

Successful Completion of Placement and Institutional Entitlement Offer to raise approximately A\$124m as part of A\$161m Equity Financing

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Highlights

- ◆ Placement and Institutional Entitlement Offer attracts strong demand from both eligible existing and new institutional investors located in Australia and internationally
- ◆ Fully underwritten Retail Entitlement Offer to raise a further ~A\$37 million which opens on Tuesday, 1 December 2020 is expected to close at 5.00pm (Sydney time) on Thursday, 10 December 2020
- ◆ 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

Galaxy Resources Limited (ASX: GXY, “Galaxy” or the “Company”) advises that the Company has successfully completed its institutional placement (“Placement”) and the institutional component of its 1-for-14 fully underwritten pro rata accelerated non-renounceable entitlement offer (“Institutional Entitlement Offer”, and together with the Placement “Institutional Offer”) of new ordinary shares in Galaxy (“New Shares”). The Institutional Offer will raise approximately A\$124 million as part of the Company’s broader A\$161 million equity financing package (“Offer” or “Equity Financing”) as announced on Wednesday, 25 November 2020.

Galaxy received significant demand during the Institutional Offer bookbuild from high-quality, eligible existing and new institutional investors located in Australia and internationally (with a take-up by eligible existing institutional shareholders of approximately 92%). The Institutional Offer has now closed and will raise gross proceeds of approximately A\$124 million. The Offer Price was A\$1.70 per New Share 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 Price¹ (“TERP”) of A\$1.94; and
- an 8.1% discount to the 10-day Volume Weighted Average Price (“VWAP”) of A\$1.85.

Simon Hay, Galaxy’s CEO said:

“We are delighted by the strong response we have received for the Equity Financing from a broad range of high quality, domestic and international institutions which we believe, underlines the quality of our asset portfolio. Securing these funds is an important milestone for Galaxy as we seek to commit to execute and develop Sal de Vida into a successful, lowest-quartile cost lithium brine operation. The Equity Financing proceeds will also be used to accelerate James Bay to a construction ready status which Galaxy believes is timely given the project’s high-grade nature and location, positioning Galaxy to take advantage of the expected growth in electric vehicle demand in Europe and North America.”

We are also pleased to be offering participation in the Equity Financing to our existing, eligible retail shareholders with the Retail Entitlement Offer scheduled to open on Tuesday, 1 December 2020.”

¹ 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.

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As announced on Wednesday, 25 November 2020, proceeds of the Institutional Offer, in conjunction with the retail component of the entitlement offer ("**Retail Entitlement Offer**"), will be applied to Sal de Vida Stage 1 and fund pre-development activities to progress James Bay to a construction ready status.

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

Completion of the Institutional Offer

The Institutional Offer comprises the issue of approximately 65 million New Shares under the Placement to raise approximately A\$111 million, and approximately 8 million New Shares under the Institutional Entitlement Offer to raise approximately A\$13 million.

The New Shares subscribed for under the Institutional Offer are expected to settle on Thursday, 3 December 2020, with allotment and normal trading on ASX to commence on Friday, 4 December 2020. New Shares issued under the Institutional Offer will rank equally with existing fully paid ordinary shares in Galaxy.

New Shares in respect of institutional entitlements not taken up under the Institutional Entitlement Offer and New Shares that would have represented the entitlements of ineligible institutional shareholders were offered to existing and eligible new institutional shareholders concurrently with the Institutional Entitlement Offer. Galaxy expects ASX to lift the trading halt on its shares today and that its shares will recommence trading on ASX on an ex-entitlement basis from market open today.

Retail Entitlement Offer

The Retail Entitlement Offer of approximately A\$37 million, which is fully underwritten, is expected to open on Tuesday, 1 December 2020 and close at 5:00pm (Sydney time) on Thursday, 10 December 2020 (unless extended).

Eligible retail shareholders with a registered address in Australia or New Zealand, as at 7.00pm (Sydney time) on Friday, 27 November 2020 ("**Record Date**"), ("**Eligible Retail Shareholders**") will be invited to participate in the Retail Entitlement Offer at the Offer Price. Eligible Retail Shareholders will be able to subscribe for one New Share for every 14 Galaxy shares held as at the Record Date.

Further information will be sent to Eligible Retail Shareholders in a booklet ("**Retail Offer Booklet**") expected to be lodged with ASX and despatched on Tuesday, 1 December 2020.

In deciding whether to participate in the Retail Entitlement Offer, Eligible Retail Shareholders should carefully read the Retail Offer Booklet. The Retail Offer Booklet and personalised Entitlement and Acceptance Form will contain instructions on how to apply for the Retail Entitlement Offer. Acceptances and payments under the Retail Entitlement Offer must be received by no later than 5.00pm (Sydney time) on Thursday, 10 December 2020 (unless the Retail Entitlement Offer is extended).

Further Information

Further details of the Offer are set out in the Investor Presentation lodged on ASX on Wednesday, 25 November 2020. 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.

If you have any questions in relation to the Retail Entitlement Offer, please contact the Galaxy Resources Limited Entitlement Offer Information Line on 1300 208 485 (within Australia) or +61 3 9415 4197 (outside of Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday from Tuesday, 1 December 2020 to Thursday, 10 December 2020.

ENDS

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

For more information




Investor Relations

Phoebe Lee
Galaxy Resources Limited
T: +61 (8) 9215 1700
E: info@gxy.com

Media Enquiries (Australia)

Scott Rochfort
Cannings Strategic Communications
T: +61 435 878 614
E: srochfort@cannings.net.au

Galaxy Resources Limited

ABN: 11 071 976 442
A: Level 4 / 21 Kintail Road
Applecross Western Australia, 6153
W: www.gxy.com S:   

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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