Galaxy Resources Limited

Diggers & Dealers 2011

Iggy Tan

Managing Director

meeting a lithium future

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Competent Persons

The information in this report that relates to Mineral Resources is based on information compiled by Mr. Robert Spiers who is a full time employee of Hellman & Schofield Pty Ltd and who is a Member of the Australian Institute of Geoscientists. Mr. Spiers has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Spiers consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Ore Reserves is based on information compiled by Mr. Roselt Croeser who is a full time employee of Croeser Pty Ltd. Mr. Croeser has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Croeser consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results, including exploration data and geological interpretations is based on information compiled by Mr Philip Tornatora who is a full time employee of the Company and who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr. Tornatora has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Tornatora consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

James Bay Competent Person

The mineral resources are reported in accordance with National Instrument 43-101 and have been estimated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines. Resource evaluation work was completed by Mr. Sébastien Bernier, P.Geo (OGQ#1034, APGO#1847) an independent Qualified Person as defined by NI 43-101.

LITHIUM POWER

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Lighter
Longer Life
Energy Density
Environment
EV Revolution
US$11b → US$43b ('20)

Source: Galaxy Resources Ltd

INVESTMENT OVERVIEW

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- Lithium Pure Play
- Downstream Integration – Value Add
- Resource, Chemical, Battery
- Operating mine and ore resources – Australia / Canada
- Lithium Carbonate chemical facility in China
- Lithium battery project in China

INTEGRATION & VALUE ADD

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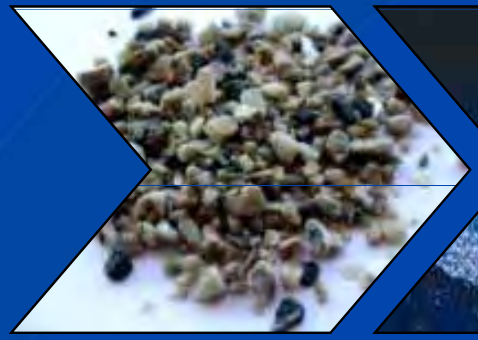
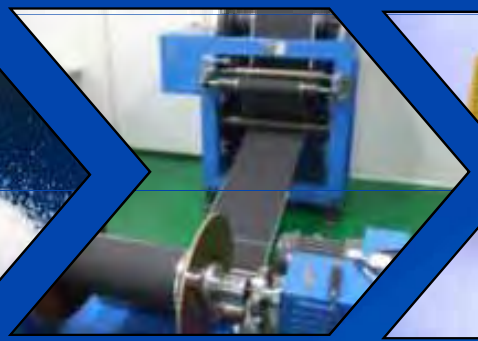
Spodumene Production	Lithium Carbonate Production	Lithium Cathode Production	Lithium Battery Production
			
$1	$3	$44	$500

Revenue per Li unit

Source: Galaxy Resources Limited

CORPORATE STRUCTURE

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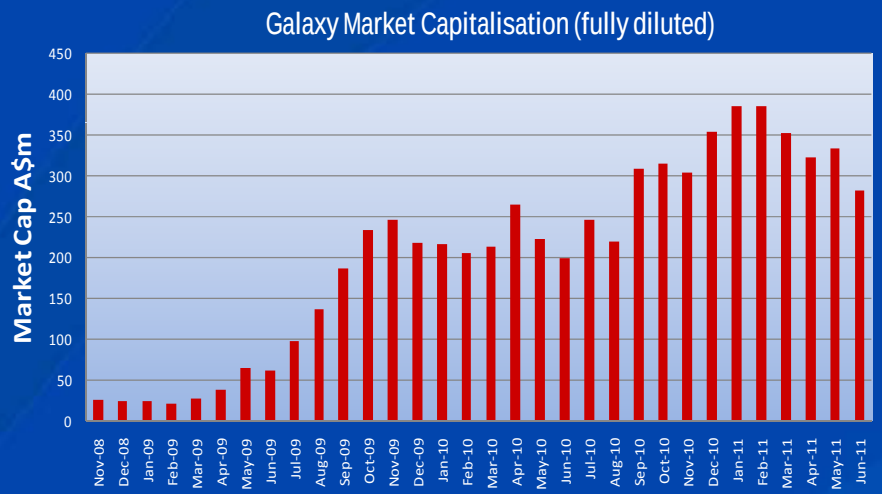
- Registered in Australia and listed on ASX
- Member of the S&P/ASX300 company
- Cash position – A$67 million
- China Construction Bank credit line



Capital Structure	
Shares on issue	323 m
Options on issue	52 m
Share price (as of 27 Jul 11)	A$0.75
Undiluted market capitalization	A$242m
Diluted market capitalization	A$281m

Substantial Shareholders	
Creat Resources	11.0%
M & G Group	7.0%
Fengli Group	7.0%

