GALAXY RESOURCES LIMITED

Annual General Meeting
Company Presentation

31 May 2016

ASX: GXY

Review Of
GMM Takeover Bid

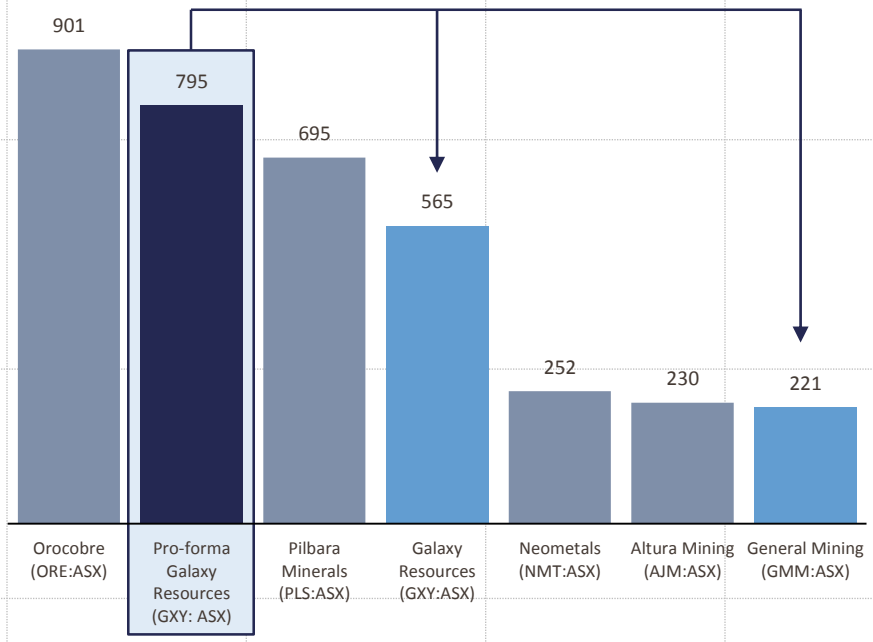
Takeover Offer For General Mining

Galaxy Resources and General Mining to merge creating a leading diversified global lithium producer

Takeover offer overview

- Off-market takeover offer made for General Mining (ASX: GMM) on 30 May 2016
  - — General Mining shareholders will receive 1.65 new Galaxy shares for every 1 General Mining share held
  - — Represents a 9.4% premium to the 10-day VWAP
  - — Galaxy and General Mining board unanimously support the merger
- Creates a leading diversified global lithium company with a large wholly-owned portfolio of hard rock and brine based lithium assets located in multiple jurisdictions
- Merged entity will have a strong financial position with growing cash flow generation to support continue project expansion and development, and further industry opportunities
- Galaxy and General Mining shareholders will own 71% and 29% respectively of the enlarged Galaxy
- 4.94% of General Mining shares have entered into pre-bid acceptance agreements
  - — Other shareholders associated with Michael Fotios, Executive Chairman of General Mining, have made statements of intention to accept the offer, representing a further 10.56% of General Mining shares outstanding

ASX lithium producers and developer landscape (A$m)



Source: IRESS

Notes:

1 Market capitalisation figures as at close 30 May 2016

2 Merger company contingent upon acceptance of definitive Takeover Bid Implementation Agreement by General Mining (GMM: ASX) shareholders

Project Diversification and Ownership

Galaxy is the only ASX producer/developer with both hard rock and brine based lithium assets

- **Only ASX listed lithium producer/developer that has a diversified project portfolio**
- A diversified project portfolio offers significant upside in the current pricing environment, and valuable protection in a softer price environment
  - In a high price environment (expected until a supply/demand rebalance can occur, which appears quite far away) Galaxy makes good margins at Mt Cattlin, and Sal De Vida is expected to be highly profitable
  - In a softer price environment brine assets are protected due to the relatively low cost of operations
- Mt Cattlin is able to **rapidly respond to market demand with the capability to swiftly ramp up production**
- Sal De Vida provides **robust protection against lithium carbonate price changes** due to the high margins and low opex associated with brine relative to hard rock
- **Galaxy also has a more attractive ownership position than many of its peers**; owning 86% of Mt Cattlin and 100% of Sal De Vida and James Bay

ASX lithium projects in development

Company (code)	Project	Ownership	Type	Stage
Galaxy (GXY)	Mt Cattlin	86%[1]	Hard rock	Production
	Sal De Vida	100%	Brine	DFS update
	James Bay	100%[1]	Hard rock	DFS pending
Orocobre (ORE)	Olaroz	67%	Brine	Production
Pilbara Minerals (PLS)	Pilgangoora	100%	Hard rock	PFS released
Neometals (NMT)	Mt Marion	27%	Hard rock	Construction
Altura Mining (AJM)	Pilgangoora	100%	Hard rock	PFS released
General Mining (GMM)	Mt Cattlin	14%[1]	Hard rock	Production
European Metals (EMH)	Cinovec	100%	Hard rock	Scoping study

