GALAXY
meeting a lithium future

30 March 2012

GALAXY AND LITHIUM ONE MERGER ARRANGEMENT AGREEMENT

Galaxy Resources Limited (ASX: GXY) (**Galaxy or the Company**) advises that the Galaxy and Lithium One Arrangement Agreement is attached.

Yours sincerely

A L Meloncelli
Company Secretary

--ENDS--

For more information, please contact:

Corporate	Australia Media Contact	Hong Kong Media Contact
Iggy Tan	Jane Grieve	Cindy Lung
Managing Director	FTI Consulting	Strategic Financial Relations Limited
Galaxy Resources Ltd	Tel (office): 08 9386 1233	Tel (office): (852) 2864 4867
Tel (office): 08 9215 1700	Tel (mobile): 0488 400 248	Tel (mobile): (852) 9282 4640
Email: ir@galaxylithium.com	Email: jane.grieve@fticonsulting.com	Email: cindy.lung@sprg.com.hk

About Galaxy (ASX: GXY)

Galaxy Resources Ltd ("Galaxy") is an Australian-based integrated lithium mining, chemicals and battery company listed on the Australian Securities Exchange (Code: GXY) and is a S&P/ASX 300 Index Company. Galaxy wholly owns the Mt Cattlin project near Ravensthorpe in Western Australia where it mines lithium pegmatite ore and processes it on site to produce a spodumene concentrate and tantalum by-product. At full capacity, Galaxy will process 137,000 tpa of spodumene concentrate and 56,000 lbs per annum of contained tantalum. The concentrated spodumene is shipped to Galaxy's wholly-owned Lithium Carbonate Plant in China's Jiangsu province. Once complete, the Jiangsu plant will produce 17,000 tpa of battery grade lithium carbonate, the largest producer in the Asia Pacific region and the fourth largest in the world.

Galaxy is also advancing plans for a lithium-ion battery plant, to produce 620,000 battery packs per annum for the electric bike (e-bike) market. The Company also has a farm in agreement with TSX-listed Lithium One Inc to acquire up to 70% of the James Bay Lithium Pegmatite Project in Quebec, Canada.

Lithium compounds are used in the manufacture of ceramics, glass, electronics and are an essential cathode material for long life lithium-ion batteries used to power e-bikes and hybrid and electric vehicles. Galaxy is bullish about the global lithium demand outlook and is positioning itself to achieve its goal of being involved in every step of the lithium supply chain.

GALAXY RESOURCES LIMITED

-AND-

GALAXY LITHIUM ONE INC.

-AND-

LITHIUM ONE INC.

ARRANGEMENT AGREEMENT

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ARRANGEMENT AGREEMENT

THIS AGREEMENT is made this 29th day of March, 2012.

BETWEEN:

Lithium One Inc., a corporation incorporated under the laws of Ontario,

(“**Target**”)

OF THE FIRST PART

– and –

Galaxy Lithium One Inc., a corporation incorporated under the laws of Quebec,

(“**Canco**”)

OF THE SECOND PART

– and –

Galaxy Resources Limited, a corporation incorporated under the laws of Australia,

(“**Acquireco**”)

OF THE THIRD PART

WHEREAS:

A. The authorized capital of Target consists of an unlimited number of common shares, of which 70,359,243 Target Shares were issued and outstanding as of the close of business on March 29, 2012, as fully paid and non-assessable;

B. Canco proposes to acquire all of the Target Shares and Target Convertible Notes pursuant to the Arrangement as provided for in this agreement for the consideration contemplated herein;

C. Certain Acquireco Shareholders have undertaken to vote the Acquireco Shares held by them in favour of the Transactions subject to the terms of the Acquireco Voting Support Agreements;

D. Certain Target Shareholders have agreed to vote their securities of Target in favour of the Transactions and certain Target Noteholders have agreed to vote the principal amount of their Target Convertible Notes in favour of the Transactions, subject in each case to the terms of the Target Voting Support Agreements;

E. The board of directors of Target, after receiving the Fairness Opinion and legal advice and after considering other factors, has unanimously determined that it is in the best interests of Target to enter into this agreement, to support and implement the Transactions and for the board of directors of Target to recommend that Target Shareholders vote in favour of the Arrangement.

NOW THEREFORE in consideration of the mutual covenants set out in this agreement and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Target, Acquireco and Canco agree that:

1. The Transaction and its Announcement

A. Process Regarding Target.

Subject to the terms and conditions of this agreement:

(a) subject to compliance by Acquireco with its agreements and covenants in Section 1.B, as soon as practicable after the execution of this agreement, and in any event before 30 July, 2012, Target shall, in a manner acceptable to Acquireco, acting reasonably, apply to the Court pursuant to Section 182 of the Act for the Interim Order;

(b) provided the Interim Order has been obtained, Target shall, in a manner acceptable to Acquireco, acting reasonably, and subject to Acquireco's agreements and covenants in Section 1.B, hold the Target Special Meeting as soon as reasonably practicable after the Interim Order has been obtained, and in any event before 16 August, 2012, and, in connection with the Target Special Meeting, ensure that the Target Circular contains all information necessary to permit Target Securityholders to make an informed judgement about the Arrangement;

(c) after having called the Target Special Meeting, Target shall not, without the prior consent of Acquireco, adjourn, postpone or cancel the Target Special Meeting, except as may be required by Law or the rules of the TSX-V or except as otherwise permitted in this agreement;

(d) Target shall, subject to the prior review and written approval of Acquireco, and subject to Acquireco's agreements and covenants in Section 1.B, prepare, file and distribute the Target Circular and such other documents (including documents required by the TSX-V and the Securities Commissions or applicable Law) as may be necessary or desirable to permit Target Securityholders to vote on the Arrangement;

(e) provided the Arrangement is approved at the Target Special Meeting as set out in the Interim Order, as soon as reasonably practicable thereafter at a time determined with Acquireco, Target shall forthwith, in a manner acceptable to Acquireco, acting reasonably, take the necessary steps to submit the Arrangement to the Court and apply for the Final Order in such manner as the Court may direct;

(f) provided the Final Order is obtained and the conditions set out in Section 2 have been satisfied or waived, Target shall send to the Director, for endorsement and filing by the Director, articles of arrangement and such other documents as may be required under the OBCA to give effect to the Arrangement; and

(g) provided the Final Order is obtained and the conditions set out in Section 2 have been satisfied or waived, the Support Agreement and the Voting and Exchange Trust Agreement shall be executed.

B. Target Circular.

Target shall prepare the Target Circular (including supplements or amendments thereto) and cause the Target Circular (including supplements or amendments thereto) to be distributed in accordance with applicable Law. In preparing the Target Circular, Target shall provide Acquireco with a reasonable opportunity to review and comment on the Target Circular and, other than with respect to the Acquireco Information for which Acquireco shall be solely responsible, Target shall consider all such comments, provided that whether or not any comments are accepted or appropriate shall be determined by the board of directors of Target in their discretion, acting reasonably. In a timely and expeditious manner so as to permit Target to comply with its obligations in Section 1.A(a) and Section 1.A(b), Acquireco shall promptly furnish to Target all Acquireco Information. Each of Target and Acquireco shall:

(a) ensure that all information provided by it or on its behalf that is contained in the Target Circular does not contain any misrepresentation or any untrue statement of a material fact or omit to state a material fact required to be stated in the Target Circular that is necessary to make any statement that it contains not misleading in light of the circumstances in which it is made; and

(b) promptly notify the other if, at any time before the Effective Time, it becomes aware that the Target Circular, any document delivered to the Court in connection with the application for the Interim Order or Final Order or delivered to Target Securityholders in connection with the Target Special Meeting or any other document contemplated by Section 1.A contains a misrepresentation, an untrue statement of material fact, omits to state a material fact required to be stated in those documents that is necessary to make any statement it contains not misleading in light of the circumstances in which it is made or that otherwise requires an amendment or a supplement to those documents.

All Acquireco Information shall comply in all material respects with all applicable Laws and shall contain full, true and plain disclosure of all material facts relating to the securities of Acquireco and Canco to be issued in connection with this agreement, including under the Plan of Arrangement. Acquireco shall indemnify and hold harmless Target and each of the Indemnified Persons to the extent that the Acquireco Information contains or is alleged to contain any misrepresentation (as defined under applicable securities Laws) and/or does not contain full, true and plain disclosure of all material facts relating to the securities of Acquireco or Canco to be issued in connection with this agreement, including under the Plan of Arrangement.

C. Process Regarding Acquireco.

Subject to the terms and conditions of this Agreement:

(a) Acquireco shall take all action necessary in accordance with all applicable Laws to duly call, give notice of, convene and hold the Acquireco Special Meeting as promptly as practical, and in any event not later than August 16, 2012;

(b) Acquireco shall solicit proxies of Acquireco Shareholders' in favour of the Transactions;

(c) after having called the Acquireco Special Meeting, Acquireco shall not, without the prior consent of Target, adjourn, postpone or cancel the Acquireco Special Meeting, except as may be required by Law or the rules of the ASX or except as otherwise permitted in this agreement; and

(d) Acquireco shall, subject to prior review and written approval of Target prepare, file and distribute its notice of meeting and proxy circular and such other documents (including documents required by the ASX or applicable Laws) as may be necessary or desirable to permit Acquireco Shareholders to vote on the Transactions.

D. Acquireco Circular.

Acquireco shall prepare a notice of meeting and proxy circular, or such other equivalent documents required by applicable Laws and the rules of the ASX, (including supplements or amendments thereto) (the "**Acquireco Circular**") and cause the Acquireco Circular to be distributed in accordance with applicable Law. Acquireco shall provide Target with a reasonable opportunity to review and comment on the Acquireco Circular. Acquireco shall consider all comments, provided that whether or not such comments are accepted or appropriate shall be determined by the board of directors of Acquireco in their discretion, acting reasonably.

E. Public Announcements.

Immediately after the execution of this agreement, each Principal Party shall issue a public announcement, announcing the entering into of this agreement and the Transactions. The content and timing of each Principal Party's announcement shall be approved by the other Principal Party acting reasonably.

2. Conditions to the Arrangement

A. Mutual Conditions.

The respective obligations of the parties to complete the Arrangement shall be subject to the fulfilment, or the waiver by each of them, on or before the Outside Date, of the conditions set forth in Schedule C, each of which may be waived by mutual consent of the parties, in whole or in part. For greater certainty, the conditions set forth in Schedule

C are inserted for the benefit of each of the parties to this agreement and may be waived by mutual consent of Target and Acquireco (for itself and on behalf of Canco), in whole or in part, in their sole discretion.

B. Conditions in Favour of Target.

The obligations of Target to complete the Arrangement shall be subject to the fulfilment, or the waiver by Target, on or before the Outside Date, of the conditions set forth in Schedule D, each of which is for the exclusive benefit of Target and may be waived by Target alone, at any time, in whole or in part, in its sole discretion.

C. Conditions in Favour of Acquireco and Canco.

The obligations of each of Acquireco and Canco to complete the Arrangement shall be subject to the fulfilment, or the waiver by Acquireco (for itself and on behalf of Canco), on or before the Outside Date, of the conditions set out in Schedule E, each of which is for the exclusive benefit of Acquireco and Canco and may be waived by Acquireco (for itself and on behalf of Canco) alone, at any time, in whole or in part, in its sole discretion.

D. Satisfaction, Waiver and Release of Conditions.

Upon the issuance of a certificate of arrangement in respect of the Arrangement by the Director in accordance with the Final Order and the OBCA, the conditions provided for in this section shall be deemed conclusively to have been satisfied, fulfilled, waived or released.

E. Use of reasonable endeavours

Each party must use its reasonable endeavours to satisfy, assist the other to satisfy, or procure satisfaction of (as applicable) each condition set forth in Schedule C, on or before the Outside Date. Each party must promptly notify the other party when it learns that any such condition is satisfied or that it cannot be satisfied. Each party must promptly keep the other party reasonably informed of any developments relevant to the satisfaction, waiver or otherwise of any such condition.

3. Representations and Warranties

A. Representations and Warranties of Target.

Target represents and warrants to Acquireco and Canco as to those matters set forth in Schedule F (and acknowledges that Acquireco and Canco are relying on such representations and warranties in entering into this agreement and completing the Transactions).

B. Representations and Warranties of Acquireco and Canco.

Acquireco and Canco jointly and severally represent and warrant to Target as to those matters set forth in Schedule G (and acknowledge that Target is relying on such representations and warranties in entering into this agreement and completing the Transactions).

C. Survival of Representations, Warranties and Covenants.

The representations, warranties and covenants of Target and Acquireco and Canco contained in this agreement or in any instrument delivered pursuant to this agreement shall merge upon, and shall not survive, the Effective Date; provided that this Section 3.C shall not limit any covenant or agreement of the parties, which by its terms contemplates performance after the Effective Time.

4. Implementation

A. General.

The Transactions are intended, subject to the terms and conditions hereof and thereof, to result in, among other things, Acquireco acquiring all Target Shares outstanding immediately prior to the Effective Time as provided below and as set out in greater detail in the Plan of Arrangement each issued and outstanding Target Share held by a Target Shareholder (and other than Target Shares held by Acquireco or an affiliate or Dissenting Shareholders) shall be exchanged with Canco for Acquireco Share Consideration or Exchangeable Share Consideration in accordance with the election or deemed election of such Target Shareholder pursuant to Section 2.3 of the Plan of Arrangement.

A1. Subject to the provisions of the Plan of Arrangement, Canco shall execute joint elections under subsection 85(1) or 85(2) of the ITA or any equivalent provincial legislation with Target Shareholders who are Eligible Holders (as defined in the Plan of Arrangement) and who are entitled to receive Exchangeable Shares under the Arrangement, subject to and in accordance with the Plan of Arrangement. In addition, each of Target, Acquireco and Canco shall (and shall cause its Subsidiaries to) use all commercially reasonable efforts to satisfy each of the conditions precedent to be satisfied by it, as soon as practical and in any event before the Outside Date, and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable to permit the completion of the Transactions in accordance with the Arrangement, this agreement, the agreements that it contemplates and applicable Law, and to cooperate with each other in connection therewith (provided, however, that, with respect to Canadian provincial or territorial qualifications, neither Acquireco nor Canco shall be required to register or qualify as a foreign corporation or to take any action that would subject it to service of process in any jurisdiction where it is not now so subject, except as to matters and transactions arising solely from the issuance of the Exchangeable Shares and the Acquireco Shares), including using all commercially reasonable efforts to:

(a) provide notice to, and obtain all waivers, consents, permits, licenses, authorizations, orders, approvals and releases necessary or desirable to complete the Transactions from, Agencies and other persons, including parties to agreements, understandings or other documents to which each of Target and Acquireco (and its respective Subsidiaries) is a party or by which it or its properties are bound or affected (including loan agreements, shareholder agreements, leases, pledges, guarantees and security), the failure of which to provide or obtain would prevent the completion of the Arrangement or which, individually or in the aggregate, would reasonably be expected to be Materially Adverse to either Target or Acquireco and their respective Subsidiaries, in each case taken as a whole;

(b) obtain the Interim Order and the approval of Target Securityholders at the Target Special Meeting at the earliest practicable date, as specified in the Interim Order and the Final Order;

(c) effect or cause to be effected all registrations and filings and submissions of information necessary or desirable to complete the Transactions or requested of it by Agencies, the failure of which to obtain would reasonably be expected to prevent the completion of the Transactions or would reasonably be expected to be Materially Adverse to either Target or Acquireco and their respective Subsidiaries, in each case taken as a whole; and

(d) keep the other reasonably informed as to the status of the proceedings related to obtaining the Regulatory Approvals, including providing the other with copies of all related applications and notifications.

B. Stock Options, Notes and Target Compensation Warrants.

(a) Subject to receipt of all appropriate regulatory approvals, the holders of Target Options which have an exercise price of less than $1.55, shall receive, in respect of each such Target Option a fraction of a Target Share, with such fraction being calculated according the formula the numerator of which shall be equal to the difference between C$1.55 and the exercise price for such Target Option and the denominator of which shall be equal to C$1.55; provided, however, that if the aggregate number of Acquireco Shares that would otherwise be required to be issued to a holder as consideration for such holder's Target Options would result in a fraction of an Target Share being issuable, the number of Target Shares to be received by such holder will be rounded up. The Target Shares received by Optionholders in accordance with the foregoing shall be exchanged with Canco for Acquireco Share Consideration or Exchangeable Share Consideration in accordance with the election or deemed election of such former Target Optionholder pursuant to Section 2.3 of the Plan of Arrangement For greater certainty, all Target Options will expire and terminate in full upon the Effective Date.

(b) All Target Convertible Notes shall be exchanged for notes of Acquireco (the "**Acquireco Convertible Notes**"). The form of Acquireco Convertible Notes is set forth in Schedule K.

(c) The holder of the 250,000 Target Compensation Warrants shall receive, in respect of each such Target Compensation Warrant a fraction of a Target Share, with such fraction being calculated according to the formula the numerator of which shall be equal to the difference between C$1.55 and the exercise price for such Target Compensation Warrant and the denominator of which shall be equal to C$1.55. For greater certainty, all Target Compensation Warrants will expire and terminate on the Effective Date.

C. Defence of Proceedings.

Each of Target, Acquireco and Canco shall diligently defend, or shall cause to be diligently defended, any lawsuits or other legal proceedings brought against it or any of its Subsidiaries or their respective directors, officers or shareholders challenging this agreement or the completion of the Transactions. Neither Target, Acquireco nor Canco shall settle or compromise (or permit any of their respective Subsidiaries to compromise or settle) any such claim brought in connection with the Transactions, without the prior written consent of the other (provided that written consent of Acquireco shall only be necessary to the extent settlement of such claim would bind either Acquireco or Canco or in any material respect affect, restrain or interfere with the conduct of the business of Target, Acquireco or any of their Subsidiaries or the consummation of the Transactions or be Materially Adverse to Target).

D. Securities Law Compliance, Regulatory Approvals and Related Covenants.

Acquireco shall:

(a) obtain all orders, if any, required from the applicable Securities Commissions to permit the first resale of:

(i) any Acquireco Shares issued, transferred or delivered by Canco from time to time to holders of Exchangeable Shares in accordance with the provisions of the Exchangeable Shares set out in Schedule I to the Plan of Arrangement;

(ii) any Acquireco Shares transferred by Callco to holders of Exchangeable Shares from time to time in accordance with the terms and conditions set out in the Plan of Arrangement and Schedule I to the Plan of Arrangement; and

in each case without qualification with or approval of or the filing of any prospectus, or the taking of any proceeding with, or the obtaining of any further order, ruling or consent from, any Securities Commission in any of the provinces or territories of Canada (other than, with respect to such first resales, any restrictions on transfer by reason of a holder being a "control person" of Acquireco or Canco or Callco (as defined in the provisions attaching to the Exchangeable Shares) for purposes of Canadian provincial or territorial securities Laws.

(b) ensure that Canco is, at the Effective Time and for so long as there are Exchangeable Shares outstanding (other than those Exchangeable Shares held by Acquireco or any of its affiliates), a "taxable Canadian corporation" and not a "mutual fund corporation," each within the meaning of the ITA (as of the Effective Time and any modifications to such definitions which are consistent with the principles thereof).

Acquireco shall obtain all Regulatory Approvals necessary to ensure that the distribution of the Acquireco Shares and the Exchangeable Shares pursuant to the Arrangement (including those Acquireco Shares distributable pursuant to the rights attached to the Exchangeable Shares and the Acquireco Convertible Notes) and the first trade thereof shall not be subject to resale restrictions under applicable Law.

E. Registrar and Transfer Agent.

Target shall permit the registrar and transfer agent for Target Shares to act as depositary in connection with the Arrangement and shall instruct that transfer agent to furnish to Acquireco (and such persons as Acquireco may reasonably designate), at such times as Acquireco may request, any information that Acquireco may reasonably request and to provide to Acquireco (and such persons as Acquireco may designate) such other assistance as it may reasonably request in connection with the implementation and completion of the Transactions.

F. Access to Information; Confidentiality.

(a) Subject to compliance with applicable Law, Target shall, and shall cause its Subsidiaries to, afford to Acquireco and to its Representatives, reasonable access during normal business hours during the period prior to the Effective Time to all of the properties, books, contracts, commitments, personnel and records of Target and its Subsidiaries and, during such period, Target shall, and shall cause each of its Subsidiaries to, furnish promptly to Acquireco (i) a copy of each report, schedule, registration statement and other document filed by it during such period pursuant to the requirements of federal, provincial or state securities Laws and (ii) all other information concerning its business, properties and personnel as Acquireco may reasonably request, including any information with respect to Target Securityholder Approval at the Target Special Meeting and the status of the efforts to obtain such approval. Such information shall be held in confidence to the extent required by, and in accordance with, the provisions of the Confidentiality Agreement.

(b) Subject to compliance with applicable Law, Acquireco shall and shall cause its Subsidiaries to afford to Target and its Representatives, reasonable access during normal business hours, during the period prior to the Effective Time, to all of the properties, books, contracts, commitments, personnel and records of Acquireco and its Subsidiaries and, during such period, Acquireco shall, and shall cause each of its Subsidiaries to, furnish promptly to Target (i) a copy of each report, schedule, registration statement and other document filed by it during such period pursuant to the requirements of federal, provincial or state securities Laws and (ii) all other information concerning its business, properties and personnel as Target may reasonably request, including any information with respect to Acquireco

Shareholder Approval at the Acquireco Special Meeting and the status of the efforts to obtain such approval. Such information shall be held in confidence to the extent required by, and in accordance with, the provisions of the Confidentiality Agreement.

G. Duty to Inform.

Each of Target and Acquireco shall keep the other apprised of the status of matters relating to the completion of the Transactions and work cooperatively in connection with obtaining the requisite approvals and consents or governmental orders, including:

(a) promptly notifying the other of, and, if in writing, promptly furnish the other with copies of, any communications from or with any Agency with respect to the Transactions;

(b) permitting the other party to review in advance, and considering in good faith the view of one another in connection with, any proposed communication with any Agency in connection with proceedings under or relating to any applicable Law relating to the Transactions; and

(c) not agreeing to participate in any meeting or discussion with any Agency in connection with proceedings under or relating to any applicable Law relating to the Transactions unless it consults with the other party in advance.

H. Board Recommendation.

The board of directors of Target shall in the Target Circular, subject to Section 6.B, unanimously recommend that Target Shareholders approve the Arrangement. The board of directors of Acquireco shall in the Acquireco Circular, subject to Section 6.B., unanimously recommend that Acquireco Shareholders approve the Transactions.

I. Withholding Rights.

Target, Canco, Callco, Acquireco and any person acting as depositary (the "**Depositary**") in connection with the Arrangement shall be entitled to deduct and withhold from any dividend, price or consideration otherwise payable to any holder of Target Shares, Acquireco Shares or Exchangeable Shares such amounts as Target, Canco, Callco, Acquireco or the Depositary is required to deduct and withhold with respect to such payment under the ITA or any other applicable Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the securities in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing Agency. To the extent that the amount so required to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to the holder, Target, Canco, Callco, Acquireco and the Depositary are hereby authorized to sell or otherwise dispose of such other portion of the consideration as is necessary to provide sufficient funds to Target, Canco, Callco, Acquireco and the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and Target, Canco, Callco, Acquireco and the Depositary shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale.

J. Pre-Closing Reorganization.

Target covenants and agrees that, upon the reasonable request by Acquireco, Target shall, and shall cause each of its Subsidiaries to use its reasonable commercial efforts to (i) take such actions to reorganize their respective capital, assets and structure as Acquireco may request in writing, acting reasonably (collectively, the "**Pre-Arrangement Reorganization**") and (ii) cooperate with Acquireco and its advisors in order to determine the nature of the Pre-Arrangement Reorganization that might be undertaken and the manner in which it might most effectively be undertaken; provided that the Pre-Arrangement Reorganization (A) is not prejudicial to Target or any Subsidiary of Target or Target Securityholders or inconsistent with the provisions of this agreement; (B) shall not affect or modify in any respect the obligations of any of Acquireco or Canco under this agreement; (C) is reasonably capable of being consummated following the date of the Final Order and prior to the Effective Time; and (D) does not have adverse Tax consequences to Target or its Subsidiaries. Acquireco shall provide written notice to Target of any proposed Pre-Arrangement Reorganization at least five business days prior to the Effective Time provided that the Pre-Arrangement Reorganization shall in no event be effective prior to the granting of the Final Order. Acquireco shall bear all costs of the Pre-Arrangement Reorganization, including any liability for Taxes of Target or any of the Subsidiaries that may arise as a result of such Pre-Arrangement Reorganization. The parties will use their commercially reasonable efforts to structure the Pre-Arrangement Reorganization in such a manner that it is made effective immediately prior to the Effective Time. If the Arrangement is not completed, Acquireco will forthwith reimburse Target for all reasonable fees and expenses (including any professional fees and expenses) incurred by Target or its Subsidiaries in considering and effecting the Pre-Arrangement Reorganization and shall be responsible for all reasonable fees and expenses (including professional fees and expenses) of Target and its Subsidiaries in reversing or unwinding any Pre-Arrangement Reorganization that was effected prior to the termination of this agreement in accordance with its terms. Notwithstanding the foregoing, in no event shall the completion of any Pre-Arrangement Reorganization be a condition to the completion of the Arrangement.

If the Arrangement is not completed, Acquireco will forthwith reimburse the Target for all reasonable fees and expenses (including any professional fees and expenses) incurred by the Target and its subsidiaries in effecting any Pre-Arrangement Reorganization and shall indemnify the Target for any costs, taxes, loss of opportunity or otherwise of the Target and its subsidiaries in reversing or unwinding any Pre-Arrangement Reorganization that was effected prior to the termination of this Agreement in accordance with its terms.

Acquireco shall indemnify and save harmless the Target and its subsidiaries from and against any and all liabilities, losses, damages, claims, costs, expenses, interest awards, judgments and penalties suffered or incurred by any of them in connection with or as a result of their co-operation or assistance with or participation in any Pre-Arrangement Reorganization. No director, officer, employee or agent of the Target or its subsidiaries shall be required to take any action in any capacity other than as a director, officer, employee or agent of the Target or its subsidiaries, as the case may be.

K. U.S. Securities Law Matters

The parties agree that the Arrangement will be carried out with the intention that all Acquireco Shares, Exchangeable Shares and Acquireco Convertible Notes issued on completion of the Arrangement to Target Securityholders, holders of the Target Compensation Warrants and holders of the Target Convertible Notes in the United States, will be issued by Acquireco or Canco, as applicable, in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act (the "**Section 3(a)(10) Exemption**"). In order to ensure the availability of the Section 3(a)(10) Exemption, the parties agree that the Arrangement will be carried out on the following basis:

(a) the Arrangement will be subject to the approval of the Court;

(b) the Court will be advised as to the intention of the parties to rely on the Section 3(a)(10) Exemption prior to the hearing required to approve the Arrangement;

(c) the Court will be required to satisfy itself as to the fairness of the Arrangement to the Target Securityholders, holders of the Target Compensation Warrants and holders of the Target Convertible Notes subject to the Arrangement;

(d) the Final Order will expressly state that the Arrangement is approved by the Court as being fair to the Target Securityholders, holders of the Target Compensation Warrants and holders of the Target Convertible Notes;

(e) each Target Securityholder and holder of the Target Compensation Warrants entitled to receive Acquireco Shares or Exchangeable Shares, as applicable, and each holder of Target Convertible Notes entitled to receive Acquireco Convertible Notes, in each case pursuant to the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right;

(f) the Interim Order approving the Target Meeting will specify that each Target Securityholder, holder of Target Compensation Warrants and holder of Target Convertible Notes will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as it enters an appearance within a reasonable time; and

(g) the Final Order shall include a statement to substantially the following effect:

“This Order will serve as a basis of a claim to an exemption, pursuant to section 3(a)(10) of the U.S. Securities Act, from the registration requirements otherwise imposed by that act, regarding the distribution of securities of Galaxy Resources Limited or Canco, as applicable, to the Lithium One Inc. securityholders in the United States pursuant to the Plan of Arrangement."

5. Conduct of Business

A. Conduct of Business by Target.

Prior to the Effective Time, unless Acquireco otherwise agrees in writing, or as otherwise expressly contemplated or permitted by this agreement or as disclosed in the Target Disclosure Statement or as required by applicable Law or by any Governmental Entity having jurisdiction, Target shall, and shall cause each of its Subsidiaries to, (i) conduct its business only in, not take any action except in, and maintain its facilities and assets in, the ordinary course of business consistent with past practice, (ii) maintain and preserve its business organization and its material rights and franchises, (iii) use commercially reasonable efforts to retain the services of its officers and key employees, (iv) use commercially reasonable efforts to maintain relationships with customers, suppliers, lessees, joint venture partners, licensees, lessors, licensors and other third parties, (v) maintain all of its operational assets in their current condition (normal wear and tear excepted) to the end that the goodwill and ongoing business of Target and its Subsidiaries shall not be impaired in any material respect, and (vi) maintain all mining rights in good standing in accordance with all applicable Laws. Without limiting the generality of the foregoing, Target shall (unless Acquireco otherwise agrees in writing (not to be unreasonably withheld or delayed), or as otherwise expressly contemplated or permitted by this agreement or as disclosed in the Target Disclosure Statement):

(a) not do, permit any of its Subsidiaries to do or permit to occur any of the following (directly or indirectly),

(i) issue, grant, sell, transfer, pledge, lease, dispose of, encumber or agree to issue, grant, sell, pledge, lease, dispose of or encumber,

(A) any Target Shares or other securities entitling the holder to rights in respect of the securities or assets of Target or its Subsidiaries, other than pursuant to rights to acquire such securities existing at the date of this agreement as disclosed in the Target Disclosure Statement, or

(B) any property or assets of Target or any of its Subsidiaries (including, without limitation, mining rights), except in the ordinary course of business consistent with past practice,

(ii) amend or propose to amend the constitutional documents (including articles or other organizational documents or by-laws) of it or any of its Subsidiaries,

(iii) redeem, purchase or offer to purchase any securities of its capital stock, or enter into any agreement, understanding or arrangement with respect to the voting, registration or repurchase of its capital stock,

(iv) adjust, split, combine or reclassify its capital stock or merge, consolidate or enter into a joint venture with any person,

(v) acquire or agree to acquire (by purchase, amalgamation, merger or otherwise) assets from any person that individually or in the aggregate exceed $500,000,

(vi) make, or commit to make, any capital expenditures that individually or in the aggregate exceeds $250,000,

(vii) incur, create, assume, commit to incur, act or fail to act in any manner that would reasonably be expected to accelerate any obligations in respect of, guarantee or otherwise become liable or responsible for, indebtedness for borrowed money, other than advances from Subsidiaries of Target made in the ordinary course of business consistent with past practice,

(viii) prepay any amount owing in respect of indebtedness for borrowed money,

(ix) settle or compromise any suit, claim, action, proceeding, hearing, notice of violation, demand letter or investigation,

(x) enter into, adopt or amend any Employee Benefit Plan or Employment Agreement, except as may be required by applicable Law,

(xi) modify, amend or terminate, or waive, release or assign any material rights or claims with respect to any confidentiality or standstill agreement to which Target is a party,

(xii) other than as a result of the Transactions, take any action that would give rise to a right to severance benefits pursuant to any employment, severance, termination, change in control or similar agreements or arrangements,

(xiii) adopt or amend, or increase or accelerate the timing, payment or vesting of benefits under or funding of, any bonus, profit sharing compensation, stock option (other than Target Options), pension, retirement, deferred compensation, employment or other employee benefit plan, agreement, trust, fund or arrangement for the benefit or welfare of any current or former employee, director or consultant,

(xiv) amend the Target Option Plan or otherwise amend the terms of any Target Options, except that, for avoidance of doubt, Target's board of directors shall be entitled to take such steps as are necessary to accelerate the vesting of otherwise unvested Target Options,

(xv) enter into any confidentiality agreements or arrangements other than in the ordinary course of business consistent with past practice, except as otherwise permitted in this agreement,

(xvi) except as otherwise required by Law, make any material Tax election, settle or compromise any material Tax claim or assessment, file any Tax Return (other than any Tax Return due before the Effective Time and then only in a manner consistent with past practice), change any method of Tax accounting or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes,

(xvii) except as required by Law or GAAP or as determined in the good faith judgement of Target's board of directors, make any changes to existing accounting practices, or write up, write down or write off the book value of any assets in amount that, in aggregate, exceeds $50,000, except for depreciation and amortization in accordance with GAAP***;***

(xviii) enter into or modify any employment, severance, collective bargaining or similar agreements or arrangements with, or take any action with respect to or grant any salary increases, bonuses, benefits, severance or termination pay to, any current or former officers, directors or other employees or consultants; or

(xix) any action or failure to do any action (as the case may be) that causes or may cause:

(A) any mining rights of the Target or any of its Subsidiaries to be forfeited;

(B) the imposition of new or additional terms on the mining rights of the Target or any of its Subsidiaries which are adverse from the perspective of the Target or any of its Subsidiaries; or

(C) the grant, or alteration of, a third party interest in any of the mining rights of the Target or any of its Subsidiaries.

(xx) use its commercially reasonable efforts to cause the current insurance (or re-insurance) policies of it and its Subsidiaries not to be cancelled or terminated or any other coverage under those policies to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and reinsurance companies of nationally recognized standing reasonably acceptable to Acquireco providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;

(b) not do or permit any action that would, or would reasonably be expected to, render any representation or warranty made by it in this agreement untrue or inaccurate in a manner that would, or would reasonably be expected to, be Materially Adverse to Target and its Subsidiaries, taken as a whole;

(c) promptly notify Acquireco orally and in writing of any change in the ordinary course of the business, operations or properties of Target or its Subsidiaries and of any material complaints, investigations or hearings (or communications indicating that the same may be contemplated) that, individually is or in the aggregate are, or would reasonably be expected to be, Materially Adverse to Target and its Subsidiaries, taken as a whole;

(d) not implement any other change in the business, affairs, capitalization or dividend policy of Target or its Subsidiaries that is, or in the aggregate are, or would reasonably be expected to be, Materially Adverse to Target and its Subsidiaries, taken as a whole; and

(e) not enter into or modify any contract, agreement, commitment or arrangement with respect to any of the matters set forth in this Section 5.A.

B. Conduct of Business by Acquireco.

During the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, unless Target otherwise agrees in writing (not to be unreasonably withheld or delayed), or as otherwise expressly contemplated or permitted by this agreement or as disclosed in the Acquireco Disclosure Statement or as required to give effect to this agreement or by applicable Law or by any Governmental Entity having jurisdiction, Acquireco shall, and shall cause each of its Subsidiaries to, (i) conduct its business only in, not take any action except in, and maintain its facilities and assets in, the ordinary course of business consistent with past practice, (ii) maintain and preserve its business organization and its material rights and franchises, (iii) use commercially reasonable efforts to retain the services of its officers and key employees, (iv) use commercially reasonable efforts to maintain relationships with customers, suppliers, lessees, joint venture partners, licensees, lessors, licensors and other third parties, (v) maintain all of its operational assets in their current condition (normal wear and tear excepted) to the end that the goodwill and ongoing business of Acquireco and its Subsidiaries shall not be impaired in any material respect, and (vi) maintain all mining rights in good standing in accordance with all applicable Laws. Without limiting the generality of the foregoing, Acquireco shall (unless Target otherwise agrees in writing (not to be unreasonably withheld or delayed), or as otherwise required to give effect to this agreement expressly contemplated or permitted by this agreement or as disclosed in the Acquireco Disclosure Statement):

(a) not (i) amend its constating or other comparable organizational documents; (ii) split, combine or reclassify any shares in the capital of Acquireco or its Subsidiaries; (iii) amend the terms of any of its securities; (iv) adopt a plan of liquidation or resolution providing for the liquidation or dissolution of Acquireco or any of its Subsidiaries; (v) amend its accounting policies or adopt new accounting policies, in each case except as required to comply with generally accepted accounting principles; (vi) declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) in respect of any Acquireco Shares except, in the case of any of Acquireco's wholly-owned Subsidiaries, for dividends payable to Acquireco; (vii) other than in connection with the Acquisition Financing issue or sell, or agree to issue or sell, any Acquireco Shares, or securities convertible into or exchangeable for Acquireco Shares; (viii) acquire or agree to acquire (by merger, amalgamation, acquisition of shares or assets or otherwise) any Person or any property or assets, that has a value greater than, in the aggregate, 10% of the cash and cash equivalents held by Acquireco as of the date of this Agreement; or (ix) take any action, or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Acquireco to consummate the Arrangement or the other transactions contemplated by this Agreement.

6. Acquisition Proposals

A. Non-Solicitation; Adverse Acts.

Except in respect of any action or inaction that is permitted by this agreement, neither Principal Party shall (nor shall it permit any of its Subsidiaries to), directly or indirectly, through any of its Representatives or any Representatives of its Subsidiaries or otherwise, directly or indirectly:

(a) to solicit, initiate, knowingly encourage, or facilitate (including by way of furnishing non-public information) any inquiries or the making by any third party of any proposals regarding an Acquisition Proposal;

(b) to participate in any discussions or negotiations regarding any Acquisition Proposal;

(c) to approve or recommend any Acquisition Proposal; or

(d) to accept or enter any agreement, arrangement or understanding related to any Acquisition Proposal.

Additionally, each Principal Party shall and shall cause its Subsidiaries, its Representatives and the Representatives of its Subsidiaries to:

(a) immediately cease and cause to be terminated any existing discussions or negotiations, directly or indirectly, with any person with respect to any Acquisition Proposal; and

(b) not, directly or indirectly, waive or vary any terms or conditions of any confidentiality or standstill agreement that it has entered into with any person considering any Acquisition Proposal and shall promptly request the return (or the deletion from retrieval systems and data bases or the destruction) of all information, in each case subject to the terms and conditions of each such agreement.

B. Permitted Actions.

Notwithstanding anything in this agreement, nothing shall prevent a Principal Party, its Subsidiaries or its or their Representatives or the board of directors of the Principal Party from:

(a) complying with the obligations of such board of directors under applicable securities Law to prepare and deliver a directors' circular in response to a take-over bid; and

(b) considering, participating in discussions or negotiations and entering into confidentiality agreements and providing information, in each case pursuant to Section 6, regarding a *bona fide* written Acquisition Proposal that the board of directors of such Principal Party has determined by formal resolution, in good faith and after receiving confirmation in support of the board's determination from its financial advisors and outside legal counsel, that such Acquisition Proposal could reasonably be expected, if consummated, to result in a Superior Proposal;

(c) failing to recommend (in the case of Target, to the Target Securityholders and in the case of Acquireco, to the Acquireco Shareholders) the matters to be approved by securityholders of such Principal Party at the Target Special Meeting or Acquireco Special Meeting, as applicable, in connection with the Transactions or withdrawing, amending, modifying or qualifying such recommendation, in a manner adverse to the other Principal party, or failing to reaffirm such recommendation, within five business days after having been requested in writing by the other Principal party to do so, in a manner adverse to the other Principal Party (a "**Change of Recommendation**") if, in the good faith judgment of its board of directors, after consultation with legal counsel, the failure to take such action would be inconsistent with such board of directors' exercise of fiduciary duties or such action or disclosure is otherwise required by applicable Law; provided that, for greater certainty, in the event of Change of Recommendation and a termination by the other Principal Party of this agreement in accordance with Section 7.A.(b)(vii) or 7.A.(c)(vii), as the case may be, such Principal Party shall pay the Termination Fee as required by Section 8.B(a)(ii) or Section 8.A.(a)(ii), as applicable.

The board of directors of such Principal Party shall not, except in compliance with this Section 6.B and Sections 6.E and F enter into any other agreement, arrangement or understanding in respect of any such Acquisition Proposal.

C. Notification of Acquisition Proposal.

Each Principal Party shall, as soon as practicable but in any event within 48 hours, notify the other Principal Party, at first orally and then promptly thereafter in writing, of any

Acquisition Proposal received after the date hereof, or any amendments to that Acquisition Proposal, or any request for information relating to any Acquisition Proposal or any request for access to a Principal Party or any of its Subsidiaries or the properties, books, or records of a Principal Party or any of its Subsidiaries, by any person that such Principal Party reasonably believes is proposing to make, or has made, any Acquisition Proposal. Such notices shall include a description of the material terms and conditions of any proposal and the identity of the person making such proposal or inquiry, together with a copy of any such written Acquisition Proposal. The Principal Party providing notice in accordance with this Section 6.C shall thereafter provide such other details of the proposal or inquiry, discussions or negotiations as the other Principal Party may reasonably request and shall attach copies of all letters, agreements and other documentation (whether executed or in draft) exchanged by or on behalf of the notifying Principal Party and the party proposing such Acquisition Proposal. The notifying Principal Party shall keep the other Principal Party reasonably informed by way of further notices of the status including any change to the material terms of any such Acquisition Proposal.

D. Access to Information.

If a Principal Party receives a request for information from a person that has made a *bona fide* written Acquisition Proposal that complies with Section 6.B, then, and only in such case, the board of directors of such Principal Party may, subject to (only if such person is not already party to a confidentiality agreement in favour of such Principal Party), the execution by such person of a confidentiality agreement, containing terms at least as favourable to such Principal Party as those contained in the Confidentiality Agreement and a prohibition on such person's use of any information regarding such Principal Party or its Subsidiaries for any reason whatsoever other than as relates to such person's evaluation and consummation of the transaction that is the subject of the Acquisition Proposal, provide such person with access to information regarding such Principal Party and its Subsidiaries; provided that such Principal Party sends a copy of any such confidentiality agreement to the other Principal Party promptly upon its execution and such Principal Party provides the other Principal Party (to the extent it has not already done so) with copies of the information provided to such person and promptly provides the other Principal Party with access to all information to which such person was provided access.

E. Implementation of Superior Proposal.

Subject to the rights of the other Principal Party under Section 6.F, a Principal Party may terminate this agreement in accordance with Section 7.A.(b)(iii) or 7.A.(c)(iii), as applicable, in order to enter into a definitive agreement, undertaking or arrangement in respect of a Superior Proposal only if:

(a) such Principal Party has complied with its obligations under this Section 6 with respect to the Superior Proposal, including by providing the other Principal Party with all documentation required to be delivered under Section 6.C and Section

6.D and a copy of the Superior Proposal (including any draft agreement to be entered into by such Principal Party which governs the Superior Proposal);

(b) a period expiring at 5:00 p.m. (Toronto time) on the fifth business day (the "**Response Period**") after the later of (i) the date on which the other Principal Party received written notice from the board of directors of such Principal Party that it has resolved, subject only to compliance with this Section 6.E, to accept, or enter into a definitive agreement, undertaking or arrangement in respect of, a Superior Proposal, and (ii) the date the other Principal Party received a copy of the Superior Proposal as provided in Section 6.E(a), has elapsed;

(c) the board of directors of such Principal Party has considered any amendment to the terms of this agreement proposed in writing by the other Principal Party (or on its behalf) before the end of the Response Period as contemplated in Section 6.F and determined in good faith, having first received confirmation in support of the board's determination from its financial advisors and outside legal counsel, that the Superior Proposal remains a Superior Proposal (as assessed against this agreement, together with the written amendments, if any, proposed by the other Principal Party before the end of the Response Period); and

(d) in the case of Target, subject to neither Acquireco nor Canco being in breach of or having failed to perform any of its representations, warranties, covenants or agreements set forth in this agreement, where such breach or failure would render Acquireco and Canco incapable of consummating the Transactions, Target has paid (or cause to be paid) to Acquireco the Termination Fee in accordance with Section 8.A.(a)(i).

In the event that a Principal Party receives a Superior Proposal within 10 days of the date, in the case of Target of the Target Special Meeting or in the case of Acquireco of the Acquireco Special Meeting, such Principal Party shall be entitled to adjourn or postpone the Target Special Meeting or the Acquireco Special Meeting, as the case may be, to a date that is not more than seven business days after the end of the Response Period and if the Response Period would not terminate before the Target Special Meeting or the Acquireco Special Meeting, as applicable, at the request of the Principal Party entitled to such Response Period, the other Principal Party shall adjourn the Target Special Meeting or Acquireco Special Meeting, as the case may be, to a date that is no less than two and no more than five business days after the Response Period.

F. Response to Superior Proposal.

During the Response Period, the other Principal Party (the "**Matching Party**") shall have the right, but not the obligation, to offer in writing to amend the terms of this agreement. The board of directors of the Principal Party that received the Superior Proposal (the "**Receiving Party**") shall review any such written offer by the Matching Party to amend this agreement in good faith, in consultation with its financial advisors and outside legal counsel, to determine whether the Acquisition Proposal to which the Matching Party is responding would continue to be a Superior Proposal when assessed against this agreement, as would be amended in accordance with the written amendments, if any, proposed by the Matching Party before the end of the Response Period. If the board of directors of the Receiving Party does not so determine by formal resolution, it shall enter into an amended agreement with the Matching Party reflecting the Matching Party's proposed written amendments. If the board of directors of the Receiving Party does so determine then, the Receiving Party may terminate this agreement in accordance with Section 7.A.(b)(iii) or 7.A.(c)(iii), as applicable, in order to enter into a definitive agreement, undertaking or arrangement in respect of such Superior Proposal; provided that in no event shall the board of directors of the Receiving Party take any action prior to the end of the Response Period that may obligate the Receiving Party or any other person to seek to interfere with the completion of the Transactions, or impose any "break-up," "hello" or other fees or options or rights to acquire assets or securities, or any other obligations that would survive completion of the Transactions, on the Receiving Party or any of its Subsidiaries, property or assets and provided further that the Receiving Party has paid such amounts as may be payable to the Matching Party upon termination in accordance Section 8A. or Section 8A., as applicable.

G. General.

Each successive amendment to any material term of an Acquisition Proposal shall constitute a new Acquisition Proposal for the purpose of Section 6.E and F and the relevant Principal Party shall be offered a new Response Period in respect of each such Acquisition Proposal.

7. Termination and Amendment of Agreement

A. Termination.

The rights and obligations of the parties pursuant to this agreement, other than pursuant to the last paragraph of Section 1.B, the last sentence of Section 4.F(a), and Sections 7, 8, 9.D, 10 and 11, may be terminated at any time before the Effective Time:

(a) by mutual agreement in writing executed by Target and Acquireco (for itself and on behalf of Canco) (for greater certainty, without further action on the part of Target Securityholders if termination occurs after the holding of the Target Special Meeting);

(b) by Target,

(i) after the Outside Date, if the conditions provided in Section 2.A and B have not been satisfied, or waived by Target, on or before the Outside Date, provided however that the right to terminate in this Section 7.A(b)(i) shall not be available to Target if its failure to fulfill any of its obligations under this agreement or if its breach of any of its representations and warranties under this agreement has been the cause of, or resulted in, the failure of the Effective Time to occur by such Outside Date; or

(ii) if there shall be enacted or made any applicable Law that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins Target, Canco or Acquireco from consummating the Arrangement and such applicable Law (if applicable) or enjoinment shall have become final and non-appealable; or

(iii) at any time if the board of directors of Target authorizes Target to enter into a definitive agreement, undertaking or arrangement in respect of a Superior Proposal in the circumstances contemplated by Section 6.B(b) and Section 6.E or 6.F (provided that concurrently with such termination, Target pays the Termination Fee payable pursuant to Section 8.A.(a); or

(iv) at any time following the Target Special Meeting, if Target Securityholders do not cast (or do not cause to be cast) sufficient votes at the Target Special Meeting to permit completion of the Arrangement; or

(v) at any time following the Acquireco Special Meeting, if the Acquireco Shareholder Approval is not obtained at the Acquireco Special Meeting; or

(vi) at any time if Acquireco or Canco shall have breached or failed to perform any of its representations, warranties, covenants or agreements set forth in this agreement, which breach or failure is, or would reasonably be expected to be, Materially Adverse to Acquireco and its Subsidiaries as a whole; or

(vii) if at any time, the board of directors of Acquireco,

(A) prior to obtaining Acquireco Shareholder Approval, makes a Change of Recommendation;

(B) approves, recommends, accepts or enters into any agreement, undertaking or arrangement in respect of an Acquisition Proposal (other than a confidentiality agreement as contemplated in Section 6) but excluding the resolutions referred to in Section 6.B(b) and Section 6.E(c); or

(viii) at any time if Acquireco breaches or fails to perform any of the covenants or agreement set for in Section 6; and

(c) by Acquireco,

(i) after the Outside Date, if the conditions provided in Section 2.A and C have not been satisfied or waived by Acquireco on or before the Outside Date, provided however that the right to terminate in this Section 7.A(c)(i) shall not be available to Acquireco if its or Canco's failure to fulfill any of its or Canco's obligations under this agreement or if its or Canco's breach of any of its or Canco's representations and warranties under this agreement has been the cause of, or resulted in, the failure of the Effective Time to occur by such Outside Date; or

(ii) if there shall be enacted or made any applicable Law that makes consummation of the Arrangement illegal or otherwise prohibits or enjoins Target, Acquireco or Canco from consummating the Arrangement and such applicable Law (if applicable) or enjoinment shall have become final and non-appealable; or

(iii) at any time if the board of directors of Acquireco authorizes Acquireco to enter into a definitive agreement, undertaking or arrangement in respect of a Superior Proposal in the circumstances contemplated by Section 6.B.(b) and Section 6.E. or 6.F. (provided the concurrently with such termination, the Acquireco pays the Termination Fee payable pursuant to Section 8.B.(a));

(iv) at any time following the Target Special Meeting, if Target Securityholders do not cast (or do not cause to be cast) sufficient votes at the Target Special Meeting to permit completion of the Arrangement; or

(v) at any time following the Acquireco Special Meeting, if the Acquireco Shareholder Approval is not obtained at the Acquireco Special Meeting; or

(vi) at any time if Target shall have breached or failed to perform any of its representations, warranties, covenants or agreements set forth in this agreement, which breach or failure is, or would reasonably be expected to be, Materially Adverse to the Target and its Subsidiaries as a whole; or

(vii) at any time if the board of directors of Target,

(A) prior to obtaining Target Securityholder Approval, makes a Change of Recommendation;

(B) approves, recommends, accepts or enters into any agreement, undertaking or arrangement in respect of an Acquisition Proposal (other than a confidentiality agreement as contemplated in Section 6) but excluding the resolutions referred to in Section 6.B(b) and Section 6.E(c); or

(viii) at any time if Target breaches or fails to perform any of the covenants or agreements set forth in Section 6.

Neither Target nor Acquireco may seek to rely upon the failure to satisfy any conditions precedent in Section 2.A, B or C or exercise any termination right arising therefrom or any termination right provided in Sections 7.A(b)(vi), 7.A(b)(viii), 7.A(c)(vi) or 7.A(c)(viii) unless forthwith and in any event prior to the filing of the articles of arrangement for acceptance by the Director, Target or Acquireco, as the case may be, has delivered a written notice to the other specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which Target or Acquireco, as the case may be, is asserting as the basis for the non-fulfilment of the applicable condition precedent or the exercise of the termination right, as the case may be. If any such notice is delivered, provided that Target or Acquireco, as the case may be, is proceeding diligently to cure all such matters, if and for so long as all such matters are susceptible of being cured (for greater certainty, except by way of disclosure in the case of representations and warranties) ("**Curable Matters**"), the other may not terminate this agreement as a result thereof until the earlier of (i) the date that any Curable Matter is no longer susceptible of being cured, (ii) the date that Target or Acquireco, as the case may be, is no longer proceeding diligently to cure all Curable Matters, and (iii) the later of (A) the Outside Date and (B) the expiration of a period of 15 days from such notice (the "**Termination Period**"). If such notice has been delivered prior to the date of the Target Special Meeting, such meeting shall, unless the parties agree otherwise, be postponed or adjourned until the earlier of (i) the date that is two business days after the date that Target or Acquireco, as the case maybe, notifies the other that all Curable Matters have been cured, and (ii) the expiry of the Termination Period unless this Agreement is terminated on such date. If such notice has been delivered prior to the making of the application for the Final Order or the filing of the articles of arrangement for acceptance by the Director, such application and such filing shall be postponed until the earlier of (x) the date that is two business days after the date that Target or Acquireco, as the case maybe, notifies the other that all Curable Matters have been cured, and (y) the expiry of the Termination Period unless this Agreement is terminated on such date. For greater certainty, if all Curable Matters are cured within the Termination Period without being Materially Adverse to the curing party and its Subsidiaries, taken as a whole, this agreement may not be terminated as a result of the Curable Matter having been cured.

