



GALAXY RESOURCES LIMITED

ABN 11 071 976 442

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 2:00 pm (WST)

DATE: 18 May 2017

PLACE: The Roe Room, Matilda Bay Restaurant, 3 Hackett Dr, Crawley, WA 6009

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 2:00 pm (WST) on 16 May 2017.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2016 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. 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, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 December 2016."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – 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 clause 10.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Martin Rowley, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR PETER BACCHUS

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

"That, for the purpose of clause 10.7 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Peter Bacchus, a Director who was appointed casually on 3 January 2017, retires, and being eligible, is elected as a Director."

5. RESOLUTION 4 – ELECTION OF DIRECTOR – MR JOHN TURNER

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

“That, for the purpose of clause 10.7 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr John Turner, a Director who was appointed casually on 3 January 2017, retires, and being eligible, is elected as a Director.”

6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF 24,750,000 OPTIONS IN CONNECTION WITH THE TAKEOVER OF GENERAL MINING

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 24,750,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

7. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF 8,746,528 SHARES TO CANACCORD AS ADVISOR FEES

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 8,746,528 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF 10,000,000 WARRANTS AS FINANCING FEES

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 10,000,000 Warrants on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

9. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF 40,000,000 WARRANTS AS FACILITY FEE

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 40,000,000 Warrants on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

10. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE OF 625,000 SHARES AND 500,000 OPTIONS TO PRIMERO AS PAYMENT FOR SERVICES

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 625,000 Shares and 500,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

11. RESOLUTION 10 – RATIFICATION OF PRIOR ISSUE OF 78,125 SHARES AS CONSIDERATION FOR THE ACQUISITION OF TENEMENTS

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 78,125 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

12. RESOLUTION 11 – RATIFICATION OF PRIOR ISSUE OF 113,000,000 SHARES TO SOPHISTICATED AND PROFESSIONAL INVESTORS

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 113,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

13. RESOLUTION 12 – CONSOLIDATION OF CAPITAL

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

"That pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

(a) every five (5) Shares be consolidated into one (1) Share;

(b) every five (5) Options be consolidated into one (1) Option with the exercise price amended in inverse proportion to that ratio;

(c) every five (5) Warrants be consolidated into one (1) Warrant with the exercise price amended in inverse proportion to that ratio;

(d) every five (5) Share Appreciation Rights be consolidated into one (1) Share Appreciation Right with the grant value amended in inverse proportion to that ratio; and

(e) every five (5) Special Voting Shares be consolidated into one (1) Special Voting Share.

and, where this Consolidation results in a fraction of a Security being held, the Company be authorised to round that fraction up to the nearest whole Security.

14. RESOLUTION 13 – ADOPTION OF EMPLOYEE OPTION 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 ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Galaxy Resources Limited Employee Option Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

15. RESOLUTION 14 – ISSUE OF DIRECTOR INCENTIVE OPTIONS – MARTIN ROWLEY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 13, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 4,000,000 Options (on a post Consolidation basis) as Director incentive remuneration to Mr Martin Rowley (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any associates of those Directors (**Resolution 14 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 14 Excluded Party, it is cast by the person chairing the meeting 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 14 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

16. RESOLUTION 15 – ISSUE OF DIRECTOR INCENTIVE OPTIONS – ANTHONY TSE

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 13, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 4,000,000 Options (on a post Consolidation basis) as Director incentive remuneration to Mr Anthony Tse (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any associates of those Directors (**Resolution 15 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 15 Excluded Party, it is cast by the person chairing the meeting 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 15 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

17. RESOLUTION 16 – ISSUE OF DIRECTOR INCENTIVE OPTIONS – JIAN-NAN ZHANG

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, subject to the passing of Resolution 13, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 500,000 Options (on a post Consolidation basis) as Director incentive remuneration to Mr Jian-Nan Zhang (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any associates of those Directors (**Resolution 16 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 16 Excluded Party, it is cast by the person chairing the meeting 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 16 Excluded Party, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (a) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

18. RESOLUTION 17 – ISSUE OF DIRECTOR INCENTIVE OPTIONS – PETER BACCHUS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 13, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 500,000 Options (on a post Consolidation basis) as Director incentive remuneration to Mr Peter Bacchus (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any associates of those Directors (**Resolution 17 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 17 Excluded Party, it is cast by the person chairing the meeting 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 17 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

19. RESOLUTION 18 – ISSUE OF DIRECTOR INCENTIVE OPTIONS – JOHN TURNER

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolution 13, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 500,000 Options (on a post Consolidation basis) as Director incentive remuneration to Mr John Turner (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any associates of those Directors (**Resolution 18 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 18 Excluded Party, it is cast by the person chairing the meeting 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 18 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

20. RESOLUTION 19 – INCREASE TO NON-EXECUTIVE DIRECTOR'S REMUNERATION

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

"That, for the purposes of clause 10.8 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the maximum total aggregate amount of fees payable to non-executive Directors from \$800,000 per annum to \$1,000,000 per annum in accordance with the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting 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.

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated 4 April 2017

By order of the Board



Simon Robertson
Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9215 1700.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2016 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.galaxylithium.com

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR MARTIN ROWLEY

3.1 General

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Martin Rowley, who has served as a director since 28 November 2013, and was last re-elected on 20 June 2014, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Mr Rowley was a co-founder of TSX listed First Quantum Minerals Ltd and is currently that company's Executive Director, Business Development. First Quantum is one of the world's largest copper production companies and the owner of the Ravensthorpe nickel project in Western Australia with a current market capitalisation of almost A\$10 billion. He was previously non-executive Chairman and director of Lithium One Inc., which was acquired by Galaxy by way of a Plan of Arrangement in July 2012. He is also non-executive Chairman and a director of Forsys Metals Corp, a TSX-listed uranium sector company.

3.3 Independence

If re-elected the board considers that Mr Rowley will be an independent director.

3.4 Board recommendation

The Board supports the re-election of Mr Rowley and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 AND 4 – ELECTION OF DIRECTORS

4.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 10.7 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders.

4.2 Resolution 3 – Election of Peter Bacchus – Non-Executive Director

Mr Peter Bacchus, having been appointed by other Directors on 3 January 2017 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

Mr Bacchus is Chairman and Chief Executive Officer of Bacchus Capital Advisers Ltd, an M&A and merchant banking boutique firm based in London. Prior to establishing Bacchus Capital, he served as European Head of Investment Banking at US investment bank Jefferies, Global Head of Metals and Mining at Morgan Stanley and Head of Investment Banking, Industrials and Natural Resources at Citigroup, in Asia and Australia. Mr Bacchus has over 20 years' experience in investment banking with a focus on the global natural resources sector and has, over this period, led a large proportion of the transformational transactions in the industry. Mr Bacchus is also a non-executive director of UK-listed mining group NordGold, and South African and US listed Gold Fields, and is Chairman of Space for Giants, an African focused conservation charity. He is a Member of the Institute of Chartered Accountants, England & Wales and holds an MA in Economics from Cambridge University, United Kingdom.

Mr Bacchus has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected, the board considers that Mr Bacchus will be an independent director.

4.3 Resolution 4 – Election of John Turner – Non-Executive Director

Mr John Turner, having been appointed by other Directors on 3 January 2017 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

Mr Turner is the leader of Fasken Martineau's Global Mining Group. Fasken Martineau is a leading international business law and litigation firm with eight offices and over 700 lawyers across Canada, UK and South Africa. Fasken Martineau's Global Mining Group has been #1 ranked globally 8 times since 2005, including most recently in 2016. Mr Turner has been involved in many of the leading corporate finance and merger and acquisition deals in the resources sector primarily through companies active in Africa, Latin America, Eastern Europe, Canada and Australia. Mr Turner has also successfully acted for the financial arranger or sponsor of several global major resources projects. Mr Turner is also a recipient of the Queen's Golden Jubilee Medal for his services in the autism sector.

