



# **GALAXY RESOURCES LIMITED**

## **Investor Presentation**

August 2017

ASX: GXY

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# Company Highlights



- One of the premier **global lithium opportunities** with existing production and a world class asset development pipeline
- **Operations restarted at Mt Cattlin with expanded capacity** to generate substantial, 100%-owned cash flows in 2017, positioning Galaxy as a **major global supplier of high quality lithium**
- Diversified project portfolio with **hard rock and brine based lithium assets** across Australia, Argentina and Canada
- **Revised DFS at flagship Sal de Vida Project in Argentina** supports low cost, long life project with robust economics; Development Team confirmed
- **James Bay in Canada, is a high quality development asset**, providing a valuable option for Galaxy to supply North American and European markets
- Highly credentialed Management and Board with a **strong network of downstream and end-user customers in the global lithium markets**
- Robust lithium macro trends with **surging demand from lithium ion battery applications** and a lagged supply-side response

*Mt Cattlin Operations – Australia*



*En route to Sal de Vida lithium project – Argentina*



The leading global pure play lithium company, listed on the ASX, with **significant institutional interest and outstanding liquidity**

## Financial Information (2017.07.28)

Share price	A\$1.83
52 week high / low	A\$2.37 / A\$1.43
Number of shares (undiluted) <sup>1,2</sup>	395.8m
<b>Market Capitalisation</b>	<b>A\$722.4m</b>
Cash (30-Jun-17)	A\$40.4m
Debt (30-Jun-17)	A\$13.1m
Net cash (30-Jun-17)	A\$27.3m
<b>Enterprise Value</b>	<b>A\$695.1m</b>

Source: IRESS

Notes:

1 Excludes 21.1m unlisted options on issue at various vesting and expiry dates with exercise prices between A\$0.24 and A\$2.78 and 5m unlisted warrants with various expiry dates and exercise prices of between A\$1.718 and A\$2.075

2 Excludes 4.8m share appreciation rights

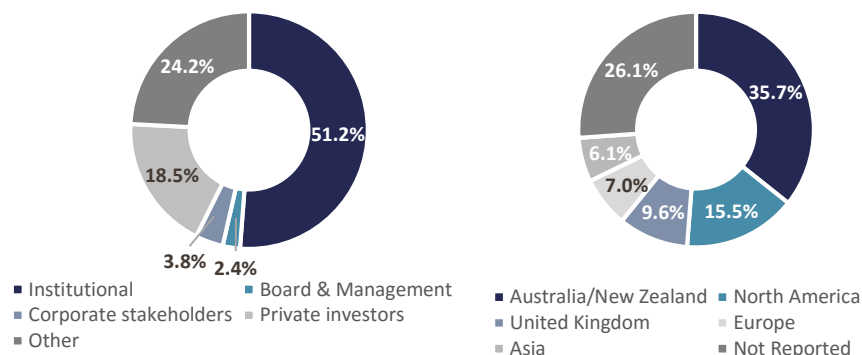
## Top Shareholders (2017.06.30)

Investor	%
Blackrock Group	6.9%
Board and Management	2.4%
Top 20 shareholders	37.2%

