FINANCIAL RESULTS
For the year ended 31 December 2019

Robust balance sheet & successful operations underpin future growth

Galaxy Resources Limited (ASX: GXY, "**Galaxy**" or the "**Company**") is pleased to report its financial results for the year ended 31 December 2019 ("**FY2019**"), demonstrating that the Company is a reliable, consistent and high quality lithium producer with a robust balance sheet. Galaxy remains well positioned, in the face of current market conditions, to leverage its portfolio of world-class development assets to create a sustainable, large scale, global lithium chemicals business.

2019 HIGHLIGHTS

- Operations remain Lost Time Injury ("**LTI**") free at Mt Cattlin
- Mt Cattlin achieved a record-breaking year for production volume, product quality and unit costs
- Annual production volume of 191,570 dry metric tonnes **("dmt")** of lithium concentrate grading an average of 5.93% Li_2O
- Annual production unit cash cost of US$391[1]/ dmt, making Mt Cattlin one of the lowest cost spodumene producers
- Total sales volume of 132,687 dmt achieved despite an oversupply of lithium concentrate in the market
- EBITDA before inventory write down of US$6.8 million
- Net loss after tax of US$283.7 million, predominately driven by non-cash write downs and impairment
- Proceeds of US$217.2 million (after tax) received from the sale of tenements to POSCO
- Cash and financial assets of US$143.2 million as at 31 December 2019, and nil debt
- Adoption of a simplified flowsheet for Sal de Vida unlocked an accelerated development path. The project is advancing solidly with engineering works underway and site activities on track

Chief Executive Officer, Simon Hay commented

"Challenging market conditions prevailed in the lithium sector in 2019 due to lower than expected demand in China coinciding with an increase in supply of lithium from spodumene and brine producers. This impacted prices broadly and Galaxy's sales volumes, resulting in lower earnings compared to the prior financial year. In areas within our control, Galaxy performed well with records set across many key performance indicators at Mt Cattlin including record spodumene production and low unit costs.

At the Sal de Vida project, our process team developed a simplified project flowsheet which has many technological and cost advantages. This will see improved project metrics and a de-risked development profile when the updated development plan and capital and operating cost estimate is completed early in H2. Site works gained momentum towards year end with the accommodation camp extension completed in December enabling pilot pond and plant works to ramp up in January.

Due to the deteriorating market conditions across 2019, our financial performance of a net loss after tax of US$283.7 million was disappointing. The major contributor to this loss was the lower spodumene price which necessitated the write down of inventory, impairment of Mt Cattlin property plant and equipment carrying values and derecognition of deferred tax asset leading to a combined negative impact of US$245.9 million. Pleasingly our balance sheet remains very strong with cash and financial assets of US$143.2 million at year end. In addition, we hold inventory of 65,000 tonnes of final product spodumene concentrate and aim to monetise this across 2020.

The start of 2020 has seen our customer base in China affected by the impacts of the coronavirus. We reported previously that a number of sales negotiations were in progress. This continues to be the case however customers are not in a position to conclude purchases due to constraints on many aspects of their businesses. The situation is fluid and therefore Galaxy will not be providing sales forecasts until some clarity returns to our customers and the market in general.

Despite the current headwinds facing the lithium industry, Galaxy remains well positioned to invest in its growth project at the bottom of the commodity cycle and meet a period of double-digit lithium demand growth. Successful operations at Mt Cattlin and a robust balance sheet underpins the Company's strategy to leverage off its world-class assets to unlock further value for shareholders.

*Galaxy will accelerate growth by focusing on the staged development of its flagship project, Sal de Vida. The Company is committed to developing a competitive cost position and accelerating earnings realisation from the initial commercialisation of primary lithium carbonate. The project remains on track to meet the major milestones required to arrive at a final investment decision ("**FID**") for Stage one in early H2 2020."*

SUSTAINABILITY

Galaxy is committed to undertaking operations in a transparent, ethical and responsible manner. In FY2019, Galaxy commenced alignment of its environmental, social and governance practices with international frameworks. Development of the first annual Sustainability Report is underway and scheduled for release online in April 2020.

Safety Results
Galaxy's Total Recordable Injury Frequency rate for the rolling 12 months ended 31 December 2019 was 14.47. Operations at Mt Cattlin remains Lost Time Injury free since its restart in 2016. One LTI was recorded at the Sal de Vida project in Argentina during FY2019.

Environment
At Mt Cattlin, environmental highlights include the completion of the capping of the existing tailings dump surface and the commencement of in-pit tailings disposal.

Community
In Argentina, Galaxy has agreed with the Government of Catamarca to undertake a two-year corporate social responsibility program to support the communities surrounding the Sal de Vida project. Three projects are underway and include the expansion of two school buildings and the establishment of a first aid facility.

OPERATIONAL AND FINANCIAL PERFORMANCE

In February 2019, Galaxy completed the sale of a package of tenements located in the northern region of the Salar del Hombre Muerto in Argentina. The sale to POSCO bolstered Galaxy's balance sheet, positioning it to largely self-fund the first stage of the Sal de Vida project.

Mt Cattlin achieved a record-breaking year in production volumes, product quality and unit costs in FY2019. This was facilitated by a successful yield optimisation project ("**YOP**") and several other operational and cost savings initiatives undertaken during the year.

