GALAXY RESOURCES LIMITED

DB Lithium-Ion Battery Supply Chain Conference

November 2017

ASX: GXY

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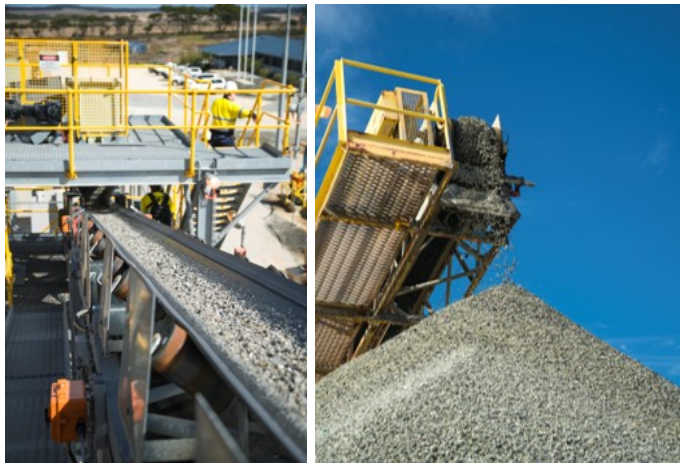
Galaxy Overview

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

Corporate Snapshot

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

Financial Information (2017.11.14)

Share price	**A$4.02**
Number of shares (undiluted)[1,2]	403.3m
Market Capitalisation	**A$1,621.4m**
Cash (30-Sep-17)	A$57.4m
Debt (30-Sep-17)	A$8.5m
Net cash (30-Sep-17)	A$48.9m
Enterprise Value	**A$1,572.5m**

Source: IRESS

Notes:

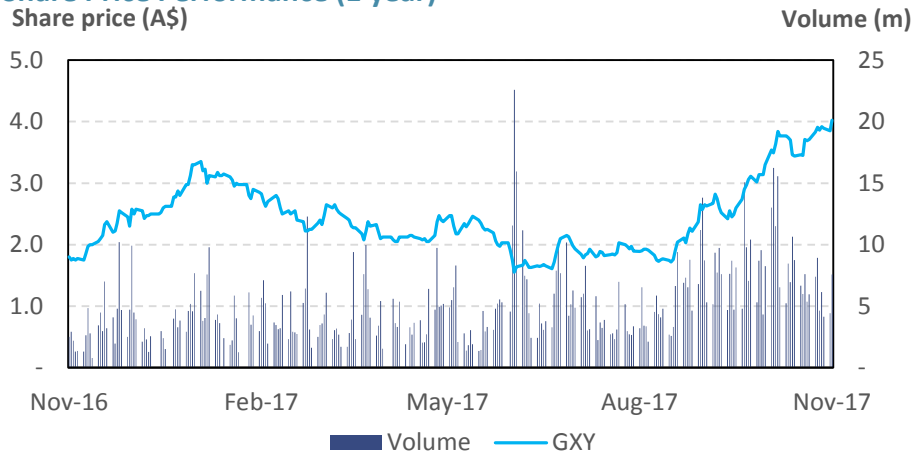
1 *Excludes 19.6M unlisted options on issue at various vesting and expiry dates with exercise prices between A$0.365 and A$2.78*

2 *Excludes 5.0M share appreciation rights*

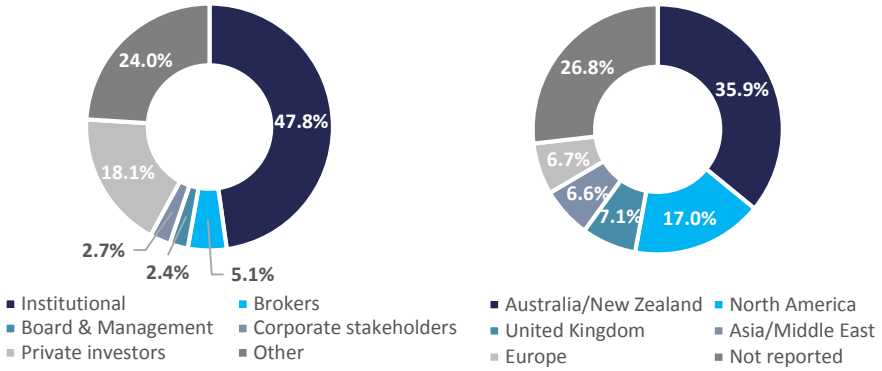
Top Shareholders (30 Oct 2017)

Investor	%
Blackrock Group	6.3%
Ausbil IM	5.3%
Board and Management	2.4%
Top 20 shareholders	39.4%

Share Price Performance (1 year)

