GALAXY RESOURCES LIMITED

Annual General Meeting Presentation

May 2017

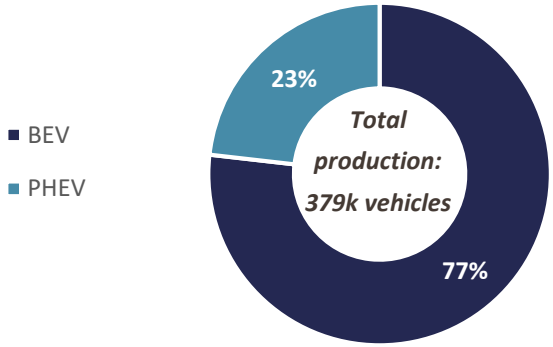
ASX: GXY

Industry Update

New Energy Vehicle Growth in China

Another record breaking year in 2016, with 517k New Energy Vehicles (NEV) produced in China, 80% of which were pure electric vehicles

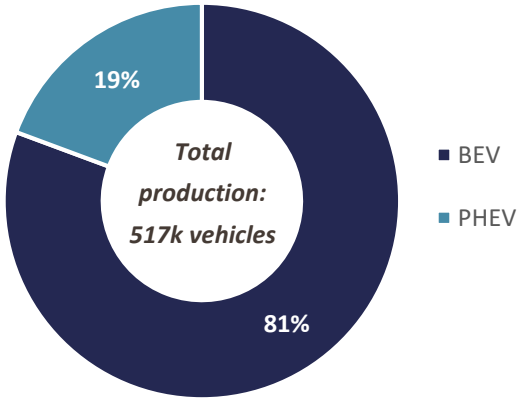
2015 Breakdown of New Energy Vehicle Production in China



Annual growth rate c. 36%

Source: CJ Securities, CAAM

2016 Breakdown of New Energy Vehicle Production in China



2017 YTD NEV Unit Production[1]

NEV model	1Q 2017	Apr	
BEVs	47.9k	30.2k	*YoY growth: +26.1%*
PHEVs	10.3k	7.1k	*YoY growth: +3.9%*

- For passenger vehicles produced: Battery Electric Vehicle (BEV) YoY volume growth was 73% and Plug-In Hybrid Electric Vehicle (PHEV) YoY volume growth was 30%
- For commercial vehicles produced: BEV YoY volume growth was 50% and PHEV YoY volume growth was 23%

Projected 2017 NEV unit production of c. 700k vehicles, which (if achieved) is equivalent to another 35% growth YoY

Source: CAAM, CJ Securities

Note:

1. BEVs = Battery Electric Vehicles, PHEV = Plug-In Hybrid Electric Vehicles

Electric Vehicles On The Road In China

Over 170 models of passenger vehicles in the first four batches of type-approved NEVs in 2017

Largest NEV Passenger Vehicle Producers in China

Auto manufacturer	2015 PV units	2016 PV units	2017 PV units (as at 30 April)
BYD	60.2k	84.5k	11.5k
北京汽车 BAIC MOTOR	52.1k	46.0k	12.3k
GEELY	18.4k	46.2k	17.3k

c. 51% of total NEV passenger vehicles produced in 2016

Source: CAAM, CJ Securities

BAIC EC180 electric vehicle

BYD E6 electric vehicle

Geely Emgrand electric vehicle

NEV Adoption Not Solely Dependent on Subsidies

China continues its leading investment into NEVs and has introduced a number of policy measures aimed at continuing to encourage uptake

Government Policy and Investment

- **Committed domestic investment** – Committed to build out of a nationwide charging infrastructure to support 5 million NEVs by 2020
- **Mandatory NEV targets** – Government initiating credit system encouraging auto manufacturers to target NEV production percentages of 8%, 10% and 12% over the next 3 years
- **Limiting ICE production** – Penalties for manufacturers exceeding certain production thresholds

China Licensing Restrictions

- Certificate of entitlement (COE) required to purchase a car
  - Cost of a COE (Shanghai) for an internal combustion engine (ICE) vehicle: US$15k for an individual; US$30k for a company
  - **Free for NEVs**
- **In Beijing and Shanghai, anyone can purchase an NEV**
  - The right to purchase an ICE vehicle is subject to a lottery
  - Estimated lottery success rates: 4% (Shanghai); 0.2-0.3% (Beijing)
- Restriction on the number of days an individual can drive an ICE car
  - **No driving restrictions for NEVs**