Table 1: Financial and Operations Summary 2019

	Units	FY2018	FY2019
Operations			
Lithium concentrate produced	*dmt*	156,689	**191,570**
Lithium concentrate sold	*dmt*	159,255	**132,687**
Profit & Loss			
Revenue	*US$'000*	153,929	**69,514**
Cost of sales[2]	*US$'000*	(128,506)	**(80,897)**
EBITDA [1,2]	*US$'000*	58,145	**6,816**
Write down of inventory and impairment of PP&E	*US$'000*	-	**(212,542)**
Derecognition of deferred tax asset	*US$'000*	-	**(33,344)**
Net profit / (loss) after tax	*US$'000*	150,223	**(283,742)**
Earnings / (loss) per share	*cps*	37	**(69)**
Cash Flow			
Cash inflow / (outflow) from operating activities	*US$'000*	57,767	**(97,163)**
Cash inflow / (outflow) from investing activities	*US$'000*	(77,117)	**184,580**
Cash inflow / (outflow) from financing activities	*US$'000*	(675)	**(9,716)**
Net cash inflow / (outflow)	*US$'000*	(20,025)	**77,701**
Closing cash & cash equivalents	*US$'000*	24,755	**100,907**[3]

[1] *EBITDA is a non-IFRS financial information that has not been subject to audit by Galaxy's external auditor*
[2] *Excluding inventory write down*
[3]*Excluding financial assets of US$42.3 million*

Consistent operational execution was demonstrated through stable operations at nameplate capacity across the full year achieving the required final product specification reliably and cost effectively.

Annual lithium concentrate production volume of 191,570 dmt was achieved, a 22% increase year-on-year ("yoy") and at the upper end of guidance of 183,000-193,000 dmt. An increased focus on costs and operating efficiencies lead to an average unit cash cost of US$391[1]/dmt produced, representing a 13% reduction yoy. A higher final product grade was also targeted and successfully achieved through the YOP, resulting in an average final grade of 5.93% Li_2O produced (FY2018: 5.7%).

In line with accounting standards, a review of key balance sheet items was undertaken at half year and full year with consideration for the current and projected spodumene price estimates for the short to medium term. Lower pricing resulted in non-cash write downs and impairment of US$245.9 million in total made up of the following:

- Write down of inventory at Mt Cattlin of US$23.6 million;
- Impairment of Property Plant and Equipment ("**PP&E**") at Mt Cattlin of US$173.1 million;
- Impairment of Right of Use Assets US$15.8 million; and
- Derecognition of Deferred Tax Assets of US$33.3 million

The adjustments arising from these write downs and impairment were non-cash items and did not have any impact on cash-flow, operations or banking covenants.

Revenue from operations was US$69.5 million, a 55% decrease compared to the prior financial year. This was driven by a 46% decrease in spodumene prices and a 17% decrease in sales volumes. The average realised selling price for spodumene sold was US$502/dmt (FY2018: US$927/dmt) and total sales was 132,687 dmt (FY2018: 159,255 dmt). To maintain relationships with valuable, long-term customers, who were also experiencing challenges in this market, sales volumes were dictated by the pace they could work through their inventory levels.

Cost of sales was US$80.9 million, 37% lower compared to the prior financial year, largely driven by a lower sales volume, and lower depreciation and amortisation as a result of impairment to Property, Plant and Equipment at Mt Cattlin.

The Group generated EBITDA, before inventory write down, of US$6.8 million (FY2018: US$58.1 million). The cash margin from sales decreased primarily due the reduction in the average realised selling price of spodumene. This was marginally offset by a decrease of 4% in unit cost of goods sold (excluding royalties and selling costs) from US$411/dmt to US $393/dmt sold.

The Group reported a statutory net loss after tax of US$283.7 million predominately driven by the non-cash write downs and impairment. The underlying net loss before-tax for FY2019, excluding the one-off items, was US$18.9 million. Future earnings are expected to be positively impacted by lower depreciation and amortisation following impairment.

Net cash outflow from operations in 2019 was US$97.2 million, predominately driven by an income tax payment of US$54.4 million to the Argentinian tax authority, in relation to the POSCO sale, and dividend withholding tax of US$7.5 million in Argentina.

The net cash inflow from investing activities of US$184.6 million was impacted by the following cash movements incurred in FY2019:

- Cash consideration for the sale of tenements to POSCO of US$271.6 million;
- Strategic investment in Alita Resources of A$22.5 million; and
- Capital expenditure and exploration & evaluation costs of US$30.1 million

At 31 December 2019, Galaxy held cash and financial assets of US$143.2 million and no debt.

ANNUAL GENERAL MEETING

In accordance with ASX Listing Rule 3.13.1 Galaxy advises that the Annual General Meeting of the Company will be held on Thursday, 21 May 2020. The closing date for the receipt of nominations from persons wishing to be considered for election as a director is 5:00PM (WST) on 27 March 2020.

ENDS

[1] *Excludes royalties and marketing and sales commissions*

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

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About Galaxy (ASX: GXY)

Galaxy Resources Limited (“**Galaxy**”) is an international company with lithium production facilities, hard rock mines and brine assets in Australia, Canada and Argentina. It wholly owns and operates the Mt Cattlin mine in Ravensthorpe Western Australia, which is currently producing spodumene and tantalum concentrate.

Galaxy is advancing plans to develop the Sal de Vida lithium project in Argentina situated in the lithium triangle (where Chile, Argentina and Bolivia meet). Sal de Vida has excellent potential as a low-cost brine-based lithium carbonate production facility.

Galaxy’s diversified project portfolio also consists of the wholly owned James Bay lithium pegmatite project in Quebec, Canada. James Bay will provide additional expansion capacity to capitalise on future lithium demand growth.

Lithium compounds are used in the manufacture of ceramics, glass, pharmaceuticals, grease and are an essential cathode material for long life lithium-ion batteries used in hybrid and electric vehicles, as well as mass energy storage systems. Galaxy is bullish about the global lithium demand outlook and is aiming to become a major producer of lithium products.

