

QUARTERLY REPORT

For the Three months ending 30 June 2009

Galaxy Resources Limited ("Galaxy") is pleased to provide to shareholders the June 2009 Quarterly Report which provides a summary of the progress made by your company. During the quarter, Galaxy commenced the Definitive Feasibility Study (DFS) of the Jiangsu Lithium Carbonate Project China and secured a site in the Zhangjiagang free trade zone. Key raw material supplies for the proposed lithium carbonate facility were also secured. Galaxy has also embarked on the sale of 30% interest in the project as a means of raising the required capital.



SIGNIFICANT EVENTS DURING THE QUARTER

- Galaxy appointed Mr Michael Tamlin General Manager China to oversee the development of the Jiangsu Lithium Carbonate project.
- The Company raised \$6.65 million via a capital book build to sophisticated investors of State One Stockbroking.
- During the quarter, the Company flagged its strategy to divest a minority direct interest in the lithium project as a way of generating funds for Galaxy's equity contribution to the project finance.
- It is proposed that Galaxy and the incoming joint venture partner will jointly develop and fund the project. The proposed strategy will minimise further dilution of Galaxy shares,
- The 'Value Engineering' phase of the Mt Cattlin project proceeded during the quarter.
- The Company secured the Works Approval from the Department of Environment and Conservation (DEC) to commence construction of the minerals processing plant.
- The Engineering Procurement Construction and Management (EPCM) process commenced during the period with an invitation to eight selected engineering companies.
- The evaluation is underway and the successful EPCM contractor will be announced next quarter.
- The Company announced a new resource statement for Mt Cattlin which increased the project's total contained lithium oxide resource by 26% to 155,000 tonnes.
- The new resource estimate totals 14,368,000 tonnes at 1.08% Li₂O and 153ppm Ta₂O₅ (at a cutoff grade of 0.4% Li₂O).
- Galaxy appointed Hatch Project Consulting Shanghai Co. Ltd (Hatch China), a subsidiary of the Hatch Group to complete the DFS of the lithium carbonate plant in China.
- In May, Galaxy selected Zhangjiagang Free Trade Zone of the Yangtze River International Chemical Industrial Park in Jiangsu Province of China as location for its proposed lithium carbonate plant.
- The Company signed a Letter of Intent (LOI) with site neighbour, Two Lions (Zhangjiagang) Fine Chemicals Co., Ltd. (Two Lions) to supply 38,000 tonnes of sulphuric acid per annum for 15 years.
- The supply arrangement includes a quantity of sodium hydroxide and steam, as well as access to state of the art wharf unloading facilities.
- A key supply of soda ash has also been secured through an agreement with the Jiangsu Huachang Chemical Co. Limited (Huachang). Huachang will supply Galaxy with 40,000 tonnes of soda ash (Na₂CO₃) per annum for 15 years.
- Post the record date, Galaxy signed a sale and joint venture (SJV) agreement with General Mining Corporation Limited (GMC) for the exploration and development of the Shoemaker hematite iron ore project.
- The Company also increased its tenement holding in the Mt Cattlin region by signing a 100% purchase agreement for a block of tenements from Vistarise Limited for \$100,000.

Galaxy's Vision

World Player in Lithium

- Mt Cattlin will be the second largest hard rock spodumene mine in the world
- Galaxy will be the fourth largest lithium carbonate producer in the world and the largest producer in China
- The Company will be one of the lowest cost producers in China and a strategic supplier to the Asian markets

Corporate

Appointment of GM China



In the June quarter Galaxy appointed Mr Michael Tamlin as General Manager China overseeing the development of the Jiangsu Lithium Carbonate project for the Company.

Mr Tamlin was General Manager-Marketing at Sons of Gwalia Limited (currently Talison Minerals Pty Ltd) from 1995 to 2006 looking after lithium and tantalum sales as well as other products. Most recently, he was General Manager-Marketing at Windimurra

Vanadium Limited.

