



Quarterly Report

...meeting a lithium future

For the three months ending 31 December 2012

The Quarter was dominated by the tragic and unfortunate events at the Jiangsu Lithium Carbonate Plant ("Jiangsu Plant" or "the Plant"), which resulted in two fatalities. The Company has done everything to assist the 11 workers and their families affected by the incident (see update below) which occurred during a routine maintenance procedure at the Plant. While the Company remains totally focused to become one of the world's, and China's, leading suppliers of lithium carbonate, our commitment to safety remains our key priority across all the Company's operations.

The closure of the Plant, with operations expected to recommence early February, has affected all elements of the business. Management and staff are working diligently to overcome this very sad event and ensure that we become one of the world's safest producers of lithium carbonate. I'm sure all shareholders share Management's sorrow for this event and join me to offer our sincerest condolences to the families and friends of those lost and injured.

Jiangsu Plant Update

A pipe ruptured in the sodium sulphate crystallisation section of the Jiangsu Plant on 22 November 2012 during the commencement of a previously-announced, scheduled three week maintenance shutdown.

Galaxy continues to support employees and contractors affected by the incident and their families. The Company has business, commercial and welfare insurance policies in China that covers business interruption and the affected employees.

Investigations by Galaxy and China's Suzhou Safety Bureau ("Safety Bureau") were carried out immediately following the incident. Subsequent to the Quarter, Galaxy's internal investigation concluded that on shutdown of the Plant, an abnormal and unexpected blockage in the vertical crystallizer section held up a mass of sodium sulphate liquid, the force of which, on subsequent unforeseen release, caused the fiber glass pipe work at the U-bend section to rupture on impact. Due to the highly abnormal nature of the incident, the risk of this type of incident was not identified by the Plant designers in their design documentation or safety studies.

The Safety Bureau's independent investigation concurred with the root cause analysis of the incident as described above. The Safety Bureau has agreed with the Company's proposal to replace the ruptured U-bend section with stainless steel (2507) material with additional load support in light of the impact and consequences of the incident.

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 and chemicals 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 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 and outlook and is positioning itself to achieve its goal of being involved in the lithium supply chain.

Galaxy has ordered the stainless steel replacement materials. The repair of the U-bend will be completed by early February 2013 ready for Plant recommencement, subject to final sign off by authorities.

The Company has also used the time available as a result of the Plant shutdown following the incident to make further modifications to the Plant, which will improve the operability and throughput rate upon recommencement of production. A complete Hazard and Operability (HAZOP) review has been conducted on the entire operation to ensure complete and ongoing safety of the Plant before recommencement of operations. Safety continues to be a paramount priority at Jiangsu. Galaxy achieved a record of 2 million man hours without a Lost Time Injury (LTI) during the Jiangsu construction, commissioning and operation of the Plant before the incident occurred.

Other shutdown activities at Jiangsu are proceeding on schedule. The Company began the kiln dry out process at the end of January and is expected to be ready for Plant recommencement by early February 2013.

Capital Raising

Galaxy announced on 5 November 2012 it was to complete a capital raising of A\$81 million (before costs) via a placement to the East China Mineral Exploration & Development Bureau ("ECE") and existing investor M&G Investments ("M&G"). The Company was advised on 18 January 2013 by ECE that its Board had withdrawn from ECE's proposed investment in Galaxy. ECE indicated to Galaxy it is willing to reconsider the investment once the Jiangsu Plant returns to stable operation.

General Meeting

A General Meeting will be held on Friday, 15 February 2013 at 10 am (WST) at the City West Function Centre, 45 Plaistowe Mews, West Perth WA 6005.

Deutsche Bank Placement

On 12 December 2012, Galaxy agreed to a financing arrangement with Deutsche Bank for A\$20 million (before costs), comprising equity placement and call option transactions. This was due to the delay of ECE's cash injection (subsequently withdrawn) and the impact of the Jiangsu incident on near term cash flow.



