GALAXY RESOURCES LIMITED

QUARTERLY ACTIVITIES REPORT

THREE MONTHS ENDED 31 DECEMBER 2017

Galaxy Resources Limited (ASX: GXY, "**Galaxy**" or "**Company**") is pleased to report to shareholders its activities for the quarter ended 31 December 2017.

HIGHLIGHTS

Mt Cattlin Operations

- Record production of 52,139 dry metric tonnes ("**dmt**") of lithium concentrate, an increase of 11% over Q3 2017
- Production for the quarter at an annualized rate of c.209,000 dmt tonnes per annum ("**tpa**") of lithium concentrate
- Record sales of 58,094 dmt of lithium concentrate, an increase of 39% over Q3 2017
- Average production cash costs (excluding royalties and marketing fees) of US$325 (A$423) per dmt produced
- Average realized selling price before royalties and marketing fees of US$868 (A$1,125) per dmt sold, an increase of 3% over Q3 2017
- Offtake agreements signed with multiple customers for 5 years for 100% of total planned lithium concentrate production
- EBITDA of A$34.2 million

Sal de Vida Project

- 344m depth exploration borehole developed into a production well
- Successful test work completed producing battery grade lithium carbonate and lithium hydroxide
- Scoping studies commenced for potential hydroxide sub-circuit and co-location of processing facilities
- Planning commenced for test evaporation pond and continuous pilot plant to be operational in 2018

James Bay Project

- Significant mineral resource upgrade to 40.8 Mt @1.40% Li20
- Project Notice submitted to both the Federal Government of Canada and the Quebec Government for determination
- Work on feasibility study advancing
- Ongoing engagement with leaders of the First Nation groups

Corporate

- Cash on hand at 31 December 2017 of A$59.7 million
- Balance sheet debt free - BNP facility repaid in full
- Acquired a c.11.8% strategic shareholding in Lepidico Limited

Projects

Mt Cattlin – Operations

Safety Performance

Operations at Mt Cattlin have continued without any Lost Time Injuries. Significant amount of work undertaken on systems improvement to support expansion of Mt Cattlin.

Production & Sales Statistics

	Units	Q1 2017	Q2 2017	Q3 2017	Q4 2017	YTD 2017	QoQ Change
Waste Mined	*bcm*	143,300	460,850	472,732	499,288	1,576,170	↑ 6%
Ore Mined	*bcm*	87,922	110,788	139,944	137,989	476,643	↓ 1%
Total Material Mined	*bcm*	231,222	571,638	612,676	637,277	2,052,813	↑ 4%
Ore Mined	*wmt*	233,193	303,394	390,092	395,036	1,321,715	↑ 1%
Grade	*%*	0.96	1.12	1.20	1.19	1.14	↓ 0.01
Ore Treated	*wmt*	253,156	334,036	369,981	414,192	1,371,365	↑ 12%
Ore Feed Grade	*%*	1.02	1.15	1.30	1.27	1.20	↓ 0.03
Concentrate Produced	*dmt*	23,467	32,998	47,075	52,139	155,679	↑ 11%
Recovery	*%*	53	52	57	58	56	↑ 1
Concentrate Sold	*dmt*	23,455	30,135	41,834	58,094	153,518	↑ 39%
Concentrate Grade Sold	*%*	5.38	5.77	5.74	5.75	5.69	↑ 0.01
Moisture	*%*	1.80	2.12	1.69	1.73	1.81	↑ 0.04
Mica Content	*%*	1.88	1.96	1.10	2.11	1.77	↑ 1.01
Production Cash Costs	*A$/dmt*	502	524	405	423	451	↑ 4%
Production Cash Costs	*US$/dmt*	380	393	320	325	346	↑ 2%
Realized Selling Price #	*A$/dmt*	719	961	1,062	1,125	1,014	↑ 6%
Realized Selling Price #	*US$/dmt*	542	722	843	868	783	↑ 3%

 # before royalties and marketing fees

Total material movement for mining operations of 637,277 bank cubic metres ("bcm") of waste and ore, including 395,036 wet metric tonnes ("wmt") of ore at an average grade of 1.19% Li_2O. Mining volumes increase of 4% from the previous quarter, this was in line with expectations. Mining activities were concentrated on the northern and western sides of the pit and run of mine ore stocks were as planned at the end of the quarter.

Ore treated increased by 12% to 414,192 wmt and the average ore feed grade reduced slightly to 1.27% for the quarter.

Spodumene production increased by 11% to 52,139 dmt due to increased ore treated and continued improved process plant utilization.

An annualized rate of c. 209,000 dmt tpa of lithium concentrate production was achieved during the quarter.

