

ASX ANNOUNCEMENT/MEDIA RELEASE

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24 Mumford Place
Balcatta WA 6021

p: 08 6241 1888
f: 08 6241 1811

abn: 11 071 976 442

MT CATTLIN LITHIUM/TANTALUM DEPOSIT BANKABLE FEASIBILITY UPDATE

HIGHLIGHTS

- Since the Bankable Feasibility Study (BFS) commenced in January 2008, key project consultants have now been selected.
- Further work since the Pre Feasibility Study (PFS) confirms a straight forward and robust project, based on a shallow open pit mine, low overburden ratios and conventional, proven and readily available processing technology.
- Pre-feasibility Study (PFS) financial models have been modified to include further processing of spodumene. Results confirm the potential viability of a conventional spodumene roast/leach to produce lithium carbonate.
- BFS to now focus on open pit mining of pegmatite host and processing, using conventional crushing, heavy media separation, grinding, classification and magnetic separation to produce spodumene and tantalum concentrates; and then thoroughly testing the viability of lithium carbonate production.
- Successful lithium carbonate production will provide Galaxy with the opportunity to substantially increase the net present value of the project.
- Initial pit shell modelling and review of the PFS:
 - confirms waste to ore ratios will be less than originally assumed in the PFS; and
 - highlighted the areas of highest priority for infill drilling.
- Discussions are progressing with strategic marketing partners and consumers of spodumene concentrates and lithium carbonate, who are seeking long term supply contracts.
- Review of the spodumene and lithium carbonate market and new projects under development, suggest:
 - The products should enjoy high current market demand and strong future demand growth; and
 - Mt Cattlin (by comparison) is potentially larger in scale, with potential to place Galaxy at the No. 2 position in the world for the production of spodumene concentrates and also a significant producer of lithium carbonate.
- A further 2,500 - 5,000m of RC drilling is to commence in mid March, designed to enhance and expand current Mt Cattlin JORC compliant resources.
- The BFS completion date is targeted for September 2008.

Galaxy Resources Limited (ASX: GXY) wishes to announce an update of the status of its Bankable Feasibility Study (BFS) for the development of the Mt Cattlin Lithium/Tantalum project, located within the Archaean Ravensthorpe Greenstone Belt, Western Australia.

The BFS commenced during January 2008 after board approval to proceed. This approval was based on the results of the Pre-Feasibility Study (PFS) announced 13 December 2007.

The PFS highlighted that at pre-feasibility levels of confidence, Mt Cattlin is a commercially viable project capable of generating significant revenues over a mine life based on current mineral resource estimates of at least 10 years. The project is robust and retains significant upside.

Galaxy has been active since the New Year seeking submissions from potential BFS consultants and has now identified its preferred key participants as follows:

Hellman & Schofield Pty Ltd	Resource estimation & modelling
Orelogy Pty Ltd	Mine design, optimisation and financial analysis
Dempers & Seymour Pty Ltd	Pit geotechnical design
McSweeney Partners Pty Ltd	Plant design – concentrator
Australian Tailings Consultants Pty Ltd	Tailings storage and process water dam design
Water Management Consultants Pty Ltd	Hydrology/Process water supply
Env Australia Pt Ltd	Environmental assessment
Nagrom & Company	Metallurgical test work concentrates
Ammtec Pty Ltd	Metallurgical test work – rock mechanics
Ammtec & SGS Pt Ltd	Metallurgical test work – lithium carbonate

Discussions are also being held with various international engineering groups' with expertise in designing lithium carbonate processing and production plants. This component off the BFS is expected to be awarded in the next three weeks.

Since the new-year, the company's mining consultants (Orelogy) have completed preliminary pit shell modelling and financial analysis to assist in planning infill drilling and to test the potential viability of lithium carbonate production. The revised modelling and financial analysis expanded the results of the PFS by testing the potential viability of the production of spodumene and tantalum concentrates; together with the value added product, lithium carbonate.

Significant conclusions from the results of this preliminary assessment (based on the existing resource estimates) confirmed that a waste to ore ratio of less than 3:1 is likely and that the value of the project is significantly enhanced by further processing of spodumene concentrates to lithium carbonate.

