

## 1. Introduction

This is the corporate code of conduct (“Code”) for Galaxy Resources Limited (“Galaxy”) and is designed to maintain confidence in the integrity of Galaxy and the responsibilities and accountability of individuals for reporting and investigating reports of unethical practices.

This Code expresses certain basic principles that Galaxy, its employees and external consultants should follow in all dealings related to Galaxy. They should be loyal to Galaxy, should show the highest business integrity in their dealings with others, including preserving the confidentiality of other peoples’ information and should conduct Galaxy’s business in accordance with law and principles of good business practice.

The Code reflects Galaxy’s recognition that Galaxy’s reputation is an essential element of Galaxy’s success. Each employee and consultant employed by Galaxy must act in a way that preserves and enhances Galaxy’s reputation.

Employees will often encounter issues in their work for Galaxy requiring judgment based on the principles expressed in this Code. While it is impossible to discuss every conceivable situation that might arise, Galaxy believes that the examples contained in this Code illustrate rules that should usually be followed to ensure that the actions of employees and consultants are not and will not be challenged for being unethical. The material in this Code is meant to be illustrative only and is not intended to limit the principles themselves.

Although Galaxy expects all employees to be familiar with the principles stated in this Code, Galaxy does not expect each employee and consultant to be fully versed in the law affecting his or her responsibilities. Whenever questions of any nature whatsoever arise in relation to the Code, each employee should seek guidance from general counsel or management who will in turn obtain advice on the interpretation of applicable laws and regulations from Galaxy’s solicitors.

The Code sets out the standards that Galaxy will adhere to whilst conducting its business and includes:

- (a) the approval of the Code by the Board and senior management;
- (b) the commitment to shareholders;
- (c) compliance with relevant laws;
- (d) environment protection;
- (e) occupational health & safety;
- (f) equal employment;
- (g) confidentiality;
- (h) conflicts of interest; and
- (i) general conduct.

All employees are responsible for Galaxy achieving the highest levels of business conduct. Galaxy’s employees are accountable for acting in line with the policies and standards outlined in the Code.

## 2. Board

The Board and senior managers of Galaxy support, stand by and will adhere, at all times, to the Code. It is their view that the Code will benefit Galaxy in all that it strives to achieve and will be the key to the success of Galaxy in the implementation of its strategies.

Proper business conduct is in the long-term interests of Galaxy because it creates loyalty and trust in employees, customers, the communities in which Galaxy operates, and other stakeholders.

## 3. Shareholders

Galaxy acknowledges and endorses the expectation that funds of shareholders will be used in a manner that results in the best possible return. In achieving this aim, the directors, officers and employees will undertake their duties with honesty, integrity, care, skill and diligence.

Galaxy recognises that transparency in business conduct and open disclosure of the strategies of Galaxy play a key role in building shareholder value, loyalty and trust. Galaxy also recognises that in order to grow and achieve success, it must earn the trust of employees, customers, suppliers, communities and shareholders by being open and communicative.

## 4. Compliance with the Law

### 4.1 Introduction

Galaxy employees must comply with the letter and the spirit of all laws and regulations. This includes:

- (a) understanding the laws and regulations relevant to their work; and
- (b) complying with those legal requirements.

Some laws affect the business conduct of everyone and include equal employment opportunity and occupational health and safety. Other laws focus primarily on particular roles in Galaxy such as the environment, trade practices and product liability.

It is crucial that all employees understand the laws that affect both their roles and their general business conduct. If an employee is unclear of the impact that the law may have on their role, they should seek advice from Galaxy's legal department or management, who will in turn seek advice from Galaxy's solicitors.

It is up to the managers in each department to ensure that their section or department complies with all relevant laws and regulations.

### 4.2 Competition and consumer protection law

The Competition and Consumer Act 2010 (Cth) promotes competition in business and protects the interests of consumers in Australia. These laws generally prohibit anti-competitive behaviour such as arrangements between competitors, exclusive supply or distribution arrangements, misuse of market power to damage a competitor and misleading or deceptive conduct.

The Australian Competition and Consumer Commission actively ensures that companies comply with the Trade Practices Act and aggressively seeks to prosecute and punish those companies that act outside the law.

Breaches of competition laws carry potentially serious consequences for Galaxy and for employees or other individuals who may be involved. Penalties can include significant fines that may be millions of dollars.

Businesses or consumers who are damaged by unlawful conduct can sue to recover damages as well. Conduct in breach of these laws is strictly prohibited and must be avoided. Collusive conduct in particular that involves, for example, understandings with competitors on prices, volumes, terms of sale, will not be tolerated by Galaxy.

Galaxy must ensure that all products, whether goods or services, that are supplied to consumers, customers and the community are of the highest quality and will always exceed the statutory benchmark for product quality that is provided for in the Trade Practices Act.

