



Galaxy Resources Limited

Extraordinary General Meeting
Managing Director's Update



...meeting a lithium future

GALAXY UPDATE



- ◆ Continue to build a global lithium company
- ◆ Experienced some setbacks
- ◆ Galaxy is back on track to meet its vision
- ◆ Diversification strategy - hard rock & brine
- ◆ Four continents - Australia, China, Canada and Argentina
- ◆ Building our customer base

WHY HARD ROCK, BRINE DIVERSIFICATION?



“ Last week, even Chile's Atacama desert, one of the driest places in the world, suffered with heavy rain”.

- ◆ Average rainfall for Atacama (Chile) is 1 mm per annum
- ◆ 110 mm of rainfall in first 45 days of the year at Hombre Muerto (Argentina)
- ◆ Galaxy expects some South American LC supply to be disrupted this year
- ◆ One producer was adversely affected by snow last year

TALISON ACQUISITION BY TIANQI

- ◆ Cash acquisition of C\$830m
- ◆ 78% premium

Global Lithium Rankings*

1. Talison (ore only)
2. SQM
3. Rockwood Lithium
4. FMC Lithium
5. Galaxy
6. Tianqi Lithium

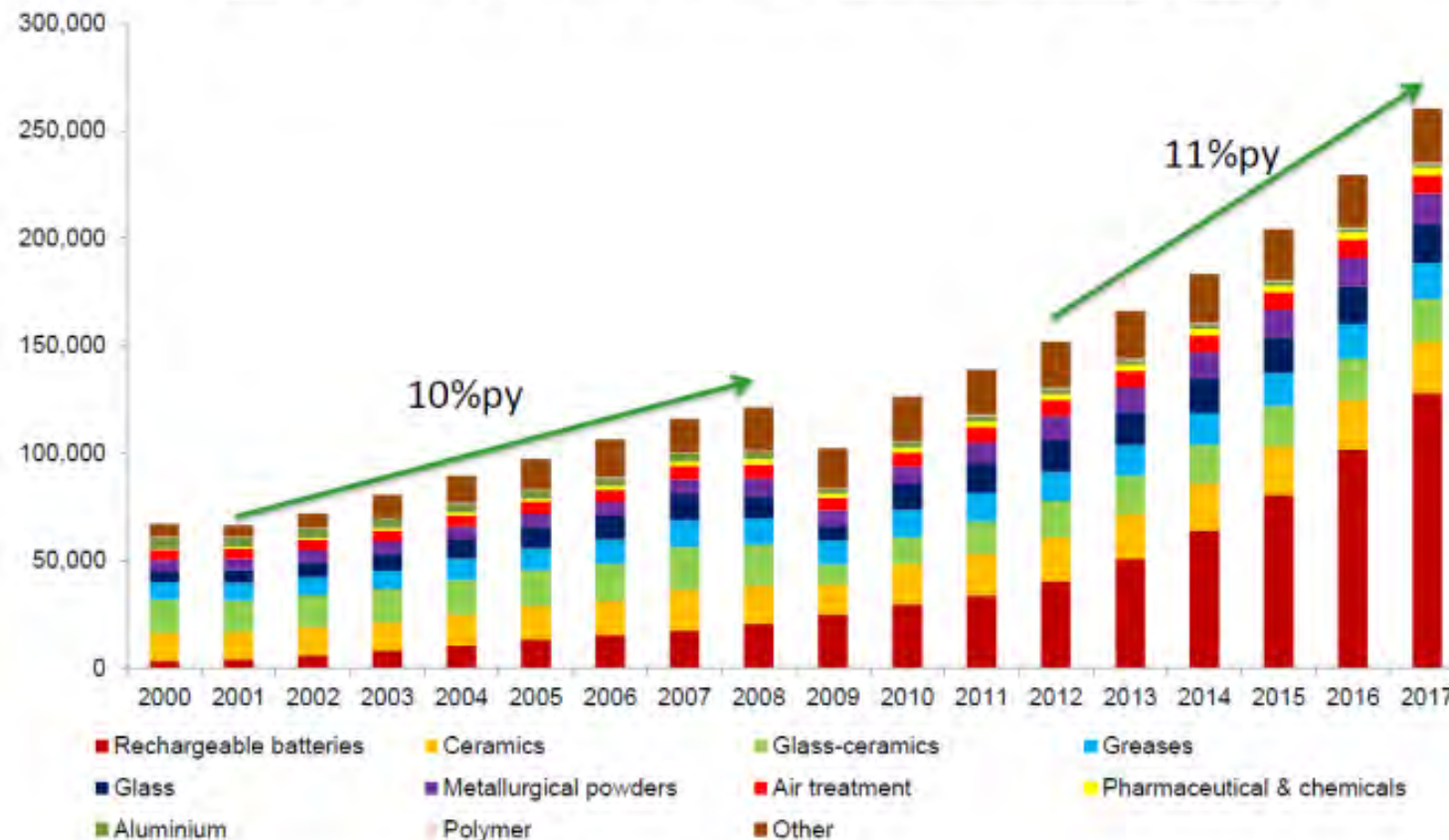
Global Lithium Rankings*

1. Tianqi / Talison Lithium
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ROSKILL RECENT PRESENTATION

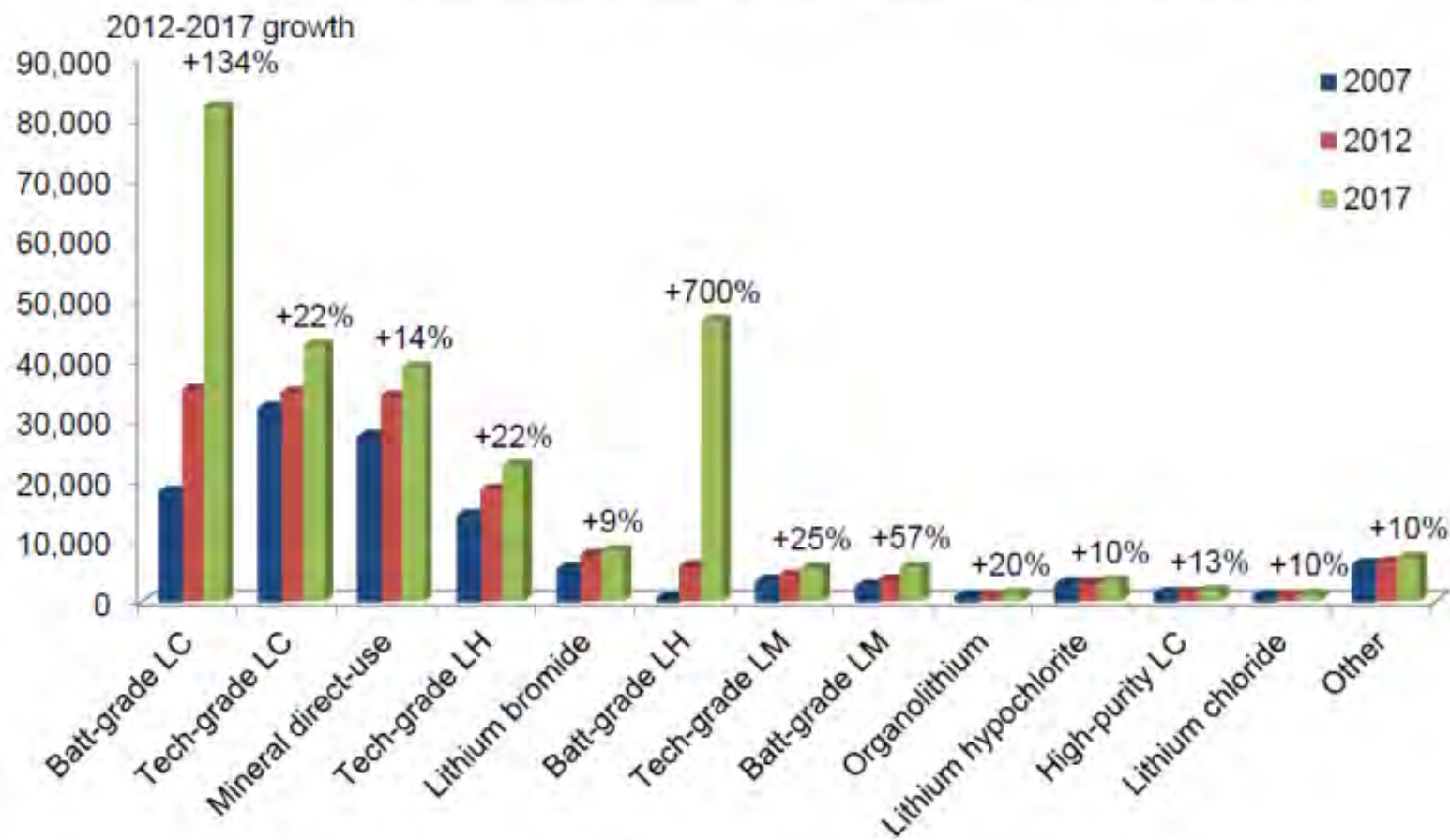
Consumption growth may exceed 11%py, even in the base-case scenario, as demand from 3C, EV and off-grid battery markets increase

