GALAXY RESOURCES LIMITED

ABN 11 071 976 442

CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2015

www.galaxylithium.com

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Martin Rowley (Independent Non-Executive Chairman)
Mr Anthony Tse (Managing Director)
Mr Charles Whitfield (Executive Director)
Mr Jian-Nan Zhang (Non-Executive Director)

CHIEF FINANCIAL OFFICER

Mr Rowen Colman

COMPANY SECRETARY

Mr Simon Robertson

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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AUSTRALIAN BUSINESS NUMBER

11 071 976 442

STOCK EXCHANGE LISTING

ASX Codes: GXY

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DIRECTORS' REPORT

Your directors present their report on the consolidated entity (the "Group") consisting of Galaxy Resources Limited (the "Company") and the entities it controlled during the half-year ended 30 June 2015.

DIRECTORS

The following persons were directors of the Company during the whole of the financial period and up to the date of this report:
Martin Rowley
Anthony Tse
Charles Whitfield
Jian-Nan (George) Zhang

PRINCIPAL ACTIVITIES

The principal activities of the entities within the Group are:

- Production of Lithium Carbonate; and
- Exploration for minerals.

During the six months ended 30 June 2015 the Group completed the divestment of the Jiangsu lithium carbonate plant and continued to unlock and realise value from its other principal assets Mt Cattlin, Sal de Vida and James Bay.

OPERATING RESULTS FOR THE PERIOD

The Group's profit for the period was $55,013,964 after tax for the half-year to 30 June 2015 (loss for half-year ended 30 June 2014: $23,352,082).

REVIEW OF OPERATIONS

Corporate

The Company continued to progress numerous initiatives in relation to the ongoing financial restructuring of the balance sheet and improvement of its cash flow. This strategy was in line with the previous strategic review on the financial position of the Company, the conclusion of which was Galaxy needed to further strengthen its balance sheet, continue to reduce its debt levels and turn around its negative cash flow situation, while also retaining the key assets that would best position the Company to pursue a growth strategy and unlock value going forward.

A key milestone among these initiatives was achieved with the completion of the 100% divestment of the Jiangsu lithium carbonate plant in China. This asset was acquired by Sichuan Tianqi Lithium Inc. ("Tianqi"), the largest lithium producer in China, with the transaction valued at an enterprise value of US$173.2 million, which would result in the Company de-consolidating US$101.5 million of debt and receiving a cash consideration of US$71.7 million. Aside from the significant turnaround in its net debt position, the transaction would allow the Company to focus on unlocking value from its primary assets, including its flagship development the Sal de Vida lithium and potash brine project.

The Company also announced a partnership with General Mining Corporation Limited ("GMM") that would see GMM providing the financial and technical resources to restart operations at the Mt Cattlin Project, to produce tantalum and lithium concentrate.

Jiangsu Operations

The operations at the Jiangsu Plant were maintained in good standing until revised terms for the divestment transaction with Tianqi was announced on 2 February 2015 and subsequently completed on 14 April 2015. Handover of the operations was managed smoothly following the legal and technical completion of the acquisition.

In accordance with the amended SPA, Tianqi was responsible for 50% of the Jiangsu plant running costs from February to the completion of the sale. This final adjustment amount is under negotiation and is currently estimated at between US$ 2.1 – US$ 3.1 million. As part of the amended SPA Tianqi has also issued a Warranty Notice for claims of RMB 14.6 million (US$ 2.4 million) which the Company is currently reviewing. Given the status and similar quantum of these final transactions the Company has not included a receivable or payable respectively for these item in the financial statements at 30 June 2015.

Mt Cattlin Operations

On 9 February 2015 Galaxy announced it had entered into an internal term sheet with GMM and subsequently revised terms were announced on 9 June 2015. The amended transaction terms outlined a new earn-in structure, which gives GMM a right to earn a 50% of equity interest for $25 million. This shall be subject to various milestones being satisfied, including a minimum $7 million of capital expenditure to be invested by GMM prior to 31 December 2015, as well as annual installments of $6 million payable monthly in arrears from the commencement of the date of production for the following three years. All prior lease and royalty arrangements in the initial term sheet are extinguished. GMM will be the sole operator and manager of the Mt Cattlin Project.

Sal De Vida

During Q2 2015 ongoing management initiatives to look at cost efficiencies resulted in an annualized 30% reduction in operational overheads at the Galaxy Sal De Vida subsidiary. A comprehensive financial re-evaluation was undertaken for the staged development approach for the Sal De Vida Project. This exercise included a full price update both in US Dollar and Argentine Peso terms, as well as possible development options, contemplating not only different production scenarios (including final products of lithium carbonate and potassium chloride), but also looking at the potential for a single or co-location operations setup. The required Environmental Impact Assessment work in compliance with the Environmental Impact Declaration obtained a year ago, continued to progress and is expected to be filed in subsequent months. All tenement files in both Salta and Catamarca Province have continued to be maintained in good standing.

James Bay

As part of the revised partnership agreement with GMM, Galaxy also granted a sole and exclusive right to earn a 50% interest in the James Bay Project, subject to a minimum requirement for GMM to invest US$5 million over a three year period, and as part of that a guaranteed spend of US$2.5 million within the first two years. If these requirements are met, it is anticipated that a DFS team will be assembled before the end of the year to begin work on the project.

EVENTS SUBSEQUENT TO REPORTING DATE

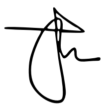
On 7 September 2015 the Group executed an Acquisition and Development Agreement for the Mt Cattlin Project and a Farm-in and Joint Venture Agreement for the James Bay Lithium Project with GMM. On 9 September 2015 GMM shareholders approved the execution of these agreements.

Except for the items above, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001, the directors received the attached independence declaration set out on page 3 and forms part of the directors' report for the half-year ended 30 June 2015.