If an employee is unsure as to how the competition or consumer protection laws would impact on their role, they should seek advice from Galaxy's legal adviser.

### 4.3 Insider trading

The Corporations Act 2001 (Cth) makes it unlawful to deal in the shares of a company while in possession of material information about Galaxy which has not become public.

If you are in possession of information concerning Galaxy that is not generally available, and which a reasonable person would expect to have a material effect on the share price, it is unlawful for you to buy, sell or otherwise deal in Galaxy's shares. It is also unlawful in those circumstances to encourage someone else to deal in Galaxy's shares or to pass the information to someone you know may use the information to buy or sell Galaxy's shares. The penalties for insider trading are severe and can include imprisonment.

The Securities trading policy of Galaxy provides guidelines and prohibitions relating to the trading of Galaxy's securities.

Any Galaxy director, employee or contractor or other person professionally engaged by Galaxy now or in the preceding six months who are regarded by the Board as Senior Management of Galaxy or its subsidiaries, are subject to an embargo on dealing in Galaxy shares at certain times of the year.

#### Embargo Period

All year round except for the period of 14 calendar days on and from the date of each of the following:

- (a) lodgement of Galaxy's preliminary final statement on ASX;
- (b) lodgement of Galaxy's half-yearly and quarterly reports on ASX;
- (c) on the date of its Annual General Meeting and any general meetings held; and
- (d) as directed in writing by the Galaxy Board at any time in its sole discretion.

The Board of Directors may, approve the trading by any Senior Management or their Related Parties in Galaxy shares during an embargo period. An exemption will not be granted by the Board if it considers that the Senior Management in question has exposure to information that is not generally available, but if it were, would be likely to "materially affect" the price of Galaxy's shares.

#### 4.4 Privacy

Galaxy will only collect personal information from its employees ethically and lawfully. It also seeks to collect information in a fair manner, and in a way that is not unreasonably intrusive. If you are collecting personal information on behalf of Galaxy you must inform the person involved of the purpose for which information is collected and be aware that, subject to some limitations, employees will be able to gain access to the information collected on request. Steps must be taken to ensure that data is appropriately accurate and current and that data is stored no longer than necessary.

Employees must ensure that the confidentiality of personal information contained in company records is strictly maintained.

Personal information relating to individuals, including individual employees, should not be provided to other employees unless it is required to perform their jobs. Information relating to employment records, salaries, addresses etc. cannot be released to external organisations unless required by law or upon informed consent from the relevant employee.

#### 5. Environment

All Galaxy's business activities will be carried out so as to protect the health and safety of employees, contractors, customers and the community while paying proper regards to the protection of the environment.

Galaxy will use its best endeavours to conduct its operations in a manner that is environmentally responsible and sustainable. Galaxy will always conduct its business with the protection of the environment as a primary goal.

The objectives of Galaxy in protecting the environment are to:

- (a) meet or exceed all legal and regulatory requirements for environmental management and protection, and where these are lacking or insufficient to protect the environment, apply best practice standards which will ensure that the environment is protected;
- (b) maintain an awareness within Galaxy of the responsibility of Galaxy and its employees or contractors to ensure protection of the environment;
- (c) regularly review Galaxy's operations to identify and assess the environmental impact associated with those operations; and
- (d) implement and maintain management systems, programs and procedures to ensure the environment is protected including the control of discharges and other waste emissions that may harm the environment.

All aspects of environmental performance must be reported through senior management to the Board.

#### 6. Occupational Health and Safety Policy

Galaxy is committed to the health and safety of all employees. Galaxy will work to eliminate hazardous, practices and behaviour, which could cause accidents, injuries or illness to employees, contractors, visitors and the general public. Galaxy strives to have injury free workplaces.

The primary goal is to assist in providing a safe and healthy work environment for Galaxy's employees, contractors and visitors.

The objectives of Galaxy in ensuring health and safety are to:

- (a) comply with all relevant statutory obligations;
- (b) provide adequate resources to establish and maintain safe systems of work;
- (c) maintain health and safety competency and integrate health and safety requirements in all aspects of business;
- (d) ensure all incidents are reported and thoroughly investigated with a view to preventing a similar injury occurring;
- (e) continuously improve performance through innovative technology, education and good management practices;
- (f) provide health and safety training for employees;
- (g) employ only those contractors who aspire to the same health and safety standards as Galaxy; and
- (h) promote a positive health and safety culture that is based on the principle that all incidents can be prevented.

All managers, supervisors and contractors are accountable for health and safety performance in their areas. All employees are required to follow rules for safe and healthy operations, report hazards to their supervisors and must always report any injuries that occur to either themselves or others.

