



## **GALAXY RESOURCES LIMITED**

### **Galaxy Resources & General Mining Merger Presentation**

June 2016

ASX: GXY

# Merger Highlights



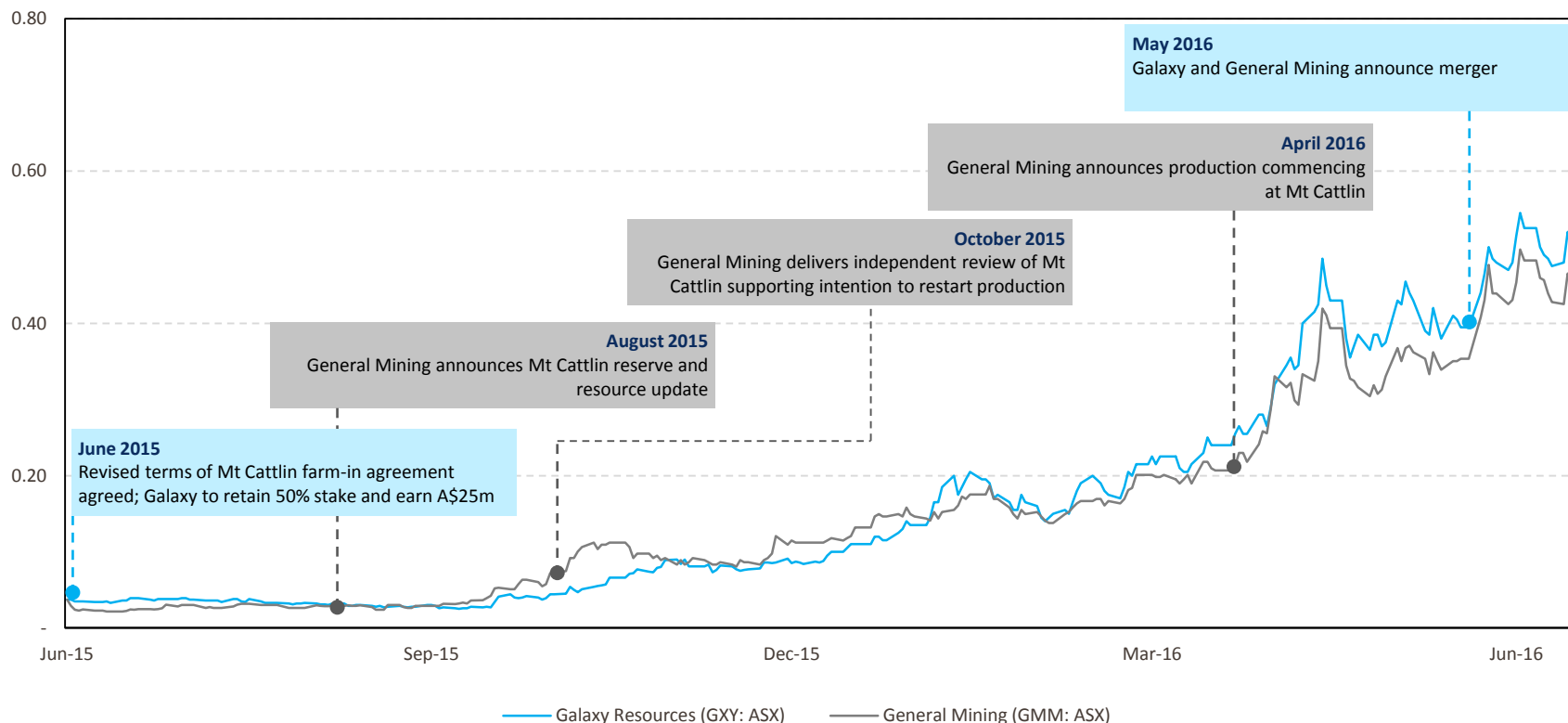
The Galaxy and General Mining merger will create a **leading, diversified global lithium company**

