



# GALAXY RESOURCES LIMITED

## 2018 Full Year Results Presentation

February 2019

ASX:GXY

This document contains forward looking statements concerning the projects owned by Galaxy. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions. 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 mineralization 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. The reader is cautioned not to place undue reliance on forward-looking statements. 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. Accordingly, Galaxy makes no representation as to the accuracy and/or completeness of the figures or data included in the document. Not For Release in US This presentation does not constitute an offer of securities for sale in any jurisdiction, including the United States. Any securities described in this presentation may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended, following the preparation of required documents and completion of required processes to permit such offer or sale.

## **CONTACT INFORMATION**

Level 4 / 21 Kintail Road,  
Applecross, Western Australia 6153  
PO Box 1337, Canning Bridge LPO  
Applecross WA 6953  
T: +61 8 9215 1700  
F: +61 8 9215 1799  
E: [info@galaxylithium.com](mailto:info@galaxylithium.com)

# POSCO Transaction Update

---

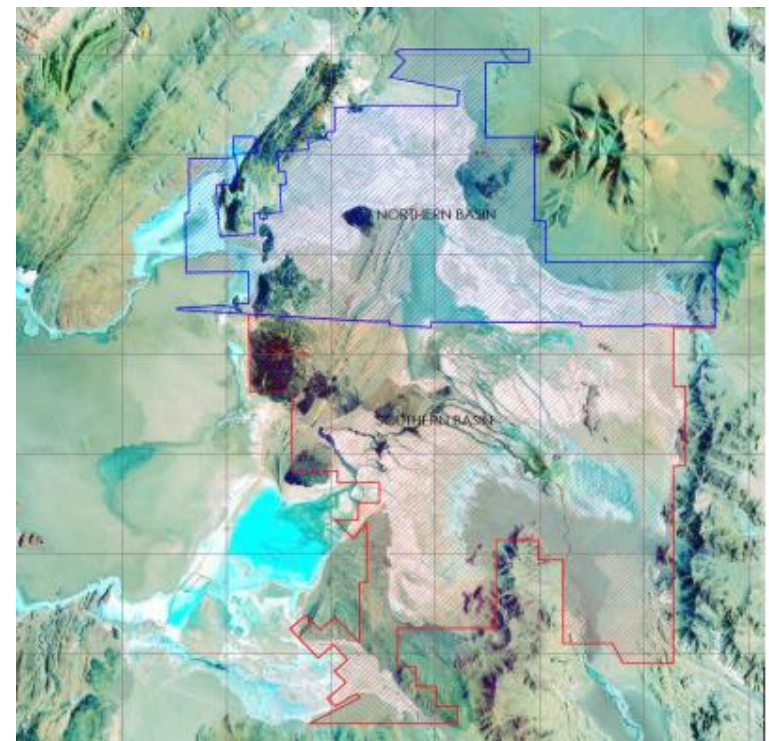
# POSCO Transaction Complete



## Final settlement now complete with net cash of US\$271.6 million available for investment into project development

- Final settlement in relation to the sale of a package of tenements in the north of the Salar de Hombre Muerto has now been completed
- **Galaxy will receive US\$271.6mm** (after US\$8.4mm in withholding taxes paid in November 2018) as follows:
  - US\$257mm consideration held in escrow, plus interest accrued, received from the Escrow Agent on 25 February 2019
  - US\$14.6mm to be paid directly from POSCO to Galaxy by 1 March 2019
- Project financing and development **substantially de-risked following closing**
- Galaxy retains 100% ownership of the southern tenements in the Salar del Hombre Muerto, which constitute the Sal de Vida project, located exclusively in the Province of Catamarca
  - The retained tenements include mineral reserves of 1.1mmt LCE
- Galaxy and POSCO will also continue to explore potential operational, development and logistical synergies between the two projects

Map of Salar del Hombre Muerto Tenements Area Sold (Blue) and Tenement Area Retained (Red)



# POSCO Transaction – Tax Analysis



## Effective rate of 30% after all federal and provincial taxes

- Galaxy is currently exploring the opportunities of a potential refund of turnover taxes paid and rollover relief on corporate tax payable

### Tax Calculation

Sale Proceeds	US\$mm	280.0	<ul style="list-style-type: none"> <li>Total sale proceeds</li> </ul>
Turnover Tax	US\$mm	(8.8)	<ul style="list-style-type: none"> <li>Turnover tax paid to Catamarca and Salta during Q4 2018 (refer to slide 10 and 11)</li> <li>Turnover tax analogous to stamp duty in Australia</li> </ul>
Corporate Tax	US\$mm	(75.7)	<ul style="list-style-type: none"> <li>Argentina corporate tax rate of 30%</li> <li>Withholding tax of US\$8.4mm paid (refer to slide 9) is the first installment of the corporate tax liability</li> <li>US\$67.3mm tax payable in May 2019</li> </ul>
<b>Total Tax Payable</b>	<b>US\$mm</b>	<b>(84.5)</b>	
<b>Effective Tax Rate</b>	<b>%</b>	<b>30%</b>	
<b>After Tax Proceeds</b>	<b>US\$mm</b>	<b>195.5</b>	

