



16 November 2010

A TURNING POINT IN GALAXY'S GROWTH

Dear Shareholder

The Galaxy Resources' Board of Directors and senior management have successfully steered your company from a market capitalisation of A\$30 million two years ago to approximately A\$300 million today. The Board and management have strong aspirations to further grow Galaxy into a A\$1 billion company in the next few years.

The Company has now embarked on its next growth phase through its proposed dual listing on the Stock Exchange of Hong Kong ("SEHK") that will help Galaxy capture exciting new growth opportunities and maximise full value for its shareholders.

The proposed Hong Kong listing, targeted for the first quarter of 2011, will open Galaxy to a larger and more diversified investor base, which we hope will deliver higher trading multiples and provide an outstanding platform for the Company to achieve its growth objectives.

In parallel with its proposed dual listing, Galaxy is also moving towards a more fully vertically integrated business model through our potential entry into the Lithium Ion battery production market for use in applications such as Ebikes. This strategy offers the potential for increased value adding, greater margins and more attractive returns for the Company.

We recently completed a feasibility study evaluating the potential to develop a Lithium Ion Battery Project in the Jiangsu Zhangjiagang High Technology Park, near our lithium carbonate plant. The study demonstrates a compelling opportunity for Galaxy's expansion and investment further downstream.

The Company is aiming to raise up to the equivalent of US\$260 million through the proposed listing on the SEHK. Depending on the amount raised, the funds will be used to repay our senior loan facility (US\$105 million); fund the evaluation and development of our lithium-ion battery project; to evaluate and acquire new growth business opportunities and for general corporate purposes.

As a shareholder, I understand concerns about the potential for dilution as a result of the proposed Hong Kong listing. However, the Galaxy Board firmly believes that the opportunities for growth afforded by the proposed Hong Kong listing, in conjunction with adoption of a vertically integrated business model, will far outweigh any dilution. The proposed Hong Kong listing will strengthen the Company's balance sheet and allow the Company to advance future growth projects in a timely manner.

There are a number of resolutions for consideration at the upcoming General Meeting to be held on 22 December 2010 that will help Galaxy establish a strong platform to grow its integrated business and capture the full value of its lithium projects. Further information about these resolutions can be found in the enclosed Notice of General Meeting and Explanatory Statement.

We thank you for your continued support and look forward to securing the significant growth opportunities that exist in the global lithium market to deliver value for Galaxy shareholders.

Yours sincerely

Craig Readhead
Chairman



Galaxy Resources Limited

ABN 11 071 976 442

("Galaxy" or "Company")

**Notice of General Meeting, Explanatory Statement
and Proxy Form**

**General Meeting to be held
at 10:00am (AWST) on Wednesday 22 December 2010
at the Celtic Club Inc, 48 Ord Street, West Perth, Western
Australia**

This Notice of General Meeting, Explanatory Statement and Proxy Form should be read in its entirety. If shareholders have any questions in relation to the matters in this Document, please contact the Company Secretary, Mr Andrew Meloncelli on + 61 8 9215 1700, your accountant, solicitor or other professional adviser.

CORPORATE DIRECTORY

Directors

C L Readhead (Non-Executive Chairman and Director)
I KS Tan (Managing Director)
A P Tse (Executive Director)
C B F Whitfield (Executive Director)
Y Zheng (Non-Executive Director)
X Ren (Non-Executive Director)
I J Polovineo (Independent Non-Executive Director)
K C Kwan (Independent Non-Executive Director)
R J Wanless (Independent Non-Executive Director)

Company Secretaries

A L Meloncelli (Australia)
E W Y Wong (Hong Kong) - subject to listing on the SEHK

Registered office and principal place of business

Level 2, 16 Ord Street
West Perth Western Australia 6005
Australia
Phone: + 61 8 9215 1700
Fax: + 61 8 9215 1799
Emails: reception@galaxylithium.com (General Enquiries)
investor.relations@galaxylithium.com (Investor Relations and Media Enquiries)
Website: www.galaxylithium.com

Share registry

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth Western Australia 6000
Australia
P: 1300 557 010 (within Australia)
P: + 61 3 9415 5000 (outside Australia)
F: + 61 8 9323 2033
Website: www.computershare.com

Auditors

KPMG Chartered Accountants
235 St Georges Terrace
Perth Western Australia 6000
Australia
P: + 61 8 9263 7171
F: + 61 8 9263 7129

Australian Business Number

11 071 976 442

ASX code

GXY

NOTICE OF GENERAL MEETING

A general meeting of the Company will be held at 10.00am (AWST) on Wednesday 22 December 2010 at the Celtic Club Inc, 48 Ord Street, West Perth, Western Australia 6005 Australia.

Ordinary business

1. Ratification of tranche one of the convertible bonds

To consider and, if thought fit, to pass as an ordinary resolution:

“That shareholders ratify the issue of tranche one of the convertible bonds in the amount of A\$32,000,000, as further described in the Explanatory Statement.”

The purpose of this resolution is for shareholders to ratify the issue of the first tranche of the convertible bonds. The net proceeds of the issue will provide the Company with the funds for the completion of construction and ramp-up of its Mt Cattlin and Jiangsu projects, working capital, as well as the potential acquisition of other lithium-related projects around the world. Further background and information on this resolution are set out in the Explanatory Statement.

Please refer to the voting exclusion statement for this resolution in the Explanatory Statement.

2. Approval of tranche two of the convertible bonds

“That shareholders approve the issue of tranche two of the convertible bonds in the amount of A\$29,500,000, as further described in the Explanatory Statement.”

The purpose of this resolution is for shareholders to approve the issue of the second tranche of the convertible bonds. The net proceeds of the issue will provide the Company with the funds for the completion of construction and ramp-up of its Mt Cattlin and Jiangsu projects, working capital, as well as the potential acquisition of other lithium-related projects around the world. Further background and information on this resolution are set out in the Explanatory Statement.

Please refer to the voting exclusion statement for this resolution in the Explanatory Statement.

3. Approval of share issue - Fengli Group (Hong Kong) Co., Ltd

“That shareholders approve the issue and allotment of up to 21,582,733 fully paid ordinary shares in the capital of the Company at a price of A\$1.39 per share, to Fengli Group (Hong Kong) Co., Ltd, as further described in the Explanatory Statement.”

The purpose of this resolution is for shareholders to approve the issue of shares to Fengli Group (Hong Kong) Co., Ltd, a strategic investor. The net proceeds of the issue will provide the Company with the funds for the completion of construction and ramp-up of its Mt Cattlin and Jiangsu projects, working capital, as well as the potential acquisition of other lithium-related projects around the world. Further background and information on this resolution are set out in the Explanatory Statement.

Please refer to the voting exclusion statement for this resolution in the Explanatory Statement.

4. Approval of share issue - Hong Kong listing

To consider and, if thought fit, to pass as an ordinary resolution:

“That shareholders approve the issue and allotment of up to 197 million fully paid ordinary shares at a prevailing market price in the capital of the Company, which are to be issued pursuant to the offering of shares made in conjunction with the listing of the Company’s shares on the Stock Exchange of Hong Kong Limited, as further described in the Explanatory Statement.”

The purpose of this resolution is for shareholders to approve the issue of shares in connection with the Company’s proposed listing on the Stock Exchange of Hong Kong Limited (SEHK). Depending on the amount raised when the listing occurs, the net proceeds of the issue will be used by the Company for one or more of the following purposes: to

repay its US\$105 million senior loan facility; to assess and, subject to the outcome of that assessment, commence the development and construction of a lithium-ion battery plant at Zhangjiagang; to evaluate and acquire new growth business opportunities and for general corporate purposes. Further background and information on this resolution are set out in the Explanatory Statement.

Please refer to the voting exclusion statement for this resolution in the Explanatory Statement.

