

The logo features the word "GALAXY" in a bold, white, sans-serif font. A blue, stylized elliptical ring with a gradient, resembling a planet's ring or an orbital path, encircles the letters "A" and "L".

GALAXY

Galaxy Resources Limited Investor Presentation

May 2013



Mt Cattlin

The information in this report that relates to Mineral Resources and Exploration Results is based on information compiled by Mr Robert Spiers who is a full time employee of Hellman and Schofield Pty Ltd and Dr Mike Grigson who is a full time employee of Arc Minerals. Mr Spiers and Dr Grigson have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity they are 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 and Dr Grigson consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Mineral Ore Resources 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 they are 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 the report of the matters based on their information in the form and context in which it appears.

James Bay

Competent Person

The information in this report that relates to Mineral Resources for the James Bay project is based on work completed by Mr. Sébastien Bernier, who is a Member of a Recognised Overseas Professional Organisation. Mr Bernier is a full time employee of SRK Consulting (Canada) Inc. 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bernier consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

National Instrument 43-101 - Qualified Person

The mineral resources for the James Bay project 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. Mr. Bernier has read and approved the content of this news release. A Technical Report compliant with NI 43-101 standards describing the resource estimation was filed on SEDAR within 45 days of its release.

Sal de Vida

Competent Persons

The information in this report that relates to Mineral Resources for the Sal de Vida lithium project is based on work completed by Mr. Michael Rosko, who is a Member of the Society of Mining, Metallurgy and Exploration Inc a Recognised Overseas Professional Organisation. Mr. Rosko is a full time employee of E. L. Montgomery and Associates 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Rosko consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

National Instrument 43-101 - Qualified Person

The mineral resources for the Sal de Vida lithium project 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. Michael Rosko, P.Geo (Arizona 25065, Texas 6359, California 5236) an independent Qualified Person as defined by NI 43-101. Mr. Rosko has read and approved the content of this news release. A Technical Report compliant with NI 43-101 standards describing the resource estimation was filed on SEDAR within 45 days of its release.

Caution Regarding Forward Looking Information



This document contains forward looking statements concerning the projects owned by Galaxy. Statements concerning mining reserves and resources may also be deemed to be forward looking statements in that they involve estimates based on specific assumptions.

Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on Galaxy's beliefs, opinions and estimates of Galaxy as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

There can be no assurance that Galaxy's plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Galaxy will be able to confirm the presence of additional mineral deposits, that any mineralization will prove to be economic or that a mine will successfully be developed on any of Galaxy's mineral properties. Circumstances or management's estimates or opinions could change. The reader is cautioned not to place undue reliance on forward-looking statements.

Data and amounts shown in this document relating to capital costs, operating costs, potential or estimated cashflow and project timelines are internally generated best estimates only. All such information and data is currently under review as part of Galaxy's ongoing operational, development and feasibility studies. Accordingly, Galaxy makes no representation as to the accuracy and/or completeness of the figures or data included in the document.

Not For Release in US

This presentation does not constitute an offer of securities for sale in any jurisdiction, including the United States. Any securities described in this presentation may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended, following the preparation of required documents and completion of required processes to permit such offer or sale.

- **Galaxy Resources Limited (“Galaxy” or the “Company”) is an Australian based company listed on the Australian Securities Exchange (“ASX”)**
- **Over the last 4 years Galaxy set about building a global lithium producing and chemicals business which owns and operates:**
 - **Lithium carbonate production facility in China’s Jiangsu Province**
 - **Sal De Vida lithium brine and potash project in Argentina**
- **Galaxy also owns the Mt Cattlin spodumene mine in Western Australia which provides security of raw materials supply**
- **Galaxy remains focused on the lithium battery market where favourable market supply and demand metrics are expected to drive growth of 200% in the next decade**
- **Galaxy is undertaking a capital raising by way of an entitlement offer to raise up to \$46.7m to fund working capital, allow the Company to restructure its balance sheet and position the Company for operational growth**

