



GALAXY RESOURCES

A COMPANY IN TRANSFORMATION

SEPTEMBER 2014



COMPETENT & QUALIFIED PERSONS' STATEMENT



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.

COMPETENT & QUALIFIED PERSONS' STATEMENT



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 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.Geol (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.

THE LAST 12 MONTHS – A TURNAROUND

PAST PROBLEMS

- Company was cash strapped and debt laden
- Projects behind schedule and cash flow negative

CHANGE

- Change of MD, Chairman and board
- Restructuring of debt

RESULTS & POTENTIAL

- Realising value for assets
- No debt, net cash position
- Driving growth and profitability

THE LAST 12 MONTHS – A TURNAROUND



Previously...

- Company burdened with over US\$100M of debt much of which US\$51M of Chinese debt facilities falling due in 2013H2 and a Convertible Bond put redemption of A\$61.5M looming in November 2013
- Mt Cattlin mine in care and maintenance
- Jiangsu Plant still in ramp up and making losses

THE LAST 12 MONTHS – A TURNAROUND



- Management change in June 2013 and subsequent full change of Board of Directors implemented
- Successful re-launch of Rights Issue – including shortfall placement, raised A\$30M+
- Restructuring initiatives at corporate and subsidiary level – reduction of corporate costs by over 50%
- Renegotiated Chinese bank debt – retired US\$4M of debt facilities and restructured the remaining debt facilities falling due, also successfully restructured Convertible Bonds removing the put redemption and extending full maturity to November 2015

THE LAST 12 MONTHS – A TURNAROUND



- Negotiated sale of Jiangsu Plant for EV of US\$230M – will leave company in a net cash position
- Company still has all primary resources intact
- Advancing the flagship Sal de Vida Lithium and Potash Project in Argentina with feasibility study capacity of 25K TPA of Lithium Carbonate making Galaxy a top 5 global producer
- New management undertake to drive value from Company's other projects

GLOBAL RESOURCE FOOTPRINT



COMPANY OVERVIEW



Capital Structure	
Shares On Issue (ASX: GXY)	1,064M
Listed Options (ASX: GXYO) (Expires 2014.12.31, strike price A\$0.08)	687M
Unlisted Options (Varying prices, vesting & expiry dates)	38M
Share Price (2014.09.23)	A\$0.048
Undiluted Market Capitalization	A\$51M
Debt*	A\$179M
Enterprise Value	A\$241M
* Pre Jiangsu Transaction Completion	

Major Shareholders	
M&G Investments	11.4%
Deutsche Bank	8.1%
Acorn Capital	5.8%
Geological Resource Partners	4.8%
Creat Resources	3.7%
Fengli Group	1.9%
Private Individual	1.9%
Credit Suisse	1.7%
Cape Bouvard	1.2%
Executive Management	2.3%
Institutional/Strategic	46.5%

NEW MANAGEMENT CREDENTIALS



Chairman – Martin Rowley

Co-founder of TSX and LSE-listed First Quantum Minerals Ltd , currently Executive Director, Business Development. (First Quantum is one of the world's largest copper production with a market capitalisation of in excess of A\$10 billion. He was previously non-executive Chairman and director of Lithium One Inc., which was acquired by Galaxy by way of a Plan of Arrangement in July 2012.

Managing Director - Anthony Tse

Previous management roles include News Corporation's STAR TV, the Deputy General Manager of TOM Online, Director of Corporate Development at Hutchison Whampoa's TOM Group, President of China Entertainment Television (a joint venture with Time Warner), and CEO of CSN Corp.

Executive Director – Charles Whitfield

Management roles included Principal Investment Officer of Drumrock Capital, providing advisory services to start-up and early round companies. Formerly a Managing Director with Citigroup as head of corporate equity solutions group (Asia Pacific) and with Deutsche Bank as head of the strategic equity transactions group (Asia Pacific).



