GALAXY

Galaxy Resources Limited

Lithium Supply and Markets Conference

Buenos Aires, Argentina

Iggy Tan, Managing Director

meeting a lithium future

The following presentation represents Galaxy's management's best judgment at the time of presentation. The contents include forward looking statements prepared on the basis of assumptions which may prove to be incorrect. This presentation should not be relied upon as recommendation or forecast by Galaxy Resources Limited. No representation or warranty is made as to accuracy, completeness or reliability of the information

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.

GALAXY OVERVIEW

meeting a lithium future

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

GALAXY

meeting a lithium future

CHINESE LITHIUM INDUSTRY & MARKETS

CHINA 12th FIVE YEAR PLAN

GALAXY
meeting a lithium future

- US$ 460 billion in green related projects
- Towards a 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 – 1.6 MW of wind power installed every hour

TOTAL LITHIUM INDUSTRY – CHINA 2011

GALAXY
meeting a lithium future

Source : Galaxy Estimates Lithium Carbonate Equivalent LCE kt

TOTAL LITHIUM INDUSTRY - CHINA

meeting a lithium future

- Total Li production is estimated at 51 kt LCE
- Imports of Li products incl brine is 15 kt LCE
- Exports of Li products incl metal is 17 kt LCE
- Estimated mineral consumption is 5 kt LCE

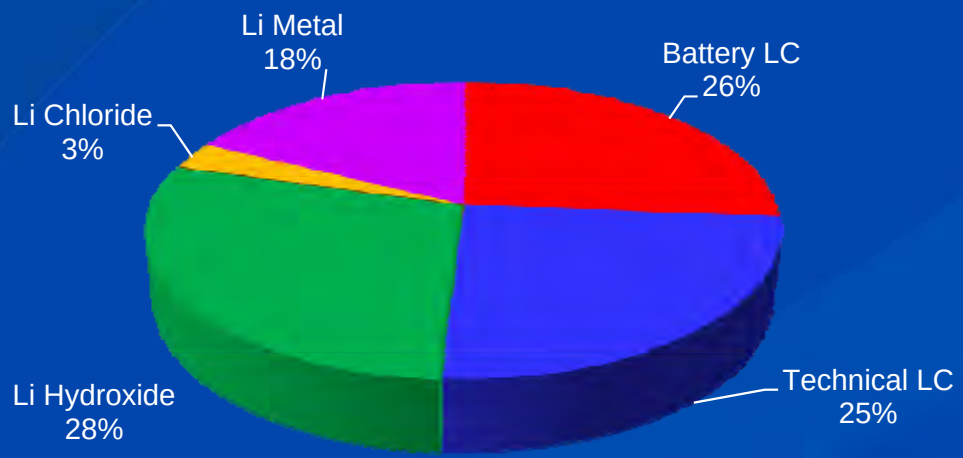
- All Li consumption in China estimated at 54 kt LCE

Source : Galaxy Estimates Lithium Carbonate Equivalent LCE kt

LITHIUM PRODUCTION IN CHINA

meeting a lithium future

- Total battery grade production is estimated at 13 kt LCE
- Tech grade Li production is 13 kt LCE
- Li Hydroxide production is 14.5 kt LCE
- Li metal production around 7.5 kt LCE (1.4 kt metal)



Source : Galaxy Estimates Lithium Carbonate Equivalent LCE kt

BATTERY GRADE LC PRODUCTION

GALAXY
meeting a lithium future

Source : Galaxy Estimates Lithium Carbonate Equivalent LCE kt

CATHODE PRODUCTION 2011

meeting a lithium future

Format	tonnes
LCO	22,500
LNMC	8,600
LMO	2,500
LFP	1,000
Others	800
Total	35,400
LCE	13,800

Source : Galaxy Estimates

CHINA LITHIUM BATTERY SECTOR 2011

GALAXY
meeting a lithium future

- Total No of producers – 600+
- Total Capacity – 8 million KWH
- Break down by Battery type:
  - LCO - 48% - used in mobile, laptops, PDA's
  - NCM – 32% - power tools, e-bikes
  - LFP – 12% - power tools, e-bikes, EV, HEV
  - LMO - 8% - power tools, e-bikes
- Expansion projects in pipeline - 7 million KWH (almost double!)

