



ABN 11 071 976 442

**Notice of General Meeting
and Explanatory Statement**

**General Meeting to be held at Level 2, 16 Ord Street, West Perth, Western Australia
on Wednesday, 10 February 2010 commencing at 10.00 am (WST).**

This Notice of General Meeting and Explanatory Statement should be read in its entirety.
If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other
professional adviser without delay.

Notice of General Meeting

A General Meeting of Galaxy Resources Limited will be held at Level 2, 16 Ord Street, West Perth WA on Wednesday, 10 February 2010 commencing at 10.00 am (WST).

Special Business

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. Approval of prior Share issue

“That, for the purposes of Listing Rule 7.4 and all other purposes, the issue of 6,818,182 Shares to Creat Resources Holdings Limited, as described in the accompanying Explanatory Statement, be approved and ratified.”

2. Approval of future issue of Shares

“That, for the purposes of Listing Rule 7.1 and all other purposes, Shareholders approve the allotment and issue of up to 31,000,000 Shares to Creat Group Co Limited (or its nominee) at an issue price of \$0.88 per Share, as more particularly described in the accompanying Explanatory Statement.”

3. Increasing remuneration for Non Executive Directors

“That pursuant to Article 7.5(a) of the Company’s Constitution and for all other purposes (including Listing Rule 10.17), the maximum aggregate remuneration to be paid to all non-executive Directors in any financial year be increased to \$400,000, to be divided among the non-executive Directors in such proportions and manner as they agree, or in default, equally.”

Voting Exclusion Statement

In accordance with the Listing Rules, the Company will disregard any vote cast on:

- Resolution 1 (Listing Rule 7.5.6) by any person who participated in the issue and any of their associates;
- Resolution 2 (Listing Rule 7.3.8) by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed, and any of their associates; and
- Resolution 3 (Listing Rule 10.17.1) by a Director or any associate of a Director.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form specifying how the proxy is to vote; 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.

Explanatory Statement

The Explanatory Statement accompanying this Notice of General Meeting is incorporated in and comprises part of this Notice of General Meeting.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used both in this Notice of General Meeting and Explanatory Statement.

Proxies

Please note that:

- (a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes at the General Meeting may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes of the member.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

“Snap-shot” Time

The Board has determined that all Shares that are quoted on ASX at 5.00 pm (WST) on Monday, 8 February 2010 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

Corporate Representative

A body corporate may appoint an individual as its representative to attend and vote at the General Meeting and exercise any other powers the body corporate can exercise at the General Meeting.

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of Corporate Representative form is enclosed if required.

By Order of the Board

A L Meloncelli
Company Secretary
Galaxy Resources Limited
22 December 2009

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the General Meeting of the Company to be held on Wednesday, 10 February 2010. The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of General Meeting. This Explanatory Statement forms part of and should be read in conjunction with the Notice of General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

All of the resolutions to be voted on are ordinary resolutions. Ordinary resolutions require a simple majority of votes cast by Shareholders entitled to vote on the resolution.

1 Background to Resolutions 1 and 2

Galaxy announced to ASX on 25 August 2009 that it had entered into a Share Subscription and Debt Facility Agreement with Creat Group Co Ltd, a private sector investment company based in Beijing in the People's Republic of China. Under the terms of the Agreement, Galaxy, amongst other things, agreed to issue, and Creat agreed that it or a nominee would subscribe for, such number of Shares as would equate to 19.99% of Galaxy's issued Share capital ("Placement Shares").

Subject to certain exceptions (none of which are relevant here), Listing Rule 7.1 prohibits a company from issuing securities without shareholder approval in any 12 month period where the number of securities issued would exceed 15% of the number of fully paid ordinary shares in the company. Accordingly, Galaxy sought and obtained Shareholder approval for the issue of the Placement Shares at a general meeting of Shareholders on 14 October 2009 ("Original Approval"). The Original Approval contemplated that Creat would be the subscriber for the Placement Shares and that they would be issued in a single tranche.

Subsequent to Galaxy obtaining the Original Approval, Creat nominated Creat Resources Holdings Limited ("CRHL") as the subscriber for a portion of the Placement Shares. CRHL is an Australian incorporated company listed on AIM (the London Stock Exchange's international market for smaller growing companies) in which Creat has a controlling shareholding. On 16 December 2009, CRHL applied for and was issued with 6,818,182 Shares at A\$0.88 per Share, representing approximately 4.6% of Galaxy's issued capital. This raised approximately A\$6 million before costs.

Creat has also informed Galaxy that it intends to nominate CRHL as the subscriber for the balance of the Placement Shares ("Second Tranche").