Shanghai license plates used to distinguish between car types

Blue plates: ICE vehicles

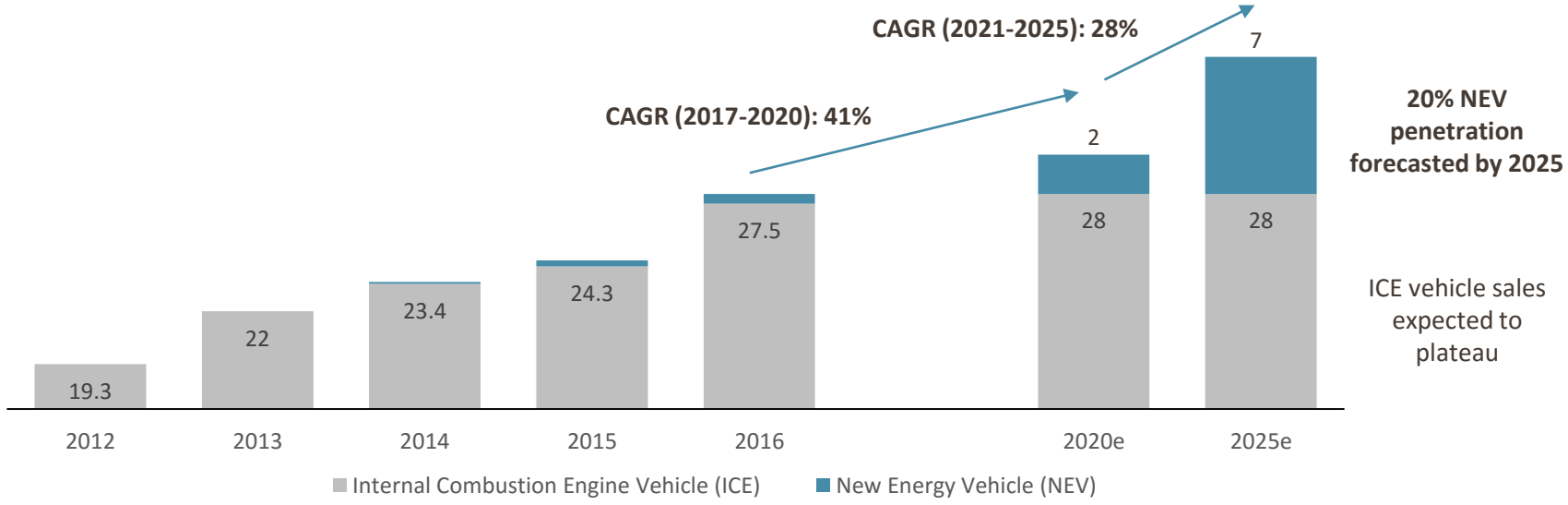
Green plates: NEV vehicles

China NEV Growth Projections

NEV growth is a substantial component in China's evolving transportation market, as well as a major part of its international industrial policy

- "Medium to long term plan for the auto industry" (2025 plan) issued in April, detailing how China plans to strengthen its domestic auto industry and expand global exports of new energy vehicles
- Projected that sales of conventional ICE vehicles in China will stabilise, with all vehicle sales to come from NEVs
- NEV sales of 7 million vehicles in a total of 35 million vehicles sold represents c. 20% penetration rate of NEVs in 2025

Projected China Vehicle Sales According to 2025 Plan (millions of vehicles)



Source: Bloomberg, Statistica

Rest Of The World – Major Auto Maker Strategies

Dramatic shift towards the conventionalisation of NEVs, as major automakers from across the globe increase investment and accelerate development

Automaker NEV Strategies

Accelerating production with the aim of producing 1 million NEVs annually by 2020

Forecasting annual unit sales of 2 to 3 million NEVs by 2025 (25% of sales)

Targeting NEV penetration of 15%-25% of total worldwide sales by 2025

Targeting 10 new NEV models by 2022, supported by €10bn investment program

Committed to a A$4.5bn phased electrification of vehicles

Source: Company releases

Emerging Market Segments – Buses and Trucks

Future EV sector growth strengthened through the launch of electric and hybrid commercial vehicles, such as buses, minibuses, trucks and delivery vans

BYD 60ft All-Electric Bus (547kWh battery)

Tesla Semi

Nikola One Truck (320kWh battery)

Daimler (Mercedes-Benz) Electric Truck (212kWh battery)

