



Australia
28 February 2019

FULL YEAR 2018 RESULTS ANNOUNCEMENT

Highlights:

- Group EBITDA of US\$281.2 million (which includes a gain on sale of US\$223.0 million (pre-tax) arising from the POSCO transaction), an increase of 818% compared to FY2017
- Group EBITDA of US\$58.1 million from operations, an increase of 90% compared to FY2017
- Group net profit after tax of US\$150.2 million (which includes a gain on sale of US\$146.8 million (post-tax) arising from the POSCO transaction)
- Group net profit after tax from operations of US\$3.5 million, compared to US\$0.1 million in FY2017
- Earnings per share (undiluted) of ~US\$0.37 for FY2018
- Total lithium concentrate production and sales volumes of 156,689 (growth of 1%) and 159,255 (growth of 4%), respectively
- After the reporting date Galaxy announced the final settlement of the POSCO transaction with resulting increase in the Company's cash balance of US\$271.6 million
- Nil borrowings as at 31 December 2018

Galaxy Resources Ltd (ASX: GXY) ("**Galaxy**" or "the **Company**") is pleased to announce its financial results for the full financial year ended 31 December 2018.

The Company reported a total of 159,255 dry metric tonnes ("**dmt**") sold in FY2018 resulting in cash receipts from customers of US\$154.9 million for the period. Revenue from operations increased 60% to US\$153.9 million compared to the previous financial year, primarily as a result of higher realized selling prices. The average realized selling price for concentrate volumes sold in 2018 was US\$927/dmt (FOB Esperance), representing an increase of 18% year-on-year ("**YoY**"). These revenue gains were partially offset by higher payments to suppliers, contractors and employees including increased mining and operating costs.

Group EBITDA for FY2018 was US\$281.2 million, which included a gain on sale of US\$223.0 million (pre-tax) arising from the sale of the northern tenement package in the Salar del Hombre Muerto to POSCO ("**POSCO transaction**"). Group EBITDA from operations increased 90% in FY2018 to US\$58.1 million. EBITDA from Mt Cattlin specifically was US\$70.5 million implying an underlying EBITDA margin for the operation of 46% for the year.

The Group reported net profit after tax of US\$150.2 million which included a gain on sale of US\$146.8 million (after-tax) arising from the POSCO transaction. Group net profit after-tax for the year, excluding the POSCO gain was US\$3.5 million, representing a 26-fold increase compared to FY2017.

As at 31 December 2018 the Group's net cash position was US\$24.8 million. This cash position increased substantially subsequent to the reporting date following the final settlement of the POSCO transaction. Settlement funds of US\$257 million were released from the escrow agent to Galaxy on 25 February 2019 and the remaining US\$14.6 million is expected to be transferred directly to the Company from POSCO by 1 March 2019.

The Group ended the period with zero outstanding borrowings or debt liabilities.



Anthony Tse, Chief Executive Officer (“CEO”) commented, “Strong financial performance throughout the 2018 financial year capped off what has been a transformative period in Galaxy’s history. Mt Cattlin restarted operations at the end of 2016 and has now been in operation for two full years. This has enabled Galaxy to take advantage of a strong lithium price environment and deliver a 90% increase in operating EBITDA (US\$58.1 million) for 2018.

From a strategic execution standpoint, the completion of the POSCO transaction substantially de-risks financing at Sal de Vida, as well as provides support for Galaxy’s growth strategy through the resulting strengthening of the balance sheet.

Today, Galaxy is in the best financial position it has ever been with an operating asset that produces robust free cash flow and with a balance sheet that boasts zero debt and a substantial cash balance. These key strengths underpin Galaxy’s organic growth strategy and its continued commitment to the advancement of its tier-one assets, Sal de Vida and James Bay. Unlocking the fundamental value of Galaxy’s global asset base and creating long term shareholder value remain our core objectives.”

Table 1: Financial and Operations Summary

	FY2018	FY2017
Operations		
Lithium concentrate produced (dmt)	156,689	155,679
Lithium concentrate sold (dmt)	159,255	153,518
Profit & Loss		
Revenue (US\$'000)	153,929	96,287
Cost of Sales (US\$'000)	(128,506)	(70,587)
Gain on sale (pre-tax) – POSCO transaction (US\$'000)	223,025	-
EBITDA – excluding POSCO transaction gain (US\$'000) ¹	58,145	30,642
EBITDA – including POSCO transaction gain (US\$'000) ¹	281,170	30,642
D&A (US\$'000)	(45,639)	(21,480)
Net Profit after tax (US\$'000)	150,223	127
Earnings per shares (cps)	36.87	3.2
Cash Flow		
Cash inflow from Operating Activities (US\$'000)	57,767	43,763
Cash (outflow) from Investing Activities (US\$'000)	(77,117)	(26,950)
Cash (outflow) from Financing Activities (US\$'000)	(675)	22,849
Net cash (outflow) (US\$'000)	(20,025)	39,662
Closing Cash & Cash Equivalents (US\$'000)	24,755	46,629

¹Underlying EBITDA is non-IFRS financial information that has not been subject to audit by Galaxy’s external auditor

ENDS

For more information, please contact:

Corporate

Daniel Harangozo
Investor Relations
+61 (8) 9215 1700

info@gxy.com

Media Enquiries (Australia)

Nigel Kassulke
Cannings Corporate Communications
+61 407 904 874
+61 (2) 8284 9990
nkassulke@cannings.net.au

Media Enquiries (International)

Heidi So
Strategic Financial Relations Group
+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.

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 because 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 the US

This announcement has been prepared for publication in Australia and may not be released in the United States of America. 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.