Galaxy Resources Limited Raises $2.25 Million Through Share Purchase Plan

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Perth, May 1, 201 - Galaxy Resources Limited (ASX:GXY) is pleased to announce it has raised A$2.25 million via a Share Purchase Plan ('SPP'), which was launched in conjunction with a A$30 million Placement ('Placement') to support the Company's recommended merger ('Proposed Merger') with Lithium One Inc (CVE:LI) ('Lithium One').

Galaxy said it received applications for a total of 2.92 million ordinary shares from existing eligible shareholders, and that the SPP was now closed.

Together with the Placement proceeds, existing funds available to the merged entity, and Lithium One's A$10 million in cash reserves, the SPP funds will be used for working capital for the Mt Cattlin Mine and Jiangsu Lithium Carbonate Plant, to accelerate development of the Sal de Vida Lithium Project in Argentina, debt servicing, capital raising fees and merger costs.

Galaxy Managing Director Iggy Tan said: 'The Galaxy Board wishes to acknowledge the support of shareholders in the Share Purchase Plan.'

Galaxy added the allotment of the shares had occurred and holding statements would be despatched to shareholders shortly.

Merger Update

Galaxy said the Proposed Merger with Lithium One was progressing as planned on both sides, with Target Circular to be finalised in the next fortnight.

The Proposed Merger, which is unanimously recommended by both the Galaxy and Lithium One Boards, and is supported by key shareholders of both companies, requires Lithium One shareholder approval 1 at a shareholder meeting. The meeting is expected to be held in early June 2012.

Galaxy shareholders will also be asked to vote on certain resolutions relating to the Proposed Merger at an Extraordinary General Meeting (EGM) presently intended to be held before the Lithium One shareholder meeting also in early June 2012.

About Galaxy Resources Limited:

Galaxy Resources Limited (ASX:GXY) is an Australian-based integrated lithium mining, chemicals and battery company listed on the Australian Securities Exchange and is a S&P/ASX 300 Index Company. 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 produce 137,000 tpa of spodumene concentrate and 56,000 lbs per annum of contained tantalum. The concentrated spodumene is shipped to Galaxy's wholly-owned Lithium Carbonate Plant in China's Jiangsu province. Once complete, the Jiangsu plant 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 for a lithium-ion battery plant, to produce 350,000 battery packs per annum for the electric bike (e-bike) market. The Company also has a farm in agreement with TSX-listed Lithium One Inc to acquire up to 70% of the James Bay 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.

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