Emerging Market Segments – Energy Storage

In addition to batteries for electric vehicles, home and commercial energy storage is also developing into a growth segment for lithium-ion batteries

Residential Storage On The Market Today

Company	Tesla	Panasonic	BYD	Kokam	Samsung SDI	Iron Edison
Product Name	Powerwall	Li-ion Storage Battery System	DESS	KHESS	All-in-one ESS	Iron Edison Battery
Storage Capacity	6.4 kWh	8.0 kWh	>=8 kWh	5.38-15.54kWh	3.6 - 5.5 kWh	9.36 - 52 kWh
Voltage	350 - 450 V	250 V	52 V (DC)	51.8 V (DC)	230 V	52 V (DC)
Weight	100 kg	159 kg	75 Lg		95 kg (3.6 kWh)	118 - 710 kg
Price	US$3,000					US$9,919 - 35,760
						

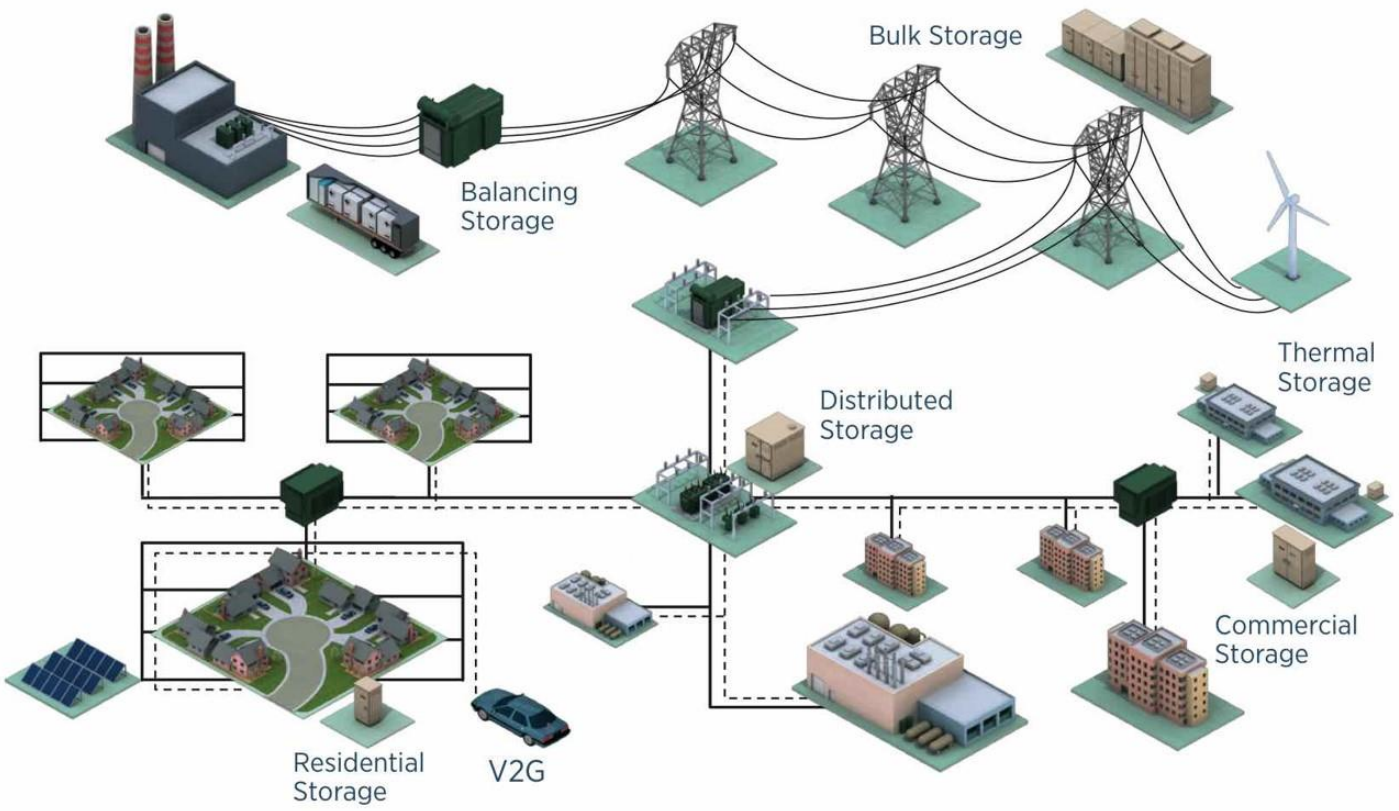
Company	LG Chem	Saft Groupe	Juice Box	Simpliphi	Orison	Schneider Electric
Product Name	RESU 6.4 EX	Intension Home	Energy Storage System	PHI2.6/PHI3.4	Orison Panel/ Tower	Ecoblade
Storage Capacity	6.4 kWh	4 - 10 kWh	8.6 kWh	2.6 / 3.4 kWh	2.2 kWh	5 kWh (per blade)
Voltage	51.8 V (DC)	48 V (DC)	50 V (DC)	48 V (DC)	120 V	
Weight	60 kg	85 kg (4 kWh)	127 kg	26.1 / 34.8 kg	17 kg/ 18 kg	25 kg
Price	EUR 4,087					US$500/kWh
						

