



Galaxy Resources Limited
ABN 11 071 976 442

Notice of Annual General Meeting, Explanatory Statement and Proxy Form

**Annual General Meeting to be held
at 10am AWST on Friday, 20 June 2014
at The Celtic Club, 48 Ord Street, West Perth WA 6005**

This Notice of Annual 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

Mr Martin Rowley (Non-Executive Chairman)
Mr Anthony Tse (Managing Director)
Mr Charles Whitfield (Executive Director)
Mr Kai Cheong Kwan (Independent Non-Executive Director)
Mr Zhang Jian-Nan (Non-Executive Director)

Company Secretary

Mr Andrew Meloncelli

Registered office and principal place of business

Level 2
16 Ord Street
West Perth WA 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, 8th 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 ANNUAL GENERAL MEETING

The Annual General Meeting of the Shareholders of Galaxy Resources Limited (“**Galaxy**” or “**Company**”) will be held at The Celtic Club, 48 Ord Street, West Perth WA 6005 at 10am AWST on Friday, 20 June 2014.

Ordinary business

FINANCIAL STATEMENTS AND REPORTS – 1 JANUARY 2013 TO 31 DECEMBER 2013

To receive and consider the Annual Financial Report, together with the directors’ and Auditor’s Reports for the year ended 31 December 2013.

1. RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report as set out in the Directors’ Report in the Annual Report for the year ended 31 December 2013”

Voting Exclusions: The Company will disregard any votes cast on Resolution 1 by any member of the Key Management Personnel of the Company whose remuneration is included in the remuneration report, or a closely related party of such member. However, the Company will not disregard any votes cast on Resolution 1 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chairman of the Meeting voting an undirected proxy and their appointment expressly authorises the Chairman to exercise the proxy even though Resolution 1 is connected with the remuneration of the Key Management Personnel of the Company.

If you are a member of the Key Management Personnel of the Company or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

Important note: If Resolution 1 receives a ‘no’ vote of 25% or more of the votes cast on Resolution 1, the Company will put forth the contingent Resolution 8: Holding a Spill Meeting for consideration at the Meeting (see Resolution 8 below).

2. RESOLUTION 2: RE-ELECTION OF MR KAI CHEONG KWAN AS A DIRECTOR

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

“That, Mr Kai Cheong Kwan, who retires by rotation in accordance with Listing Rule 14.4 and clause 10.3 of the Company’s Constitution, and being eligible, offers himself for re-election, is hereby re-elected as a director of the Company.”

3. RESOLUTION 3: RE-ELECTION OF MR MARTIN ROWLEY AS A DIRECTOR

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

“That, Mr Martin Rowley, who retires in accordance with clause 10.7 of the Company’s Constitution, and being eligible, offers himself for re-election, is hereby re-elected as a director of the Company.”

4. **RESOLUTION 4: RE-ELECTION OF MR CHARLES WHITFIELD AS A DIRECTOR**

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

"That, Mr Charles Whitfield, who retires in accordance with clause 10.7 of the Company's Constitution, and being eligible, offers himself for re-election, is hereby re-elected as a director of the Company."

5. **RESOLUTION 5: RE-ELECTION OF MR ZHANG JIAN-NAN AS A DIRECTOR**

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

"That, Mr Zhang Jian-Nan, who retires in accordance with clause 10.7 of the Company's Constitution, and being eligible, offers himself for re-election, is hereby re-elected as a director of the Company."

6. **RESOLUTION 6: APPOINTMENT OF AUDITOR TO FILL A VACANCY**

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

"That, for the purposes of section 327B of the Corporations Act and for all other purposes, subject to ASIC approval of the resignation of KPMG Chartered Accountants as the current auditor of the Company, PwC having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the close of the Meeting on the terms and conditions in the Explanatory Memorandum."

7. **RESOLUTION 7: CONTINGENT RESOLUTION – HOLDING A SPILL MEETING**

Condition for Resolution 7: Resolution 7 will be considered at the Meeting only if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report. The Explanatory Statement further explains the circumstances in which Resolution 7 will be put to the Meeting.