5. Increase in remuneration for non-executive directors

To consider and, if thought fit, to pass as an ordinary resolution:

“That shareholders approve that the maximum aggregate remuneration payable to non-executive directors in any financial year be increased from A\$400,000 to A\$800,000, to be divided among the non-executive directors in such manner as the directors may determine in accordance with the Company’s constitution.”

The purpose of this resolution is for shareholders to approve an increase in the annual total remuneration that may be paid to its non-executive directors. This approval is being sought as for the purposes of its proposed Hong Kong listing, the Company is required to appoint a number of independent non-executive directors. It will give the Company flexibility to adequately compensate existing non-executive directors and to enable the Company to attract high quality and the best candidates to serve as additional non-executive directors if required. Further background and information on this resolution are set out in the Explanatory Statement.

Please refer to the voting exclusion statement for this resolution in the Explanatory Statement.

6. Approval of the issue of performance options to directors

To consider and, if thought fit, to pass as ordinary resolutions:

- (a) ***“That shareholders approve the issue of 6,000,000 performance options to Mr I KS Tan (or his nominee), for the purposes and on the terms set out in the Explanatory Statement.”***
- (b) ***“That shareholders approve the issue of 1,500,000 performance options to Mr C L Readhead (or his nominee), for the purposes and on the terms set out in the Explanatory Statement.”***
- (c) ***“That shareholders approve the issue of 1,000,000 performance options to Mr R J Wanless (or his nominee), for the purposes and on the terms set out in the Explanatory Statement.”***
- (d) ***“That shareholders approve the issue of 1,000,000 performance options to Mr I J Polovineo (or his nominee), for the purposes and on the terms set out in the Explanatory Statement.”***
- (e) ***“That shareholders approve the issue of 1,500,000 performance options to Mr Y Zheng (or his nominee), for the purposes and on the terms set out in the Explanatory Statement.”***
- (f) ***“That shareholders approve the issue of 1,000,000 performance options to Mr X Ren (or his nominee), for the purposes and on the terms set out in the Explanatory Statement.”***
- (g) ***“That shareholders approve the issue of 1,000,000 performance options to Mr K C Kwan (or his nominee), for the purposes and on the terms set out in the Explanatory Statement.”***
- (h) ***“That shareholders approve the issue of 1,000,000 performance options to Mr A P Tse (or his nominee), for the purposes and on the terms set out in the Explanatory Statement.”***
- (i) ***“That shareholders approve the issue of 1,000,000 performance options to Mr C B F Whitfield (or his nominee), for the purposes and on the terms set out in the Explanatory Statement.”***

The purpose of these resolutions is for shareholders to approve the grant of performance options to the Company's directors which will provide long term performance incentives to the directors to extract and create full company and shareholder value in the medium to long term. Further background and information on this resolution are set out in the Explanatory Statement.

Please refer to the voting exclusion statements for these resolutions in the Explanatory Statement.

Special business

7. Adoption of new constitution

To consider and, if thought fit, to pass as a special resolution:

“That the Company adopt the constitution tabled at the meeting and signed by the Chairman for the purposes of identification as its constitution in substitution for the present constitution of the Company (which is repealed), with effect from the close of the meeting.”

The purpose of this resolution is for shareholders to approve a new constitution that is consistent with the Australian and Hong Kong regulatory requirements. The Company's current constitution was adopted on 14 August 2001. Further background and information on this resolution are set out in the Explanatory Statement.

By order of the Board



A L Meloncelli
Company Secretary
Galaxy Resources Limited
8 November 2010

Important information for shareholders

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of General Meeting and should be read in conjunction with it.

Voting exclusion statements

The ASX Listing Rules require voting exclusion statements in respect of resolutions 1 to 6 respectively. These are set out in the Explanatory Statement.

Voting thresholds

Resolutions 1 to 6 are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by shareholders present (in person, by proxy or representative) and entitled to vote on the resolution. Resolution 7 is a special resolution. A special resolution requires a 75% majority of votes cast by shareholders present (in person, by proxy or representative) and entitled to vote on the resolution.

Proxies

All shareholders who are entitled to attend and vote at the meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a shareholder. Shareholders holding two or more shares can appoint either one or two proxies. If two proxies are appointed, the appointing shareholder can specify what proportion of their votes they want each proxy to exercise.

Lodgement of proxy forms and online proxy instructions

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of General Meeting as soon as possible and either return the proxy form to:

- the Company, PO Box 1136, West Perth, Western Australia 6872 Australia or by hand at Level 2, 16 Ord Street, West Perth, Western Australia 6005 or facsimile number +61 (8) 9215 1799 or investor.relations@galaxylithium.com; or
- the Company's share registry, Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001 Australia or facsimile number 1800 783 447 (international +61 3 9473 2555).

Where the proxy form is executed under power of attorney, the power of attorney must be lodged in the same way as the proxy form.

Alternatively, you may register your proxy instructions electronically at the Share Registry's website www.investorvote.com.au.

To be effective, a completed proxy form or online proxy instructions must be received by no later than **10.00am (AWST) on Monday 20 December 2010**, being not less than 48 hours prior to the commencement of the meeting.

Custodians and nominees

For Intermediary Online subscribers only (custodians) please submit your voting intentions on www.intermediaryonline.com.

Corporate representatives

A body corporate may appoint an individual as its representative to attend and vote at the meeting and exercise any other powers the body corporate can exercise at the meeting. The appointment may be a standing one. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Voting entitlements

The Board has determined that, for the purpose of voting at the meeting, shareholders are those persons who are the registered holders of the Company's shares at **4.00pm (AWST) on Monday 20 December 2010**.

Explanatory Statement

This Explanatory Statement has been prepared for shareholders to provide information about the items of business to be considered at the General Meeting to be held at 10.00am (AWST) on Wednesday 22 December 2010.

Resolution 1 - Ratification of tranche one of the convertible bonds

Purpose

The purpose of this resolution is for shareholders to ratify the issue of the first tranche of the convertible bonds. The net proceeds of the issue will provide the Company with the funds for the completion of construction and ramp-up of its Mt Cattlin and Jiangsu projects, working capital, as well as the potential acquisition of other lithium-related projects around the world.

Background

On 8 November 2010, the Company announced that it had agreed, subject to resolutions 2 and 3 respectively, to issue up to A\$61.5 million in convertible bonds (with an initial conversion price of A\$1.56 per share being a 33.8% premium to market price on 20 day volume weighted average price ("VWAP") as at 28 September 2010) and a A\$30 million equity placement (at A\$1.39 per share being a 5 day VWAP as at 21 October 2010) to two strategic and other smaller investors as detailed below.

The convertible bonds will be unlisted and convertible into fully paid ordinary shares of the Company. The convertible bond issue will strengthen the Company's capital base as it enters the final stages of development and moves closer to generating revenue through the first shipment of spodumene concentrate from Mt Cattlin planned for end of the fourth quarter of 2010. The raising will also provide the Company with funds for potential acquisition of further lithium related projects around the world.

The investors under the convertible bond issue are as follows:

- Strong Target International Ltd is a private company of Mr Li Shu Fu, who is the founder, Chairman and controlling shareholder (50.47%) of Geely Automobile Holdings Co. Limited ("Geely"). Geely is a Hong Kong listed company principally engaged in the manufacture and sales of automobiles in China. Geely has a market capitalisation of US\$3.5 billion and reported turnover of approximately US\$2 billion in 2009. Strong Target International Ltd has agreed to subscribe for A\$25 million of convertible bonds.
- Fengli Group (Hong Kong) Co., Ltd ("Fengli") is a large, privately owned company based in Zhangjiagang city, Jiangsu Province, China. The Company is headed by President and major shareholder, Mr Wu Yue Ming. Fengli employs a total of 3,000 staff with turnover of RMB 30 billion (US\$4.4 billion). Fengli's main businesses are in mineral resource development, the manufacture and trade of steel, transportation and logistics, and foreign investment. It is the largest used metal processor and distributor in China, and is one of the top 500 enterprises in China. Fengli is also a top ten shareholder of Fortescue Metals Group in Australia and one of the major shareholders in Jiangsu Bank. Fengli has agreed to subscribe for A\$30 million of convertible bonds.
- One other private investor and two institutional investors who are existing shareholders of Galaxy. These investors have agreed to subscribe for a total of A\$6.5 million of convertible bonds.

