



March 2015



QUARTERLY REPORT

Highlights

Significant events during the quarter

- Completion of Jiangsu Divestment
- General Mining executes Term Sheet on Mt Cattlin Project
- General Mining completes Due Diligence stage on Mt Cattlin and enters 90 day Development Period.

Corporate

Jiangsu Sale and Settlement

Galaxy is pleased to confirm that all cash consideration funds for the completion of the Jiangsu divestment have now been received from Sichuan Tianqi Lithium Industries Inc (Tianqi). Galaxy has a cash position of approximately A\$50 million now that the full purchase consideration from Tianqi has been received.

In addition in accordance with the amended Share Purchase Agreement as announced 2 February 2015, Tianqi was responsible for meeting 50% of the running costs at Jiangsu from February 1 2015 through to completion. The final adjustment amount is being reconciled and will result in additional funds being received by Galaxy from Tianqi.

Projects

Sal de Vida (96%)

ENVIRONMENTAL PERMITTING

The certification for diesel tank facilities on site was renewed with the National Energy Secretary and the required bi-monthly report on environmentally related expenses was filed with the Mining Secretary of Catamarca. Other pending notifications or requests from the Catamarca Province will be dealt with during Q2.

About Galaxy Resources

Galaxy Resources Ltd ("Galaxy") is a lithium-focused resources company, with assets spanning Australia, Canada and Argentina. The Company is listed on the Australian Securities Exchange (Code: GXY)

Since June 2013, the current management team has taken the Company through a series of significant financial restructuring initiatives to strengthen and improve the balance sheet. In April 2014, the Company announced the divestment of its processing plant in Jiangsu Province, China.

Galaxy is currently advancing plans to develop the Sal de Vida Lithium and Potash Brine Project ("Sal de Vida") in Argentina, which is situated in the Lithium Triangle, a region where Chile, Argentina and Bolivia meet and presently accounts for 60% of global lithium production. Sal de Vida is a proven high quality resource and has excellent prospects as a future low cost production facility.

The Company also owns the Mt Cattlin Spodumene Mine near Ravensthorpe in Western Australia and the James Bay Lithium Pegmatite Project in Quebec, Canada. Unlocking further value from these assets is important to Galaxy's ongoing strategy.

Once processed, lithium compounds are used in the manufacture of ceramics, glass, and electronics and an essential ingredient in producing battery materials such as cathode and electrolyte. It is also used in the manufacture of long life lithium-ion batteries used for consumer electronics, power tools, electric bikes as well as hybrid and electric vehicles. Anticipating the growing demand, Galaxy is positioning itself to become a major supplier of high quality lithium.

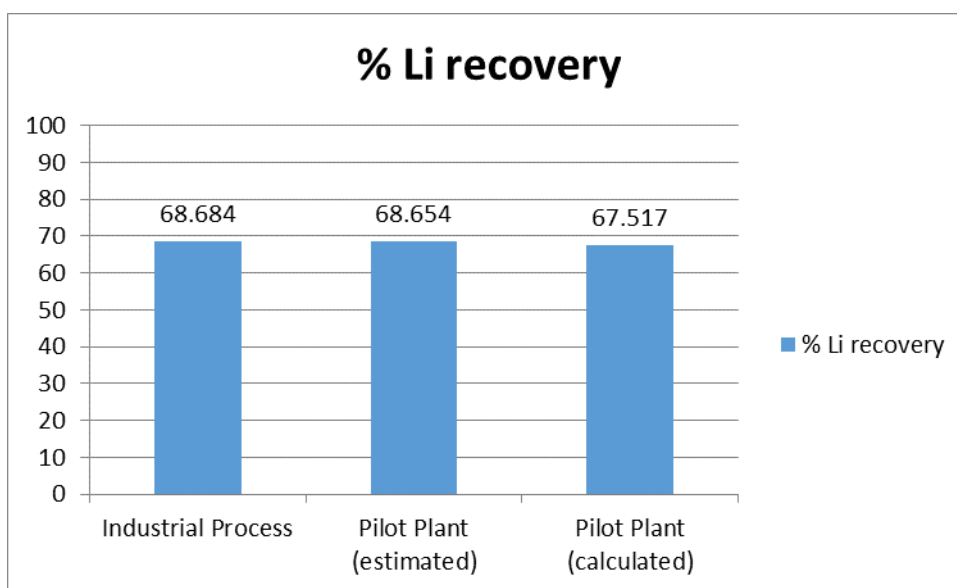
www.galaxylithium.com

LAND MANAGEMENT

All files, in both Salta and Catamarca jurisdictions, are in good standing. Official mine surveys (“Mensuras”) were approved by the mining authority in Salta. More Mensuras will be completed and submitted for approval, primarily in Catamarca.

