

Galaxy reaches agreement with bondholders to restructure convertible bonds due 2015

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Highlights

- • Galaxy restructures convertible bonds under agreement with bondholders
- • Galaxy has the right to pre-pay bonds on basis of half cash/half shares plus options, on same basis as current Entitlement Offer, until 19 November 2013
- • Alleviates the need for the Company to repay bondholders in cash in November 2013
- • Closing date of Entitlement Offer extended to 31 July 2013

[Galaxy Resources Ltd. \(ASX: GXY\)](#) ("**Galaxy**" or "**the Company**") is pleased to advise that it has reached an agreement with the holders of its A\$61.5 million 8% convertible bonds ("**Bondholders**"), previously redeemable on 19 November 2013 at a redemption cost of A\$61.5 million, entitling Galaxy to pre-pay the bonds earlier.

Under the agreement, Galaxy has the ability to pre-pay principal and accrued interest outstanding to Bondholders in cash, and issue pro-rata shares and 1.5 options for each share on the same basis as the current Entitlement Offer in whole or part at any time until 19 November 2013. This repayment ability replaces the Bondholders' existing put option right, which (if exercised) would otherwise require the Company to redeem all or some bonds on 19 November 2013.

As at 19 November 2013, to the extent there is any principal and accrued interest outstanding, the Bondholders will have the option to either (in part or all):

- Continue to hold the bonds until the maturity date of 19 November 2015 with a 2% increase in the coupon rate from 8% to 10% coupon per annum (no other variation in terms); or
- Convert the remaining bonds into shares and receive 1.5 options per share on the same terms as the current Entitlement Offer based on the outstanding principal plus accrued interest of the bonds.

Galaxy has undertaken that should the funds raised under the Entitlement Offer as at settlement of the Entitlement Offer exceed:

- (i) A\$35,000,000, the Issuer must make a repayment of A\$5,125,000 to the Bondholders; or
- (ii) A\$40,000,000, the Issuer must make a repayment of A\$10,250,000 to the Bondholders.

In the event that A\$10.25 million is paid to Bondholders, there would be a conversion of A\$10.25 million into equity of Galaxy. This will result in a reduction in the Company's liability in regards to the outstanding convertible bonds by A\$20.5 million to A\$41 million.

Galaxy interim Managing Director Anthony Tse said: "We are very pleased to have reached an agreement with our major bondholders and are grateful for their ongoing support. The agreement with our bondholders alleviates the cash needs for the original redemption due November 2013, which the Company understands has been a primary concern of investors to date, and represents a big step in the restructuring of our balance sheet."

The current Entitlement Offer is a one (1) for one (1) pro-rata Offer of up to 584,355,501 new fully paid

ordinary shares ("**New Shares**") at an offer price of A\$0.08 per New Share. Applicants will also receive three (3) free attaching New Options for every two (2) New Shares subscribed.

The closing date for eligible shareholders to participate in the Entitlement Offer is 07:00pm AEST on 31 July 2013. Shareholders are reminded that they are able to apply for and pay for their entitlements (and any additional securities applied for) via BPay (without the need to mail the Entitlement Offer Application Form) and shareholders should refer to their personalised instructions on their Application Form. If Shareholders have any queries about applying for their entitlement in the Entitlement Offer, they should contact the Company Secretary, Andrew Meloncelli, on +61 8 9215 1700.

The revised indicative timetable for the Offer is set out below:

Event	Date**
Closing date for acceptances	31 July 2013 at 7.00pm (AEST)
New Securities quoted on a deferred settlement basis	1 August 2013
Notification to ASX of under subscriptions	6 August 2013
Allotment and issue of New Securities	On or before 9 August 2013
Despatch of holding statements	12 August 2013
Trading of New Securities expected to commence	12 August 2013

** The above dates are indicative only. The Company, in conjunction with the lead manager to the Offer, reserves the right to vary the above dates, subject to the ASX Listing Rules and Corporations Act.

About Galaxy (ASX: GXY)

[Galaxy Resources Ltd.](#) ("Galaxy") is an Australian-based global lithium company with lithium production facilities, hard rock mines and brine assets in Australia, China, Canada and Argentina. The Company is a lithium producer listed on the Australian Securities Exchange (Code: GXY) and is a member of the S&P/ASX 300 Index.

Galaxy wholly owns the Jiangsu Lithium Carbonate Plant in China's Jiangsu province. The Jiangsu Plant will eventually produce 17,000 tpa of battery grade lithium carbonate, becoming the largest producer in the Asia Pacific region and the fourth largest in the world.

Galaxy is also advancing plans to develop the Sal de Vida (70%) 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 promise as a future low cost brine mine and lithium carbonate processing facility.

The Company owns Mt Cattlin (100%) spodumene project near Ravensthorpe in Western Australia and the James Bay (100%) Lithium Pegmatite Project in Quebec, Canada.

Lithium compounds are used in the manufacture of ceramics, glass, electronics and are an essential cathode material for long life lithium-ion batteries used to power e-bikes and hybrid and electric vehicles. Galaxy is bullish about the global lithium demand outlook and is positioning itself 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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SOURCE [Galaxy Resources Ltd.](#)

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