Investor	Investment Type	Total Investment
Strong Target International Limited (Mr Li Shu Fu)	Convertible Bond	A\$25m
Fengli	Convertible Bond	A\$30m
Other Investors	Convertible Bond	A\$6.5m
Fengli	Equity Placement	A\$30m
Total		A\$91.5m

Assuming full conversion of the convertible bonds at the initial conversion price, it would represent 39,423,077 shares being approximately 20.69% of Galaxy's current issued share capital. In order to comply with the requirements of ASX Listing Rule 7.1, Galaxy intends to issue the convertible bonds in two tranches.

The first tranche will be for convertible bonds to the value of A\$32 million and is anticipated to settle by 19 November 2010 (Tranche One). The second tranche will be for convertible bonds to the value

of A\$29.5 million and shares to the value of A\$30 million (Tranche Two). Settlement of Tranche One is subject to a number of conditions precedents, which include:

- no material adverse change in the financial condition or prospects of the Company from 5 November 2010, being the date of the convertible bond subscription agreement;
- approval of Galaxy's senior lenders, RZB and CDB; and
- receipt of legal opinions and various resolutions, consents and certificates, which are standard for an issue of this nature.

Regulatory requirements

ASX Listing Rule 7.1 provides that a listed company may not, subject to certain exceptions (including shareholder approval), issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of issue. ASX Listing Rule 7.4 allows a company to seek the approval of its shareholders for an issue of securities after the issue has been made without approval under Listing Rule 7.1.

The Company now seeks shareholder approval to ratify the issue of the Tranche One convertible bonds in the amount of A\$32 million as set out above. Approval of this resolution will provide the Company with the flexibility to issue further securities as required.

The following information is provided to shareholders for the purpose of ASX Listing Rule 7.5.

Maximum number of securities to be issued

If a conversion notice is given by a bondholder, the convertible bonds will be converted into shares at an initial conversion ratio of 64,102.56 shares per convertible bond, reflecting an initial conversion price of A\$1.56 per share. Assuming full conversion of all Tranche One convertible bonds at this price, this would represent 20,512,821 shares.

The initial conversion price will be subject to adjustment upon the occurrence of certain prescribed events including, among others, consolidation, subdivision or reclassification of the Company's shares; capitalisation of profits or reserves, capital distributions (including dividends); rights issue, the grant of options over shares or other securities, issue of shares, or options to subscribe for shares or other securities convertible into shares, at less than 95% of the then current market price up until six months from the date of closing, or at less than the market price thereafter (provided no adjustment shall be made for (a) any initial public offering of shares on another stock exchange prior to 30 June 2011 if the offer price is greater than or equal to A\$1.56 or (b) any of the issues described in this Notice of General Meeting); modification of rights of certain convertible securities, other offers to Shareholders and other anti-dilution adjustment events.

The initial conversion price may also be adjusted downwards to reflect the then current market price of the Shares as at 12 months from date of closing if the then current market price of the Shares is below the conversion price otherwise prevailing at the time, subject to a minimum conversion price of 80% of such conversion price, being A\$1.248 per share currently. Assuming full conversion of the Tranche One convertible bonds at the currently prevailing minimum conversion price, this would represent 25,641,026 shares in the Company.

Price of issue

The aggregate principal amount of the Tranche One convertible bonds is A\$32 million. The issue price was 100% of the principal amount of each convertible bond, being A\$100,000 per convertible bond.

Allottees of the securities

The allottees of the Tranche One convertible bonds are Strong Target International Limited, Fengli and an additional private investor.

The terms of the securities

The key terms of the convertible bonds are as follows:

Item	Details
Quantum	A\$61.5 million (Tranches One and Two)
Status	Unsecured and subordinated
Term	5 years
Initial Conversion Price	A\$1.56, representing a 33.8% premium over the

	reference share price. The conversion price is subject to the Conversion Price Reset and adjustment for certain future dilutive events
Reference Share Price	A\$1.166 (being the 20 day VWAP of the Company's shares ending on 28 September 2010)
Coupon	8.00% per annum
Investor Put Option	A investor may, at the end of year 3, require the Company to redeem all, or some only, of such investor's convertible bonds at 100% of their principal amount
Redemption/Put Price	100% of the principal amount
Issuer Call	After year 3, the Company can call the bonds if the closing price of its shares exceeds the conversion price by 30% for 20 trading days in any 30 consecutive trading day period, or if at least 90% of the convertible bonds have already been converted or redeemed
Conversion Price Reset	The conversion price may be reset downwards to the market price 12 months after the settlement date, subject to a floor price equal to 80% of the conversion price, being A\$1.248 currently

The intended use of the funds raised

On 10 September 2010, the Company executed a project loan facility agreement with CDB and RZB for a total of US\$105 million for the purpose of completing construction and ramp up of the Mt Cattlin and Jiangsu projects, and to achieve positive cashflows. A requirement of the facility is the establishment of a cash reserve account in the amount of US\$50 million for the purpose of servicing future interest and principal repayments. As a result of having funded this account, the Company requires further funding. The net proceeds of the issue will provide the Company with the funds for the completion of construction and ramp-up of its Mt Cattlin and Jiangsu projects, working capital, as well as the potential acquisition of other lithium-related projects around the world.

Voting exclusion statement

For the purposes of ASX Listing Rule 7.5.6, the Company will disregard any votes cast on resolution 1 by any person who participated in the issue and any of their associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Your directors unanimously recommend that shareholders vote for resolution 1.

Resolution 2 - Approval of tranche two of the convertible bonds

Purpose

The purpose of this resolution is for shareholders to approve the issue of the second tranche of the convertible bonds. The net proceeds of the issue will provide the Company with the funds for the completion of construction and ramp-up of its Mt Cattlin and Jiangsu projects, working capital, as well as the potential acquisition of other lithium-related projects around the world.

Background

As set out above, the convertible bond issue will be split into two tranches, the first of which is anticipated to settle by 19 November 2010. Settlement of Tranche Two is subject to a number of conditions precedents, including the following:

- Approval of Galaxy's senior lenders, RZB and CDB. If there are any conditions imposed by the lenders to their approval which are not acceptable to the Company and / or the convertible bond investors, then Tranche Two of the convertible bond may be wholly or partially terminated. The Company is currently in the process of securing the approval from the lenders.

- Receipt of legal opinions and various other resolutions, consents and certificates, which are standard for an issue of this nature.

Regulatory Requirements

ASX Listing Rule 7.1 provides that a listed company may not, subject to certain exceptions (including shareholder approval), issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of issue.

The Company now seeks shareholder approval to issue the Tranche Two convertible bonds in the amount of A\$29.5 million, as set out above. Approval of this resolution will provide the Company with the flexibility to issue further securities as required.

The following information is provided to shareholders for the purpose of ASX Listing Rule 7.3.

Maximum number of securities to be issued

Full conversion of all Tranche Two convertible bonds at the initial conversion price of A\$1.56 per share would represent 18,910,256 shares in the Company. As set out in the summary of Tranche One above, the initial conversion price will be subject to adjustment upon the occurrence of certain prescribed events and may be adjusted to reflect the then current market price of the Shares as at 12 months from date of closing if the then current market price of the Shares is below the conversion price otherwise prevailing at the time, subject to a minimum conversion price of 80% of such conversion price, being A\$1.248 per share currently. Assuming full conversion of the Tranche Two convertible bonds at the currently prevailing minimum conversion price, this would represent 23,637,821 shares in the Company.

