

Multiyear offtake agreement executed with new customer Chengxin Lithium Group

Galaxy Resources Limited (ASX: **GXY**, "**Galaxy**" or the "**Company**") is pleased to advise an update to Mt Cattlin's customer base after executing a new spodumene concentrate offtake agreement commencing in January 2021.

Highlights

- ◆ Three-year agreement signed with Sichuan Chengtun Lithium Co., Ltd, a wholly owned subsidiary of Chengxin Lithium Group Co.Ltd ("**Chengxin**")
- ◆ Offtake for a minimum 60,000 dmt per annum (total 180,000 dmt) of spodumene concentrate from Mt Cattlin
- ◆ Chengxin's lithium chemicals plant currently produces 30ktpa and construction is underway to increase production capacity to 40ktpa by late 2020
- ◆ Agreement demonstrates customer recognition that Mt Cattlin is a reliable source of high quality spodumene product that is established in major lithium supply chains globally

Chengxin has agreed to purchase 60,000 dmt (+/- 10%) of 6% Li₂O spodumene concentrate from Mt Cattlin in each year, 2021, 2022 and 2023. Pricing for spodumene shipments will be on a spot cargo basis for 2021 moving to a market-based pricing formula for the remaining two years. Shipments will be on a CIF (Cost, Insurance and Freight) basis.

Galaxy also advises that the offtake agreement with Yi Chun Yin Li New Energy Co., Ltd (Jiangte) has been terminated, with that tonnage now allocated to Chengxin.

This new arrangement with Chengxin supplements Galaxy's existing long term spodumene concentrate offtake agreements with:

- ◆ Yahua International Investment and Development Co., Ltd (Yahua) for 120,000 dmt (+/- 10%) per annum of 6% Li₂O spodumene concentrate from Mt Cattlin up to 31 December 2025.
- ◆ Meiwa Corporation (Meiwa) for 55,000 dmt (+/- 10%) per annum of 5.7% spodumene concentrate up to 31 December 2022. Galaxy is currently in negotiations with Meiwa to convert the existing offtake agreement to a spot call off arrangement.

Due to current soft market conditions, Galaxy's near-term sales volumes and shipping schedules will be largely dictated by the spot price that Galaxy is willing to accept and the pace customers are able to destock their inventory levels. Mt Cattlin's current final product inventory levels plus forecast production for Q4 2020 are sufficient to meet customer requirements for this quarter.

Simon Hay, Galaxy's CEO said:

"We are pleased to welcome Chengxin as a new major offtake partner, further diversifying and strengthening Galaxy's customer base to support Mt Cattlin's operations. Chengxin also has expansion plans underway to increase production capacity in preparation for the impending lithium demand surge in the medium to long term."

As previously advised, we expect to conclude 2020 with additional shipments to customers and for Galaxy's spodumene inventory to return to normal levels. The drawdown of inventory combined with strong customer indications for demand in 2021 has also led Galaxy to examine the potential ramp up of Mt Cattlin back to full rate in 2021, although there will need to be sustained price increases for us to commit to the return of higher production levels."

ENDS

This release was authorised by Mr. Simon Hay, Chief Executive Officer of Galaxy Resources Limited.

ASX ANNOUNCEMENT / MEDIA RELEASE

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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), which is currently the source of more than 40% of global lithium production. 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, 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.

About Chengxin Lithium

Chengxin Lithium Group is listed on the Shenzhen Stock Exchange (002240:SZ) with a market capitalisation of ~US\$2.0B. The Company is focused on the production of lithium-ion and new energy materials and has also established strategic relationships with industry leaders such as CATL, LGI and Xiamen Tungsten.

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