Substantial Investor	
Li Shu Fu (Geely Motors)	A$30m

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INDUSTRY OVERVIEW

LITHIUM CONSUMPTION – BY END USE

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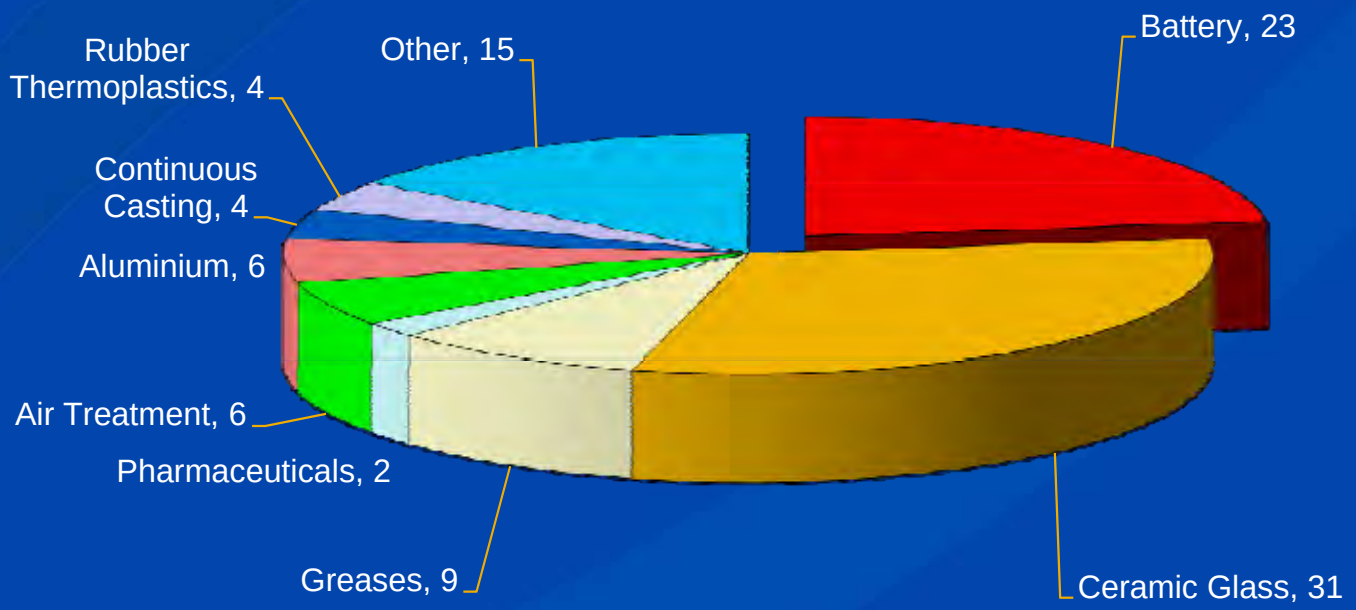
Estimated Consumption of Lithium by end use 2011
(est. 120,000 tons LCE)



Source: Galaxy

GROWTH IN OTHER AREAS BEFORE EVs

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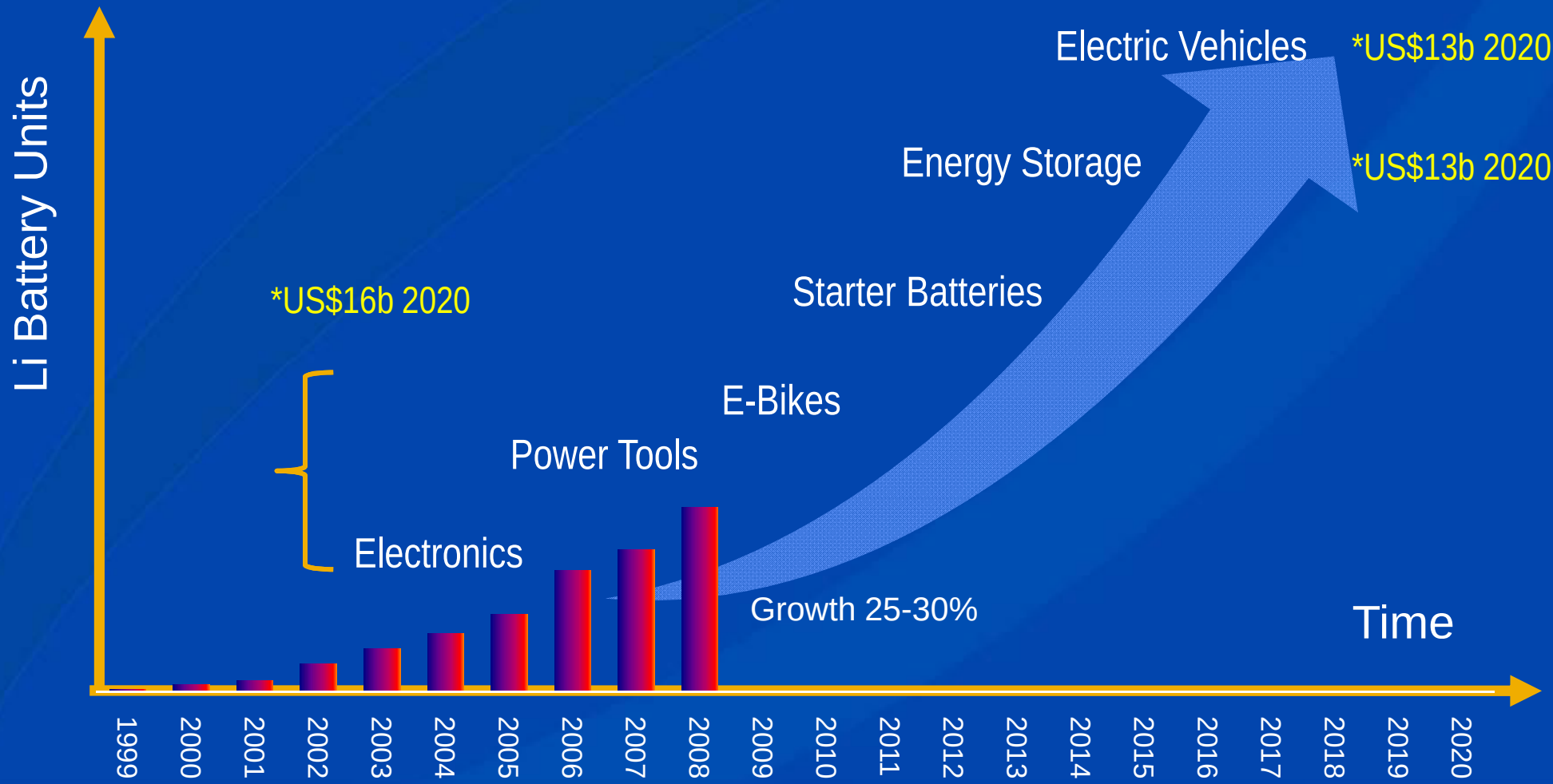

