

Perth, Australia
12 September 2014

GALAXY JIANGSU DIVESTMENT UPDATE

Further to the agreement between Galaxy Resources Ltd. ("Galaxy") and Sichuan Tianqi Lithium Industries Inc. ("Tianqi") for the sale of Galaxy Lithium International Limited ("GLIL") (parent entity of the Jiangsu Plant) announced on 30 April 2014 and the announcement dated 11 August 2014 of the drawdown of the first US\$15 million tranche, Galaxy is pleased to announce that it has now received the second tranche of US\$15 million making a total of US\$30 million from the loan facility (the "Facility") made available to the Company by Tianqi Group Hong Kong Company Limited ("TGHK"). TGHK is a member of the Tianqi group of companies. The Facility is being made available, at Galaxy's request, prior to the completion of the sale of GLIL due to the longer than anticipated time required to obtain all necessary regulatory approvals in China relating to the Jiangsu divestment transaction. As previously stated, all outstanding approvals are now targeted to be completed in October 2014. The Facility is guaranteed by GLIL and secured by all of the shares and assets of GLIL. The terms and conditions are in line with industry standards and will be repaid from the consideration received upon the completion of the sale of GLIL.

-ENDS-

For more information, please contact:

Corporate

Andrew Meloncelli
Interim CFO and Company Secretary
Galaxy Resources Ltd
Tel (office): +61 (0) 8 9215 1700
Email: ir@galaxylithium.com

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 forward-looking 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.