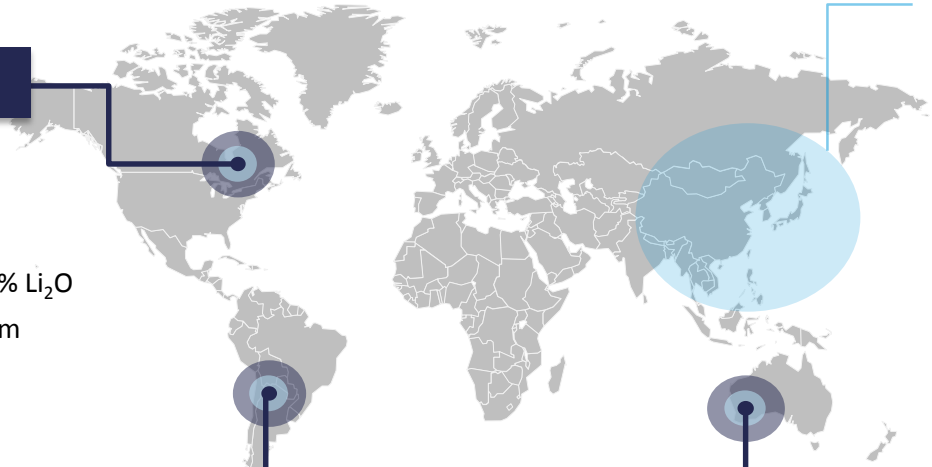


Shareholder Type and Geographical Breakdown (30 Oct 2017)



Diverse Asset Portfolio

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



James Bay, Quebec, Canada – Hard Rock

- 100% owned
- Lithium hard rock development
- Resource of 23Mt at 1.2% Li_2O
- Extensive drilling program completed in August; feasibility underway

Sal de Vida, Salta & Catamarca, Argentina – Brine

- 100% owned
- Lithium and potash brine reserves of 1.1Mt LCE, 4.2Mt KCl
- Formal revision of DFS completed in 3Q 2016
- 2 production wells complete; financing and offtake discussions advancing
- Lithium hydroxide sub-circuit study underway

Mt Cattlin, WA, Australia – Hard Rock

- 100% owned
- Resource of 16Mt at 1.08% Li_2O and 5.7Mlbs Ta_2O_5
- Throughput capacity expanded to 1.6Mtpa
- Plant ramp up and commissioning complete
- c.104kt of lithium concentrate produced in the first 3 quarters of 2017

Lithium value-adding production heavily concentrated in Asia – current and future capacity anticipated to continue to be dominated by China

- ***Current commissioned and planned capacity – 85% still expected to be in Asia***
- ***China produces >50% of global lithium cathodes***
- ***Galaxy uniquely positioned, having historically served 40+ customers in the battery materials as a result of its former Jiangsu operations***

Source: Bloomberg New Energy Finance

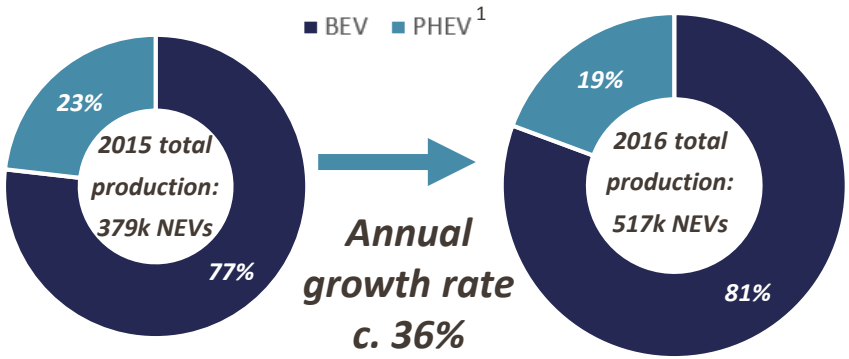
Market Review

Lithium Sector Growth Dominated By China

China is the largest consumer of lithium chemicals (c.87kt LCE vs Japan c.25kt / South Korea c.20kt LCE 2016), driven by growth in New Energy Vehicles ("NEV")

- **"Medium to long term plan for the auto industry" (2025 plan):** details how China plans to strengthen its domestic auto industry and expand global exports of NEVs
  - — Forecast production of 2 million NEVs p.a. and targeted NEV stock of 5 million vehicles in 2020
  - — Targeted 20% NEV penetration in 2025 (c. 7 million NEVs p.a. out of total projected production of 35 million vehicles)
  - — At 7 million vehicles pa, implies **additional demand 280kt[2] LCE by 2025**
- **Supportive policy:** A NEV quota scheme for all auto manufacturers in China, economic incentives for the consumer and changes in consumer preferences countering subsidy reduction effect, support for growth and investment in lithium battery sector

Breakdown of New Energy Vehicle Production in China



2017 YTD NEV Unit Production[1]

NEV model	H1 2017	Q3 2017
BEVs	176.1k	171.9k
PHEVs	36.1k	39.9k
Total	**212.2k**	**211.8k**