Source: Deutsche Bank, Company data

Emerging Market Segments – Energy Storage

Potential locations and applications of lithium based energy storage systems in the power system

Illustrative Power System



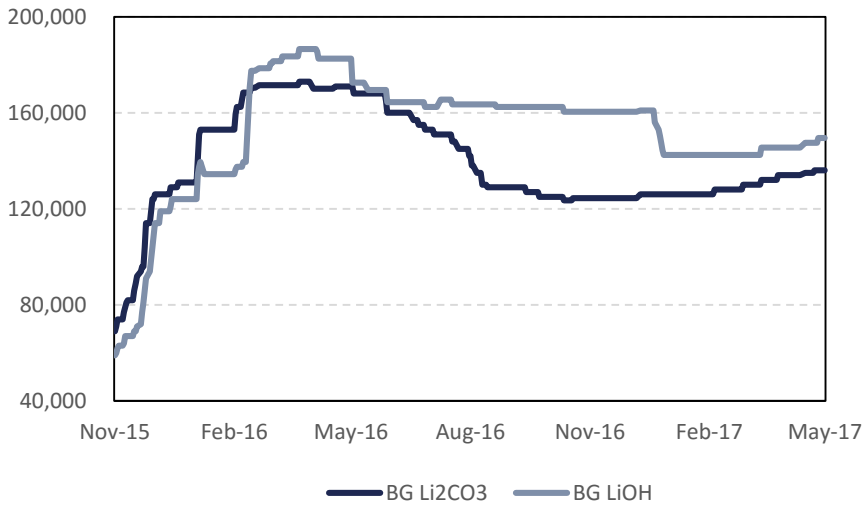
Source: IRENA 2015

Lithium Pricing Trends

Pricing in China increased rapidly from 4Q 2015 through to April 2016, due to rapid demand growth in the NEV sector – now settling at c. 3x early 2015 pricing

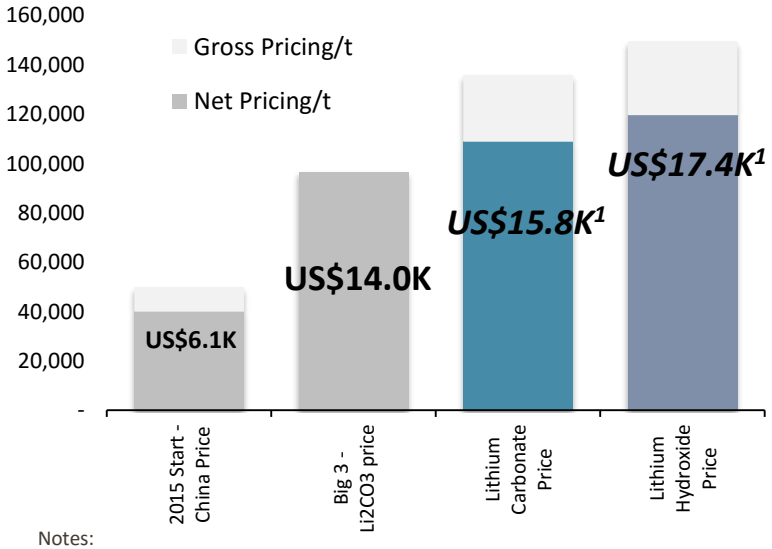
- Continued strength in lithium prices is a clear indication that demand growth is likely to be outpacing supply side growth
- After becoming the dominant single market consumer of lithium compounds, as well as the leading producer of the same, China has transitioned from previously being a price follower into being the price setter
- With an ongoing lagged supply side response, due to pipeline development projects being undercapitalized, coupled with the potential for delays and budget overruns in bringing these projects online, the **demand supply balance is expected to remain very tight through to at least 2020**