The placement consists of the issue of 48.0 million new, fully paid shares at a price of 41.67cents per share, representing no discount to the Galaxy 3-day VWAP up to and including trading on 12 December 2012. The A\$20 million (before costs) placement is being settled in two tranches of A\$10 million per tranche. The first tranche ("DB Tranche 1") settled on 17 December 2012. The second tranche ("DB Tranche 2") is to settle following the satisfactory recommencement of operations at the Jiangsu Plant, provided that such recommencement occurs on or before 28 February 2013. The recommencement of operations at Jiangsu is anticipated to occur in early February 2013.

In conjunction with the placement, Galaxy purchased cash-settled call options from Deutsche Bank to potentially benefit from future appreciation in the Galaxy share price. Galaxy stands to receive an additional cash payment to the extent its share price has appreciated in three years' time, up to a maximum of approximately A\$10 million per placement tranche (based on current share price levels). Any payoff under the call options is contingent on Galaxy's share price performance from trade date to maturity date in three years time.

The net proceeds of the financing arrangement of A\$15 million (after placement, structuring fees and call option premium) will be used for working capital and corporate purposes.

Spodumene Stockpile at Jiangsu Plant



Shares issued under the placement will rank equally with existing Galaxy shares. DB Tranche 1 of the placement is within Galaxy's available capacity to issue new shares under ASX Listing Rule 7.1 and is not subject to shareholder approval. DB Tranche 2 is subject to Galaxy refreshing its placement capacity under ASX Listing Rule 7.1, which it intends to do early February 2013, subject to shareholder approval. The Company has also redeemed nine convertible notes with a combined value of C\$5 million with various note holders arising from the successful merger between Galaxy and Lithium One Inc. on 4 July 2012.

Marketing Update

Total lithium carbonate sales in the Quarter were 701 tonnes of technical and battery grade product. Demand for the product continued to remain robust during the Quarter.

During commissioning and commencing the ramp-up of Jiangsu, Galaxy has secured more than 25 regular customers. Customers include major glass ceramic, and lithium-ion battery cathode materials manufacturers in the PRC. Feedback from other potential customers that have commenced the initial testing and evaluation of battery grade samples has been very encouraging, with some progressing to the second phase of pilot plant trials. In addition, a number of global cathode material manufacturers have conducted a due diligence visit to the Jiangsu Plant site and commenced discussions for supply of commercial quantities of the battery grade product later in 2013. The Company is in the final stages of negotiating annual supply contracts with various major cathode makers.

Customers have indicated their satisfaction with Galaxy's lithium carbonate quality, packaging, performance, reliable supply and sales support.

Market Outlook

Lithium demand in 2012 was robust and the supply was tight, particularly in the first half. The main source of demand was from the battery segment. Chinese demand in H1 2012 was approximately 10% higher than the same period last year. According to lithium market watcher, Asia Metal Pty Ltd, Chinese exports of cathode materials like lithium cobalt oxide (LCO) are growing at up to 50% year-on-year and was forecast to reach 7,000 tonnes in 2012 compared to 4,530 tonnes in 2011. The production of LCO is gradually shifting from Japan into China due to the lower cost of manufacturing in that country.

Chinese imports of lithium carbonate increased markedly in the first half of 2012 due to higher demand and short supply from local producers. However, in the second half, seasonal production from Chinese brine-based lithium carbonate producers, in addition to the Company commissioning the Jiangsu Plant, resulted in some surplus.

The lithium carbonate demand cycle in the fourth quarter of each year in China is normally lower compared to other quarters. It is also the time for negotiations of annual supply contracts, and many companies reduce inventories to improve financial results at the end of year, increasing supplies available. Industrial grade lithium carbonate prices were impacted in the Quarter as a result, but battery grade prices remained stable, as most of the imports into China and local supply are industrial grade product.

Pricing

According to Asia Metal Pty Ltd, prices for battery grade lithium carbonate in China remained steady in the Quarter at US\$6,680-US\$7,000/t (inclusive of VAT). Industrial grade prices dropped by approximately 1.25% to US\$6,300/-US\$6,600/t.

Talison Minerals' announcement in H2 2012 for a 10% price increase in spodumene prices should increase pricing pressure on lithium carbonate in 2013. If demand increases and supply remains tight, especially in the Q3 and Q4 2013, prices are expected to remain steady or increase.