## Share Price Performance (1 year)



## Shareholder Type and Geographical Breakdown (2017.06.30)



# June Quarter Highlights

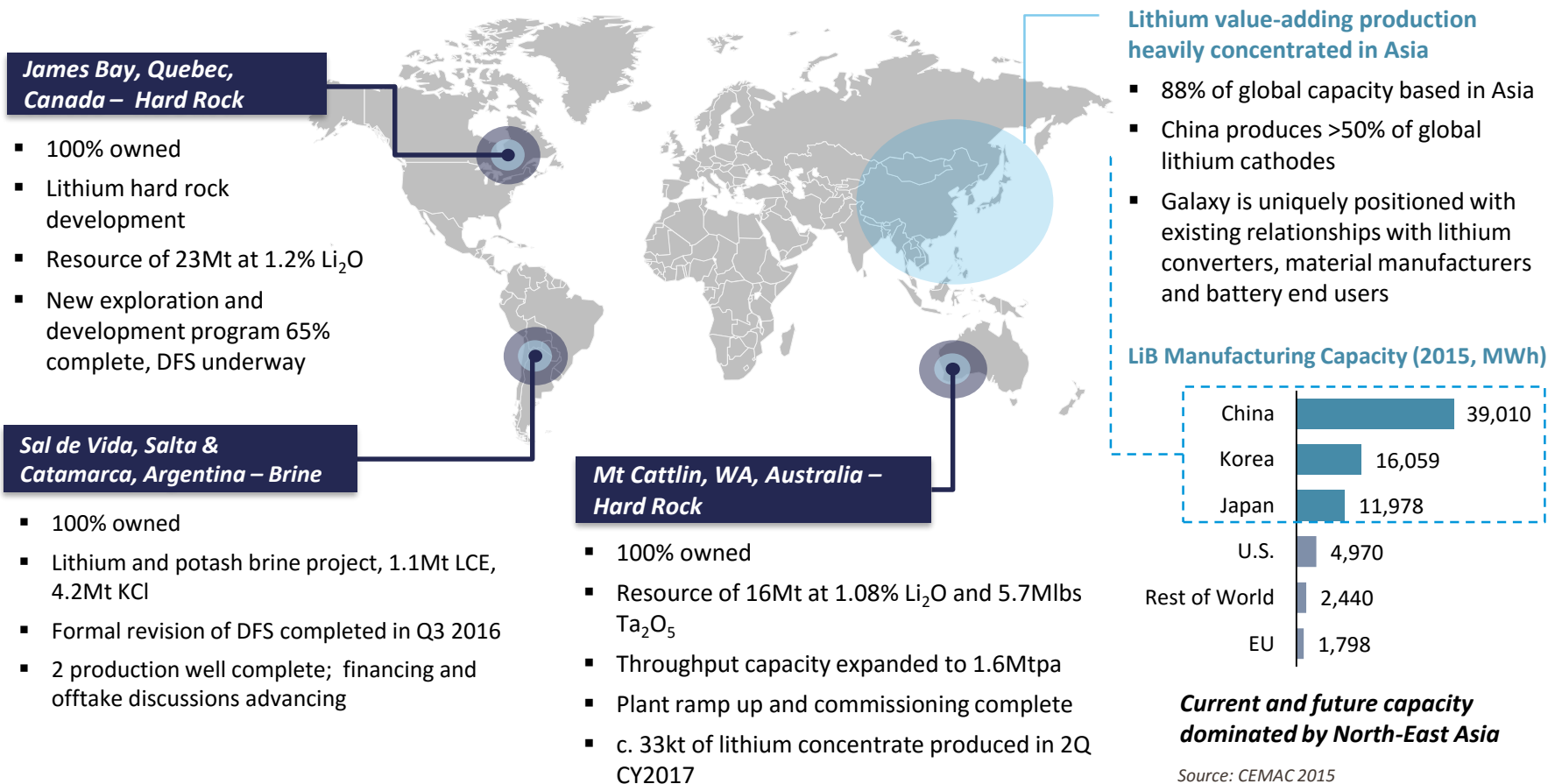


Production (Mt Cattlin)	Spodumene produced (1Q 2017: 23,467) <b>32,998 dmt</b> <b>+41%</b>	<ul style="list-style-type: none"> <li>Operations remain <b>LTI free</b> since refurbishment and restart</li> <li>Ramp up and <b>commissioning of the plant completed</b> late April</li> <li>Plant <b>recoveries achieved 61%</b> in June</li> <li>Plant <b>output exceeded target production rate</b> in June with 14,038 dmt produced</li> <li>Cash flow generation of A\$13.2m for the quarter before capex and repayment of balance of customer prepayments</li> <li>Average production cash costs of US\$393/dmt (<b>US\$334/dmt in June</b>)<sup>1</sup></li> <li>Average realised price of <b>US\$724/dmt</b><sup>1</sup></li> <li><b>Balance of all customer offtake prepayments repaid</b></li> <li>First tantalum sale completed at A\$40/lb</li> </ul>
	Realised price <sup>1</sup> (1Q 2017: US\$542/t) <b>US\$724/t</b> <b>+34%</b>	
	Cash costs <sup>1</sup> (1Q 2017: US\$389/t) <b>US\$393/t</b> <b>+1%</b>	
Development Projects	2x SDV production wells complete <i>Initial testing exceeds DFS</i>	<ul style="list-style-type: none"> <li><b>Sal De Vida</b> <ul style="list-style-type: none"> <li>Progress on field work and <b>production well drilling</b></li> <li>Relocation and refurbishment of the test plant complete</li> </ul> </li> <li><b>James Bay</b> <ul style="list-style-type: none"> <li>Drilling program progressing, now 65% complete</li> <li>Initial assays from drilling campaign <b>showing excellent results</b></li> </ul> </li> </ul>
	James Bay drilling nearing completion <i>Results expected 3Q 2017</i>	
Corporate	Cash on hand (1Q 2017: A\$40.1m) <b>A\$40.4m</b> <b>+1%</b>	<ul style="list-style-type: none"> <li>1 for 5 share consolidation approved by shareholders</li> <li>Key management hires completed (<b>Alan Rule appointed as CFO</b>)</li> <li>Board strengthened with new <b>Non-Executive Director appointment (Ms Xi Xi)</b></li> </ul>

Note:

1. Cash costs and realised prices excluding royalties and marketing fees

**With a portfolio of both hard rock and brine based lithium assets, Galaxy is well networked with key customers in the Asian lithium market**



## Operations have now reached steady state with **ramp-up and commissioning of the plant completed in April 2017**

- Mt Cattlin is a **spodumene** (lithium concentrate) and **tantalum** mining operation, located in Ravensthorpe, Western Australia
  - 100% owned by Galaxy
- **Only new independent producer and supplier of lithium concentrate in the market globally**, since the recent large and sustained increases in lithium prices
- Improved flow sheet design and upgraded process equipment driving substantial **efficiency gains and higher product quality**
  - Expanded throughput **capacity of 1.6Mtpa**
  - Improved spodumene grades (**5.77% Li<sub>2</sub>O achieved** on 2Q 2017 sales volumes)
  - Low mica content (**1.96% achieved** on 2Q 2017 sales volumes)
  - Initial target of 50% production yield (**61% achieved in June**)
- **Significant expected cash flows to Galaxy** from Mt Cattlin
  - **High margin operation** with current operating costs
  - Cash flows utilising c. A\$200m in unused tax losses
  - Low sustaining capex requirement

### Location



### Resource And Production Capacity<sup>1</sup>

Resource category	Tonnes	Li <sub>2</sub> O %	Ta <sub>2</sub> O <sub>5</sub> ppm
Measured	2,540,000	1.20	152
Indicated	9,534,000	1.06	170
Inferred	4,343,000	1.07	132
<b>Total</b>	<b>16,416,000</b>	<b>1.08</b>	<b>157</b>
Production capacity	1.6Mtpa		

Source: General Mining Announcement (2015.08.04)

Note:

1. Galaxy understands that all material assumptions underpinning the production target and financial information set out in the General Mining announcement released continue to apply and have not materially changed

# Mt Cattlin – Offtake & Production



**A total of 56,465 dry metric tonnes of lithium concentrate was produced in 1H CY2017; Nameplate throughput was achieved in April**

## Mt Cattlin Production Update

- Operations achieved full production levels during 2Q 2017
- Annualised production **run-rate achieved in June of >170ktpa**
  - Daily concentrate production **exceeded 500dmt on 16 days** (equivalent to an annualised run rate of >180ktpa)
- **Average recovery of 61% achieved in June**, well above budgeted 50% - 55%
- Average realised **price of US\$724/dmt<sup>1</sup>** for concentrate sales (2Q 2017)
- Average production cash costs of US\$393/dmt<sup>1</sup> of concentrate (2Q 2017)
  - Concentrate production cash costs of **US\$334/dmt<sup>1</sup> in June**
  - **Production costs expected to reduce** as steady state operations are maintained and further plant efficiencies are achieved
- Commenced evaluation for an ultra fines DMS circuit, secondary float re-crush circuit and a final product optical sorter targeting and increase in recoveries to 70%-75%

Note:

1. Excluding royalties and marketing fees

## Production Statistics

	1Q CY2017	2Q CY2017	
Ore mined (wmt)	233,193	303,394	↑30%
Grade (%)	0.96	1.12	↑0.16
Input Grade (%)	1.02	1.15	↑0.13
Spodumene produced (dmt)	23,467	32,998	↑41%
<b>Spodumene sold (dmt)</b>	<b>23,455</b>	<b>30,135</b>	<b>↑28%</b>

