

Perth, Australia
31 July 2012

INTERIM FINANCIAL REPORT – 31 MARCH 2012

Galaxy Resources Limited (ASX: GXY, "Galaxy") is pleased to attach the Unaudited Interim Financial Report ("Financial Report") for the quarter ended 31 March 2012 as required by Canadian Securities Law.

The Financial Report for the quarter ended 31 March 2012 was lodged in Canada by Galaxy at www.sedar.com. Galaxy is also releasing the Financial Report in Australia for the purpose of facilitating equal dissemination of information in the Canadian and Australian markets and, to the extent necessary, to meet Galaxy's continuous disclosure obligations.

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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 an integrated lithium mining, chemicals and battery company listed on the Australian Securities Exchange (Code: GXY) and is a member of the S&P/ASX 300 Index.

Galaxy wholly owns the Mt Cattlin project near Ravensthorpe in Western Australia where it mines lithium pegmatite ore and processes it on site to produce a spodumene concentrate and tantalum by-product. At full capacity, Galaxy will process 137,000 tpa of spodumene concentrate which will feed the Company's wholly-owned Jiangsu Lithium Carbonate Plant in China's Jiangsu province. The Jiangsu Plant has commenced production and will produce 17,000 tpa of battery grade lithium carbonate, the largest producer in the Asia Pacific region and the fourth largest in the world.

Galaxy is also advancing plans to develop the Sal de Vida (70%) lithium and potash brine project in Argentina situated in the lithium triangle (where Chile, Argentina and Bolivia meet) which is currently the source of 60% of global lithium production. Sal de Vida has excellent promise as a future low cost brine mine and lithium carbonate processing facility.

The Company completed a feasibility study for a proposed lithium-ion battery plant, to produce 620,000 battery packs per annum for the electric bike (e-bike) market. The Company also owns the James Bay (100%) Lithium Pegmatite Project in Quebec, Canada.

Lithium compounds are used in the manufacture of ceramics, glass, electronics and are an essential cathode material for long life lithium-ion batteries used to power e-bikes and hybrid and electric vehicles. Galaxy is bullish about the global lithium demand outlook and is positioning itself to achieve its goal of being involved in every step of the lithium supply chain.

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 (and Lithium One) 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.

Not For Release in US

This announcement has been prepared for publication in Australia and may not be released in the U.S. This announcement does not constitute an offer of securities for sale in any jurisdiction, including the United States, and any securities described in this announcement may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the company and management, as well as financial statements.



Galaxy Resources Limited
ABN 11 071 976 442

**Unaudited Condensed Consolidated
Interim Financial Report**

**Three months ended
31 March 2012**

FINANCIAL REPORT**Unaudited Condensed Consolidated Statements of Comprehensive Income**

	Note	Three months to March 31, 2012	Three months to March 31, 2011
		\$'000	\$'000
Mine operating expenses		(9,275)	-
Loss on sale of assets		(33)	-
Administrative expenses		(3,755)	(9,008)
Share based payments		(2,687)	(8,559)
Depreciation and amortisation		(1,917)	(63)
Results from operating activities		(17,667)	(17,630)
Finance income		89	1,626
Finance costs		(4,816)	(6,560)
Net finance costs		(4,727)	(4,934)
Loss before income tax		(22,394)	(22,564)
Income tax benefit		-	-
Loss for the period		(22,394)	(22,564)
Other comprehensive income for the period			
Foreign currency translation differences – foreign operations		(940)	(388)
Total comprehensive income for the period attributed to shareholders		(23,334)	(22,952)
Basic and diluted earnings per share (cents per share)		(6.93)c	(11.12)c
(Loss) per share for loss from continuing operations attributable to the ordinary equity holders of the company		(6.93)c	(11.12)c

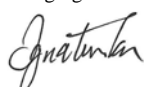
The accompanying notes form part of these unaudited condensed consolidated interim financial statements.

