



Australia
18 May 2016

FINAL OFFTAKE DOCUMENTATION SIGNED – US\$9 MILLION PREPAYMENT RECEIVED

Highlights

- Final offtake agreement signed between General Mining, Mitsubishi Corporation and customer
- Final offtake agreement terms consistent with binding Term Sheet announced 8 March 2016
- US\$9 million pre-payment received by General Mining on behalf of joint venture with Galaxy
- Mt Cattlin operations now fully funded through to production
- Final Documentation with other customer is being completed after recent visit to Mt Cattlin by senior executives
- Mt Cattlin is now the #2 largest producing hard rock lithium mine globally

Corporate

Galaxy Resources (ASX:GXY) (“Galaxy”) (“the Company”) along with its project partner General Mining Corporation Ltd (ASX:GMM) (GXY and GMM, together the “JV Partners”) are pleased to announce that a final binding tri-party definitive documentation has been signed with one customer, and Mitsubishi Corporation and GMM. The final offtake agreement terms are consistent with the terms of the binding Term Sheet announced 8 March 2016. The JV Partners have now banked the US\$9 million prepayment from this customer.

Offtake Agreement Details

On 8 March 2016, Galaxy and GMM announced the signing of two binding term sheets with Chinese customers for the sale of 60kt of spodumene concentrate at US\$600/mt for 2016, and 120kt in 2017, subject to final pricing to be agreed in Q4 of 2016.

Discussions continue with the other Chinese customer who requested a visit to Mt Cattlin before completing the final offtake documentation. A team from that customer, visited Mt Cattlin last week.

Operational Update

Activity at Mt Cattlin continues to progress with first tantalum production achieved on 16 May 2016, fed from existing crushed ore stockpiles. The coarse rejects from this process (containing Lithium) are being stockpiled ready for activation of the DMS circuit next month.

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Fig 1: Front end loader tipping on to Feeder 07, bypassing the crushing circuit



Fig 2: Discharge undersize from Feed Prep Screen transferred to the Spirals building (yellow), oversize discharged on to CV07 (red).



Fig 3: Stockpiling of feed for DMS circuit after tantalum removal

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About Galaxy (ASX: GXY)

Galaxy Resources Limited ("Galaxy") is a global lithium company with lithium production facilities, hard rock mines and brine assets in Australia, Canada and Argentina. It owns the Mt Cattlin spodumene and tantalum project near Ravensthorpe in Western Australia and the James Bay lithium pegmatite project in Quebec, Canada.

Galaxy is advancing plans to develop the Sal de Vida lithium and potash brine project in Argentina situated in the lithium triangle (where Chile, Argentina and Bolivia meet), which is currently the source of 60% of global lithium production. Sal de Vida has excellent potential as a low cost brine-based lithium carbonate production facility.

Lithium compounds are used in the manufacture of ceramics, glass, and consumer electronics and are an essential cathode material for long life lithium-ion batteries used in hybrid and electric vehicles, as well as mass energy storage systems. Galaxy is bullish about the global lithium demand outlook and is aiming to become a major producer of lithium products.

Caution Regarding Forward-Looking Information

This document contains forward-looking statements concerning Galaxy.

Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on Galaxy's beliefs, opinions and estimates of Galaxy as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

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