If the condition (described above) is satisfied, to consider, and if thought to fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, as required by section 250V of the Corporations Act:

- (a) another meeting of Shareholders be held within 90 days of the date of this Meeting (the "spill meeting");*
- (b) all of the Company's Directors at the time of the spill meeting who:*
 - (i) were Directors when the resolution to make the Directors' report for the financial year ended 31 December 2013 (considered at this Meeting) was passed ; and*
 - (ii) are not a managing director of the Company, who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office, cease to hold office immediately before the end of the spill meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to the vote at the spill meeting."*

Voting Exclusions: The Company will disregard any votes cast on Resolution 7 by any member of the Key Management Personnel of the Company whose remuneration is included in the remuneration report, or a closely related party of such member. However, the Company will not disregard any votes cast on Resolution 7 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or*
- (b) the person is the Chairman of the Meeting voting an undirected proxy and their appointment expressly authorises the Chairman to exercise the proxy even though Resolution 7 is connected with the remuneration of the Key Management Personnel of the Company.*

If you are a member of the Key Management Personnel of the Company or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

Special business

8. RESOLUTION 8: RATIFICATION OF PREVIOUS SECURITIES ISSUE

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

"That for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of 19,561,112 Shares and 54,341,669 Options in the Company to the parties, for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting."

Voting Exclusion: The Company will disregard any votes cast on Resolution 8 by any person who participated in the issues and any person associated with that person, and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities. However, the Company will not disregard any votes cast on Resolution 8 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chairman of the Meeting acting 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.

9. RESOLUTION 9: APPROVAL TO ISSUE OPTIONS IN RELATION TO SUBORDINATED LOAN FACILITY

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

"That for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of 112,000,000 Options to Clipper Group Limited (or its nominee) for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting."

Voting Exclusions: The Company will disregard any votes cast on Resolution 9 by Clipper Group Limited, and any person associated with Clipper Group Limited, and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities.

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chairman of the Meeting acting 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.

By order of the Board of Directors



A L Meloncelli
Company Secretary
Galaxy Resources Limited

15 May 2014

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 **5pm AWST on Wednesday, 18 June 2014 (5am CEDST on Wednesday, 18 June 2014)**.

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 10am AWST on Wednesday, 18 June 2014 (10pm CEDST on Tuesday, 17 June 2014).

Voting Direction Forms must be returned by 10am AWST on Wednesday, 18 June 2014 (10pm CEDST on Tuesday, 17 June 2014).

3. **Important Information for Ordinary Shareholders**

3.1 **Explanatory Statement**

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

3.2 **Voting thresholds**

Resolutions 1 to 9 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.

3.3 **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.

3.4 **Lodgement of Proxy Forms and online proxy instructions**

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

- the Company, PO Box 1136, West Perth, Western Australia 6872 Australia or by hand at Level 2, 16 Ord Street, West Perth, Western Australia 6005 or facsimile number +61 8 9215 1799 or 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).

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 **10am AWST on Wednesday, 18 June 2014 (10pm CEDST on Tuesday, 17 June 2014)**, 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.

3.5 **Custodians and nominees**

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

3.6 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 10pm CEDST on Tuesday, 17 June 2014.

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 signed) must be received by Computershare Investor Services Inc. Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 Canada by no later than **10pm CEDST on Tuesday, 17 June 2014**. 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 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 **10pm CEDST on Tuesday, 17 June 2014**. 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, 8TH FLOOR, TORONTO, ONTARIO M5J 2Y1 CANADA BY NO LATER THAN 10PM CEDST ON TUESDAY, 17 JUNE 2014.

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 **10pm CEDST on Tuesday, 17 June 2014** 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 10PM CEDST ON TUESDAY, 17 JUNE 2014 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:**

- Resolution 1 – Adoption of Remuneration Report;
- Resolution 2 – Re-election of Mr Kai Cheong Kwan as a Director ;
- Resolution 3 - Re-election of Mr Martin Rowley as a Director;
- Resolution 4 - Re-election of Mr Charles Whitfield as a Director;
- Resolution 5 - Re-election of Mr Zhang Jian-Nan as a Director;
- Resolution 6 - Appointment of Auditor to fill a vacancy;
- Resolution 7 – Contingent Resolution – Holding a Spill Meeting;
- Resolution 8 – Ratification of previous securities issue; and
- Resolution 9 – Approval to issue Options in relation to Subordinated Loan Facility.