Source: *Amadee, Galaxy

FOCUS ON THE E-BIKE MARKET

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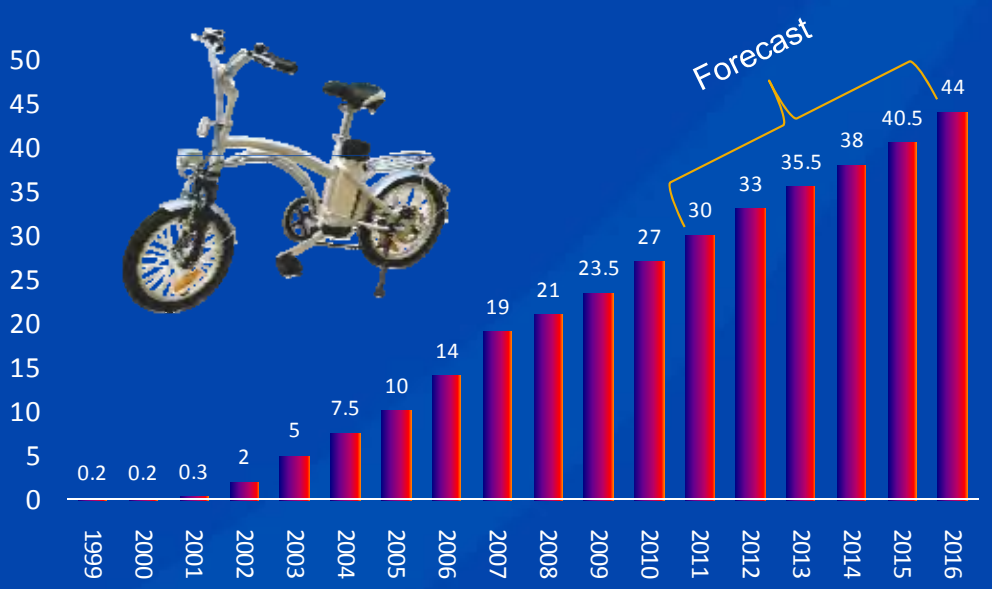
- China produces 27 m E-Bikes pa
- 97% - heavy lead acid batteries
- PRC weight restrictions
- 1,000 lead plants shutdown
- Mass conversion to Li Batteries

E Bikes Sales in Asia till 2016



CHINA MACRO STRATEGY

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- China – Less reliance on oil based transport system
- Twelve 5 Year Plan – Low Carbon Economy
- 5m EVs by 2020 (13.6 mil vehicles pa)
- 50% ownership of EVs & Hybrids by 2030
- Beijing Initiatives will drive EV demand
- “Mass energy storage” key to China’s strategy
- China targeting 20% from renewable source by 2020
- China - 1 MW of wind power installed every hour

