

Galaxy Resources Limited and its Controlled Entities

For the half-year ended 30 June 2021

(Previous corresponding period is the half-year ended 30 June 2020)

Results for Announcement to the Market

	30 June 2021	30 June 2020	Change	
	US\$'000	US\$'000	US\$'000	%
Revenue from ordinary activities	38,689	23,289	15,400	66%
Profit / (Loss) from ordinary activities after tax attributable to members	64,292	(22,191)	86,483	(390%)
Net Profit / (Loss) for the period attributable to members	64,292	(22,191)	86,483	(390%)

Dividend Information

No dividends have been declared or paid during or since the end of the half-year ended 30 June 2021 (2020: Nil).

Net Tangible Assets

	30 June 2021	30 June 2020
	US\$	US\$
Net tangible assets per share	0.509	0.149

Control Gained or Lost over Entities During the Period

There have been no gains or losses of control over entities in the period ended 30 June 2021.

Financial Results

This report is based on the attached Condensed Consolidated Financial Report for the half year ended 30 June 2021, which has been reviewed by PricewaterhouseCoopers, and should be read in conjunction with the consolidated annual financial report as at 31 December 2020 and public announcements made subsequent to 30 June 2021.



GALAXY RESOURCES LIMITED

ABN 11 071 976 442

**CONDENSED CONSOLIDATED
FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
30 JUNE 2021**

www.gxy.com

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Martin Rowley - Independent Non-Executive Chairman
Mr Anthony Tse - Executive Director
Mr Peter Bacchus - Independent Non-Executive Director
Mr John Turner - Independent Non-Executive Director
Ms Florencia Heredia - Independent Non-Executive Director
Mr Alan Fitzpatrick - Independent Non-Executive Director

CHIEF EXECUTIVE OFFICER

Mr Simon Hay

CHIEF FINANCIAL OFFICER

Mr Alan Rule

COMPANY SECRETARY

Mr John Sanders

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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AUDITORS

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Perth Western Australia 6000
Australia

AUSTRALIAN BUSINESS NUMBER

11 071 976 442

Galaxy Resources Limited shares are listed on the Australian Stock Exchange ("ASX"). ASX Code: GXY

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DIRECTORS' REPORT

Your directors present their report on the consolidated financial statements of Galaxy Resources Limited (“Galaxy” or “Company”) and the entities it controlled (“Group”) during the 6 months ended 30 June 2021 (“Half-Year”).

DIRECTORS

The following persons were directors of the Company during the Half-Year and up to the date of this report:

Mr Martin Rowley
 Mr Anthony Tse
 Mr Peter Bacchus
 Mr John Turner
 Ms Florencia Heredia
 Mr Alan Fitzpatrick

PRINCIPAL ACTIVITIES

The principal activities of the entities within the Group are:

- Production of lithium concentrate;
- Exploration for minerals in Australia, Canada and Argentina;
- Development of the Sal de Vida project in Argentina; and
- Completion of studies for the James Bay project in Canada.

MERGER WITH OROCOBRE

On 19 April 2021, Galaxy announced that it had entered into a binding Merger Implementation Deed with Orocobre Limited (“Orocobre”) under which the two companies will merge via a scheme of arrangement under Part 5.1 of the Corporations Act (“Scheme”).

Orocobre will acquire all of the fully paid ordinary shares in Galaxy subject to the satisfaction of certain conditions, including approval of the Scheme by Galaxy shareholders and the Supreme Court of Western Australia.

Pursuant to the Scheme, Galaxy shareholders will be entitled to receive 0.569 New Orocobre Shares for every Galaxy share held at the Scheme record date (“Merged Group”). On completion, Galaxy shareholders will hold approximately 45.7% of the Merged Group on a diluted basis.

The Scheme provides Galaxy shareholders with the opportunity to share in the significant benefits of being part of a larger diversified group and the synergies to help enhance and progress the Merged Group’s portfolio of world class assets. The Merged Group’s growth opportunities in both brine and hard rock lithium deposits position it to take advantage of expected rising demand for lithium in connection with the electric vehicle market.

The timetable of key events to completion of the Scheme is summarised below:

Event	Date
Completed	
First Supreme Court of Western Australia approved the Scheme booklet	2 July 2021
Scheme booklet lodged with ASX	5 July 2021
Galaxy shareholders Scheme meeting approved the Scheme	6 August 2021
Second Supreme Court of Western Australia approved the Scheme booklet	13 August 2021
Scheme Effective date	16 August 2021
Last day of trading of Galaxy shares on ASX	16 August 2021
Yet to be Completed	
Scheme record date	18 August 2021
Scheme Implementation date	25 August 2021
All Galaxy shares transferred to Orocobre	25 August 2021
New Orocobre shares commence trading on the ASX on a normal settlement basis	26 August 2021

SUSTAINABILITY

Galaxy is committed to undertaking operations in a transparent, ethical and responsible manner. Galaxy has commenced alignment of its environmental, social and governance practices with international frameworks. Further information is set out in the Galaxy 2020 Sustainability Report lodged with ASX in April 2021.

Safety Performance

The Total Recordable Injury Frequency rate ("TRIFR") for the rolling 12 months ending 30 June 2021 was 5.74, a 39% improvement from 31 December 2020.

The Lost Time Injury Frequency rate ("LTIFR") for the rolling 12 months ending 30 June 2021 was 3.45, an increase of 157% from a rate of 1.34 at 31 December 2020. Two Lost Time Injuries of low severity occurred during the period which have since been investigated and closed out.

Environment

At Sal de Vida, the Environmental Impact Assessment ("EIA") on the revised development plan was submitted during the Half-Year. Virtual meetings were held with the provincial regulatory authorities as part of the participatory EIA evaluation process. In addition, baseline environmental assessments continued including a comprehensive biological monitoring program to characterise the biodiversity of the downstream wetlands and water quality sampling campaign including participation of the community and regulators.

At James Bay, the Environmental Social Impact Assessment was updated and re-submitted to the authorities in July 2021. The submission reflects optimised changes to the project outlined in the Preliminary Economic Assessment and data from the recent geotechnical site investigation program.