## Existing Offtake Agreements

- Major Chinese **customers established for spodumene offtake** which is the preferred feedstock for lithium converters
  - **120,000 tonnes of spodumene @ US\$830/t** (FOB, minimum 5.5% Li<sub>2</sub>O)
  - Additional US\$15/t for every 0.1% improvement in grade of Li<sub>2</sub>O delivered **resulting in an agreed price of up to US\$905/t for 6% lithium concentrate**
- 2016 offtake volumes fulfilled and concentrate shipments now realising 2017 prices

# Mt Cattlin – Operations Ramping Up



## Targeting further plant efficiencies to reduce operating costs and meet 2017 production targets; Additional drilling and exploration program underway

### Restart production and plant expansion

- ☒ Upgrade and expansion of processing facility
- ☒ Commissioning of expanded Mt Cattlin facility
- ☒ Recommencement of spodumene production in 4Q 2016

### First delivery and 2017 contracting

- ☒ 120kt of lithium concentrate sold at US\$830/t (FOB, 5.5% Li<sub>2</sub>O, pricing of US\$905/t at 6.0% Li<sub>2</sub>O) for delivery in 2017
- ☒ First shipment in January 2017 from Esperance Port

### Operational ramp-up, optimisation studies and exploration

- ☒ Plant throughput nameplate of 210tph achieved in April
- ☒ Fifth shipment complete – now realising 2017 pricing
- ☒ Production ramp-up to meet targeted run-rate of 160kt
- ☒ Regular monthly shipments scheduled
- ☐ Optimisation studies targeting to improve recoveries to 70% - 75%
- ☐ Brownfield and greenfield exploration drilling campaign

### Mt Cattlin mining operational ramp-up



**Fig. 1:** Mining operations at Mt Cattlin

**Fig. 2:** Lithium Concentrate loading at Mt Cattlin for transport to the Esperance Port

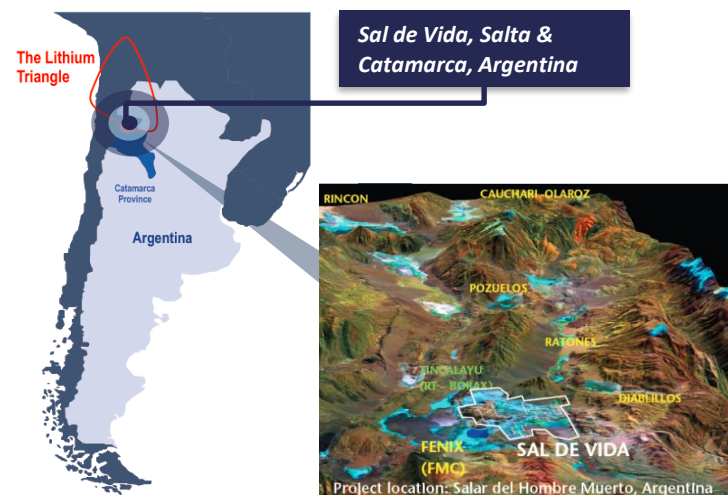
**Fig. 3:** Mt Cattlin operations



## One of the world's largest and highest quality undeveloped brine deposits with significant expansion potential

- A premier lithium and potash brine development project
  - 100% owned by Galaxy and fully permitted
  - Located between Salta and Catamarca Province in Argentina, in an area that is known as the 'Lithium Triangle'
- Lithium triangle home to >60% of global annual lithium production
  - Sal de Vida located on the same salar as FMC's Fenix operations
- Revised DFS reaffirms the technical superiority of Sal de Vida and potential for a highly profitable operation
  - Estimated **post-tax NPV<sub>8% real</sub> of US\$1.4bn**
  - Potential to generate **average annual revenues of US\$354m**
  - Potential to generate **average annual operating cash flow of US\$273m pre-tax (US\$182m post-tax)**
- Large mineral reserves to support long life annual production of **25ktpa of battery grade lithium carbonate and 95ktpa of potash**
- Brine projects have the advantages of **lower operational costs and greater ability to expand production facilities**
- Discussions advancing with offtakers and potential strategic partners

Location



Sal de Vida Reserve Estimates

Reserve category	Time period	Tonnes Li total mass	Tonnes equivalent Li <sub>2</sub> CO <sub>3</sub>	Tonnes K total mass	Tonnes equivalent KCl
Proven	1-6	34,000	181,000	332,000	633,000
Probable	7-40	180,000	958,000	1,869,000	3,564,000
<b>Total</b>	<b>40 years</b>	<b>214,000</b>	<b>1,139,000</b>	<b>2,201,000</b>	<b>4,197,000</b>

Source: Revised Sal de Vida DFS – August 2016. Assumes 500mg/L Li cut off

## Drilling for the first two production wells completed and the demo plant preparations are well underway

### Production Well Drilling

- ☒ First drill hole for planned production well completed (with pump tests yielding better than expected results with 25 litres per second brine flow, higher than DFS assumption)
- ☒ Second drill hole was also completed to a depth of 300m
- ☐ Pump test for second drill hole expected in September quarter

### Test Plant and Laboratory Construction

- ☒ Refurbishing and upgrade of treatment plant (pilot) was recently completed
- ☒ Design for temporary construction camp have been completed
- ☐ A purpose built laboratory will be deployed to site in the September quarter (to provide real-time testing and support ongoing activities)
- ☐ Final approvals expected in September quarter to commence refurbishment of camp

### Pre-production Evaporation Ponds

- ☒ RFIs have been issued to local service providers to design the pre-production ponds
- ☒ Discussions have commenced with major earthwork equipment vendors and contractors

### Funding and Strategic Partners

- ☒ Progressed discussions with potential JV partners to an advanced stage
- ☐ Currently advancing dialogue with a number of potential strategic partners and customers around project financing and offtake solutions

North Basin Drill Site



Test Evaporation Pond



## Revised DFS confirms low cost, long life and economically robust operation, with substantially improved economics compared to original study

