

THIS IS AN IMPORTANT DOCUMENT WHICH YOU SHOULD READ CAREFULLY.

If you are in any doubt as to how to deal with it, please consult your financial or other professional advisor.

Bidder's Statement

in relation to a RECOMMENDED TAKEOVER OFFER by Galaxy Resources Limited (ACN 071 976 442) to acquire ALL of your ordinary shares in

**GENERAL MINING CORPORATION LIMITED
(ACN 125 721 075)**

The Directors of General Mining unanimously recommend you

ACCEPT

the offer by Galaxy of 1.65 Galaxy Shares for every 1 General Mining Share you own in the absence of a Superior Proposal.

The Takeover Offer is dated 28 June 2016 and will close at 5:00pm (WST) on 29 July 2016, unless extended or withdrawn.

TO ACCEPT GALAXY'S OFFER, SIMPLY COMPLETE THE ENCLOSED ACCEPTANCE FORM AND RETURN IT IN THE ENVELOPE PROVIDED.

Legal Adviser to Galaxy

STEINEPREIS PAGANIN
Lawyers & Consultants



IMPORTANT INFORMATION

Bidder's Statement

This document (**Bidder's Statement**), dated 22 June 2016, is issued by Galaxy Resources Limited (ACN 071 976 442) under Part 6.5 of the Corporations Act in relation to an off-market offer by Galaxy to acquire General Mining Shares and sets out certain disclosures required by the Corporations Act.

A copy of this Bidder's Statement was lodged with ASIC on 22 June 2016. ASIC takes no responsibility for the contents of this Bidder's Statement.

Investments Risks

There are a number of risks that may have a material impact on the value of the Takeover Offer, the future performance of the Merged Entity and the value of Galaxy Shares. These are described in Section 8 of this Bidder's Statement.

Foreign Jurisdictions

The distribution of this document and the making of the Takeover Offer may be restricted by the laws or regulations of foreign jurisdictions. Persons who come into possession of this Bidder's Statement should seek advice and observe these restrictions.

The Takeover Offer is not being made, directly or indirectly, in or into and will not be capable of acceptance from within any jurisdiction, if to do so would not be in compliance with the laws of that jurisdiction.

The entitlements of General Mining Shareholders who are located in jurisdictions outside Australia, its external territories and New Zealand are set out in Section 9.17 of this Bidder's Statement.

No action has been taken to register or qualify Galaxy or to otherwise permit the offering of Galaxy Shares outside Australia, its external territories and New Zealand.

This Bidder's Statement is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the *Securities Act 1978 (New Zealand)* (or any other relevant New Zealand law). This Bidder's Statement may not contain all the information that a prospectus or an investment statement under the New Zealand law is required to contain.

The only members of the public in New Zealand to whom Galaxy Shares are being offered under the Takeover Offer are General Mining Shareholders. The Takeover Offer is being made in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

Disclosure Regarding Forward Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on Galaxy's current expectations and predictions about future events including Galaxy's intentions (which include those set out in Section 6). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of Galaxy, General Mining and the Merged Entity to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in Section 8.

None of Galaxy, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved.

The forward looking statements in this Bidder's Statement reflect views held only at the date of this Bidder's Statement.

Value of Galaxy Shares

The implied value of the Takeover Offer will vary with the market price of Galaxy Shares. Further information on the implied value of the Takeover Offer is contained in this document.

In addition, all references to the implied value of the Takeover Offer are subject to the effects of rounding.

Investment Advice

This Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each General Mining Shareholder (or any other person). You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Takeover Offer.

Privacy

Galaxy has collected your information from the registers of General Mining for the purposes of making the Takeover Offer and administering your acceptance over your General Mining Shares. Galaxy and its share registry may use your personal information in the course of making and implementing the Takeover Offer. Galaxy and its share registry may also disclose your personal information to their related bodies corporate and external service providers and may be required to disclose such information to regulators, such as ASIC. If you would like details of information about you held by Galaxy, please contact Galaxy at the address set out in the Key Contacts Section.

Defined Terms

A number of defined terms are used in this Bidder's Statement. Unless expressly specified otherwise, defined terms have the meaning given in Section 11.

Internet Sites

Galaxy and General Mining each maintain internet sites. The URL location for Galaxy is www.galaxyresources.com.au and for General Mining is www.generalmining.com. Information contained in or otherwise accessible through these internet sites is not part of this Bidder's Statement. All references to these sites in this Bidder's Statement is for information purposes only.

Estimates and Assumptions

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and derivations of the same by Galaxy's management. Management estimates reflect and are based on views as at the date of this Bidder's Statement, and actual facts or outcomes may materially differ from those estimates or assumptions.

Effect of Rounding

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

Currencies

In this Bidder's Statement, references to "Australian dollars", "AUD", "\$" or "cents" are to the lawful currency of Australia.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not

correspond to the amounts shown in the historic or future financial statements of Galaxy or General Mining in respect of which different exchange rates may have been, or may be, used.

Maps and diagrams

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

Queries

You should contact your legal, financial or professional advisor if you are unsure about how to deal with this Bidder's Statement.

If you have any enquires about the Takeover Offer, please contact Galaxy on +61 8 9215 1700 or your professional financial advisor.

CHAIRMAN'S LETTER

22 June 2016

Dear General Mining Shareholders,

RECOMMENDED OFF-MARKET TAKEOVER BID FOR GENERAL MINING CORPORATION LIMITED

On behalf of the Directors of Galaxy Resources Limited (**Galaxy**), I am pleased to enclose an offer to acquire all of your shares in General Mining Corporation Limited (**General Mining**).

By accepting Galaxy's offer you will, subject to the terms and conditions of the offer, receive 1.65 Galaxy Shares for every 1 General Mining Share held by you (Takeover Offer).

These terms and conditions are explained further in Annexure A.

General Mining's Board of Directors unanimously recommends that General Mining Shareholders ACCEPT the Takeover Offer in the absence of a Superior Proposal.

Once completed (and assuming Galaxy receives acceptances for at least 90% of all General Mining Shares on issue) the merger will create a diversified global lithium company with a large wholly-owned portfolio of hard rock and brine based lithium assets located in multiple jurisdictions.

The Galaxy board believes the Merged Entity will have significant growth potential with existing and expanding production, a diversified and superior growth profile, proven management and operating teams, a strong balance sheet and greater international market profile.

The recommended Takeover Offer represents a premium of:

- 6.0% to the last closing price on the ASX of General Mining Shares of \$0.615 on 25 May 2016¹;
- 9.4% to the 10-day volume weighted average price (VWAP) of General Mining Shares on the ASX of \$0.625 to 25 May 2016²; and
- 13.5% premium to the 20-day VWAP of General Mining Shares on the ASX of \$0.589 to 25 May 2016³.

Based on Galaxy's last closing share price of \$0.395 on the ASX on 25 May 2016, the Takeover Offer values General Mining at approximately \$217 million (on a fully diluted basis) or \$0.652 per share (on a fully diluted basis)⁴.

Based on Galaxy's last closing share price of \$0.520 on the ASX on 21 June 2016, the last trading date of Galaxy before the date of this Bidder's Statement, the Takeover Offer values General Mining at approximately \$286 million, or \$0.858 per General Mining Share (on a fully diluted basis). This represents a premium of approximately 37.3% to the 10-day VWAP of General Mining on the ASX of \$0.625 to 25 May 2016.

¹ Based on the last closing share price of \$0.395 on the ASX on 25 May 2016, the last trading date of Galaxy and General Mining before the Announcement Date.

² Based on the 10-day VWAP of Galaxy Shares on ASX of \$0.4142 to 25 May 2016.

³ Based on the 20-day VWAP of Galaxy Shares on ASX of \$0.405 to 25 May 2016.

⁴ Based on General Mining have a total of 333,397,526 Shares on issue on a fully diluted basis. The Directors note that the implied value of General Mining based on the Offer will fluctuate depending on the prevailing trading price of Galaxy Shares. The Merged Entity's share price may rise or fall based on market conditions and the Merged Entity's financial and operational performance. If the Merged Entity's share price falls, the value of the Galaxy Shares received by General Mining Shareholders that accept the Offer will decline in value.

If Galaxy acquires at least 90% of all General Mining Shares, it intends to make General Mining a wholly-owned subsidiary and de-list it from the ASX. This will result in current Galaxy and General Mining shareholders holding approximately 71% and 29% respectively of the enlarged Galaxy.⁵

I encourage you to read this important document carefully, including the risk factors set out in Section 8. The Takeover Offer is open for your acceptance until 5:00pm (WST) on 29 July 2016, unless extended. If you wish to accept the Takeover Offer, you should follow the instructions on the relevant Acceptance Form enclosed.

If you have any questions about the recommended Takeover Offer, please contact Galaxy on +61 8 9215 1700, or your professional financial advisor.

Yours sincerely



Mr Martin Rowley
Chairman
GALAXY RESOURCES LIMITED

⁵ Based on the number of General Mining Shares and Galaxy Shares on issue as at the Announcement Date. The actual percentage interest that General Mining Shareholders will hold in the Merged Entity will depend upon the extent to which General Mining Options and Galaxy Options are exercised.

KEY DATES*

Announcement of Takeover Offer	30 May 2016
Date of this Bidder's Statement	22 June 2016
Date this Bidder's Statement is lodged with ASIC	22 June 2016
Date of Takeover Offer	28 June 2016
Takeover Offer Closes (unless otherwise extended)	5:00pm (WST) on 29 July 2016

*All dates and times are subject to change and obtaining certain regulatory approvals.

KEY CONTACTS**Galaxy Resources Limited**

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Ardross, Western Australia 6153
Phone: +61 8 9215 1700

Current Directors

Martin Rowley – Non-Executive Chairman
Anthony Tse – Managing Director
Charles Whitfield – Executive Director
Jian-Nan Zhang – Non-Executive Director

Proposed Director*

Michael Fotios – Proposed Director

Company Secretary

Simon Robertson

ASX Code: GXY

Auditor*

PricewaterhouseCoopers
Level 15, 125 St Georges Terrace
Perth WA 6000

Website

www.galaxyresources.com.au

Australian Solicitors to Galaxy

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Share registrar for the Takeover Offer*

Computershare Investor Services Pty Limited
11/172 St Georges Terrace
Perth WA 6000

* This entity has not been involved in the preparation of this Bidder's Statement and has not consented to being named in this Bidder's Statement. Its name is included for information purposes only.

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1. INVESTMENT OVERVIEW

The information in this Section is intended to provide an overview of Galaxy, the Takeover Offer that Galaxy is making for your General Mining Shares and the risks you should consider.

The information in this Section 1 is not intended to be comprehensive and should be read in conjunction with the detailed information contained in this Bidder's Statement.

You should read this Bidder's Statement in its entirety and the separate target's statement from General Mining before deciding how to deal with your General Mining Shares. The detailed terms of the Takeover Offer are set out in Annexure A.

The information in this Section 1 is set out by way of response to a series of questions. Galaxy believes this is the clearest way to provide the information. Each answer has, where appropriate, cross-references to other questions in this Investment Overview and other parts of this Bidder's Statement, including the Annexures that contain more information that you might find useful or relevant.

Part A of this Investment Overview deals with the Takeover Offer. **Part B** deals with Galaxy, its business and assets and Galaxy securities. **Part C** deals with risks relating to Galaxy, General Mining, the Takeover Offer and the Merged Entity. **Part D** deals with other relevant questions.

If you have any questions about the Takeover Offer, please contact Galaxy on +61 8 9215 1700, or your professional financial advisor.