# Operational & Financial Performance

---

# FY2018 Highlights



## Revenue

**US\$153.9M**

FY2017: US\$96.3M ↑60%

## EBITDA (ex. POSCO)<sup>2</sup>

**US\$58.1M<sup>1</sup>**

FY2017: US\$30.6M ↑90%

## NPAT (inc. POSCO)

**US\$150.2M**

FY2017: US\$0.1M ↑118,186%

## NPAT (ex. POSCO)<sup>2</sup>

**US\$3.5M**

FY2017: US\$0.1M ↑2,622%

## Sal de Vida Cash

**US\$271.6M**

US\$280mm less withholding tax paid

## Spodumene Sold

**159.3k tonnes** (c.19.9kt LCE)

FY2017: 153.5kt (c.19.2kt LCE) ↑4%

## Cash Margin<sup>1,3</sup>

**US\$424/dmt sold**

FY2017: US\$346/dmt ↑23%

## Debt

**Nil**

31-Dec-17: Nil

### Notes:

1. Non-IFRS financial information that has not been subject to audit by Galaxy's external auditor
2. Exclusive of gain associated with sale of northern tenement package to POSCO
3. Cash margin per tonne sold is calculated as revenue from the sale of spodumene, minus cash costs of production (including selling and marketing costs), divided by tonnes of spodumene sold

# Mt Cattlin Operations – Production Highlights



**159,255 dmt of lithium concentrate sold in FY2018 with an average cash margin of US\$424/dmt sold**

## Production & Sales Statistics

	Units	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	YoY Change
<b>Mined Volume</b>	<b>bcm</b>	843,308	846,830	779,485	988,387	<b>3,458,010</b>	↑ 68%
<b>Ore Mined</b>	<b>wmt</b>	528,977	419,314	397,047	432,382	<b>1,777,720</b>	↑ 35%
<b>Ore Mined – grade</b>	<b>%</b>	1.01	1.11	0.89	0.98	<b>1.00</b>	↓ 0.14
<b>Ore Treated</b>	<b>wmt</b>	430,398	435,296	441,206	396,604	<b>1,703,503</b>	↑ 24%
<b>Ore Treated – grade</b>	<b>%</b>	1.11	1.17	0.98	1.07	<b>1.08</b>	↓ 0.12
<b>Recovery</b>	<b>%</b>	52	56	42	47	<b>50</b>	↓ 0.06
<b>Concentrate Produced</b>	<b>dmt</b>	43,852	47,901	31,156	33,780	<b>156,689</b>	↑ 1%
<b>Concentrate Sold</b>	<b>dmt</b>	44,258	45,761	29,555	39,682	<b>159,255</b>	↑ 4%
<b>Concentrate Sold – grade</b>	<b>%</b>	5.7	5.83	5.65	5.81	<b>5.76</b>	↑ 0.07
<b>Realized Selling Price</b>	<b>US\$/dmt</b>	900	975	893	928	<b>927</b>	↑ 18%
<b>Selling and Royalty Costs</b>	<b>US\$/dmt</b>	103	109	91	63	<b>92</b>	↑ 1%
<b>Cash Cost per Tonne Sold</b>	<b>US\$/dmt</b>	358	332	391	577	<b>411</b>	↑ 19%
<b>Cash Margin</b>	<b>US\$/dmt<sup>1,2</sup></b>	439	534	411	288	<b>424</b>	↑ 23%

## Remarks

- Mt Cattlin has been operational for 2 years
- A total of 11 shipments were completed during FY2018, all within the grade and impurity specification limits established with customers
- Construction related to the yield optimization program (“YOP”) completed in FY2018, with commissioning c.85% completed at year end
- Production in H2 2018 was lower than expected, due to:
  - Lower ore grade treated originating from the low grade material mined from the 2SW pit
  - Lower plant utilization due to greater tie-in shutdowns associated with YOP commissioning
  - Reduced overall plant recovery due to the lower levels of liberation associated with the fractured, low grade ore from the 2SW pit and an increase in the portion of fines feed without the completion of YOP to allow more comprehensive treatment of this ore

### Notes:

1. Cash margin per tonne sold is calculated as revenue from the sale of spodumene, minus cash costs of production (including selling and marketing costs), divided by tonnes of spodumene sold
2. This measure is a non-IFRS measure and has not been subject to review by the Group’s external auditors; Included to assist investors to better understand the performance of the business



# Profit & Loss Statement Analysis



**FY2018 EBITDA of US\$58.1mm from operations, representing growth of 90% compared to FY2017; Mt Cattlin EBITDA contribution of US\$70.5mm**

## Profit & Loss Statement

		12 months ending 31-Dec-18	12 months ending 31-Dec-17
Revenue	US\$'000	153,929	96,287
<b>EBITDA<sup>1</sup></b>	US\$'000	<b>281,170</b>	<b>30,642</b>
EBITDA (ex. POSCO)	US\$'000	58,145	30,642
EBITDA Margin (%) (ex. POSCO)	%	38%	32%
Depreciation & Amortization	US\$'000	(45,639)	(21,480)
<b>EBIT</b>	US\$'000	<b>235,802</b>	<b>4,726</b>
EBIT margin (%) (ex. POSCO)	%	8%	5%
<b>Tax Expense</b>	US\$'000	<b>(85,579)</b>	<b>(4,599)</b>
<b>Net Profit After Tax</b>	US\$'000	<b>150,223</b>	<b>127</b>
Earnings Per Share (undiluted) <sup>2</sup>	cps	36.9	3.2
Earnings Per Share (diluted) <sup>2</sup>	cps	36.6	3.2