Unaudited Condensed Consolidated Interim Statement of Financial Position

	Note	As at March 31, 2012 \$'000	As at December 31, 2011 \$'000
NON-CURRENT ASSETS			
Property, plant and equipment	2	188,417	185,277
Lease prepayment	3	1,396	2,782
Exploration and evaluation assets	4	8,171	7,425
Available-for-sale financial assets		205	205
Other receivables and prepayments		3,714	3,768
TOTAL NON-CURRENT ASSETS		201,903	199,457
CURRENT ASSETS			
Other receivables and prepayments		12,368	10,729
Inventories		16,088	13,518
Cash and cash equivalents		10,886	17,997
TOTAL CURRENT ASSETS		39,342	42,244
TOTAL ASSETS		241,245	241,701
NON-CURRENT LIABILITIES			
Provisions		1,232	1,232
Interest bearing liabilities	5	109,944	95,853
TOTAL NON-CURRENT LIABILITIES		111,176	97,085
CURRENT LIABILITIES			
Trade and other payables		18,728	26,980
Provisions		479	406
Interest bearing liabilities	5	17,994	3,715
TOTAL CURRENT LIABILITIES		37,201	31,101
TOTAL LIABILITIES		148,377	128,186
NET ASSETS		92,868	113,515
EQUITY			
Contributed equity	6	271,457	271,457
Reserves		22,460	20,713
Accumulated losses		(201,049)	(178,655)
TOTAL EQUITY		92,868	113,515

Subsequent events (notes 1e, 5b, 5d, 7)

The accompanying notes form part of these unaudited condensed consolidated interim financial statements.

Approved on behalf of the board:
Managing Director – “Iggy Tan”


Chief Financial Officer – “John Sobolewski”



Unaudited Condensed Consolidated Statements Of Changes In Equity

	Share capital \$'000	Equity- settled payments reserve \$'000	Foreign currency translation reserve \$'000	Fair value reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at January 1, 2011	128,419	13,894	(3,603)	150	(47,426)	91,434
Total comprehensive income for the period	-	-	(388)	-	(22,564)	(22,952)
Issue of shares, net of transaction costs	29,823	-	-	-	-	29,823
Exercise of share options	150	-	-	-	-	150
Transfer of reserve upon exercise of share options	19	(19)	-	-	-	-
Share-based payment transactions	-	8,559	-	-	-	8,559
Balance at March 31, 2011	158,411	22,434	(3,991)	150	(69,990)	107,014
Balance at January 1, 2012	271,457	22,123	(1,410)	-	(178,655)	113,515
Total comprehensive income for the period	-	-	(940)	-	(22,394)	(23,334)
Issue of shares, net of transaction costs	-	-	-	-	-	-
Exercise of share options	-	-	-	-	-	-
Transfer of reserve upon exercise of share options	-	-	-	-	-	-
Share-based payment transactions	-	2,687	-	-	-	2,687
Balance at March 31, 2012	271,457	24,810	(2,350)	-	(201,049)	92,868

The accompanying notes form part of these unaudited condensed consolidated interim financial statements.

Unaudited Condensed Consolidated Interim Cash Flow Statements

	Three months to March 31, 2012 \$ \$'000	Three months to March 31, 2011 \$ \$'000
Operating activities		
Receipts from customers	-	-
Payments to suppliers and contractors	(16,860)	(10,635)
Net cash used in operating activities	(16,860)	(10,635)
Investing activities		
Interest received	105	299
Acquisition of property, plant and equipment	(14,007)	(19,213)
Payments for exploration and evaluation assets	(998)	(909)
Outflow for security deposits / performance bonds	5	(326)
Net cash used in investing activities	(14,895)	(20,149)
Financing activities		
Net proceeds from issue of shares	-	29,972
Interest paid	-	(730)
Proceeds from borrowings	25,127	29,500
Repayments of borrowings	-	(8,199)
Interest and principal from restricted cash	-	657
Net cash generated from financing activities	25,127	51,200
Net increase / (decrease) in cash and cash equivalents	(6,628)	20,416
Cash and cash equivalents at the beginning of the period	17,997	27,510
Effect of foreign exchange rate changes	(483)	(445)
Cash and cash equivalents at the end of the period	10,886	47,481

The accompanying notes form part of these unaudited condensed consolidated interim financial statements.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended to March 31, 2012

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Galaxy Resources Limited (the “Company”) is a company domiciled in Australia. The unaudited condensed consolidated interim financial statements of the Company as at and for the three months ended March 31, 2012 comprise the Company and its subsidiaries (together referred to as the “Group”). The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied unless otherwise stated.

a. Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2011.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on July 31, 2012.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order amounts in the unaudited condensed consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

b. Accounting policies

The accounting policies applied by the Group in the unaudited condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial report as at and for the year ended December 31, 2011.

c. Functional and Presentation Currency

The unaudited condensed consolidated financial statements are presented in Australian dollars, which is the Company’s functional currency. The functional currency of each of the Group’s entities is measured using the currency of the primary economic environment in which that entity operates.

d. Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Except as described below in preparing this unaudited consolidated interim financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2011.

