

2 April 2014

Dale Allen
ASX Compliance Pty Ltd
Level 40
152-158 St Georges Terrace
PERTH WA 6000

By email: tradinghaltsperth@asx.com.au

Dear Dale,

SUSPENSION UPDATE - GALAXY RESOURCES LIMITED

Galaxy Resources Limited (**Galaxy or the Company**) (ASX: GXY) would like to update Shareholders on the status of the Company's suspension.

The suspension was requested by the Company on 3 February 2014 and subsequently extended on 17 February 2014, 4 March 2014 and 18 March 2014 due to ongoing negotiations regarding a potential transaction which would significantly strengthen the company's balance sheet.

The negotiations have now reached an advanced stage with the significant international investor.

The discussions must continue to remain strictly confidential and as such the Company believes that it is still appropriate for its securities to remain in voluntary suspension whilst final documentation is advanced.

The Company has resolved to extend the current voluntary suspension while it works towards successfully concluding these discussions.

In accordance with ASX Listing Rule 17.2, the Company advises that:

- it expects to remain in voluntary suspension pending the outcome of discussions;
- the event that is expected to end the voluntary suspension is an announcement by Galaxy that it has successfully concluded the relevant discussions; which the Company anticipates at this time it would not be able to make earlier than pre-open of trading on 1 May 2014;
- the Company is not aware of any reason why the voluntary suspension should not be granted; and
- it is not aware of any other information necessary to inform the market about the suspension.

In the meantime, the Company has delayed the release of its latest financial statements for the year ended 31 December 2013 so that the transaction being negotiated, which would have a major impact on the Company's financial strength, can be included under subsequent events. It is anticipated that these accounts will be lodged by 30 April 2014 by which time the impact of the transaction will be included.

Yours sincerely

A L Meloncelli
Interim CFO and Company Secretary