



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 11.00 AWST on 31 May 2016
at the City West Receptions, 45 Plaistowe Mews 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 info@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

Suite 8/18 Kearns Crescent
Ardross Western Australia 6153
Australia
Phone: + 61 8 9215 1700
Fax: + 61 8 9215 1799
Emails: reception@galaxylithium.com (General Enquiries)
info@galaxylithium.com (Investor Relations and Media Enquiries)
Website: <http://www.galaxyresources.com.au/>

Share registries

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Tce
Perth Western Australia 6000
Australia
Phone: 1300 557 010 (within Australia)
Phone: + 61 3 9415 5000 (outside Australia)
Fax: + 61 8 9323 2033
Website: www.computershare.com

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

Legal Advisers

Allion Legal Pty Ltd (Australia)
Level 9
863 Hay Street
Perth Western Australia 6000
Australia

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

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 11.00 AWST on 31 May 2016 at City West Receptions, 45 Plaistowe Mews West Perth WA 6005.

ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS – 1 JANUARY 2015 TO 31 DECEMBER 2015

To receive and consider the Annual Financial Report, together with the Directors' and Auditor's Reports for the year ended 31 December 2015.

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 2015."

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 CHARLES WHITFIELD AS A DIRECTOR

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

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

SPECIAL BUSINESS

3. RESOLUTION 3: APPROVAL OF 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 7.1, and for all other purposes, Shareholders approve the issue of up to 10,000,000 Options to the parties, for the purpose, and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 3 by any person who may participate in the proposed issue and any person who may obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any person associated with those persons. 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.

4. RESOLUTION 4: 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 161,249,195 Shares in the Company to the parties, for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 4 by a person who participated in the issues and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 4 by such person if:

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

By order of the Board of Directors



Simon Robertson
Company Secretary
Galaxy Resources Limited
22 April 2016

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 11.00 AWST on 31 May 2016 at City West Receptions, Plaistowe Mews, West Perth, WA, 6005 (11.00 pm CEDST on 30 May 2016).

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 2015 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.

A copy of the Annual Financial Report for the Company for the year ended 31 December 2015 can be accessed on-line at http://www.galaxyresources.com.au/Investor/Company_Reports.htm. Alternatively, a hard copy will be made available on request.

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 Suite 8/18, Kearns Crescent, Ardross Western Australia 6153 or to PO BOX 485, Applecross Western Australia 6953.

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 2015 (**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 2015 Annual Financial 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 2015.

The remuneration levels for Directors, officers and senior managers were competitively set to attract and retain appropriate Directors and Key Management Personnel.

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 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 29 May 2015.

Board recommendation

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

RESOLUTION 2– RE-ELECTION OF MR CHARLES WHITFIELD 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 Whitfield retires by way of rotation, and being eligible, is standing for re-election as a Director at the Meeting.

Further details about Mr Whitfield are set out in the Annual Financial Report for the Company for the year ended 31 December 2015 which can be accessed on-line at http://www.galaxyresources.com.au/Investor/Company_Reports.htm.

Board recommendation

The Directors (other than Mr Whitfield) recommend that Shareholders vote in favour of Resolution 2.

RESOLUTION 3: APPROVAL OF SECURITIES ISSUE

Background

As announced to the ASX on 17 and 24 November 2015, on 24 November 2015 the Company entered into a facility agreement with OCP Asia (Hong Kong) Limited, through its affiliate OL Master (Singapore) Pte. Limited (**OL Master (Singapore)**) regarding a secured loan facility of up to A\$31 million (**Facility Agreement**). In addition, in accordance with the terms of the Facility Agreement, on 24 November 2015 the Company entered into the Warrant Instrument with OL Master (Singapore) pursuant to which the Company is required to issue OL Master (Singapore) 10,000,000 Options.

Accordingly, the Company proposes to issue to OL Master (Singapore) 10,000,000 Options on the terms set out below.

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 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 securities proposed to be issued, for which approval is sought under Resolution 3, comprise 0.74% 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 Annual General Meeting).

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 up to 10,000,000 Options.