Site Restoration Liability

Determining the cost of rehabilitation, decommissioning and restoration of the area disturbed during mining activities in accordance with the group’s accounting policy requires the use of significant estimates and assumptions, including: the appropriate rate at which to discount the liability, the timing of the cash flows and expected life of the relevant area of interest, the application of relevant environmental legislation, and the future expected costs of rehabilitation, decommissioning and restoration.

Changes in the estimates and assumptions used to determine the costs of rehabilitation, decommissioning and restoration could have a material impact on the carrying value of the site restoration provision and related asset. The provision recognised for each site is reviewed at each reporting date and updated based on the facts and circumstances available at the time.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended to March 31, 2012

e. Financial Position

Galaxy is currently in the process of the commissioning and ramp-up of the Jiangsu Plant. During July 2012, Galaxy announced the temporary cessation of mining and processing activities at its Mt Cattlin operations to allow the utilisation of existing spodumene stocks and preserve cash. Over the coming twelve months, Galaxy intends to utilise equity contributions together with loans from China Construction Bank, Shanghai Pudong Development Bank Co, Industrial and Commercial Bank of China, and Agricultural Bank of China.

During June 2011, Galaxy entered into unsecured finance agreements with China Construction Bank Limited for facilities totalling RMB 379.6 million, approximately \$59.2 million.

In March 2012, Galaxy entered into a further unsecured funding facility with Shanghai Pudong Development Bank Co., Ltd for RMB 84 million, approximately \$13.1 million which is repayable in three years from the date of drawdown.

In April 2012, Galaxy entered into a further unsecured funding facility with the Industrial and Commercial Bank of China for RMB 182 million, approximately \$28.4 million which is repayable in five years from the date of drawdown.

As at June 30, 2012, Galaxy had undrawn facilities in China of approximately RMB 143 million (\$22 million).

In July 2012, as a result of the merger with Lithium One Inc (refer Note 7), Galaxy issued CAD5 million (\$4.8m) Convertible Notes. The Notes are unsecured and bear interest at the rate of 8% per annum. The Notes mature on 29 October 2012 and, unless converted to fully paid ordinary shares in Galaxy at the conversion price of CAD\$0.612 (\$0.588) per share, are repayable in cash.

In April 2012 Galaxy completed a \$28.9 million capital raising through the issue of 37.5 million shares at \$0.77 per share to sophisticated and institutional investors. A further \$1.1 million was subject to shareholder approval, and issued subsequently (\$500k in June 2012 and \$600k in July 2012).

In May 2012 Galaxy issued 2.9 million shares at \$0.77 per share to raise a total of \$2.2 million (before costs) via a Share Purchase Plan.

Based on present forecasts, the directors of Galaxy consider that Galaxy has sufficient undrawn facilities together with access to funding through potential additional equity raisings to complete the commissioning and ramp up of the Jiangsu Plant and continue as a going concern.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended to March 31, 2012

2. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2012 \$'000	December 31, 2011 \$'000
Cost		
<i>Land</i>		
Balance at beginning of the period	1,172	1,172
Additions	-	-
Balance at end of the period	<u>1,172</u>	<u>1,172</u>
<i>Plant & equipment</i>		
Balance at beginning of the period	122,727	840
Additions	282	2,255
Disposals	(4)	-
Transfer from assets under construction	52	119,632
Balance at end of the period	<u>123,057</u>	<u>122,727</u>
<i>Assets under construction</i>		
Balance at beginning of the period	90,394	126,177
Additions	4,759	83,849
Transfer to plant and equipment	(52)	(119,632)
Balance at end of the period	<u>95,101</u>	<u>90,394</u>
<i>Development expenditure</i>		
Balance at beginning of the period	17,708	17,378
Additions	-	330
Balance at end of the period	<u>17,708</u>	<u>17,708</u>
Total		
Balance at beginning of the period	232,001	145,567
Additions	5,041	86,434
Disposals	(4)	-
Balance at end of the period	<u>237,038</u>	<u>232,001</u>
Accumulated depreciation and impairment losses		
<i>Land</i>		
Balance at beginning and end of the period	<u>-</u>	<u>-</u>
<i>Plant and equipment</i>		
Balance at beginning of the period	38,005	169
Depreciation	1,755	4,178
Impairment loss	-	33,658
Balance at end of the period	<u>39,760</u>	<u>38,005</u>
<i>Assets under construction</i>		
Balance at beginning and end of the period	<u>-</u>	<u>-</u>
<i>Development expenditure</i>		
Balance at beginning of the period	8,719	-
Amortisation	142	342
Impairment loss	-	8,377
Balance at end of the period	<u>8,861</u>	<u>8,719</u>
Total		
Balance at beginning of the period	46,724	169
Depreciation/Amortisation	1,897	4,520
Impairment loss	-	42,035
Balance at end of the period	<u>48,621</u>	<u>46,724</u>
Carrying amounts		
Land	1,172	1,172
Plant and equipment	83,297	84,722
Assets under construction	95,101	90,394
Development expenditure	8,847	8,989
Total property, plant and equipment	<u>188,417</u>	<u>185,277</u>

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended to March 31, 2012

3. LEASE PREPAYMENT

	March 31, 2012	December 31, 2011
Cost	\$'000	\$'000
Balance at beginning of the year / period	2,873	2,873
Subsidy received (i)	(1,372)	-
Balance at end of the year / period	<u>1,501</u>	<u>2,873</u>
Accumulated amortisation		
Balance at beginning of the year / period	91	37
Amortisation	14	54
Balance at end of the year / period	<u>105</u>	<u>91</u>
Carrying amounts	<u>1,396</u>	<u>2,782</u>

Lease prepayment represented a lump sum prepayment made in April 2010 for a land use right in the People's Republic of China with the lease term of 50 years. Lease prepayment is amortised on a straight-line basis over the period of the lease term. (i) A subsidy was granted by the local Treasury in Zhangjiagang, Jiangsu, China against the land payment by Galaxy.

4. EXPLORATION AND EVALUATION ASSETS

	March 31, 2012	December 31, 2011
	\$'000	\$'000
Exploration & Evaluation expenditure costs brought forward in respect of areas of interest	7,425	2,243
Expenditure during period comprising:		
Acquisitions	-	2,900
Exploration	746	2,282
Closing balance	<u>8,171</u>	<u>7,425</u>

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended to March 31, 2012

5. INTEREST BEARING LIABILITIES

	March 31, 2012	December 31, 2011
	\$'000	\$'000
Current		
Unsecured bank loan (b)	17,994	3,715
Balance at end of the year / period	17,994	3,715
Non Current		
Unsecured bank loan (a)	40,516	29,785
Convertible Bonds (c)	69,428	66,068
Balance at end of the year / period	109,944	95,853

- a) The non-current facility with China Construction Bank (CCB) is an unsecured RMB fixed asset facility of 136m RMB (\$21.2m) with a term of 3 years and 129.6m RMB (\$20.2m) with a term of 5 years. The current interest rates are 6.4% and 6.9% respectively. At March 31, 2012, the facilities were fully drawn down (\$40.5m). At June 30, 2012, the facilities were fully drawn down (\$41.4m).
- b) The current Facility with China Construction Bank (CCB) is an unsecured RMB working capital facility with a term of 1 year. At March 31, 2012, 94m RMB (\$14.3m) of an approved 114m RMB (\$17.8m) was drawn down. The current interest rate is 6.56%. At June 30, 2012, 106m RMB (\$16.5m) was drawdown.

In March 2012, Galaxy entered into a RMB 84 million (\$13.1m) unsecured working capital facility with Shanghai Pudong Development Bank. The facility has a term of three years and a floating interest rate (currently 6.65% per annum), payable quarterly. At March 31, 2012, 24m RMB (\$3.7m) of an approved 84m RMB was drawn down. At June 30, 2012, 51m RMB (\$8.0m) was drawn down.