TECH GRADE PRODUCTION

GALAXY
meeting a lithium future

Source : Galaxy Estimates Lithium Carbonate Equivalent LCE kt

LI HYDROXIDE PRODUCTION

GALAXY
meeting a lithium future

Source : Galaxy Estimates Lithium Carbonate Equivalent LCE kt

LITHIUM NEWS IN CHINA

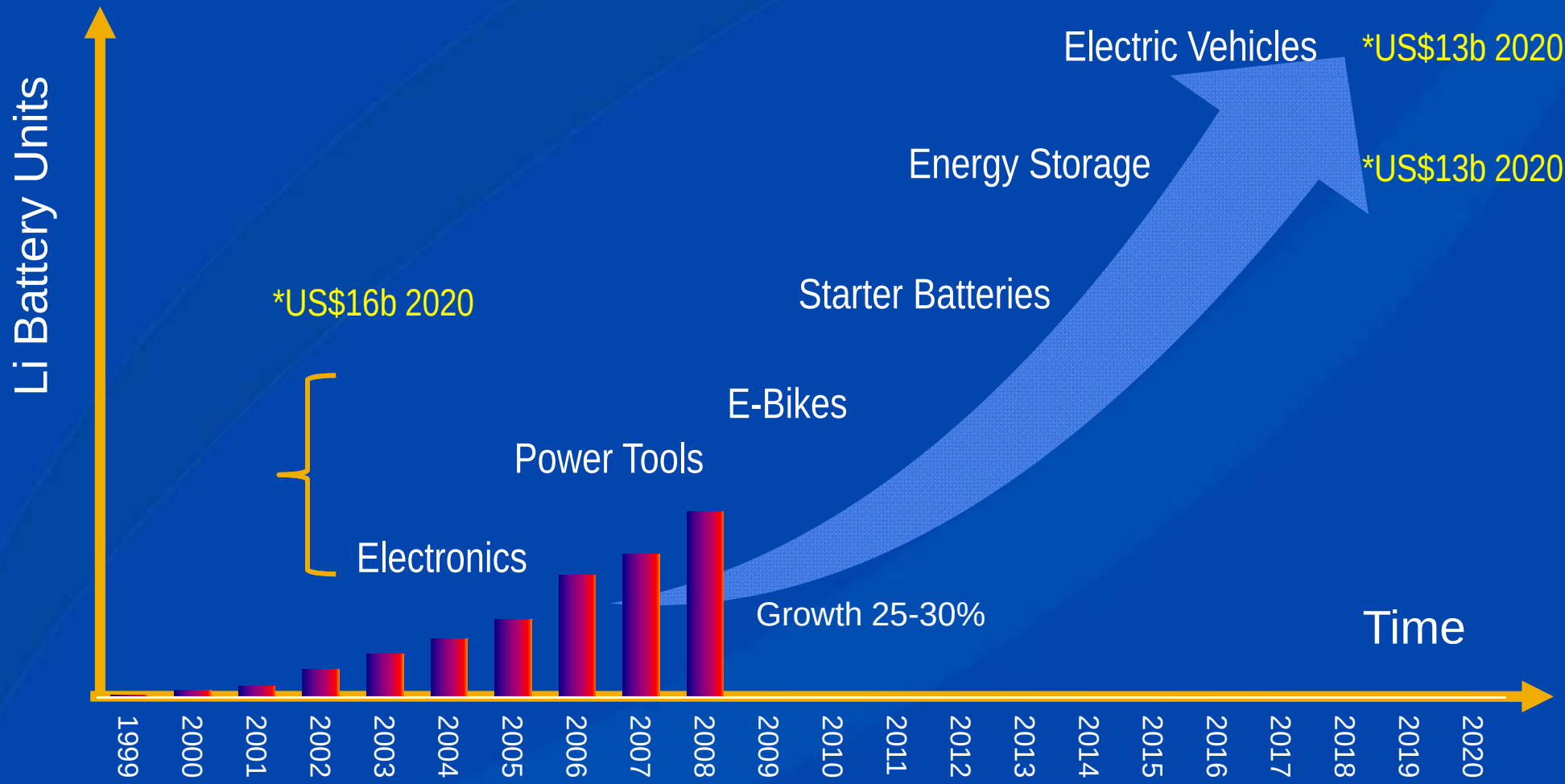
GALAXY
meeting a lithium future

- 2011 e-Bike output was 29m units with 2.5% using Li batteries
- Forecast to increase to 20% by 2015 (source China Bicycle Association)
- New Cathode capacity coming on line is estimated to be approx 20,000 tpa
- Beijing Pulead announced expansion plans to install 50,000tpa of LFP capacity.
- 55 Auto makers in China with many potentially developing EV, HEV & PHEV

Source : Galaxy Estimates Lithium Carbonate Equivalent LCE kt

GROWTH IN OTHER AREAS BEFORE EVs

GALAXY
meeting a lithium future



Source: *Amadee, Galaxy

PRESSURE ON LEAD BATTERIES

GALAXY
meeting a lithium future

Want ChinaTimes

News | Business | Topics | Photos | In-depth | People | Opini

Politics | Economy | Society | Culture | Environment

Topics › Society

Guangdong locals suffer lead poisoning from battery plant

Staff Reporter | 2011-05-22 | 10:25 (GMT+8)