Mr Tamlin will be based in Zhangjiagang, Jiangsu Province, China and will be responsible for development of the Jiangsu Lithium Carbonate project. He will also be responsible for establishing the long term strategic partnerships in China required as an emerging lithium producer. Mr Tamlin, a metallurgist by background, speaks fluent Mandarin and has spent many years doing business in China for Sons of Gwalia and Windimurra Vanadium. Mr Tamlin is highly experienced in international marketing and global sales of lithium and tantalite mineral products.

Fund Raising

The Company raised \$6.65 million via a capital book build to sophisticated investors of State One Stockbroking during the period. The book build placement commenced when the share price was around 40-42 cents, and consists of the issue of 19 million shares at an issue price of 35 cents per share. 9.4 million shares were issued during the period and the balance of the placement (9.6 million shares) will be issued once an EGM is held in August 2009 for shareholders to approve the placement.

The funds would be used to progress the next stages in the development of the mine and minerals plant at Ravensthorpe as well as the lithium conversion project in China. Some of the funds will be used to conduct further extension drilling of the Mt Cattlin resource to establish scope of extension beyond a 15 year mine life. The evidence suggests that there are significant further lithium deposits in the vicinity of the established reserves.

Sale of 30% of the Project

Galaxy has opted to divest a minority direct interest in the project as a way of generating funds that will represent Galaxy's equity contribution to the project finance. It is proposed that Galaxy and the incoming joint venture partner will jointly develop and fund the project. The proposed strategy will minimise further dilution of Galaxy shares, allowing full funding of the lithium project whilst allowing Galaxy to maintain control of the project and the company. The divestment process is well underway and discussions with interested parties are continuing.

Mt Cattlin Lithium Project

Value Engineering Phase

The value engineering phase of the Mt Cattlin project proceeded during the quarter. Pre-scrubbing testwork to reduce mica and subsequent heavy media recovery were conducted during the period. Recent testwork showed a 6.4% Li₂O concentrated spodumene was achieved with the proposed two stage heavy media separation.



Primary Concentrator

Work during the quarter was aimed at corroboration of the computer model of the primary concentrator flowsheet by processing of ore parcels through the HMS pilot plant at Nagrom.

Scrubbing of ROM ore was tested and did not identify any advantages in subsequent HMS separation. Current tests are focussed on optimising separation specific gravities, number of separation stages and use of attritioning between stages.

During the period, two 20kg parcels of concentrates assaying better than 6.0% Li₂O were produced for use in further lithium carbonate testwork in China and Australia using ore from stockpile and fresh material from drill core respectively.

The best HMS recovery to date for 6.0% concentrate grade has been 84.0% (HM Recovery) compared with 85.3% predicted from the DFS model. Further ore variability testing is scheduled to commence this month.

Results of preliminary sampling of potential eluvial tantalite occurrences in surface material at Mt Cattlin were received, with four out of eleven sites sampled returning potentially viable grades. These results are currently being reviewed.

Works Approval Granted

Galaxy recently secured Works Approval from the Department of Environment and Conservation (DEC) to commence construction of the minerals processing plant at Ravensthorpe. The Works Approval allows Galaxy to commence the earthworks and construction of the minerals processing plant with the associated site infrastructure. The only outstanding approval for the

commencement of the project is the Mining Approval from the Department of Mines and Petroleum (DoMP) to begin pre-strip and mining. The mining approval process is well advanced and Galaxy expects to obtain final approval within the next quarter.

During the quarter, discussions with the Esperance Port Authority regarding the export of Spodumene product through the Port of Esperance were ongoing with a view to securing short and long term export options.

EPCM

The Engineering Procurement Construction and Management (EPCM) process commenced during the period with an invitation to six selected engineering companies. The evaluation is underway and the successful EPCM contractor will be announced next quarter.

Resource increase by 26%

The Company announced a new resource statement for the Mt Cattlin lithium project during the quarter. The previous resource estimation was released in December 2007 and since then, additional drilling, modelling and evaluation conducted as part of the Mt Cattlin Definitive Feasibility Study (DFS) has increased the project's total contained lithium oxide resource by 26% to 155,000 tonnes.