GLOBAL LITHIUM FORECAST

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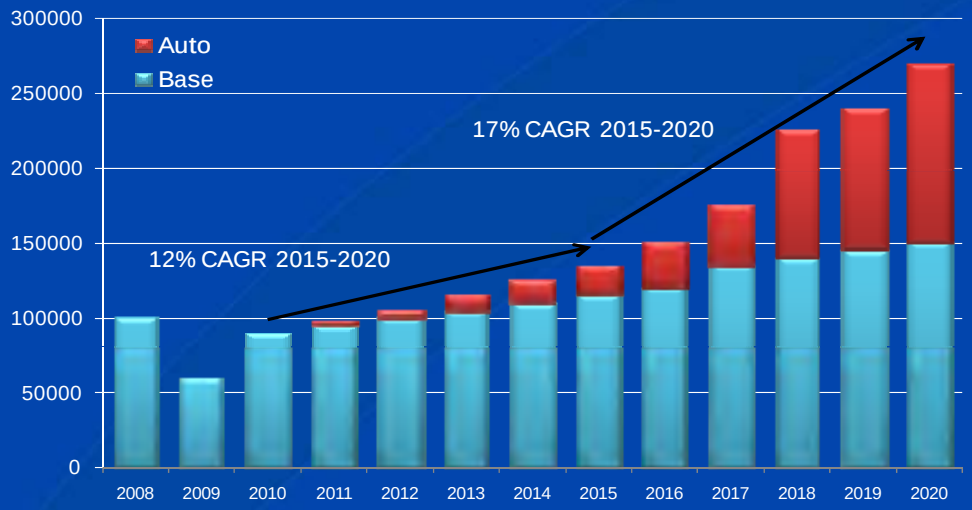
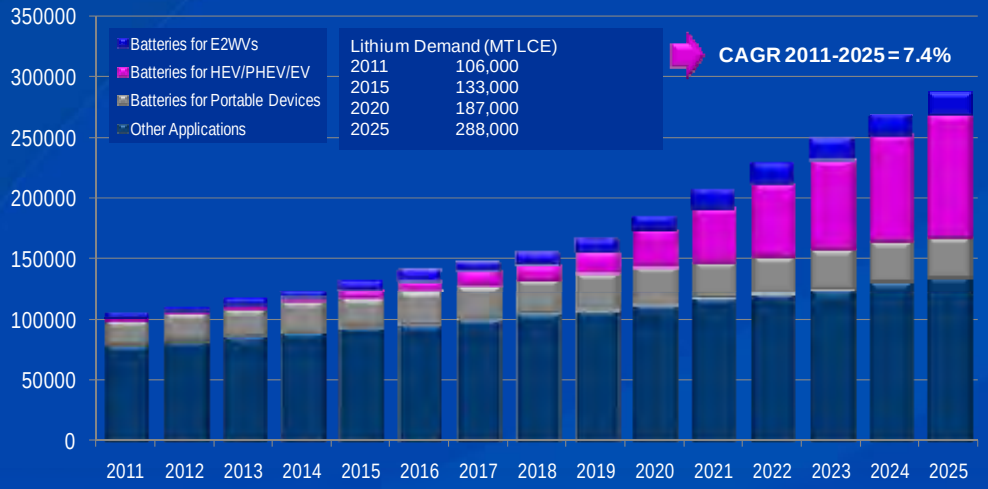


FMC Corp Forecast

World Lithium Supply Conference 2011
Toronto

2-3 times Demand Increase by 2020



Signom Box Forecast

World Lithium Supply Conference 2011
Toronto

PRICE FORECAST

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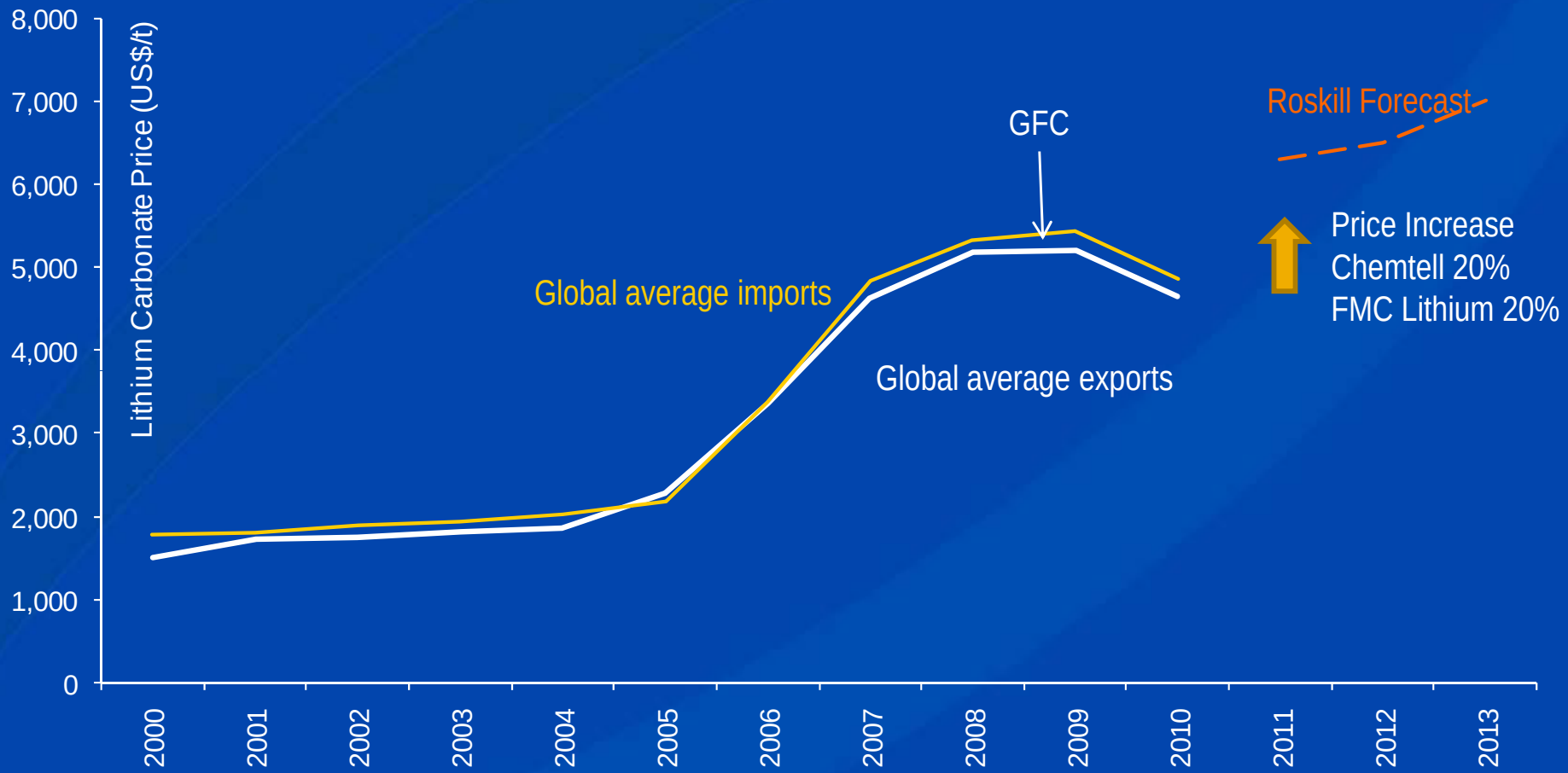