Mr Turner has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If re-elected, the board considers that Mr Turner will be an independent director.

4.4 Board recommendation

The Board supports the re-election of Mr Bacchus and Mr Turner and recommends that Shareholders vote in favour of Resolutions 3 and 4.

5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF 24,750,000 OPTIONS IN CONNECTION WITH THE TAKEOVER OF GENERAL MINING

5.1 General

On 8 August 2016, the Company issued 24,750,000 Options (**Apollo Options**) in connection with the Company's takeover of General Mining. The Options were issued to Apollo Corporation (WA) Pty Ltd as trustee for the Apollo Investment Account, as consideration for the Company acquiring 15,000,000 options to purchase fully paid ordinary shares in General Mining (**General Mining Options**).

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Apollo Options (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity 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.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 24,750,000 Apollo Options were issued;
- (b) the Apollo Options were issued for nil cash consideration as consideration for the acquisition of the General Mining Options;
- (c) the Apollo Options were issued on the terms and conditions set out in Schedule 1;
- (d) the Apollo Options were issued to Apollo Corporation (WA) Pty Ltd as trustee for the Apollo Investment Account, which was not a related party of the Company at the time of the issue; and
- (e) no funds were raised from this issue as the Apollo Options were issued in consideration for the acquisition of General Mining Options.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF 8,746,528 SHARES TO CANACCORD AS ADVISOR FEES

6.1 General

On 22 June 2016, the Company lodged a bidder's statement for the acquisition of all of the fully paid, ordinary shares of General Mining it did not own by way of an off-market takeover offer (**Transaction**).

General Mining appointed Canaccord Genuity (Australia) Ltd (**Canaccord**) as its advisor in relation to the Transaction. Under General Mining's mandate with Canaccord, it was agreed, subject to the Transaction completing, that Canaccord would be paid a cash fee of \$1,250,000 and issued 3,600,000 Shares, in the Company (plus GST).

Following completion of the Transaction, the Company issued 3,600,000 Shares to Canaccord on 16 August 2016. It was subsequently agreed between Canaccord and the Company that the cash component of the fee and GST would be settled by the issue of a further 5,146,528 Shares. These Shares were issued on 27 March 2017.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 5.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

6.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 8,746,528 Shares were issued;
- (b) the Shares were issued for nil cash consideration in satisfaction of fees (including GST) owed to Canaccord in connection with the Company's takeover of General Mining;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to Canaccord, who is not a related party of the Company; and
- (e) no funds were raised from this issue as the Shares were issued in satisfaction of a fees payable by General Mining to Canaccord.

7. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF 10,000,000 WARRANTS AS FINANCING FEES

7.1 General

As announced on 24 November 2015, the Company was a party to a secured facility agreement (**Facility Agreement**) with OL Master (Singapore) Pte Limited (**OL Master**). Under the Facility Agreement, the Company agreed to issue to OL Master (or their nominee), 10,000,000 Warrants, exercisable at \$0.415 on or before three years from date of utilisation under the Facility Agreement (**OL Master Warrants**). On 6 October 2016, the Company issued the OL Master Warrants to OL Master (Singapore Fund No.1) Pte Limited.

Resolution 7 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those OL Master Warrants (**Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 5.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

7.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 10,000,000 OL Master Warrants were issued;
- (b) the OL Master Warrants were issued for nil cash consideration in satisfaction of a facility fee due to OL Master under the Facility Agreement;
- (c) the OL Master Warrants were issued on the terms and conditions set out in Schedule 2;
- (d) the OL Master Warrants were issued to OL Master (Singapore Fund No.1) Pte Limited who is not a related party of the Company; and
- (e) no funds were raised from this issue as the OL Master Warrants were issued in satisfaction of a financing fee due to OL Master.

8. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF 40,000,000 WARRANTS AS FACILITY FEE

8.1 General

As announced on 31 October 2016, the Company varied the Facility Agreement with OL Master, whereby OL Master agreed to provide an additional \$16 million facility to the Company (**New Facility**). This New Facility was executed in order to provide the Company with adequate cash flow to meet all capital and operational expenditure requirements in the lead up to the start-up of production and first shipment from the Mt Cattlin project.

A term of the New Facility included the issue to OL Master of 40,000,000 Warrants, exercisable at \$0.3436 on or before three years from their date of issue. As such, on 28 October 2016, the Company issued 40,000,000 Warrants (**New OL Master Warrants**) to OL Master (Singapore Fund No.1) Pte Limited in satisfaction of its obligation under the New Facility.

Since that date, 25,000,000 New OL Master Warrants have been exercised, and therefore only 15,000,000 New OL Master Warrants remain on issue.

Resolution 8 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the New OL Master Warrants (**Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 5.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

8.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 40,000,000 New OL Master Warrants were issued;
- (b) the New OL Master Warrants were issued for nil cash consideration, in satisfaction of an establishment fee due under the New Facility;
- (c) the New OL Master Warrants were issued on the terms and conditions set out in Schedule 3;
- (d) the New OL Master Warrants were issued to OL Master (Singapore Fund No.1) Pte Limited who is not a related party of the Company; and
- (e) no funds were raised from this issue as the New OL Master Warrants were issued in satisfaction of an establishment fee due under the New Facility.

9. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE OF 625,000 SHARES AND 500,000 OPTIONS TO PRIMERO AS PAYMENT FOR SERVICES

9.1 General

On 10 November 2016, the Company issued 625,000 Shares and 500,000 Options to Primero Property Group Pty Ltd ATF <Primero Property Unit Trust> in consideration for services provided by Primero Group Pty Ltd (**Primero**) as a contractor at the Company's Mt Cattlin project.

Resolution 9 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 5.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

9.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 625,000 Shares and 500,000 Options were issued. The Options subsequently lapsed due to the non-satisfaction of vesting conditions;
- (b) the Shares and Options were issued for nil cash consideration as consideration for services provided by the contractor at the Company's Mt Cattlin project;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares. The Options were issued on the Terms and Conditions set out in Schedule 5;
- (d) the Shares and Options were issued to the nominee of a contractor of the Company, Primero, who is not a related party of the Company; and
- (e) no funds were raised from this issue as the Shares and Options were issued in consideration for services provided by Primero.

10. RESOLUTION 10 – RATIFICATION OF PRIOR ISSUE OF 78,125 SHARES AS CONSIDERATION FOR THE ACQUISITION OF TENEMENTS

10.1 General

On 10 November 2016, the Company issued 78,125 Shares in consideration for the acquisition of tenements at James Bay, Canada.

Resolution 10 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 5.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

10.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 78,125 Shares were issued;
- (b) the Shares were issued for nil cash consideration as consideration for the acquisition of tenements at James Bay Canada;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to James McCann, who is not a related party of the Company; and
- (e) no funds were raised from this issue as the Shares were issued in consideration for the acquisition of tenements.

11. RESOLUTION 11 – RATIFICATION OF PRIOR ISSUE OF 113,000,000 SHARES TO SOPHISTICATED AND PROFESSIONAL INVESTORS

11.1 General

As announced on 8 February 2017, the Company received commitments under a private placement from sophisticated and professional investors, to raise \$61 million, in order to strengthen the Company's balance sheet and provide funding flexibility ahead of the development of the Company's Sal de Vida and James Bay projects.

Accordingly, on 15 February 2017, the Company issued 113,000,000 Shares at an issue price of \$0.54 per Share, raising \$61,020,000.

Resolution 11 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 5.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

11.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 113,000,000 Shares were issued;
- (b) the issue price was \$0.54 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated and professional investors, none of whom are related parties of the Company; and
- (e) the funds raised from this issue were used to strengthen the Company's balance sheet and increase its financial flexibility to progress its development work at the Sal de Vida and James Bay projects, as well as for general corporate purposes.