Date of issue and allotment

The Company will issue and allot the convertible bonds as soon as practicable after the date of the general meeting, but in any event by no later than three months after the date of the general meeting.

Price of issue

The aggregate principal amount of the Tranche Two convertible bonds is A\$29.5 million. The issue price is 100% of the principal amount of each convertible bond, being A\$100,000 per convertible bond.

Allottees of the securities

The allottees of the Tranche Two convertible bonds are Strong Target International Limited, Fengli and two institutional investors who are existing shareholders of Galaxy.

The terms of the securities

The key terms of the convertible bonds are as set out in the summary of the Tranche One convertible bonds in resolution 1 above .

The intended use of the funds raised

The intended use of the net proceeds is as set out in the summary of the Tranche One convertible bonds in resolution 1 above.

Voting exclusion statement

For the purposes of ASX Listing Rule 7.3.8, the Company will disregard any votes cast on resolution 2 by any person who may participate in the proposed issue and any person who might obtain a benefit except a benefit solely in the capacity of a security holder if resolution 2 is passed, and any of their associates, unless it is cast:

- by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Your directors unanimously recommend that shareholders vote for resolution 2.

Resolution 3 - Approval of share issue - Fengli Group (Hong Kong) Co., Ltd

Purpose

The purpose of this resolution is for shareholders to approve the issue of shares to Fengli. The net proceeds of the issue will provide the Company with the funds for the completion of construction and ramp-up of its Mt Cattlin and Jiangsu projects, working capital, as well as the potential acquisition of other lithium-related projects around the world.

Background

In addition to the A\$30 million convertible bond as set out in resolutions 1 and 2 above, Fengli has also agreed to subscribe for an equity placement of A\$30 million.

The key terms of the equity placement are as follows:

Item	Details
Amount	A\$30 million
Issue price	A\$1.39, being the 5 day VWAP prior to 21 October 2010, when pricing terms were agreed
Board representation	Fengli will be entitled to nominate a representative to the Board

As Fengli is a foreign person, a portion of the equity investment is subject to the approval of the Federal Treasurer under the Foreign Acquisitions and Takeovers Act 1975. As at the date of this Notice of General Meeting, Fengli has submitted an application to the Foreign Investment Review Board (FIRB) is awaiting a response.

Regulatory Requirements

ASX Listing Rule 7.1 provides that a listed company may not, subject to certain exceptions (including shareholder approval), issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of issue.

The Company now seeks shareholder approval to issue 21,582,733 fully paid ordinary shares in the capital of the Company to Fengli. Approval of this resolution will provide the Company with the flexibility to issue further securities as required.

The following information is provided to shareholders for the purpose of ASX Listing Rule 7.3.

Maximum number of securities to be issued

The maximum number of shares to be issued is 21,582,733 fully paid ordinary shares in the capital of the Company.

Date of issue and allotment

As set out above, a portion of the share issue is subject to the approval of the Federal Treasurer and the Company will issue and allot the shares as soon as practicable following the receipt of this approval, but in any event by no later than three months after the date of the general meeting.

Price of issue

The issue price per share is A\$1.39, being the VWAP in the five days prior to 21 October 2010 when the placement was agreed.

Allottees of the securities

The allottee of the shares is Fengli.

The terms of the securities

The shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the Company's shares that are currently on issue.

The intended use of the funds raised

The intended use of the funds raised is as set out in the summary of the Tranche One convertible bonds in resolution 1 above, as well as for general corporate and other purposes.

Voting exclusion statement

For the purposes of ASX Listing Rule 7.3.8, the Company will disregard any votes cast on resolution 3 by any person who may participate in the proposed issue and any person who might obtain a benefit except a benefit solely in the capacity of a security holder if resolution 3 is passed, and any of their associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Your directors unanimously recommend that shareholders vote for resolution 3.

Resolution 4 - Approval of share issue - Hong Kong listing

Purpose

The purpose of this resolution is for shareholders to approve the issue of up to 197 million fully paid ordinary shares in the capital of the Company in order to raise up to the equivalent of US\$260 million in connection with the Company's proposed listing on the SEHK. Depending on the amount raised, the net proceeds of the issue will be used by the Company for one or more of the following purposes: to repay its US\$105 million senior loan facility; to assess and, subject to the outcome of that assessment, commence the development and construction of a lithium-ion battery plant at Zhangjiagang; to evaluate and acquire new growth business opportunities and for general corporate purposes.

The outcome would be a stronger balance sheet and increased capacity to invest in new growth business opportunities.

Background

The Company announced to the ASX on 4 November 2010 that it has applied for a dual listing of its shares on the SEHK and has submitted the Form A1 listing application, which is subject to SEHK approval. The Company has appointed Morgan Stanley and BNP Paribas as joint sponsors and joint bookrunners for the proposed listing on the SEHK (Joint Sponsors). Both Morgan Stanley and BNP Paribas are leading, globally renowned investment banks. Azure Capital Limited has been engaged as the Company's financial adviser.

In connection with its dual listing on the SEHK and subject to market conditions, the Company is proposing to offer up to 197 million fully paid ordinary shares in the capital of the Company to investors in Hong Kong and certain other international jurisdictions (not including Australia) in order to raise up to the equivalent of US\$260 million. Subject to the approval of the SEHK, a prospectus in respect of this share offer ("Prospectus") is intended to be issued by the Company during the first quarter of 2011. The final offer statistics, including the number of shares to be issued, the issue price and the amount to be raised will be determined by the Company in consultation with its advisers and the Joint Sponsors at the time the Prospectus is issued. Whilst the Company has lodged the Form A1 listing application, a final decision to proceed with the Hong Kong listing will only be made after the outcome of the application is known and will be subject to a range of factors including, among other things, the plans and expectations of the Company and market conditions at the time.

Hong Kong Listing

The strategic rationale for Galaxy's listing on the SEHK is tied to a perceived strong appetite for lithium exposure by the Chinese and international investment community. With the Company approaching lithium carbonate production in 2011, this is an ideal time for the Company to list on the SEHK. The SEHK is one of the largest and most liquid stock exchanges, and has one of the most diversified bases of institutional and retail investors, in Asia.

The Hong Kong listing will provide the platform for the Company to establish a vertically integrated lithium resource, chemical and battery manufacturing company. The Company expects to remain domiciled in Australia and its shares may be shunted between the ASX and the SEHK and tradeable on either exchange.

Your Board believes that the listing on the SEHK will extract and create full company and shareholder value in the medium to long term. Moving toward a vertically integrated business model and the downstream production of E-Bike lithium batteries offers the potential for higher margins and attractive returns for the Company.

Lithium Ion Battery Project

Galaxy has recently completed a feasibility study evaluating the potential to develop a Lithium Ion Battery Project in the Jiangsu Zhangjiagang High Technology Park. Based on feasibility study results, the Company believes the Lithium Ion Battery Project offers a compelling opportunity for Galaxy's downstream expansion and investment in the lithium ion battery manufacturing industry.

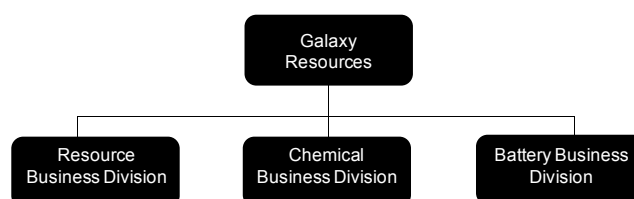
The feasibility study models production of high quality, lithium ion battery packs for E-bikes at a rate of 350,000 per annum in the first phase. The proposed plant will be highly automated, utilising Korean technology, and designed with the potential to eventually double and triple production capacity across three phases of operation to meet the growing demand for E-bike Lithium Ion batteries. Demand growth for battery-powered bicycles or E-Bikes is very positive in developing countries, with China producing 30 million E-Bikes in 2009 and growth recorded at 5 - 7% per annum over the period.