The improved performance of the Mt Cattlin plant during the quarter was achieved, whilst maintaining average recovery of 58% in line with Q3, which was above the targeted levels of 50-55 %.

The average production cash costs (excluding royalties and marketing fees) for the quarter were US$325 (A$423) per dmt of concentrate produced, an increase of 2% over the previous quarter, due to higher mining volumes and higher crushing costs offset by increased production.

There were 4 shipments of lithium concentrate completed during the quarter for an aggregate 58,094 dmt of product sold, an increase of 39% over Q3, with all shipments at grade levels well above contract requirements, as well as having moisture and mica content levels well below contract specifications.

The average realized sales price (before royalties and marketing fees) of US$868 (A$1,125) per dmt of lithium concentrate sold was an increase of 3% from the previous quarter.

During the quarter, Mt Cattlin generated EBITDA of A$34.2 million.

Galaxy entered into new binding long term offtake contracts with multiple customers throughout Asia for 100% of the planned production of lithium concentrate from Mt Cattlin for 5 years commencing calendar year 2018. Pricing is on either a CIF (cost plus insurance and freight) or CFR (cost plus freight) basis and will be subject to an annual pricing review between Galaxy and its customers in Q4 of each calendar year. The parties have agreed the pricing for FY 2018 with the headline pricing achieved higher than FY 2017 pricing. Annual volumes are subject to standard commercial terms with delivery on a +/- 10% basis. Galaxy has also agreed for a portion of the Mt Cattlin lithium concentrate sold under these offtake agreements to be converted on Galaxy's behalf into lithium carbonate and/or lithium hydroxide. Agreements for these conversion arrangements will be prepared in early 2018. This will allow Galaxy to commence selling its own lithium chemical products into the end-user market, which is currently exhibiting a robust demand and pricing environment.

The technical and financial evaluation for the construction of an ultra fines DMS circuit, a secondary float re-crush circuit and a final product optical sorter, has been completed. These plant improvement projects will support being able to target increased recoveries of 70-75%. The construction and commissioning of these improvements to the process plant are planned to be completed during early Q3 2018.

Work on establishing medium and long term water supply sources is also nearing completion, with suitable options available for both timelines.

MT CATTLIN – EXPLORATION

The focus of exploration work during the quarter was the commencement of a brownfield and greenfield exploration drilling campaign. Drilling was focused on further resource development at Mt Cattlin, including pegmatite targets east of Floater Road and south west of the existing pit. The objective of this program will also be to provide updated resource data for short to medium term mine planning.

Ground penetrating radar work identified new exploration targets. Drilling of these targets commenced in December 2017 and is expected to be completed during Q1 2018. The intention of this greenfields exploration work is to increase the resources at Mt Cattlin.

SAL DE VIDA

The Company is pleased to report that the December quarter has seen the Sal de Vida Project team achieve the following key milestones:

Geology & Hydrogeology

Drilling continued in the quarter to facilitate strengthening of hydrogeological data for the salar, which will be utilized in the production phase. A new 344m deep drill hole was drilled during the quarter, primarily used for exploration and hydrogeological purposes, but will also be developed as a production well. Located in the north portion of the south sub-basin, the well has consistently yielded flow rates of 40-50m^3/h. Information gathered from this well will enhance understanding and indeed influence development studies into the eastern portion of the Salar del Hombre Muerto.

Test Plant & Laboratory

Following the refurbishment and upgrading of the test plant for the treatment of concentrated brine, various bench scale tests were conducted during the quarter. Testwork is continuing for the production of battery grade lithium carbonate and lithium hydroxide. Results at this stage consistently yield favorable results.

Planning and preparation work commenced for a 10 hectare test evaporation pond and a continuous pilot plant to produce battery grade lithium carbonate. This larger scale test environment will provide data to further validate process design parameters which form a key element of the feasibility study work. Pond construction will be largely undertaken utilizing Galaxy personnel, which will provide an opportunity to train and upgrade the skills of the local workforce, whilst readying the team for future full scale production.

Process Plant Study Work

After feedback from potential off take partners, a scoping study was commenced to add a lithium hydroxide sub-circuit to the existing planned lithium carbonate circuit. Supplemental study work was also commenced to evaluate options for co-locating processing plant operations in multiple locations, with the objective of identifying the optimum combination from a capital expenditure and operating cost perspective.

Tenement Management and Environmental Permitting

All tenements in both provinces of Catamarca and Salta remain in good standing, and work has also commenced on the bi-annual Environmental Impact Assessment update, to ensure it reflects new project initiatives and operational improvements on a long term basis.