Community

Galaxy is committed to regularly engaging with community stakeholders to provide positive, lasting benefits through employment opportunities and health and educational initiatives.

At Sal de Vida, Galaxy has committed to fund three projects as part of a two-year corporate social responsibility program. Two of these projects were completed during the first half of 2021. The expansion of the Secondary School El Peñón was completed in February and the construction of the primary school in Antofagasta de La Sierra Village was completed in April. Construction of the third project, a first aid facility, is progressing steadily, and is scheduled to be completed in Q3 2021.

At Mt Cattlin, Galaxy agreed to partner with Hopetoun and Ravensthorpe Community Resource Centres for a three year sponsorship of the Fitzgerald Business Network. The network aims to connect and support the 200 small-to-medium sized businesses in the region through training, networking, advocacy and area promotions. At James Bay, ongoing discussions and consultation continue with the Cree Nation and project stakeholders regarding the project.

REVIEW OF OPERATIONS

Mt Cattlin Operations

Galaxy wholly owns the Mt Cattlin spodumene project ("Mt Cattlin"), located two kilometres north of the town of Ravensthorpe in Western Australia. The Mt Cattlin operation produces a lithium concentrate (spodumene) product with up to 6.0% Li₂O grade that is trucked to Esperance for export to an Asian customer base.

Mt Cattlin operations include open-pit mining of a relatively flat-lying pegmatite ore body. Mining is carried out using excavator and truck operations, delivering ore to a conventional crushing and Dense Media Separation ("DMS") gravity recovery circuit. Contract mining is used for grade control drilling and earthmoving operations (drilling, blasting, and load and haul).

Set out below is a summary of the production and sales statistics:

	Units	June HY 2020	Dec HY 2020	June HY 2021
Mining				
Total material mined	<i>bcm</i>	650,547	1,116,663	1,974,097
Ore mined	<i>bcm</i>	153,211	198,866	312,490
Processing				
Ore processed	<i>wmt</i>	478,960	607,404	738,328
Grade of ore processed	%	1.04	1.17	1.45
Mass yield	%	10	11	15
Recovery	%	55	54	60
Concentrate produced	<i>dmt</i>	45,248	63,410	109,909
Sales				
Concentrate sold	<i>dmt</i>	58,541	92,090	78,416
Concentrate sold – grade	%	5.9	5.7	5.8
Selling price, Cost of sales and Production costs				
Realised Selling price ⁽ⁱ⁾	<i>US\$ / dmt</i>	398	330	453
Cost of sales per tonne sold ⁽ⁱⁱ⁾	<i>US\$ / dmt</i>	405	453	399
Gross margin ⁽ⁱⁱⁱ⁾	<i>US\$ / dmt</i>	(7)	(123)	54
FOB Cash cost per tonne produced	<i>US\$ / dmt</i>	469	430	352

- i. Realised Selling price per tonne of Concentrate Sold is the FOB Esperance price including revenue from shipping activities.*
- ii. Cost of sales per tonne sold is calculated by taking total cost of sales (disclosed in note 3) divided by tonnes of Concentrate Sold.*
- iii. Gross margin per tonne of Concentrate Sold is calculated as Realised Selling price less Cost of sales per tonne sold. It is a non-IFRS measure that has been included to assist investors to better understand the performance of the business, and where included in this report, has not been subject to audit.*

Mining, Processing and Production

Ore was sourced from two open mining faces within the 2 South East and 2 North East pits. Mining was on track for the Half-Year with volumes ramping up to 1,974,097 bcm, in line with full year guidance.

Galaxy achieved record production for the Half-Year of 109,909 dmt of lithium concentrate at a 5.8 % Li₂O final product grade. The increased production compared to the Dec 2020 Half-Year was due to the decision to return production rates to full capacity in response to improving market conditions. This decision was made in January 2021 and the plant achieved full production by February 2021.

Sales

78,416 dmt of lithium concentrate was shipped from the Esperance Port during the Half-Year. A further 14,686 dmt shipment slipped into July 2021 due to congestion at the port.

The realised selling price for the half-year was US\$453/dmt, an increase of 37% on the Dec 2020 Half-Year due to significantly improved pricing across the lithium industry.

Galaxy continues to experience strong demand and increased realised prices for its spodumene concentrate. Contracting arrangements for Q3 shipments are well advanced and realised pricing is expected to be in excess of US\$750 /dmt CIF.

Financial Performance

The FOB unit cash cost of lithium concentrate produced for the Half-Year was US\$352/dmt compared with a realised selling price of US\$453/dmt. The decrease in cash cost of production, compared to the December 2020 period, is primarily due to the 73% increase in concentrate production offset by the 76% increase in mined volume during the Half-Year.

2021 Resource & Reserve

On 3 June 2021, Galaxy announced to ASX an update to the Mt Cattlin Mineral Resource and Ore Reserve statement as a result of drilling information as follows:

- Mineral Resource Estimate of 11.0Mt @ 1.2% Li₂O and 151 ppm Ta₂O₅
- Ore Reserve Estimate of 8.0Mt @ 1.04% Li₂O and 139 ppm Ta₂O₅

2 North West ("2NW") Mine plan update

On 3 June 2021, Galaxy announced an acceleration of 2NW mining with the first phase of pre-strip activities to commence in H2 2021. An infill drilling campaign on the 2NW deposit was undertaken in Q1 2021 to increase geological confidence in the deposit and optimise the 2NW mine plan. The new mine plan has pre-strip activities split into three phases and enables an overall acceleration of mining of 2NW. As a result of the optimised and accelerated mine plan, the first pre-strip phase was brought forward into H2 2021.

PROJECT DEVELOPMENT
Sal De Vida
Background

The Sal de Vida lithium brine project ("**Sal de Vida**"), wholly owned by Galaxy, is located on the Salar del Hombre Muerto in the Puna region of the Central Andean Plateau in the Province of Catamarca in northwest Argentina. Sal de Vida is Galaxy's flagship project, representing one of the world's largest and highest quality undeveloped lithium brine deposits.