Signed in accordance with a resolution of the Directors
Dated at Perth this 11th day of September 2015.
On behalf of the Directors



A P Tse
Managing Director

Auditor's Independence Declaration

As lead auditor for the review of Galaxy Resources Limited for the half-year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Galaxy Resources Limited and the entities it controlled during the period.

Nick Henry
Partner
PricewaterhouseCoopers

Perth
11 September 2015

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 30 June 2015

	Notes	30 June 2015 $	Restated 30 June 2014 $
Revenue			
Revenue from continuing operations		**17,738**	15,826
Other income		**50,000**	-
Expenses			
Operating costs		**(34,852)**	(580,168)
Other expenses from ordinary activities			
Administration costs		**(3,156,363)**	(2,440,618)
Employment costs		**(3,559,959)**	(3,060,449)
Depreciation		**(68,751)**	(83,064)
Finance costs		**(5,555,439)**	(3,638,105)
Foreign exchange (losses) / gains		**(3,121,598)**	127,190
Loss on sale of fixed assets		**-**	(408)
Loss before taxation		**(15,429,224)**	(9,659,796)
Income tax		**-**	-
Loss from continuing operations		**(15,429,224)**	(9,659,796)
Profit (loss) from discontinued operation	*4*	**70,443,188**	(13,692,286)
Profit (loss) for the period		**55,013,964**	(23,352,082)
Profit (loss) attributable to:			
Owners of Galaxy Resources Limited		**55,053,467**	(23,341,082)
Non-controlling interests		**(39,503)**	(11,000)
		55,013,964	(23,352,082)
Other comprehensive (loss)/income for the period			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences – foreign operations		**2,085,846**	(10,703,384)
Reclassification of cumulative foreign currency gain on disposal of subsidiary		**(8,320,093)**	-
Revaluation of available for sale financial assets		**205,000**	-
Other comprehensive loss for the period		**(6,029,247)**	(10,703,384)
Total comprehensive income (loss) for the period		**48,984,717**	(34,055,466)
Total comprehensive income (loss) for the period attributable to:			
Owners of Galaxy Resources Limited		**49,078,539**	(33,944,466)
Non-controlling interests		**(93,822)**	(111,000)
		48,984,717	(34,055,466)
Total comprehensive income (loss) for the period attributable to owners of Galaxy Resources Limited arises from:			
Continuing operations		**(18,777,516)**	(9,707,961)
Discontinued operations		**67,762,233**	(24,347,505)
		48,984,717	(34,055,466)
Earnings per share for income (loss) from continuing operations attributable to the ordinary equity holders of the company			
Basic and diluted income (loss) per share (cents per share)	*2*	**(1.44)**	(0.94)
Earnings per share for income (loss) attributable to the ordinary equity holders of the company			
Basic income (loss) per share (cents per share)	*2*	**5.14**	(2.27)
Diluted income (loss) per share (cents per share)	*2*	**5.07**	(2.27)

The above Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 30 JUNE 2015

	Note	30 June 2015 $	31 December 2014 $
CURRENT ASSETS			
Cash and cash equivalents	*15*	**42,929,906**	13,389,040
Other receivables and prepayments		**716,824**	669,489
Inventories	*5*	**1,070,207**	1,095,870
		44,716,937	15,154,399
Assets classified as held for sale	*4*	**-**	187,231,119
TOTAL CURRENT ASSETS		**44,716,937**	202,385,518
NON-CURRENT ASSETS			
Property, plant and equipment		**1,807,654**	1,908,649
Exploration and evaluation assets	*6*	**131,959,004**	130,995,125
Available-for-sale financial assets		**244,670**	39,971
TOTAL NON-CURRENT ASSETS		**134,011,328**	132,943,745
TOTAL ASSETS		**178,728,265**	335,329,263
CURRENT LIABILITIES			
Trade and other payables		**4,650,742**	5,161,963
Deposit for Jiangsu transaction		**-**	14,958,313
Provisions		**181,335**	651,456
Interest bearing liabilities	*7*	**64,450,055**	101,232,792
		69,282,132	122,004,524
Liabilities directly associated with assets classified as held for sale	*4*	**-**	155,804,260
TOTAL CURRENT LIABILITIES		**69,282,132**	277,808,784
NON-CURRENT LIABILITIES			
Provisions		**7,467,045**	7,455,255
TOTAL NON-CURRENT LIABILITIES		**7,467,045**	7,455,255
TOTAL LIABILITIES		**76,749,177**	285,264,039
NET ASSETS		**101,979,088**	50,065,224
EQUITY			
Contributed equity		**452,239,404**	450,692,932
Reserves		**(916,905)**	11,986,098
Accumulated Losses		**(354,140,091)**	(417,504,308)
Capital and reserves attributable to owners of Galaxy Resources Limited		**97,182,408**	45,174,722
Non-controlling interests		**4,796,680**	4,890,502
TOTAL EQUITY		**101,979,088**	50,065,224

