



RESOURCES LIMITED

QUARTERLY REPORT

Quarter Ending 31 March 2007

24 Mumford Place
Balcatta WA 6021

p: 08 6241 1888

f: 08 6241 1811

30 April 2007

abn: 11 071 976 442

<u>Corporate Summary</u>	<u>HIGHLIGHTS</u>												
<p>ASX Code: GXY</p> <p>Issued Capital:</p> <p>Shares 43 million</p> <p>Options 10 million</p> <p>Market Cap: A\$37 million</p> <p>Cash: A\$2.4 million</p> <p>Directors</p> <p>Craig Readhead (Chairman) Michael Fotios (Man. Dir.) Bob Wanless (Non Exec.)</p> <table><thead><tr><th>Projects</th><th>Commodities</th></tr></thead><tbody><tr><td>Ravensthorpe</td><td>Ta, Li, Cu-Zn, Ni, Au</td></tr><tr><td>Shoemaker</td><td>Fe-Ore, Zn-Pb, Au, U</td></tr><tr><td>Ponton</td><td>Rare Earths, Cu-Ni, U</td></tr><tr><td>Connolly</td><td>Base Metals</td></tr><tr><td>Boxwood Hill</td><td>Base Metals</td></tr></tbody></table> <p>Website</p> <p>www.galaxyresources.com.au</p>	Projects	Commodities	Ravensthorpe	Ta, Li, Cu-Zn, Ni, Au	Shoemaker	Fe-Ore, Zn-Pb, Au, U	Ponton	Rare Earths, Cu-Ni, U	Connolly	Base Metals	Boxwood Hill	Base Metals	<p>Exploration</p> <ul style="list-style-type: none">• RC resource drilling program commenced 1 March 2007 at Mt Cattlin tantalum/lithium project (Ravensthorpe).• Airborne VTEM and magnetic surveys conducted at Ravensthorpe (Mt Cattlin, McMahon & West River) aimed at prospective nickel and base metal stratigraphy.• Pioneer Nickel limited completes 9 RC drill holes at the Desmond prospect within the Elverdton JV intersecting varying widths of copper sulphide mineralisation. Assays are awaited.• Rock chip sampling at the Elverdton JV returned several highly anomalous results up to 22.86% Cu and 6.98 g/t Au <p>Corporate</p> <ul style="list-style-type: none">• Galaxy Resources Limited (ASX: GXY) listed on the ASX on 6 February 2007 following a successful \$3.0 million IPO sponsored by State One Stockbroking Ltd.• Cash on hand at 31 March 2007 was A\$2.4 million• Announcements made on 16th, 24th and 30th April regarding drilling updates at Mt Cattlin
Projects	Commodities												
Ravensthorpe	Ta, Li, Cu-Zn, Ni, Au												
Shoemaker	Fe-Ore, Zn-Pb, Au, U												
Ponton	Rare Earths, Cu-Ni, U												
Connolly	Base Metals												
Boxwood Hill	Base Metals												

EXPLORATION

Mt Cattlin (GXY 100%)

RC resource definition drilling at the Mt Cattlin tantalum/lithium prospect commenced 1st March 2007. The aim of the program was to determine the extent and continuity of the shallow (less than 50 metres to the top of pegmatite) mineralised flat lying pegmatite within M74/12. The program initially focused on the extension west of the interpreted central zone of the pegmatite. Drill holes intersected significant widths of mineralised pegmatite and confirmed its excellent continuity.

Assay results for the first part of the program (GX450 to 583) were received during April indicating significant tantalum and lithium (spodumene) mineralisation. These results are described in detail in ASX announcements dated 16th, 24th and 30th April 2007.

The program is designed to provide sufficient information to allow completion of a JORC compliant resource estimate. It is expected that drilling of the central zone will be completed by early May and a resource estimate by late May 2007.

Elements of the prefeasibility study at Mt Cattlin were commenced during the quarter including metallurgical bulk sampling. A detailed announcement regarding the study will be release within the next week.

West River (GXY 100% & 80%)

Detailed airborne magnetic and VTEM (Versatile Time-domain Electro Magnetics) surveys over the entire tenement area were completed during the quarter in conjunction with surveys conducted by Pioneer Nickel Limited at the Elverdton and Aerodrome Joint ventures.

This is the first time in the history of exploration in the Ravensthorpe area that such detailed surveys have been completed and will add significantly to the understanding of the stratigraphy in the area and the potential to define massive sulphide targets prospective for zinc-copper and nickel.