## Remarks

- Increase driven by a combination of higher sales volumes (FY2018: 159,255dmt compared to FY2017: 113,467dmt<sup>3</sup>) and higher realized spodumene prices (FY2018: US\$927/dmt compared to FY2017: US\$783/dmt))
  - Proceeds from the sale of 40,052dmt of spodumene and pre-production cash costs (incurred during ramp-up) were not recognized in the P&L statement
  - A net amount (US\$1.2mm) was added to the carrying value of PP&E as pre-production expenditure
- Includes a US\$223mm (pre-tax) gain on sale of exploration and evaluation assets, resulting from the POSCO transaction
  - Gain on sale calculated as total proceeds from sale less transaction costs, turnover taxes paid and the carrying value of exploration and evaluation assets sold
- FY2017 D&A did not include D&A incurred prior to commercial production (pre-May 2017)
- Includes amortization related to “fair value” associated with the General Mining (formerly ASX:GMM) acquisition
- Increase also driven by a 30% increase in ore mined
- Includes corporate income tax associated with the gain on sale of exploration and evaluation assets
  - Argentina corporate income tax rate = 30%
  - US\$8.4 million in withholding tax paid during Q4 FY2018 was the first instalment of corporate tax payable

### Notes:

1. Underlying EBITDA and EBIT are non-IFRS financial information that has not been subject to audit by Galaxy's external auditor
2. Weighted average no. of shares (undiluted) = 407.433 million; Weighted average no. of shares (diluted) = 410.995 million
3. Sales volume after commercial production was called in May 2017

# Cash Flow Analysis



## Increase in receipts from customers due to increased realized selling prices, operating cash flow offset by increased operating and investing costs

### Cash Flow Statement

	12 months ending 31-Dec-18 US\$ '000	12 months ending 31-Dec-17 US\$ '000
Receipts from customers	154,920	79,856
Payments to suppliers, contractors and employees	(97,153)	(36,093)
<b>Net cash inflow from operating activities</b>	<b>57,767</b>	<b>43,763</b>
Interest received	812	305
Sale proceeds from pre-production	-	9,850
Net payments for property, plant and equipment	(29,673)	(25,622)
Net payments for financial assets	(16,162)	(2,610)
Payments for exploration and evaluation assets	(17,594)	(8,873)
Transaction costs on sale of exploration and evaluation assets	(14,500)	-
<b>Net cash flow from investing activities</b>	<b>(77,117)</b>	<b>(26,950)</b>
<b>Net cash flow from financing activities</b>	<b>(675)</b>	<b>22,849</b>
<b>Net change in cash and cash equivalents</b>	<b>(20,025)</b>	<b>39,662</b>
Cash and cash eq. at the beginning of period	46,629	6,713
Effect of foreign exchange rate changes	(1,849)	254
<b>Cash and cash equivalents at period end</b>	<b>24,755</b>	<b>46,629</b>