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2015

	Note	Contributed Equity $ 9(a)	Reserves $ 9(b)	Restated Accumulated losses $	Restated Total $	Non-controlling interest $	Restated Total equity $
Balance at 1 January 2014		448,460,634	14,465,358	(363,834,665)	99,091,327	5,023,646	104,114,973
Loss for the period		-	-	(23,341,082)	(23,341,082)	(11,000)	(23,352,082)
Other comprehensive (loss) for the period		-	(10,603,384)	-	(10,603,384)	(100,000)	(10,703,384)
Total comprehensive loss		-	(10,603,384)	(23,341,082)	(33,944,466)	(111,000)	(34,055,466)
Issue of shares, net of transaction costs		1,523	-	-	1,523	-	1,523
Transfer of reserve upon forfeit of options		-	(100,000)	100,000	-	-	-
Share-based payment transactions		-	2,000,000	-	2,000,000	-	2,000,000
Balance at 30 June 2014		448,462,157	5,761,974	(387,075,747)	67,148,384	4,912,646	72,061,030
Balance at 1 January 2015		**450,692,932**	**11,986,098**	**(417,504,308)**	**45,174,722**	**4,890,502**	**50,065,224**
Profit (loss) for the period		**-**	**-**	**55,053,467**	**55,053,467**	**(39,503)**	**55,013,964**
Other comprehensive loss for the period		**-**	**(5,974,928)**	**-**	**(5,974,928)**	**(54,319)**	**(6,029,247)**
Total comprehensive income (loss)		**-**	**(5,974,928)**	**55,053,467**	**49,078,539**	**(93,822)**	**48,984,717**
Transfer of reserve upon forfeit of options		**-**	**(8,310,750)**	**8,310,750**	**-**	**-**	**-**
Share-based payment transactions		**1,552,600**	**1,382,675**	**-**	**2,935,275**	**-**	**2,935,275**
Share transaction costs		**(6,128)**			**(6,128)**		**(6,128)**
Balance at 30 June 2015		**452,239,404**	**(916,905)**	**(354,140,091)**	**97,182,408**	**4,796,680**	**101,979,088**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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	Note	30 June 2015 $	30 June 2014 $
Operating activities			
Receipts from customers		**2,169,909**	11,345,540
Receipts from Australian Taxation Office		**185,401**	-
Payments to suppliers, contractors and employees		**(6,138,601)**	(15,627,611)
Net cash outflow operating activities		**(3,783,291)**	(4,282,071)
Investing activities			
Interest received		**26,877**	145,008
Acquisition of property, plant and equipment		**(13,263)**	(1,434,000)
Proceeds from sale of assets		**103,143,600**	13,030,000
Payments for exploration and evaluation assets		**(1,089,761)**	(885,611)
Refund of security deposit/performance bonds		**(16,001,469)**	-
Net cash inflow from investing activities		**86,065,984**	10,855,397
Financing activities			
Net proceeds from issue of shares		**-**	1,523
Bank charges and interest paid		**(8,492,689)**	(6,544,260)
Proceeds from borrowings		**8,427,548**	26,502,000
Repayments of borrowings		**(53,132,994)**	(26,603,000)
Net cash outflow from financing activities		**(53,198,135)**	(6,643,737)
Net increase (decrease) in cash and cash equivalents		**29,084,558**	(70,411)
Cash and cash equivalents at the beginning of the period		**13,580,514**	2,840,292
Effect of foreign exchange rate changes		**264,834**	(61,509)
Cash and cash equivalents at the end of the period		**42,929,906**	2,708,372
Represented by:			
Cash held for sale in disposal group	*4*	-	224,429
Cash and cash equivalents from continuing operations		42,929,906	2,483,943

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. SIGNIFICANT ACCOUNTING POLICIES

Galaxy Resources Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial statements of the Company for the half-year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is a for-profit entity and is primarily involved in mineral exploration and processing.

a) Statement of compliance

These consolidated interim financial statements are general purpose financial statements and have been prepared in accordance with AASB 134: Interim Financial Reporting, and the *Corporations Act 2001*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements. The consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 31 December 2014 and any public announcement made by the Company during the half-year ended 30 June 2015 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

The consolidated financial statements were authorised for issue by the Board of Directors on 10 September 2015.

b) Accounting policies

The accounting policies applied by the Group in the consolidated interim financial statements are the same as those applied by the Group in its consolidated financial report as at and for the year ended 31 December 2014 and the corresponding interim reporting period and have been consistently applied unless otherwise stated.

New amended and revised standards that are mandatory for 30 June 2015 interim periods have been applied in these consolidated interim financial statements and did not have a significant impact on the reported results or financial position.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 interim reporting period and have not been applied in these financial statements.

c) Going concern

The consolidated interim financial report has been prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

For the half-year ended 30 June 2015 the Group earned a profit after tax of $55.0 million (30 June 2014: loss $23.4 million) which consisted of a loss from continuing operations of $15.4 million (30 June 2014: $9.7 million) and a profit from the discontinued Jiangsu operation of $70.4 million (30 June 2014: loss $13.7 million).

With the Jiangsu sale complete focus is now on finalising the GMM deal on Mt Cattlin. Together with the completion of a Group wide cost reduction exercise, this deal aims to provide sufficient funds to meet future operating costs and return the Group to an operating profit on its continuing operations.

On 7 September 2015 the Group executed an Acquisition and Development Agreement for the Mt Cattlin Project and a Farm-in and Joint Venture Agreement for the James Bay Lithium Project with GMM. On 9 September 2015 GMM shareholders approved the execution of these agreements.

The Group has net current liabilities at 30 June 2015 of $24.6 million (31 December 2014: $75.4 million) which includes interest bearing liabilities of $64.5 million made up of unsecured convertible bonds of $60.0 million and secured loans of $4.5 million.

The Convertible bonds of $60 million have a maturity date of 19 November 2015 and the secured loan matures on 31 March 2016. The interest bearing liabilities of the group exceed the available cash of the Group and insufficient cash inflows from operations are likely to be generated to satisfy the shortfall prior to scheduled maturity.

The Directors are aware that the ability to continue as a going concern is dependent upon one or more of the following uncertain events:

- The continued support of its current financiers until scheduled maturity dates; and
- Prior to maturity of its current debt obligations, being successful in renegotiating the terms of its debt arrangements and/or raising additional funds via new debt or equity issues or from asset sales to satisfy these obligations.

The Directors are of the opinion that a successful debt refinancing or renegotiation of terms will be achieved prior to the settlement of its debt arrangements upon maturity.