CRHL has announced to AIM that if the nomination in relation to the Second Tranche is accepted by CRHL, the subscription for the further Shares will constitute a reverse takeover of CRHL under Rule 14 of the AIM Rules for Companies and therefore require CRHL to issue an AIM admission document and obtain the prior approval of CRHL's shareholders to the subscription. CRHL has informed Galaxy that it intends sending the admission document to its shareholders in January or February 2010.

Under Listing Rule 7.1, any issue of shares the subject of a shareholder approval must occur no later than 3 months after the date of the meeting at which approval was given. As that the Original Approval was given on 14 October 2009 and contemplated that (1) Creat would be the subscriber for the Placement Shares; and (2) that they would be issued in a single tranche, Galaxy is now seeking renewed Shareholder approval for the issue of the Placement Shares. This is in order to refresh the Company's placement capacity under Listing Rule 7.1 and is addressed in proposed Resolutions 1 and 2.

2 Resolution 1: Approval of prior Share issue

On 15 December 2009, the Company issued 6,818,182 Shares at a price of \$0.88 per Share under the Agreement to Creat's nominee, CRHL. The issue raised \$6,000,000 before costs, which proceeds are intended to be used to assist in funding the development of the Company's projects.

As outlined above, Listing Rule 7.1 prohibits a company from issuing securities without shareholder approval in any 12 month period where the number of securities issued would exceed 15% of the number of fully paid ordinary shares in the company.

Listing Rule 7.4 allows shareholders to approve a past issue of securities made without shareholder approval, provided that the past issue did not breach the 15% limit under Listing Rule 7.1. The effect of such an approval is that the past issue will not count to reduce the number of securities that the company can issue in the future without shareholder approval under the 15% limit imposed by Listing Rule 7.1. The issue of 6,818,182 Shares to CRHL did not exceed the 15% limit, however, the Company seeks approval from Shareholders for, and ratification of, the issue of these Shares so that they will not be counted to reduce the number of securities that the Company is able to issue in the next 12 months without prior shareholder approval.

Listing Rule 7.5 requires the Company to provide the following information to Shareholders when seeking an approval under Listing Rule 7.4:

- (a) the number of Shares allotted and issued was 6,818,182;
- (b) the Shares were allotted and issued to Creat Resources Holdings Limited;
- (c) the Shares were issued at \$0.88 per Share;
- (d) the Shares issued rank equally in all respects with all of the existing Shares on issue; and
- (e) the funds raised are intended to form part of the funding package for the development of Galaxy's Projects and for general working capital purposes.

3 Resolution 2: Approval of future issue of Shares

Resolution 2 seeks Shareholder approval under Listing Rule 7.1 for the allotment and issue of up to 31,000,000 Shares to Creat or its nominee at \$0.88 per Share. This approval relates to the issue of the Second Tranche of Shares under the Agreement as outlined above. Creat has informed Galaxy that it intends to nominate CRHL as the subscriber for the Second Tranche, however it is possible that Creat may ultimately subscribe for the Second Tranche itself or nominate a third party.

Listing Rule 7.3 requires the Company to provide the following information to Shareholders when seeking an approval under Listing Rule 7.1:

- (a) the maximum number of Shares to be issued and for which approval is sought is 31,000,000;
- (b) the Shares will be issued no later than 3 months after the date of General Meeting, or such later date as may be approved by the ASX;
- (c) the Shares will be issued at \$0.88 per Share;
- (d) the Shares will be issued to Creat or a party nominated by Creat under the terms of the Agreement;
- (e) the Shares will be allotted as soon as practically possible after the General Meeting;
- (f) Shares issued will rank equally in all respects with all of the existing Shares on issue; and
- (g) the funds raised are intended to form part of the funding package for the development of Galaxy's Projects and for general working capital purposes.

Shareholders are reminded that if Resolution 2 is not approved at this General Meeting, the whole project loan funding including equity (Creat A\$30m) and debt (A\$130m loan from RZB and CDB) for the Mt Cattlin and Jianguo projects will be at risk.

4 Resolution 3: Increasing the limit on aggregate remuneration for non-executive Directors

Shareholder approval is sought to increase the upper limit on aggregate non-executive Directors' remuneration in any year by \$200,000, from \$200,000 to \$400,000, to be apportioned between them according to Board resolution.

Listing Rule 10.17 and clause 7.5 of the Constitution provide that the maximum aggregate amount of the remuneration payable to non-executive Directors is to be determined by Shareholders in a general meeting. The last determination of the remuneration of non-executive directors was made at the Company's Annual General Meeting on 27 November 2008, when Shareholders approved an aggregate amount of remuneration of \$200,000 per year.

