

A\$161 million equity financing with proceeds to be applied to Sal de Vida Stage 1 and James Bay

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Highlights

- ◆ Fully underwritten 1 for 14 pro-rata accelerated non-renounceable entitlement offer and institutional placement to raise A\$161 million
- ◆ Equity Financing proceeds to be applied to Sal de Vida Stage 1 which is expected to position Galaxy to meet its previously stated development timeline and progress James Bay to construction ready status
- ◆ Equity Financing provides funding certainty and mitigates pricing uncertainty of alternative funding sources for Sal de Vida created by COVID-19
- ◆ Galaxy now in a position to continue with the Sal de Vida capital program in advance of scheduled first production in late 2022
- ◆ New shares to be issued at A\$1.70 per share, representing a 15.0% discount to last close, 12.5% discount to TERP, and 8.1% discount to the 10-day VWAP

Galaxy Resources Limited (ASX: GXY, "Galaxy" or the "Company") advises that the Company is undertaking an equity financing by way of a fully underwritten pro-rata accelerated non-renounceable entitlement offer and institutional placement, to raise approximately A\$161 million (US\$117 million¹) ("Equity Financing" or the "Offer").

Proceeds from the Offer will be applied to Sal de Vida Stage 1 and fund pre-development activities to progress James Bay to a construction ready status. The successful completion of the Offer would deliver funding certainty in order for the Company to continue with the Sal de Vida Stage 1 capital program and meet previously stated development timelines, mitigating pricing uncertainty of alternative funding routes arising from COVID-19. As a result of the Offer, Galaxy's balance sheet will be further strengthened with pro-forma cash and financial assets to increase from US\$102 million as at 1 November 2020, to US\$219 million (before Offer costs).

As previously stated, Galaxy's plan is to de-risk the Sal de Vida development program by implementing a staged approach with an initial Stage 1 to be undertaken before a modular expansion into Stage 2. Front End Engineering & Design ("FEED") for Stage 1 is expected to be completed by Q1 2021, with an early works phase including contracting long lead items expected to commence from early 2021 and plant construction expected to commence in late 2021. Post successful completion of the Offer, Galaxy expects to be positioned to execute delivery of the project to meet its previously stated development timeline and therefore take advantage of an expected stronger lithium pricing environment from late 2022.

The Offer will also fund pre-development activities at James Bay including the completion of a preliminary economic assessment ("PEA"), an updated feasibility study, finalisation of engineering design and execution of all relevant stakeholder agreements to progress the project through to construction ready status. Galaxy's experience in developing and operating Mt Cattlin is important given James Bay is expected to have a similar flowsheet to Mt Cattlin. By virtue of its large, high-grade deposit and location, Galaxy believes that the acceleration of the early stage development of James Bay will enable the Company to take advantage of the emerging European and North American electric vehicle ("EV") growth surge.

¹ Converted at the exchange rate of USD/AUD = 0.73

Simon Hay, Galaxy's CEO said:

"This Equity Financing provides Galaxy with an enhanced level of certainty to commit to execute and develop Sal de Vida into a successful, lowest-quartile cost lithium brine operation. Securing this funding for Stage 1 would allow us to confidently proceed into the early works phase, contract long lead items and complete pond construction in 2021 during the weather window. With EV demand continuing to rise in Europe and North America, we will also accelerate James Bay to a construction ready status as these regions seek to localise raw materials supply and/or build-out lithium chemicals capacity. We will utilise these funds to advance and execute the development of our world-class assets and ultimately seek to contribute to supplying the expected global demand surge in lithium."

Offer Details

The fully underwritten A\$161 million Offer comprises the following:

- ◆ An institutional placement of approximately 65 million new fully paid ordinary shares in Galaxy ("**New Shares**") to raise A\$111 million ("**Placement**"); and
- ◆ A 1-for-14 pro-rata accelerated non-renounceable entitlement offer of approximately 29 million New Shares to raise approximately A\$50 million ("**Entitlement Offer**").

All New Shares will be issued at a price of A\$1.70 per New Share under the Offer, which represents a:

- ◆ 15.0% discount to the last traded price of A\$2.00 on 24 November 2020;
- ◆ 12.5% discount to the Theoretical Ex-Rights Price² ("**TERP**") of A\$1.94; and
- ◆ 8.1% discount to the 10-day Volume Weighted Average Price ("**VWAP**") of A\$1.85.

Eligible retail shareholders will have the ability to apply for additional new shares up to 33% of their entitlement under a "Top-up Facility" (subject to scale back, at Galaxy's discretion).

The Entitlement Offer provides eligible shareholders the opportunity to subscribe for 1 New Share for every 14 existing shares held as at 7.00pm Sydney Time on Friday, 27 November 2020 ("**Record Date**").