In the event of the termination of this agreement as provided in Section 7.A, this agreement shall forthwith have no further force or effect and there shall be no obligation on the part of Acquireco, Canco or Target hereunder except as set forth in the last paragraph of Section 1.B, the last sentence of Sections 4.F(a), 4.F(b) and Sections 7, 8, 9.D, 10 and 11, which provisions shall survive the termination of this agreement; provided further that, subject to Section 8.B, the termination of this agreement in accordance with Section 7.A shall not relieve any party from any liability for any material breach by it of this agreement. A termination of this agreement shall not constitute a termination of the Confidentiality Agreement which shall continue in full force and effect in accordance with its terms.

B. Amendment.

This agreement, including the Plan of Arrangement, may be amended by written agreement of the parties at any time before and after the Target Special Meeting, but not later than the Effective Date and any such amendment may, subject to applicable Law or the Interim Order, without limitation:

(a) change the time for performance of any of the obligations or acts of the parties;

(b) waive any inaccuracies in or modify any representation contained in this agreement or any document to be delivered pursuant to this agreement;

(c) waive compliance with or modify any of the covenants contained in this agreement or waive or modify performance of any of the obligations of the parties; and/or

(d) waive compliance with or modify any condition precedent contained in this agreement.

C. Approval of Amendments.

Target and Acquireco will use all commercially reasonable efforts to obtain the approvals of the Court and Target Shareholders in respect of any amendments to this agreement, including the Plan of Arrangement, to the extent required by applicable Law.

8. Termination Payments

A. Payment to Acquireco.

(a) If:

(i) Target exercises its right of termination pursuant to Section Section.7.A(b)(iii); or

(ii) Acquireco exercises its right of termination pursuant to Section 7.A(c)(vii),

Target shall immediately pay (or cause to be paid) the Termination Fee to Acquireco in immediately available funds to an account designated by Acquireco; provided, however, that no such Termination Fee shall be payable in respect of a termination by Acquireco pursuant to Section 7.A(c)(vii)(A), if within 5 business days after the public announcement by Acquireco of the results of the Acquisition Financing, the board of directors of Target, after consultation with its legal and financial advisors, and Acquireco, determines (acting reasonably) to change its recommendation as a result of Target having received notice from the Financial Advisor of its intention, acting reasonably, to withdraw or revoke the Fairness Opinion.

(b) If Acquireco exercises its right of termination pursuant to Section 7.A(c)(viii), Target shall immediately pay (or cause to be paid) to Acquireco in immediately available funds to an account designated by Acquireco all properly documented fees, costs and expenses incurred by Acquireco in connection with the transactions contemplated by this agreement and the Arrangement, up to a maximum of $750,000.

(c) If, prior to the time of the Target Special Meeting, a *bona fide* written Acquisition Proposal in relation to the Target or its subsidiaries has been publicly announced and has not been withdrawn and at any time within the six months after the date of such termination, Target approves, recommends, accepts, enters into any agreement, undertaking or arrangement in respect of, or consummates such Acquisition Proposal or such Acquisition Proposal is completed, Target shall immediately pay to Acquireco on closing of such Acquisition Proposal the Termination Fee in immediately available funds to an account designated by Acquireco.

B. Payment to Target.

(a) If:

(i) Acquireco exercises its rights of termination pursuant to Section 7.A.(c)(iii), or

(ii) Target exercises its right of termination pursuant to Section 7.A(b)(vii),

Acquireco shall immediately pay (or cause to be paid) the Termination Fee to Target in immediately available funds to an account designated by Acquireco.

(b) If Target exercises its right of termination pursuant to Section 7.A(b)(viii), Acquireco shall immediately pay (or cause to be paid) to Target in immediately available funds to an account designated by Target all properly documented fees, costs and expenses incurred by Target in connection with the transactions contemplated by this agreement and the Arrangement, up to a maximum of $750,000 .

(c) If prior to the time of the Acquireco Special Meeting, a *bona fide* written Acquisition Proposal in relation to the Acquireco or its Subsidiaries has been publicly announced and has not been withdrawn and at any time within the six months after the date of such termination, Acquireco approves, recommends, accepts, enters into any agreement, undertaking or arrangement in respect of, or consummates an Acquisition Proposal or any Acquisition Proposal is completed, Acquireco shall immediately pay to Target on closing of such Acquisition Proposal the Termination Fee in immediately available funds to an account designated by Target.

C. Damages.

The parties acknowledge and agree that the payment of the Termination Fee or other amounts set forth in Section 8.A and Section 8.B. are payments of liquidated damages which are a genuine pre-estimate of the damages which the parties would suffer or incur as a result of the event giving rise to such damages and the resultant termination of this agreement and are not a penalty. The parties further acknowledge and agree, however, that, notwithstanding any other provision in this agreement to the contrary, in connection with any termination where a Termination Fee or other amount is not otherwise paid or payable pursuant to Section 8.A or Section 8.B., the parties shall be entitled to any additional remedies set forth in this agreement, including injunctive relief and specific performance, and all additional and other remedies available at law or in equity to which the parties, as applicable, may be entitled. Each of the parties irrevocably waives any right it may have to raise a defence that any amounts that are required to be paid pursuant to Section 8.A or Section 8.B. are excessive or punitive. Each of the parties agrees that the payment of the Termination Fee and other amounts set forth in Section 8.A and Section 8.B. are the sole and exclusive remedies of the parties in respect of the events giving rise to the payment of such amounts. Nothing in this Section 8.C shall relieve any party in any way from liability for damages incurred or suffered by the other parties hereto as a result of an intentional or wilful breach of this agreement by the first named party.

9. Acquireco Covenants.

A. Indemnities.

From and after the Effective Time, and subject to the immediately following paragraph, Acquireco shall, and shall cause Target to, indemnify and hold harmless and provide advancement of expenses to, and Acquireco shall not do anything to prevent Target from indemnifying and holding harmless and providing advancement of expenses to, all present and past directors and officers of any member of the Target Group (the "**Indemnified Persons**") to the maximum extent permitted by Law and in accordance with the terms of any such arrangements between Target and its present and past directors and officers existing on the date hereof, against any and all liabilities and obligations, costs or expenses (including reasonable legal fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative arising out of or related to such Indemnified Person's service as a director or officer of any member of the Target Group or services performed by such persons at the request of any member of the Target Group at or prior to the Effective Time, whether asserted or claimed prior to, at or after the Effective Time (to the extent the Indemnified Person acted honestly and in good faith and in the best interests of Target and in the case of criminal or administrative action or proceeding that is enforced by a monetary penalty, the Indemnified Person had reasonable grounds for believing that the conduct was lawful), including the approval of this agreement, the Arrangement or the other transactions contemplated by this agreement or arising out of or related to this agreement and the Transactions contemplated hereby.

Without the consent of the Indemnified Person, neither Acquireco nor Target shall settle, compromise or consent to the entry of any judgment in any claim, action, suit, proceeding or investigation or threatened claim, action, suit, proceeding or investigation for which indemnification is required to be provided under this Section 9 (i) unless such settlement, compromise or consent includes an unconditional release of the applicable Indemnified Person (which release shall be in form and substance reasonably satisfactory to such Indemnified Person) from all liability arising out of such action, suit, proceeding, investigation or claim or such Indemnified Person otherwise consents or (ii) that includes an admission of fault of such Indemnified Person.

Subject only to the limitations set forth in this Section 9, all rights to indemnification and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time and rights to advancement of expenses relating thereto now existing in favour of any Indemnified Person as provided in the articles of incorporation or by-laws of any member of the Target Group or any indemnification contract or policy between such Indemnified Person and any member of the Target Group existing on the date hereof shall survive the Effective Time and shall not be amended, repealed or otherwise modified in any manner that would adversely affect any right thereunder of any such Indemnified Person.

B. Directors and Officers Insurance and Other Indemnification Matters.

Without limiting the right of Target to do so prior to the Effective Time, Acquireco hereby agrees to cause Target to secure directors' and officers' liability insurance coverage by not later than the Effective Time from a reputable and financially sound insurance carrier and containing terms and conditions that are no less advantageous to the directors and officers of the Target Group than those contained in Target's policy in effect on the date hereof for the current and former directors and officers of each member of the Target Group on a six year "trailing" (or "run-off") basis with respect to any claim related to any period or time at or prior to the Effective Time; provided, however, that Acquireco and Target shall not be required to maintain or obtain policies providing such coverage except to the extent such coverage can be provided at an annual cost of no greater than 250% of the most recent annual premium paid by Target prior to the date hereof (the "**Cap**"); and provided, further, that if equivalent coverage cannot be obtained, or can be obtained only by paying an annual premium in excess of the Cap, Acquireco shall only be required to cause Target to obtain as much coverage as can be obtained by paying an annual premium equal to the Cap.

C. Employment Agreements.

Acquireco covenants and agrees, at and after the Effective Time, that it will cause each member of the Target Group and any of their respective successors to honour and comply with the terms of all existing employment agreements, termination, severance, change of control, retention plans or policies and pension plans and similar agreements of the Target Group as disclosed in the Target Disclosure Statement. Nothing in this Section 9.C shall limit any member of the Target Group from terminating any of their employees, subject to applicable Law and the terms of any applicable contract.

D. Third Party Beneficiaries.

This agreement is not intended to, and shall not, confer upon any other person any rights or remedies hereunder, except as set forth in or contemplated by the terms and provisions of Section 9.A, B, C, this Section 9.D, the last paragraph of Section 1.B and the first sentence of Section 4.A1 (which provisions shall for greater certainty survive the Effective Time and continue in full force and effect in accordance with their terms after the Effective Time).

E. Guarantee.

Acquireco unconditionally and irrevocably guarantees, covenants and agrees to be jointly and severally liable with Canco for the due and punctual performance of each and every obligation of Canco arising under this agreement and in respect of the Transactions.

F. Options.

Acquireco and the Target each acknowledge and agree that the Target or any person not dealing at arm's length, within the meaning of the ITA, will elect to forego any deduction under the ITA with respect to the payments to be made by Acquireco pursuant to the Plan of Arrangement to Target Optionholders who are residents of Canada for purposes of the ITA and, to effect the foregoing, the Target will comply with the requirements described in subsection 110(1.1) of the ITA.

G. Election Not To Be a Public Corporation.

As soon as possible after the Effective Date, Acquireco will ensure that the Target complies with prescribed conditions and will elect in the prescribed manner to cease to be a "public corporation" within the meaning of the ITA.

H. Eligible Dividends.

Acquireco covenants and agrees to cause Canco to designate any dividend paid on the Exchangeable Shares as an "eligible dividend" as defined in the ITA to the extent that Canco does not have a positive balance in its "low rate income pool" as defined in the ITA.

10. Confidentiality and Public Disclosure.

A. Target and Acquireco shall consult with each other as to the general nature of any news releases or public statements with respect to this agreement or the Transactions, and shall use their respective commercially reasonable efforts not to issue any news releases or public statements inconsistent with the results of such consultations. Subject to applicable Law, each party shall use its commercially reasonable efforts to enable the other party to review and comment on all such news releases and public statements prior to the release thereof.

B. Corporate Names.

If this Agreement is terminated for any reason prior to the Effective Time, Canco shall, and Acquireco shall take such steps and actions as may be required to cause Canco to, forthwith change its name to a name that does not include "Lithium One".

11. General

A. Definitions.

For the purposes of this agreement, those terms defined in Schedule A and Schedule B shall have the meanings attributed to them in those Schedules.

B. Assignment.

Except as expressly permitted by the terms hereof, neither this agreement including (for greater certainty) the Plan of Arrangement, nor any of the rights, interests or obligations hereunder or thereunder shall be assigned by either of the parties without the prior written consent of the other party. Acquireco and Canco may each assign all or any part of its rights or obligations under this agreement to one or more of its direct or indirect wholly-owned subsidiaries or any combination thereof provided that if such assignment takes place, Acquireco shall continue to be fully liable as primary obligor and not merely as surety and, on a joint and several basis with any such entity, to Target for any default in performance by the assignee of any of Acquireco's or Canco's obligations hereunder and Acquireco agrees to provide to Target a guarantee in form and substance satisfactory to Target in respect thereof.

C. Binding Effect.

This agreement, including (for greater certainty) the Plan of Arrangement, shall be binding upon and shall inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns. No third party shall have any rights under this agreement except as expressly set forth in Section 9.D.

D. Representatives.

Each of Target and Acquireco and Canco shall ensure that its and its Subsidiaries' Representatives (other than persons who are insiders only as a result of their shareholdings) are aware of the provisions of this agreement, and each of Target and Acquireco and Canco shall be responsible for any breach of those provisions by any of those persons, respectively.

E. Responsibility for Expenses.

Except as provided in Section 8A.(b) and Section 8.B.(b), each party to this agreement shall pay its own expenses incurred in connection with this agreement and the completion of the Transactions that it contemplates, whether or not the Arrangement and the Transactions are completed.

F. Time.

Time shall be of the essence of this agreement in each and every matter or thing herein provided.

G. Notices.

(a) Each party shall give prompt notice to the other of:

(i) the occurrence or failure to occur of any event that causes, or would reasonably be expected to cause, any representation or warranty on its part contained in this agreement to be untrue or inaccurate or, in the case of Target, that is or would reasonably be expected to be, Materially Adverse to any of Target and its Subsidiaries; and

(ii) any material breach of its obligations under this agreement, provided that no such notification shall affect the representations, warranties, covenants or agreements of the parties or the conditions to the obligations of the parties under this agreement.

(b) Each of Target and Acquireco shall give prompt notice to the other of any previously undisclosed fact of which it becomes aware after the date of this agreement that is, or would reasonably be expected to be, in the case of Target, Materially Adverse to Target or its Subsidiaries, taken as a whole or, in the case of Acquireco, is or would reasonably be expected to be Materially Adverse to the ability of Acquireco or Canco to perform its obligations under this agreement.

(c) Any notice or other communications required or permitted to be given under this agreement shall be sufficiently given if delivered in person, by overnight courier, or if sent by facsimile transmission (provided such transmission is recorded as being transmitted successfully):

(i) in the case of Target, to the following address:

Target
Attn: Mr. Paul Matysek
Suite 2700
130 Adelaide Street West
Toronto ON M5H 3P5

Tel: (416) 361-2832
Fax: (416) 364-5400

with a copy to (which shall not constitute notice):

Blake Cassels & Graydon LLP
Attn: Mr Bob Wooder
Suite 2600, 595 Burrard Street
P.O. Box 49314, 3 Bentall Centre
Vancouver, BC V7X 1L3

Tel: +1 604-631-3330
Fax: +1 604-631-3309

(ii) in the case of Acquireco or Canco, to the following address:

Acquireco
Attn: Mr Iggy Tan
Managing Director
Level 2, 16 Ord StreetWest Perth, WA 6005Tel: +61 8 9215 1700
Fax: +61 8 9215 1799

with a copy to (which shall not constitute notice):

Fasken Martineau DuMoulin LLP
Attn: Mr Peter Villani
Stock Exchange Tower
Suite 3400
800 Place Victoria
Montréal QC H4Z 1E9
Canada

Tel: +1 514 397 4316
Fax: +1 514 397 7600

or at such other address as the party to which such notice or other communication is to be given has last notified the party giving the same in the manner provided in this section, and if so given, the same shall be deemed to have been received on the date of such delivery or sending.

H. Governing Law.

This agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable herein. Each party hereto irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario with respect to any matter arising hereunder or related hereto.

I. Injunctive Relief.

Except as otherwise provided herein (including Section 8), any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by Law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy. The parties hereto hereby agree that irreparable damage would occur in the event that any provision of this agreement were not performed in accordance with its specific terms or were otherwise breached, and that money damages or other legal remedies would not be an adequate remedy for any such damages. Accordingly, the parties hereto acknowledge and hereby agree that in the event of any breach or threatened breach by Target, on the one hand, or Acquireco or Canco, on the other hand, of any of their respective covenants or obligations set forth in this agreement, Target, on the one hand, and Acquireco and

Canco, on the other hand, shall be entitled to an injunction or injunctions to prevent or restrain breaches or threatened breaches of this agreement by the other, and to specifically enforce the terms and provisions of this agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other under this agreement. Each of the parties hereto hereby agrees not to raise any objections to the availability of the equitable remedy of specific performance to prevent or restrain breaches or threatened breaches of this agreement by it, and to specifically enforce the terms and provisions of this agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other party under this agreement.

The parties hereto further agree that, except as provided herein (including Section 8) (x) by seeking the remedies provided for in this Section 11.I, a party shall not in any respect waive its right to seek any other form of relief that may be available to a party under this agreement in the event that this agreement has been terminated or in the event that the remedies provided for in this Section 11.I are not available or otherwise are not granted, and (y) nothing set forth in this Section 11.I shall require any party hereto to institute any proceeding for (or limit any party's right to institute any proceeding for) specific performance under this Section 11.I prior or as a condition to exercising any termination right under Section 7.A (and pursuing damages after such termination), nor shall the commencement of any legal proceeding restrict or limit any party's right to terminate this agreement in accordance with the terms of Section 7.A or pursue any other remedies under this agreement that may be available then or thereafter.

J. Currency.

Except as expressly indicated otherwise, all sums of money referred to in this agreement are expressed and shall be payable in Canadian dollars.

K. Knowledge.

Where the phrase "to the knowledge of Target" is used, such phrase shall mean, in respect of each representation and warranty or other statement which is qualified by such phrase, that such representation and warranty or other statement is being made based upon the actual knowledge of Paul Matysek, Chief Executive Officer after reasonable inquiry within Target (which, for greater certainty, shall not require any new third party audits or studies or require any enquiries of third parties).

Where the phrase "to the knowledge of Acquireco" is used, such phrase shall mean, in respect of each representation and warranty or other statement which is qualified by such phrase, that such representation and warranty or other statement is being made based upon the actual knowledge of Iggy Kim-Seng Tan, Managing Director, after reasonable inquiry within Acquireco (which, for greater certainty, shall not require any new third party audits or studies or require any enquiries of third parties).

L. Entire Agreement.

This agreement, including the Plan of Arrangement, constitutes the entire agreement of the parties with respect to the Transactions, as of the date of this agreement, and shall supersede all agreements, understandings, negotiations and discussions whether oral or written, between the parties with respect to the Transactions on or prior to the date of this agreement, other than the Confidentiality Agreement.

M. Further Assurances.

Each party shall, from time to time, and at all times hereafter, at the request of the other party hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof and of the Plan of Arrangement.

The parties shall act in a commercially reasonable manner in exercising their rights and performing their duties under this agreement.

N. Waivers and Modifications.

Target and Acquireco (for itself and on behalf of Canco) may waive or consent to the modification of, in whole or in part, any inaccuracy of any representation or warranty made to it under this agreement or in any document to be delivered pursuant to this agreement and may waive or consent to the modification of any or the obligations contained in this agreement for its benefit or waive or consent to the modification of any of the obligations of the other party. Any waiver or consent to the modification of any of the provisions of this agreement, to be effective, must be in writing executed by the party granting such waiver or consent.

O. Privacy Issues.

(a) For the purposes of this Section 11.P, the following definitions shall apply:

(i) "**applicable law**" means, in relation to any person, transaction or event, all applicable Law by which such person is bound or having application to the transaction or event in question, including applicable privacy laws;

(ii) "**applicable privacy laws**" means any and all applicable Law relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the Personal Information Protection and Electronic Documents Act (Canada) and/or any comparable provincial law;

(iii) "**authorized authority**" means, in relation to any person, transaction or event, any: (A) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign; (B) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government; (C) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions; and (D) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such person, transaction or event; and

(iv) "**Personal Information**" means information (other than business contact information when used or disclosed for the purpose of contacting such individual in that individual's capacity as an employee or an official of an organization and for no other purpose) about an identifiable individual disclosed or transferred to Acquireco by Target in accordance with this agreement and/or as a condition of the Arrangement.

(b) The parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use or disclosure of Personal Information disclosed to either party pursuant to or in connection with this agreement (the "**Disclosed Personal Information**").

(c) Prior to the completion of the Arrangement, neither party shall use or disclose the Disclosed Personal Information for any purposes other than those related to the performance of this agreement and the completion of the Arrangement. After the completion of the transactions contemplated herein, a party may only collect, use and disclose the Disclosed Personal Information for the purposes for which the Disclosed Personal Information was initially collected from or in respect of the individual to which such Disclosed Personal Information relates or for the completion of the transactions contemplated herein, unless: (i) either party shall have first notified such individual of such additional purpose, and where required by applicable law, obtained the consent of such individual to such additional purpose; or (ii) such use or disclosure is permitted or authorized by applicable law, without notice to, or consent from, such individual. Target shall notify Acquireco of the purposes for which the Disclosed Personal Information was initially collected prior to the Effective Date.

(d) Each party acknowledges and confirms that the disclosure of the Disclosed Personal Information is necessary for the purposes of determining if the parties shall proceed with the Arrangement, and that the Disclosed Personal Information relates solely to the carrying on of the business or the completion of the Arrangement.

(e) Each party acknowledges and confirms that it has taken and shall continue to take reasonable steps to, in accordance with applicable law, prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.

(f) Subject to the following provisions, each party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the parties' obligations hereunder. Prior to the completion of the Arrangement, each party shall take reasonable steps to ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective party who have a *bona fide* need to access such information in order to complete the Arrangement.

(g) Where authorized by applicable law, each party shall promptly notify the other party to this agreement of all inquiries, complaints, requests for access, variations or withdrawals of consent and claims of which the party is made aware in connection with the Disclosed Personal Information. To the extent permitted by applicable Law, the parties shall fully co-operate with one another, with the persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, variations or withdrawals of consent and claims.

(h) Upon the expiry or termination of this agreement, or otherwise upon the reasonable request of either party, the other party shall forthwith cease all use of the Disclosed Personal Information acquired by it in connection with this agreement and will return to the requesting party or, at the requesting party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies thereof) in its possession.

P. Liability.

No director or officer of Acquireco or Canco shall have any personal liability whatsoever to Target or any third party beneficiary under this agreement, or any other document delivered in connection with the Transactions contemplated hereby on behalf of Acquireco or Canco. No director or officer of Target shall have any personal liability whatsoever to Acquireco or Canco under this agreement, or any other document delivered in connection with the Transactions contemplated hereby on behalf of Target.

Q. Schedules.

The following are the Schedules to this agreement, which form an integral part hereof:

Schedule A	–	Definitions
Schedule B	–	Plan of Arrangement, including Provisions Attaching to the Exchangeable Shares
Schedule C	–	Mutual Conditions
Schedule D	–	Conditions in Favour of Target
Schedule E	–	Conditions in Favour of Acquireco and Canco
Schedule F	–	Representations and Warranties of Target
Schedule G	–	Representations and Warranties of Acquireco

Schedule H	–	
Schedule I	–	Support Agreement
Schedule J	–	Voting and Exchange Trust Agreement
Schedule K	–	Acquireco Convertible Note

R. Counterparts.

This agreement may be signed in any number of counterparts (by facsimile or otherwise), each of which shall be deemed to be original and all of which, when taken together, shall be deemed to constitute one and the same instrument. It shall not be necessary in making proof of this agreement to produce more than one counterpart.

S. Date For Any Action.

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a business day, such action shall be required to be taken on the next succeeding day which is a business day

T. Interpretation.

When a reference is made in this agreement to a Section or Sections, Exhibit or Schedule, such reference shall be to a Section or Sections of, or an Exhibit or Schedule to, this agreement unless otherwise indicated. The table of contents and headings contained in this agreement are for reference purposes only and shall not affect in any way the meaning, construction or interpretation of this agreement.

U. Severability.

If any term or other provision of this agreement is invalid, illegal or incapable of being enforced by any rule or Law, or public policy, all other conditions and provisions of this agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transactions is not affected in any manner Materially Adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the Transactions are fulfilled to the maximum extent possible.

* * * * *

[*Signature page follows*]

IN WITNESS WHEREOF, each of the parties hereto has executed this agreement as of the date first written above.

LITHIUM ONE INC.

By: ______________________________
Name:
Title:

GALAXY RESOURCES LIMITED

By: ______________________________
Name: Iggy Tan
Title: Director

By: ______________________________
Name: Andrew Meloncelli
Title: Secretary

GALAXY LITHIUM ONE INC.

By: ______________________________
Name: Iggy Tan
Title: Director

Andrew Meloncelli
Director

IN WITNESS WHEREOF, each of the parties hereto has executed this agreement as of the date first written above.

LITHIUM ONE INC.

By: ______________________
Name: MARTIN ROWLEY
Title: CHAIRMAN & DIRECTOR

GALAXY RESOURCES LIMITED

By: ______________________
Name:
Title:

By: ______________________
Name:
Title:

GALAXY LITHIUM ONE INC.

By: ______________________
Name:
Title:

SCHEDULE A
DEFINITIONS

"**Acquireco**" means Galaxy Resources Limited ABN 11 071 976 442, a corporation incorporated under the laws of Australia.

"**Acquireco Circular**" has the meaning set out in Section 1.D.

"**Acquireco Convertible Notes**" means the convertible notes to be issued by Acquireco at the Effective Time in the form attached as Schedule K.

"**Acquireco Data Room**" means the electronic data room named "Project Gulfstream2" located at https//dataroom.galaxyresources.com.au/ProjectGulfStream2.

"**Acquireco Disclosure Statement**" means the statement delivered by Acquireco to Target concurrently with the execution of this agreement (in materially and substantially the form reviewed by Target prior to execution of this agreement).

"**Acquireco Information**" means all information (including all financial information, historical, *pro forma* or otherwise) as may be reasonably requested by Target or as required by the Interim Order or applicable Laws to be disclosed in the Target Circular and any amendment or supplement thereto with respect to Acquireco, Canco and their respective businesses and properties and any securities to be issued by Acquireco or Canco in connection with the Arrangement, including all information required for the Target Circular to provide full, true and plain disclosure of all material facts relating to the securities of Acquireco and Canco to be issued in connection with this agreement, including under the Plan of Arrangement.

"**Acquireco Property**" has the meaning set out in Section (r) of Schedule G.

"**Acquireco Public Disclosure Documents**" has the meaning set out in Section (e) of Schedule G.

"**Acquireco Share Consideration**" has the meaning ascribed to the term "Acquireco Share Consideration" in the Plan of Arrangement.

"**Acquireco Shareholders**" means the holders of ordinary shares of Acquireco.

"**Acquireco Shares**" means the fully paid ordinary shares of Acquireco.

"**Acquireco Special Meeting**" means a meeting of the shareholders of Acquireco, including any postponement or adjournment thereof, to be called and held in accordance with the *Corporations Act 2001* and the Listing Rules of the ASX to obtain the Acquireco Shareholder Approval.

"**Acquireco Shareholder Approval**" means all Acquireco approvals which are necessary under any applicable Law for the purpose, or in pursuance, of the Transactions, including but not limited to approval for: (i) the issue of the Acquireco Share Consideration, the Exchangeable Share Consideration and the Acquireco Convertible Notes in accordance with the Listing Rules of the ASX; and (ii) the issue of the Special Voting Shares in accordance with the *Corporations Act, 2001* and the constitution of Acquireco, to be obtained at the Acquireco Special Meeting by the passing of appropriate resolutions by the requisite majorities of Acquireco Shareholders, represented in person or by proxy at the Acquireco Special Meeting

"**Acquisition Proposal**" means, other than the transactions contemplated in this agreement, any proposal or offer with respect to any transaction (by purchase, merger, amalgamation, arrangement, business combination, liquidation, dissolution, recapitalization, take-over bid or otherwise) made after the date hereof relating to: (i) any acquisition, sale, lease, long-term supply agreement or other arrangement having the same economic effect as a sale, direct or indirect, of: (a) the assets of a Principal Party and/or one or more of its subsidiaries that, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of such Principal Party and its subsidiaries taken as a whole; or (b) 20% or more of any voting or equity securities of a Principal Party or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of such Principal Party and its subsidiaries, taken as a whole; (ii) any take-over bid, tender offer or exchange offer for any class of voting or equity securities of a Principal Party; or (iii) a plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving a Principal Party or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of such Principal Party and its subsidiaries, taken as a whole.

"**Acquireco Voting Support Agreements**" means the agreements entered into on or prior to the date hereof between Target and certain Acquireco Shareholders with respect to the voting of Acquireco Shares in favour of the Transactions.

"**Acquisition Financing**" means the public offering of Acquireco Shares to be conducted by Acquireco following the first public announcement of the Transactions contemplated herein.

"**Act**" or the "**OBCA**" means the *Business Corporations Act* (Ontario), as amended.

"**affiliate**" has the meaning corresponding to "**affiliated companies**" in the *Securities Act* (Ontario), as amended.

"**Agency**" means any domestic or foreign court, tribunal, federal, state, provincial or local government or governmental agency, department or authority or other regulatory authority (including the TSX-V and the Australian Securities Exchange) or administrative agency or commission (including the Securities Commissions and the Australian Securities & Investments Commission) or any elected or appointed public official.

"**AIFRS**" means International Financial Reporting Standards.

"**Arrangement**" means an arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with this agreement (including the Plan of Arrangement) or made at the direction of the Court.

"**ASX**" means the Australian Securities Exchange, or any successor exchange.

"**Authorized Capital**" has the meaning set out in Section (c) of Schedule F.

"**business day**" means any day other than a Saturday, Sunday, a public holiday or a day on which commercial banks are not open for business in Toronto, Ontario, or Perth, Western Australia, under applicable Law.

"**Business Personnel**" has the meaning set out in Section (n) of Schedule F.

"**Callco**" means Galaxy Lithium One (Québec) Inc. a corporation incorporated under the laws of the Province of Québec that is (i) a direct subsidiary of Acquireco or (ii) any other direct or indirect wholly-owned subsidiary of Acquireco designated by Acquireco from time to time in replacement thereof.

"**Canco**" means, Galaxy Lithium One Inc., a corporation incorporated under the laws of the Province of Québec that issues the Exchangeable Shares pursuant to the Arrangement.

"**Cap**" has the meaning set out in Section 9.B of this agreement.

"**Change of Recommendation**" has the meaning set out in Section 6.B.C.

"**Competition Act**" means the *Competition Act* (Canada).

"**Confidentiality Agreement**" means the confidentiality agreement dated April 6, 2011 between Target and Acquireco.

"**Contract**" has the meaning set out in Section (d) of Schedule F.

"**Court**" means the Ontario Superior Court of Justice (Commercial List).

"**CRA**" means the Canada Revenue Agency.

"**Data Room Information**" means:

(a) in respect of Target, documents relating to the Target Group provided by or on behalf of Target (including documents posted on Target's electronic data site as at 15 March 2012) to Acquireco or its counsel on or before the execution of this agreement; and

(b) in respect of Acquireco, documents relating to Acquireco and its Subsidiaries provided by or on behalf of Acquireco (including documents posted on

Acquireco's electronic data site as at 28 March 2012) to Acquireco or its counsel on or before the execution of this agreement

"**Depositary**" has the meaning set forth in Section 4.I of this agreement.

"**Director**" means the Director appointed pursuant to Section 278 of the OBCA.

"**disclosed in writing**" means actually disclosed in writing (as the case requires) by:

(a) Target to Acquireco or its advisors, or included in the Data Room Information for Target or in the Target Disclosure Statement; or

(b) Acquireco to Target or its advisors, or included in the Data Room Information for Acquireco or in the Acquireco Disclosure Statement,

in each case prior to the execution of this agreement.

"**Dissenting Shareholders**" means holders of Target Shares that have exercised Dissent Rights and are ultimately entitled to be paid the fair value of their Target Shares as determined in accordance with the Plan of Arrangement.

"**Dissent Rights**" has the meaning set out in Section 3.1 of the Plan of Arrangement.

"**Effective Date**" means the date on or before the Outside Date on which the Arrangement becomes effective in accordance with the OBCA and the Final Order.

"**Effective Time**" means 12:01 a.m. on the Effective Date.

"**Employee Benefit Plan**" means any employee benefit plan, program, policy, practices or other arrangement providing benefits to any current or former employee, officer, consultant or director of Target or any of its Subsidiaries or any beneficiary or dependent thereof that is sponsored or maintained by Target or any of its Subsidiaries or to which Target or any of its Subsidiaries contributes or is obligated to contribute or with respect to which Target or any of its Subsidiaries may have liabilities, whether or not written, and any bonus, incentive, deferred compensation, vacation, stock purchase, stock option, severance, employment, change of control or fringe benefit plan, program or agreement.

"**Employment Agreement**" means a contract, offer, letter or agreement of Target or of any of its Subsidiaries with or addressed to any individual who is rendering or has rendered services thereto as an employee or consultant pursuant to which Target or any of its Subsidiaries has any actual or contingent liability or obligation to provide compensation and/or benefits in consideration for past, present or future services.

"**Environmental Approvals**" means all permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals issued or required by any Governmental Entity pursuant to any Environmental Law.

"**Environmental Laws**" means all applicable Laws, including applicable common law, relating to the protection of the environment and employee and public health and safety.

"**Exchangeable Share Consideration**" has the meaning ascribed thereto in the Plan of Arrangement.

"**Exchangeable Shares**" means the exchangeable shares in the capital of Canco as more particularly described in Appendix I to the Plan of Arrangement.

"**Exchange Time**" has the meaning set out in Section 1.1 of Schedule B.

"**Fairness Opinion**" means the oral opinion of the Financial Advisor to the board of directors of Target to the effect that, as of the date of the opinion, the consideration to be received by Target Shareholders pursuant to the Arrangement is fair to Target Shareholders (other than Acquireco and its affiliates) from a financial point of view.

"**Filed Acquireco Public Disclosure Documents**" has the meaning set out in Section (e) of Schedule G.

"**Filed Target Public Disclosure Documents**" has the meaning set out in Section (g) of Schedule F.

"**Final Order**" means the final order of the Court approving the Arrangement, as such order may be amended by the Court at any time before the Effective Time, or if appealed, unless that appeal is withdrawn or denied, as affirmed or as amended on appeal.

"**Financial Advisor**" means BMO Nesbitt Burns Inc.

"**GAAP**" means, in relation to any financial year beginning on or before December 31, 2010, generally accepted accounting principles in Canada as then set out in the Canadian Institute of Chartered Accountants Handbook, and, in relation to any financial year beginning after December 31, 2010, generally accepted accounting principles as set out in the Canadian Institute of Chartered Accountants Handbook for an entity that prepares its financial statements in accordance with International Financial Reporting Standards.

"**Governmental Entity**" means any applicable (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, agency or entity, whether domestic or foreign, (ii) any subdivision, agency, commission, board or authority of any of the foregoing, or (iii) any quasi governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.

"**Hazardous Substance**" means any chemical, material or substance in any form, whether solid, liquid, gaseous, semisolid or any combination thereof, whether waste material, raw material, finished product, intermediate product, byproduct or any other material or article, that is listed or regulated under any Environmental Laws as a hazardous substance, toxic substance, waste or contaminant or is otherwise listed or regulated under any Environmental Laws because it poses a hazard to human health or the environment, including petroleum products, asbestos, PCBs, urea formaldehyde foam insulation and lead-containing paints or coatings.

"**including**" means "including without limitation" and "**includes**" means "includes without limitation."

"**Indemnified Persons**" has the meaning ascribed in Section 9.A of this agreement.

"**Interim Order**" means an interim order of the Court, as may be amended, providing for, among other things, the calling and holding of the Target Special Meeting.

"**ITA**" means the *Income Tax Act* (Canada), as amended.

"**Law**" means all laws, statutes, by-laws, rules, regulations, orders, decrees, ordinances, protocols, codes, guidelines, policies, notices, directions and judgements or other requirements of any Agency.

"**Liens**" has the meaning set out in Section (b) of Schedule F.

"**Material Employment Agreement**" means an Employment Agreement pursuant to which Target or any of its Subsidiaries has or could have an obligation to provide compensation and/or benefits (including, without limitation, severance pay or benefits) in an amount or having a value in excess of $100,000 per year.

"**Materially Adverse**" means, with respect to a person, a fact, circumstance, change, effect, occurrence, event or state of facts that, individually or in the aggregate, is or would reasonably be expected to (A) materially and adversely affect the financial condition, operations, results of operations, business, prospects, assets or capital of that person, or (B) prevent such person from performing its obligations under this agreement, the Transactions or any other agreement contemplated hereby or thereby; provided that, except as hereinafter set forth in this definition, no fact, circumstance, change, effect, occurrence, event or state of facts relating to any of the following, individually or in the aggregate, shall be considered Materially Adverse, solely as contemplated in (A) above, (i) any change in the trading price or trading volume of Target Shares or Acquireco Shares, as the case may be; (ii) conditions generally affecting the mining industry as a whole; (iii) any change in the market price of Lithium; (iv) any change in generally acceptable accounting principles; (v) any change in applicable Laws; (vi) any matters disclosed in this agreement in the Target Disclosure Statement or in the Acquireco Disclosure Statement; (vii) any action or inaction taken by Target or any of its Subsidiaries or Acquireco or any of its Subsidiaries, as the case may be, to which the other party has expressly consented in writing or as expressly permitted by this agreement; or (viii) a decline in the TSX-V level following the date hereof; it being understood that any cause of any change referred to in clause (i) above may be taken into consideration when determining whether a fact, circumstance, change, effect, occurrence, event or state of facts is Materially Adverse; it being further understood that any fact, circumstance, change, effect, occurrence, event or state of facts referred to in clauses (ii), (iii) and (iv) above may nevertheless be taken into consideration when determining whether a fact, circumstance, change, effect, occurrence, event or state of facts is Materially Adverse to the extent that any such circumstance, change, effect, occurrence, event or state of facts disproportionately impacts the financial condition, operations, results of operations, business, prospects, assets or capital of that person relative to other participants in such person's industry.

"**MI 61-101**" means Multilateral Instrument 61-101 – -Protection of Minority Security Holders in Special Transactions.

"**Outside Date**" means August 31, 2012 or such later date to which each of Target and Acquireco may agree in writing.

"**person**" includes any individual, firm, partnership, limited partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Agency, syndicate or other entity, whether or not having legal status.

"**Plan**" means any Employee Benefit Plan.

"**Plan of Arrangement**" means the plan of arrangement in the form and content of Schedule B annexed to the Arrangement Agreement, and any amendments or variations thereto made in accordance with Section 7.B of the Arrangement Agreement or Section 6 of the Plan of Arrangement or made at the direction of the Court.

"**Principal Parties**" means Target and Acquireco, and "**Principal Party**" means either one of them.

"**Pre-Arrangement Reorganization**" has the meaning set out in Section 4.J of this agreement.

"**Regulatory Approvals**" means those sanctions, rulings, consents, orders, waivers, exemptions, permits and other approvals of an Agency (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a time lapses following the giving of notice of an objection being made by an Agency) required by Target, Acquireco and Canco in respect of the Transactions.

"**Release**" shall mean any release, spill, leak, discharge, abandonment, disposal, pumping, pouring, emitting, emptying, injecting, leaching, dumping, depositing, dispersing, passive migration, allowing to escape or migrate into or through the environment (including ambient air, surface water, ground water, land surface and subsurface strata or within any building, structure, facility or fixture) of any Hazardous Substance, including the abandonment or discarding of Hazardous Substances in barrels, drums, tanks or other containers, regardless of when discovered.

“**Remedial Action**” shall mean any investigation, feasibility study, monitoring, testing, sampling, removal (including removal of underground storage tanks), restoration, clean up, remediation, closure, site restoration, remedial response or remedial work.

“**Representatives**” of a person means, collectively, the directors, officers, employees, professional advisors, agents or other authorized representatives of such person.

“**Response Period**” has the meaning set out in Section 6.E(b).

“**Securities Commissions**” means the securities regulatory authorities in each of the provinces of Canada.

“**Subsidiaries**” means in respect of a person, each of the corporate entities, partnerships and other entities over which it exercises direction or control.

“**Superior Proposal**” means any *bona fide* written Acquisition Proposal made before or after the date hereof by a third party that was not solicited in contravention of Section 6.A of this agreement, that, in the good faith determination of the board of directors of Target or Acquireco, as the case may be, (following consultation with their financial advisors, (including in the case of Target the Financial Advisor) and outside legal advisors): (i) is reasonably capable of being completed (taking into account all legal, financial, regulatory and other aspects of such proposal and the party making such proposal), (ii) is not subject to due diligence and/or access to information condition, (iii) is fully financed or is capable of being fully financed taking into account the creditworthiness of the Target or Acquireco, as the case may be, or provided that applicable securities Laws are met, and (iv) the failure to recommend such Acquisition Proposal to Target Shareholders or Acquireco Shareholders, as the case may be, would constitute a breach of its fiduciary duties under applicable Laws.

“**Target**” means Lithium One Inc., a corporation incorporated under the laws of Ontario.

“**Target Circular**” means the notice of special meeting and accompanying management information circular of Target, including all appendices thereto, to be sent to Target Securityholders in connection with the Target Special Meeting.

“**Target Compensation Warrants**” means the 250,000 compensation warrants issued to Tennessee Marketing Inc. by Target on October 27, 2010.

“**Target Convertible Notes**” means the convertible notes issued by Target.

“Target Disclosure Statement” means the statement delivered by Target to Acquireco concurrently with the execution of this agreement (in materially and substantially the form reviewed by Acquireco prior to execution of this agreement).

“**Target Group**” means collectively, Target and its Subsidiaries.

“**Target Noteholders**” means the holders of the Target Convertible Notes.

"**Target Optionholders**" means the holders at the relevant time of Target Options.

"**Target Option Plan**" means the amended and restated stock option plan of Target effective August 25, 2010, as may be amended in accordance with this agreement.

"**Target Options**" means all options to purchase Target Shares issued pursuant to the Target Option Plan.

"**Target Plans**" has the meaning set out in Section (o) of Schedule F.

"**Target Property**" has the meaning set out in Section (v) of Schedule F.

"**Target Public Disclosure Documents**" has the meaning set out in Section (e) of Schedule F.

"**Target Securityholders**" means, collectively, the Target Shareholders, the Target Optionholders and the Target Noteholders.

"**Target Securityholder Approval**" means, collectively (i) the approval of the Arrangement by the affirmative vote of 66 2⁄3% of the votes cast at the Target Special Meeting by Target Shareholders, (ii) the approval of the Arrangement by the affirmative vote of 66 2⁄3% of the votes cast at the Target Special Meeting by Target Shareholders and Target Optionholders voting as a single class, (iii) the approval of the Arrangement by the affirmative vote of 66 2/3% of the principal amount of the Target Notes represented in person or by proxy at the Target Special Meeting; and (iv) the approval of the Arrangement by the affirmative vote of the majority of the votes cast at the Target Special Meeting by Target Shareholders in accordance with the minority approval requirements of MI 61-101.

"**Target Shareholders**" means the holders at the relevant time of Target Shares.

"**Target Shares**" means the common shares in the capital of Target.

"**Target Special Meeting**" means the special meeting of Target Securityholders, including any postponement or adjournment thereof, to be called and held in accordance with the Interim Order to consider the Arrangement.

"**Target Voting Support Agreements**" means the agreements entered into on or after the date hereof between Acquireco and certain Target Securityholders with respect to the voting of Target Shares, Target Options or Target Convertible Notes, as applicable, in favour of the Transactions.

"**Target Warrants**" means the share purchase warrants that would otherwise have been issued by Target upon conversion of the Target Convertible Notes.

"**Tax**" and "**Taxes**" has the meaning set out in Section (1) of Schedule F.

"**Tax Return**" has the meaning set out in Section (1) of Schedule F.

"**Termination Fee**" means $3,000,000.

"**Transactions**" means the Arrangement and the other transactions related to the acquisition of Target by Acquireco contemplated by this agreement and the other agreements contemplated hereby.

"**TSX-V**" means the Toronto Venture Exchange or any successor exchange.

"**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as amended.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

"**U.S. Securities Laws**" means federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder.

SCHEDULE B
PLAN OF ARRANGEMENT, INCLUDING PROVISIONS ATTACHING TO THE EXCHANGEABLE SHARES

ARTICLE 1
INTERPRETATION

1.1 ***Definitions***. In this Plan of Arrangement:

"**Acquireco**" means Galaxy Resources Limited ABN 11 071976442, a corporation incorporated under the laws of Australia.

"**Acquireco Convertible Notes**" means the convertible notes to be issued by Acquireco at the Effective Time in the form attached as Schedule K to the Arrangement Agreement.

"**Acquireco Share Consideration**" means the consideration in the form of Acquireco Shares elected, or deemed to be elected, for each Target Share by a Target Shareholder (other than a Dissenting Shareholder) pursuant to Section 2.3, equal to the greater of (i) 1.80 Acquireco Shares and (ii) that number of Acquireco Shares determined by dividing $1.55 by the Canadian Dollar Equivalent of the offering price per Acquireco Share under the Acquisition Financing.

"**Acquireco Shareholders**" means the holders at the relevant time of Acquireco Shares.

"**Acquireco Shares**" means the ordinary fully paid shares in the capital of Acquireco.

"**Acquisition Financing**" means the public offering of Acquireco Shares to be conducted by Acquireco immediately following the first public announcement of the Transactions contemplated herein.

"**affiliate**" has the meaning corresponding to "affiliated companies" in the *Securities Act* (Ontario), as amended.

"**Agency**" means any domestic or foreign court, tribunal, federal, state, provincial or local government or governmental agency, department or authority or other regulatory authority (including the TSX-V and the Australian Stock Exchange or administrative agency or commission (including the Securities Commissions and the Australian Securities & Investments Commission) or any elected or appointed public official.

"**Ancillary Rights**" means the interest of a holder of Exchangeable Shares as a beneficiary of the trust created under the Voting and Exchange Trust Agreement.

"**Arrangement**" means an arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations hereto made in accordance with this Plan of Arrangement or made at the direction of the Court.

"**Arrangement Agreement**" means the arrangement agreement made as of March 29, 2012 between Target, Canco and Acquireco to which this Schedule B is attached and forms a part, as amended, supplemented and/or restated in accordance with its terms.

"**business day**" means any day other than a Saturday, Sunday, a public holiday or a day on which commercial banks are not open for business in Toronto, Ontario or Perth, Western Australia, under applicable Law.

"**Callco**" means Galaxy Lithium One (Québec) Inc., a corporation incorporated under the laws of Québec that is (i) a direct subsidiary of Acquireco, or (ii) any other direct or indirect wholly-owned subsidiary of Acquireco designated by Acquireco from time to time in replacement thereof.

"**Canadian Dollar Equivalent**" means in respect of an amount expressed in a currency other than Canadian dollars (the "Foreign Currency Amount") at any date the product obtained by multiplying:

(a) the Foreign Currency Amount; by

(b) the noon spot exchange rate on the business day immediately preceding such date for such foreign currency expressed in Canadian dollars as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such spot exchange rate on the business day immediately preceding such date for such foreign currency expressed in Canadian dollars as may be mutually agreed upon by Acquireco and Target to be appropriate for such purpose, which determination shall be conclusive and binding.

"**Canadian Resident**" means (i) a person who is a resident of Canada for the purposes of the ITA, or (ii) a partnership that is a "Canadian partnership" for purposes of the ITA.

"**Canco**" means Galaxy Lithium One Inc., a corporation incorporated under the laws of Québec that issues the Exchangeable Shares pursuant to the Arrangement.

"**Change of Law**" means any amendment to the ITA and other applicable provincial income tax laws that permits holders of Exchangeable Shares who are resident in Canada, hold the Exchangeable Shares as capital property and deal at arm's length with Acquireco and Canco (all for the purposes of the ITA and other applicable provincial income tax laws) to exchange their Exchangeable Shares for Acquireco Shares on the basis set out in section 5.3 and will not require such holders to recognize any gain or loss or any actual or deemed dividend in respect of such exchange for the purposes of the ITA or applicable provincial income tax laws.

"**Change of Law Call Date**" has the meaning set out in Section 5.3(b).

"**Change of Law Call Purchase Price**" has the meaning set out in Section 5.3(a).

"**Change of Law Call Right**" has the meaning set out in Section 5.3(a).

"**Court**" means the Superior Court of Justice (Commercial List).

"**CRA**" means the Canada Revenue Agency.

"**Current Market Price**" has the meaning set out in the Exchangeable Share Provisions.

"**Depositary**" means the person acting as depositary under the Arrangement.

"**Dissenting Shareholders**" means holders of Target Shares that have duly and validly exercised Dissent Rights and are ultimately entitled to be paid the fair value of their Target Shares as determined in accordance with Section 3.1.

"**Dissent Rights**" has the meaning set out in Section 3.1.

"**Dividend Amount**" means an amount equal to all declared and unpaid dividends on an Exchangeable Share held by a holder on any dividend record date which occurred prior to the date of purchase, redemption or other acquisition of such share by Callco or Acquireco from such holder.

"**Effective Date**" means the date on or before the Outside Date on which the Arrangement becomes effective in accordance with the OBCA and the Final Order.

"**Effective Time**" means 12:01 a.m. on the Effective Date.

"**Election Deadline**" means 4:30 p.m. (Toronto time) on the business day immediately prior to the date of the Target Special Meeting or, if such meeting is adjourned, such time on the business day immediately prior to the date of such adjourned meeting.

"**Eligible Holder**" means a Target Shareholder who is (i) a Canadian Resident, and (ii) not exempt from tax under Part I of the ITA (or, in the case of a partnership, none of the partners of which is exempt from tax under Part I of the ITA).

"**Exchange Time**" means the time that the steps in Sections 2.2 occur.

"**Exchangeable Elected Shares**" means Target Shares (other than Target Shares held by Acquireco or an affiliate) that the holder thereof shall have elected in accordance with Section 2.3(b) in a duly completed Letter of Transmittal and Election Form deposited with the Depositary no later than the Election Deadline to transfer to Canco under the Arrangement for the Exchangeable Share Consideration.

"**Exchangeable Share Consideration**" means the consideration in the form of Exchangeable Shares, together with Ancillary Rights elected for each Target Share by a Target Shareholder who is an Eligible Holder pursuant to Section 2.3, such election to be equal to the greater of (i) 1.80 Exchangeable Shares together with Ancilliary Rights and (ii) that number of Exchangeable Shares determined by dividing $1.55 by the Canadian Dollar Equivalent of the offering price per Acquireco Share under the Acquisition Financing.

"**Exchangeable Share Provisions**" means the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares, which rights, privileges, restrictions and conditions shall be in substantially the form set out in Appendix I hereto.

"**Exchangeable Shares**" means the exchangeable shares in the capital of Canco as more particularly described in Appendix I hereto.

"**Final Order**" means the final order of the Court approving the Arrangement, as such order may be amended by the Court, at any time before the Effective Time, or if appealed, unless that appeal is withdrawn or denied, as affirmed or as amended on appeal.

"**holder**" means an Target Shareholder or an Target Optionholder, as the context requires.

"**including**" means "including without limitation" and "**includes**" means "includes without limitation".

"**Interim Order**" means an interim order of the Court, as may be amended by the Court, providing for, among other things, the calling and holding of the Target Special Meeting.

"**ITA**" means the *Income Tax Act* (Canada), as amended.

"**Law**" means all laws, statutes, by-laws, rules, regulations, orders, decrees, ordinances, protocols, codes, guidelines, published policies, notices, directions and judgements or other requirements of any Agency, in each case having the force of law.

"**Letter of Transmittal and Election Form**" means the letter of transmittal and election form for use by holders of Target Shares, in the form accompanying the Target Circular.

"**Liquidation Amount**" has the meaning set out in the Exchangeable Share Provisions.

"**Liquidation Date**" has the meaning set out in the Exchangeable Share Provisions.

"**OBCA**" means the *Business Corporation Act* (Ontario).

