

ASX ANNOUNCEMENT/MEDIA RELEASE

18 FEBRUARY 2008

GALAXY SECURES ADDITIONAL FUNDING FROM AGREEMENTS TO EARLY EXERCISE OF UNLISTED OPTIONS

HIGHLIGHTS

Galaxy (ASX: GXY) has reached agreement on further funding for its activities, via the early staged exercise of unlisted options totalling \$1,795,000.

A number of option holders have agreed to complete the early exercise of options during the March, June and September quarters of 2008.

These agreements secure additional cash which will be used to complete the bankable feasibility study on the development of the Mt Cattlin spodumene/ tantalum resource, fund further drilling to extend the Mt Cattlin resource beyond the resource estimate announced on 7 December 2007 and to progress exploration on its other tenements.

In addition the Company intends to expand the scope of the Mt Cattlin Bankable Feasibility Study (BFS) beyond the production of spodumene and tantalum concentrates to include production of lithium carbonate (the key feedstock for lithium battery production) either at Ravensthorpe or in JV with an offshore partner.

The options to be exercised comprise:

- 6,725,000 unlisted options exercisable at \$0.20 per option which, when exercised, will raise \$1,345,000.
- 5,225,000 of the options, held by directors, former directors and officers of the Company, which expire on 30 September 2008, will raise \$1,045,000, and 1,500,000 options held by the Managing Director, which expire on 6 February 2009, will raise \$450,000.
- In addition, the Managing Director of Galaxy has also undertaken to exercise 1,500,000 options exercisable at \$0.30 per option, which expire on 6 February 2010, to raise a further \$450,000 within this time frame if required.

Galaxy Managing Director, Mr Mike Fotios, said the funding will reduce future capital raisings and minimise dilution during a time of strong growth for Galaxy during which period the value of Mt Cattlin will be accurately determined.

“The early exercise of these options is a sign of strong support by the directors/management and their belief in the future growth potential of the company’s projects,” Mr Fotios said.

He said Galaxy was in the early stages of reviewing project funding alternatives including, in exchange for marketing rights to spodumene concentrate and/or lithium carbonate, funding via a strategic partnership specifically for the Mt Cattlin feasibility studies and the development of a mine, spodumene/tantalum concentrator and lithium carbonate refinery.

The majority of options being exercised are subject to ASX imposed restrictions until 2 years from the date the Company was granted quotation. The shares to be allotted on the exercise of the options will remain restricted until 6 February 2009.

Funds from the option exercise, together with existing working capital, will fund Galaxy's ongoing exploration programme and the Mt Cattlin bankable feasibility study.

The Company will provide regular progress updates on the Mt Cattlin bankable feasibility study and its discussions with potential strategic partners.

-ENDS-

For more information:

Michael Fotios
Managing Director
Tel: +(618) 6241 1888
Mob: 0419 995 503

For media enquiries:

Paul Downie / Katherine Knox
Porter Novelli
Tel: +(618) 9386 1233
Email: kknox@wa.porternovelli.com.au

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.

About Galaxy (ASX: GXY)

About Galaxy Resources:

Galaxy Resources Limited (Galaxy) is a diversified exploration company with interests in five projects in Western Australia covering a range of commodities including lithium, tantalum, base metals (copper-zinc-nickel), gold, iron ore, manganese, talc, rare earths and uranium.

Galaxy's focus is on rare metal commodities with strong future demand growth.

Galaxy's lead project is based on the Mt Cattlin spodumene (a lithium mineral) and tantalum resource which is located in Ravensthorpe Western Australia. Drilling in 2007 on Mt Catlin defined an initial Mineral Resource estimate of 24.8 million tonnes at 8.2% spodumene, 0.56% Li_2O and 120 ppm Ta_2O_5 containing an estimated 2.03 million tonnes spodumene and 6.62 million lbs Ta_2O_5 . Included within the initial Mineral Resource is a higher grade Mineral Resource of 12.3 million tonnes at 14.7% Spodumene, 1.00 % Li_2O and 135 ppm Ta_2O_5 (above a 4000 ppm Li_2O cut off) for 1.81 million tonnes spodumene and 3.80 million lbs Ta_2O_5 .

At current prices the resource is estimated to have an in-situ value in excess of \$1B with scope to be expanded. Galaxy has completed a pre-feasibility study which suggests the project is commercially viable based on a processing rate of 1 million tonnes per annum.

Galaxy's intention at Mt Cattlin is to complete a bankable feasibility study by the 3rd quarter 2008, which will investigate the production of separate rare metal minerals concentrates (spodumene and tantalum) and test the viability of the production of lithium carbonate (Li_2CO_3).

These raw materials are currently in short supply and face high future demand growth due to advances in long life batteries and sophisticated electronics in mobile phones and computers.

GXL is planning, subject to the conclusions of the bankable feasibility study and project funding, to commence the development of the mine and the construction of the processing plant and lithium carbonate refinery in late 2008 with first production in early 2010.

In addition to the Ravensthorpe package, the company holds a 100% interest in four projects at various stages of exploration including:

- Ponton Uranium, rare earths and base metals
- Shoemaker Base metals, gold, iron ore and uranium
- Connolly Base metals
- Boxwood Hill Base metals