News › Economy

China's lead-acid battery makers face pollution crackdown

CHINADAILY

Lead-acid battery targeted in clean-up campaign

(Xinhua)
Updated: 2011-02-18 22:03

The Economic Observer

HOME | NEWS | OPINION | CHINA BUZZ | MULTIMEDIA | DIGEST

site: HOME > > Economic » news » Briefs

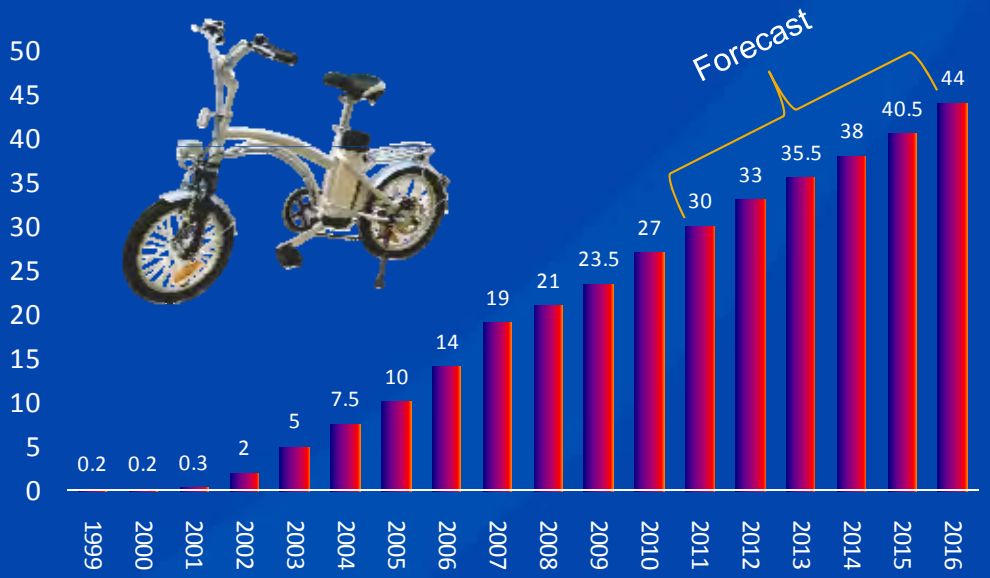
China Shuts Down 583 Lead-acid Battery Plants

FOCUS ON THE E-BIKE MARKET

GALAXY
meeting a lithium future

- 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



meeting a lithium future

GALAXY'S BUSINESS

RESOURCE, CHEMICAL, BATTERY

GALAXY

meeting a lithium future

RESOURCE DIVISION

MT CATTLIN MINE

meeting a lithium future

- Mt Cattlin commenced late 2010
- Record construction of <11 months
- Project on time and on budget (A$80m)
- Ramp up continues
- Produced 63,853 t spodumene in 2011
- Three shipments during the year
- Sales of Ta concentrate


Run of Mine Pad
Crusher
Power Generation
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

JAMES BAY SPODUMENE JV

meeting a lithium future

- Building our lithium footprint
- 20% with earn in to 70% - Lithium One
- 10 t bulk sample collected at James Bay
- 2nd round of metallurgical testing to commence
- 95 infill channel samples collected
- Mineral and Lithium Carbonate Plant engineering cost studies underway
- Discussions continue with indigenous Eastman Cree community

