

03 October 2017

Ms H Pratt
Adviser - Listings Compliance (Perth)
ASX Compliance Pty Limited
20 Bridge Street
SYDNEY NSW 2000

By email: hayley.pratt@asx.com.au
and
tradinghaltspert@asx.com.au

Dear Madam,

GALAXY RESOURCES LIMITED - PRICE QUERY

Thank you for your letter dated 3 October 2017.

Galaxy Resources Limited (**Galaxy**) responds as follows (using your numbering and inserting the questions in bold):

1. **Is GXY aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?**

In responding to this question, please comment specifically on the article published on the Australian Financial Review's website at 12:20pm today, Tuesday 3 October 2017 entitled "Galaxy strikes deal with Japan's Panasonic: sources" which states:

"...it is believed Galaxy Resources has inked an agreement with Tesla battery supplier Panasonic.

Sources told Street Talk managing director Anthony Tse, chairman Martin Rowley and other directors were in Japan for a signing ceremony two weeks ago. Shipping data also shows product from Mt Cattlin being shipped to Japan."

Response: No, but see comments in paragraph 3.

The facts in the article set out in your letter and referred to above are not factually correct. Galaxy is uniquely positioned in the global lithium market and is currently engaged in discussions with a number of parties in the battery supply chain, including Panasonic, as part of its normal business, however these discussions are at this stage informal. The Company is also in confidential discussions with car manufacturers in respect of the long-term supply of lithium but these discussions are also at this stage informal.

The Company will make an announcement on ASX if these various discussions are completed. At this point in time, no agreements have been signed

2. **If the answer to the question 1. Is "yes":**

- a) **Is GXY relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?**

Response: Not applicable.

- b) **Can an announcement be made immediately?**

Response: Not applicable.

- c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?

Response: Not applicable.

3. **If the answer to question 1 is still “no”, is there any other explanation that GXY may have for the recent trading in its securities?**

Response: No, other than the possible speculation that has arisen as a result of the article referred to in paragraph 1.

4. **Please confirm that GXY is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.**

Response: Galaxy considers that all material price sensitive information has been announced and that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

5. **Please confirm that GXY’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of GXY with delegated authority from the board to respond to ASX on disclosure matters.**

Response: Galaxy’s responses to the questions above have been authorised and approved by an officer of Galaxy with delegated authority from the board to respond to ASX on disclosure matters.

Yours faithfully

A handwritten signature in black ink, appearing to be "Anthony Tse".

ANTHONY TSE
GALAXY RESOURCES LIMITED

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3 October 2017

Mr Nick Rowley
Investor Relations
Galaxy Resources Limited
Level 4
21 Kintail Road
APPLECROSS WA 6153

By email: nick.rowley@galaxylithium.com

Dear Mr Rowley

Galaxy Resources Limited (“GXY”): price query

We note the change in the price of GXY’s securities from an intraday low of \$2.72 to an intraday high of \$3.03 today, Tuesday 3 October 2017.

We also note the significant increase in the volume of GXY’s securities traded today.

In light of this, ASX asks GXY to respond separately to each of the following questions and requests for information:

1. Is GXY aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

In responding to this question, please comment specifically on the article published on the Australian Financial Review’s website at 12:20 pm today, Tuesday 3 October 2017 entitled “Galaxy strikes deal with Japan’s Panasonic: sources” which states:

“...it is believed Galaxy Resources has inked an agreement with Tesla battery supplier Panasonic.

Sources told Street Talk managing director Anthony Tse, chairman Martin Rowley and other directors were in Japan for a signing ceremony two weeks ago. Shipping data also shows product from Mt Cattlin being shipped to Japan.”

2. If the answer to question 1 is “yes”:

- a) Is GXY relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in GXY’s securities would suggest to ASX that such information may have ceased to be confidential and therefore GXY may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.

- b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).

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- c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that GXY may have for the recent trading in its securities?
 4. Please confirm that GXY is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
 5. Please confirm that GXY’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of GXY with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **2.00 pm AWST on Tuesday 3 October 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in GXY’s securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, GXY’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at Hayley.Pratt@asx.com.au and to tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to GXY’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that GXY’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is “yes” and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in GXY’s securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;

- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Hayley Pratt

Adviser – Listings Compliance (Perth)

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