- c) On November 4, 2010 the Group entered into a Convertible Bond subscription Agreement to issue up to \$61.5 million, 8% convertible bonds ("Bonds") maturing in November 2015. The Bonds are unsecured.

Interest is payable semi annually in arrears. Each Bond is convertible into fully paid ordinary shares of the Company at the reset price of \$1.16. Subject to certain restrictions, a Bondholder is entitled to convert at any time until maturity date in November 2015. The conversion price will be subject to adjustment upon the occurrence of certain prescribed events including among others, consolidation, subdivision or reclassification of the Company's shares, capitalisation of profits or reserves, capital distributions (including dividends), rights issues, the grant of options over shares or other securities convertible into shares at less than 95% of the then current market price up until six months from the date of closing or at less than the market price thereafter (provided no adjustment shall be made for any initial public offering of shares on another stock exchange prior to June 30, 2011 if the offer price is greater than or equal to \$1.16 or other anti dilution adjustment events). No adjustments to conversion price are to be made where dilution events occur as a result of issues to employees or Directors of the Company.

A Bondholder may, at the end of year 3, require the Company to redeem all, or some of the Bonds at their principal amount. The Company may redeem all (but not some) of the Bonds on issue from November 2013 at their principal amount where if for 20 out of 30 relevant trading days the share price exceeds 130% of the applicable conversion price or at any time 90% or more of the aggregated principal of the original Bonds issued has been converted or redeemed. The convertible bonds are recognised at fair value through profit or loss.

On November 19, 2010, the Company issued the first tranche of the bonds being \$32 million receiving \$29.69 million in net proceeds. On January 17, 2011, the Company issued the initial part of the second tranche of bonds being \$10.5 million and on February 16, 2011, the Company issued the remaining second tranche of the bonds being \$19 million.

- d) Subsequent to balance date, in April 2012, Galaxy entered into a RMB 182 million (\$28.4m) unsecured funding facility with Industrial and Commercial Bank of China. The facility has a term of 5 years and a floating interest rate (currently 6.90% per annum). At June 30, 2012, 80.6m RMB (\$12.6m) was drawn down.
- e) In July 2012, as a result of the merger with Lithium One Inc (refer Note 7), Galaxy issued CAD5 million (A\$4.8m) Convertible Notes. The Notes are unsecured and bear interest at the rate of 8% per annum. The Notes mature on 29 October 2012 and, unless converted to fully paid ordinary shares in Galaxy at the conversion price of CAD\$0.612 (\$0.588) per share, are repayable in cash.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended to March 31, 2012

6. CONTRIBUTED EQUITY

	March 31, 2012		December 31, 2011	
	Number	\$'000	Number	\$'000
a) Share Capital				
Ordinary shares - Fully paid	323,327,000	271,457	323,327,000	271,457
Movement in ordinary share capital				
Balance at the beginning of the year / period	323,327,000	271,457	192,403,358	128,419
Issued for cash (i)	-	-	130,673,642	150,000
Share options exercised - equity settled share-based transactions	-	-	250,000	150
Transfer from equity-settled payment reserve upon exercise/cancellation of share options	-	-	-	19
Transaction costs	-	-	-	(7,131)
Balance at the end of the year / period	323,327,000	271,457	323,327,000	271,457

Terms and conditions of ordinary shares: Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

7. EVENTS SUBSEQUENT TO REPORTING DATE

- In March 2012, Galaxy announced it entered into an agreement to effect a merger of Galaxy and Canadian company Lithium One Inc. This transaction was completed on July 4, 2012, where the plan of arrangement was successfully completed and Lithium One common shares were de-listed from the TSX-V. A total of 141,154,957 Galaxy shares were issued. Also issued were Convertible Notes which have a combined value of C\$5 million (\$4.8m). On exercise, each Convertible Note is convertible at C\$0.612 (\$0.588) into one Fully Paid Ordinary Share and 0.5 Options. Estimated total consideration of \$80.5m is yet to be allocated to the assets and liabilities acquired, however the majority of consideration will be allocated to Lithium One's interests in the Sal de Vida exploration project, together with the recognition of the issue of the Convertible Notes as interest bearing liabilities and cash acquired of approximately C\$6.4m (\$6.1m).
- In April 2012 Galaxy completed a \$28.9 million capital raising through the issue of 37.5 million shares at \$0.77 per share to sophisticated and institutional investors. A further \$1.1 million was subject to shareholder approval, and issued subsequently (\$500k in June 2012 and \$600k in July 2012).
- In May 2012 Galaxy issued 2.9 million shares at \$0.77 per share to raise a total of \$2.2 million (before costs) via a Share Purchase Plan.
- In May 2012, the first commercial sale of spodumene concentrate from Mt Cattlin was \$5.7 million to third party Chinese customers.
- In July 2012, it was announced that Mt Cattlin operations were to be temporarily halted to allow for re-balance of internal spodumene stockpiles.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three months ended to March 31, 2012