Bulk sampling at James Bay

Transport of bulk samples

Bulk sample in drums

Channel sampling

meeting a lithium future

CHEMICAL DIVISION

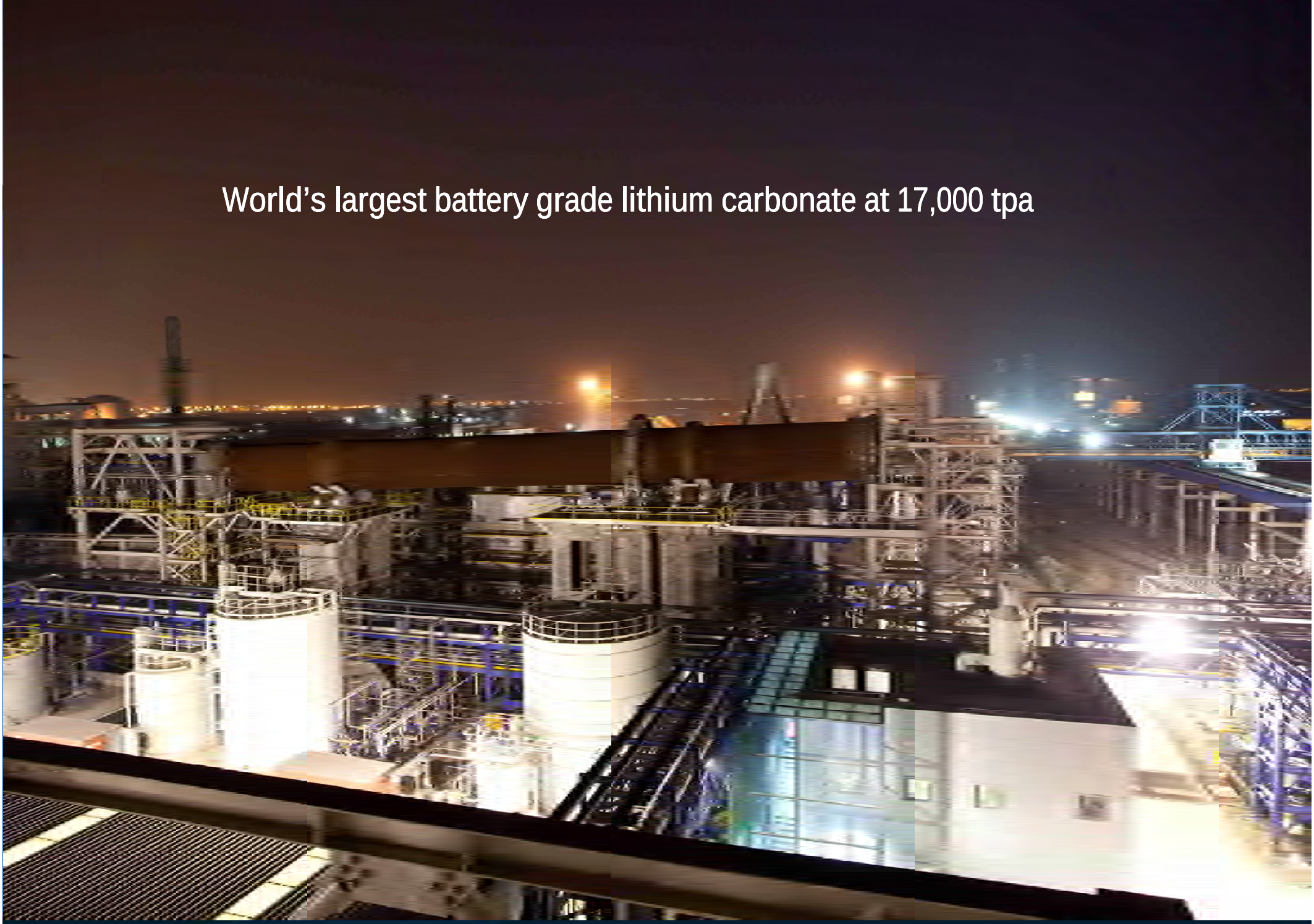
JIANGSU PLANT IS STRATEGICALLY LOCATED

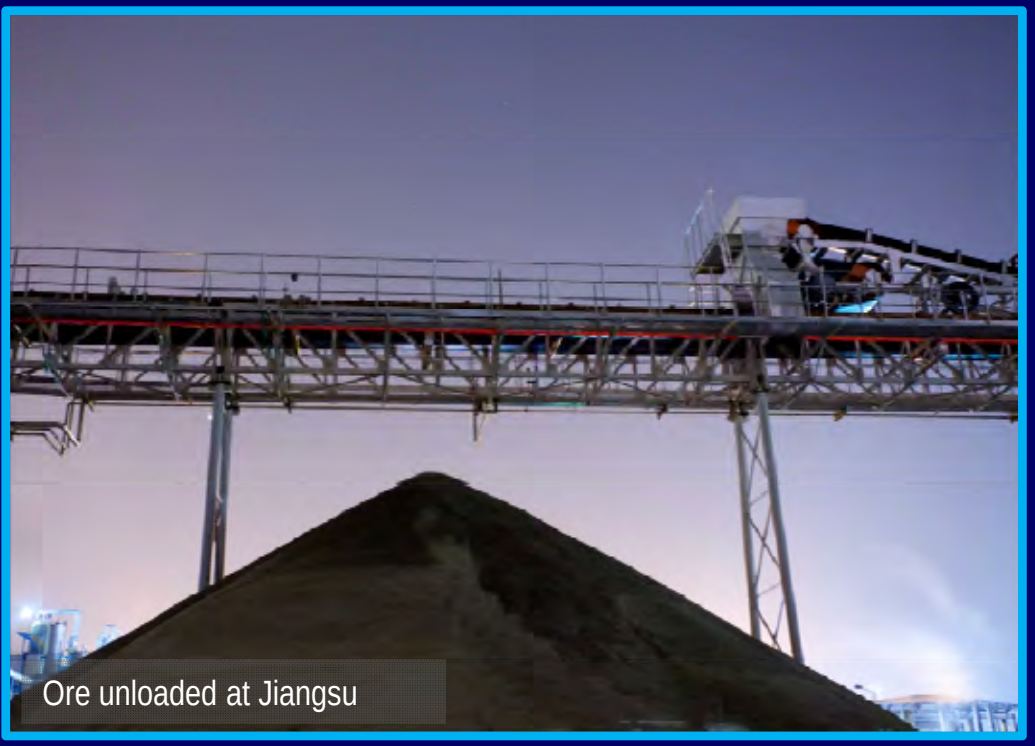
- Zhangjiagang Free Trade Zone
- Galaxy owns 100%
- 120 top foreign companies
- Chemical Industrial Park
- Adjacent to a wharf
- Supply of sulfuric acid and soda ash
- Close to markets

