibit 21: End-Use Application of REE



Source: Arafura Company Presentation March 2010

China tops the list of countries having the largest proportion of REE reserves at about 27 million tons (equivalent to around 30% of the world's reserves) while the USA accounts for another 13 million and Australia 5 million and India 2.3 million tons, respectively.

Exhibit 22: Rare Earth Resource Base by Country



Source: Company

China, which supplies over 90% of the world's REE market, has in recent years reduced REE export quotas. In late 2010, the Chinese Ministry of Commerce announced a 35% reduction in the export quota for the first half of 2011, compared to the corresponding period in 2010. However, about 42% of worldwide reserves of rare earth ores still lie outside China. China has been exporting less in the recent years to meet domestic demand. Sometime in 2011 to 2012, Chinese domestic demand is expected to surpass Chinese domestic production.

SWOT of Galaxy Resources

Strengths

Off-Take Arrangements: The Company already has a 100% off-take arrangement for all the production from its Jiangsu plant in China. Since the Company has captive spodumene mines, the lithium carbonate supply will be secured and reliable.

Secure Local Reagent Supply: The Company has secured local supply of reagents required for the lithium carbonate process. This has helped to mitigate the supply side risk for production.

Approvals and Funding: The Company has received the construction permit for the Jiangsu lithium carbonate plant from the Zhangjiagang authorities. This has allowed the Company to execute a project loan facility from Austrian Bank, RZB and the China Development Bank (CDB). These funds are used to make progress on the construction of both the Mt Cattlin and Jiangsu projects. Since the critical authorization and funding is in place, there is less probability of any delays.

Ease of Operations: Mt Cattlin is a simple, risk-free open-pit mine with ease of accessibility. The processing of spodumene to Lithium carbonate is a time tested and well understood process. The Company can easily upgrade the ore by simple crush and heavy media separation. Also, the China plant has all required utilities on site and all key reagents in a nearby region. This has helped to reduce operational risks.

Sound Technical Expertise of the Management team: The Company has a strong management team with sound technical know-how in mining as well as in lithium. The depth, competence and global experience of the Company's management team are the key factors behind the strong development of the projects. The management team also includes professionals with expertise in the Chinese market where the Company has its manufacturing plant. Additionally, the management team has a history of executing a significant number of mining exploration and development transactions including capital raisings; mergers and acquisitions; joint ventures and financings.

Weaknesses

Dependence on a Single Project: Lithium supplies are currently concentrated in a single project; any significant expansion will take time. Also, other properties are at various stages of exploration, hence there is no assurance about commercial quantities of spodumene or of any other minerals from such properties.

Exploration and Development are High Risk Undertakings: Other than Mt Cattlin, the Company's prospects are at varying stages of exploration and there is no guarantee of commercial success.

Opportunities

EV- Based Demand: Demand for lithium batteries is growing exponentially. Ongoing advances in lithium battery technology confirm that, at least for the coming decade, lithium will offer the core material in facilitating electronic car advancement. With Galaxy's focus on the lithium battery segment and a proper plan in place to become one of the leading producers of lithium, the Company's future looks bright.

Battery-Grade Lithium Carbonate: The area of business for Galaxy, battery-grade lithium carbonate, has considerable premium over the chemical grade. Also, due to anticipated demand for electric vehicles, the price of battery grade lithium is assumed to increase substantially. Galaxy has already made certain modifications at its Jiangsu plant to improve the product quality. This will provide an opportunity to chase even higher prices by producing a product with very low impurities.

Growing REE Market: REEs are fast emerging as strategically important commodities to the global manufacturing base and is a crucial base for clean and green energy supplies for the future. The market analysis indicates that demand for rare earths is set to grow strongly over the next 20 years giving significant opportunities to the Company. Market demand for rare earths presents opportunities in developing the Company's long held Ponton Rare Earth Project.

Threats

Exploration Risk: Exploration and mining involve a high degree of risk. Few exploration properties end up going into production. There can be no assurance that the expenses incurred by the Company to explore its properties will result in the discovery of a commercial quantity of minerals. Most exploration projects do not result in the discovery of commercially viable mineral deposits.

Environmental Regulations: Mining has adverse environmental impacts with substantial potential to harm human health. Environmental regulations and standards are subject to constant revision and could be substantially tightened. This could entail unforeseeable additional costs, capital expenditures, restrictions or delays in the Company's activities and its ability to develop its properties economically.