Corporate Social Responsibility

In line with a long-standing commitment to the local communities, Galaxy has engaged with numerous local service providers and the Catamarca and Salta provincial governments, to discuss and identify training opportunities for specific job vacancies that Galaxy filled during the quarter, but will also be opening going forward. Local workers, who were trained with upgraded skillsets, have continued to work at the Sal de Vida site on all areas of project development and further opportunities are expected to be offered over the coming year.

JAMES BAY

Exploration & Development

During the quarter, Galaxy announced a significant mineral resource upgrade to 40.8 Mt @1.40% Li_2O, all classified as Indicated (JORC 2012) resulting from the 2017 drilling campaign.

Classified Recoverable James Bay Mineral Resource November 2017 - JORC 2012			
JORC Classification	Million Metric Tonnes	Grade (Li_2O) %	Contained Metal (t)
Indicated	40.82	1.40	571,200
Inferred	-	-	-
Total	40.82	1.40	571,200

The mineral resource estimate was completed by SRK Consulting (Canada) Inc. who are independent of Galaxy for both JORC 2012 and Canadian NI-43-101 reporting standards. Refer to the ASX announcement dated 4 December 2017 for further details.

The current mineral resource is west of the James Bay Road and remains open to the east and the west at depths greater than - 335m below surface. Numerous untested pegmatites outcrop and sub-crop elsewhere within the claim area of the project.

Further drilling for infrastructure sterilization commenced during the quarter and metallurgical test work for process design progressed in Perth, Western Australia

During the quarter, the James Bay Project Notice was submitted to both the Federal Government of Canada and the Quebec Government for determination. 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.

The project team is focused on concluding the activities required for the Feasibility Study ("FS"), both for the upstream mine and concentrator plant, as well as a downstream lithium conversion facility. The FS will include:

- Environmental and Social Impact Assessment - Phase 1;
- First Nation and Community Liaison and Engagement;
- Bulk sampling from existing stockpiles and new core samples;
- Mine planning and design work;
- Pilot-plant scale metallurgical testwork;
- Preliminary Process plant & Downstream Conversion Facility Engineering Design;
- Cost Estimation; and
- Revision to the Reserves of the project.

Galaxy senior management continued direct engagement with leaders of the First Nation groups local to the proposed James Bay Development Project.

The proximity of the James Bay project to local infrastructure, including the accessible road networks, water and power supply are all natural advantages and key to the development of James Bay. 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, Canada.

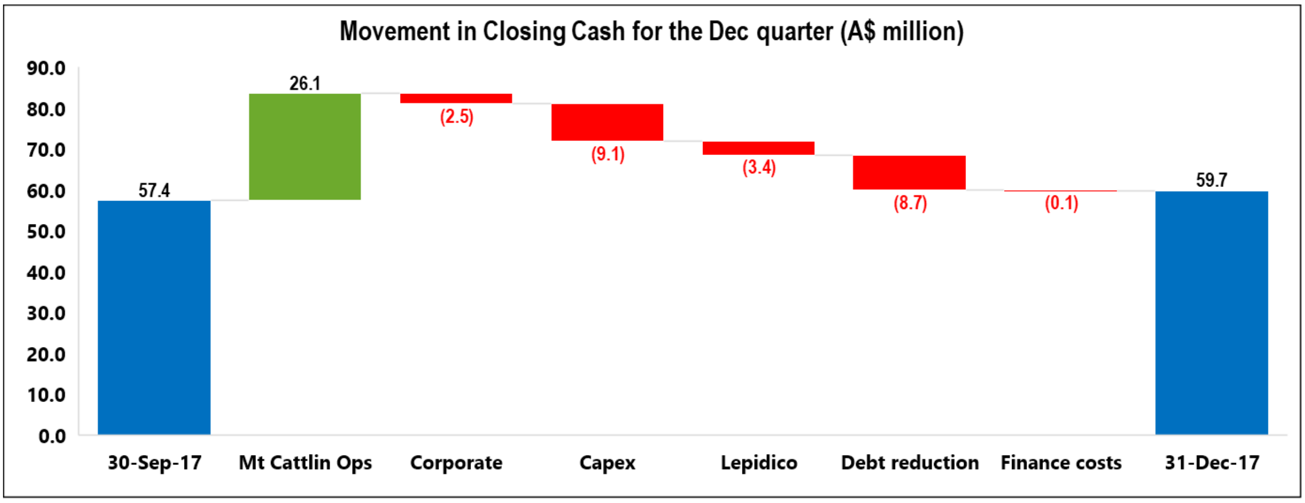
CORPORATE

Cash Position

Cash on hand at 31 December 2017 was A$59.7 million. This closing cash balance does not include the receivable of A$14.9 million for the shipment made in December 2017 but only received in January 2018.