2017 YTD NEV Production @ 424k

YTD YoY growth of 40.2%

Source: CAAM, CJ Securities

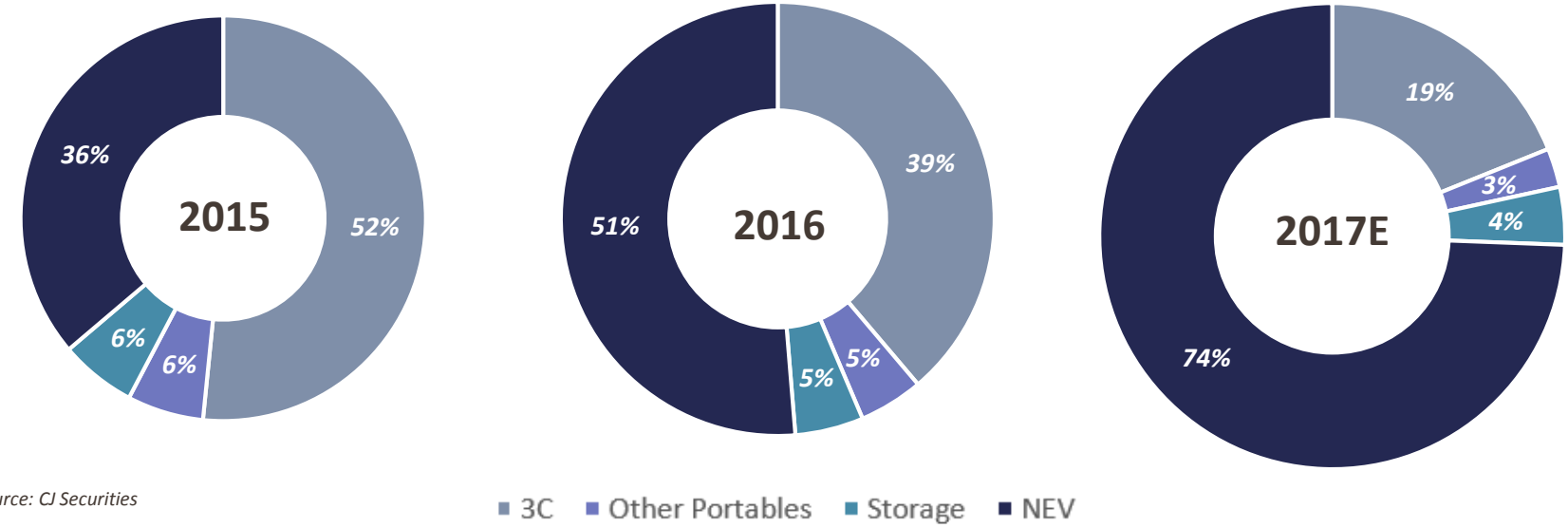
Notes:

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 pf 0.8kg/kWh

China Lithium-Ion Battery ("LiB") Consumption

Lithium-ion battery applications transitioning from being predominantly dominated by consumer electronics ("3C") to new energy vehicles ("NEV")

Lithium-Ion Battery Consumption Mix



Source: CJ Securities

Cathode Chemistry Transition

NEV Adoption Not Reliant On Subsidies

China continues its leading investment into NEVs and has introduced a number of policy measures aimed at continuing to encourage uptake

Government Policy & Investment

- **Committed domestic investment** – Committed build out of a nationwide charging infrastructure to support 5 million NEVs by 2020
- **Mandatory NEV targets** – Government initiating credit system encouraging auto manufacturers to target NEV production percentages of 8%, 10% and 12% over the next 3 years
- **Plans to completely phase out ICE production** – Penalties for manufacturers exceeding certain production thresholds

China Licensing Restrictions

- Certificate of entitlement (COE) required for car purchase
  - — Cost of a COE in Shanghai for an internal combustion engine (ICE) vehicle: US$15k for an individual; US$30k for a company
- **In Beijing (BJ) and Shanghai (SH):**
  - — The right to purchase an ICE vehicle is subject to a lottery
  - — Success rates: 4% (SH); 0.2-0.3% (BJ)
- Driving restrictions for ICE vehicles