- There were a number of catalysts for the revised DFS that have culminated in substantially improved project economics
- Improved lithium carbonate pricing environment
  - Base case price range of US\$11,000/t to US\$13,911/t, compared, to US\$5,895/t to US\$6,895/t in 2013 DFS
- Recent macro-economic/policy changes in Argentina
  - Elimination of export duties
  - Annual incentive rebate equivalent to 5% of  $\text{Li}_2\text{CO}_3$  export revenues due to operating in the Puna region
- Revised operating costs include updated prices and transportation costs for reagents, reduction of manpower and revision of transportation strategies for personnel and product/material onsite and out of the plant
  - Revised operating costs estimated to be US\$3,369/t before potash credits and US\$2,959/t after credits
- Option to defer capital investment on potash plant and related infrastructure, potential saving of US\$34m

### Definitive Feasibility Study Financials Comparison

Item	August 2016 <sup>1</sup>	April 2013 <sup>2</sup>	Change (%)
Lithium Carbonate Production	25,000tpa	25,000tpa	-
Potash Production	95,000tpa	95,000tpa	-
Project Life	> 40 years	> 40 years	-
Capital Costs <sup>3</sup>	US\$376m	US\$369m	+2%
Operating Costs (no potash credits)	US\$3,369/t LC	US\$2,889/t LC	+17%
Operating Costs (with potash credits)	US\$2,959/t LC	US\$2,200/t LC	+35%
Internal Rate Of Return (post-tax)	34.6%	19%	+16% (absolute) +82% (relative)
Payback Period (post-tax)	2 years 10 months	4 years 7 months	Less 1 year 9 months
Average Annual Revenues <sup>4</sup>	US\$354m	US\$160m	+121%
NPV <sub>8% real</sub> (post-tax)	US\$1,416m	US\$565m	+151%
NPV <sub>10% real</sub> (post-tax)	US\$1,043m	US\$380m	+174%
<b>NPV<sub>8% real</sub> (post tax) @ AUD/USD 0.75</b>	<b>A\$1,888m</b>	<b>A\$753m</b>	<b>+151%</b>
<b>NPV<sub>10% real</sub> (post-tax) @ AUD/USD 0.75</b>	<b>A\$1,391m</b>	<b>A\$506m</b>	<b>+174%</b>

#### Notes:

1. Original DFS released 12 April 2013
2. Revised DFS released 22 August 2016
3. Inclusive of capital costs associated with the potash production facility
4. Pricing scenarios assume the following ranges throughout the life of the project for battery grade lithium carbonate and potash:  $\text{Li}_2\text{CO}_3$  – US\$11,000 to US\$13,911 and KCl US\$220 flat

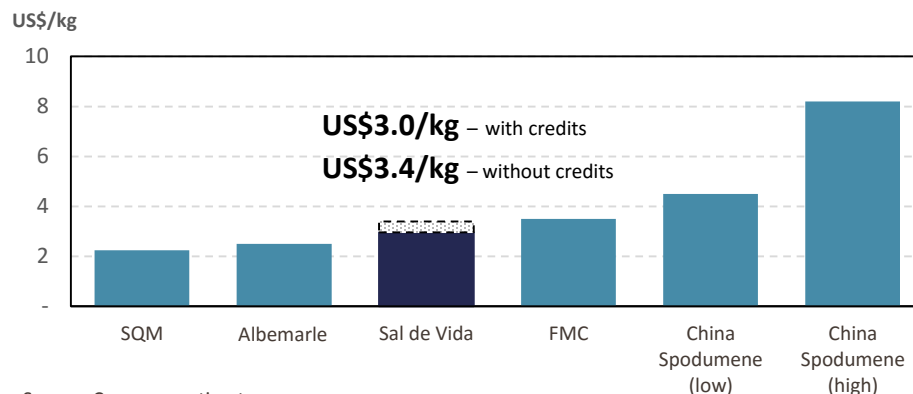
# Sal de Vida – Competitive Cost Position



## The premier lithium development globally, with a competitive cost position and one of the world's best brine chemistry and impurity profiles

- **Leading brine chemistry that will produce 100% battery quality lithium carbonate**
  - Low magnesium (Mg); a low Mg/Li ratio reduces costs and yields higher quality end product
- **Very competitive positioning on the lithium producer cost curve**, even with no potash credits assumed
  - High potassium yields **significant potash credits**, reducing operating costs
- Sal de Vida will adopt a **conventional approach with evaporation ponds and processing**
- SQM produces lithium as a by-product and thus some brine costs are charged to potash
- The **processing of brine at Sal de Vida, SQM and ALB is similar** with some adjustments in processing steps due to different brine composition
  - FMC has a different brine processing technology

Estimate of Sal de Vida operating costs vs. currently producing brine and hard rock projects (US\$/kg)<sup>1</sup>



Source: Company estimates

### Sal de Vida resource and brine chemistry

Resource	7.2Mt LCE (lithium carbonate) 28.8Mt KCl (potassium chloride)
Reserve	1.1Mt LCE 4.2Mt KCl
Grade/Chemistry	810mg/l Li 9,100mg/l K 11.2 K/Li ratio 12.1 SO <sub>4</sub> /Li ratio 2.4 Mg/Li ratio

**Potassium/lithium ratio provides for potash credits**

**Low magnesium/lithium ratio yields higher quality end product**

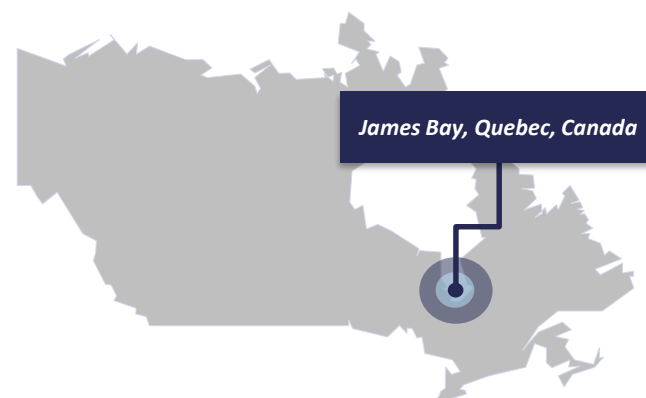
Notes:

1. China Spodumene (low) assumes cash cost of Talison, plus transportation and best China conversion costs

## The project provides a **valuable option for capitalising on long term lithium demand growth**, and the potential to supply the North American market