- Creation of a **leading, diversified global lithium company with existing production** and a pipeline of market leading development projects
- Diversified, wholly owned portfolio of hard rock and brine based lithium assets across multiple jurisdictions
- Becoming a major supplier of high quality lithium products, servicing the high growth demand from multiple applications including lithium ion batteries used in the consumer electronics, electric vehicles and mass energy storage sectors
- **Pro-forma market capitalisation in excess of A\$800m** (as at 24 June 2016) with the potential to become an S&P/ASX 200 company, recently included into the MSCI Small Cap Index
- Simplified single ownership structure and operational management of Mt Cattlin and James Bay, which **is immediately cash flow accretive to the merged entity**
- Merged Board and management team highly credentialed and experienced with strong connections in the **key Asian and North American lithium markets**, and a proven ability to deliver on strategic goals and growth going forward
- The merged entity (Pro-forma Galaxy) will have **enhanced financial capacity with a strong pro-forma balance sheet** and significant underlying future cash flow from Mt Cattlin to support continued project expansion and development
- General Mining shareholders will retain exposure to Mt Cattlin while gaining exposure to **one of the world's leading brine assets in Sal De Vida**

# Timeline of General Mining Relationship

Galaxy and General Mining are a natural fit **given existing JV assets and complementary operational expertise**

Share price (A\$)



Source: IRESS, Company disclosure

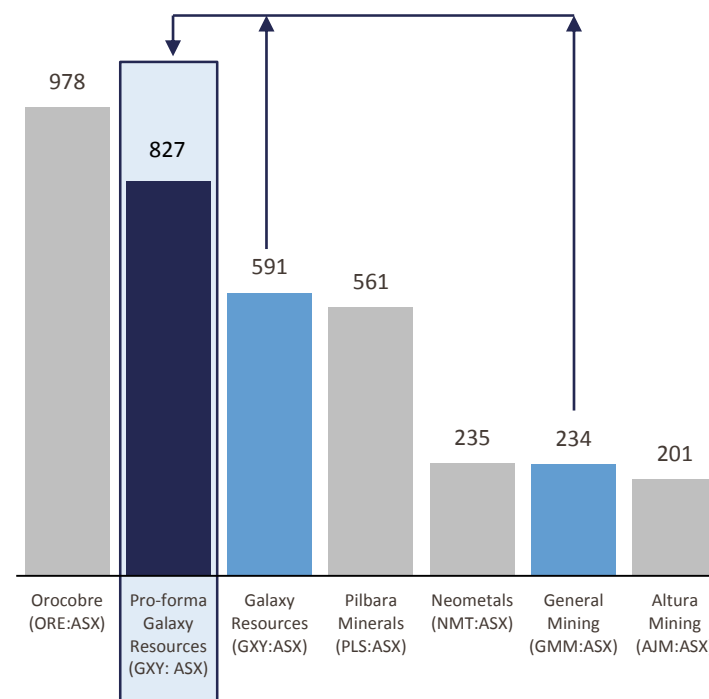
# Proposed Merger Details

**Merger proposal is unanimously supported by both the Galaxy and General Mining Boards**

## Merger overview

- Friendly, off-market offer made for General Mining (ASX: GMM) on 30 May 2016
  - General Mining shareholders will receive 1.65 new Galaxy shares for every 1 General Mining share held
  - Represented a 9.4% premium to the 10-day VWAP at the date of takeover announcement
  - Galaxy and General Mining Board unanimously support the merger
- Currently there is no alternative proposal
- Martin Rowley and Anthony Tse will remain as Chairman and Managing Director, and Michael Fotios will be offered a Director's position
- The proposed merger is subject to a 90% minimum acceptance condition
- Galaxy and General Mining shareholders will own 71% and 29% respectively of the enlarged Pro-forma Galaxy
- Currently, Galaxy holds 6.72% of General Mining shares on issue, which includes 4.94% pre-bid acceptance agreements from GMM shareholders
  - Other shareholders associated with Michael Fotios, Executive Chairman of General Mining, have made statements of intention to accept the offer, representing a further 10.56% of General Mining shares outstanding
- Canaccord Genuity is acting as financial advisor to General Mining

## Market capitalisation of ASX-listed lithium producers and developers (A\$m)<sup>1,2,3</sup>



Source: IRESS

Notes:

- 1 Market capitalisation figures as at close 24 June 2016
- 2 Merger company contingent upon acceptance of definitive Takeover Bid Implementation Agreement by General Mining (GMM: ASX) shareholders
- 3 Pro-forma Galaxy Resources market capitalisation does not equal to the sum of the current market capitalisations of Galaxy and General Mining, it is calculated by multiplying the pro-forma Galaxy shares on issue by the current Galaxy share price