- ***NONE OF THE ABOVE RESTRICTIONS FOR PROSPECTIVE NEV OWNERS***

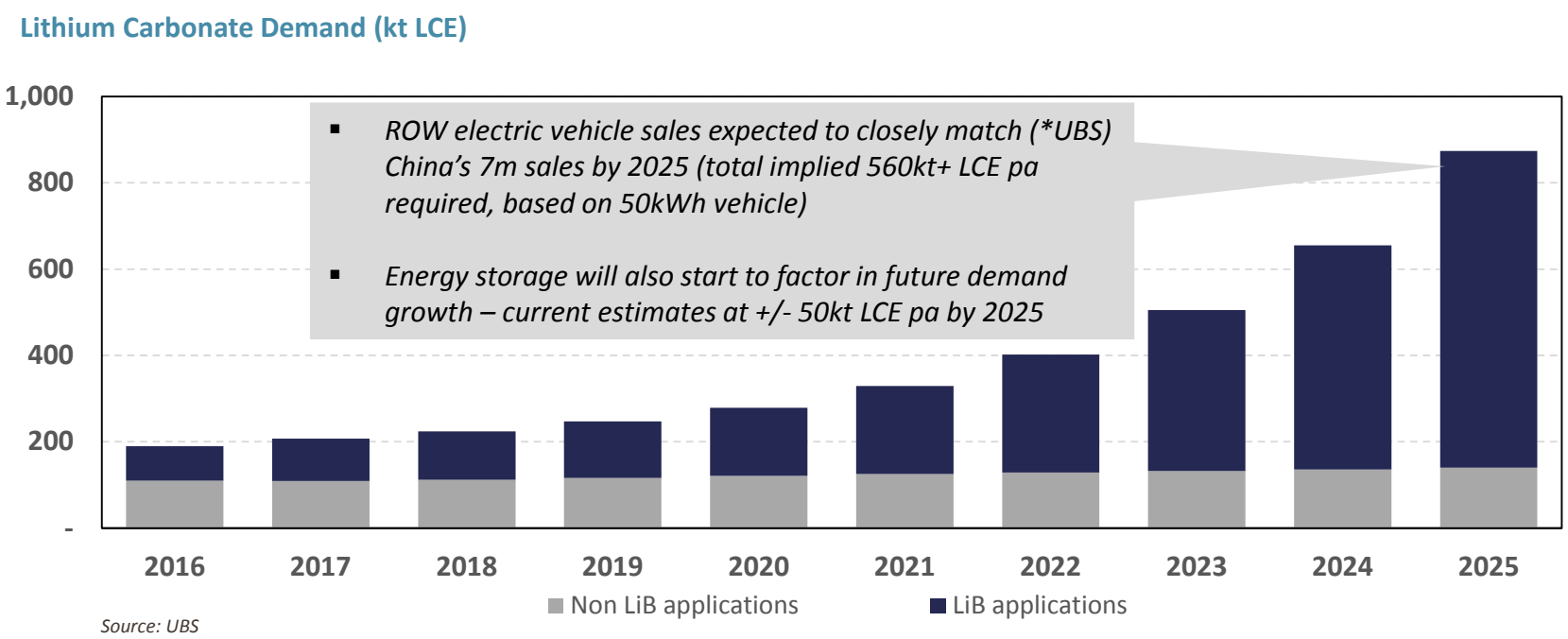
Shanghai license plates used to distinguish between car types

Blue plates: ICE vehicles

Green plates: NEV vehicles

Global Lithium Demand – Not Just China & EVs

Lithium demand expected to grow 4x from historical c. 200kt LCE in 2016 to over 800kt LCE by 2025



Source: UBS

Lithium industry needs to bring online 600kt+ of incremental supply (equiv. circa +70kt growth p.a.) to meet demand balance – major challenges include number of "shovel-ready" projects to fund into production and capital available to finance those projects

Automaker Strategy & Government Policies

Both Automakers and Governments are setting aggressive strategies and targets which will continue to support increase in adoption of EVs

Automaker Targets

VW	Plans to launch **30 new EV models by 2025 and to be 25% of total sales in 2025**
HONDA	Intention to release dedicated EVs in China in 2018
VOLVO	All new models will have **full or partial electric engines by 2019**
BMW	Plans to offer **25 electrified models, with 12 fully BEVs, by 2025**
JAGUAR	Stated that their **new models from 2020 will be electric**
GM	Plans to introduce 2 new EVs in the next 18 months, and the **at least 20 new "all electric vehicles" by 2023**
TESLA	Model 3 launched in July 2017, the company is **targeting 20k/month production in December**
NISSAN	Introduction of Leaf full model change in **Sep 2017** aimed at millennial market
RENAULT	Electrified fleet to include **8 pure electric vehicles and 12 electrified models**

Source: Company data, Goldman Sachs Global Investment Research

Government Policies

EU	European Commission proposes to reduce vehicles' CO_2 emissions by 30% by 2030 No more sales of internal combustion engines (ICE) from 2040 (France/UK) or 2025 (Netherlands)
China	Introducing a significant cap and trade mechanism that forces local car manufacturers to meet quotas of EVs
India	EV penetration target of 40% in 2032
Norway	Ban sales of gas and diesel cars by 2025
USA	US$7,500 federal subsidy + ZEV regulation
Japan	US$100 subsidy per kWh battery

Source: Government websites, Goldman Sachs Global Investment Research

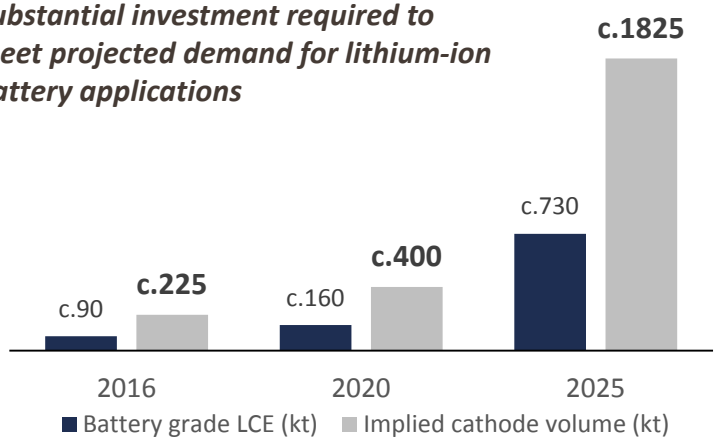
Impact On Required Cathode Capacity

Continued investment in cathode production capacity expansion required to facilitate growth alongside the expected demand growth for LiB applications