Caution Regarding Forward Looking Information

This document contains forward looking statements concerning Galaxy. 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 mineralisation will prove to be economic or that a mine will successfully be developed on any of Galaxy’s mineral properties. Circumstances or management’s estimates or opinions could change. 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.

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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.

GALAXY RESOURCES LIMITED (ASX: GXY)

Financial Results for the Year Ended 31 December 2019

February 2020

GALAXY

Disclaimer

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

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Focused on sustainable development

Promoting a sustainable future through our product output and behaviours

Galaxy's pillars of sustainability

Health & Safety

The health & safety of our people is our utmost priority. Employees have the right to a safe workplace and responsibility to look out for themselves and colleagues

Environmental stewardship

Sustainable mining practices, energy generation and water usage. Responsible waste management and rehabilitation

People focus

Attract and retain quality people. Striving for a culture that celebrates diversity, empowers employees and promotes integrity in all our activities

Social responsibility

Becoming an active member of the communities in which we operate and striving to improve the wellbeing of such regions

Capital discipline and governance

Focus on growing value and returns for all stakeholders. Responsibility to uphold good governance practices

Guided by:

SUSTAINABLE DEVELOPMENT GOALS
17 GOALS TO TRANSFORM OUR WORLD

Galaxy's first Sustainability Report will be released online in April 2020

Safety	**14.47[1]** **TRIFR**	0 LTIs at Mt Cattlin since restart *Programs in 2020 will focus on safety interactions between supervisors and frontline workers*
Environment	**214MWh**	Solar energy capacity at Mt Cattlin
	5Ha	Rehabilitated area at Mt Cattlin
Social	**US$850k**	Social expenditure committed at Sal de Vida, three active projects IBA negotiations progressing well with the Cree Nation in Quebec
People	**100%**	Local teams at Sal de Vida and James Bay

Notes:
1. For the rolling 12 months ended 31 December 2019

Growth strategy

A focused and simplified strategy, with timebound actions to accelerate growth

Galaxy	▪ Low cost producer, with experienced management, a strong financial position and two world class growth projects ▪ Acting to leverage these assets to create a sustainable, large scale, global lithium chemicals business via organic growth		
Timeframe	Present	0 – 2 years	0 – 5 years
Strategy	**Optimise Mt Cattlin**	**Build / execute Sal de Vida**	**Expansion and further growth**
	▪ Sustained operational execution ▪ Free cashflow generation at cycle trough ▪ Prioritisation of value over volume ▪ Optimise production volume and mining quantum to meet customer requirements and reduce operating cost ▪ Optionality and reservation of resource for period of market recovery	▪ Simplified and optimised flowsheet ▪ Stage 1 execution de-risked, including funding ▪ Pilot plant to commence operations in Q1 2020 ▪ Targeting stage 1 FID in early H2 2020 to commence full scale construction ▪ Targeting first production in H1 2022 ▪ Staged development to minimise funding and execution risks	▪ Complete integrated feasibility study, value engineering and permitting at James Bay ▪ Sal de Vida stage 2 expansion ▪ Sal de Vida downstream facility ▪ Diversify into downstream hard rock conversion ▪ Pursue opportunities that support growth objective

Enablers

- Disciplined leadership and capital allocation
- Build internal execution capability
- Implement required systems & processes
- Improved stakeholder engagement and actions
- Refine and implement sustainability strategy
- Lithium future demand growth
- Marketing and distribution – diversify outlets

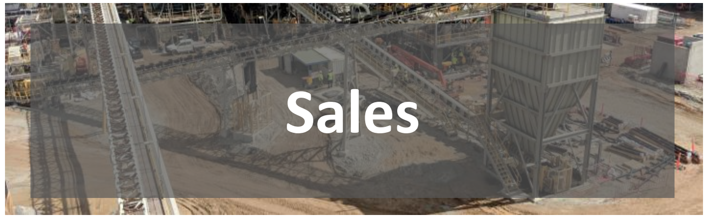
Financial Results

For the Year Ended 31 December 2019

2019 Highlights

A record breaking year in production, product quality and operating costs

Spodumene Produced	Unit Cash Cost
191,570 dmt (c.24.0kt LCE)[1]	**US$391/dmt produced**
2018: 156,689 dmt (c.19.6kt LCE)[1]	2018: US$451/dmt



Spodumene Sold	Grade of Concentrate Produced
132,687 dmt (c.16.6kt LCE)[1]	**5.93% Li_2O**
2018: 159,255 dmt (c.19.9kt LCE)[1]	2018: 5.76% Li_2O

EBITDA (ex. inventory adjust.)[2]	Statutory NPAT
US$6.8M[3]	**(US$283.7M)**[4]
2018: US$58.1M[6]	2018: US$150.2M

Cash & Financial Assets	Debt
US$143.2M[5]	**Nil**
31-Dec-18: US$40.3M	31-Dec-18: Nil

1. *LCE to spodumene conversion factor of 8.0 assumed*
2. *Non-IFRS financial information that has not been subject to audit by Galaxy's external auditor*
3. *Excludes inventory write down of US$23.6M to reduce inventory valuation to net realisable value*
4. *Includes non-cash write down of inventory of US$23.6M, impairment of PP&E of US$188.9M and derecognition of deferred tax assets of US$33.3M*
5. *Includes US$42.3M of Financial Assets*
6. *Excludes POSCO sale*