Galaxy has entered into a non-binding Memorandum of Understanding with a Korean consortium, KUBT, to supply the turn-key equipment for the Lithium Ion Battery Project. KUBT is a group of equipment suppliers covering different aspects of the battery manufacturing process that have formed a consortium to provide plant design and equipment supply services. KUBT has previously supplied equipment to several large and reputable lithium ion battery producers including LG Chem, Samsung and SK Energy.

The Company has also established an experienced team of lithium battery operation and technology experts to investigate the project opportunity, headed by Mr Walter Yi, Managing Director (Battery Division). Mr Yi was formerly General Manager of A123 Systems' China lithium battery plant. A123 Systems is NASDAQ listed global battery company. The project manager is Dr Yatendra Sharma, a battery technologist experienced in lithium ion batteries.

The development of the Lithium Ion Battery Project remains at a preliminary stage and a final investment decision is yet to be made by the Company.

If the Company proceeds with the project, the Company will be organised into three distinct autonomous operating divisions made up of resources, chemicals and the battery divisions. Each business division will be headed by a specialist managing director and staffed with experienced operational teams.



Regulatory Requirements

ASX Listing Rule 7.1 provides that a listed company may not, subject to certain exceptions (including shareholder approval), issue equity securities in any 12 month period where the total number of equity securities to be issued exceeds 15% of the number of fully paid ordinary securities on issue 12 months before the date of issue.

The Company now seeks shareholder approval of the issue of up to 197 million fully paid ordinary shares in the capital of the Company in respect of the Hong Kong listing. Approval of this resolution will provide the Company with the flexibility to issue further securities as required.

The following information is provided to shareholders for the purpose of ASX Listing Rule 7.3.

Maximum number of securities to be issued

The Company intends to issue up to 197 million fully paid ordinary shares in the capital of the Company.

Date of issue and allotment

The Company will issue and allot the shares in the first quarter of 2011, but in any event by no later than three months after the date of the general meeting.

Price of issue

The issue price of each share will be the equivalent of a minimum of 80% of the average market price for the Company's shares calculated over the five days on which sales of shares were recorded before the date of the Prospectus.

Allottees of the shares

Allottees of the shares will be determined by the Company arising from applications to subscribe for shares received by the Company from investors in Hong Kong and other international investors.

The terms of the shares

The shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the Company's shares that are currently on issue.

The intended use of the funds raised

Subject to the final size of the capital raising, the intended use of the net proceeds is to repay the US\$105 million senior loan facility; to assess and, subject to the outcome of that assessment, commence the development and construction of a lithium-ion battery plant at Zhangjiagang; to evaluate and acquire new growth business opportunities and for general corporate purposes, which may include provision of working capital and general exploration and development activities.

Any further acquisitions, project development or exploration will be evaluated as they arise, against our stated strategic objective of becoming a leading, vertically integrated producer of high quality lithium-related products.

Voting exclusion statement

For the purposes of ASX Listing Rule 7.3.8, the Company will disregard any votes cast on resolution 4 by any person who may participate in the proposed issue and any person who might obtain a benefit except a benefit solely in the capacity of a security holder if resolution 4 is passed, and any of their associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

Your directors unanimously recommend that shareholders vote for resolution 4.

Resolution 5 - Increase in remuneration for non-executive directors

Purpose

The purpose of this resolution is for shareholders to approve an increase in the annual total remuneration that may be paid to its non-executive directors. This approval is being sought as for the purposes of its proposed Hong Kong listing, the Company is required to appoint a number of independent non-executive directors. It will give the Company flexibility to adequately compensate existing non-executive directors and to enable the Company to attract high quality and the best candidates to serve as additional non-executive directors if required.

Background

At a general meeting of the Company that was held on 10 February 2010, shareholders determined that the maximum aggregate amount of annual fees that may be paid to the non-executive directors is A\$400,000. The actual amount of fees paid to non-executive directors during the 12 months to 30 June 2010 was A\$185,300.

Also, as announced to the market on 14 October 2010, the Company has appointed two new non-executive directors as well as two Hong Kong resident executive directors. These appointments were required as the Listing Rules of the SEHK require the Company to have at least three independent non-executive directors as well as two Hong Kong resident executive directors.

Regulatory Requirements

ASX Listing Rule 10.17 and article 7.5 of the Company's constitution provide that the maximum aggregate amount of the remuneration payable to non-executive directors is to be determined by shareholders.

Accordingly, shareholder approval is sought to increase the maximum aggregate amount of annual fees that may be paid to the non-executive directors from A\$400,000 to A\$800,000 per annum.

While it is not intended to immediately fully utilise the proposed increase in aggregate remuneration in the immediate future, the Board believes that the increase will allow flexibility to adequately compensate existing non-executive directors and to enable the Company to attract high quality and the best candidates to serve as additional non-executive directors if required.

Voting exclusion statement

For the purposes of ASX Listing Rule 10.17.1, the Company will disregard any votes cast on resolution 5 by any director and any of their associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

The non-executive directors (Craig Readhead, Robert Wanless, Ivo Polovineo, Yuewen Zheng, Xiaojian Ren and Kai Cheong Kwan) have an interest in resolution 5 and accordingly do not make a recommendation to shareholders. The executive directors (Ignatius (Iggy) Tan, Anthony Tse and Charles Whitfield) have no interest in resolution 5 and unanimously recommend that shareholders vote for resolution 5.

Resolution 6 - Approval of the issue of performance options to directors

Purpose

The Company proposes the issue of new performance-based options in order to better align the incentives of the Directors and the Company's senior management with the Company's strategic objective of being dual listed on the SEHK and creating full company and shareholder value by moving toward a vertically integrated business model. The Directors and senior management have so far been successful at building a company from a market capitalisation of A\$30 million two years ago to approximately A\$300 million today.

The key performance hurdles of the performance options are service tenure of 12 months; successful SEHK listing and creating shareholder value measured by the Company's share price increasing to above A\$2.00 per share based on a 10 day VWAP from the last date of satisfaction of the first two performance hurdles.

Regulatory Requirements

The Company seeks shareholder approval in order to comply with the requirements of ASX Listing Rule 10.11, section 195 of the Corporations Act 2001 (Cwlth) (Corporations Act) and Chapter 2E of the Corporations Act and for all other purposes for the issue of performance options for nil consideration to each of the directors of the Company (or to that director's nominee). The purpose of the performance options is to align the directors' incentives with the corporate objectives of the Company.

Resolutions 6(a) to (i) propose the issue of performance options for nil consideration within one month of the date of the general meeting. The full terms and conditions of the performance options are attached as a schedule to this Notice of Meeting and a summary is set out in the table below.

The exercise price of the performance options is A\$1.16 which was set on the basis of a 20 day volume weighted average price of the Company's shares prior to 1 October 2010, being the date on which the performance options were recommended to the board for approval (subject to shareholder approval).