Sal de Vida is designed to produce battery grade lithium carbonate through an evaporation and processing operation at the Salar del Hombre Muerto site. A simplified flowsheet, mature technology and staged development approach has been adopted to de-risk the project and allow cash flow from Stage 1 to fund later stages. The asset has a JORC-compliant ore reserve estimate of 1.31 million tonnes of retrievable lithium carbonate equivalent supporting a long life, low-cost project.

Development Plan and NI43-101

On 14 April 2021, Galaxy announced to ASX the completion of the 2021 Feasibility update for Sal de Vida. With achievement of this milestone, the project advanced into detailed design, construction and procurement.

The 2021 Feasibility Study focuses on an initial 10,700tpa operation that can readily expand to a ~32ktpa production capacity through later stages. The technical and financial outcomes also confirm that Sal de Vida will be a globally competitive, low-cost producer. The layout and development plan for Stage 1 allows for future expansion for subsequent stages.

A pre-feasibility study ("**PFS**") was completed on a two staged expansion of the project with an increase of 10,700 tpa lithium carbonate for each stage. The staged approach utilises the same basis of design as Stage 1 with project integration planning and detailed engineering to commence immediately after Stage 1 milestones are achieved.

A number of experienced engineering and consulting firms were engaged by Galaxy to assist in the completion of the Feasibility Study and Technical Report in accordance with the Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("**NI43-101**"). Stage 1 engineering has now reached a level of accuracy that is equivalent to the Association for the Advancement of Cost Engineering ("**ACCE**") Class 3 for the wellfield and ponds; and Class 4 for the plant design.

Project activities during the Half-Year

Site activities focused on progressing the production wellfield drilling, general infrastructure and pilot plant activities to produce battery grade samples for customer testing.

At the end of the half-year, five out of eight production wells were successfully installed. Delivery of pond liners to site had commenced and other packages such as earthworks, pond installation and brine distribution were out for tender. Detailed engineering for the process plant and non-process infrastructure was underway and Galaxy had commenced the procurement process for long lead items.

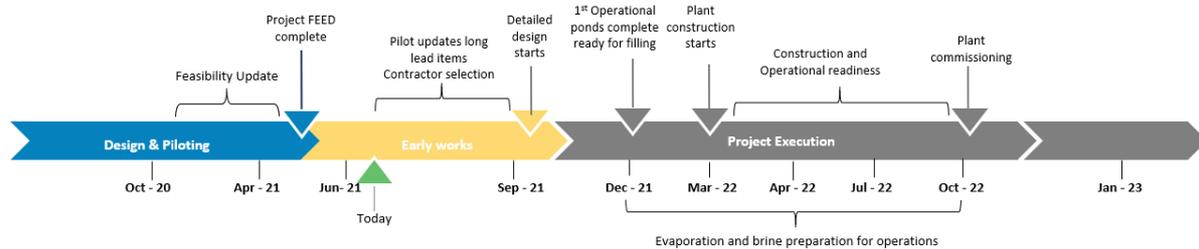
General infrastructure and road construction progressed during the quarter and the expansion of the accommodation camp was completed in time for an increase in construction workforce.

Additional process steps were installed in the pilot plant, in line with the battery grade plant design for Stage 1. As expected, the pilot plant IX circuit successfully removed calcium and magnesium to the desired impurity levels in the final product. 86% of the lithium carbonate produced achieved battery grade quality specifications, compared to the feasibility study assumptions of 80%. Battery grade product achieved lithium carbonate purity of 99.9% with Ca and Mg levels of 14 mg/L and <10 mg/L respectively.

Argentina is experiencing a second wave of the COVID-19 pandemic with mandatory restrictions and controls continue to hamper ground transportation, provision of goods and services and movement of personnel. Despite maintaining the project schedule, non-critical path items were impacted for a few weeks during the June quarter. COVID-19 infections and related travel restrictions remain a threat, particularly to mobilising a large contractor workforce during the construction phase and delivery of equipment and consumables to site.

Galaxy continues to adapt its execution strategy where possible while prioritising the health and safety of staff and the surrounding communities. This involves additional testing, isolation procedures, social distancing and variable work rotations for staff and contractors. Galaxy monitors the progress of all work packages closely and continues to develop contingency plans to mitigate all major risk elements where feasible.

The overall impact on the full project schedule has been minimised through the adoption of workarounds and alternative solutions, and Galaxy continues to target first production from Stage 1 in Q4 2022. Other critical path activities have progressed as planned and an updated indicative high-level schedule is set out below:



This schedule is based on an eventual easing of COVID-19 restrictions by the end of 2021, and in the event that restrictions do not ease timeously, Galaxy will adapt its execution strategy where possible while prioritising the health and safety of staff and the surrounding communities. The project team is monitoring the progress of all packages closely and continues to develop contingency plans to mitigate major risk elements, where feasible.

James Bay

Background

The James Bay lithium pegmatite project (“**James Bay**”), wholly owned by Galaxy, is located in Quebec, Canada, approximately 130km east of the Eastmain community. James Bay represents one of the highest quality lithium development projects in North America and provides strong future growth potential within Galaxy’s portfolio.

The project has a JORC-compliant defined mineral resource estimate of 40.3 Mt @1.40% Li₂O and mineralisation is open to the north and east. The high-grade deposit is shallow and relatively flat-lying, outcropping at surface in several locations.

The proximity of the project to local infrastructure, including accessible major road networks, accommodation, water and a low-cost sustainable supply of hydro -electricity in the region represent natural advantages to the project.

Galaxy is utilising its existing spodumene expertise and intellectual property and flow sheet from Mt Cattlin to design James Bay. The strategy is to accelerate the upstream mine and concentrator to a “construction-ready” status whilst simultaneously investigating an integrated downstream solution.

Preliminary Economic Assessment and NI43-101

On 9 March 2021, Galaxy announced to ASX the results of the Preliminary Economic Assessment (“**PEA**”) for James Bay. Based on this PEA, an NI43-101 was lodged on SEDAR in Canada on 12 April 2021.

The PEA details a 330ktpa spodumene operation utilising conventional open pit mining methods and a process flowsheet and plant configuration similar to Mt Cattlin. Since releasing the PEA, front-end engineering design has transitioned to Basic Engineering. A downstream study has also commenced to examine options around conversion of James Bay’s spodumene concentrate into value-added lithium chemicals.

