



Galaxy Resources Limited
ABN 11 071 976 442

Notice of General Meeting, Explanatory Statement and Proxy Form

**General Meeting to be held
at 3.00pm AWST on 17 March 2015
at 45 Ventnor Avenue, 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 Simon Robertson 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 (Executive Director)
Mr Charles Whitfield (Executive Director)
Mr Jian-Nan Zhang (Non-Executive Director)

Company Secretary

Mr Simon Robertson

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)
info@galaxylithium.com (Investor Relations and Media Enquiries)
Website: www.galaxylithium.com

Share registries

Computershare Investor Services Pty Ltd
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

The General Meeting of the Shareholders of Galaxy Resources Limited (**Galaxy** or **Company**) will be held at 45 Ventnor Avenue, West Perth, WA, 6005 at 3.00pm AWST on 17 March 2015 (3.00am CEDST on 17 March 2015).

1. RESOLUTION 1: CONFIRMATION OF SALE OF JIANGSU

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 11.2 and for all other purposes, Shareholders approve the sale of all of the outstanding shares in Galaxy Lithium International Limited to Tianqi HK Co. Limited on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting."

Voting Exclusions: The Company will disregard any votes cast on Resolution 1 by a person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if Resolution 1 is passed, and any associates of that person. 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 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



**Simon Robertson
Company Secretary
Galaxy Resources Limited
11 February 2015**

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 3.00pm AWST on 17 March 2015 (3.00am CEDST on 17 March 2015).

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

RESOLUTION 1 – CONFIRMATION OF SALE OF JIANGSU

1. Introduction

As announced to the ASX on 30 April 2014, the Company's wholly owned subsidiary Galaxy Lithium Australia Limited (ACN 130 182 099) (**Galaxy Lithium**) has entered into a share purchase agreement (**SPA**) with Tianqi HK Co. Limited (HK Co. No. 1856031) (**Tianqi**), a wholly owned subsidiary of Sichuan Tianqi Lithium Industries Inc. (**Sichuan Tianqi**) for the sale of all of the outstanding shares of Galaxy Lithium's wholly owned Hong Kong incorporated subsidiary Galaxy Lithium International Limited (HK CR No. 1354673) (**Galaxy International**) to Tianqi.

The Company holds its interest in the Jiangsu Lithium Carbonate Plant in China through Galaxy International's wholly owned subsidiary, Galaxy Lithium (Jiangsu) Co. Ltd (**Galaxy Jiangsu**).

Under the SPA, Galaxy Lithium agreed to sell 100% of its legal and beneficial interest in Galaxy International to Tianqi for cash consideration (**Transaction**). The cash consideration payable by Tianqi under the SPA was US\$122 million (subject to post-completion adjustments based on the movement in working capital during the period between the date of the SPA and date of completion).

Shareholder approval for the Transaction was obtained from shareholders on 20 June 2014 (**Original Approval**).

As announced to the ASX on 2 February 2015, due to certain variations to the terms of the Transaction, it is now necessary to seek confirmation of shareholder approval for the Transaction.

For further information regarding the Original Approval please see the Company's Notice of General Meeting dated 15 May 2014 (**Original Notice**).

2. Overview of Transaction

The key terms of the variation to the Transaction are as follows:

- (a) the consideration for the sale has changed from an enterprise value of US\$230 million to an enterprise value of approximately US\$173.2 million (approximately A\$223 million, versus A\$249 million as previously announced) for Galaxy International, with the consideration comprising cash payable to Galaxy Lithium changing from US\$122 million to US\$71.7 million, together with the assumption by Tianqi of the current outstanding US\$101.5 million of Chinese bank debt (previously US\$108 million) at the Galaxy Jiangsu level;
- (b) the final cash consideration is subject to an adjustment to account for outstanding intercompany payables and receivables at completion of the Transaction. In addition, Tianqi will contribute to 50% of Jiangsu Plant costs from 1 February 2015 until completion of the Transaction;
- (c) as a result of the variation to the Transaction terms, as outlined above, the break fee of US\$2,300,000 has been reduced to US\$1,895,000. As set out in the Original Notice, the break fee will be payable by Galaxy Lithium if the Company breaches its obligations under the confidentiality agreement entered into between the Company and Sichuan Tianqi, the condition precedent relating to obtaining Galaxy Shareholder approval is not fulfilled, waived, or incapable of being fulfilled by the End Date, and Galaxy Lithium or Tianqi terminates the SPA, Tianqi terminates the SPA due to a material breach of pre-completion obligations by Galaxy Lithium under the SPA in relation to conduct of business, or certain of the warranties given by Galaxy Lithium under the SPA becoming inaccurate or misleading in any material respect before completion;
- (d) completion under the SPA is subject to a number of conditions precedent, including:
 - (i) Tianqi obtaining the China Regulatory Approvals (as defined in the Original Notice) other than the approval from the China Securities Regulatory Commission which due to regulatory change is no longer required. As announced on 2 February 2015, Galaxy continues to work closely with Tianqi in respect of these approvals, including as to the process and expected timeframe that these approvals can be obtained;

- (ii) Sichuan Tianqi obtaining shareholder approval. Subject to finalisation of certain statutory reports to be filed with the China Securities Regulatory Commission, Sichuan Tianqi will convene a shareholders' meeting to approve the Transaction (on terms consistent with this Explanatory Statement, including, in particular, the reduced purchase price), which will be held 15 days thereafter; and
- (iii) Shareholder approval sought under this Notice of General Meeting.