### Remarks

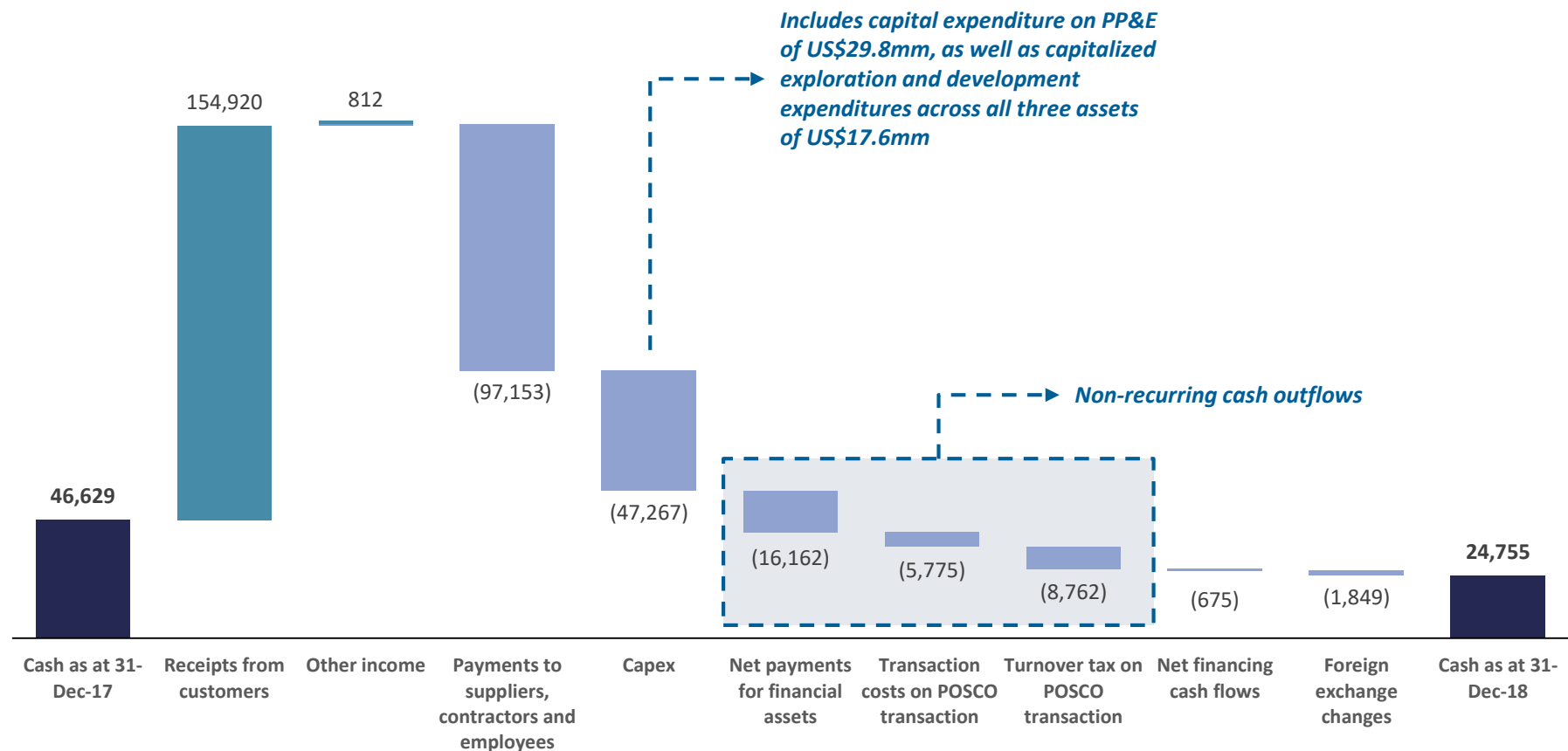
- Cash receipts and operating costs were not recognized in operating activities in FY2017 until commercial production declared on 1 May 2017
  - FY2017 PP&E includes capitalized pre-production cash costs at Mt Cattlin
  - FY2017 sale proceeds from pre-production are net of offtake prepayments of US\$13.5mm
  - Refer to note 2 (a) in the Financial Statements
- Capital expenditure associated with YOP and sustaining capital at Mt Cattlin
- Expenditure related to exploration and development works completed at all projects
  - Mt Cattlin: c.US\$4.3mm
  - James Bay: c.US\$7.0mm
  - Sal de Vida: US\$6.1mm
- Includes transaction costs and turnover taxes paid to the Catamarca and Salta provincial governments
- Transaction costs related to undrawn borrowing facility available of US\$40mm

# Cash On Hand Analysis



## Substantial capital expenditure sunk during FY2018 for operational optimization and advancement of development assets

For the period 1 January 2018 to 31 December 2018 (US\$'000s)



# Balance Sheet Analysis



## Strong balance sheet that has been further bolstered following final settlement of POSCO transaction; Galaxy remains debt free

### Balance Sheet

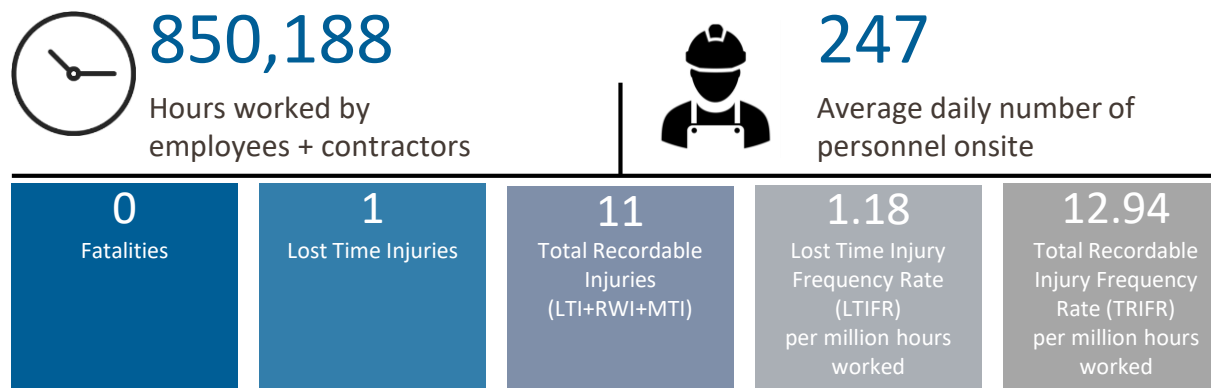
	As at 31-Dec-18 US\$ '000	As at 31-Dec-17 US\$ '000
Cash and cash equivalents	24,755	46,629
Trade and other receivables	278,703	13,147
Inventories	16,708	8,958
Other current assets	1,456	705
<b>Total Current Assets</b>	<b>321,622</b>	<b>69,439</b>
Financial assets	15,542	15,846
Property, plant and equipment	213,374	251,043
Exploration and evaluation assets	81,644	102,029
Deferred tax asset	33,344	41,850
Other non-current assets	1,611	-
<b>Total Non-Current Assets</b>	<b>345,515</b>	<b>410,768</b>
<b>Total Assets</b>	<b>667,137</b>	<b>480,207</b>
Trade and other payables	34,611	23,808
Provisions	6,569	393
Income tax payable	67,343	-
<b>Total Current Liabilities</b>	<b>108,523</b>	<b>24,201</b>
Trade and other payables	-	1,741
Provisions	4,962	8,320
<b>Total Non-Current Liabilities</b>	<b>4,962</b>	<b>10,061</b>
<b>Total Liabilities</b>	<b>113,485</b>	<b>34,262</b>
Contributed equity	673,801	668,111
Reserves	(2,447)	45,759
Accumulated Losses	(117,702)	(267,925)
<b>Total Equity</b>	<b>553,652</b>	<b>445,945</b>