12. RESOLUTION 12 - CONSOLIDATION OF CAPITAL

12.1 Background

Resolution 12 proposes to consolidate the Company's capital on 5:1 basis. If Resolution 12 is passed, and excluding any Securities issued pursuant to the other Resolutions, the number of:

- (a) Shares on issue will be reduced from 1,968,753,668 to 393,750,734 (subject to rounding);
- (b) Special Voting Shares on issue will be reduced from 6,938,686 to 1,387,737 (subject to rounding);
- (c) Options on issue will be reduced from 24,750,000 to 4,950,000 (subject to rounding);
- (d) Warrants on issue will be reduced from 25,000,000 to 5,000,000 (subject to rounding); and
- (e) Share Appreciation Rights on issue will be reduced from 24,825,000 to 4,965,000 (subject to rounding).

12.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

12.3 Fractional entitlements

Not all Security Holders will hold that number of Securities (as the case may be) which can be evenly divided by 5. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

12.4 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor its advisers, accept any responsibility for the individual taxation implications arising from the Consolidation.

12.5 Holding statements

From the date two Business Days after the Consolidation is approved by Shareholders, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

12.6 Effect on capital structure

The effect which the Consolidation will have on the Company's capital structure is set out in the table below.

| Capital Structure | Shares | Share Appreciation Rights | Unlisted Options ² | Unlisted Warrants ³ |
|---|----------------------------|---------------------------|-------------------------------|--------------------------------|
| Pre-Consolidation Securities | 1,975,692,354 ¹ | 24,825,000 | 24,750,000 | 25,000,000 |
| Post 5:1 Consolidation of Securities (Resolution 12) | 395,138,471 | 4,965,000 | 4,950,000 | 5,000,000 |
| Issue of Related Party Options pursuant to Resolutions 14 to 18 | Nil | Nil | 9,500,000 | Nil |
| Completion of all Resolutions | 395,138,471 | 4,965,000 | 14,450,000 | 5,000,000 |

- Made up of 1,968,753,668 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 Share for the purposes of the ASX Listing Rules.
- The terms of these Options are set out in the table below.
- The terms of these Warrants are set out in the table below.
- This table assumes that no securities are issued (other than as contemplated by this notice), and no Options, Warrants or Share Appreciation Rights are exercised.

The effect the Consolidation will have on the terms of the Options, Warrants and Share Appreciation Rights is as set out in the tables below:

Options and Warrants – Pre-Consolidation

| Terms | Number |
|--|-------------------|
| Unlisted Options exercisable at \$0.048 on or before 21 September 2017 | 12,375,000 |
| Unlisted Options exercisable at \$0.073 on or before 21 September 2018 | 12,375,000 |
| Unlisted Warrants exercisable at \$0.415 on or before 6 October 2018 | 10,000,000 |
| Unlisted Warrants exercisable at \$0.3436 on or before 31 October 2019 | 15,000,000 |
| Total | 49,750,000 |

Options and Warrants – Post Consolidation

| Terms | Number |
|--|-------------------|
| Unlisted Options exercisable at \$0.24 on or before 21 September 2017 | 2,475,000 |
| Unlisted Options exercisable at \$0.365 on or before 21 September 2018 | 2,475,000 |
| Unlisted Warrants exercisable at \$2.075 on or before 6 October 2018 | 2,000,000 |
| Unlisted Warrants exercisable at \$1.72 on or before 31 October 2019 | 3,000,000 |
| Related Party Options to be issued pursuant to Resolutions 14 to 18 exercisable equal to 125% of the 5 day volume weighted average price of Shares on the ASX up to and including the date of this Notice, as adjusted for the Consolidation | 9,500,000 |
| Total | 19,450,000 |

Share Appreciation Rights – Pre-Consolidation

| Terms | Number |
|--|-------------------|
| Share Appreciation Rights (SARs) exercisable into Shares (subject to vesting) as follows: (EV – GV)/EV X N Where: EV = the market value of Shares as at the date of receipt by the Company of the notice of exercise; GV = \$0.03 in respect of 21,825,000 SARs; \$0.324 in respect of 1,000,000 SARs \$0.353 in respect of 2,000,000 SARs; and N = the total number of vested and exercised Share Appreciation Rights to be equity settled | 24,825,000 |
| Total | 24,825,000 |

Share Appreciation Rights – Post Consolidation

| Terms | Number |
|--|------------------|
| Share Appreciation Rights exercisable into Shares (subject to vesting) as follows: (EV – GV)/EV X N Where: EV = the market value of Shares as at the date of receipt by the Company of the notice of exercise; GV = \$0.15 in respect of 4,365,000 SARs; \$1.62 in respect of 200,000 SARs \$1.765 in respect of 400,000 SARs; and N = the total number of vested and exercised Share Appreciation Rights to be equity settled | 4,965,000 |
| Total | 4,965,000 |

12.7 Indicative timetable*

If Resolution 13 is passed, the reduction of capital will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 8) of the ASX Listing Rules):

| Action | Date |
|--|---------------|
| Company announces Consolidation and sends out Notice of Meeting. | 13 April 2017 |
| Company tells ASX that Shareholders have approved the Consolidation. | 18 May 2017 |
| Last day for pre-Consolidation trading. | 19 May 2017 |
| Post-Consolidation trading starts on a deferred settlement basis. | 22 May 2017 |
| Last day for Company to register transfers on a pre-Consolidation basis. | 23 May 2017 |

| Action | Date |
|---|-------------|
| First day for Company to send notice to each holder of the change in their details of holdings. | 24 May 2017 |
| First day for the Company to register Securities on a post-Consolidation basis and first day for issue of holding statements. | |
| Change of details of holdings date. Deferred settlement market ends. | 30 May 2017 |
| Last day for Securities to be entered into holders' Security holdings. | |
| Last day for the Company to send notice to each holder of the change in their details of holdings. | |

13. RESOLUTION 13 – APPROVAL OF EMPLOYEE INCENTIVE OPTION PLAN

Resolution 13 seeks Shareholders approval for the adoption of the employee incentive scheme titled Galaxy Resources Limited Employee Incentive Option Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity 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. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 13 is passed, the Company will be able to issue securities under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Options have previously been issued under the Plan. However, the Company has agreed, subject to Shareholder approval, to issue the Options the subject of Resolutions 14 to 18 under the Plan.

The objective of the Plan is to attract, motivate and retain directors, management and key employees and it is considered by the Company that the adoption of the Plan and the future issue of Options under the Plan will provide selected directors, management and employees with the ability to participate in the future growth of the Company.

Any future issues of securities under the Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 14 to 18 for the issue of Options to certain Directors pursuant to the Plan.

A summary of the key terms and conditions of the Plan is set out in Schedule 4. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary (Simon Robertson). Shareholders are invited to contact the Company if they have any queries or concerns.

14. RESOLUTIONS 14 TO 18 – ISSUE OF DIRECTOR INCENTIVE OPTIONS

14.1 General

The Company has agreed, subject to obtaining Shareholder approval and to the adoption of the Plan (refer Resolution 13), to issue a maximum of 9,500,000 incentive Options (on a post-Consolidation basis) (**Related Party Options**) to related parties of the Company under the Plan as follows:

- (a) 4,000,000 Related Party Options to Martin Rowley;
- (b) 4,000,000 Related Party Options to Anthony Tse;
- (c) 500,000 Related Party Options to Jian-Nan Zhang;
- (d) 500,000 Related Party Options to Peter Bacchus; and
- (e) 500,000 Related Party Options to John Turner.

These Related Party Options will vest upon satisfaction of the milestones set out in Schedule 6.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Related Party Options constitutes the giving of a financial benefit and Messrs Rowley, Tse, Zhang, Bacchus and Turner (together, the **Related Parties**) are related parties of the Company by virtue of being Directors of the Company.

In addition, ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.15B do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to the Related Parties.