Sal de Vida Korean JV Partners visiting the Jiangsu Plant

Final Lithium Carbonate Product at Jiangsu Plant



Resource Division

Mt Cattlin Operations

As reported last Quarter, the Galaxy Board reached a decision to temporarily halt production at its Mt Cattlin Operations near Ravensthorpe, WA, from the end of July 2012. Mt Cattlin Operations remain in temporary halt status, in preparation for a restart to operations as soon as the stockpiled concentrate ahead of the Jiangsu Plant in China is sufficiently depleted, inventory levels are re-balanced, and the Jiangsu Plant requires additional spodumene concentrate feed.

A temporary halt to operations at Mt Cattlin has enabled the Company to reduce cash outlays considerably, while the Jiangsu Plant in China ramps-up to full production.

On site, a continued strong focus on safety as an integral part of daily activities resulted in no LTIs for the Mt Cattlin site during the Quarter. Galaxy employees remain on site, plant maintenance and mine planning work is continuing, in readiness for recommencement of operations.

While no spodumene concentrate is currently being produced on site, a total of 247 tonnes of stockpiled tantalum concentrate was sold and shipped from site to Global Advanced Metals (GAM) during the Quarter.

Mt Cattlin continues to provide feedback to the local community regarding the Company's progress on site, through regular Quarterly meetings and through the local community newsletter.



Table 1: Mt Cattlin Production Statistics

Mt Cattlin Production Statistics	Dec 2012 Quarter	2012 YTD
Ore Mined (Tonnes)	0	454,912
Grade (Li ₂ O%)	0	1.22
Waste Mined (BCM)	0	925,505
Ore Treated (Tonnes)	0	453,004
Grade (Li ₂ O%)	0	1.23
Spodumene Produced (dry Tonnes)	0	54,047



Mt Cattlin



Sal de Vida Project - Argentina

Completion of the Definitive Feasibility Study (DFS) on the Sal de Vida Project Lithium and Potash Project remains on track for end of Q1 2013.

Environmental Impact Statement

The Sal de Vida Environmental Impact Reports (EIRs) are under review in both Salta and Catamarca provinces. Approval of the reports will come with the permits for construction. The Company is working towards and anticipates approvals by the end of March 2013.

Part of the approvals will be the DIAs or conditions of approval, which will lay out the conditions for building and operating the lithium carbonate extraction wells, evaporation and processing facility. There continues to be full support from the Catamarca and Salta Provincial Governments for the development of the Sal de Vida project.

Engineering Process

The engineering and feasibility study for the Project is on track for completion in early 2013. The process flow diagrams (PFDs) have been completed, and piping and instrumentation diagrams, technical specifications and requests for quotes are being finalized. The longest lead time item in the development of Sal de Vida will be the evaporation ponds. Covering 24 square kilometres, the ponds will take 15 months to build, fill and concentrate to the first available 2.1% Li plant design feed.

Well Fields

The long term pumping test drawdown and recovery trials were completed during the Quarter, demonstrating that either of the two initial well fields, covering 5% of the measured and indicated resource area, are capable of providing brine sufficient to feed a planned 25,000 tpa lithium carbonate plant for decades. Other development areas are available, including potentially one in a new mining licence (Mina) in the north basin zone, shown to contain higher grade brine in a large salt body.

The two tests targeted for the initial production yielded a maximum drawdown at the pumped wells of 5 metres and 23 metres with no occurrence of hydraulic boundaries in either area. Daily lithium concentrations ranged from 750 – 867, with a mean of 840 mg/l. The information from the pumping tests is being used to validate the hydrological model, and is already helping develop the well field drilling program. The hydrology consultants have reported already that there are no barriers to pumping the quality and amounts of brine required for the Sal de Vida operation.



Galaxy Office in Salta



Camp at Sal de Vida



Test Work at Sal de Vida



Pumping Tests

Process Testing Trials

The process test facility work on site continues to provide reliable sizing and cost data, proof of the design and insight into the optimal design and operating conditions for high purity lithium carbonate and technical grade potash production.