All figures – Real terms

Source: Global Trade Information Services, Roskill

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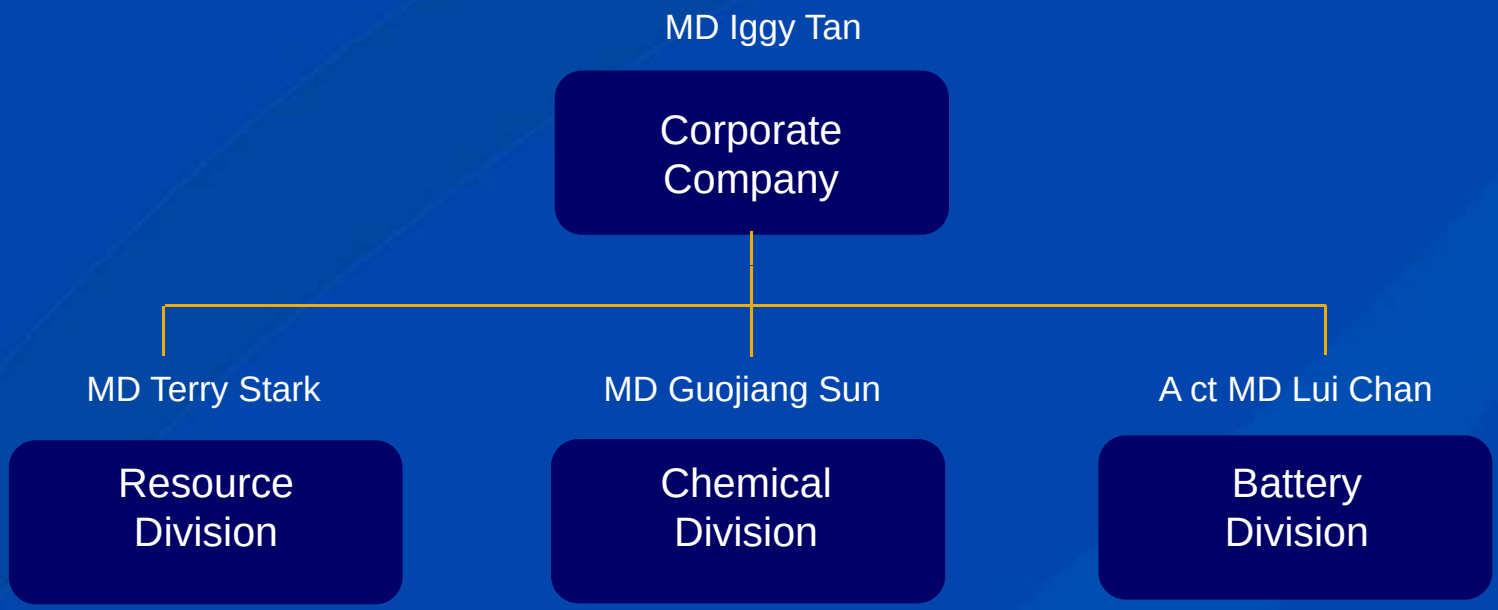
GALAXY'S BUSINESS

RESOURCE, CHEMICAL, BATTERY

BUSINESS DIVISIONS



Wesfarmer's style business structure allows Galaxy to manage diverse business units

RESOURCE DIVISION

MT CATTLIN MINE

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- Operating spodumene mine
- Resource of 18 mt at 1.08% Li_2O *
- Expected mine life of 18 years at 1 mtpa
- 137,000 tpa spodumene grading 6% Li_2O
- Record construction of <11 months
- Project on time and on budget (A$80m)
- Second shipment completed

*

Resource	Tonnes	Li_2O %	Ta_2O_5 ppm
Measured	3,193,000	1.17	149
Indicated	10,613,000	1.06	168
Inferred	4,382,000	1.07	132
TOTAL	18,188,000	1.08	156


Run of Mine Pad
Power Generation
Crusher
Maintenance Building
Fine Ore Bin
Primary Screening
DMS Plant
Water Treatment
Laboratory
Administration Building
Tailings Treatment


Conveyor 1
GALAXY
Process Water
Fine Ore Bin
Waste Bin
Control Room
DMS Plant
Laboratory
Final Product Stockpile