Growth Drivers & Competitive Analysis

Growth Drivers

Tremendous Growth Potential in Electric Vehicles Market: Policy initiatives in China would be a catalyst for development of electric vehicles. China is committed to making 10% of its vehicles emission free by 2013 and increase ownership of electric vehicles and hybrids to fifty percent by 2030. Towards this, the government has announced a trial scheme in June which offers subsidies of up to 60,000 yuan for hybrid and electric cars in five cities, including Shanghai, as part of its effort to reduce emissions and kick-start the development of green technology.

Growth in Other Areas Enroute to EV development: Apart from a strong demand driven by electric vehicles, the company also expects a decent growth in other applications such as E-bikes, Starter Batteries and Energy Storage.

Strong Growth Momentum in China: China will remain a major driver in the year to come and the country is forecasted to grow at CAGR of 8.2 % till 2016. Production of E-Bikes in Asia is forecasted to be at 44 million.

Growth in Car Batteries: Due to its heavy weight and toxicity, car lead acid batteries will be converted to lithium ion batteries given that Lithium is both non-toxic and is the lightest metal. As such, it is a good carrier to electric charge and is suitable for this purpose.

Batteries Used in Mass Energy Storage: In its energy policy, China has targeted alternative energy sources to meet up to 15% of the nation's energy requirements by 2020, up from 8.9% in 2008. Batteries allow for the storage of this renewable energy, thus helping them to compete with conventional resources.

Rare Earths Project: China, which supplies over 90% of the world's REE market, has in recent years reduced REE export quotas. In late 2010, the Chinese Ministry of Commerce announced a 35% reduction in the export quota for the first half of 2011, compared to the corresponding period in 2010.

Competitive Analysis

Location of the Plant: The Jiangsu Plant is located in the Yangtze River International Chemical Industrial Park of the Zhangjiagang Free Trade Zone, and can exploit economies of location being in proximity to the end user of the lithium carbonate battery makers for the electric vehicles and the cement and detergent manufacturers where it can sell it by-product. On one hand, it can procure the raw materials required for its process at lower costs and, on the other, it also gets subsidies and incentives. This makes the Company the lowest cost producer of lithium carbonate in China.

Brines Vis-à-Vis Hard Rock: The top three producers of lithium carbonate from brine have less than twenty percent market share in China and are too concentrated in South America. China is used to hard rock based lithium carbonate.

Battery Grade Vis-à-Vis EV Grade Focus: Of the lithium carbonate produced by top three brine producers, only a small amount can be used for battery grade. The Company has dedicated all its production capacity to EV grade lithium carbonate. When in production, Galaxy will be the world's largest supplier of EV grade lithium carbonate.

Financials

Exhibit 23: Half- Yearly Consolidated Income Statement

Consolidated Statement Of Comprehensive (in '000 A\$)			
Particulars	Six Months Ended June 30 th , 2010	Six Months Ended June 30 th , 2009	% Change
Continuing Operations			
Other Income	-	1	N.M.
Administrative Expenses	-6493	-1281	407%
Exploration Expenses	-42	-15	180%
Share Based payments	-2641	-853	210%
Other Expenses	-933	-70	1233%
Results from Operating Activities	-10109	-2218	356%
Finance Income	1023	23	4348%
Finance Costs	-529	-	N.M.
Net Finance Costs	494	23	2048%
Loss Before Income Tax	-9615	-2195	338%
Income Tax Benefit	-	312	N.M.
Loss for the period	-9615	-1883	411%
Other Comprehensive Income for the period, Net of Income Tax	0	0	
Total Comprehensive Income for the period attributed to Shareholders	-9615	-1883	411%
Basic and Diluted Earnings per Share (cents per share)	-5.83	-2.92	100%
(Loss) per Share for Loss from Continuing Operations attributable to the ordinary equity holders of the company (cents per share)	-5.83	-2.92	100%

Source: RB Milestone Research, Company

Being an exploration stage mining company, Galaxy Resources currently has no production and consequently no revenues. The Consolidated Entity's loss after tax was A\$9.62 million for the six months to June 30, 2010.

Out of the total expenses of the company, Administrative Expenses rose by 407 % and expenses related to Share Based Payment increased by 210% in 1HY 2010. The net interest income increased by 2048% in 1HY 2010.

The general exploration expenses for the first half-year of 2010 increased 180% from the same period previous year, as the company increased its exploration activity at the Mt. Cattlin site.