The geological model was prepared by Galaxy and the estimation was prepared by resource consultants Hellman and Schofield Pty Ltd (H&S). This new estimate gives contained mineral resources for the Mt Cattlin Deposit of 155,000 tonnes of lithium oxide (Li₂O) and 4.83 million pounds of tantalum pentoxide (Ta₂O₅) above a cut off grade of 0.4% lithium oxide, reported below in accordance with the JORC Code and Guidelines. The classification of the Mt Cattlin mineral resource is shown below in Table 1 and a summary of the estimation methodology used is included at the end of this report.

Table 1 – May 2009 Mt Cattlin Global Resource Estimate

| Resource | Tonnes | Li ₂ O % | Ta ₂ O ₅ ppm |
|--------------|-------------------|---------------------|------------------------------------|
| Measured | 2,260,000 | 1.19 | 143 |
| Indicated | 7,064,000 | 1.10 | 156 |
| Inferred | 5,044,000 | 1.01 | 152 |
| TOTAL | 14,368,000 | 1.08 | 153 |

Note: Li₂O cutoff grade >= 0.4% Li₂O. Figures in the above table may not sum due to rounding

The new resource estimate has increased the total tonnes for all resource categories by 2.06 million tonnes, with a 24% increase in indicated and measured resource tonnes compared to 2007. Lithium grades have increased by 8%, while tantalum pentoxide grade has increased by 13% compared to December 2007.

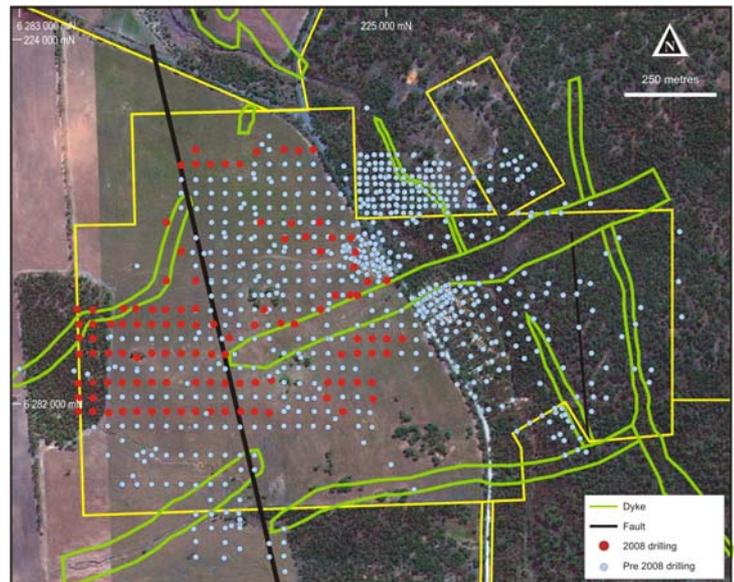


Figure 1. Mt Cattlin drill collar plan, with geological outlines.

The 2009 resource estimate included an additional 110 RC holes (6425m) and 6 diamond holes (163m) compared to the 2007 estimate. The geological model has been significantly updated from the model used in 2007 and has incorporated more geological information, with additional dykes and faults modelled. The wireframes are more closely constrained to the pegmatite horizons and exclude significant waste material between pegmatite horizons that had been included in the 2007 model.

The increase in lithium and tantalum grades is mainly due to the exclusion of waste material, in addition to greater continuity of higher grade zones with increased drill density. Tonnage has increased mainly as a result of additional mineralisation intersected in extension drilling completed in 2008.