Refer to the appendix 5B lodged with ASX for the quarter ended 31 December 2017 for further details of cash flows for the quarter.

Set out below is a summary of the movement in closing cash for the quarter ended 31 December 2017 showing each of the key inflows and outflows during the quarter:



Unlisted Options and Share Appreciation Rights

During the quarter 500,000 unlisted options exercisable at $2.78 held by employees and Directors were exercised. A total of 111,515 fully paid ordinary shares were issued utilizing the cashless exercise facility under the Galaxy Incentive Option Plan.

During the quarter a total of 1,588,393 shares were issued as a result of the exercise of 1,700,000 share appreciation rights.

Balance Sheet

During the quarter, the Company repaid the BNP Debt Facility in full. The Company's balance sheet is now debt-free.

Lepidico

During the quarter, the Company subscribed for a 12% strategic equity shareholding in ASX-listed company Lepidico Ltd ("**Lepidico**") via a private placement at 1 cent per share. Galaxy subsequently took up its full entitlement in the Lepidico rights issue completed in November 2017. Galaxy currently owns 340,376,062 shares in Lepidico at a total cost of $3.4 million and 5,000,000 unlisted options exercisable at $0.015 per share on or before 8 November 2019. The market value of this investment at 31 December 2017 was c.A$20 million.

Lepidico's strategic objective is to become a fully integrated lithium business from mine to battery grade lithium chemical. Lepidico is differentiated by its clean-tech L-Max process technology that extracts lithium and recovers valuable by- products from the less contested lithium-mica minerals. Test work is currently being undertaken by Lepidico on certain high mica content material from Mt Cattlin to determine whether it can be an additional source of lithium carbonate using Lepidico's unique processing technology. This material is currently not being recovered at Mt Cattlin.

INDUSTRY & MARKET UPDATE

The year of 2017 has been another that has seen accelerating demand for lithium ion battery applications, led primarily by significant growth in electric vehicle (“EV”) consumption across the globe, as well as the commencement of broad adoption in large scale commercial energy storage systems. The last quarter of 2017 was characterized by further assurance that the electrification of transportation is now a reality, as leading global jurisdictions announced further policy initiatives, including extensions of EV tax rebates in China and the United States, as well as a proposed 30% reduction in European CO_2 emissions by 2030, and with continued announcements from leading global automobile manufacturers unveiling long term EV strategies. These developments underpin a continued healthy outlook for growth in the EV sector throughout 2018.

Total lithium consumption throughout 2017 looks set to be more robust than originally projected by many industry professionals and analysts alike. The sector saw some new supply come online from a couple of hard rock projects in Australia, growth in demand was stronger than supply and combined with a continued lag in the overall supply side response, including lower than expected production from South America and continued long lead times for ongoing development projects, the market for lithium chemicals remains incredibly tight and continues to support a strong pricing environment. As at the of Q4 2017, pricing for battery grade lithium carbonate in China was up an estimated 32% when compared to the same period in Q4 2016.

The New Energy Vehicle (“NEV”) sector in China also recorded record production volumes for the full year. The China Association Of Automobile Manufacturers reported total NEV production of c.794,000 vehicles for 2017, representing a 54% increase over 2016 production - penetration rate of NEVs increased 0.9% to 2.7% out of the total 29 million vehicles that were produced in China during the year. Importantly, the total number of Battery Electric Vehicles (“BEV”) that were produced in the year was c.666,000 - representing a share of 84% of all NEVs produced, a 3% increase as compared to BEV share in 2016, with the balance being Plug-in Hybrid Electric Vehicles (“PHEV”). BEV production growth rate year-on-year was 82%, compared with a year-on-year growth rate of 40% for PHEV. Growth in the BEV or pure electric segment is significant to note, as these vehicles have much larger battery capacities and therefore have a higher lithium intensity, as compared to PHEVs.

As a further tailwind to the continued acceleration of lithium demand for the coming year, the Ministry of Finance in China recently announced plans to extend the tax rebates on the purchase of NEVs. Previously set to expire at the end of 2017, the rebate has now been extended through to the end of 2020. This will provide continued support to local auto manufacturers as NEV production quotas and cap-and-trade policies begin to be introduced to prompt the complete phase out of internal combustion engine (“ICE”) vehicle production over time. The “cap-and-trade policy” is the previously announced NEV production credit quota policy by the Ministry of Industry and Information Technology. The year of 2018 will be when ICE (“Internal Combustion Engine”) vehicle manufacturers who wish to continue producing traditional vehicles, will start preparing for future production ramp-up of their NEV models in order to meet the mandated 10% and 12% NEV production credit target in 2019 and 2020 respectively. Taking into account how the credit system is structured, 12% in 2020 would represent a range of 4-5% NEV share of total vehicle sales in the country.

