



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 3pm AWST on 29 May 2015
at the Park Business Centre, 45 Ventnor Avenue, 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 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 (Managing 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 1, 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)
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)
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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
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Australian Business Number

11 071 976 442

Securities 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 3pm AWST on 29 May 2015 at the Park Business Centre, 45 Ventnor Avenue, West Perth, WA, 6005 (3am CEDST on 29 May 2015).

ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS – 1 JANUARY 2014 TO 31 DECEMBER 2014

To receive and consider the Annual Financial Report, together with the Directors' and Auditor's Reports for the year ended 31 December 2014.

Note: There is no requirement for Shareholders to approve these reports

RESOLUTIONS

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 2014"

Voting Exclusion: 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.

2. RESOLUTION 2: RE-ELECTION OF MR JIAN-NAN ZHANG AS A DIRECTOR

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

"That, Mr Jian-Nan Zhang, 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."

SPECIAL BUSINESS

3. RESOLUTION 3 – ISSUE OF SHARES TO MR ANTHONY TSE

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 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 10,000,000 Shares to Mr Anthony Tse (or his nominee), for the purpose and 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 3 by Mr Anthony Tse and any of his associates. However, the Company will not disregard any votes cast on Resolution 3 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.

The Company will also disregard any votes cast on Resolution 3 by a member of the Key Management Personnel or their closely related parties, as proxy for another person, where the Proxy Form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the Proxy Form to vote as the proxy decides, will not be excluded.

4. RESOLUTION 4 – ISSUE OF SHARES TO MR CHARLES WHITFIELD

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 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 9,000,000 Shares to Mr Charles Whitfield (or his nominee), for the purpose and 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 4 by Mr Charles Whitfield and any of his associates. However, the Company will not disregard any votes cast on Resolution 4 by such person if:

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

The Company will also disregard any votes cast on Resolution 4 by a member of the Key Management Personnel or their closely related parties, as proxy for another person, where the Proxy Form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the Proxy Form to vote as the proxy decides, will not be excluded.

5. RESOLUTION 5 – ISSUE OF SHARES TO MR MARTIN ROWLEY

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 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 8,000,000 Shares to Mr Martin Rowley (or his nominee), for the purpose and 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 5 by Mr Martin Rowley and any of his associates. However, the Company will not disregard any votes cast on Resolution 5 by such person if:

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

The Company will also disregard any votes cast on Resolution 5 by a member of the Key Management Personnel or their closely related parties, as proxy for another person, where the Proxy Form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the Proxy Form to vote as the proxy decides, will not be excluded.

6. RESOLUTION 6 – ISSUE OF SHARES TO MR JIAN-NAN ZHANG

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 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 500,000 Shares to Mr Jian-Nan Zhang (or his nominee), for the purpose and 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 6 by Mr Jian-Nan Zhang and any of his associates. However, the Company will not disregard any votes cast on Resolution 6 by such person if:

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

The Company will also disregard any votes cast on Resolution 6 by a member of the Key Management Personnel or their closely related parties, as proxy for another person, where the Proxy Form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the Proxy Form to vote as the proxy decides, will not be excluded.

7. RESOLUTION 7: APPROVAL FOR ISSUE OF SHARES

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 12,900,000 Shares to the parties, for the purpose, and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 7 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if Resolution 7 is passed and any associates of those persons. However, the Company will not disregard any votes cast on Resolution 7 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.

The Company will also disregard any votes cast on Resolution 7 by a member of the Key Management Personnel or their closely related parties, as proxy for another person, where the Proxy Form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the Proxy Form to vote as the proxy decides, will not be excluded.

8. RESOLUTION 8: APPROVAL OF LONG TERM INCENTIVE PLAN

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

“That, for the purposes of Listing Rule 7.2 (Exception 9) and for all other purposes, approval be given to, and issue of securities under, the Company’s Long Term Incentive Plan as described in the Explanatory Statement accompanying this Notice of General Meeting”

Voting Exclusion: The Company will disregard any votes cast on Resolution 8 by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any person associated with that Director. However, the Company will not disregard any votes cast on Resolution 8 if:

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

The Company will also disregard any votes cast on Resolution 8 by a member of the Key Management Personnel or their closely related parties, as proxy for another person, where the Proxy Form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the Proxy Form to vote as the proxy decides, will not be excluded.

9. RESOLUTION 9: APPROVAL TO ISSUE SHARES TO SETTLE SHARE APPRECIATION RIGHTS ISSUED TO MR ANTHONY TSE AND TO GIVE RETIREMENT BENEFITS

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

“That, subject to Resolution 8 being passed, for the purposes of Listing Rule 10.14, Chapter 2E and sections 195(4), 200B and 200E of the Corporations Act, and for all other purposes, Shareholders approve the issue of Shares by the Company to Mr Anthony Tse (or his nominee) to settle any of the 10,000,000 Share Appreciation Rights to be issued to Mr Anthony Tse (or his nominee) under the Company’s Long Term Incentive Plan, for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

Short Explanation: Approval is sought under Listing Rule 10.14 and Chapter 2E of the Corporations Act to allow the Company to issue Shares to a Director (Mr Tse) to settle these Share Appreciation Rights under the LTIP. Approval is also sought under sections 200B and 200E of the Corporations Act for benefits under the LTIP relating to those rights that may be given in connection with any future retirement by Mr Tse from an office or employment with the Company. Please refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on Resolution 9 by Mr Anthony Tse and any person associated with Mr Anthony Tse. However, the Company will not disregard any votes cast on Resolution 9 if:

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

The Company will also disregard any votes cast on Resolution 9 by a member of the Key Management Personnel or their closely related parties, as proxy for another person, where the Proxy Form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the Proxy Form to vote as the proxy decides, will not be excluded.

10. RESOLUTION 10: APPROVAL TO ISSUE SHARES TO SETTLE SHARE APPRECIATION RIGHTS ISSUED TO MR CHARLES WHITFIELD AND TO GIVE RETIREMENT BENEFITS

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

“That, subject to Resolution 8 being passed, for the purposes of Listing Rule 10.14, Chapter 2E and sections 195(4), 200B and 200E of the Corporations Act, and for all other purposes, Shareholders approve the issue of Shares by the Company to Mr Charles Whitfield (or his nominee) to settle any of the 8,000,000 Share Appreciation Rights to be issued to Mr Charles Whitfield (or his nominee) under the Company’s Long Term Incentive Plan, for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

Short Explanation: Approval is sought under Listing Rule 10.14 and Chapter 2E of the Corporations Act to allow the Company to issue Shares to a Director (Mr Whitfield) to settle these Share Appreciation Rights under the LTIP. Approval is also sought under sections 200B and 200E of the Corporations Act for benefits under the LTIP relating to those rights that may be given in connection with any future retirement by Mr Whitfield from an office or employment with the Company. Please refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on Resolution 10 by Mr Charles Whitfield and any associate of Mr Charles Whitfield. However, the Company will not disregard any votes cast on Resolution 10 if:

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

The Company will also disregard any votes cast on Resolution 10 by a member of the Key Management Personnel or their closely related parties, as proxy for another person, where the Proxy Form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the Proxy Form to vote as the proxy decides, will not be excluded.

11. RESOLUTION 11: APPROVAL TO ISSUE SHARES TO SETTLE SHARE APPRECIATION RIGHTS ISSUED TO MR MARTIN ROWLEY AND TO GIVE RETIREMENT BENEFITS

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

“That, subject to Resolution 8 being passed, for the purposes of Listing Rule 10.14, Chapter 2E and sections 195(4), 200B and 200E of the Corporations Act, and for all other purposes, Shareholders approve the issue of Shares by the Company to Mr Martin Rowley (or his nominee) to settle any of the 8,000,000 Share Appreciation Rights to be issued to Mr Martin Rowley (or his nominee) under the Company’s Long Term, for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

Short Explanation: Approval is sought under Listing Rule 10.14 and Chapter 2E of the Corporations Act to allow the Company to issue Shares to a Director (Mr Rowley) to settle these Share Appreciation Rights under the LTIP. Approval is also sought under sections 200B and 200E of the Corporations Act for benefits under the LTIP relating to those rights that may be given in connection with any future retirement by Mr Rowley from an office or employment with the Company. Please refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on Resolution 11 by Mr Martin Rowley and any associate Mr Martin Rowley. However, the Company will not disregard any votes cast on Resolution 11 if:

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

The Company will also disregard any votes cast on Resolution 11 by a member of the Key Management Personnel or their closely related parties, as proxy for another person, where the Proxy Form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the Proxy Form to vote as the proxy decides, will not be excluded.