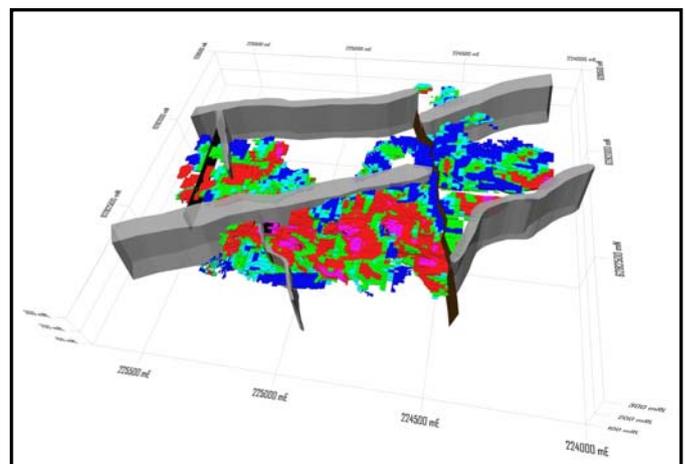


Figure 2. Resource model, 2009 resource estimate, showing blocks coloured by grade and dolerite dykes (grey). Isometric view looking southeast.

Geological Activities

Mt Cattlin - An 8,000m RC program has been planned, and is due to commence in August 2009. This work will target extensions to known mineralisation, as well as scoping the extent of mineralised pegmatites to the west, northwest and east of the known deposit. The program will also include resource infill work aimed at increasing lithium/tantalum reserves, in addition to completing coverage in zones where historical drilling was not assayed for lithium.

Mt Cattlin North – several tenements north of the Mt Cattlin deposit were recently acquired, and these include zones of outcropping pegmatites. Compilation work is ongoing, and a mapping and surface sampling program is planned to commence shortly. This initial work will be followed up by RC drilling.

Bakers Hill Project – this project area is 20km south west of Mt Cattlin and includes pegmatites which subcrop over a strike length of nearly 10km. Historic work has indicated significant lithium and tantalum grades in some of these pegmatites. Galaxy has completed compilation of data and acquired additional remote sensing data. This is in preparation for a mapping and surface sampling program targeting lithium/tantalum mineralisation, due to commence in the third quarter of 2009.

Jiangsu Lithium Carbonate Project

Galaxy appoints Hatch China

Galaxy appointed Hatch Project Consulting Shanghai Co. Ltd (Hatch China), a subsidiary of the Hatch Group to complete the Definitive Feasibility Study (DFS) of the lithium carbonate plant in China. Hatch China has 20 years project experience in the Peoples Republic of China (PRC). The Hatch China team has successfully completed assignments on over 260 projects with a capital value in excess of US\$2 billion. The office in Shanghai has a full time staff of 70 and is an integral part of the global Hatch organisation.

Urumqi Engineering & Research Institute of Nonferrous Metals will provide support to Hatch on the DFS. The institute which was established in 1958, has completed designs of more than 3000 projects in China including the Xinjiang Lithium, Sichuan Aba Lithium, Xin jiang Hao Xin Lithium, Wen Yuan and Hunan Xiang lithium plants.

The DFS phase commenced with a project commencement workshop at Hatch China offices in Shanghai. The DFS is now well underway and the final process flow established.

Galaxy secures site in China

Galaxy selected a location for its proposed lithium carbonate plant in China. The site selected is within the Jiangsu Province Zhangjiagang Free Trade Zone of the Yangtze River International Chemical Industrial Park in Jiangsu Province of China.

Galaxy signed a Letter of Intent (LOI) with the Jiangsu Province Zhangjiagang Free Trade Zone (JPZFTZ) Administrative

Committee, an agency of Jiangsu Province People's Government to secure the site.

The Yangtze River International Chemical Industrial Park (Chemical Industrial Park) has in excess of 3,379 enterprises including 40 international companies. It is close to the Zhangjiagang port, one of the largest international trade deep water ports along the Yangtze River Valley and the major distributing port in China for containers, timber, plant oil, steel and chemicals. It is also an important cargo transfer port to connect the middle and western parts of China and the provinces alongside the Yangtze River.

It is envisaged that Galaxy's spodumene product will be shipped and unloaded at the Zhangjiagang port and transferred to the nearby lithium carbonate plant by conveyor 500m from the berth for conversion.

The site presented a fantastic location for Galaxy's proposed lithium carbonate facility with all utilities, consumables and processing materials required for lithium carbonate production available internally within the industrial park.