"**Outside Date**" means 31 August 2012 or such later date to which each of Target and Acquireco may agree in writing.

"**person**" includes any individual, firm, partnership, limited partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Agency, syndicate or other entity, whether or not having legal status.

"**Plan of Arrangement**" means this plan of arrangement.

"**QBCA**" means the Business Corporations Act (Quebec), as amended.

“**Redemption Call Purchase Price**” has the meaning set out in Section 5.2(a).

“**Redemption Call Right**” has the meaning set out in Section 5.2(a).

“**Redemption Date**” has the meaning set out in the Exchangeable Share Provisions.

“**Securities Commission**” means the securities regulatory authorities in each of the provinces of Canada.

“**Special Voting Shares**” means the special voting shares in the capital of Acquireco having substantially the rights, privileges, restrictions and conditions described in the Voting and Exchange Trust Agreement.

“**Support Agreement**” means an agreement to be made among Acquireco, Callco and Canco in connection with this Plan of Arrangement substantially in the form and substance of Schedule I to the Arrangement Agreement.

“**Target Circular**” means the notice of special meeting and accompanying management information circular of Target, including all appendices thereto, to be sent to Target Shareholders and Target Optionholders in connection with the Target Special Meeting.

“**Target Compensation Warrants**” means the 250,000 compensation warrants issued to Tennessee Marketing Inc. by Target on October 27, 2010.

“**Target Convertible Notes**” means the convertible notes issued by Target from time to time.

“**Target Noteholders**” means the holders of the relevant time of Target Convertible Notes.

“**Target Optionholders**” means the holders at the relevant time of Target Stock Options.

“**Target Shares**” means common shares in the capital of Target.

“**Target Shareholders**” means the holders at the relevant time of Target Shares.

“**Target Special Meeting**” means the special meeting of Target Shareholders, including any adjournment thereof, to be called and held in accordance with the Interim Order to consider the Arrangement.

“**Target Stock Options**” means options to purchase Target Shares issued pursuant to Target’s amended and restated stock option plan effective August 25, 2010, as amended.

“**Tax Election Package**” means two copies of CRA form T-2057, or, if the Target Shareholder is a partnership, two copies of CRA form T-2058 and two copies of any applicable equivalent provincial or territorial election form, which forms have been duly and properly completed and executed by the Acquireco Shareholder in accordance with the rules contained in the ITA or the relevant provincial legislation.

"**Transfer Agent**" means Computershare Investor Services Inc. or such other person as may from time to time be appointed by Canco as the registrar and transfer agent for the Exchangeable Shares.

"**TSX-V**" means the Toronto Venture Exchange or any successor exchange.

"**Voting and Exchange Trust Agreement**" means an agreement to be made among Acquireco, Canco and the Trustee (as defined in the Exchangeable Share Provisions) in connection with this Plan of Arrangement substantially in the form of Schedule J to the Arrangement Agreement.

1.2 ***Headings and References***. The division of this Plan of Arrangement into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise specified, references to Sections are to Sections of this Plan of Arrangement.

1.3 ***Currency***. Except as expressly indicated otherwise, all sums of money referred to in this Plan of Arrangement are expressed and shall be payable in Canadian dollars.

1.4 ***Time***. Time shall be of the essence in each and every matter or thing herein provided. Unless otherwise indicated, all times expressed herein are local time at Toronto, Ontario.

ARTICLE 2
THE ARRANGEMENT

2.1 ***Binding Effect***. Subject to the terms of the Arrangement Agreement, the Arrangement will become effective at the Effective Time and be binding at and after the Effective Time on Target, Acquireco, Canco and Callco and all holders and beneficial holders of Target Shares and Target Options and Target Compensation Warrants.

2.2 ***The Arrangement***. Commencing at the Effective Time on the Effective Date, subject to the terms and conditions of the Arrangement Agreement, the following steps shall occur as part of the Arrangement and shall be deemed to occur in the following sequence without any further act or formality:

(a) At the Effective Time, all Target Options with an exercise price less than $1.55, shall be deemed to be fully vested and exercised on a cashless basis free and clear of all Liens, and the Target Optionholders shall receive, in respect of each such Target Option a fraction of a Target Share, with such fraction being calculated according the formula the numerator of which shall be equal to the difference between $1.55 and the exercise price for such Target Option and the denominator of which shall be equal to $1.55; provided, however, that if the aggregate number of Acquireco Shares that would otherwise be required to be issued to a holder as consideration for such holder's Target Options would result in a fraction of a Acquireco Share being issuable, the number of Acquireco Shares to be received by such holder will be rounded up;

(b) Any Target Options which are not "in-the-money" shall immediately expire and be terminated without any consideration therefor;

(c) At the Effective Time, the holder of the 250,000 Target Compensation Warrants shall receive, in respect of each such Target Compensation Warrant a fraction of a Target Share, with such fraction being calculated according the formula the numerator of which shall be equal to the difference between $1.55 and the exercise price for such Compensation Warrant and the denominator of which shall be equal to $1.55. For greater certainty, all Target Compensation Warrants will expire and terminate on the Effective Date;

(d) Five minutes after the Effective Time, each issued and outstanding Target Share (other than Exchangeable Elected Shares and other than Target Shares held by Acquireco or an affiliate thereof or Dissenting Shareholders) held by a Target Shareholder shall be exchanged with Canco for the Acquireco Share Consideration in accordance with Section 2.3;

(e) Five minutes after the Effective Time, each Exchangeable Elected Share shall be exchanged with Canco for Exchangeable Share Consideration in accordance with the election of such Target Shareholder pursuant to Section 2.3;

(f) Five minutes after the Effective Time, Acquireco, Canco and Callco shall execute the Support Agreement and Acquireco, Canco and the Transfer Agent shall execute the Voting and Exchange Trust Agreement and Acquireco shall issue to and deposit with the Transfer Agent the Special Voting Shares in consideration of the payment to Acquireco by Target on behalf of the Target Shareholders of one dollar ($1.00), to be thereafter held of record by the Transfer Agent as trustee for and on behalf of, and for the use and benefit of, the holders of the Exchangeable Shares in accordance with the Voting and Exchange Trust Agreement. All rights of holders of Exchangeable Shares under the Voting and Exchange Trust Agreement shall be received by them as part of the property receivable by them under Section 2.2(d) in exchange for the Exchangeable Elected Shares for which they were exchanged;

(g) Each Target Convertible Note shall be exchanged for an Acquireco Convertible Note; and

(h) Each of Paul Matysek and Martin Rowley shall be appointed as directors of Acquireco.

2.3 ***Consideration Elections***.

With respect to the exchange of securities effected pursuant to Section 2.2:

(a) Target Shareholders other than Eligible Holders shall receive, in respect of each Target Share exchanged, the Acquireco Share Consideration;

(b) Target Shareholders who are Eligible Holders may elect to (i) receive in respect of any or all of their Target Shares, the Exchangeable Share Consideration; and (ii) receive in respect of the balance of their Target Shares, if any, the Acquireco Share Consideration;

(c) such elections as provided for in Section 2.3(b) shall be made by depositing with the Depositary, prior to the Election Deadline, a duly completed Letter of Transmittal and Election Form indicating such Target Shareholder's election, together with any certificates representing such holder's Target Shares; and

(d) any Target Shareholder who does not deposit with the Depositary a duly completed Letter of Transmittal and Election Form prior to the Election Deadline, or otherwise fails to comply with the requirements of Section 2.3(c) and the Letter of Transmittal and Election Form in respect of any such Target Shareholder's Target Shares, shall be deemed to have elected to receive the Acquireco Share Consideration in respect of each such Target Share.

2.4 ***Income Tax Elections***.

Target Shareholders who are Eligible Holders who are entitled to receive Exchangeable Share Consideration under the Arrangement shall be entitled to make an income tax election pursuant to subsection 85(1) of the ITA or, if the person is a partnership, subsection 85(2) of the ITA (and in each case, where applicable, the analogous provisions of provincial income tax Law) with respect to the transfer of their Target Shares to Canco by providing the Tax Election Package to the Depositary within 90 days following the Effective Date, duly completed with the details of the number of Target Shares transferred and the applicable agreed amounts (which cannot be less than the fair market value of the Ancillary Rights at the Exchange Time). Thereafter, subject to the Tax Election Package being correct and complete (for which Canco takes no responsibility as to the correctness or completeness thereof) and complying with the provisions of the ITA (or applicable provincial income or corporate tax Law), the relevant forms will be signed by Canco and returned to such persons within 90 days after the receipt thereof by the Depositary for filing with the CRA (or the applicable provincial taxing Agency) by such persons. Canco will not be responsible for the proper or accurate completion of the Tax Election Package or to check or verify the content of any election form and, except for Canco's obligation to return duly completed Tax Election Packages which are received by the Depositary within 90 days of the Effective Date, within 90 days after the receipt thereof by the Depositary, Canco will not be responsible for any taxes, interest or penalties or any other costs or damages resulting from the failure by a Target Shareholder to properly and accurately complete or file the necessary election forms in the prescribed form and manner and within the time prescribed by the ITA (or any applicable provincial legislation). In its sole discretion, Canco may choose to sign and return Tax Election Packages received more than 90 days following the Effective Date, but Canco will have no obligation to do so.

2.5 ***Share Registers***. Every Target Shareholder from whom a Target Share is acquired pursuant to the Arrangement shall be removed from the register of holders of Target Shares at the time of that acquisition pursuant to the Arrangement and shall cease to have any rights in respect of such Target Shares, and Canco shall become the holder of such Target Shares and shall be added to that register at that time and shall be entitled as of that time to all of the rights and privileges attached to the Target Shares. Every Target Shareholder who acquires Exchangeable Shares or Acquireco Shares pursuant to the Arrangement shall be added to the register of holders of Exchangeable Shares or Acquireco Shares, respectively, and shall be entitled as of the time of the exchange to all of the rights and privileges attached to the Exchangeable Shares or Acquireco Shares, as the case may be.

2.6 ***Adjustments to Consideration***. The consideration to be paid pursuant to Sections 2.2(a), 2.2(c) and 2.2(d) shall be adjusted to reflect fully the effect of any stock split, reverse split, stock dividend (including any dividend or distribution of securities convertible into Acquireco Shares or Target Shares, other than stock dividends paid in lieu of ordinary course dividends), reorganization, recapitalization or other like change with respect to Acquireco Shares or Target Shares occurring after the date of the Arrangement Agreement and prior to the Effective Time.

ARTICLE 3
DISSENT RIGHTS

3.1 Holders of Target Shares may exercise rights of dissent with respect to those Target Shares pursuant to, and (except as expressly indicated to the contrary in this Section 3.1), in the manner set forth in, Section 185 of the OBCA and this Section 3.1 (the "**Dissent Rights**") in connection with the Arrangement; provided that, notwithstanding Section 185(6) of the OBCA, the written objection to the resolution approving the Arrangement referred to in Section 185(6) of the OBCA must be received by Target not later than 4:30 p.m. (Toronto time) on the business day before the Target Special Meeting; and provided further that, notwithstanding the provisions of Section 185 of the OBCA, Target Shareholders who duly exercise Dissent Rights and who:

(a) ultimately are determined to be entitled to be paid fair value for their Target Shares shall be entitled to a payment in cash equal to such fair value, which fair value, notwithstanding anything to the contrary contained in Section 185 of the OBCA, shall be determined as of the Exchange Time and shall be deemed to have transferred those Target Shares in respect of which Dissent Rights have been duly and validly exercised as of the Exchange Time at the fair value of the Target Shares determined as of the Exchange Time, without any further act or formality and free and clear of all liens and claims, to Canco; or

(b) ultimately are determined not to be entitled, for any reason, to be paid fair value for their Target Shares, shall be deemed to have participated in the Arrangement on the same basis as a holder of Target Shares who has not exercised Dissent Rights and, if an Eligible Holder, shall be deemed to have elected to receive, and shall receive, the consideration provided in Section 2.3(d), but in no case shall Target, Acquireco, Canco, the Depositary or any other person be required to recognize any such holder as a holder of Target Shares on or after the Exchange Time, and the names of each such holder shall be deleted from the register of holders of Target Shares at the Exchange Time.

ARTICLE 4
SHARE DEPOSIT

4.1 ***Share Deposit***. Prior to the Effective Time, Canco shall deposit or cause to be deposited with the Depositary, for the benefit of the holders of Target Shares, the aggregate number of whole Exchangeable Shares and the aggregate number of whole Acquireco Shares issuable under the Arrangement. Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Exchange Time represented Target Shares that were exchanged under the Arrangement, together with a duly completed Letter of Transmittal and Election Form and such other documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive, and promptly after the Exchange Time the Depositary shall deliver to such person written evidence of the book entry issuance in uncertificated form to, or certificates registered in the name of, such person representing that number of Exchangeable Shares and/or Acquireco Shares which such person is entitled to receive less any amounts withheld pursuant to Section 4.6, and any certificate so surrendered shall forthwith be cancelled. In the event of a transfer of ownership of such Target Shares which was not registered in the transfer records of Target, written evidence of the book entry issuance of, or certificates representing, the number of Exchangeable Shares and/or Acquireco Shares issuable to the registered holder may be registered in the name of and issued to the transferee if the certificate representing such Target Shares is presented to the Depositary, accompanied by a duly completed Letter of Transmittal and Election Form and all documents required to evidence and effect such transfer. Without limiting the provisions of Sections 2.6 and 4.5, until surrendered as contemplated by this Section 4.1, each certificate which immediately prior to the Exchange Time represented one or more outstanding Target Shares that, under the Arrangement, were exchanged pursuant to Section 2.2(d) and 2.2(e), shall be deemed at all times after the Exchange Time to represent only the right to receive upon such surrender (i) the consideration to which the holder thereof is entitled under the Arrangement, or as to a certificate held by a Dissenting Shareholder (other than a shareholder who exercised Dissent Rights who is deemed to have participated in the Arrangement pursuant to Section 3.1(b)), to receive the fair value of the Target Shares represented by such certificate, and (ii) any dividends or distributions with a record date after the Exchange Time theretofore paid or payable with respect to any Exchangeable Shares or Acquireco Shares issued in exchange therefor as contemplated by Section 4.2, in each case less any amounts withheld pursuant to Section 4.6.

4.2 ***Distributions with Respect to Unsurrendered Certificates***. No dividends or other distributions paid, declared or made with respect to Exchangeable Shares or Acquireco Shares, in each case with a record date after the Exchange Time, shall be paid to the holder of any unsurrendered certificate which immediately prior to the Exchange Time represented outstanding Target Shares unless and until such person shall have complied with the provisions of Section 4.1. Subject to applicable Law, and to the provisions of Section 4.5, at the time such person shall have complied with the provisions of Section 4.1 (or, in the case of clause (iii) below, at the appropriate payment date), there shall be paid to such person, without interest (i) the amount of dividends or other distributions with a record date after the Exchange Time theretofore paid with respect to the Exchangeable Share or the Acquireco Share, as the case may be, to which such person is entitled pursuant hereto, and (ii) on the appropriate payment date, the amount of dividends or other distributions with a record date after the Exchange Time but prior to the date of compliance by such person with the provisions of Section 4.1 and a payment date subsequent to the date of such compliance and payable with respect to such Exchangeable Shares or Acquireco Shares, as the case may be.

4.3 ***No Fractional Shares***. No fractional Exchangeable Shares or fractional Acquireco Shares shall be issued upon compliance with the provisions of Section 4.1 and no dividend, stock split or other change in the capital structure of Canco or Acquireco shall relate to any such fractional security and such fractional interests shall not entitle the owner thereof to exercise any rights as a security holder of Canco or Acquireco. All such fractional Exchangeable Shares or fractional Acquireco Shares shall be rounded up.

4.4 ***Lost Certificates***. In the event any certificate which immediately prior to the Exchange Time represented one or more outstanding Target Shares that were exchanged pursuant to Section 3.2 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, any cash and/or Exchangeable Shares or Acquireco Shares (and any dividends or distributions with respect thereto) deliverable in accordance with Section 2.2 and such holder's Letter of Transmittal and Election Form. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the person to whom cash (if any) and/or Exchangeable Shares or Acquireco Shares are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to Target, Canco, Acquireco and their respective transfer agents in such amount as Target, Canco or Acquireco may direct or otherwise indemnify Target, Canco and Acquireco in a manner satisfactory to Target, Canco and Acquireco against any claim that may be made against Target, Canco or Acquireco with respect to the certificate alleged to have been lost, stolen or destroyed.

4.5 ***Extinction of Rights***. Any certificate which immediately prior to the Exchange Time represented outstanding Target Shares that were exchanged pursuant to Section 2.2 that is not deposited with all other instruments required by Section 4.1 on or prior to the date of the notice referred to in Section 7(2) of the Exchangeable Share Provisions shall cease to represent a claim or interest of any kind or nature as a securityholder of Canco or Acquireco. On such date, the cash and/or Exchangeable Shares and/or Acquireco Shares to which the former holder of the certificate referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered for no consideration to Canco. None of Acquireco, Target, Canco, Callco or the Depositary shall be liable to any person in respect of any cash delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.

4.6 ***Withholding Rights***. Target, Canco, Callco, Acquireco and the Depositary shall be entitled to deduct and withhold from any dividend, price or consideration otherwise payable to any holder of Target Options, Target Compensation Warrants, Target Shares, Acquireco Shares or Exchangeable Shares such amounts as Target, Canco, Callco, Acquireco or the Depositary is required to deduct and withhold with respect to such payment under the ITA or any other applicable Law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the securities in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing Agency. To the extent that the amount so required to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to the holder, Target, Canco, Callco, Acquireco and the

Depositary are hereby authorized to sell or otherwise dispose of such other portion of the consideration as is necessary to provide sufficient funds to Target, Canco, Callco, Acquireco and the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and Target, Canco, Callco, Acquireco and the Depositary shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale.

ARTICLE 5
RIGHTS OF CALLCO TO ACQUIRE EXCHANGEABLE SHARES

5.1 ***Callco Liquidation Call Right***.

(a) Callco shall have the overriding right (the "**Liquidation Call Right**"), in the event of and notwithstanding the proposed liquidation, dissolution or winding-up of Canco or any other distribution of the assets of Canco among its shareholders for the purpose of winding up its affairs, pursuant to Section 5 of the Exchangeable Share Provisions, to purchase from all but not less than all of the holders of Exchangeable Shares (other than any holder of Exchangeable Shares which is Acquireco or an affiliate of Acquireco) on the Liquidation Date all but not less than all of the Exchangeable Shares held by each such holder on payment by Callco of an amount per share (the "**Liquidation Call Purchase Price**") equal to the Current Market Price of Acquireco Shares on the last business day prior to the Liquidation Date plus the Dividend Amount, which shall be satisfied in full by Callco delivering or causing to be delivered to such holder one Acquireco Share plus any Dividend Amount. In the event of the exercise of the Liquidation Call Right by Callco, each holder shall be obligated to sell all the Exchangeable Shares held by the holder to Callco on the Liquidation Date on payment by Callco to the holder of the Liquidation Call Purchase Price for each such share, and Canco shall have no obligation to pay any Liquidation Amount or Dividend Amount to the holders of such shares so purchased by Callco.

(b) To exercise the Liquidation Call Right, Callco must notify the Transfer Agent, as agent for the holders of Exchangeable Shares, and Canco of Callco's intention to exercise such right at least 45 days before the Liquidation Date in the case of a voluntary liquidation, dissolution or winding-up of Canco or any other voluntary distribution of the assets of Canco among its shareholders for the purpose of winding up its affairs, and at least five business days before the Liquidation Date in the case of an involuntary liquidation, dissolution or winding-up of Canco or any other involuntary distribution of the assets of Canco among its shareholders for the purpose of winding up its affairs. The Transfer Agent will notify the holders of Exchangeable Shares as to whether or not Callco has exercised the Liquidation Call Right forthwith after the expiry of the period during which the same may be exercised by Callco. If Callco exercises the Liquidation Call Right, then on the Liquidation Date, Callco will purchase and the holders will sell all of the Exchangeable Shares then outstanding for a price per share equal to the Liquidation Call Purchase Price.

(c) For the purposes of completing the purchase of the Exchangeable Shares pursuant to the Liquidation Call Right, Callco shall deposit or cause to be deposited with the Transfer Agent, on or before the Liquidation Date, the aggregate number of Acquireco Shares which Callco shall deliver or cause to be delivered pursuant to Section 5.1(a) and a cheque or cheques of Callco payable at par at any branch of the bankers of Callco representing the aggregate Dividend Amount, if any, in payment of the total Liquidation Call Purchase Price, in each case less any amounts withheld pursuant to Section 4.6. Provided that Callco has complied with the immediately preceding sentence, on and after the Liquidation Date the holders of the Exchangeable Shares shall cease to be holders of the Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof (including any rights under the Voting and Exchange Trust Agreement), other than the right to receive their proportionate part of the aggregate Liquidation Call Purchase Price without interest, unless payment of the aggregate Liquidation Call Purchase Price for the Exchangeable Shares shall not be made upon presentation and surrender of share certificates in accordance with the following provisions of this Section 5.1(c), in which case the rights of the holders shall remain unaffected until the aggregate Liquidation Call Purchase Price has been paid in the manner herein provided. Upon surrender to the Transfer Agent of a certificate or certificates representing Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the QBCA and articles of Canco and such additional documents, instruments and payments as the Transfer Agent may reasonably require, the holder of such surrendered certificate or certificates shall be entitled to receive in exchange therefor, and the Transfer Agent on behalf of Callco shall transfer to such holder, the Acquireco Shares to which such holder is entitled and as soon as reasonably practicable thereafter the Transfer Agent shall deliver to such holder written evidence of the book entry issuance in uncertificated form of the Acquireco Shares to which the holder is entitled and a cheque or cheques of Callco payable at par at any branch of the bankers of Callco representing the Dividend Amount, if any, and when received by the Transfer Agent, all dividends and other distributions with respect to such Acquireco Shares with a record date after the Liquidation Date and before the date of the transfer of such Acquireco Shares to such holder, less any amounts withheld pursuant to Section 4.6. If Callco does not exercise the Liquidation Call Right in the manner described above, on the Liquidation Date, the holders of the Exchangeable Shares will be entitled to receive in exchange therefor the Liquidation Amount otherwise payable by Canco in connection with the liquidation, dissolution or winding-up of Canco or any distribution of the assets of Canco among its shareholders for the purpose of winding up its affairs pursuant to Section 5 of the Exchangeable Share Provisions.

5.2 ***Callco Redemption Call Right***. In addition to Callco's rights contained in the Exchangeable Share Provisions, including the Retraction Call Right (as defined in the Exchangeable Share Provisions), Callco shall have the following rights in respect of the Exchangeable Shares:

(a) Callco shall have the overriding right (the "**Redemption Call Right**"), notwithstanding the proposed redemption of the Exchangeable Shares by Canco pursuant to Section 7 of the Exchangeable Share Provisions, to purchase from all but not less than all of the holders of Exchangeable Shares (other than any holder of Exchangeable Shares which is Acquireco or an affiliate of Acquireco) on the Redemption Date all but not less than all of the Exchangeable Shares held by each such holder on payment by Callco to each holder of an amount per Exchangeable Share (the "**Redemption Call Purchase Price**") equal to the Current Market Price of a Acquireco Share on the last business day prior to the Redemption Date plus the Dividend Amount, which shall be satisfied in full by Callco delivering or causing to be delivered to such holder one Acquireco Share plus any Dividend Amount. In the event of the exercise of the Redemption Call Right by Callco, each holder shall be obligated to sell all the Exchangeable Shares held by the holder to Callco on the Redemption Date on payment by Callco to the holder of the Redemption Call Purchase Price for each such share, and Canco shall have no obligation to redeem, or to pay any Dividend Amount in respect of, such shares so purchased by Callco.

(b) To exercise the Redemption Call Right, Callco must notify the Transfer Agent, as agent for the holders of Exchangeable Shares, and Canco of Callco's intention to exercise such right at least 60 days before the Redemption Date, except in the case of a redemption occurring as a result of a Acquireco Control Transaction (as defined in the Exchangeable Share Provisions), an Exchangeable Share Voting Event or an Exempt Exchangeable Share Voting Event, in which case Callco shall so notify the Transfer Agent and Canco on or before the Redemption Date. The Transfer Agent will notify the holders of the Exchangeable Shares as to whether or not Callco has exercised the Redemption Call Right forthwith after the expiry of the period during which the same may be exercised by Callco. If Callco exercises the Redemption Call Right, on the Redemption Date Callco will purchase and the holders will sell all of the Exchangeable Shares then outstanding for a price per share equal to the Redemption Call Purchase Price.

(c) For the purposes of completing the purchase of the Exchangeable Shares pursuant to the Redemption Call Right, Callco shall deposit or cause to be deposited with the Transfer Agent, on or before the Redemption Date, the aggregate number of Acquireco Shares which Callco shall deliver or cause to be delivered pursuant to Section 5.2(a) and a cheque or cheques of Callco payable at par at any branch of the bankers of Callco representing the aggregate Dividend Amount, if any, in payment of the aggregate Redemption Call Purchase Price, in each case less any amounts withheld pursuant to Section 4.6. Provided that Callco has complied with the immediately preceding sentence, on and after the Redemption Date the holders of the Exchangeable Shares shall cease to be holders of the Exchangeable

Shares and shall not be entitled to exercise any of the rights of holders in respect thereof (including any rights under the Voting and Exchange Trust Agreement), other than the right to receive their proportionate part of the aggregate Redemption Call Purchase Price without interest, unless payment of the aggregate Redemption Call Purchase Price for the Exchangeable Shares shall not be made upon presentation and surrender of share certificates in accordance with the following provisions of this Section 5.2(c), in which case the rights of the holders shall remain unaffected until the aggregate Redemption Call Purchase Price has been paid in the manner herein provided. Upon surrender to the Transfer Agent of a certificate or certificates representing Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the QBCA and articles of Canco and such additional documents, instruments and payments as the Transfer Agent may reasonably require, the holder of such surrendered certificate or certificates shall be entitled to receive in exchange therefor, and the Transfer Agent on behalf of Callco shall transfer to such holder, the Acquireco Shares to which such holder is entitled and as soon as reasonably practicable thereafter the Transfer Agent shall deliver to such holder of the Acquireco Shares to which the holder is entitled and a cheque or cheques of Callco payable at par at any branch of the bankers of Callco representing the Dividend Amount, if any, and when received by the Transfer Agent, all dividends and other distributions with respect to such Acquireco Shares with a record date after the Redemption Date and before the date of the transfer of such Acquireco Shares to such holder, less any amounts withheld pursuant to Section 4.6. If Callco does not exercise the Redemption Call Right in the manner described above, on the Redemption Date the holders of the Exchangeable Shares will be entitled to receive in exchange therefor the redemption price otherwise payable by Canco in connection with the redemption of the Exchangeable Shares pursuant to Article 7 of the Exchangeable Share Provisions.

5.3 ***Change of Law Call Right***.

(a) Acquireco shall have the overriding right (the "**Change of Law Call Right**"), in the event of a Change of Law, to purchase (or to cause Callco to purchase) from all but not less than all of the holders of Exchangeable Shares (other than any holder of Exchangeable Shares which is an affiliate of Acquireco) all but not less than all of the Exchangeable Shares held by each such holder upon payment by Acquireco or Callco, as the case may be, of an amount per share (the "**Change of Law Call Purchase Price**") equal to the Current Market Price of Acquireco Shares on the last business day prior to the Change of Law Call Date plus the Dividend Amount, which shall be satisfied in full by Acquireco or Callco, as the case may be, delivering or causing to be delivered to such holder one Acquireco Share plus any Dividend Amount. In the event of the exercise of the Change of Law Call Right by Acquireco or Callco, each holder of Exchangeable Shares shall be obligated to sell all the Exchangeable Shares held by such holder to Acquireco or Callco, as the case may be, on the Change of Law Call Date upon payment by Acquireco or Callco, as the case may be, to such holder of the Change of Law Call Purchase Price for each such Exchangeable Share.

(b) To exercise the Change of Law Call Right, Acquireco or Callco must notify the Transfer Agent of its intention to exercise such right at least 45 days before the date on which Acquireco or Callco intends to acquire the Exchangeable Shares (the "**Change of Law Call Date**"). If Acquireco or Callco exercises the Change of Law Call Right, then, on the Change of Law Call Date, Acquireco or Callco, as the case may be, will purchase and the holders of Exchangeable Shares will sell all of the Exchangeable Shares then outstanding for a price per share equal to the Change of Law Call Purchase Price.

(c) For the purposes of completing the purchase of the Exchangeable Shares pursuant to the exercise of the Change of Law Call Right, Acquireco or Callco, as the case may be, shall deposit or cause to be deposited with the Transfer Agent, on or before the Change of Law Call Date, the aggregate number of Acquireco Shares which Acquireco or Callco, as the case may be, shall deliver or cause to be delivered pursuant to Section 5.3(a) and a cheque or cheques of Acquireco or Callco, as the case may be, payable at par at any branch of the bankers of Acquireco or Callco representing the aggregate Dividend Amount, if any, in payment of the aggregate Redemption Call Purchase Price, in each case less any amounts withheld pursuant to Section 4.6. Provided that Acquireco or Callco has complied with the immediately preceding sentence, on and after the Change of Law Call Date the holders of the Exchangeable Shares shall cease to be holders of the Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof (including any rights under the Voting and Exchange Trust Agreement), other than the right to receive their proportionate part of the total Change of Law Purchase Price payable by Acquireco or Callco, as the case may be, without interest, upon presentation and surrender by the holder of certificates representing the Exchangeable Shares held by such holder and the holder shall on and after the Change of Law Call Date be considered and deemed for all purposes to be the holder of Acquireco Shares to which such holder is entitled. Upon surrender to the Transfer Agent of a certificate or certificates representing Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the QBCA and articles of Canco and such additional documents, instruments and payments as the Transfer Agent may reasonably require, the holder of such surrendered certificate or certificates shall be entitled to receive in exchange therefor, and the Transfer Agent on behalf of Acquireco or Callco, as the case may be, shall transfer to such holder, the Acquireco Shares to which such holder is entitled and as soon as reasonably practicable thereafter the Transfer Agent shall deliver to such holder written evidence of the book entry issuance in uncertificated form of the Acquireco Shares to which the holder is entitled and a cheque or cheques of Acquireco or Callco, as the case may be, payable at par at any branch of the bankers of Acquireco or Callco, as the case may be, representing the Dividend Amount, if any, and when received by the Transfer Agent, all dividends and other distributions with respect to such Acquireco Shares with a record date after the Redemption Date and before the date of the transfer of such Acquireco Shares to such holder, less any amounts withheld pursuant to Section 4.6.

ARTICLE 6
AMENDMENT

6.1 ***Plan of Arrangement Amendment***.

(a) Target may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time (with the prior written consent of Acquireco), provided that any such amendment, modification and/or supplement must be contained in a written document that is filed with the Court and, if made after the Special Meeting, approved by the Court and communicated to Target Shareholders, Target Optionholders and Target Noteholders if and as required by the Court.

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Target (with the prior written consent of Acquireco) at any time before or at the Special Meeting with or without any other prior notice or communication and, if so proposed and accepted by the persons voting at the Special Meeting in the manner required under the Interim Order, shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Special Meeting shall be effective only if (i) it is consented to in writing by Target and Acquireco and, (ii) if required by the Court, it is consented to by Target Shareholders voting in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Date unilaterally by Acquireco, provided that it concerns a matter which, in the reasonable opinion of Acquireco, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any Target Shareholder.

ARTICLE 7
FURTHER ASSURANCES

Each of Target and Acquireco shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them to document or evidence any of the transactions or events set out in this Plan of Arrangement.

ARTICLE 8
NOTICE

Any notice to be given by Acquireco to Target Shareholders or Target Optionholders pursuant to the Arrangement will be deemed to have been properly given if it is mailed by first class mail, postage prepaid, to registered Target Shareholders or Target Optionholders, as the case may be, at their addresses as shown on the applicable register of such holders maintained by Target and will be deemed to have been received on the first day following the date of mailing which is a business day.

The provisions of this Plan of Arrangement, the Arrangement Agreement and the Letter of Transmittal and Election Form apply notwithstanding any accidental omission to give notice to any one or more Target Shareholders or Target Optionholders and notwithstanding any interruption of mail services in Canada or elsewhere following mailing. In the event of any interruption of mail service following mailing, Acquireco intends to make reasonable efforts to disseminate any notice by other means, such as publication. Except as otherwise required or permitted by law if post offices in Canada are not open for the deposit of mail, any notice which Acquireco or the Depositary may give or cause to be given under the Arrangement will be deemed to have been properly given and to have been received by Target Shareholders and Target Optionholders if (i) it is given to the TSX-V for dissemination or (ii) it is published once in the national edition of The Globe and Mail and in the daily newspapers of general circulation in each of the French and English languages in the City of Montreal, provided that if the national edition of The Globe and Mail is not being generally circulated, publication thereof will be made in The National Post or any other daily newspaper of general circulation published in the City of Toronto.

Notwithstanding the provisions of the Arrangement Agreement, this Plan of Arrangement and the Letter of Transmittal and Election Form, certificates, if any, for Acquireco Shares and Exchangeable Shares issuable, and cheques for cash amounts payable, pursuant to the Arrangement need not be mailed if Acquireco determines that delivery thereof by mail may be delayed. Persons entitled to cheques and certificates which are not mailed for the foregoing reason may take delivery thereof at the office of the Transfer Agent in respect of which the cheque and certificates being issued were deposited, upon application to the Transfer Agent, until such time as Acquireco has determined that delivery by mail will no longer be delayed. Acquireco will provide notice of any such determination not to mail made hereunder as soon as reasonably practicable after the making of such determination and in accordance with this Article 8. Notwithstanding the provisions of the Arrangement Agreement, this Plan of Arrangement and the Letter of Transmittal and Election Form, the deposit of cheques and certificates with the Transfer Agent in such circumstances will constitute delivery to the persons entitled thereto and the Acquireco Shares will be deemed to have been paid for immediately upon such deposit.

APPENDIX I

TO THE PLAN OF ARRANGEMENT

PROVISIONS ATTACHING TO THE EXCHANGEABLE SHARES

The Exchangeable Shares shall have the following rights, privileges, restrictions and conditions:

1. Interpretation

(1) For the purposes of these share provisions:

"**Acquireco**" means Galaxy Resources Limited ABN 11 071 976 442, a corporation incorporated under the laws of Australia.

"**Acquireco Control Transaction**" means any merger, amalgamation, arrangement, take-over bid or tender offer, material sale of shares or rights or interests therein or thereto or similar transactions involving Acquireco, or any proposal to do so.

"**Acquireco Dividend Declaration Date**" means the date on which the board of directors of Acquireco declares any dividend or other distribution on the Acquireco Shares that would require a corresponding payment to be made in respect of the Exchangeable Shares.

"**Acquireco Shares**" means the fully paid ordinary shares of Acquireco.

"**affiliate**" has the meaning corresponding to "**affiliated companies**" in the *Securities Act* (Ontario), as amended.

"**Agency**" means any domestic or foreign court, tribunal, federal, state, provincial or local government or governmental agency, department or authority or other regulatory authority (including the TSX-V and the ASX) or administrative agency or commission (including the Securities Commissions and the Australian Securities & Investments Commission) or any elected or appointed public official.

"**Agent**" means any chartered bank or trust company in Canada selected by Canco for the purposes of holding some or all of the Liquidation Amount or Redemption Price in accordance with Section 5 or Section 7, respectively.

"**Arrangement**" means an arrangement under Section 182 of the OBCA on the terms and subject to the conditions set out in the Plan of Arrangement, to which plan these share provisions are attached as Appendix I.

"**Arrangement Agreement**" means the arrangement agreement made as of March 29, 2012 between Acquireco, Canco and Target, as amended, supplemented and/or restated in accordance with its terms, providing for, among other things, the Arrangement.

"**ASX**" means the ASX Limited.

"**Board of Directors**" means the board of directors of Canco.

"**business day**" means any day other than a Saturday, Sunday, a public holiday or a day on which commercial banks are not open for business in Toronto, Ontario or Perth, Western Australia, under applicable law.

"**Callco**" means Galaxy Lithium One (Québec) Inc., a corporation incorporated under the laws of Québec that is a (i) direct subsidiary of Acquireco, or (ii) any other direct or indirect wholly-owned subsidiary of Acquireco designated by Acquireco from time to time in replacement thereof.

"**Callco Call Notice**" has the meaning ascribed thereto in Section 6(3) of these share provisions.

"**Canadian Dollar Equivalent**" means in respect of an amount expressed in a currency other than Canadian dollars (the "**Foreign Currency Amount**") at any date the product obtained by multiplying:

(a) the Foreign Currency Amount; by

(b) the noon spot exchange rate on the business day immediately preceding such date for such foreign currency expressed in Canadian dollars as reported by the Bank of Canada or, in the event such spot exchange rate is not available, such spot exchange rate on the business day immediately preceding such date for such foreign currency expressed in Canadian dollars as may be mutually agreed upon by Acquireco and Target to be appropriate for such purpose, which determination shall be conclusive and binding.

"**Canco**" means Galaxy Lithium One Inc., a corporation incorporated under the laws of Québec that issues the Exchangeable Shares pursuant to the Arrangement.

"**Common Shares**" means the common shares in the capital of Canco.

"**Current Market Price**" means, in respect of a Acquireco Share on any date, the quotient obtained by dividing (a) the aggregate of the Daily Value of Trades for each day during the period of 20 consecutive trading days ending three trading days before such date; by (b) the aggregate volume of Acquireco Shares used to calculate such Daily Value of Trades.

"**Daily Value of Trades**" means, in respect of the Acquireco Shares on any trading day, the product of (a) the volume weighted average price of Acquireco Shares on the ASX (or, if the Acquireco Shares are not listed on the ASX, the Canadian Dollar Equivalent of the volume weighted average price of Acquireco Shares on such other stock exchange or automated quotation system on which the Acquireco Shares are listed or quoted, as the case may be, as may be selected by the board of directors of Acquireco for such purpose) on such date, as determined by Bloomberg L.P. or other reputable, third party information source selected by the board of directors of Acquireco in good faith; and (b) the aggregate volume of Acquireco Shares traded on such day on the ASX or such other stock exchange or automated quotation system and used to calculate such volume weighted average price; provided that any such selections by the board of directors of Acquireco shall be conclusive and binding.

“**Dividend Amount**” means an amount equal to all declared and unpaid dividends on an Exchangeable Share held by a holder on any dividend record date which occurred prior to the date of purchase, redemption or other acquisition of such share by Callco or Acquireco from such holder pursuant to Section 5(1), Section 6(1) or Section 7(1).

“**Effective Date**” means the date on or before the Outside Date on which the Arrangement becomes effective in accordance with the OBCA and the Final Order.

“**Exchangeable Shares**” means the non-voting, exchangeable shares in the capital of Canco, having the rights, privileges, restrictions and conditions set forth herein.

“**Exchangeable Share Voting Event**” means any matter in respect of which holders of Exchangeable Shares are entitled to vote as shareholders of Canco and in respect of which the Board of Directors determines in good faith that after giving effect to such matter the economic equivalence of the Exchangeable Shares and the Acquireco Shares is maintained for the holders of Exchangeable Shares (other than Acquireco and its affiliates).

“**Exempt Exchangeable Share Voting Event**” means an Exchangeable Share Voting Event in order to approve or disapprove, as applicable, any change to, or in the rights of the holders of, the Exchangeable Shares, where the approval or disapproval, as applicable, of such change would be required to maintain the economic equivalence of the Exchangeable Shares and the Acquireco Shares.

“**holder**” means, when used with reference to the Exchangeable Shares, a holder of Exchangeable Shares shown from time to time in the register maintained by or on behalf of Canco in respect of the Exchangeable Shares.

“**including**” means “including without limitation” and “**includes**” means “includes without limitation”.

“**ITA**” means the *Income Tax Act* (Canada).

“**Liquidation Amount**” has the meaning ascribed thereto in Section 5(1) of these share provisions.

“**Liquidation Call Right**” has the meaning ascribed thereto in the Plan of Arrangement.

“**Liquidation Date**” has the meaning ascribed thereto in Section 5(1) of these share provisions.

“**person**” includes any individual, firm, partnership, limited partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Agency, syndicate or other entity, whether or not having legal status.

"**Plan of Arrangement**" means the plan of arrangement substantially in the form and content of Schedule B annexed to the Arrangement Agreement, and any amendments or variations thereto made in accordance with Section 7.B of the Arrangement Agreement or Article 6 of the Plan of Arrangement or made at the direction of the Court.

"**Purchase Price**" has the meaning ascribed thereto in Section 6(3) of these share provisions.

"**Redemption Call Purchase Price**" has the meaning ascribed thereto in the Plan of Arrangement.

"**Redemption Call Right**" has the meaning ascribed thereto in the Plan of Arrangement.

"**Redemption Date**" means the date, if any, established by the Board of Directors for the redemption by Canco of all but not less than all of the outstanding Exchangeable Shares pursuant to Section 7 of these share provisions, which date shall be no earlier than the third anniversary of the date on which Exchangeable Shares first are issued, unless:

(a) there are fewer than 1,000,000, Exchangeable Shares outstanding (other than Exchangeable Shares held by Acquireco and its affiliates, and as such number of shares may be adjusted as deemed appropriate by the Board of Directors to give effect to any subdivision or consolidation of or stock dividend on the Exchangeable Shares, any issue or distribution of rights to acquire Exchangeable Shares or securities exchangeable for or convertible into Exchangeable Shares, any issue or distribution of other securities or rights or evidences of indebtedness or assets, or any other capital reorganization or other transaction affecting the Exchangeable Shares), in which case the Board of Directors may accelerate such redemption date to such date prior to the third anniversary of the date on which Exchangeable Shares first are issued as they may determine, upon at least 60 days' prior written notice to the holders of the Exchangeable Shares and the Trustee;

(b) an Acquireco Control Transaction occurs, in which case, provided that the Board of Directors determines, in good faith and in its sole discretion, that it is not reasonably practicable to substantially replicate the terms and conditions of the Exchangeable Shares in connection with such Acquireco Control Transaction and that the redemption of all but not less than all of the outstanding Exchangeable Shares is necessary to enable the completion of such Acquireco Control Transaction in accordance with its terms, the Board of Directors may accelerate such redemption date to such date prior to the third anniversary of the date on which Exchangeable Shares first are issued as it may determine, upon such number of days' prior written notice to the holders of the Exchangeable Shares and the Trustee as the Board of Directors may determine to be reasonably practicable in such circumstances;

(c) an Exchangeable Share Voting Event that is not an Exempt Exchangeable Share Voting Event is proposed and (i) the holders of the Exchangeable Shares fail to take the necessary action, at a meeting or other vote of holders of Exchangeable Shares, to approve or disapprove, as applicable, the Exchangeable Share Voting Event or the holders of the Exchangeable Shares do take the necessary action but, in connection therewith, the holders of more than 2% of the outstanding Exchangeable Shares (other than those held by Acquireco and its affiliates) exercise rights of dissent under the QBCA, and (ii) the Board of Directors determines in good faith that it is not reasonably practicable to accomplish the business purpose (which business purpose must be bona fide and not for the primary purpose of causing the occurrence of the Redemption Date) intended by the Exchangeable Share Voting Event in a commercially reasonable manner that does not result in an Exchangeable Share Voting Event, in which case the Redemption Date shall be the business day following the day on which the later of the events described in (i) and (ii) above occur; or

(d) an Exempt Exchangeable Share Voting Event is proposed and holders of the Exchangeable Shares fail to take the necessary action at a meeting or other vote of holders of Exchangeable Shares to approve or disapprove, as applicable, the Exempt Exchangeable Share Voting Event in which case the Redemption Date shall be the business day following the day on which the holders of the Exchangeable Shares failed to take such action.

provided, however, that the accidental failure or omission to give any notice of redemption under clauses (a), (b), (c) or (d) above to any of the holders of Exchangeable Shares shall not affect the validity of any such redemption.

"**QBCA**" means the *Business Corporations Act* (Québec), as amended.

"**Redemption Price**" has the meaning ascribed thereto in Section 7(1) of these share provisions.

"**Retracted Shares**" has the meaning ascribed thereto in Section 6(1)(a) of these share provisions.

"**Retraction Call Right**" has the meaning ascribed thereto in Section 6(1)(c) of these share provisions.

"**Retraction Date**" has the meaning ascribed thereto in Section 6(1)(b) of these share provisions.

"**Retraction Price**" has the meaning ascribed thereto in Section 6(1) of these share provisions.

"**Retraction Request**" has the meaning ascribed thereto in Section 6(1) of these share provisions.

"**Securities Act**" means the Securities Act (Ontario) and the rules, regulations and policies made thereunder, as amended.

"**Support Agreement**" means the agreement made between Acquireco, Callco and Canco substantially in the form and content of Schedule I to the Arrangement Agreement.

"**Transfer Agent**" means Computershare Investor Services Inc. or such other person as may from time to time be appointed by Canco as the registrar and transfer agent for the Exchangeable Shares.

"**Trustee**" means the trustee chosen by Acquireco to act as trustee under the Voting and Exchange Trust Agreement, being a corporation organized and existing under the laws of Canada or any Province thereof and authorized to carry on the business of a trust company in all the provinces of Canada, and any successor trustee appointed under the Voting and Exchange Trust Agreement.

"**Voting and Exchange Trust Agreement**" means an agreement to be made among Acquireco, Canco and the Trustee in connection with the Plan of Arrangement substantially in the form of Schedule J to the Arrangement Agreement.

2. Ranking of Exchangeable Shares

The Exchangeable Shares shall be entitled to a preference over the Common Shares and any other shares ranking junior to the Exchangeable Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of Canco, whether voluntary or involuntary, or any other distribution of the assets of Canco among its shareholders for the purpose of winding up its affairs.

3. Dividends

(1) A holder of an Exchangeable Share shall be entitled to receive and the Board of Directors shall, subject to applicable law, on each Acquireco Dividend Declaration Date, declare a dividend on each Exchangeable Share:

(a) in the case of a cash dividend declared on the Acquireco Shares, in an amount in cash for each Exchangeable Share equal to the cash dividend declared on each Acquireco Share on the Acquireco Dividend Declaration Date;

(b) in the case of a stock dividend declared on the Acquireco Shares to be paid in Acquireco Shares, by the issue or transfer by Canco of such number of Exchangeable Shares for each Exchangeable Share as is equal to the number of Acquireco Shares to be paid on each Acquireco Share unless in lieu of such stock dividend Canco elects to effect a corresponding and contemporaneous and economically equivalent (as determined by the Board of Directors in accordance with Section 3(5) hereof) subdivision of the outstanding Exchangeable Shares; or

(c) in the case of a dividend declared on the Acquireco Shares in property other than cash or Acquireco Shares, in such type and amount of property for each

Exchangeable Share as is the same as or economically equivalent (to be determined by the Board of Directors as contemplated by Section 3(5) hereof) to the type and amount of property declared as a dividend on each Acquireco Share.

Such dividends shall be paid out of money, assets or property of Canco properly applicable to the payment of dividends, or out of authorized but unissued shares of Canco, as applicable. The holders of Exchangeable Shares shall not be entitled to any dividends other than or in excess of the dividends referred to in this Section 3(1).

(2) Cheques of Canco payable at par at any branch of the bankers of Canco shall be issued in respect of any cash dividends contemplated by Section 3(1)(a) hereof and the sending of such cheque to each holder of an Exchangeable Share shall satisfy the cash dividend represented thereby unless the cheque is not paid on presentation. Written evidence of the book entry issuance or transfer to the registered holder of Exchangeable Shares shall be delivered in respect of any stock dividends contemplated by Section 3(1)(b) hereof and the sending of such written evidence to each holder of an Exchangeable Share shall satisfy the stock dividend represented thereby. Such other type and amount of property in respect of any dividends contemplated by Section 3(1)(c) hereof shall be issued, distributed or transferred by Canco in such manner as it shall determine and the issuance, distribution or transfer thereof by Canco to each holder of an Exchangeable Share shall satisfy the dividend represented thereby. No holder of an Exchangeable Share shall be entitled to recover by action or other legal process against Canco any dividend that is represented by a cheque that has not been duly presented to Canco's bankers for payment or that otherwise remains unclaimed for a period of six years from the date on which such dividend was payable.

(3) The record date for the determination of the holders of Exchangeable Shares entitled to receive payment of, and the payment date for, any dividend declared on the Exchangeable Shares under Section 3(1) hereof shall be the same dates as the record date and payment date, respectively, for the corresponding dividend declared on the Acquireco Shares. The record date for the determination of the holders of Exchangeable Shares entitled to receive Exchangeable Shares in connection with any subdivision, redivision or change of the Exchangeable Shares under Section 3(1)(b) hereof and the effective date of such subdivision shall be the same dates as the record and payment date, respectively, for the corresponding stock dividend declared on the Acquireco Shares.

(4) If on any payment date for any dividends declared on the Exchangeable Shares under Section 3(1) hereof the dividends are not paid in full on all of the Exchangeable Shares then outstanding, any such dividends that remain unpaid shall be paid on a subsequent date or dates determined by the Board of Directors on which Canco shall have sufficient moneys, assets or property properly applicable to the payment of such dividends.

(5) The Board of Directors shall determine, in good faith and in its sole discretion, economic equivalence for the purposes of these share provisions, including Section 3(1) hereof, and each such determination shall be conclusive and binding on Canco and its shareholders. In making each such determination, the following factors shall, without excluding other

factors determined by the Board of Directors to be relevant, be considered by the Board of Directors:

(a) in the case of any stock dividend or other distribution payable in Acquireco Shares, the number of such shares issued in proportion to the number of Acquireco Shares previously outstanding;

(b) in the case of the issuance or distribution of any rights, options or warrants to subscribe for or purchase Acquireco Shares (or securities exchangeable for or convertible into or carrying rights to acquire Acquireco Shares), the relationship between the exercise price of each such right, option or warrant and the Current Market Price;

(c) in the case of the issuance or distribution of any other form of property (including any shares or securities of Acquireco of any class other than Acquireco Shares, any rights, options or warrants other than those referred to in Section 3(5)(b) hereof, any evidences of indebtedness of Acquireco or any assets of Acquireco), the relationship between the fair market value (as determined by the Board of Directors in the manner above contemplated) of such property to be issued or distributed with respect to each outstanding Acquireco Share and the Current Market Price of a Acquireco Share; and

(d) in all such cases, the general taxation consequences of the relevant event to holders of Exchangeable Shares to the extent that such consequences may differ from the taxation consequences to holders of Acquireco Shares as a result of differences between taxation laws of Canada and Australia (except for any differing consequences arising as a result of differing withholding taxes and marginal taxation rates and without regard to the individual circumstances of holders of Exchangeable Shares).

4. Certain Restrictions

So long as any of the Exchangeable Shares are outstanding, Canco shall not at any time without, but may at any time with the approval of the holders of the Exchangeable Shares given as specified in Section 12(2) of these share provisions:

(a) pay any dividends on the Common Shares or any other shares ranking junior to the Exchangeable Shares, other than stock dividends payable in Common Shares or any such other shares ranking junior to the Exchangeable Shares, as the case may be;

(b) redeem or purchase or make any capital distribution in respect of Common Shares or any other shares ranking junior to the Exchangeable Shares;

(c) redeem or purchase any other shares of Canco ranking equally with the Exchangeable Shares with respect to the payment of dividends or the distribution of assets in the event of the liquidation, dissolution or winding-up of Canco, whether voluntary or involuntary, or any other distribution of the assets of Canco among its shareholders for the purpose of winding up its affairs;

(d) issue any Exchangeable Shares or any other shares of Canco ranking equally with the Exchangeable Shares other than by way of stock dividends to the holders of such Exchangeable Shares; and

(e) issue any shares of Canco ranking superior to the Exchangeable Shares.

The restrictions in Sections 4(a), (b), (c) and (d) hereof shall not apply if all dividends on the outstanding Exchangeable Shares corresponding to dividends declared and paid to date on the Acquireco Shares shall have been declared and paid on the Exchangeable Shares.