### Remarks

- Comprises trade and other receivables of US\$7.1mm and receivable from sale of exploration assets of US\$271.6mm, being the net cash owed to Galaxy for the POSCO transaction that has now been received
- Inventory includes final product available for sale of US\$8mm
- Reduction primarily the result of a US\$57.0mm disposal related to the POSCO transaction, offset by payments for exploration and evaluation assets in FY2018
- Provision for rehabilitation of Coniagas now reclassified as current and increased to US\$5.9mm  
— Legacy liability from Lithium One Inc.
- Tax liability arising from the POSCO transaction net of withholding tax already paid
- Decrease in reserves mainly attributable to foreign currency translation differences and change in fair value of financial assets

## Operations at Mt Cattlin remain Lost Time Incident (“LTI”) free since the refurbishment and restart of production

### FY2018 Health and Safety Statistics



### HSE Performance Comparison<sup>1,4</sup>

- The health and safety of our employees, contractors and any other key stakeholders remains the number one priority
- Increased focus on hazard reporting and early intervention during FY2018 leading to 49.2% reduction in TRIFR
- LTIFR (1.2) in FY2018 relates to a single incident encountered at Sal de Vida
- The total workforce size (internal and contractors) increased from 152 employees in 2017 to 247 in 2018

Measure	2017	2018
Exposure Hours	511,774	850,188
Lost Time Injury Frequency Rate (LTIFR) <sup>2</sup>	0.00	1.18
Total Recordable Injury Frequency Rate (TRIFR) <sup>3</sup>	25.40	12.94

Notes

1. Our safety performance includes both employees and contractors and covers Perth Head Office (Australia) Mt Cattlin (Australia) James Bay (Canada) and Sal de Vida (Argentina)
2. Total Recordable Injury Frequency Rate calculations measure the total number of injuries (excluding first aid) per million hours worked in a given financial year
3. Lost Time Injury Frequency Rate calculation measure the number of lost time injuries per million hours work in a given financial year
4. Injuries are classified in accordance with OSHA 3245-09R (2005) The Regulation and Related Interpretations for Recording and Reporting Occupational Injuries and Illnesses