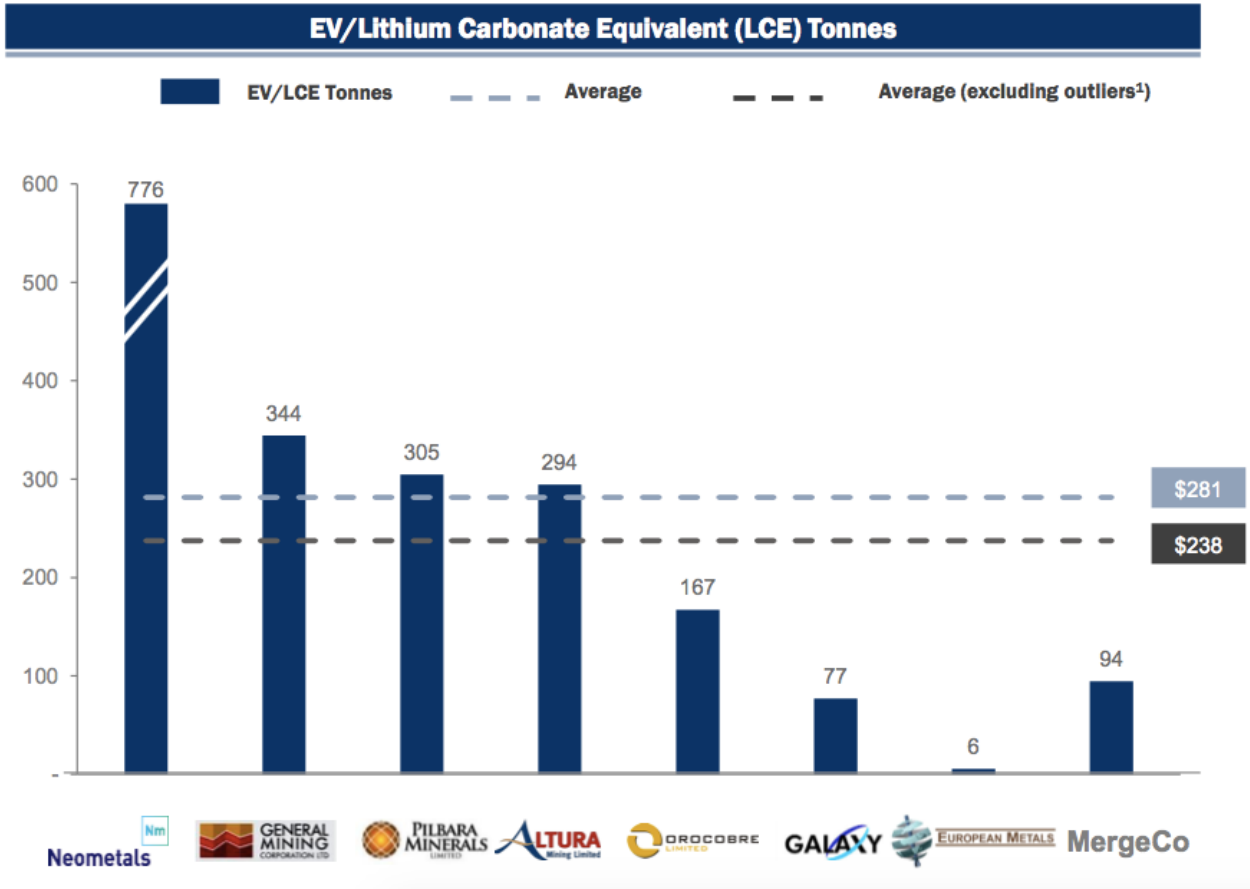
Source: Company disclosure

Note:

1. General Mining have a sole and exclusive right to earn a 50% equity interest in both Mt Cattlin (A$18m over 3 years payable in quarterly instalments) and James Bay (US$5m over 3 years)

Resource Peer Comparable Analysis

Galaxy and even proforma MergeCo are modestly valued vs ASX peers, especially considering its multi-asset, diversity and pure focus on lithium



- The only ASX **pure play lithium** company with **diverse portfolio of both brine and hard rock assets**
- Complementary assets provide for superior financial performance, **irrespective of demand and pricing cycles**
- Hard rock production provides for **near term supply response** to robust market demand
- Brine project provides for long term sustained **low cost production**
- Cashflows from prospectively 100% owned Mt Cattlin to deliver **strong cash flow generation** and support during the **development stage of Sal de Vida**

Assumptions:
1) Market data as at 13 May 2016
2) Fully diluted shares outstanding for all companies
3) Averages do not include Merge-co data
4) Illustrative merge-co value assumes nil-premium all scrip merger at 5-day VWAP (13 May 2016)

Recent Share Price Performance

Numerous operational and corporate achievements over the last 12 months which have been reflected by strong share price outperformance

Operational achievements

October 2015
Sales & Distribution Agreement with Mitsubishi for spodumene offtake from Mt Cattlin