- Demand growth in lithium ion battery applications to place strong pressure on supply of cathode materials
  - — Majority of new expansions are focused on high-end cathodes for automotive batteries
- Due to enhanced energy density demands, growth in automotive battery demand is driving ternary (NCM) and NCA cathodes to become the increasingly dominant chemistries
- Consumer electronics to uphold demand for LCO, potential switch to ternary chemistries if cobalt supply becomes problematic

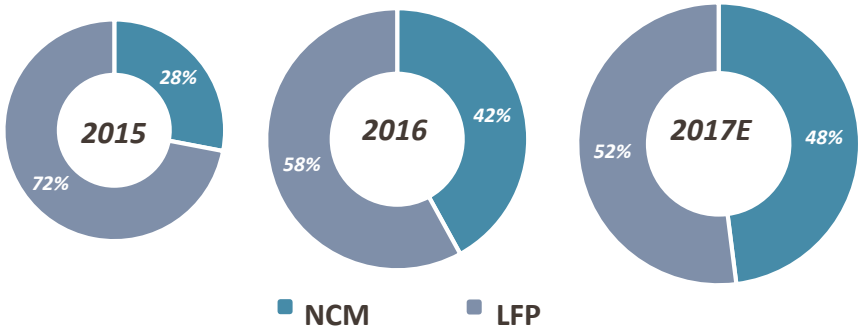
Implied Cathode Demand (Based On Battery Grade LCE)[1]

Substantial investment required to meet projected demand for lithium-ion battery applications



China NEV 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: UBS, Benchmark Minerals, Company Disclosure, Bloomberg, CJ Securities

Notes:

1. Battery grade LCE demand based on UBS estimates; Implied cathode volume assumes that the average LCE intensity per tonne of cathode is 0.4
2. LFP = Lithium Iron Phosphate, NCM = Nickel Cobalt Manganese

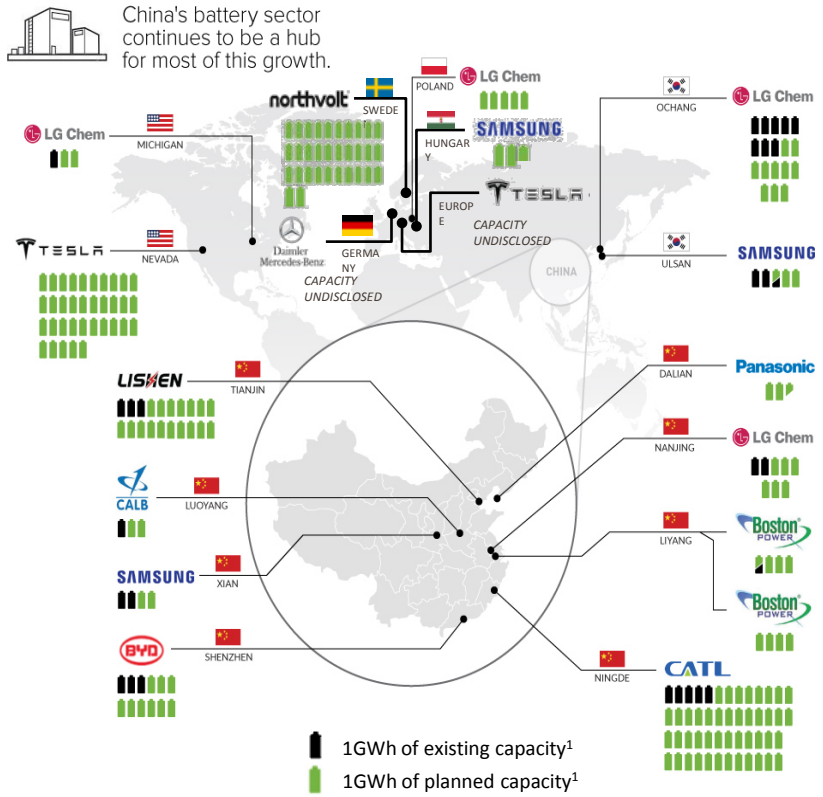
Growth Initiatives Throughout The Value Chain

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

Announced Expansions of Cathode Producers

umicore	*€300m investment committed to cathode capacity*
当升科技 EASPRING	*Plans to expand capacity from 8ktpa in 2016 to 31ktpa in 2020, mainly for NCM*
BASF We create chemistry	*€400m commitment to build cathode production facilities in Europe*
Panasonic / SUMITOMO METAL MINING CO., LTD	*¥4bn investment to increase cathode capacity by c.12ktpa*

Planned Construction/Expansion Of Selected Gigafactories



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

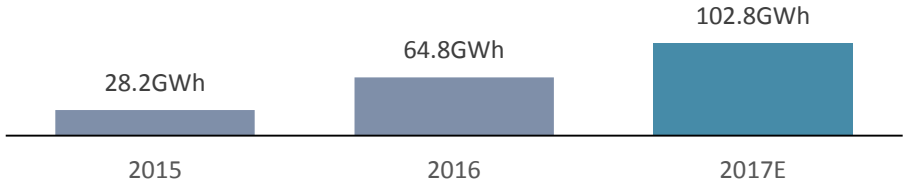
Global Investment In LiB Manufacturing

Significant investment is being made into increasing global battery manufacturing capacity, driven primarily by China

