

Australia
21 October 2015

SAL DE VIDA PROJECT UPDATE

Highlights

- New Gas Pipeline Accessible For Sal De Vida Project
- Galaxy Lithium Sal De Vida Environmental Permit Renewal Approved
- Further Operational Cost Savings
- Political And Macroeconomic Update



Operations & Development Update

New Gas Pipeline

The new Fenix Gas Pipeline, which runs north-south from the Salar de Pocitos to a location in close vicinity to FMC's Hombre Muerto operations, was commissioned in September and is now operational. The pipeline begins at the existing compression facilities at the Pocitos terminus, has a length of approximately 140km and a nominal transportation capacity for 300,000 m³/day. This pipeline was designed and set up to feed natural gas to current mining and industrial operations in the region, and will also be servicing future projects such as the Galaxy Sal De Vida Lithium and Potash Brine Project. Preliminary planning has commenced for a 20 km spur extension to the future Galaxy Lithium Sal De Vida operations site.

Permitting & Approvals

The Galaxy Sal De Vida Project obtained a renewal to its DIA (Environmental Impact Declaration) and continues to maintain the project in good standing. The Project has been fully permitted through to construction from both Salta and Catamarca Provinces. Local environmental regulations in Argentina require that Environmental Impact Declarations be presented on an annual or biannual basis, after the initial DIA global environmental permit is granted to a project. For Sal De Vida, the first renewal deadline was set to one year, a common practice from local regulators in managing startup projects. Galaxy Lithium Sal De Vida presented its DIA renewal application at the end of Q2 2015. It has now been evaluated and approved.

Operations Update

Management conducted a planned restructuring of staffing and further reviewed operational expenditures, with adjustments to the local management team, which resulted in a reduction in personnel and contract labor related costs of over 40%. Continued weakness in the Argentine Peso has resulted in further savings in US Dollar terms. The Sal De Vida team has continued to progress preparation work for the project, with ongoing updates to the project construction, development and operations financial estimates, as well as generally maintaining all relevant permitting and approvals in good standing.



Argentina Political & Macro Outlook

The forthcoming presidential election, with the first round of voting on 25th October 2015, is going to mark a turning point of positive change going forward for the country. Both of the front-running presidential candidates, Daniel Scioli and Mauricio Macri, have stated publicly that they will be proponents for change and it is widely anticipated that this will bring about a much more positive economic environment, as well as one which is more encouraging for foreign direct investment.

The Company continues to make preparations with its development work and local team in order to best take advantage of the forecast changes to the business and investment environment in the country. These efforts, combined with the continued robust demand for lithium due to strong growth in the consumer electronics, electric vehicle and energy storage sectors, will further enhance the value of the Sal De Vida Project to the Company.

--ENDS--

For more information, please contact:

Corporate

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

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, 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.