



GALAXY RESOURCES LIMITED

FY2017 Results Presentation

March 2018

ASX:GXY

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FY2017 Highlights



Cash Balance

A\$59.7M

2016: A\$9.3M ↑A\$50.4M

Debt

Nil

2016: A\$40.2M ↓A\$40.2M

Net Operating Cash Flow

A\$57.1M

2016: A\$2.6M ↑A\$54.5M

Spodumene Produced

155.7k tonnes (19.5tLCE)

2016: Nil ↑155.7k tonnes

Production Run Rate

209ktpa (Q4 2017)

Q3 2017: 190ktpa ↑10%

Revenue

A\$125.6M

2016: Nil ↑A\$125.6M

Gross Profit

A\$33.5M

2016: Nil ↑A\$33.5M

EBITDA (Adjusted)

A\$52.0M¹

2016: (A\$8.3M) ↑A\$60.3M

EBITDA Margin

32%

2016: na ↑32 points

Notes:

1. Adjusted EBITDA is underlying EBITDA excluding share based payment expense and non-IFRS financial information that has not been subject to audit by Galaxy's external auditor

Mt Cattlin Operations – Production Summary



Upgraded Mt Cattlin operation exhibited a smooth ramp up to annualised run rate of >200ktpa, achieved in Q4 2017

Operational Summary

- 11 shipments of lithium concentrate during the year
 - Product grade and specifications on delivered product **well above contract requirements**
- High margin operation that is set to produce significant 100% owned cash flows in 2018
 - Average realised selling price¹ of US\$783/dmt for FY2017 (**US\$868/dmt in Q4**)
 - Average realised production costs¹ of US\$346/dmt for FY2017 (**US\$325/dmt in Q4**)
- Binding long term offtake agreements for minimum 200ktpa of lithium concentrate signed in Q4 2017
 - 5 year terms with multiple customers
 - Headline pricing in 2018 greater than in 2017
- Technical and financial evaluation completed for the construction of an ultra fines DMS circuit, a secondary floats re-liberation and optical sorting
 - Targeting recoveries 70-75% post completion
 - Construction and commissioning is expected to be completed in Q3 2018

Production & Sales Statistics

Parameter	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY2017	QoQ Change
Waste mined (bcm)	143,300	460,850	472,732	499,288	1,576,170	↑ 6%
Ore mined (bcm)	87,922	110,788	139,944	137,989	476,643	↓ 1%
Ore mined (wmt)	233,193	303,394	390,092	395,036	1,321,715	↑ 1%
Grade (%)	0.96	1.12	1.20	1.19	1.14	↓ 0.01
Ore treated (wmt)	253,156	334,036	369,981	414,192	1,371,365	↑ 12%
Ore feed grade (%)	1.02	1.15	1.30	1.27	1.20	↓ 0.03
Concentrate produced (dmt)	23,467	32,998	47,075	52,139	155,679	↑ 11%
Recovery (%)	53	52	57	58	56	↑ 1
Concentrate sold (dmt)	23,455	30,135	41,834	58,094	153,518	↑ 39%
Concentrate grade sold (%)	5.38	5.77	5.74	5.75	5.69	↑ 0.01
Moisture (%)	1.80	2.12	1.69	1.73	1.81	↑ 0.04
Mica content (%)	1.88	1.96	1.10	2.11	1.77	↑ 1.01

Notes:

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

Profit & Loss Statement



Following the restart of operations and optimisation of production at Mt Cattlin Galaxy has recorded a strong operating performance

Summary Income Statement

	Units	12 months ending 31-Dec-16	12 months ending 31-Dec-17
Operating sales revenue	A\$'000	-	125,603
Adjusted EBITDA²	A\$'000	(8,317)	51,989
EBITDA	A\$ '000	(8,551)	39,972
<i>EBITDA Margin</i>	%	<i>Na</i>	32%
Depreciation & Amortisation	A\$'000	75,695	(28,020)
EBIT	A\$'000	67,144	11,952
<i>EBIT Margin</i>	%	-	10%
Profit before tax	A\$'000	58,020	6,165
Profit after tax	A\$'000	122,706	166
Underlying earnings per share	A\$	0.083	0.042 ¹
Underlying earnings per share (diluted)	A\$	0.081	0.042 ¹

Remarks

- Transition date from pre-production to commercial production at Mt Cattlin was made on 1 May 2017
 - Proceeds from the sale of 40,052dmt of spodumene (A\$30.9M) and pre-production cash and non-cash costs (A\$32.6M) are not recognised in the profit & loss statement
 - The net amount (A\$7.4M) has been added to the carrying value of PP&E as pre-production expenditure
- Spodumene produced and sold after 1 May 2017 (113,467dmt) has been recognised as revenue in the Profit & Loss
- Includes amortization of A\$18.4M relating to the substantial value that was recognised as part of the General Mining (formerly ASX:GMM) acquisition in the balance sheet and amortised over the life of the project
- Impairment reversal on the value of Mt Cattlin following the takeover of General Mining

Notes:

- Weighted average no. of shares (undiluted) = 392.4M; weighted average no. of shares (diluted) = 396.7M
- Adjusted EBITDA is underlying EBITDA excluding share based payment expense and non-IFRS financial information that has not been subject to audit by Galaxy's external auditor

Segment Reporting Analysis



Adjusted EBITDA of A\$52m¹ for the year ending 31 December 2017, with raw contribution from Mt Cattlin of A\$60.3M

Income Statement Snapshot – Segment Breakdown

2017	Revenue (A\$'000)	Adjusted EBITDA ¹ (A\$'000)	Segment EBITDA (A\$'000)	Net Finance Expenses (A\$'000)	Depreciation & Amortisation (A\$'000)	Profit Before Income Tax (A\$'000)
Corporate	-	(7,967)	(19,984)	(6,134)	(80)	(26,198)
Australia	125,603	60,340	60,340	361	(27,797)	32,904
Argentina	-	31	31	(3)	(128)	(100)
Canada	-	(415)	(415)	(11)	(15)	(441)
Total	125,603	51,989¹	39,972	(5,787)	(28,020)	6,165
2016						
Corporate	-	(6,731)	(6,965)	(9,028)	(63)	(16,056)
Australia	-	(1546)	(1,546)	(4)	75,695	74,145
Argentina	-	-	-	-	(25)	(25)
Canada	-	(40)	(40)	(4)	-	(44)
Total	-	(8,317)¹	(8,551)	(9,036)	75,607	58,020

- Impairment reversal on the value of Mt Cattlin following the takeover of General Mining

Notes:
1. Adjusted EBITDA is underlying EBITDA excluding share based payment expense and non-IFRS financial information that has not been subject to audit by Galaxy's external auditor

Cash Flow Statement



Mt Cattlin sales now delivering robust free cashflow – continued improvement in 2018 positions Galaxy for future growth

Cash Flow Statement

Remarks

A\$'000	12 months ending 31-Dec-16	12 months ending 31-Dec-17
Receipts from customers	9,159	104,169
Payments to suppliers, contractors and employees	(6,538)	(47,082)
Net cash inflow from operating activities	2,621	57,087
Interest received	28	398
Sales proceeds from pre-production	-	12,849
Payments for property, plant and equipment	(21,435)	(35,839)
Proceeds from sale of other non-current assets	1,500	2,416
Proceeds/(payment) for available-for-sale assets	27	(3,404)
Cash acquired through acquisition	6,534	-
Payments for exploration and evaluation assets	(1,717)	(11,574)
Net cash (outflow) from investing activities	(15,063)	(35,154)
Net proceeds from issue of shares	1,710	76,333
Bank charges, withholding tax and interest paid	(4,529)	(1,326)
Proceeds from borrowings	22,200	13,083
Repayments of borrowings	(2,302)	(57,582)
Transaction costs related to loans and borrowings	-	(702)
Net cash inflow from financing activities	17,079	29,806
Net increase in cash and cash equivalents	4,637	51,739
Cash and cash equivalents at the beginning of period	4,761	9,327
Effect of foreign exchange rate changes	(71)	(1,323)
Cash and cash equivalents at period end	9,327	59,743