5. Distribution on Liquidation

(1) In the event of the liquidation, dissolution or winding-up of Canco or any other distribution of the assets of Canco among its shareholders for the purpose of winding up its affairs, subject to the exercise by Callco of the Liquidation Call Right, a holder of Exchangeable Shares shall be entitled, subject to applicable law, to receive from the assets of Canco in respect of each Exchangeable Share held by such holder on the effective date (the "**Liquidation Date**") of such liquidation, dissolution, winding-up or other distribution, before any distribution of any part of the assets of Canco among the holders of the Common Shares or any other shares ranking junior to the Exchangeable Shares, an amount per share (the "**Liquidation Amount**") equal to the Current Market Price of a Acquireco Share on the last business day prior to the Liquidation Date plus the Dividend Amount, which shall be satisfied in full by Canco delivering or causing to be delivered to such holder one Acquireco Share, plus an amount equal to the Dividend Amount.

(2) On or promptly after the Liquidation Date, and provided the Liquidation Call Right has not been exercised by Callco, Canco shall pay or cause to be paid to the holders of the Exchangeable Shares the Liquidation Amount for each such Exchangeable Share upon presentation and surrender of the certificates representing such Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the QBCA and the Articles of Canco and such additional documents, instruments and payments as the Transfer Agent and Canco may reasonably require, at the registered office of Canco or at any office of the Transfer Agent as may be specified by Canco by notice to the holders of the Exchangeable Shares. Payment of the Liquidation Amount for such Exchangeable Shares shall be made by transferring or causing to be transferred to each holder the Acquireco Shares to which such holder is entitled and by delivering to such holder, on behalf of Canco, Acquireco Shares (which shares shall be fully paid and shall be free and clear of any lien, claim or encumbrance) and a cheque of Canco payable at par at any branch of the bankers of Canco in respect of the Dividend Amount, in each case less any amounts withheld on account of tax required to be deducted and withheld therefrom. On and after the Liquidation Date, the holders of the Exchangeable Shares shall cease to be holders of

such Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof (including any rights under the Voting and Exchange Trust Agreement), other than the right to receive the Liquidation Amount without interest, unless payment of the total Liquidation Amount for such Exchangeable Shares shall not be made upon presentation and surrender of share certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected until the Liquidation Amount has been paid in the manner hereinbefore provided. Canco shall have the right at any time after the Liquidation Date to transfer or cause to be issued or transferred to, and deposited with, the Agent the Liquidation Amount in respect of the Exchangeable Shares represented by certificates that have not at the Liquidation Date been surrendered by the holders thereof, such Liquidation Amount to be held by the Agent as trustee for and on behalf of, and for the use and benefit of, such holders. Upon such deposit being made, the rights of a holder of Exchangeable Shares after such deposit shall be limited to receiving its proportionate part of the Liquidation Amount for such Exchangeable Shares so deposited, without interest, and when received by the Agent, all dividends and other distributions with respect to the Acquireco Shares to which such holder is entitled with a record date after the date of such deposit and before the date of transfer of such Acquireco Shares to such holder (in each case less any amounts withheld on account of tax required to be deducted and withheld therefrom) against presentation and surrender of the certificates for the Exchangeable Shares held by them in accordance with the foregoing provisions.

(3) After Canco has satisfied its obligations to pay the holders of the Exchangeable Shares the Liquidation Amount per Exchangeable Share pursuant to Section 5(1) of these share provisions, such holders shall not be entitled to share in any further distribution of the assets of Canco.

6. Retraction of Exchangeable Shares by Holder

(1) A holder of Exchangeable Shares shall be entitled at any time, subject to the exercise by Callco of the Retraction Call Right and otherwise upon compliance with, and subject to, the provisions of this Section 6, to require Canco to redeem any or all of the Exchangeable Shares registered in the name of such holder for an amount per share equal to the Current Market Price of a Acquireco Share on the last business day prior to the Retraction Date plus the Dividend Amount (the "**Retraction Price**"), which shall be satisfied in full by Canco delivering or causing to be delivered to such holder one Acquireco Share (which on issue will be admitted to listing and trading by the ASX (subject to official notice of issuance)) for each Exchangeable Share presented and surrendered by the holder together with, on the designated payment date therefor, the Dividend Amount. To effect such redemption, the holder shall present and surrender at the registered office of Canco or at any office of the Transfer Agent as may be specified by Canco by notice to the holders of Exchangeable Shares the certificate or certificates representing the Exchangeable Shares which the holder desires to have Canco redeem, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the QBCA and the Articles of Canco and such additional documents, instruments and payments as the Transfer Agent and Canco may reasonably require, and together with a duly executed statement (the "**Retraction**

Request") in the form of Schedule A hereto or in such other form as may be acceptable to Canco:

(a) specifying that the holder desires to have all or any number specified therein of the Exchangeable Shares represented by such certificate or certificates (the "**Retracted Shares**") redeemed by Canco;

(b) stating the business day on which the holder desires to have Canco redeem the Retracted Shares (the "**Retraction Date**"), provided that the Retraction Date shall be not less than 10 business days nor more than 15 business days after the date on which the Retraction Request is received by Canco and further provided that, in the event that no such business day is specified by the holder in the Retraction Request, the Retraction Date shall be deemed to be the 15th business day after the date on which the Retraction Request is received by Canco and subject also to Section 6(8); and

(c) acknowledging the overriding right (the "**Retraction Call Right**") of Callco to purchase all but not less than all the Retracted Shares directly from the holder and that the Retraction Request shall be deemed to be a revocable offer by the holder to sell the Retracted Shares to Callco in accordance with the Retraction Call Right on the terms and conditions set out in Section 6(3) hereof.

(2) Provided that Callco has not exercised the Retraction Call Right, upon receipt by Canco or the Transfer Agent in the manner specified in Section 6(1) of a certificate or certificates representing the number of Retracted Shares, together with a Retraction Request, and provided that the Retraction Request is not revoked by the holder in the manner specified in Section 6(7), Canco shall redeem the Retracted Shares effective at the close of business on the Retraction Date and shall transfer or cause to be issued or transferred to such holder the Acquireco Shares to which such holder is entitled and shall comply with Section 6(4) hereof. If only a part of the Exchangeable Shares represented by any certificate is redeemed (or purchased by Callco pursuant to the Retraction Call Right), a new certificate for the balance of such Exchangeable Shares shall be issued to the holder at the expense of Canco.

(3) Subject to the provisions of this Section 6, upon receipt by Canco of a Retraction Request, Canco shall immediately notify Callco thereof and shall provide to Callco a copy of the Retraction Request. In order to exercise the Retraction Call Right, Callco must notify Canco of its determination to do so (the "**Callco Call Notice**") within five business days of notification to Callco by Canco of the receipt by Canco of the Retraction Request. If Callco does not so notify Canco within such five business day period, Canco will notify the holder as soon as possible thereafter that Callco will not exercise the Retraction Call Right. If Callco delivers the Callco Call Notice within such five business day period, and provided that the Retraction Request is not revoked by the holder in the manner specified in Section 6(7), the Retraction Request shall thereupon be considered only to be an offer by the holder to sell the Retracted Shares to Callco in accordance with the Retraction Call Right. In such event, Canco shall not redeem the Retracted Shares and Callco shall purchase from such holder and such holder shall sell to Callco on the

Retraction Date the Retracted Shares for a purchase price (the "**Purchase Price**") per share equal to the Retraction Price per share. To the extent that Callco pays the Dividend Amount in respect of the Retracted Shares, Canco shall no longer be obligated to pay any declared and unpaid dividends on such Retracted Shares. For the purpose of completing a purchase pursuant to the Retraction Call Right, on the Retraction Date, Callco shall transfer or cause to be issued or transferred to the holder of the Retracted Shares the Acquireco Shares to which such holder is entitled. Provided that Callco has complied with the immediately preceding sentence and Section 6(4) hereof, the closing of the purchase and sale of the Retracted Shares pursuant to the Retraction Call Right shall be deemed to have occurred as at the close of business on the Retraction Date and, for greater certainty, no redemption by Canco of such Retracted Shares shall take place on the Retraction Date. In the event that Callco does not deliver a Callco Call Notice within such five business day period, and provided that the Retraction Request is not revoked by the holder in the manner specified in Section 6(7), Canco shall redeem the Retracted Shares on the Retraction Date and in the manner otherwise contemplated in this Section 6.

(4) Canco or Callco, as the case may be, shall deliver or cause the Transfer Agent to deliver to the relevant holder written evidence of the book entry issuance in uncertificated form of Acquireco Shares (which shares shall be fully paid and shall be free and clear of any lien, claim or encumbrance and which on issue will be admitted to listing and trading by the ASX (subject to official notice of issuance)), and, if applicable and on or before the payment date therefor, a cheque payable at par at any branch of the bankers of Canco or Callco, as applicable, representing the aggregate Dividend Amount, in payment of the Retraction Price or the Purchase Price, as the case may be, in each case less any amounts withheld on account of tax required to be deducted and withheld therefrom, and such delivery of such Acquireco Shares and cheques on behalf of Canco or by Callco, as the case may be, or by the Transfer Agent shall be deemed to be payment of and shall satisfy and discharge all liability for the Retraction Price or Purchase Price, as the case may be, to the extent that the same is represented by such share certificates and cheques (plus any tax deducted and withheld therefrom and remitted to the proper tax authority).

(5) On and after the close of business on the Retraction Date, the holder of the Retracted Shares shall cease to be a holder of such Retracted Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof (including any rights under the Voting and Exchange Trust Agreement), other than the right to receive the Retraction Price or Purchase Price, as the case may be, without interest, unless upon presentation and surrender of certificates in accordance with the foregoing provisions, payment of the Retraction Price or the Purchase Price, as the case may be, shall not be made as provided in Section 6(4) hereof, in which case the rights of such holder shall remain unaffected until the Retraction Price or the Purchase Price, as the case may be, has been paid in the manner hereinbefore provided. On and after the close of business on the Retraction Date, provided that presentation and surrender of certificates and payment of the Retraction Price or the Purchase Price, as the case may be, has been made in accordance with the foregoing provisions, the holder of the Retracted Shares so redeemed by Canco or purchased by Callco shall thereafter be a holder of the Acquireco Shares delivered to it.

(6) Notwithstanding any other provision of this Section 6, Canco shall not be obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent that such redemption of Retracted Shares would be contrary to solvency requirements or other provisions of applicable law. If Canco believes that on any Retraction Date it would not be permitted by any of such provisions to redeem the Retracted Shares tendered for redemption on such date, and provided that Callco shall not have exercised the Retraction Call Right with respect to the Retracted Shares, Canco shall only be obligated to redeem Retracted Shares specified by a holder in a Retraction Request to the extent of the maximum number that may be so redeemed (rounded down to a whole number of shares) as would not be contrary to such provisions and shall notify the holder and the Trustee at least two business days prior to the Retraction Date as to the number of Retracted Shares which will not be redeemed by Canco. In any case in which the redemption by Canco of Retracted Shares would be contrary to solvency requirements or other provisions of applicable law, Canco shall redeem Retracted Shares in accordance with Section 6(2) of these share provisions on a pro rata basis and shall issue to each holder of Retracted Shares a new certificate, at the expense of Canco, representing the Retracted Shares not redeemed by Canco pursuant to Section 6(2) hereof. If Canco would otherwise be obligated to redeem the Retracted Shares pursuant to Section 6(2) of these share provisions but is not obligated to do so as a result of solvency requirements or other provisions of applicable law, the holder of any such Retracted Shares not redeemed by Canco pursuant to this Article 6 as a result of solvency requirements or other provisions of applicable law shall be deemed by giving the Retraction Request to have instructed the Transfer Agent to require Acquireco to purchase such Retracted Shares from such holder on the Retraction Date or as soon as practicable thereafter on payment by Acquireco to such holder of the Purchase Price for each such Retracted Share, all as more specifically provided for in the Voting and Exchange Trust Agreement.

(7) A holder of Retracted Shares may, by notice in writing given by the holder to Canco before the close of business on the business day immediately preceding the Retraction Date, withdraw its Retraction Request, in which event such Retraction Request shall be null and void and, for greater certainty, the revocable offer constituted by the Retraction Request to sell the Retracted Shares to Callco shall be deemed to have been revoked.

(8) Notwithstanding any other provision of this Section 6, if:

(a) exercise of the rights of the holders of the Exchangeable Shares, or any of them, to require Canco to redeem any Exchangeable Shares pursuant to this Section 6 on any Retraction Date would require listing particulars or any similar document to be issued in order to obtain the approval of the ASX to the listing and trading (subject to official notice of issuance) of, the Acquireco Shares that would be required to be delivered to such holders of Exchangeable Shares in connection with the exercise of such rights; and

(b) as a result of (a) above, it would not be practicable (notwithstanding the reasonable endeavours of Acquireco) to obtain such approvals in time to enable all or any of such Acquireco Shares to be admitted to listing and trading by the ASX (subject to official notice of issuance) when so delivered, that Retraction Date shall, notwithstanding any other date specified or otherwise deemed to be specified in any relevant Retraction Request, be deemed for all purposes to be the earlier of (i) the second business day immediately following the date the approvals referred to in Section 6(8)(a) are obtained, and (ii) the date which is 30 business days after the date on which the relevant Retraction Request is received by Canco, and references in these share provisions to such Retraction Date shall be construed accordingly.

7. Redemption of Exchangeable Shares by Canco

(1) Subject to applicable law, and provided Callco has not exercised the Redemption Call Right, Canco shall on the Redemption Date redeem all but not less than all of the then outstanding Exchangeable Shares for an amount per share (the "**Redemption Price**") equal to the Current Market Price of a Acquireco Share on the last business day prior to the Redemption Date plus the Dividend Amount, which shall be satisfied in full by Canco causing to be delivered to each holder of Exchangeable Shares one Acquireco Share for each Exchangeable Share held by such holder, together with an amount equal to the Dividend Amount.

(2) In any case of a redemption of Exchangeable Shares under this Section 7, Canco shall, at least 60 days before the Redemption Date (other than a Redemption Date established in connection with a Acquireco Control Transaction, an Exchangeable Share Voting Event or an Exempt Exchangeable Share Voting Event), send or cause to be sent to each holder of Exchangeable Shares a notice in writing of the redemption by Canco or the purchase by Callco under the Redemption Call Right, as the case may be, of the Exchangeable Shares held by such holder. In the case of a Redemption Date established in connection with a Acquireco Control Transaction, an Exchangeable Share Voting Event or an Exempt Exchangeable Share Voting Event, the written notice of the redemption by Canco or the purchase by Callco under the Redemption Call Right will be sent on or before the Redemption Date, on as many days prior written notice as may be determined by the Board of Directors to be reasonably practicable in the circumstances. In any such case, such notice shall set out the formula for determining the Redemption Price or the Redemption Call Purchase Price, as the case may be, the Redemption Date and, if applicable, particulars of the Redemption Call Right.

(3) On or after the Redemption Date and provided that the Redemption Call Right has not been exercised by Callco, Canco shall pay or cause to be paid to the holders of the Exchangeable Shares to be redeemed the Redemption Price for each such Exchangeable Share, upon presentation and surrender at the registered office of Canco or at any office of the Transfer Agent as may be specified by Canco in such notice of the certificates representing such Exchangeable Shares, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the QBCA and the Articles of Canco and such additional documents, instruments and payments as the Transfer Agent and Canco may reasonably require. Payment of the Redemption Price for such Exchangeable Shares shall be made by transferring or causing to be issued or transferred to each holder the Acquireco Shares to which such holder is entitled and by delivering to such holder, on behalf of Canco, written evidence of the

book entry issuance in uncertificated form of Acquireco Shares (which shares shall be fully paid and shall be free and clear of any lien, claim or encumbrance), and, if applicable, a cheque of Canco payable at par at any branch of the bankers of Canco in payment of the Dividend Amount, in each case less any amounts withheld on account of tax required to be deducted and withheld therefrom. On and after the Redemption Date, the holders of the Exchangeable Shares called for redemption shall cease to be holders of such Exchangeable Shares and shall not be entitled to exercise any of the rights of holders in respect thereof (including any rights under the Voting and Exchange Trust Agreement), other than the right to receive the Redemption Price without interest, unless payment of the Redemption Price for such Exchangeable Shares shall not be made upon presentation and surrender of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected until the Redemption Price has been paid in the manner hereinbefore provided. Canco shall have the right at any time after the sending of notice of its intention to redeem the Exchangeable Shares as aforesaid to transfer or cause to be issued or transferred to, and deposited with, the Agent named in such notice the Redemption Price for the Exchangeable Shares so called for redemption, or of such of the said Exchangeable Shares represented by certificates that have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, less any amounts withheld on account of tax required to be deducted and withheld therefrom, such aggregate Redemption Price to be held by the Agent as trustee for and on behalf of, and for the use and benefit of, such holders. Upon the later of such deposit being made and the Redemption Date, the Exchangeable Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or Redemption Date, as the case may be, shall be limited to receiving their proportionate part of the aggregate Redemption Price for such Exchangeable Shares, without interest, and when received by the Agent, all dividends and other distributions with respect to the Acquireco Shares to which such holder is entitled with a record date after the later of the date of such deposit and the Redemption Date and before the date of transfer of such Acquireco Shares to such holder (in each case less any amounts withheld on account of tax required to be deducted and withheld therefrom), against presentation and surrender of the certificates for the Exchangeable Shares held by them in accordance with the foregoing provisions.

8. Voting Rights

Except as required by applicable law and by Section 13 hereof, the holders of the Exchangeable Shares shall not be entitled as such to receive notice of or to attend any meeting of the shareholders of Canco or to vote at any such meeting. Without limiting the generality of the foregoing, the holders of the Exchangeable Shares shall not have class votes except as required by applicable law.

9. Specified Amount

For the purposes of the “specified amount” in subsection 191(4) of the ITA, the "specified amount" will be designated by a resolution of the directors of Canco at the time of the issue of the Exchangeable Shares and will not exceed the fair market value of the consideration received in exchange for such Exchangeable Shares.

10. Election under Subsection 191.2(1)

Canco shall make an election under subsection 191.2(1) of the ITA in respect of the Exchangeable Shares in the manner and within the time required by such subsection.

11. Amendment and Approval

(1) The rights, privileges, restrictions and conditions attaching to the Exchangeable Shares may be added to, changed or removed only with the approval of the holders of the Exchangeable Shares given as hereinafter specified.

(2) Any approval given by the holders of the Exchangeable Shares to add to, change or remove any right, privilege, restriction or condition attaching to the Exchangeable Shares or any other matter requiring the approval or consent of the holders of the Exchangeable Shares in accordance with applicable law shall be deemed to have been sufficiently given if it shall have been given in accordance with applicable law, subject to a minimum requirement that such approval be evidenced by resolution passed by not less than two-thirds of the votes cast on such resolution at a meeting of holders of Exchangeable Shares duly called and held at which the holders of at least 10% of the outstanding Exchangeable Shares at that time are present or represented by proxy; provided that if at any such meeting the holders of at least 10% of the outstanding Exchangeable Shares at that time are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting shall be adjourned to such date not less than five days thereafter and to such time and place as may be designated by the Chairman of such meeting. At such adjourned meeting the holders of Exchangeable Shares present or represented by proxy thereat may transact the business for which the meeting was originally called and a resolution passed thereat by the affirmative vote of not less than two-thirds of the votes cast on such resolution at such meeting shall constitute the approval or consent of the holders of the Exchangeable Shares.

12. Reciprocal Changes, etc. in Respect of Acquireco Shares

(1) Each holder of an Exchangeable Share acknowledges that the Support Agreement provides, in part, that so long as any Exchangeable Shares not owned by Acquireco or its affiliates are outstanding, Acquireco will not without the prior approval of Canco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 12(2) of these share provisions:

(a) issue or distribute Acquireco Shares (or securities exchangeable for or convertible into or carrying rights to acquire Acquireco Shares) to the holders of all or substantially all of the then outstanding Acquireco Shares by way of stock dividend or other distribution, other than an issue of Acquireco Shares (or securities exchangeable for or convertible into or carrying rights to acquire Acquireco Shares) to holders of Acquireco Shares (i) who exercise an option to receive dividends in Acquireco Shares (or securities exchangeable for or convertible into or carrying rights to acquire Acquireco Shares) in lieu of receiving cash dividends, or (ii) pursuant to any dividend reinvestment plan or similar arrangement;

(b) issue or distribute rights, options or warrants to the holders of all or substantially all of the then outstanding Acquireco Shares entitling them to subscribe for or to purchase Acquireco Shares (or securities exchangeable for or convertible into or carrying rights to acquire Acquireco Shares); or

(c) issue or distribute to the holders of all or substantially all of the then outstanding Acquireco Shares:

(i) shares or securities of Acquireco (including evidence of indebtedness) of any class (other than Acquireco Shares or securities convertible into or exchangeable for or carrying rights to acquire Acquireco Shares);

(ii) rights, options or warrants other than those referred to in Section 13(1)(b) above;

(iii) evidence of indebtedness of Acquireco; or

(iv) assets of Acquireco,

unless the economic equivalent on a per share basis of such rights, options, securities, shares, evidences of indebtedness or other assets is issued or distributed simultaneously to holders of the Exchangeable Shares and at least 7 days prior written notice thereof is given to the holders of Exchangeable Shares; provided that, for greater certainty, the above restrictions shall not apply to any securities issued or distributed by Acquireco in order to give effect to and to consummate, in furtherance of or otherwise in connection with the transactions contemplated by, and in accordance with, the Plan of Arrangement.

(2) Each holder of an Exchangeable Share acknowledges that the Support Agreement further provides, in part, that so long as any Exchangeable Shares not owned by Acquireco or its affiliates are outstanding, Acquireco will not without the prior approval of Canco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 12(2) of these share provisions:

(a) subdivide, redivide or change the then outstanding Acquireco Shares into a greater number of Acquireco Shares;

(b) reduce, combine, consolidate or change the then outstanding Acquireco Shares into a lesser number of Acquireco Shares; or

(c) reclassify or otherwise change the Acquireco Shares or effect an amalgamation, merger, arrangement, reorganization or other transaction affecting the Acquireco Shares,

unless the same or an economically equivalent change shall simultaneously be made to, or in the rights of the holders of, the Exchangeable Shares and at least 7 days prior written notice is given to the holders of Exchangeable Shares. The Support Agreement further provides, in part, that the aforesaid provisions of the Support Agreement shall not be changed without the approval of the holders of the Exchangeable Shares given in accordance with Section 12(2) of these share provisions.

(3) Notwithstanding the foregoing provisions of this Section 13, in the event of a Acquireco Control Transaction:

(a) in which Acquireco merges or amalgamates with, or in which all or substantially all of the then outstanding Acquireco Shares are acquired by one or more other corporations to which Acquireco is, immediately before such merger, amalgamation or acquisition, related within the meaning of the ITA (otherwise than virtue of a right referred to in paragraph 251(5)(b) thereof);

(b) which does not result in an acceleration of the Redemption Date in accordance with paragraph (b) of the definition of Redemption Date in Section 1(1) of these provisions; and

(c) in which all or substantially all of the then outstanding Acquireco Shares are converted into or exchanged for shares or rights to receive such shares (the "**Other Shares**") of another corporation (the "**Other Corporation**") that, immediately after such Acquireco Control Transaction, owns or controls, directly or indirectly, Acquireco;

then all references herein to "Acquireco" shall thereafter be and be deemed to be references to "Other Corporation" and all references herein to "Acquireco Shares" shall thereafter be and be deemed to be references to "Other Shares" (with appropriate adjustments, if any, as are required to result in a holder of Exchangeable Shares on the exchange, redemption or retraction of shares pursuant to these share provisions or Article 5 of the Plan of Arrangement or exchange of shares pursuant to the Voting and Exchange Trust Agreement immediately subsequent to the Acquireco Control Transaction being entitled to receive that number of Other Shares equal to the number of Other Shares such holder of Exchangeable Shares would have received if the exchange, option or retraction of such shares pursuant to these share provisions or Article 5 of the Plan of Arrangement, or exchange of such shares pursuant to the Voting and Exchange Trust Agreement had occurred immediately prior to the Acquireco Control Transaction and the Acquireco Control Transaction was completed) without any need to amend the terms and conditions of the Exchangeable Shares and without any further action required.

13. Actions by Canco under Support Agreement

(1) Canco will take all such actions and do all such things as shall be necessary to perform and comply with and to ensure performance and compliance by Acquireco, Callco and Canco with all provisions of the Support Agreement applicable to Acquireco, Callco and Canco, respectively, in accordance with the terms thereof including taking all such actions and doing all such things as shall be necessary to enforce for the direct benefit of Canco all rights and benefits in favour of Canco under or pursuant to such agreement.

(2) Canco shall not propose, agree to or otherwise give effect to any amendment to, or waiver or forgiveness of its rights or obligations under, the Support Agreement without the approval of the holders of the Exchangeable Shares given in accordance with Section 12(2) of these share provisions other than such amendments, waivers and/or forgiveness as may be necessary or advisable for the purposes of:

(a) adding to the covenants of the other parties to such agreement for the protection of Canco or the holders of the Exchangeable Shares thereunder;

(b) making such amendments or modifications not inconsistent with such agreement as may be necessary or desirable with respect to matters or questions arising thereunder which, in the good faith opinion of the Board of Directors, it may be expedient to make, provided that the Board of Directors shall be of the good faith opinion, after consultation with counsel, that such amendments and modifications will not be prejudicial to the interests of the holders of the Exchangeable Shares; or

(c) making such changes in or corrections to such agreement which, on the advice of counsel to Canco, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error contained therein, provided that the Board of Directors shall be of the good faith opinion that such changes or corrections will not be prejudicial to the rights or interests of the holders of the Exchangeable Shares.

14. Legend; Call Rights; Withholding Rights

(1) The certificates evidencing the Exchangeable Shares shall contain or have affixed thereto a legend in form and on terms approved by the Board of Directors, with respect to the Support Agreement, the provisions of the Plan of Arrangement relating to the Liquidation Call Right, the Redemption Call Right and the Change of Law Call Right, the Voting and Exchange Trust Agreement (including the provisions with respect to the voting rights and automatic exchange thereunder) and the Retraction Call Right.

(2) Each holder of an Exchangeable Share, whether of record or beneficial, by virtue of becoming and being such a holder shall be deemed to acknowledge each of the Liquidation Call Right, the Retraction Call Right and the Redemption Call Right, in each case, in favour of Callco, and the Change of Law Call Right in favour of Acquireco and Callco, and the overriding nature thereof in connection with the liquidation, dissolution or winding-up of Canco or any other distribution of the assets of Canco among its shareholders for the purpose of winding up its affairs, or the retraction or redemption of Exchangeable Shares, as the case may be, and to be bound thereby in favour of Callco as therein provided.

(3) Canco, Callco, Acquireco and the Transfer Agent shall be entitled to deduct and withhold from any dividend, distribution or consideration otherwise payable to any holder of Exchangeable Shares such amounts as Canco, Callco, Acquireco or the Transfer Agent is required to deduct and withhold with respect to such payment under the ITA or any

provision of provincial, territorial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the Exchangeable Shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing Agency. To the extent that the amount so required to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to the holder, Canco, Callco, Acquireco and the Transfer Agent are hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to Canco, Callco, Acquireco or the Transfer Agent, as the case may be, to enable it to comply with such deduction or withholding requirement and Canco, Callco, Acquireco or the Transfer Agent shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale.

15. Notices

(1) Any notice, request or other communication to be given to Canco by a holder of Exchangeable Shares shall be in writing and shall be valid and effective if given by first class mail (postage prepaid) or by telecopy or by delivery to the registered office of Canco and addressed to the attention of the Secretary of Canco. Any such notice, request or other communication, if given by mail, telecopy or delivery, shall only be deemed to have been given and received upon actual receipt thereof by Canco.

(2) Any presentation and surrender by a holder of Exchangeable Shares to Canco or the Transfer Agent of certificates representing Exchangeable Shares in connection with the liquidation, dissolution or winding-up of Canco or the retraction or redemption of Exchangeable Shares shall be made by first class mail (postage prepaid) or by delivery to the registered office of Canco or to such office of the Transfer Agent as may be specified by Canco, in each case, addressed to the attention of the Secretary of Canco. Any such presentation and surrender of certificates shall only be deemed to have been made and to be effective upon actual receipt thereof by Canco or the Transfer Agent, as the case may be. Any such presentation and surrender of certificates made by first class mail (postage prepaid) shall be at the sole risk of the holder mailing the same.

(3) Any notice, request or other communication to be given to a holder of Exchangeable Shares by or on behalf of Canco shall be in writing and shall be valid and effective if given by first class mail (postage prepaid) or by delivery to the address of the holder recorded in the register of shareholders of Canco or, in the event of the address of any such holder not being so recorded, then at the last known address of such holder. Any such notice, request or other communication, if given by mail, shall be deemed to have been given and received on the third business day following the date of mailing and, if given by delivery, shall be deemed to have been given and received on the date of delivery. Accidental failure or omission to give any notice, request or other communication to one or more holders of Exchangeable Shares shall not invalidate or otherwise alter or affect any action or proceeding to be taken by Canco pursuant thereto.

(4) In the event of any interruption of mail service immediately prior to a scheduled mailing or in the period following a mailing during which delivery normally would be expected to occur, Canco shall make reasonable efforts to disseminate any notice by other means, such as publication. Except as otherwise required or permitted by law, if post offices in Canada are not open for the deposit of mail, any notice which Canco or the Transfer Agent may give or cause to be given hereunder will be deemed to have been properly given and to have been received by holders of Exchangeable Shares if it is published once in the national edition of The Globe and Mail and in the daily newspapers of general circulation in each of the French and English languages in the City of Montreal, provided that if the national edition of The Globe and Mail is not being generally circulated, publication thereof will be made in the National Post or any other daily newspaper of general circulation published in the City of Toronto.

Notwithstanding any other provisions of these share provisions, notices, other communications and deliveries need not be mailed if Canco determines that delivery thereof by mail may be delayed. Persons entitled to any deliveries (including certificates and cheques) which are not mailed for the foregoing reason may take delivery thereof at the office of the Transfer Agent to which the deliveries were made, upon application to the Transfer Agent, until such time as Canco has determined that delivery by mail will not longer be delayed. Canco will provide notice of any such determination not to mail made hereunder as soon as reasonably practicable after the making of such determination and in accordance with this Section 16(4). Such deliveries in such circumstances will constitute delivery to the persons entitled thereto.

16. Disclosure of Interests in Exchangeable Shares

Canco shall be entitled to require any holder of an Exchangeable Share or any person who Canco knows or has reasonable cause to believe holds any interest whatsoever in an Exchangeable Share to confirm that fact or to give such details as to whom has an interest in such Exchangeable Share as would be required (if the Exchangeable Shares were a class of "equity shares" of Canco) under Section 102.1 of the Securities Act or as would be required under the constitution of Acquireco or any laws or regulations, or pursuant to the rules or regulations of any regulatory Agency, if the Exchangeable Shares were Acquireco Shares.

SCHEDULE A
TO APPENDIX I

RETRACTION REQUEST

[TO BE PRINTED ON EXCHANGEABLE SHARE CERTIFICATES]

To: Galaxy Lithium One Inc. ("**Canco**") and Galaxy Lithium One (Québec) Inc. ("**Callco**") and Galaxy Resources Limited ("**Acquireco**")

This notice is given pursuant to Section 6 of the provisions (the "**Share Provisions**") attaching to the Exchangeable Shares of Canco represented by this certificate and all capitalized words and expressions used in this notice that are defined in the Share Provisions have the meanings ascribed to such words and expressions in such Share Provisions.

The undersigned hereby notifies Canco that, subject to the Retraction Call Right referred to below, the undersigned desires to have Canco redeem in accordance with Section 6 of the Share Provisions:

all share (s) represented by this certificate; or

______________ share (s) only represented by this certificate.

The undersigned hereby notifies Canco that the Retraction Date shall be ____________________.

NOTE: The Retraction Date must be a business day and must not be less than 10 business days nor more than 15 business days after the date upon which this notice is received by Canco. If no such business day is specified above, the Retraction Date shall be deemed to be the 15th business day after the date on which this notice is received by Canco.

The undersigned acknowledges the overriding Retraction Call Right of Callco to purchase all but not less than all the Retracted Shares from the undersigned and that this notice is and shall be deemed to be a revocable offer by the undersigned to sell the Retracted Shares to Callco in accordance with the Retraction Call Right on the Retraction Date for the Purchase Price and on the other terms and conditions set out in Section 6(3) of the Share Provisions. This Retraction Request, and this offer to sell the Retracted Shares to Callco, may be revoked and withdrawn by the undersigned only by notice in writing given to Canco at any time before the close of business on the business day immediately preceding the Retraction Date.

The undersigned acknowledges that if, as a result of solvency provisions of applicable law, Canco is unable to redeem all Retracted Shares, and provided that Callco has not exercised the Retraction Call Right with respect to the Retracted Shares, the Retracted Shares will be automatically exchanged pursuant to the Voting and Exchange Trust Agreement so as to require Acquireco to purchase the unredeemed Retracted Shares.

The undersigned hereby represents and warrants to Callco, Acquireco and Canco that the undersigned:

is

(select one)

is not

a non-resident of Canada for purposes of the *Income Tax Act* (Canada). **The undersigned acknowledges that in the absence of an indication that the undersigned is not a non-resident of Canada, withholding on account of Canadian tax may be made from amounts payable to the undersigned on the redemption or purchase of the Retracted Shares.**

The undersigned hereby represents and warrants to Callco, Acquireco and Canco that the undersigned has good title to, and owns, the share(s) represented by this certificate to be acquired by Callco, Acquireco or Canco, as the case may be, free and clear of all liens, claims and encumbrances.

____________________ __________________________ __________________________

(Date) (Signature of Shareholder) (Guarantee of Signature) E-60

Please check box if the certificates for Acquireco Shares and any cheque(s) resulting from the retraction or purchase of the Retracted Shares are to be held for pick-up by the shareholder from the Transfer Agent, failing which such certificates and cheque(s) will be mailed to the last address of the shareholder as it appears on the register.

NOTE: This panel must be completed and this certificate, together with such additional documents and payments (including, without limitation, any applicable Stamp Taxes) as the Transfer Agent may require, must be deposited with the Transfer Agent. The securities and any cheque(s) resulting from the retraction or purchase of the Retracted Shares will be issued and registered in, and made payable to, respectively, the name of the shareholder as it appears on the register of Canco and the certificates for Acquireco Shares and any cheque(s) resulting from such retraction or purchase will be delivered to such shareholder as indicated above, unless the form appearing immediately below is duly completed.

Date: ____

Name of Person in Whose Name Securities or Cheque(s)
Are to be Registered, Issued or Delivered (please print):

Street Address or P.O. Box: ________________________________

Signature of Shareholder: ________________________________

City, Province and Postal Code: ________________________________

Signature Guaranteed by: ________________________________

NOTE: If this Retraction Request is for less than all of the shares represented by this certificate, a certificate representing the remaining share(s) of Canco represented by this certificate will be issued and registered in the name of the shareholder as it appears on the register of Canco, unless the Share Transfer Power on the share certificate is duly completed in respect of such share(s).

SCHEDULE C
MUTUAL CONDITIONS

The respective obligations of Target and Acquireco and Canco to complete the Arrangement shall be subject to the satisfaction, on or before the Outside Date, of the following conditions, each of which may be waived only by the written mutual consent of Target and Acquireco:

(a) the Arrangement, with or without amendment, shall have been approved at the Target Special Meeting in accordance with the Interim Order;

(b) the Interim Order and the Final Order shall each have been obtained on terms consistent with this agreement, and shall not have been set aside or modified in a manner unacceptable to Target and Acquireco, acting reasonably, on appeal or otherwise;

(c) the Acquireco Shareholder Approval shall have been obtained at the Acquireco Special Meeting;

(d) all waivers, consents, permits, orders and approvals of any Agency (including any Regulatory Approvals), and the expiry of any waiting periods (whether regulatory or contractual), the failure of which to obtain or receive, or the non-expiry of which, would or would reasonably be expected to be Materially Adverse to Target or Acquireco and their respective Subsidiaries, in each case taken as a whole, shall have been obtained, or received or shall have expired, as the case may be, and such waivers, consents, permits, orders and approvals shall be on terms that are not Materially Adverse to Target or Acquireco and their respective Subsidiaries, in each case taken as a whole;

(e) the Acquireco Shares, issuable to the Target Shareholders pursuant to the Arrangement, pursuant to the rights attached to the Exchangeable Shares and pursuant to the Acquireco Convertible Notes shall have been approved for listing on the ASX, subject to official notice of issuance, and subject to fulfilling listing requirements;

(f) there shall not be enacted or made any applicable Law that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins Target or Acquireco from consummating the Arrangement and such applicable Law (if applicable) continues to be in effect through the Outside Date;

(g) this agreement shall not have been terminated in accordance with its terms;

(h) the distribution of the Acquireco Shares and the Exchangeable Shares pursuant to the Arrangement (including those Acquireco Shares distributable pursuant to the rights attached to the Exchangeable Shares and the Acquireco Convertible Notes) shall be exempt from the prospectus and registration requirements of applicable Law either by virtue of exemptive relief from the applicable securities regulatory authorities or by virtue of applicable exemptions under applicable Law and the first trade thereof shall not be subject to resale restrictions under applicable Law; and

(i) Acquireco obtains all shareholder approvals required from shareholders of Acquireco pursuant to the *Corporations Act 2001* and the Listing Rules of the ASX (including, but not limited the Acquireco Shareholder Approval).

SCHEDULE D
CONDITIONS IN FAVOUR OF TARGET

The obligations of Target to complete the Transactions shall also be subject to the satisfaction, on or before the Outside Date, of the following conditions, each of which is for the exclusive benefit of Target and may be waived, in whole or in part, by Target in its sole discretion:

(a) neither Acquireco nor Canco shall have failed to perform any of the obligations to be performed by it under this agreement on or prior to the Effective Time or, in the event of any failure, such failure is not Materially Adverse to Acquireco and its Subsidiaries, taken as a whole;

(b) the representations and warranties of Acquireco and Canco under this agreement shall be true and correct in all respects except where the failure of such representations and warranties to be true and correct would not reasonably be expected to be Materially Adverse to Acquireco and its Subsidiaries, taken as a whole, (provided that the representations and warranties of Acquireco and Canco in Section 5.C and paragraph (u) of Schedule G shall be true and correct in all respects) and Target shall have received a certificate of each of Acquireco and Canco addressed to Target and dated the Effective Date, signed on behalf of Acquireco by a senior officer of Acquireco (on Acquireco's behalf and without personal liability), and signed on behalf of Canco by a senior officer of Canco (on Canco's behalf and without personal liability) confirming the same as at the Effective Date;

(c) there shall not have occurred, since the date of this agreement, any event, change, effect or development that individually or in the aggregate, has had a Materially Adverse effect on Acquireco and its Subsidiaries, taken as a whole;

(d) at the Effective Time Canco is a "taxable Canadian corporation" and not a "mutual fund corporation," each within the meaning of the ITA;

SCHEDULE E
CONDITIONS IN FAVOUR OF ACQUIRECO AND CANCO

The obligations of Acquireco to complete the Transactions shall also be subject to the satisfaction of the following conditions, each of which is for the exclusive benefit of Acquireco and Canco and may be waived, in whole or in part, by Acquireco and Canco in their sole discretion:

(a) Target shall not have failed to perform any of the obligations to be performed by it under this agreement on or prior to the Effective Date or, in the event of any failure, such failure is not Materially Adverse to Target and its Subsidiaries, taken as a whole;

(b) the representations and warranties of Target under this agreement shall be true and correct in all respects except where the failure of such representations and warranties to be true and correct would not reasonably be expected to be Materially Adverse to Target and its Subsidiaries, taken as a whole, and Acquireco and Canco shall have received a certificate of Target addressed to Acquireco and Canco and dated the Effective Date, signed on behalf of Target by a senior officer of Target (on Target's behalf and without personal liability) confirming the same as at the Effective Date;

(c) there shall not have been delivered and not withdrawn notices of dissent with respect to the Arrangement in respect of more than 5% of the Target Shares; and

(d) there shall not have occurred, since the date of this agreement, any event, change, effect or development that individually or in the aggregate, has had a Materially Adverse effect on Target and its Subsidiaries, taken as a whole.

SCHEDULE F
REPRESENTATIONS AND WARRANTIES OF TARGET

Target represents and warrants to Acquireco as follows (and acknowledges that Acquireco is relying on such representations and warranties in entering into this agreement and completing the Transactions):

(a) **Organization, Standing and Corporate Power.** Each of Target and each of its Subsidiaries is a corporation, partnership or other legal entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized and has the requisite power and authority to own its assets and conduct its business as currently owned and conducted. Each of Target and each of its Subsidiaries is duly qualified or licensed to conduct the business it conducts and is in good standing in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary. Target has made available for review by Acquireco complete and correct copies of its Articles of Continuance and By-Laws and the certificates of incorporation and bylaws or comparable organization documents of the Subsidiaries of Target, in each case as amended to the date of this agreement. Target is not in violation of any provision of its Articles of Continuance or By-Laws, and no Subsidiary of Target is in violation of any provisions of its certificate of incorporation, by-laws or comparable organizational documents.

(b) **Target Subsidiaries.** Section (b) of the Target Disclosure Statement lists each Subsidiary of Target and the ownership or interest therein of Target. All the outstanding shares of each such Subsidiary have been validly issued and are fully paid and non-assessable and, except as set forth in Section (b) of the Target Disclosure Statement, are owned by Target, by another Subsidiary of Target or by Target and another Subsidiary of Target, free and clear of all pledges, claims, liens, charges, mortgages, deeds of trust, net profit interests, net smelter returns, royalties, overriding royalty interests, other payments out of production, other burdens, security interests and other encumbrances of any kind or nature whatsoever held by third parties (collectively, "**Liens**"). Except for the capital stock of the Subsidiaries of Target and except for the ownership interests set forth in Section (b) of the Target Disclosure Statement, Target does not own, directly or indirectly, any capital stock or other ownership interest.

(c) **Capitalization.** The authorized capital (the "**Authorized Capital**") and issued capital of Target is as set out in the recitals to this agreement. Except as set forth above, there are no shares of capital stock or other voting securities of Target issued, reserved for issuance or outstanding. Except as set forth in Section (c) of the Target Disclosure Statement, there are not any bonds, debentures, notes or other indebtedness of Target having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which shareholders of Target must vote. Except as set forth above and except as set forth in Section (c) of the Target Disclosure Statement, as of the date of this agreement, there are not any options, warrants, puts, calls, rights, commitments, agreements, arrangements or undertakings of any kind (collectively, "**Options**") to which Target or any of its Subsidiaries is a party or by which any of them is bound relating to the issued or unissued shares of Target or any of its Subsidiaries, or obligating Target or any of its Subsidiaries to issue, transfer, grant, sell or pay for or repurchase any shares or other equity interests in, or securities convertible or exchangeable for any shares or other equity interests in, Target or any of its Subsidiaries or obligating Target or any of its Subsidiaries to issue, grant, extend or enter into any such Options. All shares of Target that are subject to issuance as aforesaid, upon issuance on the terms and conditions specified in the instrument pursuant to which they are issuable, will be duly authorized, validly issued, fully paid and non-assessable. The issuance and sale of all of the shares described in this Section (c) of Schedule F have been in compliance with all Laws. Target has previously provided Acquireco with a schedule setting forth the names of, and the number of shares of each class (including the number of shares issuable upon exercise of Target Options and the exercise price and vesting schedule with respect thereto) and the number of options held by, all holders of Target Options. Section (c) of the Target Disclosure Statement sets forth the average exercise price for outstanding Target Options. Except as set forth in Section (c) of the Target Disclosure Statement, Target has not agreed to register any securities under any securities Laws or granted registration rights to any person or entity; copies of all such agreements have previously been made available to Acquireco. Except as set forth above and in Section (c) of the Target Disclosure Statement, as of the date of this agreement, there are not any outstanding contractual obligations or other requirements of Target or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock of Target or any of its Subsidiaries, or provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in, any Subsidiary of Target or any other person. Without limiting the generality of the foregoing, there are no stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or any other attribute of Target or any of its Subsidiaries. Target is not party to any shareholder, pooling, voting or other similar agreement relating to the issued and outstanding shares in the capital of Target or any Subsidiary of Target.

(d) **Authority; Non-Contravention.**

(i) Target has all requisite corporate power and corporate authority to enter into this agreement and, subject to the Target Securityholder Approval, to consummate the Transactions and to perform its obligations under this agreement. The execution and delivery of this agreement by Target and the consummation by Target of the Transactions have been duly authorized by all necessary corporate action on the part of Target, subject to the Target Securityholder Approval. No other corporate proceedings on the part of Target or any of its Subsidiaries are necessary to authorize this agreement, the performance by Target of its obligations under this agreement and, subject to the Target Securityholder Approval, the

Transactions. This agreement has been duly executed and delivered by Target and constitutes a valid and binding obligation of Target, enforceable by Acquireco against Target in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered. The execution and delivery of this agreement does not, and the consummation of the Transactions and compliance with the provisions of this agreement will not, conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of first refusal, consent, termination, buyback, purchase, cancellation or acceleration of any obligation or to loss of any property, rights or benefits under, or result in the imposition of any additional obligation under, or result in the creation of any Lien upon any of the properties or assets of Target or any of its Subsidiaries under, (i) the Articles or By-Laws of Target or the comparable organization documents of any of its Subsidiaries; (ii) any contract, royalty, instrument, permit, concession, franchise, license, loan or credit agreement, note, bond, mortgage, indenture, lease or other property agreement, partnership or joint venture agreement or other legally binding agreement, arrangement or understanding whether oral or written (a "**Contract**"), to which Target or any of its Subsidiaries is a party or by which any of them or their respective properties or assets is bound or affected, or (iii) subject to the governmental filings and other matters referred to in the following sentence, any Law applicable to Target or any of its Subsidiaries or their respective properties or assets except for such conflicts, violations, defaults, terminations, cancellations, accelerations, impositions, creations of liens, rights of first refusal, or any consents which, if not given or received, would not individually or in the aggregate, reasonably be expected to be Materially Adverse to Target. No consent, approval, order or authorization of, or registration, declaration or filing with, any Agency, is required by or with respect to Target or any of its Subsidiaries in connection with the execution and delivery of this agreement by Target or the consummation by Target of the Transactions, except for (i) the filing with the applicable securities regulatory Agencies of the Target Circular, (ii) any approvals required by the Interim Order and the Final Order, (iii) filings with the Director under the OBCA and (iv) such other consents, approvals, orders, authorizations, registrations, declarations and filings as are set forth in Section (d) of the Target Disclosure Statement.

(ii) except as set forth in the Target Disclosure Schedule:

(A) to the knowledge of Target, each of Target and its Subsidiaries are and have been in material compliance with all applicable Environmental Laws, except to the extent that a failure to be in such compliance would not be reasonably likely to be Materially Adverse to Target;

(B) the properties held by Target have not been used to generate, manufacture, refine, treat, recycle, transport, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance in all material respects with all Environmental Laws. To the knowledge of Target, none of Target, its Subsidiaries or any other person in control of any properties held by Target has caused or permitted the Release of any Hazardous Substances at, in, on, under or from any properties held by Target, except in compliance with all Environmental Laws, except to the extent that a failure to be in such compliance would not be reasonably likely to have a Materially Adverse effect on Target. All Hazardous Substances handled, recycled, disposed of, treated or stored on or off site of the properties held by Target have been handled, recycled, disposed of, treated and stored in material compliance with all Environmental Laws except to the extent that a failure to be in such compliance would not be reasonably likely to have a Materially Adverse effect on Target. To the knowledge of Target, there are no Hazardous Substances at, in, on, under or migrating from properties held by Target, except in material compliance with all Environmental Laws;

(C) to the knowledge of Target, none of Target, its Subsidiaries or any other person for whose actions Target or a Target Subsidiary may be partially or wholly liable, has treated or disposed, or arranged for the treatment or disposal, of any Hazardous Substances at any location: (i) listed on any list of hazardous sites or sites requiring Remedial Action issued by any Governmental Entity; (ii) proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action, or any similar federal, state or provincial lists; or (iii) the subject of enforcement actions by any Governmental Entity that creates the reasonable potential for any proceeding, action, or other claim against Target or any of the Target Subsidiaries. No site or facility now or, to the knowledge of Target, previously owned, operated or leased by Target or any of its Subsidiaries is listed or, to the knowledge of Target, proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action or is the subject of Remedial Action;

(D) to the knowledge of Target, none of Target, its Subsidiaries or any other person for whose actions Target or an Target Subsidiary may be partially or wholly liable has caused or permitted the Release of any Hazardous Substances on or to any of the properties owned, leased or operated by Target in such a manner as: (i) would be reasonably likely to impose Liability for cleanup, natural resource damages, loss of life, personal injury, nuisance or damage to other property, except to the extent that such Liability would not have a Materially Adverse effect on Target; or (ii) would be reasonably likely to result in imposition of a lien, charge or other encumbrance or the expropriation on any of the properties owned, leased or operated by Target or the assets of any of Target or its Subsidiaries;

(E) to the knowledge of Target, none of the properties of Target has or is required to have any deed notices or restrictions, institutional controls, covenants that run with the land or other restrictive covenants or notices arising under any Environmental Laws; and

(F) to the knowledge of Target, none of Target or its Subsidiaries has received any notice, formal or informal, of any proceeding, action or other claim, Liability or potential Liability arising under any Environmental Laws, from any person related to any of the properties owned, leased or operated by Target that is pending as of the date hereof.

(iii) Target and each Target Subsidiary has good and marketable title to its properties (other than property as to which Target or a Subsidiary is a lessee, in which case it has a valid leasehold interest) (the "**Properties**") and all such Properties are in good standing with the relevant Agency, except for such defects in title that individually or in the aggregate, could not reasonably be expected to have a Materially Adverse effect on Target. (i) all such Properties are validly held by Target or its Subsidiaries, and Target and its Subsidiaries have complied in all respects with all terms and conditions thereof, (ii) none of such Properties will be subject to suspension, modification, revocation or non-renewal as a result of the execution and delivery of this agreement or the consummation of the Transactions, and (iii) since December 31, 2010, neither Target nor any of its Subsidiaries has received any written notice, notice of violation or probable violation, notice of revocation, or other written communication from or on behalf of any Agency, alleging (A) any violation of such Property, or (B) that Target or any of its Subsidiaries requires any Property required for its business as such business is currently conducted, that is not currently held by it. Furthermore, all real and tangible personal property of each of Target and a Subsidiary is in generally good repair and is operational and usable in the manner in which it is currently being utilized, subject to normal wear and tear and technical obsolescence, repair or replacement.

(iv) the indicated and inferred mineral resource statements of Target as set forth in the report of SRK Consulting (Canada) Inc. was, to the knowledge of Acquireco, prepared in accordance with accepted engineering practices and was, at such date, in compliance in all material respects with the requirements applicable to the presentation of mineral resource statements in accordance with National Instrument 43-101.

(v) the resource estimate of Target as set forth in the report of E.L. Montgomery & Associates was, to the knowledge of Target, prepared in accordance with accepted engineering practices and was, at such date, in compliance in all material respects with the requirements applicable to the presentation of such resource estimates in accordance with National Instrument 43-101.

(vi) Each of Target and its Subsidiaries possesses all certificates, franchises, licenses, permits, grants, easements, covenants, certificates, orders, authorizations and approvals issued to or granted by Agencies or other third parties (collectively, "**Permits**") that are material and necessary to conduct its business as such business is currently conducted or is expected to be conducted following completion of the Transaction, except where the failure to possess such Permits would not be Materially Adverse to the Target and its Subsidiaries. Except as set forth in Section (d) of the Target Disclosure Statement, (i) all such Permits are validly held by Target or its Subsidiaries, and Target and its Subsidiaries have complied in all material respects with all terms and conditions thereof, (ii) none of such Permits will be subject to suspension, modification, revocation or non-renewal as a result of the execution and delivery of this agreement or the consummation of the Transactions, and (iii) since December 31, 2010, neither Target nor any of its Subsidiaries has received any written notice, notice of violation or probable violation, notice of revocation, or other written communication from or on behalf of any Agency, alleging (A) any violation of such Permit, or (B) that Target or any of its Subsidiaries requires any Permit required for its business as such business is currently conducted, that is not currently held by it.

