



1 December 2020

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NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Dear Shareholder

PRO-RATA ACCELERATED NON-RENOUCEABLE ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS

On Wednesday, 25 November 2020, Galaxy Resources Limited (ABN 11 071 976 442) (**Galaxy** or the **Company**) announced a fully underwritten pro rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares in Galaxy (**New Shares**) at an issue price of \$1.70 per New Share, to raise approximately A\$50 million (**Entitlement Offer**).

Under the Entitlement Offer, Galaxy will offer eligible shareholders the opportunity to subscribe for 1 New Share for every 14 existing Galaxy shares (**Existing Shares**) held as at 7:00pm (Sydney time) on Friday, 27 November 2020 (**Record Date**).

Contemporaneously with the Entitlement offer, Galaxy announced that it would be conducting a placement to existing and new institutional investors to raise approximately A\$111 million (**Placement**). Together, the Entitlement Offer and the Placement are the **Equity Financing**.

The proceeds of the Equity Financing will be committed to:

- (a) the Sal de Vida capital program to enable Galaxy to meet the scheduled first production in late 2022;
- (b) progress James Bay to construction ready status by the end of 2021; and
- (c) pay transaction costs associated with the Equity Financing.

Further detail, including in relation to the proposed use of proceeds of the Equity Financing, is provided in Galaxy's Investor Presentation released to the ASX on 25 November 2020. UBS AG, Australia Branch and Canaccord Genuity (Australia) Limited are acting as joint lead managers and joint underwriters to the Entitlement Offer (the **Joint Lead Managers**).

Why are we sending you this letter?

This letter is to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue entitlements or New Shares to you, nor an invitation for you to apply for entitlements or New Shares. **You are not required to do anything in response to this letter**, but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.

What is the Entitlement Offer and the retail component?

The Entitlement Offer comprises:

- (a) a pro-rata accelerated non-renounceable entitlement offer to eligible institutional shareholders to subscribe for 1 New Share for every 14 Existing Shares held on the Record Date (**Entitlement**), (**Institutional Entitlement Offer**); and
- (b) a pro-rata accelerated non-renounceable entitlement offer of New Shares to Eligible Retail Shareholders (as defined below) on the same terms (**Retail Entitlement Offer**).



The Entitlement Offer is being made by the Company in accordance with section 708AA of the Corporations Act 2001 (Cth) (**Act**) as modified by *ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84*, meaning that no prospectus or other disclosure document needs to be prepared in relation to the Entitlement Offer. The Institutional Entitlement Offer has already closed and the results were announced to the ASX on 26 November 2020. Galaxy has today lodged a Retail Entitlement Offer information booklet with the ASX, which sets out further details in respect of the Retail Entitlement Offer (**Information Booklet**).

Who is eligible?

Eligible Retail Shareholders are those persons who:

- (a) are registered as a holder of Existing Shares as at 7:00pm (Sydney time) on the Record Date;
- (b) as at the Record Date, have a registered address in Australia or New Zealand as recorded on Galaxy's share register;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent that such shareholders hold Shares for the account or benefit of such person in the United States);
- (d) the Joint Lead Managers have determined (in their absolute discretion) did not successfully receive an offer to participate under the institutional component of the Entitlement Offer; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus, product disclosure statement or offer document to be lodged or registered.

Why am I not eligible to participate in the Retail Entitlement Offer?

Unfortunately, according to our records you do not satisfy the criteria for an Eligible Retail Shareholder. Pursuant to ASX Listing Rule 7.7.1(b) and section 9A(3) of the Act, this letter is to inform you that under the terms of the Entitlement Offer, you are not entitled to participate in the Retail Entitlement Offer and, as such, you will not be offered any New Shares or Entitlements under the Retail Entitlement Offer. You will not be sent a copy of the Information Booklet.

The restrictions upon eligibility are due to a number of factors, including the legal limitations in some countries, the relatively small number of shareholders there, the small number and value of Existing Shares they hold and the potential cost of complying with regulatory requirements in those countries. Having given consideration to these factors, Galaxy has determined that, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Act, it would be unreasonable to extend the Retail Entitlement Offer to shareholders resident in any country outside of Australia and New Zealand (other than in respect of certain shareholders Galaxy and the Joint Lead Managers have agreed should be eligible to participate). Determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Galaxy and the JLMs. Galaxy and the Joint Lead Managers and each of their respective affiliates and related bodies corporate and each of their respective directors, officers, partners, employees, advisers and agents disclaim any liability (including for fault or negligence) in respect of any determination as to eligibility and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

As the Retail Entitlement Offer is non-renounceable, Entitlements in respect of the New Shares you would have been offered if you were an Eligible Retail Shareholder will lapse and you will not receive any payment or value for those Entitlements. Further details in respect of the Entitlement Offer (including details of eligibility) can be found on the announcements platform of the ASX (www.asx.com.au).

On behalf of the Board of Directors, I thank you for your continued support of Galaxy.

Yours sincerely

Martin Rowley
Chairman
Galaxy Resources Limited



Further information

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser or the Galaxy Offer Information Line on 1300 208 485 (within Australia) or +61 3 9415 4197 (outside Australia) at any time between 8:30am to 5:00pm (Sydney time) on Monday to Friday during the Retail Entitlement Offer period.

DISCLAIMER

This letter is to inform you about the Retail Entitlement Offer. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation, solicitation, advice or recommendation to apply for, retain or purchase any entitlements or securities in Galaxy in any jurisdiction. You are not required to do anything in response to this letter.

The provision of this letter is not, and should not be considered as, financial product advice. The information in this letter is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.

This letter may not be distributed or released in the United States. This letter does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. Any securities described in this letter have not been, and will not be, registered under the US Securities Act of 1933, as amended (**US Securities Act**) and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable securities laws of any state or other jurisdiction of the United States.