As a result of the above uncertain events, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors are of the opinion that, as at the date of these consolidated interim financial statements, the Group is a going concern and, as a result, the financial report for the half-year ended 30 June 2015 does not include any adjustments relating to the recoverability and classification of the recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

2. EARNINGS PER SHARE

The calculation of basic earnings (loss) per share for each period was based on the earnings (loss) attributable to ordinary shareholders and using a weighted average number of ordinary shares outstanding during the period.

	30 June 2015	Restated 30 June 2014
(a) Basic earnings (loss) per share	**Cents**	Cents
From continuing operations attributable to the ordinary equity holders of the company	**(1.44)**	(0.94)
From discontinued operation	**6.58**	(1.33)
Total basic earnings (loss) per share attributable to the ordinary equity holders of the company	**5.14**	(2.27)
(b) Diluted earnings (loss) per share		
Total diluted earnings (loss) per share attributable to the ordinary equity holders of the company	**5.07**	(2.27)
(c) Reconciliation of earnings (loss) used in calculating earnings per share		
Profit (loss) attributable to the ordinary shareholders of the company used in calculating basic and diluted earnings (loss) per share	$	$
From continuing operations	**(15,429,224)**	(9,659,796)
From discontinued operation	**70,443,188**	(13,692,286)
	55,013,964	23,352,082
(d) Weighted average number of shares	**Number**	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**1,071,148,631**	1,027,073,891
Adjustments for calculation of diluted earnings per share:		
Options	**12,569,061**	-
Share appreciation rights	**922,376**	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**1,084,640,068**	1,027,073,891

3. SEGMENTS INFORMATION

(a) Description of segments

During the period the Group has managed its businesses by geographic location, which resulted in four operating and reportable segments which consist of its Corporate, Australian, Argentinian and Canadian operations as set out below. This is consistent with the way in which information is reported internally to the Group's Managing Director for the purposes of resource allocation and performance assessment.

- The Australian operation includes the development and operation of the Mt Cattlin spodumene mine and exploration for minerals.
- The Argentinian operation includes the development of the Sal de Vida project and exploration for minerals.
- The Canadian operation includes the development of the James Bay project and exploration for minerals.

Due to the sale of the Jiangsu plant, the China segment was classified as held for sale as at 31 December 2014 and information about this discontinued segment is provided in note 4.

For the purposes of resource allocation and performance assessment, the Group's Managing Director monitors the results and assets attributable to each reportable segment on the following basis:

- Segment results are profit and loss before taxation which is measured by allocating revenue and expenses to the reportable segments according to the geographic location in which they arose or relate to.
- Segment assets include property, plant and equipment, lease payment and exploration and evaluation assets. The geographical location of the segment assets is based on the physical location of the assets.

3. SEGMENT INFORMATION

(b) Reportable segments

	Corporate		Australia		Argentina		Canada		Total	
	30 June 2015 $	Restated 30 June 2014 $	**30 June 2015 $**	Restated 30 June 2014 $	**30 June 2015 $**	30 June 2014 $	**30 June 2015 $**	30 June 2014 $	**30 June 2015 $**	Restated 30 June 2014 $
Other income	**-**	-	**50,000**	-	**-**	-	**-**	-	**50,000**	-
Operating costs and provisions for inventory and onerous contracts	**-**	-	**(34,853)**	(580,168)	**-**	-	**-**	-	**(34,853)**	(580,168)
Other expenses from ordinary activities	**(6,131,344)**	(5,149,216)	**(3,663,101)**	(66,296)	**(94,487)**	(226,011)	**-**	-	**(9,888,932)**	(5,441,523)
Finance costs	**(3,958,482)**	(3,633,754)	**(1,596,256)**	(3,470)	**-**	-	**(701)**	(881)	**(5,555,439)**	(3,638,105)
Reportable segment profit (loss) before income tax	**(10,089,826)**	(8,782,970)	**(5,244,210)**	(649,934)	**(94,487)**	(226,011)	**(701)**	(881)	**(15,429,224)**	(9,659,796)

	30 June 2015 $	31 December 2014 $	**30 June 2015 $**	31 December 2014 $	**30 June 2015 $**	31 December 2014 $	**30 June 2015 $**	31 December 2014 $	**30 June 2015 $**	31 December 2014 $
Reportable segment interest bearing liabilities	**64,450,055**	64,450,055	**-**	36,782,737	**-**	-	**-**	-	**64,450,055**	101,232,792
Other reportable liabilities	**4,238,033**	3,551,237	**3,206,260**	19,981,767	**382,644**	231,207	**4,472,184**	4,462,777	**12,299,122**	28,226,988
Reportable segment assets	**1,572,693**	2,083,688	**5,202,644**	4,917,859	**126,730,396**	125,670,800	**2,047,956**	1,996,787	**135,553,689**	134,669,134
Additions to non-current segment assets during the period	**14,963**	1,732	**189,755**	515,430	**1,000,865**	4,098,279	**12,784**	92,684	**1,218,367**	4,708,125

(c) Reconciliations of reportable segment profit or loss, assets and liabilities and other material items

Inter-segment revenue for the six months ended 30 June 2015 is $Nil (six months ended 30 June 2014: $Nil).