- Lithium pegmatite project located in James Bay, Québec, Canada
  - 100% owned by Galaxy
  - Strategically located in a mining friendly jurisdiction with a low cost of energy and good infrastructure nearby
- Extensive US\$2.8m exploration and development program underway
  - New **diamond drill program will almost triple the aggregate 14,000m drilled so far** on the project
  - Drilling expected to **upgrade existing ore resources to reserves**, explore identified pegmatites not previously drilled and to further understand resource geology
- **Revised DFS commenced**; study work expected to take 6-9 months
  - DFS work will take advantage of Mt Cattlin experience to draw synergies for engineering and process flow sheet design
- DFS work will include pilot-plant scale metallurgical testing and a **site evaluation for potential downstream conversion facility** in Québec
  - Metallurgical test work conducted in 2012 produced spodumene grades of 6.53% Li<sub>2</sub>O at a 75% lithium recovery rate

### Location



### James Bay Resource Estimate

Resource category	Tonnes	Li <sub>2</sub> O %
Indicated	11,750,000	1.30
Inferred	10,470,000	1.20
<b>Total</b>	<b>22,220,000</b>	<b>1.28</b>

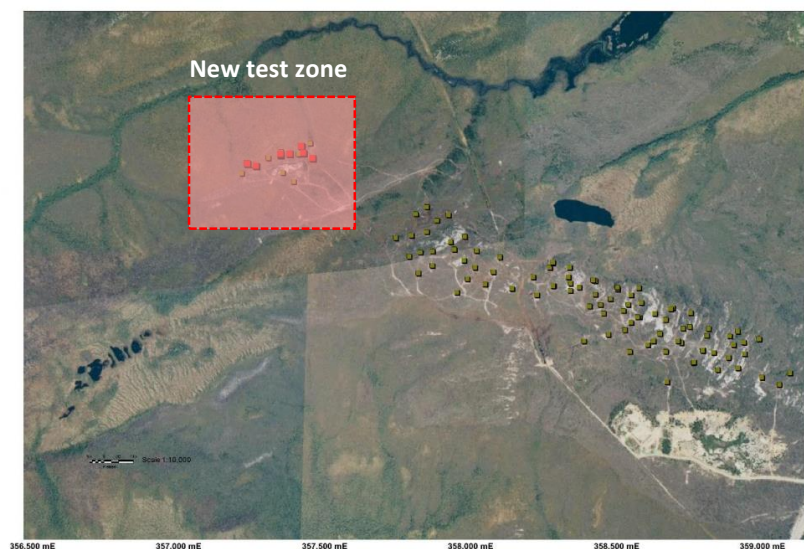
Source: Refer Galaxy Resources Announcement (2012.07.05)

## Drilling at James Bay is being undertaken to reinforce the scale of the pegmatite and the significant potential for resource increases

### Drilling Results

- 31,000m diamond drilling program was commenced aiming to extend the existing resource
  - Phase 1 (20,245m) completed in June quarter
  - Phase 2 (10,755m) expected to completed end of July 2017
- Three drill holes discovered two new pegmatite dykes, bringing the total pegmatite swarm at James Bay to 33
- The current ore resource for James Bay (22.2Mt @ 1.28% Li<sub>2</sub>O) dated back to 2010
  - Data from current drilling program will allow for an update to these resources
  - The updated resources will be included in the final feasibility study
- The first ten drill holes of the Phase 1 program returned significant intercepts including:
  - Drill hole JBL17-04, from 73.17m, 38.8m @ 1.65% Li<sub>2</sub>O
  - Drill hole JBL17-08, from 12.85m, 48.1m @ 1.56% Li<sub>2</sub>O
  - Drill hole JBL17-07, from 138.45m, 38.1m @ 1.50% Li<sub>2</sub>O
  - Drill hole JBL17-11, from 118.9m, 48.6m @ 1.64% Li<sub>2</sub>O

### New and Existing Drill Hole Collars at James Bay



**High grade drilling results expected to increase overall resource grade in upcoming update**

# James Bay – Development & Exploration Program **GALAXY**

**Phase 2 drill program expected to be completed by the end of July, and DFS works advancing, borrowing experience and learnings from Mt Cattlin**

**Drilling  
program and  
environmental  
studies**

## **James Bay Corporate**

- ☒ Capital raising completed to fund development program
- ☒ James Bay development team established

## **Diamond Drill Program**

- ☒ Phase 1 in-fill/extensional drilling program
- ☐ Phase 2 in-fill/extensional drilling program
- ☐ Upgrade mineral resources and define ore reserve
- ☐ Map out pegmatites on the east side of the Matagami-Radisson Highway for drilling later in the year, following the snow melt

## **Environmental Permitting**

- ☐ Environmental and Social Impact Assessment (ESIA) – Phase 1

## **Definitive Feasibility Study Works**

- ☒ Bulk sampling of existing stockpiles
- ☐ Test run concentrate samples through partner conversion facility to produce lithium chemical final product
- ☐ Pilot-plant scale metallurgical test work
- ☐ Update project resources/reserves in line with new data collected
- ☐ Site evaluation for downstream conversion facility

**Definitive  
Feasibility  
Study**

*Site works underway*



*Diamond rig at James Bay*



## Optimisation of Mt Cattlin operations and accelerating development works have Galaxy primed to take advantage of continued growth in the lithium market

### **MT CATTLIN**

*Production & ramp up*

- Focus on production ramp up and processing optimisation to maximise 2017 lithium concentrate production volumes
- Commenced extensive brownfield and greenfield exploration targeting mine life extension

### **SAL DE VIDA**

*Field work, offtake & project financing*

- Site works commencing, including commencement of demo plant program
- Discussions advancing with offtake and strategic partners
- Advancing project financing evaluation and discussions

### **JAMES BAY**

*Project development*

- Complete the exploration and development program, including comprehensive diamond drill program to upgrade existing resource to reserves
- Revised DFS has commenced, drawing on Mt Cattlin experience for study acceleration

### **MACRO**

*Robust lithium demand*

- Continued strong growth in demand for lithium, led by increase in NEV sales and adoption rates in China, as well as robust growth other markets
- Lagged response from supply side of both lithium compounds and concentrate feedstock, increased pricing levels being sustained

## APPENDIX

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### Board, Senior Management Team, and the Lithium Market