With China having clearly asserted itself as the global leader in the NEV space, several international automobile manufacturers have inked joint venture (“JV”) agreements with Chinese partners in an attempt to penetrate the world’s largest market. Volkswagen and Chinese partner JAC Motors have committed to jointly investing €10 billion to develop NEVs in China, and Daimler in partnership with BAIC announced plans to invest US$755 million into local domestic production. Global auto giants Ford and Toyota also announced plans to penetrate the Chinese market through the establishment of JV partnerships (Ford with Anhui Zotye Automobile, and Toyota with existing local partners)

Demand growth in electric vehicles also continued to accelerate in the United States (“US”), as that market recorded its 27th consecutive month of growth. The domestic market was given a further boost in late December as the federal electric vehicle tax credit (up to US$7,500) for US taxpayers purchasing a EV was maintained in the latest tax legislation passed by US Congress. InsideEVs reported plug-in vehicle sales of 57,600 units throughout in Q4 of 2017, representing 18% growth as compared to the same period in 2016. Total plug-in vehicle sales recorded for 2017 were c.200,000 vehicles, representing an increase of 26% versus the previous year. Such growth was maintained despite an overall fall on an annual basis in new car sales within the US market.

In the energy storage sector, the world’s largest lithium battery system (129MWh) was switched on at the Hornsdale Power Reserve in South Australia. Bloomberg New Energy Finance also reported that the global energy storage market is projected to double six times by 2030. These growth estimates mean that total installed capacity could reach c.100GWh and c.300GWh by 2025 and 2030 respectively, with investments of up to US$103 billion for the same period. The Hornsdale Project example demonstrates that energy storage is rapidly becoming a key resource in managing grid stability and promoting the penetration of renewable energy in meeting peak electricity demand needs.

With strong increasing demand for electric vehicles, Chinese battery manufacturer CATL announced an intention to raise US$2 billion in a planned IPO on China's NASDAQ-style ChiNext board. In the offer prospectus. CATL has indicated that the proceeds of the capital raising would primarily be used to fund the construction of two new battery plants, including a giant 24GWh plant that will underpin a projected expansion of their total manufacturing capacity to 50GWh by 2020.

Competent Person Statement

Sal de Vida

Any information in this report that relates to the estimation and reporting of the Sal de Vida Project Mineral Resources and Ore Reserves is extracted from the report entitled "*Sal De Vida: Revised Definitive Feasibility Study Confirms Low Cost, Long Life and Economically Robust Operation*" created on 22 August 2016 which is available to view on www.galaxylithium.com and www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources and Ore Reserves estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

James Bay

The information in this report that relates to relates to the estimation and reporting of the James Bay Mineral Resources is extracted from the ASX announcement dated 4 December 2017 which is available to view on www.galaxylithium.com and www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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.

Not For Release in the United States

This announcement has been prepared for publication in Australia and may not be released in the United States. 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.

TENEMENT SCHEDULE
Australia

Tenement	PROJECT	MANAGER	HOLDER	GXY SHARES	JV	SHARE
E51/1602	CHESTERFIELD	*GALA	GMCL	100		
E51/1603	CHESTERFIELD	*GALA	GMCL	100		
E51/1604	CHESTERFIELD	*GALA	GMCL	100		
E74/0299	BAKERS HILL	*GALA	GALA	100		
E74/0415	BAKERS HILL	*GALA	GALA	100		
L74/0047	WEST KUNDIP	*GALA	GALA	100		
M45/0538	MURCURY HILL	*GALA	GMCL	100		
M51/0270	MEEKATHARRA	*GALA	GMCL	100		
M51/0451	MEEKATHARRA	*GALA	GMCL	100		
M74/0133	WEST KUNDIP	*GALA	GALA	100		
M74/0238	WEST KUNDIP	*GALA	GALA	100		
E74/0400	FLOATER	*GLIT	GLIT	100		
E74/0401	SIRDAR	*GLIT	GLIT	80	TRAKA	20
L74/0046	MT CATTLIN	*GLIT	GLIT	100		
L74/0048	MT CATTLIN	*GLIT	GLIT	100		
M74/0244	MT CATTLIN	*GLIT	GLIT	100		
P74/0370	MT CATTLIN	*GLIT	GLIT	80	TRAKA	20
P74/0371	MT CATTLIN	*GLIT	GLIT	100		
P74/0372	MT CATTLIN	*GLIT	GLIT	100		
P74/0373	MT CATTLIN	*GLIT	GLIT	80	TRAKA	20
M51/0353	MEEKATHARRA	*GMCL	GMCL	100		