14.2 Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.14

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed grant of the Related Party Options:

- (a) the Related Parties are related parties of the Company by virtue of being Directors of the Company;
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is, on a post-Consolidation basis:
 - (i) up to 4,000,000 Related Party Options to Martin Rowley;
 - (ii) up to 4,000,000 Related Party Options to Anthony Tse;
 - (iii) up to 500,000 Related Party Options to Jian-Nan Zhang;
 - (iv) up to 500,000 Related Party Options to Peter Bacchus; and
 - (v) up to 500,000 Related Party Options to John Turner.
- (c) if the Consolidation is not approved under Resolution 12, the Related Party Options will be issued on a pre-Consolidation basis, being a maximum of:
 - (i) up to 20,000,000 Related Party Options to Martin Rowley;
 - (ii) up to 20,000,000 Related Party Options to Anthony Tse;
 - (iii) up to 2,500,000 Related Party Options to Jian-Nan Zhang;
 - (iv) up to 2,500,000 Related Party Options to Peter Bacchus; and
 - (v) up to 2,500,000 Related Party Options to John Turner.
- (d) the Related Party Options will be granted to the Related Parties no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (e) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (f) the Related Party Options will vest in accordance with those milestones as set out in Schedule 6 and will each be exercisable into one (1) Share upon the occurrence of the milestones as set out therein;
- (g) the terms and conditions of the Related Party Options are set out in Schedule 6 and otherwise in accordance with the Plan;
- (h) no Related Party Options have previously been issued under the Plan nor has the Plan previously been adopted by Shareholders;
- (i) the value of the Related Party Options and the pricing methodology is set out in Schedule 7;
- (j) the relevant interests of the Related Parties in securities of the Company (as at the date of this Notice) (on a pre-Consolidation basis) are set out below:

| Related Party | Shares | Share Appreciation Rights |
|----------------|-------------------------|---------------------------|
| Martin Rowley | 20,498,170 ¹ | 2,000,000 |
| Anthony Tse | 23,518,644 | 10,000,000 |
| Jian-Nan Zhang | 1,794,931 ² | 250,000 ³ |
| Peter Bacchus | Nil | Nil |
| John Turner | Nil | Nil |

Notes:

1. Comprising:
 - (a) 5,293,015 Shares held directly by Mr Rowley;
 - (b) 5,324,440 Shares held by Rowley Super Investments Pty Ltd, of which Mr Rowley is a director, as trustee for the Rowley Family Super Fund A/C; and
 - (c) 9,880,715 Shares held by Jaeger Investments Pty Ltd, of which Mr Rowley is a Director.
2. Comprising:
 - (a) 1,059,322 Shares held directly by Mr Zhang; and
 - (b) 735,609 Shares held by Yaxi Liu, Mr Zhang's spouse.
3. Held by Yaxi Liu, Mr Zhang's spouse.

(k) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

| Related Party | Previous Financial Year ended 31 December 2016 | Current Financial Year ending 31 December 2017 (estimate) ¹ |
|----------------|--|--|
| Martin Rowley | \$161,150 | \$390,000 ² |
| Anthony Tse | \$401,959 | \$520,000 ³ |
| Jian-Nan Zhang | \$50,000 | \$100,000 |
| Peter Bacchus | Nil | \$100,000 |
| John Turner | Nil | \$100,000 |

Notes:

1. not including any amortised value of Related Party Options to be issued under Resolutions 14 to 18, which value is set out in Schedule 7.
2. USD\$300,000 converted at AUD\$0.7692.
3. USD\$400,000 converted at AUD\$0.7692.

(l) if the maximum amount of Related Party Options granted to the Related Parties are exercised, a total of 9,500,000 Shares would be issued (on a post Consolidation basis). This will increase the number of Shares currently on issue from 395,138,471 (on a post-Consolidation basis) to 404,638,471, assuming that no other Shares are issued, with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 2.347%, comprising 0.989% for each of Messrs Rowley and Tse and 0.123% for each of Messrs Zhang, Bacchus and Turner;

- (m) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

| | Price | Date |
|---------|---------|-----------------|
| Highest | \$0.69 | 13 January 2017 |
| Lowest | \$0.26 | 7 April 2016 |
| Last | \$0.455 | 31 March 2017 |

- (n) the Board acknowledges the grant of Related Party Options to Messrs Rowley, Bacchus, Turner and Zhang is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2014 Amendments (3rd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Related Party Options to those parties is reasonable in the circumstances for the reason set out in paragraph (p);
- (o) the primary purpose of the grant of the Related Party Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (p) Mr Rowley declines to make a recommendation to Shareholders in relation to Resolution 14 due to a material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 14 be passed. However, in respect of Resolutions 15 to 18, Mr Rowley recommends that Shareholders vote in favour of the Resolution for the following reasons:
- (i) the grant of Related Party Options to the Related Parties, in particular, the vesting conditions of the Related Party Options, will align the interests of the Related Parties with those of Shareholders;
 - (ii) the grant of the Related Party Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed;
- (q) Mr Tse declines to make a recommendation to Shareholders in relation to Resolution 15 due to a material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 15 be passed. However, in respect of Resolutions 14 and 16 to 18, Mr Tse recommends that Shareholders vote in favour of the Resolution for the reasons set out in paragraph (p);
- (r) Mr Zhang declines to make a recommendation to Shareholders in relation to Resolution 16 due to a material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 16 be passed. However, in respect of Resolutions 14, 15, 17 and 18, Mr Zhang recommends that Shareholders vote in favour of the Resolution for the reasons set out in paragraph (p);
- (s) Mr Bacchus declines to make a recommendation to Shareholders in relation to Resolution 17 due to a material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 17 be passed. However, in respect of Resolutions 14 to 16 and 18, Mr Bacchus recommends that Shareholders vote in favour of the Resolution for the reasons set out in paragraph (p);

- (t) Mr Turner declines to make a recommendation to Shareholders in relation to Resolution 18 due to a material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 18 be passed. However, in respect of Resolutions 14 to 17, Mr Turner recommends that Shareholders vote in favour of the Resolution for the reasons set out in paragraph (p);
- (u) in forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of those Related Party Options;
- (v) none of the Related Parties voted at a Board level on the respective resolutions to issue their Related Party Options; and
- (w) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 14 to 18.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

15. RESOLUTION 19 – INCREASE TO NON-EXECUTIVE DIRECTORS' REMUNERATION

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Clause 10.8 of the Constitution also requires that remuneration payable to the non-executive Directors will not exceed the sum determined by the Company in general meeting, from time to time.

The maximum aggregate amount of fees payable to all of the non-executive Directors is currently set at \$800,000. Resolution 19 seeks Shareholder approval to increase this figure by \$200,000 to \$1,000,000.

This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under ASX Listing Rule 10.11 or 10.14 with approval of Shareholders.

The maximum aggregate amount of fees proposed to be paid to the non-executive Directors per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the proposed limit is requested to ensure that the Company:

- (a) maintains its capacity to remunerate both existing and any new non-executive Directors joining the Board;
- (b) remunerates its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and

- (c) has the ability to attract and retain non-executive Directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

In the past 3 years, the Company has issued non-executive Directors, or their nominees, an aggregate of 21,677,966 Shares, and 8,500,000 Share Appreciation Rights with prior Shareholder approval under ASX Listing Rules 10.11 and 10.14.

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

Apollo Options means the Options the subject of Resolution 5, which are on the terms and conditions contained in Schedule 1.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Canaccord means Canaccord Genuity (Australia) Ltd.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Galaxy Resources Limited (ABN 11 071 976 442).

Consolidation means the proposed 5:1 consolidation of the Company's capital, as proposed in Resolution 12.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Exchangeable Shares means shares in the capital of in Galaxy Lithium One Inc, which are exchangeable into fully paid ordinary shares in the capital of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Mining means General Mining Corporation Limited.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

New OL Master Warrants means the Warrants the subject of Resolution 8, which are on the terms and conditions contained in Schedule 3.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

OL Master Warrants means the Warrants the subject of Resolution 7, which are on the terms and conditions contained in Schedule 2.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Related Party Option means an Option granted pursuant to Resolutions 14 to 18, with the terms and conditions set out in Schedule 6.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 December 2016.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Security means a Share, Option, Warrant, Share Appreciation Right or Special Voting Share.

