

Perth, Australia
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GALAXY REPORTS RECORD PRODUCTION

- Jiangsu Plant achieves record production month of 795 tonnes in September
- Total production for the September quarter at 2,040 tonnes
- Sales volumes of 632 tonnes for September
- Total sales volume for the September quarter at 1,816 tonnes
- Record high monthly volumes of battery grade production and sales
- Steady ramp up at Jiangsu Plant indicates sustained improvement in production and sales

Galaxy Resources Ltd (ASX: GXY) ("Galaxy" or "the Company") is pleased to announce its best ever production and sales month at its Jiangsu Lithium Carbonate Plant ("Jiangsu").

In September, Jiangsu produced 795 tonnes of lithium carbonate, which is a monthly production record high for the plant. Production volumes recorded for the quarter were at 2,040 tonnes, a 15% increase quarter-on-quarter versus the quarter ending June 2013. Importantly, 1,373 tonnes or 67% of volumes produced in the September quarter were battery grade, which is a 95% improvement quarter on quarter.

Sales volumes for the month of September were 632 tonnes, another monthly record high. Sales orders achieved for the month were impacted by seasonality in customer demand due to the Mid-Autumn Festival Holiday, and also the weeklong National Day Golden Week Holiday in early October, when most businesses and manufacturing operations in China close down. For the September quarter total sales volume was 1,816 tonnes, representing a 9% increase quarter-on-quarter versus the June 2013 quarter. Also significant, battery grade sales continue to increase and now comprise 64% of total sales volume, representing a 70% improvement quarter on quarter.

Galaxy Interim Managing Director Anthony Tse said that "the production and sales records achieved for the month to complete the quarter were very encouraging and indicated that strategies being implemented at Jiangsu to improve operating efficiency were proving successful. The record production and sales volumes for September and for the September quarter are a strong indication that the ramp up at Jiangsu to achieve a positive operational cash flow and steady state design production capacity is on track and progressing well.

The record tonnes produced by Galaxy in September demonstrates that the ramp up and efficiency strategies that the new management team have introduced at the Jiangsu plant are having a positive impact on production levels, particularly given the sustained and steady increases seen over recent months.

We are firmly on track to achieve our aim at least a cash-flow break even status at Jiangsu this year and the robust demand for Jiangsu's product and improving production results further underpin our ability to achieve this," said Mr Tse.

The record September rate represents an annualised production rate of approximately 9,600 tonnes per annum, which is close to 60 per cent of the plant's nameplate production capacity of 17,000 tonnes per annum of lithium carbonate. At full production Jiangsu has the potential to generate annualised revenues in excess of US\$100 million.

These significant milestones follow the completion of Galaxy's successful raising of \$37.5 million under the recent entitlement offer. Funds received from the entitlement offer have been used to commence certain debt reduction initiatives, with US\$5 million of Chinese bank debt repaid recently. Discussions continue regarding further reductions in outstanding corporate liabilities in accordance with the restructuring plan previously agreed with the convertible bondholders.

"With a strengthened balance sheet and record production and sales results achieved in September, the Company is now in a much stronger financial position with a positive outlook" said Mr Tse.

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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.

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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.

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