Record breaking year at Mt Cattlin

For production volumes, product quality and operating costs

2019 Mt Cattlin Production & Sales Statistics

	Units	2018	2019	Movement
Mining				
Total material mined	*bcm*	3,458,010	**4,625,344**	**34%↑**
Ore mined	*wmt*	1,777,720	**1,790,049**	**1%↑**
Grade of ore mined	*% Li_2O*	1.00	**1.24**	**0.24↑**
Processing and Sales				
Ore processed	*wmt*	1,703,503	**1,695,369**	**1%↓**
Grade of ore processed	*% Li_2O*	1.08	**1.23**	**0.15↑**
Mass yield	*%*	9.6	**11.5**	**1.9↑**
Recovery	*%*	50	**55**	**5↑**
Concentrate produced	*dmt*	156,689	**191,570**	**22%↑**
Grade of concentrate produced	*dmt*	5.76	**5.93**	**0.17↑**
Concentrate sold	*% Li_2O*	159,255	**132,687**	**17%↓**
Selling Price and Production Costs				
Realised selling price[1]	*US$/dmt*	927	**502**	**46%↓**
Selling and royalty costs	*US$/dmt*	92	**82**	**11%↓**
Cash cost per tonne sold[1,2, 4]	*US$/dmt*	411	**393**	**4%↓**
Cash Margin[3,4]	*US$/dmt*	425	**27**	**94%↓**
Cash cost per tonne produced[4]	*US$/dmt*	451	**391**	**13%↓**

Stable, consistent production of high quality spodumene concentrate

✓ **Growth in production volume**
- Achieved upper range of 2019 guidance of 183,000-193,000 dmt
- Demonstrates successful Yield Optimisation Project and operational capability

✓ **Recoveries and mass yield improving**
- Targeted higher grade to meet tightening customer specifications
- Piloting of front-end ore sorters achieved over 70% of basalt rejection
- Installation of these units will be completed in Q1 2020

✓ **Improved product quality with higher final product grade of Li_2O and reduced impurity concentrations**
- Consistent production targeting 6.0%+ Li_2O facilitated by YOP upgrades

✓ **One of the lowest cost spodumene operations, firming Galaxy's market position globally despite weak market conditions**
- Unit cash cost of US$391/dmt in 2019, a 13% reduction on 2018

Notes:
1. FOB Esperance price excluding shipping costs.
2. Calculated by taking cash costs after net inventory adjustments divided by tonnes Sold
3. Calculated as realised selling price less selling and royalty costs less cash cost per tonne sold.
4. Non-IFRS measure that has been included to assist investors to better understand the performance of the business, and where included in this report, has not been subject to audit

Non-cash write downs and impairment

Accounting standards required non-cash write downs and impairment due to current subdued prices

Key Balance Sheet Write Down Amounts

	Units	12 months ending 31-Dec-2019
Inventory write down	*US$'000*	**23,637**
Mt Cattlin Property, Plant and Equipment	*US$'000*	**173,106**
Right of Use Assets	*US$'000*	**15,799**
Deferred Tax Assets	*US$'000*	**33,344**
TOTAL	***US$'000***	**245,886**

Deferred Tax Assets

Deferred tax assets were derecognised at the half year due to insufficient forecast taxable income available to utilise previously capitalised carried forward tax losses

Property, Plant and Equipment ("PP&E")

Impairment of US$62.9M and US$110.2M in plant & equipment and mine development expenditure, respectively

Mine development expenditure at Mt Cattlin represents the difference between the consideration paid under the General Mining acquisition in 2016 and the current fair value of assets acquired

Right of Use Assets

Galaxy has adopted the new accounting standard AASB 16 Leases with effect from 1 January 2019 resulting in:

- Right to use the underlying assets under lease recognised as an asset on the balance sheet
- Recognition of a liability for future lease payments

The asset arising from the lease is measured at cost and depreciated over the lease term

Inventory

Due to current weakness in spodumene price, the net realisable value of inventory for sale is less than total cost of goods sold to be expensed (cash and non-cash) when sold. Therefore the carrying value has been written down to net realisable value

Purchase of fixed rate note

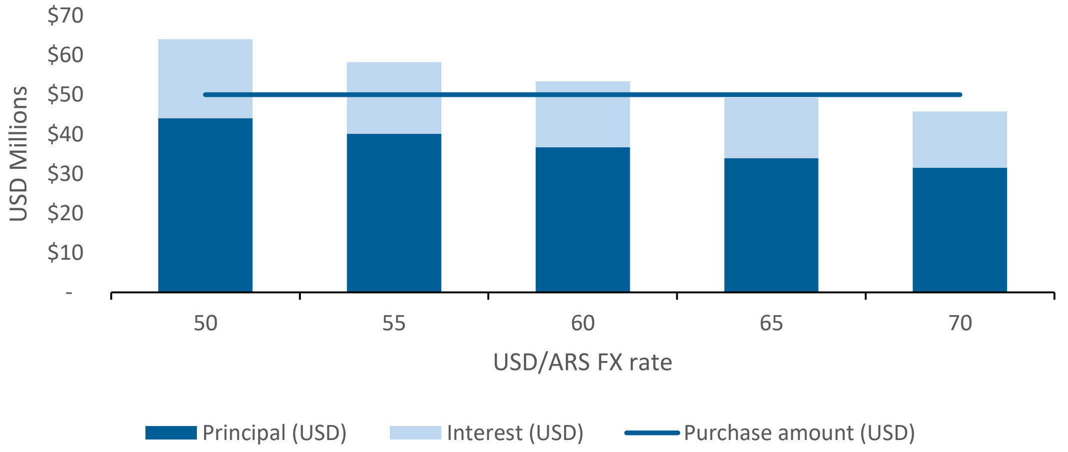
To seek greater returns on cash, meet working capital requirements in Argentina and minimise tax exposure