12. RESOLUTION 12: APPROVAL TO ISSUE SHARES TO SETTLE SHARE APPRECIATION RIGHTS ISSUED TO MR JIANG-NAN ZHANG AND TO GIVE RETIREMENT BENEFITS

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

“That, subject to Resolution 8 being passed, for the purposes of Listing Rule 10.14, Chapter 2E and sections 195(4), 200B and 200E of the Corporations Act, and for all other purposes, Shareholders approve the issue of Shares by the Company to Mr Jian-Nan Zhang (or his nominee) to settle any of the 500,000 Share Appreciation Rights to be issued to Mr Jian-Nan Zhang (or his nominee) under the Company’s Long Term Incentive Plan, for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

Short Explanation: Approval is sought under Listing Rule 10.14 and Chapter 2E of the Corporations Act to allow the Company to issue Shares to a Director (Mr Jian-Nan Zhang) to settle these Share Appreciation Rights under the LTIP. Approval is also sought under sections 200B and 200E of the Corporations Act for benefits under the LTIP relating to those rights that may be given in connection with any future retirement by Mr Jian-Nan Zhang from an office or employment with the Company. Please refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on Resolution 12 by Mr Jian-Nan Zhang and any person associated with Mr Jian-Nan Zhang. However, the Company will not disregard any votes cast on Resolution 12 if:

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

The Company will also disregard any votes cast on Resolution 12 by a member of the Key Management Personnel or their closely related parties, as proxy for another person, where the Proxy Form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the Proxy Form to vote as the proxy decides, will not be excluded.

13. RESOLUTION 13: APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

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

“That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, 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 13 by any person who may participate in the issue of Equity Securities under the Additional 10% Placement Facility and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if Resolution 13 is passed, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 13 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.

Important note: The proposed persons to whom any Equity Securities under the Additional 10% Placement Facility will be issued to are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

14. RESOLUTION 14: 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 25,000,000 Options in the Company to the parties, for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 14 by by Clipper Group Limited and any other person who participated in the issue and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 14 by such person if:

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

15. RESOLUTION 15: APPROVAL TO ISSUE SHARES 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 up to 127,142,857 Shares to Clipper Group Limited (or its nominee) for the purpose and 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 15 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. However, the Company need not disregard a vote if:

- (o) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (p) 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 handwritten signature in black ink, appearing to read "S. Robertson", written in a cursive style.

**Simon Robertson
Company Secretary
Galaxy Resources Limited
16 April 2015**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for Shareholders to provide information regarding the items of business to be considered at the Annual General Meeting to be held at 3pm AWST on 29 May 2015 at the Park Business Centre, 45 Ventnor Avenue, West Perth, WA, 6005 (3am CEDST on 29 May 2015).

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 2014 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 1, 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 2014 (**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 2014 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 2014.

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 2014 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 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.

The Company's Remuneration Report did not receive a “no” vote of 25% or more at the Company's previous annual general meeting held on 20 June 2014.

Board recommendation

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

RESOLUTION 2– RE-ELECTION OF MR JIAN-NAN ZHANG AS A DIRECTOR

Background

The Board presently consists of four (4) Directors: Mr Martin Rowley, Mr Anthony Tse, Mr Charles Whitfield, and Mr Jian-Nan Zhang.

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 Jian-Nan Zhang is standing for re-election at the Meeting.

Director biography – 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 (other than Mr Jian-Nan Zhang) recommend that Shareholders vote in favour of Resolution 2.

RESOLUTIONS 3 TO 6 – APPROVAL FOR ISSUE OF SHARES TO RELATED PARTIES

Background

Resolutions 3 to 6 are concerned with the issue of Shares to various related parties of the Company.

The Company proposes to make a one off grant of Shares to current Directors Mr Anthony Tse, Mr Charles Whitfield, Mr Martin Rowley and Mr Jian-Nan Zhang (or their nominees) as additional remuneration for the successful completion of the Jiangsu divestment transaction. Approval for the issue of the Shares to these Directors (or their nominees) is sought under Resolutions 3 to 6.

The Company proposes to issue a total of 27,500,000 Shares for no consideration under Resolutions 3 to 6 in the proportions specified below. The issue of these Shares will be equal to approximately 2.49% of the Company's fully-diluted share capital assuming no further issues of securities by the Company, and the passing Resolution 7 contained in this Notice of Annual General Meeting (based on the number of Shares and Options on issue at the date of this Notice of Meeting).

Regulatory requirements

Resolutions 3 to 6 seek Shareholder approval in order to comply with the requirements of Listing Rule 10.11 and Chapter 2E of the Corporations Act.

Listing Rule 10.11

Listing Rule 10.11 provides that, unless a specified exception applies, a Company must not issue or agree to issue securities to a related party without the approval of ordinary shareholders. A "related party", for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act, and includes the directors of a company.

As such, Shareholder approval is sought under Listing Rule 10.11 as Resolutions 3 to 6 proposes the issue of Shares to various parties, who are related parties of the Company by virtue of being a Director of the Company.

As Shareholder approval is being sought under ASX Listing Rule 10.11, approval is not also required under Listing Rule 7.1, and any Shares issued with Shareholder approval under Resolutions 3 to 6 will not count towards the Company's 15% capacity under Listing Rule 7.1.

In compliance with the information requirements of Listing Rule 10.13, Shareholders are advised of the following information:

(a) Names of person to receive securities and maximum number of securities to be issued

The related parties (or their nominees) will receive the number of Shares in the proportions outlined in the table below:

Resolution	Name	Number of Shares
3	Mr Anthony Tse – Managing Director	10,000,000
4	Mr Charles Whitfield – Executive Director	9,000,000
5	Mr Martin Rowley – Non-Executive Chairman	8,000,000
6	Mr Jian-Nan Zhang – Non-Executive Director	500,000

(b) Date of issue and allotment

The Company anticipates that the Shares the subject of resolutions 3 to 6 will be allotted and issued on or soon after 29 May 2015, and in any event not later than 1 month after the date of the Annual General Meeting.

(c) Relationship with the Company

The Shares the subject of Resolutions 3 to 6 are proposed to be issued to Directors Anthony Tse, Charles Whitfield, Martin Rowley and Jian-Nan Zhang, who by virtue of their current directorships, are considered related parties of the Company.

(d) Issue price

The Shares the subject of Resolutions 3 to 6 will be issued for no consideration, as additional remuneration for the successful completion of the Jiangsu divestment transaction.

(e) Terms of issue

The Shares the subject of Resolutions 3 to 6 will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

The Company will apply to ASX for official quotation of the Shares.

(f) Intended use of the funds raised

The Shares the subject of Resolutions 3 to 6 will be issued for no consideration and accordingly there will be no funds raised by the issue of such Shares.

(g) Voting exclusion statements

Voting exclusion statements for Resolutions 3 to 6 are included in the Notice of Annual General Meeting preceding this Explanatory Statement.

Chapter 2E Corporations Act

Chapter 2E of the Corporations Act regulates the provision of “financial benefits” to “related parties” by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

A “related party” is widely defined under the Corporations Act, and includes the directors of the Company. As such, the current Directors of the Company, are related parties of the Company for the purposes of section 208 of the Corporations Act.

A “financial benefit” is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

The issue of the Shares under Resolutions 3 to 6 constitute the provision of a financial benefit to a related party.

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 3 to 6.

(a) Identity of the related parties to whom Resolutions 3 to 6 permits financial benefits to be given

The Shares the subject of Resolutions 3 to 6 are proposed to be issued to Directors Anthony Tse, Charles Whitfield, Martin Rowley and Jian-Nan Zhang, who by virtue of their current directorships, are considered related parties of the Company.

