

Appendix 3B

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

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

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

Name of entity

GALAXY RESOURCES LIMITED (Company)

ABN

11 071 976 442

We (the entity) give ASX the following information.

Part 1 - All issues

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

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Unlisted Warrants |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 40,000,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Exercise Price \$0.3436
Expiry Date 31 October 2019 |

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	No
5	Issue price or consideration	Nil cash consideration
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issued as an establishment fee in connection with a secured loan facility (refer ASX announcement 31 October 2016)
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	No
6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of +securities issued without security holder approval under rule 7.1	40,000,000
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A				
6f	Number of securities issued under an exception in rule 7.2	N/A				
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A				
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A				
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Refer to Annexure 1				
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	28 October 2016				
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable) <i>Note</i>	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>1,806,842,701</td><td>Fully Paid Ordinary Shares (GXY)</td></tr></table>	Number	+Class	1,806,842,701	Fully Paid Ordinary Shares (GXY)
Number	+Class					
1,806,842,701	Fully Paid Ordinary Shares (GXY)					

9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in section 2 if applicable)	2,050,000	Unlisted options exercisable at \$1.16 with varying vesting conditions and expiry dates (GXYAK)
		25,000,000	Unlisted options exercisable at \$0.03 on or before 1/4/2018
		21,900,000	Share Appreciation Rights on the same terms and conditions approved for directors set out in the notice for the Annual General Meeting held on 29 May 2015
		12,375,000	Unlisted options exercisable at \$0.047 on or before 21/9/2017
		12,375,000	Unlisted options exercisable at \$0.073 on or before 21/9/2018
		10,000,000	Unlisted Warrants exercisable at \$0.415 on or before 6/10/2018
		40,000,000	Unlisted Warrants exercisable at \$0.3436 on or before 31/10/2019

⁺ See chapter 19 for defined terms.

9	¹ No increase to total shares on issue. For voting purposes, the total number of shares presently carrying voting rights in Galaxy Resources Limited is 1,806,842,701. This is made up of 1,799,904,015 Fully Paid Ordinary Shares and 6,938,686 Special Voting Shares (which, effectively, may be voted by the holders of the remaining un-exchanged 6,938,686 Exchangeable Shares in Galaxy Lithium One Inc). These amounts are aggregated on the basis that ASX has confirmed that the voting rights attached to each Special Voting Share along with each Exchangeable Share (and its associated exchange rights and obligations) together upon their issue are to be treated as one Fully Paid Ordinary Share in Galaxy for the purposes of the ASX Listing Rules.	14,122,588	Original number of Exchangeable Shares in Galaxy Lithium One Inc (a wholly owned subsidiary of Galaxy Resources Limited) issued
		(7,183,902)	Exchanged to date
		6,938,686	Balance Exchangeable shares on issue ²
		=====	
		14,122,588	Original number of Special Voting Shares issued
		(7,183,902)	Exchanged to date
		6,938,686	Balance Special Voting Share which can be voted ³
		=====	

² At the time of release of this Appendix 3B, 7,183,902 Exchangeable Shares have been exchanged for Fully Paid Ordinary Shares. Accordingly, 6,938,686 Exchangeable Shares in Galaxy Lithium One Inc. (a wholly owned subsidiary of Galaxy Resources Limited) are still to be exchanged.

³ Upon the exchange of an Exchangeable Share for a Fully Paid Ordinary Share the number of Special Voting Shares on issue may not automatically decrease, however, each time an Exchangeable Share is exchanged a Special Voting Share will cease in its ability to be voted. Accordingly, although 14,122,588 Special Voting Shares are on issue, only 6,938,686 Special Voting Shares can be voted by the holders of the 6,938,686 un-exchanged Exchangeable Shares.

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No dividends have been paid by the company during this financial year and any dividends on the increased capital will depend on profits earned.
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Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the ⁺ securities will be offered	N/A
14	⁺ Class of ⁺ securities to which the offer relates	N/A

15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A

+ See chapter 19 for defined terms.

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	N/A

Part 3 - Quotation of securities

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

34 Type of securities
(tick one)

(a) ☐ Securities described in Part 1

(b) ☐ All other securities

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

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought N/A
- 39 Class of +securities for which quotation is sought N/A
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:
 - the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest paymentN/A
- 41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

N/A

+ See chapter 19 for defined terms.

42 Number and ⁺class of all
⁺securities quoted on ASX
(*including* the securities in clause
38)

Number	⁺ Class
N/A	N/A

Quotation agreement

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

2 We warrant the following to ASX.

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

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

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

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

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



Sign here:
(Director/Company secretary)

Date 31 October 2016

Print name: **S.L.Robertson**
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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

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

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

Part 1

Rule 7.1 – Issues exceeding 15% of capital			
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated			
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	1,103,183,990		
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	19/5/2016	19,685,868	Ordinary Shares
	24/11/2015	161,249,195	Ordinary Shares
	15/7/2016	3,667,391	Ordinary Shares
	16/8/2016	496,698,410	Ordinary Shares
	29/9/2016	18,757,847	Ordinary Shares
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	-		
“A”	1,803,242,701		

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”													
“B”	0.15 <i>[Note: this value cannot be changed]</i>												
Multiply “A” by 0.15	270,486,405												
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used													
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: - Under an exception in rule 7.2 - Under rule 7.1A - With security holder approval under rule 7.1 or rule 7.4 Note: <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i>	<table> <tr> <td>8/8/2016</td> <td>24,750,000</td> <td>Unlisted Options</td> </tr> <tr> <td>16/8/2016</td> <td>3,600,000</td> <td>Fully Paid Ordinary Shares</td> </tr> <tr> <td>6/10/2016</td> <td>10,000,000</td> <td>Unlisted Warrants</td> </tr> <tr> <td>28/10/2016</td> <td>40,000,000</td> <td>Unlisted Warrants</td> </tr> </table>	8/8/2016	24,750,000	Unlisted Options	16/8/2016	3,600,000	Fully Paid Ordinary Shares	6/10/2016	10,000,000	Unlisted Warrants	28/10/2016	40,000,000	Unlisted Warrants
8/8/2016	24,750,000	Unlisted Options											
16/8/2016	3,600,000	Fully Paid Ordinary Shares											
6/10/2016	10,000,000	Unlisted Warrants											
28/10/2016	40,000,000	Unlisted Warrants											
“C”	78,350,000												
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1													
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	270,486,405												
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	78,350,000												
Total [“A” x 0.15] – “C”	192,136,405 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>												

+ See chapter 19 for defined terms.

Part 2 Not applicable

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	-
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	-
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items	-
“E”	

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	-
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	-
Total [“A” x 0.10] – “E”	- <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.