

QUARTERLY REPORT

For the period ended 30 September 2007

CORPORATE SUMMARY

ASX CODE
GXY

ISSUED CAPITAL
Shares
44.6 million

Options
11.2 million

MARKET CAP
A\$30 million

CASH
A\$1.20 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

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HIGHLIGHTS

Exploration

- Resource definition drilling program at Mt Cattlin Lithium/Tantalum project was completed in July with final assay results received for samples from RC drill holes GX697 to GX799.
- Geological modelling of the pegmatite was completed during October. The model and the assay data has been handed to the company's resource consultants for resource estimation.
- Prefeasibility study advanced with report due during November.
- An informal iron ore exploration alliance with key tenement holders in the Ravensthorpe area has been formed to coordinate exploration data and target generation activities.
- Pioneer Nickel Limited (PIO) received excellent results from metallurgical test work on Mt Desmond drill samples at the Elverdton base metals JV project with RC/diamond drilling at Mt Desmond scheduled to commence during November.
- Soil sampling at the Aerodrome JV (Ravensthorpe – PIO earning 75%) has identified coincident Ni-Cu and PGE anomalism.
- Iron ore potential in southeast part of Shoemaker project assessed with field sampling of iron formations planned during November.

Corporate

- Cash on hand at 30 September 2007 was A\$1.20 million
- Announcements made on 7 September and 9 October 2007 regarding drilling updates at Mt Cattlin.

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 was completed on 29 July 2007. The aim of the program was to determine the extent and continuity of the shallow (0 to 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 final part of the program (GX697 to GX799) were received during September and early October and continued to indicate significant lithium (spodumene) and tantalum mineralisation. These results are described in detail in ASX announcements dated 7 September and 9 October 2007.

Given the delay in receipt of the final assays (that were originally expected in August) the finalisation of the geological model and delivery of the assay data to the Company's resource estimate consultant (Hellman & Schofield) was delayed. All information has now been supplied to Hellman & Schofield who are progressing with statistical verification of the assay data base followed by block modelling of the grades constrained by the wireframe geological model.

The prefeasibility study at Mt Cattlin continued during the quarter including:

- Resource definition drilling – completed
- Geological wireframe modeling utilising Micromine software – completed
- Resource estimation
- Metallurgical test work – completed
- Metallurgical review and process design
- Plant design and +/- 30% capital and operating cost estimates
- Product marketing assessment

Detailed announcements regarding the resource estimate and pre feasibility study will be made once the consultants have delivered their final reports which are both expected early in November.

McMahon - Ravensthorpe (GXY 100%)

The McMahon pyrite, iron and base metals prospect is located 5 km E of the town of Ravensthorpe.

The key tenement holders in the Ravensthorpe region being Galaxy, Traka Resources Ltd, Pioneer Nickel Limited and Tectonic Resources NL have decided to cooperate with respect to ongoing exploration for iron ore. An informal "Exploration Alliance" has been formed whereby data exchanges relating to iron ore prospectivity and target generation activities are being coordinated. The four separate tenement holdings of the Alliance cover 30 kilometres of prospective ground within the Ravensthorpe region

Previous historic exploration work in the region including aeromagnetic surveys and rock chip sampling has highlighted several prospective iron formations that pass through the holdings of the Alliance parties. Numerous rock chip samples with strongly anomalous iron

assays ranging between 50% Fe and 68% Fe have been collected from these iron formations.

The McMahon tenement area and tenements within the Elverdton JV with Pioneer Nickel contain significant parts of the iron bearing stratigraphy and warrant detailed evaluation.

Although the Alliance relates to exploration only and does not contemplate shared ownership of resources, continued cooperation in relation to exploration will provide mutual benefits. Each party will separately fund its own exploration costs but will share and coordinate programs to secure drill rigs, minimise mobilisation and logistics costs as well as remove artificial constraints imposed by the complex tenement holdings.