(b) Nature of the financial benefit

Resolutions 3 to 6 seek approval from Shareholders to allow the Company to issue an aggregate of 27,500,000 Shares to the related parties listed above for no consideration.

The Shares to be issued will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

(c) Valuation of financial benefit

The Company is proposing to issue a total of 27,500,000 Shares under Resolutions 3 to 6, which have an indicative value of \$880,000 based on the closing price of the Company's Shares at 10 April 2015, being \$0.032 per Share.

(d) Dilution

If the Shares the subject of Resolutions 3 to 6 are issued, the effect will be to dilute the holdings of Shares of other Shareholders. The issue of the Shares will in aggregate be equal to approximately 2.49% of the Company's fully-diluted share capital assuming no further issues of securities by the Company, and the passing of Resolution 7 contained in this Notice of Annual General Meeting (based on the number of Shares and Options on issue as at the date of this Notice of General Meeting), resulting in a total of 1,105,183,990 Shares on issue.

(e) Existing interests in the Company of related parties the subject of Resolutions 3 to 6

The direct and indirect interests of the related parties the subject of Resolutions 3 to 6 in securities of the Company as at the date of this Notice of Annual General Meeting are:

Resolution	Name	Security
3	Anthony Tse	12,118,644 Shares 1,000,000 unlisted Options exercisable at \$1.16 with various vesting and expiry dates
4	Charles Whitfield	12,118,644 Shares 1,000,000 unlisted Options exercisable at \$1.16 with various vesting and expiry dates
5	Martin Rowley	1,588,983 Shares directly held 4,324,440 Shares indirectly held
6	Jian-Nan Zhang	1,059,322 Shares

(f) Remuneration of Directors

Details of the remuneration of each Director the subject of Resolutions 3 to 6, including their related entities, is set out in the table below.

Remuneration for the Year Ending 31 December 2014

Name	Short –term benefits		Post-employment benefits	Share-based payments	Total
	Cash Salary & Fees	Other	Superannuation	Shares	
	\$	\$	\$	\$	\$
A P Tse	260,306	-	-	715,000 ⁽¹⁾	975,306
C B F Whitfield	259,971	-	-	715,000 ⁽¹⁾	974,971
M R Rowley	-	-	-	683,750 ⁽²⁾	683,750
J Zhang	4,583	-	-	62,500 ⁽¹⁾	67,083
Total	524,860	-	-	2,176,250	2,701,110

1. Deemed value of shares at date of issue as approved by shareholders at AGM 24/06/2014

2. Deemed value of shares at date of issue as approved by shareholders at AGM 24/06/2014. 10,000,000 shares approved for issue to Mr Rowley were issued to unrelated nominees

Proposed Remuneration for the Year Ending 31 December 2015

Name	Short –term benefits		Post-employment benefits	Share-based payments ⁽¹⁾	Total
	Cash Salary & Fees	Other	Superannuation	Shares/Rights	
	\$	\$	\$	\$	\$
A P Tse	369,480	-	-	502,500	871,980
C B F Whitfield	325,035	-	-	434,000	759,035
M R Rowley	131,667	-	-	402,000	533,667
J Zhang	50,000	-	-	25,750	75,750
Total	876,182	-	-	1,364,250	2,240,432

1. Estimated value of equity grants subject to approval as set out in this Notice.

(g) Section 195(4) of the Corporations Act

Each of the Directors has a material personal interest in the outcome of Resolutions 3 to 6 (as applicable to each Director) in this Notice of Meeting by virtue of the fact that Resolutions 3 to 6 are concerned with the issue of Shares to Directors.

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at Board meetings necessary to carry out the terms of these Resolutions.

The Directors have accordingly exercised their right under section 195(4) of the Corporations act to put the issue to Shareholders to determine.

RESOLUTION 7 – APPROVAL FOR ISSUE OF SHARES

Background

The Company proposes to make a one off grant of Shares to members of its current management team (or their nominees) as additional remuneration for the successful completion of the Jiangsu divestment transaction. Approval for the issue of these Shares is sought under Resolution 7.

The Company proposes to issue a total of up to 12,900,000 Shares for no consideration under Resolution 7. The issue of these Shares will be equal to approximately 1.17% of the Company's fully-diluted share capital assuming no further issues of securities by the Company, and the passing of Resolutions 3 to 6 contained in this Notice of Annual General Meeting (based on the number of Shares and Options on issue at the date of this Notice of Meeting).

Listing Rule 7.1

Listing Rule 7.1 provides that, unless a specified exception applies, a Company must not, subject to specified exceptions, issue or agree to issue more securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period without shareholder approval.

If the issue and allotment of Ordinary Shares pursuant to Resolution 7 exceeds the 15% limit, the Company will require the approval of Shareholders and if it does not exceed the 15% limit, the shares to be issued will not be included in the 15% capacity if Shareholders approve the issue.

The effect of obtaining Shareholder approval under Resolution 7 will be to allow the Company to issue up to 12,900,000 Ordinary Shares without using the Company's 15% annual placement capacity.

In compliance with the information requirements of Listing Rule 10.13, Shareholders are advised of the following information:

(a) Maximum number of securities to be issued

The Company intends to issue up to 12,900,000 Shares.

(b) Date of issue and allotment

The Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date.

(c) Issue price

The Shares the subject of Resolution 7 will be issued for no consideration, as additional remuneration for the successful completion of the Jiangsu divestment transaction.

(d) Terms of issue

The Shares the subject of Resolution 7 will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

The Company will apply to ASX for official quotation of the Shares.

(e) Allottees of the securities

The Directors will determine the members of the management team to whom the Shares will be issued who will not be related parties of the Company.

(f) Intended use of the funds raised

The Shares the subject of Resolution 7 will be issued for no consideration and accordingly there will be no funds raised by the issue of such Shares.

(g) Voting exclusion statement

A voting exclusion statement for Resolution 7 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

(h) Board recommendation

The Directors recommend that Shareholders vote in favour of Resolution 7.

RESOLUTION 8 – APPROVAL OF LONG TERM INCENTIVE PLAN

Background

On 10 April 2015 the Board resolved to adopt an employee incentive scheme known as the Galaxy Resources Limited Long Term Incentive Plan (**LTIP**). Share Appreciation Rights will be issued under the LTIP.

Schedule 1 contains a summary of the key terms of the LTIP.

The LTIP is proposed to be established in order to:

- (a) reward employees, contractors, consultants and Directors of the Company (**Eligible Employees**) for the successful management and development of the Company to date and in the future;
- (b) assist in the retention and motivation of employees and Directors of the Company; and
- (c) provide an incentive to employees and Directors of the Company to grow shareholder value by providing them with an opportunity to receive an ownership interest in the Company.

Regulatory requirements

The LTIP constitutes an 'employee incentive scheme' under the Listing Rules. Issues of securities under exception 9 in Listing Rule 7.2 are not taken into account for the purposes of calculating the 15% limit on the number of shares that the Company may issue in any 12-month period under Listing Rule 7.1. In addition, to the extent that Shares are issued under the LTIP as an approved employee incentive scheme, those Shares are added to the denominator on which the 15% placement limit prescribed by Listing Rule 7.1 is calculated.

The following information is provided to Shareholders for the purpose of Listing Rule 7.2 exception 9(b).

- (a) Schedule 1 contains a summary of the key terms of the LTIP.
- (b) This is the first approval sought under Listing Rule 7.2 Exception 9(b) with respect to the LTIP. As such, no securities have been previously issued under the LTIP.
- (c) A voting exclusion statement for Resolution 8 in respect of the LTIP is included in the Notice of Meeting preceding this Explanatory Statement.

Board recommendation

Each of the Directors has an interest in the outcome of Resolution 8 and accordingly do not make a voting recommendation to Shareholders.

RESOLUTIONS 9 TO 12 – APPROVAL TO ISSUE SHARES TO SETTLE SHARE APPRECIATION RIGHTS TO RELATED PARTIES AND TO GIVE RETIREMENT BENEFITS

Background

Resolutions 9 to 12 are concerned with the grant of Share Appreciation Rights to the Participating Directors of the Company under the LTIP. As such, Resolutions 9 to 12 are subject to Resolution 8 being passed.

