ASX ANNOUNCEMENT / MEDIA RELEASE

Australia
21 March 2017

MT CATTLIN UPDATE - CERTIFIED GRADE OF LITHIUM CONCENTRATE EXCEEDS EXPECTATIONS

Highlights

- **Galaxy completes 2016 offtake supply obligation for second customer**
- **Shipment volume confirmed at 13,700dmt of product loaded on vessel MV Blessing SW**
- **Certified analysis confirms Mt Cattlin production grades**
- **Third vessel laycan nominated for mid-April**

Galaxy Resources Limited (ASX: GXY) ("Galaxy" or the "Company") is pleased to announce that it has successfully completed 2016 offtake supply obligations (contracted at 15,000dmt plus/minus ten percent) for its second customer. The MV Blessing SW sailed for China on 1 March 2017, with 13,700dmt of lithium concentrate.

Certified analysis completed by SGS Australia confirmed production data from Mt Cattlin, with the reported lithium concentrate grades from this shipment as follows:

5.71% Li_2O

1.53% mica

1.79% moisture

The performance of the redesigned Mt Cattlin processing plant continues to exceed expectations in product quality, and management is confident that the plant and operations team will continue to make progress on improving performance as part of the ongoing production ramp up.

Galaxy is currently aiming to complete its 2016 contract offtake supply obligations with the upcoming third shipment - the laycan for that vessel has now been nominated for mid-April. Concluding this shipment, all future volumes shipped will then be on 2017 pricing terms, which is US$830 for 5.5% grade lithium concentrate product, rising to US$905 for 6.00%.

Internal data analysis for the April shipment indicates that lithium concentrate production will at least meet the contracted 5.5% Li_2O and with the current performance of the plant, it is expected that the next shipment will meet specification. The operational management team at Mt Cattlin is now focusing on increasing production rates of the plant with the aim of shipping frequencies of approximately 15,000dmt being achieved monthly.

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For more information, please contact:

Corporate

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

Media Enquiries (Australia)

John Gardner
Citadel-MAGNUS
+61 413 355 997 or +61 (8) 6160 4901
jgardner@citadelmagnus.com

Media Enquiries (International)

Heidi So
Strategic Financial Relations Ltd
+852 2864 4826
heidi.so@sprg.com.hk

About Galaxy (ASX: GXY)

Galaxy Resources Limited ("Galaxy") is an international S&P / ASX 200 Index company with lithium production facilities, hard rock mines and brine assets in Australia, Canada and Argentina. It wholly owns and operates the Mt Cattlin mine in Ravensthorpe Western Australia, which is currently producing spodumene and tantalum concentrate, 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.

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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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