PROCESS TEST WORK

In early 2015 lithium recovery analysis in the pilot plant and the projected industrial process was undertaken. The main objective of this work was to complete the information related to the current process so it could be compared with a new direct lithium extraction process. The chart below shows our process’ lithium recovery, obtained from empirical pilot plant data and from the SRP (Standard Reference Process) balances for the industrial process.



The overall results were consistent, with the results obtained showing negligible variations of 0.01 % (estimated % Li loss) or 0.43 % (calculated % Li loss) for the total lithium recovery of the industrial process when compared against that of the pilot plant. The lithium recovery was calculated as part of a brief evaluation of our process, applying all the known parameters presented in the feasibility report, as well as other relevant variables referenced from different projects around the world which are at similar development stages.

SITE STUDIES

Infrastructure Developments

FMC and its main contractor MEGA continued working on the last stage of the “Fenix” gas pipeline which has now reached the Hombre Muerto Salar. It is expected that this pipeline will become operational by the end of the June Quarter 2015.

REMSA, the Salta energy and mining state owned company, has commenced a process to complete a scoping study, aimed at assessing potential power demand requirements for existing and future mining projects in the Puna Region.

Upon completion of this provincial initiative, there will be electricity available from the grid less than 15 KM away from the planned Sal de Vida plant site. There will be main high tension lines, one for Jujuy Province and one for Salta Province, which will originate from a transforming station south of the Cauchari Salar on the provincial boundary.

Mt Cattlin

On 9th February 2015 Galaxy announced it had signed a binding term sheet with General Mining Corporation Limited (“GMM”) in respect to the Mt Cattlin Project, located in Ravensthorpe Western Australia which gives GMM the sole and exclusive right to operate Mt Cattlin for a period of 3 years together with the option to purchase Mt Cattlin from Galaxy at any time during the 3 year period.

Transaction Highlights

1. On 7 April 2015 GMM announced that it had completed its due diligence so until 5 July 2015 GMM has the sole and exclusive right to determine whether it wishes to commence production at Mt Cattlin. GMM is solely responsible for all Mt Cattlin care & maintenance costs and all tenement maintenance costs during this period.
2. If GMM elects to proceed with development at Mt Cattlin, it will have the sole and exclusive right to operate for a period of three (3) years from the date the development decision is made (“Operations Period”).
3. During the Operations Period, GMM will:
 - (a) conduct its operations at Mt Cattlin at its sole discretion and cost;
 - (b) pay to Galaxy a lease fee of \$2,500,000 per annum (GST exclusive) in monthly installments in advance and a 10% production royalty, payable quarterly to Galaxy, on the gross value of all minerals mined and sold by GMM (other than any spodumene produced, where revenues will be shared equally subject to the parties entering into a more detailed agreement);
 - (c) receive 100% of all revenues from its high grade tantalum operations at Mt Cattlin, which General Mining plans to commence within 6 months; and

- (d) have the option to purchase a 100% legal and beneficial interest in Mt Cattlin, at any time during the three (3) year Operations Period, upon payment to Galaxy of \$30,000,000 (GST exclusive) less all production payments made to Galaxy up to the date of exercise of the purchase option.

If GMM exercises the option to purchase Mt Cattlin, GMM will also pay to Galaxy a future 3% Net Smelter Return (NSR) royalty on the value of all minerals mined and sold by GMM from Mt Cattlin's existing resource base. Any new mineral resources delineated by GMM after acquisition of Mt Cattlin will be subject to a lower 1% NSR royalty.

James Bay (100%)

Strategic options in relation to James Bay are being evaluated to consider the most optimal approach to unlocking value in this asset in the short and medium term. Necessary activities to maintain the project in good standing have been undertaken.

Outlook

With the completion of the Jiangsu divestment, the Company has achieved a major financial turnaround, significantly reducing its debt levels and strengthening its balance sheet, which has now been bolstered to a cash position of approximately A\$50 million after the closing of the sale of Jiangsu to Tianqi. In addition, the recently announced arrangement with GMM should see a restart of the Mt Cattlin plant, with GMM as operator and the Company receiving positive cash flow from an operation that has been on care and maintenance and cash drain for the past two years.