## Galaxy's Board provide high quality strategic, governance and financial oversight

- Martin Rowley and Anthony Tse have overseen **over A\$500m of debt restructuring, M&A and financing for Galaxy within the last 4 years, without the need for external advisors**
- Recent additions to the Board have **increased the depth and breadth of the Galaxy Board's skills and experience**

### **Martin Rowley – Independent Non-Executive Chairman**

- Co-founder and former Executive Director of First Quantum (TSX:FM)
- First Quantum is among the largest copper production companies in the world with a market cap of C\$9.9bn
- Non-Executive Chairman of Forsys Metal Corp (TSX: FSY)
- Previously Non-Executive Chairman of Lithium One Inc. (acquired by Galaxy in July 2012)

### **John Turner – Independent Non-Executive Director**

- Leader of Fasken Martineau's Global Mining Group, a leading international law and litigation firm that has been ranked #1 globally 8 times since 2005 (including 2016)

### **Xi Xi – Independent Non-Executive Director**

- Served the last 4 years as a Director of Sailing Capital, a private equity group with US\$2bn of assets under management
- Former portfolio manager at New York based Tigris Financial Group, focused on corporate opportunities in the natural resources sectors
- Former Non-Executive Director of Zeta Resources (ASX:ZER)

### **Anthony Tse – Managing Director**

- 20+ years corporate experience in high growth industries, including technology, media and resources
- Extensive senior management experience in corporate strategy and development, M&A, capital markets
- Former Director Corporate Development at Hutchison Whampoa's TOM Group (HKSE:2383), Deputy General Manager of TOM Online (NASDAQ:TOMO), President of CETV and CEO of CSN Corp.

### **Jian-Nan Zhang – Independent Non-Executive Director**

- Deputy General Manager of Fengli Group, a subsidiary of a leading private Chinese industrial group

### **Peter Bacchus – Independent Non-Executive Director**

- Chairman and CEO of Bacchus Capital Advisors, a M&A and merchant banking boutique based in London
- 20+ years' investment banking experience, as former Head of Investment Banking at Jefferies, Global Head of Metals & Mining at Morgan Stanley and Head of Investment Banking, Industrials and Natural Resources at Citigroup
- Non-Executive Director of NordGold (LSE: NORD), and Gold Fields (JSE: GFI)

## Galaxy's senior management provides the **skills, experience and passion** required to develop lithium projects

- Senior management and key employees have **successfully developed lithium projects into production** and have established customer relationships in key Asian markets

<b>Alan Rule</b> <i>Chief Financial Officer</i>	<ul style="list-style-type: none"> <li>+20 years experience as a CFO in the mining industry, with considerable experience in international debt and equity financing</li> <li>Former CFO of Sundance Resources (ASX:SDL), Paladin Energy (ASX:PDN), Mount Gibson (ASX:MGX), and St Barbara (ASX:SBM)</li> </ul>
<b>Mark Pensabene</b> <i>Chief Operating Officer</i>	<ul style="list-style-type: none"> <li>+20 years experience in the mining operations and project management</li> <li>Former General Manager of Monadelphous Group, with key involvement in project operations and infrastructure construction</li> </ul>
<b>Nick Rowley</b> <i>Corporate Development</i>	<ul style="list-style-type: none"> <li>Substantial experience in corporate advisory, M&amp;A and equity markets as a former Investment Advisor at Bell Potter</li> <li>Current Non-Executive Director of Cobalt One (ASX:CO1) and Titan Minerals (listing shortly)</li> </ul>
<b>John Saunders</b> <i>Secretary &amp; General Counsel</i>	<ul style="list-style-type: none"> <li>Senior corporate lawyer with +20 years experience across top tier law firms and international resources companies</li> <li>Broad experience in corporate governance, international M&amp;A, contract negotiation and implementing resources projects</li> </ul>

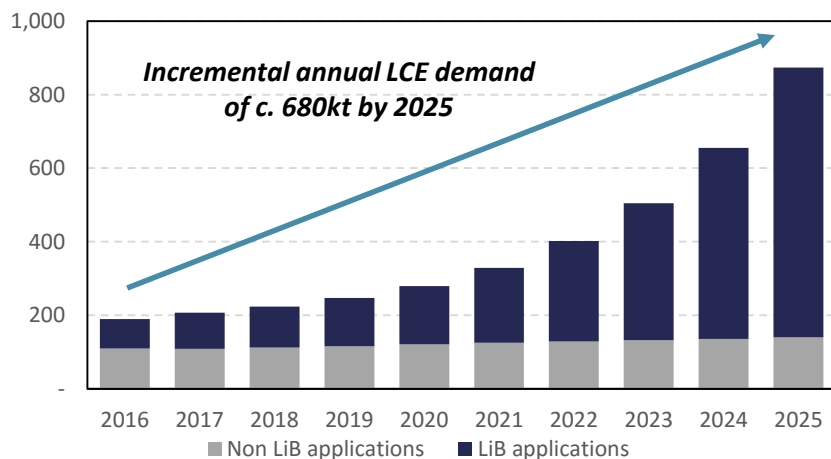
**Sal de Vida Development Team Leaders** – 200 years of combined industry experience, including with the leading global lithium producers, **Galaxy hopes to build a team of similar quality and experience in Canada for the development of James Bay**

<b>Mr Vijay Mehta</b>	Former head of Product and Process Development at FMC, producing a number of lithium products (e.g. Li <sub>2</sub> CO <sub>3</sub> , LiOH)
<b>Mr Marcelo Bravo Veas</b>	Extensive experience in plant construction and operation, including as Chief of Process Engineering at SQM's Salar de Atacama
<b>Mr Daniel Chavez Diaz</b>	Former Managing Director at FMC's operations in the Salar del Hombre Muerto
<b>Mr Pedro Pavlovic Zuvic</b>	Over 40 years of experience as a process expert in lithium and potassium extraction, including at Rockwood, SQM and FMC
<b>Mr Mario Portillo</b>	Extensive experience engineering large scale industrial projects, including FMC's Li <sub>2</sub> CO <sub>3</sub> plant at Salar del Hombre Muerto
<b>Mr Rodolfo Garcia</b>	28 years of experience modelling geology and hydrogeology of numerous lithium brine projects in Argentina