Share means a fully paid ordinary share in the capital of the Company.

Share Appreciation Rights means share appreciation rights in the Company, on the terms and conditions contained in Schedule 1 to the notice of meeting announced 29 April 2015.

Shareholder means a registered holder of a Share.

Special Voting Share means the special voting shares in the capital of the Company, which allow holders of Exchangeable Shares to the same voting rights as Shareholders.

Warrant means a warrant to purchase a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF APOLLO OPTIONS

(a) **Entitlement**

Each Apollo Option will entitle the holder to subscribe for one Share. All Shares issued upon the exercise of the Apollo Options will rank equally in all respects with the Company's then existing Shares.

(b) **Exercise Price**

The Apollo Options will be issued and exercisable as follows:

- (i) 12,375,000 exercisable at \$0.048 each (on a pre-consolidation basis) **(Tranche A)**,
and
- (ii) 12,375,000 exercisable at \$0.073 each (on a pre-consolidation basis) **(Tranche B)**,

(Exercise Price).

(c) **Expiry Date**

The Apollo Options may be exercised at any time prior to:

- (i) in the case of Tranche A, 21 September 2017; and
- (ii) in the case of Tranche B, 21 September 2018,

(Expiry Date) in whole or in part, by completing and delivering a duly completed form of notice of exercise **(Notice of Exercise)** to the registered office of the Company. An Apollo Option not exercised on or before the Expiry Date will lapse.

Shares issued pursuant to the exercise of the Apollo Options will be issued, and a holding statement provided to the holders of Apollo Options in respect of those Shares, on the above terms and conditions not more than 5 Business Days after the receipt of a duly completed form of Notice of Exercise in respect of the Apollo Options exercised.

(d) **Quotation of Apollo Options and Shares on Exercise**

Application will not be made to ASX for official quotation of the Apollo Options. Application will be made for official quotation of the Shares issued upon exercise of Apollo Options not later than 5 Business Days after the date of issue.

(e) **Transfer of Apollo Options**

The Apollo Options are not transferable.

(f) **Participation Rights or Entitlements**

There are no participating rights or entitlements inherent in the Apollo Options and the holders of Apollo Options will not be entitled to participate in new issues of securities offered to shareholders during the currency of the Apollo Options. However, Galaxy must give notice to the holders of Apollo Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules so as to give those holders the opportunity to exercise their Apollo Options before the date for determining entitlements to participate in any issue.

(g) **Cashless Exercise Facility**

If at the Apollo Option holder's sole discretion they elect to exercise the Cashless Exercise Facility, they will receive, without payment of cash or other consideration, the number of Shares determined in accordance with the following formula:

$$A = \frac{B * (C - D)}{C}$$

where:

- A= the number of Shares to be issued to the holder of the Apollo Options;
- B= the number of Shares otherwise issuable upon the exercise of the Apollo Options;
- C= the volume weighted average price of Shares sold on the ASX over the last 5 trading days immediately before the date of delivery of the Notice of Exercise; and
- D= the Exercise Price.

(h) **Fractional Entitlements**

If the number of Shares to be issued to the holder of the Apollo Options under the Cashless Exercise Facility is not a whole number, the number of Shares to be issued will be rounded down to the nearest whole number.

(i) **Reorganisation of Share Capital**

In the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of Galaxy, all rights of the holder of Apollo Options shall be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(j) **Bonus Issues**

If, from time to time, before the expiry of the Apollo Options, Galaxy makes a pro rata issue of Shares to Shareholders for no consideration, the number of Shares over which an Apollo Option is exercisable will be increased by the number of Shares which the holder of the Apollo Options would have received if the Apollo Option had been exercised before the date for calculating entitlements to the pro rata issue.

(k) **Pro Rata Issues**

If Galaxy makes a pro rata issue of securities (except a bonus issue) to Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of a dividend reinvestment) the exercise price of an Apollo Option shall be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N+1}$$

| | | |
|--------|-----------|--|
| Where: | O' | The new exercise price of an Apollo Option. |
| | O | The old exercise price of an Apollo Option. |
| | E | The number of underlying securities into which one Apollo Option is exercisable. |
| | P | The volume weighted average market price per security (weighed by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex-rights date or ex entitlements date. |
| | S | The subscription price for a security under the pro-rata issue. |
| | D | The dividend due but not yet paid under the existing underlying securities (except those to be issued under the pro rata issue). |
| | N | The number of securities with rights or entitlements that must be held to receive a right to one new security. |

SCHEDULE 2 – TERMS AND CONDITIONS OF OL MASTER WARRANTS

A summary of the material terms of the OL Master Warrants is as follows:

- (a) **Exercise Price:** The Warrants are exercisable at \$0.415 each (on a pre-consolidation basis).
- (b) **Expiry:** The Warrants expire at 5.00pm on 6 October 2018 (**Expiry Date**). On the Expiry Date, any unexercised Warrants will automatically lapse.
- (c) **Time of exercise:** A Warrant holder may exercise some or all of the Warrants held by it at any time, subject to (d) below, until the Expiry Date.
- (d) **Manner of exercise:** Subject to (c) above, a Warrant holder may exercise some or all of their Warrants at any time and or any number of occasions by forwarding to the Company at its registered office:
 - (i) the certificate for those Warrants (or an indemnity in lieu thereof in a form reasonably acceptable to the Company where such certificate is lost, damaged or destroyed);
 - (ii) the completed exercise notice specifying the number of Warrants exercised; and
 - (iii) payment of the Exercise Price for each Warrant exercised by bank cheque or funds transfer.

Warrants may be exercised in whole or in part in parcels of not less than 1,000 except if the Warrant holder holds less than 1,000 Warrants. An exercise of only some Warrants will not affect the rights of the Warrant holder to the balance of the Warrants held by it.

- (e) **Date notice of exercise effective:** Any exercise notice takes effect as at the time that it is sent to the Company, even if the Company has not received payment.
- (f) **Notice of Expiry Date:** The Company must give each Warrant holder a notice at least 20 Business Days before any Expiry Date applicable to it with the information required by the ASX Listing Rules as if the Warrants constituted quoted convertible securities under the ASX Listing Rules.
- (g) **Transfer of Warrants:** The Warrants are freely transferable and any Warrant may be transferred independently of any other Warrant subject only to the conditions specified in their terms. Notwithstanding this term:
 - (i) Warrants may be transferred in whole or in part in parcels of not less than 1,000 except if the Warrant holder holds less than 1,000 Warrants. A transfer of only some Warrants will not affect the rights of the Warrant holder to the balance of the Warrants held by it; and
 - (ii) Warrants 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.
- (h) **Ranking of Shares:** Shares issued upon the exercise of the Warrants shall rank equally in all respects with all fully paid ordinary shares on issue on the date the relevant Shares are issued.
- (i) **Allotment of Shares:** Subject to any adjustments, the Company must issue and allot one Share to the Warrant holder on the exercise of each Warrant within three Business Days of the date on which the notice of exercise took effect.
- (j) **Statement of holding:** Within five Business Days after the issue of any Shares in accordance with these Terms, the Company:
 - (i) cause its share registry to deliver to the allottee of the Shares a statement of holding for those Shares; and
 - (ii) enter the allottee into the register of members of the Company in respect of those Shares.