(e) **Publicly Filed Documents; Undisclosed Liabilities.** Target has filed, or has had filed or disclosed on its behalf, all required reports, schedules, forms, statements and other documents (including documents incorporated by reference) with the applicable security regulatory Agencies since December 31, 2010 (the "**Target Public Disclosure Documents**") except where the failure to make such a filing would not be Materially Adverse. As of its date, each Target Public Disclosure Document complied in all material respects with the requirements of all applicable securities Law. None of the Target Public Disclosure Documents, as of their respective dates, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except to the extent that such statements have been modified or superseded by a later-filed Target Public Disclosure Document. The consolidated financial statements of Target included in the Target Public Disclosure Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the applicable securities regulatory Agencies with respect thereto, have been prepared in accordance with GAAP, during the periods involved (except as may be indicated in such financial statements and the notes thereto or, in the case of audited statements in the related report of Target's independent auditors; or in the case of unaudited interim statements and subject to normal period end adjustments and may omit notes which are not required by applicable Laws in the unaudited statements) and fairly present the consolidated financial position of Target as of the dates thereof and the consolidated results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except (i) as and to the extent disclosed, reflected or reserved against on the balance sheet or the notes thereto of Target included in the Filed Target Public Disclosure Documents, as incurred after the date thereof in the ordinary course of business consistent with past practice and prohibited by this agreement or (ii) as set forth in Section (e) of the Target Disclosure Statement, Target does not have any liabilities or obligations of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due, that, individually or in the aggregate, have had or would reasonably be expected to have a Materially Adverse effect on Target and its Subsidiaries, taken as a whole.

(f) **Information Supplied.** None of the information supplied or to be supplied by Target or its Subsidiaries for inclusion or incorporation by reference in the Target Circular or any other filings relating to the Transactions will, at the date the Target Circular is first mailed to Target Securityholders, or at the time of the Target Special Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of circumstances under which they are made, not misleading. Except as set out in Schedule (f) of the Target Disclosure Statement, the Target Circular will comply as to form in all material respects with the requirements of applicable securities Law, except that no representation or warranty is made by Target with respect to statements made or incorporated by reference therein based on information supplied by Acquireco for inclusion or incorporation by reference in the Target Circular.

(g) **Absence of Certain Changes or Events.** Except as disclosed in the Target Public Disclosure Documents filed and publicly available prior to the date of this agreement or the Target Disclosure Statement (the "**Filed Target Public Disclosure Documents**"), since December 31, 2010, Target has conducted, and caused each of its Subsidiaries to conduct, its business only in the ordinary course and:

(i) there has not been any event, change, effect or development (including any decision to implement such a change made by the board of directors of Target or any of its Subsidiaries in respect of which senior management believes that confirmation of the board of directors is probable), which, individually or in the aggregate, has had, or would reasonably be expected to have, a Materially Adverse effect on Target and its Subsidiaries, taken as a whole;

(ii) there has not been any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any Target Shares;

(iii) there has not been any split, combination or reclassification of any Authorized Capital of Target or any issuance or the authorization of any issuance of any other securities in exchange or in substitution for shares of Authorized Capital of Target;

(iv) there has not been, except as disclosed in Section (g) of the Target Disclosure Statement, (A) any granting by Target or any of its Subsidiaries to any officer of Target or any of its Subsidiaries of any increase in or acceleration of compensation, (B) any granting by Target or any of its Subsidiaries to any such officer of any increase in severance or termination pay, or (C) any entry by Target or any of its Subsidiaries into any employment, severance or termination agreement with any such officer;

(v) there has not been any change in accounting methods, principles or practices by Target or any of its Subsidiaries materially affecting its assets, liabilities or business, except insofar as may have been required by a change in GAAP or as set forth in Section (g) of the Target Disclosure Statement;

(vi) neither Target nor any of its Subsidiaries has engaged in any action which, if done after the date of this agreement, would violate Section 5(a) of this agreement, except as set forth in Section (g) of the Target Disclosure Statement; and

(vii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) that is Materially Adverse to Target and its Subsidiaries, taken as a whole, has been incurred other than in the ordinary course of business consistent with past practice, except as set forth in Section (g) of the Target Disclosure Statement.

(h) **Disclosure.** Except as set forth in the Target Disclosure Statement, Target has not failed to disclose to Acquireco in writing any information known to Target regarding any event, circumstance or action taken or failed to be taken that is Materially Adverse to Target and its Subsidiaries, taken as a whole. Without limiting the generality of the foregoing, except as has been disclosed in Section (h) of the Target Disclosure Statement:

(i) there are no severance and employment agreements with respect to current or former employees of Target or any of its Subsidiaries or any bonus or incentive arrangements with respect to such employees that may require payments as a result of the Transactions;

(ii) Target and its Subsidiaries do not have liabilities or obligations in excess of the liabilities or obligations reflected or reserved against in the financial statements contained in the Filed Target Public Disclosure Documents that, either individually or in the aggregate, are Materially Adverse to Target and its Subsidiaries, taken as a whole; and

(iii) none of Target or any of its Subsidiaries or any of their properties is subject to a judgement, order or decree that is Materially Adverse to Target and its Subsidiaries, taken as a whole;

(i) **Compliance.** Except for any conflicts, defaults or violations that would not, individually or in the aggregate (taking into account the impact of any cross-defaults), reasonably be expected to result in a Materially Adverse effect on Target and its Subsidiaries, taken as a whole, each of Target and its Subsidiaries has complied with, and is not in conflict with, or in default (including cross defaults) under or in violation of:

(i) its articles or other organizational documents or by-laws;

(ii) any Law or material Permit applicable to it, its business or operations or by which any of its properties or assets is bound or affected;

(iii) any agreement, arrangement or understanding to which it, its business or operations or by which any of its properties or assets is bound or affected;

(j) **Restrictions on Business Activities.** There is no agreement, judgement, injunction, order or decree binding upon Target or any of its Subsidiaries that has, or would reasonably be expected to have, the effect of prohibiting, restricting or impairing any business practice of Target or any of its Subsidiaries, any acquisition of property or royalties by Target or any of its Subsidiaries or the conduct of business by any of them as currently conducted (including following the Arrangement) other than such agreements, judgements, injunctions, orders or decrees which are not, individually or in the aggregate, Materially Adverse to Target and its Subsidiaries, taken as a whole.

(k) **Contracts.** Section (k) of the Target Disclosure Statement lists all material Contracts to which Target or any of its Subsidiaries is a party including those Contracts which fall within any of the following categories: (a) Contracts not entered into in the ordinary course of Target's business; (b) royalty, joint venture, partnership and similar agreements; (c) Contracts containing covenants purporting to limit the freedom of Target or any of its Subsidiaries to compete in any line of business in any geographic area, to hire any individual or group of individuals or to acquire any business, entity or the assets thereof; (d) Contracts which after the Effective Time of the Transactions would have the effect of limiting the freedom of Acquireco or its Subsidiaries (other than Target and its Subsidiaries) to compete in any line of business in any geographic area, to hire any individual or group of individuals or to acquire any business, entity or the assets thereof; (e) Contracts which contain minimum purchase conditions or requirements or other terms that restrict or limit the purchasing relationships of Target or any of its Subsidiaries other than in the ordinary course of business; (f) Contracts involving annual revenues or expenditures to the business of Target or any of its Subsidiaries in excess of $100,000; (g) Contracts containing any rights on the part of any party, including joint venture partners or other entities, to acquire royalty, mining or other property rights from Target or any of the Subsidiaries; and (i) Contracts that require Target or any of its Subsidiaries to provide indemnification to any other person. All such Contracts are valid and binding obligations of Target or any of its Subsidiaries and, to the knowledge of Target, the valid and binding obligation of each other party thereto and are enforceable by Target or its applicable Subsidiary in accordance with their respective terms, and the Target or its applicable Subsidiary is entitled to all rights and benefits ascribed to such person thereunder, except for such Contracts which if not so valid and binding would not, individually or in the aggregate, have a Materially Adverse effect on Target and its Subsidiaries, taken as a whole. Neither Target nor, to the knowledge of Target, any other party thereto is in violation of or in default in respect of, nor has there occurred an event or condition which with the passage of time or giving of notice (or both) would constitute a default under or entitle any party to terminate, accelerate, modify or call a default under, or trigger any pre-emptive rights or rights of first refusal under, any such Contract except such violations or defaults under such Contracts, which, individually or in the aggregate, would not have a Materially Adverse effect on Target and its Subsidiaries, taken as a whole.

(l) **Tax Matters.**

(i) Target and each of its Subsidiaries have timely filed, or caused to be timely filed with the appropriate Agency, all Tax Returns required to be filed by them, and have timely paid, or caused to be timely paid, all material amounts of Taxes due and payable by them, including all instalments on account of any Taxes, except for any such failure to file or failure to pay which would not individually or in the aggregate, have a Materially Adverse effect on Target. All such Tax Returns are true, correct and complete in all material respects and have been completed in accordance with applicable Laws. To the best of Target's knowledge, no such Tax Return contains any misstatement or omits any statement that should have been included therein. No Tax Return has been amended.

(ii) Reserves and provisions for Taxes accrued but not yet due on or before the Effective Date as reflected in Target's financial statements contained in the Filed Target Public Disclosure Documents are adequate as of the date of such financial statements, in accordance with GAAP. No material deficiencies for Taxes have been proposed, asserted or assessed against

Target that would reasonably be expected to be Materially Adverse to Target.

(iii) Neither Target nor any of its Subsidiaries has received any written notification that any issues involving a material amount of Taxes have been raised (and are currently pending) by the CRA, or any other taxing authority, including, without limitation, any sales tax authority, in connection with any of the Tax Returns filed or required to be filed, which would, individually or in the aggregate, be Materially Adverse to the Target.

(iv) No unresolved assessments, reassessments, audits, claims, actions, suits, proceedings, or investigations exist or have been initiated with regard to any Taxes or Tax Returns of Target or its Subsidiaries. To the knowledge of Target, no assessment, reassessment, audit or investigation by any Agency is underway, threatened or imminent with respect to Taxes for which Target or any of its Subsidiaries may be liable, in whole or in part.

(v) No election, consent for extension, nor any waiver that extends any applicable statute of limitations relating to the determination of a Tax liability of Target or any of its Subsidiaries has been filed or entered into and is still effective.

(vi) Target and each of its Subsidiaries have duly and timely collected all amounts on account of any goods, services, sales, value added, transfer or other Taxes required to have been collected by it and have duly set aside in trust or timely remitted to the appropriate Agency any and all such amounts required to be remitted by it except when the failure to do so would not individually or in the aggregate, be Materially Adverse.

(vii) Target has made available to Acquireco or its legal counsel or accountants true and complete copies of all Tax Returns for (and non privileged studies and opinions related thereto) Target and each of its Subsidiaries for each such entity's last three taxable years.

(viii) Target and each of its Subsidiaries is, and at all times has filed its Tax Returns on the basis that it is, resident for Tax purposes in its country of incorporation or formation and has not at any time been treated by any Agency as resident in any other country for any Tax purpose (including any treaty, convention or arrangement for the avoidance of double taxation). None of Target or any of its Subsidiaries has filed any Tax Return on the basis that it is subject to Tax in any jurisdiction other than its country of incorporation or formation (and political subdivisions thereof) or received written notification from any Agency that it may be required to file on such basis.

(ix) Target and each of its Subsidiaries have properly withheld and remitted all amounts required to be withheld and/or remitted (including income tax, non-resident withholding tax, Canada Pension Plan contributions, Employment Insurance and Worker's Compensation premiums) and have paid such amounts due to the appropriate authority on a timely basis and in the form required under the appropriate legislation except when the failure to do so would not individually or in the aggregate, be Materially Adverse.

(x) There are no Tax liens on any assets of Target or any of its Subsidiaries except for Taxes not yet currently due and those which would not reasonably be expected to be Materially Adverse to Target and its Subsidiaries considered as a whole.

(xi) None of sections 78, 80, 80.01, 80.02, 80.03 or 80.04 of the ITA, or any equivalent provision of the tax legislation of any province or any other jurisdiction, have applied or will apply to Target or any of its Subsidiaries at any time up to and including the Effective Time.

(xii) "**Tax**" and "**Taxes**" means, with respect to any person, all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, ad valorem taxes, value added taxes, transfer taxes, franchise taxes, license taxes, withholding taxes or other withholding obligations, payroll taxes, employment taxes, Canada or Québec Pension Plan premiums, excise, severance, social security premiums, workers' compensation premiums, unemployment insurance or compensation premiums, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties or other taxes of any kind whatsoever, and any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such person or for which such person is responsible, and any interest, penalties, additional taxes, additions to tax or other amounts imposed with respect to the foregoing, and includes any items described above attributable to another person in respect of which the first person or any Subsidiary of such first person is liable to pay by Law, Contract or otherwise, whether or not disputed. "**Tax Returns**" means returns, reports and forms (including schedules thereto) required to be filed with any Agency of Canada or any provincial, state or local Agency therein or any other jurisdiction responsible for the imposition or collection of Taxes.

(xiii) For purposes of this Section (l), the term "**material amount of Taxes**" shall mean an amount of Taxes that is material to Target and its Subsidiaries taken as a whole.

(m) **Intellectual Property.** Except as otherwise provided in Section (n) of the Target Disclosure Statement, Target and its Subsidiaries own all right, title and interest in, or possesses the lawful right to use or has a currently pending application for all patents, patent applications, registered and common law trademarks (including applications therefor), service marks, trade names, copyright applications, copyrights, trade secrets, know-how, computer software, production technology, proprietary technology and other intellectual property and proprietary rights used in or necessary to conduct the business. Additionally:

(i) Target is not aware of any infringement of any such intellectual property by any third party; and

(ii) the conduct of the business of Target and its Subsidiaries has not, and will not, cause Target or any of its Subsidiaries to infringe or violate any of the patents, trademarks, service marks, trade names, copyrights, trade secrets, proprietary rights, computer software rights or licences or other intellectual property of any other person and neither Target nor any of its Subsidiaries has received any written or oral claim or notice of infringement or potential infringement of the intellectual property of any other person arising out of the conduct of Target and its Subsidiaries and, in particular Target or the applicable Subsidiary has complied with any licence respecting intellectual property held by Target and its Subsidiaries.

(n) **Non-Arm's Length Transactions**. Other than as set out in the Target Disclosure Statement, there are no current contracts, commitments, agreements, arrangements or other transactions (including relating to indebtedness by Target or any of its Subsidiaries) between Target or any of its Subsidiaries on the one hand, and any (a) officer or director of Target or any of its Subsidiaries, (b) any holder of record or, to the knowledge of Target, beneficial owner of five percent or more of the voting securities of Target, or (c) any affiliate or associate of any officer, director or beneficial owner, on the other hand.

(o) **Employment Matters.**

(i) Except as to matters otherwise specifically disclosed in Section (o) of the Target Disclosure Statement, none of Target or its Subsidiaries is a party to any agreement, obligation or understanding providing for severance or termination payments to, or any employment agreement with, any director, consultant, employee or officer, other than any common law obligations of reasonable notice of termination or pay in lieu thereof and any statutory obligations.

(ii) None of Target or any of its Subsidiaries had or has any labour contracts, collective bargaining agreements or employment or consulting agreements with any persons employed by Target or any persons otherwise performing services primarily for Target or any of its Subsidiaries (the "**Business Personnel**"). Neither Target nor any of its Subsidiaries has engaged in any unfair labour practice with respect to the Business Personnel since March 2009 and there is no unfair labour practice complaint pending or, to the knowledge of Target, threatened, against Target or any of its Subsidiaries with respect to the Business Personnel. There is no labour strike, dispute, slowdown or stoppage pending or, to the knowledge of Target, threatened against Target or any of its Subsidiaries, and neither Target nor any of its Subsidiaries has experienced any labour strike, dispute, slowdown or stoppage or other labour difficulty involving the Business Personnel since December 31, 2010.

(iii) None of Target or its Subsidiaries is subject to any litigation, actual or, to the knowledge of Target, threatened, relating to employment or termination of employment of employees or independent contractors, other than those claims or litigation as would, individually or in the aggregate, not be Materially Adverse to Target and its Subsidiaries, taken as a whole.

(iv) Target and each of its Subsidiaries has operated in material compliance with all applicable Laws with respect to employment and labour, including employment and labour standards, occupational health and safety, employment equity, pay equity, workers' compensation, human rights and labour relations and there are no current, pending or, to the knowledge of Target, threatened proceedings before any Agency with respect to any of the above.

(p) **Pension and Employee Benefits.**

(i) Section (p) of the Target Disclosure Statement includes a complete list of all employee benefit, health, welfare, supplemental unemployment benefit, bonus, pension, profit sharing, deferred compensation, stock option, stock compensation, stock purchase, retirement, hospitalization insurance, medical, dental, legal, disability and similar plans or arrangements or practices, whether written or oral, which are maintained by Target or any of its Subsidiaries, including all Employee Benefit Plans and Material Employment Agreements (collectively, the "**Target Plans**").

(ii) To Target's knowledge, no step has been taken, no event has occurred and no condition or circumstance exists that has resulted, or would reasonably be expected to result, in any Target Plan being ordered or required to be terminated or wound up in whole or in part or having its registration under applicable Laws refused or revoked, or being placed under the administration of any trustee or receiver or Agency or being required to pay any material Taxes, penalties or levies under applicable Laws. To Target's knowledge, there are no actions, suits, claims (other than routine claims for payment of benefits in the ordinary course), trials, demands, investigations, arbitrations or other proceedings which are pending or threatened in respect of any of the Target Plans or their assets which, individually or in the aggregate, are Materially Adverse to Target and its Subsidiaries, taken as a whole.

(iii) All of the Target Plans are in compliance in all material respects with all applicable Laws and their terms.

(iv) Without limiting the generality of the foregoing with respect to each Target Plan:

(A) Target has delivered or made available to Acquireco a true, correct and complete copy of: (i) each writing constituting a part of such Plan, including all plan documents, employee communications, benefit schedules, trust agreements, and insurance contracts and other funding vehicles; (ii) the current summary plan description and any material modifications thereto, if any; (iii) the most recent annual financial report, if any; (iv) the most recent actuarial report, if applicable. Target has delivered or made available to Acquireco a true, complete and correct copy of each Material Employment Agreement. Except as specifically provided in the foregoing documents delivered or made available to Acquireco, there are no amendments to any Plan or Material Employment Agreement that have been adopted or approved nor has Target or any of its Subsidiaries undertaken to make any such amendments or to adopt or approve any new Plan or Material Employment Agreement.

(B) All Employee Benefit Plans subject to the Laws of any jurisdiction (i) have been maintained in accordance with all applicable requirements, (ii) if they are intended to qualify for special Tax treatment, meet all requirements for such treatment, and (iii) if they are intended to be funded and/or book-reserved, are fully funded and/or book-reserved on a projected obligation basis, as appropriate, based upon reasonable actuarial assumptions.

(C) On or before the date hereof, Target has caused each grantor trust providing for funding of amounts payable pursuant to any Plans and/or Employment Agreements to be amended to ensure that no amounts are required to be contributed thereto as a result of the execution and delivery of this agreement, the announcement hereof, and/or the announcement or consummation of the Transactions.

(q) **Books and Records.** The financial books, records and accounts of Target and its Subsidiaries in all material respects, (i) have been maintained in accordance with GAAP on a basis consistent with prior years, (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and dispositions of the assets of Target and its Subsidiaries and (iii) accurately and fairly reflect the basis for Target consolidated financial statements. The corporate minute books of Target and its Subsidiaries contain minutes of all meetings and resolutions of the directors and shareholders held, and full access to non-confidential information has been provided to Acquireco.

(r) **Insurance.** Target has made available to Acquireco true, correct and complete copies of all material policies of insurance to which each of Target and its Subsidiaries are a party or are a beneficiary or named insured. Target and its Subsidiaries maintain insurance coverage with reputable insurers in such amounts and covering such risks as are in accordance with normal industry practice for companies engaged in businesses similar to that of Target and its Subsidiaries.

(s) **Litigation.** Except as specifically disclosed in Section (s) of the Target Disclosure Statement, there is no suit, action or proceeding pending or, to the knowledge of Target, threatened against Target or any of its Subsidiaries that, individually or in the aggregate, if adversely determined, would reasonably be expected to have a Materially Adverse effect on Target and its Subsidiaries, taken as a whole, and there is not any judgement, decree, injunction, rule or order of any Agency or arbitrator outstanding against Target or any of its Subsidiaries having, or which would reasonably be expected to have, any Materially Adverse effect on Target and its Subsidiaries, taken as a whole. As of the date of this agreement, except as specifically disclosed in Section (s) of the Target Disclosure Statement, there is no suit, action, proceeding pending or, to the knowledge of Target, threatened, against Target or any of its Subsidiaries that, individually or in the aggregate, if adversely determined, would reasonably be expected to prevent or delay in any material respect the consummation of the Transactions.

(t) **Determination by the Board and Voting Requirements.** The board of directors of Target (after receiving financial advice including the Fairness Opinion, legal advice and after considering other factors), by the unanimous vote of its directors, has determined and resolved at its meeting held on March 29, 2012:

(i) that the entering into of this agreement, the performance by Target of its obligations hereunder and the Transactions are in the best interests of Target and its Securityholders;

(ii) the Arrangement is fair to Target Securityholders;

(iii) to approve the Transactions and this agreement; and

(iv) to recommend that Target Securityholders approve the Arrangement.

Subject to the terms of the Interim Order, the approvals set out in the definition of Target Securityholder Approval are the only votes of the holders of securities of Target necessary to approve this agreement and the Transactions.

(u) **Brokers; Schedule of Fees and Expenses.** Except as set forth in Section (u) of the Target Disclosure Statement, no broker, investment banker, financial advisor or other person is entitled to any broker’s, finder’s, financial advisor’s or other similar fee or commission in connection with the Transactions based upon arrangements made by or on behalf of Target. Target has made available to Acquireco true and complete copies of all agreements that are referred to in Section (u) of the Target Disclosure Statement and all indemnification and other agreements related to the engagement of the persons so listed.

(v) **Opinion of Financial Advisor.** Target has received the oral opinion of the Financial Advisor dated the date of this agreement, to the effect that, as of such date, the consideration to be received pursuant to the Transactions by Target Shareholders is fair to the Target Shareholders from a financial point of view, a copy of which opinion will be promptly delivered to Acquireco.

(w) **Dispositions of Company Property.** Except as described in Section (y) of the Target Disclosure Statement, since December 31, 2010 neither Target nor any of its Subsidiaries has sold or disposed of or ceased to hold or own any personal property, real property, any interest or rights with respect to real property (including exploration or production rights), any royalty interest or interest in a joint venture or other assets or properties of Target or any of its Subsidiaries ("**Target Property**"), other than any interest or rights with respect to real property having an individual fair market value of less than $50,000 in the aggregate, in each case in the ordinary course of business, consistent with past practice. Except as set forth in Section (x) of the Target Disclosure Statement, no Target Property, the fair market value of which on the date of this agreement is greater than $50,000 in the aggregate, is subject to any pending sale or disposition transaction.

(x) **Absence of Cease Trade Orders**. No order ceasing or suspending trading in Target Shares (or any of them) or any other securities of Target is outstanding and no proceedings for this purpose have been instituted or, to the knowledge of Target, are pending, contemplated or threatened.

(y) **Absence of Environmental Liabilities.** No environmental, reclamation or closure obligations or other liabilities for which Target or any of its Subsidiaries would be liable or responsible presently exist with respect to any portion of any currently or formerly owned, leased, used or otherwise controlled property, interests or rights or relating to the operations and business of the Target or its Subsidiaries and there is no basis for any such obligations or liabilities to arise in the future as a result of any activity on or in respect of such property, interests, rights, operations and business. Neither Target nor any of its Subsidiaries has received inquiry from or notice of any pending investigation from any Agency or of any administrative or judicial proceeding concerning the violation of any applicable Law or any such environmental, reclamation or closure obligations or other liabilities.

(z) **Reporting Issuer Status**. Target is a reporting issuer in British Columbia, Alberta, Ontario and Québec.

(aa) **Disclosure Controls.** Target has designed such disclosure controls and procedures, or caused them to be designed under the supervision of its Chief Executive Officer and Chief Financial Officer, to provide reasonable assurance that material information relating to Target is made known to the Chief Executive Officer and Chief Financial Officer by others within Target and its Subsidiaries, particularly during the period in which the annual or interim filings are being prepared.

(bb) **Internal Controls.** Target has designed such internal controls over financial reporting, or caused them to be designed under the supervision of the Chief Executive Officer and Chief Financial Officer of Target, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. To the knowledge of Target, prior to the date of this agreement: (i) there are no significant deficiencies in the design or operation of, or material weaknesses in, the internal controls over financial reporting of Target that are reasonably likely to adversely affect Target's ability to record, process, summarize and report financial information, and (ii) there is and has been no fraud, whether or not material, involving management or any other employees who have a significant role in the internal control over financial reporting of Target. Since December 31, 2010, Target has received no (x) complaints from any source regarding accounting, internal accounting controls or auditing matters or (y) expressions of concern from employees of Target regarding questionable accounting or auditing matters.

(cc) **Competition Act.** The Target, together with corporations that it controls (as defined in the *Competition Act* (Canada)), neither has assets in Canada with an aggregate value of greater than $77,000,000, nor gross revenues from sales in or from Canada generated from assets in Canada of greater than $77,000,000, in either case, as determined pursuant to subsection 110(3) of the *Competition Act* (Canada).

(dd) **Listing**. The Target Shares are listed and posted for trading on the TSX-V.

(ee) **Foreign Private Issuer**. Target is a "foreign private issuer" as defined in rule 405 of Regulation C under the U.S. Securities Act.

(ff) **Investment Company**. Target is not registered or required to be registered as an "investment company" within the meaning of the United States Investment Company Act of 1940, as amended.

SCHEDULE G
REPRESENTATIONS AND WARRANTIES OF ACQUIRECO AND CANCO

Acquireco and Canco jointly and severally represent and warrant to Target as follows (and acknowledge that Target is relying on such representations and warranties in entering this agreement and completing the Transactions):

(a) **Organization, Standing and Corporate Power.** Each of Acquireco and each of its Subsidiaries is a corporation, partnership or other legal entity duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized and has the requisite power and authority to own its assets and conduct its business as currently owned and conducted. Each of Acquireco and each of its Subsidiaries is duly qualified or licensed to conduct the business it conducts. Acquireco is not in violation of any provision of its Certificate of Incorporation or By-Laws, and no Subsidiary of Acquireco is in violation of any provisions of its certificate of incorporation, by-laws or comparable organizational documents.

(b) **Acquireco Subsidiaries.** All the outstanding shares of each Subsidiary of Acquireco have been validly issued and are fully paid and non-assessable. Canco is an indirect wholly-owned Subsidiary of Acquireco.

(c) **Capitalization.** As at the date of this agreement, the issued capital of Acquireco consists of (i) 323,327,000 Acquireco Shares. As of March 29, 2012, Acquireco is obliged to issue 59,850,000 upon the exercise of outstanding stock options that were granted pursuant to Acquireco's stock option plan or otherwise and except as set forth above, there are no shares of capital stock or other voting securities of Acquireco issued or which would be required to be issued upon the exercise of an option or similar. Other than as disclosed in the Acquireco Disclosure Statement, as at the date of this agreement, there are no bonds, debentures, notes or other indebtedness of Acquireco having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which shareholders of Acquireco must vote. Except as set forth in the Acquireco Disclosure Statement, as at the date of this agreement, there are no options to which Acquireco or any of its Subsidiaries is a party or by which any of them is bound relating to the issued or unissued shares of Acquireco or any of its Subsidiaries, or obligating Acquireco or any of its Subsidiaries to issue, transfer, grant, sell or pay for or repurchase any shares or other equity interests in, or securities convertible or exchangeable for any capital stock or other equity interests in, Acquireco or any of its Subsidiaries or obligating Acquireco or any of its Subsidiaries to issue, grant, extend or enter into any such options. All shares of Acquireco that are subject to issuance as aforesaid, upon issuance on the terms and conditions specified in the instrument pursuant to which they are issuable, will be duly authorized, validly issued, fully paid and non-assessable.

(d) **Shareholder and Similar Agreements.** Acquireco is not party to any shareholder, pooling, voting or other similar agreement relating to the issued and outstanding shares in the capital of Acquireco or any of its Subsidiaries.

(e) **Authority; Non-Contravention.**

(i) Each of Acquireco and Canco has all requisite corporate power and corporate authority to enter into this agreement and to consummate the Transactions and to perform its obligations under this agreement. On March 30, 2012, the board of directors of each of Acquireco and Canco unanimously approved this agreement and the Transactions and Acquireco resolved to recommend to Acquireco Shareholders that Acquireco Shareholders give the Acquireco Shareholder Approval. The execution and delivery of this agreement by each of Acquireco and Canco and the consummation by Acquireco and Canco, as applicable, of the Transactions have been duly authorized by all necessary corporate action on the part of Acquireco and Canco, as applicable. No other corporate proceedings on the part of Acquireco or any of its Subsidiaries are necessary to authorize this agreement, the performance by Acquireco of its obligations under this agreement, and subject to Acquireco Shareholder Approval, the Transactions. This agreement has been duly executed and delivered by each of Acquireco and Canco and constitutes a valid and binding obligation of each of Acquireco and Canco, enforceable by Target against each of Acquireco and Canco in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered. Except as set forth in the Acquireco Disclosure Statement, the execution and delivery of this agreement does not, and the consummation of the Transactions and compliance with the provisions of this agreement will not, conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of first refusal, consent, termination, buyback, purchase, cancellation or acceleration of any obligation or to loss of any property, rights or benefits under, or result in the imposition of any additional obligation under, or result in the creation of any Lien upon any of the properties or assets of Acquireco or any of its Subsidiaries under, (i) the Certificate of Incorporation or By-laws of Acquireco or the comparable organization documents of any of its Subsidiaries; (ii) any Contract to which Acquireco or any of its Subsidiaries is a party or by which any of them or their respective properties or assets is bound or affected; or (iii) subject to the governmental filings and other matters referred to in the following sentence, any Law applicable to Acquireco or any of its Subsidiaries or their respective properties or assets except for such conflicts, violations, defaults, terminations, cancellations, accelerations, impositions, creations of liens, rights of first refusal, or any consents which, if not given or received, would not individually or in the aggregate, reasonably be expected to be Materially Adverse to Acquireco. No consent, approval, order or authorization of, or registration, declaration or filing with, any Agency, is required by or with respect to Acquireco or any of its Subsidiaries in connection with the execution and delivery of this agreement by Acquireco or the consummation by Acquireco of the Transactions, except for (i) any approvals required by the Interim Order or the Final Order, and (ii) the Regulatory Approvals.

(ii) Each of Acquireco and its Subsidiaries possesses all Permits necessary to conduct its business as such business is currently conducted or is expected to be conducted following completion of the Transaction, except where the failure to possess such Permits would not be Materially Adverse to Acquireco and its Subsidiaries and except as set forth in the Acquireco Disclosure Statement: (i) all such Permits are validly held by Acquireco or its Subsidiaries, and Acquireco and its Subsidiaries have complied in all respects with all terms and conditions thereof, and (ii) neither Acquireco nor any of its Subsidiaries has received any outstanding written notice, notice of violation or probable violation, notice of revocation, or other written communication from or on behalf of any Agency, alleging (A) any material violation of such Permit, or (B) that Acquireco or any of its Subsidiaries requires any Permit required for its business as such business is currently conducted, that is not currently held by it.

(iii) except as set forth in the Acquireco Disclosure Statement:

(A) to the knowledge of Acquireco, each of Acquireco and its Subsidiaries are and have been in material compliance with all applicable Environmental Laws, except to the extent that a failure to be in such compliance would not be reasonably likely to be Materially Adverse to Acquireco;

(B) the properties held by Acquireco have not been used to generate, manufacture, refine, treat, recycle, transport, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance in all material respects with all Environmental Laws. To the knowledge of Acquireco, none of Acquireco, its Subsidiaries or any other person in control of any properties held by Acquireco has caused or permitted the Release of any Hazardous Substances at, in, on, under or from any properties held by Acquireco, except in compliance with all Environmental Laws, except to the extent that a failure to be in such compliance would not be reasonably likely to have a Materially Adverse effect on Acquireco. All Hazardous Substances handled, recycled, disposed of, treated or stored on or off site of the properties held by Acquireco have been handled, recycled, disposed of, treated and stored in material compliance with all Environmental Laws except to the extent that a failure to be in such compliance would not be reasonably likely to have a Materially Adverse effect on Acquireco. To the knowledge of Acquireco, there are no Hazardous Substances at, in, on, under or migrating from properties held by Acquireco, except in material compliance with all Environmental Laws;

(C) to the knowledge of Acquireco, none of Acquireco, its Subsidiaries or any other person for whose actions Acquireco or an Acquireco Subsidiary may be partially or wholly liable, has treated or disposed, or arranged for the treatment or disposal, of any Hazardous Substances at any location: (i) listed on any list of hazardous sites or sites requiring Remedial Action issued by any Governmental Entity; (ii) proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action, or any similar federal, state or provincial lists; or (iii) the subject of enforcement actions by any Governmental Entity that creates the reasonable potential for any proceeding, action, or other claim against Acquireco or any of the Acquireco Subsidiaries. No site or facility now or, to the knowledge of Acquireco, previously owned, operated or leased by Acquireco or any of its Subsidiaries is listed or, to the knowledge of Acquireco, proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action or is the subject of Remedial Action;

(D) to the knowledge of Acquireco, none of Acquireco, its Subsidiaries or any other person for whose actions Acquireco or an Acquireco Subsidiary may be partially or wholly liable has caused or permitted the Release of any Hazardous Substances on or to any of the properties owned, leased or operated by Acquireco in such a manner as: (i) would be reasonably likely to impose Liability for cleanup, natural resource damages, loss of life, personal injury, nuisance or damage to other property, except to the extent that such Liability would not have a Materially Adverse effect on Acquireco; or (ii) would be reasonably likely to result in imposition of a lien, charge or other encumbrance or the expropriation on any of the properties owned, leased or operated by Acquireco or the assets of any of Acquireco or its Subsidiaries;

(E) to the knowledge of Acquireco, none of the properties of Acquireco has or is required to have any deed notices or restrictions, institutional controls, covenants that run with the land or other restrictive covenants or notices arising under any Environmental Laws; and

(F) to the knowledge of Acquireco, none of Acquireco or its Subsidiaries has received any notice, formal or informal, of any proceeding, action or other claim, Liability or potential Liability arising under any Environmental Laws, from any person related to any of the properties owned, leased or operated by Acquireco that is pending as of the date hereof.

(iv) Acquireco and each Acquireco Subsidiary has good and marketable title to its properties (other than property as to which Acquireco or a Subsidiary is a lessee, in which case it has a valid leasehold interest) (the "**Properties**") and all such Properties are in good standing with the relevant Agency, except for such defects in title that individually or in the aggregate, could not reasonably be expected to have a Materially Adverse effect on Acquireco. (i) all such Properties are validly held by Acquireco or its Subsidiaries, and Acquireco and its Subsidiaries have complied in all respects with all terms and conditions thereof, (ii) none of such Properties will be subject to suspension, modification, revocation or non-renewal as a result of the execution and delivery of this agreement or the consummation of the Transactions, and (iii) since December 31, 2010, neither Acquireco nor any of its Subsidiaries has received any written notice, notice of violation or probable violation, notice of revocation, or other written communication from or on behalf of any Agency, alleging (A) any violation of such Property, or (B) that Acquireco or any of its Subsidiaries requires any Property required for its business as such business is currently conducted, that is not currently held by it. Furthermore, all real and tangible personal property of each of Acquireco and a Subsidiary is in generally good repair and is operational and usable in the manner in which it is currently being utilized, subject to normal wear and tear and technical obsolescence, repair or replacement;

(v) the measured, indicated and inferred mineral resource statements of Acquireco as set forth in the report of Hellman and Schofield Pty Ltd., was, to the knowledge of Acquireco, prepared in accordance with accepted engineering practices and was, at such date, in compliance in all material respects with the requirements applicable to the presentation of mineral resource statements in accordance with the 2004 edition of the "Australiasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the "**JORC Code**").

(vi) the proved and probable mineral one reserve report of Acquireco as set forth in the report of Croeser Pty Ltd. was, to the knowledge of Acquireco, prepared in accordance with accepted engineering practices and was, at such date, in compliance in all material respects with the requirements applicable to the presentation of such resource estimates in accordance with JORC Code.

(f) **Publicly Filed Documents; Undisclosed Liabilities.** Except as set forth in the Acquireco Disclosure Statement, Acquireco has filed, or has had filed or disclosed on its behalf, all required reports, schedules, forms, statements and other documents (including documents incorporated by reference, as may be required) with the Australian Securities & Investments Commission and in respect of any Acquireco Subsidiary incorporated in Hong Kong, the People's Republic of China, Canada or the United States of America, relevant regulatory authorities in those jurisdictions (the "**Acquireco Public Disclosure Documents**") except where the failure to make such filing would not be Materially Adverse. Except as set forth in Section (e) of the Acquireco Disclosure Statement, as of its date, each Acquireco Public Disclosure Document complied in all material respects with the rules and regulations applicable to such Acquireco Public Disclosure Document. None of the Acquireco Public Disclosure Documents, as of their respective dates, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except to the extent that such statements have been modified or superseded by a later-filed Acquireco Public Disclosure Document. The consolidated financial statements of Acquireco included in the Acquireco Public Disclosure Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of Australian International Financial Reporting Standards ("**AIFRS**") with respect thereto, have been prepared in accordance with AIFRS applied on a consistent basis during the periods involved (except as may be indicated such financial statements and the notes thereto or, in the case of audited statements in the related report of Acquireco's independent auditors; or in the case of unqualified interim statements and subject to normal period end adjustments and may omit notes which are not required by applicable Laws in the unaudited statements) and fairly present the consolidated financial position of Acquireco as of the dates thereof and the consolidated results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except as and to the extent disclosed, reflected or reserved against on the balance sheet or the notes thereto of Acquireco included in the Acquireco Public Disclosure Documents filed and publically available or in to the date of this Agreement (the "**Filed Acquireco Public Disclosure Documents**"), as incurred after the date thereof in the ordinary course of business consistent with past practice and prohibited by this agreement, Acquireco does not have any liabilities or obligations of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due, that, individually or in the aggregate, have had or would reasonably be expected to have a Materially Adverse effect on Acquireco and its Subsidiaries, taken as a whole.

(g) **Information Supplied.** None of the information supplied or to be supplied by Acquireco or its Subsidiaries for inclusion or incorporation by reference in the Target Circular will, at the date the Target Circular is first mailed to Target Securityholders, or at the time of the Target Special Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of circumstances under which they are made, not misleading.

(h) **Absence of Certain Changes or Events.** Except as disclosed in the Filed Acquireco Public Disclosure Documents or the Acquireco Disclosure Statement, since December 31, 2010, Acquireco has conducted, and caused each of its Subsidiaries to conduct, its business only in the ordinary course and:

(i) there has not been any event, change, effect or development (including any decision to implement such a change made by the board of directors of Acquireco or any of its Subsidiaries in respect of which senior management believes that confirmation of the board of directors is probable), which, individually or in the aggregate, has had, or would reasonably be expected to have, a Materially Adverse effect on Acquireco and its Subsidiaries, taken as a whole;

(ii) there has not been any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any Acquireco Shares;

(iii) there has not been any split, combination or reclassification of any authorized capital of Acquireco or any issuance or the authorization of any issuance of any other securities in exchange or in substitution for shares of authorized capital of Acquireco;

(iv) there has not been any change in accounting methods, principles or practices by Acquireco or any of its Subsidiaries materially affecting its assets, liabilities or business, except insofar as may have been required by a change in AIFRS or as set forth in Section (g) of the Acquireco Disclosure Statement;

(v) neither Acquireco nor any of its Subsidiaries has engaged in any action which, if done after the date of this agreement, would violate Section 5.B. of this agreement, except as set forth in Section (g) of the Acquireco Disclosure Statement; and

(vi) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) that is Materially Adverse to Acquireco and its Subsidiaries, taken as a whole, has been incurred other than in the ordinary course of business consistent with past practice, except as set forth in Section (g) of the Acquireco Disclosure Statement.

(i) **Disclosure.** Except as set forth in the Acquireco Disclosure Statement, Acquireco has not failed to disclose to Target in writing any information known to Acquireco regarding any event, circumstance or action taken or failed to be taken that is Materially Adverse to Acquireco and its Subsidiaries, taken as a whole. Without limiting the generality of the foregoing:

(i) Acquireco and its Subsidiaries do not have liabilities or obligations in excess of the liabilities or obligations reflected or reserved against in the financial statements contained in the Filed Acquireco Public Disclosure Documents that, either individually or in the aggregate, are Materially Adverse to Acquireco and its Subsidiaries, taken as a whole; and

(ii) none of Acquireco or any of its Subsidiaries or any of their properties is subject to a judgement, order or decree that is Materially Adverse to Acquireco and its Subsidiaries, taken as a whole.

(j) **Restrictions on Business Activities.** Except as set forth in the Acquireco Disclosure Statement, there is no agreement, judgement, injunction, order or decree binding upon Acquireco or any of its Subsidiaries that has, or would reasonably be expected to have, the effect of prohibiting, restricting or impairing any business practice of Acquireco or any of its Subsidiaries, any acquisition of property by Acquireco or any of its Subsidiaries or the conduct of business by any of them as currently conducted (including following the Arrangement) other than such agreements, judgements, injunctions, orders or decrees which are not, individually or in the aggregate, Materially Adverse to Acquireco and its Subsidiaries, taken as a whole.

(k) **Contracts.** The Acquireco Data Room contains all material Contracts to which Acquireco or any of its Subsidiaries is a party. All such Contracts are valid and binding obligations of Acquireco or any of its Subsidiaries and, to the knowledge of Acquireco, the valid and binding obligation of each other party thereto and are enforceable by Acquireco or its applicable Subsidiary in accordance with their respective terms, and the Acquireco or its applicable Subsidiary is entitled to all rights and benefits thereunder, except for such Contracts which if not so valid and binding would not, individually or in the aggregate, have a Materially Adverse effect on Acquireco and its Subsidiaries, taken as a whole. Neither Acquireco nor, to the knowledge of Acquireco, any other party thereto is in violation of or in default in respect of, nor has there occurred an event or condition which with the passage of time or giving of notice (or both) would constitute a default under or entitle any party to terminate, accelerate, modify or call a default under, or trigger any pre-emptive rights or rights of first refusal under, any such Contract except such violations or defaults under such Contracts, which, individually or in the aggregate, would not have a Materially Adverse effect on Acquireco and its Subsidiaries, taken as a whole.

(l) **Tax Matters.**

(i) Acquireco and each of its Subsidiaries have timely filed, or caused to be timely filed with the appropriate Agency, all Tax Returns required to be filed by them, and have timely paid, or caused to be timely paid, all material amounts of Taxes due and payable by them, including all instalments on account of any Taxes, except for any such failure to file or failure to pay which would not individually or in the aggregate, have a

Materially Adverse effect on Acquireco. All such Tax Returns are true, correct and complete in all material respects and have been completed in accordance with applicable Laws. To the best of Acquireco's knowledge, no such Tax Return contains any misstatement or omits any statement that should have been included therein. No Tax Return has been amended.

(ii) Reserves and provisions for Taxes accrued but not yet due on or before the Effective Date as reflected in Acquireco's financial statements contained in the Filed Acquireco Public Disclosure Documents are adequate as of the date of such financial statements, in accordance with AIFRS. No material deficiencies for Taxes have been proposed, asserted or assessed against Acquireco that would reasonably by expected to be Materially Adverse to Acquireco.

(iii) Neither Acquireco nor any of its Subsidiaries has received any written notification that any issues involving a material amount of Taxes have been raised (and are currently pending) by the Australian Tax Office or any other taxing authority, including, without limitation, any sales tax authority, in connection with any of the Tax Returns filed or required to be filed, which would, individually or in the aggregate, be Materially Adverse to Acquireco.

(iv) No unresolved assessments, reassessments, audits, claims, actions, suits, proceedings, or investigations exist or have been initiated with regard to any Taxes or Tax Returns of Acquireco or its Subsidiaries. To the knowledge of Acquireco, no assessment, reassessment, audit or investigation by any Agency is underway, threatened or imminent with respect to Taxes for which Acquireco or any of its Subsidiaries may be liable, in whole or in part.

(v) No election, consent for extension, nor any waiver that extends any applicable statute of limitations relating to the determination of a Tax liability of Acquireco or any of its Subsidiaries has been filed or entered into and is still effective.

(vi) Acquireco and each of its Subsidiaries have properly withheld and remitted all amounts required to be withheld and/or remitted (including income tax and non-resident withholding tax) and have paid such amounts due to the appropriate authority on a timely basis and in the form required under the appropriate legislation except when the failure to do so would not individually or in the aggregate be Materially Adverse.

(vii) Acquireco and each of its Subsidiaries have duly and timely collected all amounts on account of any goods, services, sales, value added, transfer or other Taxes required to have been collected by it and have duly set aside in trust or timely remitted to the appropriate Agency any and all such amounts required to be remitted by it.

(viii) Acquireco and each of its Subsidiaries is, and at all times has filed its Tax Returns on the basis that it is, resident for Tax purposes in its country of incorporation or formation and has not at any time been treated by any Agency as resident in any other country for any Tax purpose (including any treaty, convention or arrangement for the avoidance of double taxation). None of Acquireco or any of its Subsidiaries has filed any Tax Return on the basis that it is subject to Tax (other than withholding Tax) in any jurisdiction other than its country of incorporation or formation (and political subdivisions thereof) or received written notification from any Agency that it may be required to file on such basis.

(ix) There are no Tax liens on any assets of Acquireco or any of its Subsidiaries except for Taxes not yet currently due and those which would not reasonably be expected to be Materially Adverse to Acquireco.

(x) For purposes of this Section (k), the term "**material amount of Taxes**" shall mean an amount of Taxes that is material to Acquireco and its Subsidiaries taken as a whole.

(m) **Non-Arm's Length Transactions**. Other than as set out in the Acquireco Disclosure Statement, there are no current contracts, commitments, agreements, arrangements or other transactions (including relating to indebtedness by Acquireco or any of its Subsidiaries) between Acquireco or any of its Subsidiaries on the one hand, and any (a) officer or director of Acquireco or any of its Subsidiaries, (b) any holder of record or, to the knowledge of Acquireco, beneficial owner of five percent or more of the voting securities of Acquireco, or (c) any affiliate or associate of any officer, director or beneficial owner, on the other hand.

(n) **Books and Records.** The financial books, records and accounts of Acquireco and its Subsidiaries in all material respects, (i) have been maintained in accordance with AIFRS on a basis consistent with prior years, (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and dispositions of the assets of Acquireco and its Subsidiaries and (iii) accurately and fairly reflect the basis for Acquireco consolidated financial statements. The corporate minute books of Acquireco and its Subsidiaries contain minutes of all meetings and resolutions of the directors and shareholders held, and access to non-confidential information has been provided to Acquireco.

(o) **Insurance.** Acquireco and its Subsidiaries maintain insurance coverage with reputable insurers in such amounts and covering such risks as are in accordance with normal industry practice for companies engaged in businesses similar to that of Acquireco and its Subsidiaries.

(p) **Litigation.** Except as disclosed in the Filed Acquireco Public Disclosure Documents, there is no suit, action or proceeding pending or, to the knowledge of Acquireco, threatened against Acquireco or any of its Subsidiaries that, individually or in the aggregate, would reasonably be expected to have a Materially Adverse effect on Acquireco and its Subsidiaries, taken as a whole, and there is not any judgement, decree, injunction, rule or order of any Agency or arbitrator outstanding against Acquireco or any of its Subsidiaries having, or which would reasonably be expected to have, a Materially Adverse effect on Acquireco and its Subsidiaries, taken as a whole. As of the date of this agreement, except as disclosed in the Filed Acquireco Public Disclosure Documents, there is no suit, action or proceeding pending, or, to the knowledge of Acquireco, threatened, against Acquireco or any of its Subsidiaries that, individually or in the aggregate, would reasonably be expected to prevent or delay in any material respect the consummation of the Transactions.

(q) **Determination by the Board.** The board of directors of each of Acquireco and Canco has unanimously determined and resolved at its respective meeting held on March 30, 2012:

(i) that the entering into of this agreement and the performance by Acquireco or Canco, as the case may be, of its obligations hereunder and the Transactions are in the best interests of Acquireco or Canco, as the case may be;

(ii) to approve the Transactions and this agreement; and

(iii) to recommend to Acquireco Shareholders to give the Acquireco Shareholder Approval.

(r) **Brokers.** Except as set forth in the Acquireco Disclosure Statement, no broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Transactions based upon arrangements made by or on behalf of Acquireco. Acquireco has made available to Target true and complete copies of all agreements that are referred to in Section (u) of the Acquireco Disclosure Statement and all indemnification and other agreements related to the engagement of the persons so listed.

(s) **Compliance.** Except for any conflicts, defaults or violations that would not, individually or in the aggregate (taking into account the impact of any cross-defaults), reasonably be expected to result in a Materially Adverse effect on Acquireco and its Subsidiaries, taken as a whole, each of Acquireco and its Subsidiaries has complied with, and is not in conflict with, or in default (including cross defaults) under or in violation of:

(i) its articles or other organizational documents or by-laws;

(ii) any Law or Permit applicable to it, its business or operations or by which any of its properties or assets is bound or affected; or

(iii) any agreement, arrangement or understanding to which it, its business or operations or by which any of its properties or assets is bound or affected.

(t) **Dispositions of Company Property.** As at the date of this agreement, except as described in the Filed Acquireco Public Disclosure Documents, since 1 March 2012 neither Acquireco nor any of its Subsidiaries has sold or disposed of or ceased to hold or own any personal property, real property, any interest or rights with respect to real property (including exploration or production rights), any royalty interest or interest in a joint venture or other assets of properties of Acquireco or any of its Subsidiaries ("**Acquireco Property**"), other than any Acquireco Property having an individual fair market value of less than $1,000,000 in the aggregate, in each case in the ordinary course of business, consistent with past practice. Except as may be set forth in the Acquireco Disclosure Statement, as at the date of this agreement, no Acquireco Property, the fair market value of which on the date of this agreement is greater than $1,000,000 in the aggregate, is subject to any pending sale or disposition transaction.

(u) **Absence of Cease Trade Orders**. As at the date of this agreement, no order ceasing or suspending trading in Acquireco Shares (or any of them) or any other securities of Acquireco is outstanding and no proceedings for this purpose have been instituted or, to the knowledge of Acquireco, are pending, contemplated or threatened.

(v) **Issuance of Acquireco Shares and Exchangeable Shares**. All Acquireco Shares and Exchangeable Shares issuable in connection with the Arrangement will be duly authorized and validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights and will not be subject to any hold or restricted periods.

(w) **Investment Canada Act.** Acquireco qualifies as a "WTO investor", as such term is defined at subsection 14.1(6) of the Investment Canada Act.

(x) **Reservation of Shares**. Subject to Acquireco Shareholder Approval, as specified in this agreement, Acquireco has the ability and capacity to issue the Acquireco Shares, the Exchangeable Shares and the Acquireco Convertible Notes contemplated under this agreement and pursuant to the Arrangement.