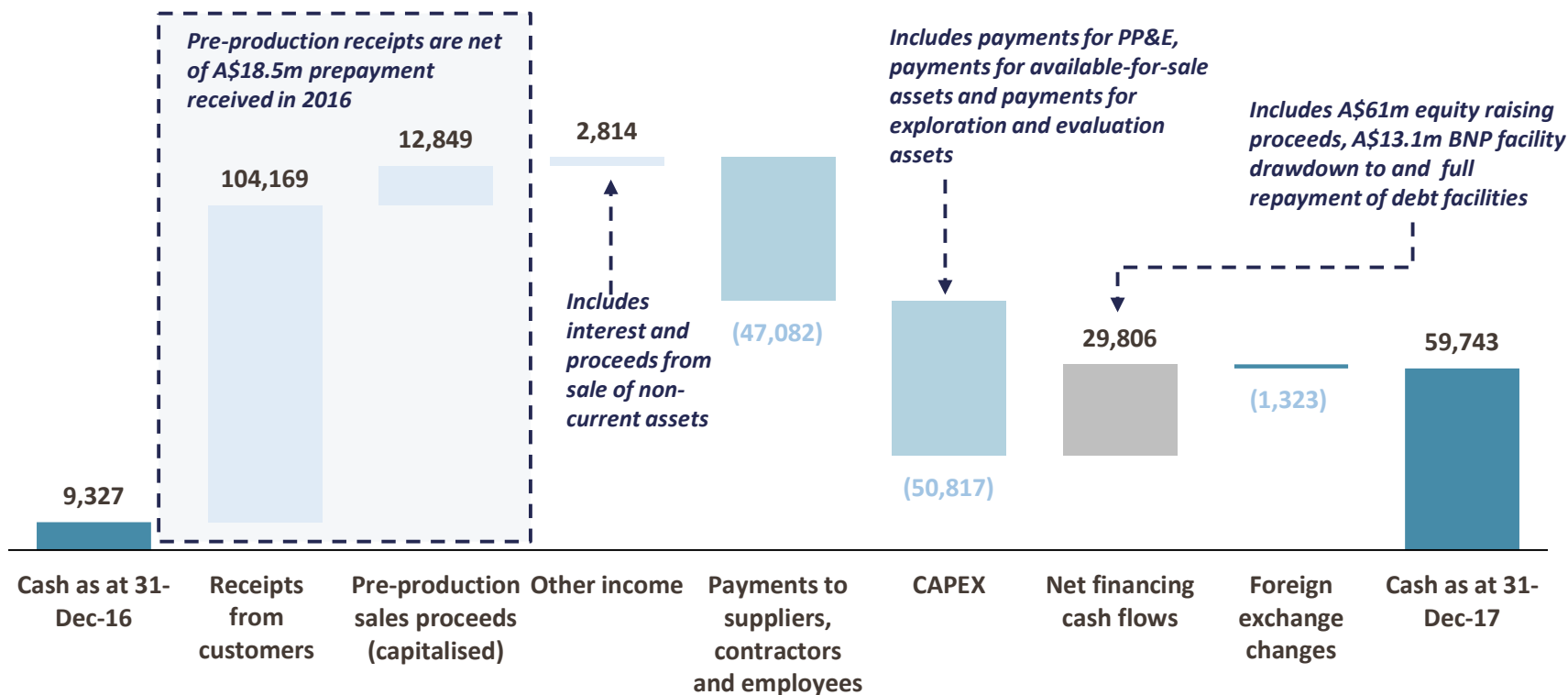
- Proceeds from sales pre-May 2017, net of offtake prepayments of A\$18.5M received in 2016
- Includes A\$19.1M of capitalised pre-production cash costs at Mt Cattlin
- Strategic investment into Lepidico (ASX:LPD) via participation in equity raising announced in October 2017
- Includes A\$61M of equity capital raised via a placement conducted in February to strengthen balance sheet and provide financial flexibility to progress development
 - Additional capital raised through exercise of warrants and options throughout 2017
- In February 2017, Galaxy entered into an agreement with BNP Paribas for a US\$40M secured debt facility as part of the financing of the previous OCP Asia loan
 - OCP loan fully repaid as part of financing initiatives
 - US\$10m of the BNP facility drawn down and fully repaid during the year
- Prudent capital management means **Galaxy is debt free**

Change In Cash



Healthy cash balance of A\$59.7M to be reinvested into operational optimisation and development activities in order to enhance shareholder returns

For the period 31 December 2016 to 31 December 2017 (A\$'000)



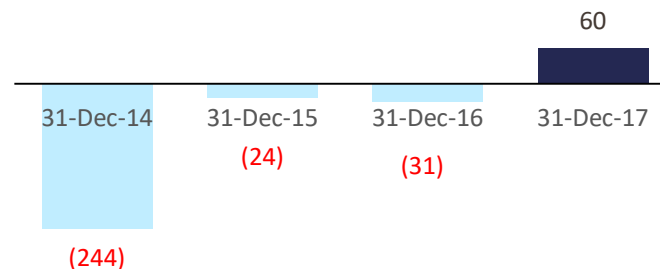
Capital discipline and prudent cash management mean that Galaxy is debt free as at year end 2017 and well positioned for growth

Balance Sheet

A\$'000	12 months ending 31-Dec-16	12 months ending 31-Dec-17
Cash and cash equivalents	9,327	59,743
Other receivables and prepayments	2,163	17,748
Inventories	11,457	11,477
Total Current Assets	22,947	88,968
Property, plant and equipment	343,468	321,644
Exploration and evaluation assets	123,183	130,722
Available-for-sale financial assets	-	20,302
Deferred tax asset	64,686	53,619
Total Non-Current Assets	531,337	526,287
Total Assets	554,284	615,255
Trade and other payables	14,082	30,504
Deferred income	18,374	-
Provisions	177	503
Interest bearing liabilities	40,242	-
Total Current Liabilities	72,875	31,007
Trade and other payables	-	2,230
Provisions	8,423	10,660
Total Non-Current Liabilities	8,423	12,890
Total Liabilities	81,298	43,897
Contributed equity	694,332	787,408
Reserves	4,169	8,333
Accumulated losses	(225,515)	(224,383)
Total Equity	472,986	571,358

- Predominantly related to December shipment
- Includes 340.4M shares and 5M unlisted options in Lepidico (ASX:LPD) revalued to market fair value of A\$20.3M
- Includes A\$244M in unused tax losses
- Offtake prepayments of A\$18.4M fully amortised in FY2017
- **Debt free as at 31-Dec-17** after a combination of financing initiatives and operating cash flow allowed for full repayment of OCP and BNP facilities

Galaxy's Historical Net Cash (A\$M)



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 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 the estimation and reporting of the James Bay Mineral Resources is extracted from the ASX announcement dated 4 December 2017 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 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.

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 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.

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