PART A – OVERVIEW OF THE OFFER

No.	Question	Answer	Further Information
1.	What is Galaxy offering to buy?	Galaxy is offering to buy all General Mining Shares that it does not already own on the terms set out in this Bidder's Statement. You may only accept the Takeover Offer in respect of all the General Mining Shares held by you.	Annexure A contains the full terms of the Takeover Offer and the Conditions. The answers to questions 3 to 5 in Part A and in Parts C and D explain other aspects of the Takeover Offer.
2.	Is there an offer in respect of my General Mining Options?	Galaxy is not making an offer to holders of General Mining Options under the Takeover Offer, rather it is entering into private treaty agreements with the holders under which their General Mining Options will be cancelled and equivalent Galaxy Options granted (subject to receipt of necessary ASX waivers). However, the Offer also extends to each person who, during the period from the Record Date until the end of the Offer Period, becomes registered as a holder of General Mining Shares due to the conversion of, or exercise of rights conferred by General Mining Options that are on issue at the Record Date and any person who becomes registered, or is entitled to be registered as the holder of Your Shares during the Offer Period. If, by the end of the Offer Period Galaxy has acquired a Relevant Interest in at least 90% of all General Mining Shares, then Galaxy intends	

No.	Question	Answer	Further Information
		to give notices to any remaining General Mining optionholders offering to acquire their General Mining Options in accordance with section 663C of the Corporations Act.	
3.	How long will the offer remain open?	The Takeover Offer opens on 28 June 2016 . Unless withdrawn or extended in accordance with the Corporations Act, the Takeover Offer is scheduled to close at 5:00pm (WST) on 29 July 2016 .	
4.	What will you receive if you accept the Takeover Offer?	<p>If you accept the Takeover Offer, subject to satisfaction of the Conditions of the Takeover Offer, you will be issued 1.65 Galaxy Shares for every 1 General Mining Share held by you.</p> <p>If you accept the Takeover Offer and you are an Ineligible Foreign Shareholder, you will not be entitled to receive Galaxy Shares as consideration for your General Mining Shares. In these circumstances, the Galaxy Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those Galaxy Shares and remit the sale proceeds (less any transaction costs) to you by cheque in Australian dollars. See Section 9.17 of this Bidder's Statement for further details. As at the date of this Bidder's Statement, the Company proposes to appoint Canaccord Genuity (Australia) Limited (ABN 19 075 071 466) (Canaccord) as the Sale Nominee, subject to ASIC approval.</p>	Annexure A contains full terms of the Takeover Offer and the Conditions. The answer to question 9 in Part D summarises the Conditions.
5.	What is the value of the Takeover Offer?	<p>The implied value of General Mining under the Takeover Offer as at the Announcement Date was approximately \$217 million or \$0.652 per General Mining Share (on a fully diluted basis)⁶.</p> <p>In addition, Galaxy Shares had a closing price on ASX of \$0.520 on 21 June 2016, being the last trading day before the date of this Bidder's Statement. This represents a 37.3% premium to General Mining's 10 day VWAP to 25 May 2016 on ASX of</p>	<p>Section 9.13.2 of this Bidder's Statement provides further information in respect of the implied value of the Takeover Offer.</p> <p>The answers to questions 1 to 5 of Part A, Parts B and C of this Bidder's Statement contain more information about Galaxy, its business and assets and the risks that may apply to Galaxy.</p>

³ Based on the closing share price of Galaxy Shares of \$0.395 on 25 May 2016, the last trading day prior to the Announcement Date.

No.	Question	Answer	Further Information
		<p>\$0.625 and values General Mining at approximately \$286 million or \$0.858 per General Mining Share (on a fully diluted basis).</p> <p>The value of the Takeover Offer may change as a consequence of changes in the market price of Galaxy Shares.</p>	Section 2 of this Bidder's Statement contains the view of Galaxy as to why they think you should accept the Takeover Offer.

PART B – OVERVIEW OF GALAXY

No.	Question	Answer	Further Information
1.	Who is Galaxy?	Galaxy is an Australian incorporated company listed on the Official List of the ASX (ASX Code: GXY).	Sections 3, 6, 8 and 9 of this Bidder's Statement contain more information about Galaxy's assets, financial position, details of Galaxy securities currently on issue and the risks that may apply to Galaxy.
2.	Will my new Galaxy Shares be listed on ASX?	Within 7 days of the date of this Bidder's Statement, Galaxy will apply to the ASX for quotation of the new Galaxy Shares on the ASX. Quotation of the new Galaxy Shares depends on ASX exercising its discretion to admit them to quotation on ASX. Galaxy is already admitted to the Official List of ASX and Galaxy Shares in the same class as the new Galaxy Shares are already quoted.	Section 3.11 of this Bidder's Statement contains more information in relation to the admission of the Galaxy Shares to the Official List of ASX.
3.	What rights and liabilities will attach to my new Galaxy Shares?	The new Galaxy Shares issued under the Takeover Offer will be issued fully paid and will from the time of issue rank equally with existing Galaxy Shares.	Section 3.12 of this Bidder's Statement contains more information about the rights and liabilities attaching to Galaxy Shares.
4.	Who are the Galaxy Directors and Proposed Director and what experience do they have?	<p>The Directors of Galaxy are:</p> <ul style="list-style-type: none"> (a) Martin Rowley – Non-Executive Chairman; (b) Anthony Tse – Managing Director; (c) Charles Whitfield – Executive Director; and (d) Jian-Nan Zhang – Non-Executive Director. <p>If Galaxy acquires a relevant interest in 50.1% of General Mining and the Offer becomes unconditional, Mr Michael Fotios will be appointed as a Director of Galaxy.</p>	Section 3.3 of this Bidder's Statement contains further information in relation to the expertise of the Galaxy Directors and Proposed Director.

No.	Question	Answer	Further Information
5.	Do the current Directors and Proposed Director of Galaxy have any potential conflicts of interest in relation to the Offer or General Mining?	<p>None of the current Galaxy Directors have an interest in General Mining securities.</p> <p>Mr Michael Fotios and his associates have relevant interests in 10.34% of General Mining Shares, and Mr Fotios currently has an indirect interest in 15 million unlisted General Mining Options (7.5 million exercisable at 8 cents before 21/09/2017 and 7.5 million exercisable at 12 cents before 21/9/2018) but does not have any conflicts of interest in relation to General Mining.</p>	Sections 9.13 and 9.14 of this Bidder's Statement contain further information in relation to the Takeover Offer and the shareholdings Galaxy Directors and Proposed Director have in General Mining.
6.	Do the Galaxy Directors and Proposed Director have any interest in Galaxy securities?	<p>The current Galaxy Directors and Proposed Director currently have the following interests in Galaxy securities:</p> <p>(a) Anthony Tse: 23,518,644 Shares, 10,000,000 Share Appreciation Rights and 1,000,000 Options;</p> <p>(b) Jian-Nan Zhang: 1,559,322 Shares, 500,000 Share Appreciation Rights;</p> <p>(c) Martin Rowley: 18,617,455 Shares, 4,000,000 Share Appreciation Rights;</p> <p>(d) Charles Whitfield: 22,658,644 Shares, 8,000,000 Share Appreciation Rights and 1,000,000 Options; and</p> <p>(e) Mr Michael Fotios: 24,750,000 Options (refer to Section 9.9 for further details).</p>	See Section 9.14 of this Bidder's Statement for further information.

PART C – OVERVIEW OF RISKS

No.	Question	Answer	Further information
1.	Are there risks if I accept the Takeover Offer?	<p>Yes, if you accept the Takeover Offer, and it becomes unconditional, you will be issued new Galaxy Shares and Galaxy will acquire your interest in General Mining. There are risks in holding Galaxy Shares.</p> <p>The financial and operational performance of Galaxy's business, and the value and trading prices for Galaxy Shares will be influenced by a range of risks. Many of these risks are beyond the control of Galaxy's Board and management.</p> <p>Section 8 of this Bidder's Statement provides a detailed explanation of these risks. Specifically it deals with:</p> <p>(a) risks relating to the Takeover Offer; and</p>	See Section 8 of this Bidder's Statement which contains further details in respect of each of the risks.

No.	Question	Answer	Further information
		(b) risks that relate to Galaxy and General Mining as the Merged Entity.	
2.	Are there any risks in respect of the Takeover Offer not proceeding?	In the event that the Takeover Offer does not proceed for reasons including due to a Superior Proposal, General Mining being in material breach of the Bid Implementation Agreement, change in recommendation in response to a Competing Transaction or breach of exclusivity obligations (among others) General Mining may be required to pay Galaxy a sum of approximately \$1,500,000 as a compensating amount for the costs incurred by Galaxy in respect of the Takeover Offer.	See Section 9.12 for further details in respect of reimbursement payable in respect of termination of the Bid Implementation Agreement.

PART D – OTHER RELEVANT QUESTIONS

No.	Question	Answer	Further information
1.	Can the Offer Period be extended?	The Offer Period can be extended at Galaxy's election, up to a maximum Offer Period of 12 months. General Mining Shareholders will be sent written notice in the mail of any extension, and the extension will be announced to ASX.	Annexure A of this Bidder's Statement contains more information as to the circumstances in which the Offer Period can be extended.
2.	What choices do I have as a General Mining Shareholder?	As a General Mining Shareholder, you have the following choices in respect of your General Mining Shares: (a) accept the Takeover Offer; (b) sell your General Mining Shares; or (c) do nothing.	
3.	How do I accept the Takeover Offer?	For Issuer Sponsored Holdings of General Mining Shares To accept the Takeover Offer, you should follow the instructions set out in this Bidder's Statement and in the enclosed Acceptance Form. For CHESS Holdings of General Mining Shares To accept the Takeover Offer, you should: (a) contact your Controlling Participant (usually your broker) and instruct them to accept the offer on your behalf before the end of the Offer Period; or (b) follow the instructions set out in this Bidder's Statement and	See your Acceptance Form enclosed with this Bidder's Statement and Annexure A for further information.

No.	Question	Answer	Further information
		in the enclosed Acceptance Form and return it, so that it is received at the address on the Acceptance Form in sufficient time for your Controlling Participant to act on your instructions before the end of the Offer Period.	
4.	Can I accept the Takeover Offer for part of my holding?	No, you must accept the Takeover Offer for all of your holding.	
5.	If I accept the Takeover Offer can I withdraw my acceptance?	You cannot withdraw or revoke your acceptance unless a withdrawal right arises under the Corporations Act. A withdrawal right will arise if, after you have accepted the Takeover Offer, Galaxy varies the Takeover Offer in a way that postpones for more than 1 month the time that Galaxy has to meet its obligations under the Takeover Offer (for example, if Galaxy extends the Takeover Offer for more than 1 month while the Takeover Offer remains subject to any of the Conditions).	Annexure A of this Bidder's Statement contains more information as to the limited circumstances in which you may be able to withdraw your acceptance.
6.	When will you receive your consideration?	<p>If you accept the Takeover Offer and the Takeover Offer is declared unconditional, Galaxy will issue you Galaxy Shares as consideration for your General Mining Shares on or before the earlier of:</p> <ul style="list-style-type: none"> (a) 1 month after you have validly accepted the Takeover Offer or the contract resulting from its acceptance becomes unconditional (whichever is later); and (b) 21 days after the end of the Offer Period, provided that the Takeover Offer has become unconditional. <p>If you accept the Takeover Offer and you are an Ineligible Foreign Shareholder, you will not be entitled to receive Galaxy Shares as consideration for General Mining Shares held by you pursuant to the Takeover Offer. In these circumstances, the Galaxy Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those Galaxy Shares and remit the proceeds (less transaction costs) of</p>	Annexure A of this Bidder's Statement contains more information as to when your new Galaxy Shares will be issued to you.

No.	Question	Answer	Further information
		such sale to you by cheque in Australian dollars.	
7.	Will I need to pay any transaction costs if I accept the Takeover Offer?	<p>If your General Mining Shares are registered in an Issuer Sponsored Holding in your name and you deliver a duly executed Acceptance Form to Galaxy, you will not incur any brokerage in connection with your acceptance of the Offer.</p> <p>If your General Mining Shares are registered in a CHESS Holding, or if you are a beneficial owner whose General Mining Shares are registered in the name of a broker, bank or custodian or other nominee, you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transaction fees or service charges in connection with acceptance of the Offer.</p> <p>If you are an Ineligible Foreign Shareholder, brokerage will be payable in respect of the Galaxy Shares sold under the Sale Nominee facility and these costs will be deducted from the proceeds of sale.</p>	Annexure A of this Bidder's Statement contains the full terms of the Takeover Offer and Conditions. See also the instructions on the Acceptance Form enclosed with this Bidder's Statement.
8.	What happens if I do not accept the Takeover Offer?	<p>Subject to the explanation below, you will remain a shareholder of General Mining and will not receive the Takeover Offer Consideration.</p> <p>If you do not accept the Takeover Offer and Galaxy acquires a Relevant Interest in at least 90% of General Mining Shares and the other conditions of the Takeover Offer are satisfied or waived, Galaxy intends to proceed to compulsorily acquire the outstanding General Mining Shares. If this occurs, you will be paid or entitled to receive the Takeover Offer Consideration at the conclusion of the compulsory acquisition process. Therefore, accepting the Takeover Offer will result in you receiving your Takeover Offer Consideration sooner if you accept the Takeover Offer, rather than having your General Mining Shares compulsorily acquired.</p> <p>If the Takeover Offer becomes or is declared unconditional but Galaxy does not become entitled to compulsorily acquire your General Mining Shares under the Corporations Act, unless you sell your General Mining Shares, you will</p>	Section 6 of this Bidder's Statement provides more information regarding Galaxy's intentions if it acquires a Relevant Interest in at least 90% of the General Mining Shares.