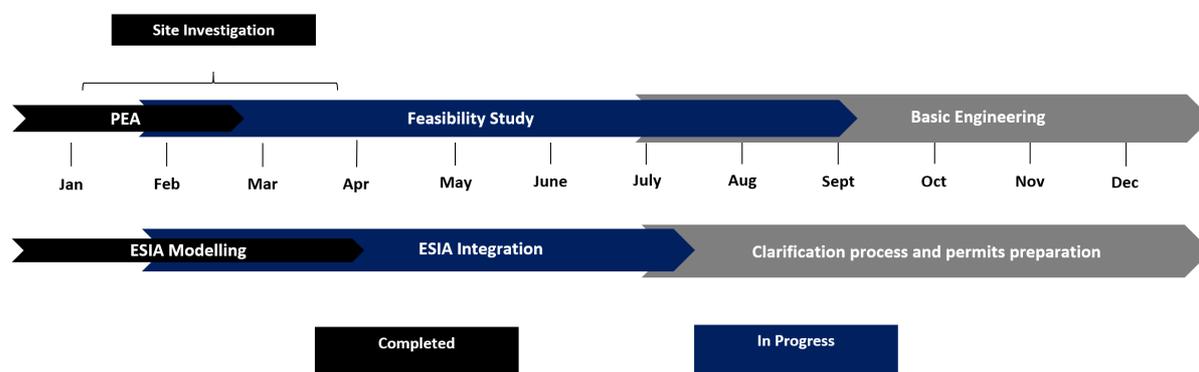
Project activities during the Half-Year

Project activities during H1 2021 were focused on completing site investigation activities to support engineering and permitting process including the Environmental and Social Impact Assessment (“**ESIA**”). In March, a Feasibility Study (“**FS**”) commenced integrating findings from the site investigation and progressing a market assessment to refine capital and operating cost estimates.

A geophysical survey to refine drilling targets was completed to assist in the development of an exploration drilling program. The program aims to test the extent of the resource to the north and east of the orebody in the upcoming northern winter.

The ESIA was updated and re-submitted to the authorities in July. The submission reflects optimised changes to the project outlined in the PEA and data from the recent geotechnical site investigation program.

Basic engineering will focus on progressing engineering and permitting works related to the procurement of long-lead equipment’s and early site activities (civil/earthworks & temporary installation required for construction) with the target to be ready for construction by year-end.



During this period of engineering, Galaxy continued to maintain open communications with the various project stakeholders particularly the Cree Nation of Eastmain and the Cree Nation Government. Formal discussions to finalise the Impact and Benefit Agreement (“IBA”) with the Cree Nation, are subject to completion of project details and expected to occur in late 2021 after the FS is completed.

CORPORATE

OPERATING RESULTS FOR THE PERIOD

The Group’s profit after tax for the Half-Year was US\$64,292,000 (30 June 2020: loss US\$22,191,000).

The result for the Half-Year includes the following key items:

- Profit from operations at Mt Cattlin of US\$7,544,000 (30 June 2020: loss US\$11,220,000) due primarily to higher sales volumes, lower costs of production and increased spodumene pricing of US\$453/dmt compared to the preceding period;
- Impairment reversal of Property, Plant & Equipment and Right of Use Assets at Mt Cattlin due to continued strength in spodumene prices of US\$60,186,000 (30 June 2020: expense of US\$14,183,000) (refer to note 6); and
- Income tax benefit arising from recognition of deferred tax asset of US\$10,846,000 (30 June 2020: US\$nil) (refer to note 9).

CASH FLOW

Operating Cash Flows

Operating cash inflows for the Half-Year were US\$11,883,000 an improvement of US\$28,899,000 over the comparative period due to higher sales volumes by 19,875 dmt, lower unit costs of production and higher realised spodumene pricing of US\$453/dmt at Mt Cattlin. In addition, no tax was paid during the Half-Year.

Investing Cash Flows

Net investing cash outflows of US\$21,919,000 (30 June 2020: US\$3,801,000) includes the following key items:

- Capex of US\$17,359,000:
 - Mt Cattlin – US\$818,000
 - Sal de Vida – US\$13,813,000
 - James Bay – US\$2,728,000
- Proceeds on sale of financial assets of US\$2,540,000
- Purchase of financial assets of US\$8,189,000

Financing Cash Flows

Cash outflows relating to financing activities totalled US\$3,072,000 (30 June 2020: US\$4,256,000) including US\$2,642,000 on lease payments.

Closing Cash

Closing cash at 30 June 2021 was US\$200,104,000 (31 December 2020: US\$210,437,000).

DIVIDENDS FOR THE PERIOD

No dividends have been paid by the Company during the Half-Year, nor have the Directors recommended that any dividends be paid (2020: none).

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001, the directors received the attached independence declaration set out on page 10 and forms part of the directors' report for the Half-Year.

Signed in accordance with a resolution of the Directors.



Martin Rowley
Chairman

Dated at Perth on 16 August 2021.



Auditor's Independence Declaration

As lead auditor for the review of Galaxy Resources Limited for the half-year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Galaxy Resources Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Douglas Craig'.

Douglas Craig
Partner
PricewaterhouseCoopers

Perth
16 August 2021

CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Note	30 June 2021 US\$'000	30 June 2020 US\$'000
PROFIT AND LOSS FOR THE PERIOD			
Operating sales revenue	3	38,689	23,289
Cost of sales	3	(31,145)	(23,696)
Inventory write down		-	(10,813)
		7,544	(11,220)
		Gross profit / (loss)	
Other income	3	5,402	1,832
Other expenses	3	(19,226)	(4,263)
Impairment reversal / (expense) of Property, Plant & Equipment and Right of Use Assets	6	60,186	(14,183)
		53,906	(27,834)
		Profit / (Loss) before income tax and net finance expenses	
Finance income	3	270	7,256
Finance expenses	3	(730)	(1,725)
		53,446	(22,303)
		Profit / (Loss) before taxation	
Income tax benefit / (expense)	9	10,846	112
		64,292	(22,191)
		Profit / (Loss) after tax attributable to members of the parent	
OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation reserve			
Foreign currency translation differences – foreign operations		(1,411)	(1,109)
<i>Items that will not be reclassified to profit or loss</i>			
Fair value reserve			
Changes in the fair value of financial assets designated at fair value through other comprehensive income		(1,484)	(2,076)
Income tax relating to revaluation of financial assets		-	-
		(2,895)	(3,185)
		Other comprehensive income / (loss) for the period	
		Total comprehensive income / (loss) for the period attributable to members of the parent	
		61,397	(25,376)
Earnings / (Loss) per share attributable to the ordinary equity holders of the parent			
Basic profit / (loss) per share (cents per share)		12.731	(5.4)
Diluted profit / (loss) per share (cents per share)		12.731	(5.4)