The reconciliation between reportable segment assets and the Group's consolidated total assets as at the end of the period is as follows:

Assets	**30 June 2015 $**	31 December 2014 $
Total assets for reportable segments	**135,553,689**	134,669,134
Unallocated:		
Cash and cash equivalents	**42,929,906**	13,389,040
Available-for-sale financial assets	**244,670**	39,971
Assets classified as held for sale	**-**	187,231,119
Consolidated total assets	**178,728,265**	335,329,263
Liabilities		
Total liabilities for reportable segments	**76,749,177**	129,459,780
Unallocated:		
Liabilities classified as held for sale	**-**	155,804,260
Consolidated total liabilities	**76,749,177**	285,264,040

The reconciliation between reportable segment profit (loss) and the Group's consolidated loss for the period is as follows:

Profit or loss	**30 June 2015 $**	Restated 30 June 2014 $
Loss from continuing operations	**(15,429,224)**	(9,659,796)
Profit (loss) from discontinued operations	**70,443,188**	(13,692,286)
Consolidated loss before tax	**55,013,964**	(23,352,082)

4. DISCONTINUED OPERATION

(a) Description

On 30 April 2014 the Company announced a binding Share Purchase Agreement ("SPA") with Sichuan Tianqi Lithium Industries ("Tianqi") for the sale of Galaxy Lithium International Limited, the entity which holds the Jiangsu Lithium Carbonate plant. The SPA included an enterprise value of US$230 million (A$249 million), with Tianqi assuming US$108 million (A$117 million) of Chinese bank debt at Galaxy Jiangsu and a cash component of US$122 million (A$132 million), before any working capital adjustments for the balance. On 13 May 2014 the shareholders of Tianqi approved the payment of US$12.2 million (A$13 million) representing 10% of the cash component by way of a deposit for the purchase. The deposit was received on 20 May 2014. On 20 June 2014, at an EGM, Galaxy shareholders voted in support of the sale transaction.

On 2 February 2015 the Company announced revised terms of the SPA for the GLIL Disposal. The revised enterprise value was US$173.2 million comprising cash consideration of US$71.7 million and assumption of the Chinese bank debt. On 10 March 2015 Tianqi shareholders approved the revised SPA and then on 17 March 2015 Galaxy shareholders also approved the revised transaction.

On 14 April 2015 all cash consideration for the sale was received. In accordance with the amended SPA, Tianqi was responsible for 50% of the Jiangsu plant running costs from February to the completion of the sale. This final adjustment amount is under negotiation and is currently estimated at between US$ 2.1 – US$ 3.1 million. As part of the amended SPA Tianqi has also issued a Warranty Notice for claims of RMB 14.6 million (US$ 2.4 million) which the Company is currently reviewing. Given the status and similar quantum of these final transactions the Company has not provided a receivable or payable respectively for these item in the financial statements at 30 June 2015.

(b) Financial performance and cash flow information

	30 June 2015 $	30 June 2014 $
Revenue	**172,591**	7,020,077
Expenses	**(5,786,549)**	(20,712,363)
Loss before income tax	**(5,613,959)**	(13,692,286)
Income tax expense	**-**	-
Loss after income tax of discontinued operation	**(5,613,959)**	(13,692,286)
Gain on sale of the subsidiary after income tax (see (c) below)	**76,057,147**	-
Profit from discontinued operation	**70,443,188**	(13,692,286)
Net cash outflow from operating activities	**(2,372,720)**	(1,299,000)
Net cash inflow (outflow) from investing activities (2015 includes inflow of $103,714,762 from the sale of the division)	**87,137,981**	(1,434,252)
Net cash outflow from financing activities	**(4,514,018)**	(2,950,000)
Net increase (decrease) in cash from discontinued operations	**80,251,243**	(5,683,252)

(c) Details of the sale of the subsidiary

Consideration received or receivable:		
Total disposal consideration - cash	**103,714,762**	-
Carrying amount of net assets sold	**(35,977,708)**	-
Gain on sale before income tax and reclassification of foreign currency translation reserve	**67,737,054**	-
Reclassification of foreign currency translation reserve	**8,320,093**	-
Income tax expense on gain	**-**	-
Gain on sale after income tax	**76,057,147**	-

4. DISCONTINUED OPERATION

(c) Details of the sale of the subsidiary

The carrying amounts of assets and liabilities as at the date of sale (14 April 2015) were:

	14 April 2015 $
Cash and cash equivalents	**298,463**
Property, plant and equipment	**165,389,091**
Lease prepayments	**1,976,898**
Trade and other receivables	**21,089,635**
Inventories	**11,320,188**
Total assets	**200,074,275**
Trade creditors and accruals	**36,015,232**
Interest bearing liabilities	**128,081,335**
Total liabilities	**164,096,567**
Net Assets	**35,977,708**

(d) Assets and liabilities of disposal group classified as held for sale

	30 June 2015 $	31 December 2014 $
Assets classified as held for sale:		
Cash and cash equivalents	**-**	191,474
Property, plant and equipment	**-**	154,073,912
Lease prepayments	**-**	1,298,528
Trade and other receivables	**-**	20,925,066
Inventories	**-**	10,742,139
Total assets of disposal group held for sale	**-**	187,231,119
Liabilities directly associated with assets classified as held for sale:		
Trade creditors and accruals	**-**	31,283,827
Interest bearing liabilities	**-**	124,520,433
Total liabilities of disposal group held for sale	**-**	155,804,260

5. INVENTORIES

Current	**30 June 2015 $**	31 December 2014 $
Consumables – at cost	**2,164,378**	2,190,041
Provision for obsolescence	**(1,094,171)**	(1,094,171)
Carrying amount of inventories in continuing operations	**1,070,207**	1,095,870

6. EXPLORATION AND EVALUATION ASSETS

	Boxwood Hill $	Mt Cattlin $	Sal de Vida $	James Bay $	**Total $**
Cost:					
Balance at 1 January 2014	870,812	3,270,319	125,473,636	7,500,000	137,114,767
Additions	50,946	464,485	4,098,279	92,684	4,706,393
Impairment	(921,758)	-	-	(5,609,744)	(6,531,502)
Foreign exchange movement	-	-	(4,311,594)	17,062	(4,294,533)
Balance at 31 December 2014	-	3,734,804	125,260,321	2,000,000	130,995,125
Additions	**-**	**189,755**	**1,000,865**	**12,784**	**1,203,404**
Foreign exchange movement	**-**	**-**	**(245,223)**	**5,698**	**(239,525)**
Balance at 30 June 2015	**-**	**3,924,559**	**126,015,963**	**2,018,482**	**131,959,004**