- **Galaxy is seeking to raise a minimum of \$8.0m and up to \$46.7m**
- **The capital raising will comprise:**
 - **A 1 for 1 pro-rata non-renounceable entitlement offer at 8¢ (“Offer”)**
 - **For every 2 shares subscribed, applicants will also receive 3 free attaching new options exercisable at 8¢ with an expiry date of 31 December 2014 (options are to be listed)**
 - **Shareholders will have the ability to apply for additional shares and free attaching options in excess of their entitlement**
- **The Offer price represents a 65% discount to the last traded price of 23¢ and a 48% discount to the Theoretical Ex Rights Issue Price (“TERP”) of 15.5¢**
- **The TERP is the price at which the Galaxy shares might theoretically trade upon completion of the Offer based on the last share price of 23c and assuming the issue is fully subscribed by shareholders and/or investors**
- **Patersons Securities Limited has been appointed Lead Manager to the Offer**
- **Deutsche Bank have been appointed Corporate Adviser leading debt re-financing and non core asset sales initiatives**

- The capital raising is the cornerstone of a broader restructure of the company's balance sheet
- Galaxy currently has bank debt on issue of \$113m in addition to convertible bonds ("CB") outstanding of \$62m. \$51m of bank debt is scheduled to fall due within 12 months and CB holders have a put option in November 2013
- Assuming the maximum is raised, the capital raising allows the early repayment of A\$16.7m in bank debt as well as increasing cash at bank to \$23m
- Further debt reduction will be achieved through operational cashflows as Jiangsu continues to ramp up and an asset sale program
- The capital raising, along with the wider debt reduction program, will also allow a restructuring of the debt on more favourable servicing terms and maturity profiles
- If exercised, the options have the capacity to generate up to a further \$70.1m in equity over the next 18 months time and along with asset sales will largely extinguish remaining debt
- This Offer is providing all shareholders the equitable opportunity to support the company during this re-capitalisation phase – shareholders generally have not had such an opportunity to date

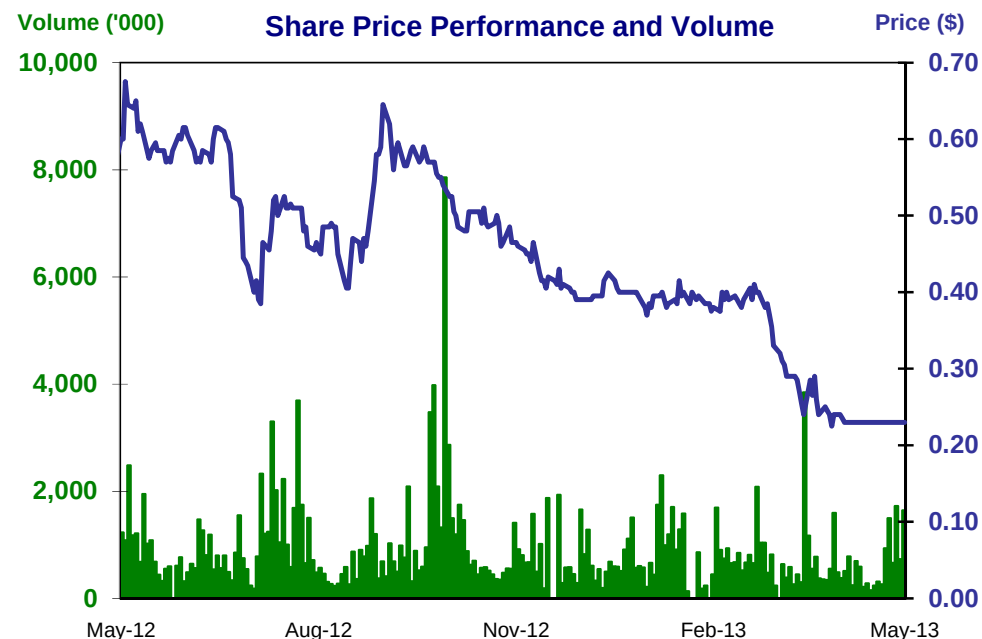
- Assuming the maximum is raised, Galaxy will emerge with a market capitalisation of \$181.1m at the TERP and an enterprise valuation of \$353m.
- Robust net asset value exists within the Company
 - Jiangsu plant estimated replacement value of >\$150m
 - Sal De Vida purchased for circa \$100m with the recent independent DFS highlighting a project NPV of \$US380m
 - Mt Cattlin and James Bay projects current balance sheet carrying value of >\$50m
- CY 2014 operational EBITDA budgeted at between \$25-\$30m
- Future EBITDA growth can be driven by continued ramp up of production operations, product mix changes to higher EV grade material and the introduction of high value lithium hydroxide production
- Corporate cost reduction initiatives currently being implemented which will significantly reduce overheads to \$7.9m p.a.