World: Consumption of lithium by end-use, 2000-2017 (t LCE)



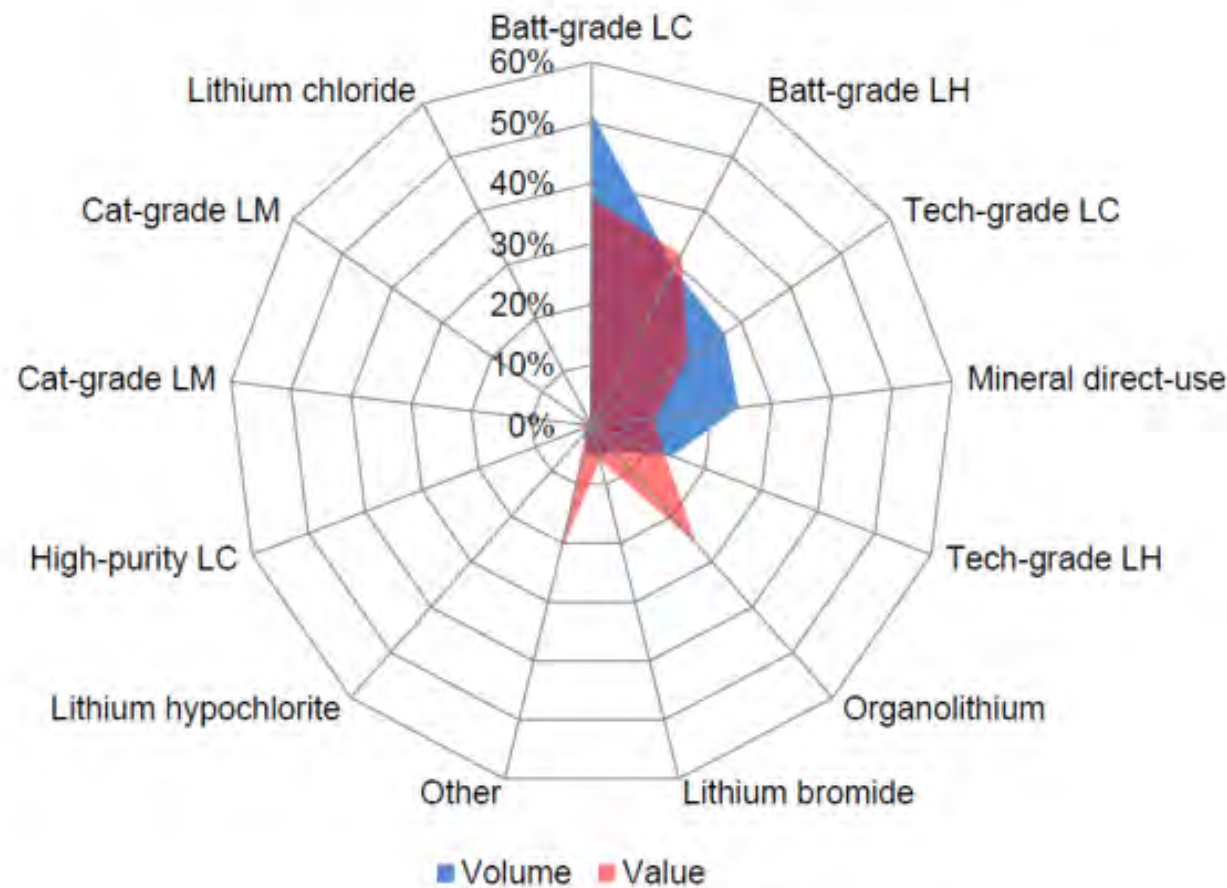
ROSKILL RECENT PRESENTATION

World: Consumption of lithium by type, 2007, 2012 & 2017 (t LCE)



ROSKILL RECENT PRESENTATION

World: Lithium market size by volume and value, 2017



ROSKILL RECENT PRESENTATION



- ◆ *Non rechargeable battery market forecast to grow by 20% in five years = 20,000t LCE additional requirement*
- ◆ *Rechargeable battery market forecast to grow by \approx 200% in five years = 90,000t LCE additional requirement*

*Robert Baylis
Managing Director
Roskill Information Services*

GALAXY'S STRATEGY



- ◆ Early stage, consumer driven market, potentially rapid growth
- ◆ Mines take 5-6 years to bring on line
- ◆ Anticipate the demand
- ◆ Acquire projects – bring on line, in anticipation of demand
- ◆ Companies that can meet “hockey stick” demand will benefit

