



Australia
28 August 2018

FINAL BOARD APPROVAL RECEIVED FROM POSCO AND BINDING AGREEMENT EXECUTED TO SELL NORTHERN PACKAGE OF TENEMENTS AT SAL DE VIDA

Highlights

- **Binding agreement executed with POSCO to sell a package of tenements on the northern basin of Salar del Hombre Muerto for cash consideration of US\$280 million**
- **Galaxy will retain its 100% interest in all the remaining Sal de Vida Project tenements in Catamarca Province**
- **Net proceeds from the transaction to be used to advance the development of the Sal de Vida Project**
- **Transaction expected to settle by Q4 2018 upon completion of the relevant tenement transfer and registration procedures in Argentina**

Galaxy Resources Limited ("**Galaxy**" or the "**Company**") (ASX: GXY) is pleased to announce that it has executed binding definitive documentation with POSCO for the sale of a package of tenements located on the northern portion of the Salar del Hombre Muerto in the northwest region of Argentina, for a cash consideration of US\$280 million. This consideration will be paid to Galaxy upon completion of the relevant tenement transfer and registration procedures in Argentina. The tenements the subject of the transaction are listed below.

The sale tenement package is situated to the north of Galaxy's world class Sal de Vida Project ("**Sal de Vida**" or the "**Project**") in Argentina (see figure 1). Galaxy will continue to retain a 100% interest in the tenements on the southern area of the Salar del Hombre Muerto, located in Catamarca Province, which are included in the updated feasibility study for Sal de Vida (refer to announcement dated 15 May 2018).

In addition, Galaxy and POSCO will continue to explore potential cooperation to maximize future development and operational synergies for their respective projects on the Salar del Hombre Muerto,

Completion of the transaction is expected by Q4 2018, following finalization of the necessary procedures to affect the transfer and registration of the relevant tenement package. The net cash proceeds from the transaction will be used towards advancing the development of the Sal de Vida Project. Galaxy, with the assistance of J.P. Morgan, is progressing the evaluation of strategic partners for the development of the Sal de Vida Project. The Company will be providing further updates to the market on the JP Morgan process in the near future.

Chairman of Galaxy, Martin Rowley commented that *"This transaction with POSCO underlines the significant previously unrecognized value of Galaxy's tenements on the Salar del Hombre Muerto and provides a substantial cash injection which underwrites the development of the Sal de Vida lithium brine project. This transaction provides Galaxy maximum flexibility for the parallel process being led by J.P. Morgan, to evaluate and consider options for strategic partners for the development of Sal de Vida. We are very pleased to have developed what we see as a mutually beneficial relationship with POSCO with this transaction and look forward to close co-operation with POSCO on our respective projects. This transaction is also economically significant as it means there are well advanced plans for two lithium projects to be developed concurrently on the Salar del Hombre Muerto spanning across both Catamarca and Salta Provinces, which carries obvious benefits for all stakeholders in both regions in Argentina"*

J.P. Morgan acted as financial advisor to Galaxy for this transaction.

