

Form 603

Corporations Law
Section 671B

Notice of initial substantial holder

To Company
Name/Scheme

GALAXY RESOURCES LIMITED

ACN/ARSN

071 976 442

1. Details of substantial holder (1)

Name

FENGLI GROUP (HONG KONG) CO. LIMITED

ACN(if applicable)

The holder became a substantial holder on 15/02/11

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Persons' votes (5)	Voting power (6)
Fully paid ordinary	21,582,733	21,582,733	10.07%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
FENGLI GROUP (HONG KONG) CO. LIMITED	Holder of Shares and power to (or to control) exercise of vote and/or dispose of the securities pursuant to the terms of the Subscription Agreement which is attached as Annexure "A"	21,582,733

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
FENGLI GROUP (HONG KONG) CO. LIMITED	FENGLI GROUP (HONG KONG) CO. LIMITED	FENGLI GROUP (HONG KONG) CO. LIMITED	21,582,733 FULLY PAID ORDINARY SHARES

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
FENGLI GROUP (HONG KONG) CO. LIMITED	15/02/11	\$29,999,998	Nil	21,582,733 FULLY PAID ORDINARY SHARES

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN(if applicable)	Nature of association
N/A	N/A

7. Addresses

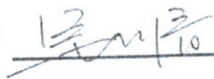
The addresses of persons named in this form are as follows:

Name	Address
FENGLI GROUP (HONG KONG) CO. LIMITED	4012-12 40/F Office Tower Convention Plaza, 1 Harbour Road Hong Kong

Signature

print name Shaoqing Wu capacity General Manager

sign here



date Feb 15 2011

print name

capacity

sign here

date / /

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Law.
- (3) See the definition of "relevant interest" in sections 608 and 617B(7) of the Corporations Law.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement, and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Law.
- (8) If the substantial holder is unable to determine the identity of the person (eg. If the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

SUBSCRIPTION AGREEMENT

Galaxy Resources Limited
Fengli Group (Hong Kong) Co. Limited

Ref: SXM:103089
Doc Ref.: 687323

Level 2
50 Kings Park Road
West Perth WA 6005
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SUBSCRIPTION AGREEMENT

PARTIES:

Name:	Galaxy Resources Limited	Galaxy
ABN:	11 071 976 442	
Address:	Level 2 16 Ord Street West Perth, 6005, Western Australia	

Name:	Fengli Group (Hong Kong) Co. Limited	Fengli
Registration Number:	37172307-000-09-07-4	
Address:	4012-12 40/F Office Tower Convention Plaza, 1 Harbour Road Hong Kong	

BACKGROUND

- A. Galaxy and Fengli ("Parties") have been in discussions regarding the provision of funding to Galaxy, and subscription for convertible bonds and shares in Galaxy, by Fengli.
- B. The Parties have agreed the terms which will apply to the subscription by Fengli or a nominated Related Body Corporate of Fengli for convertible bonds in two tranches. Those terms are reflected in the Convertible Bonds Documents.
- C. The purpose of this Agreement is to set out the terms and conditions which are to apply to a subscription by Fengli for shares in Galaxy.

It is agreed as follows.

1 DEFINITIONS

1.1 Definitions

"Authorities" means any national, state, local, regional, territorial, provincial, municipal government, ministry, governmental department, commission, board, bureau, agency, instrumentality, executive, legislative, judicial or administrative body in any jurisdiction.

"ASX" means ASX Limited (ABN 98 008 624 691) or the market operated by it, as the context requires.

"Business Day" means a day on which banks are open for general banking business in Perth, Western Australia, Hong Kong and Beijing.

"Convertible Bonds Documents", means the following documents dated on or about the date of this Agreement:

- (a) the convertible bonds to be issued by Galaxy to Fengli, including the Global Certificate(s) representing those convertible bonds;
- (b) the Trust Deed between Galaxy and Citicorp International Limited as trustee for the bondholders ("Trustee");

- (c) the Paying, Transfer and Conversion Agency Agreement between Galaxy, the Trustee and certain agents;
- (d) a Placement Agency Agreement between Galaxy, Morgan Stanley Australia Limited and BNP Paribas, Sydney Branch; and
- (e) the "Convertible Bond Subscription Agreement" between Galaxy, Strong Target International Limited, Venture Link Assets Limited and Fengli Group (Hong Kong) Limited.