James Bay

Galaxy Lithium (Canada) Inc. (“**GLCI**”) and Galaxy Lithium (Ontario) Inc. (“**GLOI**”) are the registered titleholders of the following tenements constituting the James Bay Project:

	NTS Sheet	Mining Title	Status	Registration Date (m/d/y)	Expiry Date (m/d/y)	Area (Ha)	Titleholder(s) and its (their) Percentage Undivided Interest(s)
1	33C03	CDC 2126850	Active	10/04/2007	06/12/2019	52,78	GLOI (80%)/GLCI (20%)
2	33C03	CDC 2126851	Active	10/04/2007	06/12/2019	52,78	GLOI (80%)/GLCI (20%)
3	33C03	CDC 2126852	Active	10/04/2007	06/12/2019	52,78	GLOI (80%)/GLCI (20%)
4	33C03	CDC 2126857	Active	10/04/2007	06/12/2019	52,77	GLOI (80%)/GLCI (20%)
5	33C03	CDC 2126858	Active	10/04/2007	06/12/2019	52,77	GLOI (80%)/GLCI (20%)
6	33C03	CDC 2126859	Active	10/04/2007	06/12/2019	52,77	GLOI (80%)/GLCI (20%)
7	33C03	CDC 2126860	Active	10/04/2007	06/12/2019	52,77	GLOI (80%)/GLCI (20%)
8	33C03	CDC 2126861	Active	10/04/2007	06/12/2019	52,77	GLOI (80%)/GLCI (20%)
9	33C03	CDC 2126862	Active	10/04/2007	06/12/2019	52,77	GLOI (80%)/GLCI (20%)
10	33C03	CDC 2126863	Active	10/04/2007	06/12/2019	52,77	GLOI (80%)/GLCI (20%)
11	33C03	CDC 2126864	Active	10/04/2007	06/12/2019	52,77	GLOI (80%)/GLCI (20%)
12	33C03	CDC 2126868	Active	10/04/2007	06/12/2019	52,76	GLOI (80%)/GLCI (20%)
13	33C03	CDC 2126869	Active	10/04/2007	06/12/2019	52,76	GLOI (80%)/GLCI (20%)
14	33C03	CDC 2126870	Active	10/04/2007	06/12/2019	52,76	GLOI (80%)/GLCI (20%)
15	33C03	CDC 2126871	Active	10/04/2007	06/12/2019	52,76	GLOI (80%)/GLCI (20%)
16	33C03	CDC 2126872	Active	10/04/2007	06/12/2019	52,76	GLOI (80%)/GLCI (20%)
17	33C03	CDC 2126873	Active	10/04/2007	06/12/2019	52,76	GLOI (80%)/GLCI (20%)
18	33C03	CDC 2126986	Active	10/04/2007	06/12/2019	49,98	GLOI (80%)/GLCI (20%)
19	33C03	CDC 2126988	Active	10/04/2007	06/12/2019	45,88	GLOI (80%)/GLCI (20%)
20	33C03	CDC 2126989	Active	10/04/2007	06/12/2019	47,39	GLOI (80%)/GLCI (20%)
21	33C03	CDC 2126990	Active	10/04/2007	06/12/2019	51,91	GLOI (80%)/GLCI (20%)
22	33C03	CDC 2183503	Active	06/16/2009	06/12/2019	22,41	GLOI (80%)/GLCI (20%)
23	33C03	CDC 2183504	Active	06/16/2009	06/12/2019	3,55	GLOI (80%)/GLCI (20%)
24	33C03	CDC 2183505	Active	06/16/2009	06/12/2019	18,51	GLOI (80%)/GLCI (20%)
25	33C03	CDC 2183506	Active	06/16/2009	06/12/2019	36,08	GLOI (80%)/GLCI (20%)
26	33C03	CDC 2183507	Active	06/16/2009	06/12/2019	0,33	GLOI (80%)/GLCI (20%)
27	33C03	CDC 2183508	Active	06/16/2009	06/12/2019	27,53	GLOI (80%)/GLCI (20%)
28	33C03	CDC 2192842	Active	10/27/2009	06/12/2019	1,83	GLOI (80%)/GLCI (20%)
29	33C03	CDC 2238478	Active	06/21/2010	06/20/2020		GLOI (80%)/GLCI (20%)
30	33C03	CDC 2238480	Active	06/21/2010	06/20/2020	7,54	GLOI (80%)/GLCI (20%)
31	33C03	CDC 2298178	Active	06/21/2011	06/12/2019	52,79	GLOI (80%)/GLCI (20%)
32	33C03	CDC 2298179	Active	06/21/2011	06/12/2019	52,79	GLOI (80%)/GLCI (20%)
33	33C03	CDC 2329090	Active	02/10/2012	06/12/2019	52,78	GLOI (80%)/GLCI (20%)
34	33C03	CDC 2329091	Active	02/10/2012	06/12/2019	2,80	GLOI (80%)/GLCI (20%)
35	33C03	CDC 2329092	Active	02/10/2012	06/12/2019	6,89	GLOI (80%)/GLCI (20%)