DCF Valuation Analysis

The mining and exploration of lithium minerals is an emerging sector in which most of the companies are in the exploration stage with little clarity of reserves. In such a situation, it becomes difficult to arrive at a value.

We have tried to value the company using the future free cash flow projections of the projects and discounting them using the weighted average cost of capital to arrive at a present value and evaluate the potential for investment. The assumptions are based on the information available on the company's website, reports and public domain.

Key Assumptions for Lithium Carbonate Plant

Investment Plans: The Company is establishing a lithium carbonate plant located in the Yangtze River International Chemical Industrial Park of the Zhangjiagang Free Trade Zone in the Jiangsu Province of China, producing 17,000tpa of lithium carbonate. The Company has earmarked a total investment of A\$142.5 million as a construction budget for the Mt Cattlin Spodumene Mine and the Jiangsu Lithium Carbonate Plant. We further estimate that the Company would invest another A\$20 million to ramp-up the production facility and the Mt Cattlin mine.

Production Timeframe: The Company expects to finish the construction of the plant and commence production from Q2 2011. We have assumed Mt Cattlin Spodumene Mine life at about 16 years to value the Company. We also expect that, given the Company's expertise and ability to raise fund for further exploration, the mine life can be further extended by about five years.

Production Targets: The Company schedules production of lithium carbonate from Q2 2011. Starting 2012, we have assumed a full-capacity production of 17,000 tons of lithium carbonate to supply to the battery industry from its operations at Jiangsu Lithium Carbonate Plant.

Exhibit 24: Production (in Tons)

	2011E	2012E	2013E	2014E2027E
Production (Lithium Carbonate) Jiangsu Lithium Carbonate Plant	8,500	17,000	17,000	17,000	8,500

Source: RB Milestone Research, Company

Price Assumptions: We have assumed the price for lithium carbonate at A\$6,000 per ton starting FY2010, and price escalation of 2% per year for the life of the mine i.e. 16 years.

Cost Estimates: We expect the production cost of lithium carbonate to be around A\$2,777.8 per ton considering the exploration of ore at its Mt Cattlin mine near Ravensthorpe, Western Australia, shipping to its lithium carbonate plant located in the Yangtze River International Chemical Industrial Park of the Zhangjiagang Free Trade Zone in the Jiangsu Province of China, processing and production related cost.

Exhibit 25: Cash Flows (in A\$ Millions)

Fiscal Year	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Year	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Capex & Working Capital	60.00	80.00	32.50	0.00	0.00	0.00	0.00	0.00	0.00
Revenue	0.00	51.00	104.04	106.12	108.24	110.41	112.62	114.87	117.17
Cost	0.00	23.61	47.22	47.22	47.22	47.22	47.22	47.22	47.22
EBITDA	0.00	27.39	56.82	58.90	61.02	63.19	65.39	67.65	69.94
No of Year	0	1	2	3	4	5	6	7	8
Depreciation (% of Gross Investment)	0.0%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
Discount Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Average Tax Rate	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%
Tax	0.00	5.55	13.53	14.14	14.75	15.38	16.02	16.67	17.34
Post tax Cash Flows	-60.00	-58.17	10.78	44.76	46.27	47.80	49.37	50.97	52.60
Discounted Cash Flows	-60.00	-54.36	9.42	36.54	35.30	34.08	32.90	31.74	30.62

Fiscal Year	2019	2020	2021	2022	2023	2024	2025	2026	2027
Year	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17
Capex & Working Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revenue	119.51	121.90	124.34	126.82	129.36	131.95	134.59	137.28	70.01
Cost	47.22	47.22	47.22	47.22	47.22	47.22	47.22	47.22	23.61
EBITDA	72.29	74.68	77.12	79.60	82.14	84.73	87.36	90.06	46.40
No of Year	9	10	11	12	13	14	15	16	17
Depreciation (% of Gross Investment)	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%	5.9%
Discount Rate	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Average Tax Rate	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%	29.0%
Tax	18.02	18.71	19.42	20.14	20.88	21.63	22.39	23.17	10.51
Post tax Cash Flows	54.27	55.96	57.69	59.46	61.26	63.10	64.97	66.88	35.89
Discounted Cash Flows	29.52	28.45	27.41	26.40	25.42	24.47	23.55	22.66	11.36

Source: Company website, RB Milestone Research

Valuation & Investment View

Exhibit 26: Calculation by Discounted Cash Flow Method

	A\$ (million)
(PV of Cash Flow) @7.0% discount	315.47
Add Cash	75.56
Less Debt	0.00
Valuation for the Properties	391.03
Shares Issued (million)	192.65
Value per Share (in A\$)	2.03
Current Market Price (A\$)	1.59

Source: RB Milestone Research, Company

We value the Company based on PV of cash flow which is expected to be generated from its Mt Cattlin Spodumene Mine and Jiangsu Lithium Carbonate Projects. Assuming discounting factor of 7.0%, we have arrived at a target price of A\$2.03 for one year.