# Indicative Timetable

The indicative timetable for the Galaxy/General Mining merger is laid out below

## Indicative merger timetable

Event	Date <sup>1</sup>
Announcement of Off-Market Takeover Bid	Monday, 30 May 2016
Bid Implementation Agreement released	Monday, 30 May 2016
Bidder's Statement released and lodged with ASIC	Wednesday, 22 June 2016
Target's Statement released and lodged with ASIC	Wednesday, 22 June 2016
Date of Takeover Offer	Tuesday, 28 June 2016
Takeover Offer closes (unless otherwise extended <sup>2</sup> )	5:00pm (AWST) on Friday, 29 July 2016

Notes:

- 1 Timetable is indicative only. All times refer to times in Perth, Western Australia. All dates and times are subject to change and obtaining certain regulatory approvals
- 2 The Offer period can be extended at Galaxy's election, up to a maximum Offer Period of 12 months

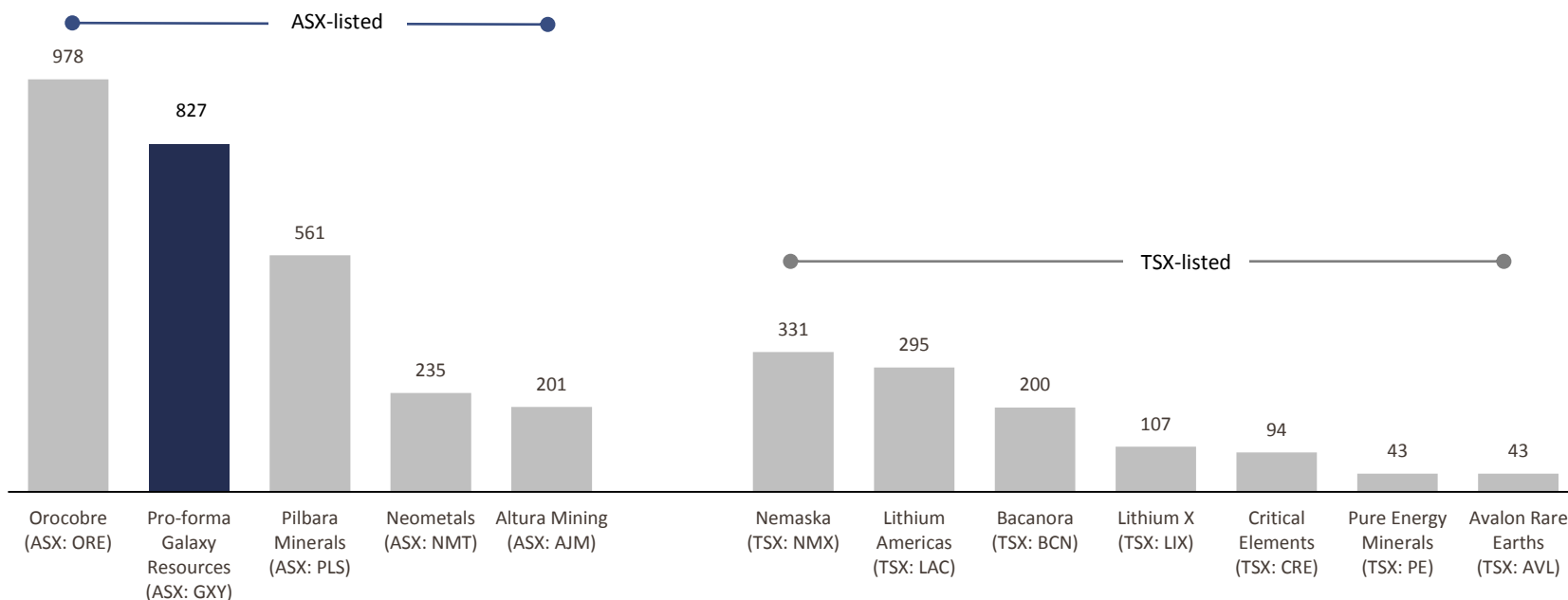
# Leading Pure Play Global Lithium Producer