The market sentiment in the lithium sector remains very positive, with recent mid-teen percentage increases in pricing seen as a result of the ongoing growth in demand coupled with supply constraints. The continued efforts of the management over the past 20 months have helped the Company to transform its strong balance sheet and cash position, laying the foundations for a growth stage that will start to realize immediate value from Mt Cattlin, but also allow it to pursue various initiatives intended to unlock proper value from its flagship Sal de Vida project.

-ENDS-

For more information, please contact:

Corporate

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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.

Tenement Schedule as at 31 March 2015

Project	Tenement	Notes (100% interest unless stated)
<u>Argentina</u>		
<u>Sal De Vida</u>	Various	96% (70% Interest upon satisfaction of JV conditions with Kores Consortium).
<u>Australia</u>		
<u>Boxwood Hill</u>	E70/2493	
	E70/2513-E70/2514	
<u>Ponton</u>		
	E28/1317	
	E28/1830	
<u>Ravensthorpe</u>		
Bakers Hill	E74/295	
	E74/299	
	E74/415	
Floater	E74/400	
	P74/307-P74/308	
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	

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Galaxy Resources Limited

ABN

11 071 976 442

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	2,155	2,155
1.2	Payments for		
	(a) exploration & evaluation	(365)	(365)
	(b) development	-	-
	(c) production	(2,632)	(2,632)
	(d) administration	(1,081)	(1,081)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	24	24
1.5	Interest and other costs of finance paid	(2,530)	(2,530)
1.6	Income taxes paid	-	-
1.7	R&D Refund	-	-
	Net Operating Cash Flows	(4,429)	(4,429)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(1,918)	(1,918)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	4	4
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Deposits	-	-
	Net investing cash flows	(1,914)	(1,914)
1.13	Total operating and investing cash flows (carried forward)	(6,343)	(6,343)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(6,343)	(6,343)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	8,428	8,428
1.17	Repayment of borrowings	(12,942)	(12,942)
1.18	Dividends paid	-	-
1.19	Repayment of CB's	-	-
	Net financing cash flows	(4,514)	(4,514)
	Net increase/(decrease) in cash held	(10,857)	(10,857)
1.20	Cash and cash equivalents at beginning of quarter/year to date	13,581	13,581
1.21	Exchange rate adjustments to item 1.20	468	468
1.22	Cash and cash equivalents at end of quarter	3,192	3,192

Payments to directors of the entity, associates of the directors, 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	93
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

+ See chapter 19 for defined terms.

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	170,158	170,158
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	850
4.2 Development	-
4.3 Production	-
4.4 Administration	1,100
Total	1,950

Reconciliation of cash and cash equivalents

Reconciliation of cash and cash equivalents 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	3,192	13,561
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Bank Bills	-	20
Total: cash and cash equivalents at end of quarter (item 1.22)	3,192	13,581

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	E70/2547 E69/1869 E69/1870 E69/1871	100% 20% 20% 20%	Nil Nil Nil Nil
6.2	Interests in mining tenements and petroleum 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 <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	1,064,783,990 ¹	1,064,783,990	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			

¹ For voting purposes, the total number of shares presently carrying voting rights in Galaxy Resources Limited is 1,064,783,990. This is made up of 1,053,841,693 Fully Paid Ordinary Shares and 10,942,297 Special Voting Shares (which, effectively, may be voted by the holders of the remaining un-exchanged 10,942,297 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 0 Exchangeable Shares were exchanged for Fully Paid Ordinary Shares.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.5	*Convertible debt securities (description)	600 Convertible Bonds (face value of \$100,000 per bond). Unsecured, subordinated 8% per annum. A\$0.922 conversion price. Total owing A\$62.4 million.	-	-	-
7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	Options (description and conversion factor)			Exercise price	Expiry date
		12,000,000	-	\$0.08	19/09/16
		3,600,000	-	\$1.11	22/07/16
		1,200,000	-	\$1.11	Vesting not satisfied
		16,700,000	-	\$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)	-	-		
7.12	Unsecured notes (totals only)	-	-		

Compliance statement

- 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 5).
- This statement does ~~does not~~ (delete one) give a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: 30 April 2015

Print name: Simon Robertson

+ See chapter 19 for defined terms.

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 and petroleum 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 or petroleum 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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.

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