CAPITAL STRUCTURE

Shares on issue	584 m
Options on issue (unlisted)	58.8 m
Last Share price (as of 24 April 13)	A\$0.23
Undiluted market capitalisation	A\$134m
Net Debt	\$172m
Enterprise Value	\$306m
6 month trading liquidity value	\$93.8m
Max Offer size as % of mkt cap	36.3%
No of shareholders	~10,000

SUBSTANTIAL SHAREHOLDERS

M & G Group / Vanguard	17.8%
Deutsche Bank	7.3%
Creat Resources	6.4%
Directors & Exec. Management	1.5%



Security: GXY					
Period: This Year					
Rank	Broker	Total Value	Buy Qty	Sell Qty	%
1	UBS	\$5,078,175	5,635,307	9,173,152	10.28
2	AIEX	\$4,391,584	9,448,366	3,847,059	8.89
3	Deutsche	\$4,224,957	5,379,848	6,699,448	8.56
4	E-Trade	\$3,633,270	6,509,293	3,865,839	7.36
5	Citigroup	\$2,652,291	4,224,629	3,407,515	5.37
6	InstinetNomura	\$1,916,393	1,950,567	3,152,743	3.88
7	RBC Securities	\$1,509,615	1,395,972	3,327,931	3.06
8	Morgan Stanley	\$1,286,859	699,494	2,634,342	2.61
9	Macquarie Retail	\$1,120,463	1,514,203	1,870,449	2.27
10	State One Stock	\$1,104,622	1,521,415	1,617,515	2.24

Source: IRESS

✦ High-quality assets producing high-grade lithium carbonate at global scale

Chemical production in China, ramp to full capacity complete in 2013

Robust processing technology capable of processing of rock- or brine-sourced ore

Developing Argentine brine and battery-grade lithium carbonate production project with \$380 NPV

Proven management team including many veterans of long-established lithium compound producers