Since that time, the role of a non-executive Director has become more onerous with the growth of the Company and the progress of its plans relating to the Mt Cattlin Project and the Jiangsu Project. While it is not intended to fully utilise the proposed increase in aggregate remuneration in the immediate future, the Board believes that the increase will allow flexibility to adequately compensate existing non-executive Directors and to enable the Company to attract high quality candidates to serve as additional non-executive Directors on the Board if required.

It should be noted that the aggregate amount of remuneration includes Superannuation Guarantee Contributions made by the Company in relation to the non-executive Directors. Currently the Chairman receives \$75,000 and Bob Wanless receives \$54,500 annually as non-executive Directors fees (including superannuation).

All the Directors and their associates are excluded from voting on this resolution.

5 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 1 and 2 in order to fund and progress the Projects, which is of benefit to all shareholders.

The Directors do not provide a recommendation on Resolution 3.

GLOSSARY

In this Explanatory Statement, the following terms have the following meanings unless the context otherwise requires:

Agreement	Share Subscription and Debt Facility Agreement between Creat and the Company dated 21 August 2009, as varied in accordance with its terms.
Annexure	annexure to this Explanatory Statement.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691.
Board	board of Directors.
Company or Galaxy	Galaxy Resources Limited ABN 11 071 976 442 and its controlled entities.
Company Secretary	company secretary of the Company.
Constitution	constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Creat	Creat Group Co Limited, a company incorporated in the People's Republic of China.
CRHL	Creat Resources Holdings Limited ABN 43 089 093 943.
Director	director of the Company.
General Meeting	the general meeting of the Company to be held at Level 2, 16 Ord Street, West Perth WA on Wednesday, 10 February 2010 commencing at 10.00 am (WST).
Jiangsu Project	the Company's Jiangsu lithium carbonate project
Mt Cattlin Project	the Company's Mt Cattlin lithium / tantalum project.
Share	fully paid ordinary share in the capital of the Company.
Shareholder	shareholder of the Company.
WST	Western Standard Time.



Galaxy Resources Limited
ABN 11 071 976 442

000001 000 GXY
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

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(within Australia) 1800 783 447
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For all enquiries call:

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(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 10:00am (WST) Monday 8 February 2010

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 as they choose. 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

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.

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 information tab, "Downloadable 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.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



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

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, as the proxy sees fit) at the General Meeting of Galaxy Resources Limited to be held at Level 2, 16 Ord Street, West Perth, Western Australia on Wednesday, 10 February 2010 at 10:00am (WST) and at any adjournment of that meeting.

Important for Resolution 3: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Resolution 3 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Resolution 3 and your votes will not be counted in computing the required majority if a poll is called on this Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 3.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Approval of prior Share Issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval of future Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval of Increase in Non- Executive Directors' Remuneration	<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.

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 ____/____/____

GXY

107907A

Computershare +

Company or Trust in which Securityholding is held

[Empty box for company name]

Registered Name(s)

[Empty box for registered name(s)]

Registered Address

[Empty box for registered address]



All correspondence to:
Computershare Investor Services Pty Limited
GPO Box 2975 Melbourne
Victoria 3001 Australia
Enquiries (within Australia) 1300 850 505
(outside Australia) 61 3 9415 4000
Facsimile 61 3 9473 2500
web.queries@computershare.com.au
www.computershare.com

Holder Identification Number (HIN) or Securityholder Reference Number (SRN)

[Empty box for HIN or SRN]

Use a black pen. Print in CAPITAL letters.

[Box with letters A, B, C]

[Box with numbers 1, 2, 3]

Where a choice is required, mark the box with an 'X'

[Box with letter X]

Appointment of Corporate Representative

Section A: Appointment of Corporate Representative. Includes fields for appointing a representative, date (Day, Month, Year), and restrictions on power.

Section B: Sign Here. Includes instructions for signing, signature lines for Director/Sole Director and Sole Company Secretary, Director/Company Secretary, and Sole Director (No Company Secretary), and a date field.

How to complete this form

A Appointment of Corporate Representative

Enter the name of the person you wish to appoint as a corporate representative.

Indicate whether this appointment is for one specific meeting or all future meetings. If it is only for one specific meeting, enter the date of that meeting.

State if there are any restrictions to the representative's power and, if so, describe these.

Please provide your contact details in case we need to speak to you about this form.

B Signature(s)

You must sign this form as follows in the spaces provided:

Companies: this form must be signed by either 2 Directors or a Director and a Company Secretary. Alternatively, where the company has a Sole Director and, pursuant to the Corporations Act, there is no Company Secretary, or where the Sole Director is also the Sole Company Secretary, that Director may sign alone. Delete titles as applicable.

