18 March 2014

Dale Allen
ASX Compliance Pty Ltd
Level 8
2 The Esplanade
PERTH WA 6000

By email: tradinghaltsperth@asx.com.au

Dear Dale,

SUSPENSION UPDATE - GALAXY RESOURCES LIMITED

Galaxy Resources Limited (**Galaxy** or **the Company**) (ASX: GXY) would like to update Shareholders on the status of the Company's voluntary suspension.

The suspension was requested by the Company on 3 February 2014 and extended on 17 February 2014 and 4 March 2014 due to ongoing negotiations regarding a potential transaction which would significantly strengthen the company's balance sheet. The negotiations have continued to move forward.

The discussions must continue to remain strictly confidential and as such the Company believes that it is still appropriate for its securities to remain in voluntary suspension whilst final documentation is advanced.

The Company has resolved to extend the current voluntary suspension while it works towards successfully concluding these discussions.

In accordance with ASX Listing Rule 17.2, the Company advises that:

- it expects to remain in voluntary suspension pending the outcome of discussions;
- the event that is expected to end the voluntary suspension is an announcement by Galaxy that it has successfully concluded the relevant discussions; which the Company anticipates at this time it would not be able to make earlier than pre-open of trading on 1 April 2014;
- the Company is not aware of any reason why the voluntary suspension should not be granted; and
- it is not aware of any other information necessary to inform the market about the suspension.

Additionally, the Company announces that it's wholly owned China subsidiary, Galaxy Lithium Jiangsu Limited (**Galaxy Jiangsu**), has entered into a spodumene tolling agreement with Sichuan Tianqi Lithium Industries, Inc. (**Tianqi**), to produce lithium carbonate on their behalf (**Toll Agreement**). The Toll Agreement is initially for 12 months, with an option for further extension and is for up to 8,000 tons of industrial and battery grade products. Tianqi will pay a toll treatment fee to Galaxy Jiangsu, which will be responsible for production costs, excluding the cost of packaging.

Yours sincerely

A L Meloncelli
Interim CFO and Company Secretary