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 10am AWST on Friday, 20 June 2014 (10pm CEDST Thursday, 19 June 2014).

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

FINANCIAL STATEMENTS AND REPORTS

The Annual Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 31 December 2013 will be laid before the Meeting. There is no requirement for Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the statutory audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting date to the Company Secretary at Level 2, 16 Ord Street, West Perth, Western Australia 6005.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Background

Pursuant to section 250R(2) of the Corporations Act, the Company submits to Shareholders for consideration and adoption, by way of a non-binding resolution, its remuneration report for the year ended 31 December 2013 (**Remuneration Report**). The Remuneration Report is a distinct section of the annual directors' report (**Directors' Report**) which deals with the remuneration of directors and executives of the Company. More particularly, the Remuneration Report can be found within the Directors' Report in the Company's 31 December 2013 Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and
- (c) sets out the remuneration details for each director and executive officer named in the Remuneration Report for the financial year ended 31 December 2013.

The remuneration levels for Directors, officers and senior managers were competitively set to attract and retain appropriate Directors and key management personnel. Subsequent to 31 December 2013 and given the Company's financial position, many of the Directors, officers and senior managers agreed to a reduction in their base cash salary.

The Chairman of the Meeting will allow a reasonable opportunity for shareholders as a whole to ask about, or make comments on, the Remuneration Report.

Regulatory requirements

The Corporations Act provides that Resolution 1 need only be an advisory vote of Shareholders and does not bind the Directors. However, the Corporations Act provides that if the Company's Remuneration Report resolution receives a "no" vote of 25% or more of votes cast at the Annual General Meeting, the Company's subsequent Remuneration Report must explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for not making any changes. The Board will take into account the outcome of the vote when considering the remuneration policy, even if it receives is less than a 25% "no" vote.

In addition, sections 250U and 250V of the Corporations Act sets out a "two strikes" re-election process, pursuant to which:

- (a) if, at a subsequent annual general meeting ("**Later Annual General Meeting**"), at least 25% of the votes cast on a resolution that the remuneration report be adopted are against the adoption of that remuneration report;

- (b) at the immediately preceding annual general meeting ("**Earlier Annual General Meeting**"), at least 25% of the votes cast on a resolution that the remuneration report be adopted were against the adoption of that remuneration report; and
- (c) a resolution was not put to the vote at the Earlier Annual General Meeting under an earlier application of section 250V of the Corporations Act,

then the Company must put to vote at the Later Annual General Meeting a resolution, requiring Shareholders to vote on whether the Company must hold another general meeting ("**Spill Meeting**") to consider the appointment of all of the Directors at the time the Directors Report was approved by the Board who must stand for re-appointment (other than the Managing Director) ("**Spill Resolution**"). The Spill Resolution may be passed as an ordinary resolution.

If the Spill Resolution is passed, the Spill Meeting must be held within 90 days after the Spill Resolution is passed. All of the Company's Directors who were Directors at the time when the resolution to make the Directors' Report was passed (excluding the Managing Director of the Company who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office) cease to hold office immediately before the end of the Spill Meeting and may stand for re-election at the Spill Meeting.

As noted above, at the 2013 annual general meeting, 25% or more of the votes cast in respect of the remuneration report for the year ended 31 December 2012 were against the adoption of that remuneration report.

Accordingly, if at least 25% of the votes cast in respect of the Remuneration Report for the year ended 31 December 2013 are against its adoption, the Spill Resolution will be put to the Meeting (see Resolution 7 below).

Further detail is included in the Explanatory Statement to the Spill Resolution (see Resolution 7 below).

Board recommendation

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

RESOLUTIONS 2 TO 5 – RE-ELECTION OF DIRECTORS

Background

The Board presently consists of five (5) Directors: Mr Martin Rowley, Mr Anthony Tse (also the Company's Managing Director), Mr Kai Cheong Kwan, Mr Charles Whitfield, and Mr Zhang Jian-Nan.