	NTS Sheet	Mining Title	Status	Registration Date (m/d/y)	Expiry Date (m/d/y)	Area (Ha)	Titleholder(s) and its (their) Percentage Undivided Interest(s)
36	33C03	CDC 2329093	Active	02/10/2012	06/12/2019	0,85	GLOI (80%)/GLCI (20%)
37	33C03	CDC 2329094	Active	02/10/2012	06/12/2019	52,78	GLOI (80%)/GLCI (20%)
38	33C03	CDC 2329095	Active	02/10/2012	06/12/2019	52,78	GLOI (80%)/GLCI (20%)
39	33C03	CDC 2329096	Active	02/10/2012	06/12/2019	26,82	GLOI (80%)/GLCI (20%)
40	33C03	CDC 2329097	Active	02/10/2012	06/12/2019	43,41	GLOI (80%)/GLCI (20%)
41	33C03	CDC 2329098	Active	02/10/2012	06/12/2019	47,03	GLOI (80%)/GLCI (20%)
42	33C03	CDC 2329099	Active	02/10/2012	06/12/2019	34,26	GLOI (80%)/GLCI (20%)
43	33C03	CDC 2329100	Active	02/10/2012	06/12/2019	16,68	GLOI (80%)/GLCI (20%)
44	33C03	CDC 2329101	Active	02/10/2012	06/12/2019	24,90	GLOI (80%)/GLCI (20%)
45	33C03	CDC 2329102	Active	02/10/2012	06/12/2019	5,37	GLOI (80%)/GLCI (20%)
46	33C03	CDC 2401856	Active	03/18/2014	03/17/2020	52,79	GLOI (80%)/GLCI (20%)
47	33C03	CDC 2401857	Active	03/18/2014	03/17/2020	52,79	GLOI (80%)/GLCI (20%)
48	33C03	CDC 2401858	Active	03/18/2014	03/17/2020	52,79	GLOI (80%)/GLCI (20%)
49	33C03	CDC 2401859	Active	03/18/2014	03/17/2020	52,79	GLOI (80%)/GLCI (20%)
50	33C03	CDC 2402100	Active	03/27/2014	03/26/2020	52,79	GLOI (80%)/GLCI (20%)
51	33C03	CDC 2437961	Active	03/14/2016	03/13/2018	52,78	GLCI (100%)
52	33C03	CDC 2437962	Active	03/14/2016	03/13/2018	52,78	GLCI (100%)
53	33C03	CDC 2437963	Active	03/14/2016	03/13/2018	52,78	GLCI (100%)
54	33C03	CDC 2437964	Active	03/14/2016	03/13/2018	52,78	GLCI (100%)

Sal de Vida

Catamarca

N°	FILE	TENEMENT	N°	FILE	TENEMENT
1	78-G-1986	LA REDONDA 4	22	1279-G-2006	AGUSTIN
2	210-R-1994	LOS PATOS	23	1280-D-2006	LUNA BLANCA
3	261-G-1997	CENTENARIO	24	1281-G-2006	FIDEL
4	77-R-1999	BARREAL 1	25	1430-M-2006	MEME
5	27-M-2000	MAKTUB XXIII	26	227-G-2007	PACHAMAMA
6	54-R-2000	AURELIO	27	289-G-2007	LA PRIMERA
7	55-R-2000	LA REDONDA I	28	290-G-2007	LA SEGUNDA
8	56-R-2000	DON CARLOS	29	291-A-2007	LA TERCERA
9	160-G-2002	BARREAL 2	30	354-G-2007	CHINA
10	161-G-2002	REDONDA 5	31	657-G-2009	RODOLFO
11	162-G-2002	DON PEPE	32	709-G-2009	LUNA BLANCA II
12	168-G-2002	AGOSTINA	33	754-G-2009	SONQO
13	185-G-2002	CHACHITA	34	812-G-2009	LUNA BLANCA IV
14	398-G-2003	DELIA	35	813-G-2009	LUNA BLANCA V
15	787-M-2005	JUAN LUIS	36	814-G-2009	LUNA BLANCA VI
16	788-M-2005	MARIA LUCIA	37	815-G-2009	ROCIO I
17	913-M-2005	MARIA CLARA	38	117-G-2010	LUNA BLANCA III
18	914-M-2005	MARIA CLARA 1	39	268-G-2010	BEATRIZ VI
19	1178-G-2006	EL TORDO	40	269-G-2010	NELLY VI
20	1179-G-2006	QUIERO VALE CUATRO	41	65-2016	MONTSERRAT I
21	1197-A-2006	TRUCO	42	254-G-2011	MONTSERRAT