Resolution	Director	Performance options	Performance (Vesting) Criteria
6(a)	Ignatius (Iggy) Tan	6,000,000 performance options exercisable at A\$1.16, expiring five years from the vesting date	a) Completion of 12 months service as a director from 13 October 2010 b) Successful listing of the Company on the SEHK c) The Company's share price being greater than A\$2.00 or SEHK equivalent (based on a 10 day volume weighted average price) from the last date of satisfaction of (a) and (b)
6(b)	Craig Readhead	1,500,000 performance options exercisable at A\$1.16,	a) Completion of 12 months service as a director from 13 October 2010 b) Successful listing of the Company on the SEHK

		expiring five years from the vesting date	c) The Company's share price being greater than A\$2.00 or SEHK equivalent (based on a 10 day volume weighted average price) from the last date of satisfaction of (a) and (b)
6(c)	Robert Wanless	1,000,000 performance options exercisable at A\$1.16, expiring five years from the vesting date	a) Completion of 12 months service as a director from 13 October 2010 b) Successful listing of the Company on the SEHK c) The Company's share price being greater than A\$2.00 or SEHK equivalent (based on a 10 day volume weighted average price) from the last date of satisfaction of (a) and (b)
6(d)	Ivo Polovineo	1,000,000 performance options exercisable at A\$1.16, expiring five years from the vesting date	a) Completion of 12 months service as a director from 13 October 2010 b) Successful listing of the Company on the SEHK c) The Company's share price being greater than A\$2.00 or SEHK equivalent (based on a 10 day volume weighted average price) from the last date of satisfaction of (a) and (b)
6(e)	Yuewen Zheng	1,500,000 performance options exercisable at A\$1.16, expiring five years from the vesting date	a) Completion of 12 months service as a director from 13 October 2010 b) Successful listing of the Company on the SEHK c) The Company's share price being greater than A\$2.00 or SEHK equivalent (based on a 10 day volume weighted average price) from the last date of satisfaction of (a) and (b)
6(f)	Xiaojian Ren	1,000,000 performance options exercisable at A\$1.16, expiring five years from the vesting date	a) Completion of 12 months service as a director from 13 October 2010 b) Successful listing of the Company on the SEHK c) The Company's share price being greater than A\$2.00 or SEHK equivalent (based on a 10 day volume weighted average price) from the last date of satisfaction of (a) and (b)
6(g)	Kai Cheong Kwan	1,000,000 performance options exercisable at A\$1.16, expiring five years from the vesting date	a) Completion of 12 months service as a director from 13 October 2010 b) Successful listing of the Company on the SEHK c) The Company's share price being greater than A\$2.00 or SEHK equivalent (based on a 10 day volume weighted average price) from the last date of satisfaction of (a) and (b)
6(h)	Anthony Tse	1,000,000 performance options exercisable at A\$1.16, expiring five years from the vesting date	a) Completion of 12 months service as a director from 13 October 2010 b) Successful listing of the Company on the SEHK c) The Company's share price being greater than A\$2.00 or SEHK equivalent (based on a 10 day volume weighted average price) from the last date of satisfaction of (a) and (b)
6(i)	Charles Whitfield	1,000,000 performance options exercisable at A\$1.16, expiring five years from the vesting date	a) Completion of 12 months service as a director from 13 October 2010 b) Successful listing of the Company on the SEHK c) The Company's share price being greater than A\$2.00 or SEHK equivalent (based on a 10 day volume weighted average price) from the last date of satisfaction of (a) and (b)

Section 195 of the Corporations Act

Resolutions 6(a) to 6(i) are put to shareholders pursuant to section 195 of the Corporations Act. This section permits the directors to seek shareholder approval to a given matter where a majority of directors have a material personal interest in a matter being considered by the Board and there are not sufficient remaining independent directors to consider the resolution. Since a majority of the directors or proposed directors are materially interested in resolutions 6(a) to 6(i), shareholder approval is being sought for the purpose of section 195 of the Corporations Act. Directors have not, as a board, considered these resolutions except for the purposes of convening the meeting of shareholders.

If some or all of the performance options referred to in resolutions 6(a) to 6(i) are exercised, it is envisaged at this stage that the funds raised will supplement existing cash resources being applied to the development of the Company's projects.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The grant of performance options contemplated by resolutions 6(a) to 6(i) constitutes the provision of a financial benefit to related parties under section 229 of the Corporations Act.

A “related party” is widely defined and includes a director of a public company. Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provision (none of which apply to resolutions 6(a) to 6(i)); or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of section 219 of the Corporations Act the following information is provided to shareholders to enable them to assess the merits of resolutions 6(a) to 6(i).

Related Parties to whom the resolutions would permit the benefit to be given

Ignatius (Iggy) Tan, Craig Readhead, Robert Wanless, Ivo Polovineo, Yuewen Zheng, Xiaojian Ren, Kai Cheong Kwan, Anthony Tse and Charles Whitfield who are all directors of the Company (Related Party).

Nature of the financial benefit

The proposed financial benefit to be given is the issue of performance options to the Related Party as set out in the table above.

Directors' recommendations

Each of Ignatius (Iggy) Tan, Craig Readhead, Robert Wanless, Ivo Polovineo, Yuewen Zheng, Xiaojian Ren, Kai Cheong Kwan, Anthony Tse and Charles Whitfield decline to make a recommendation to Shareholders in relation to resolutions 6(a) to 6(i) respectively because they have a material personal interest in the outcome of resolutions 6(a) to 6(i) respectively.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of performance options to a Related Party. Approval pursuant to Listing Rule 7.1 is not required in order to grant the performance options as approval is being obtained under ASX Listing Rule 10.11. The grant of performance options will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

The following information is provided in compliance with Listing Rule 10.13:

- (a) The maximum number of performance options that may be issued pursuant to resolution 6(a) is 6,000,000, 1,500,000 for each of resolution 6(b) and 6(e), and 1,000,000 for each of resolution 6(c), 6(d), 6(f), 6(g), 6(h) and 6(i).
- (b) The performance options will be issued as soon as practical following the date of the general meeting but in any event no later than one month from the date of the general meeting.
- (c) The option holders are Ignatius (Iggy) Tan (or his nominee), Craig Readhead (or his nominee), Robert Wanless (or his nominee), Ivo Polovineo (or his nominee), Yuewen Zheng (or his nominee), Xiaojian Ren (or his nominee), Kai Cheong Kwan (or his nominee), Anthony Tse (or his nominee) and Charles Whitfield (or his nominee).
- (d) No funds are being raised for the proposed issue of performance options.
- (e) The terms and conditions of the performance options are set out in the table above.

Valuation of performance options

ASIC regulatory policy requires the Company to place a dollar value on the financial benefit proposed to be received by the Related Party from the Company.

The Trinomial Barrier Option price calculation method is widely regarded as acceptable as a valuation model where the Performance options cannot be readily valued by some other means. In determining the dollar value, the following assumptions were made:

- (a) the market price of shares is A\$1.49 per share;
- (b) the performance options will be exercisable at A\$1.16 each;
- (c) the performance options will be exercisable by the fifth anniversary of vesting;
- (d) price volatility of the shares during the life of the Performance options is expected to be 70%;
- (e) the average current risk free interest rate is 5.11%; and

(f) the total discount factor of 0%.

Based on the six key assumptions listed above, the valuations per performance option is A\$1.0577 per option.

On this basis, the implied value (after applying discount factor) being received by each Related Party in relation to the performance options is as follows:

Director	Value (A\$)
Ignatius (Iggy) Tan	6,346,200
Craig Readhead	1,586,550
Robert Wanless	1,057,700
Ivo Polovineo	1,057,700
Yuewen Zheng	1,586,550
Xiaojian Ren	1,057,700
Kai Cheong Kwan	1,057,700
Anthony Tse	1,057,700
Charles Whitfield	1,057,700

Current relevant interest in shares and options

The table below shows the relevant interest of each of Ignatius (Iggy) Tan, Craig Readhead, Robert Wanless, Ivo Polovineo, Yuewen Zheng, Xiaojian Ren, Kai Cheong Kwan, Anthony Tse and Charles Whitfield in Shares and Performance options before and after the Resolutions in this Notice of General Meeting are implemented, assuming they are all passed.

Director	As at the date of this Notice of General Meeting		Following implementation of resolutions 6(a) to (i)	
	Shares	Options	Shares	Options
Ignatius (Iggy) Tan	19,500	5,500,000	19,500	11,500,000
Craig Readhead	3,805,556	1,750,000	3,805,556	2,750,000
Robert Wanless	2,140,493	1,750,000	2,127,598	2,750,000
Ivo Polovineo	0	0	0	1,000,000
Yuewen Zheng *	38,091,616	0	38,091,616	1,500,000
Xiaojian Ren *	38,091,616	0	38,091,616	1,000,000
Kai Cheong Kwan	0	0	0	1,000,000
Anthony Tse	0	0	0	1,000,000
Charles Whitfield	41,361	0	41,361	1,000,000

* Yuewen Zheng and Xiaojian Ren hold a relevant interest in the Company through Creat Group Co Ltd.