In accordance with Listing Rule 14.5 and clause 10.3 of the Company's Constitution, at every annual general meeting of the Company, an election of Directors must take place. Accordingly, Mr Kai Cheong Kwan is standing for re-election at the Meeting.

In addition, in accordance with clause 10.7 of the Company's Constitution, an additional director who is appointed as such by existing directors holds office until the conclusion of the next annual general meeting of the Company, at which time the additional director must stand for re-election. Accordingly, Messrs Martin Rowley, Charles Whitfield and Zhang Jian-Nan, who were appointed as additional directors on 28 November 2014 are standing for re-election at the Meeting.

Director biographies

- (a) Mr Martin Rowley (Independent Non-Executive Chairman)

Mr Rowley was a co-founder of TSX and LSE-listed First Quantum Minerals Ltd and is currently that company's Executive Director, Business Development. First Quantum is one of the world's largest copper companies and the owner of the Ravensthorpe nickel project in Western Australia with a market capitalisation of in excess of A\$12 billion. He was previously non-executive Chairman and director of Lithium One Inc., which was acquired by Galaxy by way of a Plan of Arrangement in July 2012. He is also non-executive Chairman and a director of Forsys Metals Corp, a TSX-listed company in the uranium sector.

- (b) Mr Charles Whitfield (Executive Director)

Mr Whitfield is most recently the Principal Investment Officer of Drumrock Capital, an investment firm providing capital and advisory services to start-up and early round companies. He was formerly a Managing Director with Citigroup where he held the position of head of the corporate equity solutions group (Asia Pacific). Prior to this, he worked for Deutsche Bank where he was head of the strategic equity transactions group (Asia Pacific) from 2000. Mr Whitfield received his Masters in Business Administration (majoring in Finance and Strategy) from Columbia Business School (New York) in 1998 and his Bachelor of Economics from The University of Exeter (U.K.) in 1992.

- (c) Mr Kai Cheong Kwan (Independent Non-Executive Director)

Mr Kwan is an experienced director in Hong Kong. Mr Kwan is a qualified Chartered Accountant in Australia and has been a member of the Hong Kong Institute of Certified Public Accountants since 1982. He completed

the Stanford Executive Program in 1992. Mr Kwan was previously the President and Chief Operating Officer for the Asia Pacific Region of Merrill Lynch & Co. Mr Kwan is currently non-executive director of China Properties Group Ltd, Goldpoly New Energy Holdings Ltd, Greenland Hong Kong Holdings Ltd, Hutchison Harbour Ring Ltd, Win Hanverky Holdings Ltd and Sunlight REIT. He was previously an independent non-executive director of Hutchison Telecommunications International Ltd.

(d) Mr Jian-Nan Zhang (Non-Executive Director)

Mr Zhang is the Deputy General Manager of Fengli Group (Australia) Pty Ltd, a subsidiary of the Fengli Group in China, which is a leading private industrial group in China, with diversified interests in iron and steel, commodities trading, shipping and wharf operation related businesses, and is also a shareholder in the Company. He was previously Managing Director of Winly Trade & Investment in China.

Board recommendation

The Directors (with the exception of Mr Kai Cheong Kwan in respect of Resolution 2, Mr Martin Rowley in respect of Resolution 3, Mr Charles Whitfield in respect of Resolution 4, and Mr Zhang Jian-Nan in respect of Resolutions 5 due to a material personal interest in the outcome of such respective Resolutions) recommend that Shareholders vote in favour of Resolutions 2 to 5.

RESOLUTION 6 – APPOINTMENT OF AUDITOR TO FILL A VACANCY

Background

KPMG Chartered Accountants, which is the Company's current auditor, has given notice of its intention to resign as auditor of the Company to ASIC (under section 329(5) of the Corporations Act), and notified the Company of its application to ASIC.