"Listing Rules" means the listing rules published by the ASX.

"Party" means a party to this Agreement and "Parties" or "Party's" shall have a corresponding meaning.

"Related Body Corporate" has the meaning given to that term in the Corporations Act 2001 (Cth).

"Share" means a fully paid ordinary share in the capital of Galaxy.

1.2 Interpretation

Certain rules of interpretation in this Agreement are set out in clause 10.10.

2 SUBSCRIPTION

2.1 Subscription

Subject to clause 4, Fengli agrees to subscribe for and Galaxy agrees to allot and issue to Fengli up to 21,582,733 Shares ("Subscription Shares") by way of a placement.

2.2 Subscription Share Price

The price per Subscription Share issued is A\$1.39 ("Subscription Funds"), being the volume weighted average share price for Galaxy shares traded on the Australian Stock Exchange on each of the 5 consecutive trading days immediately preceding 21 October 2010.

3 ALLOTMENT OF SHARES

3.1 Allotment

- (a) In consideration for the Subscription Funds, Galaxy shall duly and validly allot and issue Subscription Shares to Fengli on the Settlement Date.
- (b) Galaxy shall ensure, and subject to clause 4.1 represents and warrants to Fengli, that upon issue the Subscription Shares:
 - (i) rank parri pasu with all Shares;
 - (ii) are free from any liens or encumbrances; and
 - (iii) are credited as fully paid.

3.2 Listing

Galaxy shall be responsible for ensuring, and must do everything necessary for it to ensure, that Subscription Shares allotted and issued in accordance with this Agreement are quoted on the ASX as soon as reasonably practicable after they are allotted and issued.

4 CONDITIONS PRECEDENT

4.1 Conditions Precedent

Settlement of the issuance of that number of the Subscription Shares requiring approvals as described in paragraphs (a) and (b) below, will not proceed unless the following conditions precedent are satisfied in accordance with this Agreement:

- (a) on or before 31 March 2011, the Treasurer of the Commonwealth of Australia:
 - (i) ceases to be empowered to make an order under Part II of the Foreign Acquisitions and Takeovers Act 1975 (Cth) in respect of the issuance of Subscription Shares to Fengli which provides Fengli with a 'substantial interest' in Galaxy as defined in that Act; or
 - (ii) gives Fengli notice in writing of a decision by the Treasurer that the Commonwealth Government has no objection to the issuance of the Subscription Shares to Fengli which provides Fengli with such 'substantial interest' in Galaxy; and
- (b) the shareholders of Galaxy approve, to the extent required by ASX Listing Rule 7.1, the issue of the Subscription Shares at a Galaxy shareholders' meeting to be held no later than 9.00am (Hong Kong time) on 15 January 2011.

4.2 Parties to co-operate / responsibility

- (a) The parties will co-operate with respect to the satisfaction of each of the conditions precedent described in clause 4.1, provided that:
 - (i) Fengli will be responsible for satisfaction of the condition precedent described in clause 4.1(a); and
 - (ii) Galaxy will be responsible for satisfaction of the condition precedent described in clause 4.1(b) and notwithstanding the cut-off date of 15 January 2011, must use its best endeavours to hold the shareholders' meeting on or before 22 December 2010. The Board of Galaxy will, subject to each director's fiduciary duties to Galaxy, vote in favour of a recommendation to Galaxy shareholders that Galaxy shareholders approve the issue of the Subscription Shares, and convertible bonds in accordance with the Convertible Bonds Documents, to Fengli.
- (b) The Parties will keep each other informed of any circumstances which may result in a condition not being satisfied by the due date, and will also notify the other Party (providing reasonable evidence) when a condition precedent has been satisfied.

4.3 Benefit and waiver of conditions precedent

- (a) Each of the conditions precedent is for the benefit of both Parties.
- (b) Any non-satisfaction of a condition precedent may only be waived with the prior written consent of both Parties.
- (c) A Party is entitled to waive or not to waive a condition precedent in its absolute discretion.

4.4 Failure of condition precedent

If the conditions precedent in clause 4.1(a) and 4.1(b) are not satisfied or waived in accordance with clause 4.3, Settlement will proceed on the basis that the number of

Subscription Shares to be issued to Fengli (up to the maximum of 21,582,733 Subscription Shares) will be an amount which would not trigger (as applicable) the requirement for a decision of non-objection as described in accordance with clause 4.1(a) or shareholder approval as described in clause 4.1(b).