LITHIUM ASSETS ARE RARE

LITHIUM HARD ROCK ASSETS

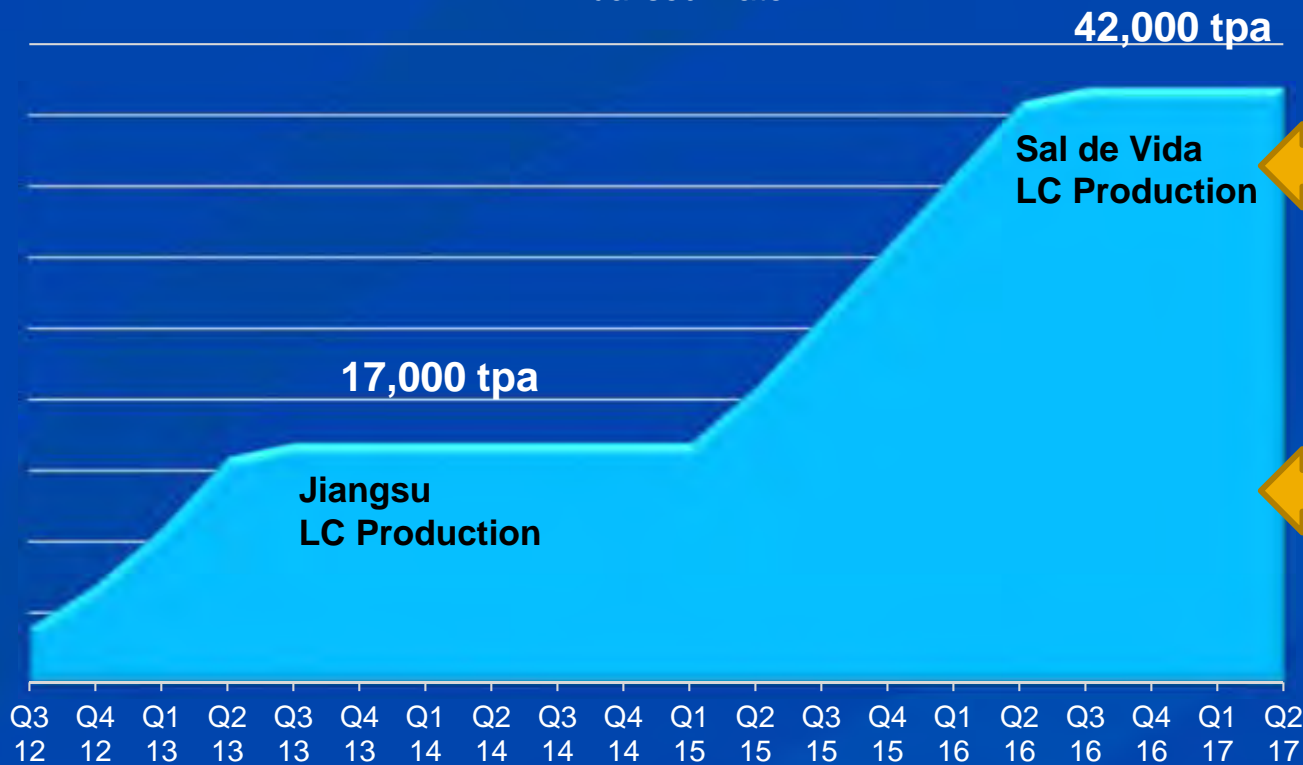
-  Australia 
-  Canada 
-  ~~USA~~ Used deposits
-  ~~Serbia~~ Grade
-  ~~China~~ Remote, sparse
-  ~~Zimbabwe~~ Sovereign Risk

LITHIUM BRINE ASSETS

-  ~~Chile~~ Prod Restrictions
-  Argentina 
-  ~~Bolivia~~ Quality Poor
-  ~~China~~ Quality Poor
-  ~~USA~~ Evaporation, grade

PRODUCTION PROFILE

Galaxy LC Capacity tpa Annualised Rate



China's largest and most sophisticated lithium carbonate producer



JIANGSU UPDATE



- ◆ Tragic and unfortunate incident on 22 Nov 13
- ◆ Pipe ruptured - sodium sulphate crystallisation section
- ◆ Abnormal, unexpected and unforeseen
- ◆ Risk not identified by plant designers or safety studies
- ◆ Safety Bureau cleared site - recommencement 6 Feb
- ◆ Replacement with stainless steel 2507
- ◆ Hazop study on whole plant completed
- ◆ Plant producing LC product and ramping up