Entrance to the Industrial Park

In the agreed LOI, the JPZFTZ Administrative Committee has agreed to reserve 53,000 m² of the proposed land within the Chemical Industrial Park for Galaxy for two years. The site is around 500m from a wharf berth and has access to nine utilities.

Jiangsu Lithium Carbonate Plant Design

The Jiangsu Lithium Carbonate Plant has been designed to produce up to 17,000 tonnes per year of Lithium Carbonate (Li₂CO₃) and up to 3,000 tonnes Lithium Carbonate Equivalent (LCE) per year of Lithium Hydroxide (LiOH) in various grades, with a total production capacity of 17,000 tonnes (LCE) per year.

In addition, 50,000 tonnes per year of Sodium Sulphate (Na₂SO₄) and 130,000 tonnes per year of Alumina Silicate (primarily Al₂O₃ and SiO₂) will be produced in the process as co-products.

Key Supply Secured

The Company signed a Letter of Intent (LOI) with site neighbour, Two Lions (Zhangjiagang) Fine Chemicals Co., Ltd. (Two Lions) to supply 38,000 tonnes of sulphuric acid per annum for 15 years. The supply arrangement also includes a quantity of sodium hydroxide and steam, as well as access to state of the art wharf unloading facilities. Two Lions is based in the Yangtze River International Chemical Industrial Park, next door to the proposed site for Galaxy's lithium carbonate plant. Two Lions was founded in 2003 and is a large scale chemical enterprise, predominantly engaged in producing basic chemicals raw materials.

The Company also secured a key supply of soda ash with the Jiangsu Huachang Chemical Co. Limited (Huachang). Huachang will supply 40,000 tonnes of soda ash (Na₂CO₃) per annum for 15 years. Huachang is based in the Yangtze River International Chemical Industrial Park, close to Galaxy's proposed site for its lithium carbonate plant. Huachang is a core enterprise of Jiangsu Huachang Group Limited and is mainly involved in the manufacture of basic chemicals, fine chemicals and bio-chemicals.



Two Lions Acid Plant

Sale of Shoemaker & JV

The Company recently signed a sale and joint venture (SJV) agreement with General Mining Corporation Limited (GMC) for the exploration and development of the Shoemaker hematite iron ore project.

The Shoemaker project is located about 100 km north of Wiluna, Western Australia. In August 2008, Galaxy announced the results of a gravity survey and rock chip sampling of hematite iron mineralisation. Assay results of the rock chip sampling confirmed

the presence of high grade hematite iron mineralisation at the project.

With Galaxy's prime focus being the development of the Mt Cattlin lithium project, the SJV agreement will allow Galaxy to maintain an interest in the Shoemaker project without diverting attention away from the development of Mt Cattlin.

GMC will acquire a 50% interest in the Shoemaker project by payment of the following consideration on the date of completion:

1. \$100,000 cash payment;
2. \$1 million of Ordinary Shares in GMC to Galaxy; and
3. One (1) Option for every two (2) Ordinary Shares issued to Galaxy under (2) above, with an exercise date of 3 years from the date of issue.

The agreement is subject to the successful listing of GMC on the Australian Securities Exchange (ASX) or completion of corresponding capital raising of at least \$3 million. The SJV also allows GMC to earn a further 30% by expenditure of \$1 million on the Shoemaker project within 2 years of the date of completion. Galaxy is free carried from all expenditure for the project to the completion of a Bankable Feasibility Study and has a right to appoint a nominee Director to the Board of GMC.