5 SETTLEMENT

5.1 Settlement Date

Settlement of the subscription and issuance of the Fengli Subscription Shares in accordance with this letter ("**Settlement**"), will occur within 5 business days of the later of:

- (a) the date on which the last of the conditions precedent described in clause 3.1 is satisfied ("**Settlement Date**"); or
- (b) 31 March 2011 or such earlier date on which a decision as described in clause 3.1(a) is received.

5.2 Actions prior to Settlement

Prior to the Settlement Date:

- (a) Fengli will notify Galaxy in writing of the identity and relevant details of the person to be appointed as a director on the Board of Galaxy in accordance with clause 5.3(c).
- (b) Galaxy shall notify Fengli in writing of:
 - (i) the Subscription Funds payable at Settlement as calculated by multiplying \$A1.39 by the number of Subscription Shares to be issued at Settlement having regard to the status of satisfaction of the conditions precedent in accordance with clause 4; and
 - (ii) details of the bank account to which the Subscription Funds are to be transferred at Settlement.

5.3 Actions at Settlement

On the Settlement Date:

- (a) Fengli shall pay the Subscription Funds to Galaxy by telegraphic transfer into a bank account nominated by Galaxy in writing prior to the Settlement Date;
- (b) subject to receipt of the Subscription Funds by Galaxy, Galaxy shall duly and validly allot and issue the Subscription Shares to Fengli; and
- (c) subject to Settlement, Fengli will be entitled to nominate a person to be appointed as an additional director on the Board of Galaxy. Galaxy will or will procure that all things necessary are done to give effect to the appointment of that person as a director on the Board of Galaxy. As a result of this appointment, the Board of Galaxy will increase by one director.

5.4 Holding Statement

As soon as practicable but in any event within 5 Business Days after the Settlement Date, Galaxy must send or arrange for the sending to Fengli a holding statement in relation to the Subscription Shares issued at Settlement.

5.5 Compliance

- (a) Galaxy will be responsible for issuing or ensuring the issue of such notices required by law or the ASX in respect of the allotment and issuance of the Subscription Shares to Fengli, including providing the ASX with a Schedule 3B (new issue announcement, application for quotation of additional securities and agreement).
- (b) Galaxy will:
 - (i) issue a 'cleansing statement' in respect of the Subscription Shares to the ASX within 10 Business Days of Settlement; or
 - (ii) lodge a prospectus with the ASX in respect of the Subscription Shares within 30 days of Settlement.
- (c) Fengli will co-operate with Galaxy as necessary to ensure Galaxy is in a position to issue the documents described in this clause 5.5 as and when they are required to be issued.

5.6 Place for Settlement

Settlement shall occur at Galaxy's offices in Perth, Western Australia or such other place in Perth as may be agreed between the Parties.

6 REPRESENTATIONS AND WARRANTIES

6.1 Representations and warranties by Galaxy

Subject to satisfaction of the conditions precedent set out in clause 4.1, as at:

- (a) the date of this Agreement; and
- (b) the Settlement Date,

Fengli will have, in respect of the Subscription Shares, the benefit of the representations, warranties and covenants of Galaxy contained in clauses 4.1 to 4.5 (inclusive), 4.9 to 4.14 (inclusive) and clauses 4.16 to 4.24 (inclusive) of the Convertible Bond Subscription Agreement ("Galaxy CB Warranties") to the extent the Galaxy CB Warranties apply under the Convertible Bond Subscription Agreement to "Shares issuable upon conversion of the Bonds" to Fengli ("CB Shares"). To that extent, the Galaxy CB Warranties are deemed to be repeated in this Agreement in respect of the Subscription Shares in the same way they apply to the CB Shares, with such amendments to terminology as would be necessary for the Galaxy CB Warranties to be so repeated.