Key commercial terms of the fixed rate note

Term	Details
Principal	ARS denominated US$50.0M (being ARS2.204 billion on issue)
Term	12 months
Repayment Date	10 Aug 2020
Coupon	45.26% p.a. (paid monthly is US$ at prevailing USD/ARS FX rate on the date of the repayment)
Security	None
Issued by	The Goldman Sachs Group
Investor	Galaxy Lithium (Sal de Vida) S.A.1 (“GLSSA”)

FX rate sensitivity

Depending on the FX rate on repayment date, interest receivable over the term can range between US$20M to US$14M (USD/ARS FX rate range of 1:50 to 1:70)



Accounting treatment

Interest is recognised each month in the Profit & Loss on an accrual basis:
GLSSA recognised US$6.7M in interest income from 10 Aug to 31 Dec 2019
Depending on the USD/ARS FX rate, between US$9M and US$10M of interest income is expected between January and maturity in August 2020

Principal of ARS2.204 billion revalued at the spot rate at the end of each month – movement in US$ equivalent recognised through the Profit & Loss:
At 31 December 2019, the USD/ ARS FX rate was 1:60 (compared with 1:44 at issue date) resulting in an unrealised FX loss of US$13.2M

Notes:
1. A wholly owned subsidiary of Galaxy Resources Limited

Profit & loss statement analysis

2019 EBITDA of US$6.8M before inventory write down; future earnings positively impacted by lower expected D&A following impairment of PP&E

Profit & Loss Statement	Units	12 months ending 31-Dec-18	12 months ending 31-Dec-19
Revenue	*US$'000*	153,929	69,514
EBITDA[1] (before inventory write down)	***US$'000***	**58,145**	**6,816**
EBITDA Margin	*%*	38	10
Depreciation & Amortisation ("**D&A**")	*US$'000*	(45,639)	(35,172)
Write Down and Impairment	*US$'000*	-	(212,542)
Gain on sale exploration assets (POSCO)	*US$'000*	223,025	-
Tax Expense	*US$'000*	(85,579)	(52,259)
Net Profit / (Loss) After Tax	***US$'000***	**150,223**	**(283,742)**
Earnings / (Loss) Per Share (undiluted)[2]	*cps*	37	(69)
Earnings / (Loss) Per Share (diluted)[2]	*cps*	37	(69)

- Revenue impacted by a 46% reduction in the average realised selling price, and a 17% reduction in sales volumes compared to 2018

- Reduced D&A is a function of lower sales volume and impairment of Mt Cattlin property, plant and equipment

- Stockpiled ore and final product inventory written down US$23.6M to net realisable value (see slide 8)
- US$188.9M impairment of property, plant and equipment and right of use assets at Mt Cattlin (see slide 8)

- Includes derecognition of deferred tax assets of US$33.3M and dividend withholding tax paid of US$7.5M in Argentina

1. *EBITDA is a non-IFRS financial information that has not been subject to audit by Galaxy's external auditor*
2. *Weighted average no. of shares (undiluted) = 408.6M (2018: 407.4M); Weighted average no. of shares (diluted) = 408.6M (2018: 410.9M)*

Cash flow analysis

Strong cash position boosted by sales proceeds received from the POSCO transaction

Cash Flow Statement	12 months ending 31-Dec-18 US$ '000	12 months ending 31-Dec-19 US$ '000
Receipts from customers	154,920	63,624
Payments to suppliers, contractors and employees	(97,153)	(98,902)
Income tax paid	-	(61,885)
Net cash inflow/ (outflow) outflow from operating activities	**57,767**	**(97,163)**
Interest received	812	10,686
Payments for exploration and evaluation assets	(17,594)	(17,480)
Net payments for property, plant and equipment	(29,673)	(12,628)
Net payments for financial assets	(16,162)	(67,598)
Proceeds from / (payments for) sale of exploration and evaluation assets	(14,500)	271,600
Net cash inflow/ (outflow) from investing activities	**(77,117)**	**184,580**
Net cash inflow/ (outflow) from financing activities	**(675)**	**(9,716)**
Net change in cash and cash equivalents	**(20,025)**	**77,701**
Cash and cash eq. at the beginning of period	46,629	24,755
Effect of foreign exchange rate changes	(1,849)	(1,549)
Cash and cash equivalents at period end	**24,755**	**100,907**

- Impacted by a 46% reduction in the average realised selling price, and a 17% reduction in sales volumes compared to 2018

- Income tax of US$54.4M paid in relation to the gain on the tenement package sale in northern Salar del Hombre Muerto to POSCO ("**POSCO Transaction**")
- Dividend withholding tax of US$7.5M paid in Argentina

- Capitalised expenditure related to project development work undertaken at Sal de Vida and James Bay and exploration at Mt Cattlin

- Includes capital expenditure of US$5.7M related to the Mt Cattlin creek and road diversion projects

- Investments made in financial assets, including:
  - US$50M purchase of Argentinian Peso ("**ARS**") Fixed Rate Note (see slide 9)
  - US$15.6M (A$22.5M) subscription in Alita

- Proceeds received from the POSCO Transaction, net of withholding tax paid in 2018 prior to completion of US$8.4M

- Principal elements of lease payments of US$7.5M due to application of new accounting standard

- Excludes financial assets of $42.3M as at 31 December 2019

Cash and financial assets analysis

Strong cash position, in the face of challenging market conditions, allows for strategic flexibility through the commodity cycle

For the period 1 January 2019 to 31 December 2019 (US$M)