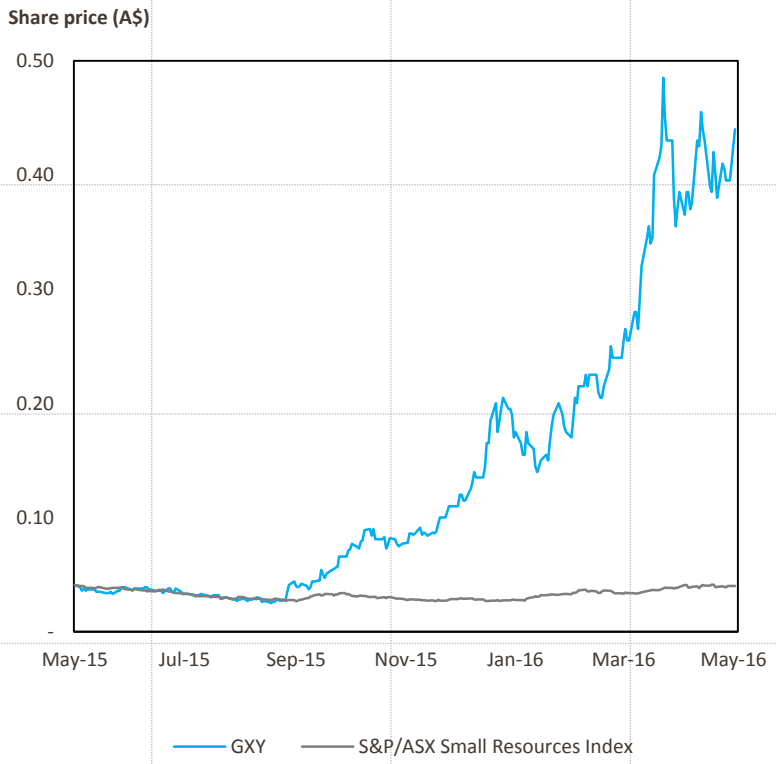
March 2016
Binding offtake agreements signed with major Chinese customers for 60kt (2016) and 120kt (2017) of spodumene

Recommissioning of Mt Cattlin operations

May 2016
Final offtake signed with one customer and US$9m prepayment received

Source: IRESS

Galaxy share price performance



Corporate achievements

September 2015
Definitive Agreement with General Mining; Galaxy to retain 50% of Mt Cattlin and earn A$25m

November 2015
Completed buyback at a A$4.2m discount and settlement of Convertible Bonds

November 2015
Closed new 3-year secured debt financing for A$31m

March 2016
Entry into S&P/ASX All Ordinaries Index

May 2016
Takeover offer for General Mining with unanimous support from Galaxy and General Mining boards

Corporate Snapshot

An emerging global lithium business with leading institutional shareholders and a recent addition to the S&P All Ordinaries Index

Financial Information (2016.05.30)

Share price	**A$0.44**
52 week high / low	A$0.024 / A$0.485
Number of shares (undiluted)[1,2]	1,284.1m
Market Capitalisation	**A$565.0m**
Proforma cash[3] (31-Mar-16)	A$8.1m
Proforma debt (31-Mar-16)	A$31.0m
Proforma net debt (31-Mar-16)	A$22.9m
Enterprise Value	**A$587.9m**

Source: IRESS

Notes:

1 Excludes 29.4m unlisted options on issue at various vesting and expiry dates with exercise prices between A$0.03 and A$1.16

2 Excludes 25.8m share appreciation rights

3 Includes cash reserve from debt facility

4 Includes UBS and private clients of UBS Wealth Management

Top Shareholders (2016.04.29)

	Shares	%
Paradice Investment Management	73.4m	5.8%
Acorn Capital	57.5m	4.5%
UBS[4]	43.0m	3.4%
Creat Group	36.6m	2.9%
Private Individual	35.9m	2.8%
Banque Syz & Co	34.6m	2.7%
Private Individual	33.8m	2.7%
Greencape Capital	33.4m	2.6%
Anthony Tse *(Managing Director)*	23.5m	1.9%
Regal Funds Management	23.0m	1.8%
Top 10	394.8m	31.2%
Management	62.7m	5.0%

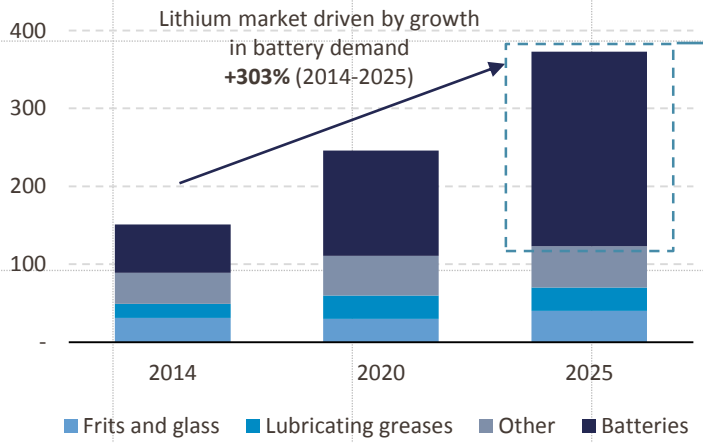
A Recap Of The Lithium Market & China's Strategic Role

Growth In Lithium Demand Is Accelerating

Market demand for lithium products continues to be very strong with increasing demand from the growing transport and energy storage sectors

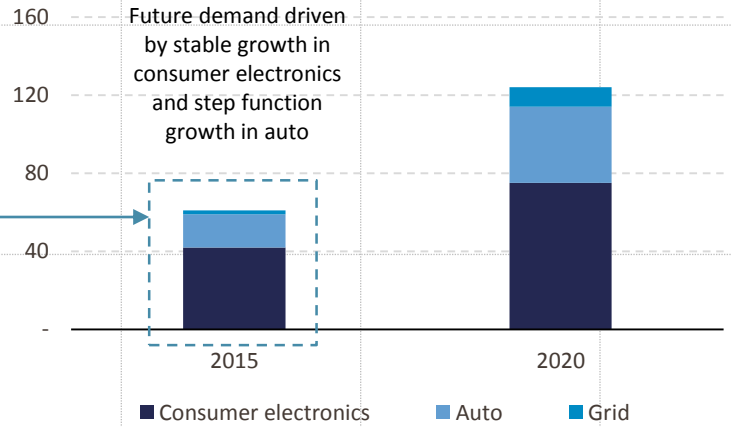
- **Strong growth in lithium battery demand** over the next decade, driven by:
  - ↑ Continued increase in **demand for lithium battery powered devices** *(consumer and portable electronics continuing to grow)*
  - ↑ Increase in **demand for more advanced lithium batteries** *(higher energy density in each generation of new devices)*
  - ↑ Growth in **hybrid and electric vehicles**, **mass energy storage systems** *(lithium batteries becoming the preferred technology)*
- Lithium market **projected CAGR of 10-12% annually**, compounded through to 2020
- Lithium market growth driven by a combination of new end-use markets (e.g. electric vehicles and mass energy storage) and the compounding multiplier effect of growth in existing lithium products (e.g. smart phones and tablets)