Extension of Mt Cattlin Tenements

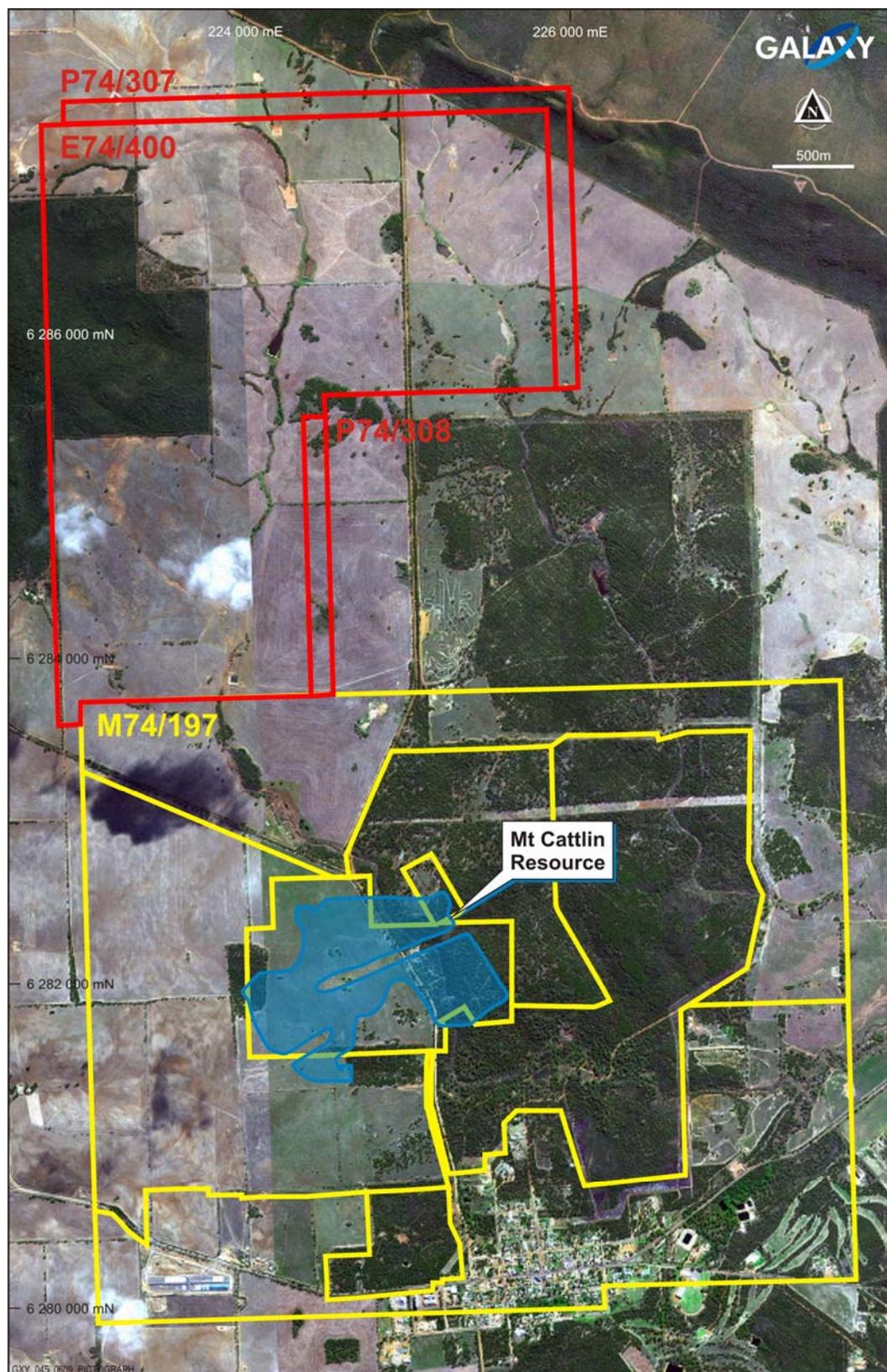
The Company signed a 100% purchase agreement for a block of tenements north of Mt Cattlin resource from Vistarise Limited for \$100,000. The tenement block, which includes E74/400, P74/307 and P74/308 (see Figure 3) is contiguous with Galaxy's Mt Cattlin tenements and adjoins Galaxy's Mining Lease application M74/197.

The ground covers a similar geological sequence to that of Mt Cattlin and the occurrence of scattered pegmatites at surface suggests there is potential for more substantial and continuous pegmatite bodies at depth.