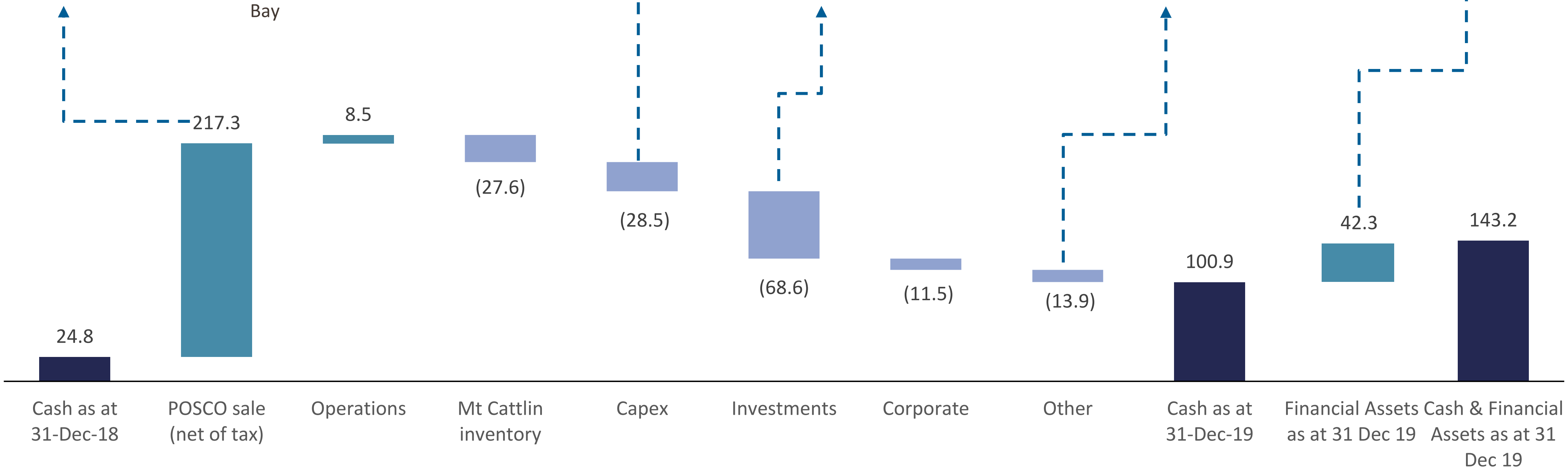
Includes proceeds from the sale of the tenement package in northern Salar del Hombre Muerto net of income tax paid

Includes Capex and exploration expenditure at Mt Cattlin of US$9.3M and capitalised project expenditure of US$13.9M at Sal de Vida and US$5.1M at James Bay

Investments made in financial assets, including: US$50M purchase of Argentinian Peso ("**ARS**") Fixed Rate Note (see slide 10) & US$15.6M (A$22.5M) subscription in Alita

Includes net interest income of US$9.4M, dividend withholding tax paid in Argentina of US$7.5M and working capital adjustment US$14.2M

Includes closing balance of Fixed Rate Note



Balance sheet analysis

GALAXY

Robust balance sheet with cash and financial assets of US$143.2M and nil debt

Balance Sheet	As at 31-Dec-2018 US$ '000	As at 31-Dec-2019 US$ '000
Cash and cash equivalents	24,755	100,907
Financial assets	-	36,812
Receivables	278,703	10,801
Inventories	16,708	27,752
Other current assets	1,456	1,660
Total Current Assets	**321,622**	**177,932**
Financial assets	15,542	5,514
Property, plant and equipment	213,374	33,728
Right of use assets	-	8,402
Exploration and evaluation assets	81,644	88,517
Deferred tax asset	33,344	-
Other non-current assets	1,611	2,003
Total Non-Current Assets	**345,515**	**138,164**
Total Assets	**667,137**	**316,096**
Trade and other payables	34,611	24,867
Lease liabilities	-	6,572
Provisions	6,569	6,922
Income tax payable	67,343	14,022
Total Current Liabilities	**108,523**	**52,383**
Lease liabilities	-	18,205
Provisions	4,962	4,673
Total Non-Current Liabilities	**4,962**	**22,878**
Total Liabilities	**113,485**	**75,261**
Contributed equity	673,801	674,091
Reserves	(2,447)	(33,012)
Accumulated Losses	(117,702)	(400,244)
Total Equity	**553,652**	**240,835**

- Includes closing balance of fixed rate note (Slide 9)

- Final product inventory build including 65,000 dmt of spodumene on hand

- PP&E and right of use assets for Mt Cattlin impaired by US$188.9M pursuant to accounting standards

- Galaxy has adopted the accounting standard AASB 16 Leases with effect from 1 January 2019 resulting in:
  - Right to use the underlying assets under lease recognised as an asset on the balance sheet
  - Recognition of a liability for future lease payments

- Payment of income tax in Argentina of US$54.4M
- FX gain on movement in ARS:US$ FX rate on payment date

- Driven by 2019 inventory write down, PP&E and right of use assets impairment and derecognition of deferred tax assets

Alita Resources Limited (“**Alita**”)

The Alita senior secured debt facility of US$32.5M was repaid in full to Galaxy. Galaxy’s debt facility was subsequently repaid, leaving the Company debt free as at 31 December 2019

Timeline of key events

May 2019	August	November	December 2019
Galaxy subscribed US$15.6M to acquire shares in Alita	Alita appointed voluntary administrator and Galaxy appointed receivers & managers	Galaxy proposed a DOCA to administrators, but a competing third-party proposal was accepted	Galaxy left debt free and has written off the equity investment in Alita in full
	Galaxy acquired the Alita loan facility and undertook further due diligence	Galaxy was not prepared to amend the terms of their DOCA and the acquired facility was repaid in full to Galaxy	