6.2 Representations and warranties by Fengli

Subject to satisfaction of the conditions precedent set out in clause 4.1, as at:

- (a) the date of this Agreement; and
- (b) the Settlement Date,

Galaxy will have, in respect of the Subscription Shares, the benefit of the representations, warranties and covenants of Fengli contained in clause 5.1 of the Convertible Bond Subscription Agreement ("Fengli CB Warranties") to the extent the Fengli CB Warranties apply under the Convertible Bond Subscription Agreement to the CB Shares. To that extent, the Fengli CB Warranties are deemed to be repeated in this Agreement in respect of the Subscription Shares in the same way they apply to the CB Shares, with such amendments to terminology as would be necessary for the Fengli CB Warranties to be so repeated.

6.3 Mutual representations and warranties

Subject to satisfaction of the conditions precedent set out in clause 4.1, each Party represents and warrants to the other Party that as at the date of this Agreement and the Settlement Date:

- (a) it is a corporation registered and validly existing under the laws of the jurisdiction in which it was incorporated;
- (b) it has full power and legal capacity to enter into, exercise its rights and perform its obligations under this Agreement and has taken all necessary corporate action to authorise the entry into and performance of its obligations under this Agreement;
- (c) it has obtained all consents and approvals necessary for it to validly enter into this Agreement and perform its obligations under this Agreement, including consents and approvals required from any Authority;
- (d) this Agreement is valid and legally binding on it and, subject only to discretions of courts regarding equitable remedies and laws relating to creditors rights generally, is enforceable against it in accordance with its terms; and
- (e) it is solvent within the meaning of the laws of the jurisdiction in which it was incorporated.

7 CONFIDENTIALITY

- (a) All information disclosed by one Party ("**Discloser**") to the other Party ("**Recipient**") under or in connection with this Agreement or during negotiations in respect of this Agreement is confidential to the Discloser ("**Confidential Information**").
- (b) The Recipient must not use or reproduce Confidential Information for any purpose other than as is necessary for the purposes of this Agreement or implementing the transactions contemplated by this Agreement ("**Approved Purpose**").
- (c) The Recipient must not disclose Confidential Information to any person except:
 - (i) to employees, legal advisers, auditors or other consultants of the Recipient or its Related Bodies Corporate on a "need to know" basis provided that such representatives do not use, disclose or reproduce this information for any purpose other than for the Approved Purpose; or with the consent of the Discloser;
 - (ii) if, and to the extent, necessarily required by applicable law or in connection with legal proceedings related to this Agreement;
 - (iii) if, and to the extent, required by the rules of any recognised stock exchange on which its shares are listed, provided that, to the extent possible, it must consult with the other Party before making the disclosure and use its reasonable endeavours to agree on the form and content of the disclosure; and/or
 - (iv) if, and to the extent, the information is in or becomes part of the public domain otherwise than through a breach of confidence owed to the Discloser.

- (d) Subject to this clause 7 and clause 8, each Party will treat the existence and terms of this Agreement as Confidential Information of the other Party.

8 PUBLIC ANNOUNCEMENTS

- (a) Immediately after this Agreement has been signed, the Parties may make such announcements to the ASX as are reasonably acceptable to both Parties.
- (b) Galaxy must:
- (i) provide Fengli with a copy for Fengli's review of the proposed notice to be issued to shareholders in respect of the meeting described in clause 4.1(b); and
 - (ii) to the extent possible, provide Fengli with a copy for Fengli's review of any proposed announcement to the ASX which relates to that shareholders' meeting,

before issuing the notice and any such ASX announcement(s), and use its reasonable endeavours to agree on the form and content of that notice and / or announcement(s) with Fengli.

9 NOTICES

- (a) Any notice, demand, consent or other communication ("**Notice**") given or made pursuant to this Agreement:
- (i) must be in writing and signed by a person duly authorised by the sender;
 - (ii) must either be delivered to the intended recipient by prepaid post, courier, by hand delivery or by facsimile to the address or facsimile number specified below or the address or facsimile last notified by the intended recipient to the sender:

Galaxy: Galaxy Resources Limited

Address: Level 2
16 Ord Street
West Perth, 6005

Attention: Mr. Iggy Tan, Managing Director

Facsimile: + 61 8 9215 1799

Fengli: Fengli Group (Hong Kong) Limited

Address: 4012-12 40/F Office Tower Convention Plaza, 1
Harbour Road, Hong Kong

Attention: Mr. Zhimin Shi

Facsimile: + 86 512 58715676

- (b) Notices shall be deemed given or made:
- (i) if personally served, at the time of service;

- (ii) if mailed, on the second day after date of mailing or the seventh Business Day after mailing if mailed to an overseas address; or
- (iii) if sent by facsimile, on the Business Day the Notice is dispatched or if not dispatched by 4pm on that day or not dispatched on a Business Day, on the next following Business Day.
- (c) Any Party may change its address or facsimile number by giving notice to that effect to the other Party.
- (d) For the sake of certainty, service of a Notice by email is not a valid form of service for the purpose of this Agreement.