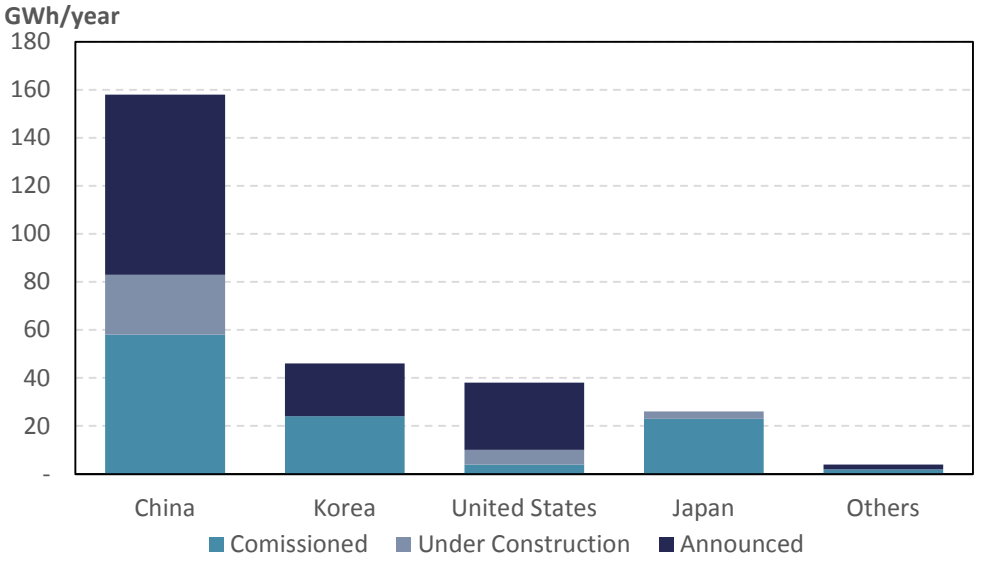
- **China vs ROW:** China has a total c.160GWh of capacity vs ROW aggregate capacity of c. 120GWh
  - **Represents 57% of global capacity** announced to date
- **LCE Required:** If fully utilised today, a total of 280GWh capacity will use **224kt LCE of battery grade material vs only c.90kt LCE** of material that was used in batteries in 2016
- **Capital Investment:** Using the Tesla Gigafactory **capital intensity of c.US$150m/GWh**, this equates to an estimated **US$40B+ of investment capital** to build out global lithium battery manufacturing capacity

Lithium-Ion Battery Manufacturing Capacity

Capacity expected to grow 2x from 2017E levels to 2020



Global Breakdown of Lithium-Ion Battery Project Capacity



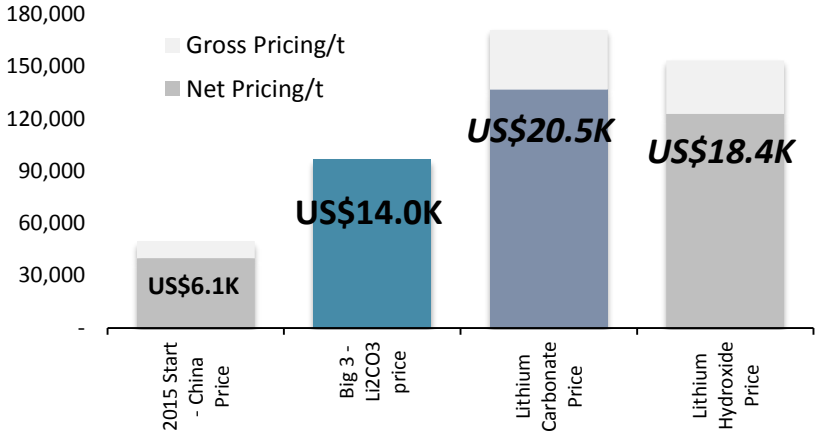
Source: Benchmark Minerals, Bloomberg New Energy Finance

Lithium Pricing Trends

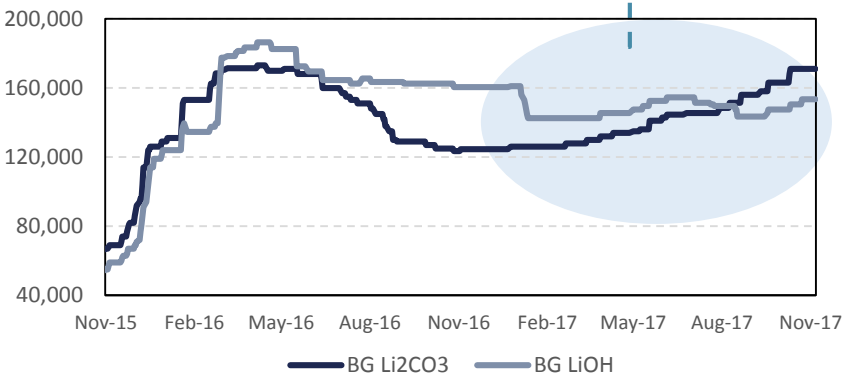
Continued strength in lithium prices is a clear indication that demand growth is likely to be outpacing supply side growth