No.	Question	Answer	Further information
		<p>remain a shareholder in General Mining.</p> <p>In these circumstances and, depending on the number of General Mining Shares acquired by Galaxy, you may be a minority General Mining Shareholder.</p>	
9.	Are there conditions to the Takeover Offer?	<p>The Takeover Offer is subject to the Conditions set out in Annexure A and include:</p> <ul style="list-style-type: none"> (a) Galaxy acquiring an interest in at least 90% of all General Mining Shares on issue at the end of the Offer Period (at any time prior to Galaxy obtaining a Relevant Interest in at least 80% of General Mining Shares this condition can only be waived with the consent of General Mining); (b) that no 'prescribed occurrences occur'; and (c) no 'material adverse effect' occurs in relation to General Mining. <p>As at the date of this Bidder's Statement, Galaxy is not aware of any act, omission, event or fact that would result in any of the Conditions to the Offer being triggered (or not being satisfied, as appropriate).</p>	Annexure A to this Bidder's Statement sets out the Conditions in full.
10.	What if the Conditions are not satisfied or waived?	<p>If the Takeover Offer closes and the Conditions are not satisfied or waived, the Takeover Offer will lapse, and your acceptance will be void. In other words, you will continue to hold your General Mining Shares (unless you otherwise sell them). Galaxy will announce whether the Conditions have been satisfied or waived during the Offer Period in accordance with its obligations under the Corporations Act.</p>	Annexure A to this Bidder's Statement sets out further information.
11.	What happens if Galaxy improves the Takeover Offer Consideration?	<p>If Galaxy improves the Takeover Offer Consideration, all the General Mining Shareholders who accept the Takeover Offer (whether or not they have accepted the Takeover Offer before or after such improvement) will be entitled to the benefit of the improved Takeover Offer Consideration, should the Takeover Offer become or be declared unconditional.</p>	Annexure A to this Bidder's Statement sets out further information.

No.	Question	Answer	Further information
12.	What are the tax implications of accepting the Takeover Offer?	A general summary of the Australian tax consequences for General Mining Shareholders who accept the Takeover Offer is set out in Section 7 of this Bidder's Statement. This summary is expressed in general terms only and is not intended to provide taxation advice for your specific circumstances. General Mining Shareholders should seek their own taxation advice in relation to the Takeover Offer.	Section 7 of this Bidder's Statement sets out further information.

2. WHY YOU SHOULD ACCEPT THE OFFER

Galaxy believes you should **ACCEPT** the Takeover Offer for the following reasons:

1. **The Merged Entity will create a diversified global lithium company with a large wholly-owned portfolio of hard rock and brine based lithium assets located in multiple jurisdictions**
2. **The Takeover Offer provides a premium to the price of General Mining Shares as at the Announcement Date**
3. **The Merged Entity will have a strong board and management team that can deliver the strategy and growth going forward and significant market re-rating prospects**
4. **Access to capital gains tax relief in Australia if Galaxy achieves ownership of more than 80% of the issued General Mining Shares**
5. **General Mining's Share price may fall if the Takeover Offer is not successful**
6. **As at the date of this Bidder's Statement no Superior Proposal exists**
7. **Certain General Mining Shareholders have committed to accept the Takeover Offer**
8. **No duty or brokerage**
9. **Implications of remaining as a minority shareholder of General Mining**

The above is only a headline summary of some of the reasons why you should accept the Takeover Offer. Each of the reasons is explained below.

If you wish to accept this Takeover Offer, you must return the signed Acceptance Form by 5:00pm (WST) on 29 July 2016 (unless the Takeover Offer is extended or withdrawn).

Detailed reasons why you should ACCEPT the Takeover Offer

2.1 The Merged Entity will create a diversified global lithium company with a large wholly-owned portfolio of hard rock and brine based lithium assets located in multiple jurisdictions

On successful completion of the Offer, General Mining Shareholders will hold approximately 29% of the Merged Entity,⁷ meaning you will have greater exposure to the Mt Cattlin Project (**Mt Cattlin**) (of which General Mining currently holds a 14% equity interest).

In addition, General Mining Shareholders will gain exposure to Galaxy's additional assets being the lithium hard rock development project in James Bay, Quebec Canada and lithium and potash brine project in Sal de Vida, Salta & Catamarca, Argentina (**Sal de Vida**).

- (a) The Merged Entity will have a market leading portfolio of assets located in Australia, Canada and Argentina:
 - (i) maiden spodumene production and delivery in the third quarter of 2016 at Mt Cattlin, Western Australia, with the potential to generate significant and growing cash flow;
 - (ii) flagship world-scale Sal de Vida Project in Argentina with superior brine chemistry and significant expansion potential; and

⁷ Based on the number of General Mining Shares and Galaxy Shares on issue as at the Announcement Date. The actual percentage interest that General Mining Shareholders will hold in the Merged Entity will depend upon the extent to which General Mining Options and Galaxy Options are exercised.

- (iii) James Bay Project in Canada provides valuable potential to be a future supplier into the rapidly growing North American market.
- (b) Positioned to be a major supplier of high quality lithium, servicing the high-growth demand from energy storage applications including long life lithium-ion batteries used for electric vehicles, domestic and commercial power storage, consumer electronics and power tools.
- (c) Simplified single ownership structure and operational management of assets currently owned via the Galaxy-General Mining joint venture.
- (d) Enhanced equity and capital markets profile with a pro forma market capitalisation of the Merged Entity in excess of \$980 million⁸ with the potential to become an ASX/S&P 200 company and opportunity for re-rating.
- (e) Strong financial position with a strong pro forma balance sheet and growing cash flow generation to support continued project expansion and development and further industry opportunities.
- (f) Merged Board and management team highly credentialed and experienced with strong connections in the key Asian and North American lithium markets.
- (g) Significant growth potential with existing and expanding production, diversified and superior growth profile, proven management and operating teams, strong balance sheet and greater international market profile.

2.2 The Takeover Offer provides a premium on General Mining Shares as at the Announcement Date

The recommended Takeover Offer represents a premium of:

- (a) 6.0% to the last closing price on the ASX of General Mining Shares of \$0.615 on 25 May 2016⁹;
- (b) 9.4% premium to the 10-day volume weighted average price (VWAP) of General Mining Shares to the Announcement Date¹⁰; and
- (c) 13.5% premium to the 20-day VWAP of General Mining Shares to the Announcement Date¹¹.

Based on Galaxy's last closing share price of \$0.395 on the ASX on 25 May 2016, the Takeover Offer values General Mining at approximately \$217 million (on a fully diluted basis) or \$0.652 per share (on a fully diluted basis)¹².

Based on Galaxy's last closing share price of \$0.520 on the ASX on 21 June 2016, the last trading date of Galaxy before the date of this Bidder's Statement, the Takeover Offer values

⁸Based on the last closing prices of Galaxy and General Mining Shares on ASX on 21 June 2016, the last trading day before the date of this Bidder's Statement, of \$0.520 and \$0.810 respectively.

⁹ Based on Galaxy's last closing share price of \$0.395 on the ASX on 25 May 2016, the last trading date of Galaxy and General Mining before the Announcement Date.

¹⁰ Based on the 10-day VWAP of Galaxy Shares on ASX of \$0.4142 to 25 May 2016.

¹¹ Based on the 20-day VWAP of Galaxy Shares on ASX of \$0.405 to 25 May 2016.

¹² Based on General Mining have a total of 333,397,526 Shares on issue on a fully diluted basis. The Directors note that the implied value of General Mining based on the Offer will fluctuate depending on the prevailing trading price of Galaxy Shares. The Merged Entity's share price may rise or fall based on market conditions and the Merged Entity's financial and operational performance. If the Merged Entity's share price falls, the value of the Galaxy Shares received by General Mining Shareholders that accept the Offer will decline in value.

General Mining at approximately \$286 million, or \$0.858 per General Mining Share (on a fully diluted basis), representing a premium of 37.3% to the 10-day VWAP of General Mining on the ASX of \$0.625 to 25 May 2016.

The price of Galaxy Shares and General Mining Shares may rise or fall during the Bid Period and Galaxy reserves the right to improve the consideration offered to General Mining Shareholders in accordance with Section 650B of the Corporations Act.

Further information about the implied value of the Takeover Offer is set out in Section 9.13.2 of this Bidder's Statement.

2.3 The Merged Entity will have a strong board and management team that can deliver the strategy and growth going forward and significant market re-rating prospects

The merged Board and management team are highly credentialed and experienced with strong connections in the key Asian and North American lithium markets, delivering operational excellence with strategic sales and marketing expertise. Please refer to Section 3.3 for further details.

In addition to creating a leading diversified global lithium company with a large wholly-owned portfolio of hard rock and brine based lithium assets located in multiple jurisdictions, the Directors of Galaxy believe a merger of General Mining and Galaxy will create a Merged Entity with more attractive attributes relative to both General Mining and Galaxy remaining separate stand-alone companies. These attributes are likely to appeal to the investment community which therefore could lead to a market rating of the Merged Entity that is superior to the market rating of Galaxy and General Mining as stand-alone companies. These additional attributes are expected to be:

- enhanced scale (based on the Merged Entity having a pro forma market capitalisation in excess of \$980 million)¹³;
- an existing operation with growing cash flows;
- a pro-forma cash position of approximately \$32.7 million¹⁴;
- potential to become an ASX/S&P 200 company and opportunity for re-rating;
- increased coverage from equity research analysts;
- greater relevance and interest from institutional investors;
- increased access to a wider universe of investors; and
- improved financial strength with enhanced access to debt and equity capital markets.

2.4 Access to capital gains tax relief in Australia if Galaxy achieves ownership of more than 80% of the issued General Mining Shares

Provided Galaxy achieves ownership of more than 80% of the issued General Mining Shares, eligible General Mining Shareholders may be entitled to rollover relief from capital gains tax on the consideration they receive under the Offer. However, General Mining Shareholders may be subject to capital gains tax as a result of a later taxable event (such as a disposal)

¹³ Based on the closing prices of Galaxy and General Mining Shares on the ASX on 21 June 2016, the last trading day before the date of this Bidder's Statement, of \$0.520 and \$0.810 respectively.

¹⁴ This is based on the pro forma balance sheet of the Merged Group in section 5.10 of the Bidder's Statement.

happening to the Galaxy Shares received as consideration under the Takeover Offer. Please refer to Section 7 of this Bidder's Statement for more information. You should consult a qualified tax adviser for further taxation advice.

2.5 General Mining's Share price may fall if the Takeover Offer is not successful

Galaxy believes that if the Takeover Offer does not succeed, and if there are subsequently no other alternative offers or proposals for General Mining Shares, the trading price of General Mining Shares may fall.

2.6 No alternative proposal

The Takeover Offer is the only offer available for your General Mining Shares as at the date of this Bidder's Statement. Galaxy is not aware of any other party intending to make an offer for General Mining Shares which is superior to the Takeover Offer.

2.7 Certain General Mining Shareholders have committed to accept the Takeover Offer

Galaxy has entered into pre-bid acceptance agreements with General Mining Shareholders in respect of a total of 4.84% of GMM Shares outstanding. These pre-bid acceptance agreements have been entered into with:

- Wyllie Group Pty Ltd, in respect of 4,780,217 General Mining Shares (being 1.50% of General Mining Shares outstanding);
- PPB Capital Pty Ltd, in respect of 768,000 General Mining Shares (being 0.24% of General Mining Shares outstanding);
- Botsis Super Pty Ltd ATF the Phil & Pamela Botsis Superannuation Fund, in respect of 2,700,000 General Mining Shares (being 0.85% of General Mining Shares outstanding); and
- Botsis Holdings Pty Ltd, in respect of 7,150,000 General Mining Shares (being 2.25% of General Mining Shares outstanding).

Under the terms of the pre-bid acceptance agreements each of those General Mining Shareholders must accept the Takeover Offer in respect of their General Mining Shares subject to those arrangements, within 2 Business Days after the date which is 10 Business Days after the Takeover Offer opens.

The pre-bid acceptance agreements will terminate automatically if:

- Galaxy does not make the Takeover Offer within two months of the Announcement Date, or having made the Takeover Offer withdraws the Takeover Offer;
- the Takeover Offer lapses or expires without being freed from of all Conditions as set out in Annexure A of this Bidder's Statement;
- the Offer has been declared unconditional (or Galaxy has notified that all of the Conditions as set out in Annexure A of this Bidder's Statement have been satisfied or waived) and the relevant General Mining Shareholder has accepted the Offer in respect of its General Mining Shares;
- a Third Party Offer is made at a Third Party Offer Price which exceeds Galaxy's Offer price (or any increase or variation thereof) and Galaxy does not within 5 Business Days after that Third Party Offer is made, make an offer or announced an intention to make an offer which matches or exceeds that Third Party Offer Price; or
- the Takeovers Panel decides that all or any part of the transactions contemplated in the pre-bid acceptance agreements constitute unacceptable circumstances.

The commitment by the General Mining shareholders that have entered into pre-bid acceptance agreements clearly supports the view of your Directors as to the merits of a

merger with Galaxy. These commitments also improve the prospects of the merger between General Mining and Galaxy being consummated in a timely manner.

