Galaxy Resources Limited
ABN 11 071 976 442

Notice of General Meeting, Explanatory Statement and Proxy Form

General Meeting to be held
at 10.00am AWST on 15 February 2013
at City West Function Centre, 45 Plaistowe Mews, West Perth, WA, 6005

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

CORPORATE DIRECTORY

Board of Directors

C L Readhead (Non-Executive Chairman)
I K S Tan (Managing Director)
A P Tse (Executive Director)
C B F Whitfield (Executive Director)
Y Zheng (Non-Executive Director)
X Ren (Non-Executive Director)
R J Wanless (Independent Non-Executive Director)
S Wu (Non-Executive Director)
K C Kwan (Independent Non-Executive Director)
D M Spratt (Independent Non-Executive Director)

Company Secretary

A L Meloncelli

Registered office and principal place of business

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

Share registries

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

Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto Ontario M5J 2Y1
Canada
Phone: 1 800 564 6253 (within Canada and the United States)
Phone: +1 514 982 7555 (international direct dial)
Fax: +1 866 249 7775
Website: www.computershare.com

Legal Advisers

Allion Legal Pty Ltd (Australia)
Level 2
50 Kings Park Road
West Perth Western Australia 6005
Australia

Fasken Martineau DuMoulin LLP (Canada)
The Stock Exchange Tower
Suite 3700
Montréal Quebec H4Z 1E9
Canada

Australian Business Number

11 071 976 442

Stock Exchange Listing

ASX: GXY

NOTICE OF GENERAL MEETING

A General Meeting of the Shareholders of Galaxy Resources Limited (**"Galaxy"** or **"Company"**) will be held at City West Function Centre, 45 Plaistowe Mews, West Perth WA 6005 at 10.00am AWST on 15 February 2013 (9.00pm CEST on 14 February 2013).

1. Resolution 1 – Ratification of Share Issue to M&G Investment Management Ltd (and its nominees)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> **"That for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue and allotment of 30,000,000 Ordinary Shares at A$0.50 per Ordinary Share to M&G Investment Management Ltd (and its nominees), for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Meeting."**

Voting Exclusion: Please refer to the voting exclusion statement for this Resolution in the Explanatory Statement accompanying this Notice of Meeting.

Short description of Resolution 1

*The purpose of Resolution 1 is to ratify the issue of 30,000,000 Ordinary Shares to M&G Investment Management Ltd (and its nominees) (**M&G**). Galaxy issued 30,000,000 Ordinary Shares to M&G (and its nominees) on 7 November 2012. This placement raised A$15 million.*

The proceeds from the placement will be used to contribute towards the cost of funding the definitive feasibility study and forthcoming pilot plant work at the Company's Sal de Vida Lithium Brine and Potash Project in Argentina; reduce Galaxy's debt levels (including repayment of maturing L1 Convertible Notes) and working capital.

2. Resolution 2 – Approval and Ratification of Share Issue to Deutsche Bank AG (or its nominee)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> **"That for the purposes of Listing Rule 7.1, Listing Rule 7.4, and for all other purposes, Shareholders approve the following separate resolutions:**
>
> **(a) the ratification of the issue and allotment of 23,998,080 Ordinary Shares at A$0.4167 per Ordinary Share to Deutsche Bank AG (or its nominee); and**
>
> **(b) approval of the allotment of 23,998,080 Ordinary Shares at A$0.4167 per Ordinary Share to Deutsche Bank AG (or its nominee),**
>
> **in each case on the terms set out in the Explanatory Statement accompanying this Notice of Meeting."**

Voting Exclusion: Please refer to the voting exclusion statement for this Resolution in the Explanatory Statement accompanying this Notice of Meeting.

Short description of Resolution 2

*The purpose of Resolution 2(a) is to ratify the issue of 23,998,080 Ordinary Shares to Deutsche Bank AG (or its nominee) (**Deutsche Bank**).*

The purpose of Resolution 2(b) is to approve the issue of a further 23,998,080 Ordinary Shares to Deutsche Bank.