- Alita’s underlying spodumene asset, the Bald Hill mine, was viewed as an opportunity to extend life beyond Mt Cattlin
- Galaxy purchased a senior secured loan facility of US$31.1M in Alita (“**Facility**”) from a syndicate of lenders to have a greater level of control over the restructuring
- The acquisition of the Facility allowed Galaxy to undertake further due diligence on Alita’s assets and liabilities to refine the internal view and propose a Deed of Company Arrangements (“**DOCA**”) to the administrators of Alita
- A competing third-party DOCA was accepted by the administrators and provided the funding required to repay the Facility
- Galaxy was not prepared to amend the offer terms of its proposed DOCA and as a result, the administrators repaid the Facility in full using funds from the third party
- Galaxy’s debt facility, that was drawn down to acquire the debt, was repaid in full, leaving the company debt free as at 31 December 2019
- Galaxy has written off the equity investment in Alita in full although various ways of recouping all or part of the equity are being investigated

Outlook and key catalysts

Building a sustainable, large scale, global lithium chemicals business

Outlook and catalysts

Galaxy is entering a major growth phase through development of its flagship project, Sal de Vida

- **Optimise mining and production volumes** and further cost reduction initiatives
- Operating plan **complements inventory** levels and **prioritises** low grade **stockpiled ore**
- **Healthy spodumene sales pipeline** with contracted volumes and further expressions of interest
- Production **output can be swiftly and easily ramped-up** to match market demand

- **Staged, scalable project execution strategy** to smooth capital and reduce development risk
- **Onsite pilot plant operations** underway to validate and refine key operating assumptions
- Targeting **FID** on stage 1 in **early H2 2020** with low capital and operating costs
- **FEED and detailed engineering** on ponds, wellfields and plant **to commence in Q1 2020**

- **Strategically located** asset with medium to long term potential as a fully integrated project
- **Value engineering underway** on the upstream operation to minimise capital intensity
- **Detailed geotechnical program** to commence in Q1 2020
- **Quebec, James Bay Cree** announced **C$4.7Bn infrastructure development deal**

Mt Cattlin optimised operating plan 2020

Prioritising value over volume to generate free cashflow & preserve resource life

Strategy

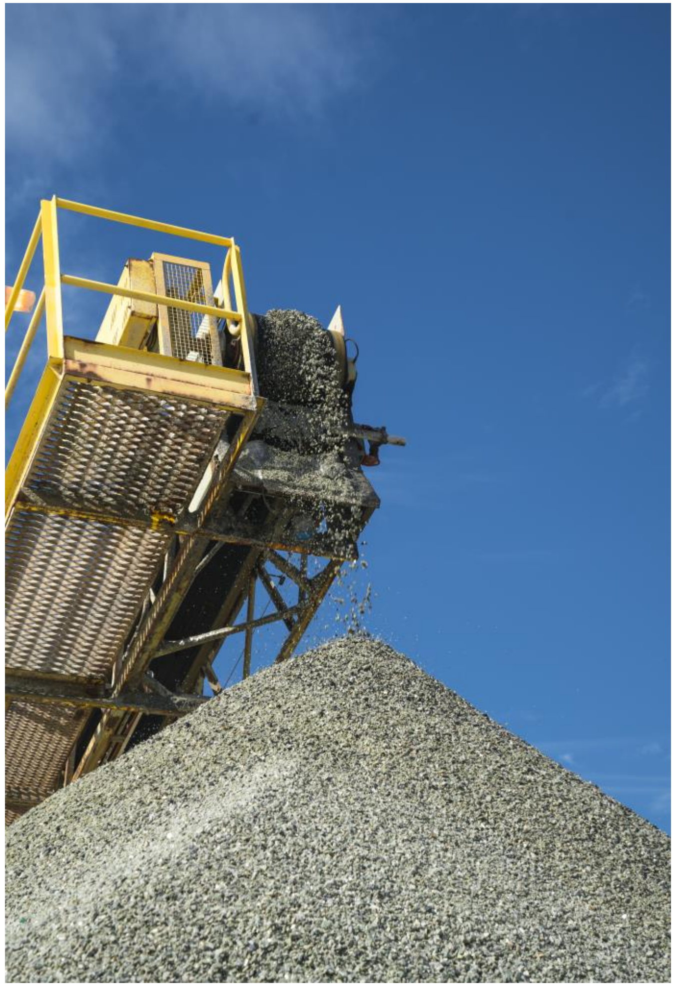
- Lower operational settings to adapt to current market conditions
- Operating plan complements inventory levels and prioritises low grade stockpiled ore to feed ~40% throughput
- Production output can be swiftly and easily ramped-up with new mining contract
- Production and existing inventory sufficient to satisfy customers in 2020

Update

- Plant operations resumed on 17 February 2020, after a scheduled break over Christmas
- New mining contractor mobilising to site, drill and blast to resume shortly, followed by load and haul operations
- Ore sorter construction near completion and commissioning to commence shortly to upgrade stockpiled ore

Forecast Production Metrics

	Units	Operating output
Mining		
Total material mined	*bcm*	1,600,000 – 1,800,000
Strip ratio	*bcm*	5.2
Processing		
Ore processed	*wmt*	900,000 – 1,000,000
Grade of ore processed	*% Li2O*	1.1 – 1.2
Recovery	*%*	58 – 62
Concentrate produced	*dmt*	90,000 – 105,000
Grade of concentrate produced	*% Li2O*	6.0