In addition, Mr Michael Fotios, being the only Director who holds or controls General Mining Shares, intends to accept the Takeover Offer on a date that is not earlier than 21 days after the Takeover Offer opens, in the absence of a Superior Proposal. The General Mining Shares held or controlled by Mr Fotios (along with his associates) represents approximately 10.34% of all General Mining Shares on issue as at the date of this Bidder's Statement. The entities associated with this commitment given by Michael Fotios, include:

- Investmet Limited, in respect of 12,673,269 General Mining Shares (being 3.98% of General Mining Shares outstanding);
- Apollo Corporation (WA) Pty Ltd (**Apollo**), in respect of 5,000,000 General Mining Shares (being 1.57% of General Mining Shares outstanding);
- Whitestone Minerals Pty Ltd, in respect of 8,277,406 General Mining Shares (being 2.60% of General Mining Shares outstanding);
- Delta Resource Management Pty Ltd, in respect of 4,800,000 General Mining Shares (being 1.51% of General Mining Shares outstanding); and
- Michael Fotios (in his own name), in respect of 2,155,556 General Mining Shares (being 0.68% of General Mining Shares outstanding).

2.8 No duty or brokerage

Except in relation to Ineligible Foreign Shareholders, there will be no brokerage or Australian duty payable by you in respect of the sale of your General Mining Shares to Galaxy. CHES holders should check with their Controlling Participant to confirm if fees will be charged for administering acceptances.

2.9 Implications of remaining as a minority shareholder of General Mining

You will be/remain a minority shareholder in General Mining, in circumstances where:

- (a) Galaxy receives acceptances under the Takeover Offer for some but not all General Mining Shares on issue at the end of the Offer Period resulting in Galaxy holding less than a 90% relevant interest in the voting shares of General Mining. However, a condition of the Offer is that the level of acceptance must result in Galaxy obtaining a Relevant Interest in at least 90% of all General Mining Shares. Galaxy reserves the right to free the Takeover Offer from the 90% minimum acceptance Condition save that, under the Bid Implementation Agreement, this Condition cannot be waived by Galaxy, where Galaxy has a Relevant Interest of less than 80% of General Mining Shares, without the prior written consent of General Mining;
- (b) the Offer Period closes and the Takeover Offer is unconditional at the time; and
- (c) you do not accept the Takeover Offer in respect of your General Mining Shares.

In the above circumstances, the market for General Mining Shares may become less liquid or active affecting your ability to dispose of your General Mining Shares should you wish to do so.

3. PROFILE OF GALAXY RESOURCES LIMITED

3.1 Overview of Galaxy

Galaxy Resources Limited is a global lithium-focused resources company, with assets spanning Australia, Argentina and Canada. The Company is listed on the Australian Securities Exchange.

Since June 2013, the current management team has taken the Company through a series of significant financial restructuring initiatives to strengthen and improve the balance sheet. In April 2015, Galaxy completed the divestment of its lithium carbonate processing plant in Jiangsu Province, China – a deal which carried an enterprise value of USD\$173.2 million.

Galaxy is currently advancing plans to develop Sal de Vida in Argentina, which is situated in the Puna Region, an area known as the Lithium Triangle and where Chile, Argentina and Bolivia meet, and which presently accounts for 60% of global lithium resources. Sal de Vida is a proven high quality resource and has excellent promise as a future, world leading low cost production facility.

The Company has an 86% interest in the Mt Cattlin Spodumene Mine (with the remaining 14% owned by General Mining) near Ravensthorpe in Western Australia and wholly owns the James Bay Lithium Pegmatite Project in Quebec, Canada. General Mining has rights to earn up to a 50% interest in the Mt Cattlin Project, together with an option to earn a 50% interest in the James Bay Lithium Pegmatite Project.

Once processed, lithium compounds are used in the manufacture of ceramics, glass, and electronics and an essential ingredient in producing battery materials such as cathode and electrolyte. It is also used in the manufacture of long life lithium-ion batteries used for consumer electronics, power tools, electric bikes as well as hybrid and electric vehicles. Anticipating the growing demand, Galaxy is positioning itself to become a major supplier of high quality lithium.

3.2 Corporate Information

The Company is a public company limited by shares and was registered on 15 January 1996 in Western Australia. It was admitted to the Official List on 6 February 2007 (ASX:GXY).

3.3 Directors and Proposed Director of Galaxy

Details of the responsibilities and experience of the Directors (as at the date of this Bidder's Statement) are set out in Galaxy's 2015 Annual Financial Report, a copy of which is available on request or from Galaxy's website www.galaxyresources.com.au.

A summary of the Galaxy Board, as at the date of this Bidder's Statement, and the Proposed Director, Mr Michael Fotios, is set out below.

Mr Martin Rowley – Non-Executive Chairman

Mr Rowley was a co-founder of TSX and LSE-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 market capitalisation of in excess of \$6 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 company in the uranium sector.

As at the date of this Bidder's Statement, Mr Rowley holds approximately a 1.45% undiluted interest in the Company.

Mr Anthony Tse – Managing Director

Mr Tse has 20 years of corporate experience in numerous high-growth industries such as technology, internet/mobile, media & entertainment, and resource & commodities – primarily in senior management, corporate finance, capital markets and M&A roles across Greater China and the Asia Pacific region in general. His previous management roles include various positions in News Corporation's STAR TV, as the Deputy General Manager of TOM Online (NASDAQ), Director of Corporate Development at Hutchison Whampoa's TOM Group (HKSE), President of China Entertainment Television (a joint venture between TOM and Time Warner), and CEO of CSN Corp. He is a Fellow of the Hong Kong Institute of Directors (HKIoD) and a member of the Hong Kong Mining Investment Professionals Association (HKMIPA).

As at the date of this Bidder's Statement, Mr Tse holds approximately a 1.83% undiluted interest in the Company.

Mr Charles Whitfield – Executive Director

Mr Whitfield is the Principal Investment Officer of Drumrock Capital, an investment firm providing capital and advisory services to start-up and early round companies. He was formerly a Managing Director with Citigroup where he held the position of head of the corporate equity solutions group (Asia Pacific). Prior to this, he worked for Deutsche Bank where he was head of the strategic equity transactions group (Asia Pacific) from 2000. Mr Whitfield received his Masters in Business Administration (majoring in Finance and Strategy) from Columbia Business School (New York) in 1998 and his Bachelor of Economics from The University of Exeter (U.K.) in 1992.

As at the date of this Bidder's Statement, Mr Whitfield holds approximately a 1.80% undiluted interest in the Company.

Mr Jian-Nan Zhang – Non-Executive Director

Mr Zhang is the Deputy General Manager of Fengli Group (Australia) Pty Ltd, a subsidiary of the Fengli Group in China, which is a leading private industrial group in China, with diversified interests in iron and steel, commodities trading, shipping and wharf operation related businesses, and is also a shareholder in the Company. He was previously Managing Director of Winly Trade & Investment in China.

As at the date of this Bidder's Statement, Mr Zhang holds approximately a 0.12% undiluted interest in the Company.

Mr Michael Fotios – Proposed Director

Mr Fotios is a geologist specialising in economic geology with 30 years extensive experience in exploration throughout Australia, taking projects from exploration to feasibility. He has held positions with Homestake Australia Limited and Sons of Gwalia Limited and was a Managing Director of Tantalum Australia NL (now ABM Resources Ltd) and of Galaxy Resources Limited (from April 2006 to November 2008). He has also been a director of Northern Star Resources Ltd and Stirling Resources Limited and is currently on the boards of Horseshoe Metals Limited, Pegasus Metals Limited, Eastern Goldfields Limited and Redbank Copper Limited. He is also founder and Executive Chairman of unlisted investment company, Investmet Limited.

As at the date of this Bidder's Statement, Mr Fotios does not hold a Relevant Interest in any Galaxy Shares.

3.4 Overview of Galaxy's Projects

This Section contains a summary of Galaxy's activities in respect of its current projects. Further information can be found on Galaxy's website, www.galaxyresources.com.au.

3.4.1 Mt Cattlin (Australia)

The Mt Cattlin spodumene project is located two kilometres north of the town of Ravensthorpe in Western Australia. The project comprises of a series of tenements surrounding

and including the mining lease M74/12, which contains the majority of the spodumene (LiAlSi₂O₆) mineral resource identified to date (as detailed in Section 3.4.4 below) and which hosts the Mt Cattlin mine.

Until February 2013, when the mine was placed on care and maintenance, Galaxy was mining pegmatite ore at Mt Cattlin which was processed on site to produce a lithium concentrate and a tantalum by product.

The Mt Cattlin mine operations included open-pit mining of a flat lying pegmatite ore body. The flat lying nature of the ore body allows mining to proceed at a constant strip ratio once the ore is uncovered. Mining was carried out using excavator and truck operations, delivering to a conventional crushing and HMS gravity recovery circuit.

The processing plant at Mt Cattlin is located approximately 2 kilometres north-west of the Ravensthorpe town. The plant consists of a 4-stage crushing circuit capable of producing a -6mm product from Run-Of-Mine (ROM) ore at a treatment rate of 1 million tonnes per annum. The crushing plant provides feed to a fine ore bin and this fine ore bin feeds the concentrator.

The concentrator consists of reflux classifier, dual size steam, two stages of Heavy (or Dense) Media Separation (HMS) cyclones, with mechanical attritioning of the intermediate sink product.

During the financial year ended 31 December 2015, the Company reached agreement with General Mining, whereby General Mining was appointed the sole operator and manager of the Mt Cattlin Project with the right to earn a 50% equity interest in Mt Cattlin for a commitment of \$25 million over 3 years.

The consideration is to be satisfied by way of a minimum of \$7 million in capital expenditure to restart production (which has occurred) plus three annual instalments of \$6 million, payable quarterly in arrears from the commencement date of production. General Mining currently owns 14% of Mt Cattlin following the \$7 million capital expenditure incurred to restart production. The transaction was approved at a General Mining shareholders meeting on 9 September 2015.

A Mineral Resource and Ore Reserve update on Mt Cattlin was announced on 5 August 2015 by General Mining.

On 1 April 2016, General Mining announced that production had re-commenced at Mt Cattlin with both mining and processing operations having started from stockpiled spodumene and tantalum concentrates ahead of crusher and HMS circuit (coarse circuit) commissioning to take place in the 3rd quarter of 2016.

On 8 March 2016, General Mining announced a Sales and Distribution Agreement with Mitsubishi Corporation and two Chinese offtake parties for 100% of the spodumene production from Mt Cattlin. Formal documentation was completed with one of the offtake parties on 18 May 2016 for the sale of 30,000 tonnes of spodumene concentrate in 2016 at a price of USD\$600/tonne, 50% payable in advance. The USD\$9 million pre-payment has been received by General Mining on behalf of the joint venture.

3.4.2 Sal de Vida

The Sal de Vida project is located in north-west Argentina in the Puna region in an area that is known as the 'Lithium Triangle', home to around 60 per cent of the world's annual production of lithium from brines in the Salar de Atacama in Chile and the Salar del Hombre Muerto in Argentina.

The Salar lies approximately 1,400 kilometres north-west of Buenos Aires at an altitude of 4,025 metres. The property is accessible from the city of Salta via an all-seasons road, and there is a major powerline 115 kilometres away.

The project comprises 100% of the brine mineral rights over more than 385 square kilometres on the eastern half of the Salar del Hombre Muerto. The western half of the Salar is the site of

Argentina's only commercial scale lithium mining operation owned by Minera del Altiplano, a subsidiary of FMC Corporation, one of the top three lithium producers globally. The Fenix operation has been producing lithium since 1997.

A salar is a predominantly dry ancient seabed within a restricted drainage basin. Normally, the dry climate and lack of drainage results in the deposit of salt and borate minerals with sand and clay intervals. Just below the surface, the pore spaces of the unconsolidated sands, silts and salt bodies are filled with water. Near surface, the water is brackish and below approximately two metres in depth, the water is consistently very salty (brine). In addition to ordinary salt (sodium chloride), the brines also contain high concentrates of dissolved potassium chloride, lithium chloride and boron.

The Sal de Vida (Salt of Life) deposit is considered one of the world's largest and highest quality undeveloped lithium brine deposits with significant expansion potential. It is strategically located on the same salar as FMC Lithium's Fenix operations, thus benefiting from a similar chemistry, as well as the local infrastructure and raw material supply chain that has been built up over the past couple of decades.

In April 2013, Galaxy released a Definitive Feasibility Study (DFS), which supported a low cost, long life lithium and potash operation. The definitive feasibility study completed in 2013 assumed a lithium carbonate price of USD\$5,500/tonne while recent lithium carbonate pricing indications in the market suggest prices of up to USD\$14,000/tonne in Japan and the USD\$20,000/tonne in China.

The Company is currently undertaking a formal review and revision of the definitive feasibility study, primarily on the economics and financial modelling, with results due in the July quarter 2016. This has been done in light of the recent macroeconomic and policy changes in Argentina, as well as the latest developments in lithium market pricing. Other activities being undertaken also include the assembling of an owner's team and the reactivation of a pilot program to prepare for a demo plant operation, the build out of which is to be commenced ahead of the main project build out.

3.4.3 James Bay

The James Bay lithium pegmatite Project in Quebec, Canada contains indicated resources of 11.75 million tonnes grading at 1.30% Li₂O and inferred resources of 10.47mt grading at 1.20% Li₂O (refer to Section 3.4.4). The deposit occurs at surface and resource modelling indicates that the resource is amenable to open pit extraction. There is excellent potential to increase the resources through additional delineation of the pegmatite dykes along strike and at depth and potential to increase grade through infill drilling.