The grant of the performance options to Ignatius (Iggy) Tan, Craig Readhead, Robert Wanless, Ivo Polovineo, Yuewen Zheng, Xiaojian Ren, Kai Cheong Kwan, Anthony Tse and Charles Whitfield will, upon any exercise, be equal to approximately 6.53% of the Company's fully-diluted share capital (based on the number of shares and performance options on issue as at the date of the Notice of General Meeting assuming resolutions 6(a) to (i) are implemented and no other performance options are exercised).

The table below shows the total remuneration of Ignatius (Iggy) Tan, Craig Readhead, Robert Wanless, Ivo Polovineo, Yuewen Zheng, Xiaojian Ren, Kai Cheong Kwan, Anthony Tse and Charles Whitfield s (including superannuation), and the total financial benefits to be received by the Directors in the period to date of this Notice of General Meeting (including the implied value to be received Ignatius (Iggy) Tan, Craig Readhead, Robert Wanless, Ivo Polovineo, Yuewen Zheng, Xiaojian Ren, Kai Cheong Kwan, Anthony Tse and Charles Whitfield as a result of resolutions 6(a) to (i) the period to the date of the Notice of Meeting, six months ended 30 June 2010 and the six months ended 31 December 2009.

Director	Description	Cash Salary and Fees (A\$)	Superannuation (A\$)	Share Based Payments (A\$)	Total Financial Benefit (A\$)
Ignatius (Iggy) Tan	Managing Director	a) 157,442 b) 162,318 c) 165,769	a) 14,169 b) 14,608 c) 14,019	a) 0 b) 40,023 c) 2,757,871	a) 171,611 b) 216,949 c) 2,937,659
Craig Readhead	Chairman and Non-Executive Director	a) 40,000 b) 37,500 c) 37,500	a) 0 b) 0 c) 0	a) 0 b) 10,005 c) 689,468	a) 40,000 b) 47,505 c) 726,968
Robert Wanless	Non-Executive Director	a) 24,547 b) 25,000 c) 25,000	a) 2,209 b) 2,250 c) 2,250	a) 0 b) 10,005 c) 689,468	a) 26,756 b) 37,255 c) 716,718
Ivo Polovineo	Non-Executive Director	a) 24,547 b) 0 c) 0	a) 0 b) 0 c) 0	a) 0 b) 0 c) 0	a) 24,547 b) 0 c) 0
Yuewen Zheng	Non-Executive Director	a) 24,547 b) 25,000 c) 0	a) 0 b) 0 c) 0	a) 0 b) 0 c) 0	a) 24,547 b) 25,000 c) 0
Xiaojian Ren	Non-Executive Director	a) 4,410 b) 0 c) 0	a) 0 b) 0 c) 0	a) 0 b) 0 c) 0	a) 4,410 b) 0 c) 0
Kai Cheong Kwan	Non-Executive Director	a) 4,410 b) 0 c) 0	a) 0 b) 0 c) 0	a) 0 b) 0 c) 0	a) 5,833 b) 0 c) 0
Charles Whitfield	Executive Director	a) 36,164 b) 0 c) 0	a) 0 b) 0 c) 0	a) 0 b) 0 c) 0	a) 36,164 b) 0 c) 0
Anthony Tse	Executive Director	a) 36,164 b) 0 c) 0	a) 0 b) 0 c) 0	a) 0, b) 0 c) 0	a) 36,164 b) 0 c) 0

Key:

- a) Period 1 July 2010 to 5 November 2010
- b) Period 1 January 2010 to 30 June 2010
- c) Period 1 July 2009 to 31 December 2009

Trading history

The highest and lowest closing market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of a draft of this Notice of General Meeting with ASX for approval purposes, and the respective dates of those sales were:

Highest: A\$1.635 on 8 November 2010

Lowest: A\$0.975 on 25 and 26 August 2010

The last closing trading price of the shares prior to the date of this notice of general meeting was A\$1.635 on 8 November 2010.

Voting exclusion statement

For the purposes of ASX Listing Rule 10.13, the Company will disregard any votes cast on resolutions 6(a) to 6(i) by Ignatius (Iggy) Tan, Craig Readhead, Robert Wanless, Ivo Polovineo, Yuewen Zheng, Xiaojian Ren, Kai Cheong Kwan, Anthony Tse and Charles Whitfield respectively and any of their respective associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

The directors have an interest in resolution 6 and accordingly do not make a recommendation to shareholders.

Resolution 7 - Adoption of new constitution

Purpose

The purpose of this resolution is for shareholders to approve a new constitution that is consistent with the Australian and Hong Kong regulatory requirements. The Company's current constitution was adopted on 14 August 2001.

Regulatory Requirements

The Company's current constitution was adopted on 14 August 2001. Since that time, there have been a number of amendments to the Corporations Act, the ASX Listing Rules and other applicable laws and rules. Accordingly, the Company has conducted a full review of the constitution to bring it into line with current law and best market practice and to ensure that it would be compliant for the purposes of the Company's listing on the SEHK as described above. As the changes introduced affect numerous provisions in the constitution, it is proposed that a new constitution be adopted, rather than amending the existing constitution. The key differences between the existing constitution and the proposed new constitution are summarised below. This summary is not intended to be an exhaustive explanation of all the changes effected by the adoption of the proposed constitution.

The new constitution is available for inspection at the Company's office. A complete copy will be sent by mail or email to any shareholder who requests it. Requests for inspection or a copy should be directed to the Company Secretary, Mr Andrew Meloncelli + 61 8 9215 1700 or investor.relations@galaxylithium.com. A copy of the document is also available on the Company's website at www.galaxylithium.com.

(a) Notice of cancellation or postponement of meetings

In line with current market practice, provisions have been included in the proposed new constitution to allow notice of a cancellation or postponement of a general meeting to be published in an Australian daily newspaper, given to ASX, or given in any other manner determined by the directors. This replaces the existing requirement to give notice of cancellation or postponement to each shareholder, director, alternate director (if any) and auditor individually.

(b) Voting on a poll for partly-paid shares

The existing constitution determines voting rights on a poll where a shareholder holds partly-paid shares. The proposed new constitution will more closely align these provisions with requirements of the ASX Listing Rules.

(c) Direct voting

The proposed new constitution permits the Company to enable shareholders in the future to vote directly on resolutions considered at a general meeting or class meeting by submitting their votes to the Company prior to the meeting (either electronically or by post or fax). This 'direct voting' would enable a shareholder to vote on resolutions to be considered at a meeting without the need to physically attend the meeting or appoint a proxy.

(d) Maximum number of directors

The maximum number of directors that may be appointed under the existing constitution is ten directors. In order to preserve flexibility going forward and give then requirements for additional directors as a result of the Company's proposed Hong Kong listing, the proposed new constitution increases to 12 the maximum number of directors that may be appointed.

(e) Retirement and election of directors

The existing constitution has the practical effect that from time to time directors may be required to retire by rotation at intervals of less than three years. ASX Listing Rule 14.4 requires directors to retire at the third annual general meeting after their appointment or after three years, whichever is longer. Under the proposed new constitution, there similarly must be an election of directors at each annual general meeting, but the number of directors standing for election or re-election is not specified.

(f) Remuneration of directors

The proposed new constitution allows the directors to participate in share plans and to receive other non-cash benefits as part of their normal remuneration. If the new constitution is adopted, the Company would still need to comply with the relevant requirements of the ASX Listing Rules and the Corporations Act (where applicable), including the requirement for shareholder approval to issue securities to a director under ASX Listing Rules 10.11 and 10.14.

(g) Appointment of managing director and executive directors

The existing constitution enables the directors to appoint an existing director to be the Managing Director. The proposed new constitution reflects what is now a more common

practice, as it enables the directors to appoint any Company employee as a managing director or an executive director.