Given these initial results the Board of Galaxy has confirmed its desire to include testing the commercial viability of lithium carbonate production in the BFS.

Galaxy Managing Director Michael Fotios said Mt Cattlin had the potential to become one of the world's most significant producers of spodumene concentrate and lithium carbonate.

"Mt Cattlin continues to confirm its potential as a valuable project for the company, with our preferred development path to now include the production of the high value added product lithium carbonate," said Mr Fotios.

"The project has the potential to deliver an excellent return to the company, including significant capital growth and dividends for shareholders," he said.

Marketing

Galaxy has commenced discussions with several large international commodity marketing groups with respect to partnering in the marketing of spodumene concentrate and/or lithium carbonate.

The company is negotiating the terms of a marketing and funding relationship with these parties. It is expected that the terms may include reimbursement of BFS expenditure and project finance support for all or part of the mine and ancillary facilities in return for marketing rights for a portion of the spodumene concentrate and/or lithium carbonate production. The company is enjoying significant interest in Mt Cattlin and is confident of securing a strong marketing partner which has substantial global marketing and technical expertise.

Current prices for spodumene concentrate grading 6% Li₂O range from US\$400 to US\$500 per tonne, for tantalum concentrate from US\$45 to US\$50 per lb contained Ta₂O₅, and for lithium carbonate (Li₂CO₃) US\$6000 to US\$6500 per tonne.

Schedule

The BFS is scheduled for completion by the September quarter 2008. The BFS and related technical studies including RC drilling can be solely funded from the company's existing sources as outlined in the ASX announcement dated 18 February 2008.

-ENDS-

For more information:

Michael Fotios
Managing Director
Tel: +(618) 6241 1888
Mob: 0419 995 503

For media enquiries:

Paul Downie / Katherine Knox
Porter Novelli
Tel: +(618) 9386 1233
Email: kknox@wa.porternovelli.com.au

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.

About Galaxy (ASX: GXY)

Galaxy Resources Limited (Galaxy) is a diversified exploration company with interests in five projects in Western Australia covering a range of commodities including lithium, tantalum, base metals (copper-zinc-nickel), gold, iron ore, manganese, talc, rare earths and uranium.

Galaxy's focus is on rare metal commodities with strong future demand growth.

Galaxy's lead project is based on the Mt Cattlin spodumene (a lithium mineral) and tantalum resource which is located in Ravensthorpe Western Australia. Drilling in 2007 on Mt Catlin defined an initial Mineral Resource estimate of 24.8 million tonnes at 8.2% spodumene, 0.56% Li_2O and 120 ppm Ta_2O_5 containing an estimated 2.03 million tonnes spodumene and 6.62 million lbs Ta_2O_5 . Included within the initial Mineral Resource is a higher grade Mineral Resource of 12.3 million tonnes at 14.7% Spodumene, 1.00 % Li_2O and 135 ppm Ta_2O_5 (above a 4000 ppm Li_2O cut off) for 1.81 million tonnes spodumene and 3.80 million lbs Ta_2O_5 .

At current prices the resource is estimated to have an in-situ value in excess of \$1B with scope to be expanded. Galaxy has completed a pre-feasibility study which suggests the project is commercially viable based on a processing rate of 1 million tonnes per annum.

Galaxy's intention at Mt Cattlin is to complete a bankable feasibility study by the 3rd quarter 2008, which will investigate the production of separate rare metal minerals concentrates (spodumene and tantalum) and test the viability of the production of lithium carbonate (Li_2CO_3).

These raw materials are currently in short supply and face high future demand growth due to advances in long life batteries and sophisticated electronics in mobile phones and computers.

Galaxy is planning, subject to the conclusions of the bankable feasibility study and project funding, to commence the development of the mine and the construction of the processing plant and lithium carbonate refinery in late 2008 with first production in early 2010.

In addition to the Ravensthorpe package, the company holds a 100% interest in four projects at various stages of exploration including:

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|----------------|--|
| • Ponton | Uranium, rare earths and base metals |
| • Shoemaker | Iron Ore, base metals, gold, and uranium |
| • Connolly | Base metals |
| • Boxwood Hill | Base metals |