(y) **Absence of Environmental Liabilities.** No environmental, reclamation or closure obligations or other liabilities for which Acquireco or any of its Subsidiaries would be liable or responsible presently exist with respect to any portion of any currently or formerly owned, leased, used or otherwise controlled property, interests or rights or relating to the operations and business of Acquireco or its Subsidiaries and there is no basis for any such obligations or liabilities to arise in the future as a result of any activity on or in respect of such property, interests, rights, operations and business, other than usual mine closure and reclamation obligations to be expected in the future in the ordinary course of doing mining, processing or other operations at the relevant time. Except as set forth in the Acquireco Disclosure Statement, neither Acquireco nor any of its Subsidiaries has received an inquiry from or notice of any pending investigation from any Agency or of any administrative or judicial proceeding concerning the violation of any applicable Law or any such environmental, reclamation or closure obligations or other liabilities.

(z) **Listing**. The Acquireco Shares are quoted for trading on the market conducted by ASX. From and after the Effective Time the Acquireco Shares included in the Acquireco Share Consideration shall be listed and quoted for trading on the market conducted by ASX, the Acquireco Shares issuable upon exchange of the Exchangeable Share Consideration shall, subject to such exchange, be listed and quoted for trading on the market conducted by ASX and the Acquireco Shares issuable upon conversion of the Acquireco Convertible Notes shall, subject to such conversion, be listed and quoted for trading on the market conducted by ASX.

(aa) **Foreign Private Issuer**. Each of Acquireco and Canco is a "foreign private issuer" as defined in Rule 405 of Regulation C under the U.S. Securities Act.

(bb) **Investment Company**. Neither Acquireco nor Canco is registered, or is required to be registered, as an "investment company" within the meaning of the United States Investment Company Act of 1940, as amended.

SCHEDULE H

SCHEDULE I
SUPPORT AGREEMENT

MEMORANDUM OF AGREEMENT made as of the <*> day of <*>, between Galaxy Resources Limited, a corporation existing under the laws of Australia (hereinafter referred to as "**Acquireco**"), Galaxy Lithium One (Québec) Inc., a corporation existing under the laws of Quebec (hereinafter referred to as "**Callco**") and Galaxy Lithium One Inc., a corporation existing under the laws of Quebec (hereinafter referred to as "**Canco**").

RECITALS:

(a) in connection with an arrangement agreement (the "**Arrangement Agreement**") made as of March 29, 2012 between Acquireco, Canco and Lithium One Inc. ("**Target**"), the Exchangeable Shares are to be issued to certain holders of securities of Target pursuant to the Plan of Arrangement contemplated by the Arrangement Agreement; and

(b) pursuant to the Arrangement Agreement, Acquireco, Canco and Callco are required to enter into this agreement.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are acknowledged), the parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

Each initially capitalized term used and not otherwise defined herein shall have the meaning ascribed thereto in the rights, privileges, restrictions and conditions (collectively, the "**Share Provisions**") attaching to the Exchangeable Shares as set out in the articles of Canco. In this agreement, "**including**" means "including without limitation" and "**includes**" means "includes without limitation".

1.2 Interpretation Not Affected by Headings

The division of this agreement into Articles, Sections and other portions and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this agreement. Unless otherwise specified, references to an "Article" or "Section" refer to the specified Article or Section of this agreement.

1.3 Number, Gender

Words importing the singular number only shall include the plural and vice versa. Words importing any gender shall include all genders.

1.4 Date for any Action

If any date on which any action is required to be taken under this agreement is not a business day, such action shall be required to be taken on the next succeeding business day. For the purposes of this agreement, a "business day" means any day other than a Saturday, Sunday, a public holiday or a day on which commercial banks are not open for business in Toronto, Ontario, West Perth, Australia, under applicable law.

ARTICLE 2
COVENANTS OF ACQUIRECO AND CANCO

2.1 Covenants Regarding Exchangeable Shares

So long as any Exchangeable Shares not owned by Acquireco or its affiliates are outstanding, Acquireco shall:

(a) not declare or pay any dividend or make any other distribution on the Acquireco Shares unless (i) Canco shall (A) on the same day declare or pay, as the case may be, an equivalent dividend or other distribution (as provided for in the Share Provisions) on the Exchangeable Shares (an "**Equivalent Dividend**"), and (B) have sufficient money or other assets or authorized but unissued securities available to enable the due declaration and the due and punctual payment, in accordance with applicable law, of any such Equivalent Dividend, or (ii) Canco shall, in the case of a dividend that is a stock dividend on the Acquireco Shares (A) subdivide the Exchangeable Shares in lieu of a stock dividend thereon (as provided for in the Share Provisions) in a similar proportion to that in respect of the Acquireco Shares (an "**Equivalent Stock Subdivision**"), and (B) have sufficient authorized but unissued securities available to enable the Equivalent Stock Subdivision;

(b) advise Canco sufficiently in advance of the declaration by Acquireco of any dividend or other distribution on the Acquireco Shares and take all such other actions as are necessary or desirable, in co-operation with Canco, to ensure that (i) the respective declaration date, record date and payment date for an Equivalent Dividend on the Exchangeable Shares shall be the same as the declaration date, record date and payment date for the corresponding dividend or other distribution on the Acquireco Shares, or (ii) the record date and effective date for an Equivalent Stock Subdivision shall be the same as the record date and payment date for the corresponding stock dividend on the Acquireco Shares;

(c) ensure that the record date for any dividend or other distribution declared on the Acquireco Shares is not less than seven (7) days after the declaration date of such dividend or other distribution and at least seven (7) days prior written notice of the dividend or other distribution is issued or distributed to holders of Exchangeable Shares;

(d) take all such actions and do all such things as are necessary to enable and permit Canco, in accordance with applicable Law, to pay and otherwise perform its obligations with respect to the satisfaction of the Liquidation Amount, the Retraction Price or the Redemption Price in respect of each issued and outstanding Exchangeable Share (other than Exchangeable Shares owned by Acquireco or its affiliates) upon the liquidation, dissolution or winding-up of Canco or any other distribution of the assets of Canco among its shareholders for the purpose of winding up its affairs, the delivery of a Retraction Request by a holder of Exchangeable Shares or a redemption of Exchangeable Shares by Canco, as the case may be, including all such actions and all such things as are necessary or desirable to enable and permit Canco to cause to be delivered Acquireco Shares to the holders of Exchangeable Shares in accordance with the provisions of Sections 5, 6 or 7, as the case may be, of the Share Provisions;

(e) take all such actions and do all such things as are necessary or desirable to enable and permit Callco, in accordance with applicable law, to perform its obligations arising upon the exercise by it of the Liquidation Call Right, the Retraction Call Right, the Change of Law Call Right (as defined in the Plan of Arrangement) or the Redemption Call Right, including all such actions and all such things as are necessary or desirable to enable and permit Callco to cause to be delivered Acquireco Shares to the holders of Exchangeable Shares in accordance with the provisions of the Liquidation Call Right, the Retraction Call Right, the Change of Law Call Right or the Redemption Call Right, as the case may be; and

(f) except in connection with any event, circumstance or action which causes or could cause the occurrence of a Redemption Date, not exercise its vote as a shareholder to initiate the voluntary liquidation, dissolution or winding up of Canco or Callco or any other distribution of the assets of Canco or Callco among its shareholders for the purpose of winding up its affairs, nor take any action or omit to take any action that is designed to result in the liquidation, dissolution or winding up of Canco or any other distribution of the assets of Canco among its shareholders for the purpose of winding up its affairs.

2.2 Segregation of Funds

Acquireco shall cause Canco to deposit a sufficient amount of funds in a separate account of Canco and segregate a sufficient amount of such other assets and property as is necessary to enable Canco to pay dividends when due (including, without limitation, the Equivalent Dividend) and to pay or otherwise satisfy its respective obligations under Sections 5, 6 and 7 of the Share Provisions, as applicable.

2.3 Reservation of Acquireco Shares

Acquireco hereby represents, warrants and covenants in favour of Canco and Callco that Acquireco has reserved for issuance and shall, at all times while any Exchangeable Shares (other than Exchangeable Shares held by Acquireco or its affiliates) are outstanding, keep available, free from pre-emptive and other rights, out of its authorized and unissued capital stock such number of Acquireco Shares (or other shares or securities into which Acquireco Shares may be reclassified or changed as contemplated by Section 2.7): (a) as is equal to the sum of (i) the number of Exchangeable Shares issued and outstanding from time to time and (ii) the number of Exchangeable Shares issuable upon the exercise of all rights to acquire Exchangeable Shares outstanding from time to time; and (b) as are now and may hereafter be required to enable and permit Acquireco to meet its obligations under the Voting and Exchange Trust Agreement and under any other security or commitment pursuant to which Acquireco may now or hereafter be required to issue Acquireco Shares, to enable and permit Callco or Acquireco, as the case may be, to meet its obligations under each of the Liquidation Call Right, the Retraction Call Right, the Change of Law Call Right and the Redemption Call Right and to enable and permit Canco to meet its obligations hereunder and under the Share Provisions.

2.4 Notification of Certain Events

In order to assist Acquireco to comply with its obligations hereunder and to permit Callco or Acquireco to exercise, as the case may be, the Liquidation Call Right, the Retraction Call Right, the Change of Law Call Right and the Redemption Call Right, Canco shall notify Acquireco and Callco of each of the following events at the time set forth below:

(a) in the event of any determination by the Board of Directors of Canco to institute voluntary liquidation, dissolution or winding-up proceedings with respect to Canco or to effect any other distribution of the assets of Canco among its shareholders for the purpose of winding up its affairs, at least 60 days prior to the proposed effective date of such liquidation, dissolution, winding-up or other distribution;

(b) promptly, upon the earlier of receipt by Canco of notice of and Canco otherwise becoming aware of any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding-up of Canco or to effect any other distribution of the assets of Canco among its shareholders for the purpose of winding up its affairs;

(c) immediately, upon receipt by Canco of a Retraction Request;

(d) on the same date on which notice of redemption is given to holders of Exchangeable Shares, upon the determination of a Redemption Date in accordance with the Share Provisions;

(e) as soon as practicable upon the issuance by Canco of any Exchangeable Shares or rights to acquire Exchangeable Shares (other than the issuance of Exchangeable Shares and rights to acquire Exchangeable Shares pursuant to the Arrangement); and

(f) promptly, upon receiving notice of a Change of Law (as defined in the Plan of Arrangement).

2.5 Delivery of Acquireco Shares to Canco and Callco

In furtherance of its obligations under Section 2.1(d) and Section 2.1(e), upon notice from Canco or Callco of any event that requires Canco or Callco to cause to be delivered Acquireco Shares to any holder of Exchangeable Shares, Acquireco shall forthwith allot, issue and deliver or cause to be delivered to the relevant holder of Exchangeable Shares as directed by Canco or Callco the requisite number of Acquireco Shares to be allotted to, received by, and issued to or to the order of, the former holder of the surrendered Exchangeable Shares (but, for the avoidance of doubt, not to Canco or Callco). All such Acquireco Shares shall be duly authorized and validly issued as fully paid and shall be free and clear of any lien, claim or encumbrance. In consideration of the issuance and delivery of each such Acquireco Share, Canco or Callco, as the case may be, shall ascribe a cash amount or pay a purchase price equal to the fair market value of such Acquireco Shares.

2.6 Qualification of Acquireco Shares

If any Acquireco Shares (or other shares or securities into which Acquireco Shares may be reclassified or changed as contemplated by Section 2.7) to be issued and delivered hereunder require registration or qualification with or approval of or the filing of any document, including any prospectus or similar document or the taking of any proceeding with or the obtaining of any order, ruling or consent from any governmental or regulatory authority under any Australian or Canadian federal, state, provincial or territorial securities or other Law or regulation or pursuant to the rules and regulations of any securities or other regulatory authority in Australia or Canada or the fulfillment of any other Australian or Canadian legal requirement before such shares (or such other shares or securities) may be issued by Acquireco and delivered by Acquireco at the direction of Callco or Canco, if applicable, to the holder of surrendered Exchangeable Shares or in order that such shares (or such other shares or securities) may be freely traded (other than any restrictions of general application on transfer by reason of a holder being a "**control person**" for purposes of Canadian federal, provincial or territorial securities Law or the equivalent thereof under any Australian Laws), Acquireco shall use its commercially reasonable efforts (which, for greater certainty, shall not require Acquireco to consent to a term or condition of an approval or consent which Acquireco reasonably determines could have a materially adverse effect on Acquireco or its subsidiaries) to cause such Acquireco Shares (or such other shares or securities) to be and remain duly registered, qualified or approved under Australian and/or Canadian Law as freely tradeable shares. Acquireco shall use its commercially reasonable efforts (which, for greater certainty, shall not require Acquireco to consent to a term or condition of an approval or consent which Acquireco reasonably determines could have a materially adverse effect on Acquireco or its subsidiaries) to cause all Acquireco Shares (or such other shares or securities) to be delivered hereunder to be listed, quoted or posted for trading on all stock exchanges and quotation systems on which outstanding Acquireco Shares (or such other shares or securities) have been listed by Acquireco and remain listed and are quoted or posted for trading at such time.

2.7 Economic Equivalence

So long as any Exchangeable Shares not owned by Acquireco or its affiliates are outstanding:

(a) Acquireco shall not without prior approval of Canco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 12(2) of the Share Provisions:

(i) issue or distribute Acquireco Shares (or securities exchangeable for or convertible into or carrying rights to acquire Acquireco Shares) to the holders of all or substantially all of the then outstanding Acquireco Shares by way of stock dividend or other distribution, other than an issue of Acquireco Shares (or securities exchangeable for or convertible into or carrying rights to acquire Acquireco Shares) to holders of Acquireco Shares (i) who exercise an option to receive dividends in Acquireco Shares (or securities exchangeable for or convertible into or carrying rights to acquire Acquireco Shares) in lieu of receiving cash dividends, or (ii) pursuant to any dividend reinvestment plan or similar arrangement; or

(ii) issue or distribute rights, options or warrants to the holders of all or substantially all of the then outstanding Acquireco Shares entitling them to subscribe for or to purchase Acquireco Shares (or securities exchangeable for or convertible into or carrying rights to acquire Acquireco Shares); or

(iii) issue or distribute to the holders of all or substantially all of the then outstanding Acquireco Shares (A) shares or securities (including evidence of indebtedness) of Acquireco of any class (other than Acquireco Shares or securities convertible into or exchangeable for or carrying rights to acquire Acquireco Shares), or (B) rights, options, warrants or other assets other than those referred to in Section 2.7(a)(ii) or (C) assets of Acquireco;

unless in each case the economic equivalent on a per share basis of such rights, options, securities, shares, evidences of indebtedness or other assets is issued or distributed simultaneously to holders of the Exchangeable Shares and at least seven (7) days prior written notice thereof is given to the holders of Exchangeable Shares; provided that, for greater certainty, the above restrictions shall not apply to any securities issued or distributed by Acquireco in order to give effect to and to consummate, is in furtherance of or is otherwise in connection with the transactions contemplated by, and in accordance with, the Plan of Arrangement.

(b) Acquireco shall not without the prior approval of Canco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 12(2) of the Share Provisions:

(i) subdivide, redivide or change the then outstanding Acquireco Shares into a greater number of Acquireco Shares; or

(ii) reduce, combine, consolidate or change the then outstanding Acquireco Shares into a lesser number of Acquireco Shares; or

(iii) reclassify or otherwise change Acquireco Shares or effect an amalgamation, merger, arrangement, reorganization or other transaction affecting Acquireco Shares;

unless the same or an economically equivalent change shall simultaneously be made to, or in the rights of the holders of, the Exchangeable Shares and at least seven days prior written notice is given to the holders of Exchangeable Shares.

(c) Acquireco shall ensure that the record date for any event referred to in Section 2.7(a) or Section 2.7(b), or (if no record date is applicable for such event) the effective date for any such event, is not less than seven business days after the date on which such event is declared or announced by Acquireco (with contemporaneous notification thereof by Acquireco to Canco).

(d) The Board of Directors of Canco shall determine, acting in good faith and in its sole discretion, economic equivalence for the purposes of any event referred to in Section 2.7(a) or Section 2.7(b) and each such determination shall be conclusive and binding on Acquireco. In making each such determination, the following factors shall, without excluding other factors determined by the Board of Directors of Canco to be relevant, be considered by the Board of Directors of Canco:

(i) in the case of any stock dividend or other distribution payable in Acquireco Shares, the number of such shares issued in proportion to the number of Acquireco Shares previously outstanding;

(ii) in the case of the issuance or distribution of any rights, options or warrants to subscribe for or purchase Acquireco Shares (or securities exchangeable for or convertible into or carrying rights to acquire Acquireco Shares), the relationship between the exercise price of each such right, option or warrant and the Current Market Price of a Acquireco Share;

(iii) in the case of the issuance or distribution of any other form of property (including any shares or securities of Acquireco of any class other than Acquireco Shares, any rights, options or warrants other than those referred to in Section 2.7(d)(ii), any evidences of indebtedness of Acquireco or any assets of Acquireco), the relationship between the fair market value (as determined by the Board of Directors of Canco in the manner above contemplated) of such property to be issued or distributed with respect to each outstanding Acquireco Share and the Current Market Price of a Acquireco Share;

(iv) in the case of any subdivision, redivision or change of the then outstanding Acquireco Shares into a greater number of Acquireco Shares or the reduction, combination, consolidation or change of the then outstanding Acquireco Shares into a lesser number of Acquireco Shares or any amalgamation, merger, arrangement, reorganization or other transaction affecting Acquireco Shares, the effect thereof upon the then outstanding Acquireco Shares; and

(v) in all such cases, the general taxation consequences of the relevant event to holders of Exchangeable Shares to the extent that such consequences may differ from the taxation consequences to holders of Acquireco Shares as a result of differences between taxation Laws of Canada and the Australia (except for any differing consequences arising as a result of differing withholding taxes and marginal taxation rates and without regard to the individual circumstances of holders of Exchangeable Shares).

(e) Canco agrees that, to the extent required, upon due notice from Acquireco, Canco shall use its best efforts to take or cause to be taken such steps as may be necessary for the purposes of ensuring that appropriate dividends are paid or other distributions are made by Canco, or subdivisions, redivisions or changes are made to the Exchangeable Shares, in order to implement the required economic equivalence with respect to the Acquireco Shares and Exchangeable Shares as provided for in this Section 2.7.

2.8 Tender Offers

In the event that a tender offer, share exchange offer, issuer bid, take-over bid or similar transaction with respect to Acquireco Shares (an "**Offer**") is proposed by Acquireco or is proposed to Acquireco or its shareholders and is recommended by the Board of Directors of Acquireco, or is otherwise effected or to be effected with the consent or approval of the Board of Directors of Acquireco, and the Exchangeable Shares are not redeemed by Canco or purchased by Callco pursuant to the Redemption Call Right, Acquireco shall expeditiously and in good faith take all such actions and do all such things as are necessary or desirable to enable and permit holders of Exchangeable Shares (other than Acquireco and its affiliates) to participate in such Offer to the same extent and on an economically equivalent basis as the holders of Acquireco Shares, without discrimination. Without limiting the generality of the foregoing, Acquireco shall expeditiously and in good faith take all such actions and do all such things as are necessary or desirable to ensure that holders of Exchangeable Shares may participate in each such Offer without being required to retract Exchangeable Shares as against Canco (or, if so required, to ensure that any such retraction, shall be effective only upon, and shall be conditional upon, the closing of such Offer and only to the extent necessary to tender or deposit to the Offer). Nothing herein shall affect the rights of Canco to redeem (or Callco to purchase pursuant to the Redemption Call Right) Exchangeable Shares, as applicable, in the event of an Acquireco Control Transaction.

2.9 Ownership of Outstanding Shares

Without the prior approval of Canco and the prior approval of the holders of the Exchangeable Shares given in accordance with Section 12(2) of the Share Provisions, Acquireco covenants and agrees in favour of Canco that, as long as any outstanding Exchangeable Shares are owned by any person other than Acquireco or any of its affiliates, Acquireco shall be and remain the direct or indirect beneficial owner of all issued and outstanding voting shares in the capital of Canco and Callco. Notwithstanding the foregoing, but subject to Article 3, Acquireco shall not be in violation of this Section 2.9 if any person or group of persons acting jointly or in concert acquire all or substantially all of the assets of Acquireco or the Acquireco Shares pursuant to any merger of Acquireco pursuant to which Acquireco was not the surviving corporation.

2.10 Acquireco and Affiliates Not to Vote Exchangeable Shares

Acquireco covenants and agrees that it shall appoint and cause to be appointed proxyholders with respect to all Exchangeable Shares held by it and its affiliates for the sole purpose of attending each meeting of holders of Exchangeable Shares in order to be counted as part of the quorum for each such meeting. Acquireco further covenants and agrees that it shall not, and shall cause its affiliates not to, exercise any voting rights which may be exercisable by holders of Exchangeable Shares from time to time pursuant to the Share Provisions or pursuant to the provisions of the QBCA (or any successor or other corporate statute by which Canco may in the future be governed) with respect to any Exchangeable Shares held by it or by its affiliates in respect of any matter considered at any meeting of holders of Exchangeable Shares.

2.11 Ordinary Market Purchases

For certainty, nothing contained in this agreement, including the obligations of Acquireco contained in Section 2.8, shall limit the ability of Acquireco (or any of its subsidiaries including, without limitation, Callco or Canco) to make ordinary market purchases of Acquireco Shares in accordance with applicable laws and regulatory or stock exchange requirements.

2.12 Stock Exchange Listing

Acquireco covenants and agrees in favour of Canco that, as long as any outstanding Exchangeable Shares are owned by any person other than Acquireco or any of its affiliates, Acquireco shall use reasonable efforts to maintain a listing for such Acquireco Shares on the ASX.

ARTICLE 3
ACQUIRECO SUCCESSORS

3.1 Certain Requirements in Respect of Combination, etc.

So long as any Exchangeable Shares not owned by Acquireco or its affiliates are outstanding, Acquireco shall not consummate any transaction (whether by way of reconstruction, reorganization, consolidation, arrangement, amalgamation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other person or, in the case of a merger, of the continuing corporation resulting therefrom, provided that it may do so if:

(a) such other person or continuing corporation (the "**Acquireco Successor**") by operation of law, becomes, without more, bound by the terms and provisions of this agreement or, if not so bound, executes, prior to or contemporaneously with the consummation of such transaction, an agreement supplemental hereto and such other instruments (if any) as are necessary or advisable to evidence the assumption by the Acquireco Successor of liability for all moneys payable and property deliverable hereunder and the covenant of such Acquireco Successor to pay and deliver or cause to be delivered the same and its agreement to observe and perform all the covenants and obligations of Acquireco under this agreement; and

(b) such transaction shall be upon such terms and conditions as to preserve and not to impair in any material respect any of the rights, duties, powers and authorities of the other parties hereunder or the holders of the Exchangeable Shares.

3.2 Vesting of Powers in Successor

Whenever the conditions of Section 3.1 have been duly observed and performed, the parties, if required by Section 3.1, shall execute and deliver the supplemental agreement provided for in Section 3.1(a) and thereupon the Acquireco Successor and such other person that may then be the issuer of the Acquireco Shares shall possess and from time to time may exercise each and every right and power of Acquireco under this agreement in the name of Acquireco or otherwise and any act or proceeding by any provision of this agreement required to be done or performed by the Board of Directors of Acquireco or any officers of Acquireco may be done and performed with like force and effect by the directors or officers of such Acquireco Successor.

3.3 Wholly-Owned Subsidiaries

Nothing herein shall be construed as preventing (i) the amalgamation or merger of any wholly-owned direct or indirect subsidiary of Acquireco with or into Acquireco (other than Canco or Callco), (ii) the winding-up, liquidation or dissolution of any wholly-owned direct or indirect subsidiary of Acquireco, provided that all of the assets of such subsidiary are transferred to Acquireco or another wholly-owned direct or indirect subsidiary of Acquireco, or (iii) any other distribution of the assets of any wholly-owned direct or indirect subsidiary of Acquireco among the shareholders of such subsidiary for the purpose of winding up its affairs (other than Canco or Callco, unless done so in accordance with the terms of this Agreement and the Share Provisions), and any such transactions are expressly permitted by this Article 3.

3.4 Successorship Transaction

Notwithstanding the foregoing provisions of Article 3, in the event of an Acquireco Control Transaction:

(a) in which Acquireco merges or amalgamates with, or in which all or substantially all of the then outstanding Acquireco Shares are acquired by, one or more other corporations to which Acquireco is, immediately before such merger, amalgamation or acquisition, “related” within the meaning of the Tax Act (otherwise than by virtue of a right referred to in paragraph 251(5)(b) thereof);

(b) which does not result in an acceleration of the Redemption Date in accordance with paragraph (b) of the definition of Redemption Date in section 1(1) of the Share Provisions; and

(c) in which all or substantially all of the then outstanding Acquireco Shares are converted into or exchanged for shares or rights to receive such shares (the "**Other Shares**") or another corporation (the "**Other Corporation**") that, immediately after such Acquireco Control Transaction, owns or controls, directly or indirectly, Acquireco;

then all references herein to "Acquireco" shall thereafter be and be deemed to be references to "Other Corporation" and all references herein to "Acquireco Shares" shall thereafter be and be deemed to be references to "Other Shares" (with appropriate adjustments if any, as are required to result in a holder of Exchangeable Shares on the exchange, redemption or retraction of such shares pursuant to the Exchangeable Share Provisions or Article 5 of the Plan of Arrangement or exchange of such shares pursuant to the Voting and Exchange Trust Agreement immediately subsequent to the Acquireco Control Transaction being entitled to receive that number of Other Shares equal to the number of Other Shares such holder of Exchangeable Shares would have received if the exchange, redemption or retraction of such shares pursuant to the Exchangeable Share Provisions or Article 5 of the Plan of Arrangement, or exchange of such shares pursuant to the Voting and Exchange Trust Agreement had occurred immediately prior to the Acquireco Control Transaction and the Acquireco Control Transaction was completed) without any need to amend the terms and conditions of the Exchangeable Shares and without any further action required.

ARTICLE 4
GENERAL

4.1 Term

This agreement shall come into force and be effective as of the date hereof and shall terminate and be of no further force and effect at such time as no Exchangeable Shares (or securities or rights convertible into or exchangeable for or carrying rights to acquire Exchangeable Shares) are held by any person other than Acquireco and any of its affiliates.

4.2 Changes in Capital of Acquireco and Canco

At all times after the occurrence of any event contemplated pursuant to Section 2.7 and Section 2.8 or otherwise, as a result of which either Acquireco Shares or the Exchangeable Shares or both are in any way changed, this agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, mutatis mutandis, to all new securities into which Acquireco Shares or the Exchangeable Shares or both are so changed and the parties hereto shall execute and deliver an agreement in writing giving effect to and evidencing such necessary amendments and modifications.

4.3 Severability

If any term or other provision of this agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

4.4 **Amendments, Modifications**

(a) Subject to Section 4.2, Section 4.3 and Section 4.5 this agreement may not be amended or modified except by an agreement in writing executed by Canco, Callco and Acquireco and approved by the holders of the Exchangeable Shares in accordance with Section 12(2) of the Share Provisions.

(b) No amendment or modification or waiver of any of the provisions of this agreement otherwise permitted hereunder shall be effective unless made in writing and signed by all of the parties hereto.

4.5 **Ministerial Amendments**

Notwithstanding the provisions of Section 4.4, the parties to this agreement may in writing at any time and from time to time, without the approval of the holders of the Exchangeable Shares, amend or modify this agreement for the purposes of:

(a) adding to the covenants of any or all parties provided that the Board of Directors of each of Canco, Callco and Acquireco shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the holders of the Exchangeable Shares;

(b) making such amendments or modifications not inconsistent with this agreement as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Board of Directors of each of Canco, Callco and Acquireco, it may be expedient to make, provided that each such Board of Directors shall be of the good faith opinion that such amendments or modifications will not be prejudicial to the rights or interests of the holders of the Exchangeable Shares; or

(c) making such changes or corrections which, on the advice of counsel to Canco, Callco and Acquireco, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Boards of Directors of each of Canco, Callco and Acquireco shall be of the good faith opinion that such changes or corrections will not be prejudicial to the rights or interests of the holders of the Exchangeable Shares.

4.6 **Meeting to Consider Amendments**

Canco, at the request of Acquireco, shall call a meeting or meetings of the holders of the Exchangeable Shares for the purpose of considering any proposed amendment or modification requiring approval pursuant to Section 4.4. Any such meeting or meetings shall be called and held in accordance with the bylaws of Canco, the Share Provisions and all applicable laws.

4.7 **Enurement**

This agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns.

4.8 **Notices to Parties**

Any notice and other communications required or permitted to be given pursuant to this agreement shall be sufficiently given if delivered in person or if sent by facsimile transmission (provided such transmission is recorded as being transmitted successfully) to the parties at the following addresses:

(i) in the case of Acquireco, Canco or Callco to the following address:

Galaxy Resources Limited
Attn: Mr Iggy Tan
Managing Director
Level 2, 16 Ord Street
West Perth, WA 6005

Tel: +61 8 9215 1700
Fax: +61 8 9215 1799

with a copy to (which shall not constitute notice):

Fasken Martineau DuMoulin LLP
Attn: Mr Peter Villani
Stock Exchange Tower
Suite 3400
800 Place Victoria
Montréal QC H4Z 1E9
Canada

Tel: +1 514 397 4316
Fax: +1 514 397 7600

or at such other address as the party to which such notice or other communication is to be given has last notified the party given the same in the manner provided in this section, and if not given the same shall be deemed to have been received on the date of such delivery or sending.

4.9 Counterparts

This agreement may be executed in counterparts, each of which shall be deemed an original, and all of which taken together shall constitute one and the same instrument.

4.10 Jurisdiction

This agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Each party hereto irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario with respect to any matter arising hereunder or related hereto.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be duly executed as of the date first above written.

GALAXY RESOURCES LIMITED

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

GALAXY LITHIUM ONE (QUEBEC) INC.

By: ______________________________
Name:
Title:

GALAXY LITHIUM ONE INC.

By: ______________________________
Name:
Title:

SCHEDULE J
VOTING AND EXCHANGE TRUST AGREEMENT

MEMORANDUM OF AGREEMENT made as of the <*> day of <*>, between Galaxy Resources Limited, a corporation existing under the laws of Australia (hereinafter referred to as "**Acquireco**"), Galaxy Lithium One Inc., a corporation existing under the laws of Quebec (hereinafter referred to as "**Canco**"), and Computershare Trust Company of Canada, a trust company incorporated under the laws of Canada (hereinafter referred to as the "**Trustee**").

RECITALS:

A. In connection with an agreement (as may be amended, supplemented and/or restated, the "**Arrangement Agreement**") made as of March 29, 2012, between Acquireco, Canco and Target, the Exchangeable Shares are to be issued to certain holders of securities of Target pursuant to the Plan of Arrangement contemplated in the Arrangement Agreement;

B. Pursuant to the Arrangement Agreement, Acquireco and Canco are required to enter into this agreement.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are acknowledged), the parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 **Definitions**

In this agreement, each initially capitalized term used and not otherwise defined herein shall have the meaning ascribed thereto in the rights, privileges, restrictions and conditions (collectively, the "**Share Provisions**") attaching to the Exchangeable Shares as set out in the articles of Canco and the following terms shall have the following meanings:

"**Acquireco Consent**" has the meaning ascribed thereto in Section 4.2(a).

"**Acquireco Meeting**" has the meaning ascribed thereto in Section 4.2.

"**Acquireco Special Voting Shares**" means the special voting shares in the capital of Acquireco which entitle the holder of record of each share one vote per share at meetings of holders of Acquireco Shares and in number outstanding at any time equal to the number of Exchangeable Shares outstanding from time to time (excluding Exchangeable Shares held by Acquireco and affiliates of Acquireco), which shares are to be issued to and voted by, the Trustee as described herein.

"**Acquireco Successor**" has the meaning ascribed thereto in Section 10.1(a).

"**Authorized Investments**" means short term interest-bearing or discount debt obligations issued or guaranteed by the Government of Canada or any province thereof or a Canadian chartered bank (which may include an affiliate or related party of the Trustee), maturing not more than one year from the date of investment, provided that each such obligation is rated at least RI (middle) by DBRS Inc. or any equivalent rating by Canadian Bond Rating Service.

"**Automatic Exchange Right**" means the benefit of the obligation of Acquireco to effect the automatic exchange of Exchangeable Shares for Acquireco Shares pursuant to Section 5.12.

"**Beneficiaries**" means the registered holders from time to time of Exchangeable Shares, other than Acquireco's affiliates.

"**Beneficiary Votes**" has the meaning ascribed thereto in Section 4.2.

"**Board of Directors**" means the Board of Directors of Canco.

"**Exchange Right**" has the meaning ascribed thereto in Section 5.1.

"**Exchangeable Shares**" means the exchangeable shares in the capital of Canco as more particularly described in Appendix 1 to Schedule B.

"**including**" means "including without limitation" and "**includes**" means "includes without limitation".

"**Indemnified Parties**" has the meaning ascribed thereto in Section 8.1.

"**Insolvency Event**" means (i) the institution by Canco of any proceeding to be adjudicated a bankrupt or insolvent or to be wound up, or the consent of Canco to the institution of bankruptcy, insolvency or winding-up proceedings against it, or (ii) the filing of a petition, answer or consent seeking dissolution or winding-up under any bankruptcy, insolvency or analogous laws, including the *Companies Creditors' Arrangement Act* (Canada) and the *Bankruptcy and Insolvency Act* (Canada), and the failure by Canco to contest in good faith any such proceedings commenced in respect of Canco within 30 days of becoming aware thereof, or the consent by Canco to the filing of any such petition or to the appointment of a receiver, or (iii) the making by Canco of a general assignment for the benefit of creditors, or the admission in writing by Canco of its inability to pay its debts generally as they become due, or (iv) Canco not being permitted, pursuant to solvency requirements of applicable law, to redeem any Retracted Shares pursuant to Section 10(2) of the Share Provisions.

"**Liquidation Event**" has the meaning ascribed thereto in Section 5.12(2).

"**Liquidation Event Effective Date**" has the meaning ascribed thereto in Section 5.12(3).

"**List**" has the meaning ascribed thereto in Section 4.6.

"**Officer's Certificate**" means, with respect to Acquireco or Canco, as the case may be, a certificate signed by any officer or director of Acquireco or Canco, as the case may be.

"**Support Agreement**" means that certain support agreement of even date between Canco, Callco and Acquireco in the form of Schedule I to the Arrangement Agreement, as amended in accordance with the terms of the Support Agreement.

"**Trust**" means the trust created by this agreement.

"**Trust Estate**" means the Acquireco Special Voting Shares, any other securities, the Automatic Exchange Right, the Exchange Right and any money or other property which may be held by the Trustee from time to time pursuant to this agreement.

"**Trustee**" means Computershare Trust Company of Canada and, subject to the provisions of Article 9, includes any successor trustee.

"**Voting Rights**" means the voting rights attached to the Acquireco Special Voting Shares.

1.2 Interpretation Not Affected by Headings, etc.

The division of this agreement into Articles, sections and other portions and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this agreement. Unless otherwise specified, references to an "Article" or "section" refer to the specified Article or section of this agreement.

1.3 Number, Gender, etc.

Words importing the singular number only shall include the plural and vice versa. Words importing any gender shall include all genders.

1.4 Date for any Action

If any date on which any action is required to be taken under this agreement is not a business day, such action shall be required to be taken on the next succeeding business day.

ARTICLE 2
PURPOSE OF AGREEMENT

2.1 Establishment of Trust

The purpose of this agreement is to create the Trust for the benefit of the Beneficiaries as herein provided. Acquireco, as the settlor of the Trust, hereby appoints the Trustee as trustee of the Trust. The delivery by Acquireco of $1.00 for the purpose of settling the Trust is hereby acknowledged by the Trustee. The Trustee shall hold the Acquireco Special Voting Shares in order to enable the Trustee to exercise the Voting Rights and shall hold the Automatic Exchange Right and the Exchange Right in order to enable the Trustee to exercise such rights, in each case as trustee for and on behalf of the Beneficiaries as provided in this agreement. It is agreed that the number of Acquireco Special Voting Shares outstanding at any time shall be equal to the number of Exchangeable Shares outstanding at any time.

ARTICLE 3
ACQUIRECO SPECIAL VOTING SHARES

3.1 Issue and Ownership of the Acquireco Special Voting Shares

Immediately following execution of this agreement, Acquireco shall issue to the Trustee the Acquireco Special Voting Shares (and shall deliver the certificate representing such shares to the Trustee) to be hereafter held of record by the Trustee as trustee for and on behalf of, and for the use and benefit of, the Beneficiaries and in accordance with the provisions of this agreement. Acquireco hereby acknowledges receipt from the Trustee as trustee for and on behalf of the Beneficiaries of $1.00 and other good and valuable consideration (and the adequacy thereof) for the issuance of the Acquireco Special Voting Shares by Acquireco to the Trustee. During the term of the Trust and subject to the terms and conditions of this agreement, the Trustee shall possess and be vested with full legal ownership of the Acquireco Special Voting Shares and shall be entitled to exercise all of the rights and powers of an owner with respect to the Acquireco Special Voting Shares provided that the Trustee shall:

(a) hold the Acquireco Special Voting Shares and the legal title thereto as trustee solely for the use and benefit of the Beneficiaries in accordance with the provisions of this agreement; and

(b) except as specifically authorized by this agreement, have no power or authority to sell, transfer, vote or otherwise deal in or with the Acquireco Special Voting Shares and no Acquireco Special Voting Shares shall be used or disposed of by the Trustee for any purpose other than the purposes for which this Trust is created pursuant to this agreement.

3.2 Legended Share Certificates

Canco shall cause each certificate representing Exchangeable Shares to bear an appropriate legend notifying the Beneficiaries of their right to instruct the Trustee with respect to the exercise of the portion of the Voting Rights in respect of the Exchangeable Shares of the Beneficiaries.

3.3 Safe Keeping of Certificate

The certificate representing the Acquireco Special Voting Shares shall at all times be held in safe keeping by the Trustee or its duly authorized agent.

ARTICLE 4
EXERCISE OF VOTING RIGHTS

4.1 Voting Rights

The Trustee, as the holder of record of the Acquireco Special Voting Shares, shall be entitled to all of the Voting Rights, including the right to vote in person or by proxy attaching to the Acquireco Special Voting Shares on any matters, questions, proposals or propositions whatsoever that may properly come before the shareholders of Acquireco at an Acquireco Meeting. The Voting Rights shall be and remain vested in and exercised by the Trustee subject to the terms of this agreement. Subject to Section 6.15:

(a) the Trustee shall exercise the Voting Rights only on the basis of instructions received pursuant to this Article 4 from Beneficiaries on the record date established by Acquireco or by applicable law for such Acquireco Meeting or Acquireco Consent; and

(b) to the extent that no instructions are received from a Beneficiary with respect to the Voting Rights to which such Beneficiary is entitled, the Trustee shall not exercise or permit the exercise of such Voting Rights.

4.2 Number of Votes

(1) With respect to all meetings of shareholders of Acquireco at which holders of Acquireco Shares are entitled to vote (each, an "**Acquireco Meeting**") and with respect to all written consents sought from shareholders of Acquireco, including holders of the Acquireco Shares (each, an "**Acquireco Consent**"), each Beneficiary shall be entitled to instruct the Trustee to cast and exercise for each Exchangeable Share owned of record by a Beneficiary on the record date established by Acquireco or by applicable law for such Acquireco Meeting or Acquireco Consent, as the case may be (collectively, the "**Beneficiary Votes**"), in respect of each matter, question, proposal or proposition to be voted on at such Acquireco Meeting or consented to in connection with such Acquireco Consent, a pro rata number of Voting Rights determined by reference to the total number of outstanding Exchangeable Shares not owned by Acquireco and its affiliates on the record date established by Acquireco or by applicable law for such Acquireco Meeting or Acquireco Consent.

(2) The aggregate Voting Rights on a poll at an Acquireco Meeting shall consist of a number of votes equal to one vote per outstanding Exchangeable Share not owned by Acquireco and its affiliates on the record date established by Acquireco or by applicable law for such Acquireco Meeting or Acquireco Consent, and for which the Trustee has received voting instructions from the Beneficiary. Pursuant to the terms of the Acquireco Special Voting Shares, the Trustee or its proxy is entitled on a vote on a show of hands to one vote, in addition to any votes which may be cast by a Beneficiary (or its nominee) on a show of hands, as proxy for the Trustee. Any Beneficiary who chooses to attend an Acquireco Meeting in person, and who is entitled to vote in accordance with Section 4.8(2), shall be entitled to one vote on a show of hands.

4.3 **Mailings to Shareholders**

(1) With respect to each Acquireco Meeting, the Trustee shall use its reasonable efforts promptly to mail or cause to be mailed (or otherwise communicate in the same manner as Acquireco utilizes in communications to holders of Acquireco Shares subject to applicable regulatory requirements and provided that such manner of communications is reasonably available to the Trustee) to each of the Beneficiaries named in the List, such mailing or communication to commence wherever practicable on the same day as the mailing or notice (or other communication) with respect thereto is commenced by Acquireco to its shareholders:

(a) a copy of such notice, together with any related materials, including any circular or information statement or listing particulars, to be provided to shareholders of Acquireco;

(b) a statement that such Beneficiary is entitled to instruct the Trustee as to the exercise of the Beneficiary Votes with respect to such Acquireco Meeting or, pursuant to Section 4.7, to attend such Acquireco Meeting and to exercise personally the Beneficiary Votes thereat;

(c) a statement as to the manner in which such instructions may be given to the Trustee, including an express indication that instructions may be given to the Trustee to give:

(i) a proxy to such Beneficiary or his, her or its designee to exercise personally the Beneficiary Votes; or

(ii) a proxy to a designated agent or other representative of Acquireco to exercise such Beneficiary Votes;

(d) a statement that if no such instructions are received from the Beneficiary, the Beneficiary Votes to which such Beneficiary is entitled will not be exercised;

(e) a form of direction whereby the Beneficiary may so direct and instruct the Trustee as contemplated herein; and

(f) a statement of the time and date by which such instructions must be received by the Trustee in order to be binding upon it, which in the case of an Acquireco Meeting shall not be earlier than the close of business on the fourth business day prior to such meeting, and of the method for revoking or amending such instructions.

(2) The materials referred to in this Section 4.3 shall be provided to the Trustee by Acquireco, and the materials referred to in Section 4.3(1)(c), Section 4.3(1)(e) and Section 4.3(1)(f) shall (if reasonably practicable to do so) be subject to reasonable comment by the Trustee in a timely manner. Subject to the foregoing, Acquireco shall ensure that the materials to be provided to the Trustee are provided in sufficient time to permit the Trustee to comment as aforesaid and to send all materials to each Beneficiary

at the same time as such materials are first sent to holders of Acquireco Shares. Acquireco agrees not to communicate with holders of Acquireco Shares with respect to the materials referred to in this Section 4.3 otherwise than by mail unless such method of communication is also reasonably available to the Trustee for communication with the Beneficiaries. Notwithstanding the foregoing, Acquireco may at its option exercise the duties of the Trustee to deliver copies of all materials to all Beneficiaries as required by this Section 4.3 so long as in each case Acquireco delivers a certificate to the Trustee stating that Acquireco has undertaken to perform the obligations set forth in this Section 4.3.

(3) For the purpose of determining Beneficiary Votes to which a Beneficiary is entitled in respect of any Acquireco Meeting, the number of Exchangeable Shares owned of record by the Beneficiary shall be determined at the close of business on the record date established by Acquireco or by applicable law for purposes of determining shareholders entitled to vote at such Acquireco Meeting. Acquireco shall notify the Trustee of any decision of the board of directors of Acquireco with respect to the calling of any Acquireco Meeting and shall provide all necessary information and materials to the Trustee in each case promptly and in any event in sufficient time to enable the Trustee to perform its obligations contemplated by this Section 4.3.

4.4 **Copies of Shareholder Information**

Acquireco shall deliver to the Trustee copies of all proxy materials (including notices of Acquireco Meetings but excluding proxies to vote Acquireco Shares), information statements, reports (including all interim and annual financial statements) and other written communications that, in each case, are to be distributed by Acquireco from time to time to holders of Acquireco Shares in sufficient quantities and in sufficient time so as to enable the Trustee to send or cause to send those materials to each Beneficiary at the same time as such materials are first sent to holders of Acquireco Shares. The Trustee shall mail or otherwise send to each Beneficiary, at the expense of Acquireco, copies of all such materials (and all materials specifically directed to the Beneficiaries or to the Trustee for the benefit of the Beneficiaries by Acquireco) received by the Trustee from Acquireco contemporaneously with the sending of such materials to holders of Acquireco Shares. The Trustee shall also make available for inspection by any Beneficiary at the Trustee's principal office in Toronto, Ontario all proxy materials, information statements, reports and other written communications that are:

(a) Received by the Trustee as the registered holder of the Acquireco Special Voting Shares and made available by Acquireco generally to the holders of Acquireco Shares; or

(b) Specifically directed to the Beneficiaries or to the Trustee for the benefit of the Beneficiaries by Acquireco.

Notwithstanding the foregoing, Acquireco at its option may exercise the duties of the Trustee to deliver copies of all such materials to each Beneficiary as required by this Section 4.4 so long as in each case Acquireco delivers a certificate to the Trustee stating that Acquireco has undertaken to perform the obligations set forth in this Section 4.4.

4.5 **Other Materials**

As soon as reasonably practicable after receipt by Acquireco or shareholders of Acquireco (if such receipt is known by Acquireco) of any material sent or given by or on behalf of a third party to holders of Acquireco Shares generally, including dissident proxy and information circulars (and related information and material) and take-over bid and securities exchange take-over bid circulars (and related information and material), provided such material has not been sent to the Beneficiaries by or on behalf of such third party, Acquireco shall use its reasonable efforts to obtain and deliver to the Trustee copies thereof in sufficient quantities so as to enable the Trustee to forward such material (unless the same has been provided directly to Beneficiaries by such third party) to each Beneficiary as soon as possible thereafter. As soon as reasonably practicable after receipt thereof, the Trustee shall mail or otherwise send to each Beneficiary, at the expense of Acquireco, copies of all such materials received by the Trustee from Acquireco. The Trustee shall also make available for inspection by any Beneficiary at the Trustee's principal office in Toronto copies of all such materials. Notwithstanding the foregoing, Acquireco at its option may exercise the duties of the Trustee to deliver copies of all such materials to each Beneficiary as required by this Section 4.5 so long as in each case Acquireco delivers a certificate to the Trustee stating that Acquireco has undertaken to perform the obligations set forth in this Section 4.5.

4.6 **List of Persons Entitled to Vote**

Canco shall, (a) prior to each annual, general and extraordinary Acquireco Meeting and (b) forthwith upon each request made at any time by the Trustee in writing, prepare or cause to be prepared a list (a "**List**") of the names and addresses of the Beneficiaries arranged in alphabetical order and showing the number of Exchangeable Shares held of record by each such Beneficiary, in each case at the close of business on the date specified by the Trustee in such request or, in the case of a List prepared in connection with an Acquireco Meeting or Acquireco Consent, at the close of business on the record date established by Acquireco or pursuant to applicable law for determining the holders of Acquireco Shares entitled to receive notice of and/or to vote at such Acquireco Meeting or provide an Acquireco Consent. Each such List shall be delivered to the Trustee promptly after receipt by Canco of such request or the record date for such meeting or consent and in any event within sufficient time as to permit the Trustee to perform its obligations under this agreement. Acquireco agrees to give Canco notice (with a copy to the Trustee) of the calling of any Acquireco Meeting or solicitation of any Acquireco Consent, together with the record date therefor, sufficiently prior to the date of the calling of such meeting or solicitation of any Acquireco Consent so as to enable Canco to perform its obligations under this Section 4.6.

4.7 **Entitlement to Direct Votes**

Subject to Section 4.8 and Section 4.11, any Beneficiary named in a List prepared in connection with any Acquireco Meeting shall be entitled (a) to instruct the Trustee in the manner described in Section 4.3 with respect to the exercise of the Beneficiary Votes to which such Beneficiary is entitled or (b) to attend such meeting and personally exercise thereat, as the proxy of the Trustee, the Beneficiary Votes to which such Beneficiary is entitled.

4.8 Voting by Trustee and Attendance of Trustee Representative at Meeting

(1) In connection with each Acquireco Meeting, the Trustee shall exercise, either in person or by proxy, in accordance with the instructions received from a Beneficiary pursuant to Section 4.3, the Beneficiary Votes as to which such Beneficiary is entitled to direct the vote (or any lesser number thereof as may be set forth in the instructions) other than any Beneficiary Votes that are the subject of Section 4.8(2); provided, however, that such written instructions are received by the Trustee from the Beneficiary prior to the time and date fixed by the Trustee for receipt of such instruction in the notice given by the Trustee to the Beneficiary pursuant to Section 4.3.

(2) The Trustee shall cause a representative who is empowered by it to sign and deliver, on behalf of the Trustee, proxies for Voting Rights to attend each Acquireco Meeting. Upon submission by a Beneficiary (or its designee) named in the List prepared in connection with the relevant meeting of identification satisfactory to the Trustee's representative, and at the Beneficiary's request, such representative shall sign and deliver to such Beneficiary (or its designee) a proxy to exercise personally the Beneficiary Votes as to which such Beneficiary is otherwise entitled hereunder to direct the vote, if such Beneficiary either (i) has not previously given the Trustee instructions pursuant to Section 4.3 in respect of such meeting or (ii) submits to such representative written revocation of any such previous instructions. At such meeting, the Beneficiary (or its designee) exercising such Beneficiary Votes in accordance with such proxy shall have the same rights in respect of such Beneficiary Votes as the Trustee to speak at the meeting in favour of any matter, question, proposal or proposition, to vote by way of ballot at the meeting in respect of any matter, question, proposal or proposition, and to vote at such meeting by way of a show of hands in respect of any matter, question or proposition.

4.9 Distribution of Written Materials

Any written materials distributed by the Trustee pursuant to this agreement shall be sent by mail (or otherwise communicated in the same manner as Acquireco utilizes in communications to holders of Acquireco Shares subject to applicable regulatory requirements and provided such manner of communications is reasonably available to the Trustee) to each Beneficiary at its address as shown on the books of Canco. Acquireco agrees not to communicate with holders of Acquireco Shares with respect to such written materials otherwise than by mail unless such method of communication is also reasonably available to the Trustee for communication with the Beneficiaries. Canco shall provide or cause to be provided to the Trustee for purposes of communication, on a timely basis and without charge or other expense:

(a) a current List; and

(b) upon the request of the Trustee, mailing labels to enable the Trustee to carry out its duties under this agreement.

Canco's obligations under this Section 4.9 shall be deemed satisfied to the extent Acquireco exercises its option to perform the duties of the Trustee to deliver copies of materials to each Beneficiary and Canco provides the required information and materials to Acquireco.

4.10 **Termination of Voting Rights**

All of the rights of a Beneficiary with respect to the Beneficiary Votes exercisable in respect of the Exchangeable Shares held by such Beneficiary, including the right to instruct the Trustee as to the voting of or to vote personally such Beneficiary Votes, shall be deemed to be surrendered by the Beneficiary to Acquireco, as the case may be, and such Beneficiary Votes and the Voting Rights (attached to each underlying Acquireco Special Voting Share) represented thereby shall cease immediately upon (i) the delivery by such holder to the Trustee of the certificates representing such Exchangeable Shares in connection with the occurrence of the automatic exchange of Exchangeable Shares for Acquireco Shares, as specified in Article 5 (unless Acquireco shall not have delivered the requisite Acquireco Shares issuable in exchange therefor to the Trustee pending delivery to the Beneficiaries), or (ii) the retraction or redemption of Exchangeable Shares pursuant to Section 6 or 7 of the Share Provisions, or (iii) the effective date of the liquidation, dissolution or winding-up of Canco pursuant to Section 5 of the Share Provisions, or (iv) the purchase of Exchangeable Shares from the holder thereof by Callco pursuant to the exercise by Callco of the Retraction Call Right, the Redemption Call Right or the Liquidation Call Right, or upon the purchase of Exchangeable Shares from the holders thereof by Acquireco or Callco pursuant to the exercise by Acquireco or Callco of the Change of Law Call Right (as defined in the Plan of Arrangement).