10 GENERAL

10.1 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Western Australia.

10.2 Dispute resolution

- (a) If any dispute, controversy or claim arising out of or in respect of this Agreement or the breach, termination or invalidity of this agreement ("**Dispute**") arises, and a Party wishes to submit that Dispute to the other Party for resolution, the Disputing Party must provide a written notice to the other Party ("**Dispute Notice**"). The Dispute Notice must contain a brief statement of the nature of the Dispute and request negotiations amongst senior executives of the Parties.
- (b) Within 20 Business Days after the date of receipt of the Dispute Notice by the other Party, senior representatives representing both Parties must meet at a mutually acceptable time and place to attempt to resolve the Dispute.
- (c) If the senior executives nominated by the Parties are not able to resolve the Dispute within 20 Business Days days of first meeting, then either Party may submit the Dispute to the Institute of Arbitrators & Mediators, Australia (WA Chapter) ("**AMA**") in accordance with the "IAMA Arbitration Rules".
- (d) The arbitration panel shall consist of 3 arbitrators, with one arbitrator appointed by Galaxy, one arbitrator appointed by Fengli and the Chairman of the arbitral tribunal nominated by AMA. The appointing authority shall be AMA.
- (e) The arbitration shall be conducted in English.
- (f) Any arbitration award shall be final and binding on the Parties, and may be enforced by the courts of any relevant country, including but not limited to Australia, Hong Kong and the Peoples' Republic of China. The Parties must carry out any arbitral award without delay and the Parties agree to exclude any right of the application or appeal to any courts in connection with any question arising in the course of arbitration or with respect to any arbitral award.
- (g) The unsuccessful party shall bear the costs of arbitration.
- (h) Despite the existence of a Dispute, the Parties:
 - (i) may exercise their remaining rights; and
 - (ii) must perform their remaining obligations,

under this Agreement, except in respect of those matters the subject of the Dispute.

10.3 Further Assurances

Each Party shall sign, execute and do all acts, documents and things that may be reasonably required in order to implement and give full effect to the provisions and purposes of this Agreement whether before or after its execution.

10.4 Entire Agreement

The Parties acknowledge that this Agreement constitutes the entire agreement between them in relation to its subject matter and supercedes all previous negotiations, understandings and agreements with respect to such subject matter.

10.5 Costs

- (a) Each Party will be responsible for its own legal and other costs in respect of the preparation, consideration and execution of this Agreement.
- (b) Galaxy will pay all stamp duty assessed on or in relation to this Agreement and any counterparts.

10.6 Variation

No variation, modification or waiver of any provision of this Agreement nor consent to any departure by any Party therefrom, shall in any event be of any force or effect unless the same shall be confirmed in writing, signed by the Parties and then such variation, modification, waiver or consent shall be effective only to the extent for which it may be made or given.

10.7 Severability

If any provision of this Agreement is void, voidable by any Party, unenforceable or illegal in any jurisdiction it shall be read down so as to be valid and enforceable or if it cannot be so read down, the provision (or where possible the offending words), shall be severed from this Agreement without affecting the validity, legality or unenforceability of the remaining provisions (or parts of those provisions) of this Agreement which will continue in full force and effect.

10.8 Counterparts

This Agreement may be executed in any number of counterparts and by facsimile copies, all of which taken together, constitute one and the same document.

10.9 Relationship of the Parties

- (a) Nothing in this Agreement shall be construed so as to constitute making a Party a partner, agent or representative of the other Party or to create any partnership or trust for any purpose. No Party shall be under any fiduciary or other duty to the other Party which will prevent it from engaging in or enjoying the benefits of its endeavours.
- (b) No Party shall have any authority to act on behalf of any other Party.
- (c) Where a Party acts on behalf of another without authority, such Party shall indemnify the other party from any losses, claims, damages and liabilities arising out of any such act.