Possible Upside from E-Bike Lithium Ion Battery Plant

Investment Plans: The Company is establishing a E-Bike lithium ion battery plant producing 350,000 E-Bike battery packs in the first phase, 700,000 E-Bike battery packs in the second phase and 1,050,000 E-Bike battery packs in the third and final phase to be commissioned at Jiangsu close to the lithium carbonate plant.

Exhibit 27: Budgeted Investment in the E-Bike Lithium Ion Battery Plant

Phase	E-Bike Battery Packs/ annum Production	Estimate USD Sub-Total for the Phase	Total Investment USD
First	350,000	133,000,000	133,000,000
Second	700,000	103,000,000	236,000,000
Third	1,050,000	103,000,000	339,000,000

Source: Company website

Exhibit 28: Cash Flows (in US\$ Millions)

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017
Year		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Battery Plant	-	-	133.00	0.00	0.00	10.55	0.00	105.23
Working Capital	-	-	5.96	0.00	0.00	0.00	0.00	0.00
Total Capex	-	-	138.96	0.00	0.00	10.55	0.00	105.23
E-Bike Battery Production			175,000	350,000	350,000	700,000	700,000	1,050,000
Revenue			32.59	66.48	67.81	138.34	141.11	215.90
Operating Cost			18.46	36.92	36.92	73.84	73.84	110.76
EBITDA	-	-	14.13	29.57	30.90	64.50	67.27	105.14
Depreciation	-	-	6.95	6.95	6.95	7.57	7.57	14.58
No of Year	0	1	2	3	4	5	6	7
Discount Rate	14.0%							
Average Tax Rate	29.0%							
Tax			2.08	6.56	6.94	16.51	17.31	26.26
Post tax Cash Flows	-	-	-126.91	23.01	23.95	37.44	49.96	-26.35
Discounted Cash Flows	-	-	-97.66	15.53	14.18	19.45	22.76	-10.53

Fiscal Year	2018	2019	2020	2021	2022	2023	2024
Year	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13
Battery Plant	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Working Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Capex	0.00	0.00	0.00	0.00	0.00	0.00	0.00
E-Bike Battery Production	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Revenue	220.21	224.62	229.11	233.69	238.37	243.13	248.00
Operating Cost	110.76	110.76	110.76	110.76	110.76	110.76	110.76
EBITDA	109.46	113.86	118.35	122.94	127.61	132.38	137.24
Depreciation	14.58	14.58	14.58	14.58	14.58	14.58	14.58
No of Year	8	9	10	11	12	13	14
Discount Rate	14.0%						
Average Tax Rate	29.0%						
Tax	27.51	28.79	30.09	31.42	32.78	34.16	35.57
Post tax Cash Flows	81.94	85.07	88.26	91.51	94.83	98.22	101.67
Discounted Cash Flows	28.73	26.16	23.81	21.65	19.68	17.88	16.24

Fiscal Year	2025	2026	2027	2028	2029	2030	2031
Year	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Battery Plant	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Working Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Capex	0.00	0.00	0.00	0.00	0.00	0.00	0.00
E-Bike Battery Production	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Revenue	252.96	258.02	263.18	268.44	273.81	279.30	284.55
Operating Cost	110.76	110.76	110.76	110.76	110.76	110.76	110.76
EBITDA	142.20	147.26	152.42	157.68	163.05	168.54	173.79
Depreciation	14.58	14.58	14.58	14.58	14.58	14.58	14.58
No of Year	15	16	17	18	19	20	21
Discount Rate	14.0%						
Average Tax Rate	29.0%						
Tax	37.01	38.48	39.97	41.50	43.06	44.65	46.17
Post tax Cash Flows	105.19	108.78	112.45	116.18	120.00	123.89	127.62
Discounted Cash Flows	14.74	13.37	12.12	10.99	9.95	9.01	8.15

Source: RB Milestone Research, Company Website

Valuation & Investment View

Exhibit 29: Calculation by Discounted Cash Flow Method

	(million)
(PV of Cash Flow) (in US\$) @ 14% discount	196.21
Shares Issued	192.65
Value per Share (in US\$)	1.02
Value per Share (in A\$)	1.11