4.11 **Disclosure of Interest in Exchangeable Shares**

The Trustee and/or Canco shall be entitled to require any Beneficiary or any person who the Trustee and/or Canco know or have reasonable cause to believe to hold any interest whatsoever in an Exchangeable Share to confirm that fact or to give such details as to whom has an interest in such Exchangeable Share as would be required (if the Exchangeable Shares were a class of "voting or equity securities" of Canco) under section 102.1 of the *Securities Act* (Ontario), as amended from time to time, or as would be required under the constitution of Acquireco or any laws or regulations (including the *Corporations Act 2001* (Cth), or pursuant to the rules or regulations of any Agency, including the Listing Rules of the Australian Securities Exchange, if the Exchangeable Shares were Acquireco Shares. If a Beneficiary does not provide the information required to be provided by such Beneficiary pursuant to this Section 4.11, the board of directors of Acquireco may take any action permitted under the constitution of Acquireco or any laws or regulations, or pursuant to the rules or regulations of any Agency, with respect to the Voting Rights relating to the Exchangeable Shares held by such Beneficiary.

ARTICLE 5
EXCHANGE AND AUTOMATIC EXCHANGE

5.1 **Grant of Exchange Right and Automatic Exchange Right**

(1) Acquireco hereby grants to Trustee as trustee for and on behalf of, and for the use and benefit of, the Beneficiaries the Automatic Exchange Right and the right (the "**Exchange**

Right"), upon the occurrence and during the continuance of an Insolvency Event, to require Acquireco to purchase from each or any Beneficiary all or any part of the Exchangeable Shares held by such Beneficiary, all in accordance with the provisions of this agreement. Acquireco hereby acknowledges receipt from the Trustee as trustee for and on behalf of the Beneficiaries of good and valuable consideration (and the adequacy thereof) for the grant of the Exchange Right and the Automatic Exchange Right by Acquireco to the Trustee.

(2) During the term of the Trust and subject to the terms and conditions of this agreement, the Trustee shall possess and be vested with full legal ownership of the Automatic Exchange Right and the Exchange Right and shall be entitled to exercise all of the rights and powers of an owner with respect to the Automatic Exchange Right and the Exchange Right, provided that the Trustee shall:

(a) hold the Automatic Exchange Right and the Exchange Right and the legal title thereto as trustee solely for the use and benefit of the Beneficiaries in accordance with the provisions of this agreement; and

(b) except as specifically authorized by this agreement, have no power or authority to exercise or otherwise deal in or with the Automatic Exchange Right or the Exchange Right, and the Trustee shall not exercise any such rights for any purpose other than the purposes for which the Trust is created pursuant to this agreement.

(3) The obligations of Acquireco to issue Acquireco Shares pursuant to the Automatic Exchange Right or the Exchange Right are subject to all applicable laws and regulatory or stock exchange requirements.

5.2 Legended Share Certificates

Canco shall cause each certificate representing Exchangeable Shares to bear an appropriate legend notifying the Beneficiaries of:

(a) their right to instruct the Trustee with respect to the exercise of the Exchange Right in respect of the Exchangeable Shares held by a Beneficiary; and

(b) the Automatic Exchange Right.

5.3 General Exercise of Exchange Right

The Exchange Right shall be and remain vested in and exercisable by Trustee. Subject to Section 6.15, the Trustee shall exercise the Exchange Right only on the basis of instructions received pursuant to this Article 5 from Beneficiaries entitled to instruct the Trustee as to the exercise thereof. To the extent that no instructions are received from a Beneficiary with respect to the Exchange Right, the Trustee shall not exercise or permit the exercise of the Exchange Right.

5.4 **Purchase Price**

The purchase price payable by Acquireco for each Exchangeable Share to be purchased by Acquireco under the Exchange Right shall be an amount per share equal to (i) the Current Market Price of an Acquireco Share on the day before the exchange, which shall be satisfied in full by Acquireco issuing to the Beneficiary one Acquireco Share, plus (ii) an additional amount equal to the full amount of all declared and unpaid dividends on each such Exchangeable Share held by such holder on any dividend record date which occurred prior to the date of the exchange. In connection with each exercise of the Exchange Right, Acquireco shall provide to the Trustee an Officer's Certificate setting forth the calculation of the purchase price for each Exchangeable Share.

5.5 **Exercise Instructions**

Subject to the terms and conditions set forth herein, a Beneficiary shall be entitled upon the occurrence and during the continuance of an Insolvency Event, to instruct the Trustee to exercise the Exchange Right with respect to all or any part of the Exchangeable Shares registered in the name of such Beneficiary on the books of Canco. To cause the exercise of the Exchange Right by the Trustee, the Beneficiary shall deliver to the Trustee, in person or by certified or registered mail, at its principal office in Toronto, Ontario or at such other place as the Trustee may from time to designate by written notice to the Beneficiaries, the certificates representing the Exchangeable Shares which such Beneficiary desires Acquireco to purchase, duly endorsed in blank for transfer, and accompanied by such other documents and instruments as the Trustee, Acquireco and Canco may reasonably require together with (a) a duly completed form of notice of exercise of the Exchange Right, contained on the reverse of or attached to the Exchangeable Share certificates, stating (i) that the Beneficiary thereby instructs the Trustee to exercise the Exchange Right so as to require Acquireco to purchase from the Beneficiary the number of Exchangeable Shares specified therein, (ii) that such Beneficiary has good title to and owns all such Exchangeable Shares to be acquired by Acquireco free and clear of all liens, claims, security interests and encumbrances, (iii) the names in which the certificates representing Acquireco Shares issuable in connection with the exercise of the Exchange Right are to be issued, and (iv) the names and addresses of the persons to whom such new certificates should be delivered, and (b) payment (or evidence satisfactory to the Trustee, Acquireco and Canco of payment) of the taxes (if any) payable as contemplated by Section 5.7 of this agreement. If only a part of the Exchangeable Shares represented by any certificate or certificates delivered to the Trustee are to be purchased by Acquireco under the Exchange Right, a new certificate for the balance of such Exchangeable Shares shall be issued to the holder at the expense of Canco.

5.6 **Delivery of Acquireco Shares; Effect of Exercise**

Promptly after the receipt by the Trustee of the certificates representing the Exchangeable Shares which the Beneficiary desires Acquireco to purchase under the Exchange Right, together with such documents and instruments of transfer and a duly completed form of notice of exercise of the Exchange Right (and payment of taxes, if any payable as contemplated by Section 5.7 or evidence thereof), duly endorsed for transfer to Acquireco, the Trustee shall notify Acquireco and Canco of its receipt of the same, which notice to Acquireco and Canco shall constitute exercise of the Exchange Right by the Trustee on behalf of the Beneficiary in respect of such

Exchangeable Shares, and Acquireco shall promptly thereafter deliver or cause to be delivered to the Trustee, for delivery to the Beneficiary in respect of such Exchangeable Shares (or to such other persons, if any, properly designated by such Beneficiary) the Exchangeable Share Consideration deliverable in connection with the exercise of the Exchange Right; provided, however, that no such delivery shall be made unless and until the Beneficiary requesting the same shall have paid (or provided evidence satisfactory to the Trustee, Canco and Acquireco of the payment of) the taxes (if any) payable as contemplated by Section 5.7 of this agreement. Immediately upon the giving of notice by the Trustee to Acquireco and Canco of the exercise of the Exchange Right, as provided in this Section 5.6, the closing of the transaction of purchase and sale contemplated by the Exchange Right shall be deemed to have occurred, and the Beneficiary of such Exchangeable Shares shall be deemed to have transferred to Acquireco all of such Beneficiary’s right, title and interest in and to such Exchangeable Shares and in the related interest in the Trust Estate and shall cease to be a holder of such Exchangeable Shares and shall not be entitled to exercise any of the rights of a holder in respect thereof, other than the right to receive his proportionate part of the total Exchangeable Share Consideration therefor, unless such Exchangeable Share Consideration is not delivered by Acquireco to the Trustee for delivery to such Beneficiary (or to such other person, if any, properly designated by such Beneficiary) within three business days of the date of the giving of such notice by the Trustee, in which case the rights of the Beneficiary shall remain unaffected until such Exchangeable Share Consideration is delivered by Acquireco and any cheque included therein is paid. Upon delivery of such Exchangeable Share Consideration to the Trustee, the Trustee shall promptly deliver such Exchangeable Share Consideration to such Beneficiary (or to such other person, if any, properly designated by such Beneficiary). Concurrently with such Beneficiary ceasing to be a holder of Exchangeable Shares, the Beneficiary shall be considered and deemed for all purposes to be the holder of the Acquireco Shares delivered to it pursuant to the Exchange Right.

5.7 Stamp or Other Transfer Taxes

Upon any sale of Exchangeable Shares to Acquireco pursuant to the Exchange Right or the Automatic Exchange Right, the share certificate or certificates representing Acquireco Shares to be delivered in connection with the payment of the purchase price therefor shall be issued in the name of the Beneficiary in respect of the Exchangeable Shares so sold or in such names as such Beneficiary may otherwise direct in writing without charge to the holder of the Exchangeable Shares so sold; provided, however, that such Beneficiary (a) shall pay (and none of Acquireco, Canco or the Trustee shall be required to pay) any documentary, stamp, transfer of other taxes that may be payable in respect of any transfer involved in the issuance or delivery of such shares to a person other than such Beneficiary or (b) shall have evidenced to the satisfaction of Acquireco that such taxes, if any, have been paid.

5.8 Notice of Insolvency Event

As soon as practicable following the occurrence of an Insolvency Event or any event that with the giving of notice or the passage of time or both would be an Insolvency Event, Canco and Acquireco shall give written notice thereof to the Trustee. As soon as practicable following the receipt of notice from Canco and Acquireco of the occurrence of an Insolvency Event, or upon the Trustee becoming aware of an Insolvency Event, the Trustee shall mail to each Beneficiary, at the expense of Acquireco (such funds to be received in advance), a notice of such Insolvency

Event in the form provided by Acquireco, which notice shall contain a brief statement of the rights of the Beneficiaries with respect to the Exchange Right.

5.9 **Failure to Retract**

Upon the occurrence of an event referred to in paragraph (iv) of the definition of Insolvency Event, Canco hereby agrees with the Trustee and in favour of the Beneficiary promptly to forward or cause to be forwarded to the Trustee all relevant materials delivered by the Beneficiary to Canco or to the transfer agent of the Exchangeable Shares (including a copy of the retraction request delivered pursuant to Section 6(1) of the Share Provisions) in connection with such proposed redemption of the Retracted Shares.

5.10 **Listing of Acquireco Shares**

Acquireco covenants that if any Acquireco Shares to be issued and delivered pursuant to the Automatic Exchange Right or the Exchange Right require registration or qualification with or approval of or the filing of any document, including any prospectus or similar document, or the taking of any proceeding with or the obtaining of any order, ruling or consent from any Agency under any Australian or Canadian federal, provincial or territorial law or regulation or pursuant to the rules and regulations of any Agency or the fulfillment of any other Australian or Canadian legal requirement before such shares may be issued and delivered by Acquireco to the initial holder thereof or in order that such shares may be freely traded (other than any restrictions of general application on transfer by reason of a holder being a "control person" or the equivalent of Acquireco for purposes of Canadian securities Law or any Australian equivalent), Acquireco shall use its commercially reasonable efforts (which, for greater certainty, shall not require Acquireco to consent to a term or condition of an approval or consent which Acquireco reasonably determines could have a materially adverse effect on Acquireco or its subsidiaries) to cause such Acquireco Shares (or such other shares or securities) to be and remain duly registered, qualified or approved. Acquireco shall use its commercially reasonable efforts (which, for greater certainty, shall not require Acquireco to consent to a term or condition of an approval or consent which Acquireco reasonably determines could have a materially adverse effect on Acquireco or its subsidiaries) to cause all Acquireco Shares (or such other shares or securities) to be delivered pursuant to the Automatic Exchange Right or the Exchange Right to be listed, quoted or posted for trading on all stock exchanges and quotation systems on which outstanding Acquireco Shares have been listed by Acquireco and remain listed and are quoted or posted for trading at such time.

5.11 **Acquireco Shares**

Acquireco hereby represents, warrants and covenants that the Acquireco Shares issuable as described herein will be duly authorized and validly issued as fully paid and shall be free and clear of any lien, claim or encumbrance.

5.12 **Automatic Exchange on Liquidation of Acquireco**

(1) Acquireco shall give the Trustee written notice of each of the following events at the time set forth below:

(a) in the event of any determination by the board of directors of Acquireco to institute voluntary liquidation, dissolution or winding-up proceedings with respect to Acquireco or to effect any other distribution of assets of Acquireco among its shareholders for the purpose of winding up its affairs, at least 60 days prior to the proposed effective date of such liquidation, dissolution, winding-up or other distribution; and

(b) as soon as practicable following the earlier of (A) receipt by Acquireco of notice of, and (B) Acquireco otherwise becoming aware of any instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding-up of Acquireco or to effect any other distribution of assets of Acquireco among its shareholders for the purpose of winding up its affairs, in each case where Acquireco has failed to contest in good faith any such proceeding commenced in respect of Acquireco within 30 days of becoming aware thereof.

(2) As soon as practicable following receipt by the Trustee from Acquireco of notice of any event (a "**Liquidation Event**") contemplated by Section 5.12(1)(a) or Section 5.12(1)(b), the Trustee shall give notice thereof to the Beneficiaries. Such notice shall be provided to the Trustee by Acquireco and shall include a brief description of the automatic exchange of Exchangeable Shares for Acquireco Shares provided for in Section 5.12(3).

(3) In order that the Beneficiaries will be able to participate on a pro rata basis with the holders of Acquireco Shares in the distribution of assets of Acquireco in connection with a Liquidation Event, immediately prior to the effective date (the "**Liquidation Event Effective Date**") of a Liquidation Event, all of the then outstanding Exchangeable Shares shall be automatically exchanged for Acquireco Shares. To effect such automatic exchange, Acquireco shall purchase each Exchangeable Share outstanding immediately prior to the Liquidation Event Effective Date and held by Beneficiaries, and each Beneficiary shall sell the Exchangeable Shares held by it at such time, free and clear of any lien, claim or encumbrance, for a purchase price per share equal to (i) the Current Market Price of an Acquireco Share on the day prior to the Liquidation Event Effective Date, which shall be satisfied in full by Acquireco issuing to the Beneficiary one Acquireco Share, plus (ii) an additional amount equal to the full amount of all declared and unpaid dividends on each such Exchangeable Share held by such holder on any dividend record date which occurred prior to the date of the exchange. Acquireco shall provide the Trustee with an Officer's Certificate in connection with each automatic exchange setting forth the calculation of the purchase price for each Exchangeable Share. Upon payment by Acquireco of such purchase price, the relevant Beneficiary shall cease to have any right to be paid by Canco any amount in respect of declared and unpaid dividends on each Exchangeable Share.

(4) The closing of the transaction of purchase and sale contemplated by the automatic exchange of Exchangeable Shares for Acquireco Shares shall be deemed to have occurred immediately prior to the Liquidation Event Effective Date, and each Beneficiary shall be deemed to have transferred to Acquireco all of the Beneficiary's right, title and interest in and to such Beneficiary's Exchangeable Shares free and clear of any lien, claim or encumbrance and the related interest in the Trust Estate and each such

Beneficiary shall cease to be a holder of such Exchangeable Shares and Acquireco shall issue to the Beneficiary the Acquireco Shares issuable upon the automatic exchange of Exchangeable Shares for Acquireco Shares and on the applicable payment date shall deliver to the Trustee for delivery to the Beneficiary a cheque for the balance, if any, of the purchase price for such Exchangeable Shares, without interest, in each case less any amounts withheld pursuant to Section 5.13. Concurrently with such Beneficiary ceasing to be a holder of Exchangeable Shares, the Beneficiary shall become the holder of the Acquireco Shares issued pursuant to the automatic exchange of such Beneficiary's Exchangeable Shares for Acquireco Shares and the certificates held by the Beneficiary previously representing the Exchangeable Shares exchanged by the Beneficiary with Acquireco pursuant to such automatic exchange shall thereafter be deemed to represent Acquireco Shares issued to the Beneficiary by Acquireco pursuant to such automatic exchange. Upon the request of a Beneficiary and the surrender by the Beneficiary of Exchangeable Share certificates deemed to represent Acquireco Shares, duly endorsed in blank and accompanied by such instruments of transfer as Acquireco may reasonably require, Acquireco shall deliver or cause to be delivered to the Beneficiary certificates representing the Acquireco Shares of which the Beneficiary is the holder.

5.13 Withholding Rights

Acquireco, Canco and the Trustee shall be entitled to deduct and withhold from any dividend, distribution, price or other consideration otherwise payable under this agreement to any holder of Exchangeable Shares or Acquireco Shares such amounts as Acquireco, Canco or the Trustee is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or Australian tax Laws or any provision of provincial, state, local or foreign tax Law, in each case as amended or succeeded. The Trustee may act and rely on the advice of counsel with respect to such matters. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the holder of the shares in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing Agency. To the extent that the amount so required to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to the holder, Acquireco, Canco and the Trustee are hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to Acquireco, Canco or the Trustee, as the case may be, to enable it to comply with such deduction or withholding requirement and Acquireco, Canco or the Trustee shall notify the holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale.

ARTICLE 6
CONCERNING THE TRUSTEE

6.1 Powers and Duties of the Trustee

(1) The rights, powers, duties and authorities of the Trustee under this agreement, in its capacity as Trustee of the Trust, shall include:

(a) receipt and deposit of the Acquireco Special Voting Shares from Acquireco as Trustee for and on behalf of the Beneficiaries in accordance with the provisions of this agreement;

(b) granting proxies and distributing materials to Beneficiaries as provided in this agreement;

(c) voting the Beneficiary Votes in accordance with the provisions of this agreement;

(d) receiving the grant of the Automatic Exchange Right and the Exchange Right from Acquireco as Trustee for and on behalf of the Beneficiaries in accordance with the provisions of this agreement;

(e) enforcing the benefit of the Automatic Exchange Right and the Exchange Right, in each case in accordance with the provisions of this agreement, and in connection therewith receiving from Beneficiaries Exchangeable Shares and other requisite documents and distributing to such Beneficiaries Acquireco Shares and cheques, if any, to which such Beneficiaries are entitled pursuant to the Automatic Exchange Right or the Exchange Right, as the case may be;

(f) holding title to the Trust Estate;

(g) investing any moneys forming, from time to time, a part of the Trust Estate as provided in this agreement;

(h) taking action at the direction of a Beneficiary or Beneficiaries to enforce the obligations of Acquireco and Canco under this agreement; and

(i) taking such other actions and doing such other things as are specifically provided in this agreement to be carried out by the Trustee whether alone, jointly or in the alternative.

(2) In the exercise of such rights, powers, duties and authorities the Trustee shall have (and is granted) such incidental and additional rights, powers, duties and authority not in conflict with any of the provisions of this agreement as the Trustee, acting in good faith and in the reasonable exercise of its discretion, may deem necessary, appropriate or desirable to effect the purpose of the Trust. Any exercise of such discretionary rights, powers, duties and authorities by the Trustee shall be final, conclusive and binding upon all persons.

(3) The Trustee in exercising its rights, powers, duties and authorities hereunder shall act honestly and in good faith and with a view to the best interests of the Beneficiaries and shall exercise the care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

(4) The Trustee shall not be bound to give notice or do or take any act, action or proceeding by virtue of the powers conferred on it hereby unless and until it shall be specifically required to do so under the terms hereof; nor shall the Trustee be required to take any

notice of, or to do, or to take any act, action or proceeding as a result of any default or breach of any provision hereunder, unless and until notified in writing of such default or breach, which notices shall distinctly specify the default or breach desired to be brought to the attention of the Trustee, and in the absence of such notice the Trustee may for all purposes of this agreement conclusively assume that no default or breach has been made in the observance or performance of any of the representations, warranties, covenants, agreements or conditions contained herein.

6.2 **No Conflict of Interest**

The Trustee represents to Acquireco and Canco that at the date of execution and delivery of this agreement there exists no material conflict of interest in the role of the Trustee as a fiduciary hereunder and the role of the Trustee in any other capacity. The Trustee shall, within 90 days after it becomes aware that such material conflict of interest exists, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Article 9. If, notwithstanding the foregoing provisions of this Section 6.2, the Trustee has such a material conflict of interest, the validity and enforceability of this agreement shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Trustee contravenes the foregoing provisions of this Section 6.2, any interested party may apply to the Superior Court of Justice (Ontario) for an order that the Trustee be replaced as Trustee hereunder.

6.3 **Dealings with Transfer Agents, Registrars, etc.**

(1) Each of Acquireco and Canco irrevocably authorizes the Trustee, from time to time, to:

(a) consult, communicate and otherwise deal with the respective registrars and transfer agents, and with any such subsequent registrar or transfer agent, of the Exchangeable Shares and Acquireco Shares; and

(b) requisition, from time to time, (i) from any such registrar or transfer agent any information readily available from the records maintained by it which the Trustee may reasonably require for the discharge of its duties and responsibilities under this agreement and (ii) from the transfer agent of Acquireco Shares, and any subsequent transfer agent of such shares, the share certificates issuable upon the exercise from time to time of the Automatic Exchange Right and pursuant to the Exchange Right.

(2) Acquireco and Canco shall irrevocably authorize their respective registrars and transfer agents to comply with all such requests. Acquireco covenants that it shall supply its transfer agent with duly executed share certificates for the purpose of completing the exercise from time to time of the Automatic Exchange Right and the Exchange Right, in each case pursuant to Article 5.

6.4 **Books and Records**

The Trustee shall keep available for inspection by Acquireco and Canco at the Trustee's principal office in Toronto correct and complete books and records of account relating to the

Trust created by this agreement, including all relevant data relating to mailings and instructions to and from Beneficiaries and all transactions pursuant to the Automatic Exchange Right and the Exchange Right. On or before January 15, 2013, and on or before January 15 in every year thereafter, so long as the Acquireco Special Voting Shares are registered in the name of the Trustee, the Trustee shall transmit to Acquireco and Canco a brief report, dated as of the preceding December 31, with respect to:

(a) the property and funds comprising the Trust Estate as of that date;

(b) the number of exercises of the Automatic Exchange Right, if any, and the aggregate number of Exchangeable Shares received by the Trustee on behalf of Beneficiaries in consideration of the issuance by Acquireco of Acquireco Shares in connection with the Automatic Exchange Right, during the calendar year ended on such December 31; and

(c) any action taken by the Trustee in the performance of its duties under this agreement which it had not previously reported.

6.5 Income Tax Returns and Reports

The Trustee shall, to the extent necessary, prepare and file, or cause to be prepared and filed, on behalf of the Trust appropriate Canadian income tax returns and any other returns or reports as may be required by applicable law or pursuant to the rules and regulations of any other Agency, including any securities exchange or other trading system through which the Exchangeable Shares are traded. In connection therewith, the Trustee may obtain the advice and assistance of such experts or advisors as the Trustee considers necessary or advisable (who may be experts or advisors to Acquireco or Canco). If requested by the Trustee, Acquireco or Canco shall retain qualified experts or advisors for the purpose of providing such tax advice or assistance.

6.6 Indemnification Prior to Certain Actions by Trustee

(1) The Trustee shall exercise any or all of the rights, duties, powers or authorities vested in it by this agreement at the request, order or direction of any Beneficiary upon such Beneficiary furnishing to the Trustee reasonable funding, security or indemnity against the costs, expenses and liabilities which may be incurred by the Trustee therein or thereby, provided that no Beneficiary shall be obligated to furnish to the Trustee any such funding, security or indemnity in connection with the exercise by the Trustee of any of its rights, duties, powers and authorities with respect to the Acquireco Special Voting Shares pursuant to Article 4, subject to Section 6.15, and with respect to the Automatic Exchange Right and the Exchange Right pursuant to Article 5.

(2) None of the provisions contained in this agreement shall require the Trustee to expend or risk its own funds or otherwise incur financial liability in the exercise of any of its rights, powers, duties, or authorities unless funded, given security and indemnified as aforesaid.

6.7 Action of Beneficiaries

No Beneficiary shall have the right to institute any action, suit or proceeding or to exercise any other remedy authorized by this agreement for the purpose of enforcing any of its rights or for the execution of any trust or power hereunder unless the Beneficiary has requested the Trustee to take or institute such action, suit or proceeding and furnished the Trustee with any applicable funding, security or indemnity referred to in Section 6.6 and the Trustee shall have failed to act within a reasonable time thereafter. In such case, but not otherwise, the Beneficiary shall be entitled to take proceedings in any court of competent jurisdiction such as the Trustee might have taken; it being understood and intended that no one or more Beneficiaries shall have any right in any manner whatsoever to affect, disturb or prejudice the rights hereby created by any such action or to prejudice the rights of any other Beneficiaries hereunder.

6.8 Reliance Upon Declarations

The Trustee shall not be considered to be in contravention of any of its rights, powers, duties and authorities hereunder if, when required, it acts and relies in good faith upon statutory declarations, certificates, opinions or reports furnished pursuant to the provisions hereof or required by the Trustee to be furnished to it in the exercise of its rights, powers, duties and authorities hereunder if such statutory declarations, certificates, opinions or reports comply with the provisions of Section 6.9, if applicable, and with any other applicable provisions of this agreement.

6.9 Evidence and Authority to Trustee

(1) Acquireco and/or Canco shall furnish to the Trustee evidence of compliance with the conditions provided for in this agreement relating to any action or step required or permitted to be taken by Acquireco and/or Canco or the Trustee under this agreement or as a result of any obligation imposed under this agreement, including in respect of the Voting Rights or the Automatic Exchange Right or the Exchange Right and the taking of any other action to be taken by the Trustee at the request of or on the application of Acquireco and/or Canco promptly if and when:

(a) such evidence is required by any other section of this agreement to be furnished to the Trustee in accordance with the terms of this Section 6.9; or

(b) the Trustee, in the exercise of its rights, powers, duties and authorities under this agreement, gives Acquireco and/or Canco written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

(2) Such evidence shall consist of an Officer’s Certificate of Acquireco and/or Canco or a statutory declaration or a certificate made by persons entitled to sign an Officer’s Certificate stating that any such condition has been complied with in accordance with the terms of this agreement.

(3) Whenever such evidence relates to a matter other than the Voting Rights or the Automatic Exchange Right or the Exchange Right or the taking of any other action to be

taken by the Trustee at the request or on the application of Acquireco and/or Canco, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, attorney, auditor, accountant, appraiser, valuer or other expert or any other person whose qualifications give authority to a statement made by him, provided that if such report or opinion is furnished by a director, officer or employee of Acquireco and/or Canco it shall be in the form of an Officer's Certificate or a statutory declaration.

(4) Each statutory declaration, Officer's Certificate, opinion or report furnished to the Trustee as evidence of compliance with a condition provided for in this agreement shall include a statement by the person giving the evidence:

(a) declaring that he has read and understands the provisions of this agreement relating to the condition in question;

(b) describing the nature and scope of the examination or investigation upon which he based the statutory declaration, certificate, statement or opinion; and

(c) declaring that he has made such examination or investigation as he believes is necessary to enable him to make the statements or give the opinions contained or expressed therein.

6.10 Experts, Advisers and Agents

The Trustee may:

(a) in relation to these presents act and rely on the opinion or advice of or information obtained from any solicitor, attorney, auditor, accountant, appraiser, valuer or other expert, whether retained by the Trustee or by Acquireco and/ or Canco or otherwise, and may retain or employ such assistants as may be necessary to the proper discharge of its powers and duties and determination of its rights hereunder and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid;

(b) employ such agents and other assistants as it may reasonably require for the proper determination and discharge of its powers and duties hereunder; and

(c) pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all reasonable disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the Trust.

6.11 Investment of Moneys Held by Trustee

Unless otherwise provided in this agreement, any moneys held by or on behalf of the Trustee which under the terms of this agreement may or ought to be invested or which may be on deposit with the Trustee or which may be in the hands of the Trustee shall, upon the receipt by the

Trustee of the written direction of Canco, be invested or reinvested in the name or under the control of the Trustee in securities in which, under the laws of the Province of Ontario, trustees are authorized to invest trust moneys, provided that such securities are stated to mature within two years after their purchase by the Trustee, or in Authorized Investments. Any direction of Canco to the Trustee as to investment or reinvestment of funds shall be in writing and shall be provided to the Trustee no later than 9:00 a.m. (local time) or if received on a non-business day, shall be deemed to have been given prior to 9:00 a.m. (local time) on the immediately following business day. If no such direction is received, the Trustee shall not have any obligation to invest the monies and pending receipt of such a direction all interest or other income and such moneys may be deposited in the name of the Trustee in any chartered bank in Canada or, with the consent of Canco, in the deposit department of the Trustee or any other specified loan or trust company authorized to accept deposits under the laws of Canada or any province thereof at the rate of interest then current on similar deposits. The Trustee shall not be held liable for any losses incurred in the investment of any funds as herein provided.

6.12 Trustee Not Required to Give Security

The Trustee shall not be required to give any bond or security in respect of the execution of the trusts, rights, duties, powers and authorities of this agreement or otherwise in respect of the premises.

6.13 Trustee Not Bound to Act on Request

Except as in this agreement otherwise specifically provided, the Trustee shall not be bound to act in accordance with any direction or request of Acquireco and/or Canco or of the directors thereof until a duly authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Trustee, and the Trustee shall be empowered to act upon any such copy purporting to be authenticated and believed by the Trustee to be genuine.

6.14 Authority to Carry on Business

The Trustee represents to Acquireco and Canco that at the date of execution and delivery by it of this agreement it is authorized to carry on the business of a trust company in each of the provinces of Canada but if, notwithstanding the provisions of this Section 6.14, it ceases to be so authorized to carry on business, the validity and enforceability of this agreement and the Voting Rights, the Automatic Exchange Right and the Exchange Right shall not be affected in any manner whatsoever by reason only of such event but the Trustee shall, within 90 days after ceasing to be authorized to carry on the business of a trust company in any province of Canada, either become so authorized or resign in the manner and with the effect specified in Article 9.

6.15 Conflicting Claims

(1) If conflicting claims or demands are made or asserted with respect to any interest of any Beneficiary in any Exchangeable Shares, including any disagreement between the heirs, representatives, successors or assigns succeeding to all or any part of the interest of any Beneficiary in any Exchangeable Shares, resulting in conflicting claims or demands being made in connection with such interest, then the Trustee shall be entitled, in its sole discretion, to refuse to recognize or to comply with any such claims or demands. In so

refusing, the Trustee may elect not to exercise any Voting Rights, Automatic Exchange Right or Exchange Right subject to such conflicting claims or demands and, in so doing, the Trustee shall not be or become liable to any person on account of such election or its failure or refusal to comply with any such conflicting claims or demands. The Trustee shall be entitled to continue to refrain from acting and to refuse to act until:

(a) the rights of all adverse claimants with respect to the Voting Rights, Automatic Exchange Right or Exchange Right subject to such conflicting claims or demands have been adjudicated by a final judgement of a court of competent jurisdiction; or

(b) all differences with respect to the Voting Rights, Automatic Exchange Right or Exchange Right subject to such conflicting claims or demands have been conclusively settled by a valid written agreement binding on all such adverse claimants, and the Trustee shall have been furnished with an executed copy of such agreement certified to be in full force and effect.

(2) If the Trustee elects to recognize any claim or comply with any demand made by any such adverse claimant, it may in its discretion require such claimant to furnish such surety bond or other security satisfactory to the Trustee as it shall deem appropriate to fully indemnify it as between all conflicting claims or demands.

6.16 **Acceptance of Trust**

The Trustee hereby accepts the Trust created and provided for, by and in this agreement and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various persons who shall from time to time be Beneficiaries, subject to all the terms and conditions herein set forth.

6.17 **Third Party Interests**

Each party to this agreement hereby represents to the Trustee that any account to be opened by, or interest to be held by the Trustee in connection with this agreement, for or to the credit of such party, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case such party hereto agrees to complete and execute forthwith a declaration in the Trustee's prescribed form as to the particulars of such third party.

6.18 **Privacy**

The parties acknowledge that Canadian federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this agreement. Despite any other provision of this agreement, no party shall take or direct any action that would contravene, or cause the others to contravene, applicable Privacy Laws. The parties shall, prior to transferring or causing to be transferred personal information to the Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. Specifically, the Trustee agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this agreement and not to use it for any purpose except with the consent of or direction from the other parties or the individual involved; (d) not to sell or otherwise improperly disclose personal information to any third part; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

ARTICLE 7
COMPENSATION

7.1 Fees and Expenses of the Trustee

Canco agrees to pay the Trustee reasonable compensation for all of the services rendered by it under this agreement and shall reimburse the Trustee for all reasonable expenses (including, but not limited to, taxes other than taxes based on the net income or capital of the Trustee, fees paid to legal counsel and other experts and advisors and travel expenses) and disbursements, including the cost and expense of any suit or litigation of any character and any proceedings before any governmental Agency, reasonably incurred by the Trustee in connection with its duties under this agreement; provided that Canco shall have no obligation to reimburse the Trustee for any expenses or disbursements paid, incurred or suffered by the Trustee in any suit or litigation or any such proceedings in which the Trustee is determined to have acted in bad faith or with fraud, gross negligence or wilful misconduct.

ARTICLE 8
INDEMNIFICATION AND LIMITATION OF LIABILITY

8.1 Indemnification of the Trustee

(1) Acquireco and Canco jointly and severally agree to indemnify and hold harmless the Trustee and each of its directors, officers, employees and agents appointed and acting in accordance with this agreement (collectively, the "**Indemnified Parties**") against all claims, losses, damages, reasonable costs, penalties, fines and reasonable expenses (including reasonable expenses of the Trustee's legal counsel) which, without fraud, gross negligence, wilful misconduct or bad faith on the part of such Indemnified Party, may be paid, incurred or suffered by the Indemnified Party by reason or as a result of the Trustee's acceptance or administration of the Trust, its compliance with its duties set forth in this agreement, or any written or oral instruction delivered to the Trustee by Acquireco or Canco pursuant hereto.

(2) In no case shall Acquireco or Canco be liable under this indemnity for any claim against any of the Indemnified Parties unless Acquireco and Canco shall be notified by the Trustee of the written assertion of a claim or of any action commenced against the Indemnified Parties, promptly after any of the Indemnified Parties shall have received

any such written assertion of a claim or shall have been served with a summons or other first legal process giving information as to the nature and basis of the claim. Subject to (ii) below, Acquireco and Canco shall be entitled to participate at their own expense in the defence and, if Acquireco and Canco so elect at any time after receipt of such notice, either of them may assume the defence of any suit brought to enforce any such claim. The Trustee shall have the right to employ separate counsel in any such suit and participate in the defence thereof, but the fees and expenses of such counsel shall be at the expense of the Trustee unless: (i) the employment of such counsel has been authorized by Acquireco or Canco; or (ii) the named parties to any such suit include both the Trustee and Acquireco or Canco and the Trustee shall have been advised by counsel acceptable to Acquireco or Canco that there may be one or more legal defences available to the Trustee that are different from or in addition to those available to Acquireco or Canco and that, in the judgement of such counsel, would present a conflict of interest were a joint representation to be undertaken (in which case Acquireco and Canco shall not have the right to assume the defence of such suit on behalf of the Trustee but shall be liable to pay the reasonable fees and expenses of counsel for the Trustee). This indemnity shall survive the termination of the Trust and the resignation or removal of the Trustee.

8.2 Limitation of Liability

The Trustee shall not be held liable for any loss which may occur by reason of depreciation of the value of any part of the Trust Estate or any loss incurred on any investment of funds pursuant to this agreement, except to the extent that such loss is attributable to the fraud, gross negligence, wilful misconduct or bad faith on the part of the Trustee.

ARTICLE 9
CHANGE OF TRUSTEE

9.1 Resignation

The Trustee, or any trustee hereafter appointed, may at any time resign by giving written notice of such resignation to Acquireco and Canco specifying the date on which it desires to resign, provided that such notice shall not be given less than thirty (30) days before such desired resignation date unless Acquireco and Canco otherwise agree and provided further that such resignation shall not take effect until the date of the appointment of a successor trustee and the acceptance of such appointment by the successor trustee. Upon receiving such notice of resignation, Acquireco and Canco shall promptly appoint a successor trustee, which shall be a corporation organized and existing under the laws of Canada and authorized to carry on the business of a trust company in all provinces of Canada, by written instrument in duplicate, one copy of which shall be delivered to the resigning trustee and one copy to the successor trustee. Failing the appointment and acceptance of a successor trustee, a successor trustee may be appointed by order of a court of competent jurisdiction upon application of one or more of the parties to this agreement. If the retiring trustee is the party initiating an application for the appointment of a successor trustee by order of a court of competent jurisdiction, Acquireco and Canco shall be jointly and severally liable to reimburse the retiring trustee for its legal costs and expenses in connection with same.

9.2 Removal

The Trustee, or any trustee hereafter appointed, may (provided a successor trustee is appointed) be removed at any time on not less than 30 days' prior notice by written instrument executed by Acquireco and Canco, in duplicate, one copy of which shall be delivered to the trustee so removed and one copy to the successor trustee.

9.3 Successor Trustee

Any successor trustee appointed as provided under this agreement shall execute, acknowledge and deliver to Acquireco and Canco and to its predecessor trustee an instrument accepting such appointment. Thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor under this agreement, with the like effect as if originally named as trustee in this agreement. However, on the written request of Acquireco and Canco or of the successor trustee, the trustee ceasing to act shall, upon payment of any amounts then due to it pursuant to the provisions of this agreement, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon the request of any such successor trustee, Acquireco, Canco and such predecessor trustee shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers.

9.4 Notice of Successor Trustee

Upon acceptance of appointment by a successor trustee as provided herein, Acquireco and Canco shall cause to be mailed notice of the succession of such trustee hereunder to each Beneficiary specified in a List. If Acquireco or Canco shall fail to cause such notice to be mailed within 10 days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of Acquireco and Canco.

ARTICLE 10
ACQUIRECO SUCCESSORS

10.1 Certain Requirements in Respect of Combination, etc.

So long as any Exchangeable Shares not owned by Acquireco or its affiliates are outstanding, Acquireco shall not consummate any transaction (whether by way of reconstruction, reorganization, consolidation, arrangement, amalgamation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other person or, in the case of a merger, of the continuing corporation resulting therefrom, provided that it may do so if:

(a) such other person or continuing corporation (the "**Acquireco Successor**"), by operation of law, becomes, without more, bound by the terms and provisions of this agreement or, if not so bound, executes, prior to or contemporaneously with the consummation of such transaction, a trust agreement supplemental hereto and such other instruments (if any) as are necessary or advisable to evidence the assumption by the Acquireco Successor of liability for all moneys payable and property deliverable hereunder and the covenant of such Acquireco Successor to pay and deliver or cause to be delivered the same and its agreement to observe and perform all the covenants and obligations of Acquireco under this agreement: and

(b) such transaction shall be upon such terms and conditions as substantially to preserve and not to impair in any material respect any of the rights, duties, powers and authorities of the Trustee or of the Beneficiaries hereunder.

10.2 **Vesting of Powers in Successor**

Whenever the conditions of Section 10.1 have been duly observed and performed, the Trustee, Acquireco Successor and Canco shall, if required by Section 10.1, execute and deliver the supplemental trust agreement provided for in Article 11 and thereupon Acquireco Successor and such other person that may then be the issuer of the Acquireco Shares shall possess and from time to time may exercise each and every right and power of Acquireco under this agreement in the name of Acquireco or otherwise and any act or proceeding by any provision of this agreement required to be done or performed by the board of directors of Acquireco or any officers of Acquireco may be done and performed with like force and effect by the directors or officers of such Acquireco Successor.

10.3 **Wholly-Owned Subsidiaries**

Nothing herein shall be construed as preventing (i) the amalgamation or merger of any wholly-owned direct or indirect subsidiary of Acquireco with or into Acquireco, (ii) the winding-up, liquidation or dissolution of any wholly-owned direct or indirect subsidiary of Acquireco (other than Canco or Callco), provided that all of the assets of such subsidiary are transferred to Acquireco or another wholly-owned direct or indirect subsidiary of Acquireco, or (iii) any other distribution of the assets of any wholly-owned direct or indirect subsidiary of Acquireco (other than Canco or Callco) among the shareholders of such subsidiary for the purpose of winding up its affairs, and any such transactions are expressly permitted by this Article 10.

10.4 **Successor Transactions**

Notwithstanding the foregoing provisions of this Article 10, in the event of an Acquireco Control Transaction:

(a) in which Acquireco merges or amalgamates with, or in which all or substantially all of the then outstanding Acquireco Shares are acquired by, one or more other corporations to which Acquireco is, immediately before such merger, amalgamation or acquisition, “related” within the meaning of the ITA (otherwise than by virtue of a right referred to in paragraph 251(5)(b) thereof);

(b) which does not result in an acceleration of the Redemption Date in accordance with paragraph (b) of that definition; and

(c) in which all or substantially all of the then outstanding Acquireco Shares are converted into or exchanged for shares or rights to receive such shares (the

"**Other Shares**") of another corporation (the "**Other Corporation**") that, immediately after such Acquireco Control Transaction, owns or controls, directly or indirectly, Acquireco,

then, (i) all references herein to "Acquireco" shall thereafter be and be deemed to be references to "Other Corporation" and all references herein to "Acquireco Shares" shall thereafter be and be deemed to be references to "Other Shares" (with appropriate adjustments, if any, as are required to result in a holder of Exchangeable Shares on the exchange, redemption or retraction of such shares pursuant to the Share Provisions or Article 5 of the Plan of Arrangement or exchange of such shares pursuant to this agreement immediately subsequent to the Acquireco Control Transaction being entitled to receive that number of Other Shares equal to the number of Other Shares such holder of Exchangeable Shares would have received if the exchange, redemption or retraction of such shares pursuant to the Share Provisions or Article 5 of the Plan of Arrangement, or exchange of such shares pursuant to this agreement had occurred immediately prior to the Acquireco Control Transaction and the Acquireco Control Transaction was completed) without any need to amend the terms and conditions of this agreement and without any further action required; and (ii) Acquireco shall cause the Other Corporation to deposit one or more voting securities of such Other Corporation to allow Beneficiaries to exercise voting rights in respect of the Other Corporation substantially similar to those provided for in this agreement.

ARTICLE 11
AMENDMENTS AND SUPPLEMENTAL TRUST AGREEMENTS

11.1 Amendments, Modifications, etc.

Subject to Section 11.2, Section 11.4 and Section 13.1, this agreement may not be amended or modified except by an agreement in writing executed by Acquireco, Canco and the Trustee and approved by the Beneficiaries in accordance with Section 11(2) of the Share Provisions.

11.2 Ministerial Amendments

Notwithstanding the provisions of Section 11.1, the parties to this agreement may in writing, at any time and from time to time, without the approval of the Beneficiaries, amend or modify this agreement for the purposes of:

(a) adding to the covenants of any or all parties hereto for the protection of the Beneficiaries hereunder provided that the board of directors of each of Canco and Acquireco shall be of the good faith opinion and the Trustee, acting on the advice of counsel, shall be of the opinion that such additions will not be prejudicial to the rights or interests of the Beneficiaries;

(b) making such amendments or modifications not inconsistent with this agreement as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the board of directors of each of Acquireco and Canco and in the opinion of the Trustee, having in mind the best interests of the Beneficiaries, it may be expedient to make, provided that such boards of directors and the Trustee, acting on the advice of counsel, shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the Beneficiaries; or

(c) making such changes or corrections which, on the advice of counsel to Acquireco, Canco and the Trustee, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error.

11.3 Meeting to Consider Amendments

Canco, at the request of Acquireco, shall call a meeting or meetings of the Beneficiaries for the purpose of considering any proposed amendment or modification requiring approval pursuant hereto. Any such meeting or meetings shall be called and held in accordance with the by-laws of Canco, the Share Provisions and all applicable laws.

11.4 Changes in Capital of Acquireco and Canco

At all times after the occurrence of any event contemplated pursuant to Section 2.7 or 2.8 of the Support Agreement or otherwise, as a result of which either Acquireco Shares or the Exchangeable Shares or both are in any way changed, this agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, mutatis mutandis, to all new securities into which Acquireco Shares or the Exchangeable Shares or both are so changed and the parties hereto shall execute and deliver a supplemental trust agreement giving effect to and evidencing such necessary amendments and modifications.

11.5 Execution of Supplemental Trust Agreements

From time to time Canco (when authorized by a resolution of its Board of Directors), Acquireco (when authorized by a resolution of its board of directors) and the Trustee may, subject to the provisions of these presents, and they shall, when so directed by these presents, execute and deliver by their proper officers, trust agreements or other instruments supplemental hereto, which thereafter shall form part hereof, for any one or more of the following purposes:

(a) evidencing the succession of Acquireco Successors and the covenants of and obligations assumed by each such Acquireco Successor in accordance with the provisions of Article 9 and the successors of the Trustee or any successor trustee in accordance with the provisions of Article 9;

(b) making any additions to, deletions from or alterations of the provisions of this agreement or the Voting Rights, the Automatic Exchange Right or the Exchange Right which, in the opinion of the Trustee, will not be prejudicial to the interests of the Beneficiaries or are, in the opinion of counsel to the Trustee, necessary or advisable in order to incorporate, reflect or comply with any legislation the provisions of which apply to Acquireco, Canco, the Trustee or this agreement; and

(c) for any other purposes not inconsistent with the provisions of this agreement, including to make or evidence any amendment or modification to this agreement as contemplated hereby; provided that, in the opinion of the Trustee, the rights of the Trustee and Beneficiaries will not be prejudiced thereby.

ARTICLE 12
TERMINATION

12.1 Term

The Trust created by this agreement shall continue until the earliest to occur of the following events:

(a) no outstanding Exchangeable Shares are held by a Beneficiary; and

(b) each of Acquireco and Canco elects in writing to terminate the Trust and such termination is approved by the Beneficiaries in accordance with Section 11(2) of the Share Provisions.

12.2 Survival of Agreement

This agreement shall survive any termination of the Trust and shall continue until there are no Exchangeable Shares outstanding held by a Beneficiary; provided, however, that the provisions of Article 7 and Article 8 shall survive any such termination of this agreement.

ARTICLE 13
GENERAL

13.1 Severability

If any term or other provision of this agreement is invalid, illegal or incapable of being enforced by any rule or law, or public policy, all other conditions and provisions of this agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

13.2 Enurement

This agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns and, subject to the terms hereof, to the benefit of the Beneficiaries.

13.3 Notices to Parties

Any notice and other communications required or permitted to be given pursuant to this agreement shall be sufficiently given if delivered in person or if sent by facsimile transmission (provided such transmission is recorded as being transmitted successfully) to the parties at the following addresses:

(i) in the case of Acquireco or Canco to the following address:

Galaxy Resources Limited

Attn: Mr Iggy Tan
Managing Director
Level 2, 16 Ord Street
West Perth, WA 6005

Tel: +61 8 9215 1700
Fax: +61 8 9215 1799

with a copy to (which shall not constitute notice):

Fasken Martineau DuMoulin LLP
Attn: Mr Peter Villani
Stock Exchange Tower
Suite 3400
800 Place Victoria
Montréal QC H4Z 1E9
Canada

Tel: +1 514 397 4316
Fax: +1 514 397 7600

(ii) in the case of Trustee to:

Computershare Trust Company of Canada
Attn: <*>
<*>
<*>

Tel: <*>
Fax: <*>

or at such other address as the party to which such notice or other communication is to be given has last notified the party given the same in the manner provided in this section, and if not given the same shall be deemed to have been received on the date of such delivery or sending.

13.4 Notice to Beneficiaries

Any and all notices to be given and any documents to be sent to any Beneficiaries may be given or sent to the address of such Beneficiary shown on the register of holders of Exchangeable Shares in any manner permitted by the by-laws of Canco from time to time in force in respect of notices to shareholders and shall be deemed to be received (if given or sent in such manner) at the time specified in such by-laws, the provisions of which by-laws shall apply mutatis mutandis to notices or documents as aforesaid sent to such Beneficiaries.

13.5 Counterparts

This agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

13.6 Jurisdiction

This agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

13.7 Attornment

Each of the Trustee, Acquireco and Canco agrees that any action or proceeding arising out of or relating to this agreement may be instituted in the courts of Ontario, waives any objection which it may have now or hereafter to the venue of any such action or proceeding, irrevocably submits to the non-exclusive jurisdiction of the said courts in any such action or proceeding, agrees to be bound by any judgement of the said courts and not to seek, and hereby waives, any review of the merits of any such judgement by the courts of any other jurisdiction, and Acquireco hereby appoints Canco at its registered office in the Province of Ontario as attorney for service of process.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be duly executed as of the date first above written.

GALAXY LITHIUM ONE INC.

By: ________________________________
Name:
Title:

LITHIUM ONE INC.

By: ________________________________
Name:
Title:

GALAXY RESOURCES LIMITED

By: ________________________________
Name:
Title:

By: ________________________________
Name:
Title:

COMPUTERSHARE TRUST COMPANY OF CANADA

By: ________________________________
Name:
Title:

SCHEDULE K
ACQUIRECO CONVERTIBLE NOTE

GALAXY RESOURCES LIMITED
(incorporated under the laws of Australia)

CONVERTIBLE LOAN NOTE
(dated for reference <*>)

CAD $<*>

1. PROMISE TO PAY

(a) Galaxy Resources Limited (hereinafter the "**Company**"), for value received, promises to pay to <*> (the "**Noteholder**"), at ***[address]*** or such other place as the Noteholder may from time to time direct the Company in writing the principal sum of CAD $<*> (the "**Principal**") on the date hereinafter provided in accordance with the terms and conditions set out herein, on presentation and surrender of this Convertible Loan Note.

(b) Except as otherwise provided herein, the Principal is due and payable on the earlier of October 29, 2012, or such other date upon the Noteholder may declare the Principal to be due and owing in accordance with Article 8 (the "**Maturity Date**").

(c) The Principal outstanding shall bear interest during each Interest Period at a nominal annual interest rate equal to the sum of eight percent (8.00%), compounded daily, not in advance, which interest shall accrue from day to day on the basis of a 360 day year consisting of twelve (12) months of thirty (30) days each and shall become due and be paid in full at the end of such Interest Period or, in the event that the Noteholder exercises the exchange right set out in Section 2(a), on the Exchange Date. Interest shall be paid in cash in CAD.

(d) If, at the Maturity Date, there exists an unremedied Event of Default pursuant to Article 8, the Noteholder shall have the option, upon written notice to the Company, to defer the Maturity Date until such Event of Default is remedied.

2. EXCHANGE OF THIS CONVERTIBLE LOAN NOTE

(a) At any time until the Principal and all accrued and unpaid interest is fully paid to the Noteholder, the Noteholder shall have the option, at any time, both before and after the Maturity Date, to exchange the entire Principal under this Convertible Loan Note into such number of fully paid Units calculated as set out in Section 2(b), by tendering at ***[address]***, at any time (the "**Exchange Date**") during normal business hours, this Convertible Loan Note together with a duly completed exchange notice in the form set out in Schedule 2(a) (the "**Exchange Notice**").

(b) Upon the Noteholder complying with the provisions of Section 2(a), the Company shall (i) issue to the Noteholder upon such exercise of the exchange right the number of Units as is equal to the quotient obtained by dividing (x) the Principal of the Convertible Loan Note to be converted to and including the Exchange Date, by (y) an amount equal to the quotient obtained by dividing 1.20 by **[insert number equal to the greater of (A) 1.80 and (B) that number of Galaxy Shares determined by dividing 1.55 by the Canadian Dollar equivalent of the offering price per Acquireco Share under the Acquisition Financing]** (the "**Exchange Price**") subject to adjustment as provided in Article 3, and (ii) pay all accrued and unpaid interest payable under this Convertible Loan Note to the Noteholder.

(c) Once the Noteholder shall have complied with the provisions of Section 2(a), the number of Units to be issued upon such exercise of the exchange right shall be deemed to have been issued and the Noteholder (or such person in whose name any certificates representing Units shall be deliverable upon such exchange) shall be deemed to be a registered holder of such Units as of and from the Exchange Date.