Upon receipt of ASIC's consent to their resignation, KPMG Chartered Accountants has advised that it will submit a notice of resignation to the Company in accordance with section 329(5) of the Corporations Act, such resignation to take effect from the date of the Meeting.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for PwC to be appointed as the Company's auditor. In accordance with section 328B Corporations Act, a copy of this nomination is annexed to this Explanatory Statement as Annexure A.

In accordance with section 328A Corporations Act, PwC has given its written consent to act as the Company's auditor, subject to Shareholder and ASIC approval, and the resignation of KPMG Chartered Accountants.

If Resolution 6 is passed, the appointment of PwC as the Company's auditor will take effect at the close of this Meeting.

Representatives of KPMG Chartered Accountants will be available at the Annual General Meeting to respond to any Shareholder questions.

Board recommendation

The Board unanimously recommends that Shareholders approve Resolution 6.

RESOLUTION 7: CONTINGENT RESOLUTION – HOLDING A SPILL MEETING

Background

As discussed in the Explanatory Statement for Resolution 1 (Adoption of Remuneration Report), if at least 25% of the votes cast in respect of the adoption of the Remuneration Report for the year ended 31 December 2013 are against the adoption of that report, the Spill Resolution (as defined in the Explanatory Statement to Resolution 1) will be put to the Meeting.

If less than 25% of the votes cast in respect of the adoption of the Remuneration Report for the year ended 31 December 2013 are against the adoption of that report, the Spill Resolution will be withdrawn and not be put to the Meeting.

If the Spill Resolution is put to the Meeting and passed, the Company will be required to hold the Spill Meeting (as defined in the Explanatory Statement to Resolution 1) within 90 days after the Spill Resolution is passed. All of the Company's Directors who were Directors at the time when the resolution to make the Directors' Report was passed (excluding any Managing Director of the Company who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office) cease to hold office immediately before the end of the Spill Meeting and may stand for re-election at the Spill Meeting.

Shareholders will be able to put forward their own nominees for consideration at the Spill Meeting.

The vote on Resolution 7 will be by way of poll, if it is required to be put to the Meeting.

Board comment and recommendation

Shareholders should be aware that if a Spill Meeting is required to be convened, this will result in the Company incurring material additional expense in conducting a meeting as well as potential disruption to the running of the Company as a result of management distraction, the logistics involved in organising the Spill Meeting and the diversion of resources. This course of action should therefore be considered extremely carefully by Shareholders.

Further, Shareholders should note that, although voting exclusions apply in respect of the Spill Resolution (refer to the Notice of Annual General Meeting preceding this Explanatory Statement):

- (a) there are no voting exclusions applicable to the resolutions appointing Directors at the subsequent Spill Meeting. Accordingly there is no barrier for the existing major Shareholders exercising their voting rights to support the reappointment of the existing Directors at the subsequent Spill Meeting; and
- (b) if the Spill Resolution is passed, each of the outgoing Directors intends to stand for re-election at the Spill Meeting and to vote their own shares in support of their re-appointment.

The Board unanimously recommends that Shareholders vote against Resolution 7, if it is required to be put to the Meeting.

The Chairman of the Annual General Meeting intends to vote all undirected proxies against Resolution 7, if it is required to be put to the Meeting.

RESOLUTION 8 – RATIFICATION OF PREVIOUS SECURITIES ISSUE

Background

The purpose of Resolution 8 is for Shareholders to ratify the issue of 19,561,112 Shares and 54,341,669 Options to various parties without Shareholder approval in the 12 months prior to the date of this Notice of Annual General Meeting.

Regulatory requirements

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 ordinary 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 Equity 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.

Under Resolution 8, the Company seeks from Shareholders approval for, and ratification of, the issue of the Equity Securities set out below so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of Equity Securities in the next 12 months.

The Equity Securities, for which approval and ratification is sought under Resolution 8, comprise approximately 4.25% of the Company's fully-diluted share capital (based on the number of Shares and Options on issue at the date of this Notice of Meeting).

