4 July 2012

Company Announcements Office
ASX Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Via: www.asxonline.com

Dear Sir/Madam,

CLEANSING NOTICE

On 30 March 2012 **Galaxy Resources Limited (ASX: GXY)** ("***Galaxy***") announced their intention to merge with Lithium One Inc (**TSX-V: LI**) via a plan of arrangement to be implemented in accordance with Canadian Corporate and Securities law ("***Merger***"). Subject to completion of the Merger, Galaxy announced that it would issue fully paid ordinary Galaxy shares, exchangeable shares[1] and special voting shares in exchange for the Lithium One shares and options on issue.

The terms and conditions attaching to the exchangeable shares and special voting shares were set out in detail in Galaxy's Notice of Meeting dated 15 May 2012.

On 3 July 2012 the Merger was completed and Galaxy issued:

- 127,032,369 Galaxy fully paid ordinary shares to Lithium One securityholders;
- 14,122,588 exchangeable shares and the rights attaching to 14,122,588 special voting shares to Lithium One securityholders;
- 467,533 Galaxy fully paid ordinary shares to Azure Capital Investments Pty Ltd in lieu of cash for corporate advisory services provided in relation to the Merger; and
- 311,688 Galaxy fully paid ordinary shares to Paradigm Capital Inc., in lieu of cash for corporate advisory services provided in relation to the Merger.

<u>Notice given under Section 708A(5) of the Corporations Act</u>

This notice is given under paragraph (5)(e) of Section 708A of the Corporations Act 2001 (Cth) ("Corporations Act").

[1] The Exchangeable Shares are unlisted shares in a wholly owned Canadian subsidiary of Galaxy (Galaxy Lithium One Inc.) which are exchangeable into Galaxy Fully Paid Ordinary Shares. Pursuant to ASIC Relief Instrument [12/0707], ASIC has granted relief to Galaxy so that no further Cleansing Notices need to be released upon the exchange of Exchangeable Shares into Galaxy Fully Paid Ordinary Shares.

The following securities of the Company were issued without disclosure to investors under Part 6D.2 of the Corporations Act:

Type:	Shares
Class/Description/ Number Issued:	127,032,369 Fully Paid Ordinary Shares 14,122,588 Exchangeable Shares
ASX Code:	GXY
Date of Issue:	3 July 2012

The Company intends to apply to ASX Limited for quotation of the fully paid ordinary Galaxy shares issued on 3 July 2012, and any fully paid ordinary Galaxy shares issued on exchange of the exchangeable shares.

As at the date of this notice, the Galaxy has complied with:

(a) The provisions of Chapter 2M of the Corporations Act as they apply to the Company; and

(b) Section 674 of the Corporations Act.

As at the date of this notice, there is no excluded information required to be disclosed under paragraph (6)(e) of Section 708A of the Corporations Act.

Yours faithfully

A L Meloncelli
Company Secretary