Drawing on insight and design fundamentals from Jerome Lukes, Jingyuan Liu and Vijay Mehta, Galaxy's Argentina-based team is refining flow sheets, backed up by Jiangsu laboratory testwork.

Key milestones in the Quarter include integration of the lithium end-liquor recycling, initiating continuous crystallization and product filtration operations, optimization of the solvent extraction (SX) operating conditions, small scale and pilot scale ion exchange (IX) experiments and bicarbonate (BiC) purification tests at Jiangsu.

Results of the test work indicate that with stable conditions and operations, the Sal de Vida brine can be used to produce high purity lithium carbonate product. Starting at levels of 1,418 milligrams per liter (mg/L) boron, 5,272 mg/L Ca and 388 mg/L Mg in a 2.27% Li evaporation-concentrated brine, it is evident the initial purification steps can meet the specifications required to move to the ion exchange (IX) circuit and bicarbonate (BiC) purification and thence to precipitation of high purity lithium carbonate.

Definitive Feasibility Study

Galaxy's project engineering team, working with Taging Engineering and recruiting other resources continues to maintain the schedule for completion of the Definitive Feasibility Study (DFS) by the end of Q1 2013. In addition to the primary engineering contractor, Galaxy has recruited engineering resources from Saxum Engineering, another experienced small Argentine firm and the engineering team at Jiangsu. Hatch Engineering continues to contribute in the potash plant area, and overall review of documents.

Chemicals Division

The Jiangsu Plant was shut down in late November following a blockage in the vertical crystallizer section and subsequent pipe rupture. The pipe is currently awaiting repairs and recommencement of the Plant is expected early February 2013. Prior to the incident, the Company continued to ramp-up operations at the Jiangsu Plant during the Quarter. Lithium carbonate production totalled 705 tonnes over the period. Total sales for the Quarter were 701 tonnes, recording revenue of RMB 29.9 million (A\$4.6 million) (inclusive of VAT).

Sales from Jiangsu comprised mostly technical grade product while battery grade product continued to undergo customer qualification processes and testing. As reported in September 2012, battery grade samples were sent to over 50 potential battery cathode customers in China. In addition, battery grade samples have been sent to a number of Japanese customers for product qualification and testing.

Jiangsu's quality performance continued to improve (see table 3). Battery grade lithium carbonate product quality continued to achieve at least 99.5% purity criteria with the product meeting all of the prescribed tolerances for impurities required by Galaxy's cathode producing customers. Statistical analysis also shows that the distribution ranges of major impurity levels have become narrower in comparison with the performance of previous quality, implying better product consistency and quality predictability.

At the front end of the Plant, prior to the incident, the calcination kiln utilisation rate (amount of time on line) reached 92% during October/November. Temporary lifters were installed in the calciner to provide better spodumene pre-heating and heat transfer within the kiln. These modifications have successfully reduced kiln off gas temperatures, thereby allowing increased kiln feed rates and kiln stability. These lifters have now been replaced by permanent units during the recent shutdown. The

Table 2 - Jiangsu Production Statistics

	Dec 2012 Quarter*	2012 YTD
Production (tonnes) *	714	1454
Battery Grade	245	290
Technical Grade	469	1165

* From 1 Oct to 21 Nov, Jiangsu shutdown since 21 Nov 2013

Galaxy Jiangsu Plant





The focus during the Quarter was to improve the stability, on line rate and utilisation of the back end of the Plant. During October, the utilisation rate of the lithium carbonate precipitation plant and dryer reached 73% on line time. Again, this was an excellent result for the particular stage of the ramp-up.

The Plant planned a scheduled shutdown from November 22 to December 12 to install permanent lifters into the calcination kiln and various other operability improvements. This shutdown period was extended due to the incident at Jiangsu on November 22.

In addition to the refurbishment of the damaged sections of the sodium sulphate production system, Galaxy also utilized this period to carry out improvement to several other systems such as lithium carbonate precipitation, sodium sulphate pneumatic conveyance, venturi scrubber, etc. With the implementation of these improvements, the Jiangsu Plant is expected to have improved operability on recommencement.