The above Condensed Consolidated Income Statement and Statement of Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	30 June 2021 US\$'000	31 December 2020 US\$'000
CURRENT ASSETS			
Cash and cash equivalents		200,104	210,437
Financial assets		-	1,770
Trade and other receivables		2,149	20,986
Inventories		20,105	8,351
Other current assets		2,018	1,725
Total Current Assets		224,376	243,269
NON-CURRENT ASSETS			
Financial assets		8,610	2,891
Property, plant and equipment	5	178,717	27,473
Right of Use Assets		9,304	4,369
Exploration and evaluation assets	7	27,188	106,404
Deferred tax asset	9	10,846	-
Other non-current assets		3,054	2,630
Total Non-Current Assets		237,719	143,767
Total Assets		462,095	387,036
CURRENT LIABILITIES			
Trade and other payables		34,335	21,039
Lease liabilities		7,960	8,150
Provisions		7,482	7,263
Total Current Liabilities		49,777	36,452
NON-CURRENT LIABILITIES			
Lease liabilities		8,080	12,389
Provisions		7,108	7,142
Total Non-Current Liabilities		15,188	19,531
Total Liabilities		64,965	55,983
Net Assets		397,130	331,053
EQUITY			
Contributed equity	8 a)	794,308	792,942
Reserves	8 c)	(37,512)	(37,931)
Accumulated losses		(359,666)	(423,958)
Total Equity		397,130	331,053

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Contributed Equity US\$'000	Reserves US\$'000	Accumulated Losses US\$'000	Total Equity US\$'000
Balance at 1 January 2020	674,091	(33,012)	(400,244)	240,835
(Loss) for the period	-	-	(22,191)	(22,191)
Other comprehensive (loss) for the period	-	(3,185)	-	(3,185)
Total comprehensive (loss)	-	(3,185)	(22,191)	(25,376)
Transfer of reserve upon forfeit of options	-	(7,597)	7,597	-
Share-based payments	-	(734)	-	(734)
Balance at 30 June 2020	674,091	(44,528)	(414,838)	214,725
Balance at 1 January 2021	792,942	(37,931)	(423,958)	331,053
Profit for the period	-	-	64,292	64,292
Other comprehensive profit/(loss) for the period	-	(2,895)	-	(2,895)
Total comprehensive profit	-	(2,895)	64,292	61,397
Transfer of reserve upon exercise of SARs	865	(865)	-	-
Transfer of reserve upon exercise of options	215	(215)	-	-
Transfer of reserve upon issue of shares	286	(286)	-	-
Share-based payments	-	4,680	-	4,680
Balance at 30 June 2021	794,308	(37,512)	(359,666)	397,130

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 30 JUNE 2021

	Note	30 June 2021 US\$'000	30 June 2020 US\$'000
Operating activities			
Receipts from customers		53,228	17,510
Payments to suppliers, contractors and employees		(41,345)	(27,241)
Cash generated from / (used in) operations		11,883	(9,731)
Income tax paid		-	(7,285)
Net cash inflow / (outflow) from Operating Activities		11,883	(17,016)
Investing activities			
Interest received		270	8,197
Payments for exploration and evaluation assets		(10,164)	(7,551)
Payments for property, plant and equipment		(7,195)	(5,068)
Payments for financial assets		(8,189)	-
Proceeds from sale of financial assets		2,540	621
Refund of stamp duty		819	-
Net cash inflow / (outflow) from Investing Activities		(21,919)	(3,801)
Financing activities			
Bank charges and interest paid		(258)	(347)
Principal elements of lease payments		(2,642)	(3,783)
Transaction costs related to loans and borrowings		(172)	(126)
Net cash inflow / (outflow) from Financing Activities		(3,072)	(4,256)
Net increase / (decrease) in cash and cash equivalents		(13,108)	(25,073)
Cash and cash equivalents at the beginning of the period		210,437	100,907
Effect of foreign exchange rate changes		2,775	(1,141)
Cash and cash equivalents at the end of the period		200,104	74,693

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Galaxy Resources Limited (“**Company**”) is a for-profit company limited by shares, incorporated and domiciled in Australia, whose shares were publicly traded until 16 August 2021. Pursuant to the Scheme, Orocobre will acquire all of the fully paid ordinary shares in Galaxy on the Scheme Implementation date of 25 August 2021 and Galaxy will be delisted on 26 August 2021.

The condensed consolidated financial statements of the Company for the half-year ended 30 June 2021 (“**Half-Year**”) comprise the Company and the entities it controlled (“**Group**”).

The Group is primarily involved in mineral exploration and processing.

The financial statements were authorised for issue by the Board of Directors on 15 August 2021.

2. BASIS OF PREPARATION & CHANGES TO THE GROUP’S ACCOUNTING POLICIES

a) Basis of preparation

The interim condensed consolidated financial statements for the Half-Year have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2020 and any public announcements made by the Company during the Half-Year in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements.