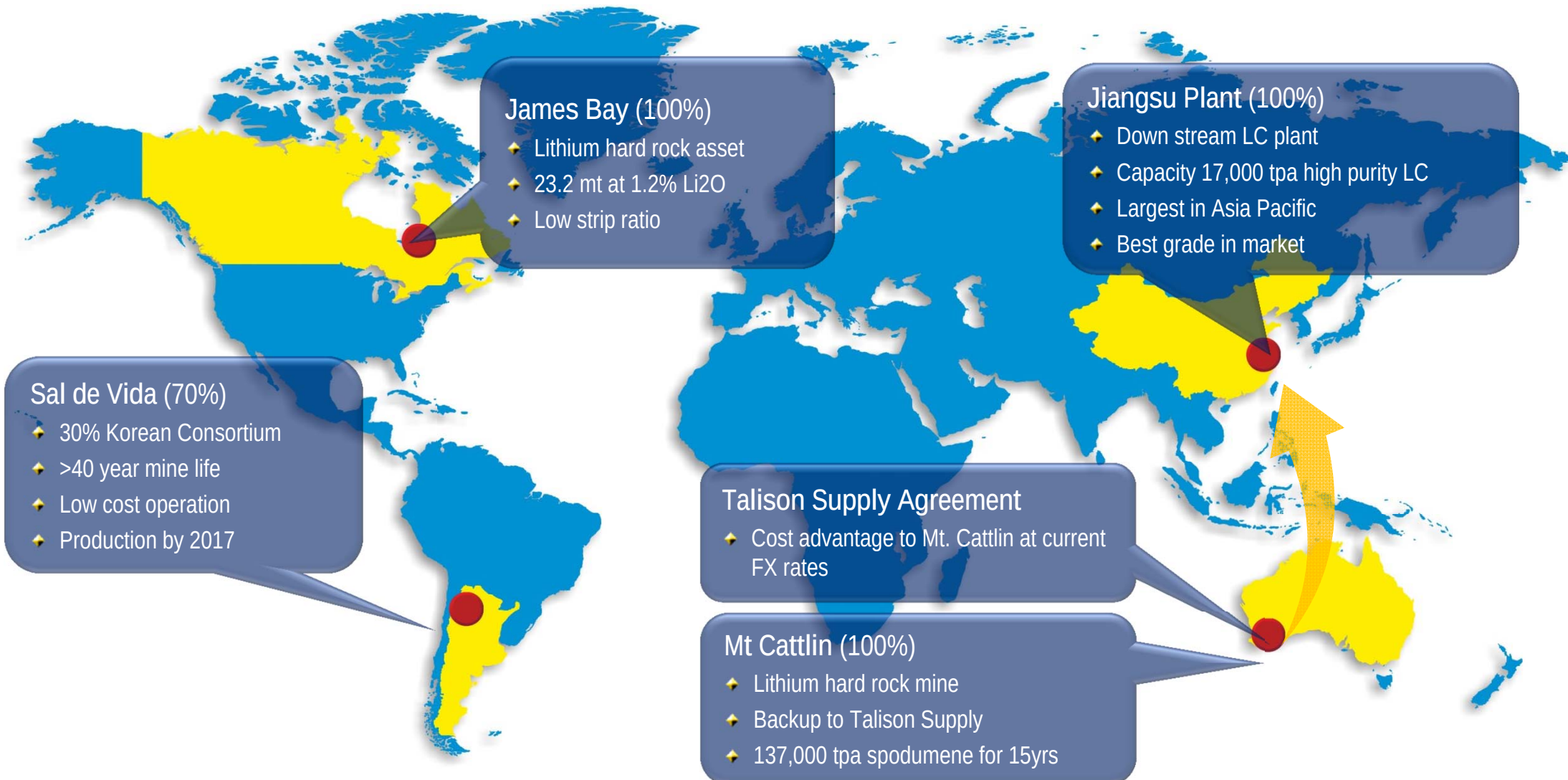
✦ Large and rapidly growing, global battery-powered markets, Top tier partners

Projected 11% CAGR in lithium compound demand through 2017

Galaxy has market traction with current sales of technical and battery-grade lithium compounds