Source: RB Milestone Research, Company

Exhibit 30: Value per Share using Different Discount Rates

Discount Rate	PV (US\$ million)	Value per Share (US\$)	Value per Share (A\$)
18.0%	111.70	0.58	0.63
14.0%	196.21	1.02	1.11
10.0%	339.81	1.77	1.93

Source: RB Milestone Research

We value the Company's battery plant based on PV of cash flow which is expected to be generated from FY2012. Assuming a higher discounting factor of 14.0% because of the riskier nature of the project, we have arrived at a target price of A\$1.11 for the battery plant.

Therefore, considering the upside from the battery plant, we arrive at a target price of A\$3.14 for the Company.

Key Risk Factors

- **Exploration Risk:** Exploration and mining of resources is a highly speculative activity, necessarily involving substantial risk. There is no assurance that the proposed exploration programs would result in the discovery of any minerals in commercially viable quantities
- **Funding Risk:** The Company needs significant capital to implement its business plans and to meet its working capital and other capital requirements. This is especially true for a company involved in exploration and mining activities. The gestation period in this industry is very long, during which a timely availability of funds is a necessity. If the Company fails to earn an expected amount of return, its reputation in the market would be hampered which might result in its facing future funding constraints
- **Pricing Risk:** The Jiangsu facility will have significant impact on the supply of Lithium to the Chinese market. Galaxy is relying on the disruption caused by new battery demand to enter the market with significant quantities. To locally absorb the extra material within three years, Chinese demand for battery grade lithium carbonate would have to grow at a 20% annual growth rate. Should this prove to be a problem, there will be an adverse affect on the pricing power of the Company
- **Currency Risk:** Galaxy has its mining operations in Australia, with approximately 60% of operating costs incurred there, while most revenues will be earned in USD or Yuan, hence a strong local AUD will impede profitability. This risk is greatest prior to debt repayment which is expected to be retired by 2014
- **Product Risk:** Any operation will involve the risk of not meeting the expected quality standard for the products manufactured. There is a certain amount of risk that the plant may not produce the required grade of 99.5% lithium carbonate with the budgeted recovery of 85%
- **Commodity Price Risk:** Commodities are subject to high levels of volatility in price and demand. The factors that influence the prices of the commodities required for the operations are outside the Company's control. The impact of these factors cannot be accurately predicted
- **Environmental and Health Risk:** Mining has adverse ecological impacts such as pollution of air; drinking water; rivers and soils' and loss of vegetation with substantial potential to harm human health. Hence mining and exploration activities require compliance with restrictive environmental regulations where the operator needs to put in place environmental protection to minimize the possible adverse environmental impact from operations. The cost of compliance with such regulations can be significant and, in some circumstances, prohibitive

Management

Craig Leslie Readhead, B Juris, LLB, MAICD, Non Executive Chairman

Craig Readhead has spent the last 30 years practicing in the area of mining and corporate law, with an emphasis on the acquisition and disposal of resource interests, joint-venture exploration and the development of mining projects. Craig is a partner of Allion Legal, a boutique corporate and resources law firm based in Perth. He is also the director of a number of listed and unlisted companies.

Mr. Readhead has played a significant role and has advised on capital raising to develop a number of mining projects within Australia, Africa and South East Asia. He is a former national president of the Australian Mining and Petroleum Law Association and a former treasurer and vice president of the Association of Mining and Exploration Companies.

Mr. Readhead holds degrees of Bachelor of Law and Bachelor of Jurisprudence from the University of Western Australia. He has served as director with mining and resources companies such as Agincourt Resources Ltd and Nickelore Limited, etc.

Ignatius Kim Seng Tan, BSc, MBA, MAICD, Managing Director

Ignatius Tan has over 24 years of experience including commissioning and operations management of several significant mining and processing projects in Western Australia. He also has a proven background in both marketing and business development.

Mr. Tan has been in managerial roles in the chemical and mining industry including companies such as SCM Chemicals; Sons of Gwalia; Iluka Resources (MW); Imdex Minerals; and Metals X Limited. Ignatius managed the Lithium Mineral and Lithium Carbonate plants at Sons of Gwalia, Greenbushes operations in 1995. Previously, Mr. Tan held the position of Managing Director at Nickelore Limited.

