

Perth, Australia
25 November 2013

\$1.5M OF BONDS CONVERTED DURING CONVERSION WINDOW

Galaxy Resources Ltd (ASX: GXY) ("Galaxy" or the "Company") announces that a conversion window for the A\$61.5 million in convertible bonds ("Convertible Bonds") on issue closed on 22 November 2013. Of the outstanding Convertible Bonds, A\$1.5 million were converted into equity at \$0.08 per ordinary share, upon the same basis as the recent Entitlement Offer.

The remaining A\$60 million in Convertible Bonds will now revert to a two year maturity date of 19 November 2015, with the coupon rate increased from 8% to 10% per annum. No other terms change.

The conversion window resulted from the restructure agreement reached with the Convertible Bond holders as announced on 26 July 2013. This agreement amended the final repayment date to Convertible Bond holders from November 2013 to November 2015 and gave Galaxy and the Convertible Bond holders the flexibility to repay part of the Convertible Bonds with Galaxy shares and options on the same basis as the recently closed Entitlement Offer during the 3 business day window up to and including 22 November 2013.

With the conversion window now closed the right to convert the Convertible Bonds into equity on the same terms as the Entitlement Offer (for either Galaxy or the Convertible Bond holders) has now expired. The Convertible Bonds now revert to the previous conversion terms, with an estimated conversion price of \$0.922 per share.

Galaxy Interim Managing Director, Anthony Tse, said that he was pleased that the outcome of the restructuring of the Convertible Bonds was now certain.

"We feel this is a good outcome for the Company. The maturity for the Convertible Bonds is now two years at a reasonable coupon rate for Galaxy " said Mr Tse.

"We will continue to lengthen the debt maturity profile and deleverage the Company on an opportunistic basis as and when circumstances allow. The significantly improved financial management and discipline combined with the continued improvement in the operational performance at the Jiangsu Lithium Carbonate plant we consider should add significantly to Company value in the short to medium term."

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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 a lithium producer listed on the Australian Securities Exchange (Code: GXY).

Galaxy has built an advanced and fully-automated Lithium Carbonate production facility in Jiangsu Province, China ("Jiangsu Plant"). The Jiangsu Plant has a name-plate capacity of 17,000 tpa, is primarily focused on producing battery grade lithium carbonate, and is aiming to become the largest producer in the Asia Pacific region and the fourth largest in the world.

Galaxy is currently advancing plans to develop the Sal de Vida Lithium and Potash Brine Project ("Sal de Vida") in Argentina, which is situated in the Lithium Triangle, a region where Chile, Argentina and Bolivia meet, and presently accounts for 60% of global lithium production. Sal de Vida has excellent promise as a future low cost production facility.

The Company also owns the Mt Cattlin Spodumene Mine near Ravensthorpe in Western Australia and the James Bay Lithium Pegmatite Project in Quebec, Canada.

Lithium compounds are used in the manufacture of ceramics, glass, electronics and are an essential ingredient in producing battery materials such as cathode and electrolyte, in the manufacture of long life lithium-ion batteries, which are used in consumer electronics, power tools, electric bikes, hybrid and electric vehicles. Anticipating the growing demand in coming years, Galaxy is positioning itself to become a major producer of lithium products.

Caution Regarding Forward Looking Information.

This document contains forward looking statements concerning Galaxy.

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 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.

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