QUALITY PRIOR TO INCIDENT

Batch ID	LC %	ppm													
		Na	K	Ca	Mg	Si	Fe	Cu	Pb	Ni	Mn	Zn	Al	Cl	SO ₄
6120914004	99.70	20	5	43	5	10	5	1	1	1	1	1	5	11	300
6120914005	99.70	20	5	43	5	10	4	2	1	1	1	1	5	6	240
6120915001	99.62	20	5	28	5	10	3	1	1	1	1	1	5	10	320
6120915004	99.63	20	5	31	5	10	4	1	1	1	1	1	5	10	310
Battery Grade Specs	≥99.5	<250	<10	<50	<100	<50	<20	<10	<10	<30	<10	<10	<50	<50	<800

- ◆ Achieving excellent quality
- ◆ Much better than BG standard specifications
- ◆ Quality performance is also very consistent - SPC

SETTING THE BENCHMARK

Competitor	Impurity levels (ppm)													
	Na	K	Ca	Mg	Fe	Al	Cu	Mn	Ni	Zn	Pb	Si	SO ₄	Cl
PRC 1	200	5	10	30	2	16	1	1	1	1	1	28	800	10
PRC 2	180	10	25	35	8	1	1	1	1	3	1	8	830	12
Sth Am 1	570	29	94	83	5	9	1	1	1	1	1	110	240	92
Sth Am 2	260	10	70	50	2	7	1	1	1	1	1		800	60
Galaxy	20	5	28	5	3	5	1	1	1	1	1	10	320	10
Battery Grade Specs	≤250	≤10	≤50	≤100	≤20	≤50	≤10	≤10	≤30	≤10	≤10	≤50	≤800	≤50

◆ So far Jiangsu quality is proving to be the best in the market

JIANGSU SALES UPDATE



- ◆ Customer testing – quality is good
- ◆ Annual contracts are being negotiated for 2013
- ◆ Months leading to Chinese New Year are slow months
- ◆ Technical grade customers – good base
- ◆ Battery grade moved to pilot / production trials
- ◆ Some battery grade sales established
- ◆ Pricing remains stable

CHINA LC PRICING

X 1000 RMB /t

Price Image





FLAGSHIP DEVELOPMENT

Sal de Vida "Salt of Life"

