



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.

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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.

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