Galaxy Announced to ASX on 13 December 2012, that it had entered into a financing arrangement with Deutsche Bank for $20 million (before costs), comprising an equity placement and call option transactions.

The placement is to settle via two tranches. The first tranche of the placement (the subject of resolution 2(a)) was for the issue of 23,998,080 Ordinary Shares, and occurred on 17 December 2012. The second tranche of the placement (the subject of resolution 2(b)) is for the issue of 23,998,080 Ordinary Shares. The second tranche is to settle following the satisfactory re-commencement of operations at the Jiangsu plant, provided that such re-commencement occurs on or before 28 February 2013. The re-commencement is anticipated to occur in February 2013.

By order of the Board of Directors

A L Meloncelli
Company Secretary
Galaxy Resources Limited
9 January 2013

1. Voting Entitlements

The Board has determined that, for the purpose of voting at the Meeting, Shareholders are those persons who are the registered holders of the Company's Shares at **4.00pm AWST on 13 February 2013 (3.00am CEST on 13 February 2013)**.

2. Proxies for Ordinary Shareholders and Voting Directions for Exchangeable Shareholders

Instructions for Ordinary Shareholders and for Exchangeable Shareholders to vote at the General Meeting are set out in sections 3 and 4 of this Notice of Meeting.

The enclosed Proxy Form (for Ordinary Shareholders, as applicable) and Voting Direction Form (for Exchangeable Shareholders, as applicable) for the General Meeting also provide further details on appointing proxies and lodging the Proxy Form and Voting Direction Form.

Proxy Forms must be returned by 10.00am AWST on 13 February 2013 (9.00pm CEST on 12 February 2013).

Voting Direction Forms must be returned by 9.00pm CEST on 12 February 2013.

3. Important Information for Ordinary Shareholders

3.1 Explanatory Statement

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

3.2 Voting exclusion statements

The Listing Rules restrict certain persons voting in respect of the Resolutions contained in this Notice of Meeting. Please refer to the voting exclusion statements for the Resolutions set out in the Explanatory Statement.

3.3 Voting thresholds

Resolutions 1, 2(a) and 2(b) are each ordinary resolutions. An ordinary resolution requires a simple majority of the total votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the resolution.

3.4 Proxies for Ordinary Shareholders

All Ordinary Shareholders who are entitled to attend and vote at the Meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a Shareholder. Ordinary Shareholders holding two or more Ordinary Shares can appoint either one or two proxies. If two proxies are appointed, the appointing Ordinary Shareholder can specify what proportion of their votes they want each proxy to exercise on their Proxy Forms. If neither Proxy Form specifies a proportion, each proxy may exercise half the Ordinary Shareholder's votes.

3.5 Lodgement of Proxy Forms and online proxy instructions

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

Australian Shareholders:

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

Canadian Shareholders:

- the Company's branch share registry, Computershare Investor Services Inc., Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 Canada or facsimile number 1 866 249 7775 (international +1 416 263 9524).

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

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

To be effective, a completed Proxy Form or online proxy instructions must be received by the Company or its share registry by no later than **10.00am AWST on 13 February 2013 (9.00pm CEST on 12 February 2013)**, being not less than 48 hours prior to the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the Meeting.

3.6 Custodians and nominees

For Intermediary Online subscribers only, please submit your voting intentions on www.intermediaryonline.com.

3.7 Corporate representatives

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

4. Important Information for holders of Exchangeable Shares and Canadian holders of Ordinary Shares

4.1 Galaxy disclosure requirements

As a result of the Merger between the Company and Lithium One on 4 July 2012, the Company became a reporting issuer in Canada in the provinces of British Columbia, Alberta, Ontario and Quebec. Pursuant to National Instrument 71-102 - Continuous Disclosure and other Exemptions relating to Foreign Issuers, and as announced by Galaxy on 22 October 2012, Galaxy is a “designated foreign issuer” in Canada and satisfies its Canadian securities legislation requirements relating to information circulars and proxy forms by complying with Australian disclosure requirements.