JIANGSU LITHIUM CARBONATE PLANT

meeting a lithium future

- Focus lithium-ion battery industry
- Continuous production technology
- Highly process controlled
- Capital cost of US$100 m
- Capability - 99.9% purity and above
- Mechanical completion achieved in early Dec 2011
- Cold commissioning 2 months
- Hot commissioning
- Plant opening 7 March 2012
- First product in first quarter 2012


World’s largest battery grade lithium carbonate at 17,000 tpa

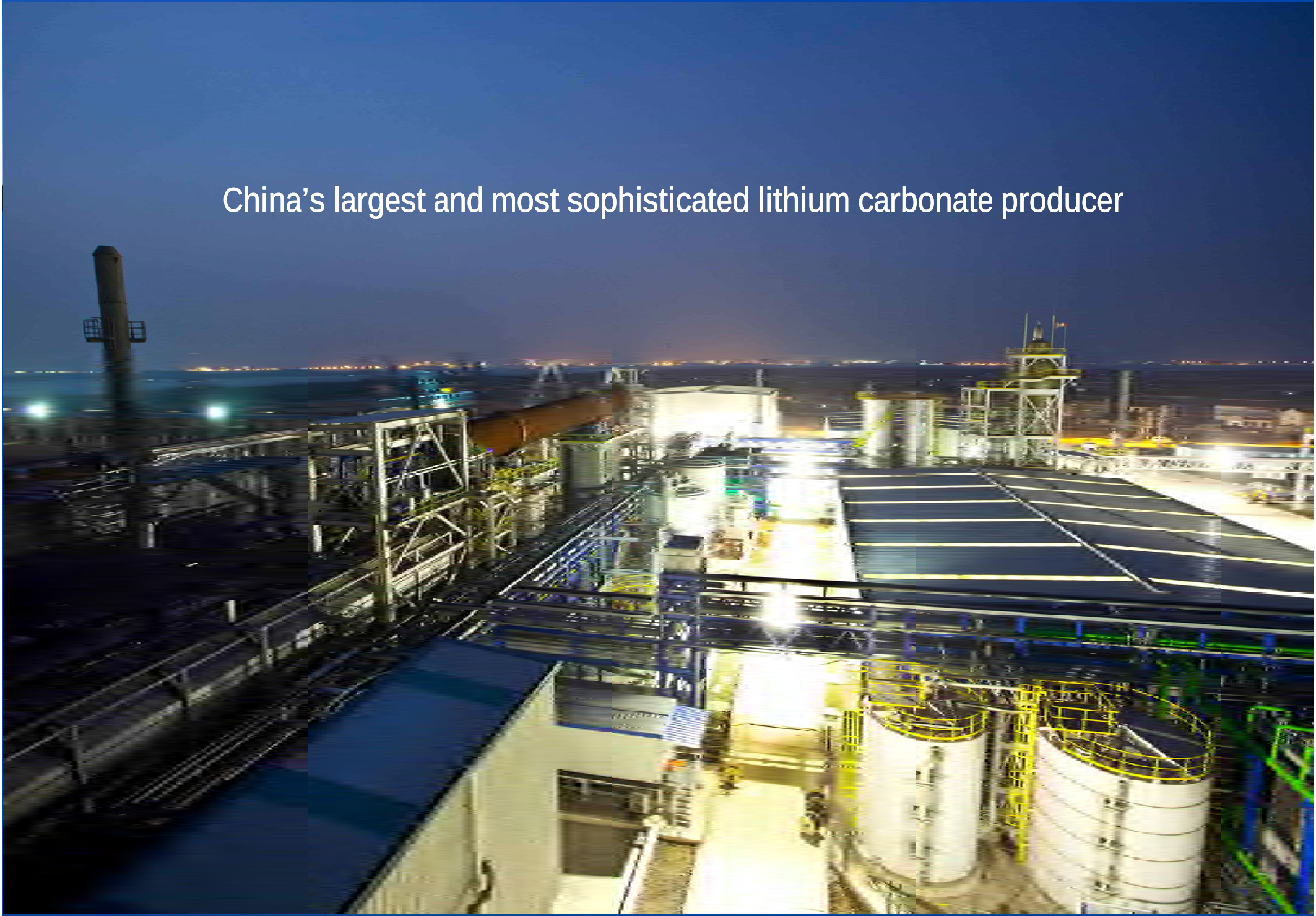


Ore unloaded at Jiangsu

Area 10 – Ore stockpile area

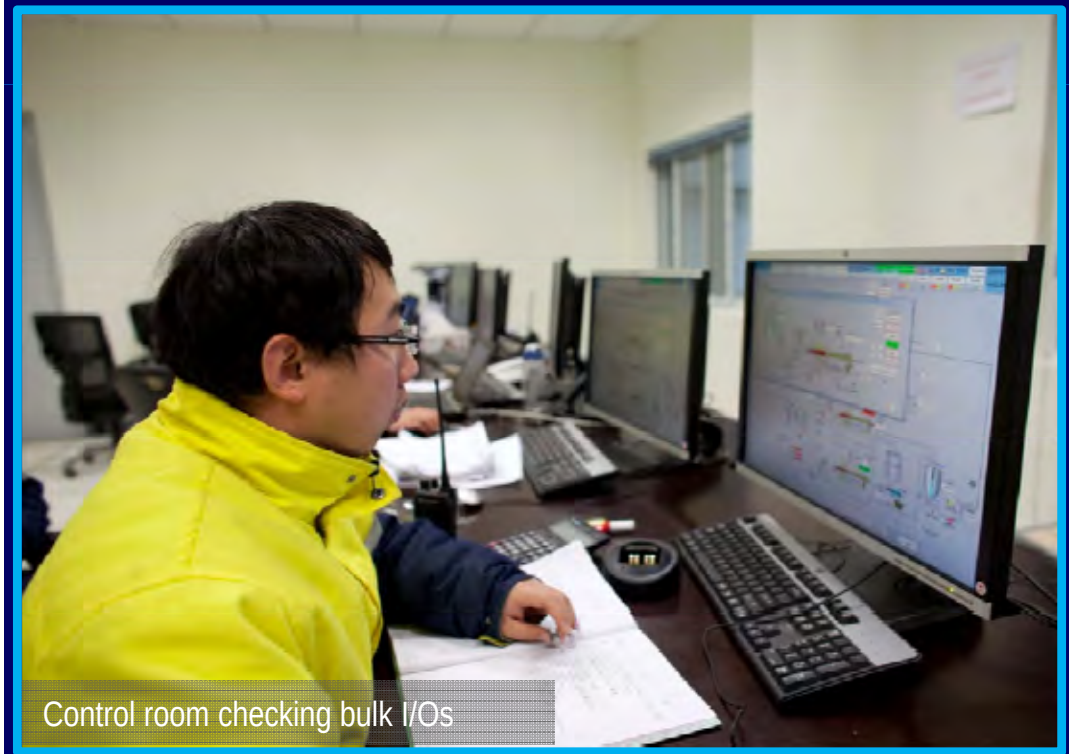
Senior management team on site

Ore feed conveyor to kiln


China’s largest and most sophisticated lithium carbonate producer

Calciner and reagent plant in background

Galaxy operators cold commissioning



Control room checking bulk I/Os

Pipework and slag filter building

Purification plant

Lithium carbonate production plant

Commissioning in lithium carbonate production plant

Sodium sulphate plant

Lithium carbonate centrifuge

Site laboratory in full operation

Product storage bins

Microniser and packaging building

Laboratory testwork in progress

Laboratory building in background

Packaging building

Microniser unit

Whole plant controlled from central control centre

Highly process controlled plant

Full automatic bagging machine

Automated packing plant

GALAXY IN CHINA

meeting a lithium future

- Build transparency in the market