The Project is located in northwest Quebec, two kilometres south of the Eastmain River and 100 kilometres east of James Bay. The topography is gently rolling to flat lying with much of it covered by muskeg. Outcrops are common, usually occurring as mounds or ridges above the surrounding plain.

The Project is readily accessible by paved road as the James Bay Highway bisects the property 384 kilometres from Mattagami where there is an airport and mining infrastructure. The property can be accessed by aircraft with an airstrip only 15 kilometres away. The Relais Routier gas station and truck stop is located one kilometre from the property with helicopter access, fuel, motel and restaurant services.

The James Bay Project lies in the northeast part of the Superior Province, within the Archean Lower Eastmain greenstone belt composed predominantly of amphibolite grade mafic to felsic metavolcanic and metasedimentary rock and minor gabbro. The deposit area is underlain by the Auclair Formation consisting of mainly paragneiss intruded by spodumene-bearing pegmatite dykes. Volcanic rocks of the Komo Formation occur north of the pegmatite dykes. The greenstone rocks are surrounded by migmatite and gneiss.

The deposit comprises of several swarms of pegmatite dykes. Surface mapping identified 15 different pegmatite swarms, each consisting of up to seven dykes. The individual pegmatite

bodies are mainly irregular dykes or lenses attaining up to 60 metres in width and over 100 metres in length. The pegmatite outcrops form a discontinuous band or "corridor" approximately four kilometres long and 300 metres wide, cutting the host rock at a low angle and cross-cutting the regional foliation at a high angle.

Pegmatites formed by the crystallisation of post-magmatic fluids enriched in light elements such as lithium, boron and beryllium inside the crust. Geological investigations to date reveal that the pegmatite dykes at James Bay are almost always spodumene-bearing. The mineral spodumene (chemical formula $\text{LiAlSi}_2\text{O}_6$), in its pure form contains 8.02% Li_2O . Spodumene crystals at James Bay are relatively coarse, usually more than 5cm in length and sometimes exceeding one metre.

General Mining has the option to earn a 50% interest in James Bay through USD\$5 million in exploration expenditure over 3 years, with USD\$2.5 million needing to be spent on or before 4 September 2017.

3.4.4 Mineral Resources and Ore Reserves

The following information sets out the Company's Mineral Resources and Ore Reserves as at the date of this Bidder's Statement.

Sal de Vida Project

Table 1 – Summary of Mineral Resource Estimate, 2012

Resource Category	Brine Volume (m ³)	Avg. Li (mg/l)	In situ Li (tonnes)	Li_2CO_3 Equivalent (tonnes)	Avg. K (mg/l)	In situ K (tonnes)	KCl Equivalent (Tonnes)
Measured	7.2 x 10 ⁸	787	565,000	3,005,000	8,695	6,241,000	11,902,000
Indicated	2.6 x 10 ⁸	768	197,000	1,048,000	8,534	2,186,000	4,169,000
M+Ind	9.8 x 10 ⁸	782	762,000	4,053,000	8,653	8,427,000	16,071,000
Inferred	8.3 x 10 ⁸	718	597,000	3,180,000	8,051	6,692,000	12,762,000
Total	18.1 x 10 ⁸	753	1,359,000	7,233,000	8,377	15,119,000	28,833,000

Cut off grade: 500 mg/L lithium.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Table 2 – Probable and Proven Ore Reserve Statement, April 2013

Reserve Category	Time Period	Tonnes Li Total Mass	Tonnes Equivalent Li_2CO_3	Tonnes K Total Mass	Tonnes Equivalent KCl
Proven	1 - 6	34,000	181,000	332,000	633,000
Probable	7 - 40	180,000	958,000	1,869,000	3,564,000
Total	40 years total	214,000	1,139,000	2,201,000	4,197,000

Note: Assumes 500 mg/L Li cut off

Total tonnages for the economic reserve values provided in Table 2 account for anticipated leakage and process losses of lithium and potassium. Table 2 gives results of the Proven and Probable Reserves from the Southwest and East well fields when these percent estimated processing losses are factored in, assuming a continuous average brine extraction rate of 30,000 m³/d. The conversion factor for Lithium to Lithium Carbonate is: x 5.3228. The conversion factor for Potassium to Potassium Chloride is: x 1.907.

James Bay Project

Table 1 - James Bay Mineral Resource Estimate, November 2010

Resource Category	Tonnes	Li ₂ O %
Indicated	11,750,000	1.30%
Inferred	10,470,000	1.20%
Total	22,220,000	1.28%

Note: Reported at a cut-off grade of 0.75 percent Li₂O inside conceptual pit shells with overall pit slope of forty-five degrees. All figures rounded to reflect the relative accuracy of the estimates. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

This Mineral Resource Estimate at the James Bay project was current at the time Galaxy acquired the project and no further estimation work has taken place since the acquisition of the project. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Mt Cattlin Project

On 4 August 2015, General Mining announced an updated Resource and Reserve for the Mt Cattlin Project. General Mining have the right to acquire a 50% interest in the Mt Cattlin Project and as at the date of this Bidder's Statement have acquired a 14% interest in the Mt Cattlin Project.

Table 1- Mt Cattlin Mineral Resource Estimate, July 2015

Resource Category	Tonnes	Li ₂ O %	Ta ₂ O ₅ ppm	Nb ₂ O ₅ ppm	Li ₂ O metal t	Ta ₂ O ₅ Lbs
Measured	2,540,000	1.20	152	92	31,000	853,000
Indicated	9,534,000	1.06	170	85	101,000	3,566,000
Inferred	4,343,000	1.07	132	91	47,000	1,267,000
TOTAL	16,416,000	1.08	157	88	178,000	5,686,000
Total M+Indicated	12,073,336	1.09	166	86	131,000	4,419,000

Note: 0.4% Li₂O cut off, depleted for July 2012 EOM surface. Figures may not sum due to rounding and significant figures do not imply an added level of precision.

Table 2 – Mt Cattlin Ore Reserve, September 2010

Reserve Category	Tonnes	Li ₂ O %	Ta ₂ O ₅ ppm
Proved	2,430,000	1.11	141
Probable	7,544,000	1.02	152
TOTAL	9,974,000	1.04	149

Note, 0.4% Li₂O cut off, depleted for July 2012 EOM surface. Figures may not sum due to rounding and significant figures do not imply an added level of precision.

3.4.5 The Lithium Market

The market demand globally for lithium products continues to be very strong and supply of raw materials as feedstock, particularly in markets such as China, remains tight with very limited availability. Much of the increase on the demand side has been driven by continued fundamental growth on the end user application side, with consumption from the transportation sector becoming increasingly evident. Following on from 2015 where it reported sales of 379,000 new energy vehicles, China recently set a target of 5 million such vehicles to be on the road by 2020.

As part of China's effort to combat pollution and boost the development of green technology, Premier Li Keqiang has been leading key initiatives sponsored by the State Council. These include continued support at the policy level for new energy vehicles with tax exemptions and subsidies; encouragement for government offices, public institutions and city departments to procure such vehicles for up to fifty percent of their annual fleet purchases (up from the thirty percent requirement set in July 2015); and a major push on investment in charging infrastructure.

China is not the only country seeing significant growth in the electric transportation sector. In recent months, announcements have been made by governments in Norway and the Netherlands to ban petrol and diesel engine vehicles by 2025, and complete the switchover to electric vehicles – Norway today already has the highest penetration rate, with 23% of electric and hybrid vehicles in the world. Additionally, India also recently announced growth targets of 6 million electric vehicles on the road by 2020 and a complete switch over to electric vehicles by 2030.

Aside from the increasing adoption in the transportation sector globally (not just electric and hybrid cars, but also electric bikes and buses), the growth in more traditional lithium battery application segments, such as consumer electronics remains very robust - smartphone shipments alone are expected to grow substantially with other wearable devices also now coming into the marketplace, all powered by the lithium ion battery. Last, but not least, distributed storage systems at both the commercial and consumer level are now starting to be rolled out and deployed, including to buffer clean energy generated from solar panels and wind farms.

3.4.6 Further Information

Galaxy is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Galaxy is subject to the ASX Listing Rules which require continuous disclosure of any information Galaxy has concerning itself that a reasonable person would expect to have a material effect on the price or value or its securities.

ASX maintains files containing publicly disclosed information about all listed companies. Galaxy's file is available for inspection at ASX during normal business hours.

Galaxy is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by Galaxy may be obtained from, or inspected at, an ASIC office.

On request to Galaxy and free of charge, General Mining Shareholders may obtain a copy of:

- (a) the annual financial report of Galaxy for the year ended 31 December 2015 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC);
- (b) any half-year financial report lodged with ASIC by Galaxy after the lodgement of the annual financial report referred to above and before lodgement of this Bidder's Statement with ASIC; and

- (c) any continuous disclosure notice given to ASX by Galaxy since the lodgement with ASIC of the 2015 annual report for Galaxy referred to above and before lodgement of this Bidder's Statement with ASIC.

A list of the announcements the Company has lodged with ASX since 31 December 2015 is set out in Annexure C to this Bidder's Statement.

A substantial amount of information about Galaxy is available in electronic form from www.galaxyresources.com.au and on the ASX website.

3.4.7 Competent Persons' Statements

Sal de Vida

The information in this Bidder's Statement that relates to Mineral Resources and Ore Reserves for the Sal de Vida project is based on, and fairly represents, information and supporting documentation that has been compiled by Mr Michael Rosko. Mr Rosko, is a member of Society of Mining, Metallurgy and Exploration, Inc, a Recognised Overseas Professional Organisation promulgated by ASX. Mr Rosko is a full time employee of E.L. Montgomery and Associates and has sufficient relevant experience of the style of mineralisation and type of deposit under consideration and of the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 JORC Code. Mr Rosko consents to the inclusion in this Bidder's Statement of the matters based on his information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has been not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Mt Cattlin

The information in this Bidder's Statement that relates to Mineral Resources and Ore Reserves for the Mt Cattlin Project is extracted from the report entitled "Mt Cattlin Update: Revised Resource & Reserve Statement" dated and published on 4 August 2015 by General Mining Limited (ASX: GMM) which is available to view on www.asx.com.au (**Original Announcement**). The Company confirms that it is not aware of any new information or data that materially affects the information included in the Original Announcement made by General Mining. The Company understands that the material assumptions and technical parameters underpinning the estimates in the Original Announcement continue to apply and have not materially changed.

James Bay

The information in this Bidder's Statement that relates to Mineral Resources at the James Bay Project is based on work completed by Mr James McCann, who is a Member of the Order of Geologists of Québec, a Recognised Overseas Professional Organisation. Mr McCann is a full time employee of McCann Geosciences, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 JORC Code. Mr McCann consents to the inclusion in this Bidder's Statement of the matters based on his information in the form and context it appears. This information was prepared and first disclosed under the JORC Code 2004. It has been not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

3.5 Capital structure

The capital structure of Galaxy as at the date of this Bidder's Statement is as follows:

Securities	Number
Shares	
Current Galaxy Shares (assuming no options are exercised or other shares issued and inclusive of Special Voting Shares) ¹	1,284,119,053
Share Appreciation Rights	
Share Appreciation Rights ²	25,800,000
Options/Warrants³	
Unlisted options exercisable at \$1.11 with varying vesting and expiry dates	2,350,000
Unlisted options exercisable at \$1.16 with varying vesting and expiry dates	2,050,000
Unlisted options exercisable at \$0.03 on or before 1 April 2018	25,000,000
TOTAL	29,400,000

Notes

1. Comprising 1,277,160,767 Fully Paid Ordinary shares and 6,958,286 Special Voting Shares (which when combined with Exchangeable Shares are broadly the economic equivalent of a Galaxy Share). The rights attaching to the Galaxy Shares are summarised in Section 3.12 of this Bidder's Statement and based on Galaxy's Constitution. The terms and conditions of the Special Voting Shares are contained in the Notice of Meeting announced 15 May 2012 and ASX Announcement dated 8 June 2012.
2. On the terms and conditions contained in the Notice of Meeting announced 29 April 2015.
3. The Company has agreed to grant 10,000,000 warrants to OCP exercisable at \$0.415 each with a three year term (**Warrants**). These Warrants are effectively Galaxy Options, each conferring a right to be issued a Galaxy Share. Please refer to Section 9.7 for further details.

3.6 Summary Historical Financial Information

3.6.1 Basis of Presentation of Historical Financial Information

The historical financial information below relates to Galaxy Resources Limited and its subsidiaries on a stand-alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and has been extracted from the audited consolidated financial reports of Galaxy (including the notes therein) for the years ending 31 December 2013, 31 December 2014 and 31 December 2015. Copies of these annual reports are available at www.galaxyresources.com.au and also the ASX website.

The historical financial information in respect of Galaxy has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards, and in accordance with the accounting policies, as set out in the financial reports of Galaxy for the full year ended 31 December 2013, 31 December 2014 and 31 December 2015.