- Substantial **growth in demand** for lithium chemicals underpinned by a significant **expansion in NEV uptake in China** - Li_2CO_3 **prices are up 36%** versus 2016 year-end
- China domestic lithium production in 2016 was 87kt LCE vs 70kt LCE in 2015 – **Jan to July 2017 already recorded 101% increase to 73kt LCE** of lithium material imports (lithium concentrate, carbonate, and chloride; excluding DSO) vs same period in 2016
- **5% retraction in LiOH prices since 2016-end** – most growth dependent on ex-China demand from Japan (NCM-811/NCA)

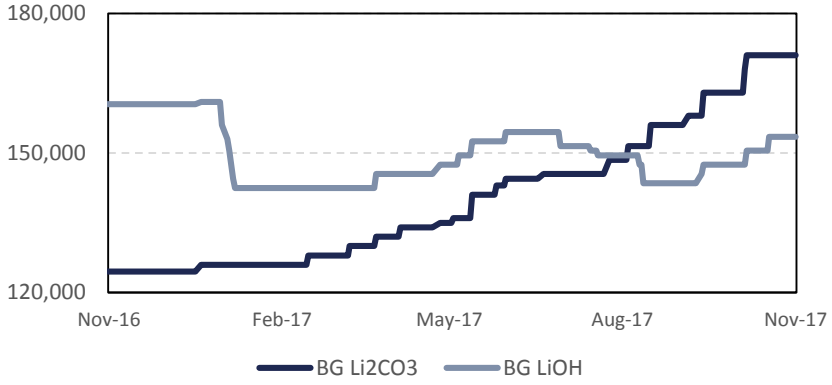
Lithium Carbonate Price Comparison (RMB/t) – November 2017



Historical Lithium Prices (RMB/t)



Historical Lithium Prices LTM (RMB/t)



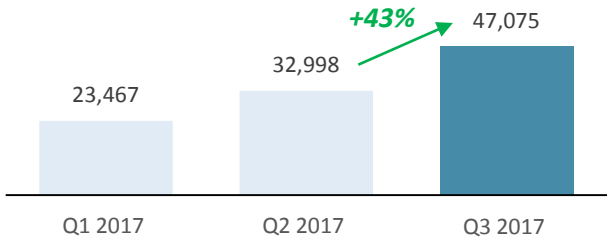
Source: CLA, Company Estimates, CJ Securities

Galaxy Projects Update

Mt Cattlin - Key Operational Metrics Q3 2017

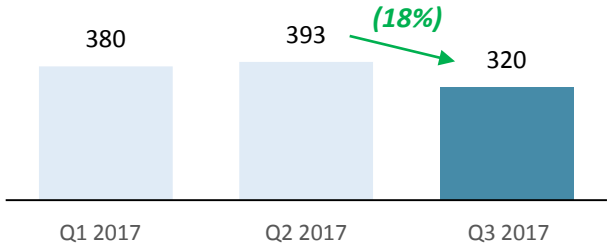
Galaxy successfully achieved improvement across key metrics for the September quarter

Spodumene Produced (dmt)



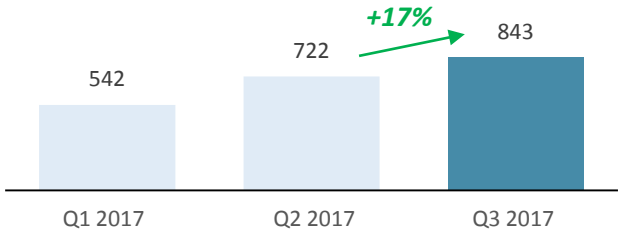
- **Achieved full production levels** during the quarter
- **43% increase** in concentrate produced due to **increased plant utilization, higher head grade and improved specific gravity control**
- **Plant recoveries averaged 57%** well above the budgeted target of 50-55%

Production Cash Costs (US$/dmt)



- **18% reduction** in average production cash costs in Q3 due to:
  - an increase of production volumes versus production levels in Q2 2017; and
  - improved operating efficiencies

Realised Selling Price (US$/dmt)



- **Realised selling price of US$843/t[1]** (A$1,062/t[1]) for the September quarter
- Pricing for 2018 contracts being finalised with key customers