Jiangsu completed the first round of an external audit for ISO9001/ISO14001/OHSAS18001 management system by BSI before the incident. The final acceptance audit will be carried out in March 2013. Completion of the certification process is expected in the first half of 2013

Table 3: Typical Battery Grade Production Quality

Batch ID	LC %	ppm													
		Na	K	Ca	Mg	Si	Fe	Cu	Pb	Ni	Mn	Zn	Al	Cl	SO ₄
6120914004	99.70	20	5	43	5	10	5	1	1	1	1	1	5	11	300
6120914005	99.70	20	5	43	5	10	4	2	1	1	1	1	5	6	240
6120915001	99.62	20	5	28	5	10	3	1	1	1	1	1	5	10	320
6120915004	99.63	20	5	31	5	10	4	1	1	1	1	1	5	10	310
Battery Grade Specs	≥99.5	<250	<10	<50	<100	<50	<20	<10	<10	<30	<10	<10	<50	<50	<800

For more information, please contact:

Corporate

Iggy Tan
Managing Director
Galaxy Resources Limited
ir@galaxylithium.com
t: +61 8 9215 1700

Media Contact

Jane Grieve
FTI Consulting
jane.grieve@fticonsulting.com
t: +61 8 9485 8888
m: +61 488 400 248

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 forwardlooking 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 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.

www.galaxylithium.com

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Galaxy Resources Limited

ABN

11 071 976 442

Quarter ended ("current quarter")

31 December 2012

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	2,804	8,492
1.2	Payments for (a) exploration & evaluation	(3,709)	(7,082)
	(b) development		
	(c) production	(8,711)	(51,679)
	(d) administration	(4,260)	(24,365) ^b
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	32	349
1.5	Interest and other costs of finance paid	(3,751)	(6,841)
1.6	Income taxes paid		
1.7	Other (provide details if material)		
Net Operating Cash Flows		(17,595)	(81,126)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets	(7,339)	(55,628)
	(d) intangibles		
1.9	Proceeds from sale of:		
	(a) prospects	145	145
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Deposits	(1,052)	(1,049)
Net investing cash flows		(8,246)	(56,532)
1.13	Total operating and investing cash flows (carried forward)	(25,841)	(137,658)
1.13	Total operating and investing cash flows (brought forward)	(25,841)	(137,658)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	24,508	55,255
1.15	Proceeds from borrowings	12,030	75,565

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.16	Proceeds from convertible bonds		
1.17	Repayment of borrowings	(4,829)	(4,829)
1.18	Dividends paid		
1.19	Other - Cash acquired from merger	-	6,191
	- Payment for call option	(2,500)	(2,500)
	Net financing cash flows	29,209	129,682
	Net increase (decrease) in cash held	3,368	(7,976)
1.20	Cash at beginning of quarter/year to date	5,080	17,997
1.21	Exchange rate adjustments to item 1.20	(729)	(2,302)
1.22	Cash at end of quarter	7,719 ^a	7,719 ^a

a In addition to cash noted, total undertaking by PRC banks for working capital of A\$5m.

b Includes change of control payments and transaction costs for the Lithium One merger of approximately \$6m (YTD).

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	582
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Includes directors' fees, salary and superannuation and also fees paid to directors or director related entities for professional and technical services.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	114,097*	108,895*
3.2 Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

*As at 31 December 2012, RMB 712 million had been drawn down of approved RMB 746 million facilities. Therefore, the amount available is 34m RMB (A\$5m).