Much of the tenement block is covered by cleared farmland including ploughed paddocks with limited outcrop. Mapping by the Geological Survey of Western Australia (GSWA) shows scattered outcrops of pegmatites in the eastern portion of the tenement package. Spodumene has been reported in an outcropping pegmatite in the area.



Figure 3. Tenements over Quickbird image



For more information, please contact:

Iggy Tan
Managing Director
08 9215 1700
0419 046 397
iggy@galaxyresources.com.au

Katherine Knox
FD Third Person
(08) 9386 1233
0421 186 129

Competent Persons

The information in this report that relates to Mineral Resources and Ore Reserves is based on information compiled by Mr. Robert Spiers who is a full time employee of Hellman & Schofield Pty Ltd and who is a Member of the Australian Institute of Geoscientists. Mr. Spiers 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. Spiers consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on information compiled by Mr Philip Tornatora who is a full time employee of the Company and who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr. Tornatora 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. Tornatora consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Caution Regarding Forward Looking Statements

Statements regarding Galaxy's plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Galaxy's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Galaxy will be able to confirm the presence of additional mineral deposits, that any mineralization will prove to be economic or that a mine will successfully be developed on any of Galaxy's mineral properties. Circumstances or management's estimates or opinions could change. The reader is cautioned not to place undue reliance on forward-looking statements.

About Galaxy (ASX: GXY)

Galaxy Resources Limited (Galaxy) is an industrial minerals company focusing on lithium and tantalum production. Galaxy has completed a definitive feasibility study (DFS) which supports the development of the Mt Cattlin lithium project as a commercially viable enterprise based on a processing rate of 1 million tonnes per annum over a 15 year mine life. The Company is planning to commence the development of the mine and the construction of the processing plant in mid 2009 with first concentrate production scheduled for Q3, 2010.

The company has also commenced a preliminary scoping study into the value adding downstream production of lithium carbonate (Li_2CO_3).

Lithium concentrate and lithium carbonate raw materials is forecast to be in short supply and face high future demand growth due to advances in long life batteries and sophisticated electronics in hybrid and electric vehicles, mobile phones and computers.

Appendix 5B

Mining exploration entity quarterly report

Name of entity

GALAXY RESOURCES LIMITED

ABN

11 071 976 442

Quarter ended ("current quarter")

30 June 2009

Consolidated statement of cash flows

| | Current Quarter \$A'000 | Year to date (12 Months) \$A'000 |
|---|----------------------------|--|
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for | | |
| (a) exploration and evaluation | (1473) | (4801) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (820) | (1814) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 11 | 70 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other (provide details if material) - R&D taxation rebate | 312 | 592 |
| Net operating cash flows | (1970) | (5953) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | (16) | (199) |
| 1.9 Proceeds from sale of | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.10 Loans to other entities | - | - |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other (provide details if material) – Security bonds | - | (77) |
| Net investing cash flows | (16) | (276) |
| 1.13 Total operating and investing cash flows (carried forward) | (1986) | (6229) |

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|------|--|--------|--------|
| 1.13 | Total operating and investing cash flows (brought forward) | (1986) | (6229) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 3871 | 7946 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | 210 | 245 |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (provide details if material) – costs of issues | (357) | (451) |
| | Net Financing Cash Flows | 3724 | 7740 |
| | Net increase (decrease) in cash held | 1738 | 1511 |
| 1.20 | Cash at beginning of quarter/year to date | 1703 | 1930 |
| 1.21 | Exchange rate adjustments to Item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 3441 | 3441 |

Payments to directors of the entity and associates of the directors
Payments to 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 | 175 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

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

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 | - | - |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outlays for next quarter

| | \$A'000 |
|--------------------------------|---------|
| 4.1 Exploration and evaluation | 2000 |
| 4.2 Development | - |
| TOTAL | 2000 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the statement of cash flows) to the related items in the accounts is follows.