All amounts in the financial statements have been rounded to the nearest thousand dollars, except as indicated, under the option available to the Company under ASIC Corporations (Rounding in Financial / Directors’ Reports) Instrument 2016/191.

b) New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards and interpretations effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several other amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

3. REVENUE AND EXPENSES

	Note	30 June 2021 US\$'000	30 June 2020 US\$'000
Operating sales revenue			
Sale of Spodumene concentrate	(a)	35,494	22,590
Revenue from shipping activities	(b)	3,195	699
		38,689	23,289
Cost of Sales			
Cash costs of production			
Mining costs		(17,441)	(7,507)
Processing costs		(12,003)	(5,848)
Transport costs		(3,271)	(2,124)
Administration and other site costs		(3,146)	(1,625)
By-product revenue - Tantalum		1,408	289
Selling and royalty costs			
Royalties		(2,634)	(1,545)
Freight, selling and distribution costs		(40)	(2,313)
Sales commission		(137)	(29)
Non-cash costs of production			
Depreciation and amortisation property, plant and equipment		(2,224)	(1,307)
Depreciation and amortisation right of use assets		(780)	(1,212)
Shipping activities costs	(b)	(3,195)	(699)
Net inventory movement		12,318	224
		(31,145)	(23,696)
Other income			
Net foreign exchange gain		4,583	1,832
Stamp duty refund		819	-
		5,402	1,832
Other expenses			
Administration expenses		(5,749)	(4,635)
Share based payment expense		(4,680)	732
Depreciation		(645)	(360)
Orocobre merger costs		(8,152)	-
		(19,226)	(4,263)
Finance income			
Interest income		270	7,256
Finance expenses			
Interest / Finance expense on borrowings		(180)	(193)
Interest expense on lease liabilities		(412)	(1,467)
Amortisation of capitalised finance costs		(138)	(65)
		(730)	(1,725)

(a) During the half-years ended 30 June 2021 and 2020, the Group sold only one type of product, spodumene concentrate, from one source, Mt Cattlin, to customers located in one geographical market, China. The Group has entered into binding offtake agreements with multiple customers for 100% of planned production from Mt Cattlin for the remaining life of mine. The price agreed for the 2021 year is subject to a shipment-by-shipment pricing review between Galaxy and its customers.

(b) Revenue from shipping activities and the associated shipping activities costs are collected from the customer and paid to the supplier by an independent third party. These transactions are non-cash transactions for the purpose of the Statement of Cash Flows.

4. SEGMENT INFORMATION
a) Description of segments

During the period the Group has managed its businesses by geographic location, which resulted in four operating and reportable segments which consist of its Corporate, Australian, Argentinian and Canadian operations as set out below. This is consistent with the way in which information is reported internally to the Group's Chief Executive Officer (Chief Operating Decision Maker) for the purposes of resource allocation and performance assessment.

- The Australian operation includes the development and operation of the Mt Cattlin spodumene mine and exploration for minerals.
- The Argentinian operation includes the development of the Sal de Vida project and exploration for minerals.
- The Canadian operation includes the evaluation of the James Bay project and exploration for minerals.

Segment performance is evaluated based on Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") which is allocated to the reportable segments according to the geographic location in which the item arose or relates to. This includes both directly attributable items and those that can be allocated on a reasonable basis. EBITDA is a non-IFRS measure that has been included to assist management to better understand the performance of the business.

For the purposes of resource allocation and performance assessment, the Group's Chief Executive Officer monitors the results and assets attributable to each reportable segment on the following basis:

- Segment results are measured by allocating EBITDA (defined as earnings before interest, tax, depreciation and amortisation) to the reportable segments according to the geographic location in which they arose or relate to; and
- Segment assets include property, plant and equipment and exploration and evaluation assets. The geographical location of the segment assets is based on the physical location of the assets.

b) Segment information

The following tables present information for the Group's operating segments:

	Corporate US\$'000	Australia US\$'000	Argentina US\$'000	Canada US\$'000	Consolidated US\$'000
Half-year ended 30 June 2021					
Segment Result					
Segment revenue	-	38,689	-	-	38,689
EBITDA	(17,554)	10,847	4,079	(3)	(2,631)
Finance income	137	8	120	5	270
Finance expenses	(310)	(416)	(2)	(2)	(730)
Depreciation and amortisation	(299)	(3,004)	(321)	(25)	(3,649)
Impairment reversal of Property, Plant & Equipment and Right of Use Assets	-	60,186	-	-	60,186
Profit / (Loss) Before Income Tax	(18,026)	67,621	3,876	(25)	53,446
Segment Assets					
Segment assets	2,860	98,358	114,925	26,392	226,557
<i>Unallocated Assets</i>					
Cash and cash equivalents					200,104
Deferred tax assets					10,846
Financial assets					8,610
Total Assets					462,095
Segment Liabilities					
Segment liabilities	13,605	36,116	13,780	1,464	64,965
Total Liabilities					64,965
Other Disclosures					
Capital expenditure	26	1,238	15,053	3,791	20,108

	Corporate US\$'000	Australia US\$'000	Argentina US\$'000	Canada US\$'000	Consolidated US\$'000
Half-year ended 30 June 2020					
Segment Result					
Segment revenue	-	23,289	-	-	23,289
EBITDA before Inventory write down	(3,984)	1,647	2,385	(7)	41
Finance income	4	13	7,239	-	7,256
Finance expenses	(249)	(1,471)	(2)	(3)	(1,725)
Depreciation and amortisation	(271)	(2,519)	(56)	(33)	(2,879)
Inventory write down	-	(10,813)	-	-	(10,813)
Impairment (expense) of Property, Plant & Equipment and Right of Use Assets	-	(14,183)	-	-	(14,183)
Profit / (Loss) Before Income Tax	(4,500)	(27,326)	9,566	(43)	(22,303)
Segment Assets					
Segment assets	2,382	49,714	120,891	19,753	192,740
<i>Unallocated assets</i>					
Cash and cash equivalents					74,693
Financial assets					2,463
Total Assets					269,896
Segment Liabilities					
Segment liabilities	4,551	35,293	14,959	368	55,171
Total Liabilities					55,171
Other Disclosures					
Capital expenditure	41	1,305	9,266	1,420	12,032