THE JIANGSU TRANSACTION

- 30 April 2014 Galaxy announced the 100% divestment and sale of Jiangsu Plant to Sichuan Tianqi Lithium Industries Inc. (“Tianqi”).
- Transaction based on an enterprise value of US\$230M, comprising of a initial cash consideration* payable to Galaxy of US\$122M and Tianqi assuming all US\$108M of Chinese bank debt.
- Tianqi is the leading domestic producer of lithium products in China, it holds a significant range of assets in the lithium sector and recently acquired a majority interest in Talison Lithium – it is listed in China and has a market capitalization of US\$2.4B.
- Following Tianqi’s first shareholder approval, a deposit equivalent to 10% of the cash consideration was paid to Galaxy on 21 May 2014. Further drawdowns of up to US\$30M of cash available to Galaxy prior to deal closing.
- Process – Tianqi has gained first round of approval for deposit and Galaxy has gained shareholder in June. Now awaiting CSRC and other regulatory approval in China.

** Subject to transaction completion adjustments*

POST JIANGSU TRANSACTION PROFORMA ANALYSIS

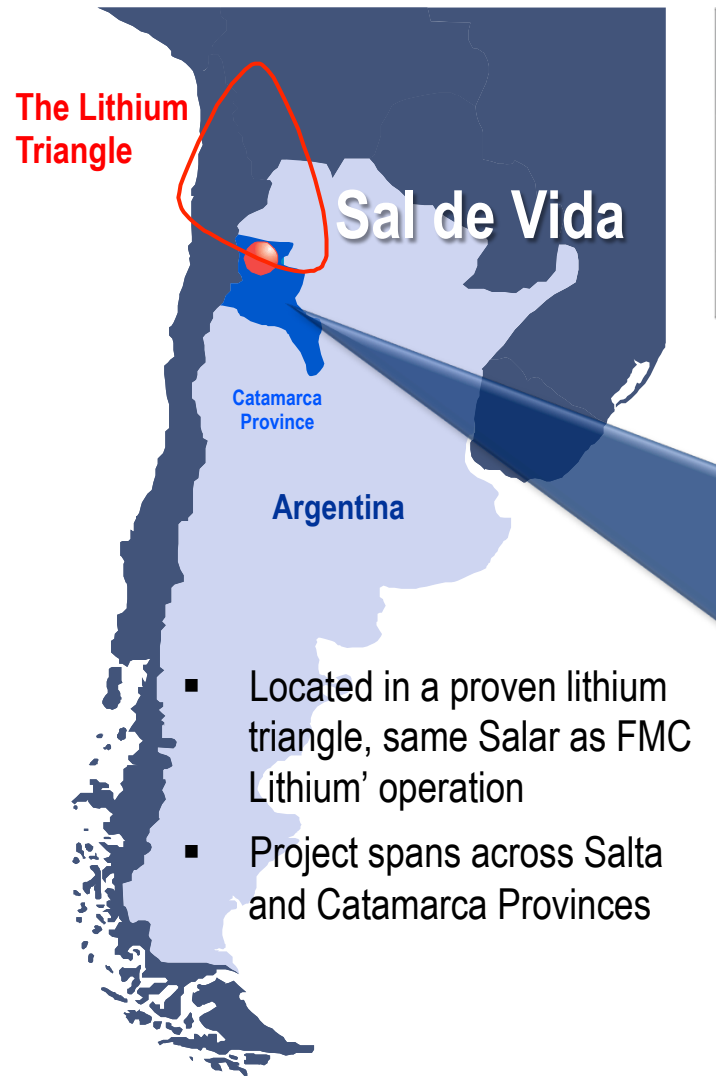


Major Shareholders	Audited Position As At 31 December 2013	Unaudited Proforma Position* As At 31 December 2013
Consolidated Total Assets	A\$311M	A\$274M
Net Assets	A\$101M	A\$199M
Gross Cash	A\$3M	A\$140M