CHEMICAL DIVISION

CHINA LC INDUSTRY

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JIANGSU PLANT IS STRATEGICALLY LOCATED

- Zhangjiagang Free Trade Zone
- Galaxy owns 100%
- 120 top foreign companies
- Chemical Industrial Park
- Adjacent to a wharf
- Supply of sulfuric acid and soda ash
- Close to markets

MARKET SEGMENTATION

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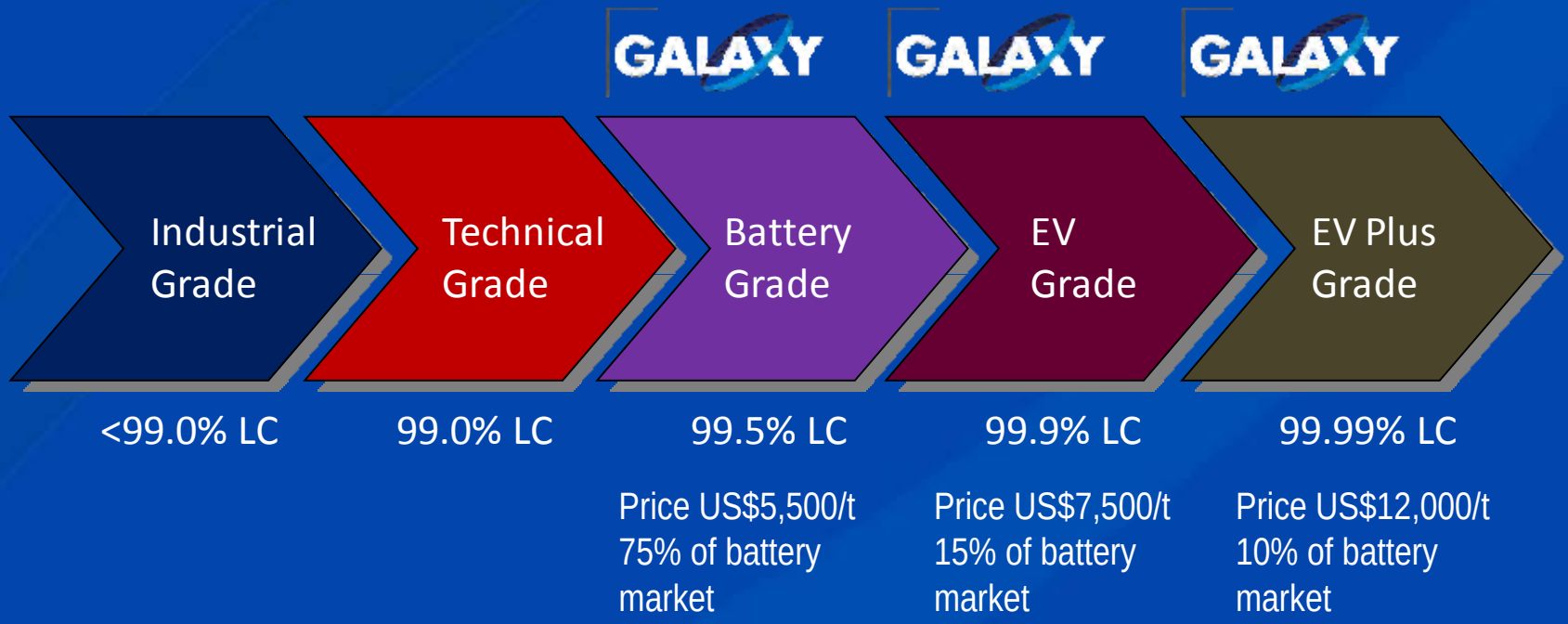

JIANGSU LITHIUM CARBONATE PLANT

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- Largest LC plant in China
- 17,000 tpa of high quality LC
- Continuous production technology
- Capability - 99.9% purity and above
- Focus lithium-ion battery industry
- Currently under construction
- Commissioning expected in 2011

Artist Impression - Jiangsu Lithium Carbonate Plant

High Voltage Room

Bagging machine trials off site

Baghouse on site

Product thickener

Bagging Station

Reagent Storage

Major equipment on site

Laboratory building

Purification Area

High Voltage Building

Conveyor construction to wharf

Calciner construction on site

CHINA PRODUCT DISTRIBUTION

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SAFETY PERFORMANCE

280 Employees

ZERO LOST TIME IN LAST 3.8 YEARS

OFFTAKE FRAMEWORK AGREEMENTS

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- Offtake framework agreements for 17,000 tpa
- Mitsubishi - exclusive distributer in Japan (5,000 tpa)
- 13 major lithium cathode producers in China (12,000 tpa)
- Fixed annual volumes
- Price agreed on a quarterly basis
- Minimum of 99.5% purity

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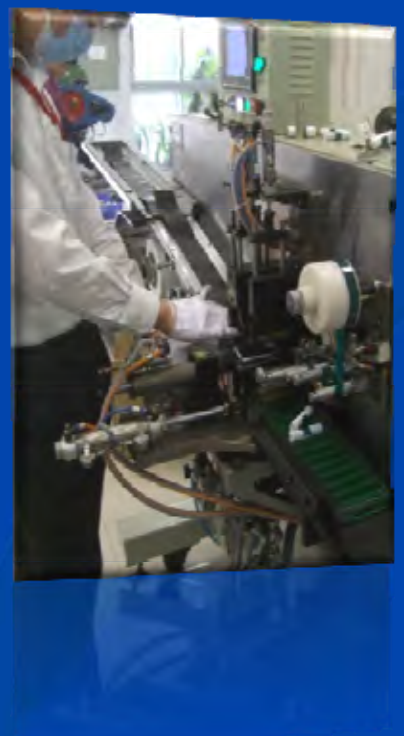
BATTERY DIVISION