- (k) **Quoted and freely tradeable:** If the Company issues Shares to the Warrant holder, the Company must immediately but, in any event, no later than five Business Days after the date of issue of the Shares:
- (i) use its best endeavours to obtain a grant of quotation from ASX for the Shares, including complying with any reasonable condition required by ASX as a condition of it granting quotation; and
 - (ii) take all necessary steps to ensure those Shares are freely transferable and either:
 - (A) lodge with ASX a notice which complies with section 708A(6) of the Corporations Act in order that by reason of section 708A(5) of the Corporations Act an offer for sale of the Shares subsequent to their issue will not need disclosure to investors under Part 6D.2 of the Corporations Act; or
 - (B) if the Company is unable to rely on s708A(5) of the Corporations Act such that an offer for sale of the Shares subsequent to their issue will need disclosure to investors under Part 6D.2 of the Corporations Act, lodge with ASIC and ASX a disclosure document that complies with Part 6D.2 of the Corporations Act.
- (l) **Participation in new issues:** A Warrant does not entitle its holder to participate in new issues of Shares unless the Warrant holder exercises that Warrant and becomes a registered shareholder of the Company prior to the record date for the new issue of Shares.
- (m) **Notification of new issues:** The Company must give each Warrant holder 5 Business Days' prior notice of the Record Date (as defined in the ASX Listing Rules) for a new issue of Shares or entitlements made available to the holders of Shares generally to enable the Warrant holder to exercise its Warrant and participate in the new issue.
- (n) **Pro rata issues:** 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 Warrant before the record date for determining entitlements to the issue, the Exercise Price of each Warrant is reduced in accordance with the ASX Listing Rules.
- (o) **Bonus issues:** If there is a bonus issue of Shares in the Company, the number of Shares over which a Warrant can be exercised increases by the number of Shares which the Warrant Holder would have received if the Warrant had been exercised before the record date for the bonus issue.
- (p) **Terms on reorganisation of capital:** If the issued capital of the Company is reorganised, the rights of the Warrant Holder under this Deed must be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (q) **Warrants to be reorganised on reorganisation of capital:** Subject to (p) above:
- (i) in a consolidation of capital - the number of Warrants must be consolidated in the same ratio as the ordinary capital and the Exercise Price must be amended in inverse proportion to that ratio;
 - (ii) in a subdivision of capital - the number of Warrants must be sub-divided in the same ratio as the ordinary capital and the Exercise Price must be amended in inverse proportion to that ratio;
 - (iii) in a return of capital - the number of Warrants must remain the same, and the Exercise Price of each Warrant must be reduced by the same amount as the amount returned in relation to each ordinary security;
 - (iv) in a reduction of capital by cancellation of paid up capital that is lost or not represented by available assets where no Securities are cancelled - the number of Warrants and the Exercise Price of each Warrant must remain unaltered;

- (v) in a pro rata cancellation of capital - the number of Warrants must be reduced in the same ratio as the ordinary capital and Exercise Price of each Warrant must be amended in inverse proportion to that ratio; and
 - (vi) in any other case - the number of Warrants or the Exercise Price, or both, must be reorganised so that the Warrant Holder will not receive a benefit that shareholders of the Company do not receive.
- (r) **No Voting or Dividend Rights:** For so long as the Warrants remain unexercised, nothing contained in these terms shall be construed as conferring upon the Warrant holder the right to vote or to consent as a Shareholder in respect of meetings of shareholders for the election of directors of the Company, the right to receive any dividends declared by the Company or any other right as a shareholder.

SCHEDULE 3 – TERMS AND CONDITIONS OF NEW OL MASTER WARRANTS

A summary of the material terms of the New OL Master Warrants is as follows:

- (a) **Exercise Price:** The Warrants are exercisable at \$0.3436 each (on a pre-consolidation basis).
 - (b) **Expiry:** The Warrants expire at 5.00pm on 31 October 2019 (**Expiry Date**). On the Expiry Date, any unexercised Warrants will automatically lapse.
 - (c) **Time of exercise:** A Warrant holder may exercise some or all of the Warrants held by it at any time, subject to (d) below, until the Expiry Date.
 - (d) **Manner of exercise:** Subject to (c) above, a Warrant holder may exercise some or all of their Warrants at any time and or any number of occasions by forwarding to the Company at its registered office:
 - (i) the certificate for those Warrants (or an indemnity in lieu thereof in a form reasonably acceptable to the Company where such certificate is lost, damaged or destroyed);
 - (ii) the completed exercise notice specifying the number of Warrants exercised; and
 - (iii) payment of the Exercise Price for each Warrant exercised by bank cheque or funds transfer.
- Warrants may be exercised in whole or in part in parcels of not less than 1,000 except if the Warrant holder holds less than 1,000 Warrants. An exercise of only some Warrants will not affect the rights of the Warrant holder to the balance of the Warrants held by it.
- (e) **Date notice of exercise effective:** Any exercise notice takes effect as at the time that it is sent to the Company, even if the Company has not received payment.
 - (f) **Notice of Expiry Date:** The Company must give each Warrant holder a notice at least 20 Business Days before any Expiry Date applicable to it with the information required by the ASX Listing Rules as if the Warrants constituted quoted convertible securities under the ASX Listing Rules.
 - (g) **Transfer of Warrants:** The Warrants are freely transferable and any Warrant may be transferred independently of any other Warrant subject only to the conditions specified in their terms. Notwithstanding this term:
 - (i) Warrants may be transferred in whole or in part in parcels of not less than 1,000 except if the Warrant holder holds less than 1,000 Warrants. A transfer of only some Warrants will not affect the rights of the Warrant holder to the balance of the Warrants held by it; and
 - (ii) Warrants 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.
 - (h) **Ranking of Shares:** Shares issued upon the exercise of the Warrants shall rank equally in all respects with all fully paid ordinary shares on issue on the date the relevant Shares are issued.
 - (i) **Allotment of Shares:** Subject to any adjustments, the Company must issue and allot one Share to the Warrant holder on the exercise of each Warrant within three Business Days of the date on which the notice of exercise took effect.
 - (j) **Statement of holding:** Within five Business Days after the issue of any Shares in accordance with these Terms, the Company:
 - (i) cause its share registry to deliver to the allottee of the Shares a statement of holding for those Shares; and
 - (ii) enter the allottee into the register of members of the Company in respect of those Shares.

- (k) **Quoted and freely tradeable:** If the Company issues Shares to the Warrant holder, the Company must immediately but, in any event, no later than five Business Days after the date of issue of the Shares:
- (i) use its best endeavours to obtain a grant of quotation from ASX for the Shares, including complying with any reasonable condition required by ASX as a condition of it granting quotation; and
 - (ii) take all necessary steps to ensure those Shares are freely transferable and either:
 - (A) lodge with ASX a notice which complies with section 708A(6) of the Corporations Act in order that by reason of section 708A(5) of the Corporations Act an offer for sale of the Shares subsequent to their issue will not need disclosure to investors under Part 6D.2 of the Corporations Act; or
 - (B) if the Company is unable to rely on s708A(5) of the Corporations Act such that an offer for sale of the Shares subsequent to their issue will need disclosure to investors under Part 6D.2 of the Corporations Act, lodge with ASIC and ASX a disclosure document that complies with Part 6D.2 of the Corporations Act.
- (l) **Participation in new issues:** A Warrant does not entitle its holder to participate in new issues of Shares unless the Warrant holder exercises that Warrant and becomes a registered shareholder of the Company prior to the record date for the new issue of Shares.
- (m) **Notification of new issues:** The Company must give each Warrant holder 5 Business Days' prior notice of the Record Date (as defined in the ASX Listing Rules) for a new issue of Shares or entitlements made available to the holders of Shares generally to enable the Warrant holder to exercise its Warrant and participate in the new issue.
- (n) **Pro rata issues:** 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 Warrant before the record date for determining entitlements to the issue, the Exercise Price of each Warrant is reduced in accordance with the ASX Listing Rules.
- (o) **Bonus issues:** If there is a bonus issue of Shares in the Company, the number of Shares over which a Warrant can be exercised increases by the number of Shares which the Warrant Holder would have received if the Warrant had been exercised before the record date for the bonus issue.
- (p) **Terms on reorganisation of capital:** If the issued capital of the Company is reorganised, the rights of the Warrant Holder under this Deed must be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (q) **Warrants to be reorganised on reorganisation of capital:** Subject to (p) above:
- (i) in a consolidation of capital - the number of Warrants must be consolidated in the same ratio as the ordinary capital and the Exercise Price must be amended in inverse proportion to that ratio;
 - (ii) in a subdivision of capital - the number of Warrants must be sub-divided in the same ratio as the ordinary capital and the Exercise Price must be amended in inverse proportion to that ratio;
 - (iii) in a return of capital - the number of Warrants must remain the same, and the Exercise Price of each Warrant must be reduced by the same amount as the amount returned in relation to each ordinary security;
 - (iv) in a reduction of capital by cancellation of paid up capital that is lost or not represented by available assets where no Securities are cancelled - the number of Warrants and the Exercise Price of each Warrant must remain unaltered;