** Assumes same period FX rate*

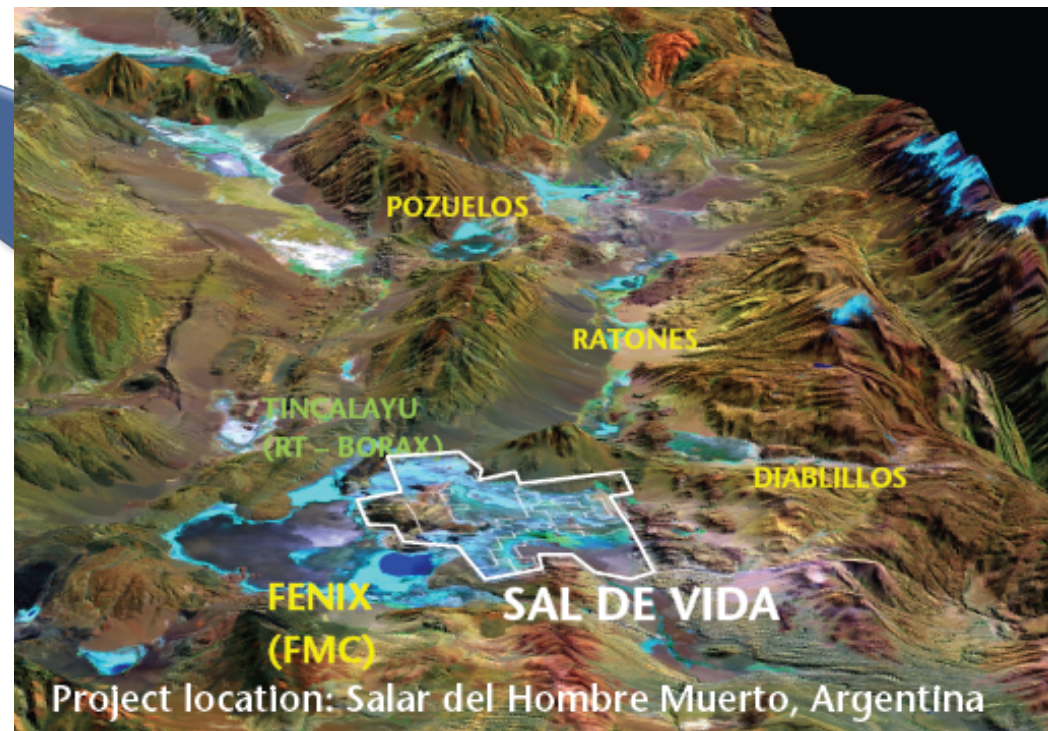
- Rationale – financial transformation of Galaxy, significantly strengthening balance sheet and allowing the Company to focus on advancing its flagship development project.
- Post transaction completion and after deducting all other outstanding corporate interest bearing liabilities, the Company will have a proforma positive net cash.
- Galaxy will its primary resource assets, while also retaining key know how in technology, processing and marketing.

SAL DE VIDA – FLAGSHIP DEVELOPMENT



Reserve Category	Time Period (Years)	Tonnes Li Total Mass	Tonnes Equivalent Li ₂ CO ₃	Tonnes K Total Mass	Tonnes Equivalent KCl
Proven	1 - 6	34,000	181,000	332,000	633,000
Probable	7 - 40	180,000	958,000	1,869,000	3,564,000
Total	40 years total	214,000	1,139,000	2,201,000	4,197,000

Note: Assumes 500 mg/L Li cut off



Proven & Probable Reserve Statement – April 2013

SAL DE VIDA – ADVANCING THE PROJECT



	Previous DFS April 2013	Target DFS Revisions For Phase I
Lithium carbonate production (TPA)	25,000	6~10,000
Potash production (TPA)	95,000	TBA
Estimated capital costs (US\$M)	369	100~120
Estimated operating costs (US\$/t Li ₂ CO ₃)	2,200	TBA

- Prudent revision of project scale – now to be phased into 2 stages
- Capital cost of first phase to be scaled to US\$100~120M, assuming 70/30 debt/equity financing
- Currently own 96% of project – potential strategic JV partner
- Permitting – environmental approvals for the whole project in final stages of review
- Project scale more manageable from financing aspect (equity component covered by future cash) and also development – targeting advancement into production in 2017

MT CATTLIN & JAMES BAY



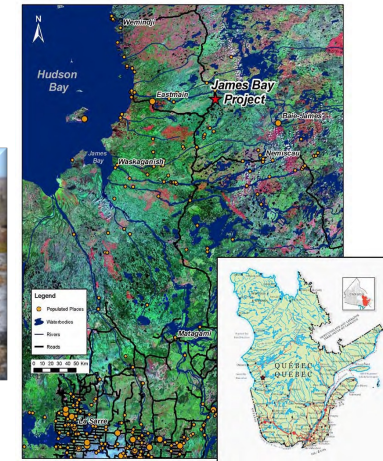
Mt Cattlin

- Resource of 18mt at 1.08% Li₂O
- Significant Tantalum resource
- Mine life of ~16 years
- Currently on care and maintenance