## Significant further supply side expansion required to meet continued rapid growth in demand from battery and energy storage applications

- Continued strength in lithium carbonate and lithium hydroxide prices is a clear indication that demand growth is sufficiently strong to cater for increased supply output
- Mt Cattlin, Mt Marion, La Negra 2, Pilgangoora and Tianqi's Kwinana are the only new supply pipeline projects that are fully funded to date to support expected 430kt – 700kt LCE incremental annual demand by 2025
  - Further supply response expected to be slow as development pipeline is undercapitalised and projects have the potential for delays and budget overruns
- Therefore supply and demand balance expected to remain tight until at least 2020, encouraging a robust pricing outlook

**Lithium Carbonate Demand (kt LCE)**

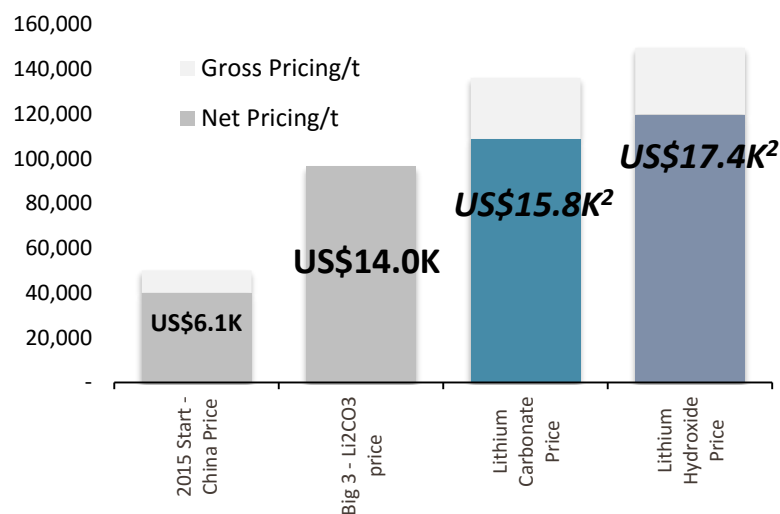


Source: UBS, Goldman Sachs, Company estimates, CJ Securities

Notes:

1. BG  $\text{Li}_2\text{CO}_3$  and LiOH prices are current as at May 2017

**Lithium Carbonate Price Comparison (RMB/t)<sup>1</sup>**



# New Energy Vehicle Growth In China



## 1H 2017 was another record breaking half year with 212k New Energy Vehicles (NEV) produced in China, representing 20% growth year-on-year

- **For passenger vehicles produced in 2016:** Battery Electric Vehicle (BEV) YoY volume growth was 73% and Plug-In Hybrid Electric Vehicle (PHEV) YoY volume growth was 30%
- **For commercial vehicles produced in 2016:** BEV YoY volume growth was 50% and PHEV YoY volume growth was 23%

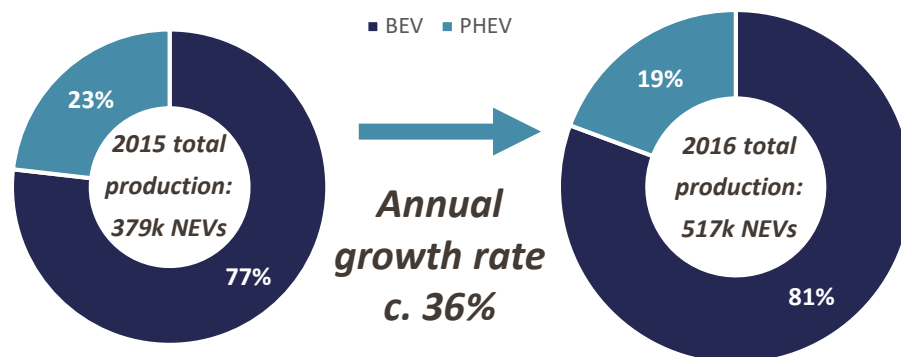
### 2017 YTD NEV Unit Production<sup>1</sup>

NEV model	1Q 2017	2Q 2017
BEVs	47.9k	128k
PHEVs	10.3k	26k
Total	58.2	154k

*Quarter-on-quarter growth: +167%*

*Year-on-year growth: +20%*

### 2015 and 2016 Breakdown Of New Energy Vehicle Production In China



### Targeting NEV Stock Of 5 Million Vehicles By 2020

- Forecast production of 2 million NEVs p.a in 2020 (implied additional LCE demand 80kt)<sup>2</sup>
- Forecast production of 7 million NEVs p.a in 2025 (implied additional LCE demand 280kt)<sup>2</sup>
- Large commercial vehicle market in China that is also converting to electric, including heavy vehicles applications, such as buses, trucks and delivery vans

Source: CAAM, CJ Securities

Note:

1. BEVs = Battery Electric Vehicles, PHEV = Plug-In Hybrid Electric Vehicles
2. Assumed average size of lithium ion battery of 50kWh and LCE demand per EV of 0.8kg/kWh

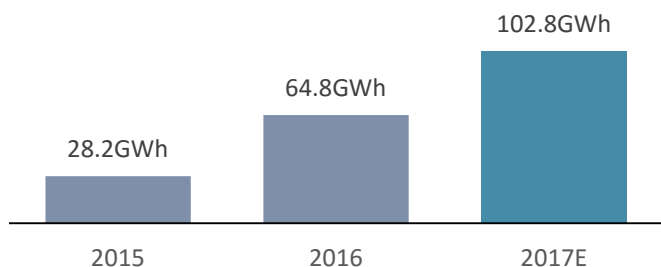
**Projected 2017 production of c. 731k vehicles, which (if achieved) is equivalent to another 41% growth YoY**

# China Battery Production Capacity



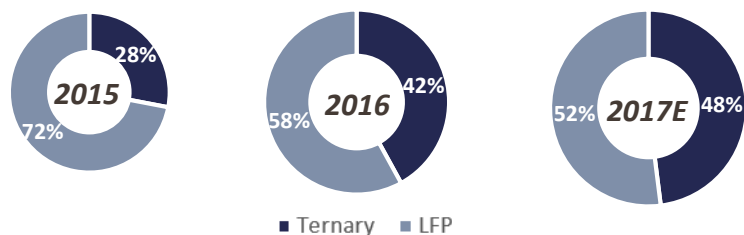
## Growth in lithium-ion battery (LiB) production capacity driven by expansion of NEV battery manufacturing facilities