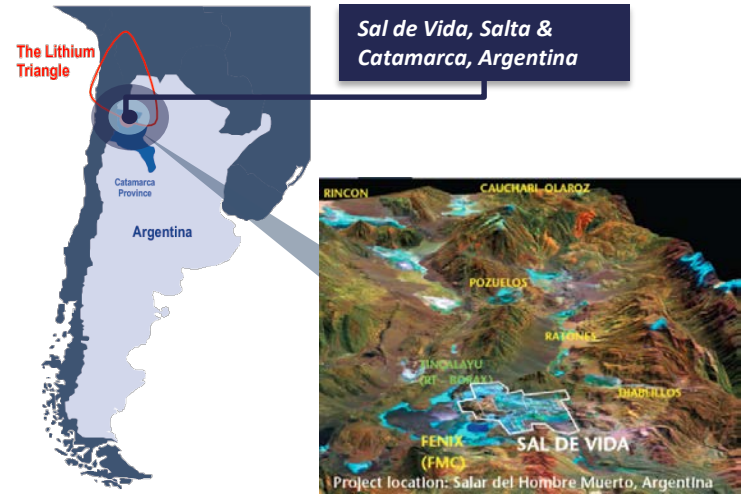
[1] Cash costs and realised prices before royalties and marketing fees

Sal de Vida – Overview

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 $NPV_{8\%\ real}$ 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_2CO_3	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
Total	**40 years**	**214,000**	**1,139,000**	**2,201,000**	**4,197,000**

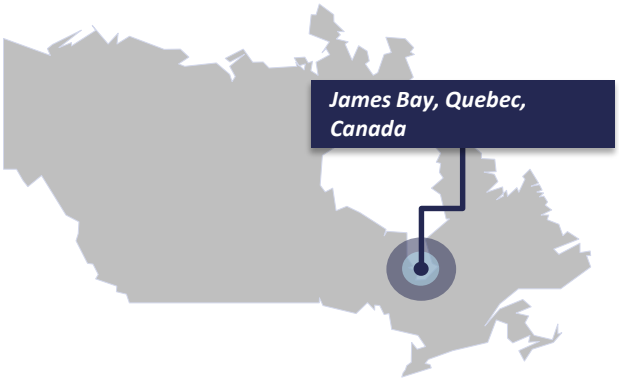
Source: Revised Sal de Vida DFS – August 2016. Assumes 500mg/L Li cut off

James Bay – Overview

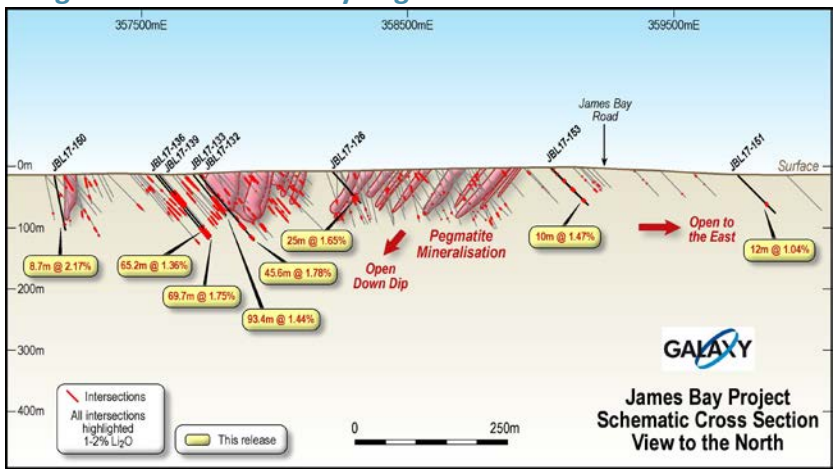
The project provides a valuable option for capitalising on long term lithium demand growth, and the potential to supply the North American market

- 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
- US$3.3m exploration and development program completed Q3 2017, which included a 33,000m diamond drilling program aiming to **extend existing resources, upgrade mineral resources to reserves** and explore pegmatites not previously drilled
- **Feasibility Study work has commenced**; expected completion Q1 2018
  - Study will take advantage of Mt Cattlin experience to draw synergies for engineering and process flow sheet design
- Scope of study will include metallurgical testing and **evaluation for potential downstream conversion facility** in Québec
  - Metallurgical test work conducted in 2012 produced **spodumene grades of 6.53%** Li_2O at a **75% lithium recovery rate**

James Bay Location



Long Section of James Bay Pegmatite Swarm



Outlook

Optimisation of Mt Cattlin operations and accelerating the development of Sal de Vida and James Bay allows Galaxy to capitalise on the lithium market growth

MT CATTLIN
Production & ramp up

- Focus on processing plant optimisation to maximise 2018 lithium concentrate production volumes
- Extensive brownfield and greenfield drilling targeting mine life extension
- Offtake discussion well advanced for long term supply contracts from 2018 onwards

SAL DE VIDA
Field work, offtake & project financing

- Site works commenced, first production wells completed, pilot testing underway
- Discussions advancing with offtakers and potential strategic partners, evaluating project financing options in parallel

JAMES BAY
Project development

- Upgrade of existing resource and definition of ore reserves following extension and infill drilling program
- Feasibility study work has commenced, drawing on Mt Cattlin experience to support upstream component, evaluation downstream lithium conversion facility

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

Competent Persons' Statement

Competent Person Statement

Sal de Vida

Any information in this report that relates to 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 and 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 relates to the estimation and reporting of the James Bay exploration results is extracted from the ASX announcement's dated 27 June 2017, 2 August 2017, 10 August 2017 and 14 September 2017 which are available to view on www.galaxylithium.com and 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. 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 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.