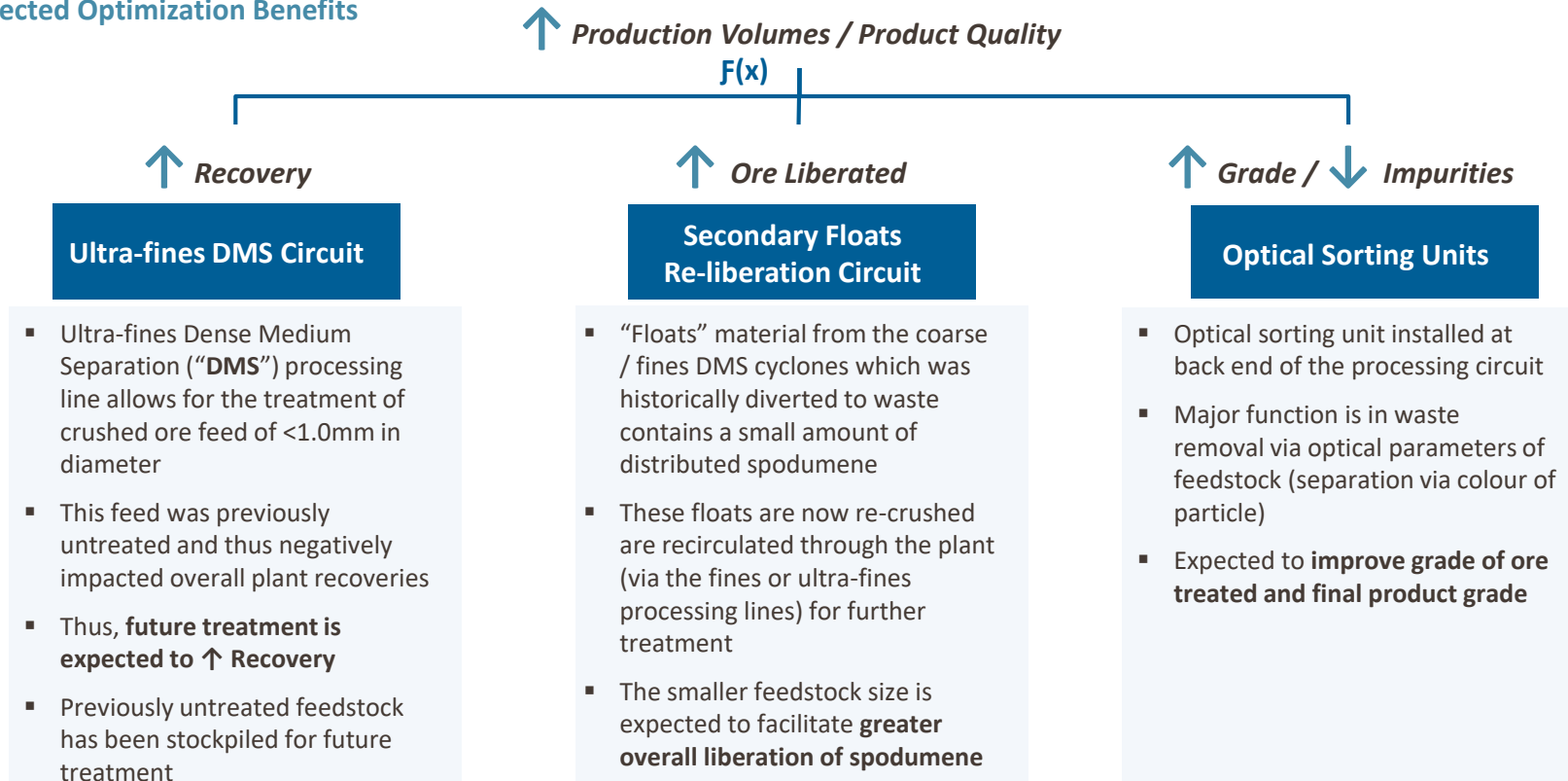
## Projects Update

---

## Construction and commissioning of the YOP circuits now complete, with first optimization improvements to be realized through Q1 2019

- Production guidance of **40,000 – 45,000dmt reaffirmed for 1Q FY2019**
- Ore treated is now being sourced in its entirety from mining completed east of Floater Road
- Reduction in unit operating costs expected throughout FY2019 as production volumes increase

### Expected Optimization Benefits



# Mt Cattlin Resource & Reserve



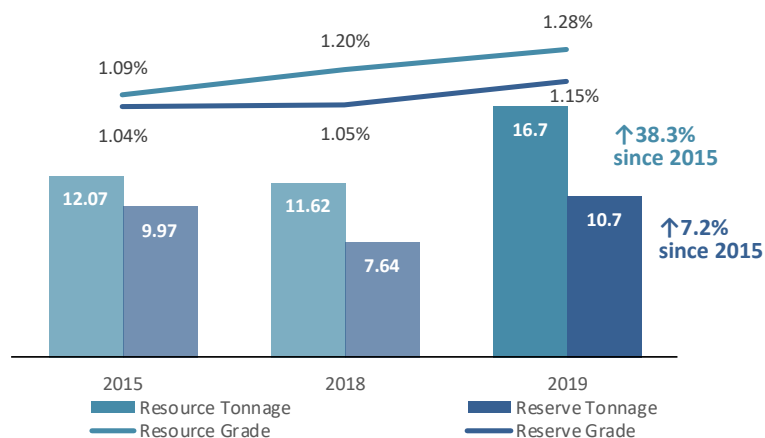
## Mineral Resource & Ore Reserve estimations increased 42% and 40%, respectively as at 31 December 2018

- Historical Mt Cattlin exploration has been successful in expanding potential mine life and project value
- Latest exploration campaign delineated a substantial upgrade in both Resource and Reserve tonnage and grade
- Substantial brownfields and greenfields drilling to continue throughout 2019, with an initial 10,000 metre program
  - Further ground penetrating radar (“GPR”) to be completed in the tenements surrounding Mt Cattlin as drilling continues at targets previously identified (c. 40 identified)

### Current Mineral Resource Estimate

Category		Tonnage Mt	Grade % Li2O	Grade ppm Ta2O5	Contained Metal t Li2O
Measured	In-situ	2.2	1.32%	208	29,800
	Stockpiles	2.7	0.82%	110	22,000
Indicated	In-situ	7.2	1.43%	165	102,900
	Stockpiles	2.7	0.82%	110	22,000
Inferred	In-situ	4.6	1.30%	156	59,700
	Stockpiles	2.7	0.82%	110	22,000
<b>Total</b>		<b>16.7</b>	<b>1.28%</b>	<b>159</b>	<b>214,400</b>

### Historical Resource and Reserve Estimates



### Current Ore Reserve Estimate

Category		Tonnage Mt	Grade % Li2O	Grade ppm Ta2O5	Contained Metal t Li2O
Proven	In-situ	6.1	1.28%	137	78,080
	Stocks	2.7	0.82%	110	22,140
Probable	In-situ	1.9	1.20%	175	22,800
	Stocks	2.7	0.82%	110	22,140
<b>Total</b>		<b>10.7</b>	<b>1.15%</b>	<b>137</b>	<b>123,050</b>

