



Australia
24 February 2017

JAMES BAY EXPLORATION AND DEVELOPMENT PROGRAM COMMENCED

Galaxy Resources Limited (ASX: GXY) ("Galaxy" or the "Company") is pleased to announce that an extensive drilling program has commenced at its James Bay Project in Québec, Canada.

The program will include \$3.5 million in exploration and development work that is currently being planned on the James Bay Project. The objectives of the program are to execute a thorough and multi-faceted diamond-drilling campaign and to continue the Definite Feasibility Study (DFS), the work of which was suspended in 2012. The James Bay Project Team will commence work on the program in early March 2017. The work will be focused on exploring and developing the lithium resource contained in numerous outcropping spodumene-bearing pegmatites. Currently, the resources at James Bay stand at 22.2Mt (Indicated & Inferred) at a grade of 1.28% Li₂O, and limited to an open-pit vertical depth of less than 100m. The 2017 drilling program will aim to nearly triple the aggregate 14,000m of depth drilled so far on the project, and will consist of drill holes at a deeper depth and closer proximity. The core-drilling program shall include:

- In-fill drilling to substantially increase ore resources to reserves;
- Step-out holes to explore pegmatite extensions down-dip; and
- Drilling 3 or 4 pegmatites, previously mapped, but never drilled.

The previous drilling programs of 2008 and 2009 had targeted only 9 of the 15 known spodumene-bearing pegmatites (swarms) located on the west side of the Matagami-Radisson Highway. More pegmatites will be explored by core-drilling through the course of the year. Several other pegmatites located on the east side of the highway will be mapped this summer following the snow-melt period and will also be drilled later when the warmer weather arrives. Each pegmatite swarm consists of 2 to 8 individual pegmatite dykes ranging in size from 2m to over 100m. All the spodumene pegmatites delineated thus far are parallel to each other and are separated by barren host rock of sedimentary origin, now metamorphosed to amphibolite facies.

The current Ore Resource estimate of the Project dates back to 2010, however the data that will be collected in the current drilling program will allow for an update to these resources, and the results will also be included in the future Definitive Feasibility Study. The relevant Environmental Studies relating to the DFS will be advanced in parallel. Metallurgical testwork conducted in 2012 used a dense-media separation (DMS) technique and produced a lithium concentrate with grades of up to 6.53% Li₂O at a 75% lithium recovery rate. The development program this year will continue this work with additional pilot-plant scale metallurgical testing. The DFS will include:

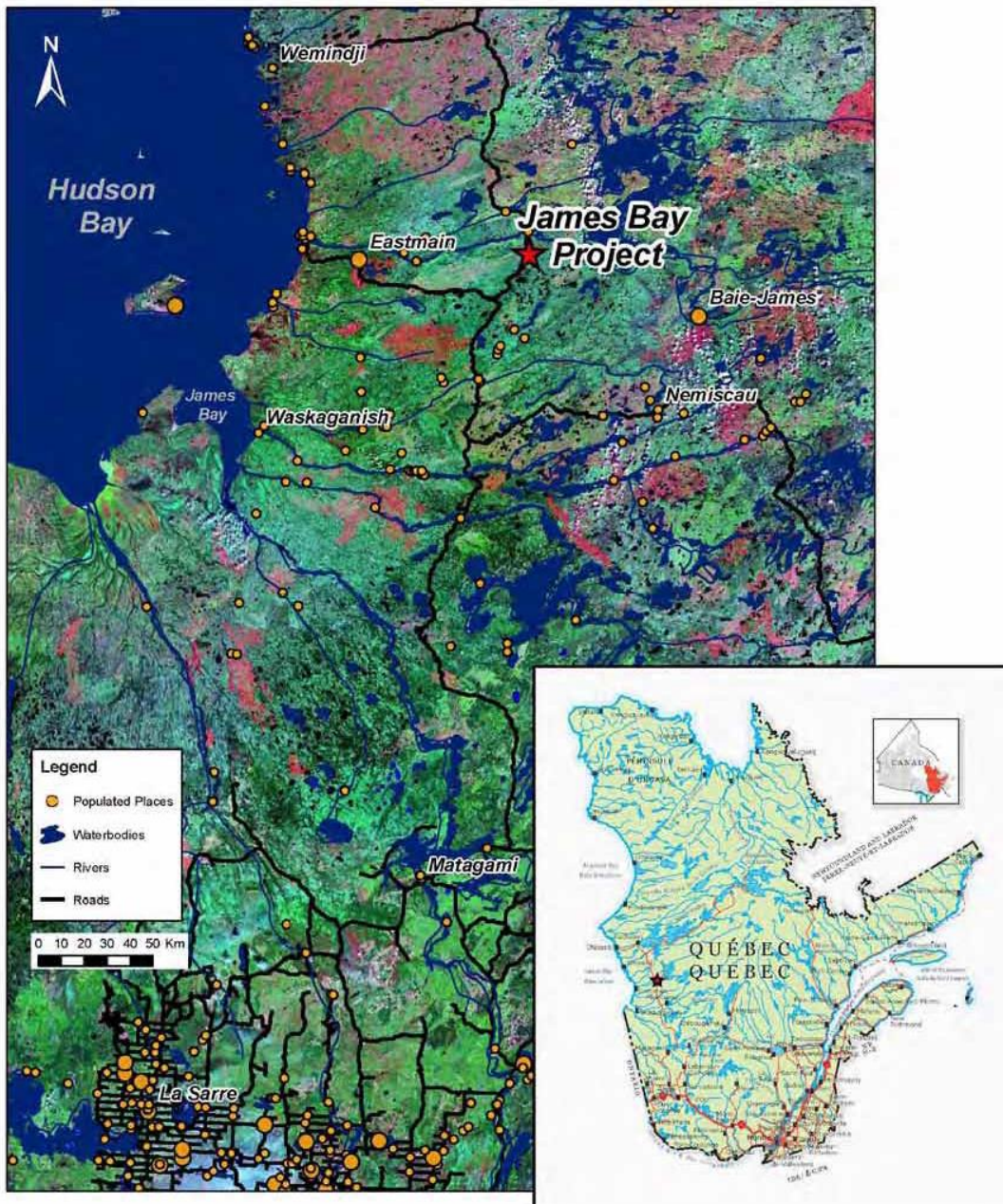
- Environmental and Social Impact Assessment (ESIA) - Phase 1;
- Bulk sampling from existing stockpiles;
- Pilot-plant scale metallurgical testwork; and
- Formal revision to the Resources/Reserves of the project from the new data collected.