- Priority customers have 5 year guaranteed supply
- Long term commitment to Chinese market
- Galaxy will publish it's quarterly prices

- Product quality tracking system
- Customers will benefit from analysis for each pallet
- Download from web – analysis tracking system

GALAXY ANNOUNCES EXPANSION STUDY

GALAXY
meeting a lithium future

- Feasibility study to investigate expansion into battery-grade lithium hydroxide at Jiangsu
- Proposed production of 5,000 tpa battery grade lithium hydroxide
- Potential to increase total Jiangsu lithium products output to 22,000 tpa
- Believe there is extra front end capacity
- Lithium hydroxide used in cathode and electrolyte production
- Battery-grade lithium hydroxide commands price premiums versus carbonate
- Strong growth with limited suppliers in the world

GALAXY ANNOUNCES EXPANSION STUDY

GALAXY
meeting a lithium future

- Incremental expansion likely to result in lower operating costs at Jiangsu
- Land available next door
- Study will take 6 months
- Internal Galaxy team and Hatch Engineering
- If successful, plant could be operating 18-24 mths
- Additional spodumene from market or James Bay

GALAXY ANNOUNCES EXPANSION STUDY

GALAXY

meeting a lithium future

meeting a lithium future

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

meeting a lithium future

- 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 battery packs
- More stable Lithium Iron Phosphate batteries
- All 350k battery sales off-take achieved

