



Australia
17 May 2017

MT CATTLIN UPDATE - DRILLING CAMPAIGN AND RESOURCE REVIEW

Highlights

- Further resource development - drilling to support updated Life Of Mine plan
- Total of 32,100m of development, grade control and exploration drilling planned at Mt Cattlin
- Staged drilling expected to expand Mt Cattlin Resource and Reserve, results expected Q3, 2017 onwards

Galaxy Resources Limited ("**Galaxy**" or the "**Company**") (ASX:GXY) is pleased to announce the commencement of a drilling campaign and pit optimisation review that will support an updated Life Of Mine ("**LOM**") plan at Mt Cattlin.

The planned drilling campaign for an aggregate 32,100m of drilling at Mt Cattlin will include the following activities:

- 6,500m of drilling to the east of Floater Road to develop and improve confidence in resources east of Cattlin Creek;
- 3,330m of immediate grade control drilling to support short term mine planning;
- 18,600m of resource development drilling to improve resource classification and test lodes open along strike and at depth beneath current designs; and
- 3,700m of drilling on surrounding exploration leases, subject to statutory approvals.

All statutory approvals for this drilling have been received and drilling is scheduled to commence before the end of May.

Galaxy anticipates that optimization work to be conducted by independent mining consultants after incorporating the results from this proposed drilling program will result in an increased resource together with increased confidence in resource and reserve classifications for the Mt Cattlin project and result in an updated LOM plan. Galaxy is targeting an increase in the recoverable resource from 12Mt to 15Mt for Mt Cattlin by the end of Q3, 2017.

This proposed drilling program follows a review completed by independent consultants, Entech, in the December 2016 quarter, which resulted in a new set of technical and operational schedules and parameters to support the annual feed rate of 1.6 million tonnes per annum at the Mt Cattlin processing facility.

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For more information, please contact:

Corporate

Nick Rowley
Director – Corporate Development
+61 455 466 476
+61 (8) 9215 1700
nick.rowley@galaxylithium.com

Media Enquiries (Australia)

John Gardner
Citadel-MAGNUS
+61 413 355 997 or +61 (8) 6160 4901
jgardner@citadelmagnus.com



Media Enquiries (International)

Heidi So
Strategic Financial Relations Ltd
+852 2864 4826
heidi.so@sprg.com.hk

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 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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