

HIGHLIGHTS

- General Mining (ASX:GMM) to have sole and exclusive right to earn a 50% equity interest in the Mt Cattlin Project for A\$25 million;
- Expanded production plan for Mt Cattlin includes both tantalum and spodumene;
- Commencement of production at Mt Cattlin scheduled by GMM for March quarter 2016;
- Offtake discussions well advanced;
- GMM granted additional right to earn a 50% equity interest in the James Bay Project for US\$5 million;

Galaxy Resources Ltd. (ASX: GXY) ("Galaxy") ("the Company") is pleased to announce that it has agreed new terms with General Mining ("GMM") on the Mt Cattlin transaction, as previously announced on 9 February 2015. The amended terms provides for GMM to provide the financial and technical resources to restart the Mt Cattlin Project in order for both companies to benefit from the robust lithium and tantalum markets.

Galaxy Chief Executive Anthony Tse commented "We believe the revised deal structure with General Mining will allow Galaxy to benefit and unlock more value from both projects over the longer term. The GMM management team has the depth of experience and technical knowledge that together with their financial commitment provide Galaxy with the means to immediately restart the operations at Mt Cattlin and at the same time advance the James Bay spodumene project."

Amended Transaction Terms

1. GMM will earn a deemed 50% operating profit interest by investing A\$7 million of capital expenditure on the Mt Cattlin prior to commencement of production, (on or before 31 March 2016).
2. Balance of consideration to be satisfied by way of three annual instalments of A\$6 million, payable monthly in arrears from the commencement of production.
3. GMM has the right to earn a 50% equity interest at an earlier date, subject to it satisfying the requirements of A\$7 million capital expenditure and full payment of A\$18 million at any time in the first three years.
4. All prior lease and royalty arrangements are to be extinguished.
5. GMM to be sole operator and manager of the Mt Cattlin Project.
6. All care & maintenance costs prior to the commencement of production (subject to a cap on Galaxy's contribution of \$50,000 per month) and revenues after the commencement of production to be shared equally.
7. GMM granted right to earn a 50% equity interest in the James Bay Project, subject to an investment of US\$5 million over a three year period.

The transaction is subject to all relevant shareholder and regulatory approvals. This binding Amended Term Sheet agreed will be replaced by formal definitive documentation based upon the key principles outlined above.

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.

Galaxy owns the Mt Cattlin (100%) spodumene project near Ravensthorpe in Western Australia and the James Bay (100%) lithium pegmatite project in Quebec, Canada.

Galaxy is also advancing plans to develop the Sal de Vida (96%) 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 future low cost brine mine and lithium carbonate processing facility.

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 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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