Historical Lithium Prices (RMB/t)



Source: CJ Securities

Lithium Carbonate Price Comparison (RMB/t)



Notes:
1. BG Li_2CO_3 and LiOH prices are current as at May 2017

Galaxy Operations Update

Mt Cattlin – Production Ramp Up Continues

Restart complete, three shipments completed to customers, project grade improving and moving into 2017 contract volumes and pricing

Restart production and plant expansion

- ☑ Upgrade and expansion of processing facility
- ☑ Commissioning of expanded Mt Cattlin facility
- ☑ Recommencement of spodumene production in 4Q 2016

First delivery and 2017 contracting

- ☑ 120kt of lithium concentrate sold at US$830/t (FOB, 5.5% Li_2O, pricing of US$905/t at 6.0% Li_2O) for delivery in 2017
- ☑ First shipment in January 2017 from Esperance Port

Operational ramp-up, optimisation studies and exploration

- ☑ Second shipment completed on 1 March 2017
- ☑ Plant throughput nameplate of 210tph achieved
- ☑ Third shipment complete – fulfilling 2016 offtake obligations
- ☐ Production ramp-up to meet targeted run-rate of 160ktpa
- ☐ Optimisation studies to improve recoveries above the initial 50% targets
- ☐ Extensive brownfield and greenfield exploration drilling campaign
- ☐ Refurbishment of the mine's fixed crushing circuit to re-start in 3Q 2017

Mt Cattlin production ramp-up

Fig. 1: *Recommencement of mining operations following engagement of Piacentini & Sons as mining contractor*

Fig. 2*: Lithium Concentrate loading at Mt Cattlin for transport to the Esperance Port*

Fig. 3: *Mt Cattlin operations*

Sal de Vida – Development Work Advancing

DFS update confirmed compelling economics, strong in-country team in place, development activities well underway

Primary site works

Sal de Vida Corporate

- [x] Confirmation of Development Team for the Sal de Vida Project
- [x] Renewal of Environmental Permit from Catamarca

Site Works and Drilling

- [x] Relocation of existing camp facilities to facilitate earthworks
- [x] First 150m deep drill hole for planned production wells to supply brine to the new evaporation ponds
- [x] Earthworks for second drill pad and existing access road improvement
- [ ] Second 150m deep drill hole for planned production well
- [ ] Construction of initial evaporation ponds

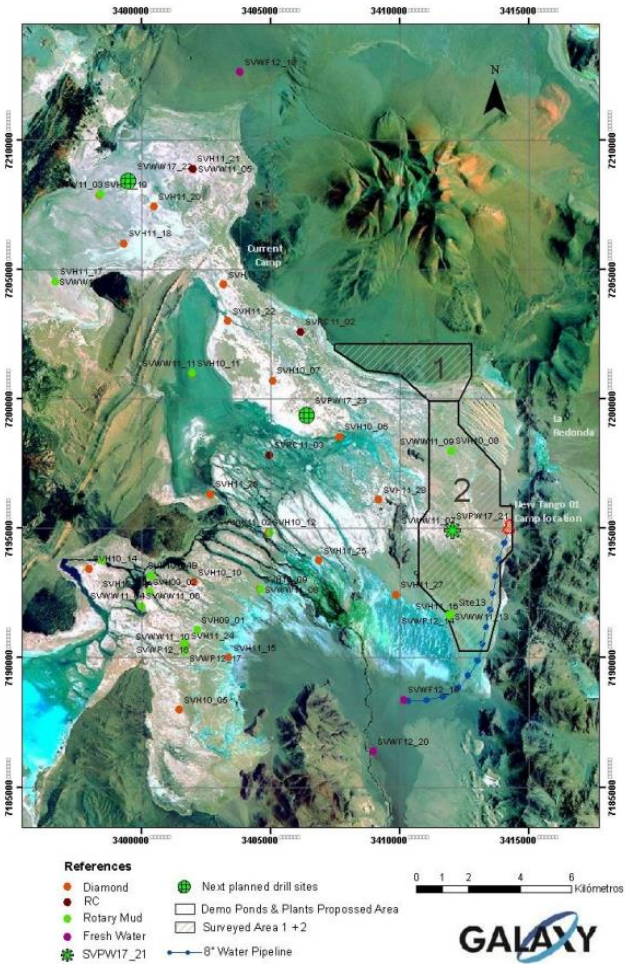
Project studies and demo plant

Project Studies

- [x] DFS update completed, confirmed compelling economics
- [ ] 3,000Ha topographic studies to facilitate the construction of an initial evaporation pond, and full scale commercial ponds
- [ ] Hydraulic studies around primary drill hole locations to better understand localised brine flow rates