KPMG Australian Partnership's Independent Auditor's Report on Galaxy's Annual Financial Report for the year ended 31 December 2013 contained an emphasis of matter statement in respect of a material uncertainty regarding the Group's continuation as a going concern.

PricewaterhouseCoopers Australian Partnership's Independent Auditor's Report on Galaxy's Annual Financial Report for the year ended 31 December 2014 contained an emphasis of matter statement in respect of a material uncertainty regarding the Group's continuation as a going concern being dependent on the Group completing the sale of its subsidiary and renegotiating debt arrangements or raising additional funds.

PricewaterhouseCoopers Australian Partnership's Independent Auditor's Report on Galaxy's Annual Financial Report for the year ended 31 December 2015 was unqualified and did not have an emphasis of matter statement.

The past performance of Galaxy is not a guarantee of future performance.

3.6.2 Galaxy Consolidated Statement of Financial Position

As at \$'000	31 Dec 2013 Audited	31 Dec 2014 Audited	31 Dec 2015 Audited
Current Assets			
Cash and cash equivalents	2,565	13,389	4,761
Other receivables	537	669	6,618
Inventories	1,162	1,096	1,064
	4,264	15,154	12,443
Assets classified as held for sale	173,248	187,231	-
Total Current Assets	177,512	202,385	12,443
Non-Current Assets			
Property, plant and equipment	2,136	1,909	1,685
Exploration and evaluation assets	137,115	130,995	124,005
Available-for-sale financial assets	102	40	1,549
Other receivables	63	-	-
Total Non-Current Assets	139,416	132,944	127,239
Total Assets	316,928	335,329	139,682
Current Liabilities			
Trade and other payables	4,547	5,162	1,361
Deposit for Jiangsu transaction	-	14,958	-
Provisions	945	652	52
Interest bearing liabilities	64,702	101,233	-
	70,194	122,005	1,413
Liabilities directly associated with assets classified as held for sale	135,243	155,804	-
Total Current Liabilities	205,437	277,809	1,413
Non-Current Liabilities			
Provisions	7,376	7,455	7,174
Interest bearing liabilities	-	-	28,293
Total Non-Current Liabilities	7,376	7,455	35,467
Total Liabilities	212,813	285,264	36,880
Net Assets	104,115	50,065	102,802
Equity			
Contributed equity	448,461	450,693	459,218
Reserves	14,465	11,986	(6,633)
Accumulated losses	(363,835)	(417,504)	(353,964)
Capital and reserves attributable to owners of Galaxy Resources Ltd	99,091	45,175	98,621
Non-controlling interests	5,024	4,890	4,181
Total Equity	104,115	50,065	102,802

3.6.3 Galaxy Consolidated Statement of Comprehensive Income

For the year ended \$'000	31 Dec 2013 Audited	31 Dec 2014 Audited	31 Dec 2015 Audited
Revenue			
Finance income	132	35	4,277
Other income	1,459	185	50
Expenses			
Operating costs	(3,156)	(310)	(110)
Administration costs	(5,470)	(4,013)	(4,488)
Employment costs	(6,796)	(4,394)	(4,317)
Depreciation	(6,945)	(152)	(123)
Finance costs	(12,478)	(10,431)	(9,611)
Foreign exchange gains (losses)	1,917	(2,994)	(939)
Impairment of property, plant and equipment	(35,599)	(27)	-
Impairment of exploration and evaluation	(10,830)	(6,532)	(319)
Provision for rehabilitation	(1,557)	(581)	-
Provision for inventory	(1,094)	-	-
Provision for onerous contracts	(1,421)	-	-
Loss before taxation	(81,838)	(29,214)	(15,580)
Income tax	-	-	-
Loss from continuing operations	(81,838)	(29,214)	(15,580)
Profit (loss) from discontinued operation	(26,064)	(25,490)	70,443
Profit (loss) for the period	(107,902)	(54,704)	54,863
Other comprehensive income (loss)			
Foreign currency translation differences – foreign operations	3,250	(1,692)	(5,437)
Reclassification of cumulative foreign currency gain on disposal of subsidiary	-	-	(8,320)
Net changes in available-for-sale financial assets	-	-	1,459
Other comprehensive income (loss) for the period	3,250	(1,692)	(12,298)
Total comprehensive income (loss) for the period	(104,652)	(56,396)	42,565
Total comprehensive income (loss) for the period attributable to:			
Owners of Galaxy Resources Ltd	(104,652)	(56,263)	43,275
Non-controlling interests	-	(133)	(710)
	(104,652)	(56,396)	42,565

3.6.4 Management Commentary on Historical Results

(a) (Revenue):

Operating income from the Jiangsu Lithium Plant ("Jiangsu") is included in profit (loss) from discontinued operations in each respective year. A gain on disposal of \$76 million from the sale of Jiangsu is included in the profit from discontinued operations for the year ended 31 December 2015.

(b) **(Expenditure):**

Operating expenses for Jiangsu is included in profit (loss) from discontinued operation in each respective year.

In 2013 the expenses detailed as impairment of property, plant and equipment, impairment of exploration and evaluation and provisions for rehabilitation, inventory and onerous contracts related to the Mt Cattlin plant being placed on care and maintenance. In 2014 the majority of the impairment of exploration and evaluation related to the recoverable value of James Bay and there was a further rehabilitation expense against Mt Cattlin.

(c) **(Assets):**

Total assets of Jiangsu are included as liabilities directly associated with assets classified as held for sale at 31 December 2013 and 2014. The disposal of Jiangsu was completed 14 April 2015.

A deferred tax asset has not been recorded at 31 December 2015 for tax losses of \$214 million due to the uncertainty of future taxable profits.

(d) **(Liabilities):**

Total liabilities of Jiangsu are included as assets classified as held for sale at 31 December 2013 and 2014. Proceeds from the Jiangsu sale were utilised to repay some of the then current interest bearing liabilities in 2015.

A new three year secured loan facility of \$31 million was executed with OCP on 24 November 2015 with an annual interest rate of 10% and a facility fee of 8% paid in Galaxy Shares plus 10 million Warrants (refer section 9.7 for all loan facility and Warrant terms). The facility was fully drawn at 31 December 2015 with funds of \$6.2 million remaining uncredited to Galaxy's account at that date and hence reflected as a receivable. These funds were subsequently received in February 2016 once a suitable bank account was established to meet the facility requirements. This account is required to contain the equivalent of two years interest on the secured loan advance balance at any time during the first two years of the facility.

3.7 Galaxy Pro Forma Historical Financial Information

3.7.1 Basis of Preparation

The following unaudited pro forma historical financial information of Galaxy is provided for illustrative purposes only. The unaudited pro forma consolidated statement of financial position as at 31 December 2015 gives effect to the below transactions as if they had occurred as of 31 December 2015 and excludes the General Mining merger.

In addition, the unaudited pro forma historical financial information of Galaxy Group has been presented in an abbreviated form insofar as it does not contain all disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

3.7.2 Pro Forma Adjustments

The following unaudited pro forma adjustments have been made in relation to material transactions that have taken place since the preparation of the Galaxy consolidated statement of financial position as at 31 December 2015.

(a) **Receipt of Outstanding OCP Funding**

On 26 February 2016 Galaxy received \$6.2 million being the final balance of funding from OCP into a collateral bank account to be utilised to pay interest on the OCP facility.

The following pro forma adjustments have been made in preparing the Galaxy unaudited pro forma consolidated statement of financial position as at 31 December 2015.

- (i) An increase in cash and cash equivalents \$6.2 million and corresponding decrease in current receivables.

(b) **Sale of 50% of Mt Cattlin**

On 31 March 2016 General Mining achieved restart of production at the Mt Cattlin plant which triggered an entitlement to 14% equity in the Mt Cattlin assets in line with the Acquisition and Development Agreement with Galaxy. At this date 50% of the net assets of Mt Cattlin have been treated as sold and a receivable of \$18 million from General Mining created. General Mining previously confirmed commitment of \$7 million capital expenditure on the Mt Cattlin plant which satisfied a condition of the first milestone in the Acquisition and Development Agreement. No capital expenditure has been recorded in the pro forma as the specificity and timing of actual expenditure to date has not been advised.

The following pro forma adjustments have been made in preparing the Galaxy unaudited pro forma consolidated statement of financial position as at 31 December 2015.

- (i) An increase in the fair value of Mt Cattlin property, plant and equipment by \$36 million and corresponding decrease in accumulated losses representing a reversal of previous impairment. This fair value adjustment reflects the value attributed to Mt Cattlin by the Acquisition and Development Agreement.
- (ii) An increase in current receivables of \$6 million and non-current receivables of \$12 million with decreases in property, plant and equipment of \$17.13 million, exploration and evaluation of \$1.83 million, inventories of \$0.53 million and provision for rehabilitation of \$1.5 million to recognise the sale of a 50% interest in Mt Cattlin to General Mining.

(c) **Offtake Prepayment**

On 18 May 2016 General Mining announced the execution of a final offtake agreement with a Chinese customer for 30,000 tonnes of spodumene concentrate for delivery in 2016 at a price of USD 600/tonne. A 50% prepayment of US\$9 million on this contract was received by General Mining. Galaxy is entitled to a 50% share of all profits from the Mt Cattlin operation as Acquisition and Development Agreement partner.

The following pro forma adjustments have been made in preparing the Galaxy unaudited pro forma consolidated statement of financial position as at 31 December 2015.

- (i) An increase in cash and cash equivalents of \$6.0 million and an increase in current liabilities of \$6.0 million (USD\$4.5 million @ 0.7444 closing forex rate 20 June 2016).

(d) **Options Exercised**

On 19 May 2016 Galaxy issued 12 million ordinary shares on exercise of 12 million unlisted options at an exercise price of \$0.08 per share.

The following pro forma adjustments have been made in preparing the Galaxy unaudited pro forma consolidated statement of financial position as at 31 December 2015.

- (i) An increase in cash and cash equivalents of \$0.96 million and a corresponding increase in contributed equity.

3.7.3 Galaxy 31 December 2015 Pro Forma Consolidated Statement of Financial Position

	AUDITED	UNAUDITED				
As at 31 December 2015 \$'000	Galaxy 31 Dec 2015 (1)	OCP Loan Funds (a)	Mt Cattlin Sale (b)	Offtake Payment (c)	Options Exercised (d)	Galaxy 31 Dec 2015 Pro Forma
Current Assets						
Cash and cash equivalents	4,761	6,200	-	6,045	960	17,966
Other receivables	6,618	(6,200)	6,000	-	-	6,418
Inventories	1,064	-	(532)	-	-	532
Total Current Assets	12,443	-	5,468	6,045	960	24,916
Non-Current Assets						
Property, plant and equipment	1,685	-	18,870	-	-	20,555
Exploration and evaluation assets	124,005	-	(1,835)	-	-	122,170
Available-for-sale financial assets	1,549	-	-	-	-	1,549
Other receivables		-	12,000	-	-	12,000
Total Non-Current Assets	127,239	-	29,035	-	-	156,274
Total Assets	139,682	-	34,503	6,045	960	181,190
Current Liabilities						
Trade and other payables	1,361	-	-	-	-	1,361
Offtake prepayment	-	-	-	6,045	-	6,045
Provisions	52	-	-	-	-	52
Total Current Liabilities	1,413	-	-	6,045	-	7,458
Non-Current Liabilities						
Provisions	7,174	-	(1,497)	-	-	5,677
Interest bearing liabilities	28,293	-	-	-	-	28,293
Total Non-Current Liabilities	35,467	-	(1,497)	-	-	33,970
Total Liabilities	36,880	-	(1,497)	6,045	-	41,428
Net Assets	102,802	-	36,000	-	960	139,762
Equity						
Contributed equity	459,218	-	-	-	960	460,178
Reserves	(6,633)	-	-	-	-	(6,633)
Accumulated losses	(353,964)	-	36,000	-	-	(317,964)
Capital and reserves attributable to owners of Galaxy Resources Ltd	98,621	-	36,000	-	960	135,581

	AUDITED	UNAUDITED				
As at 31 December 2015 \$'000	Galaxy 31 Dec 2015 (1)	OCP Loan Funds (a)	Mt Cattlin Sale (b)	Offtake Payment (c)	Options Exercised (d)	Galaxy 31 Dec 2015 Pro Forma
Non-controlling interests	4,181	-	-	-	-	4,181
Total Equity	102,802	-	36,000	-	960	139,762

(1) Refer to table 3.6.2.

3.8 Galaxy Forecast Information

Galaxy's future financial performance is dependent on a range of factors, many of which are beyond Galaxy's control. Accordingly, Galaxy's Directors have concluded that forecast financial information would be misleading to provide, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable Australian law, policy and market practice.

Further information is available on Galaxy's financial performance from its financial reports. Copies of these reports are available from Galaxy's website www.galaxyresources.com.au.

3.9 Corporate Governance

The Galaxy Board seeks, where appropriate, to provide accountability levels that meet or exceed the ASX Corporate Governance Council's Principles and Recommendations with 2014 amendments.