GXY 70% Korean Consortium 30%

SAL DE VIDA – LOCATION



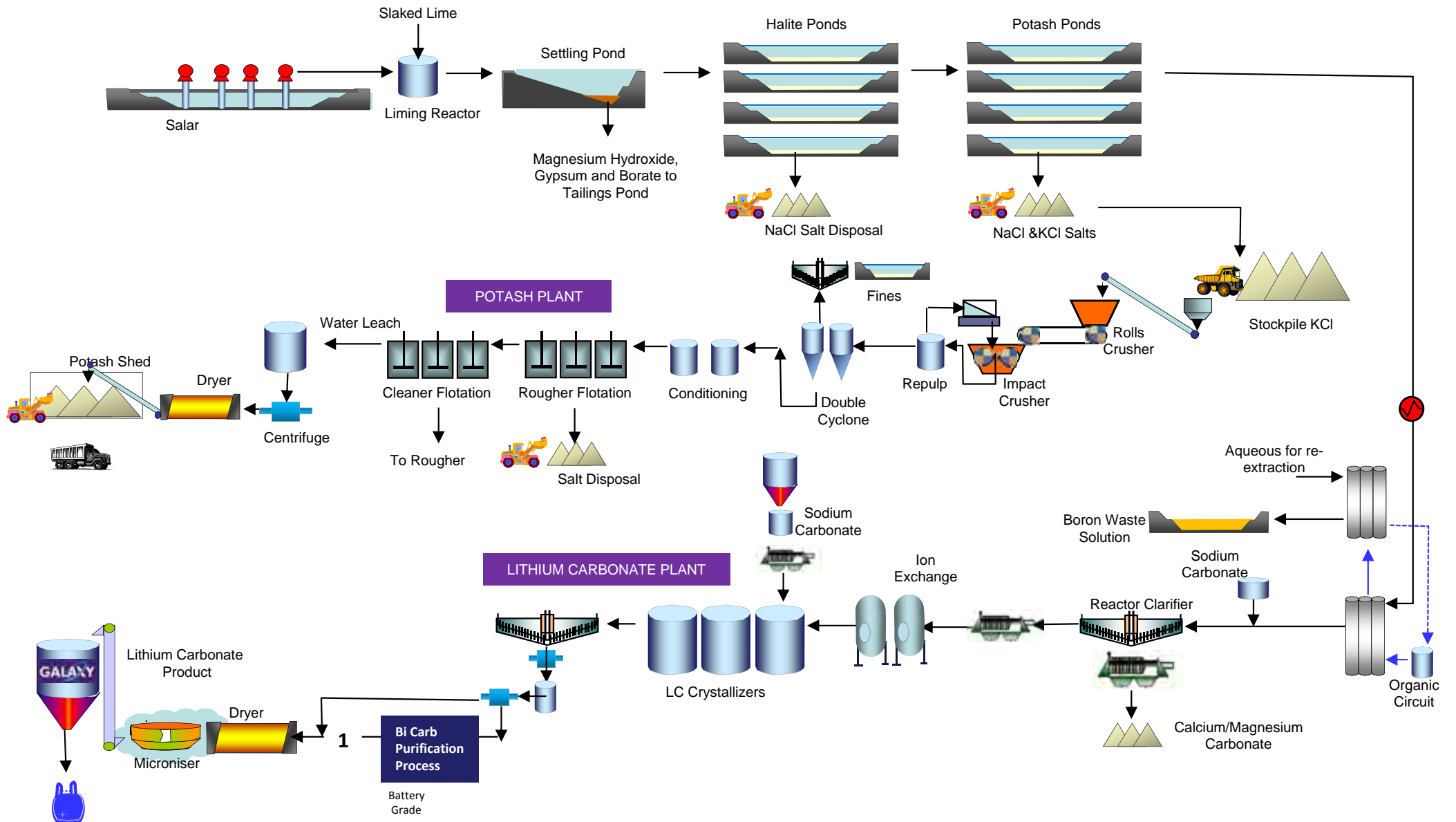
SAL DE VIDA DFS



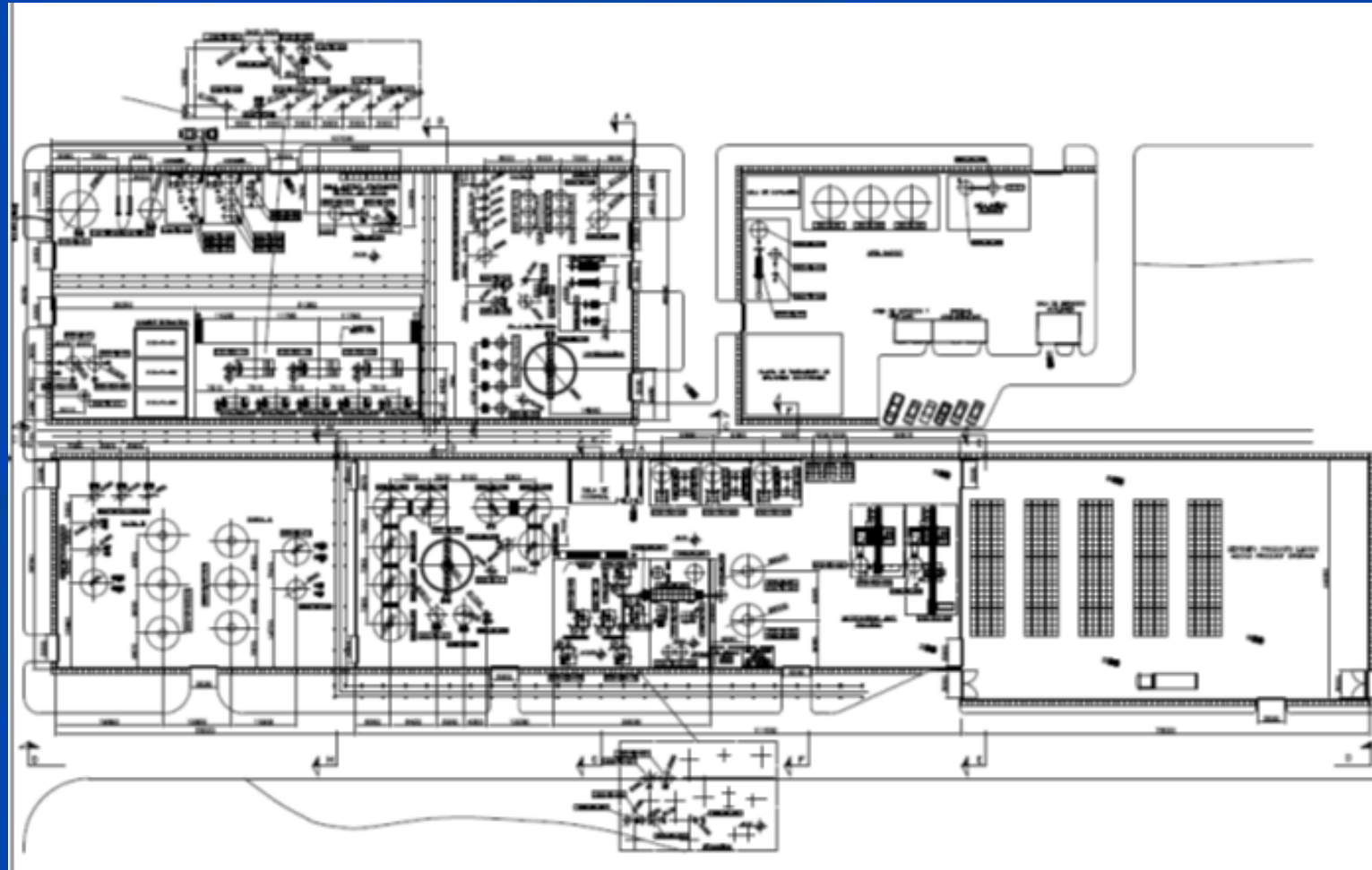
- ◆ Production of 25,000 tpa Battery Grade
- ◆ 100,000 tpa of Potash (KCl) byproduct
- ◆ Potash plant producing agricultural grade KCl
- ◆ Purification technology (from Jiangsu) for LC
- ◆ 28 production bores
- ◆ 12 square kilometers of lined evap ponds
- ◆ Equal to 3.5 times Central Park in New York