On 11 June 2013, the current management team of the Company agreed to take on lead positions in the management of the Company in order to save the Company from a precarious financial position. In addition, as announced to the ASX on 29 November 2013, the Company made changes to its Board of Directors with the appointment of several new directors, retirement of two long standing directors, as well as the confirmation of Mr Anthony Tse as Managing Director.

The new management team has devoted substantial amounts of their time and diligence to the Company over the past 12 months. The workload involved in the debt restructuring and asset disposal was extensive and complicated. As a result of the new management's successful efforts, the Company has achieved a significant turnaround, which has allowed shareholders to realise the real long term potential from their assets and not just on a short term cash basis.

As an incentive for Directors and management to focus decision making on the creation of shareholder value the Company proposes, among other things, to make a one off grant of Share Appreciation Rights to Messrs Anthony Tse, Charles Whitfield, Martin Rowley and Jian-Nan Zhang (or their nominees).

In light of the guidance set out by the ASX Corporate Governance Council in respect of Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations with regards to the remuneration of non-executive directors compared with executive directors, the Board has considered the vesting conditions attaching to the Share Appreciation Rights to be granted to the executive Directors, Messrs Anthony Tse, Charles Whitfield, separately from the Company's non-executive chairman, Mr Martin Rowley and the Company's non-executive director, Mr Jian-Nan Zhang. Further details of the applicable vesting conditions are set out below.

The grant of the Share Appreciation Rights is the subject of Resolutions 9 to 12 and will provide reward and incentive for the successful management and development of the Company to date and in the future.

Under the Company's present circumstances and in light of the events that have taken place during the last 12 months, the Directors consider the grant of the Share Appreciation Rights to be an appropriate component of each Participating Director's remuneration package, compared to alternative forms of incentives, such as cash bonuses. They will also provide a sound incentive for management to focus on making the most appropriate decisions for the Company's shareholders and to continue to improve the share price performance of the Company.

The Company proposes to issue a total of 26,500,000 Share Appreciation Rights for nil consideration under Resolutions 9 to 12 in the following proportions:

- (a) a total of 18,000,000 Share Appreciation Rights to the executive Directors, Messrs Anthony Tse, Charles Whitfield, as follows:

Resolution	Name	Number of Share Appreciation Rights	Vesting conditions
9	Mr Anthony Tse – Managing Director	10,000,000	<i>Time based conditions</i> 2,500,000 Share Appreciation Rights to vest 12 months after the date of issue (First Time Based Condition). 2,500,000 Share Appreciation Rights to vest 24 months after the date of issue (Second Time Based Condition). <i>Performance based conditions</i> 2,500,000 Share Appreciation Rights to vest on the execution of definitive agreements to effect the announced transaction with General Mining Limited in relation to of the Mount Cattlin Project and the satisfaction of all conditions under the agreements within 3 years of the date of issue of the Share Appreciation Rights (Performance Based Condition). <i>Share price based conditions</i> 2,500,000 Share Appreciation Rights to vest on the date that the Market Capitalisation of the Company exceeds AUD100,000,000 within 3 years of the date of issue of the Share Appreciation Rights (Market Capitalisation Based Condition).
10	Mr Charles Whitfield – Executive Director	8,000,000	<i>Time based conditions</i> 2,000,000 Share Appreciation Rights to vest 12 months after the date of issue (First Time Based Condition). 2,000,000 Share Appreciation Rights to vest 24 months after the date of issue (Second Time Based Condition). <i>Performance based conditions</i> 2,000,000 Share Appreciation Rights to on vest the execution of definitive agreements to effect the announced transaction with General Mining Limited in relation to of the Mount Cattlin Project and the satisfaction of all conditions under the agreements within 3 years of the date of issue of the Share Appreciation Rights (Performance Based Condition).

Resolution	Name	Number of Share Appreciation Rights	Vesting conditions
			<i>Share price based conditions</i> 2,000,000 Share Appreciation Rights to vest on the date that the Market Capitalisation of the Company exceeds AUD100,000,000 within 3 years of the date of issue of the Share Appreciation Rights (Market Capitalisation Based Condition).

- (b) a total of 8,500,000 Share Appreciation Rights to the Company's non-executive Chairman, Mr Martin Rowley and the Company's non-executive director, Mr Jian-Nan Zhang; as follows:

Resolution	Name	Number of Share Appreciation Rights	Vesting conditions
11	Mr Martin Rowley – Non-Executive Chairman	8,000,000	<i>Time based conditions</i> 2,000,000 Share Appreciation Rights to vest 12 months after the date of issue (First Time Based Condition). 2,000,000 Share Appreciation Rights to vest 24 months after the date of issue (Second Time Based Condition). <i>Performance based conditions</i> 2,000,000 Share Appreciation Rights to vest on the execution of definitive agreements to effect the announced transaction with General Mining Limited in relation to the Mount Cattlin Project and the satisfaction of all conditions under the agreements within 3 years of the date of issue of the Share Appreciation Rights (Performance Based Condition). <i>Share price based conditions</i> 2,000,000 Share Appreciation Rights to vest on the date that the Market Capitalisation of the Company exceeds AUD100,000,000 within 3 years of the date of issue of the Share Appreciation Rights (Market Capitalisation Based Condition).
12	Mr Jian-Nan Zhang	500,000	<i>Time based conditions</i> 250,000 Share Appreciation Rights to vest 12 months after the date of issue (First Time Based Condition). 250,000 Share Appreciation Rights to vest 24 months after the date of issue (Second Time Based Condition).

Each vested Share Appreciation Right entitles the participant to receive the Share Appreciation Right Vesting Amount which is the difference between the Market Value of a Share on the date of receipt of the applicable Notice of Exercise and \$0.03 (being an amount equal to 10 day VWAP of Shares up to and including 7 April 2015). The amount is to be paid in Shares, or if the Board so elects, in cash. Shares would be valued at the Market Value of a Share on the date of receipt of the applicable Notice of Exercise. For further details, please refer to Schedule 1.

Regulatory requirements

Resolutions 9 to 12 seek Shareholder approval in order to comply with the requirements of Listing Rule 10.14 and Chapter 2E and sections 195(4), 200B and 200E of the Corporations Act.

Section 195(4) of the Corporations Act

Each of the Participating Directors has a material personal interest in the outcome of Resolutions 9 to 12 (as applicable to each Participating Director) in this Notice of Meeting by virtue of the fact that Resolutions 9 to 12 are concerned with the issue of Shares to settle Share Appreciation Rights to the Participating Directors.

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at Board meetings necessary to carry out the terms of these Resolutions.

The Directors have accordingly exercised their right under section 195(4) of the Corporations act to put the issue to Shareholders to determine.

Listing Rule 10.14

Listing Rule 10.14 provides that a company must not issue Equity Securities to a director of the company under an employee incentive scheme unless the issue has been approved by holders of ordinary securities.

As such, Shareholder approval is sought under Listing Rule 10.14 as Resolutions 9 to 12 propose the issue of Shares to the Directors upon the exercise of any Share Appreciation Rights granted to them.

As Shareholder approval is being sought under ASX Listing Rule 10.14, approval is not also required under Listing Rule 7.1, and any Shares issued with Shareholder approval under Resolutions 9 to 12 will not count towards the Company's 15% capacity under Listing Rule 7.1.

