



Australia
8 March 2016

BINDING LITHIUM CONCENTRATE AGREEMENTS SIGNED

Highlights

- **Binding agreements signed with major Chinese customers**
- **60,000 tonnes of lithium concentrate sold for 2016 delivery at US\$600/t (FOB)**
- **Prepayment of 50% of total order value (US\$18m) to be paid in cash, before 31 March 2016**
- **Binding commitment to purchase 120,000 tonnes for 2017, delivery subject to final price to be agreed during Q4 2016**
- **Total expected 2016 production at a minimum of 65,000 tonnes**
- **Maiden shipment July / August 2016**

Offtake Agreement Details

Galaxy Resources (ASX:GXY) ("Galaxy") ("the Company") and its partner on the Mt Cattlin project, General Mining ("GMM"), are pleased to announce it has forward sold 60,000 tonnes of lithium concentrate from the Mt Cattlin project in Ravensthorpe, Western Australia, for US\$600 per tonne (FOB, minimum 5.5% Li₂O) to two China-based buyers. Of the US\$36 million sale, US\$18 million will be paid as a prepayment, with funds due to be received on or before 31 March 2016.

GXY and GMM have also agreed to deliver 120,000 tonnes of lithium concentrate in 2017 to the same Chinese customers at a sale price to be agreed during Q4 2016, based upon prevailing market conditions at that time.

This sale of 60,000 tonnes of lithium concentrate has been targeted at converters in the lithium carbonate and lithium hydroxide market. It is intended that the balance of any additional and future production will be sold to a range of downstream converters, including lithium carbonate, lithium hydroxide and cathode markets.

Market Update

The market demand globally for lithium products continues to be very strong and supply of raw materials as feedstock, particularly in markets such as China, remains tight with very limited availability. Much of the increase on the demand side has been driven by continued fundamental growth on the end user application side, with consumption from the transportation sector becoming increasingly evident. Following on from 2015 where it reported sales of 379,000 new energy vehicles, China recently set a target of 5 million such vehicles to be on the road by 2020, and sales projections for 2016 are expected to be well in excess of 600,000 vehicles - a number that will likely see China surpass the US market in terms of electric and hybrid vehicle sold.



As part of the country's effort to combat pollution and boost the development of green technology, Premier Li Keqiang has been leading key initiatives sponsored by the State Council. These include continued support at the policy level for new energy vehicles with tax exemptions and subsidies; encouragement for government offices, public institutions and city departments to procure such vehicles for up to fifty percent of their annual fleet purchases (up from the thirty percent requirement set in July 2015); and a major push on investment in charging infrastructure, with a targeted 12,000 new centralized battery swapping stations and 4.8 million charging stations to be installed across the country by 2020.

Aside from the growing adoption rates in the transportation sector globally (not just electric and hybrid cars, but also electric bikes and buses), the growth in more traditional lithium battery application segments, such as consumer electronics remains very robust - smartphone shipments alone are expected to grow from 1.4 billion units in 2015 to a forecasted 1.8 billion units by 2020, with other wearable devices also now coming into the marketplace, all powered by the lithium ion battery. Last but not least, distributed storage systems at both the commercial and consumer level are now starting to be rolled out and deployed, whether to buffer clean energy generated from solar panels and wind farms.

Galaxy Managing Director, Anthony Tse commented: "We expect to continue to see strong growth in end user demand from a diverse range of end user applications, and coupled with an ongoing limited response on the supply side for the near term, lithium feedstock will remain in very high demand, and as such pricing will also continue to be very robust going into 2017."

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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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