Mt Cattlin

In February 2015 the Company signed a binding Term Sheet with GMM to lease and operate the Mt Cattlin plant with an option to purchase for $30 million. On 9 June 2015 the Company announced a Revised Term Sheet with GMM which included the following:

- GMM has exclusive right to earn 50% equity interest in Mt Cattlin Project for $25 million over three years consisting of:
  - an initial investment of $7 million of capital expenditure on the Mt Cattlin Plant, and
  - a balance of consideration as monthly cash payments equating to $6 million per annum
- GMM to be sole operator and manager of Mt Cattlin Project
- Scheduled production to commence no later than 31 March 2016

James Bay

As part of the Revised Term Sheet signed with GMM on 9 June 2015, Galaxy granted a sole and exclusive right for GMM to earn a 50% interest in the James Bay Project subject to a minimum spend of US$5 million over a three-year period including a guaranteed spend of US$2.5 million within the first two years. It is anticipated that a DFS team will be assembled before the end of the year to begin work on the project. There has been no impairment reversal recorded for the carrying value of James Bay at 30 June 2015 as final agreements have not been signed with GMM at the date of this report and there is material uncertainty whether GMM will be successful in raising the required funds.

7. INTEREST BEARING LIABILITIES

	30 June 2015 $	31 December 2014 $
Current		
Convertible bonds [(a)]	**60,000,000**	60,000,000
Secured loan [(b)]	**4,450,055**	4,450,055
Tianqi loan [(c)]	**-**	36,782,737
Balance at end of the year	**64,450,055**	101,232,792

(a) Convertible bonds

The bonds have a maturity date of 19 November 2015 with a 10% coupon per annum. The Bond Trust Deed contains default clauses in respect to other lending facilities of the Group. These clauses can be enacted should a formal event of default be pursued by other lenders.

As at 30 June 2015, the Convertible bonds are carried at face value of $60,000,000 (31 December 2014: $60,000,000). Both the Convertible bonds equity and Galaxy conversion option are nil due to the short time period to expiry and a conversion price that is substantially above the current market price of Galaxy shares.

(b) Secured loan

Galaxy entered into a $5 million subordinated secured short term loan facility ("Facility") in July 2013 with a lending consortium ("Consortium"). The Consortium is made up of existing, largely European-based institutional shareholders of Galaxy and was arranged by Galaxy's Special Management Committee in July 2013. As at 30 June 2015 $4.45 million remained outstanding on the Facility.

The Facility funds made available to provide additional near term funding for general corporate purposes and was due to be repaid on 1 November 2013. Interest rates on this Facility are 10% per annum and secured by the Company's interests in the Sal De Vida project, Mt Cattlin and James Bay. In 2014 the facility was renegotiated with additional funds of $2.3 million being made available and the repayment date extended to 31 July 2014. In September 2014, after a partial repayment of principal, a Deed of Amendment and Restatement was executed extending the remaining $4,702,128 of the Facility to 31 December 2014. A partial repayment in November 2014 has reduced the facility to $4.5 million. A Second Amended and Restated Facility Agreement was executed on 1 April 2015 extending the facility to 31 March 2016.

(c) Tianqi loan agreement

The US$30 million loan facilty with Tianqi Group HK Co. Limited was settled on 14 April 2015 as part of the completion of the sale of the Jiangsu plant.

8. CONTINGENT ASSETS AND LIABILITIES

Except as detailed in note 4(a) there are no material contingent assets or liabilities as at 30 June 2015 (31 December 2014: None).

9. EQUITY

(a) Contributed equity

(i) Share capital

	30 June 2015 Shares	31 December 2014 Shares	**30 June 2015 $**	31 December 2014 $
Fully paid ordinary shares	**1,103,183,990**	1,064,783,990	**452,239,404**	450,692,932

(ii) Movement in ordinary share capital

	Number of shares	**$**
Balance 1 January 2014	1,027,058,768	448,460,634
Employee share issues	37,415,254	2,207,500
Exercise of options	309,968	24,798
Balance at 31 December 2014	1,064,783,990	450,692,932
Employee share issues	**38,400,000**	**1,552,600**
Share transaction costs	**-**	**(6,128)**
Balance at 30 June 2015	**1,103,183,990**	**452,239,404**

(b) Reserves

The following table shows the movements in reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Equity-settled payments reserve $	**Foreign currency translation reserve $**	**Fair value reserve $**	**Total reserves $**
Balance at 1 January 2014	16,035,152	(1,569,794)	-	14,465,358
Foreign currency translation differences	-	(10,603,384)	-	(10,603,384)
Total comprehensive loss	-	(10,603,384)	-	(10,603,384)
Transactions with owners in their capacity as owners				
Share-based payment transactions	2,000,000	-	-	2,000,000
Transfer of reserve upon forfeit of options	(100,000)	-	-	(100,000)
Balance at 30 June 2014	17,935,152	(12,173,178)	-	5,761,974
Balance at 1 January 2015	15,148,819	(3,162,721)	-	11,986,098
Foreign currency translation differences	**-**	**2,140,165**	**-**	**2,140,165**
Currency translation differences transferred to income	**-**	**(8,320,093)**	**-**	**(8,320,093)**
Revaluation of available for sale financial assets	**-**	**-**	**205,000**	**205,000**
Total comprehensive loss	**-**	**(6,179,928)**	**205,000**	**(5,974,928)**
Transactions with owners in their capacity as owners				
Share-based payment transactions	**1,382,675**	-	-	**1,382,675**
Transfer of reserve upon forfeit of options	**(8,310,750)**	**-**	**-**	**(8,310,750)**
Balance at 30 June 2015	**8,220,744**	**(9,342,649)**	**205,000**	**(916,905)**