In compliance with the information requirements of Listing Rule 10.15A, Shareholders are advised of the following information:

- (a) If all Share Appreciation Rights the subject of Resolutions 9 to 12 vest and the Participating Directors exercise those Share Appreciation Rights, the maximum aggregate number of Shares to be issued will be 26,500,000 multiplied by the applicable Share Appreciation Right Vesting Amount divided by the Market Value of a Share on the date of receipt of the applicable Notice of Exercise (see Schedule 1 for details).
- (b) The price for each Share to be issued pursuant to Resolutions 9 to 12 under the Company's LTIP will be nil.
- (c) No persons referred to in Listing Rule 10.14 have received Shares under the LTIP.
- (d) The persons referred to in Listing Rule 10.14 entitled to participate in the LTIP are Mr Tse, Mr Whitfield, Mr Rowley and Mr Jian-Nan Zhang.
- (e) Voting exclusion statements for Resolutions 9 to 12 are included in the Notice of General Meeting preceding this Explanatory Statement.
- (f) No loan is made in relation to the issues.
- (g) Details of any Shares issued under the LTIP will be published in each annual report relating to a period in which Shares have been issued under the LTIP, with a statement that approval for the issue of the Shares was obtained under Listing Rule 10.14.
- (h) Any additional persons who become entitled to participate in the LTIP after approval of Resolutions 9 to 12 and who are not named in this Notice of General Meeting will not participate until approval is obtained under Listing Rule 10.14.
- (i) The Company will, subject to the Directors' discretion to settle the Share Appreciation Rights in cash or in Shares, issue the Shares upon receipt of a valid Notice of Exercise and otherwise in accordance with the rules of the LTIP. If the Company does not receive a Notice of Exercise in respect of the Share Appreciation Rights the subject of Resolutions 9 to 12 within 3 years after the date of the Meeting, the Company will seek an ASX waiver to allow the issue to occur on the applicable date or seek Shareholder re-approval to issue the Shares.

Chapter 2E Corporations Act

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

A "related party" is widely defined under the Corporations Act, and includes the directors of the company. As such, the current Directors of the Company are related parties of the Company for the purposes of section 208 of the Corporations Act.

A “financial benefit” is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

The issue of the Shares under Resolutions 9 to 12 constitute the provision of a financial benefit to a related party.

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 9 to 12.

(a) Identity of the related parties to whom Resolutions 9 to 12 permit financial benefits to be given

The Shares the subject of Resolutions 9 to 12 are proposed to be issued to Directors Anthony Tse, Charles Whitfield, Martin Rowley and Jian-Nan Zhang, who by virtue of their current directorships, are considered related parties of the Company.

(b) Nature of the financial benefit

Resolutions 9 to 12 seek approval from Shareholders to allow the Company to issue Shares to the related parties as set out above for nil consideration upon the exercise of any Share Appreciation Rights issued to them under the Company's LTIP.

The Shares to be issued will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

(c) Valuation of financial benefit

The Company is proposing to issue a total of 26,500,000, Share Appreciation Rights under Resolutions 9 to 12. The fair value of these Share Appreciation Rights are as set out below:

- The fair value of each of the 6,750,000 Share Appreciation Rights subject to the First Time Based Condition is \$0.019.
- The fair value of each of the 6,750,000 Share Appreciation Rights subject to the Second Time Based Condition is \$0.02.
- The fair value of each of the 6,500,000 Share Appreciation Rights subject to the Performance Based Condition is \$0.017.
- The fair value of each of the 6,500,000 Share Appreciation Rights subject to the Market Capitalisation Based Condition is \$0.017.

Based on these fair values, the total value of all of these Share Appreciation Rights is \$484,250.

Independent accounting firm BDO Corporate Finance Pty Ltd (BDO) has valued the Share Appreciation Rights with non-market based vesting conditions as a call option using a binomial option pricing model. It also used the Black Scholes option pricing model to validate the valuation prices calculated by the binomial option pricing model.

BDO has valued the Share Appreciation Rights with market based vesting conditions as a call option using an up and in single barrier share price option model which takes into consideration that the rights will vest at any time during the performance period, given that VWAP exceeds the determined barrier. The model incorporates a trinomial option valuation.

The valuations were based on the following assumptions:

	First Time Based Condition	First Time Based Condition	Performance Based Condition	Market Capitalisation Condition
Underlying Security Value	\$0.03	\$0.03	\$0.03	\$0.03
Exercise Price	\$0.03	\$0.03	\$0.03	\$0.03
Valuation Date	7 April 2015	7 April 2015	7 April 2015	7 April 2015
Expiry Date	29 May 2021	29 May 2022	7 April 2020	7 April 2020
Expiry Date	5 Years	5 Years	5 Years	5 Years
Vesting Date	29 May 2016	29 May 2017	N/A	N/A
Volatility	70%	70%	70%	70%
Risk free rate	1.83%	1.83%	1.83%	1.83%
Number of option	6,750,000	6,750,000	6,500,000	6,500,000
Valuation per call option	\$0.019	\$0.02	\$0.017	\$0.017

Valuation per Tranche of Shares	\$128,500	\$135,000	\$110,500	\$110,500
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(d) Dilution

The issue of Shares to settle the 26,500,000 Share Appreciation Rights the subject of Resolutions 9 to 12 has the potential to dilute the percentage interest of existing Shareholders' holdings, should the LTIP targets be met.

The Shares to be issued upon the exercise of a Share Appreciation Right is to be calculated as set out in Schedule 1. As an indication, if the increase in the Market Value of a Share as at the date of receipt by the Company of the Notice of Exercise was 100% of the grant value of \$0.03 (being an amount equal to 10 day VWAP of Shares up to and including 7 April 2015), the Company would, subject to the Directors' discretion to settle the entitlements in cash or in Shares, issue 13,250,000 Shares to settle all 26,500,000 Share Appreciation Rights, representing approximately 1.34% of the Company's current Share capital.

(e) Existing interests in the Company of related parties the subject of Resolutions 9 to 12

The direct and indirect interests of the related parties the subject of Resolutions 9 to 12 in securities of the Company as at the date of this Notice of General Meeting are:

Resolution	Name	Security
9	Anthony Tse	12,118,644 Shares 1,000,000 unlisted Options exercisable at \$1.16 with various vesting and expiry dates
10	Charles Whitfield	12,118,644 Shares 1,000,000 unlisted Options exercisable at \$1.16 with various vesting and expiry dates
11	Martin Rowley	1,588,983 Shares direct holding 4,324,440 Shares indirect holding
12	Jian-Nan Zhang	1,059,322 Shares

(f) Remuneration of Directors

Details of the remuneration of each Director the subject of Resolutions 9 to 12, including their related entities, is set out in the table below.

Remuneration for the Year Ending 31 December 2014

Name	Short-term benefits		Post-employment benefits	Share-based payments	Total
	Cash Salary & Fees	Other	Superannuation	Shares	
	\$	\$	\$	\$	\$
A P Tse	260,306	-	-	715,000 ⁽¹⁾	975,306
C B F Whitfield	259,971	-	-	715,000 ⁽¹⁾	974,971
M R Rowley	-	-	-	683,750 ⁽²⁾	683,750
J Zhang	4,583	-	-	62,500 ⁽¹⁾	67,083
Total	524,860	-	-	2,176,250	2,701,110

1. Deemed value of shares as approved by shareholders at AGM 24/06/2014

2. Deemed value of shares as approved by shareholders at AGM 24/06/2014. 10,000,000 shares approved for issue to Mr Rowley were issued to unrelated nominees

Proposed Remuneration for the Year Ending 31 December 2015

Name	Short –term benefits		Post-employment benefits	Share-based payments ⁽¹⁾	Total
	Cash Salary & Fees	Other	Superannuation	Shares/Rights	
	\$	\$	\$	\$	
A P Tse	369,480	-	-	502,500	871,980
C B F Whitfield	325,035	-	-	434,000	759,035
M R Rowley	131,667	-	-	402,000	533,667
J Zhang	50,000	-	-	25,750	75,750
Total	876,182	-	-	1,364,250	2,240,432

1. Estimated value of equity grants subject to approval as set out in this Notice.

Sections 200B and 200E of the Corporations Act

The Corporations Act restricts the benefits that can be given to persons who hold a “managerial or executive office” (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate. Under Sections 200B and 200E of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

Amendments to the Corporations Act in 2009 significantly expanded the scope of these provisions and lowered the threshold for termination benefits that do not require shareholder approval. The term “benefit” has a wide meaning and may include benefits resulting from the Board exercising certain discretions under the rules of the LTIP, including the discretion to determine the accelerated vesting or automatic vesting of Share Appreciation Rights in certain circumstances.

Under the LTIP, a participant may become entitled to accelerated vesting or automatic vesting of Share Appreciation Rights if there is a change of control of the Company or if the Board exercises its discretion upon cessation of employment. For further details, please refer to Schedule 1. Accordingly, Shareholder approval is sought for the Participating Directors to be given any such benefit in connection with his retirement from office or employment with the Company if that occurs within 3 years of the date of this meeting.