4.2 Ordinary Shareholders in Canada

Canadian holders of Ordinary Shares are entitled to vote on the Resolutions set out in the Notice of Meeting in accordance with the directions set out in section 3 of this Notice of Meeting and in the accompanying Explanatory Statement and Proxy Form.

4.3 Holders of Exchangeable Shares

The Company currently has outstanding Ordinary Shares. In addition, the Company also has outstanding Special Voting Shares, through which the holders of the Exchangeable Shares, may exercise voting rights with respect to the Company. The Exchangeable Shares were issued in conjunction with the Merger. Certain former holders of common shares of Lithium One had the right to elect to receive Exchangeable Shares in lieu of Ordinary Shares. The Special Voting Shares provide a mechanism for holders of Exchangeable Shares, which are intended to be substantially the economic equivalent of the Ordinary Shares, to vote with the holders of the Ordinary Shares. Each of the Special Voting Shares are entitled to one (1) vote for each Exchangeable Share outstanding and not owned by the Company or its affiliates and generally is entitled to vote together with the holders of Ordinary Shares on all matters on which the Ordinary Shares are entitled to vote. This structure provides voting rights to the holders of the outstanding Exchangeable Shares through a voting trust arrangement as more particularly described in section 4.5 of this Notice of Meeting. The holder of the Special Voting Shares is Computershare Trust Company of Canada acting as the Trustee and as such, it has the right to cast a number of votes equal to the then outstanding Exchangeable Shares (not held by the Company and its affiliates) but will only cast a number of votes equal to the number of outstanding Exchangeable Shares for which it has received voting instructions from the owners of record of those outstanding Exchangeable Shares (other than the Company and its affiliates), by 9.00pm CEST on 12 February 2013.

If you hold outstanding Exchangeable Shares, please see section 4.6 of this Notice of Meeting entitled “Voting Instructions for Exchangeable Shares” below, as well as the enclosed form of voting direction (“**Voting Direction Form**”) for details on how to vote at the General Meeting.

The Voting Direction Forms (and any powers of attorney under which it is are signed) must be received by Computershare Investor Services Inc. Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 Canada by no later than **9.00pm CEST on 12 February 2013**. Any Voting Direction Form received after that time will not be valid for the Meeting.

4.4 Arrangements with Intermediaries

Arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Ordinary Shares and the Exchangeable Shares held of record by such persons and the Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs of the solicitation will be borne by the Company.

4.5 Voting and Exchange Trust Agreement

Through a voting and exchange trust agreement dated 3 July 2012 ("**VETA**"), the Trustee agreed to act as trustee with respect to the voting rights attached to the Special Voting Shares. Pursuant to the VETA, holders of outstanding Exchangeable Shares are entitled to vote at meetings of Ordinary Shareholders. The outstanding Exchangeable Shares (and ancillary rights thereto) also provide holders with dividend and other rights which are substantially the economic equivalent of the Ordinary Shares.

The Exchangeable Shares are non-voting (except as required by the provisions of the Exchangeable Shares or by applicable law) with respect to Galaxy Canada. Therefore, the accompanying Explanatory Statement relates solely to the Company. There will not be a separate general meeting for Galaxy Canada. Holders of outstanding Exchangeable Shares will not receive notice of a general meeting of shareholders of Galaxy Canada nor will they receive an information circular or proxy for a general meeting of the shareholders of Galaxy Canada.

As the Exchangeable Shares are designed to be the economic equivalent of the Ordinary Shares and the value of the Exchangeable Shares, determined through dividend and dissolution entitlements and capital appreciation, is determined by reference to the consolidated financial performance and condition of the Company rather than Galaxy Canada, information regarding Galaxy Canada (except as expressly included in the Company's public disclosure and financial disclosure) is not relevant to holders of Exchangeable Shares. Holders of outstanding Exchangeable Shares effectively have a participating right in the Company and not a participating right in Galaxy Canada and it is therefore information relating to the Company that is directly relevant to the holders of outstanding Exchangeable Shares in connection with the matters to be transacted at the General Meeting.

