ASX ANNOUNCEMENT / MEDIA RELEASE

Australia
19 October 2017

JAMES BAY UPDATE - PROJECT NOTICE SUBMITTED, FURTHER HIGH GRADE DRILLING RESULTS

Galaxy Resources Limited ("Galaxy" or the "Company") (ASX:GXY) is pleased to advise that it has now submitted a Project Notice for the James Bay Lithium Project ("James Bay" or the "Project") to the Government of Quebec, and the Federal Government of Canada, together with local stakeholders. The Project Notice submission marks the start of the regulatory process aimed at securing the necessary mining and infrastructure licenses. It also advises the Government of the proposed scale, scope and timeline of the James Bay Project so that it may set the appropriate levels of regulatory assessment.

The preparation and submission of this project description is the initial step in the environmental impact assessment process, where Galaxy advises in writing, the relevant Québec ministry (Ministère du Développement durable, de l'Environnement et de la Lutte contre les changements climatiques, or "MDDELCC") and the Canadian Environmental Assessment Agency ("CEAA"), of its intention to undertake the project. The project description also allows the relevant government agencies involved to determine the type of environmental study to be conducted and to issue a formal notice indicating the nature, area and scope of the study expected from the project promoter.

The Project Notice outlines the general characteristics of the project. The Project is situated in the Nord-du-Québec administrative region of Québec, where Galaxy is planning to develop an open-pit lithium mine that would be located along the James Bay Road.

Aside from the pit, the mining facility will include an ore concentrator, tailings/waste rock/ore/overburden storage areas, as well as accompanying infrastructure. The concentrated ore will be trucked to a transfer site, where it will be transported by train south, to the proposed conversion facility to be processed into lithium chemicals.

The Company is also pleased to announce further assays from its 2017 drilling campaign at James Bay. The aim of this drilling was to support a mineral resource upgrade to be incorporated into the ongoing Project feasibility study work.

In March 2017, the James Bay team commenced a ~33,000m diamond drilling campaign to extend and develop the existing James Bay resource. This drilling program has now been completed. All remaining assays are expected to be received by the end of October 2017. Results from a further 16 holes for an aggregate 3,879m drilled can now be reported.

All intercepts below are reported downhole.

Highlights from this round of drilling and assay are:

- 88.7m @1.63% Li2O from 150.3m to 239.0m (drill hole JBL17-107)
- 28.7m @ 1.54% Li2O from 28.5m to 57.2m (drill hole JBL17-108)
- 66.0m @ 1.71 % Li2O from 144.33m to 210.3m (drill hole JBL17-128)
- 102.8m @ 1.56% Li2O from 79.7m to 182.5m (drill hole JBL17-129)
- 37.7m @ 1.43% Li2O from 82.16m to 119.7m (drill hole JBL17-147)

Managing Director and CEO, Anthony Tse, commented *"We expect to receive the last assays from this drilling program this month. The updated resource estimate work has been awarded to SRK Canada. Galaxy has now established its office in Montreal and engaged Primero Group to deliver engineering input into the James Bay feasibility study. With the Project Notice now submitted, we will advance our work on the feasibility study, including engaging with local stakeholders, the Cree First Nation and the Québec Government in advancing the development of this world class hard rock lithium resource. "*

Final assay results will be released as they are received over the coming weeks. All results are listed in Table 2, below.