5. PROPERTY, PLANT AND EQUIPMENT

	Land US\$'000	Plant & Equipment US\$'000	Mine Development Expenditure US\$'000	Total US\$'000
Cost				
Balance at 1 January 2020	2,166	130,202	186,566	318,934
Additions	-	6,133	-	6,133
Transfer from Exploration and Evaluation Assets	-	-	329	329
Rehabilitation provision adjustment	-	-	302	302
Disposals	-	(24)	-	(24)
Foreign exchange movement	545	4,252	7,538	12,335
Balance at 31 December 2020	2,711	140,563	194,735	338,009
Additions	-	7,176	4,330	11,506
Transfer from Exploration and Evaluation Assets – see note 7	-	-	88,591	88,591
Foreign exchange movement	(174)	(1,340)	(2,418)	(3,932)
Balance at 30 June 2021	2,537	146,399	285,238	434,174
Accumulated Depreciation				
Balance at 1 January 2020	-	(108,859)	(176,347)	(285,206)
Depreciation	-	(2,229)	(1,223)	(3,452)
Impairment	-	(6,354)	(4,337)	(10,691)
Disposals	-	21	-	21
Foreign exchange movement ⁽ⁱ⁾	-	(4,024)	(7,184)	(11,208)
Balance at 31 December 2020	-	(121,445)	(189,091)	(310,536)
Depreciation	-	(1,493)	(1,169)	(2,662)
Impairment reversal – see note 6	-	20,463	33,704	54,167
Disposals	-	7	-	7
Foreign exchange movement	-	1,278	2,289	3,567
Balance at 30 June 2021	-	(101,190)	(154,267)	(255,457)
Net book value				
At 31 December 2020	2,711	19,118	5,644	27,473
At 30 June 2021	2,537	45,209	130,971	178,717

6. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

Property, plant and equipment (including mine development costs) and right of use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The Group conducts an internal review of asset values at each reporting date, which is used as a source of information to assess for any indicators of impairment. Factors, such as changes in spodumene prices, production performance and costs are monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating unit "CGU").

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Given the significantly improved price of spodumene during the Half-Year and the continued strong outlook for spodumene prices in the short term, it was determined that indicators of impairment reversal of the Mt Cattlin CGU were present at 30 June 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On 19 April 2021, Galaxy announced that it had entered into a Scheme arrangement with Orocobre, whereby Orocobre will acquire all of the fully paid ordinary shares in Galaxy subject to the satisfaction of certain conditions. Pursuant to the Scheme, Galaxy shareholders will be entitled to receive 0.569 New Orocobre Shares for every Galaxy share held at the Scheme record date.

At 30 June 2021, the Company used a discounted cash flow (“DCF”) analysis under the Fair value less costs of disposal approach to assess the recoverable value of Mt Cattlin CGU incorporating property, plant and equipment (including mine development costs) and right of use assets. All inputs and assumptions used in the model were level 3 fair value inputs. The following key assumptions were used in the DCF valuation of Mt Cattlin:

- Future production based on the life of mine (“LOM”) plan.
- Spodumene price forecasts (real) ranging from \$640 / dmt to \$730 / dmt CIF China.
- Average future cash cost of production ranging from \$330 / dmt to \$645 / dmt.
- Discount rate (real post tax) applied to cash flow projections of 7.2%.

At 30 June 2021, on the basis of this market evidence of stronger spodumene prices and the Orocobre Scheme, using the DCF, Galaxy reassessed the carrying value of the Mt Cattlin property, plant and equipment and right of use assets to be \$66.6 million being the estimated written down value if the property, plant and equipment and right of use assets had continued to be depreciated and not previously impaired. An impairment reversal of \$60.2 million was credited to the profit or loss for the period ended 30 June 2021.

A summary of the impairment reversal / (expense) for the Mt Cattlin CGU is summarised in the table below:

	30 June 2021 US\$'000	30 June 2020 US\$'000
Property, plant and equipment impairment reversal / (expense)	54,167	(10,691)
Right of use assets impairment reversal / (expense)	6,019	(3,492)
	60,186	(14,183)

7. EXPLORATION AND EVALUATION ASSETS

Carrying Value	Australia – Other US\$'000	Australia – Mt Cattlin US\$'000	Argentina – Sal de Vida US\$'000	Canada – James Bay US\$'000	Total US\$'000
Balance at 1 January 2020	59	-	69,622	18,836	88,517
Additions	17	194	12,707	2,455	15,373
Rehabilitation provision adjustment	-	-	1,781	-	1,781
Foreign exchange movement	9	28	228	468	733
Balance at 31 December 2020	85	222	84,338	21,759	106,404
Additions	2	937	4,052	3,611	8,602
Transfer to Property, Plant and Equipment – see note 5	-	-	(88,591)	-	(88,591)
Foreign exchange movement	(2)	(26)	201	600	773
Balance at 30 June 2021	85	1,133	-	25,970	27,188

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine development expenditure within property, plant and equipment.

During the Half-Year, Galaxy announced to ASX the completion of the 2021 Feasibility update for Sal de Vida. With achievement of this milestone, Galaxy has moved into the detailed design and construction phase for Sal de Vida. As a consequence, Galaxy has tested the Sal de Vida project expenditure capitalised to date for impairment and reclassified this capitalised expenditure to property, plant and equipment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. EQUITY

a) Contributed equity

(i) Share capital

	30 June 2021 Shares	31 December 2020 Shares	30 June 2021 US\$'000	31 December 2020 US\$'000
Fully paid ordinary shares	505,669,628	504,063,884	794,308	792,942

(ii) Movement in ordinary share capital

	Number of Shares	Share Capital US\$'000
Balance 31 December 2020	504,063,884	792,942
Exercise of Share Appreciation Rights ("SAR's")	379,906	865
Exercise of unlisted options	4,838	215
Shares issued to trust	1,221,000	286
Balance at 30 June 2021	505,669,628	794,308

b) Share Based Payments

During the Half-Year:

- 1,207,160 unlisted performance rights were issued to executives and other key individuals under the Company's Incentive Award plan, subject to vesting periods of up to four years, various vesting conditions and ongoing employment at the time of vesting. These unlisted performance rights expire 2 years after vesting if not exercised prior.
- 1,145,358 unlisted performance rights were forfeited and cancelled.
- No unlisted options or SAR's were issued.
- 300,000 unlisted options were exercised and the remaining 200,000 unlisted options outstanding at the beginning of the period were forfeited and cancelled.
- All 900,000 SAR's outstanding at the beginning of the period were exercised.