If you hold outstanding Exchangeable Shares, please see section 4.6 of this Notice of Meeting entitled "Voting Instructions for Exchangeable Shares", as well as the enclosed Voting Direction Form for details on how to vote at the General Meeting.

4.6 Voting Instructions for Exchangeable Shares

As discussed above, holders of outstanding Exchangeable Shares (other than the Company and its affiliates) are entitled to vote at meetings of Ordinary Shareholders through the VETA. If you are the registered holder of outstanding Exchangeable Shares you may provide voting instructions to the Trustee, Computershare Trust Company of Canada, by completing and returning the Voting Direction Form. The Trustee will vote your shares in accordance with your duly executed instructions received no later than **9.00pm CEST on 12 February 2013**. If you do not send instructions (and do not otherwise instruct the Trustee to appoint you as its proxy to attend the Meeting to vote in person to exercise your votes as discussed below) by the date and time required (as above), the Trustee will not be able to vote your Exchangeable Shares.

AN EXCHANGEABLE SHAREHOLDER DESIRING TO APPOINT SOME PERSON OTHER THAN THE TRUSTEE (INCLUDING THE EXCHANGEABLE SHAREHOLDER HIMSELF/HERSELF), WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY, TO REPRESENT HIM/HER AT THE MEETING, MAY DO SO BY INSERTING SUCH OTHER PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE ENCLOSED VOTING DIRECTION FORM (INCLUDING THE NAME OF THE EXCHANGEABLE SHAREHOLDER HIMSELF/HERSELF), AND DEPOSITING THE COMPLETED AND EXECUTED VOTING DIRECTION FORM, TOGETHER WITH ANY POWER OF ATTORNEY UNDER WHICH IT IS EXECUTED, WITH COMPUTERSHARE INVESTOR SERVICES INC. ATTENTION: PROXY DEPARTMENT, 100 UNIVERSITY AVENUE, 9TH FLOOR, TORONTO, ONTARIO M5J 2Y1 CANADA BY NO LATER THAN 9.00PM CEST ON 12 FEBRUARY 2013.

A Voting Direction Form can be executed by the Exchangeable Shareholder or his/her attorney duly authorized in writing, or, if the Exchangeable Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

An Exchangeable Shareholder forwarding the enclosed Voting Direction Form may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate box. If the holder giving the Voting Direction Form wishes to confer discretionary authority with respect to any item of business, then the appropriate box may be checked or the boxes opposite the item can be left blank. The Exchangeable Shares represented by the Voting Direction Form submitted by an Exchangeable Shareholder will be voted in accordance with the directions, if any, given in the Voting Direction Form.

In addition to any other manner permitted by law, the Voting Direction Form may be revoked before it is exercised by instrument in writing executed and delivered in the same manner as the Voting Direction Form at any time up to and including **9.00pm CEST on 12 February 2013** or delivered to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting and upon either such occurrence, the Voting Direction Form is revoked.

Pursuant to the terms of the VETA, a nominee for the Trustee will be present at the Meeting to receive votes from registered holder of Exchangeable Shares that personally attend the Meeting and who have not otherwise voted as described herein. For this purpose, the Trustee intends to appoint Computershare Investor Services Pty Ltd as its nominee to attend at the Meeting.

By resolution of the Directors duly passed, **ALL VOTING DIRECTION FORMS FROM HOLDERS OF EXCHANGEABLE SHARES TO BE USED AT THE MEETING MUST BE DEPOSITED NOT LATER THAN 9.00PM CEST ON 12 FEBRUARY 2013 WITH COMPUTERSHARE INVESTOR SERVICES INC.**