Forecast lithium demand by application (Mt)



Source: signumBOX estimates, CEMAC 2015

Lithium battery demand by application (GWh)



Why Is China Looking At New Energy ?

China's 13th Five Year Plan

Recurring themes in the 13th Five Year Plan, likely to see these continuing in subsequent Five Year Plans…

Strategic Priorities (Selected For Relevance)

ADVANCE ENERGY REVOLUTION
- *Ramp up exploration of clean safe resources to replace fossil fuels*

CLEAN ENERGY
- *Continue to develop wind, solar, biomass, water, geothermal …*

ENERGY STORAGE
- *Construct smart grid and develop distributed power*

ENERGY CONSERVATION
- *Raise standards, promote green building and materials*

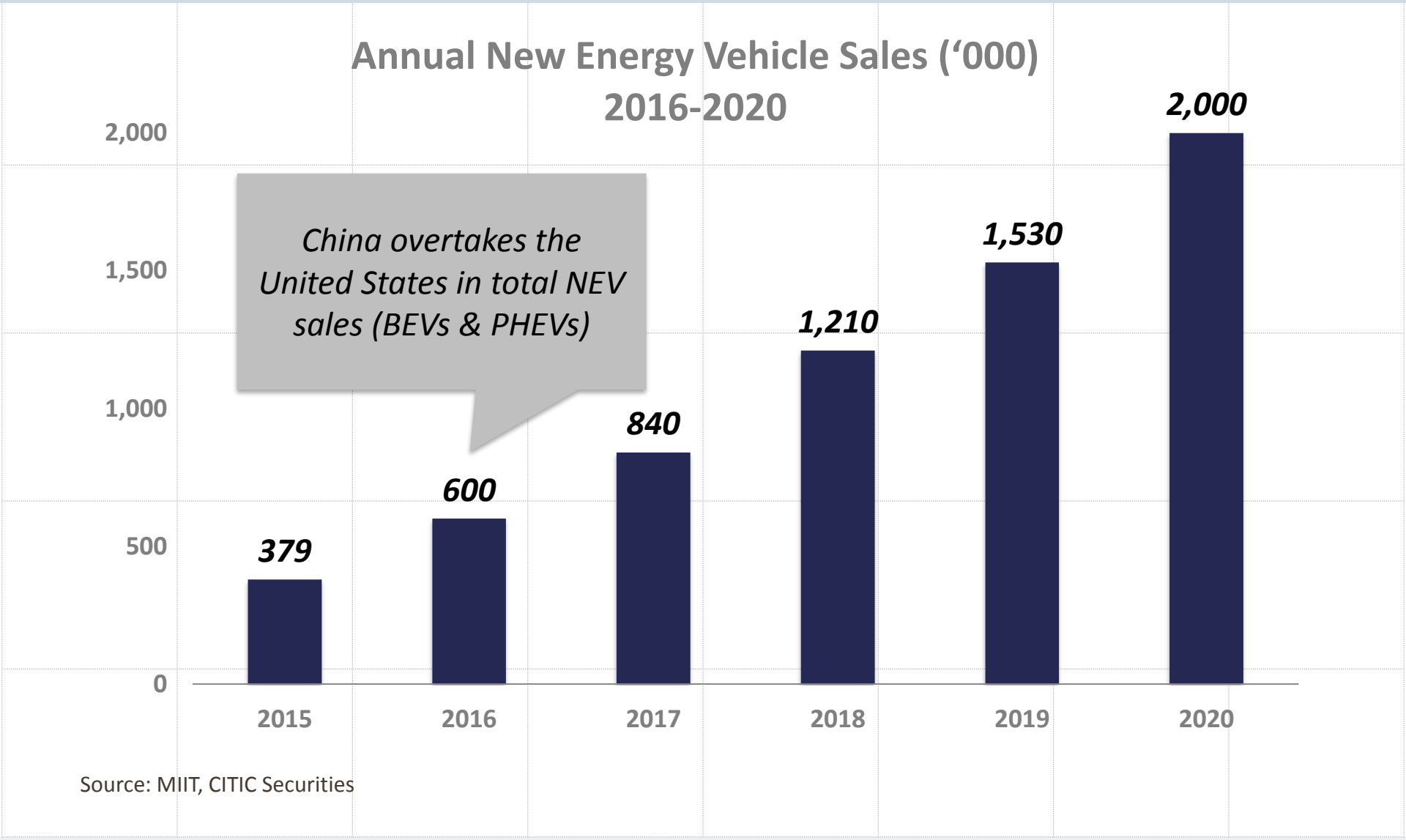
MASS TRANSPORTATION
- *Boost low carbon public transportation with improved rail system*