If Shareholder approval is given under Resolutions 9 to 12, the Company will still be required to comply with Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

The value of the benefit will depend on the number of Share Appreciation Rights that may vest and the Share Appreciation Right Vesting Amount. Please refer to the terms and conditions of the Share Appreciation Rights set out in Schedule 1 and a summary of the valuation of each Share Appreciation Right in paragraph (c) above.

RESOLUTION 13: APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

Listing Rule 7.1A

Listing Rule 7.1A enables eligible entities to issue Equity Securities of up to 10% of its issued ordinary share capital through placements over a 12 month period following the entity's annual general meeting (**Additional 10% Placement Facility**). The Additional 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less, as at the time of the entity's annual general meeting. The Company is an eligible entity as at the time of this Notice of Annual General Meeting and is expected to be an eligible entity as at the time of the Annual General Meeting.

Resolution 13 seeks Shareholder approval to enable the Company to issue Equity Securities under the Additional 10% Placement Facility throughout the 12 months after the Annual General Meeting. The effect of Resolution 13 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the period set out below.

Resolution 13 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the Annual General Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The exact number of Equity Securities that the Company may issue under the Additional 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see paragraph “2. Dilution” below).

Regulatory Requirements

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

1. Minimum Issue Price

Equity Securities issued under the Additional 10% Placement Facility must be in the same class as an existing class of quoted Equity Securities of the Company. As at the date of this Notice of Annual General Meeting, the Company has on issue one class of quoted Equity Securities, Shares.

The issue price of Equity Securities issued under the Additional 10% Placement Facility must not be lower than 75% of the volume weighted average price for securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (a) the date on which the Equity Securities are issued; or
- (b) the date on which the price of Equity Securities is agreed, provided that the issue is thereafter completed within 5 business days.

2. Dilution

As at the date of this Notice of Annual General Meeting, the Company has 1,064,783,990 Shares on issue. If Shareholders approve Resolution 13, the Company will have the capacity to issue approximately 106,478,399 Equity Securities under the Additional 10% Placement Facility in accordance with Listing Rule 7.1A.

The precise number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

$$(A \times D) - E$$

- A =** the number of fully paid shares on issue 12 months before the date of issue or agreement:
- (a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
 - (b) plus the number of partly paid shares that became fully paid in the 12 months;
 - (c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4;
 - (d) less the number of fully paid shares cancelled in the 12 months.
- Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*
- D =** 10%
- E =** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

If Resolution 13 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below to the extent Shareholders do not receive any Shares under such issues. There is a risk that:

- (a) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- (b) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of Annual General Meeting.

The below table also shows:

- (a) two examples where variable “A” has increased, by 50% and 100%. Variable “A” is based on the number of fully paid ordinary securities the Company has on issue. The number of fully paid ordinary securities on issue may increase as a result of issues of fully paid ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a Shareholders’ meeting; and
- (b) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable “A” in Listing Rule 7.1A.2		Dilution		
		\$0.016 50% decrease in Issue Price	\$0.032 Issue Price	\$0.064 100% increase in Issue Price
Current Variable A 1,064,783,990 Shares	Shares issued (10% Voting Dilution)	106,478,399 Shares	106,478,399 Shares	106,478,399 Shares
	Funds raised	\$1,703,654	\$3,407,309	\$6,814,618
50% increase in current Variable A 1,597,175,985 Shares	Shares issued (10% Voting Dilution)	159,717,598.50 Shares	159,717,598.50 Shares	159,717,598.50 Shares
	Funds raised	\$2,555,482	\$5,110,963	\$10,221,926
100% increase in current Variable 2,129,567,980 Shares	Shares issued (10% Voting Dilution)	212,956,798.00 Shares	212,956,798.00 Shares	212,956,798.00 Shares
	Funds raised	\$3,407,309	\$6,814,618	\$13,629,235

The table has been prepared on the following assumptions:

- Variable A is 1,064,783,990 being the number of ordinary securities on issue at the date of this Notice of Meeting.
- The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Facility.
- No options are exercised into Shares before the date of issue of the Equity Securities.
- The Company has not issued any other Equity Securities using its placement capacity under Listing Rule 7.1 or 7.1A in the 12 months preceding this Notice of Meeting.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Facility, based on that Shareholder’s holding at the date of the Meeting.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- The table shows only the dilutionary effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue of Equity Securities under the Additional 10% Placement Facility consists only of Shares.
- The issue price set out above of \$0.032 is the closing price of the Shares on ASX on 10 April 2015.

3. Issue Period

If Shareholders approve Resolution 13, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule 7.1A from the date of the Annual General Meeting until the earlier of the following to occur:

- (a) the date that is 12 months after the date of the Annual General Meeting; and
- (b) the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the **Additional 10% Placement Period**).

The Company will only issue and allot Equity Securities under the Additional 10% Placement Facility during the Additional 10% Placement Period.

4. Purpose of Issues

The Company may seek to issue the Equity Securities for the following purposes:

- (a) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (b) cash consideration. In such circumstances, the Company intends to use the funds raised for further development of its resource assets, and/or general working capital.

The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A.

5. Allocation Policy

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Placement Facility. The identity of the persons to whom Equity Securities will be issued to will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (a) the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issues in which existing security holders can participate;
- (b) the effect of the issue of the Equity Securities on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from corporate, financial and broking advisers (if applicable).

The persons to whom Equity Securities will be issued to under the Additional 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

6. Previous issues of Equity Securities under Listing Rule 7.1A

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A and as such is not required to provide information in respect of previous issues of Equity Securities made in the 12 months preceding the Meeting.

7. Voting exclusion statement

A voting exclusion statement for Resolution 13 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

At the date of the Notice of Annual General Meeting, the Company has not approached any particular existing security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. Accordingly, the proposed persons to whom Equity Securities may be issued to under the Additional 10% Placement Facility are not as yet known or identified.

In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Annual General Meeting.

Board Recommendation

The Board believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Board unanimously recommends that Shareholders approve Resolution 13.

RESOLUTION 14: RATIFICATION OF PREVIOUS SECURITIES ISSUE

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 (subsequently increased to \$7 million) with a lending consortium of largely European based institutional shareholders of the Company (**Subordinated Loan Facility**).

As foreshadowed in the Company's 2014 Annual Financial Report lodged on 1 April 2015, the Company has extended the Subordinated Loan Facility to 31 March 2016. On 1 April 2015 and as part of the agreement to extend the Subordinated Loan Facility, the Company issued to Clipper Group Limited (on behalf of the lending consortium (**Lenders**)) 25,000,000 Options, each exercisable at \$0.03 on or before 1 April 2018.

The purpose of Resolution 14 is for Shareholders to ratify the issue of these 25,000,000 Options that were issued without Shareholder approval, as announced to ASX on 1 April 2015.

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 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 14, the Company seeks from Shareholders approval for, and ratification of, the issue of the securities set out in the Background to Resolution 14 in the Explanatory Statement 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 securities issued, for which approval and ratification is sought under Resolution 14, comprise 2.23% of the Company's fully diluted issued capital (based on the number of Shares and Options on issue as at the date of this Notice of General Meeting).

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

(a) **Number of securities allotted**

Under Resolution 14, the Company seeks from Shareholders approval for, and ratification of, the issue of 25,000,000 Options.

(b) **The price at which the securities were issued**

The Options were issued for nil monetary consideration.

The exercise price for Shares issued on the exercise of the Options is \$0.03 per Option.

(c) **Terms of the securities**

The Options were issued on terms and conditions set out in Schedule 2.

The Company has not applied and will not apply to ASX for official quotation of the Options.

(d) **Names of the person to whom the Company issued the securities**

The Options were issued to Clipper Group Limited who is not a related party of the Company.

(e) **The use of the funds raised**

No funds were raised through the issue of the Options the subject of Resolution 14.

(f) **Voting exclusion statement**

A voting exclusion statement for Resolution 14 is included in the Notice of General Meeting preceding this Explanatory Statement.

Board Recommendation

The Board believes that the ratification of these issues is beneficial for the Company as it allows the Company to ratify the above issues of securities and retain the flexibility to issue further 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 14.