If any of the conditions precedent are not fulfilled (or waived by Galaxy Lithium or Tianqi), or are incapable of being fulfilled on or before the End Date, then either Galaxy Lithium or Tianqi may terminate the SPA, the Transaction will not proceed and Galaxy Lithium will be liable to pay the break fee of US\$1,895,000, as noted above; and

- (e) post-completion, Galaxy will be required to repay the loan facility of US\$30 million, which was made available to the Company by Tianqi Group Hong Kong Company Limited, a member of the Tianqi group, as announced to the ASX on 11 August 2014.

Further details on the SPA are set out in further detail in section 3 of the Original Notice, a copy of which can be obtained from the ASX website at www.asx.com.au or the Company's website at www.galaxylithium.com.

3. Variation to the SPA

Due to the completion process being more protracted than anticipated, Tianqi indicated that its Board and shareholders would not approve the transaction under the terms described in the Original Notice. In light of this, the Directors believed it was in the best interest of shareholders to re-negotiate the terms of the Transaction to enable completion to be achieved with a higher degree of certainty.

As a consequence of the above factors, the Company has negotiated with Tianqi certain variations to the Transaction, as outlined in section 2 of this Notice, including a reduction in the cash consideration payable from US\$122 million to US\$71.7 million.

4. Rationale for the Transaction

The Company considers that although the consideration payable has been reduced, it remains in the best interests of Shareholders to approve the Transaction because completion of the Transaction under the revised terms will still:

- (a) materially change the balance sheet of Galaxy from a material negative working capital balance to a pro forma cash balance of approximately A\$50 million at completion; and
- (b) allow the Company to focus on its other lithium projects and realizing proper value for those assets in the portfolio.

Please refer to section 7 for further details on the effect of the Transaction on the Company.

The key disadvantage of the Transaction is that the Company will no longer have any interest in the Jiangsu Lithium Carbonate Plant and will not, in the short term, have any revenue generating assets.

The Board considers that the advantages of the Transaction outweigh the disadvantages and accordingly recommends that Shareholders support the Transaction.

5. Post-Transaction intentions

The Company confirms that the Company's post-Transaction intentions have not materially changed since the date the Original Approval was obtained. Galaxy intends to retain and further develop its current assets (excluding the Jiangsu Lithium Carbonate Plant) in accordance with its existing programs which have been announced to ASX.

The strengthened balance sheet on completion of the Transaction will provide the Company with the financial flexibility necessary to advance its existing projects and to investigate other initiatives in the sector going forward.

6. ASX Listing Rules

Shareholder approval is being sought under Listing Rule 11.2, which applies if an entity proposes to make a significant change to the nature or scale of its activities and the significant change involves the entity disposing of its main undertaking.

Listing Rule 11.2 is relevant as the sale of the Company's interest in the Jiangsu Lithium Carbonate Plant constitutes a change in scale of its activities which also involves the Company disposing of its main undertaking.

Shareholder approval for the Transaction was obtained on 20 June 2014. However, due to the variations to the SPA, as outlined in section 2 of this Notice, Shareholder approval for the Transaction under these revised terms is being sought at this General Meeting.

Accordingly, Resolution 1 seeks Shareholder approval, for the purposes of Listing Rule 11.2, of Galaxy Lithium's proposed sale of the outstanding shares in Galaxy International in accordance with the terms and conditions of the SPA.

7. Effect of the Transaction on the Company

An unaudited pro-forma consolidated balance sheet for the Company as at 31 December 2014 showing the impact of the Transaction on the financial position of the Company after completion of the Transaction, assuming completion occurred on 31 December 2014.

	Unaudited Consolidated as at 31 December 2014	Unaudited Consolidated Proforma as at 31 December 2014
	\$	\$
Current Assets		
Cash and cash equivalents	13,389,040	58,054,669
Other receivables and prepayments	484,088	484,088
Inventories	1,095,870	1,095,870
	14,968,998	59,634,627
Assets classified as held for sale	182,828,810	-
Total Current Assets	197,797,808	59,634,627
Non Current Assets		
Property, plant and equipment	1,908,649	1,908,649
Mineral exploration and evaluation	135,721,097	135,721,097
Available for sale financial assets	39,971	39,971
Total Non Current Assets	137,669,717	137,669,717
Total Assets	335,467,525	197,304,344
Current Liabilities		
Trade and other payables	5,073,336	4,129,069
Deposit for Jiangsu transaction	14,958,313	-
Provisions	1,074,886	1,074,886
Interest bearing liabilities	99,977,759	63,195,022
	121,084,294	68,398,977
Liabilities directly associated with assets classified as held for sale	152,303,256	-
Total Current Liabilities	273,387,550	68,398,977
Non Current Liabilities		
Provisions	6,874,004	6,874,004
Total Non Current Liabilities	6,874,004	6,874,004
Total Liabilities	280,261,554	75,272,981
Net Assets	55,205,971	122,031,363
Equity		
Issued capital	450,472,494	450,472,494
Reserves	5,286,632	14,846,512
Accumulated losses	(405,465,940)	(348,200,428)
Total parent equity interest	50,293,186	117,118,578
Non-controlling interest	4,912,785	4,912,785
Total Equity	55,205,971	122,031,363