Eligible institutional shareholders will be invited to participate in the accelerated institutional component of the Entitlement Offer ("**Institutional Entitlement Offer**"), which is being conducted today, Wednesday, 25 November 2020, along with the Placement. Eligible institutional shareholders can choose to take up all, part or none of their entitlements under the Institutional Entitlement Offer. Entitlements not taken up by eligible institutional shareholders and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to new and existing institutional shareholders concurrently with the Institutional Entitlement Offer.

The retail component of the Entitlement Offer ("**Retail Entitlement Offer**") will be conducted at the same offer price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will be open from Tuesday, 1 December 2020 to eligible retail shareholders in Australia or New Zealand, as at the Record Date and is expected to close at 5.00pm (Sydney time) on Thursday, 10 December 2020.

Galaxy Directors who are eligible to participate in the Entitlement Offer have each confirmed their intention to subscribe for all or part of their respective entitlements.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferable. Eligible shareholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value with respect to those entitlements not taken up.

Each New Share issued under the Offer will rank equally with existing fully paid ordinary shares in Galaxy then on issue.

UBS AG Australia Branch and Canaccord Genuity and are acting as joint lead managers, underwriters and bookrunners for the Offer. Ashurst are acting as Australian legal adviser to Galaxy in connection with the Offer.

² The Theoretical Ex-Rights Price (TERP) is the theoretical price at which Galaxy shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equate to TERP. TERP is calculated by reference to Galaxy's closing price of \$2.00 on 24 November 2020. The TERP calculation includes New Shares issued under the Placement.

Indicative Timetable

An indicative timetable of key dates in relation to the Offer is detailed below.

Event	Time (AEDT) / Date
Announcement of the Offer and Placement and Institutional Entitlement Offer open	Wednesday, 25 November 2020
Announce completion of the Placement and Institutional Entitlement Offer	Thursday, 26 November 2020
Trading in Galaxy shares resumes on ex-entitlement basis	Thursday, 26 November 2020
Record date for determining entitlement for the Entitlement Offer	7pm Friday, 27 November 2020
Despatch of Retail Offer Booklet and Retail Entitlement Offer opens	Tuesday, 1 December 2020
Settlement of Placement and Institutional Entitlement Offer	Thursday, 3 December 2020
Allotment and normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	Friday, 4 December 2020
Retail Entitlement Offer closing date	5pm Thursday, 10 December 2020
Results of Retail Entitlement Offer announced to ASX	Tuesday, 15 December 2020
Settlement of Retail Entitlement Offer	Wednesday, 16 December 2020
Allotment of New Shares issued under the Retail Entitlement Offer	Thursday, 17 December 2020
Normal trading of New Shares issued under the Retail Entitlement Offer	Friday, 18 December 2020
Despatch of holding statements	Monday, 21 December 2020

Note: The timetable above is indicative only and may be subject to change. All times and dates refer to Australian Eastern Daylight-savings time. Galaxy reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Galaxy reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Offer (either generally or in particular cases) and to withdraw the Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares.

Further Information

Further details of the Offer are set out in the Investor Presentation also lodged on the ASX today. The Investor Presentation contains important information including key risks and foreign offer restrictions with respect to the Offer. For other questions, you should consult your broker, solicitor, accountant, tax adviser, financial adviser, or other professional adviser.

ENDS

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




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About Galaxy (ASX: GXY)

Galaxy Resources Limited (“**Galaxy**”) is an international 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 development of the wholly owned Sal de Vida lithium 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.

Caution Regarding Forward Looking Information

This document contains forward looking statements concerning Galaxy, including statements regarding the conduct, size and outcome of the Offer, statements regarding Galaxy’s intent, belief or expectations, plans strategies and objectives or management, expected timetables in connection with Galaxy’s projects, expected costs, capital expenditure and future demand for lithium.

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 mineralisation 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. You are strongly cautioned not to place undue reliance on forward-looking statements, including in respect of Galaxy’s financial or operating outlook, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. 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.

Except as required by applicable law or regulation, Galaxy undertakes no obligation to provide any additional or updated information or update any forward-looking statements, whether as a result of new information, future events or results or otherwise. Nothing in this announcement will, under any circumstances (including by reason of this announcement remaining available and not being superseded or replaced by any other presentation or publication with respect to Galaxy or the subject matter of this announcement), create an implication that there has been no change in the affairs of Galaxy since the date of this announcement. Neither Galaxy nor any of its directors, officers, employees, advisers or agents makes any representation or warranty as to the accuracy of any forward-looking statements and/or completeness of the figures or data included in this announcement.

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