4.7 Advice to beneficial holders of Exchangeable Shares

Only persons designated to vote the voting rights associated with the Exchangeable Shares under the Voting Direction Forms are permitted to vote at the Meeting. However, in many cases, Exchangeable Shares owned by a person ("**Beneficial Shareholder**") are registered either (a) in the name of an intermediary ("**Intermediary"**) that the Beneficial Shareholder deals with in respect of the Exchangeable Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered savings plans, registered retirement income plans, registered education savings plans and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited of which the Intermediary is a participant. In accordance with the requirements of National Instrument 71-102 of the Canadian Securities Administrators, the Company has distributed copies of the accompanying Explanatory Statement and the Notice of Meeting together with the balance of the materials enclosed herewith (collectively "**Meeting Materials**") to the clearing agencies and Intermediaries for onward distribution to Beneficial Shareholders. Intermediaries are required to forward the Meeting Materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Beneficial Shareholders. Generally, Beneficial Shareholders who have not waived the right to receive Meeting Materials will either:

(a) be given a Voting Direction Form which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number and class of securities beneficially owned by the Beneficial Shareholder but which is not otherwise completed. This Voting Direction Form is not required to be signed by the non-registered holder when submitting the Voting Direction Form because the Intermediary has already signed the Voting Direction Form. In this case, the Beneficial Shareholder who wishes to vote by proxy should otherwise properly complete the Voting Direction Form and deliver it as specified; or

(b) be given a Voting Direction Form which is not signed by the Intermediary and which, when properly completed and signed by the Beneficial Shareholder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. Typically the Beneficial Shareholder will also be given a page of instructions which contains a removable label containing a bar code and other information. In order for the Voting Direction Form to be valid, the Beneficial Shareholder must remove the label from the instructions and affix it to the Voting Direction Form, properly complete and sign the Voting Direction Form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Beneficial Shareholders to direct the voting of the outstanding Exchangeable Shares they beneficially own. Should a Beneficial Shareholder, who receives a Voting Direction Form wish to vote at the Meeting in person, the Beneficial Shareholder should tick the appropriate choice in the Voting Direction Form and insert the Beneficial Shareholder's name in the blank space provided. Beneficial Shareholders should carefully follow the instructions of their Intermediary including those regarding when and where the Voting Direction Form is to be delivered.

4.8 Exercise of discretion regarding Voting Direction Forms

The persons named in the enclosed Voting Direction Form for use at the Meeting will vote the voting rights in respect of which they are appointed in accordance with the directions of the persons appointing them. **IN THE ABSENCE OF SUCH DIRECTIONS, SUCH SHARES SHALL NOT BE VOTED IN REGARDS TO THE FOLLOWING:**

(a) Resolution 1 - Ratification of the issue of 30,000,000 Ordinary Shares by way of a placement to M&G (and its nominees) on 7 November 2012;

(b) Resolution 2(a) - Ratification of the issue of 23,998,080 Ordinary Shares by way of a placement to Deutsche Bank (or its nominee) on 17 December 2012; and

(c) Resolution 2(b) - Approval of the issue of 23,998,080 Ordinary Shares by way of a placement to Deutsche Bank (or its nominee) on or around February 2013.

AS MORE PARTICULARLY DESCRIBED IN THE ACCOMPANYING EXPLANATORY STATEMENT.

The enclosed Voting Direction Form confers discretionary authority upon the persons named therein with respect to any amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting. **HOWEVER, IF ANY SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS WHICH ARE NOT NOW KNOWN TO THE MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE SPECIAL VOTING SHARES AND VOTING RIGHTS REPRESENTED BY THE VOTING DIRECTION FORMS HEREBY SOLICITED WILL BE VOTED THEREON IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSON OR PERSONS VOTING SUCH VOTING DIRECTION FORMS.**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for Shareholders to provide information regarding the items of business to be considered at the General Meeting to be held at 10.00am AWST on 15 February 2013 (9.00pm CEST 14 February 2013).

This Explanatory Statement should be read in conjunction with the preceding Notice of Meeting.

Resolution 1 – Ratification of Share Issue to M&G Investment Management Ltd

The purpose of Resolution 1 is for Shareholders to ratify the issue of 30,000,000 Ordinary Shares undertaken by way of a placement to M&G (and its nominees) on 7 November 2012.