Interpretation of the surveys by the Company's consultant geophysicists is underway and results are expected during the June quarter 2007. Follow up ground EM and RC drilling of the targets generated is also expected to commence during the current quarter.

In addition to the above ground reconnaissance was also completed along with continued construction of a digital database from historic exploration data.

McMahon (GXY 100%)

The surveys detailed above also covered the entire McMahon tenement area.

Elverdton JV & Aerodrome JV (PIO earning 75% in each)

During the quarter the joint venture partner and manager, Pioneer Nickel Limited (PIO), notified that it had met its commitment to spend the \$500,000 required on the Elverdton JV tenements to earn a 75% interest. A review of the expenditure and status report is being completed prior to

formal acceptance of the notice. Galaxy has advised that it intends to contribute to its 25% interest in the JV once PIO has earned its 75% interest.

PIO has advised the following activities were completed during the quarter:

Drilling for the quarter amounted to 12 holes, which included nine RC holes testing for mineralisation and three pre-collars (which will be completed by diamond drilling during the June 2007 quarter). Assay results have not been received; however, the holes intersected varying widths of the targeted disseminated copper sulphide mineralisation before entering the old workings of the Elverdton-Desmond mine.. Massive copper sulphide ore was largely mined above 200 metres below surface, however, remnants of high tenor ore have been intersected by PIO in two previously reported holes (ELV002, 1 metre at 9.56% Cu and ELV012, 3 metres at 13.8% Cu).

Drilling which will target massive copper sulphides below the old workings will commence when the next Clearing Permit is received from the DoIR, in approximately 6 weeks time.

Airborne geophysical surveys that cover the entire Elverdton and Aerodrome JV areas were completed. Aeromagnetic and radiometric data were collected from an area of 290 km². The resultant imagery has provided geological information, particularly of ultramafic units prospective for nickel sulphides within the Aerodrome JV area; and structural controls of the Elverdton JV copper-gold mineralisation.

Interpretation of the airborne VTEM survey has commenced, with a number of coherent late time anomalies recognized, particularly within the Aerodrome JV area. Of particular importance, three conductors are coincident with nickel anomalies from previous PIO soil sampling.

Follow-up ground EM surveys have commenced, from which drill targets will be generated.

A number of old copper gold workings north of the main Mt Desmond mine were located and mullock sampled. Grab samples collected have returned highly anomalous copper and gold results. The sampling demonstrates the prospectivity of the greater Elverdton JV area, away from the main historical workings

Table 1						
Elverdton JV; Rock Chip Sampling Results						
Sample	Easting GDA 94- 51	Northing GDA 94- 51	Prospect	Description	Cu %	Au g/t
ARC34806	233143	6279521	FED	Malachite mineralisation	22.86	0.60
ARC34811	235082	6276646	PLP	Carbonate altered felsic rock	9.61	2.03
ARC34813	235082	6276646	PLP	Quartz carbonate veining	4.89	0.90
ARC34814	232905	6278847	Daws	Malachite ore	17.97	0.90
ARC34816	232921	6278823	Daws	Quartz carbonate vein	4.96	1.23
ARC34821	234536	6277519	Ironclad	Altered felsic volcanic	1.25	0.08
ARC34822	234536	6277519	Ironclad	Malachite quartz carbonate vein	7.57	1.06
ARC34827	235039	6276644	PLP West	Malachite quartz carbonate vein	1.92	6.98

CORPORATE

The Company listed on the ASX on 6th February 2007 after successfully raising A\$3.0 million in an oversubscribed IPO sponsored by State One Stockbroking Ltd.

On listing, the market capitalisation of the Company was A\$8.6 million and has since increased to about A\$ 37 million as at the date of this report.

The Company had A\$2.4 million cash on hand as at 30 March 2007.

Up to the date of this report, the following announcements were release to the ASX:

30-Apr-2007 14:20	Mt Cattlin Drilling Update
24-Apr-2007 11:42	Mt Cattlin - Drilling Update
16-Apr-2007 14:33	Audio Broadcast - Mt Cattlin Drilling Update
16-Apr-2007 10:15	Mt Cattlin Drilling Update
15-Mar-2007 16:29	Media release - Audio broadcast
14-Mar-2007 17:47	Financial report half year ended 31 December
13-Mar-2007 13:28	Mt Cattlin Drilling Update
13-Feb-2007 17:14	Amended Appendix 3X initial directors interes
13-Feb-2007 16:02	3 x Appendix 3X - initial directors interest

Yours faithfully



Michael Fotios
Managing Director

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr. Michael Fotios who is Managing Director of the Company and who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Fotios 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. Fotios consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.