Figure 1: James Bay Spodumene Project – Plan View

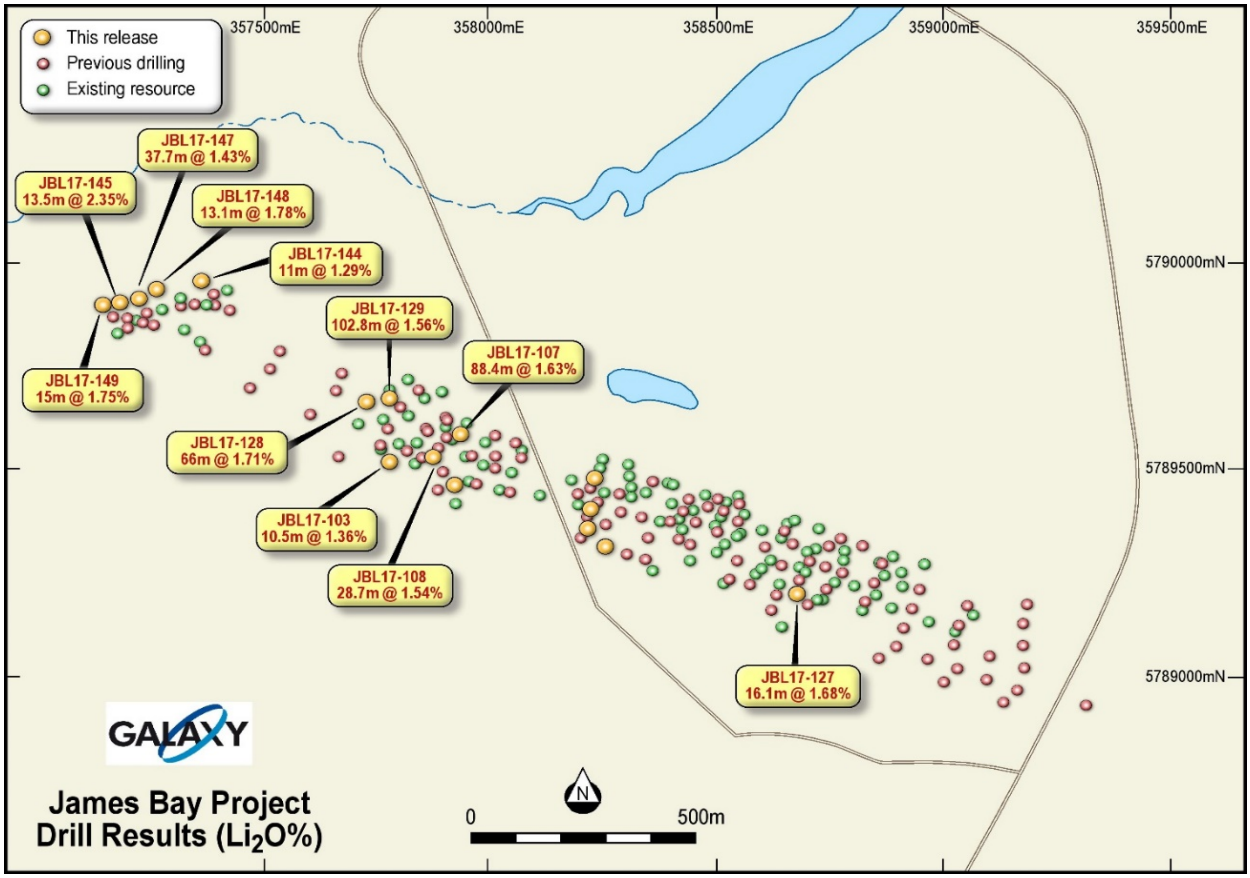

Figure 2: James Bay Spodumene Project – Section View

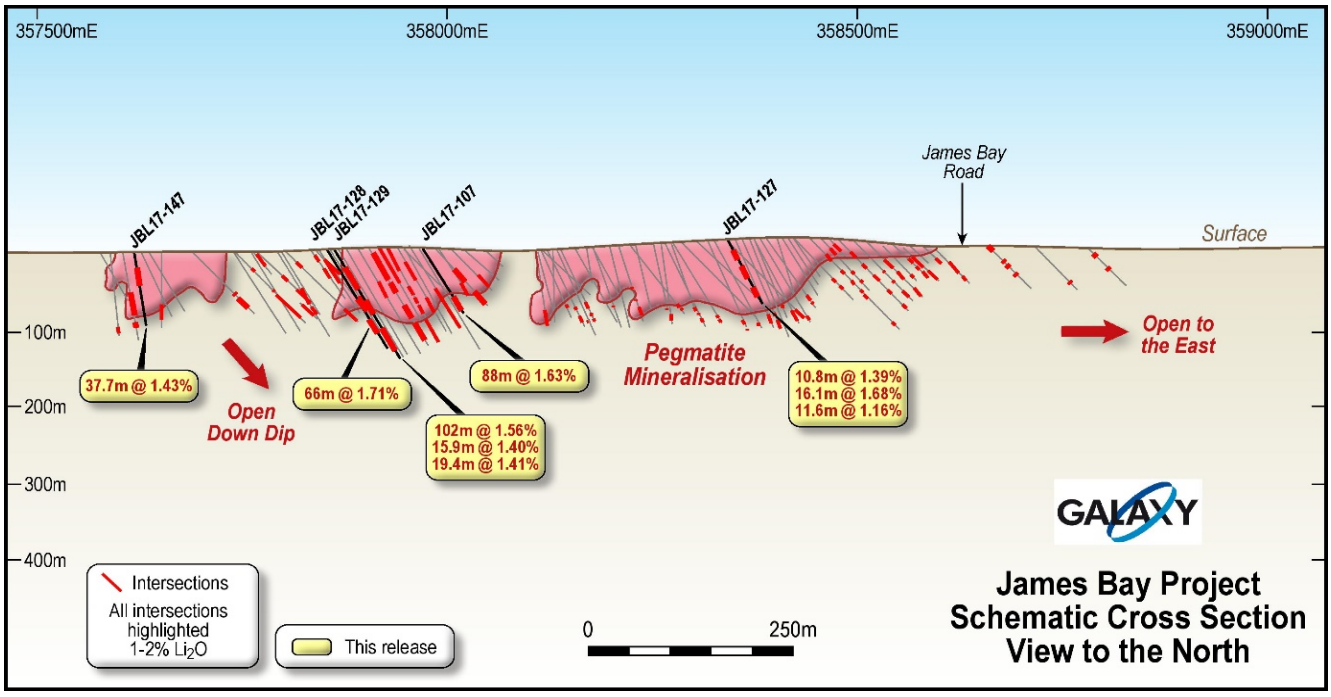

Table1: Drill hole collar positions. Coordinates are in coordinate system NAD 83, Zone 18

Hole #	Length (m)	NAD83 mN	NAD83 mE	Azimuth	Dip
JBL17-103	270	5,789,518	357,781	145	45
JBL17-107	246	5,789,590	357,937	145	45
JBL17-108	345	5,789,532	357,875	145	45
JBL17-109	192	5,789,464	357,923	145	45
JBL17-122	222	5,789,315	358,254	110	60
JBL17-123	213	5,789,359	358,215	110	75
JBL17-125	246	5,789,407	358,223	110	60
JBL17-126	168	5,789,481	358,233	110	45
JBL17-127	270	5,789,203	358,678	110	45
JBL17-128	393	5,789,665	357,730	145	45
JBL17-129	387	5,789,673	357,784	145	45
JBL17-144	120	5,789,958	357,368	145	45
JBL17-146	216	5,789,939	357,270	145	45
JBL17-147	231	5,789,912	357,231	145	45
JBL17-148	210	5,789,902	357,189	145	45
JBL17-149	150	5,789,905	357,149	163	45

Table 2: New Assay results from James Bay. All results are downhole lengths, assay by ALS Canada, ore-grade four acid digest followed by ICP-AES open beaker.

Hole #	From (m)	To (m)	Meters	Grade (Li20 %)
JBL17-103	67.0	77.5	10.5	1.36
JBL17-107	3.4	23.80	20.4	1.65
	13.3	17.80	4.5	2.23
	62.5	69.24	6.7	1.24
	150.3	239.0	88.7	1.63
JBL17-108	28.5	57.20	28.7	1.54
	130.5	149.4	18.9	1.68
JBL17-109	25.4	31.4	6.0	1.22

