

1.0 INTRODUCTION

This document describes how Galaxy Resources Limited will conduct Company Remuneration Reviews.

2.0 PURPOSE

It is the objective of the Company to build a competitive system of remuneration that:

- Attracts, retains and motivates a skilled and committed workforce
- Applies sound principles of consistency and equity
- Keeps abreast of movements in the external environment
- Meets the career and development needs of individuals
- Builds organisational capability by aligning skills growth and utilisation with remuneration and reward

3.0 KEY ACCOUNTABILITY

The CFO shall be responsible for co-ordinating the annual remuneration review.

A Reference Group comprising CFO, GM Australia, GM China, Resident Manager - Mt Cattlin (composition of group selected as appropriate), and reporting back to the MD will coordinate the annual remuneration review. This Group should be convened in March of each year for remuneration review deliberations and outcomes.

4.0 APPLICATION

The policy and procedures related to the Remuneration Review shall apply to all employees with the exception of the MD, and in circumstances where consideration is being given to review a re-evaluation of a position or high performing employee.

5.0 PLANNING

The CFO shall undertake a review of salaries and prepare a report containing recommendations in regard to salary movements. The review will take into account movements in the Consumer Price Index (CPI), Australian Labour Price Index (LPI) and movements in mining related awards, and as appropriate wider industries movements. Industry movement will be determined by a salary review survey carried out by a recognised remuneration consultancy organisation, for example, Mining & Resources Industry Remuneration Surveys - Australia (i.e. McDonald mining remuneration survey).

Upon the completion of the Planning part, the MD, having regard to the CFO's recommendations and input by the Reference Group and Division/Department Managers, shall then determine the recommended level of increase, if any, in the salaries of individual employees. The CFO shall prepare a spreadsheet based on these recommendations, demonstrating the quantum of the individual increases and the total cost of the increases to the Company. The Reference Group shall confer and consolidate on the outcome before the review finalisation is forwarded to the MD for review and approval.

6.0 CONDUCTING THE REMUNERATION REVIEWS

The remuneration reviews are to be undertaken in June of each year, with any variation to salaries operative from the 1st of July and paid in the first pay period in July. The salaries of employees will be varied to reflect movements in the CPI and/or LPI, plus annual movements in award rates covered by the Mining industry. Any recommendation for an additional increase will be determined by the MD

(taking into account the recommendation of executive managers). The MD will have the discretion not to grant any increase, including the application of the CPI and/or LPI, to employees.

In determining the quantum of any additional increase in excess of the CPI and/or LPI, the following criteria have been set as a guide. Any additional increases for this group would reflect relevant industry salary movements for the particular occupational group, less the CPI and/or LPI. Industry movement will be determined by a salary review survey as indicated above i.e. McDonald mining remuneration survey.

It is the responsibility of each Manager to determine whether a salary increase should be recommended for individual employees within their group and if so, the quantum of such increase. Salary increases to individuals are not mandatory. The award increases and industry movements should be used as a guide only. Increases in excess of award and industry movements would need to demonstrate a significant change in the role.

Where an employee is of the view his/her position has substantially changed, such employee may seek with their Manager to have the position re-evaluated. This process will usually be undertaken annually at the same time as the general remuneration review.

7.0 REVIEW LETTERS

Administration & Finance will be responsible for preparing remuneration review letters and for distributing them to the appropriate managers. The Manager shall hand the letter to the employee and will ask him/her to complete a signed copy acknowledging acceptance of the review. The signed copy shall be sent back to the Administration and Payroll for recording on the employee's file.

8.0 TIME ELIGIBILITY FOR REMUNERATION REVIEW

Employees who have been on the same salary point for a period between three and twelve months are eligible for consideration of a remuneration review. The period is 1st July to 30th June. Only in exceptional circumstances (e.g. on the basis of outstanding performance) will a staff member be considered for an increase where the period of service is less than three months.