RESOLUTION 15: APPROVAL TO ISSUE SHARES IN RELATION TO SUBORDINATED LOAN FACILITY

Background

As at the date of this Notice of Annual General Meeting, a total amount outstanding under the Subordinated Loan Facility is \$4.45 million (**Outstanding Amount**).

Under the original terms of the Subordinated Loan Facility, as described in the Company's notice of general meeting held on 20 June 2014, the Lenders had the ability to convert the outstanding loan amount into:

- (a) fully paid ordinary shares in the Company at a price of \$0.07 per Share, being a total of 100 million shares; and
- (b) 100 million free attaching options on the basis of one option for every one converted share, each option being exercisable at \$0.08 for a period of two years following their issue.

As part of the extension of the Subordinated Loan Facility to 31 March 2016, the conversion terms of the Subordinated Loan Facility were amended such that the outstanding loan amount can be converted, at the election of the Lenders into fully paid ordinary shares in the Company at a price of \$0.035 per share, equating to a total of 127,142,857 Shares based on the Outstanding Amount under the Subordinated Loan Facility.

The purpose of Resolution 15 is for Shareholders to approve the issue of up to 127,142,857 Shares to Clipper Group Limited or its nominee.

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 Shares pursuant to Resolution 15 will not, if Shareholders approve the issue, be included in the 15% limit and therefore approval of Resolution 15 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 intends to issue a maximum of 127,142,857 Shares under Resolution 15.

(b) Date of issue and allotment

The Shares pursuant to Resolution 15 will be issued if and when the Company receipt notice from the Lenders that they wish to convert the whole or part of the outstanding amount under the Subordinated Loan Facility into Shares. If the Company does not receive a notice of conversion within 3 months after the date of the Meeting:

- (i) the Company will seek an ASX waiver to allow the issue to occur on the applicable date;
- (ii) the Company will reserve sufficient placement capacity to issue the Shares under the Company's 15% annual placement capacity; or
- (iii) seek Shareholder re-approval to issue the Shares if the issue will otherwise breach the Company's 15% annual placement capacity.

It is anticipated that the Shares will all be issued on the same date.

(c) Issue price

The Shares will be issued at a deemed issue price of \$0.035 per Share on conversion of the Outstanding Amount under the terms of the Subordinated Loan Facility.

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

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

(e) **Terms of the securities**

The Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares. The Company will apply to ASX for official quotation of the Shares.

(f) **Intended use of the funds raised**

The Shares will be issued at a deemed issue price of \$0.035 per Share on conversion of the Outstanding Amount under the terms of the Subordinated Loan Facility. Accordingly, no funds will be raised from the issue.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 15 is included in the Notice of General Meeting preceding this Explanatory Statement.

Board recommendation

The Board believes that the approval of the issue of Shares the subject of Resolution 15 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 15.

GLOSSARY

Annual General Meeting or Meeting	means the Annual General Meeting of Shareholders of the Company to be held at 3pm AWST on 29 May 2015 at the Park Business Centre, 45 Ventnor Avenue, West Perth, WA, 6005 (3am CEDST on 29 May 2015).
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).
Key Management Personnel	has the meaning given to that term in Section 9 of the Corporations Act.
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.
LTIP or Long Term Incentive Plan	means the long term incentive plan adopted by the Company on 10 April 2015.
Market Capitalisation	means the number of Shares on issue multiplied by the daily VWAP of Shares traded on ASX exceeding AUD100,000,000 for 10 consecutive days on which the Company's Shares trade on ASX.
Market Value	means the volume weighted average price (VWAP) of a Share based on the 10 trading days immediately before the date of receipt of the Notice of Exercise.
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 Annual General Meeting or Notice of Meeting	means this notice of meeting.
Notice of Exercise	means a notice for the exercise of a Share Appreciation Right provided to the Company in accordance with the rules of the LTIP.
Option	means an option to subscribe for a Share on the terms and conditions set out in Schedule 2.
Ordinary Share	means a fully paid ordinary share in the capital of the Company.
Ordinary Shareholder	means the holder of an Ordinary Share.
Participating Director	Means Messrs Anthony Tse, Charles Whitfield, Martin Rowley and Jian-Nan Zhang.
Proxy Form	the proxy form enclosed with this Notice of Annual General Meeting.

Resolution	means a resolution contained in this Notice of General Meeting.
Share Appreciation Right Vesting Amount	has the meaning given to that term in Schedule 1.
Share or Galaxy Share	means an Ordinary Share or a Special Voting Share.
Share Appreciation Rights	share appreciation rights, the terms of which are summarised in Schedule 1.
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.

Schedule 1 – Key terms of the LTIP

Participation	The Board may from time to time in its sole and absolute discretion determine that an Eligible Employee may participate in the LTIP.
Offers to participate	Following a determination that an Eligible Employee may participate in the LTIP, the Board may at any time and from time to time make an invitation to an Eligible Employee to apply for the grant of Share Appreciation Rights under the rules in respect of the operation of the LTIP (Rules) to the Eligible Employee (Offer). The terms and conditions of Share Appreciation Right offered or granted under the Rules to each Eligible Employee will be determined by the Board in its sole and absolute discretion and set out in an offer letter delivered to the Eligible Employee (Offer Letter). The Offer Letter will include as a minimum: (a) the date of the Offer; (b) the name of the Eligible Employee to whom the Offer is made; (c) the grant date; (d) the expiry date; (e) any applicable vesting conditions associated with the Share Appreciation Right (Vesting Conditions); (f) any disposal or other restrictions attaching to the Share Appreciation Right or the Share issued upon exercise of the Share Appreciation Right; (g) any rights attaching to the Share Appreciation Rights; and (h) agreement with the Eligible Employee for the Company to supply details to third parties where required by law.
Entitlement	Each Share Appreciation Right entitles the holder to be allocated Shares or to receive a cash payment if the Vesting Conditions specified by the Board in the Offer Letter are satisfied or waived by the Board. The Board retains the discretion as to whether the holder is issued Shares or paid cash.
Transferability	The Share Appreciation Rights are not transferrable unless with the prior consent of the Board.
Exercise Period	The period during which a participant will be entitled to exercise his/her Share Appreciation Rights will commence on the date when the Share Appreciation Rights have vested and the Vesting Notification has been issued by the Company and will cease on the date that is 5 years thereafter or such earlier date determined by the Board at the time of grant of the Share Appreciation Right (Expiry Date).
Exercise and Settlement of Share Appreciation Rights	(a) Once the Vesting Conditions have been satisfied or waived by the Board, the Company will issue a Vesting Notification to the participant. (b) Following the issuing of a Vesting Notification, a participant can exercise their vested Share Appreciation Rights by delivering, prior to the expiry of the Exercise Period, a signed Notice of Exercise. (c) Upon receipt of the signed Notice of Exercise, the Board will determine in its sole discretion whether the Share Appreciation Rights will be converted into Shares (Equity Settled), or be paid out in cash (Cash Settled), or a combination of both methods. (d) The Company must issue the Shares or make the cash payment (as applicable) within 30 Business Days of completing the relevant settlement calculations.
Equity Settled	Where vested and exercised Share Appreciation Rights are to be Equity Settled, then the number of Shares to be provided to or on behalf of a holder will be calculated as follows (fractions of a Share being disregarded): $\frac{EV - GV}{EV} \times N$ Where: EV = the Market Value of Shares as at the date of receipt by the Company of the Notice of

