



Australia
14 December 2016

LITHIUM CONCENTRATE PRICING CONFIRMED FOR CY2017

Highlights

- **Binding agreements signed with current Chinese customers for CY2017**
- **120,000 tonnes of lithium concentrate sold for 2017 delivery at US\$905/t (FOB Esperance) for 6% Li₂O**
- **Following initial production from Mt Cattlin which yielded higher than anticipated grades after flow sheet redesign, Galaxy is now confident of producing an improved 6% grade lithium concentrate product**
- **Galaxy is currently discussing more longer term arrangements with its existing customers beyond 2017, and will also look at options to diversify its customer base**
- **Offtake arrangements to settle through partner Mitsubishi Corporation**
- **Mining operations at Mt Cattlin commenced on 12 December 2016**

Offtake Agreement

Galaxy Resources (ASX:GXY) ("Galaxy") ("the Company"), is pleased to announce it has sold 120,000 tonnes of lithium concentrate from the Mt Cattlin Project in Ravensthorpe, Western Australia, for US\$830 per tonne (FOB, minimum 5.5% Li₂O) to be delivered in calendar year 2017, having signed binding agreements with its existing China-based buyers. Customers will also be paying an additional US\$15/t for every 0.1% improvement in grade of Li₂O delivered, resulting in an agreed price of up to US\$905/t for a 6% lithium concentrate.

The sale of this 120,000 tonnes of lithium concentrate is with chemical converters in China who produce both lithium carbonate and lithium hydroxide. The Company's current guidance for 2017 is for 160,000 tonnes of lithium concentrate production, based on an approximate 50% recovery - this production level will satisfy both the outstanding balance of 2016 contracted volumes to be delivered, as well as the newly contracted 2017 volumes. The Company intends to continue on working to improve recovery at the Mt Cattlin processing plant and with any incremental production available in the future, it will look to place such volume to existing and/or new customers.

Galaxy Managing Director, Anthony Tse said the Company had experienced very strong interest from a wide range of customers since the planned restart of the Mt Cattlin Project and significant demand for the project's planned production.

"The Mt Cattlin team will be working on a number initiatives through the course of 2017, with the objective of increasing production recovery above and beyond the initially targeted 50% level, to provide its customers with the volume and quality of product they require as they continue to grow," Mr Tse said.

"Initial lithium concentrate production has produced Li₂O grades ranging from 5.8% to 6.4%. This product quality has been achieved as a result of the design changes that have been made to the processing plant flowsheet and represents a significant improvement in specifications over that of the historical product from Mt Cattlin when it previously operated. The increase in price is indicative of the continued robust demand, as well as the key role that Galaxy will now be playing as the newest producer supplying up to 20,000 tonnes LCE of raw

material into the growing market. These agreements also underscore the strong relationship Galaxy has with its customers and consolidates a long-term partnership with a number of the significant chemical converters in China, who are in turn integrated into the fast growing lithium battery materials sector in that market.”

Mining Commencement

Following its recent engagement of Piacentini & Sons ("Piacentini") as mining contractor, Galaxy officially recommenced mining at the Mt Cattlin Project on 12 December. In achieving this milestone, both the Company and Piacentini have guaranteed supply for run of mine ore to support the continued ramp up of the Mt Cattlin processing plant.



First Load Tipped On ROM Pad



Mining In Pit



First Load In Pit

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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.

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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.

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