| | Current Quarter \$A'000 | Previous Quarter \$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 216 | 1653 |
| 5.2 Deposits at call | 3225 | 50 |
| 5.3 Bank overdraft | | - |
| 5.4 Other – investment commercial bills of 6 months or less | | - |
| Total: cash at end of quarter (item1.22) | 3441 | 1703 |

Changes in interests in mining tenements – refer attached tenement schedule

| | Tenement Reference | Nature of Interest [note (2)] | Interest at Beginning of Quarter | Interest at End of Quarter |
|-----|---|----------------------------------|--|-------------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | | | |
| 6.2 | Interests in mining tenements acquired or increased | | | |

Appendix 5B
Mining exploration entity quarterly report

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 Preferences securities <i>(description)</i> | | | | |
| 7.2 Changes during quarter (a) increases through issues (b) decreases through returns of capital, buybacks, redemptions | | | | |
| 7.3 Ordinary securities | 76,125,816 | 76,125,816 | | |
| 7.4 Changes during quarter (a) increases through issues (b) decreases through returns of capital, buybacks | 6,560,000 9,544,500 | 6,560,000 9,544,500 | 30 35 | 30 35 |
| 7.5 Convertible debt securities | | | | |
| 7.6 Changes during quarter (a) increases through issues (b) decreases through securities matured, converted | | | | |
| 7.7 Options | | | <i>Exercise price</i> | <i>Expiry date</i> |
| GXYAO | 1,500,000 | - | 30 | 06/02/10 |
| GXYAQ | 1,500,000 | - | 40 | 06/02/11 |
| GXYAS | 750,000 | - | 30 | 30/01/10 |
| GXYAU | 1,500,000 | - | Various | 24/11/11 |
| GXYAI | 4,161,500 | - | 35 | 31/12/09 |
| | 13,200,000 | - | Various | Various |
| 7.8 Issued during quarter | | | | |
| GXYAI | 100,000 | - | 35 | 31/12/09 |
| | 13,200,000 | - | Various | Various |
| 7.9 Exercised during quarter | | | | |
| GXYAI | 44,500 | - | 35 | 31/12/09 |
| 7.10 Expired during quarter | | | | |

| | | |
|---|--|--|
| 7.11 Debentures <i>(totals only)</i> | | |
| 7.12 Unsecured notes <i>(totals only)</i> | | |

Compliance statement

- 1 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 4).
- 2 This statement does/~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date: 24 July 2009
(Company Secretary)

Print name: John Sobolewski

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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address the topic, the Australian standard on that topic (if any) must be complied with.

Tenement Schedule as at 31 March 2008

| Project | Tenement | Notes |
|----------------------------|-------------------|--------------|
| <u>Boxwood Hill</u> | | |
| | E70/1988 | |
| | E70/2493 | |
| | E70/2513-E70/2514 | |
| | E70/2547 | |
| | P70/1559-P70/1561 | |
| <u>Connolly</u> | | |
| | E69/1878 | |
| <u>Ponton</u> | | |
| | E28/1317 | |
| | E28/1830 | |
| <u>Shoemaker</u> | | |
| | E69/1869-1871 | |
| <u>Ravensthorpe</u> | | |
| Aerodrome | E74/334 | |
| | E74/398 | |
| Bakers Hill | E74/287 | 2 |
| | E74/295 | |
| | E74/299 | |
| | E74/415 | |
| | P74/278 | |
| | P74/336 | |
| McMahon | M74/165 | |
| | M74/184 | |
| | P74/334 | |
| Mt Cattlin | M74/12 | |
| | M74/155 | |
| | M74/158-M74/159 | |
| | M74/182 | |
| | M74/196-M74/197 | |
| | P74/326-P74/333 | |
| Mosaic | M74/136 | |
| Elverdton JV | M74/162-M74/163 | 1 |
| | P74/304-P74/306 | 1 |
| | E74/406 | 1 |
| West Kundip | M74/133 | |
| | M74/238 | |

- 1) Ravensthorpe JV with Pioneer Nickel; Pioneer has earned 75% in all minerals
- 2) Cocanarup JV with UCABS, 80% Galaxy, 20% UCABS