INDIVIDUAL TRANSPORTATION
- *Promote cycling and new energy vehicles to encourage green lifestyle*

CARBON EMISSIONS
- *Take proactive control to cut and control carbon emissions*

HEAVY INDUSTRY
- *Controls on energy intensive industries, incl. power, steel, chemical*

China NEV Growth Projections



Source: MIIT, CITIC Securities

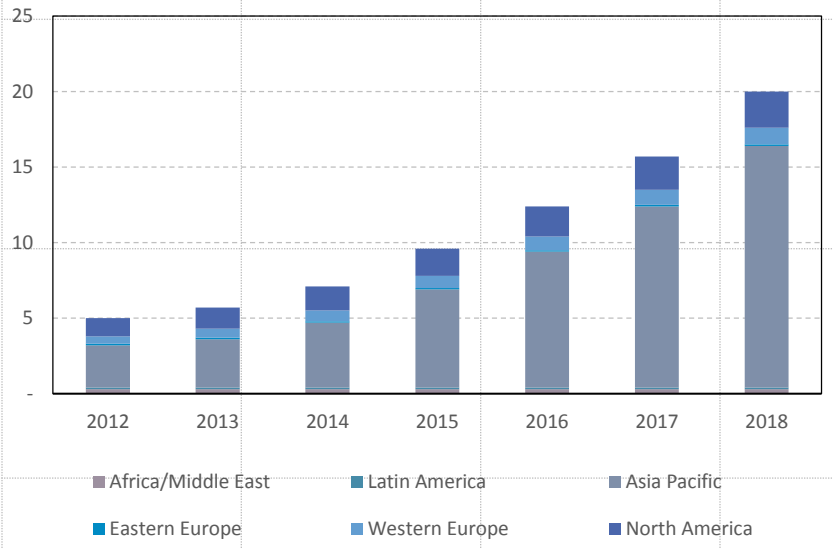
Electrification Of Transport Sector

China is becoming the global leader in the electrification of transport across multiple segments

- The **future of electric vehicles will be driven by adoption across a number of industries and applications** including:
  - — **Light transportation**: 2WEV, 3WEV, LEVs
  - — **Heavy transportation :** minivans & buses
  - — **Logistics industry**: forklifts, transport buggies

- **China is at the forefront** of the EV revolution:
  - — Targeting 5 million NEVs by 2020
  - — Government fleets to be 50% NEV
  - — Targeting 4.8 million charging stations
  - — Target of 200,000 electric buses
  - — Continued conversion of 200m+ electric bikes from lead to lithium battery powered

Annual electric drive bus sales by region (000s)



Source: Pike Research

Distributed & Mass Energy Storage

China is also leading the world in terms of deployment in renewable energy, such as wind and solar, as well as distributed storage systems

China wind generation is at 145GW, double that of United States

Largest solar power generator, with 43GW installed capacity

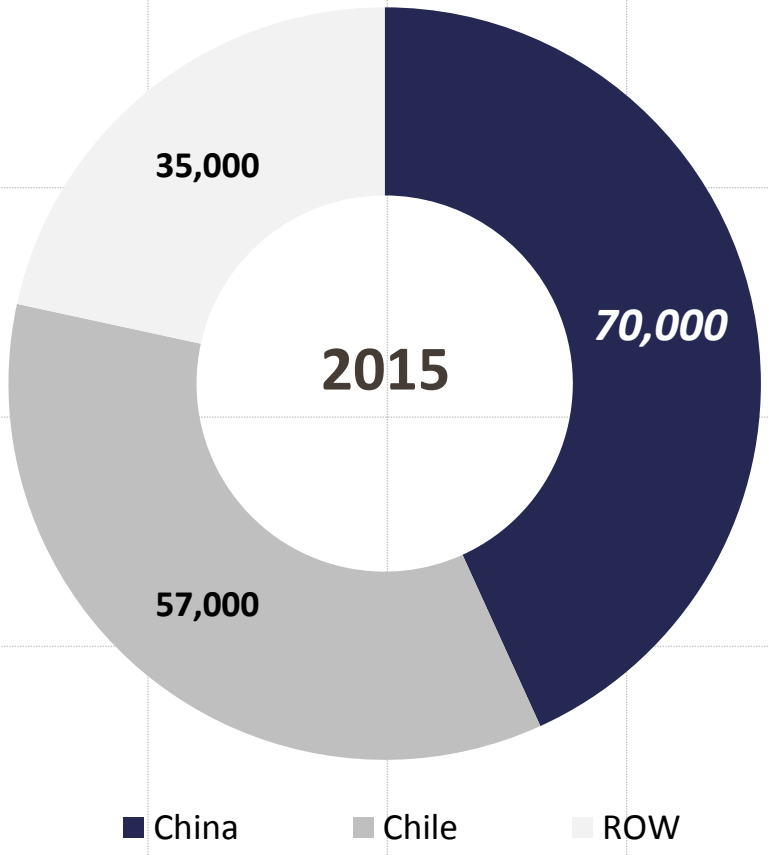
Rooftop solar power now commonplace, especially in rural areas