CURRENT STATUS

meeting a lithium future

- Increased the plant output to 620,000 battery packs
- Minimal capital cost increase
- Off-take of 450,000 achieved to date
- Term sheets received by 3 major PRC banks
- Environmental approval completed
- Safety approval in progress
- Land secured
- Board yet to make final decision
- May consider a strong JV partner

INTERNATIONAL PARTNERS

GALAXY
meeting a lithium future

Owner
Galaxy Resources
Australia

Technology Partner
K2 Energy Solutions
USA

Turn Key Partner
KOBET Consortium
Korea

EPCM Manager
M+W Group
Germany

Plant Location
Zhangjiagang
China


GALAXY
GALAXY

K2 ENERGY PARTNERSHIP

meeting a lithium future

- 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

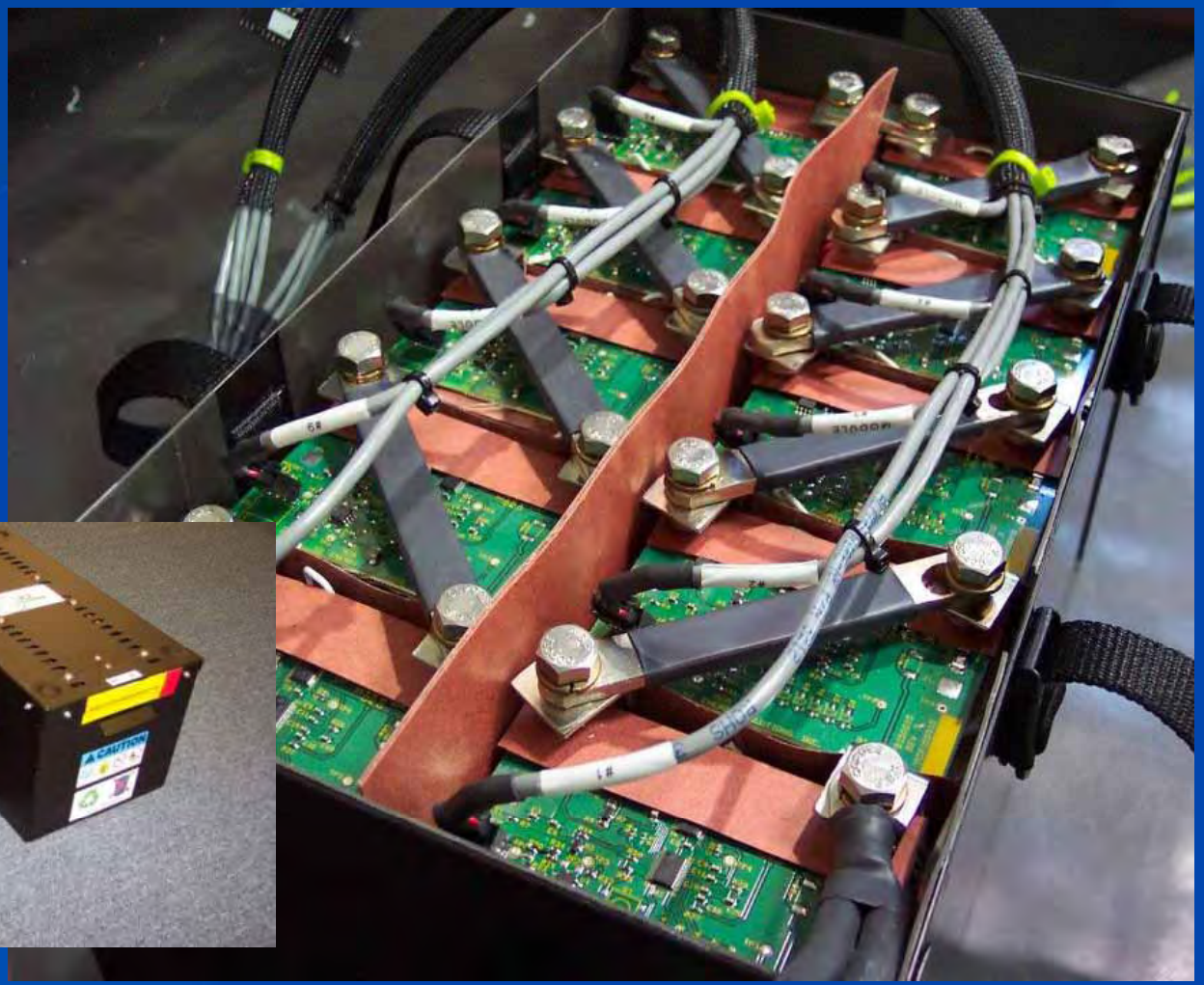
Table 1 - Energy Density (Wh/l)

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

GALAXY

meeting a lithium future



PROJECT STATISTICS

meeting a lithium future

Statistic	
Number of Battery Packs pa	620, 000
Battery Pack Capacity	36V, 10Ah
Cathode Base Material	Li Iron Phos
Anode Base Material	Graphite

