

GALAXY RESOURCES LTD

ACN 071 976 442

FIRST SUPPLEMENTARY BIDDER'S STATEMENT

1. IMPORTANT INFORMATION

This document is a supplementary bidder's statement (**Supplementary Bidder's Statement**) issued by Galaxy Resources Limited (ACN 071 976 442) (**Galaxy** or the **Company**) under section 643 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and is supplementary to the bidder's statement dated and lodged with the Australian Securities and Investments Commission (**ASIC**) on 22 June 2016 (**Original Bidder's Statement**) in relation to the off-market takeover offer by the Company for all of the fully paid ordinary shares in the capital of General Mining Corporation Limited (ACN 125 721 075) (**General Mining**) that it does not own (**Offer**).

This Supplementary Bidder's Statement was lodged with ASIC on 13 July 2016. Neither ASIC nor its any of its officers takes any responsibility for the contents of this Supplementary Bidder's Statement.

This Supplementary Bidder's Statement must be read together with the Original Bidder's Statement. If there is a conflict between the Original Bidder's Statement and this Supplementary Bidder's Statement, this Supplementary Bidder's Statement will prevail. Unless the context otherwise requires, terms defined in the Original Bidder's Statement have the same meaning in this Supplementary Bidder's Statement.

Please consult your legal, financial or other professional adviser if you do not fully understand the contents of this Supplementary Bidder's Statement.

A copy of this Supplementary Bidder's Statement will be available on the Company's website (www.galaxyresources.com.au).

2. SECOND DEFINITIVE OFFTAKE AGREEMENT

On 8 March 2016, Galaxy and General Mining announced a Sales and Distribution Agreement with Mitsubishi Corporation and two Chinese offtake parties for 60,000 tonnes of lithium concentrate from Mt Cattlin. Formal documentation was completed with one of the offtake parties on 18 May 2016 for the sale of 30,000 tonnes of lithium concentrate in 2016 at a price of USD\$600/tonne, 50% payable in advance. The first USD\$9 million pre-payment was received by General Mining on behalf of the joint venture in May 2016.

General Mining has now confirmed that it has signed a second definitive offtake agreement with Mitsubishi Corporation and another Chinese offtake party for the sale of 15,000 tonnes of lithium concentrate in 2016 at a price of USD\$600/tonne, 50% payable in advance. General Mining has also confirmed that it has received the USD\$4.5 million pre-payment, as detailed in Galaxy's ASX announcement dated 12 July 2016, which is attached as Annexure 1.

3. FIRST QUARTERLY PAYMENT UNDER ACQUISITION AND DEVELOPMENT AGREEMENT

Galaxy can also confirm that it has now received from General Mining the first A\$1.5 million quarterly instalment of the A\$6 million per annum progress payment due on the Mt Cattlin Project, in accordance with the Acquisition and Development Agreement entered into with General Mining. Galaxy has used these proceeds to make a pay-down of A\$1.05 million towards principal and interest reduction of its corporate debt facility with OCP Asia.

4. ACCEPTING THE OFFER

General Mining Shareholders will by now have received the Original Bidder's Statement (and Acceptance Form). Galaxy encourages General Mining Shareholders to accept the Offer as soon as possible, by completing the Acceptance Form that was enclosed with the Original Bidder's Statement and send it to the address shown in the Acceptance Form. If General Mining Shareholders hold their shares in a CHESS Holding, they may accept the Offer by instructing their Controlling Participant (usually a broker) to do so on their behalf.

If you have any questions regarding the Offer, please call the Galaxy Offer Information Line on 1300 618 415 (toll free within Australia) or +61 3 9415 4014 (normal call charges apply) from outside Australia, or your professional financial advisor.

General Mining Shareholders who have already accepted the Offer are not required to take any further action.

5. DIRECTOR'S AUTHORISATION

This Supplementary Bidder's Statement has been approved by a resolution passed by the Directors of Galaxy.



Signed for and on behalf of
Galaxy Resources Limited
Martin Rowley
Chairman

ANNEXURE 1



Australia
12 July 2016

OFFTAKE SIGNED – US\$4.5 MILLION PREPAYMENT RECEIVED

Highlights

- **Second definitive offtake agreement signed between General Mining, Mitsubishi Corporation and Offtake Customer**
- **Agreement to supply 15,000 tonnes of lithium concentrate for calendar year 2016 and 60,000 tonnes for 2017**
- **US\$4.5 million pre-payment received by General Mining on behalf of joint venture with Galaxy**
- **Galaxy and General Mining to sell additional 15,000 tonnes of planned 2016 production not contracted by spot or auction process**
- **Initial 15,000 tonne spodumene concentrate shipment on schedule for September 2016**
- **Lithium carbonate pricing in China continues to be robust**
- **Galaxy receives first joint venture instalment of A\$1.5 million from General Mining due 30 June 2016**
- **Galaxy makes paydown of A\$1.05 million on its corporate debt facility from A\$1.5m General Mining payment**
- **Acceptance level for the General Mining Takeover Bid currently at 31%**

Corporate

Galaxy Resources (ASX:GXY) ("Galaxy") ("the Company") along with its Mt Cattlin project partner General Mining Corporation Ltd (ASX:GMM) (GXY and GMM, together the "JV Partners") are pleased to announce that a second binding definitive agreement has been signed between another Chinese Offtake Customer, Mitsubishi Corporation and GMM. The final offtake agreement terms were as outlined in the binding Term Sheet announced 8 March 2016. The JV Partners have now banked a total of US\$13.5 million in prepayments from these two customers and, in light of the continued robustness in lithium carbonate pricing since when the original offtakes were negotiated, they have also decided to retain 15,000 tonnes of 2016's forecast production for a potential spot or auction sale process later this year.

The Company has now received A\$1.5 million as the first quarterly installment of the A\$6 million per annum progress payment due on the Mt Cattlin Project, in accordance with the Acquisition and Development Agreement entered into with General Mining.

Galaxy has used these proceeds to now make a paydown of A\$1.05 million towards principal and interest reduction on its corporate debt facility with OCP Asia.

Offtake Agreement Details

On 8 March 2016, Galaxy and GMM announced the signing of term sheets with Offtake Customers in China for the sale of 60,000t of lithium concentrate at US\$600/mt for 2016, and a volume commitment of 120,000t in 2017 with final pricing for 2017 to be confirmed in Q4



of 2016. The JV has now entered into definitive contracts for 45,000 tonnes for 2016, received 50% of the contract value as prepayments equal to US\$13.5 million, and contracted a total of 120,000t of 2017 production, subject only to final pricing during Q4 2016.

--ENDS--

For more information, please contact:

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About Galaxy (ASX: GXY)

Galaxy Resources Limited ("Galaxy") is a global lithium company with lithium production facilities, hard rock mines and brine assets in Australia, Canada and Argentina. It owns the Mt Cattlin spodumene and tantalum project near Ravensthorpe in Western Australia 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.

Not For Release in US

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