

ACQUISITION OF SENIOR SECURED DEBT FACILITY – ALITA RESOURCES LIMITED

Galaxy Resources Limited (ASX: GXY, “Galaxy” or the “Company”) announces that it has reached an agreement with a consortium of lenders led by funds managed by Tribeca Investment Partners Pty Ltd (“Tribeca”) (collectively the “Lenders”) to acquire the senior secured loan facility (“Facility”) provided to Alita Resources Limited (ASX: A40, “Alita”).

Pursuant to a Sale and Purchase Agreement and a Transfer Certificate, dated 27 August 2019, the rights, title and interest of the Facility, with principal value of US\$28.8 million, have been assigned and novated to Galaxy. The total amount assigned and paid, including all accrued interest, fees and costs was US\$31.1 million. The key terms of the facility are set out in Table 1.

Alita shares were placed into voluntary suspension from trading on the ASX on 14 August 2019. On 16 August 2019, Alita and the Lenders entered into a standstill agreement (“standstill”) in respect of unremedied events of default on the Facility. The standstill expires at 7pm AEST on Thursday, 29 August 2019.

Galaxy’s Chief Executive Officer, Simon Hay commented, “Acquisition of the Facility provides Galaxy with the flexibility of being the secured lender to Alita as well as being the largest equity holder. As the senior, secured creditor Galaxy can work directly with all stakeholders to examine the best possible reorganization options.”

Galaxy will utilize existing corporate debt facilities to fund the Facility acquisition.

Galaxy reminds investors that it will be holding an investor conference call at 9:00am AEST (7:00am AWST) on Friday, 30 August 2019. Please refer to the ASX announcement released on 23 August 2019, titled, “Half Year 2019 Results Conference Call,” for details.

Table 1: Commercial Terms of the Facility

| Term | Details |
|--------------------|--|
| Borrower | Lithco No. 2 Pty Ltd. (wholly owned subsidiary of Alita) |
| Principal | US\$28.8 million |
| Repayment Date | 1 July 2020 |
| Interest rate | LIBOR plus 13% p.a. (15.33288% for current interest period) |
| Security | First ranking security over all assets of Alita and its key subsidiaries |
| Redemption premium | 2% (on outstanding amount repaid at maturity) |
| Early call premium | 5% (on any amounts prepaid voluntarily prior to maturity) |

ENDS

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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.

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). Sal de Vida has excellent potential as a low-cost brine-based lithium carbonate production facility.

Galaxy’s diversified project portfolio also consists of the wholly owned James Bay lithium pegmatite project in Quebec, Canada. James Bay will provide additional expansion capacity to capitalize on future lithium demand growth.

Lithium compounds are used in the manufacture of ceramics, glass, pharmaceuticals, grease 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. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions.

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. There can be no assurance that Galaxy’s plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Galaxy will be able to confirm the presence of additional mineral deposits, that any mineralization will prove to be economic or that a mine will successfully be developed on any of Galaxy’s mineral properties. Circumstances or management’s estimates or opinions could change. The reader is cautioned not to place undue reliance on forward-looking statements. Data and amounts shown in this document relating to capital costs, operating costs, potential or estimated cashflow and project timelines are internally generated best estimates only. All such information and data is currently under review as part of Galaxy’s ongoing operational, development and feasibility studies. Accordingly, Galaxy makes no representation as to the accuracy and/or completeness of the figures or data included in the document.

Not For Release in the United States

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