

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

GALAXY RESOURCES LIMITED

ABN

11 071 976 442

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | (a) Fully Paid Ordinary Shares (Shares)
(b) Listed options to acquire Shares (Options) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (a) Up to 584,355,501 Shares
(b) Up to 876,533,252 Options |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Shares and Options will be issued on the terms set out in the prospectus dated 27 May 2013 and lodged with ASX and ASIC on the same date (Prospectus).

(a) Shares – terms of the Shares are summarised in section 7.1 of the Prospectus.

(b) Options – exercisable at \$0.08 each on or before 31 December 2014, on the terms summarised in section 7.2 of the Prospectus. |

+ See chapter 19 for defined terms.

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4 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities? If the additional ⁺securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	(a) Shares – Yes, the Shares rank equally in all respects from the date of issue with the existing quoted fully paid ordinary shares of the Company. (b) Options – No. The Options are a new class of options. Options are exercisable in accordance with the terms summarised in section 7.2 of the Prospectus and upon conversion of the Options, the Shares allotted will rank equally in all respects from the date of issue with the existing quoted fully paid ordinary shares of the Company.
5 Issue price or consideration	(a) A\$0.08 or CAD\$0.08* per Share (b) Nil (free attaching Options) *The issue price of CAD\$0.08 per Share is calculated on the issue price of A\$0.08 and the A\$/CAD\$ exchange rate of 0.9998 quoted from the Reserve Bank of Australia as at 24 May 2013.
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Non-renounceable, pro rata offer (Offer) to raise up to approximately \$46,748,440 (before costs) to be applied to fund working capital which includes: (a) corporate working capital (including interest payments); (b) offer costs; (c) Sal de Vida Lithium and Potash Brine Project costs; and (d) debt reduction. Refer to section 5.1 of the Prospectus.
6a Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i	No
6b The date the security holder resolution under rule 7.1A was passed	N/A

⁺ See chapter 19 for defined terms.

6c	Number of ⁺ securities issued without security holder approval under rule 7.1	N/A
6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	N/A
6e	Number of ⁺ securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of ⁺ securities issued under an exception in rule 7.2	N/A
6g	If ⁺ securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the ⁺ issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If ⁺ securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A
7	⁺ Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	4 July 2013 (anticipated on the basis of the indicative timetable set out in the Prospectus).

⁺ See chapter 19 for defined terms.

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	Number	+Class
8 Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	1,168,711,002 ¹	Fully Paid Ordinary Shares (GXY)
	876,533,252	Listed Options exercisable at \$0.08 on or before 31 December 2014

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	11,250,000	Unlisted options exercisable at varying prices with varying vesting dates and expiry dates (GXYAK)
	5,500,000	Unlisted options exercisable at \$1.11 with varying vesting dates and expiry dates (GXYAM)
	3,000,000	Unlisted options exercisable at \$0.96 with varying vesting dates and expiry dates (GXYAK)
	16,000,000	Unlisted options exercisable at \$1.16 with varying vesting dates and expiry dates (GXYAK)
	23,100,000	Unlisted options exercisable at \$1.16 with varying vesting dates and expiry dates (GXYAK)
	615	Convertible Bonds (unsecured and subordinated). Coupon 8% pa. A\$100,000 per bond. Conversion price A\$1.136 (GXYAI)
	14,122,588	Exchangeable Shares in Galaxy Lithium One Inc (a wholly owned subsidiary of

¹ For voting purposes, the total number of shares presently carrying voting rights in Galaxy Resources Limited is 1,168,711,002. This is made up of 1,156,860,645 Fully Paid Ordinary Shares (which includes the new issue of 584,355,501 Fully Paid Ordinary Shares) and 11,850,357 Special Voting Shares (which, effectively, may be voted by the holders of the remaining un-exchanged 11,850,357 Exchangeable Shares in Galaxy Lithium One Inc). These amounts are aggregated on the basis that ASX has confirmed that the voting rights attached to each Special Voting Share along with each Exchangeable Share (and its associated exchange rights and obligations) together upon and from their issue are to be treated as one Fully Paid Ordinary Share in Galaxy for the purposes of the ASX Listing Rules.

+ See chapter 19 for defined terms.

14,122,588	Galaxy Resources Limited) ² Special Voting Shares ³
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- | | |
|---|---|
| 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | No dividends have been paid by the company during this financial year and any dividends on the increased capital will depend on profits earned. |
|---|---|

Part 2 - Pro rata issue

- | | |
|---|---|
| 11 Is security holder approval required? | No |
| 12 Is the issue renounceable or non-renounceable? | Non-renounceable |
| 13 Ratio in which the +securities will be offered | One (1) new Share for every one (1) existing Share held as at the record date (5 June 2013) plus three (3) free attaching new Options for every two (2) new Shares subscribed for and allotted under the Offer. |
| 14 +Class of +securities to which the offer relates | (a) Fully Paid Ordinary Shares.
(b) Listed Options exercisable at \$0.08 on or before 31 December 2014. Shares issued upon exercise of the Options will rank equally in all respects with the Company's existing Shares. |
| 15 +Record date to determine entitlements | 5 June 2013 |
| 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | No |
| 17 Policy for deciding entitlements in relation to fractions | Fractional entitlements will be rounded up to the nearest whole number. Refer to section 4.6 of the Prospectus. |

² At the time of release of this Appendix 3B, 2,272,231 Exchangeable Shares have been exchanged for Fully Paid Ordinary Shares. Accordingly, 11,850,357 Exchangeable Shares in Galaxy Lithium One Inc. (a wholly owned subsidiary of Galaxy Resources Limited) are still to be exchanged.

³ Upon the exchange of an Exchangeable Share for a Fully Paid Ordinary Share the number of Special Voting Shares on issue may not automatically decrease, however, each time an Exchangeable Share is exchanged a Special Voting Share will cease in its ability to be voted. Accordingly, although 14,122,588 Special Voting Shares are on issue, only 11,850,357 Special Voting Shares can be voted by the holders of the 11,850,357 un-exchanged Exchangeable Shares.

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18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	All countries other than Australia, New Zealand and Canada. Refer to section 4.17 of the Prospectus.
19	Closing date for receipt of acceptances or renunciations	26 June 2013
20	Names of any underwriters	Nil
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	Patersons Securities Limited (Lead Manager only)
23	Fee or commission payable to the broker to the issue	(a) Corporate Advisory Fee of \$250,000; (b) Subscription Fee of 5% of the total amount raised under the Offer or sold as Shortfall under the Offer; and (c) Management Fee of 1% of the total amount raised under the Offer. Refer to section 9.2 of the Prospectus.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	12 June 2013
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	27 May 2013
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A

+ See chapter 19 for defined terms.

30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Issue date	4 July 2013

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders – **to be provided**

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories – **to be provided**
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities – **Not applicable**

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A				
39	+Class of +securities for which quotation is sought	N/A				
40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: - the date from which they do - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	N/A				
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)	N/A				
42	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; text-align: center;">Number</th> <th style="width: 50%; text-align: center;">+Class</th> </tr> <tr> <td style="text-align: center; vertical-align: top;">N/A</td> <td style="text-align: center; vertical-align: top;">N/A</td> </tr> </table>	Number	+Class	N/A	N/A
Number	+Class					
N/A	N/A					

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: **27 May 2013**
(~~Director~~/Company secretary)

Print name: **A L Meloncelli**
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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1 and Part 2 – Not Applicable.

+ See chapter 19 for defined terms.