Sal de Vida project execution strategy

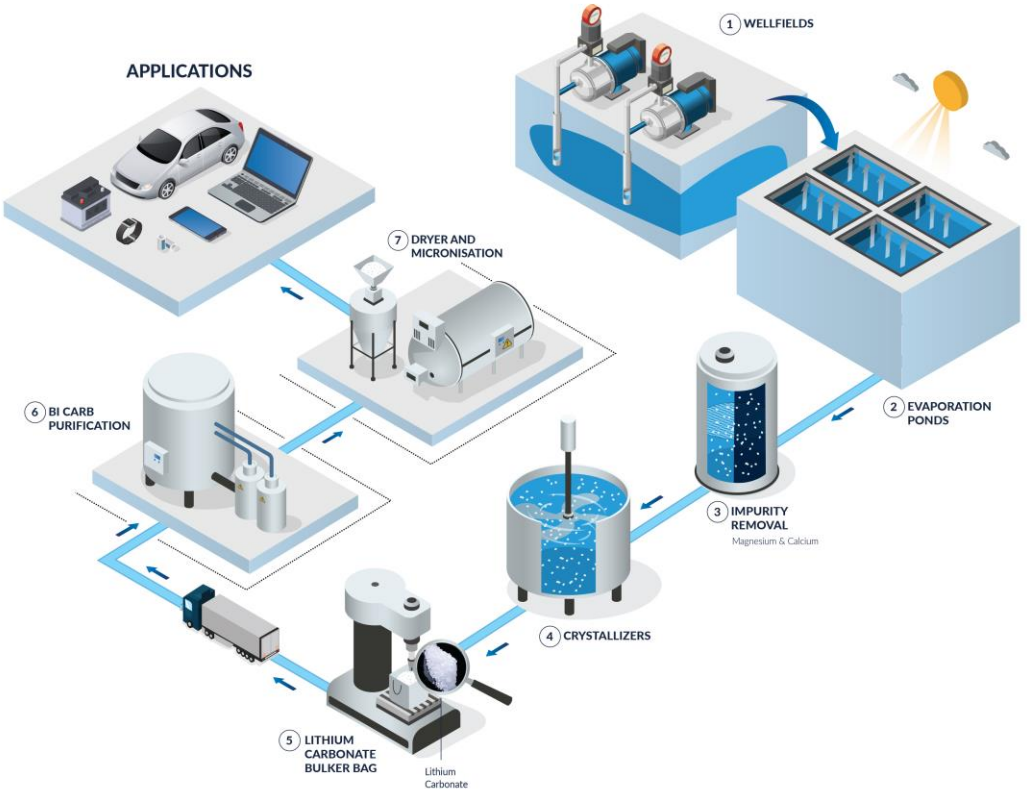
Targeting FID for stage 1 in H2 2020 to meet period of double digit demand growth

Staged, scalable project execution strategy

- Project execution broken into 3 stages to smooth capital expenditure, reduce development risk and simplify management of construction and logistics
- Targeting FID for stage 1 in early H2 2020 based upon capital and operating cost estimates in the lowest respective quartiles
- Targeting to commence construction in H2 2020 and first production in H1 2022 to meet period of double digit demand growth
- Product marketing strategy is based on the initial commercialisation of primary lithium carbonate to accelerate earnings realisation

Front end engineering design ("FEED") underway

- Detailed Scopes of Work prepared for FEED of wellfield, ponds and process plant
- Tenders out now for wellfield and ponds; process plant to follow shortly after
- Selection of logistical and energy solutions near completion
- Project remains on track to deliver updated capital and operating costs for FID



Schematic view of simplified process flowsheet

Sal de Vida pilot program and onsite works

Onsite piloting to optimise key operating parameters and allow customer qualification of primary lithium carbonate

Onsite activities progressing well

- First phase of accommodation camp upgrade completed to 116 person capacity
- 15 Ha of pilot ponds are well advanced with lining and filling underway
- Installation of pilot plant underway and on track for commissioning next month
- 2-3 month trials to refine operating assumptions and allow for customer qualification of primary lithium carbonate product

Advantages of new optimised process flowsheet

- Improved product quality - improved recoveries from the removal of 3 process steps
- Faster evaporation cycle - decreased pond size and reduction of brine volume treated
- Reduced environmental impact - lower waste production, consumption of water, energy and reagents
- Removal of technical complexity - decoupled onsite processing of primary lithium carbonate and purification processing

Ponds are well advanced with lining and filling underway

Lithium Market Outlook

Galaxy is well positioned to invest in the Company's growth at the bottom of the commodity cycle and meet a period of double-digit lithium demand growth.

Demand

- Growing public awareness of climate change risks and mandatory government policy on emission standards
- Growing demand for electric vehicles ("EV") from other key global markets, led by Europe. Britain recently announced banning of the sale of new petrol, diesel and hybrid cars from 2035
- Greater than 30 new EV models estimated for release in 2020, across Europe and the USA alone
- Despite the slowdown in upstream investment, committed investment in battery manufacturing has continued to increase
- Despite short term weakness, China still represents the largest market for lithium demand and has one of the world's strictest emissions standards. Current volatility in New Energy Vehicle ("NEV") sales is transitory
  - — Targeting 20% NEV penetration (5 million vehicles p.a.) by 2025[2]
  - — Recently announced no further subsidy cuts for NEVs in July 2020

Supply

- Demand acceleration, and significant supply rationalisation will eventually return the market to deficit
- Spodumene and lithium chemical markets are currently oversupplied and marred by excessive product inventories
- Current pricing for lithium products is unsustainable and further supply rationalisation is expected
- The key supply side challenges remain:
  - — Substantial further investment required to meet anticipated 2025 demand
  - — Significant project lead times mean investment decisions need to be made during the period of oversupply
  - — Lack of traditional forms of project capital currently available

Notes:
1. *Source: Minmetals Securities, Company filings*