(h) Dividends and reserves

The proposed new constitution is designed to more closely align the determination of dividend entitlements with the ASX Listing Rules and recent amendments to the Corporations Act.

(i) Indemnity and insurance

The proposed new constitution's indemnity and insurance provisions will extend to directors and secretaries of subsidiaries of the Company, in addition to directors and secretaries of the Company itself (as is the case under existing constitution).

Further, the proposed new constitution allows the Company to indemnify a director or secretary for his or her legal costs of obtaining advice relating to the performance of his or her functions and duties, in addition to the existing authority to indemnify a director or secretary for his or her costs arising from proceedings.

(j) Sale of small holdings

In line with current market practice and as permitted under the ASX Listing Rules, the proposed new constitution includes provisions which will enable the Company to require the sale of unmarketable parcels of shares. Provisions of a similar effect are included in the existing constitution. This requirement may be applied to a shareholder holding less than a marketable parcel of shares (currently to the value of \$500 or less) which may be sold for the benefit of that shareholder.

The Company has no present plans to introduce such a facility but seeks the flexibility to do so should such holdings reach a level where the servicing costs become significant.

(k) Provisions of the Corporations Act which cannot be excluded

The new constitution does not contain a number of provisions in the existing constitution which merely replicate the requirements of the Corporations Act which cannot be excluded (mandatory rules). This is intended to avoid inconsistency between the terms of the constitution and the requirements of the Corporations Act, in the event that any of the mandatory rules change.

A number of proposed changes to existing articles which reflect the mandatory rules under the Corporations Act are explained below.

(l) Other amendments

Other changes of a more administrative nature are proposed to be made under the new constitution, having regard to changes in the Corporations Act and the ASX Listing Rules and current market practice. Examples include:

- **Definitions and terminology** - the proposed amendments will update relevant definitions to reflect the changes various changes made to the Corporations Act and Listing Rules since the adoption of the existing constitution.
- **Currency** - the proposed amendments provide for greater flexibility and convenience by allowing the directors to decide on the appropriate currency in which the Company may pay a shareholder.
- **Shareholders' resolution to remove director** - the proposed new constitution provides that a shareholders' resolution to remove a director in accordance with the Corporations Act does not deprive that director of any compensation that he or she may be entitled to in connection with the removal.
- **Delegation of directors' power** - the proposed new constitution provides directors with an express power of delegation in substitution for the powers conferred by section 198D of the Corporations Act in order to provide the Company with a greater degree of operational flexibility.
- **Hong Kong compliance** - A number of provisions have been included to allow the constitution to comply with the requirements of the SEHK. These include provisions around the execution and registration of share transfers.

Directors unanimously recommend that shareholders vote for resolution 7.

Schedule

Terms and conditions of options

Exercise Date

The options are exercisable wholly or in part at any time before 5.00 pm (WST) on the fifth anniversary of the vesting date. Options not exercised by that date shall lapse.

Exercise Price

Each option shall entitle the option holder to acquire one fully paid ordinary share upon payment of the exercise price of A\$1.16.

Consideration

The options are issued for no consideration.

Vesting Criteria

Each option will vest on:

- a) completion of 12 months service from 13 October 2010;
- b) the Company successfully listing on the Stock Exchange of Hong Kong Limited; and
- c) the Company's share price being greater than A\$2.00 (or Hong Kong equivalent) based on the 10 day volume weighted average price from the last date of satisfaction of a) and b).

Transfer of Options

The options are non-transferable.

Notice of Exercise

Each option may be exercised by notice in writing to the Company at any time before their date of expiry. Any notice of exercise of an option received by the Company with payment on full of the exercise price will be deemed to be a notice of the exercise of that option as at the date of receipt.

Quotation of Options and Shares on Exercise

Application will not be made to Australian Securities Exchange ("ASX") for official quotation of the options. Application will be made to the ASX for official quotation of the shares issued upon exercise of options.

Shares Allotted on Exercise

Shares allotted pursuant to the exercise of options will be allotted following receipt of all the relevant documents and payments and will rank equally with the issued shares.

Participation Rights or Entitlements

There are no participating rights or entitlements inherent in the options and option holders will not be entitled to participate in new issues of securities offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least six business days after the issue is announced so as to give option holders the opportunity to exercise their options before the date for determining entitlements to participate in any issue.

Reconstruction of Share Capital

In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the option holder shall be reconstructed in accordance with the ASX Listing Rules.

Bonus Issues

If, from time to time, before the expiry of the options the Company makes a pro-rata issue of shares to shareholders for no consideration, the number of shares over which an option is exercisable will be increased by the number of shares which the option holder would have received if the option had been exercised before the date for calculating entitlements to the pro-rata issue.

Change of Control

If, in the opinion of the Board, a Change of Control Event has occurred, or is likely to occur, the Board may declare an Option to be free of any conditions of exercise and Options which are so declared may, be exercised at any time and in any number.

A Change of Control Event occurs if a takeover bid is made to acquire all of the issued shares in the Company (or other transaction is initiated which, in the Board's opinion, has an effect similar to a full takeover bid for the shares in the Company, including a scheme of arrangement) and the bid has resulted in or (in the opinion of the Board) will result in the proponent of the bid acquiring more than 50% of the issued shares in the Company.



Galaxy Resources Limited
ABN 11 071 976 442

000001 000 GXY
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form



Vote online, 24 hours a day, 7 days a week:

www.investorvote.com.au



Cast your proxy vote



Review and update your securityholding

Your secure access information is:

Control Number: 999999

SRN/HIN: 1999999999

PIN: 99999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 10:00am (WST) Monday, 20 December 2010

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Galaxy Resources Limited hereby appoint

☐

the Chairman
of the Meeting

OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s)

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Galaxy Resources Limited to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 22 December 2010 at 10:00am (WST) and at any adjournment of that meeting.

Important for Items 5 & 6: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Items 5 & 6 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 5 & 6 and your votes will not be counted in computing the required majority if a poll is called on these Items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 5 & 6 of business.

☐

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

		For	Against	Abstain
Item 1	Ratification of Tranche One of the Convertible Bonds	☐	☐	☐
Item 2	Approval of Tranche Two of the Convertible Bonds	☐	☐	☐
Item 3	Approval of Share Issue	☐	☐	☐
Item 4	Approval of Share Issue - Hong Kong Listing	☐	☐	☐
Item 5	Increase in Remuneration for Non-executive Directors	☐	☐	☐
Item 6 (a)	Approval of the Issue of Performance Options to Directors - Mr I KS Tan (or his Nominee)	☐	☐	☐
Item 6 (b)	Approval of the Issue of Performance Options to Directors - Mr C L Readhead (or his Nominee)	☐	☐	☐
Item 6 (c)	Approval of the Issue of Performance Options to Directors - Mr R J Wanless (or his Nominee)	☐	☐	☐

Item 6 (d)	Approval of the Issue of Performance Options to Directors - Mr I J Polovineo (or his Nominee)	☐	☐	☐
Item 6 (e)	Approval of the Issue of Performance Options to Directors - Mr Y Zheng (or his Nominee)	☐	☐	☐
Item 6 (f)	Approval of the Issue of Performance Options to Directors - Mr X Ren (or his Nominee)	☐	☐	☐
Item 6 (g)	Approval of the Issue of Performance Options to Directors - Mr K C Kwan (or his Nominee)	☐	☐	☐
Item 6 (h)	Approval of the Issue of Performance Options to Directors - Mr A P Tse (or his Nominee)	☐	☐	☐
Item 6 (i)	Approval of the Issue of Performance Options to Directors - Mr C B F Whitfield (or his Nominee)	☐	☐	☐

SPECIAL BUSINESS

Item 7	Adoption of New Constitution	☐	☐	☐
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The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date ____/____/____

GXY

999999A

Computershare