(b) Date of issue

Pursuant to the terms of the Warrant Instrument, the Options are required to be issued within 3 business days of 8 July 2016. Accordingly, the Options will be issued on one date, not later than 3 months after the date of Shareholder approval pursuant to this Resolution 3 or such later date as approved by ASX.

(c) Issue price

The Options will be issued for nil consideration.

The exercise price for Shares issued on the exercise of the Options is the price equal to the higher of the VWAP for Shares for the 20 Trading Days ending on 7 June 2016 and A\$0.08.

(d) The names of the persons to whom the entity will issue the securities or the basis on which those persons will be determined

The Options will be granted to OL Master (Singapore) (or their nominee) in accordance with the terms of the Warrant Instrument.

(e) Terms of the securities

The Options will be issued on the terms and conditions set out in the Warrant Instrument, a summary of which is included at Schedule 1.

The Company will not apply to ASX for quotation of the Options.

(f) Intended use of funds

No funds will be raised from the issue of the Options. The intended use of the funds raised on the issue of Shares on exercise of the Options is further development of its resource assets, and/or general working capital.

(g) Voting exclusion statement

A voting exclusion statement for Resolution 3 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

Board Recommendation

The Board believes that the proposed issue is beneficial for the Company and recommends Shareholders vote in favour of the Resolution. It will allow the Company to retain the flexibility to issue further Equity Securities representing up to 15% of the Company's share capital during the next 12 months.

RESOLUTION 4: 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 loan facility of \$5 million (subsequently increased to \$7 million) with a lending consortium of European based institutional investors (**Subordinated Loan Facility**). As part of an agreement to extend the original term of the Subordinated Loan Facility, the Company issued to Clipper Group Limited (on behalf of the lending consortium) (**Clipper**) 25,000,000 options, each exercisable at \$0.03 on or before 1 April 2018.

Under the terms of the Subordinated Loan Facility the outstanding loan amount could be converted, at the election of Clipper, into Shares in the Company at a deemed price of \$0.035 per Share.

On 24 November 2015, the Company received a conversion notice from Clipper for the conversion of the total amount outstanding under the Subordinated Loan Facility (including accrued and outstanding interest - being A\$4,516,806 as

at 24 November 2015). Accordingly, on 24 November 2015, the Company issued to nominees of Clipper 129,016,286 Shares based on the outstanding amount under the Subordinated Loan Facility.

In addition, as noted in the Explanatory Statement for Resolution 3, on 24 November 2015, the Company announced that it had entered into the Facility Agreement. In accordance with the terms of the Facility Agreement, the Company issued a total of 32,232,909 Shares to OCP Asia (Singapore) Pte Limited at a deemed issue price of \$0.07694 as facility fees.

The purpose of Resolution 4 is for Shareholders to ratify the issue of 161,249,195 Shares that were issued without Shareholder approval, as announced to ASX on 24 November 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 4, the Company seeks from Shareholders approval for, and ratification of, the issue of the securities set out in the Background to Resolution 4 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 4, comprise 10.72% 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 Annual 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 4, the Company seeks from Shareholders approval for, and ratification of, the issue of 161,249,195 Shares.

(b) The price at which the securities were issued

No cash was raised on the issue of the Shares which were issued as follows:

- 129,016,286 Shares were issued on conversion of the outstanding loan amount under the Subordinated Loan Facility at a deemed issue price of \$0.035; and
- 32,232,909 Shares were issued as a facility fee in connection with the Facility Agreement at a deemed issue price of \$0.07694.

(c) Terms of the securities

The shares are 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 has applied to ASX for official quotation of the Shares.

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

129,016,286 Shares were issued to nominees of Clipper and 32,232,909 Shares were issued to OCP Asia (Singapore) Pte Limited, neither of which is a related party of the Company.

(e) The use of the funds raised

The Shares were issued for nil consideration and accordingly, no funds were raised through the issue of the Shares the subject of Resolution 4.

(f) Voting exclusion statement

A voting exclusion statement for Resolution 4 is included in the Notice of Annual 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 4.

