

Australia
7 December 2016

MT CATTLIN BEGINS 24 HOUR PRODUCTION AND TRUCKING TO ESPERANCE PORT

Galaxy Resources Limited (ASX: GXY) ("Galaxy" or the "Company") is pleased to provide the following update for its Mt Cattlin project in Ravensthorpe, Western Australia.

Production Update

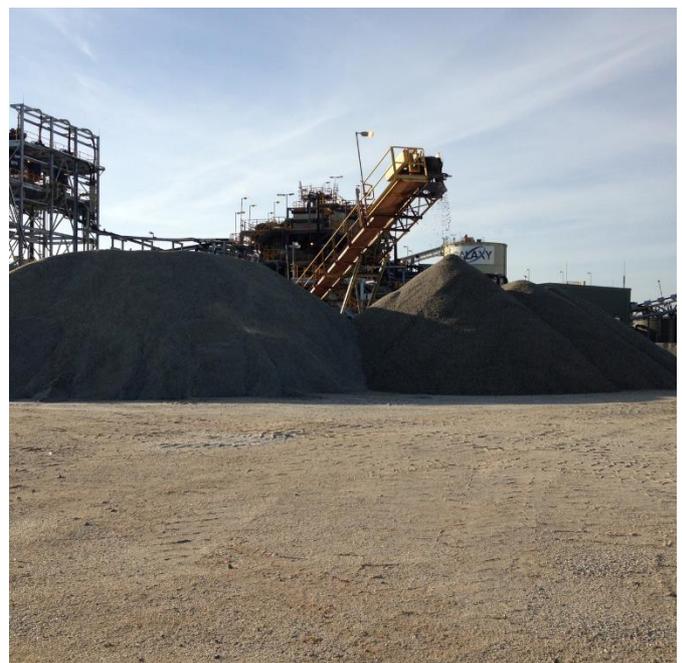
Galaxy is pleased to announce they have now commenced 24-hour production at Mt Cattlin. The Company is aiming to produce a lithium concentrate of 5.5% Li_2O grade with a less than 5% mica concentration. To date, product remains on specification for a mica concentration of well less than 5% whilst still achieving grades consistently in excess of 5.5%. Following the redesign of the processing facility to reduce mica content and the additional concentration to increase the final product grade, achieving improved specifications and now continuous operations are major milestones completed in the startup of production at the Mt Cattlin Project.

After communications with Esperance Port on mica concentrations and moisture levels, along with final logistic approvals for Qube, trucking of the Mt Cattlin product began on 5 December 2016 - the first truck was loaded at Mt Cattlin around mid-day AWST for dispatch to the Esperance Port.

Over the coming weeks short term production tests will continue with scheduled maintenance shutdowns to ensure reliability is sustained through the continued ramp-up to name plate production. Part of these short-term production tests are the planned phased unit process tests to improve final concentrate grade to 6%, along with further improvements to product yield.



Mica Removal from The Circuit



Concentrate Stockpiles



Coarse Primary DMS Product



Qube Trucks Being Prepared For Loading

—ENDS—

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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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