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information:

Date	Type	Number	Issue price	Allottees	Terms	Purpose of issue and use of funds raised
14/4/14	Listed Options	25,000,000	Nil	Clipper Group Limited	Exercisable at \$0.08 each on or before 31 December 2014 ranking pari passu with existing listed Options The full terms of the Options are contained in Schedule 1	Issued pursuant to the terms of the subordinated short term loan facility agreement entered into with a lending consortium. Refer to the Company's ASX announcement dated 29 July 2013. No funds were raised from the issue of Options. Any funds raised from issue of Shares upon exercise of the Options will be used for working capital purposes.

13/12/13	Shares	6,533,334	\$0.08 per Share	Institutional and professional investors	Fully paid ordinary shares in the Company ranking pari passu with existing Shares	Issued pursuant to the redemption of convertible bonds (unsecured and subordinated) of the Company. Refer to the Company's ASX announcement dated 25 November 2013. Funds raised from the issue of Shares were used for working capital purposes.
13/12/13	Listed Options	9,800,002	Nil	Institutional and professional investors	Exercisable at \$0.08 each on or before 31 December 2014	Issued pursuant to the redemption of convertible bonds (unsecured and subordinated) of the Company. Refer to the Company's ASX announcement dated 25 November 2013. No funds were raised from the issue of Options. Any funds raised from the exercise of the Options will be used for working capital purposes.
29/11/13	Shares	13,027,778	\$0.08 per Share	Institutional and professional investors	Fully paid ordinary shares in the Company ranking pari passu with existing Shares	Issued pursuant to the redemption of convertible bonds (unsecured and subordinated) of the Company. Refer to the Company's ASX announcement dated 25 November 2013. Funds raised from the issue of Shares were used for working capital purposes.
29/11/13	Listed Options	19,541,667	Nil	Institutional and professional investors	Exercisable at \$0.08 each on or before 31 December 2014	Issued pursuant to the redemption of convertible bonds (unsecured and subordinated) of the Company. Refer to the Company's ASX announcement dated 25 November 2013. No funds were raised from the issue of Options. Any funds raised from the exercise of the Options will be used for working capital purposes.

A voting exclusion statement for Resolution 8 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

Board Recommendation

The Board believes that the ratification of these issues listed above is beneficial for the Company as it allows the Company to ratify the above issues of securities and retain the flexibility to issue further Equity Securities representing up to 15% of the Company's share capital during the next 12 months. Accordingly, the Board recommends Shareholders vote in favour of Resolution 8.

RESOLUTION 9 – APPROVAL TO ISSUE OPTIONS IN RELATION TO SUBORDINATED LOAN FACILITY

Background

As announced to the ASX on 29 July 2013, the Company entered into an agreement in relation to a subordinated short term unsecured loan facility of \$5 million (since increased to \$7 million) with a lending consortium of largely European based institutional shareholders of the Company ("**Subordinated Loan Facility**").

Under the terms of the Subordinated Loan Facility, the lending consortium (“**Lenders**”) have the ability to convert the outstanding loan amount into fully paid ordinary shares in the Company at a price of \$0.07 per share, being a total of 100 million shares. The Lenders will also receive 100 million free attaching options (“**Conversion Options**”) on the basis of one Conversion Option for every one converted share. The Conversion Options are exercisable at \$0.08 for a period of two years following their issue.

Galaxy has also agreed to issue to the Lenders 12,000,000 options in the Company in consideration for the provision of the Subordinated Loan Facility (“**Consideration Options**”). The Consideration Options are also exercisable at \$0.08 for a period of two years following their issue.

The purpose of Resolution 9 is for Shareholders to approve the issue of 100,000,000 Conversion Options and 12,000,000 Consideration Options (together, the “**Lender Options**”) to.

Listing Rule 7.1

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.

The issue of the Lender Options pursuant to Resolution 9 will not, if Shareholders approve the issue, be included in the 15% limit and therefore approval of Resolution 9 will minimise the restrictive effect of Listing Rule 7.1 on any further issues by the Company of Equity Securities in the next 12 months.

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised of the following information:

(a) Maximum number of securities to be issued

The Company will issue 112,000,000 Lender Options.

(b) Date of issue and allotment

The Lender Options will be issued no later than 3 months after the date of Shareholder approval pursuant to this Resolution 9 or such later date as approved by ASX.