- (v) in a pro rata cancellation of capital - the number of Warrants must be reduced in the same ratio as the ordinary capital and Exercise Price of each Warrant must be amended in inverse proportion to that ratio; and
 - (vi) in any other case - the number of Warrants or the Exercise Price, or both, must be reorganised so that the Warrant Holder will not receive a benefit that shareholders of the Company do not receive.
- (r) **No Voting or Dividend Rights:** For so long as the Warrants remain unexercised, nothing contained in these terms shall be construed as conferring upon the Warrant holder the right to vote or to consent as a Shareholder in respect of meetings of shareholders for the election of directors of the Company, the right to receive any dividends declared by the Company or any other right as a shareholder.

SCHEDULE 4 – TERMS AND CONDITIONS OF EMPLOYEE INCENTIVE OPTION PLAN

The principle terms of the Plan are summarised below:

- (a) **Eligibility and Grant of Options:** The Board may grant Options to any Director, full or part time employee, or casual employee or contractor who falls within ASIC Class Order 14/1000 (**Class Order**), of the Company or an associated body corporate (**Eligible Participant**). The Board may also offer Options (**Offer**) to a prospective Eligible Participant provided the Offer can only be accepted if they become an Eligible Participant. Options may be granted by the Board at any time.
- (b) **Consideration:** Each Option granted under the Plan will be granted for no more than nominal cash consideration.
- (c) **Conversion:** Each Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.
- (d) **Exercise Price and Expiry Date:** The exercise price and expiry date for Options granted under the Plan will be determined by the Board prior to the grant of the Options.
- (e) **Exercise Restrictions:** The Options granted under the Plan may be subject to vesting conditions that must be satisfied or waived before an Option can be exercised Options (**Vesting Conditions**) as may be fixed by the Directors prior to grant of the. Any restrictions imposed by the Directors must be set out in the offer for the Options.
- (f) **Cashless Exercise:** The Board may, in its discretion, allow a cashless exercise facility to be used when the Options are exercised.
- (g) **Lapsing of Options:** An unexercised Option will lapse:
 - (i) on its Expiry Date;
 - (ii) if any Exercise Condition is unable to be met and is not waived, as determined by the Board; or
 - (iii) subject to certain good leaver exceptions or a determination by the Board, where the Eligible Participant ceases to be an Eligible Participant.
- (h) **Disposal of Options:** Options will not be transferable except to the extent the Plan or any offer provides otherwise.
- (i) **Quotation of Options:** Options will not be quoted on the ASX, except to the extent provided for by the Plan or unless an offer provides otherwise.
- (j) **Trigger Events:** The Company may permit Options to be exercised in certain circumstances where there is a change in control of the Company (including by takeover) or entry into a scheme of arrangement.
- (k) **Participation generally:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (l) **Change in exercise price:** An Option issued under the Plan does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (m) **Reorganisation:** The terms upon which Options will be granted will not prevent the Options being re-organised as required by the Listing Rules on the re-organisation of the capital of the Company.

- (n) **Limitations on Offers:** The Company must have reasonable grounds to believe, when making an Offer, that the number of Shares to be received on exercise of Options offered under an Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.

SCHEDULE 5 – TERMS AND CONDITIONS OF PRIMERO OPTIONS

(a) **Entitlement**

Each Option will entitle the holder to subscribe for one Share. All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then existing Shares.

(b) **Exercise Price**

The Options are exercisable at \$0.40 each (on a pre-Consolidation basis) (**Exercise Price**).

(c) **Vesting Condition**

The Options are subject to a vesting conditions relating to production targets at the Company's Mt Cattlin project (**Vesting Condition**). The Options will automatically lapse if the Vesting Condition is not satisfied and is not waived by the Board in its sole discretion. These Options subsequently lapsed as the Vesting Conditions were not met.

(d) **Expiry Date**

Subject to satisfaction of the Vesting Condition, the Options may be exercised at any time prior to 8 September 2018 (**Expiry Date**) in whole or in part, by completing and delivering a duly completed form of notice of exercise (**Notice of Exercise**) to the registered office of the Company. An Option not exercised on or before the Expiry Date will lapse.

Shares issued pursuant to the exercise of the Options will be issued, and a holding statement provided to the holders of Options in respect of those Shares, on the above terms and conditions not more than 5 Business Days after the receipt of a duly completed form of Notice of Exercise in respect of the Options exercised.

(e) **Quotation of Options and Shares on Exercise**

Application will not be made to ASX for official quotation of the Options. Application will be made for official quotation of the Shares issued upon exercise of Options not later than 5 Business Days after the date of issue.

(f) **Transfer of Options**

The Options are not transferable.

(g) **Participation Rights or Entitlements**

There are no participating rights or entitlements inherent in the Options and the holders of Options will not be entitled to participate in new issues of securities offered to shareholders during the currency of the Options. However, Galaxy must give notice to the holders of Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules so as to give those holders the opportunity to exercise their Options before the date for determining entitlements to participate in any issue.

(h) **Cashless Exercise Facility**

If at the Option holder's sole discretion they elect to exercise the Cashless Exercise Facility, they will receive, without payment of cash or other consideration, the number of Shares determined in accordance with the following formula:

$$A = \frac{B * (C - D)}{C}$$

where:

- A= the number of Shares to be issued to the holder of the Options;
- B= the number of Shares otherwise issuable upon the exercise of the Options;
- C= the volume weighted average price of Shares sold on the ASX over the last 5 trading days immediately before the date of delivery of the Notice of Exercise; and
- D= the Exercise Price.

(i) **Fractional Entitlements**

If the number of Shares to be issued to the holder of the Options under the Cashless Exercise Facility is not a whole number, the number of Shares to be issued will be rounded down to the nearest whole number.

(j) **Reorganisation of Share Capital**

In the event of a reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of Galaxy, all rights of the holder of Options shall be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(k) **Bonus Issues**

If, from time to time, before the expiry of the Options, Galaxy makes a pro rata issue of Shares to Shareholders for no consideration, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder of the Options would have received if the Option had been exercised before the date for calculating entitlements to the pro rata issue.

(I) **Pro Rata Issues**

If Galaxy makes a pro rata issue of securities (except a bonus issue) to Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of a dividend reinvestment) the exercise price of an Option shall be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N+1}$$

| | | |
|--------|-----------|--|
| Where: | O' | The new exercise price of an Option. |
| | O | The old exercise price of an Option. |
| | E | The number of underlying securities into which one Option is exercisable. |
| | P | The volume weighted average market price per security (weighed by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex-rights date or ex entitlements date. |
| | S | The subscription price for a security under the pro-rata issue. |
| | D | The dividend due but not yet paid under the existing underlying securities (except those to be issued under the pro rata issue). |
| | N | The number of securities with rights or entitlements that must be held to receive a right to one new security. |

SCHEDULE 6 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

The Related Party Options are subject to the terms and conditions of the Plan and the following conditions:

(a) **Entitlement**

Subject to any adjustment in accordance with the Plan, each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to any adjustment in accordance with the Plan, and the use of the Cashless Exercise facility, the amount payable upon exercise of each Option will be equal to 125% of the 5 day volume weighted average price of Shares on the ASX up to and including the date of this Notice (on a pre-consolidation basis) (**Exercise Price**). The Exercise Price will be adjusted as a result of the Consolidation in accordance with the ASX Listing Rules.