Salta

N°	FILE	TENEMENT	N°	FILE	TENEMENT
43	1215	ESTELA	57	18001-2004	ROCIO
44	1495	ALEX	58	18128-2005	PABLO II
45	5596	FERNANDO	59	19562-2009	SALVADOR
46	13848	DIANA	60	19579-2009	SALVADOR II
47	16741-1999	GASTON I	61	19669-2009	PAPADOPULOS XXXIV
48	16810-2000	GASTON II	62	19670-2009	PAPADOPULOS XXXV
49	17335	VALERIO	63	19931-2009	TABAHM
50	17392-2001	GASTON III	64	19987-2009	TABAHM 02
51	17529-2002	MARIA CECILIA	65	20024-2009	TABAHM 05
52	17583-2002	LITA	66	20877	RATONES OESTE
53	17584-2002	FLORENCIA	67	21190	CATAL NORTE
54	17599-2002	NELLY	68	21655	RATONES SUR
55	17898-2004	PABLO	69	21864	RATONES OESTE 2
56	17924-2004	CAMILA			

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Galaxy Resources Limited

ABN	**Quarter ended ("current quarter")**
11 071 976 442	31 December 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers*	47,703	117,109
1.2	Payments for		
	(a) exploration & evaluation	(2,949)	(10,922)
	(b) development	-	-
	(c) production	(19,525)	(55,203)
	(d) staff costs	(3,596)	(12,256)
	(e) administration and corporate costs	(1,482)	(6,633)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	170	398
1.5	Interest and other costs of finance paid	(93)	(1,326)
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**20,228**	**31,167**

Note: The year to date receipts from customers above are amounts net of the repayment of customer offtake prepayments received in 2016. Repayment in full of customer offtake prepayments amounting to $18.0 million was completed in the 6 months ended 30 June 2017.*

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(4,832)	(9,080)
	(b) tenements (see item 10)	(601)	(651)
	(c) investments	(3,404)	(3,404)
	(d) other non-current assets	-	-

2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	2,416
2.6	**Net cash from / (used in) investing activities**	**(8,837)**	**(10,719)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	61,020
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	17,894
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(2,581)
3.5	Proceeds from borrowings	-	13,083
3.6	Repayment of borrowings	(8,652)	(57,582)
3.7	Transaction costs related to loans and borrowings	(68)	(701)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(8,720)**	**31,133**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	57,381	9,327
4.2	Net cash from / (used in) operating activities (item 1.9 above)	20,228	31,167
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8,837)	(10,719)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(8,720)	31,133
4.5	Effect of movement in exchange rates on cash held	(309)	(1,165)
4.6	**Cash and cash equivalents at end of period**	**59,743**	**59,743**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	59,743	57,381
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**59,743**	**57,381**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	330
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

This relates to Director fees including superannuation.

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

N/a

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	2,227	Nil
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

This is a US dollar facility totalling US$25 million (A$32.7 million) provided by BNP which is secured and carries interest at LIBOR plus 4% per annum. The total amount available for utilisation at 31 December 2017 is US$1.6 million (A$2.2 million). The facility was repaid in full on 31 December 2017.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	(7,400)
9.2	Development	(10,600)
9.3	Production	(23,400)
9.4	Staff costs	(4,600)
9.5	Administration and corporate costs	(1,500)
9.6	Other	-
9.7	**Total estimated cash outflows #**	**(47,500)**

Note # *- the forecast estimated cash outflows for the next quarter set out above do not include any expected cash inflows from the sale of lithium concentrate during the next quarter. It is expected that cash inflows from the sale of lithium concentrate for the next quarter, which will be based on 2018 contract pricing, will exceed the total estimated cash ouflows.*

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E70/2493	Lapsed	100%	Nil
10.2	Interests in mining tenements and petroleum tenements acquired or increased	E74/379 E74/399 E74/406	Galaxy entered into an agreement to acquire exploration licenses that surround the existing Mt Cattlin operations. A deposit was paid and the conditions precedent to finalisation of this purchase are in the process of being satisfied	Nil	Nil

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: .... Date: 15 January 2018
Company secretary

Print name: **John Sanders**

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.