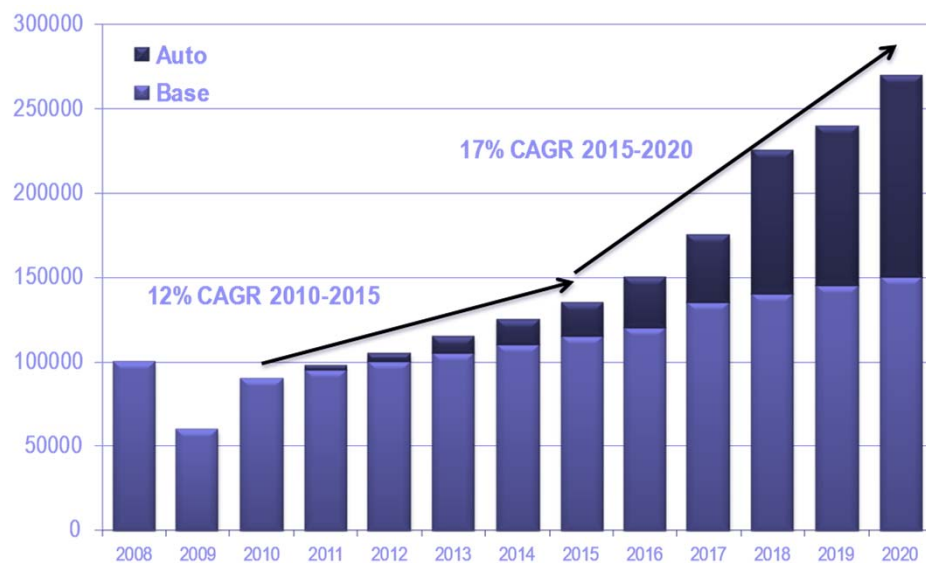
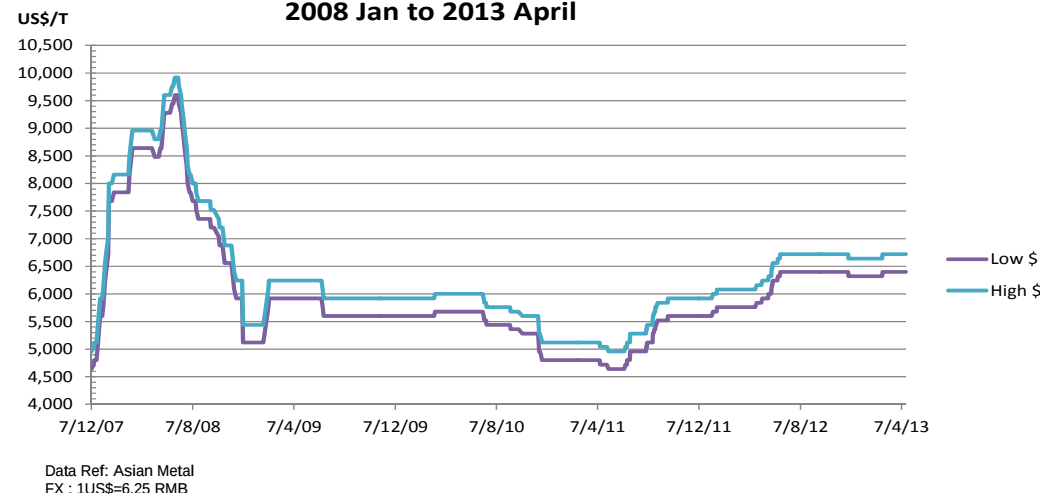
Proven ability to produce 99.9% pure EV-grade lithium carbonate, enabling favorable high-priced mix of products

Top tier customers and partners focused on enabling lithium-powered energy storage technology

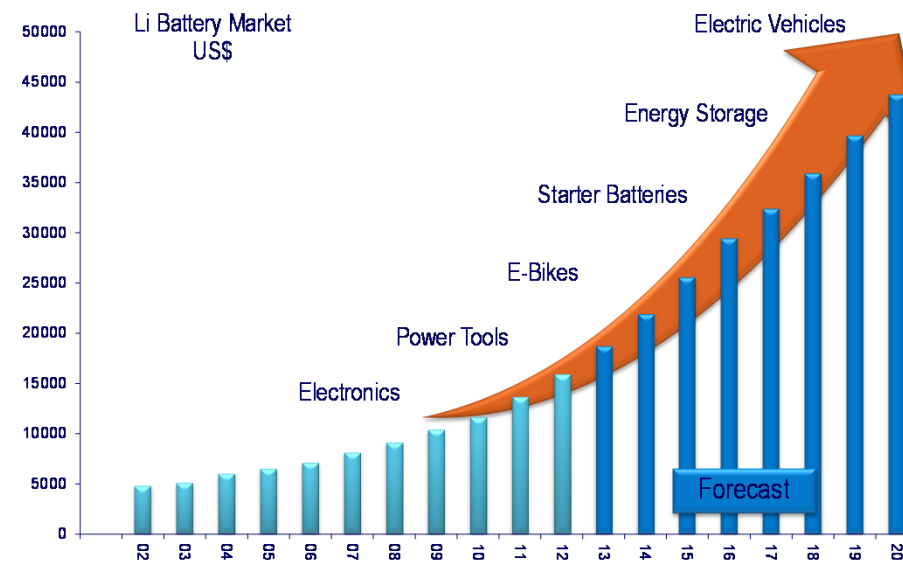


- A wide range of industry analysts predict the demand for lithium is expected to grow by up to 200% in the next decade
- Demand is largely driven by growth in the lithium battery sector
- Galaxy is well positioned to take advantage of this compelling supply and demand thematic being in production