10. SHARE BASED PAYMENTS

a. Shares

i. Director shares

On 1 June 2015 27,500,000 fully paid ordinary shares were issued to directors (or their nominees) arising from the approval of various resolutions at the 29 May 2015 Annual General Meeting ("AGM"). Share based payments of $1,127,500 has been expensed to the profit and loss for the six months ended 30 June 2015.

ii. Management shares

On 1 June 2015 10,900,000 fully paid ordinary shares were issued to management (or their nominees) arising from the approval of a resolution at the AGM on 29 May 2015. Share based payments of $425,100 has been expensed to the profit and loss for the six months ended 30 June 2015.

b. Share appreciation rights

At the AGM on 29 May 2015 shareholders approved the establishment of the Galaxy Resources Limited Long Term Incentive Plan ("LTIP"). At this meeting shareholders also approved the issue of 26,500,000 Share Appreciation Rights ("SARS") to directors under the LTIP.

i. Director SARS

26,500,000 SARS were issued to directors on 19 June 2015. The SARS were valued at $738,025, based on four tranches with varying vesting conditions, and expensed to the profit and loss in the six months ended 30 June 2015. The tranche valuations were calculated using Black Scholes models with the following assumptions:

Dividend yield (%)	0%
Expected volatility (%)	70%
Risk free interest rate (%)	1.83%
Expected life of options (years)	5-7 years
Option exercise price ($)	$0.030
Share price at entitlement date ($)	$0.041

ii. Employee SARS

10,600,000 SARS were issued to employees on 19 June 2015. The SARS were valued at $214,650, based on four tranches with varying vesting conditions, and expensed to the profit and loss in the six months ended 30 June 2015. The tranche valuations were calculated using Black Scholes models with the following assumptions:

Dividend yield (%)	0%
Expected volatility (%)	70%
Risk free interest rate (%)	1.83%
Expected life of options (years)	5-7 years
Option exercise price ($)	$0.030
Share price at entitlement date ($)	$0.033

c. Options

i. Lender options

On 1 April 2015 25,000,000 unlisted options were issued to the Consortium in consideration for extension of the Facility to 31 March 2016 as detailed in note 7. The issue of these options was ratified at the Annual General Meeting held 29 May 2015. The options are exercisable at $0.03, expire 3 years from issue and vest immediately.

The options granted to the lender have been valued at $430,000 and expensed to the profit or loss during the six months ended 30 June 2015. The valuation was calculated using a Black Scholes model with the following assumptions:

Dividend yield (%)	0%
Expected volatility (%)	70%
Risk free interest rate (%)	1.83%
Expected life of options (years)	3 years
Option exercise price ($)	$0.03
Share price at entitlement date ($)	$0.034

d. Recognised share based payment expense in profit or loss

Total expenses arising from share based payment transactions recognised during the period:

	30 June 2015 $	30 June 2014 $
Recognised as employment costs in the profit and loss:		
Expense arising from directors, or their nominees shares and SARS	**1,865,525**	2,000,000
Expense arising from employee shares and SARS	**639,750**	-
	2,505,275	2,000,000
Recognised as finance costs in the profit and loss:		
Expense arising from lender options	**430,000**	-
Total share based payments	**2,935,275**	2,000,000

11. COMMITMENTS

(a) Capital commitments outstanding as at each balance sheet date not provided for in the consolidated financial statements were as follows:

Mining tenements

In order to maintain current rights of tenure to mining tenements, the Group will be required to perform minimum exploration work to meet the minimum expenditure requirements specified by the Western Australia State Government. The estimated exploration expenditure commitment for the ensuing year, but not recognised as a liability in the balance sheet is as follows:

	30 June 2015 $	31 December 2014 $
Within one year	**521,400**	437,900

This expenditure will only be incurred should the Group retain its existing level of interest in its various exploration areas and provided access to mining tenements is not restricted. These obligations will be fulfilled in the normal course of operations, which may include exploration and evaluation activities. Tenure to mining tenements can be released by the Group and returned to the Australian government after one year. The remaining period of mining tenements is optional. As such, the minimum expenditure requirements relating to mining tenements fall within one year.

b) As at each statement of financial position date, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2015 $	31 December 2014 $
Within one year	**71,422**	91,110
More than one year but less than five years	**8,235**	-
	79,657	91,110

The Group is the lessee in respect of some properties and items of plant and machinery and office equipment held under operating leases. The leases typically run for an initial period of 3 years, with an option to renew the lease when all terms are terminated. None of the leases includes contingent rentals.

12. RELATED PARTY TRANSACTIONS

On 1 June 2015 27,500,000 fully paid ordinary shares were issued to directors (or their nominees) arising from the approval of various resolutions at the 29 May 2015 AGM. On 19 June 2015 26,500,000 SARS were issued to directors as approved at the same AGM (further details at note 10). Share based payments of $1,865,525 have been expensed to the profit and loss for the six months ended 30 June 2015 (30 June 2014: $2,107,500).

13. EVENTS SUBSEQUENT TO REPORTING DATE

On 7 September 2015 the Group executed an Acquisition and Development Agreement for the Mt Cattlin Project and a Farm-in and Joint Venture Agreement for the James Bay Lithium Project with GMM. On 9 September 2015 GMM shareholders approved the execution of these agreements.

Other than the matters discussed above and in note 1(c) on Going Concern, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

14. CORRECTION OF PRIOR YEAR ERRORS

During the 2014 half-year the Company identified two errors, for items (i) and (ii) below relating to the 2013 financial year that were recognised in the 2014 half year. These corrections were not considered material to the 2014 or 2013 years and did not warrant restatement of the previous year. However, in the process of finalising the 2014 financial statements, an additional error at (iii) below was identified and the combination of these prior year errors were considered material to both the 2014 and 2013 years resulting in a restatement of the 2013 comparative year and 2014 half-year for each of these errors as follows:

(i) Onerous contracts relating to the Mt Cattlin operations (the "mine")

During the year a number of onerous contracts were identified relating to the mine that should have been previously recognised at the time of closing these operations in 2013. In this regard, a provision for onerous contracts of $928,580 was originally recognised in the 30 June 2014 half-year financial report.