10.10 Interpretation

In this Agreement, unless the context otherwise requires:

- (a) the singular includes the plural and vice versa;
- (b) a reference to a clause is to a clause of this Agreement;
- (c) a reference to any Party or any other document or arrangement includes that Party's executors, administrators, substitutes, successors and permitted assigns;
- (d) a reference to a statute, regulation, proclamation, ordinance, by-law or rule includes all statutes, regulations, proclamations, ordinances, by-laws or rules amending, consolidating or replacing it, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;
- (e) a reference to a body, other than a Party (including without limitation, an institute, association or authority), whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body;
 is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (f) no provision of this Agreement will be construed adversely to a Party solely on the ground that the Party was responsible for the preparation of this Agreement or that provision;
- (g) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (h) all references to currency are references to Australian dollars; and
- (i) "including" and similar expressions are not and must not be treated as words of limitation.

Executed as an agreement on 4 November 2010.

EXECUTED by Fengli Group (Hong Kong) Co.
Limited in the presence of:

Secretary/Director



Director

Name of Secretary/Director (print)

Wu Yue Ming

Name of Director (print)

EXECUTED by Galaxy Resources Limited
in accordance with section 127 of the Corporations
Act by:

EXECUTED by Galaxy Resources Limited
in accordance with section 127 of the Corporations
Act by:



Secretary/Director

A.L. Meloncelli

Name of Secretary/Director (print)



Director

Ignatius Tan

Name of Director (print)



Confidential

14[*] January 2011

Fengli Group (Hong Kong) Co., Limited
4010-4012 40/F Office Tower Convention Plaza
1 Harbour Road, Hong Kong

Attention: Mr. Zhimin Shi

Dear Sirs,

GALAXY RESOURCES LIMITED / FENGLI GROUP (HONG KONG) CO., LIMITED – SUBSCRIPTION AGREEMENT

I refer to the Subscription Agreement ("**Agreement**") dated 4 November 2010 between Galaxy Resources Limited ("**Galaxy**") and Fengli Group (Hong Kong) Co., Limited ("**Fengli**"). Words not otherwise defined in this letter have the meaning given to them in the Agreement.

The purpose of this letter is to confirm the following:

- (a) The conditions precedent to Settlement under the Agreement were satisfied on 22 December 2010.
- (b) At the request of Fengli, Galaxy agrees to extend the date by which Settlement must occur from 5 business days after 22 December 2010 to a date which is on or before 15 February 2011 ("**Settlement Date**"). Fengli will advise Galaxy of the proposed Settlement Date by giving Galaxy 2 Business Days' written notice.
- (c) The Subscription Funds payable at Settlement are A\$29,999,998 for 21,582,733 Shares to be issued to Fengli at Settlement in accordance with the Agreement.

I confirm for the purposes of clause 5.2(b)(ii) of the Agreement that Galaxy's bank account details are as set out below:

Beneficiary Bank: Westpac Banking Corporation (SWIFT: WPACAU2S)
Address: 40 St Georges Terrace, Perth WA 6000 Australia

Beneficiary Name: Galaxy Resources Limited

Account no.: 19-5940

BSB no.: 036-001

I note that Fengli will need to advise Galaxy in due course the individual it nominates to be appointed, subject to Settlement in accordance with the Agreement, as an additional director on the Galaxy Board. Mr. Wu (who passed away on 31 December 2010) was previously nominated by Fengli in anticipation of Settlement.

GALAXY RESOURCES LIMITED
ABN: 11 071 976 442

Level 2, 16 Ord Street, West Perth 6005 (PO Box 1136, West Perth 6872, Western Australia)
T: +61 8 9215 1700 F: +61 8 9215 1799 www.galaxylithium.com



Please indicate your agreement to the terms of this letter by signing where indicated below.

Yours sincerely

Iggy Tan

A handwritten signature in black ink, appearing to read "Iggy Tan", written over a horizontal line.

Managing Director

Galaxy Resources Limited

Fengli Group (Hong Kong) Co., Limited agrees with the above:

A handwritten signature in black ink, appearing to read "Wu Shaoqing", written over a horizontal line.

Signed:

Print Name: Wu Shaoqing

Date: Jan, 10, 2011

GALAXY RESOURCES LIMITED

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