Notes

1. The pro-forma position above has not been audited and has been prepared for illustrative purposes only, to demonstrate the effect of the Transaction as if it had occurred on 31 December 2014. The pro-forma position is not intended to be a statement of the Company's current financial position.
2. This figure assumes no convertible securities are exercised prior to completion of the Transaction.

There will be no change to the Company's Board as a result of the Transaction.

The Company's capital structure will not change as a result of the Transaction.

8. Implications if the Transaction does not proceed

As previously advised in the Original Notice, if the Transaction does not proceed, Galaxy Lithium will be obliged to make the break fee payment to Tianqi, repay the Deposit Amount to Tianqi and the Company will not be able to utilise the consideration from the Transaction to pay its creditors. Accordingly, if the Transaction does not proceed, it will have a significant impact on the Company's ability to continue as a going concern.

9. Board recommendation

The Directors do not have any material personal interest in the outcome of the Resolution 1 other than as a result of their interest arising solely in the capacity of Shareholders of the Company. The Directors have a relevant interest in the securities of the Company as set out in the following table:

Director	Ordinary Shares		Performance Options	
	<i>Direct</i>	<i>Indirect</i>	<i>Direct</i>	<i>Indirect</i>
Martin Rowley	2,038,983	3,849,440	-	-
Anthony Tse	12,118,644	-	1,000,000	-
Charles Whitfield	12,118,644	-	1,000,000	-
Jian-Nan Zhang	1,059,322	-	-	-

The Directors have indicated that they intend to vote the Shares they own or control in favour of Resolution 1. The Chairman intends to vote all undirected proxies in favour of Resolution 1.

Based on the information available, all of the Directors consider that the Transaction is in the best interests of the Company. The Directors have approved the proposal to put the Resolutions to Shareholders and separately approved the information contained in this Notice.

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

GLOSSARY

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.
Company or Galaxy	means Galaxy Resources Limited (ABN 11 071 976 442).
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).
General Meeting or Meeting	means the General Meeting of Shareholders of the Company to be held at 3.00pm AWST on 17 March 2015 (3.00am CEDST on 17 March 2015) at 45 Ventnor Avenue, West Perth, WA, 6005.
Listing Rules	means the official listing rules of the ASX.
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 <i>Business Corporations Act</i> (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.
Notice or Notice of 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.
Original Notice	means the Company's Notice of General Meeting dated 15 May 2014.
Proxy Form	the proxy form enclosed with this Notice of General Meeting.
Resolution	means a resolution contained in 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.

NOTES

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 **3.00pm AWST on 15 March 2015 (3.00am CEDST on 15 March 2015)**.

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 the Notes section 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 3.00pm AWST on 15 March 2015 (3.00am CEDST on 15 March 2015).

Voting Direction Forms must be returned by 3.00pm AWST on 15 March 2015 (3.00am CEDST on 15 March 2015).

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 thresholds

Resolution 1 is an ordinary resolution. 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 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 **3.00pm AWST on 15 March 2015 (3.00am CEDST on 15 March 2015)**, 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 the Notes section 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 these Notes. 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 3.00am CEDST on 15 March 2015.

If you hold outstanding Exchangeable Shares, please see section 4.6 of these Notes 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, 9th Floor, Toronto, Ontario M5J 2Y1 Canada by no later than **3.00am CEDST on 15 March 2015**. 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 an annual 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 these Notes entitled "Voting Instructions for Exchangeable Shares", as well as the enclosed Voting Direction Form for details on how to vote at the Annual 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 **3.00am CEDST on 15 March 2015**. 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 3.00AM CEDST ON 15 MARCH 2015.

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 **3.00am CEDST on 15 March 2015** 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 holders 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 3.00AM CEDST ON 15 MARCH 2015 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.

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.**



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

- 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 3:00pm (AWST) Sunday, 15 March 2015

How to Vote on the Item 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 the item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on the item your vote will be invalid.

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 General Meeting of Galaxy Resources Limited to be held at 45 Ventnor Avenue, West Perth, Western Australia on Tuesday, 17 March 2015 at 3:00pm (AWST) and at any adjournment or postponement of that meeting.

STEP 2 Item of Business



PLEASE NOTE: If you mark the **Abstain** box for the 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.

Resolution 1 Confirmation of Sale of Jiangsu

For

Against

Abstain

☐☐☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

GXY

1 7 0 3 1 5 A

Computershare +