Standalone LED street lighting, powered by renewable energy

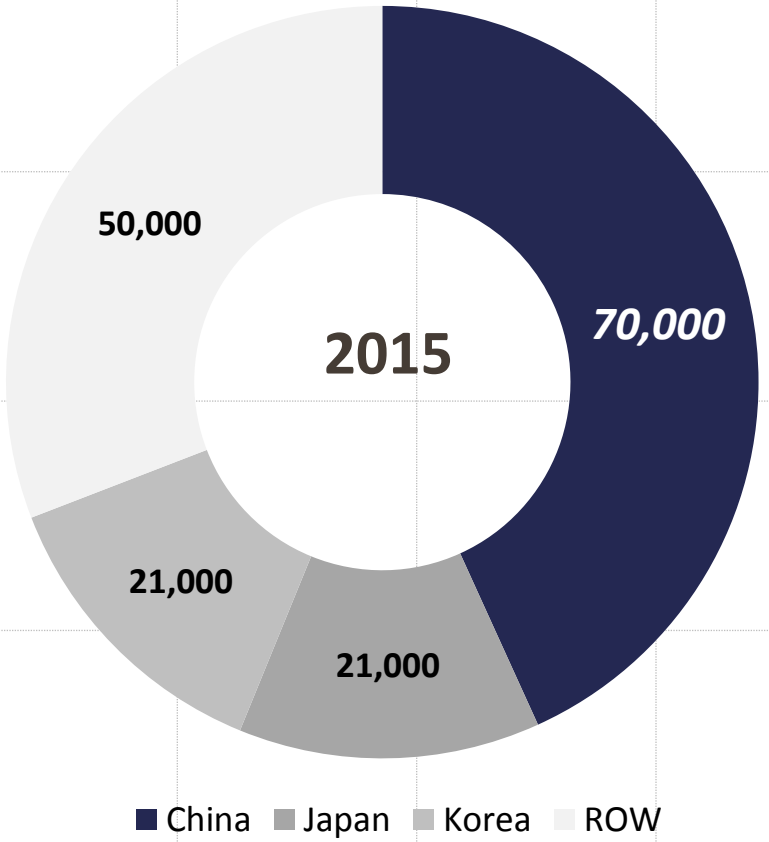
So What Is China's Role In The Lithium Market?

In 2015, China surpassed Chile in becoming the world's largest producer of lithium chemicals – it is also the largest consumer of lithium chemicals

Production Of Lithium Chemicals (Mt LCE)