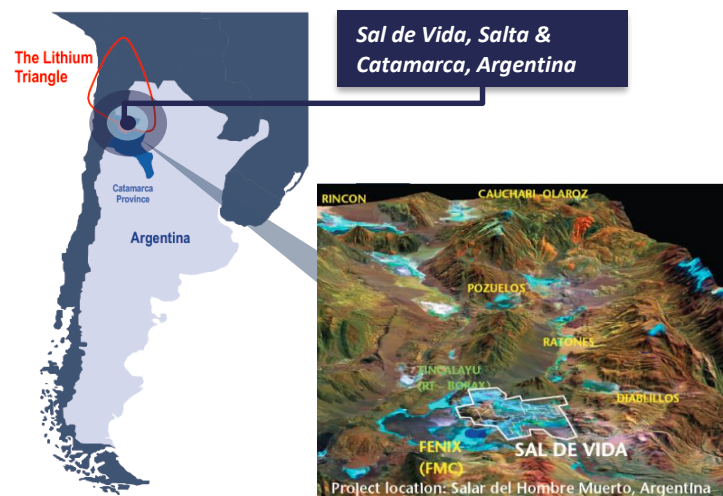
Sources: Galaxy announcements titled, “42% Increase in Mt Cattlin Resource to 16.7Mt,” dated 23 January 2019, “Mt Cattlin Mineral Resource & Ore Reserve And Exploration Update,” dated 23 March 2018, and “Independent Review Supports Near Term Production At Mt Cattlin,” released by General Mining Ltd. (formerly ASX:GMM) on 12 October 2015



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

- Located c.4,000 metres above sea level in the Puna region of northwest Argentina, in the province of Catamarca
  - Adjacent to FMC Lithium’s Fenix operations which has been producing for over 20 years
- Considered a premier lithium and potash brine development project globally
  - Exhibits superior resource chemistry
  - Demonstrated extractability and the large stored volume of brine
- Recently updated feasibility (completed May 2018), reaffirmed Sal de Vida’s technical superiority and potential as a highly profitable operation<sup>1</sup>
  - 40+ year initial life
  - Lowest quartile operating costs of US\$3,144/t LCE (after potash credits)
  - Pre-production capital costs of US\$474mm<sup>2</sup>
  - **Post-tax NPV<sub>8% real</sub> of US\$1.48bn**

### 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

Source: Sal de Vida – Updated Feasibility Study – May 2018

Notes:

1. After potash credits
2. Includes capital cost of the potash production facility, associate infrastructure and contingency of US\$31mm

## Key focus of development work is value engineering studies and process optimization, activities led by recently appointed Project Director

### Value Engineering

- Detailed geotechnical study now nearing completion – study 70% complete
- Additional studies, including energy generation options, water supply options and offsite pre-cast and pre-assembly to be completed

### Test Work Programs

- Earthworks related to construction of 15Ha pilot evaporation pond >65% complete
- Optimization test work on existing process flowsheet ongoing
- Assessment of alternative processing technologies through a parallel test work program

### Well Field Drilling And Exploration

- Wells #25 (311m depth) and #26 (183m depth)
- Additional wells to be drilled to feed updated resource and reserve estimates

### Government and Community Relations

- Training and upskilling of local workforce initiatives
- Laboratory operations training established with the University of Catamarca

### Financing

- Final settlement of POSCO transaction now complete
  - US\$257 million released by the escrow agent to Galaxy on 25 February 2019
  - US\$14.6 million to be transferred directly to Galaxy by 1 March 2019
- Strategic discussions remain ongoing with a selected group of prospective partners for Sal de Vida

### Well Drilling



### Construction of Pilot Ponds



# James Bay – Overview



Provides additional **expansion capacity to capitalise on future lithium demand growth, with the potential to supply the North American/European markets**

- Lithium pegmatite project (**100% owned by Galaxy**) located in northwestern Québec, Canada, c.100km east of James Bay
- Defined mineral resource<sup>1,2</sup> of 40.33Mt @ 1.40% Li<sub>2</sub>O (100% indicated)

## Feasibility Studies

- **Feasibility work continues**, and encompasses an integrated upstream (mining and concentrating) and downstream (chemical conversion) operation
  - Feasibility work to draw synergies from Mt Cattlin and Jiangsu<sup>3</sup> for engineering and process flow sheet design
- Upstream operation considers a 2.0Mt p.a. throughput capacity
- Estimated annual production of >300kt lithium concentrate

## Permitting & Approvals

- Environmental and Social Impact Assessment (“**ESIA**”) submitted in October 2018
  - Engagement with key project stakeholders and government departments begun upon submission (typical timeline of 2 years)
- Pre-Development Agreement (“**PDA**”) has been agreed and signed with the Cree First Nations