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue equity securities if the equity securities will in themselves or when aggregated with the equity securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Shareholder approval was not required under Listing Rule 7.1 for the issue by the Company of the 30,000,000 Ordinary Shares to M&G (and its nominees). However, under Resolution 1, the Company now seeks from Shareholders approval for, and ratification of, the issue of 30,000,000 Ordinary Shares to M&G (and its nominees) so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of equity securities by the Company in the next 12 months.

The Ordinary Shares issued to M&G (and its nominees), for which approval and ratification is now sought under Resolution 1, comprised 5.04% of the Company's fully diluted issued capital (based on the number of Shares and Options on issue as at the date of the issue).

Regulatory Requirements

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

Number of securities allotted

The Company issued and allotted 30,000,000 Ordinary Shares to M&G (and its nominees).

Date of issue and allotment

The Company issued and allotted the Ordinary Shares to M&G (and its nominees) on or about 7 November 2012.

Price of issue

The issue price was A$0.50 per Ordinary Share.

Allottee of the Ordinary Shares

The allottee of the Ordinary Shares was M&G (and its nominees).

M&G is a strategic investor in the Company and one of the largest fund managers in the United Kingdom.

M&G is not a related party of the Company.

As at the date of this Notice of meeting the M&G Group has a relevant interest in 18.6% of the Company's issued Ordinary Shares.

The terms of the Ordinary Shares

The Ordinary Shares allotted are fully paid ordinary shares in the capital of the Company that rank equally with the Company's Ordinary Shares that are presently on issue.

The intended use of the funds raised

The net proceeds of the issue of Ordinary Shares to M&G (and its nominees) was and/or will be used by the Company to contribute towards the cost of the following:

- partial funding of the Sal De Vida Definitive Feasibility Study;
- re-payment of matured L1 Convertible Notes;
- debt reduction; and

- working capital (including corporate administration and Jiangsu and Sal De Vida project development).

Voting exclusion statement

For the purposes of ASX Listing Rule 7.5.6, the Company will disregard any votes cast on Resolution 1 by M&G (and its nominees) and any of its associates. However, the Company need not disregard a vote if it is cast:

(a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form); or

(b) by the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

Resolution 2 – Ratification and Approval of Share Issue to Deutsche Bank AG

Background

On 13 December 2012, Galaxy announced the placement to Deutsche Bank (or its nominee) of approximately 48 million Ordinary Shares at a price of A$0.4167 per share, representing a nil discount to the Galaxy 3 day VWAP up to and including trading on 12 December 2012. The A$20 million (before costs) placement will be settled in two tranches of approximately A$10 million per tranche.

The first tranche was settled on 17 December 2012. The second tranche is to settle following the satisfactory re-commencement of operations at the Jiangsu plant, provided that such re-commencement occurs on or before 28 February 2013. The re-commencement is anticipated to occur in February 2013.

In conjunction with the placement, Galaxy purchased cash-settled call options from Deutsche Bank to potentially benefit from future appreciation in the Galaxy share price. Galaxy stands to receive an additional cash payment to the extent its share price has appreciated in three years' time, up to a maximum of approximately A$10 million per placement tranche (based on current share price levels). Any payoff under the call options is contingent on Galaxy's share price performance from trade date to maturity date in three years' time.

The net proceeds of the financing arrangement of A$15 million (after placement, structuring fees and call option premium) will be used for working capital and corporate purposes.

Resolution 2(a) Regulatory Requirements

The purpose of Resolution 2(a) is to ratify the issue of 23,998,080 Ordinary Shares to Deutsche Bank (or its nominee) undertaken by way of placement on 17 December 2012.

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue equity securities if the equity securities will in themselves or when aggregated with the equity securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Shareholder approval was not required under Listing Rule 7.1 for the issue by the Company of the 23,998,080 Ordinary Shares to Deutsche Bank. However, under Resolution 2(a), the Company now seeks from Shareholders approval for, and ratification of, the issue of 23,998,080 Ordinary Shares to Deutsche Bank (or its nominee) so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of equity securities by the Company in the next 12 months.

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

Number of securities allotted

The Company issued and allotted 23,998,080 Ordinary Shares to Deutsche Bank (or its nominee).