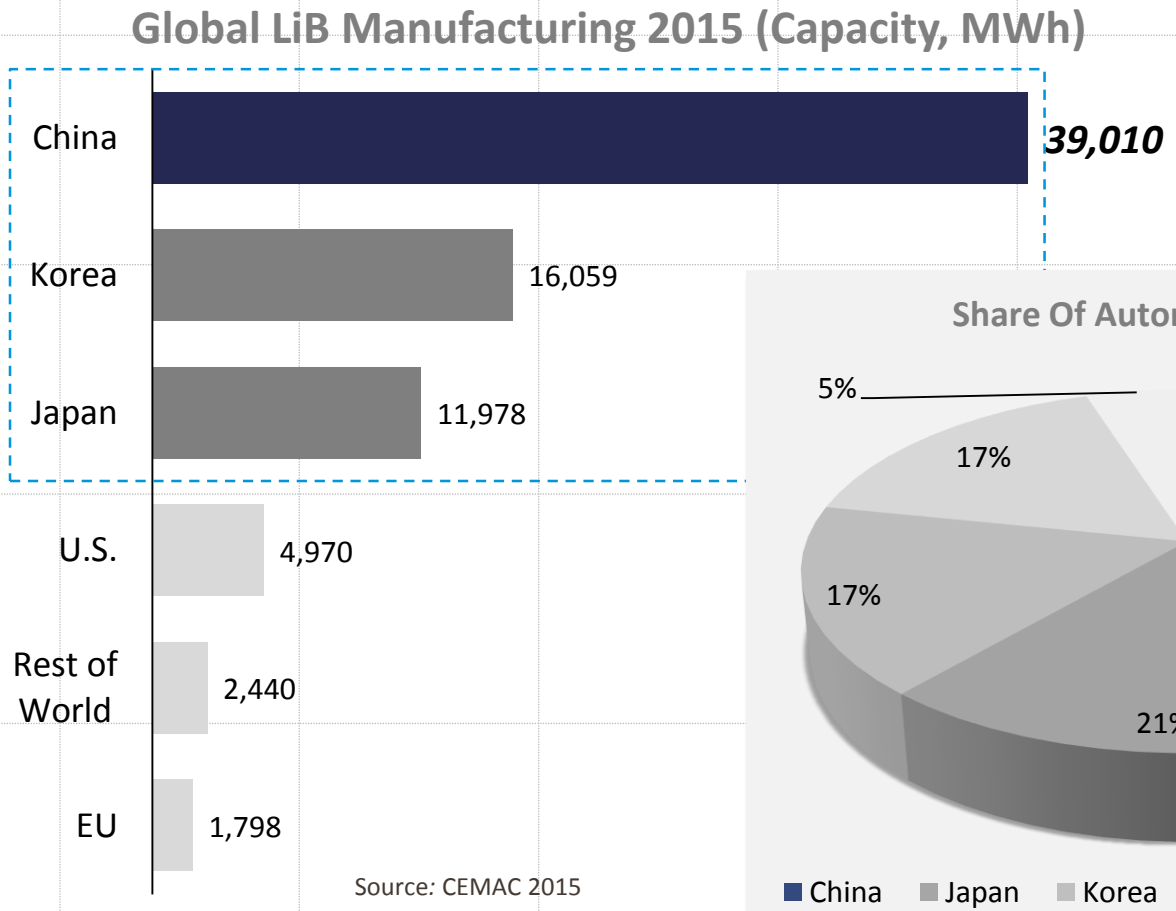


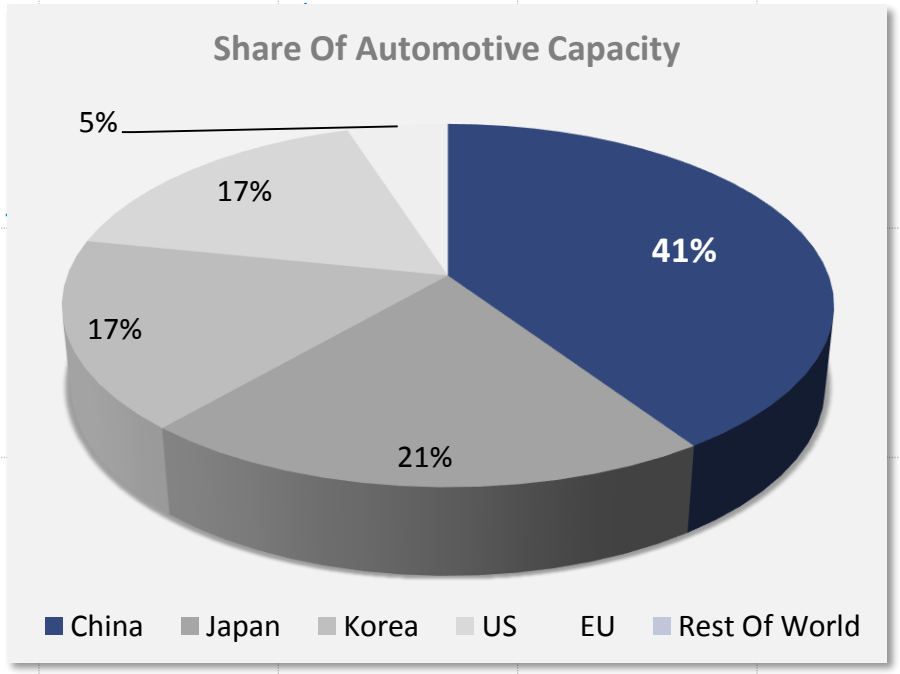
Consumption Of Lithium Chemicals (Mt LCE)



Demand Growth Driven By The Battery Sector

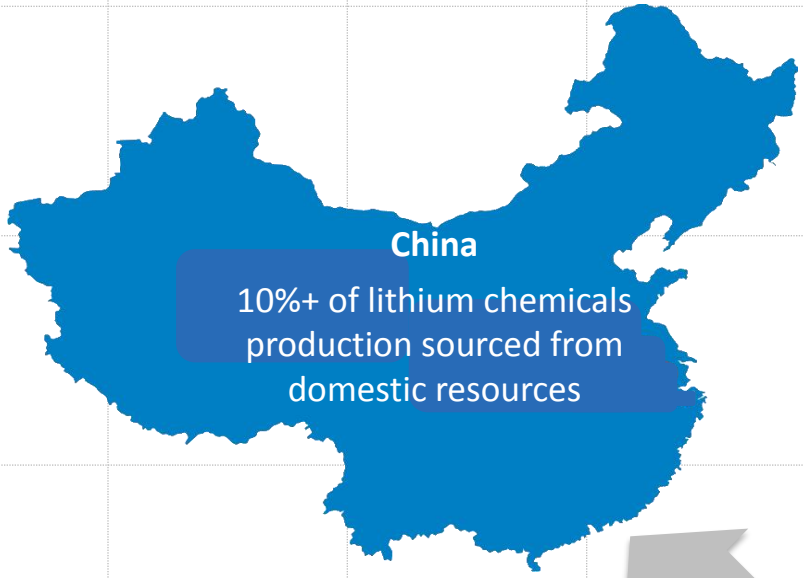
Lithium battery manufacturing is dominated by North Asia – China currently has more capacity than Rest of World combined





Lithium Resources For China

Unlike it's dominant position in the Rare Earths industry, of the raw materials that China requires to produce lithium chemicals, close to 90% must be imported from outside sources



South America

Supplies China 15% of its raw material to produce lithium chemicals, by way of brine based feedstock

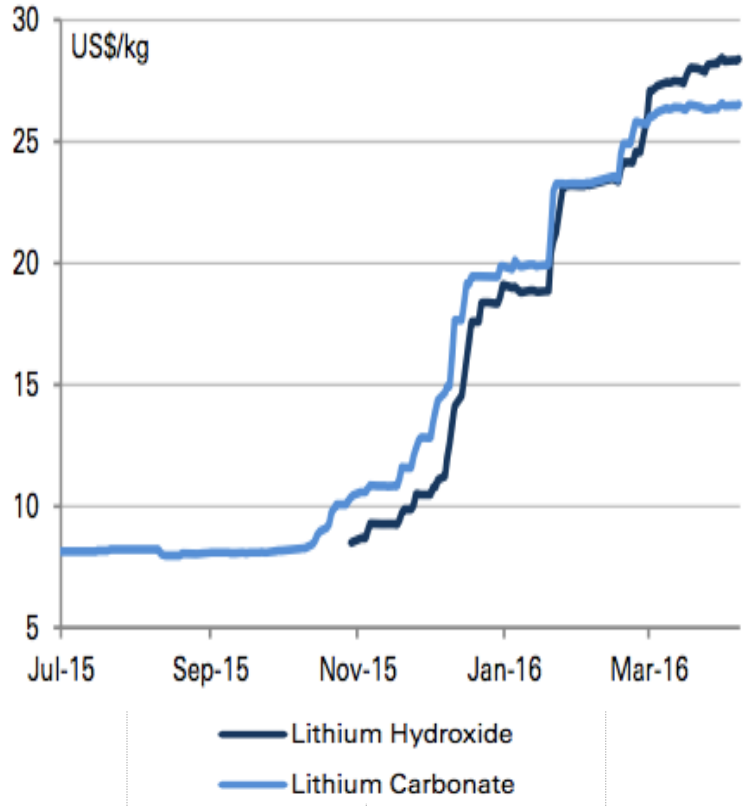
Australia

Supplies China 70%+ of its raw material to produce lithium chemicals, by way of hard rock spodumene feedstock