It is anticipated that the Lender Options will all be issued on the same date. However, the exact date of issue is unknown at this stage.

(c) Issue price

The Lender Options will be issued for nil consideration under the terms of the Subordinated Loan Facility.

The exercise price for Shares issued on the exercise of the Lender Options will be \$0.08 per Lender Option.

(d) Identity of persons to whom securities will be issued

The Lender Options will be issued to Clipper Group or its nominee. Clipper Group is not a related party of the Company.

(e) Terms of the securities

The Lender Options will be issued on the terms and conditions set out in Schedule 2. The Company will not apply to ASX for official quotation of the Lender Options.

(f) Intended use of the funds raised

The Lender Options will be issued for nil consideration in connection with the Subordinated Loan Facility. Accordingly, no funds will be raised from the issue. Any funds raised from the issue of Shares upon exercise of the Lender Options will be used for working capital requirements.

(g) Voting exclusion statement

A voting exclusion statement for Resolution 9 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

Board recommendation

The Board believes that the approval of the issue of Lender Options the subject of Resolution 9 is beneficial for the Company as it allows the Company to retain the flexibility to issue, or agree to issue, further Equity Securities representing up to 15% of the Company's share capital during the next 12 months. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 9.

GLOSSARY

\$	means Australian dollars.
Annual General Meeting or Meeting	means the Annual General Meeting of Shareholders of the Company to be held at 10am AWST on Friday, 20 June 2014 (10pm CEDST on Tuesday, 19 June 2014) at The Celtic Club, 48 Ord Street, West Perth WA 6005.
ASX	means ASX Limited or the securities market operated by ASX Limited.
AWST	means Australian Western Standard Time.
Board	means the board of Directors of the Company.
CEDST	means Canadian Eastern Daylight Savings Time.
Clipper Group	means Clipper Group Limited, Company Number 1722362, being a company incorporated in the British Virgin Islands.
Company or Galaxy	means Galaxy Resources Limited (ABN 11 071 976 442).
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company and Directors has a corresponding meaning.
Equity Securities	has the meaning given to that term in the Listing Rules
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).
Galaxy Canada	means Galaxy Lithium One Inc., a corporation incorporated under the Business Corporations Act (Québec).
Key Management Personnel	has the meaning given to that term in section 9 of the Corporations Act.
Lender Options	has the meaning given to that term in the Explanatory Statement for Resolution 9 of this Notice of Meeting.
Listing Rules	means the official listing rules of the ASX.
Notice or Notice of Annual General Meeting or Notice of Meeting	means this notice of meeting.
Option	means an option to acquire a 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 Annual General Meeting.
PwC	means PricewaterhouseCoopers.
Resolution	means a resolution contained in this Notice of 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, Computershare Trust Company of Canada, the trustee under the VETA, 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).
VETA	means the voting and exchange trust agreement between the Company, Galaxy Canada and the trustee, Computershare Trust Company of Canada 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.

SCHEDULE 1

TERMS OF LISTED OPTIONS THE SUBJECT OF RESOLUTION 8

- (a) Each Option entitles the holder to subscribe for one Share at an exercise price of A\$0.08.
- (b) The Options are exercisable at any time on or before 31 December 2014 wholly or in part by delivering a duly completed form of notice of exercise to the Company, accompanied by payment of the exercise moneys. Options not exercised by that date shall lapse.
- (c) All Shares allotted on exercise of the Options will rank equally in all respects with the Company's then existing Shares.
- (d) The Options are freely transferable.
- (e) The Options are quoted on the ASX.
- (f) Application will be made to ASX for official quotation by ASX of all Shares allotted pursuant to the exercise of Options not later than 10 business days after the date of allotment.
- (g) Holders of Options may only participate in new issues of securities as holders of Shares if an Option has been exercised and Shares have been allotted in respect of the Option before the record date for determining entitlements to the issue. The Company must give notice to the holders of Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules or any waiver from the ASX Listing Rules provided to the Company by ASX.
- (h) There will be no change to the exercise price of an Option or the number of Shares over which an Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares (other than for a Bonus Issue).
- (i) If, from time to time, before the expiry of the New Options the Company makes a pro rata issue of Shares to Shareholders for no consideration (**Bonus Issue**), the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares of that class at the date of issue of the Bonus Shares.
- (j) If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, the Options shall be reorganised in the manner set out in and to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