CHINA'S LITHIUM BATTERY INDUSTRY



- Thousands of small medium factories
- High labour assembly lines
- Cheap low quality raw materials
- Prone to quality inconsistencies
- High defect rates affecting life of batteries
- All trying to do their own R&D
- Cannot compete with Japanese & Korean batteries

GALAXY'S APPROACH

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- Feasibility study completed
  - "Turn key" equipment supplied by KUBT (Korea)
  - Full automation – extremely low reject rates
  - Suppliers of Samsung and LG Chem
  - K2 Energy US lithium battery partner
  - Leap frog R&D
  - 350,000 E-bike battery packs pa – easy entry point
- More stable Lithium Iron Phosphate batteries
- Securing battery sales off-take


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K2 ENERGY PARTNERSHIP

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- Established US lithium battery producer
- License to use all K2 Energy's technology
- K2 provides recipe, expertise, commissioning support
- Highest energy densities of any LFP products on the market
- Intellectual property

Table 1 - Energy Density (Wh/l)

Battery type	K2	Comp 1	Comp 2	Comp 3
18650 E	290		261	213
18650 P	242	220		
26650 P	241	220	223	
26650 EV	297			

EXPERIENCE IN LARGE FORMAT BATTERIES

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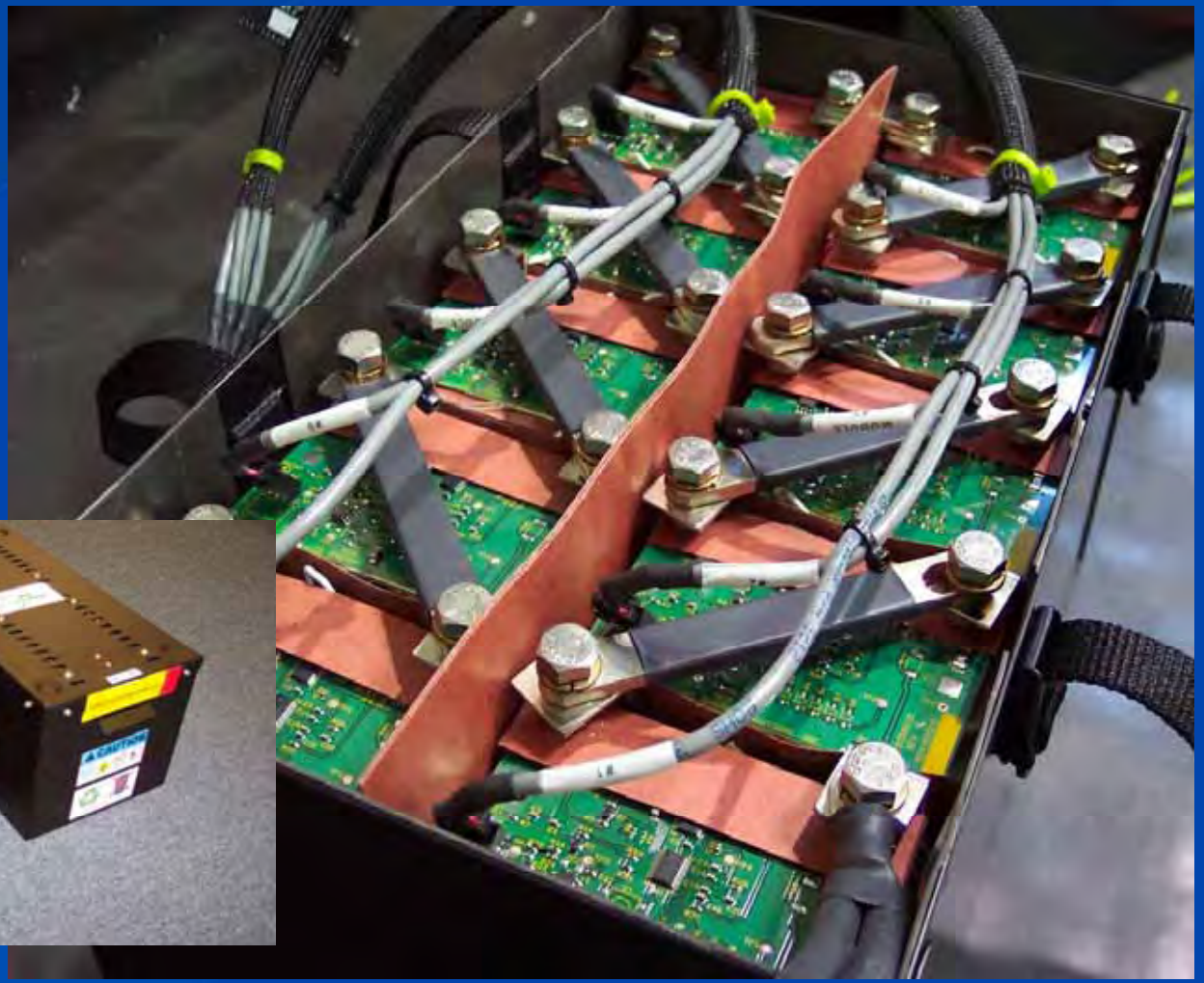