NEV Battery Manufacturing Capacity Expected To Grow Almost 4x Over 3 Years



**Total planned NEV battery manufacturing capacity expected to double from 2017E levels by 2020**

NEV Battery Cathode Mix Transitioning From LFP to Ternary



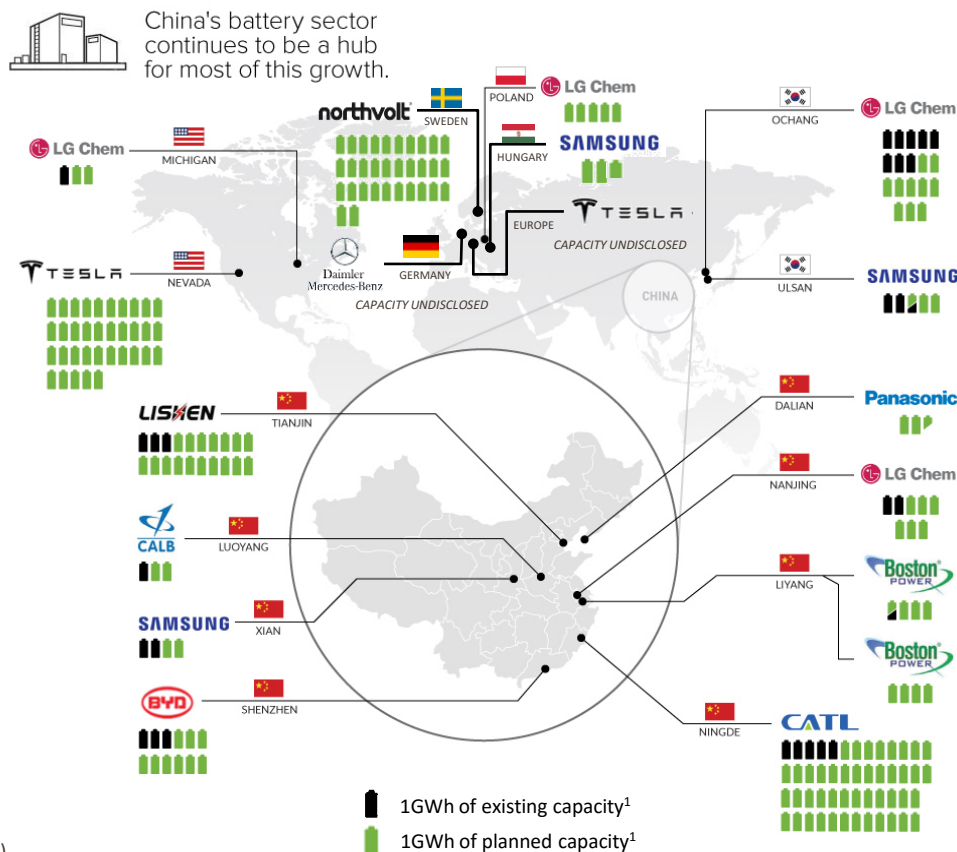
**By 2020, projected NEV cathode mix to reach an estimated 85%/15% mix between ternary and LFP**

Source: Benchmark Minerals, Company Disclosure, Bloomberg, CJ Securities

Notes:

1. LFP = Lithium Iron Phosphate, Ternary cathodes include Nickel Cobalt Manganese (NCM) and Nickel Cobalt Aluminum (NCA)

Planned Construction/Expansion Of Selected Gigafactories



# Growth Initiatives Throughout The Value Chain



Structural changes in electrification of transportation and continued policy and regulation support is **accelerating investment along the lithium value chain**

## Lithium-Ion Battery Value Chain

### Upstream

#### Raw Materials



Upstream resources integrated with downstream conversion



Greenbushes<sup>1</sup>



Mt Marion<sup>1</sup>

Source: Company disclosure

Notes:

1. Owned by Chinese converters who have exclusively locked up production output

#### Lithium Chemicals Converters



Limited independent feedstock – major converters investing into spodumene projects

*Major expansions planned over next 3 years from existing producers, estimated to add 100kt+ LCE in conversion capacity*

#### Cathode Producers



China cathode capacity rapidly expanding – mix also trending away from LFP to ternary

*Certain producers targeting up to 100kt of expanded cathode material production capacity by 2020*

### Downstream

#### LiB Manufacturers



Lithium battery manufacturing capacity also expanding to meet rapid demand growth from NEV sector

*NEV LiB production expected to at least double 2017 levels to over 200GWh by 2020*

# Competent & Qualified Persons' Statement



## Competent Person Statement

### Sal de Vida

Any information in this report that relates to the estimation and reporting of the Sal de Vida Project Mineral Resources and Mineral Reserves is extracted from the report entitled "Sal De Vida: Revised Definitive Feasibility Study Confirms Low Cost, Long Life and Economically Robust Operation" created on 22 August 2016 which is available to view on [www.galaxylithium.com](http://www.galaxylithium.com) and [www.asx.com.au](http://www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources and Mineral Reserves estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

### James Bay

The information in this report that relates to the estimation and reporting of the James Bay exploration results is extracted from the announcement entitled "James Bay Update: Drilling Campaign Delivers Thick, High Grade Results" created on 27 June 2017 which is available to view on [www.galaxylithium.com](http://www.galaxylithium.com) and [www.asx.com.au](http://www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the exploration results in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The information in this report that relates to Mineral Resources at the James Bay Project is based on work completed by Mr James McCann, who is a Member of the Ordre des Geologues du Quebec, a Recognised Overseas Professional Organisation. Mr McCann is a full time employee of Galaxy, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McCann consents to the inclusion in the report of the matters based on his information in the form and context it appears. This information was prepared and first disclosed under the JORC Code 2004 and it has not been updated since to comply with JORC code 2012 on the basis that the information has not materially changed since it was last reported.

### Mt Cattlin

The information in this report that relates to the estimation and reporting of the Mt Cattlin Project Mineral Resources and Mineral Reserves is extracted from the report entitled "Mt Cattlin Update: Revised Resource & Reserve Statement" created on 4 August 2015 published by General Mining Limited (ASX: GMM) which is available to view on [www.asx.com.au](http://www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement made by GMM. The Company understands that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

### 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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