ASX ANNOUNCEMENT / MEDIA RELEASE

Australia
1 November 2016

MT CATTLIN PREPARES FOR PRODUCTION COMMENCEMENT

Galaxy Resources Limited (ASX: GXY) ("Galaxy" or the "Company") is pleased to provide the following update for its Mt Cattlin project in Ravensthorpe, Western Australia.

Commissioning Update

Galaxy is pleased to announce the construction at Mt Cattlin is nearing completion. The reflux classification circuit has commenced wet commissioning and will be tied into the Dense Medium Separation ("DMS") circuit during the coming week. Process water commissioning of all circuits is planned to begin approximately two weeks ahead of schedule with consumables and spares currently arriving on site.

Upon successful completion of process water commissioning, reagents will be added to the DMS circuit for ferrosilicon commissioning. Balancing of the water and ferrosilicon circuits will then allow ore to be fed into the process. Galaxy has recently completed an onsite hazard identification process, involving construction and operational staff, to identify and correct possible hazards that exist on site in preparation for ore commissioning.

Ore commissioning is planned to commence close to two weeks ahead of the revised schedule released to the market on 6 September, with spodumene concentrate production anticipated to begin by 15 November.

During November, the construction crew will be substantially demobilised from site and a commissioning and maintenance crew will remain. Equipment vendors will start to arrive on site this week for specialist input on the commissioning of the equipment items they have supplied

Mt Cattlin Nears Construction Completion

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Progress Update – Period Ending 29 October 2016

- Mechanical completion of DMS plant
- DMS piping now 95% complete
- Installation of reverse osmosis plant
- Completion of filtration area works with commencement of belt tracking (vendor on-site)
- Completion of wet commissioning of reflux building
- Completion of sequence water commissioning from feed preparation, feed classification and tantalum beneficiation circuits to the reflux building and tailings thickener
- Preparation of process water commissioning
- Preparation of ore commissioning

DMS Plant Reaches Mechanical Completion

Filter Belt Commissioning

Planned Milestones – Period Ending 12 November 2016

- Installation of flocculant plant
- Commence and complete water commissioning for all circuits
- DMS building – introduction of ferrosilicon
- Ferrosilicon and water balancing in preparation for ore commissioning
- Commencement of first feed into processing plant
- Close out punch list for project works

The previously announced milestones remain well ahead of schedule.

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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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