SCHEDULE 2

TERMS OF LENDER OPTIONS THE SUBJECT OF RESOLUTION 9

- (a) Each Lender Option will entitle the holder to subscribe for one Share at an exercise price of \$0.08 ("**Exercise Price**").
- (b) The Lender Options are exercisable for a period of two years following their date of issue ("**Option Period**"). Lender Options not exercised during the Option Period will lapse at the end of such period.
- (c) All Shares issued and allotted on exercise of the Lender Options will rank equally in all respects with Galaxy's then existing Shares.
- (d) The Lender Options are not transferable in any event.
- (e) The Lender Options will not be listed on any securities exchange. Galaxy will not apply for quotation of the Lender Options on ASX.
- (f) The holder of Lender Options may only participate in new issues of securities as a holder of Shares if the Lender Options have been exercised and Shares have been issued and allotted in respect of the Lender Options before the record date for determining entitlements to the issue. Galaxy must give notice of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules or any waiver from the ASX Listing Rules provided to Galaxy by ASX.
- (g) There will be no change to the exercise price of the Lender Options or the number of Shares over which the Lender Options are exercisable in any event, including in the event of Galaxy making a pro rata issue of Shares or other securities to the holders of Shares (other than for a Bonus Issue).
- (h) If, from time to time, before the expiry of the Lender Options Galaxy makes a pro rata issue of Shares to Shareholders for no consideration (**Bonus Issue**), the number of Shares over which a Lender Option is exercisable will be increased by the number of Shares which the holder would have received if the Lender Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by Galaxy out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares of that class at the date of issue of the Bonus Shares.
- (i) If, prior to the expiry of any Lender Options, there is a reorganisation of the issued capital of Galaxy, the Lender Options shall be reorganised in the manner set out in and to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

ANNEXURE A
NOMINATION OF AUDITOR

The Board of Directors
Galaxy Resources Limited
Level 2
16 Ord Street
West Perth WA 6005

Dear Sirs

NOMINATION OF AUDITOR

Meloncelli Investments Pty Ltd, being a shareholder of Galaxy Resources Limited (ACN 071 976 442) (**Company**), hereby nominate pursuant to section 328B of the *Corporations Act 2001* (Cth), PricewaterhouseCoopers of Level 15, 125 St Georges Terrace, Perth WA 6000 for appointment as auditor of the Company at the next Annual General Meeting of the Company or any adjournment thereof.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Andrew Meloncelli', with a stylized flourish at the end.

Andrew Meloncelli
Director
Meloncelli Investments Pty Ltd



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 and view the annual report online

Go to www.investorvote.com.au or scan the QR Code with your mobile device.
Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

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, 18 June 2014

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 help tab, "Printable Forms".

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

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

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

☐

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



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

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

☐ the Chairman of the Meeting

OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Galaxy Resources Limited to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 20 June 2014 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 7 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 7 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Resolution 7 where the Chairman of the Meeting will be voting against.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 and 7 by marking the appropriate box in step 2 below.

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.

Voting on business of the Meeting		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Mr Kai Cheong Kwan as a Director	☐	☐	☐
Resolution 3	Re-election of Mr Martin Rowley as a Director	☐	☐	☐
Resolution 4	Re-election of Mr Charles Whitfield as a Director	☐	☐	☐
Resolution 5	Re-election of Mr Zhang Jian-Nan as a Director	☐	☐	☐
Resolution 6	Appointment of Auditor to fill a vacancy	☐	☐	☐
Resolution 7	Contingent Resolution – Holding a Spill Meeting	☐	☐	☐
Resolution 8	Ratification of Previous Securities Issue	☐	☐	☐
Resolution 9	Approval to Issue Options in relation to Subordinated Loan Facility	☐	☐	☐

SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Contact Name

Securityholder 2

Director

Contact Daytime Telephone

Securityholder 3

Director/Company Secretary

Date / /