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,000
4.2 Development	-
4.3 Production (net of revenues)	7,000
4.4 Administration	4,000
Total	13,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,197	3,548
5.2 Deposits at call	5,522	1,532
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	7,719	5,080

Changes in interests in mining tenements – refer attached tenement schedule

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference *securities				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.3	*Ordinary securities	560,357,421 ¹	560,357,421	-	-
7.4	Changes during quarter				
	(a) Increases through issues	53,998,080 Fully Paid Ordinary Shares ²	23,998,080 Fully Paid Ordinary Shares	\$0.4167 per share	Fully Paid
	(b) Decreases through returns of capital, buy-backs		30,000,000 Fully Paid Ordinary Shares	\$0.50 per share	Fully Paid
7.5	*Convertible debt securities	615 Convertible Bonds (face value of \$100,000 per bond). Unsecured, subordinated 8% per annum. A\$1.136 conversion price.	-	-	-
7.6	Changes during quarter				
	(a) Increases through issues				
	(b) Decreases through securities matured, converted	9 Convertible Notes. C\$5 million face value.		Redeemed	
			-		-
7.7	Options (description and conversion factor)			Exercise price	Expiry date
		750,000	-	\$0.45	17/11/14
		3,350,000	-	\$0.60	26/11/14
		5,350,000	-	\$0.60	Vesting not satisfied
		1,800,000	-	\$0.90	26/11/14
		3,000,000	-	\$0.96	Vesting not satisfied
		3,600,000	-	\$1.11	22/07/16
		1,900,000	-	\$1.11	Vesting not satisfied
		39,100,000	-	\$1.16	Vesting not satisfied
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		

¹ For voting purposes, the total number of shares presently carrying voting rights in Galaxy Resources Limited is 560,357,421. This is made up of 548,500,988 Fully Paid Ordinary Shares and 11,856,433 Special Voting Shares (which, effectively, may be voted by the holders of the remaining un-exchanged 11,856,433 Exchangeable Shares in Galaxy Lithium One Inc). These amounts are aggregated on the basis that ASX has confirmed that the voting rights attached to each Special Voting Share along with each Exchangeable Share (and its associated exchange rights and obligations) together upon and from their issue are to be treated as one Fully Paid Ordinary Share in Galaxy for the purposes of the ASX Listing Rules. During the current quarter 1,729,075 Exchangeable Shares were exchanged for Fully Paid Ordinary Shares.

² This figure of 53,998,080 Fully Paid Ordinary Shares does not include 1,729,075 Fully Paid Ordinary Shares issued upon the exchange of Exchangeable Shares during the current quarter. ASX has confirmed that the voting rights attached to each Special Voting Share along with each Exchangeable Share (and its associated exchange rights and obligations) together upon and from their issue are to be treated as one Fully Paid Ordinary Share in Galaxy for the purposes of the ASX Listing Rules. Accordingly, the issue of 1,729,075 Fully Paid Ordinary Shares upon the exchange of 1,729,075 Exchangeable Shares during the current quarter is reflected in Galaxy Resources Limited's Appendix 5B for the quarter ended 30 September 2012.

7.12	Unsecured notes (totals only)	-	-
------	-------------------------------	---	---

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~does not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here: Date: **31 January 2013**
(Director/Company secretary)

Print name: A L Meloncelli

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 1022: *Accounting for Extractive Industries* and AASB 1026: *Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

Tenement Schedule as at 31 December 2012

Project	Tenement	Notes (100% interest unless stated)
<u>Argentina</u>		
<u>Sal De Vida</u>	Various	70% Interest upon satisfaction of JV conditions with Kores Consortium.
<u>Australia</u>		
<u>Boxwood Hill</u>	E70/2493	
	E70/2513-E70/2514	
	E70/2547	

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

<u>Connolly</u>	E69/1878	
<u>Ponton</u>	E28/1317	
	E28/1830	
<u>Shoemaker</u>	E69/1869-1871	20% Interest with General Mining Corporation.
<u>Ravensthorpe</u>		
Aerodrome	E74/398	
Bakers Hill	E74/287	
	E74/295	
	E74/299	
	E74/415	
Floater	E74/400	
	P74/307-P74/308	
McMahon	M74/165	
	M74/184	
	P74/334	
Mosaic	M74/136	
Mt Cattlin	L74/46	
	L74/48	
	M74/244	
Sirdar	E74/401	80% Interest with Traka Resources.
	P74/309-P74/310	80% Interest with Traka Resources.
West Kundip	L74/47	
	M74/133	
	M74/238	
<u>Canada</u>		
<u>James Bay</u>	Various	

+ See chapter 19 for defined terms.