AsianMetal 99% Lithium Carb Prices in China
2008 Jan to 2013 April



Source: FMC Corp Forecast – World Lithium Supply
Conference 2011 Toronto



Source: Citi Research

- **Jiangsu is one of the first fully-automated, technically sophisticated plants which is producing consistent quantity and quality product**
- **Jiangsu was constructed at a cost of circa \$130m and commenced production in mid 2012**
- **At full capacity, Jiangsu will be the largest capacity producer of Battery Grade (“BG”) Lithium Carbonate (“LC”) in the world and is designed to produce 17,000 tpa of BG LC**
- **At current production rates, it is already the second largest lithium carbonate plant in China**
- **Jiangsu produces superior BG Quality – currently meets stringent BG specifications and it is amongst the best available in the global market**
- **Jiangsu has produced EV Grade® (99.9% LC) is aiming to introduce this as a future production stream**
- **Higher specification grade product is the future of the EV industry**
- **Higher grade product tends to attract a higher price premium and provides the Company with additional marketing options**

- **Currently Jiangsu is operating at circa 60% of design output and produced 650 tonnes for the month of April 2013 generating revenues of \$3.5m based on a average price of 6,100/t (mix of technical and battery grade product)**
- **The Company expects the facility to be operationally cashflow positive in Q3 2013**
- **Galaxy is budgeting to be at full capacity in Q1 2014, producing at a rate of 17,000 tpa and which would generate circa \$104m in annualised revenue (assuming current pricing levels)**
- **CY2014 budgeted operational EBITDA is \$25m-\$30m**
- **At 17,000 tpa, Galaxy produces approximately 17% of the lithium carbonate global supply market and 35% of the BG market**
- **Galaxy is experiencing strong sales growth – LC product sales have grown to circa 575 tonnes per month to April 2013**
- **The focus remains on the continued ramp-up of production and sales over the next 12 months as well as the altering of the product mix to achieve higher value EV grade material**

- ✦ Aligns with China's 5 Year Plan
- ✦ Galaxy's focus is to increase sales to a range of lithium customers across China, Japan and Korea
- ✦ Currently, Galaxy's customers are largely battery cathode manufactures, along with some technical grade customers
- ✦ Customer acceptance of Galaxy's products has been very good to date
- ✦ Sales commenced in mid-2012 and product qualification processes are ongoing with further customers in Asia.
- ✦ Significantly, the Company has commenced sales to the Japanese market – a market that sets the highest standards for product quality



- **BG Lithium Carbonate Business Potential is significant**
- **Current price of BG (99.5%) LC in China ranges from US\$6,800 –US\$7,200 per tonne¹ (incl VAT)**
- **Operating costs could range between US\$4,900 to US\$5,300 per tonne**
- **Assuming Jiangsu production and battery grade lithium carbonate sales at full capacity, the Company has the potential to generate revenue of US\$115m - US\$122m pa**
- **Potential upside of selling some product at the higher grade of 99.9% lithium carbonate, which has a current price range of US\$7,900 to US\$8,250 per tonne (incl VAT)¹**

1- Source: Asian Metal Ltd – Lithium Market Report March 2013

- **Jiangsu Plant's automation and subsequent minimal staff numbers provide a major cost advantage**
- **Location in the Zhangjiagang Free Trade Zone (China) is key to its operational capabilities.**
- **Located close to the Yangtze River, a major trade river in China located near Shanghai on the eastern seaboard, and to its end-markets**
- **Galaxy uses a private wharf which has capacity for ocean bulk carriers to unload spodumene feedstock**
- **Next to 2.4 million tonne sulphuric acid plant, which is a basic ingredient for processing**
- **Industrial park also includes facilities owned by some of world's top chemical companies like The Dow Chemicals Company, Philips, Wacker Chemie AG, FMC Corporation and Sumitomo Corporation.**