Set out below is a summary of performance rights, unlisted options and SAR's outstanding at 30 June 2021:

	Exercise Price A\$	Expiry Date	Vested	Unvested	Total
Performance rights	n / a	3 – 6 years	802,960	8,605,339	9,408,229

c) Reserves

The following table shows the movements in reserves during the year.

	Equity-settled payments reserve US\$'000	Foreign currency translation reserve US\$'000	Fair value reserve US\$'000	Capital reserve US\$'000	Total reserves US\$'000
Balance at 1 January 2020	13,261	(20,664)	(29,232)	3,623	(33,012)
Foreign currency translation differences	-	(1,109)	-	-	(1,109)
Revaluation of financial assets at FVOCI, net of tax	-	-	(2,076)	-	(2,076)
Total comprehensive loss	-	(1,109)	(2,076)	-	(3,185)
<i>Transactions with owners in their capacity as owners:</i>					
Transfer of reserve upon forfeit of options	(7,597)	-	-	-	(7,597)
Share-based payment transactions	(734)	-	-	-	(734)
Balance at 30 June 2020	4,930	(21,773)	(31,308)	3,623	(44,528)

	Equity-settled payments reserve US\$'000	Foreign currency translation reserve US\$'000	Fair value reserve US\$'000	Capital reserve US\$'000	Total reserves US\$'000
Balance at 1 January 2021	5,743	(18,497)	(28,800)	3,623	(37,931)
Foreign currency translation differences	-	(1,411)	-	-	(1,411)
Revaluation of financial assets at FVOCI, net of tax	-	-	(1,484)	-	(1,484)
Total comprehensive loss	-	(1,411)	(1,484)	-	(2,895)
<i>Transactions with owners in their capacity as owners:</i>					
Transfer of reserve upon issue of shares	(286)	-	-	-	(286)
Transfer of reserve upon exercise of options	(215)	-	-	-	(215)
Transfer of reserve upon exercise of SAR's	(865)	-	-	-	(865)
Share-based payment transactions	4,680	-	-	-	4,680
Balance at 30 June 2021	9,057	(19,908)	(30,284)	3,623	(37,512)

9. INCOME TAX

Income tax expense comprises current and deferred taxes. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case the relevant amounts of tax are recognised in equity or in other comprehensive income, respectively.

	30 June 2021 US\$'000	30 June 2020 US\$'000
<i>A reconciliation between tax expense and the product of accounting profit before tax multiplied by the Group's applicable income tax rate is as follows:</i>		
Accounting profit / (loss) before income tax	53,446	(22,303)
At Australia's statutory income tax rate of 30% (2020:30%)	(16,034)	6,691
Tax effect of amounts which are not (deductible) / taxable in calculating taxable income:		
Share-based payments	(1,404)	-
Other non-deductible expenses	(474)	(32)
Deferred tax assets utilised / (not brought to account)	(144)	840
Impairment reversal / (expense) not recognised in income tax	18,056	(7,499)
Recognition of deferred tax asset	(a) 10,846	-
Adjustments in respect of income tax of previous years	-	112
Income tax (expense) / benefit reported in the statement of comprehensive income	10,846	112
<i>The components of income tax expense are:</i>		
Current income tax benefit / (expense)	-	112
Deferred income tax benefit / (expense)	10,846	-
	10,846	112

(a) Deferred tax assets of US\$10,846,000 (2020: US\$nil) have been recognised in relation to unused tax losses, due to sufficient taxable income being forecast in the future from the Mt Cattlin operations to utilise these carried forward tax losses.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deferred income tax liabilities are recognised for all taxable temporary differences, other than for the exemptions permitted under accounting standards. At 30 June 2021, there are no unrecognised temporary differences associated with the Group's investment in subsidiaries (2020: US\$nil).

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that future taxable profits will be available to utilise these deductible temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

10. COMMITMENTS AND CONTINGENCIES

a) Capital commitments

Mining tenements

In order to maintain current rights of tenure to mining tenements, the Group will be required to perform minimum exploration work to meet the minimum expenditure requirements. This expenditure will only be incurred should the Group retain its existing level of interest in its various exploration areas and provided access to mining tenements is not restricted. These obligations will be fulfilled in the normal course of operations, which may include exploration and evaluation activities. There have been no significant changes to the commitments and contingencies disclosed in the most recent financial report.

b) Contingent assets and liabilities

The Group had no material contingent liabilities or contingent assets at 30 June 2021 (31 December 2020: nil). The Group occasionally receives claims arising from its activities in the normal course of business. It is expected that any liabilities arising from such claims would not have a material effect on the Group's operating results or financial performance.

11. EVENTS SUBSEQUENT TO REPORTING DATE

Other than the matter set out below, in the interval between the end of the Half-Year and the date of this report there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years:

- On 2 July 2021, the Supreme Court of Western Australia made orders convening a meeting of shareholders of Galaxy to consider and vote on the Scheme and approving the dispatch of an explanatory statement providing information about the Scheme, together with the notice of scheme meeting to Galaxy shareholders.
- On 6 August 2021, Galaxy shareholders voted at an Extraordinary General Meeting to agree to the Scheme (with or without modifications or conditions required by the Supreme Court to which both Galaxy and Orocobre agree) between Galaxy and Orocobre.
- On 13 August 2021, the Supreme Court of Western Australia made orders approving the Scheme by which Orocobre will acquire all of the shares in Galaxy.
- On 16 August 2021, Galaxy's shares ceased to trade on ASX and was the Scheme Effective date.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the half-year financial statements and notes set out on pages 11 to 23 are in accordance with the *Corporations Act 2001* including:
 - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Group's financial position as at 30 June 2021 and its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the half-year ended 30 June 2021.

This declaration is made in accordance with a resolution of the Directors.



Martin Rowley
Chairman

Dated in Perth on 16 August 2021.



Independent auditor's review report to the members of Galaxy Resources Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Galaxy Resources Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the condensed consolidated statement of financial position as at 30 June 2021, the condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and condensed consolidated income statement and statement of other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Galaxy Resources Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Douglas Craig

Douglas Craig
Partner

Perth
16 August 2021