JBL17-122	191.8	195.19	3.4	0.24
JBL17-123	167.6	172.5	4.9	1.22
JBL17-125	94.00	113.5	19.5	1.30
	141.40	156.5	15.1	1.31
	193.00	203.5	10.5	0.89
JBL17-126	67.7	92.75	25.1	1.65
	120.75	132.60	11.9	1.97
JBL17-127	61.20	72.0	10.8	1.39
	140.9	157.0	16.1	1.68
	221.8	233.4	11.6	1.16
JBL17-128	7.0	23.60	16.6	1.87
	106.24	127.10	20.9	1.75
	144.33	210.30	66.0	1.71
	239.65	258.20	18.6	1.18
	289.0	314.70	25.7	1.44
	328.6	366.04	37.4	0.33
JBL17-129	79.7	182.50	102.8	1.56
	216.9	232.8	15.9	1.40
	270.40	289.8	19.4	1.41
JBL17-144	86.2	97.2	11.0	1.24
JBL17-146	102.60	115.70	13.1	1.78
JBL17-147	82.16	119.70	37.5	1.43
JBL17-148	78.7	89.20	10.5	1.69
	117.2	130.7	13.5	2.35
JBL17-149	103.98	119.00	15.0	1.75

ABOUT THE JAMES BAY PROJECT

The James Bay pegmatite swarm is located 10km south of the Eastmain River and 100km east of James Bay. The property is accessible by paved road from the James Bay Road which cuts through the property close to the 381km road marker on the highway Route/109 from Val d'Or, Quebec, Canada. Val d'Or is approximately 526km westward from Montreal, Quebec. A large multi-service truck stop is located at marker 381. Discovered in the 1960's and then known as the Cyr property the site consists of a swarm of 35 pegmatite dykes that belong to the rare-element 'class', the LCT (Li-Cs- Ta) 'family' and the albite-spodumene 'type' per the classification by Cerny (1991).

