



Australia
30 April 2018

Response to Media Speculation

Galaxy Resources Limited ("Galaxy" or the "Company") (ASX: GXY) notes the media speculation today regarding the Company's Sal de Vida lithium and potash brine project in Argentina ("Sal de Vida").

Galaxy has appointed J.P. Morgan Australia Limited as its financial advisor to evaluate strategic options for Sal de Vida.

As previously advised to the market, the Company is currently in discussions with a range of parties in relation to potential offtake and strategic partnership opportunities. These discussions are preliminary in nature and there is no certainty as to whether any definitive transaction will eventuate from them. Galaxy will keep the market informed of any material developments in line with its continuous disclosure obligations.

The Company released a Revised Definitive Feasibility Study for Sal de Vida on 22 August 2016¹, which supports a low cost, long life project with robust economics. This revised DFS estimates:

- A post-tax net present value of US\$1.416 billion at an 8% discount rate (US\$1.043 billion at a 10% discount rate).
- Sal de Vida having the potential to generate average annual revenue of US\$354 million and average operating cash flow of US\$273 million per annum before tax (net operating cashflow of US\$182 million after tax).
- Average operating costs of US\$3,369 per tonne before potash credits and US\$2,959 per tonne to produce battery grade lithium carbonate.
- A total capital cost of US\$376 million.

The Company confirms that all the material assumptions underpinning these estimates continue to apply and have not materially changed.

Galaxy expects to announce the results of an updated Revised Definitive Feasibility Study on Sal de Vida during May 2018, which shall include updated economics for the project.

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¹ "Sal de Vida: Revised Definitive Feasibility Study Confirms Low Cost, Long Life and Economically Robust Operation" released on 22 August 2016



About Galaxy (ASX: GXY)

Galaxy Resources Limited ("Galaxy") is an international S&P / ASX 200 Index company with lithium production facilities, hard rock mines and brine assets in Australia, Canada and Argentina. It wholly owns and operates the Mt Cattlin mine in Ravensthorpe Western Australia, which is currently producing spodumene and tantalum concentrate, 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 because 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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