	Exercise; GV = \$.03 (or as adjusted for pro rata and bonus issues in accordance with the LTIP); and N = the total number of vested and exercised Share Appreciation Rights to be Equity Settled.
Cash Settled	Where vested and exercised Share Appreciation Rights are to be Cash Settled, then the cash payment to be made to a holder will be calculated as follows: $(EV - GV) \times N$ Where: EV = the Market Value of Shares as at the of receipt by the Company of the Notice of Exercise; GV= \$.03 (or as adjusted for pro rata and bonus issues in accordance with the LTIP); and N = the total number of vested and exercised Share Appreciation Rights which the Board has determined will be Cash Settled.
Participation rights	A participant who holds Share Appreciation Rights is not entitled to vote or attend a meeting of the Shareholders of the Company or receive dividends declared by the Company, unless those Share Appreciation Rights are exercised and converted into Shares.
Adjustments	Shares granted to a participant from exercising the Share Appreciation Rights will be adjusted for pro-rata issues and bonus issues.
Bad Leaver	Where a participant ceases employment with the Company by reasons of serious and wilful misconduct, material breach of terms of employment, gross negligence or any conduct justifying termination of employment, any unvested Share Appreciation Rights held by that participant will lapse, and any vested Share Appreciation Rights that have not been exercised will lapse on the date of cessation of employment.
Good Leaver	Where a participant ceases employment with the Company for any reason other than those described in "Bad Leaver", including death or incapacity, all of their unvested Share Appreciation Rights will lapse, unless the Board in its absolute discretion determines otherwise. Any vested Share Appreciation Rights that have not been exercised will continue in force and remain exercisable until the Expiry Date.
Change of Control Event	Any unvested Share Appreciation Rights will automatically vest and become exercisable upon a change of control event occurring. The Company must give each relevant participant a written notice of any proposed change of control event (Change of Control Notice). A participant is entitled to exercise his/her Share Appreciation Rights at any time within the 6 months period after the date of the Change of Control Notice, by providing to the Company a signed Notice of Exercise. Upon receipt of a signed Notice of Exercise, the Board will determine whether the Share Appreciation Rights will be Equity Settled, or settled by cash (valuation method to be approved by the Board), or a combination of both methods.
Trading restrictions	At the time of offer, the Board may specify that a participant may not sell, transfer or otherwise deal with any Shares for a period of time from the date such Shares are allocated to the participant.
Amendments to the LTIP	(a) The Board may at any time amend the Rules without shareholder approval in respect of the following matters: (i) amendments of a "housekeeping" nature; (ii) changing the vesting and exercise provisions of the LTIP or any Share Appreciation Right so that the scheduled expiry date for an Share Appreciation Right is not extended, including to provide for accelerated vesting and early exercise of any Share Appreciation Rights; (iii) changing the termination provisions of the LTIP or any Share Appreciation Right so that an Share Appreciation Right's originally scheduled expiry date is not extended; (iv) changing the provisions on transferability of Share Appreciation Rights for

	normal estate settlement purposes; (v) changing the process by which a holder who wishes to exercise his or her Share Appreciation Right can do so, including the required form of payment for the Shares being purchased, the form of exercise notice and the place where such payments and notices must be delivered; and (vi) adding a conditional exercise feature which would give holders the ability to conditionally exercise in certain circumstances determined by the Board. (b) No amendment to the Rules may be made if the amendment materially reduces the rights of any participant in respect of the Share Appreciation Rights granted to them prior to the date of the amendment (except in relation to amendments stipulated by the Rules). (c) No amendment to the LTIP that requires shareholder approval under any applicable securities laws or requirements shall become effective until such approval is obtained. (d) The Board may at any time terminate the LTIP or suspend the operation of the LTIP.
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Schedule 2 – Terms of conditions of the Options the subject of Resolution 14

1. Each Option will entitle Clipper Group to subscribe for one Share at an exercise price of A\$0.03 (Exercise Price).
2. The Options are exercisable at any time between the date of issue of the Options and the date that is three years from the date of issue of the Options (Option Period). Options not exercised during the Option Period will lapse at the end of such period.
3. All Shares issued and allotted on exercise of the Options will rank equally in all respects with Galaxy's then existing Shares.
4. The Options are not transferable in any event.
5. The Options will not be listed on any securities exchange. Galaxy will not apply for quotation of the Options on ASX.
6. Clipper Group may only participate in new issues of securities as a holder of Shares if the Options have been exercised and Shares have been issued and allotted in respect of the Options before the record date for determining entitlements to the issue. Galaxy must give notice to Clipper Group 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.
7. There will be no change to the exercise price of the Options or the number of Shares over which the 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).
8. If, from time to time, before the expiry of the Options Galaxy 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.
9. If, prior to the expiry of any Options, there is a reorganisation of the issued capital of Galaxy, 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.

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 **5 pm AWST on 27 May 2015 (5 am CEDST on 27 May 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 these notes.

The enclosed Proxy Form (for Ordinary Shareholders, as applicable) and Voting Direction Form (for Exchangeable Shareholders, as applicable) for the Annual 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 pm AWST on 27 May 2015 (3 am CEDST on 27 May 2015).

Voting Direction Forms must be returned by 3 am CEDST on 27 May 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

Resolutions 1 to 11, 14 and 15 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.

Resolution 13 is a special resolution. A special resolution requires a majority of 75% 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 1, 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 3pm AWST on 27 May 2015 (3 am CEDST on 27 May 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 these notes 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 am CEDST on 27 May 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 Annual 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 **3am CEDST on 27 May 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 annual general meeting for Galaxy Canada. Holders of outstanding

Exchangeable Shares will not receive notice of annual 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 Annual 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 am CEDST on 27 May 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 3am CEDST ON 27 MAY 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 am CEDST on 27 May 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 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 3 AM CEDST ON 27 MAY 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. **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 Jian-Nan Zhang as a Director
- Resolution 3 – Issue of Shares to Mr Anthony Tse
- Resolution 4 – Issue of Shares to Mr Charles Whitfield
- Resolution 5 – Issue of Shares to Mr Martin Rowley
- Resolution 6 – Issue of Shares to Mr Jian-Nan Zhang
- Resolution 7 – Approval for Issue of Shares
- Resolution 8 – Approval of Long Term Incentive Plan
- Resolution 9 – Approval to issue Shares to settle Share Appreciation Rights to Mr Anthony Tse and to give retirement benefits
- Resolution 10 – Approval to issue Shares to settle Share Appreciation Rights to Mr Charles Whitfield and to give retirement benefits
- Resolution 11 – Approval to issue Shares to settle Share Appreciation Rights to Mr Martin Rowley and to give retirement benefits
- Resolution 12 – Approval to issue Shares to settle Share Appreciation Rights to Mr Jian-Nan Zhang and to give retirement benefits
- Resolution 13 – Approval of Additional 10% Placement Facility
- Resolution 14 – Ratification of previous securities issue
- Resolution 15 – Approval to issue Shares 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.**



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: 9999999

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) Wednesday, 27 May 2015

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 or abstain as they choose (to the extent permitted by law). 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 Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia on Friday, 29 May 2015 at 3pm AWST, including to vote or abstain as my/our proxy thinks fit in respect of any procedural resolution, 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, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

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 Resolutions 1, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12 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.

	For	Against	Abstain
Resolution 1 Adoption Of Remuneration Report	☐	☐	☐
Resolution 2 Re-Election Of Mr Jian-Nan Zhang As A Director	☐	☐	☐
Resolution 3 Issue of Shares to Mr Anthony Tse	☐	☐	☐
Resolution 4 Issue of Shares to Mr Charles Whitfield	☐	☐	☐
Resolution 5 Issue of Shares to Mr Martin Rowley	☐	☐	☐
Resolution 6 Issue of Shares to Mr Jian-Nan Zhang	☐	☐	☐
Resolution 7 Approval for Issue of Shares	☐	☐	☐
Resolution 8 Approval of Long Term Incentive Plan	☐	☐	☐
Resolution 9 Approval to settle Share Appreciation Rights issued to Mr Anthony Tse and to give retirement benefits	☐	☐	☐

	For	Against	Abstain
Resolution 10 Approval to settle Share Appreciation Rights issued to Mr Charles Whitfield and to give retirement benefits	☐	☐	☐
Resolution 11 Approval to settle Share Appreciation Rights issued to Mr Martin Rowley and to give retirement benefits	☐	☐	☐
Resolution 12 Approval to settle Share Appreciation Rights issued to Mr Jian-Nan Zhang and to give retirement benefits	☐	☐	☐
Resolution 13 Approval of Additional 10% Placement Facility	☐	☐	☐
Resolution 14 Ratification of previous securities issue	☐	☐	☐
Resolution 15 Approval to issue Shares in relation to Subordinated Loan Facility	☐	☐	☐

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

999999A

Computershare +