Date of issue and allotment

The Company issued and allotted the Ordinary Shares to Deutsche Bank (or its nominee) on or about 17 December 2012.

Price of issue

The issue price was A$0.4167 per Ordinary Share.

Allottee of the Ordinary Shares

The allottee of the Ordinary Shares was Deutsche Bank (or its nominee). Deutsche Bank is not a related party of the Company.

The terms of the Ordinary Shares

The Ordinary Shares allotted are fully paid ordinary shares in the capital of the Company that rank equally with the Company's Ordinary Shares that are presently on issue.

The intended use of the funds raised

The net proceeds of the issue of Ordinary Shares to Deutsche Bank (or its nominee) was and/or will be used by the Company for working capital and corporate purposes.

Voting exclusion statement

For the purposes of ASX Listing Rule 7.5.6, the Company will disregard any votes cast on Resolution 2(a) by Deutsche Bank (or its nominee) and any of its associates. However, the Company need not disregard a vote if it is cast:

(a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form); or

(b) by the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2(a).

Resolution 2(b) Regulatory Requirements

The purpose of Resolution 2(b) is to approve the issue of a further 23,998,080 Ordinary Shares to Deutsche Bank (or its nominee) by way of placement following the satisfactory re-commencement of operations at the Jiangsu plant in February 2013.

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue equity securities if the equity securities will in themselves or when aggregated with the equity securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

If Shareholder Approval is provided for Resolutions 1 and 2(a), but not Resolution 2(b) the Company will issue the 23,998,080 Ordinary Shares the subject of this Resolution 2(b) to Deutsche Bank (or its nominee) out of its 15% Capacity under Listing Rule 7.1.

If Shareholder Approval is provided for Resolution 2(b) the issue will not fall within the Company's 15% capacity under Listing Rule 7.1. Furthermore, if Resolutions 1, 2(a) and 2(b) are approved by Shareholders, following the conclusion of the Meeting, the Company will have its full 15% capacity under Listing Rule 7.1.

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

Maximum number of securities to be issued

The Company intends to issue up to 23,998,080 Ordinary Shares to Deutsche Bank (or its nominee).

Date of issue and allotment

The Ordinary Shares will be issued to Deutsche Bank (or its nominee) following the satisfactory re-commencement of operations at the Jiangsu plant in February 2013. The Ordinary Shares will be issued within 3 months of the date of the Meeting.

Price of issue

The issue price will be A$0.4167 per Ordinary Share.

Allottee of the Ordinary Shares

The allottee of the Ordinary Shares will be Deutsche Bank (or its nominee). Deutsche Bank is not a related party of the Company.

The terms of the Ordinary Shares

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

The intended use of the funds raised

The net proceeds of the issue of Ordinary Shares to Deutsche Bank (or its nominee) will be used by the Company for working capital and corporate purposes.

Voting exclusion statement

For the purposes of ASX Listing Rule 7.3.8, the Company will disregard any votes cast on Resolution 2(b) by Deutsche Bank (or its nominee) and any person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if Resolution 2(b) is passed, and any of their associates. However, the Company need not disregard a vote if it is cast:

(a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form); or

(b) by the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2(b).