PROJECT STATISTICS

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Statistic	
Number of Battery Packs pa	350, 000
Battery Pack Capacity	36V, 10Ah
Cathode Base Material	Li Iron Phos
Anode Base Material	Graphite

36 cylindrical cells

Typical KUBT mixers

Typical KUBT mixer

KUBT coating and drying machinery

KUBT rolling and slitting machinery

KUBT rolling and slitting machinery

KUBT separator formation machinery

KUBT separator formation machinery

POTENTIAL LOCATION OF BATTERY PLANT

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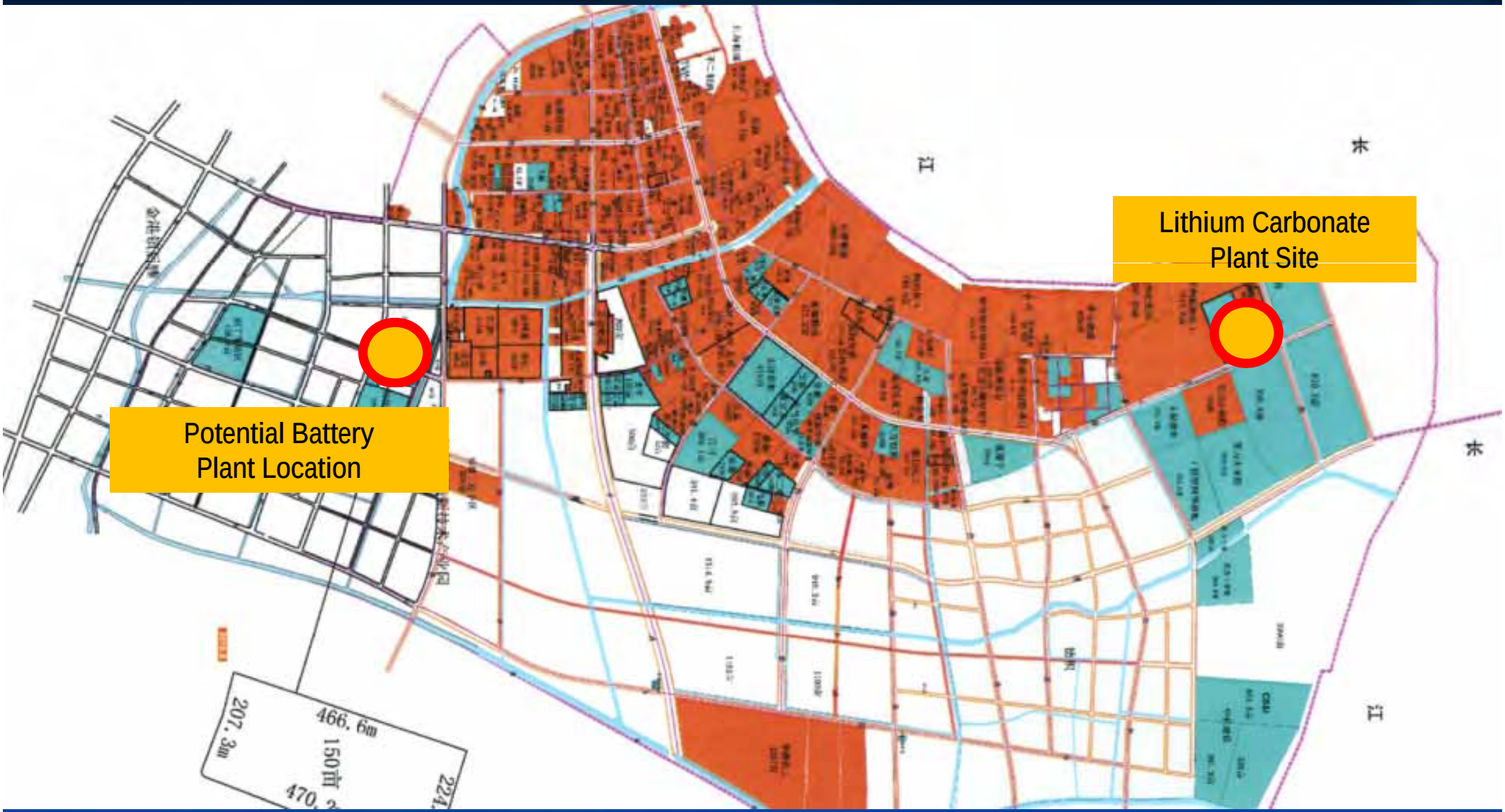

FEASIBILITY STUDY

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Production Rate (packs pa)	350,000
Capital Costs	A$ 134 million
Revenue pa	A$ 68 million
Ave Net Cash (pre tax) pa ^	A$ 30 million
Net Present Value NPV (non-geared, real @10%) ^	A$ 187 million
Internal rate of Return IRR%	29%

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"SECURITY OF SUPPLY FOR CHINA GROWTH"