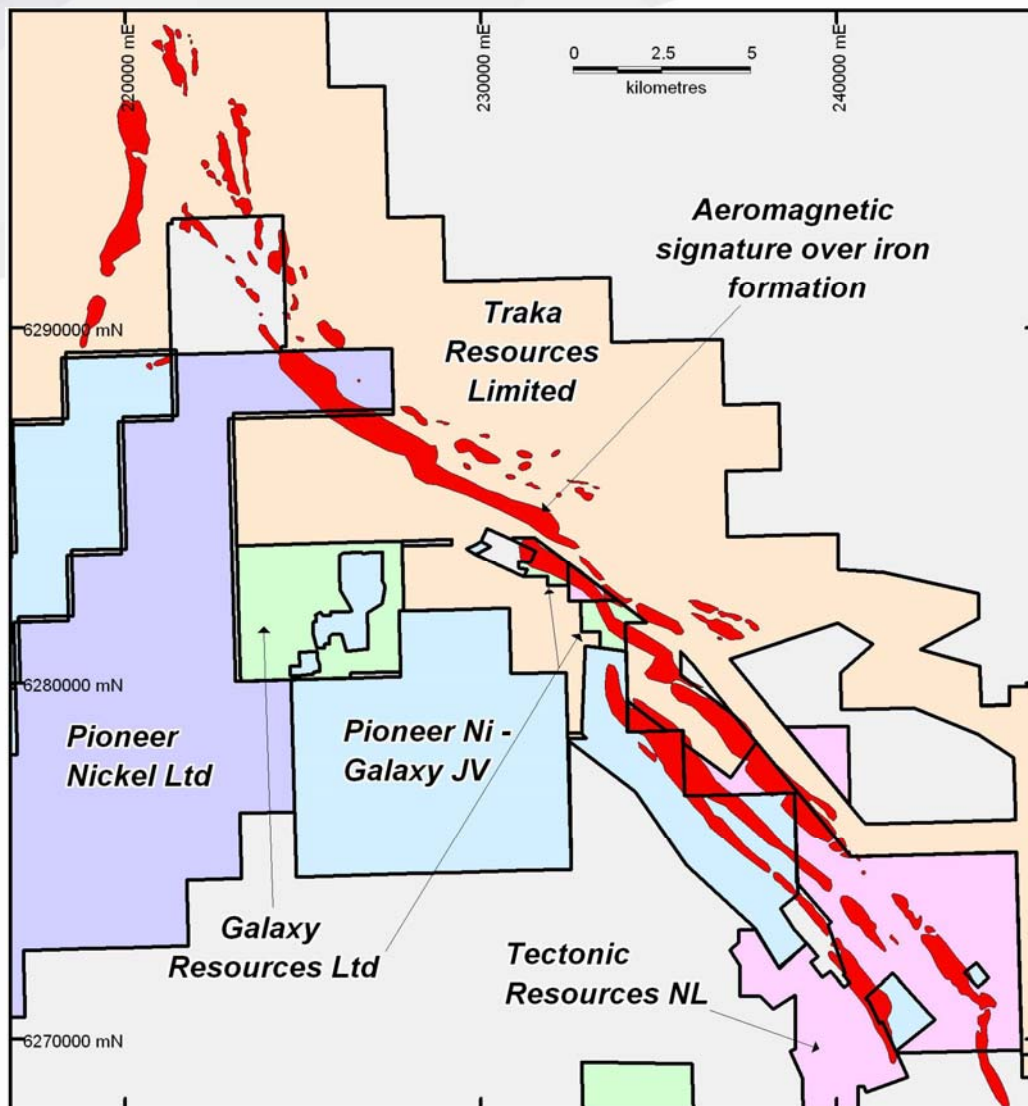


Figure 1. Exploration Alliance tenement holdings showing the extent of iron formation.

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 are awaited and follow up ground EM and RC drilling of the targets generated is expected to commence once the interpretation is completed.

Elverdton JV- Ravensthorpe (GXY 25%/PIO 75%)

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

Pioneer Nickel Limited has earned a 75% interest in the JV tenements by expenditure of \$0.5 million and Galaxy has elected to contribute its 25% share of exploration expenditure.

An update of the Mt Desmond-Elverdton geological model (based on historic mine geology, stope information and assays) was completed prior to drill hole planning. The model identifies a number of high grade north plunging shoots within the old mine area. Drilling is scheduled to resume during November and will test for extensions to ore shoots about 100 to 200 metres below the Mt Desmond workings which extend about 180 to 230 metres below the surface. It is anticipated that the program will include approximately 3,500 metres of RC and 2,000 metres of diamond drilling.

Final results from metallurgical test work completed of three RC samples have been received from Independent Metallurgical Operations Pty Ltd. Head grades of the samples ranged from 1.44% Cu and 0.28g/t Au to 2.32%Cu and 2.28g/t Au. Recovery to concentrate for Cu ranges from 91.8% to 93.4% and for gold from 82.0% to 86.3%. In summary interpretation of the data concluded that:

- Mineralogy and recovery rates indicate a high percentage of copper is present as liberated grains of Chalcopyrite or chalcopyrite rich composites;
- Good agreement between calculated head grades and reconciled grades for each of the tests gives a high degree of confidence in the results;
- A saleable grade of copper concentrate with low penalty elements is achievable with recoveries in the vicinity of 90% by standard flotation processing; and
- Common penalty elements including lead, arsenic, antimony, bismuth, mercury and fluorine were found to be at levels well below common penalty thresholds in the final concentrates.

Aerodrome JV - Ravensthorpe (PIO earning 75%)

A 305 sample, reconnaissance scale soil geochemistry program was completed covering ultramafic sequences in the southern part of the Aerodrome JV area. Coincident Ni-Cu-PGE anomalous zones were identified adjacent to magnetic highs warranting further work.

Final interpretation reports were received by Pioneer Nickel from their consultant geophysicist for the VTEM and Moving Loop EM surveys completed earlier in the year. Work has commenced on ranking the anomalies and planning drill programs to be undertaken once landholders complete cropping.

Shoemaker Project (GXY 100%)

Review of geological data available with respect to iron ore prospectivity has highlighted the potential within Proterozoic Frere Formation rocks on the eastern side of the Shoemaker Impact Structure. In particular significant magnetic anomalies and outcropping enriched Iron formation is evident in the southeastern part of the structure. Multiple lenses of iron formation of unknown width occur over a strike length of up to 15 kilometres. A mapping and sampling program is planned during November to sample and assess the potential of the formations for iron ore. This will be followed by RC drill testing of identified targets.

CORPORATE

As at 30 June 2007, the Company had 44,662,297 fully paid shares on issue.

On listing in February 2007, 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\$1.20 million cash on hand as at 30 September 2007.

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

29-Oct-2007 12:46	Change in substantial holding
26-Oct-2007 19:23	Annual Report to shareholders
26-Oct-2007 19:20	Notice of Annual General Meeting/Proxy Form
11-Oct-2007 15:03	Audio Stream Mt Cattlin Drilling Update
09-Oct-2007 10:16	Mt Cattlin Drilling Update
28-Sep-2007 14:29	Audited annual accounts
21-Sep-2007 12:11	Release of shares from escrow + appendix 3B
07-Sep-2007 15:34	Audio Broadcast - Mt Cattlin Drilling Update
07-Sep-2007 10:16	Mt Cattlin Drilling Update
27-Aug-2007 19:22	Appointment joint company secretary

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.