



Australia
29 May 2018

GALAXY AGREES TO SELL NORTHERN TENEMENT PACKAGE AT SAL DE VIDA FOR US\$280 MILLION TO POSCO

Highlights

- Non-binding agreement executed with POSCO to sell a package of tenements in the northern basin of the Salar del Hombre Muerto
- Galaxy retains 100% ownership of all tenements in the southern basin
- Cash consideration of US\$280 million for approximately 1.58 million tonnes lithium carbonate equivalent (“LCE”) of JORC compliant measured & indicated resources and 2.54 million tonnes of LCE of JORC compliant total resources
- Sal de Vida Project now contains approximately 4.09 million tonnes LCE of JORC compliant measured & indicated resource and 100% of the previously announced reserves of 1.14 million tonnes LCE
- Funds available to Galaxy to progress Sal de Vida Project development in Catamarca Province

Galaxy Resources Limited (“Galaxy” or the “Company”) (ASX: GXY) is pleased to announce that it has entered into a non-binding agreement with POSCO to sell a package of tenements located on the northern area of the Salar del Hombre Muerto in Argentina, for cash consideration of US\$280 million. The tenement package is situated to the north of Galaxy’s world class Sal de Vida Project (“Sal de Vida” or the “Project”) in Argentina (see figure 1).

Galaxy retains 100% of the tenements in the southern area of Salar del Hombre Muerto in the Catamarca Province included in the recently announced updated feasibility study for the development of Sal de Vida. The southern tenements contain an estimated 4.09 million tonnes LCE of JORC compliant measured and indicated resource and 100% of the current 1.14 million tonnes LCE of JORC compliant reserves.

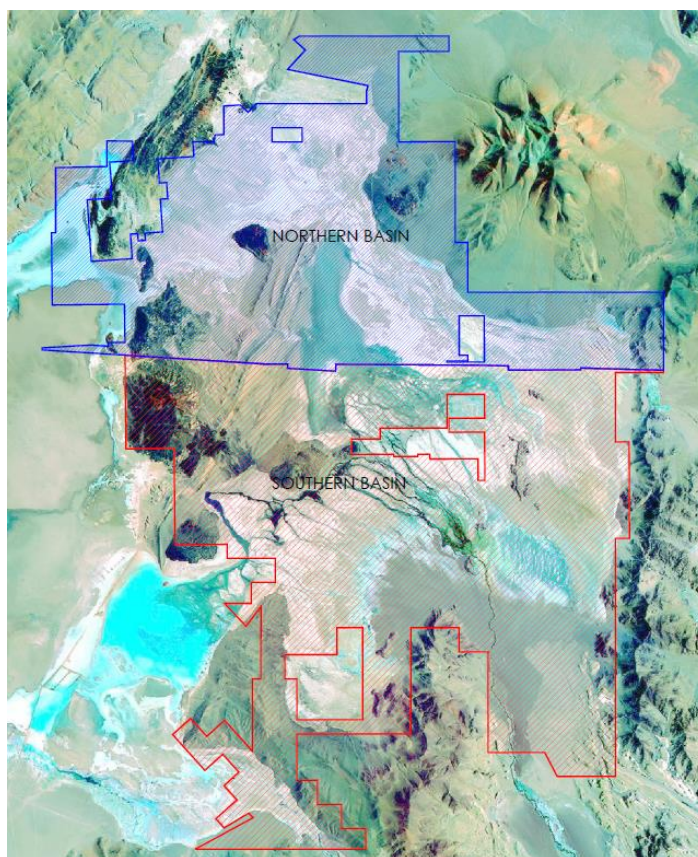


Figure 1 –Map highlighting indicative tenements subject to the transaction (blue area) and tenements to be retained (red area)



The proceeds from the transaction with POSCO will be available to progress the development of Sal de Vida in the Catamarca Province and places Galaxy in a strong financial position to continue the planned development of the Project.

The non-binding agreement is conditional on completion and execution of definitive documentation and receipt of POSCO Board approval which are expected to be satisfied during the third quarter of 2018. Galaxy will continue to keep the market informed as the conditions are satisfied.

Galaxy and POSCO will also enter into cooperation agreements intended to maximize potential development, operational, infrastructure and logistical synergies for their respective projects.

Chairman of Galaxy, Martin Rowley commented that *"this transaction with POSCO provides a substantial cash injection which underpins the development of Galaxy's Sal de Vida brine project in the Catamarca Province of Argentina. The development of Sal de Vida by Galaxy, as a 40-year mine life project producing the equivalent of 25ktpa of battery grade lithium carbonate, will be based on the 100% retained reserves and will not include any of the estimated resource contained in the tenements being sold to POSCO. This transaction allows Galaxy maximum flexibility with the parallel formal process being conducted with JP Morgan. We look forward to working closely with POSCO on our projects for long term mutual benefit. With the geographical coverage of Galaxy and POSCO's tenements spanning across both Catamarca and Salta Provinces, this transaction is also strategically significant as it means there will now be two new lithium projects developed concurrently on the Salar del Hombre Muerto, with obvious benefits for all stakeholders in the region"*

About Posco

POSCO was founded in 1968 and is headquartered in Pohang, South Korea. It is one of South Korea's largest conglomerates with operations across steel, engineering and construction, trading and battery materials. It has extensive operations across the globe with over 130,000 employees and is listed on the Korea stock exchange with a market capitalization of approximately US\$30 billion.

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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.

Competent Persons Statement

The information in this report that relates to the estimation and reporting of the Sal de Vida Project Mineral Resources and Ore Reserves is extracted from the report entitled “*Sal De Vida: Revised Definitive Feasibility Study Confirms Low Cost, Long Life and Economically Robust Operation*” created on 22 August 2016 which is available to view on www.galaxylithium.com and www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources and Ore Reserves estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to the apportionment of the Sal de Vida Project Mineral Resources is based on information compiled by Michael Rosko, MS PG. Michael Rosko has more than 30 years of relevant experience and is a Registered Member of the Society for Mining, Metallurgy & Exploration, Inc (SME), a ‘Recognised Professional Organisation’ (RPO). Michael Rosko is a full-time employee of Montgomery & Associates Consultores Limitada and Mr Rosko has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Michael Rosko consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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.