36 cylindrical cells

BATTERY PACK ASSEMBLY

meeting a lithium future

Typical KUBT mixers

Typical KUBT mixer

KUBT coating and drying machinery

KUBT rolling and slitting machinery

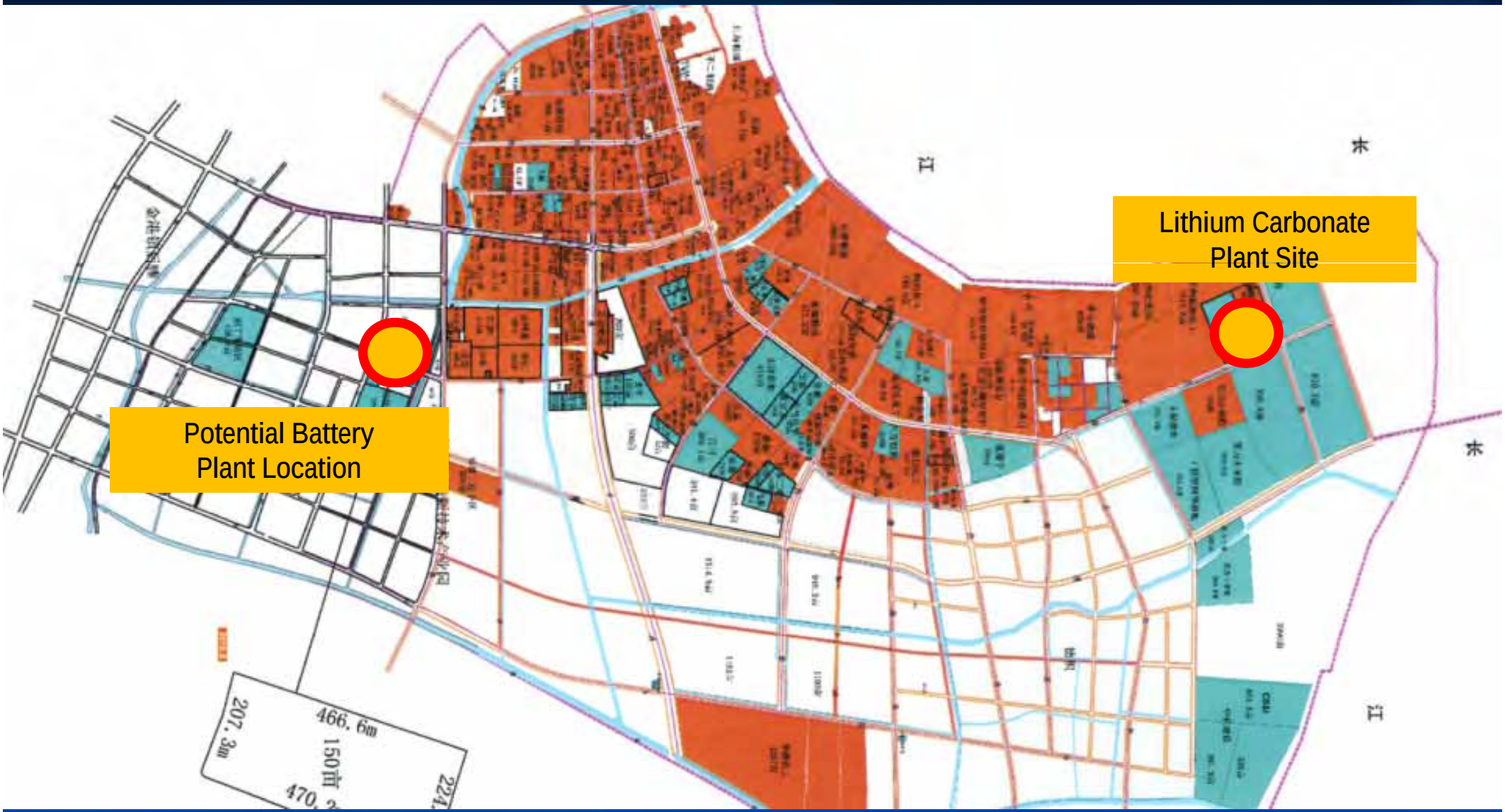
KUBT rolling and slitting machinery

KUBT separator formation machinery

KUBT separator formation machinery

SITE SECURED

GALAXY
meeting a lithium future



UPDATED FEASIBILITY STUDY

GALAXY
meeting a lithium future

Production Rate (packs pa)	620,00
Capital Costs	A$ 142 million
Revenue pa	A$142 million
Ave Net Cash (pre tax) pa ^	A$ 68 million
Net Present Value NPV (non-geared, real @10%) ^	A$ 365 million
Internal rate of Return IRR%	43%

meeting a lithium future

MUCHAS GRACIAS