- **Sal De Vida is a substantial pre-development lithium and potash brine project located in Argentina**
- **Galaxy has a 70% interest in the project**
- **Galaxy sees Sal de Vida as a future flagship asset for the Company BG Lithium Carbonate Business Potential**
- **Galaxy recently announced the findings of the Sal de Vida independent Definitive Feasibility Study (“DFS”)**
- **DFS confirmed robust economics for a low cost, long life lithium and potash project which delivers an NPV of US\$380m**
- **Potential annual revenues from the Sal de Vida project are in the region of US\$215 million**
- **EBITDA of US\$118 million per annum at full production rates**

Lithium carbonate production (tpa)	25,000
Potash production (tpa)	95,000
Mine life (years)	40+
Capital costs (US\$m)	369
Operating costs (US\$/t Li₂CO₃) after potash credits	2,200
Forecast 2017 Battery Grade Li ₂ CO ₃ price (US\$/t)	6,395
Ave cash flow pa (US\$m, pre interest, pre-tax)	118
Potential annual revenue (US\$m)	215
NPV (pre-tax 10% disc rate)	645
IRR (% pre tax)	23%
NPV (post-tax 10% disc rate)	380
IRR (% post tax)	19%
Payback (Years)	<5

- **The Mt Cattlin Spodumene mine is located in the Ravensthorpe region of Western Australia**
- **Mt Cattlin has a significant JORC Resource with all mine plant and infrastructure in place**
- **The mine is capable of producing circa 137,000 tpa of spodumene for at least 15 years**
- **Mt Cattlin provides security of supply for the Company's Jiangsu Lithium Carbonate plant**



	31-Dec 2012 A\$	Effect Of Issue A\$	31-Dec 2012 A\$
NON-CURRENT ASSETS			
Property, plant and equipment	169,735,813		169,735,813
Lease prepayment	1,367,025		1,367,025
Exploration and evaluation assets	135,782,341		135,782,341
Available-for-sale financial assets	216,196		216,196
Other receivables and prepayments	6,285,396		6,285,396
TOTAL NON-CURRENT ASSETS	313,386,771		313,386,771
CURRENT ASSETS			
Other receivables and prepayments	13,175,844		13,175,844
Inventories	18,869,647		18,869,647
Cash and cash equivalents	7,718,527	43,576,440	51,294,967
TOTAL CURRENT ASSETS	39,764,018		83,340,458
TOTAL ASSETS	353,150,789		396,727,229
NON-CURRENT LIABILITIES			
Provisions	5,313,782		5,313,782
Interest bearing liabilities	60,365,464		60,365,464
TOTAL NON-CURRENT LIABILITIES	65,679,246		65,679,246
CURRENT LIABILITIES			
Trade and other payables	13,116,519		13,116,519
Provisions	347,785		347,785
Interest bearing liabilities	107,779,160		107,779,160
TOTAL CURRENT LIABILITIES	121,243,464		121,243,464
TOTAL LIABILITIES	186,922,710		186,922,710
NET ASSETS	166,228,079		209,804,519
CAPITAL AND RESERVES			
Share capital	407,170,372	43,576,440	450,746,812
Reserves	32,207,502		32,207,502
Accumulated Losses	(305,906,197)		(305,906,197)
Non-controlling interests	32,756,402		32,756,402
TOTAL EQUITY	166,228,079		209,804,519

- ✦ Assuming full subscription, Galaxy will emerge with circa \$43m in cash after costs of the issue
- ✦ With this working capital, Galaxy will embark on a significant balance sheet re-structuring initiative and will seek to:
 - ✦ Immediately repay up to \$16.7m of outstanding bank debt
 - ✦ refinance bank debt on a lengthened maturity profile that more closely matches operational cash flows (ie 3-5 years)
 - ✦ restructure the convertible bonds on more favourable terms aligned with operational cashflows
 - ✦ Pursue non-producing asset sales where previous offers of in excess >\$30m have been received
- ✦ The options have the capacity to generate up to a further \$70.1m in equity to further de-leverage over the next 18 months time

- **As part of the balance sheet restructure, Galaxy will investigate potential divestments of some of its non-producing assets**
- **The Company has previously received approaches to acquire minority stakes in non-producing assets for values in excess of \$30m**
- **Galaxy requires additional time to better pursue these approaches to ensure the maximum benefit for all shareholders**
- **Any funds raised from such initiatives would strengthen the balance sheet and could be applied to further reduce debt**