Details on Galaxy's corporate governance procedures, policies and practices can be obtained from pages 50-55 of Galaxy's annual report to shareholders for the financial year ending 31 December 2015 and also at www.galaxyresources.com.au.

3.10 Recent Performance of Galaxy Shares

Set out below is a table showing relevant trading prices of Galaxy Shares on ASX:

Comparative trading period	Price of Galaxy Shares
Highest trading price on ASX in the 4 months prior to the date this Bidder's Statement was lodged with ASIC	\$0.580
Lowest trading price on ASX in the 4 months prior to the date this Bidder's Statement was lodged with ASIC	\$0.170
Closing trading price on ASX on the last trading day before the date Galaxy announced the Takeover Offer	\$0.395
Last available closing sale price of Galaxy Shares (as at 21 June 2016) on ASX prior to the date this Bidder's Statement was lodged with ASIC	\$0.520
20-day volume weighted average price of Galaxy Shares before the Announcement Date	\$0.405

3.11 Admission of Takeover Offer Consideration

Galaxy Shares are admitted to trading on the Official List of ASX. Galaxy will lodge an application for admission to quotation of the shares comprising the Takeover Offer Consideration to trading on ASX. Quotation will not be automatic and will depend upon ASX exercising its discretion. Nothing in this Bidder's Statement is to be taken to state or imply that the Galaxy Shares issued as Takeover Offer Consideration will be quoted on ASX. However,

quotation is expected in the ordinary course as Galaxy is already admitted to the Official List of ASX.

As Galaxy is listed on ASX, Galaxy's actions and activities are subject to the ASX Listing Rules.

3.12 Rights and Liabilities of Galaxy Shares

The Galaxy Shares offered to General Mining Shareholders under the Takeover Offer are fully paid ordinary shares in the capital of Galaxy, and from the date of their issue will rank equally with existing Galaxy Shares and will have the same rights and liabilities attaching to them.

The rights and liabilities attaching to Galaxy Shares are governed by the Constitution of Galaxy, the Corporations Act, ASX Listing Rules, ASX Settlement Operating Rules and the general law of Australia.

Under Section 140(1) of the Corporations Act, the Constitution of Galaxy has effect as a contract between Galaxy and each member and between a member of Galaxy and each other member. Accordingly, if you accept Galaxy Shares as consideration you will, as a result, become liable to comply with the Constitution of Galaxy.

Set out below is a summary of the significant rights and liabilities attaching to Galaxy Shares. It does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders of Galaxy. General Mining Shareholders should seek their own advice when trying to establish their rights in specific circumstances.

Full details of the rights attaching to Galaxy Shares are set out in the Constitution, a copy of which is available for inspection at Galaxy's registered office during normal business hours.

3.13 Rights Attaching to Galaxy Shares

The rights, privileges and restrictions attaching to Galaxy Shares can be summarised as follows:

Heading	Description of the right or liability
Voting rights	Subject to any rights or restrictions attached to any class of shares, whether by their issue, the Constitution, the Listing Rules or the Corporations Act, at a general meeting each shareholder present in person or by proxy, company representative or attorney, is entitled to one vote on a show of hands. Upon a poll, every shareholder present in person or by proxy, company representative or attorney, is entitled to one vote for each fully paid share that the shareholder holds.
General meeting and notices	Each shareholder is entitled to receive notice of and to be present, to vote and to speak at a general meeting of the Company. Further, each shareholder is entitled to receive all notices, accounts and other documents required to be furnished to shareholders under the constitution of the Company, the Listing Rules or the Corporations Act.
Dividend Rights	Subject to the Corporations Act, the Constitution and the terms of issue or rights of any shares with special rights to dividends, the Directors may determine that a dividend is payable, fix the amount and the time for payment and authorise the payment or crediting by the Company to or at the direction of each Shareholder entitled to that dividend. The Company does not expect to pay dividends in the short to medium term.
Variation of class rights	The Company may only modify or vary the rights attaching to any class of shares by a special resolution of the Company and a special resolution passed at a meeting of the holders of the issued shares of that class.
Further issue of Galaxy Shares and	Subject to the Corporations Act, the constitution of the Company and the Listing Rules, the Directors may issue, cancel or grant options over unissued Shares in the company on such terms and conditions as they determine.

Heading	Description of the right or liability
Galaxy Options	
Transfer of Galaxy Shares	Subject to the constitution of the Company, the Corporations Act, the ASX Settlement Operating Rules and the Listing Rules, shares are freely transferable. Shares may only be transferred by a proper instrument in writing delivered to the Company, and the transferor is deemed to remain the holder of the shares until the name of the transferee is entered into the Company's register of members. The Company may decline to register a transfer where permitted by law, the Listing Rules or the ASX Settlement Operating Rules.
Winding up	If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among Shareholders the whole or any part of the property of the Company and may for that purpose set such value as the liquidator considers fair on any property to be so divided and may determine how the division is to be carried out as between the Shareholders or holders of different classes of shares.

3.14 Galaxy Options

Galaxy has granted 29,400,000 Galaxy Options which are not listed on the ASX. Each Galaxy Option entitles the holder to subscribe for one Galaxy Share at the respective exercise prices and at any time prior to the corresponding expiry dates set out in Section 3.5 of this Bidder's Statement.

3.15 OCP Warrants

As originally announced on 17 November 2015, in part payment of the Facility fee, the Company has agreed to grant 10,000,000 warrants (being Galaxy Options) to OCP pursuant to the Facility. These Options are yet to be issued and the Company has recently agreed to vary the terms of these Options pursuant to the Consent to Variation. Please refer to the Consent to Variation summary in Section 9.7 for further details.

3.16 Galaxy Share Appreciation Rights

Galaxy has granted 25,800,000 Share Appreciation Rights, which are not listed on the ASX. Each Share Appreciation Right entitles the holder, on vesting, to receive the difference between the market value of a Galaxy Share on the date on which the right is exercised, and \$0.03. The amount is to be paid in Galaxy Shares or, if the Board so elects, in cash.

The vesting conditions on 17,400,000 Share Appreciation Rights have been met and, as such, these Share Appreciation Rights may be exercised by the holders at any time. If exercised, the number of Galaxy Shares on issue will increase in accordance with the terms and conditions of the Share Appreciation Rights and the number of Share Appreciation Rights on Issue will fall by the number exercised.

3.17 Galaxy Exchangeable Shares and Galaxy Special Voting Shares

Pursuant to a merger which was implemented in 2012, Galaxy issued 14,122,588 Exchangeable and Special Voting Shares. An Exchangeable Share and Special Voting Share provided the holder with a share in Galaxy Canada that is broadly the economic equivalent of one Galaxy Share until the Exchangeable and Special Voting Share is exchanged for one Galaxy Share. To date, 7,164,302 Exchangeable and Special Voting Shares have been converted into Galaxy Shares. 6,958,286 Exchangeable and Special Voting Shares remain on issue. Further details regarding the Exchangeable and Special Voting Shares can be found in the Galaxy Notice of Meeting announced 15 May 2012.

3.18 Substantial Shareholders of Galaxy

As at 15 June 2016 the top 20 Shareholders of Galaxy were:

Rank	Galaxy Shareholder	Number of Galaxy Shares	% of Galaxy issued share capital ¹
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	150,644,741	11.73%
2	CITICORP NOMINEES PTY LIMITED	89,157,749	6.94%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	86,089,719	6.70%
4	NATIONAL NOMINEES LIMITED	65,283,349	5.08%
5	CREAT RESOURCES HOLDINGS LIMITED	36,584,912	2.85%
6	MR PAUL COZZI	35,000,000	2.734%
7	BNP PARIBAS NOMINEES PTY LTD <DRP>	20,921,719	1.63%
8	UBS NOMINEES PTY LTD	20,517,997	1.60%
9	MARFORD GROUP PTY LTD	17,972,925	1.40%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED A/C 2>	17,734,687	1.38%
11	CITOS SUPER PTY LTD <CITOS PTY LTD SF A/C>	15,000,000	1.17%
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	14,847,942	1.16%
13	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	13,883,953	1.08%
14	NERO RESOURCES FUND PTY LTD <NERO RESOURCE FUND A/C>	12,240,824	0.95%
15	MR ANTHONY PETER TSE	12,118,644	0.94%
16	MR CHARLES BERNARD FRANCIS WHITFIELD	12,118,644	0.94%
17	IONA RESOURCES LTD	12,000,000	0.93%
18	BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	10,993,142	0.86%
19	MR ANTHONY TSE	10,000,000	0.78%
20	MARFORD GROUP PTY LTD	9,262,945	0.72%

Notes:

- ¹ Actual voting power may differ from that shown above as there is no obligation to publicly disclose voting power of less than 5% or changes in voting power of less than 1%.

As at 15 June 2016, the top 20 holders of ordinary fully paid shares hold 662,373,892 Galaxy Shares, representing approximately 51.58% of Galaxy.

The Directors of Galaxy currently have a Relevant Interest in 66,354,065 Galaxy Shares, being approximately 5.2% of the total number of Galaxy Shares on issue. The individual Relevant Interests held by each Director are as set out in Section 9.14.

The substantial holders of Galaxy following completion of the Takeover Offer (assuming Galaxy acquires 100% of General Mining Shares it does not already own), and based on the registered shareholders of Galaxy and General Mining as at 15 June 2016, are as follows:

Substantial Holder	Galaxy Shares	Pre-Takeover %	Post-Takeover %
J P MORGAN NOMINEES AUSTRALIA LIMITED	150,644,741	11.73%	10.31%

3.19 Dividend History

Galaxy has not previously and does not currently pay dividends.

4. PROFILE OF GENERAL MINING CORPORATION LIMITED

4.1 Disclaimer

This overview of General Mining and all financial information concerning General Mining contained in this Bidder's Statement has been prepared by the Company using publicly available information.

The information in this Bidder's Statement concerning General Mining has not been independently verified. The Company does not, subject to any applicable laws, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on General Mining is not considered to be comprehensive.

4.2 Overview of General Mining Corporation Limited

General Mining is an Australian ASX-listed lithium production company which operates the Mt Cattlin Project in Ravensthorpe, Western Australia together with its partner Galaxy.

General Mining listed on the ASX on 21 December 2009 and trades under the code 'GMM'.

General Mining's core asset is its 14% interest in the Mt Cattlin Project acquired in accordance with the terms of the Acquisition and Development Agreement with Galaxy entered into in September 2015, which also entitles General Mining to earn up to a 50% interest in the Mt Cattlin Project. In addition, General Mining has the option to earn a 50% interest in James Bay through USD\$5 million in exploration expenditure over 3 years, with USD\$2.5 million needing to be spent on or before 4 September 2017.

4.3 General Mining Board of Directors

As at the date of this Bidder's Statement, the directors of General Mining are:

(a) Mr Michael Fotios - Executive Chairman;

Mr Fotios is a geologist specialising in economic geology with 30 years extensive experience in exploration throughout Australia, taking projects from exploration to feasibility. He has held positions with Homestake Australia Limited and Sons of Gwalia Limited and was a Managing Director of Tantalum Australia NL (now ABM Resources Ltd) and of Galaxy Resources Limited (from April 2006 to November 2008)). He has also been a director of Northern Star Resources Ltd and Stirling Resources Limited and is currently on the boards of Horseshoe Metals Limited, Pegasus Metals Limited, Eastern Goldfields Limited and Redbank Copper Limited. He is also founder and Executive Chairman of unlisted investment company, Investmet Limited.

(b) Mr Alan Still – Non-Executive Director;

Mr Still is a metallurgist with over 40 years' experience in a range of commodities including a detailed knowledge of a number of African based rare metal projects. Mr Still is also a director of ASX listed Horseshoe Metals Limited, Eastern Goldfields Limited and Pegasus Metals Limited, as well as the unlisted investment company, Investmet Limited.

(c) Mr Michael Kitney – Non-Executive Director.

Mr Kitney is a metallurgist with 40 years' of international experience in mine operations, project and feasibility management. Mr Kitney brings substantial expertise in downstream lithium processing, and is also the Chief Operating Officer of ASX listed Kasbah Resources and a non-executive director of Breaker Resources NL.

4.4 Information about General Mining Securities

According to documents provided by General Mining to ASIC and ASX, as at the date of this Bidder's Statement, General Mining's issued securities consisted of:

- (a) 318,197,526 fully paid ordinary shares;
- (b) 7,500,000 unlisted incentive options exercisable at \$0.08 per ordinary share, expiry 21 September 2017;
- (c) 200,000 unlisted options exercisable at \$0.08 per ordinary share, expiry 21 September 2017; and
- (d) 7,500,000 unlisted incentive options exercisable at \$0.12 per ordinary share, expiry 21 September 2018.