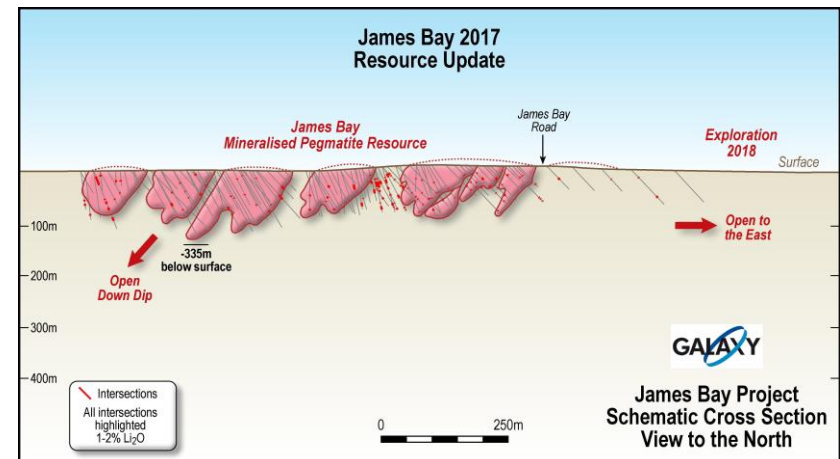
Source: Announcement titled, “James Bay Resource Update” dated 4 December 2017

1. Reported at a cut-off grade of 0.62% Li<sub>2</sub>O
2. Defined by SRK Consulting (Canada) Inc.
3. Previously owned 17ktpa lithium carbonate processing plant in China, sold to Tianqi in 2015

## Ariel View of Outcropping Pegmatite Dykes / Long Section



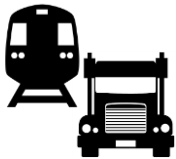
## Cross Section of James Bay Pegmatite Swarm



## Proximity to key existing infrastructure and a low cost of energy are key natural advantages of the James Bay Project



- ✓ **Power Supply: Substantial Hydro-Quebec hydro powered infrastructure surrounding the project**
  - Process plant and supporting infrastructures proposed to be powered Hydro-Québec’s 69kV overhead transmission system
  - Hydro-Quebec have commenced “Pre-Work” engineering on the design and construction of a 7-kilometre spur line and connection infrastructure to tie the James Bay Project into their existing power infrastructure within the region



- ✓ **Transport: Project is located adjacent to the James Bay Road, which is a major paved highway**
  - Spodumene likely to be trucked to a nearby railhead and then transferred onto rail for delivery to the conversion facility



- ✓ **Fuel / Accommodation: “Relais Routier Km 381” Truck Stop located adjacent to Project site**
  - Equipped with gas station, general store, messing facilities and accommodation suitable to support current operations
  - Discussion is in progress with Société de développement de la Baie James regarding evaluation of expansion to 150 rooms



- ✓ **Airports: Two airports in the vicinity of the project**
  - The Eastmain Airport (ZEM) is the closest operating airport, c. 140km west of the project site
  - Opinaca Airport, located c. 35km east of the project which would require recommissioning



- ✓ **Water: Project located in the Eastmain River watershed with numerous sources of fresh water**
  - Bore wells have been used as a source of fresh water for Truck stop Km 381 for decades
  - Storm water runoff water, which falls on areas impacted by mining activities to be collected and treated within a Tailing and Waste Rock Storage Facility (TWRSF) – potential primary raw water source for operations

## Operational optimization at Mt Cattlin and a strong balance sheet underpin Galaxy's continued commitment to the development of Sal de Vida and James Bay

### MT CATTLIN

*Production & optimization*

- Production optimizations from yield optimisation works
- Targeting 40-45kt spodumene production in Q1 2019
- Exploring potential downstream opportunities with existing customers
- Exploration work to facilitate further extension and maximization of mine life

### SAL DE VIDA

*Field work, offtake & project financing*

- POSCO transaction complete releasing significant capital and de-risking project advancement
- JP Morgan advancing discussions with selected strategic partners
- Optimisation and early development works, including earthworks for demonstration pond
- Establishing base of operations in Catamarca City

### JAMES BAY

*Project development*

- Feasibility study work for integrated upstream and downstream operation
- Comprehensive test work program underway with local feedstock material, leveraging Mt Cattlin experience
- ESIA submitted and PDA agreed – continued engagement with key project stakeholders

### MACRO

*Robust lithium demand*

- China targeting 1.6 million NEVs in 2019 continuing strong growth trajectory
- Rest of the world will begin to see the launch of mainstream EV models from global OEMs
- Mass energy storage systems emerging as an important new growth sector
- Demand growth and supply challenges have the potential to lead a price recovery in H2 2019

# 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 is extracted from the report entitled "Sale of Northern Tenements at Sal de Vida to POSCO Completed" created on 26 November 2018 and the Sal de Vida Project Ore 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 both of which are 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 announcements and that all material assumptions and technical parameters underpinning the Mineral Resources and Ore Reserve 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

Any information in this report that relates to the estimation and reporting of the James Bay Mineral Resources is extracted from the ASX announcement, entitled "James Bay Resource Update" dated 4 December 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 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

Any information in this report that relates to the estimation and reporting of the Mt Cattlin Mineral Resources and Ore Reserves is extracted from the report entitled "42% increase in Mt Cattlin resource to 16.7Mt" created on 23 January 2019 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 Ore 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.

### 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.

### Not For Release in the United States

This announcement has been prepared for publication in Australia and may not be released in the United States. This announcement does not constitute an offer of securities for sale in any jurisdiction, including the United States and any securities described in this announcement may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the company and management, as well as financial statements.