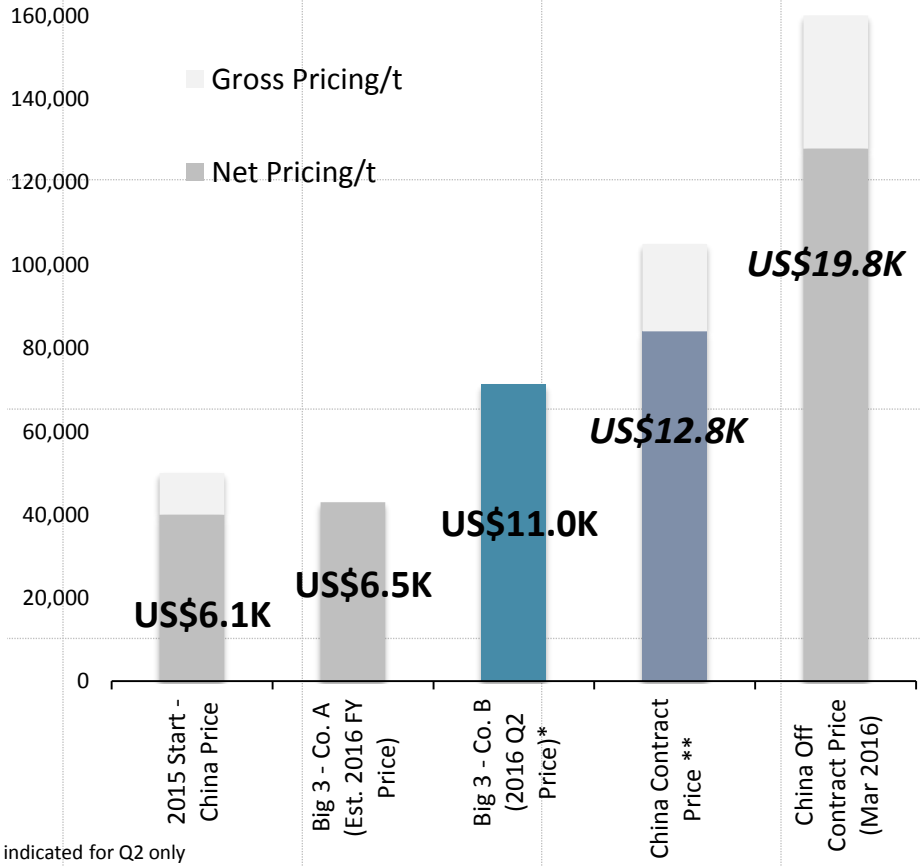
The China Market For Lithium

Significant tightening of available supply of lithium carbonate – continued rapid growth in demand from battery and energy storage segments

Lithium Carbonate Price Trends (US$/kg)



Lithium Carbonate Price Comparison (RMB/t)



Source: CJ Securities, Company Estimates

* Based on recent public market auction of 4kt of LiOH – 2016.01.12 ** Market pricing indicated for Q2 only

The Lithium Story Is Not Just China …

Demand growth continues to be strong, following government incentive programs globally to encourage increased adoption of electric vehicles

Demand-side facts and updates from around the world

Asia	▪ **India is targeting 6 million electric vehicles by 2020 (China targeting 5 million)** — Target to be achieved by **offering c.15% subsidies on electric vehicles** under FAME Program announced April 2015 — **2015 electric vehicle sales figures highlight strong growth with 37.5% increase** year on year
North America	▪ Tesla continuing construction of 50GWh Giga factory in Nevada, which is **set to triple US-based lithium ion battery production by 2020** — The **Gigafactory** (35GWh for EV production capacity; 15GWh for EES) **will require c. 28ktpa of lithium at full capacity** ▪ Tesla's **Model 3** (revealed 31 March 2016), **received US$10bn in pre-orders in just two days**, reflecting the strong demand for electric vehicles particularly considering first deliveries are not scheduled until the end of 2017
Europe	▪ Electric vehicles made up 23% of 2015 vehicle sales in Norway ▪ In the Netherlands, electric vehicle sales hit record highs in December 2015, announced banning of ICE vehicles by 2025 ▪ The U.K. electric car market is dominated by plug-in hybrids, which showed 133% gains in 2015 from 2014 – total electric car sales gained 48% over the same period ▪ In April 2016, the German government reached a deal with automakers to jointly spend US$1.4bn on incentives to boost electric car sales, which includes consumer rebates on electric vehicles and significant infrastructure investment

Thank You

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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. This information was prepared and first disclosed under the JORC Code 2004 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.

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.

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. This information was prepared and first disclosed under the JORC Code 2004 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.

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.