- ✦ **Corporate costs will reduce from \$17.6m in 2012 to \$12.2m in 2013 due to one-off costs such as Lithium-One merger activities, Sal De Vida Feasibility study and the start-up and commissioning of Jiangsu**
- ✦ **A further \$4.3m in cost savings is being targeted to bring corporate costs for the next 12 months to circa \$7.9m p.a.**
- ✦ **Part of the cost reduction initiatives include a 20% salary cut for Managing Director and board of Directors and 10-15% for the executive management.**
- ✦ **The board have also agreed, subject to shareholder approval, to take the next 6 months salary in shares to further preserve cash.**
- ✦ **Other non-corporate cost cutting initiatives (including general head count reduction and redundancies at Mt Cattlin) are expected to generate a further \$10.6m in company wide savings**



- ✦ 1 for 1 pro-rata non-renounceable entitlement issue at 8¢ per share
- ✦ For every 2 shares subscribed, applicants will also receive 3 free attaching new options exercisable at 8¢ with an expiry date of 31/12/14 (options are to be listed)
- ✦ The Offer price represents a 65% discount to the last traded price of 23¢ and a 48% discount to the TERP of 15.5¢
- ✦ The implied Black-Scholes value of an option assuming an 80% volatility and a 4% risk free rate at the TERP is 9.3¢. On the basis of 1.5 options per share, it equates to an implied value of 13.9¢ for subscribers
- ✦ Shareholders will have the ability to apply for additional shares in excess of their entitlement
- ✦ Assuming the full amount is raised the indicative capital structure of the Company will be:

Capital Structure	Shares	Listed Options*	Amount (\$)
Shares on issue	584.3 m	-	-
Rights Issue (1:1)	584.3 m	876.5 m	\$46.7m
Total	1,168.6m	876.5 m	\$46.7m

* There are also 58.8m unlisted options on issue at varying exercise prices and expiry dates

Use of Funds	Fully Subscribed	Subscribed for \$30m	Subscribed for \$20m	Min Subscrip. of \$8m
Corporate working capital	\$21.8m	\$22.8m	\$18.4m	\$7.2m
Offer costs	\$3.2m	\$2.2m	\$1.6m	\$0.8m
Sal De Vida project costs	\$5.0m	\$5.0m	\$0.0m	\$0.0m
Immediate debt reduction	\$16.7m	\$0.0m	\$0.0m	\$0.0m
Total	\$46.7m	\$30.0m	\$20.0m	\$8.0m

Event	Date 2013
Lodge Prospectus	Mon 27 May
Ex-Date	Thurs 30 May
Record Date	Wed 5 June
Prospectus Dispatch – Offer Open	Wed 12 June
Shareholder briefings (Perth, Sydney, Melbourne, Brisbane, Canada)	Thurs 13 June – Tues 18 June
International Roadshow	Wed 19 June – Tues 25 June
Closing Date	Wed 26 June
Allotment of Securities	Thurs 4 July
Trading of Shares expected to commence	Fri 5 July
Options expected to commence trading	Fri 5 July

Timetable is indicative and may be subject to change

DIRECTORS	KEY MANAGEMENT
Craig Readhead (Chairman)	Terry Stark (MD Aust) >36 Yrs Mining
Iggy Tan (Managing Director) >30 Yrs Chemical Mining	Allen Qian (MD China) > 20 Yrs Manufacturing
Anthony Tse (Executive Director)	Dr Jingyuan Liu (GM Technical) >25 Yrs Chemical
Xiaojian Ren (Non-executive Director)	Daniel Chavez Diaz (GM Argentina) Ex FMC GM, Chemical
Robert Wanless (Independent Non-executive Director)	Wang Xiao Yi (Chief Engineer) >35 Yrs in LC China
Kai Cheong Kwan (Independent Non-executive Director)	Anand Sheth (Marketing Director) Ex Talison, Asia Exp
	Joe Lowry (Sales) Ex FMC, Asia Exp