During his time at Iluka, Mr. Tan won the Prime Minister's Community and Business Partnership award for industry commitment to local communities in Western Australia. He is a former Chairman of the Western Australian Chamber of Minerals and Energy's Murchison Regional Council.

Mr. Tan was appointed as a Director on September 18 2008 and as Managing Director on November 11 2008.

Anthony Tse, Executive Director

Anthony Tse, a resident of Hong Kong, has worked as the Chief Executive Officer of CSN Corporation, a home shopping television channel in China. Prior to this, he has worked with the TOM Group for more than eight years in various roles, including those of strategy formulation, development and M&A. During his time with the TOM Group, he has also served as President of China Entertainment Television, a joint venture with Time Warner. Prior to joining the TOM Group, Mr. Tse has spent more than five years at News Corporation's STAR TV.

Mr. Tse is a former member of the Digital Information & Technology Committee for the Hong Kong General Chamber of Commerce. He was a board director and member of the Council of Governors for The Cable & Satellite Broadcasting Association of Asia.

Charles Whitfield, Executive Director

Charles Whitfield is a Hong Kong resident with a banking and finance background. He received his Masters in Business Administration (majoring in Finance and Strategy) from Columbia Business School (New York) in 1998.

Mr. Whitfield is the Principal Investment Officer of Drumrock Capital, an investment firm providing capital and advisory services to start-up and early round companies. He has served as Managing Director with Citigroup where he held the position of head of the

corporate equity solutions group (Asia Pacific). Prior to this, he worked for Deutsche Bank as head of the strategic equity transactions group (Asia Pacific) from 2000.

John Sobolewski, B Com, CA, Chief Financial Officer

John Sobolewski is a qualified accounting professional and a member of the Institute of Chartered Accountants in Australia. He has more than ten years of experience in the accounting industry, including five years in executive roles with companies within the resources industry in Western Australia.

Prior to this, John has served as CFO and Company Secretary of Vital Metals Limited and was a key figure in developing the company's projects. Mr. Sobolewski's previous experience also includes positions as Financial Controller and Company Secretary with Croesus Mining NL and Group Accountant and Company Secretary with Titan Resources NL.

John was Company Secretary from July 1, 2009 until November 23, 2009 with Galaxy. He now continues as Chief Financial Officer of the Company and Consolidated Entity.

Andrew Meloncelli, B Com, CA, F. Fin, FCIS, Company Secretary

Andrew Meloncelli has extensive experience in the areas of corporate compliance/governance; finance; investor relations; prospectus fundraisings; systems implementation; and taxation. He holds a Bachelor of Commerce Degree from the University of Western Australia and is an Associate Member of the Institute of Chartered Accountants in Australia and a Fellow of Chartered Secretaries Australia, Taxation Institute of Australia and the Financial Services Institute of Australasia.

Mr. Meloncelli started his career with Pricewaterhouse Coopers and primarily worked in various capacities for resources companies listed on AIM, ASX and TSX. Andrew was the founding Company Secretary of Novacoat Holdings Limited (now Decmil Group Limited) listing on the ASX in 2005, and is a former assistant Company Secretary of an S&P/ASX 200 Index Company.

Terry Stark, General Manager - Australia

Mr. Terry Stark is a mining engineer with more than 35 years of experience throughout Australia in the nickel, gold, manganese and chromite industries. Mr. Stark has broad experience in mine development and operation and has been responsible for the construction of two new projects in recent years. Terry is a former managing director of Millennium Mining Limited and Horizon Mining Limited and brings in extensive operating and project development experience. He is the holder of a West Australian First Class Mine Manager's Certificate of Competency and a Quarry Manager's Certificate of Competency.

Anand Sheth, General Manager Marketing & Business Development

Anand Sheth is a Technical and Marketing professional with more than 25 years experience in the international marketing and global sales of lithium and tantalite mineral products. For the past 10 years, Mr. Sheth has been the Lithium and Tantalum Marketing Manager at Talison Minerals Pty Ltd (ex-Sons of Gwalia Limited). During his time at Sons of Gwalia, Anand was a key player involved in developing the lithium business, growing sales by 150% within 5 years.

Philip Tornatora, Exploration & Geology Manager

Philip Tornatora is a geologist with principal experience in regional and near mine exploration and resource development. He has over 16 years gold and base metals mining experience focusing on Australia, Africa and South East Asia. Prior to this, he has worked with AngloGold Ashanti, most recently as District Geologist, Philippines, and prior to that as Exploration Manager, Mali.

Disclaimer

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