

19 November 2010

CONVERTIBLE BONDS FUNDS RECEIVED IN GALAXY ACCOUNT - \$29.69 MILLION

Emerging lithium producer, **Galaxy Resources Limited** (ASX: GXY) (**Galaxy** or the **Company**) is pleased to announce it has received funds of A\$29.69 million in the bank account today (net of costs) in respect to the Tranche One issue of Convertible Bonds as announced on 8 November 2010.

Please see attached an Appendix 3B regarding the issue of 320 Convertible Bonds convertible with a face value of \$100,000 per bond convertible at \$1.56 per share subject to adjustments.

– ENDS –

For more information, please contact:

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About Galaxy (ASX: GXY)

Galaxy Resources is a Western Australian S&P / ASX 300 Index company which plans to become one of the world's leading producers of lithium compounds – the essential component for powering the world's fast expanding fleet of hybrid and electric cars.

By 2011, Galaxy's Mt Cattlin mine will be the world's second largest producer of lithium mineral concentrate globally, and through the development of its 17,000 tpa lithium carbonate plant in Jiangsu province, the Company expects to be one of the largest and lowest cost lithium compound producers in China.

Lithium compounds such as lithium carbonate are forecast to be in short supply against high future demand due to advances in long life batteries and sophisticated electronics including mobile phones and computers.

Galaxy Resources has positioned itself to meet this lithium future by not only mining the lithium, but also by downstream processing to supply lithium carbonate to the expanding Asian market.

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

GALAXY RESOURCES LIMITED

ABN

11 071 976 442

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Convertible Bonds (unsecured and subordinated). |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 320 Convertible Bonds (face value of \$100,000 per bond). Total \$32 million. |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Term: 5 years
Conversion Price: \$1.56 (subject to adjustments)
Coupon: 8% per annum |

+ See chapter 19 for defined terms.

4	Do the ⁺ securities rank equally in all respects from the date of allotment with an existing ⁺ class of quoted ⁺ securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	No.					
5	Issue price or consideration	\$100,000 per bond.					
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Refer to announcement dated 8 November 2010.					
7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates	19 November 2010.					
8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable)	<table><tr><th>Number</th><th>⁺Class</th></tr><tr><td>191,903,358</td><td>Ordinary fully paid shares (GXY)</td></tr></table>	Number	⁺ Class	191,903,358	Ordinary fully paid shares (GXY)	
Number	⁺ Class						
191,903,358	Ordinary fully paid shares (GXY)						

	Number	+Class
9	500,000	Unlisted options exercisable at 40 cents, expiring 06/02/2011 (GXFAQ)
	9,700,000	Unlisted options exercisable at varying prices with varying vesting dates and expiry dates (GXYAK)
	1,800,000	Unlisted options exercisable at varying prices with varying vesting dates and expiry dates
	6,650,000	Unlisted options exercisable at \$1.11 with varying vesting dates and expiry dates (GXYAM)
	3,000,000	Unlisted options exercisable at \$0.96 with varying vesting dates and expiry dates
	1,000,000	Unlisted options exercisable at \$1.00 with expiry date of 30 June 2012
	320	Convertible Bonds (unsecured and subordinated). Coupon 8% pa. \$100,000 per bond.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No dividends have been paid by the company during this financial year and any dividends on the increased capital will depend on profits earned.
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Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	
12	Is the issue renounceable or non-renounceable?	
13	Ratio in which the +securities will be offered	
14	+Class of +securities to which the offer relates	

+ See chapter 19 for defined terms.

15	+Record date to determine entitlements	
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	
25	If the issue is contingent on +security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	

29	Date rights trading will end (if applicable)	
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30	How do +security holders sell their entitlements <i>in full</i> through a broker?	
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31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
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32	How do +security holders dispose of their entitlements (except by sale through a broker)?	
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33	+Despatch date	
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Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1 (fully paid shares only)

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
- 1 - 1,000
1,001 - 5,000
5,001 - 10,000

+ See chapter 19 for defined terms.

10,001 - 100,000
100,001 and over

- 37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

- 38 Number of securities for which ⁺quotation is sought

- 39 Class of ⁺securities for which quotation is sought

- 40 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?
- If the additional securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
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- 41 Reason for request for quotation now
- Example: In the case of restricted securities, end of restriction period
- (if issued upon conversion of another security, clearly identify that other security)
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- | | Number | ⁺ Class |
|---|----------------------|----------------------|
| 42 Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in clause 38) | <input type="text"/> | <input type="text"/> |

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(~~Director~~/Company secretary)

Date: **19 November 2010**

Print name: **A L Meloncelli**

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+ See chapter 19 for defined terms.