Galaxy Resources Limited – Sal de Vida Lithium Carbonate Project

DFS Proposed Flow Diagram



LITHIUM CARBONATE PLANT LAYOUT



FEASIBILITY STUDY



- ◆ Pump test work completed
- ◆ Excellent flow rates – support 25ktpa LC
- ◆ Well field model completed
- ◆ Engineering completed and out for quotes
- ◆ Construction and start-up schedule completed
- ◆ Pilot test work yielding positive results



Galaxy's Sal de Vida project

GALAXY



Evaporation ponds

GALAXY



Pilot plant testwork



Drilling of production bores

GALAXY

FEASIBILITY STUDY



- ◆ Taging (Argentinean Company)
- ◆ Utilizing designs and learnings from Jiangsu
- ◆ Similar plant without kilns, sulphation, filtration
- ◆ Project support team established in Jiangsu
- ◆ Testwork from external parties & Jiangsu
- ◆ Detailed engineering designs used for SDV



Galaxy's Sal de Vida project



Gathering weather information



Monitoring brine chemistry



Galaxy's Sal de Vida project

ENVIRONMENTAL APPLICATION



- ◆ Approval process running in parallel to DFS
- ◆ Submitted EIS to Catamarca & Salta Provinces
- ◆ Both provincial governments are very supportive
- ◆ Review and discussion with authorities
- ◆ Fiscal Stability Submission
- ◆ DIA during Q2 2013

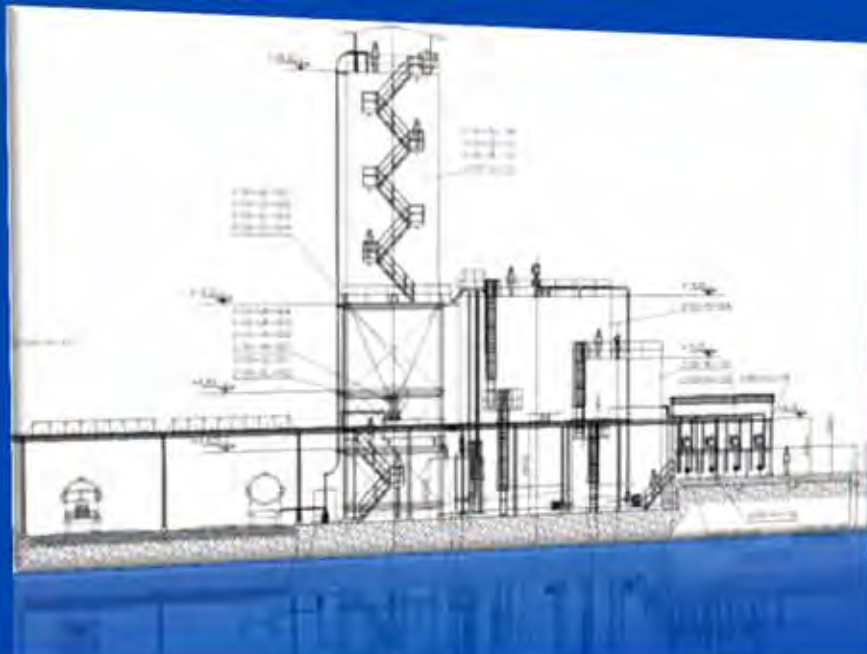
EPCM PROCESS

- ◆ EPCM process has commenced
- ◆ Targeting a shortlist of 6 engineering companies
- ◆ Local and country expertise, Puna construction experience, lithium experience, medium-large engineering
- ◆ Invitation to bid out next month