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

Information included in this announcement that relates to exploration results is based on and fairly represents information and supporting documentation prepared and compiled by Albert Thamm M.Sc. F.Aus.IMM (CP Management), who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr. Thamm is an employee of Galaxy Resources Limited. Mr. Thamm 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 2012 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr. Thamm and consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Mineral Resources at the James Bay Project is based on work completed by Mr. James McCann M.Sc. P. Geo, who is a Member of the Ordre des Geologues du Quebec, a Recognised Overseas Professional Organisation. Mr. McCann is an employee of Galaxy Resources Limited, 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 and 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 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.

Not for Release in the US

This announcement has been prepared for publication in Australia and may not be released in the United States of America. This announcement does not constitute an offer of securities for sale in any jurisdiction, including the United States, and any securities described in this announcement may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the company and management, as well as financial statements.

JAMES BAY LITHIUM PROJECT, QUEBEC, CANADA.

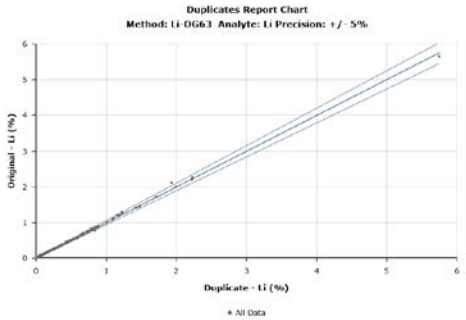
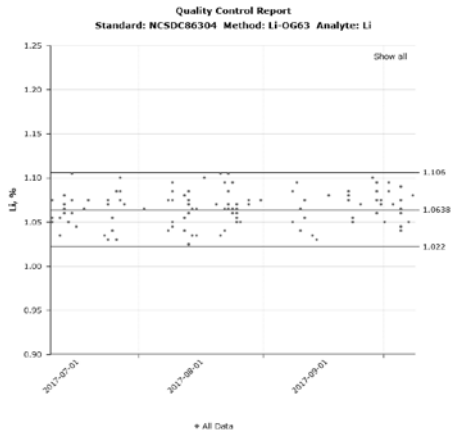
Section 1 Sampling Techniques and Data

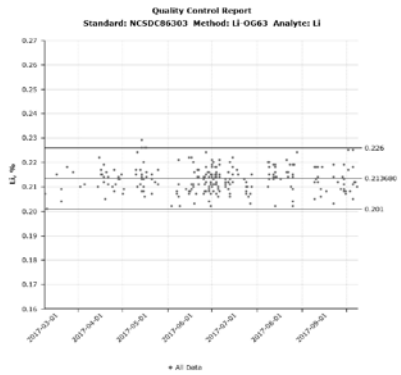
(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.*	• Diamond core, sawn ½ core. Chibourgamau Diamond Drilling Ltd. • Sample length selected to match geological intervals and contacts to a maximum of 1.50m in length.
Drilling techniques	• *Drill type*	• Diamond drilling, NW casing, NQ core, orientated.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Core recovery assessed vs drillers mark up. • Samples are considered representative. • Samples are selected on visual mineralogy. • Half diamond core is produced for assay thus no loss or gain of fine material as in RC or RAB.

Criteria	JORC Code explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	• Logged geologically and geotechnically, with emphasis on pegmatite mineralogy. • All core is photographed; logging is qualitative in nature and all core is logged.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sawn ½ NQ core. • All pegmatites are sampled. • Sample types are consistent with prior sampling and drilling campaigns. • Sampling demonstrated to be representative in prior sampling campaigns at NQ size. • Sample size is appropriate given the grain size of the mineralogy sampled.

Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Weigh, crush and pulverise at ALS Canada. Processed at ALS Val d'Or located at 1324 Rue Turcotte, Val d'Or, QC, Canada. • Methods CRU-31,CRU-QC,LOG-21,SPL-21,WEI-21. • Processed at ALS Vancouver located at 2103 Dollarton Hwy, North Vancouver, BC, Canada. • Methods Li-OG63,ME-OG62o,PUL-31,PUL-QC. • Four acid digest method OC62o. • Analysis for lithium ore grade method Li-OC63. Li lower detection limit 0.005 % upper limit 10%, Std. tolerance 3.5%. • This method is suitable for analyzing lithium in geological samples. A ~0.4g sample is first digested with HClO4, HF, and HNO3 until dryness. The residue is subsequently re-digested in concentrated HCl, cooled and topped up to volume. The samples are analyzed for Li by ICPAES spectroscopy. • Method ICP_AES. Technique is total. • Assayed at ALS Vancouver after sample preparation. • Standards show acceptable levels of accuracy and precision.

Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• External audit of assay precision and accuracy. • Existing resource and data stored as Maptek/Vulcan TM files with supporting spreadsheets. • Primary data logged on paper, assay reconciled from csv. • QA/QC data reported ex lab QA/QC compilation. • No adjustments to assay data. Assay in Li reported to Li2O. • External audit trail login to ALS assay reporting system. •  • 


Quality Control Report
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Li, %
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2017-09-01
All Data

Criteria	JORC Code explanation	Commentary
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Hand held GPS collars, re-surveyed at end of program. • Down Hole survey, Reflex downhole system. • Reported NAD 83, Zone 18N. • Regional state DEM available to control surface topography and survey.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Data spacing is irregular but designed to infill between and extend at depth extant resource drilling. • The data spacing is sufficient to establish both geological and grade continuity. • Samples are not reported as composites, rather as reported. • Downhole survey has occurred every 3m downhole.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Orientation of sampling, once corrected for dip, achieves unbiased sampling.
Sample security	• *The measures taken to ensure sample security.*	• Detail audit trail available from ALS Canada. From dispatch, receipt through process to results.

Criteria	JORC Code explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Galaxy has reviewed the 2010 resource estimated by SRK Canada. • A 2nd CP/QP has audited laboratory QA/QC standards for accuracy and precision.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.*	• This project is in the west-central part of Township No. 2312 in North-western Quebec. It is 2 kilometers south of the Eastmain River and 100 kilometers east of James Bay. The property is readily accessible by paved road as the regional highway cuts through the property close to road marker kilometer 381, which is 381km from the town of Mattagami where there is an airport and mining related infrastructure. • Galaxy Lithium (Canada) Inc 20%, Galaxy Lithium (Ontario) Inc 80%. (50 claims). Galaxy Lithium (Canada) Inc 100%. (4 claims). • The James Bay Lithium Mine Project site is located on lands referred to under Quebec law as being “lands of the domain of the State” Wholly owned subsidiaries of Galaxy Resources, including the project promoter, Galaxy, are the holders of the mining claims currently comprising the Project Property. • Each of the 54 mining claims presently comprising the comprises 2,163.75 hectares. The current 2-year terms of the 54 mining claims will expire at various dates between March 2018 and June 2020. These can be renewed at expiry for additional 2-year terms. I It is contemplated that an application for a mining lease under Article 100 of the Québec Mining Act (CQLR, c M-13.1) will be filed for an open pit mining operation and a concentrator with an annual production capacity of 2,000,000 t. This application will be submitted to Quebec’s Ministère de l’Énergie et des Ressources naturelles (MERN).

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The claims were first staked in 1966 by Mr. J. Cyr and were optioned by SDBJ in 1974, who after conducting some exploration on the property, returned it to Mr. Cyr. Prior to this, Mr. Cyr first discovered spodumene pegmatite outcrops on the property in 1964. There had been little modern exploration conducted on the property, until prior operator Lithium One started drilling in 2008, Significant trenching and drilling had been completed in the late 1970's. • The Company's drilling in 2008 and 2009 confirmed the presence of wide pegmatite intersections, numerous swarms over several hundred meters of lateral extent, and about 2km in strike length to a depth of 100 to 150 meters. • Three diamond drill holes, for a total of 383m, were completed on the property in 1977 and these confirmed the presence of spodumene mineralization to a depth of approximately 100 meters. • Lithium One drilled the property in 2008-2009 resulting in a classified NI43-101 resource. • Lithium One also undertook ~700m of channel samples in 2009. • Between 2008 and 2010 Lithium One completed 102 diamond core boreholes to delineate 31 pegmatite dykes.