Further analysis determined that the provision should have been recognised in the financial statements for the year ended 31 December 2013 given that the mine was in care and maintenance at that date. The provision for these onerous contracts at 31 December 2013 that were not recognised amounted to $1,420,510.

During the preparation of the 30 June 2014 half-year financial report, the impact of these onerous contracts on the comparative financial information was assessed as not material. However, during the preparation of the financial statements for the year ended 31 December 2014, the accumulated impact of all uncorrected misstatements relating to 2013 was reassessed and it was determined that restatement of the comparative information in the 31 December 2014 financial report was required. This error did not have any impact on the opening balance sheet as at 1 January 2013.

14. CORRECTION OF PRIOR YEAR ERRORS

(ii) Net realisable value adjustment on inventory relating to the Mt Cattlin operations

During the year it was identified that stores inventory relating to the mine was carried at cost as at 31 December 2013. Given the mine's care and maintenance status, the net realisable value (NRV) of the inventory at that date was determined to be below cost. An NRV provision of $1,094,171 was recognised in the 30 June 2014 half-year financial report.

Further analysis determined that the provision should have been recognised in the financial statements for the year ended 31 December 2013 given that the mine was in care and maintenance at that date.

During the preparation of the financial report for the half-year ended 30 June 2014, the impact of the matter on the comparative financial information was assessed as not material. However, during the preparation of the financial statements for the year ended 31 December 2014 the accumulated impact of all uncorrected misstatements relating to 2013 was reassessed and it was determined that restatement of the comparative information in the 31 December 2014 financial report was required. This error did not have any impact on the opening balance sheet as at 1 January 2013.

(iii) Measurement of convertible bonds

In the process of finalising the 2014 financial statements, it was noted that convertible bonds were being recorded based on fair value calculations that assumed repayment of these bonds in November 2015. However, these bonds could have been technically in default in the prior year and the fair value of the convertible bonds as at 31 December 2013 was re-assessed on the basis that they were due and payable on demand. As a result, the fair value of the bonds and finance costs were both understated by $1,875,474 in the financial statements for the year ended 31 December 2013. This error was corrected by restating the comparative information in the financial report for the year ended 31 December 2014. This error did not have any impact on the opening balance sheet as at 1 January 2013.

These prior year errors have been corrected by restating each of the affected financial statements line items for the prior periods as follows:

For the half-year ended 30 June 2014	Prior Year before correction of errors 1 January 2014 $	Correction of errors $	Prior year restated for correction of errors 1 January 2014 $
Consolidated statement of changes in equity (extract)			
Accumulated losses	(359,444,510)	(4,390,155)	(363,834,665)
Owners equity	103,481,482	(4,390,155)	99,091,327
Total equity	**108,505,128**	**(4,390,155)**	**104,114,973**

For the half-year ended 30 June 2014	Prior year before correction of errors 30 June 2014 $	Correction of errors $	Prior year restated for correction of errors 30 June 2014 $
Consolidated statement of profit or loss and other comprehensive income (extract)			
Finance costs (iii)	(3,593,939)	(44,166)	(3,638,105)
Operating costs (i)	(614,418)	34,250	(580,168)
Provision for inventory (ii)	(1,094,171)	1,094,171	-
Provision for onerous contracts (i)	(1,386,260)	1,386,260	-
Loss before income tax	**(12,130,311)**	**2,470,515**	**(9,659,796)**
Loss from continuing operations	**(12,130,311)**	**2,470,515**	**(9,659,796)**
Loss for the period attributable to the owners of Galaxy Resources Limited	**(25,811,597)**	**2,470,515**	**(23,341,082)**
Total comprehensive loss for the period attributable to the owners of Galaxy Resources Limited	**(36,414,981)**	**2,470,515**	**(33,944,466)**
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents per share)	(1.18)	(0.24)	(0.94)
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents per share)	(2.51)	(0.24)	(2.27)

None of the corrected errors had any impact on the cash flow statement in the prior year. All of the corrected errors impacted continuing operations and there was no impact on discontinued operations.

15. CASH AND CASH EQUIVALENTS

At 30 June 2015 cash and cash equivalents were $42,929,906 (31 December 2014: $13,389,040) which included USD 32.3 million (31 December 2014: USD 10.5 million) representing $42,192,951 (31 December 2014: $12,840,141) of the total cash balance.

DIRECTORS' DECLARATION

In the opinion of the Directors of Galaxy Resources Limited:

(a) the financial statements and notes set out on pages 4 to 17 are in accordance with the *Corporations Act 2001* including:

i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

ii giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Dated at Perth this 11th day of September 2015.

A P Tse
Managing Director

Independent auditor's review report to the members of Galaxy Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Galaxy Resources Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Galaxy Resources Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Galaxy Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Independent auditor's review report to the members of Galaxy Resources Limited (cont'd)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Galaxy Resources Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date;

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without modification to the conclusion expressed above, attention is drawn to Note 1(c) in the half-year financial report which indicates that the consolidated entity incurred a loss from continuing operations of $15.4 million and has net current liabilities of $24.6 million. The ability of the consolidated entity to continue as a going concern is dependent on the successful renegotiation of its debt arrangements and/or raising additional funds via new debt or equity issues. These conditions, along with other matters set forth in Note 1(c) indicate the existence of a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern and, therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

PricewaterhouseCoopers

PricewaterhouseCoopers

H Henry

Nick Henry
Partner

Perth
11 September 2015