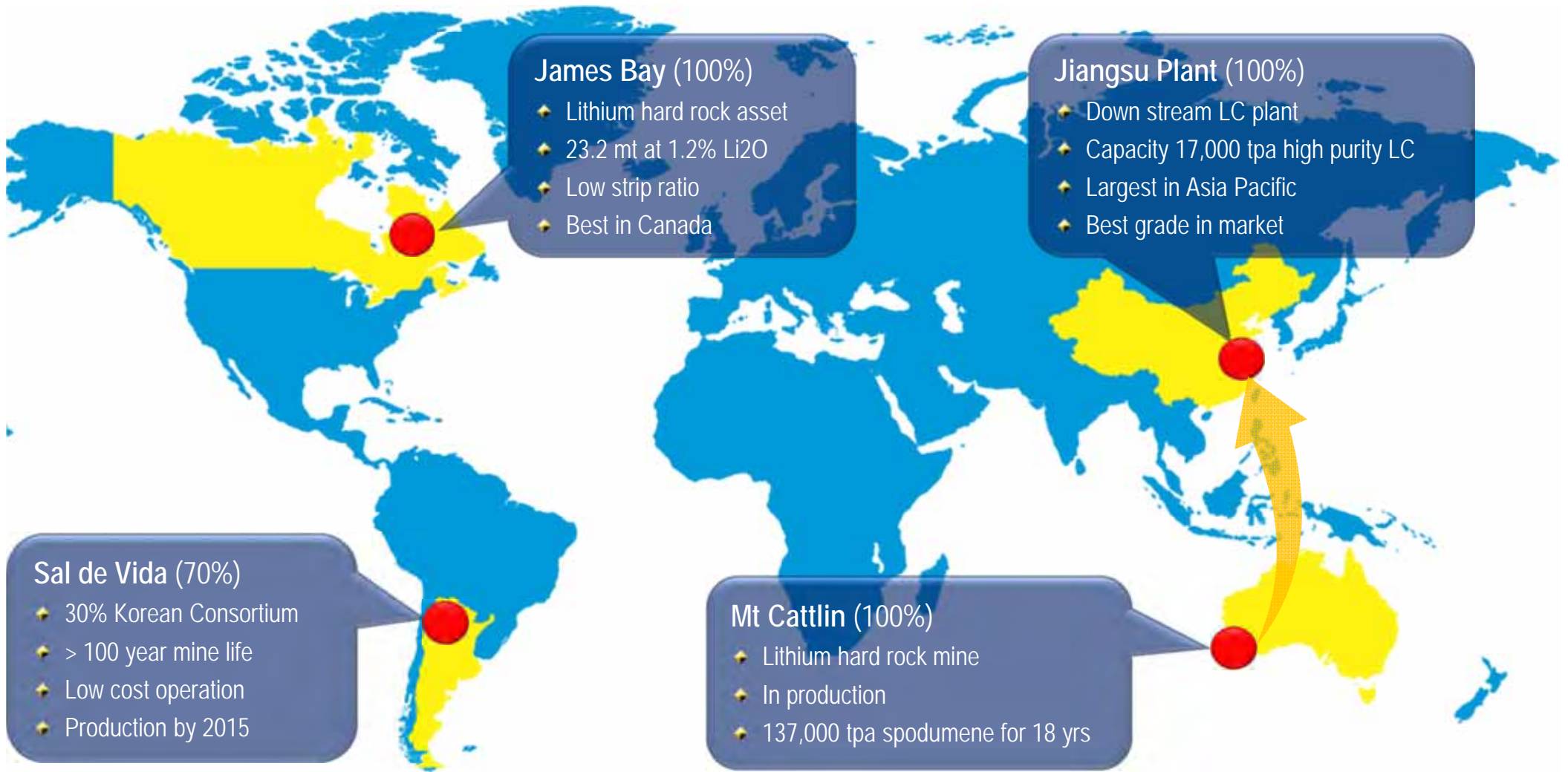


FEASIBILITY STUDY

- ◆ Feasibility work is on track
- ◆ Completion expected end of Q1 2013
- ◆ Expect to be a positive, strong economic fundamentals



COMBINED LITHIUM ASSETS



NEXT 12 MONTHS



- ◆ Jiangsu ramping up production and sales
- ◆ Production of 99.9% product
- ◆ Jiangsu achieving cash flow positive
- ◆ Benefiting from any Sth American LC disruption
- ◆ News flow from Sal de Vida DFS
- ◆ Cost reduction initiatives
- ◆ Optimization of assets
- ◆ Debt reduction program

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