Demo Plant Program

- [ ] Relocation/upgrade of existing pilot plant equipment in May 2017
- [ ] Resumption of pilot scale testing



James Bay – Development & Exploration Program

Drilling program, relevant environmental studies and DFS process underway, borrowing experience and learnings from Mt Cattlin

Drilling program and environmental studies

Definitive Feasibility Study

James Bay Corporate

- [x] Capital raising competed to fund development program
- [x] James Bay development team established

Diamond Drill Program

- [ ] Drill program that aims to nearly triple the aggregate 14,000m of depth drilled at the project thus far
- [ ] In-fill drilling to substantially upgrade mineral resources and define ore reserve
- [ ] Step-out holes to explore pegmatite extensions down-dip
- [ ] Drilling of 3-4 pegmatites, previously mapped, but never drilled
- [ ] Map out pegmatites on the east side of the Matagami-Radisson Highway for drilling later in the year, following the snow melt

Environmental Studies

- [ ] Environmental and Social Impact Assessment (ESIA) – Phase 1

Definitive Feasibility Study Works

- [ ] Bulk sampling of existing stockpiles
- [ ] Pilot-plant scale metallurgical test work
- [ ] Formal revision to the resources/reserves of the project from new data collected

Site works underway

Spodumene bearing outcrop

Outlook & Growth

Production at Mt Cattlin continues to ramp-up, with subsequent margin improvement; and development activities at the other projects are accelerating

MACRO
Robust lithium demand

- Continued strong growth in demand for lithium, led by increase in NEV sales
- Lagged response from supply-side, increased pricing levels are being sustained

MT CATTLIN
Production & ramp-up

- Focus on production ramp-up to meet 2017 production guidance
- Continued processing optimisation to improvement operating margins

SAL DE VIDA
Offtake and project financing

- Ongoing discussions with offtakers, strategic partners and project financiers
- Site works commencing, including commencement of demo plant program

JAMES BAY
Project development

- Comprehensive diamond drill program to upgrade existing Resource to Reserves
- Completion of DFS program, drawing on Mt Cattlin experience for study acceleration

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Competent & Qualified Persons' Statement

Sal de Vida

The information in this report that relates to relates to the estimation and reporting of the Sal de Vida Project Mineral Resources and Mineral Reserves is extracted from the report entitled "Sal de Vida: Revised Definitive Feasibility Study Confirms Low Cost, Long Life and Economically Robust Operation " created on 22 August 2016 which is available to view on www.galaxylithium.com and www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resources and Mineral Reserves estimates in the relevant market announcement continue to apply and have not materially changed . The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

James Bay

The information in this report that relates to Mineral Resources at the James Bay Project is based on work completed by Mr James McCann, who is a Member of a Recognised Overseas Professional Organisation. Mr McCann is a full time employee of McCann Geosciences, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr McCann consents to the inclusion in the report of the matters based on his information in the form and context it appears. . This information was prepared and first disclosed under the JORC Code 2004 it has not been updated since to comply with JORC code 2012 on the basis that the information has not materially changed since it was last reported.

Mt Cattlin

The information in this report that relates to relates to the estimation and reporting of the Mt Cattlin Project Mineral Resources and Mineral Reserves is extracted from the report entitled "Mt Cattlin Update: Revised Resource & Reserve Statement" created on 4 August 2015 published by General Mining Limited (ASX: GMM) which is available to view on www.asx.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement made by GMM. The Company understands that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Production Targets and Financial Information

Information in relation to the Sal de Vida Revised Definitive Feasibility Study, including production targets and financial information, included in this report is extracted from the report entitled "Sal de Vida: Revised Definitive Feasibility Study Confirms Low Cost, Long Life and Economically Robust Operation " created on 22 August 2016 which is available to view on www.galaxylithium.com and www.asx.com.au. The Company confirms that all material assumptions underpinning the production target and financial information set out in the announcement dated 22 August 2016 continue to apply and have not materially changed.