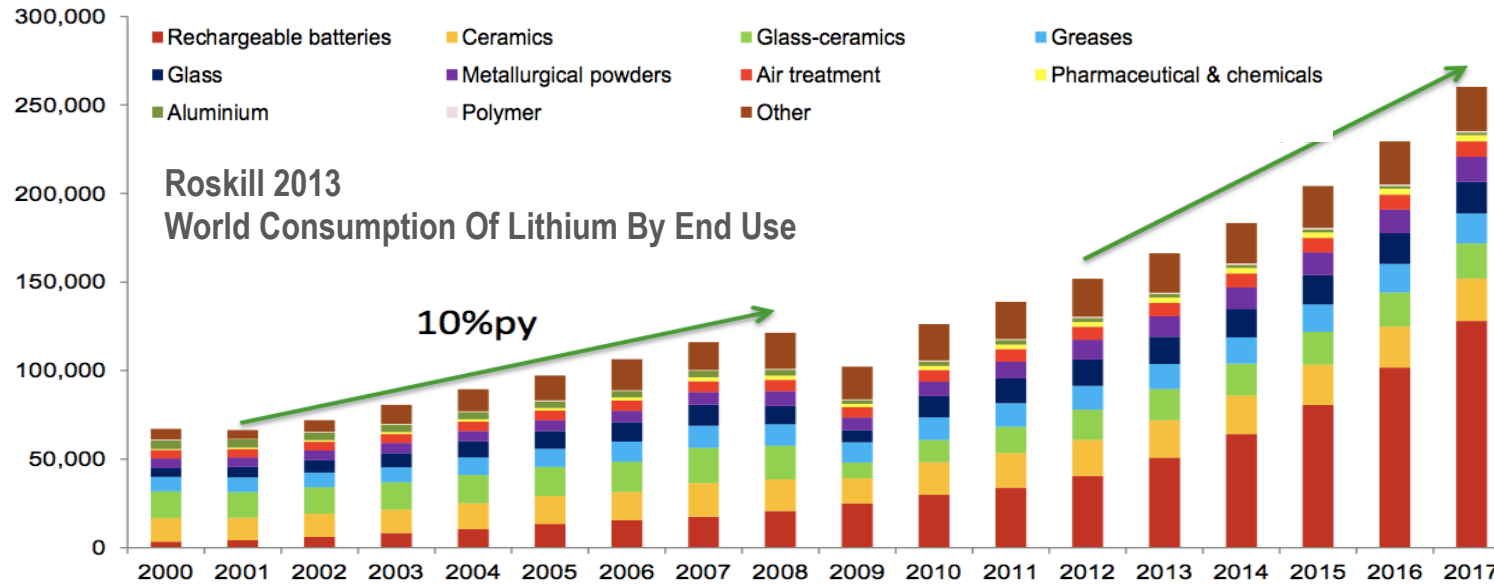


James Bay

- Lithium Hard Rock/Spodumene Project
- Located in James Bay – Quebec, Canada
- 100% Ownership
- Resource of 23.2mt at 1.2% grade



LITHIUM MARKET OVERVIEW



Compound - MT LCE	2011	2015	2020
Lithium Carbonate	68,445	95,068	149,743
Lithium Hydroxide	25,824	49,889	99,297
Lithium Concentrate	19,229	25,683	31,393
Other Lithium Compounds	26,557	34,092	47,310
Total Demand	140,055	204,732	327,743

- Lithium demand continues to be robust
- Ongoing consumption in consumer electronics, increasing adoption in automotive and other energy storage applications

Source: SignumBox



OUTLOOK

- Completion of Jiangsu transaction
- Advancing Sal de Vida towards construction and production
- Value recognition for Mt Cattin
- Continue to evaluate strategic options James Bay
- Maintain focus on financial discipline