## 7. Equality in Employment

Galaxy seeks to develop a diverse workforce and provide a work environment in which everyone is treated fairly and with respect. Merit is the primary basis for employment with Galaxy. All employees and applicants for employment should be treated and evaluated according to their job-related skills, qualifications, abilities and aptitudes only. Any decisions based on characteristics such as gender, age, race, religion, marital status, sexual preference, political belief may constitute discrimination and will not be tolerated at Galaxy.

Active discrimination and harassment in the workplace in any form is unacceptable. Galaxy regards any actions by an employee that constitute harassment or discrimination as serious misconduct.

## 8. Confidentiality

Confidentiality is a key characteristic of an efficient and successful business. Employees are required to protect proprietary, commercial and other information that is confidential to Galaxy. These obligations of confidentiality continue after an individual's employment has ceased with Galaxy.

Information that is not generally available concerning the activities, results, strategies or plans of Galaxy must be used for authorised purposes only. This includes not giving confidential information to other business units in Galaxy or using the information provided for a different purpose without first obtaining permission. Confidential information should be handled and communicated with care, and must not be disclosed outside Galaxy without proper authority.

Any contracts that are entered into by Galaxy with customers, consultants and contractors should contain appropriate confidentiality clauses that ensure the protection of Galaxy's confidential information.

Managers and supervisors are responsible for ensuring that arrangements are in place for protecting sensitive and confidential information.

## 9. Conflicts of Interest

Employees should not engage in activities or hold or trade assets that involve, or could appear to involve, a conflict between their personal interests and the interests of Galaxy. Such circumstances could compromise or appear to compromise the employee's ability to make impartial business decisions.

If in any doubt about whether a conflict of interest exists or should be disclosed, the matter should be referred to a supervisor to ensure it can be adequately considered.

## 10. General Conduct

Directors, executives, officers and employees must:

(a) Not make unauthorised gains or payments. As a general rule, Galaxy's directors, executives, officers and employees should not accept or offer to give gifts, services, discounts, gratuities or other gains from (or to) people who conduct business with Galaxy. This principle has particular application where Galaxy is involved in a tender. Although small gifts or invitations to local social or sporting functions are generally acceptable, the offering of bribes to anyone is prohibited outright. Breaking this principle could compromise all concerned.

(b) Only use company assets as authorised. Galaxy's assets are critical to business competitiveness and success. These assets include office equipment, computer systems, the data on those systems (including the passwords allowing access to that data), Galaxy's brands and corporate charge cards. Galaxy's assets are provided to directors, executive, officers and employees for conducting Galaxy's business. Any use of these assets must be authorised.

(c) Not make unauthorised public statements. Great care must be taken in public speaking engagements, media releases and official appearances.

(d) Treat customers, consumers, the community and suppliers with the utmost respect, integrity and honesty and must strive to deliver a superior performance in conducting their duties.

(e) Not make unauthorised political donations on behalf of Galaxy. Only managers or supervisors may make political donations. This does not, of course, restrict the rights of employees to attend political functions in a personal capacity.

(f) Work collaboratively and within the bounds of commercial confidentiality.

## 11. Compliance

### 11.1 Responsibility for monitoring compliance

All directors, executives, officers and employees of Galaxy are responsible for ensuring their individual compliance with the Code.

Managers and supervisors will also be responsible for ensuring that the conduct of employees in that manager's or supervisor's section or department complies with the Code.

### 11.2 Reporting instances of non-compliance

All instances of non-compliance with the Code are to be reported:

(a) in the first instance, to the manager or supervisor of the business unit/department of the person to which the report relates (which, in the case of a director is the Board); and

(b) where the instance of non-compliance constitutes a serious breach of the Code, to the chief executive officer.

Instances of non-compliance which constitute a serious breach of the Code include any conduct or event involving impropriety which:

(a) constitutes fraud;

(b) may have a serious business impact on Galaxy; or

(c) may seriously compromise the reputation of Galaxy.

Where appropriate, Galaxy should refer the report of serious non-compliance to the:

- (a) the Audit Committee (eg where the misconduct is an allegation of fraud); and/or
- (b) the Board.

### 11.3 Consequences of non-compliance

Galaxy is committed to ensuring that all directors, executives, officers and employees of Galaxy comply with the Code.

All instances of non-compliance with the Code are treated seriously by Galaxy and may result in Galaxy taking disciplinary action, including dismissal or removal of the person(s) concerned.

### 11.4 Review

The company secretary (with assistance from Galaxy's solicitors where required) will conduct an annual review of the Code to ensure that the Code continues to reflect the letter and spirit of all applicable laws and regulations and Galaxy's commitment to its staff and the community.

Directors and employees of Galaxy are encouraged to report any difficulties or challenges encountered by them in complying with the Code (including any inconsistencies between the Code and the business initiatives of Galaxy) to Galaxy. This will assist in the evaluation of the effectiveness of the Code and will highlight any areas of the Code that may require amendment or additional guidance.

This Code of Conduct by Directors was approved by the Board of Directors on 30 July 2010.