



GALAXY RESOURCES LIMITED

2017 Q3 Results Presentation

October 2017

ASX: GXY

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2017 Q3 Results Highlights

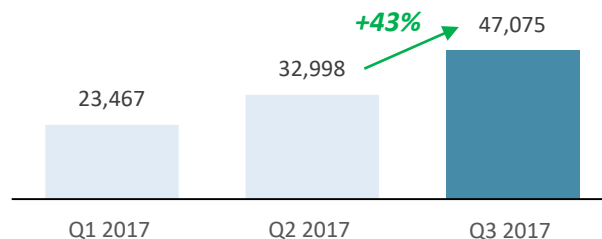


Production (Mt Cattlin)	Lithium concentrate produced (Q2 2017: 32,998) 47,075 dmt +43%	<ul style="list-style-type: none"> ▪ Lithium concentrate production achieved average run rate of c.190,000 dmt pa ▪ Plant recovery improved to attain 57% for the quarter, which was above the targeted 50-55%, due to improved process plant utilization, higher head grades and improved specific gravity control ▪ Average production cash costs¹ of US\$320/dmt were reported for the quarter, a reduction of 18% over Q2 2017, mainly due to higher production throughput ▪ Q3 EBITDA of A\$21.6M from the Mt Cattlin operations before CAPEX ▪ New 5-year contract for semi-permanent crushing operations ▪ Technical evaluation of process improvements to target increased recoveries of 70-75% nearing completion ▪ Commenced Brownfield and Greenfield drilling program to extend mine life
	Realised price ¹ (Q2 2017: US\$722/t) US\$843/dmt +17%	
	Cash costs ¹ (Q2 2017: US\$393/t) US\$320/dmt -18%	
Development Projects	Sal de Vida <i>Production wells completed</i>	<ul style="list-style-type: none"> ▪ Sal de Vida <ul style="list-style-type: none"> — Exploration boreholes now converted into production wells at 400m depth — Test Lab (ICP) commissioned, with operator training underway — Test work being conducted for production of lithium carbonate and lithium hydroxide — Studies commenced for potential hydroxide sub-circuit and co-location of processing facilities ▪ James Bay <ul style="list-style-type: none"> — Drilling results expected to support a strong resource upgrade in Q4 2017 — Feasibility study work progressing
	James Bay <i>Resource upgrade expected Q4 2017</i>	
Corporate	Cash on hand (Q2 2017: A\$40.4M) A\$57.4M +41%	<ul style="list-style-type: none"> ▪ A\$9.3M cash received from exercise of unlisted options and warrants ▪ Outstanding debt of A\$8.5M

¹ Cash costs and realized prices before royalties and marketing fees

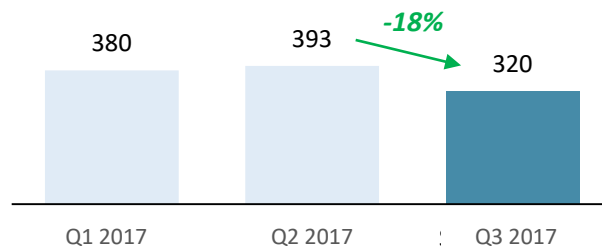
Galaxy reports continued improvement across key metrics at Mt Cattlin for Q3 2017

Lithium Concentrate Produced (dmt)



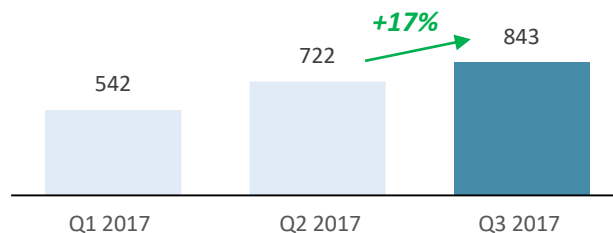
- Operations achieved full production levels during the quarter
- 43% increase** in concentrate produced due to:
 - Increased plant utilization, higher head grade and improved specific gravity control
- Plant recovery improved to **57%** for the quarter

Production Cash Costs (US\$/dmt)



- 18% reduction** in average production cash costs in Q3 due to:
 - an increase of production volumes versus production levels in Q2 2017; and
 - improved operating efficiencies

Lithium Concentrate Realized Selling Price (US\$/dmt)



- Realized selling price of US\$843/t¹** (A\$1,062/t¹) for whole of Q3, an **increase of 17%**
- Future contracts for 2018-onwards concentrate offtake being finalized with key customers

¹ Cash costs and realized prices before royalties and marketing fees

Mt Cattlin has now achieved a full quarter at steady state production rates with record volumes reported in Q3 2017

