



Australia
1 December 2015

GALAXY STRONGLY POSITIONED FOR GROWTH

Highlights

- All outstanding historical debt now fully repaid from proceeds of new 3 year facility
- Balance sheet transformed with pro-forma net debt reduced to A\$19 million
- Priority now near term cash flow from restart of production at Mt Cattlin by the end of Q1 2016
- Galaxy well placed in lithium sector with 3 world class projects

Corporate Update

The Board of Directors of Galaxy Resources Ltd (ASX: GXY) ("Galaxy") ("The Company") is pleased to announce that following the drawdown of funds on the new 3 year debt facility with OCP Asia ("OCP"), that the Company has received confirmation from the bondholder trustee Citicorp International that the historical convertible bondholders have now been paid out in full.

The arranging and drawdown of the OCP facility and the repayment of the historical convertible bonds has resulted in a transformation of the Galaxy balance sheet and completes the initial strategy outlined when the new board and management team was appointed in the second half of 2013. At the time of that appointment the Company was in a precarious financial situation with over \$200 million equivalent of debt, very little cash on hand and negative cash flow from operations.

The new board has been able to successfully work through the critical steps required to complete a capital raise through a rights issue, complete the sale of the Jiangsu plant in China thereby repaying over \$100 million of US\$ denominated debt, negotiating ownership of the Sal de Vida brine project in Argentina back to 100% and restructuring operations to significantly reduce overhead costs. More recently, it completed execution of the joint venture with General Mining to restart spodumene production from the Mt Cattlin project and arranged drawdown of the new 3 year OCP facility. These positive outcomes now place the company in a much strengthened financial position with net debt reduced to approximately A\$19 million, from a historical peak of over A\$200 million, and near term cash flow that will follow the recommencement of production at Mt Cattlin from both production and equity payments by General Mining. All of these achievements have been made by the management team without the expense of external advisors.

Anthony Tse, Managing Director of Galaxy, commented: "With the financial restructuring objectives that we set out to achieve now successfully complete, our priority now will be work with General Mining's technical team towards the restart of production at Mt Cattlin, a project that the previous management put on care and maintenance over two years ago. Through our new collaboration with General Mining, we will be bringing Mt Cattlin back into production in a very robust market for its spodumene product.

The continually improving lithium demand and pricing has increased the value of our other two lithium assets, the 100% owned Sal De Vida Project in Argentina and James Bay in Canada. While we have completed the necessary initiatives to transform the balance sheet of the Company, we have also been able to successfully renegotiate our equity interest in Sal de Vida back to 100% for nil consideration. The election of the new pro-business president in Argentina has boosted the momentum of the Sal de Vida project, given the President



elect's stated policy of attracting foreign investment by making the regulatory environment much more attractive, especially for resource assets.

All of this in an environment where the lithium market has continued to deliver a lot of excitement, as growth in demand continues at a rapid pace, driven by increased adoption in the numerous end user applications, including consumer electronics, hybrid/electric vehicles and mass energy storage systems. We are very excited to be leading the next stage of the strategy of making Galaxy one of the world's leading lithium production companies"

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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, 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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