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) three (3) years from the date of grant (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on and from the date that the relevant Option vests in accordance with (e) (**Exercise Period**).

(e) **Vesting Conditions**

The Options (on a post Consolidation basis) will be subject to Vesting Conditions as detailed below:

| Related Party | Vesting Conditions* | | | | | | Total Options |
|-----------------------|---------------------|------------------|------------------|------------------|----------------|----------------|------------------|
| | A | B | C | D | E | F | |
| Martin Rowley | 1,000,000 | 800,000 | 800,000 | 600,000 | 400,000 | 400,000 | 4,000,000 |
| Anthony Tse | 1,000,000 | 800,000 | 800,000 | 600,000 | 400,000 | 400,000 | 4,000,000 |
| John Turner | 125,000 | 100,000 | 100,000 | 75,000 | 50,000 | 50,000 | 500,000 |
| Peter Bacchus | 125,000 | 100,000 | 100,000 | 75,000 | 50,000 | 50,000 | 500,000 |
| Jian-Nan Zhang | 125,000 | 100,000 | 100,000 | 75,000 | 50,000 | 50,000 | 500,000 |
| Total | 2,375,000 | 1,900,000 | 1,900,000 | 1,425,000 | 950,000 | 950,000 | 9,500,000 |

| *Vesting Conditions | Detail |
|---------------------|---|
| A | Upon the Company achieving a closing Share price on the ASX of at least \$3.15 (on a post Consolidation basis) for 30 consecutive trading days. |
| B | Upon the Company's Mt Cattlin project achieving 160,000 metric tonnes per annum equivalent production of lithium concentrate for 3 consecutive months. |
| C | Upon the Company achieving an earnings before interest, tax, depreciation and amortization (EBITDA) of at least \$50 million over a trailing 12 month period commencing 1 June 2017. |
| D | Upon the Directors of the Company making a decision to develop either of the Company's Sal de Vida Project or James Bay Project. |
| E | 12 months continuous employment or service from date Option is granted. |
| F | 24 months continuous employment or service from date Option is granted. |

SCHEDULE 7 – VALUE AND PRICING METHODOLOGY OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Related Parties pursuant to this Notice of Meeting have been valued by BDO Advisory (WA) Pty Ltd (**BDO**).

| Assumptions: | | |
|---|--|--|
| Valuation date | | 31 March 2017 |
| Valuation Method | | Options with Vesting Condition A: a single share price barrier option pricing model that simulates the share price of Galaxy as at the vesting date using a Monte Carlo model Options with Vesting Conditions B, C, D, E or F: Black Scholes option pricing model. |
| Underlying Share price | | \$0.455 (\$2.275 on a post-Consolidation basis) (based on the closing price of a Share as at the close of 31 March 2017). The post-Consolidation price of \$2.275 is the price that has been used in determining the value of the Options. |
| Exercise price | | The exercise price is the price at which the underlying Shares will be issued. For the Options, the exercise price is 125% of the 5-day VWAP on the ASX up to and including the date of the Notice of Meeting. The Company's 5-day VWAP up to and including the indicative valuation date was \$0.466 (\$2.330 on a post-Consolidation basis), therefore the exercise price of the Options used for the purposes of valuation is \$0.582 (being \$2.913 on a post Consolidation basis). The actual exercise price as at the date of the Notice of Meeting may differ, with the exercise price being adjusted upon the Consolidation taking effect. |
| Expiry date (length of time from issue) | | 3 years from the date of issue. For the purposes of the valuation, an indicative issue date of 31 March 2017 was used |
| Risk free interest rate | | A risk-free rate of a three-year Australian Government bond of approximately 1.90% (as at 31 March 2017) has been used |
| Volatility | | Future estimated share price volatility level of 85% has been used in determining the value of the Options. |

| | Vesting Conditions | | | | | | |
|------------------------------------|------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------------|
| | A | B | C | D | E | F | |
| Indicative Value per Option | \$1.122 | \$1.125 | \$1.125 | \$1.125 | \$1.125 | \$1.125 | |
| Related Party | Value of Options (\$) | | | | | | Total Value (\$) |
| Martin Rowley | 1,122,000 | 900,000 | 900,000 | 675,000 | 450,000 | 450,000 | 4,497,000 |
| Anthony Tse | 1,122,000 | 900,000 | 900,000 | 675,000 | 450,000 | 450,000 | 4,497,000 |
| John Turner | 140,250 | 112,500 | 112,500 | 84,375 | 56,250 | 56,250 | 562,125 |
| Peter Bacchus | 140,250 | 112,500 | 112,500 | 84,375 | 56,250 | 56,250 | 562,125 |
| Jian-Nan Zhang | 140,250 | 112,500 | 112,500 | 84,375 | 56,250 | 56,250 | 562,125 |
| Total (\$) | 2,664,750 | 2,137,500 | 2,137,500 | 1,603,125 | 1,068,750 | 1,068,750 | 10,680,375 |

Note:

1. The valuation noted above has been prepared on a post-Consolidation basis on the assumption that the consolidation of capital under Resolution 12 of this Notice of Meeting will be approved. If the Consolidation is not approved, the number of Related Party Options and the valuation per Option will need to be adjusted to a pre-Consolidation basis.
2. The valuation noted above is not necessarily the market prices that the Options could be traded at and is not automatically the market prices for taxation purposes. The recipient of the Options should seek its own tax advice as to the tax treatment of receiving Options in the Company and the value for taxation purposes. BDO has provided in its letter to the Company dated 3 April 2017 fair values based on the assumptions set out in the above letter.
3. The Options will need to be re-valued for IFRS purposes following Shareholder approval.
4. It is assumed that no dividends are expected to be declared or paid by the Company during the term of the Options.



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

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



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: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 2:00pm (WST) Tuesday, 16 May 2017

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 Roe Room, Matilda Bay Restaurant, 3 Hackett Dr, Crawley, Western Australia on Thursday, 18 May 2017 at 2:00pm (WST) 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 and 13 - 19 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 13 - 19 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 and 13 - 19 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.

ORDINARY BUSINESS

| | | For | Against | Abstain | | | For | Against | Abstain |
|---------------|--|--------------------------|--------------------------|--------------------------|---------------|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 11 | Ratification of Prior Issue of 113,000,000 Shares to Sophisticated and Professional Investors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Re-Election of Director - Mr Martin Rowley | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 12 | Consolidation of Capital | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Election of Director - Mr Peter Bacchus | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 13 | Adoption of Employee Option Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Election of Director - Mr John Turner | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 14 | Issue of Director Incentive Options - Martin Rowley | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Ratification of Prior Issue of 24,750,000 Options In Connection with the Takeover of General Mining | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 15 | Issue of Director Incentive Options - Anthony Tse | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 | Ratification of Prior Issue of 8,746,528 Shares to Canaccord as Advisor Fees | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 16 | Issue of Director Incentive Options - Jian-Nan Zhang | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7 | Ratification of Prior Issue of 10,000,000 Warrants as Financing Fees | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 17 | Issue of Director Incentive Options - Peter Bacchus | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 8 | Ratification of Prior Issue of 40,000,000 Warrants as Facility Fee | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 18 | Issue of Director Incentive Options - John Turner | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 9 | Ratification of Prior Issue of 625,000 Shares and 500,000 Options to Primero as Payment for Services | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Resolution 19 | Increase to Non-Executive Director's Remuneration | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 10 | Ratification of Prior Issue of 78,125 Shares as Consideration for the Acquisition of Tenements | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | |

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 / /