The James Bay Project is located 0.5km from a full-service road stop, which is situated 380km away from the mining town of Matagami (where numerous services relating to construction and mining are available) and just over 800km from Montreal in the north-west region of Québec Province.

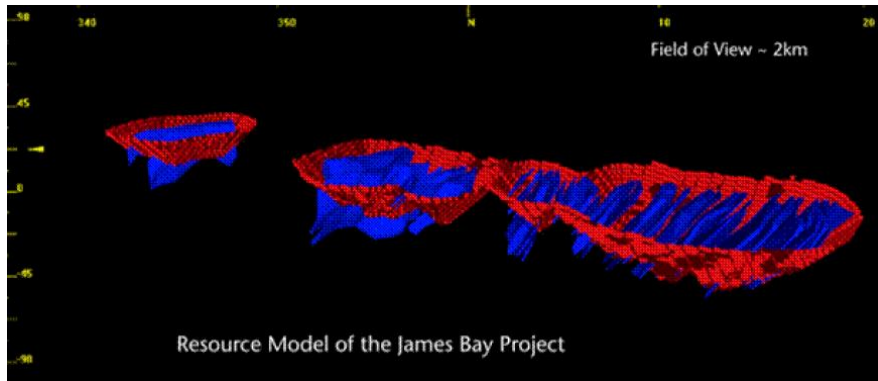
JAMES BAY RESOURCE ESTIMATE

Resource Category	Tonnes	Li ₂ O %
Indicated	11,750,000	1.30
Inferred	10,470,000	1.20
Total	22,220,000	1.28

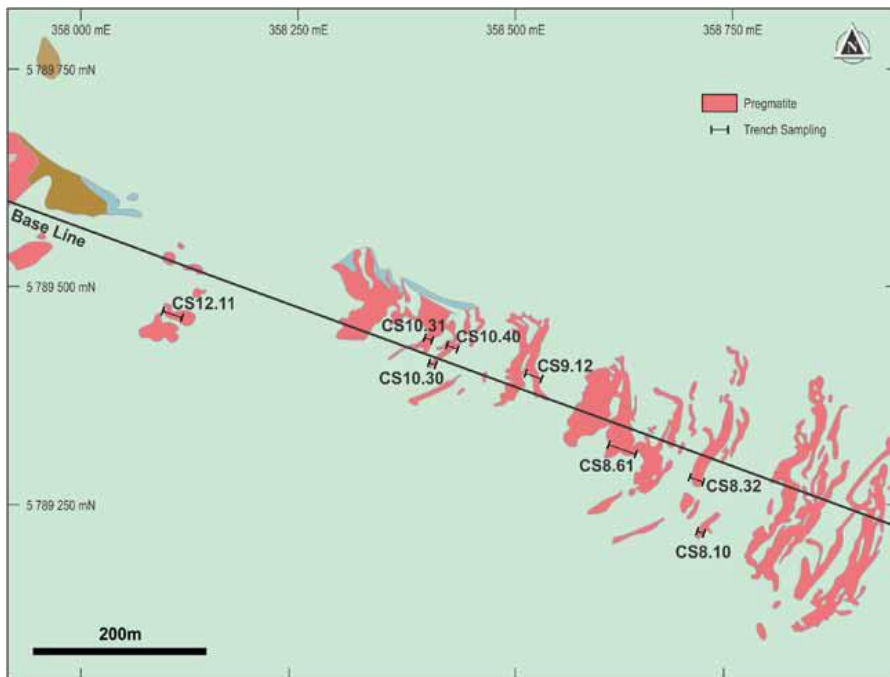
Refer Galaxy Resources Announcement (2012.07.05)



James Bay Project Location



Conceptual Pit Outlines on the James Bay Prospect



Channel Sampling Locations



James Bay Pegmatite Outcropping



—ENDS—

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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.

Competent Persons Statement

James Bay

The information in this report that relates to Mineral Resources at the James Bay Project is based on work completed by Mr James McCann, who is a Member of a Recognised Overseas Professional Organisation. Mr McCann is a full time employee of McCann Geosciences, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the ‘Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr McCann consents to the inclusion in the report of the matters based on his information in the form and context it appears. This information was prepared and first disclosed under the JORC Code 2004 it has not been updated since to comply with JORC code 2012 on the basis that the information has not materially changed since it was last reported.



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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