Criteria	JORC Code explanation	Commentary
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The James Bay Lithium Project lies in the north-eastern part of the Superior geological province, within the Eastmain greenstone belt (Lower Eastmain Group) which consists of amphibolite-grade mafic to felsic metavolcanics, meta-sediments and minor gabbroic intrusions. On the property metavolcanics of the Komo formation occur north of the pegmatite intrusions. The Auclair formation consists mainly of para-gneisses probably of sedimentary origin, which surround the pegmatites from the north-west to the south-eastern extremities. The greenstones are surrounded by migmatites and gneiss of Archean Age. • The individual pegmatite bodies are mostly irregular dykes or lenses attaining up to 150 meters in width and over 100 meters in length. These cross-cut at a high angle to the local foliation and presumed bedding of the intruded rocks. The pegmatites are generally perpendicular to the trend of the corridor; they form small hills reaching up to 30 meters above the surrounding swamps/muskeg. The mineralization belongs to the rare-element class LCT (Li-Cs-Ta) family and the albite-spodumene type. In the case of the Cyr-Lithium deposit, spodumene-bearing pegmatites are likely the most differentiated dykes distant from the cogenetic Kapiwak Pluton intrusion located farther south • In September 2008, Lithium One completed an 18-hole diamond drill program, with drill holes spaced at 100 metres apart, which totaled 1,096m. In 2009 a further 84 drill holes at 50-65m spacing was completed for 12,380m.

Criteria	JORC Code explanation	Commentary
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Drill hole collars provided in the text above. • No collar information is excluded. • Interception depths provided in Tables above.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No metal equivalents are used. • Assays reported are down hole. • Assays reported ex ALS as Li (ppm), standard oxide conversion to Li2O percent. • Continuous result of the interval quoted, downhole. • Data is aggregated down hole length.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Generally drilling is normal to strike, however the intercept orientation in relation to each pegmatite is yet not determined. Drilling results reported are down hole.

Criteria	JORC Code explanation	Commentary
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Diagrams are included in the text above. • Collar locations mapped in text above.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All complete results at hand are reported.

Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• A maiden Resource was declared in 2010. This was estimated by ordinary kriging at 11.75 Mt (Indicated) @ 1.3% Li20 and 10.47 Mt (Inferred) @1.2% Li20 at a cut-off grade of 0.75% Li20. • This was declared as a recoverable resource within a Whittle 4X optimisation informed by USD 6000/t Lithium Carbonate price, 45-degree pit slope angle and 70% process recovery. • The "reasonable prospects for economic extraction" requirement generally implies that the quantity and grade estimates meet certain economic thresholds and that the mineral resources are reported at an appropriate cut-off grade considering extraction scenarios and processing recoveries. To meet this requirement, consideration was made that major portions of the project are amenable for open pit extraction. • To determine the quantities of material offering "reasonable prospects for economic extraction" by an open pit, a pit optimizer and reasonable mining assumptions to evaluate the proportions of the block model (Indicated and Inferred blocks) that could be "reasonably expected" to be mined from an open pit was modeled. The optimization parameters were selected based on experience and benchmarking against similar spodumene projects. The reader is cautioned that the results from the pit optimization are used solely for testing the "reasonable prospects for economic extraction" by an open pit and do not represent an attempt to estimate mineral reserves. There are no mineral reserves on the James Bay Lithium Project. The results are used as a guide to assist in the preparation of a mineral resource statement and to select an appropriate resource reporting cut-off grade. • Assumptions Considered for Conceptual Open Pit o Lithium Carbonate (Li2CO3) price: 6,000 US$/tonne o Lithium Carbonate Li2O content : 40.4 % o Off Site Cost (Marketing, etc.) 2.5 % of price o Mining Cost 4 US$/tonne mined o Processing 50 US$/tonne of feed o General and Administrative 10 US$/tonne of feed o Mining Dilution 10 percent o Mining Loss 5 percent

		o Overall Pit Slope 45 degrees o Process Rate 1,000,000 tonne feed/year o Li2O Process Recovery 70 percent o In Situ Cut-Off-Grade 0.65 percent Li2O

Criteria	JORC Code explanation	Commentary
Further work	• *The nature and scale of planned further work. Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• This drilling campaign, once completed, will inform a resource re-estimate at James Bay and DFS study. • Diagrams included in text above. • ***Further metallurgical test work has commenced at Nagrom laboratories in Perth, Western Australia***. • Database compilation ongoing • Baseline scientific work to support EIA commenced and ongoing. • Sterilization drilling to commence in Q4 2017.