(d) The Company shall immediately after the Exchange Date deliver to the Noteholder a certificate or certificates registered in the name of the Noteholder (or such person in whose name such certificate or certificates shall be deliverable as advised by the Noteholder) representing the number of Units to which the Noteholder is entitled hereunder.

(e) Exchanges pursuant to this Article 2 will extend only to the maximum number of whole Galaxy Shares and Warrants into which the aggregate Principal to be exchanged may be exchanged in accordance with the provisions hereof. The Company will not be required to issue fractional Galaxy Shares or Warrants upon exchange of the Principal but any fractional Galaxy Shares or Warrant shall be rounded down to the next whole number.

(f) If the Principal outstanding is exchanged and all accrued and unpaid interest thereon has been paid to the Noteholder, this Convertible Loan Note shall be cancelled by the Company and no Convertible Loan Note shall be issued in substitution herefor.

(g) The Company shall assume and pay all expenses incurred in connection with the issuance of the Units, including any legal fees resulting from the exchange of this Convertible Loan Note pursuant to this Article 2.

(h) The Company undertakes in favour of the Noteholder, so long as any exchange right in respect of this Convertible Loan Note may be exercised, and, without limiting the generality of the foregoing, as a condition to the taking of any action which would require an adjustment to the Exchange Price pursuant to Article 3, to ensure that any and all Units issued upon the exchange of this Convertible Loan Note shall be duly and validly allotted and issued and shall be fully paid, freely tradable and free of any prior subscription or other right, subject to resale restrictions under applicable securities legislation. The Company shall, at its expense and as expeditiously as possible, use commercially reasonable efforts to cause all Galaxy Shares issuable upon the exchange of this Convertible Loan Note and upon exercise of the Warrants to be duly listed on the ASX (as defined below) prior to the issuance of such shares no later than seven (7) days from the date of issue.

(i) For greater certainty and notwithstanding anything to the contrary contained herein or in the form of certificate representing the Warrants, if the Noteholder delivers an Exchange Notice to the Company within the period that is 10 business days prior to the Maturity Date, such Noteholder shall be entitled to provide, concurrently with such Exchange Notice, a notice of exercise in respect of all or part of the Warrants that such Noteholder is entitled to receive upon the exchange of Convertible Loan Note contemplated in such Exchange Notice; provided however that the Company shall not be obligated to give effect to such notice of exercise of Warrants unless the Noteholder delivers therewith a certified cheque or bank draft for an amount equal to the Warrant Exercise Price in respect of the Warrants so exercised. If the Noteholder elects to exercise such Warrants in the manner set out in this Section 3(i), the Company shall, in lieu of delivery of certificates representing that the Warrants as would otherwise be required by Section 2(d), deliver to the Noteholder certificates representing the additional Galaxy Shares that are issued pursuant to such exercise of the Warrants.

3. <u>ADJUSTMENTS FOR THE PURPOSES OF EXCHANGE PROVISIONS</u>

(a) The kind and number or amount of shares or other securities or property that the Noteholder is entitled to receive on exchange of this Convertible Loan Note at any date shall be subject to adjustment from time to time as follows:

(i) If and whenever, at any time prior to the repayment of the Principal by the Company, the Company

(A) subdivides or redivides the outstanding Galaxy Shares into a greater number of Galaxy Shares;

(B) combines, consolidates or reduces the outstanding Galaxy Shares into a lesser number of shares; or

(C) issues Galaxy Shares to all or substantially all of the holders of Galaxy Shares by way of a stock dividend (any such event being herein called a **"Share Reorganization"),** the Exchange Price will be adjusted, effective immediately after the record date at which holders of Galaxy Shares are determined for the purpose of such Share Reorganization, to a price which is equal to the product of: (x) the Exchange Price in effect immediately before such record date; and (y) the fraction of which the numerator is equal to the total number of Galaxy Shares that are outstanding on such record date before giving effect to such Share Reorganization and the denominator is equal to the total number of Galaxy Shares that are or would be outstanding immediately after such record date after giving effect to such Share Reorganization and assuming all rights to acquire Galaxy Shares thereunder had then been exercised.

(ii) If and whenever, at any time prior to the repayment of the Principal by the Company, there is:

(A) a reclassification of the Galaxy Shares outstanding, a change or exchange of Galaxy Shares into or for other shares or securities, or any other capital reorganization of the Company except as described in Sections 3 (a)(i) and 3(a)(v);

(B) a consolidation, merger, amalgamation, arrangement or other form of business combination of the Company with or into another corporation or other entity resulting in a reclassification of the Galaxy Shares outstanding or a change or exchange of Galaxy Shares into or for other shares or securities;

(C) a transaction whereby all or substantially all of the undertaking and assets of the Company become the property of another corporation or entity; or

(any such event being herein called a **"Corporate Reorganization"),** upon any exchange pursuant to Article 2 after the effective date of such Corporate Reorganization, the Noteholder will be entitled to receive and will accept, in lieu of the Galaxy Shares to which it would otherwise have been entitled, the kind and number or amount of shares or other securities or property that it would have been entitled to receive as a result of such Corporate Reorganization if, on the effective date thereof, the Noteholder had been the registered holder of the number of Galaxy Shares which it would have received had the entire outstanding Principal, together with all accrued interest thereon, been converted pursuant to Article 2 immediately before such effective date.

(iii) If the Company shall issue: (A) any Galaxy Shares prior to the exchange of this Convertible Loan Note for consideration (the **"Offer Price")** less than the Exchange Price that would be in effect at the time of such issue (a **"Share Offering"),** then, and thereafter successively upon each such issuance, (1) the Exchange Price that would be in effect at the time of such issue shall be reduced to such lower Offer Price and (2) the Warrant Exercise Price that would be in effect at the time of such issue will be reduced by an amount equal to the Exchange Price that would be in effect at the time of such issue less the Offer Price; and (B) any security or debt instrument of the Company carrying the right to convert or exchange such security or debt instrument into Galaxy Shares or of any warrant, right or option to purchase Galaxy Shares (a **"Convertible Security")** prior to the exchange of this Convertible Loan Note with a conversion or exchange price (the **"Conversion Price")** less than the Exchange Price that would be in effect at the time of such issue (a **"Convertible Security Offering")** (a Share Offering or a Convertible Security Offering is referred to herein as an **"Equity Offering"),** then, and thereafter successively upon each such issuance, (1) the Exchange Price that would be in effect at the time of such issue shall be reduced to such lower Conversion Price and (2) the Warrant Exercise Price that would be in effect at the time of such issue will be reduced by an amount equal to the Exchange Price that would be in effect at the time of such issue less the Conversion Price. For the purposes of this Section 3(a)(iii): (A) an Equity Offering shall not include any issuance of Galaxy Shares or Convertible Securities (1) pursuant to Sections 3(a)(i), 5(a)(ii), 3(a)(iv) or 3(a)(v); (2) pursuant to any Convertible Security outstanding on the date hereof (including this Convertible Loan Note and any other convertible loan notes issued by the Company on the date hereof) as disclosed to the Noteholder in writing; or (3) pursuant to options that may be issued under any employee incentive stock option and/or any qualified stock option plan adopted by the Company); (B) any adjustment under this Section 3(a)(iii) shall be subject to the requirements, if any, of the ASX (including any approvals of the ASX that may be required); and (C) the issuance of any Convertible Security shall result in an adjustment to the Exchange Price upon the issuance of such Convertible Security and again upon issue of Galaxy Shares upon exercise of such conversion or purchase rights if such issuance is at a price lower than the then applicable Exchange Price. The reduction of the Exchange Price described in this Section

3(a)(iii) is in addition to any other rights of the Noteholder described herein.

(iv) If and whenever, at any time prior to the repayment of the Principal by the Company, the Company fixes a record date for the issuance of rights, options or warrants to all or substantially all the holders of its outstanding Galaxy Shares (any such event being herein called a **"Rights Offering"**) entitling them, for a period expiring not more than forty-five (45) calendar days after such record date, to subscribe for or purchase Galaxy Shares (or securities convertible or exchangeable into Galaxy Shares) at a price per share (or having a conversion or exchange price per share) less than ninety-six percent (96%) of the current market price on the record date at which holders of Galaxy Shares are determined for the purposes of the Rights Offering, the Exchange Price will be adjusted, effective immediately after such record date, to a price that is equal to the product of (x) the Exchange Price in effect on such record date and (y) the fraction of which the numerator is equal to the total number of Galaxy Shares outstanding on such record date plus a number of Galaxy Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Galaxy Shares offered for subscription or purchase (or the aggregate exchange or exchange price of the convertible or exchangeable securities so offered) by such current market price, and of which the denominator shall be the total number of Galaxy Shares outstanding on such record date plus the total number of additional Galaxy Shares offered for subscription or purchase or into which the convertible or exchangeable securities so offered are convertible or exchangeable; provided that:

(A) such adjustment shall be made successively whenever such a record date is fixed; and

(B) to the extent that any such rights or warrants are not exercised prior to the expiration thereof, the Exchange Price shall be readjusted to the Exchange Price which would then be in effect if such record date had not been fixed or to the Exchange Price which would then be in effect based upon the number of Galaxy Shares (or securities convertible or exchangeable into Galaxy Shares) actually issued upon the exercise of such rights or warrants, as the case may be.

(v) If and whenever, at any time prior to the repayment of the Principal by the Company, the Company fixes a record date for the issue by way of dividend or other distribution to all or substantially all holders of Galaxy Shares of:

(A) securities other than shares of the Company;

(B) evidence of indebtedness;

(C) any cash, property or other assets, excluding cash dividends paid in the ordinary course;

(D) any rights, options or warrants to subscribe for, purchase or otherwise acquire securities of the Company (including, without limitation, Galaxy Shares or securities convertible into or exchangeable for Galaxy Shares) or any of its cash, property or assets and including evidences of indebtedness;

and to the extent that such dividend or distribution does not constitute an event described in Section 3(a)(ii) (any of such non-excluded events being herein called a **"Special Distribution"**) and effective immediately after the record date at which holders of Galaxy Shares are determined for purposes of such Special Distribution, the kind and number or amount of shares or other securities or property that the Noteholder is entitled to receive upon exchange pursuant to Article 2 shall be adjusted by such amount and in such manner as is determined by the auditors of the Company to be appropriate in order to properly reflect the diminution of value of the Galaxy Shares as a result of such Special Distribution (without reference to actual market values of those shares).

(b) The following rules and procedures will be applicable to adjustments made pursuant to this Article 3:

(i) the adjustments and readjustments provided for in this Article 3 are cumulative and, subject to Section 3(b)(ii) below, will apply (without duplication) to successive events that require such an adjustment;

(ii) no adjustment or readjustment provided for in Section 3(a) which would have the effect of increasing or decreasing the number of shares or other securities or property that the Noteholder is entitled to receive upon Exchange pursuant to Article 2 will be made unless the adjustment would result in a cumulative increase or decrease of at least 1% in such number of shares or other securities or property, provided that any such adjustment which, except for the provisions of this Section 3(b)(ii), would otherwise have been required to be made, will be carried forward and taken into account in any subsequent adjustment;

(iii) in any case in which Section 3(a) requires that an adjustment become effective immediately after a record date for a Share Reorganization, a Corporate Reorganization, an Equity Offering, a Rights Offering or a Special Distribution, the Company may defer, until the occurrence of such event, issuing to the Noteholder, in the case of the Convertible Loan Note being converted after the record date of such event and before the occurrence of such event, the additional Galaxy Shares issuable upon such exchange by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Company shall deliver to the Noteholder an appropriate instrument evidencing the Noteholder's right to receive such additional Galaxy Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Galaxy Shares declared in favour of holders of record of Galaxy Shares on and after the Exchange Date or such later date as the Noteholder would, but for the provisions of this subsection 3(b)(iii) have become the holder of record of such additional Galaxy Shares pursuant to Section 3(a);

(iv) in the absence of a resolution of the Board of Directors of the Company fixing a record date for purposes of any event referred to in this Article 3, the Company will be deemed to have fixed as the record date therefor the date at which the event is effected or such other date as may be required by law; and

(v) in the event of any question arising with respect to the application of any adjustments provided in this Article 3, such questions shall be conclusively determined by a firm of chartered accountants appointed by the Company and acceptable to the Noteholder (who may be the auditors of the Company). Such accountants shall have access to all necessary records of the Company and such determination shall be binding upon the Company and the Noteholder.

(c) In the event of the occurrence of a matter referred to in Section 3(a), no adjustment will be effected pursuant to this Article 3 if the Noteholder is allowed to participate in such Share Reorganization, Corporate Reorganization, Equity Offering, Rights Offering or Special Distribution as if the Noteholder had exercised its Exchange rights immediately prior to the record date of such event.

(d) The Company shall, so long as the Convertible Loan Note remains outstanding, give notice to the Noteholder, in the manner provided in

Article 9, of its intention to fix a record date for any event referred to in Section 3(a) which may give rise to an adjustment pursuant to this Article 3, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Company shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than ten (10) days in each case prior to such applicable record date.

4. ISSUANCE OF REPLACEMENT CONVERTIBLE LOAN NOTE

(a) In the event of the loss, destruction, mutilation or theft of this Convertible Loan Note or any note executed, issued and delivered in substitution for and in lieu and replacement hereof, the Company shall, subject to Section 4(b), execute, issue and deliver a new Convertible Loan Note bearing the same date, the same Principal amount and the same terms and conditions as the Convertible Loan Note so lost, destroyed, mutilated or stolen, in substitution for and in lieu and replacement of such lost, destroyed or stolen note or upon surrender and cancellation of such mutilated note.

(b) The Noteholder shall, as a condition to the issuance of a replacement Convertible Loan Note, provide to the Company proof of the loss, destruction, mutilation or theft of the original note which is reasonably acceptable to the Company, including but not limited to a statutory declaration by the Noteholder or a senior officer thereof confirming such loss, destruction, mutilation or theft and the Noteholder may further be required to deliver to the Company, at the Company's option, an indemnity in an amount and a form satisfactory to the Company and to pay the reasonable expenses incurred by the Company with respect to such replacement.

5. REPRESENTATIONS AND WARRANTIES

The Company acknowledges that the Noteholder is relying upon the representations, warranties and covenants of the Company contained herein in connection with the advance of the Principal, and that no investigation at any time made by or on behalf of the Noteholder shall diminish in any respect whatsoever its rights to rely thereon. All such representations, warranties and covenants of the Company to the Noteholder shall, so long as this Convertible Loan Note remains in effect, be deemed to be true, correct and continuously made. The Company represents and warrants to the Noteholder as follows:

(a) the Company and each Subsidiary is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation and has all necessary corporate power and authority to own its properties and carry on its business as presently carried on by it and each is duly licensed, registered or qualified in all jurisdictions where the character of its property owned or leased or the nature of the activities conducted by it makes such licensing, registration or qualification necessary or desirable;

(b) the Company has full corporate power and authority to enter into this Convertible Loan Note and any related documentation and to do all acts and execute and deliver all other documents as are required hereunder or thereunder to be done, observed or performed by it in accordance with their terms;

(c) the Company has taken all necessary corporate action to authorize the creation, execution, delivery and performance of this Convertible Loan Note and any related documentation and to observe and perform the provisions of each in accordance with its terms;

(d) this Convertible Loan Note constitutes and, when executed and delivered, any related documentation will constitute, valid and legally binding obligations of the Company enforceable against it in accordance with their respective terms subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforceability of creditors' rights and to the fact that specific performance is an equitable remedy available only in the discretion of the court. Neither the execution and delivery of this Convertible Loan Note or any related documentation, nor compliance with the terms and conditions of any of them, (i) has resulted or will result in a violation of the constitution of the Company or its Subsidiaries or any resolutions passed by the board of directors or shareholders of the Company or its Subsidiaries or any applicable law, rule, regulation, order, judgement, injunction, award or decree, (ii) has resulted or will result (subject to receipt of any required consents) in a breach of, or constitute a default under, any loan agreement, indenture, trust deed or any other agreement or instrument to which the Company or any Subsidiary is a party or by which it is bound or (iii) requires any approval or consent of any governmental authority or agency having jurisdiction except such as has already been obtained;

(e) the Galaxy Shares outstanding as at the date hereof are listed on the Australian Securities Exchange (the "**ASX**");

(f) the ASX has conditionally approved the issue of this Convertible Loan Note and the listing of the Galaxy Shares issuable upon exchange of this Convertible Loan Note and upon exercise of the Warrants;

(g) the Company has not taken any action that would reasonably be expected to result in the delisting or suspension of the Galaxy Shares on or from the ASX;

(h) the Company is not in material default of any of its obligations under applicable Canadian or Australian securities laws;

(i) no event has occurred and is continuing which:

(i) constitutes an Event of Default referred to in Article 8;

(ii) with the giving of notice or lapse of time or both, would constitute an event of default under any other contract, mortgage, debenture, indenture, lease, licence, agreement or other document or instrument to which the Company is a party or by which the Company is bound or to which any of its assets is subject which have a material adverse effect on the Company's ability to perform its obligations hereunder or on the financial condition, business, properties, assets, capital, net worth, results of operations or prospects of the Company;

(j) there is no litigation pending or, to the knowledge of the Company or its Subsidiaries, threatened against or affecting the Company or any of its Subsidiaries or any of their undertakings and assets, at law, in equity or before any arbitrator or before or by any governmental department, body, commission, board, bureau, agency or instrumentality having jurisdiction in the premises in respect of which there is a reasonable possibility of a determination adverse to the Company or any Subsidiary and which could, if determined adversely, materially and adversely affect the ability of the Company to perform any of its obligations under this Convertible Loan Note and any related documentation and neither the Company nor any Subsidiary is in default with respect to any law, regulation, order, writ, judgement, injunction or award of any competent government, commission, board, agency, court, arbitrator or instrumentality which would have such an effect;

(k) after diligence inquiry, as at the date hereof, the Company is not aware of any failure on its part or on the part of any of its Subsidiaries to comply in all material respects with all applicable environmental laws;

(l) (i) upon issue, the Galaxy Shares issuable upon exchange of this Convertible Loan Note and, (ii) upon payment therefore and issue, the Galaxy Shares issuable upon exercise of the Warrants, will be duly and validly issued, fully paid and non-assessable and the Company agrees that its issue of this Convertible Loan Note will constitute full authority to its officers, agents and transfer agents who are charged with the duty of executing and executing share and warrant certificates to execute and issue the necessary certificates for the Galaxy Shares issuable upon exchange of this Convertible Loan Note and exercise of the Warrants subject to the terms and conditions of this Convertible Loan Note.

6. COVENANTS AND UNDERTAKINGS OF THE COMPANY

As long as this Convertible Loan Note is outstanding, the Company covenants, agrees and undertakes in favour of the Noteholder that it shall, and it shall procure that each Subsidiary shall:

(a) duly and punctually pay or cause to be paid when due the Principal and all other monies which it may become obligated to pay to the Noteholder pursuant to this Convertible Loan Note;

(b) pay on demand any and all reasonable costs, charges and expenses, including any legal costs incurred by the Noteholder on the basis as between a solicitor and its client, of and incidental to:

(i) any matter which the Company asks the Noteholder to consider in connection with this Convertible Loan Note;

(ii) the Noteholder's performance of any covenant in this Convertible Loan Note;

(iii) any default or possible default by the Company under this Convertible Loan Note;

(iv) any steps or proceedings taken under this Convertible Loan Note or otherwise by reason of non-payment or procuring payment of the monies payable under this Convertible Loan Note; or

(v) the preparation, negotiation, settlement, execution, delivery and entry into effect of this Convertible Loan Note;

and such costs, charges and expenses will bear interest at the rate aforesaid from the date of the Noteholder incurring or being charged the same;

(c) at all times maintain, and procure that each Subsidiary maintains, its corporate existence in good standing under the laws of its present jurisdiction and obtain and maintain in good standing all necessary licences and registrations in any jurisdictions where it, or each Subsidiary has business assets or is carrying on business or where the nature of the business carried on by it or each Subsidiary makes such licenses necessary or advantageous and carry on and conduct its business in a prompt and efficient manner;

(d) provide all information which the Noteholder may reasonably request and notify the Noteholder promptly of any material change in the information contained herein relating to it, its business or its Business Assets, including, without limitation:

(i) any change of name or address;

(ii) details of any material Litigation affecting it or its business or its Business Assets;

(iii) any loss or damage of a material amount to its Business Assets; and

(iv) particulars of any Event of Default and particulars of the action which it proposes to take with respect thereto, forthwith after it has obtained knowledge of the occurrence of such event;

provided that under no circumstances will it be required to provide to the Noteholder any information if the provision of such information will result in or give rise to a contravention of any law, rule or regulation applicable to it;

(e) immediately and duly pay when due:

(i) all obligations to its employees and all obligations to others which relate to its employees including, without limitation, all Taxes, claims and dues related thereto;

(ii) all Taxes, rates, assessments, dues, impositions or other obligations lawfully levied, assessed or imposed upon it or its Business Assets, or any part thereof, by virtue of any law, regulation, rule, order, direction or requirement of any Government Body, before the imposition of any fine, interest or penalty for the late payment thereof, unless it shall in good faith contest its obligation so to pay; and

(iii) any obligation secured by any Lien, and any obligation incurred by, or imposed on, it or any of its Business Assets, or any part thereof, by virtue of any contract, mortgage, debenture, indenture, lease, license, agreement, permit or other document or instrument or otherwise, the breach or default of which could result in any Lien, or any right of distress, forfeiture, sale or termination or any other remedy being enforced against it or its Business Assets, property, effects and undertaking, or any part thereof

(f) observe and perform all of its obligations, covenants, terms and conditions under this Convertible Loan Note and all its material obligations, covenants, terms and conditions under any contract, mortgage, debenture, indenture, lease, license, agreement, instrument to which it is a party, or by which it is bound or by which it or any of its business assets is subject;

(g) maintain complete and up-to-date records and books of account of the Company in accordance with AIFRS;

(h) promptly inform the Noteholder of the occurrence of an Event of Default and, upon receipt of a written request to that effect from the Noteholder, confirm to the Noteholder that, save as previously notified to the Noteholder or as notified in such confirmation, no Event of Default or any event which constitutes an event of default under any document (other than this Convertible Loan Note) has occurred or is continuing;

(i) comply in all material respects with any law, ordinance, order or award by any governmental body;

(j)

(i) manage and operate its business assets in compliance with all environmental laws;

(ii) make and maintain all environmental permits required under all environmental laws in relation to its business assets and remain in compliance therewith; and

(iii) store, treat, transport, generate, otherwise handle and dispose of all substances owned, managed or controlled by it in compliance with all environmental laws;

(k) reserve from its authorized and unissued Share Capital a sufficient number of Galaxy Shares to provide for the issue of Galaxy Shares upon exchange of this Convertible Loan Note and exercise of the Warrants; and

(l) the Company undertakes in favour of the Noteholder that it will take all necessary action, whether satisfying the conditions of ASIC Class Order 10/322 at the time of issue of the Convertible Loan Note or satisfying the conditions of section 708A(5) of the Corporations Act 2001 at the time of issue of any Galaxy Shares, to ensure that such Galaxy Shares issued upon exchange of this Convertible Loan Note and/or exercise of any Warrants are freely tradable and not subject to any resale restrictions within Australia.

7. WITHHOLDING TAXES

(a) Each payment required to be made by the Company to the Noteholder under this Convertible Loan Note shall be made without set-off or counterclaim, free and clear of, and without deduction or withholding for or on account of, any Taxes (other than the Noteholder's Own Taxes), except to the extent such deduction or withholding is required by any applicable law then in effect. To the extent and each time the Company is so required to deduct or withhold Taxes (other than the Noteholder's Own Taxes) from or in respect of any such payment to or for the account of the Noteholder, then the Company will:

(i) promptly notify the Noteholder of such requirement (provided for greater certainty that a notice in respect of more than one such payment will be sufficient for this purpose);

(ii) pay to the relevant Governmental Body when due the full amount required to be deducted or withheld (including the full amount of Taxes required to be deducted or withheld from any additional amount paid by the Company to or for the account of the Noteholder under subsection 7(a)(iv);

(iii) promptly forward to the Noteholder an official receipt (or a certified copy), a copy of a cheque issued to the relevant Governmental Body, or other documentation reasonably acceptable to the Noteholder, evidencing such payment to such Governmental Body; and

(iv) forthwith pay to the Noteholder, in addition to the payment to which the Noteholder is otherwise entitled under this Convertible Loan Note, such additional amount as is necessary to ensure that the net amount actually received by the Noteholder (free and clear of, and net of, any such Taxes, including the full amount of Taxes required to be deducted or withheld from any additional amount paid by the Company under this subsection 7(a)(iv), whether assessed against the Company or the Noteholder) will equal the full amount the Noteholder would have received had no such deduction or withholding been required.

(b) If the Company fails to pay to the relevant Governmental Body when due any Taxes that it was required to deduct or withhold under section 7(a) in respect of any payment to or for the benefit of the Noteholder under any Transaction Document, or fails to promptly furnish the Noteholder with the documentation referred to in Section 7(c), the Company shall forthwith on demand indemnify the Noteholder on a full indemnity after-Taxes basis from and against all resulting losses and expenses (including interest and penalties) which the Noteholder may suffer or incur as a result of such failure.

(c) If, in respect of any amount payable by the Company to the Noteholder under this Convertible Loan Note, the Company gives the Noteholder written notice of an exemption or a reduced rate or amount of tax that may be applicable in respect of the deduction or withholding of Taxes therefrom, then the Noteholder will use commercially reasonable efforts to cooperate with the Company to obtain the benefit of such exemption or reduced rate, including providing the Company with certificates regarding the relevant facts (including without limitation the residence of the Noteholder and its entitlement to the benefits of an applicable international income tax treaty), making administrative filings, or taking other action reasonably requested by the Company, so that the deduction or withholding made by the Company pursuant to Section 7(a) does not exceed the minimum amount legally required under applicable law.

(d) If the Noteholder has claimed or is entitled to claim a refund or able to apply for or otherwise take advantage of any Tax credit, Tax deduction or other Tax benefit by reason of any withholding or deduction in respect of which the Company has made an additional payment pursuant to Section 7(a)(iv), then the Noteholder will (provided the Company has paid the amounts described in Sections 7(a)(ii), 7(a)(iv) and 7(b), if applicable) pay to the Company such amount (if any), not exceeding the additional amount so paid by the Noteholder, as will leave the Noteholder in no worse position than the Noteholder would have been in if such deduction or withholding had not been required, and in the event of any dispute regarding the amount to be paid by the Noteholder to the Company pursuant to this Section 7(d), the auditors of the Noteholder will determine such amount, provided that (i) nothing herein shall interfere with the right of the Noteholder to arrange its tax affairs in whatever manner it deems fit and in particular the Noteholder shall not be under any obligation to claim relief from its corporate profits or similar tax liability in respect to any such deduction or withholding in priority to any other relief, claims, credits or deductions available to it and (ii) the Noteholder shall not be obligated to disclose to the Company any confidential information regarding its tax affairs or tax computations.

8. DEFAULT AND EXECUTION

(a) An event of default ("**Event of Default**") shall occur if:

(i) the Company shall fail to pay any amount payable hereunder when the same becomes due, and, if such default shall be capable of being remedied or cured, the Company shall fail to remedy or cure such default within a period of three (3) Business Days after such amount has become due;

(ii) the Company shall fail to perform or observe any obligation hereunder, and, if such default shall be capable of being remedied or cured, the Company shall fail to remedy or cure such default within a period of fifteen (15) Business Days after the earlier of (A) the date the Company has knowledge of such default or (B) notice in writing has been given by the Noteholder to the Company;

(iii) any representation, warranty or statement made under this Convertible Loan Note by the Company shall be false, misleading or incorrect when made or repeated, and, if such default shall be capable of being remedied or cured, the Company shall fail to remedy or cure such default within a period of fifteen (15) Business Days after the earlier of (A) the date the Company has knowledge of such default or (B) notice in writing has been given by the Noteholder to the Company;

(iv) there is a suspension from trading or failure of the Galaxy Shares to be listed on the ASX for a period of five (5) consecutive days;

(v) the Company or any Subsidiary defaults under any one or more agreements, documents or instruments relating to Indebtedness (other than Indebtedness under this Convertible Loan Note) in an aggregate amount exceeding US$250,000 (or the equivalent amount in another currency) and, if there is any cure period applicable to such default, such cure period lapses without the default being cured;

(vi) the Company or any Subsidiary defaults under any other contract, mortgage, debenture, indenture, lease, licence, agreement or other document or instrument to which the Company or a Subsidiary is bound or to which any of its assets is subject and, if there is any cure period applicable to such default, such cure period lapses without the default being cured and such default may have a material adverse effect on the Company's or such Subsidiary's ability to perform its obligations hereunder or on the financial condition, business, properties, assets, capital, net worth, results of operations or prospects of the Company or any Subsidiary (a "**Material Adverse Change**");

(vii) the Company or any Subsidiary ceases or suspends or threatens to cease or suspend all or a substantial portion of its business; or

(viii) if (A) any litigation is commence which, if determined adversely to the Company or any Subsidiary or to the rights of the Noteholder contemplated under this Convertible Loan Note would constitute a Material Adverse Change; (B) this Convertible Loan Note or any material right hereunder becomes or is determined by a court of competent jurisdiction to be invalid, unenforceable or ineffective, or (C) the Company denies that is has any further obligations hereunder or challenges the validity of any provision hereof;

(b) If an Event of Default is not remedied in the specified time and subject to Section 8(c), the Noteholder may, at its option, by written notice to the Company:

(i) declare the Principal outstanding hereunder, together with accrued interest and any other amounts payable hereunder, to be due and payable and the same shall forthwith become immediately due and payable to the Noteholder, notwithstanding anything to the contrary herein, and the Company shall pay forthwith to the Noteholder the amount of the Principal then outstanding and accrued interest and any other amounts payable hereunder;

(ii) demand the exchange of the Convertible Loan Note in accordance with the provisions of Article 2 and demand that, if lower, the Exchange Price be repriced such that the Exchange Price is equal to eighty-five percent (85%) of the 5-day volume weighted average closing price of Galaxy Shares traded on the ASX prior to the date of the Exchange Notice, provided that any adjustment under this Section 8(b)(ii) shall be subject to the requirements, if any, of the ASX (including any approvals of the ASX that may be required);

(iii) demand that security satisfactory to the Noteholder be provided by the Company, by way of charge on the assets of the Company or otherwise or procure the Company to provide a guarantee of the obligations of the Company hereunder and security satisfactory to the Noteholder; or

(iv) take any other action, commence and prosecute any litigation or exercise such other rights as may be permitted by applicable law (whether or not provided for in this Convertible Loan Note) at such times and in such manner as the Noteholder may consider expedient.

(c) Should an Event of Default occur, the Noteholder may, at its option, exercise its rights by any act, proceeding, recourse or procedure authorized or permitted by law and may file its proof and any other documents necessary or desirable so that the request of the Noteholder may be considered in any liquidation or other proceeding with respect to the Company.

(d) The Noteholder may waive any breach or default by the Company under this Convertible Loan Note and under any other agreement or instrument of which the Noteholder has the benefit and may waive its rights arising from the occurrence of an Event of Default. No waiver or consent by the Noteholder shall be effective against or bind the Noteholder unless it is in writing. Any waiver or consent given by the Noteholder or any failure on its part to exercise any of its rights hereunder will not extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting or arising therefrom or to effect a waiver thereof. The inspection or approval by the Noteholder of any document or matter or thing done by the Company shall not be deemed to be a warranty or holding out or approval of the adequacy, effectiveness or binding effect of such document, matter or thing or a waiver of obligations of the Company hereunder.

(e) If the Company fails to perform any of the covenants, agreements or conditions herein contained, the Noteholder may in its discretion, but will not be obligated to, perform the same and if any such covenant, agreement or condition requires the payment or expenditures of money, the Noteholder may make such payment or expenditure, and all costs, charges and expenses thereby incurred and all sums so paid or expended will at once be payable by the Company to the Noteholder, it being further understood and agreed that no such performance or payment will be deemed to relieve the Company from any default hereunder.

(f) The delay or omission of the Noteholder to exercise any recourse mentioned above shall not invalidate any such recourse nor be interpreted as a waiver of any default hereunder.

(g) No power, privilege, remedy or right herein conferred upon or reserved to the Noteholder is intended to be exclusive of any other power, privilege, remedy or right, but each and every such power, privilege, remedy or right shall be cumulative and shall be in addition to every other power, privilege, remedy or right given hereunder or under any other agreement, document or instrument now existing or hereafter to exist by law or in equity or by statute.

(h) The delay or omission of the Noteholder to exercise any recourse mentioned above shall not invalidate any such recourse nor be interpreted as a waiver of any default hereunder.

(i) The Company shall indemnify the Noteholder for any loss and expense it suffers as a result of an Event of Default or as a result of the Noteholder exercising its rights upon the occurrence of an Event of Default.

(j) In the event of the occurrence of an Event of Default the Company hereby waives demand, presentment for payment, notice of non-payment, protest and notice of protest or any other action being required and service of legal process or the making of any similar procedure.

(k) If an Event of Default referred to in Subsection 8(a)(i) occurs, unless the Noteholder otherwise agrees, the Transaction Obligations shall be accelerated and become immediately due and payable automatically without any action on the part of the Noteholder being required.

(l) Neither the taking of any judgment under a covenant herein contained or otherwise nor the exercise by the Noteholder of any right, remedy, power or privilege conferred hereby or otherwise shall operate to extinguish the obligation of the Company to pay the Principal and any other amount payable hereunder or as a merger of any covenant herein contained or otherwise, and the acceptance of any payment or security shall not constitute nor create a novation.

9. <u>NOTICE</u>

(a) All notices, demands, consents, approvals or other communications to be given hereunder shall be deemed to be validly given to a party if sent by ordinary international mail, postage prepaid, by letter or circular addressed to such party at the address below and shall be deemed to have been received on the fifth (5th) Business Day following the day of mailing or at the time of actual delivery, if delivered.

(i) If to the Company:

Attn: Mr Iggy Tan
Managing Director
Level 2, 16 Ord Street
West Perth, WA 6005

Tel: +61 8 9215 1700
Fax: +61 8 9215 1799

(ii) If to the Noteholder:

<*>
<*>
<*>

Attention: <*>

(b) The Company or the Noteholder, as the case may be, may from time to time notify the other in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be its address for all purposes of this Convertible Loan Note.

10. ASSIGNMENT OF THIS CONVERTIBLE LOAN NOTE

(a) This Convertible Loan Note is non-transferable by the Noteholder without the express prior written consent of the Company which consent shall not be unreasonably withheld or delayed.

(b) This Convertible Loan Note is non-transferable by the Company without the express prior written consent of the Noteholder which consent shall not be unreasonably withheld or delayed.

(c) The Company hereby expressly agrees that the assignee or transferee of the Noteholder, as the case may be, shall have all of the Noteholder's rights and remedies under this Convertible Loan Note and the Company will not assert any defence, counterclaim, right of set-off or otherwise any claim which it now has or hereafter acquires against the Noteholder in any action commenced by such assignee or transferee, as the case may be, and will pay the amounts due under this Convertible Loan Note to the assignee or transferee, as the case may be, as the said amounts become due.

11. CONFIDENTIALITY

Subject as provided below, the Company and the Noteholder shall keep the terms and conditions of this Convertible Loan Note confidential. Subject to any disclosure requirements of the Canadian or Australian securities rules and the policies of the ASX, the terms and conditions of the Convertible Loan Note shall only be discussed or disclosed if required by law or if consent is received from the non-disclosing party.

12. GENERAL MATTERS

(a) The division of this Convertible Loan Note into articles and sections and the insertion of titles are for convenience of reference and shall have no effect on the interpretation hereof. The terms **"this Convertible Loan Note", "hereof", "hereunder"** and similar expressions refer to this Convertible Loan Note and not to any particular Article, Section, Subsection, Schedule, paragraph, subparagraph, Clause or other portion of this Convertible Loan Note.

(b) Any action required or permitted to be taken or made hereunder on any day which is not a Business Day may be taken or made on the next succeeding day that is a Business Day with the same force and effect as if taken within the period for the taking of such action. "Business Day" shall mean a day other than a Saturday, Sunday, or a day on which banks are not open for business in Canada, London and New York.

(c) Unless otherwise expressly provided or unless the context otherwise requires, words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders, all as the context may require.

(d) Time is of the essence of this Convertible Loan Note.

(e) Each of the provisions contained in this Convertible Loan Note is distinct and severable. If any covenant or provision of this Convertible Loan Note or any part hereof shall be found or determined to be void, invalid, illegal, unenforceable or prohibited by law it shall not be deemed to affect or impair the validity of any other covenant or provision herein or portion hereof, as the case may be, and such covenant or provision or portion shall be severable from this Convertible Loan Note and the remainder of this Convertible Loan Note shall be construed as if such invalid, illegal or unenforceable provision or part had been deleted herefrom.

(f) Except as otherwise specifically provided, any reference in this Convertible Loan Note to any contract, mortgage, debenture, indenture, lease, licence, agreement or any other document or instrument shall be deemed to include references to the same as varied, amended, supplemented or replaced from time to time, and any reference in this Convertible Loan Note to any enactment, including without limitation any statute, law, by-law or regulation, shall be deemed to include references to such enactment as re-enacted, amended or extended from time to time.

(g) No modification, variation or amendment of any provision of this Convertible Loan Note shall be made except by written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

(h) This Convertible Loan Note shall enure to the benefit of the Noteholder and its successors and assigns and shall be binding upon the Company and its successors and assigns.

(i) If any sum payable by the Company under any provision of this Convertible Loan Note is not paid when due and payable hereunder (whether on its stipulated due date, on demand, on acceleration or otherwise), the Company shall pay interest on the outstanding balance thereof at twelve percent (12.00%) per annum.

(j) The Transaction Obligations will be paid by the Company without regard to any equities between the Company and the Noteholder or any right of set-off or counterclaim. Any Indebtedness owing by the Noteholder to the Company, direct or indirect, extended or renewed, actual or contingent, matured or not, may be set off or applied against, or combined with, the Transaction Obligations by the Noteholder at any time, either before or after maturity, without demand upon or notice to anyone.

(k) If, for the purposes of obtaining or enforcing judgment in any court in any jurisdiction, it becomes necessary to convert into the currency of the jurisdiction giving such judgment (the "**Judgment Currency**") an amount due under any Transaction Document in any other currency (the "**Original Currency**"), then the date on which the rate of exchange for Exchange is selected by that court is referred to herein as the "Date of Exchange". If there is a change in the rate of exchange between the Judgment Currency and the Original Currency between the Date of Exchange and the actual receipt by the Noteholder of the amount due to it under such Transaction Document or under such judgment, the Company shall, notwithstanding such judgment, pay all such additional amounts as may be necessary to ensure that the amount received by the Noteholder in the Judgment Currency, when converted at the rate of exchange prevailing on the date of receipt, will produce the amount due in the Original Currency. The Company's liability hereunder constitutes a separate and independent liability which shall not merge with any judgment or any partial payment or enforcement of payment of sums due under this Convertible Loan Note.

13. INTERPRETATION

(a) As used in this Convertible Loan Note:

(i) **"Affiliate"** means with respect to the relationship between companies, where

(A) one of them is the subsidiary of, or controlled by, the other, or,

(B) each of them is controlled by the same company, (where control means the direct or indirect holding of voting securities sufficient to elect a majority of the directors of the applicable company).

(ii) "A**IFRS**" means the International Financial Reporting Standards.

(iii) **"Award"** means any judgment, decree, injunction, rule, award or Order of any Governmental Body, arbitrator or other decision-making authority of competent jurisdiction.

(iv) "**Bankruptcy Event**" means, with respect to the Company: (a) a receiver, receiver and manager, official manager, trustee, administrator, other controller (as defined in the Corporations Act) or similar official is appointed, or steps are taken for such appointment, over any of the assets or undertaking of the Company; (b) an administrator is appointed or a resolution is passed or any steps are taken to appoint, or to pass a resolution to appoint, an administrator to the Company; (c) an application or order (which application has not been withdrawn or order dismissed within 30 days after it is made) is made for winding-up or dissolution of the Company or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of the Company otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the Noteholder; (d) the Company is or becomes unable to pay its debts as and when they fall due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act; (e) the Company enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them; or (f) the Company suspends payments of its debts generally.

(v) **"Business Affairs"** means, in respect of any Person, the Business Assets, liabilities, financial condition, prospects and results of operations of that Person.

(vi) **"Business Assets"** means, in respect of any Person, the business, operations, undertaking, property and assets of that Person.

(vii) **"Canadian Dollars"** and the symbol **"CAD"** each means the lawful currency of Canada.

(viii) "***Corporations Act***" means the *Corporations Act 2001*(Cth)

(ix) "**Galaxy Shares**" means the ordinary shares of the Company.

(x) "**Governmental Body**" means any international tribunal, agency, body commission or other authority (including that of any union of nations), any government, executive, parliament, legislature or local authority or any governmental body, ministry, department or agency or regulatory authority, court, tribunal, commission or board of or within Australia or any other foreign jurisdiction, or any political subdivision of any thereof or any authority having jurisdiction therein.

(xi) **"Income Taxes"** means taxes based on or measured by income or profit of any nature or kind, including Australian Taxes and similar such taxes imposed by any foreign jurisdiction (including any union of nations).

(xii) **"Interest Period"** means a period of three (3) months, with the first Interest Period commencing on the date of this Convertible Loan Note, provided that:

(A) the last day of each Interest Period will be also the first day of the next Interest Period;

(B) the last day of each Interest Period will be a Business Day; if the last day of an Interest Period is not a Business Day, the last day of the Interest Period shall be deemed to be the next following Business Day; and

(C) the last Interest Period must expire on the Maturity Date.

(xiii) **"Lien"** means (i) any right of set-off intended to secure the payment or performance of an obligation, (ii) any interest in property created by way of mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, hire purchase agreement, conditional sale agreement, Sale/Lease-Back Transaction, deposit arrangement, title retention, capital lease or discount, factoring or securitization arrangement on recourse terms, (iii) any statutory deemed trust or lien, (iv) any preference, priority, adverse claim, levy, execution, seizure, attachment, garnishment or other encumbrance which binds property and (v) any agreement to grant any of the foregoing rights or interests described in Clauses (i) to (iv) of this definition.

(xiv) **"Noteholder's Own Taxes"** means any Taxes now or hereafter imposed, levied, collected, withheld or assessed on the Noteholder by any applicable Governmental Body of any jurisdiction in which the Noteholder is subject to Taxes as a result of the Noteholder (i) having a permanent establishment in such jurisdiction, (ii) being organized under the laws of such jurisdiction, (iii) being resident in such jurisdiction or (iv) being engaged in a trade or business in such jurisdiction; but does not include (A) any Sales Taxes payable under the laws of any such jurisdiction with respect to any goods or services made available by the Noteholder or (B) Taxes levied only by reason of the fact that the Noteholder has executed, delivered, performed its obligations under, has received or is entitled to receive payments under, or has enforced this Convertible Loan Note.

(xv) **"Order"** means any order, directive, direction or request of any Governmental Body, arbitrator or other decision-making authority of competent jurisdiction.

(xvi) **"Person"** means an individual, corporation, company (limited, unlimited, unlimited liability or other), limited liability corporation, other body corporate, estate, limited, limited liability or general partnership, trust, trustee, joint venture, other legal entity, unincorporated association or Governmental Body.

(xvii) **"Preferred Shares"** means Share Capital of a specified Person which that Person or any Affiliate of it may be required to redeem, purchase or otherwise acquire, or that is retractable at the option of the holder, before that date that falls six (6) months after the Maturity Date.

(xviii) **"Sales Taxes"** means sales, transfer, turnover or value added taxes of any nature or kind, including Australian and Canadian goods and services taxes and federal, state and provincial sales and excise taxes.

(xix) **"Spot Rate"** as at any date with respect to the Exchange of an amount in one currency (the **"original currency")** to another currency (the **"other currency")** means the Bank of Canada noon rate of exchange on the immediately preceding Business Day for the purchase of such original currency with such other currency (and if neither currency is Canadian Dollars, purchasing Canadian Dollars first with such other currency and using the Canadian Dollars purchased to purchase the original currency).

(xx) **"Subsidiary"** means the direct or indirect subsidiaries (as defined in the *Business Corporations Act* (Ontario)) of the Company from time to time.

(xxi) **"Taxes"** means all taxes of any kind or nature whatsoever including federal large corporation taxes, provincial capital taxes, realty taxes (including utility charges and business taxes which are collectible like realty taxes), property transfer taxes, Income Taxes, Sales Taxes, customs duties, payroll taxes, levies, stamp taxes, royalties, duties, and all fees, deductions and withholdings imposed, levied, collected, withheld or assessed as of the date hereof or at any time in the future, by any Governmental Body of or within Australia or Canada, or any other jurisdiction whatsoever having power to tax, together with penalties, fines, additions to tax and interest thereon.

(xxii) "**Transaction Document**" means any documents executed by the Company pursuant to this Convertible Loan Note or for the purposes of performing the Company's obligations hereunder;

(xxiii) **"Transaction Obligations"** means the Indebtedness and other obligations of the Company owing to the Noteholder arising under, pursuant to or otherwise in respect of this Convertible Loan Note, and any item or part thereof.

(xxiv) **"Unit"** means one Galaxy Share and one half of one Warrant.

(xxv) **"Warrant"** means one whole Galaxy Share purchase warrant entitling the holder thereof to acquire one (1) Galaxy Share at the Warrant Exercise Price up to and including October 29, 2012.

(xxvi) "**Warrant Exercise Price**" means the amount in CAD equal to the quotient obtained by dividing 1.50 by **[insert number equal to the greater of (A) 1.80 and (B) that number of Galaxy Shares determined by dividing 1.55 by the Canadian Dollar equivalent of the offering price per Acquireco Share under the Acquisition Financing]**.

(b) To the extent the context so admits, any reference in this Convertible Loan Note to:

(i) **"agreement"** shall be construed as any agreement, oral or written, any simple contract, deed or specialty, and includes any bond, bill of exchange, indenture, instrument or undertaking;

(ii) **"change"** shall be construed as change, modify, alter, amend, supplement, extend, renew, compromise, novate, replace, terminate, release, discharge, cancel, suspend or waive or (where the context so admits) the noun or participle form of any of the foregoing, and **"changed"** shall be construed in like manner;

(iii) **"dispose"** shall be construed as lease, sell, transfer, license or otherwise dispose of any property, or the commercial benefits of use or ownership of any property, including the right to profit or gain therefrom, whether in a single transaction or in a series of related transactions (other than the payment of money), and **"disposed", "disposition"** and **"disposal"** shall be construed in like manner;

(iv) **"guarantee"** shall be construed as any guarantee, indemnity, letter of comfort or other assurance made in respect of any Indebtedness, other obligation or financial condition of another, including (i) any purchase or repurchase agreement, (ii) any obligation to supply funds or invest in such other, (iii) any keep-well, take-or-pay, through-put or other arrangement having the effect of assuring or holding harmless another against financial loss, or maintaining another's solvency or financial viability or (iv) any obligation under any "Credit Derivative Transaction" within the meaning used in the 2003 ISDA Credit Derivative Definitions published by ISDA; but shall exclude endorsements on notes, bills and cheques presented to financial institutions for collection or deposit in the ordinary course of business; and **"guaranteed"** and **"guarantees"** shall be construed in like manner;

(v) **"include", "includes"** and **"including"** shall be construed to be followed by the statement "without limitation" and none of such terms shall be construed to limit any word or statement which it follows to the specific items or matters immediately following it or similar terms or matters;

(vi) **"knowledge"** of any Person means to the best of that Person's knowledge, information and belief after reasonable enquiry;

(vii) **"losses and expenses"** shall be construed as losses, costs, expenses, damages, penalties, Awards, Orders, claims, claims over, demands and liabilities, including any applicable court costs and legal fees and disbursements on a full indemnity basis, and **"loss and expense"** shall be construed in like manner;

(viii) **"obligations"** shall be construed as indebtedness, obligations, promises, covenants, duties and liabilities (actual or contingent, direct or indirect, matured or unmatured, now existing or arising hereafter), whether arising by agreement or statute, at law, in equity or otherwise, and **"obliged", "obligation"** and **"obligated"** shall be construed in like manner;

(ix) **"receiver"** shall be construed to include a privately appointed or court appointed receiver or receiver and manager, interim receiver, liquidator, trustee-in-bankruptcy, administrator, administrative receiver and any other like or similar official;

(x) **"rights"** shall be construed as rights, titles, benefits, interests, powers, authorities, discretions, privileges, immunities and remedies (actual or contingent, direct or indirect, matured or unmatured, now existing or arising hereafter), whether arising by agreement or statute, at law, in equity or otherwise; and **"right"** shall be construed in like manner;

(xi) **"set-off'** means any right or obligation of set-off, compensation, offset, combination of accounts, netting, retention, withholding, reduction, deduction, counter-claim or any similar right or obligation, or (as the context requires) any exercise of any such right or performance of such obligation; and

(xii) **"successor"** of a Person (the **"relevant party")** shall be construed so as to include (i) any amalgamated or other body corporate of which the relevant party or any of its successors is one of the amalgamating or merging body corporates, (ii) any body corporate resulting from any court approved arrangement of which the relevant party or any of its successors is party, (iii) any Person to whom all or substantially all the Business Assets of the relevant party is transferred, (iv) any body corporate resulting from the continuance of the relevant party or any successor of it under the laws of another jurisdiction of incorporation and (v) any successor (determined as aforesaid or in any similar or comparable procedure under the laws of any other jurisdiction) of any Person referred to in clause (i), (ii), (iii) or (iv) of this definition. Each reference in this Convertible Loan Note to any party hereto or any other Person shall (where the context so admits) include its successors.

14. GOVERNING LAW

This Convertible Loan Note and all agreements, documents and instruments ancillary hereto shall be governed by and interpreted in accordance with the laws of Western Australia without regard to any conflicts of law principles. Each of the parties hereto irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia for any action, suit or any other proceeding arising out of or relating to this Convertible Loan Note and any agreement, document or instrument ancillary hereto or mentioned herein or any of the transactions contemplated hereby or thereby.

IN WITNESS WHEREOF Galaxy Resources Limited has caused this Convertible Loan Note to be signed this <*> day of <*>, 2012.

GALAXY RESOURCES LIMITED

By: ______________________________

Name:
Title:

By: ______________________________

Name:
Title:

SCHEDULE 2(a)

FORM OF EXCHANGE NOTICE
(Section 2(a))

TO: GALAXY RESOURCES LIMITED

The undersigned, registered holder of the within Convertible Loan Note, hereby irrevocably elects to exchange the present Convertible Loan Note and accrued interest thereon for Units of the Company in accordance with the terms and conditions of the present Convertible Loan Note and directs that the Units of the Company issuable and deliverable upon exchange be issued and delivered to the person indicated below.

Dated: ____

____
(Signature of registered holder)

(If Units of the Company are transferable in compliance with all applicable laws and are to be transferred and issued to a person other than the registered holder, a form of transfer substantially in the form of the accompanying Form of Transfer must be completed and the registered holder's signature must be guaranteed by a chartered bank, by a trust company, or by a member firm of a recognized stock exchange.)

Name: ____
(Print name in which Units transferable upon Exchange are to be transferred, delivered and registered)
(Address)

____

SCHEDULE 2

FORM OF TRANSFER

(Article 10)

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto

____
(Please print name and address of transferee)

____
____
____
____
____
____

the present Convertible Loan Note and all other amount payable in respect thereof, and hereby irrevocably constitutes and appoints ________________________________, attorney, to transfer the said Convertible Loan Note on the register for the Convertible Loan Note of the within mentioned Company, with full payment of substitution in the premises.

Dated: ____

____
(Signature of transferor)

(The signature of the transferor of the Convertible Loan Note authorizing this transfer must be guaranteed by a chartered bank, by a trust company or by a member firm of a recognized stock exchange.)