Operational Summary

- Three shipments of lithium concentrate were completed during Q2, totalling 41,834 dmt
 - Product grade and specifications on delivered product **well above contract requirements**
- During the quarter, Galaxy entered into a new 5 year contract for **semi-permanent crushing operations** to satisfy its longer term crushing requirements
- **Efficiency of the Mt Cattlin processing plant has continued to improve** driven by:
 - Higher ore feed grades
 - Improved specific gravity controls
 - Improved process plant utilization
- The technical and financial evaluation for the construction of an ultra fines DMS circuit nearing completion, this will allow plant to target increasing recoveries to between 70-75%
 - Construction and commissioning of these improvements planned to be completed in Q1 2018
- Work on establishing medium and long term water supply sources nearing completion, with suitable options available for both timelines

Production & Sales Statistics

Parameter	Q1 2017	Q2 2017	Q3 2017	QoQ Change
Waste mined (bcm)	143,300	460,850	472,732	↑ 3%
Ore mined (bcm)	87,922	110,788	139,944	↑ 26%
Ore mined (wmt)	233,193	303,394	390,092	↑ 29%
Grade (%)	0.96	1.12	1.20	↑ 0.08
Ore treated (wmt)	253,156	334,036	369,981	↑ 11%
Ore feed grade (%)	1.02	1.15	1.30	↑ 0.15
Concentrate produced (dmt)	23,467	32,998	47,075	↑ 43%
Concentrate sold (dmt)	23,455	30,135	41,834	↑ 39%
Concentrate grade sold (%)	5.38	5.77	5.74	↓ 0.03
Moisture (%)	1.80	2.12	1.69	↓ 0.43
Mica content (%)	1.88	1.96	1.10	↓ 0.86

Mt Cattlin completes transition into steady state operation, site management focus now shifting to plant optimisation and exploration drilling program

Restart production and plant expansion

- Upgrade and expansion of processing facility
- Commissioning of expanded Mt Cattlin facility
- Recommencement of spodumene production in Q4 2016

First delivery and 2017 contracting

- 120kt of lithium concentrate contracted for sale at US\$830/t (FOB, 5.5% Li₂O, pricing of US\$905/t at 6.0% Li₂O) for delivery in 2017
- First shipment in January 2017 from Esperance Port

Operational ramp-up, optimisation studies and exploration

- Plant throughput nameplate of 210tph achieved in April
- Seventh shipment complete – now realising 2017 pricing
- Production ramp-up to meet targeted run-rate of 160kt
- Regular monthly shipments scheduled, 7 shipments to date
- Optimisation studies targeting to improve recoveries to 70% - 75%
- Brownfield and greenfield exploration drilling campaign to extend mine life

Mt Cattlin mining operational ramp-up



Fig. 1: Mining operations at Mt Cattlin

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



Fig. 3: Mt Cattlin operations



Test plant refurbishment completed, and bench scale testing being conducted to produce lithium carbonate and lithium hydroxide

Production Well Drilling

- First drill hole for planned production well completed (with pump tests yielding better than expected results with 25 litres per second brine flow, higher than DFS assumption)
- Second drill hole was also completed to a depth of 300m
- 400m exploration hole developed into a production well yielding 60m³/hour

Test Plant and Laboratory Construction

- Refurbishing and upgrade of treatment plant (pilot) was recently completed
- Design for temporary construction camp has been completed
- A purpose built laboratory deployed to site for the treatment of concentrated brine, various bench scale tests were carried out during the quarter
- Tests conducted for **production of lithium carbonate and lithium hydroxide**

Pre-Production Evaporation Ponds

- RFIs have been issued to local service providers to design the pre-production ponds
- Discussions have commenced with major earthwork equipment vendors and contractors

Funding and Strategic Partners

- Advancing discussions with potential offtake and strategic partners for the project
- Finalize potential strategic partners, customers, offtake and project financing*

North Basin Drill Site



Test Evaporation Pond



Drilling results at James Bay underscore the strong potential of the project, with the **discovery of two new pegmatites**

Drilling Results

- Extensive 33,000m drilling program now completed
- Extensional **drilling uncovered two new large pegmatite dykes**, bringing the total pegmatite swarm at James Bay to 33
- Drilling results expected to **increase current resource magnitude and grade, as well as upgrade the current resource classifications**
- Finalized report on resource definition and **upgrade expected to be completed in Q4 2017**
- The latest round of assays (announced 14 Sept 2017) returned some exceptional intercepts including:

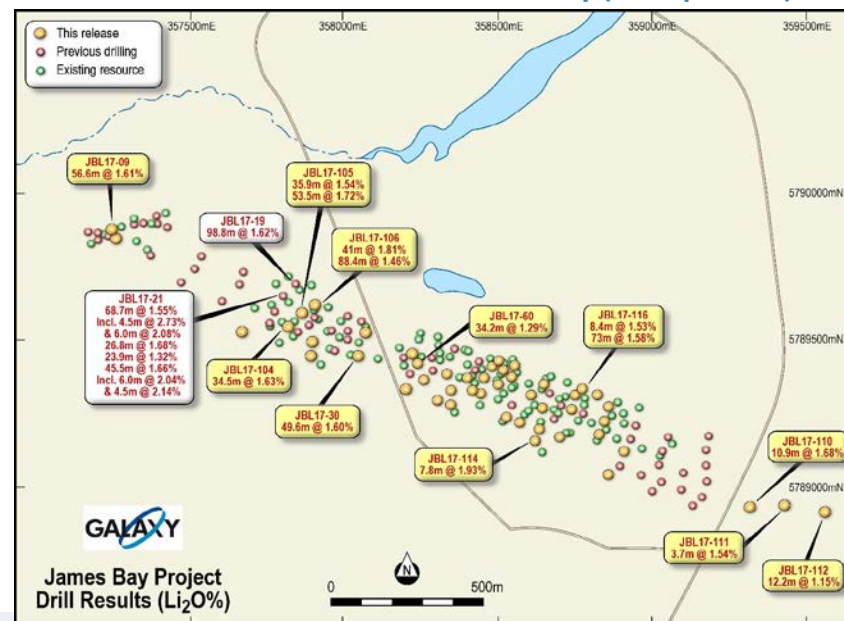
- 56.6m at 1.61% Li₂O from 89.3m to 145.9m (drill hole JBL17- 09)
- 49.6m at 1.60% Li₂O from 17.0m to 66.6m (drill hole JBL17- 30)
- 34.5m at 1.63% Li₂O from 68.8m to 103.3m (drill hole JBL17-104)
- 35.9m at 1.54 % Li₂O from 2.0m to 37.9m (drill hole JBL17-105) and 53.5m at 1.72 % Li₂O from 68.5m to 122.0m
- 41.0m at 1.81 % Li₂O from 25.8m to 66.8m (drill hole JBL17-106) and 88.4m at 1.46 % Li₂O from 204.1m to 292.5m
- 34.2m at 1.29 at % Li₂O from 86.0m to 120.2m (drill hole JBL17-60)

Current James Bay Resource Estimate

Resource category	Tonnes	Li ₂ O %
Indicated	11,750,000	1.30
Inferred	10,470,000	1.20
Total	22,220,000	1.28

Source: Refer Galaxy Resources Announcement (5 July 2012)

Plan View Of Drill Hole Collars At James Bay (14 Sept 2017)



The leading global pure play lithium company listed on the ASX, with significant institutional ownership and strong liquidity

Financial Information (13 Oct 2017)

Share price	A\$3.30
52 week high / low	A\$3.50 / A\$1.50
Number of shares (undiluted) ^{1,2}	403.3M
Market Capitalisation	A\$1,331.0M
Cash (30-Sept-17)	A\$57.1M
Debt (30-Sept-17)	A\$8.5M
Net cash (30-Sept-17)	A\$48.9M
Enterprise Value	A\$1,282.4M

Source: IRESS

Notes:

- 1 Excludes 18.6M unlisted options on issue at various vesting and expiry dates with exercise prices between A\$0.365 and A\$2.78
- 2 Excludes 5.0M share appreciation rights

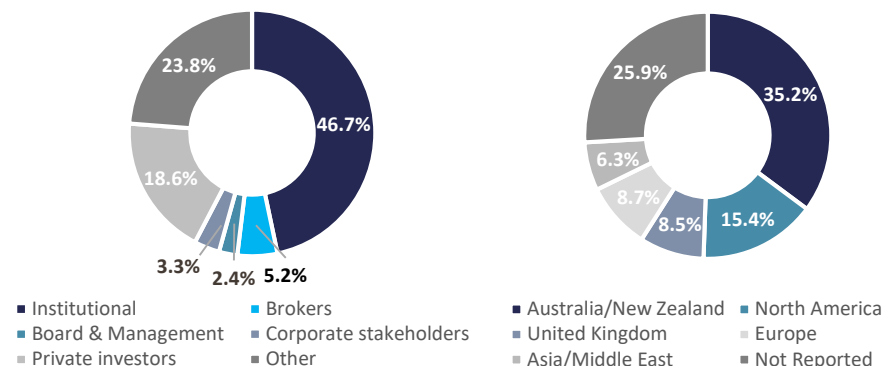
Top Shareholders (30 Sept 2017)

Investor	%
Blackrock Group	6.3%
Board and Management	2.4%
Top 20 shareholders	39.9%

Share Price Performance (1 year)



Shareholder Type and Geographical Breakdown (30 Sept 2017)



Competent Person Statement

Sal de Vida

Any information in this report that 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 the estimation and reporting of the James Bay exploration results is extracted from the ASX announcement's dated 27 June 2017, 2 August 2017, 10 August 2017 and 14 September 2017 which are 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 exploration results 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.

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 the Ordre des Geologues du Quebec, a Recognised Overseas Professional Organisation. Mr McCann is a full time employee of Galaxy, 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 and 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 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 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.