

## QUARTERLY REPORT

For the period ended 30 June 2007

### CORPORATE SUMMARY

**ASX CODE**  
GXY

**ISSUED CAPITAL**  
**Shares**  
44.6 million

**Options**  
11.2 million

**MARKET CAP**  
A\$30 million

**CASH**  
A\$1.75 million

**DIRECTORS**  
Craig Readhead (Chairman)  
Michael Fotios (Man. Dir.)  
Bob Wanless (Non Exec.)

PROJECTS	COMMODITIES
Ravensthorpe	Ta, Li, Cu-Zn, Ni, Au
Shoemaker	Fe-Ore, Zn-Pb, Au, U
Ponton	Rare Earths, Cu-Ni, U
Connolly	Base Metals
Boxwood Hill	Base Metals

**WEBSITE**  
[www.galaxyresources.com.au](http://www.galaxyresources.com.au)

**GALAXY RESOURCES LIMITED**  
ABN: 11 071 976 442  
24 Mumford Place  
Balcatta WA 6021  
T: 08 6241 1888  
F: 08 6241 1811

### HIGHLIGHTS

#### Exploration

- Reverse Circulation ("RC") resource definition drilling program continued throughout the quarter at Mt Cattlin lithium/tantalum project (Ravensthorpe).
- Drilling program was completed on 29 July 2007 and has confirmed the interpreted extent of the pegmatite. 344 RC drill holes were completed for approx. 13,800 metres.
- Five PQ diamond holes for 140 metres were completed for metallurgical sampling and as RC drill hole twins.
- Assay results for holes GX692 to GX799 (final hole) are awaited.
- Geological modelling of the pegmatite commenced during July and resource estimates are expected by mid August.
- Pioneer Nickel Limited (PIO) received significant assay results from RC and Diamond drill holes at the Desmond prospect.
- EM conductors identified at FED (Elverdton JV) and at Aerodrome JV.

#### Corporate

- Cash on hand at 30 June 2007 was A\$1.75 million
- Announcements made on 9 May and 22 June 2007 regarding drilling updates at Elverdton JV and Mt Cattlin respectively.

## **EXPLORATION**

### **Mt Cattlin - Ravensthorpe (GXY 100%)**

The Mt Cattlin tantalum and lithium project is located within the Archaean Ravensthorpe Greenstone Belt, 5 km E of Ravensthorpe in Western Australia.

A Reverse Circulation ("RC") resource definition drilling program at the Mt Cattlin lithium/tantalum prospect continued during the quarter. The aim of the program is to determine the extent and continuity of the shallow (less than 50 metres to the top of pegmatite) mineralised flat lying pegmatite within M74/12. Drill holes intersected significant widths of mineralised pegmatite and confirmed its excellent continuity.

Assay results for the recent part of the program (GX531 to GX691) were received during June and continued to indicate significant lithium (spodumene) and tantalum mineralisation. These results are described in detail in an ASX announcement dated 22 June 2007.

Given the significant extent and continuity of the pegmatite the program has taken longer than expected however, it was completed on the 29 July and the final batch of drill samples will be dispatched this week.

The program is designed to provide sufficient information to allow completion of a JORC compliant resource estimate. Geological wireframe modeling utilising Micromine software commenced during July and resource estimation is scheduled to be completed by mid August 2007.

Elements of the prefeasibility study at Mt Cattlin continued during the quarter including metallurgical bulk sampling.

Detailed announcements regarding drilling updates and the study are expected to be released during next week.

### **West River - Ravensthorpe (GXY 100% & 80%)**

The West River (Bakers Hill) Prospect is a tantalum, copper, zinc, gold and silver project 18km SW of Ravensthorpe.

Interpretation of the detailed airborne magnetic and VTEM (Versatile Time-domain Electro Magnetics) surveys over the entire tenement area were undertaken during the quarter and a final report is expected during August.

Follow up ground EM and RC drilling of the targets generated is now expected to commence once the interpretation is completed during the current quarter.

### **McMahon - Ravensthorpe (GXY 100%)**

The McMahon base metals project is located 5 km E of the town of Ravensthorpe.

Surveys and associated interpretation detailed above for West River also cover the entire McMahon tenement area.

### **Elverdton JV- Ravensthorpe (PIO earning 75%)**

The Elverdton base metals project is 9 km S of Ravensthorpe.

Assay results were received for RC drill holes completed during the previous quarter and were described in detail in the company's ASX announcement dated 9 May 2007. The RC drilling amounted to 12 holes, which included nine RC holes testing for mineralisation and three pre-collars which have since been extended with diamond drilling, results from assay of the drill core include:

<b>DERD04</b>	<b>2.00 metres at 1.47% Cu and 0.30 g/t Au</b>
<b>DERD06</b>	<b>5.00 metres at 2.04% Cu and 1.04 g/t Au</b>
<b>DERD07</b>	<b>3.85 metres at 1.35% Cu and 0.50 metres at 4.61% Cu and 0.66 g/t Au</b>

The holes intersected have varying widths of the targeted disseminated copper sulphide mineralisation in and around the old workings of the Elverdton-Desmond mine. Massive copper sulphide ore was largely mined above 200 metres below surface, however, remnants of high tenor ore have been intersected by PIO in two previously reported holes (ELV002, 1 metre at 9.56% Cu and ELV012, 3 metres at 13.8% Cu).

Other work completed includes commencement of metallurgical test work of copper sulphide samples, detailed (1:5000 scale) geological mapping, geochemical sampling and geophysics (including interpretation of magnetics and VTEM).

Follow-up ground EM surveys at the FED prospect were completed and identified a shallow conductor with no apparent surface expression, which will be drill tested.

Geochemical sampling comprising 380 sieved soil samples in the northern part of the JV area has identified a number of copper-gold anomalies and follow sampling was conducted.

### **Aerodrome JV - Ravensthorpe (PIO earning 75%)**

The Aerodrome Project is a nickel and gold joint venture with Pioneer Nickel Limited located 12 km W-NW of the town of Ravensthorpe.

Work completed during the quarter includes interpretation of VTEM and magnetic surveys, ground EM surveys and geochemical sampling.

Results of the geochemical sampling are awaited, however, the ground EM identified six conductors of which three (numbers 4 to 6) appear to be stronger and related to favourable Ni/Cu geochemistry. All targets are located in open paddocks and will be tested once cropping is completed.

## **CORPORATE**

As at 30 June 2007, the Company had 44,662,297 fully paid shares on issue. During the quarter 750,000 shares were issued to State One Stockbroking Limited pursuant to the IPO prospectus and subsequent to the listing of the Company on the ASX. A further 825,000 shares were issued on the exercise of 825,000 options to acquire shares at \$0.20 per share.

On listing, the market capitalisation of the Company was A\$8.6 million and has since increased to about A\$30 million as at the date of this report.

The Company had A\$1.75 million cash on hand as at 30 June 2007.

Up to the date of this report, the following announcements were release to the ASX:

27-Jul-2007 18:31	Change of Director's Interest Notice
02-Jul-2007 19:12	Appendix 3B on exercise of unlisted options
25-Jun-2007 11:53	Audio Broadcast - Mt Cattlin Drilling Update
22-Jun-2007 14:23	Mt Cattlin Drilling Update
09-May-2007 14:24	Ravensthorpe JV - Drilling Results
01-May-2007 14:22	Audio Broadcast - Mt Cattlin Drilling Update

Yours faithfully



**Michael Fotios**  
Managing Director

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr. Michael Fotios who is Managing Director of the Company and who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Fotios has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Fotios consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.