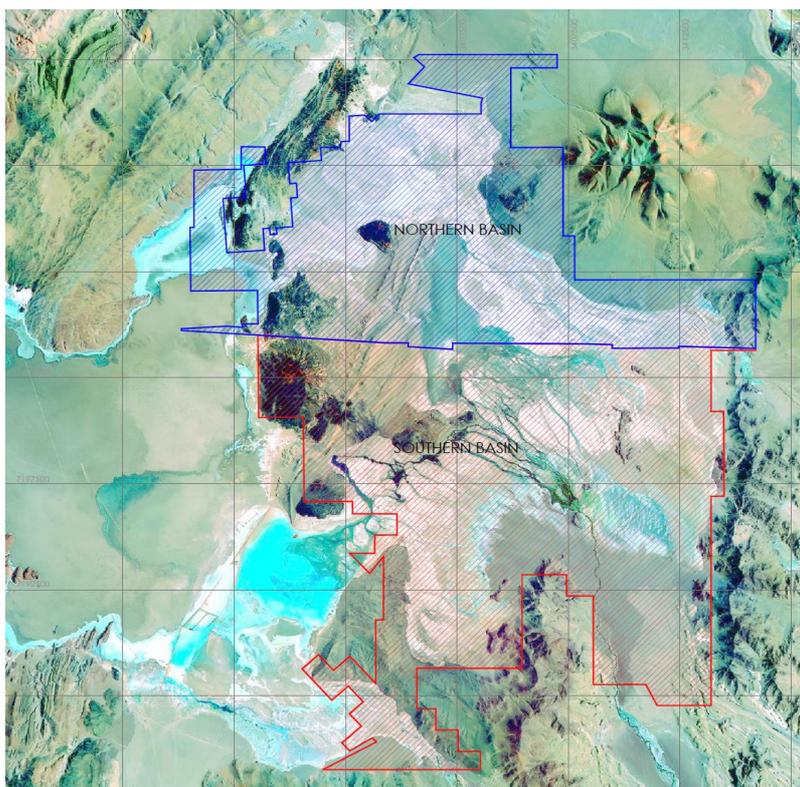


Figure 1 – Map of Salar del Hombre Muerto tenements to be sold (blue area) and tenements to be retained (red area) by Galaxy



From left to right: Mr Anthony Tse, Mr Martin Rowley, Mr Seong Yu and Dr Hyeon Park



Tenements being sold

File No.	Name	Province
16741-1999	GASTON I	Salta
16810-1999	GASTON II	Salta
17392-2001	GASTON III	Salta
17529-2002	MARIA CECILIA	Salta
17583-2002	LITA	Salta
17584-2002	FLORENCIA	Salta
17599-2002	NELLY	Salta
17898-2004	PABLO	Salta
17924-2004	CAMILA	Salta
18001-2004	ROCIO	Salta
18128-2005	PABLO II	Salta
19562-2009	SALVADOR	Salta
19579-2009	SALVADOR II	Salta
19669-2009	PAPADOPULOS XXXIV	Salta
19670-2009	PAPADOPULOS XXXV	Salta
19931-2009	TABAHM	Salta
19987-2009	TABAHM 02	Salta

File No.	Name	Province
20024-2009	TABAHM 05	Salta
20877-2011	RATONES OESTE	Salta
21190-2011	CATAL NORTE	Salta
21655-2012	RATONES SUR	Salta
21864-2012	RATONES OESTE 2	Salta
160-G-2002	BARREAL 2	Catamarca
813-G-2009	LUNA BLANCA V	Catamarca
227-G-2007	PACHAMAMA	Catamarca
289-G-2007	LA PRIMERA	Catamarca
290-G-2007	LA SEGUNDA	Catamarca
291-A-2007	LA TERCERA	Catamarca
354-G-2007	CHINA	Catamarca
812-G-2009	LUNA BLANCA IV	Catamarca
815-G-2009	ROCIO I	Catamarca
117-G-2010	LUNA BLANCA III	Catamarca
268-G-2010	BEATRIZ VI	Catamarca
269-G-2010	NELLY VI	Catamarca

Brine extraction rights over the following tenements to be assigned

File No.	Name	Province
1215-1943	ESTELA	Salta
1495-1946	ALEX	Salta
5596-1966	FERNANDO	Salta
13848-1989	DIANA	Salta
17335	VALERIO	Salta

Brine extraction rights granted over the following tenements pending sub-division and transfer

File No.	Name	Province
1280-G-2006	LUNA BLANCA	Catamarca
1430-M-2006	MEME	Catamarca
1198-G-2006	QUIERO RETRUCO	Catamarca
1178-G-2006	EL TORDO	Catamarca
1197-A-2006	TRUCO	Catamarca

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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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