GLOSSARY

ASX	means ASX Limited or the securities market operated by ASX Limited.
ASX Listing Rules or **Listing Rules**	means the official listing rules of ASX.
AWST	means Australian Western Standard Time.
Board	means the board of Directors of the Company.
CEST	means Canadian Eastern Standard Time.
Company or **Galaxy**	means Galaxy Resources Limited (ABN 11 071 976 442).
Deutsche Bank	means Deutsche Bank AG (ABN 13 064 165 162).
Director	means a director of the Company and **Directors** has a corresponding meaning.
Exchangeable Share	means one exchangeable share in the capital of Galaxy Canada issued in conjunction with the Merger and each of which has the economic equivalent rights as one Ordinary Share.
Exchangeable Shareholder	means a holder of an outstanding Exchangeable Share.
Explanatory Statement	means the explanatory statement accompanying the Notice of Meeting.
Galaxy SPVS	means Galaxy Lithium One (Québec) Inc., a corporation incorporated under the Business Corporations Act (Québec).
General Meeting or **Meeting**	means the General Meeting of Shareholders of the Company to be held at 10.00am AWST on 15 February 2013 (9.00pm CEST on 14 February 2013) at City West Function Centre, 45 Plaistowe Mews, West Perth, WA, 6005.
Galaxy Canada	means Galaxy Lithium One Inc., a corporation incorporated under the Business Corporations Act (Québec).
L1 Convertible Notes	means the convertible notes for the principal sum of C$5million issued by the Company pursuant to the Merger to replace convertible notes that had been previously issued by Lithium One.
Lithium One	means Galaxy Lithium (Ontario) Inc. (formerly Lithium One Inc), a corporation incorporated under the laws of Ontario, Canada.
Merger	means the merger between Galaxy and Lithium One completed on 4 July 2012 pursuant to a plan of arrangement under the *Business Corporations Act* (Ontario), involving Galaxy, Galaxy Canada, Galaxy SPVS, Lithium One and the Lithium One securityholders on the terms and conditions set out in the plan of arrangement whereby Galaxy acquired indirectly through Galaxy Canada all of the issued and outstanding shares, convertible notes, warrants and options of Lithium One.
M&G	means M&G Investment Management Ltd.
Notice or **Notice of General Meeting** or **Notice of Meeting**	means this notice of meeting.
Option	means an option to subscribe for an Ordinary Share.
Ordinary Share	means a fully paid ordinary share in the capital of the Company.
Ordinary Shareholder	means the holder of an Ordinary Share.
Proxy Form	the proxy form enclosed with this Notice of General Meeting.
Share or **Galaxy Share**	means an Ordinary Share or a Special Voting Share.

Shareholder	means those shareholders of the Company who are entitled to attend and vote at the Meeting, being Ordinary Shareholders and the holders of the Special Voting Shares (through which Exchangeable Shareholders may vote).
Special Voting Shares	means the special voting shares of the Company issued in conjunction with the Merger and held by the Trustee for the benefit of the Exchangeable Shareholders who for the purposes of the Meeting have that number of votes equivalent to the number of outstanding Exchangeable Shares they hold (on the basis that each Exchangeable Shareholder will be entitled to instruct the Trustee to cast and exercise one vote for each outstanding Exchangeable Share held).
Trustee	means Computershare Trust Company of Canada, the trustee under the VETA.
VETA	means the voting and exchange trust agreement between the Company, Galaxy Canada and the Trustee dated 3 July 2012.
Voting Direction Form	means the Voting Direction Form for use by Exchangeable Shareholders and, if applicable, enclosed with this Notice of Meeting.

Galaxy Resources Limited
ABN 11 071 976 442

Lodge your vote:

Online:
www.investorvote.com.au

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

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

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

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

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

Proxy Form

Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au

☑ **Cast your proxy vote**

☑ **Access the annual report**

☑ **Review and update your securityholding**

Your secure access information is:

Control Number: 999999

SRN/HIN: I9999999999 **PIN: 99999**

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

For your vote to be effective it must be received by 10:00am (WST) Wednesday 13 February 2013

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

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

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

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

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

Attending the Meeting

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

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

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

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

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

I 9999999999 IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

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

☐ **the Chairman of the meeting** **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Galaxy Resources Limited to be held at City West Function Centre, 45 Plaistowe Mews, West Perth on Friday, 15 February 2013 at 10:00am (WST) and at any adjournment of that meeting.

STEP 2 Items of Business

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

		For	Against	Abstain
Resolution 1	Ratification of Share Issue to M&G Investment Management Ltd (or its nominee)	☐	☐	☐
Resolution 2a	Ratification of Share Issue to Deutsche Bank AG (or its nominee)	☐	☐	☐
Resolution 2b	Approval of Share Issue to Deutsche Bank AG (or its nominee)	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

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

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ____________ Contact Daytime Telephone ____________ Date ___/___/___

GXY 999999A

computershare