GLOSSARY

Annual General Meeting or Meeting	means the Annual General Meeting of Shareholders of the Company to be held at 11 AWST on 31 May 2016 at City West Receptions, 45 Plaistowe Mews, West Perth, WA, 6005 (11 PM CEDST on 30 May 2016).
ASX	means ASX Limited or the securities market operated by ASX Limited.
ASX Listing Rules or Listing Rules	means the official listing rules of the ASX.
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).
Constitution	means the constitution of the Company as amended and/or restated from time to time.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company and Directors has a corresponding meaning.
Equity Securities	has the meaning given to that term in the Listing Rules.
Exchangeable Share	means one exchangeable share in the capital of Galaxy Canada issued in conjunction with the Merger and each of which has the economic equivalent rights as one 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.
Lithium One	means Galaxy Lithium (Ontario) Inc. (formerly Lithium One Inc), a corporation incorporated under the laws of Ontario, Canada.
Merger	means the merger between Galaxy and Lithium One completed on 4 July 2012 pursuant to a plan of arrangement under the <i>Business Corporations Act</i> (Ontario), involving Galaxy, Galaxy Canada, Galaxy SPVS, Lithium One and the Lithium One securityholders on the terms and conditions set out in the plan of arrangement whereby Galaxy acquired indirectly through Galaxy Canada all of the issued and outstanding shares, convertible notes, warrants and options of Lithium One.
Notice or Notice of Annual General Meeting or Notice of Meeting	means this notice of meeting.

Option	means an option to subscribe for an Share on the terms set out in the Warrant Instrument, a summary of which is included in Schedule 1.
Option Holder	means the holder of an Option.
Proxy Form	the proxy form enclosed with this Notice of Annual General Meeting.
Resolution	means a resolution contained in this Notice of Annual General Meeting.
Share or Galaxy Share	means a fully paid ordinary Share or a Special Voting Share in the Company.
Shareholder	means those shareholders of the Company who are entitled to attend and vote at the Meeting and includes 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).
Trading Day	means a day on which securities are traded on the main board of the ASX.
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 Annual General Meeting.
VWAP	means the average of the daily volume weighted average sales prices (rounded to the nearest half cent) of the Shares sold on the ASX during the relevant period or on the relevant days but does not include any 'crossing' transacted outside the 'open session state' or any 'special crossing' transacted at any time or any overseas trades.
Warrant Instrument	means the Warrant Instrument between the Company and OL Master (Singapore) Pte Limited dated 24 November 2015.

SCHEDULE 1: SUMMARY OF TERMS OF OPTIONS

The following is a summary of the terms and conditions of the Options proposed to be issued under the Warrant Instrument:

- (a) The Options expire at 5.00pm on 24 November 2018 (**Expiry Date**), with any unexercised Options automatically lapsing on the Expiry Date.
- (b) An Option Holder may exercise some or all of their Options at any time and on any number of occasions by delivering to the Company a duly completed notice of exercise to the registered office of the Company together with the certificate for the relevant Options and payment of the Exercise Price. Options may be exercised in whole or in part in parcels of not less than 1,000 except if the Option Holder holds less than 1,000 Options. An exercise of only some Options will not affect the rights of the Option Holder to the balance of the Options held by it.
- (c) The Company must give the Option Holder a notice at least 20 business days before any Expiry Date applicable to it with the information required by the Listing Rules as if the Options constituted quoted convertible securities under the Listing Rules.
- (d) The exercise price will be the higher of the VWAP of Shares for the 20 Trading Days ending on 7 June 2016 or AU\$0.08 (**Exercise Price**).
- (e) The Options are freely transferable and any Option may be transferred independently of any other Option in whole or in part in parcels of not less than 1,000 except if the Option Holder holds less than 1,000 Options, and may only be transferred to a person who is a sophisticated or professional investor under section 708(8) or 708(11) of the Corporations Act.
- (f) Shares issued upon the exercise of the Options will rank equally in all respects with the Company's existing Shares, and will be duly authorised, validly issued, fully paid and free from all encumbrances, pre-emptive rights and free of all taxes, liens and charges and have the rights and privileges set out in the Constitution relating to Shares.
- (g) Subject to any adjustments, the Company must issue and allot one Share to the Option Holder on the exercise of each Option within three business days of the date on which the notice of exercise took effect.
- (h) Application will not be made to ASX for quotation of the Options. Application will be made for official quotation of the Shares issued upon exercise of the Options not later than five business days after the date of issue.
- (i) There are no participating rights or entitlements inherent in the Options and Option Holders are not entitled to participate in new issues of Shares during the currency of the Options. However, the Company must give each Option Holder notice five business days' prior to the record date (as defined in the Listing Rules) for a new issue of Shares or entitlements made available to the holders of Shares generally to enable the Option Holders to exercise their Options prior to the date for determining entitlements to participate in the new issue.
- (j) If the Company makes a pro rata issue of Shares (except a bonus issue) to existing shareholders and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the Exercise Price of each Option is reduced in accordance with the Listing Rules.
- (k) If there is a bonus issue of Shares in the Company, the number of Shares over which an Option can be exercised increases by the number of Shares which the Option Holder would have received if the Option had been exercised before the record date for the bonus issue.
- (l) If the issued capital of the Company is reorganised (including consolidation, subdivision, return, reduction and cancellation), the rights of the Option Holder must be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (m) For so long as the Options remain unexercised, Option Holders will not have the right to vote or to consent as a Shareholder in respect of meetings of Shareholders for the election of Directors of the Company, nor the right to receive any dividends declared by the Company or any other right as a Shareholder.

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 **5.00pm AWST on 29 May 2016 (5.00 am CEDST on 29 May 2016)**.

2. Proxies for Shareholders and Voting Directions for Exchangeable Shareholders

Instructions for 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 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 11 am AWST on 29 May 2016 (11 pm CEDST on 28 May 2016).

Voting Direction Forms must be returned by 11 pm CEDST on 28 May 2016.

3. Important Information for Shareholders

3.1. Explanatory Statement

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

3.2. Voting thresholds

Resolutions 1, 2, 3 and 4 are each ordinary resolutions. An ordinary resolution requires a simple majority of the total votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the Resolution.

3.3. Proxies for Shareholders

All 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. Shareholders holding two or more Shares can appoint either one or two proxies. If two proxies are appointed, the appointing 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 Shareholder's votes.

3.4. Lodgement of Proxy Forms and online proxy instructions

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

- ☐ the Company, PO Box 485, Applecross WA 6953 or by hand at Suite 8/18, Kearns Crescent, Ardross Western Australia 6153 or facsimile number +61 8 9215 1799 or info@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 11 am AWST on 29 May 2016 (11 pm CEDST on 28 May 2016) 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 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 71102 - 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. Shareholders in Canada

Canadian holders of 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 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 Shares. The Special Voting Shares provide a mechanism for holders of Exchangeable Shares, which are intended to be substantially the economic equivalent of the Shares, to vote with the holders of the 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 Shares on all matters on which the 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 11 pm CEDST on 28 May 2016.

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 **11 pm CEDST on 28 May 2016**. 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 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 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 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 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 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 **11 pm CEDST on 28 May 2016**. 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 11 pm CEDST on 28 May 2016.

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 **11 pm CEDST on 28 May 2016** 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 11 PM CEDST ON 28 MAY 2016 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 Charles Whitfield as a Director
- ☐ Resolution 3 – Approval of securities issue
- ☐ Resolution 4 – Ratification of previous securities issue

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

GXY

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

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

Proxy Form

XX



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 11:00am (AWST) Sunday, 29 May 2016

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

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

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

☐ the Chairman of the Meeting

OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, 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 City West Receptions, 45 Plaistowe Mews, West Perth, Western Australia on Tuesday, 31 May 2016 at 11:00am (AWST), including to vote or abstain as my/our proxy sees 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 resolution: 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 Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is 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 Resolution 1 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 Charles Whitfield as a Director	☐	☐	☐
Resolution 3	Approval of securities issue	☐	☐	☐
Resolution 4	Ratification of previous securities issue	☐	☐	☐

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 / /