Potential to become a major supplier of high quality lithium, with key Asian and North American connections

- Pro-forma Galaxy is positioning themselves to be the **leading pure play lithium exposure globally**
- Lithium only makes up a fraction of the earnings of the big 3 producers (Albemarle, SQM and FMC), who focus on a range of specialty chemicals
- The merged entity will be uniquely positioned with a diversified portfolio of wholly owned brine and hard rock assets across multiple geographies

## Market capitalisation (A\$m) of Global lithium producers/developers<sup>1,2</sup>



Source: Bloomberg

Notes:

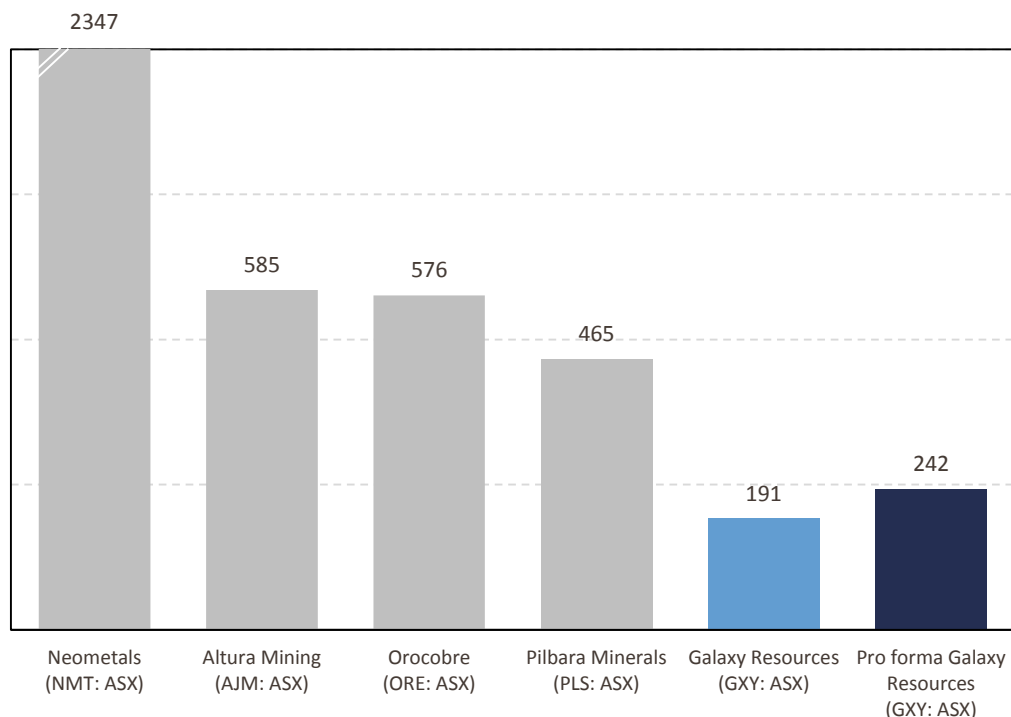
<sup>1</sup> Market capitalisation figures as at close 24 June 2016

<sup>2</sup> Pro-forma Galaxy Resources market capitalisation does not equal to the sum of the current market capitalisations of Galaxy and General Mining, it is calculated by multiplying the pro-forma Galaxy shares on issue by the Galaxy share price as at close 24 June 2016

# Trading Comparables

Pro-forma Galaxy will remain relatively undervalued compared to peers on an EV/Resource basis

EV/Resource multiples<sup>1,2,3</sup> (A\$/t Li<sub>2</sub>O)



- The only ASX pure play lithium company with diverse portfolio of both brine and hard rock assets
- Complementary assets provide for superior financial performance, irrespective of demand and pricing cycles
- Hard rock production provides for near term supply response to robust market demand
- Brine project provides for long term sustained low cost production
- Cash flows from prospectively 100% owned Mt Cattlin to deliver strong financial support during the development stage of Sal de Vida

Source: IRESS, Bloomberg, Company filings

Notes:

1. Market capitalisation data taken as at close 24 June 2016
2. Cash and debt data taken as at 31 December 2015 (inclusive of JV assets and financing obligations)
3. Project ownership has been accounted for in the EV/Resource calculations

# Disclaimer

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