8. SEGMENT INFORMATION

Reportable Segments	Australia		China		Total	
	3 months to March 31, 2012	3 months to March 31, 2011	3 months to March 31, 2012	3 months to March 31, 2011	3 months to March 31, 2012	3 months to March 31, 2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Loss before tax	(21,376)	(21,764)	(1,018)	(800)	(22,394)	(22,564)
	As at March 31, 2012	As at December 31, 2011	As at March 31, 2012	As at December 31, 2011	As at March 31, 2012	As at December 31, 2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets	122,761	124,759	118,484	116,942	241,245	241,701

The Group's two reportable segments are solely maintained in separate companies. As such there are no reconciling items between reportable segments profit or loss and consolidated entity's profit or loss.

9. LOSS PER SHARE

	3 months to March 31, 2012	3 months to March 31, 2011
	Cents	Cents
(a) Basic loss per share		
Basic and diluted loss per share (cents per share)	(6.93)	(11.12)
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares outstanding during the period used in calculation of basic earnings per share	323,327,000	202,870,664

10. COMMITMENTS**Mining Tenement Leases**

In order to maintain current rights of tenure to mining tenements, the Company will be required to perform minimum exploration work to meet the minimum expenditure requirements specified by the WA State Government and pay tenement lease rents. The estimated exploration expenditure commitment for the ensuing year, but not recognised as a liability in the financial statements:

	March 31, 2012	December 31, 2011
	\$'000	\$'000
Within one year	613	613
	613	613

This expenditure will only be incurred should the Company retain its existing level of interest in its various exploration areas and provided access to mining tenements is not restricted. These obligations will be fulfilled in the normal course of operations, which may include farm-out, joint venture and direct exploration expenditure. The Company has not determined what the commitment will be beyond 12 months.

	March 31, 2012	December 31, 2011
	\$'000	\$'000
Construction Contract Commitments		
Contracted for	20,677	23,890
	20,677	23,890

Corporate Directory

Directors

Craig Leslie Readhead
Ignatius (Iggy) Kim Seng Tan
Robert (Bob) James Wanless
Yuewen Zheng
Xiaojian Ren
Anthony Peter Tse
Charles Bernard Francis Whitfield
Shaoqing Wu
Kai Cheong Kwan
David (Mike) Michael Spratt

Company Secretaries

Andrew Leslie Meloncelli

Executive Management

Terry Stark (Managing Director, Resources Division – Australia)
Allen Qian (Managing Director, Chemical Division – China)
Anand Sheth (Director – Sales and Marketing)
John Sobolewski (Chief Financial Officer)

Registered Office and Principal Place of Business

Level 2, 16 Ord Street PO Box 1136
West Perth WA 6005 West Perth WA 6872
Australia Australia
P: + 61 8 9215 1700
F: + 61 8 9215 1799
Email: reception@galaxylithium.com
Website: www.galaxylithium.com

Share Registry

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000
P: 1300 557 010 (within Australia)
P: + 61 3 9415 5000 (outside Australia)
F: + 61 8 9323 2033
Website: www.computershare.com

Auditors

KPMG Chartered Accountants
235 St Georges Terrace
Perth WA 6000
P: + 61 8 9263 7171
F: + 61 8 9263 7129

Solicitors

Allion Legal Pty Ltd
Level 2, 50 Kings Park Road
West Perth WA 6005
P: + 61 8 9216 7100
F: + 61 8 9324 1075

Australian Business Number

11 071 976 442

ASX Code

GXY