4.5 Substantial Shareholders of General Mining

As at 15 June 2016, the 20 largest shareholders in General Mining were:

Rank	General Mining Shareholder	Number of General Mining Shares	% of General Mining issued share capital ¹
1	NATIONAL NOMINEES LIMITED	28,325,470	8.9
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	21,129,645	6.64
3	UBS NOMINEES PTY LTD	13,432,131	4.22
4	INVESTMET LIMITED	12,673,269	3.98
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,618,133	3.34
6	MR PHILLIP RICHARD PERRY	8,895,052	2.8
7	WHITESTONE MINERALS PTY LTD	8,277,406	2.6
8	BOTSIS HOLDINGS PTY LTD	7,150,000	2.25
9	CITICORP NOMINEES PTY LIMITED	6,503,930	2.04
10	PURESTEEL HOLDINGS PTY LTD <RATTIGAN SUPER FUND A/C>	6,358,000	2
11	GALAXY RESOURCES LIMITED	6,000,000	1.89
12	APOLLO CORPORATION (WA) PTY LTD <APOLLO INVESTMENT A/C>	5,000,000	1.57
13	BNP PARIBAS NOMS PTY LTD <DRP>	4,829,994	1.52
14	DELTA RESOURCE MANAGEMENT PTY LTD	4,800,000	1.51
15	WYLLIE GROUP PTY LTD	4,780,217	1.5
16	GLIDE POINT PTY LTD <ATLANTIC BLUE SUPER FUND A/C>	4,170,900	1.31
17	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	3,432,689	1.08
18	BUTTONWOOD NOMINEES PTY LTD	3,264,549	1.03
19	MS MARINA KATY CARVER + MS BRIANNA MAREE CARVER <THE M K CARVER S/F A/C>	3,200,000	1.01
20	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	2,975,962	0.94

The top 20 holders of ordinary fully paid shares in General Mining (as at 15 June 2016) hold 165,817,347 General Mining Shares or approximately 52.11% of the shareholding of General Mining.

Notes:

1. Actual voting power may differ from that shown above as there is no obligation to publicly disclose voting power of less than 5% or changes in voting power of less than 1%.

As at 21 June 2016, being the last practicable date prior to the date of this Bidder's Statement, the following persons held Relevant Interests in General Mining Shares of more than 5%:

Name	Number of General Mining Shares	Percentage of General Mining Shares
Michael Fotios	32,906,231	10.34%
Galaxy Resources Limited	21,398,217	6.72%
Tribeca Investment Partners Pty Ltd	20,199,122	6.35%

4.6 General Mining Projects

General Mining's projects are located in Australia.

Mt Cattlin Project

The Mt Cattlin Project is located two kilometres north of the town of Ravensthorpe in Western Australia. Galaxy acquired the Mt Cattlin Project in 2007, following which it completed resource definition drilling and a pre-feasibility study (PFS) into the viability of producing spodumene (lithium) and tantalum concentrates. In 2009, Galaxy completed a definitive feasibility study for the Mt Cattlin Project, the results of which supported plans for a mine and concentrator at the Mt Cattlin Project. Galaxy also completed a PFS for the downstream processing of lithium carbonate produced at the Mt Cattlin Project, secured ownership and control of two mining lease applications in the Mt Cattlin Project area (previously part of the Ravensthorpe joint venture with Pioneer Nickel Limited), acquired a number of tenements contiguous with the Mt Cattlin Project tenements, and commenced construction of the Mt Cattlin Project including earthworks and the minerals processing plant.

In 2010, Galaxy successfully applied for a large mining lease (being M74/244) and commenced pre-strip mining, commissioning of the lithium concentrate facility and spodumene production at the Mt Cattlin Project. In 2011, the Mt Cattlin Project became fully operational and shipments of spodumene to China commenced. In 2013, Galaxy placed the Mt Cattlin Project into care and maintenance, extending a temporary halt to operations announced in 2012.

General Mining's primary asset is the right to earn 50% of the Mt Cattlin spodumene project (from Galaxy) in Western Australia.

Having spent \$7 million in restart capital prior to the commissioning of the operation in Q1 2016, General Mining has earned a 14% interest in the project to date. General Mining's remaining earn-in milestones include the payment of \$18 million in cash consideration to Galaxy, under the terms of the Acquisition and Development Agreement, as follows:

- General Mining will earn a further 12% interest in the project (taking its total interest in the Mt Cattlin Project to 26%) by paying a further \$6 million to Galaxy by 5 Business Days after 31 March 2017, by equal quarterly instalments of \$1.5 million with the first quarterly instalment due on 30 June 2016;
- General Mining will earn a further 12% interest in the project (taking its total interest in the Mt Cattlin Project to 38%) by paying a further \$6 million to Galaxy by 5 Business Days after 31 March 2018, by equal quarterly instalments of \$1.5 million; and

- General Mining will earn the final 12% interest in the project (taking its total interest in the Mt Cattlin Project to 50%) by paying a further \$6 million to Galaxy by 5 Business Days after 31 March 2019, by equal quarterly instalments of \$1.5 million.

James Bay

General Mining has the option to earn a 50% interest in the James Bay project (refer to section 3.4.3 of this Bidder's Statement) through USD\$5 million in exploration expenditure over 3 years, with USD\$2.5 million needing to be spent on or before 4 September 2017.

Mercury Hill Project, Marble Bar Mineral Field, Western Australia (M45/538, General Mining to agreement to purchase 100%):

The Mercury Hill Project is based in the Marble Bar mineral field in the Pilbara, about 120kms south of Port Hedland.

Chesterfield Project, Meekatharra Mineral Field, Western Australia (M51/270, M51/353, M51/451 and applications E51/1519 and E51/1520 General Mining to agreement to purchase 100%):

The Chesterfield Project is located in the Meekatharra district of the Murchison mineral field, some 60kms north-west of Meekatharra. The project area covers approximately 252 sq km.

The project is located in the Mingah Range greenstone belt and is prospective for primarily gold as well as base metal mineralisation.

4.7 Summary Historical Financial Information

4.7.1 Basis of Presentation of Historical Financial Information

The historical financial information below relates to General Mining Corporation Limited and its subsidiaries on a stand-alone basis and accordingly does not reflect any impact of the Offer. It is a summary only and has been extracted from the audited consolidated financial report of General Mining (including the notes therein) for the years ending 30 June 2014 and 30 June 2015 and the General Mining unaudited interim financial report (including the notes therein) for the half year ended 31 December 2015. Copies of these reports are available at www.generalmining.com and also the ASX website.

The historical financial information in respect of General Mining has been prepared in accordance with the recognition and measurement principles of the Australian Accounting Standards, and in accordance with the accounting policies, as set out in the financial reports of General Mining for the full year ended 30 June 2014 and 30 June 2015.

Stantons International Audit and Consulting Pty Ltd trading as Stantons International Independent Auditor's Report on General Mining's Annual Financial Report for the years ending 30 June 2014 and 30 June 2015 contained an emphasis of matter statement in respect of a material uncertainty regarding the Group's continuation as a going concern being dependent on the Group raising further working capital and/or commencing profitable operations. The reports also included an emphasis of matter in respect of recoupment of capitalised exploration costs being dependent on the successful development and commercial exploitation or sale of the respective areas.

Stantons International Audit and Consulting Pty Ltd trading as Stantons International Independent Auditor's Review Report on General Mining's Half-Year Financial Report for the half-year ending 31 December 2015 was unqualified and did not have an emphasis of matter statement.

The past performance of General Mining is not a guarantee of future performance.

4.7.2 General Mining Consolidated Statement of Financial Position

As at \$'000	30 Jun 2014 Audited	30 Jun 2015 Audited	31 Dec 2015 Unaudited
Current Assets			
Cash and cash equivalents	78	293	10,542
Trade and other receivables	78	141	244
Other financial assets	63	-	-
Total Current Assets	219	434	10,786
Non-Current Assets			
Property, plant and equipment	11	-	1,305
Exploration and evaluation assets	834	687	692
Total Non-Current Assets	845	687	1,997
Total Assets	1,064	1,121	12,783
Current Liabilities			
Trade and other payables	633	931	1,135
Provisions	10	-	12
Total Current Liabilities	643	931	1,147
Non-Current Liabilities			
Provisions	15	-	-
Total Non-Current Liabilities	15	-	-
Total Liabilities	658	931	1,147
Net Assets	406	190	11,636
Equity			
Contributed equity	11,828	12,923	25,596
Reserves	679	426	495
Accumulated losses	(12,101)	(13,159)	(14,455)
Total Equity	406	190	11,636

4.7.3 General Mining Consolidated Statement of Comprehensive Income

Period ended \$'000	Year ended 30 Jun 2014 Audited	Year ended 30 Jun 2015 Audited	6 Months ended 31 Dec 2015 Unaudited
Revenue			
Revenue from continuing operations	22	50	12
Expenses			
Research and due diligence costs	-	(273)	(163)
Secretarial and administration fees	(114)	(116)	(104)
Legal fees	(3)	(51)	(12)
Directors' salary & entitlements	(180)	(180)	(233)
Share based remuneration	-	-	(526)
Travel, accommodation and entertainment	(2)	-	(48)
Consulting	(51)	(57)	-
Audit fees	(22)	(25)	(12)

Period ended \$'000	Year ended 30 Jun 2014 Audited	Year ended 30 Jun 2015 Audited	6 Months ended 31 Dec 2015 Unaudited
Rent expense	(54)	(24)	-
Insurance	(20)	(10)	-
Depreciation	(15)	(11)	-
Loss on disposal of assets	(13)	-	-
Staff costs	(70)	(74)	(187)
Provision for employee entitlements	-	24	(12)
Provision for exploration costs	(100)	(265)	(5)
Write down of exploration costs	(92)	(19)	-
Other expenses	(4)	(26)	(6)
Loss before taxation	(718)	(1,057)	(1,296)
Income Tax	-	-	-
Loss for the period	(718)	(1,057)	(1,296)
Other comprehensive income (loss)			
Foreign currency translation differences – foreign operations	93	-	-
Other comprehensive income (loss) for the period	93	-	-
Total comprehensive loss for the period attributable to owners of the Company	(625)	(1,057)	(1,296)

4.8 General Mining Pro Forma Historical Financial Information

4.8.1 Basis of Preparation

The following unaudited pro forma historical financial information of General Mining is provided for illustrative purposes only. The unaudited pro forma consolidated statement of financial position as at 31 December 2015 gives effect to the below transactions as if they had occurred as of 31 December 2015 and includes only publically available information.

In addition, the unaudited pro forma historical financial information of General Mining has been presented in an abbreviated form insofar as it does not contain all disclosures required by the Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

4.8.2 Pro Forma Adjustments

The following unaudited pro forma adjustments have been made in relation to material transactions that have taken place since the preparation of the General Mining consolidated statement of financial position as at 31 December 2015.

(a) Exercise of Options

On 15 February 2016 General Mining issued 1 million ordinary shares upon the exercise of 1 million unlisted options at \$0.08. General Mining further expects, before the end of the Offer Period, to issue a further 200,000 General Mining Shares upon the exercise of 200,000 unlisted General Mining Options at \$0.08 per General Mining Option.

The following pro forma adjustments have been made in preparing the General Mining pro forma consolidated statement of financial position as at 31 December 2015.

- (i) An increase in cash and cash equivalents of \$96,000 and corresponding increase in contributed equity.

(b) **Purchase of 50% Mt Cattlin**

On 31 March 2016 General Mining achieved restart of production at the Mt Cattlin plant which triggered an entitlement to 14% equity in the Mt Cattlin assets in line with the Acquisition and Development Agreement with Galaxy. At this date 50% of the net assets of Mt Cattlin have been treated as acquired and a payable of \$18 million to Galaxy created. General Mining previously confirmed commitment of \$7 million capital expenditure on the Mt Cattlin plant which satisfied a condition of the first milestone in the Acquisition and Development Agreement. No capital expenditure has been recorded in the pro forma as the specificity and timing of actual expenditure to date has not been required to be advised.

The following pro forma adjustments have been made in preparing the General Mining unaudited pro forma consolidated statement of financial position as at 31 December 2015 based on Galaxy's assumed accounting treatment of the transaction in the accounts of General Mining.

- (i) An increase in property, plant and equipment of \$17.13 million, exploration and evaluation of \$1.83 million, inventories of \$0.53 million and provision for rehabilitation of \$1.50 million with corresponding increase in current payables of \$6 million and non-current payables of \$12 million.

(c) **Offtake Prepayment**

On 18 May 2016 General Mining announced the execution of a final offtake agreement with a Chinese customer for 30,000 tonnes of spodumene concentrate for delivery in 2016 at a price of USD\$ 600/tonne. A 50% prepayment of USD\$9 million on this contract was received by General Mining. General Mining is entitled to a 50% share of all profits from the Mt Cattlin operation as Acquisition and Development Agreement partner.

The following pro forma adjustments have been made in preparing the General Mining unaudited pro forma consolidated statement of financial position as at 31 December 2015.

- (i) An increase in cash and cash equivalents of \$6.0 million and an increase in current liabilities of \$6.0 million (USD\$4.5 million @ 0.7444 closing forex rate 20 June 2016).

4.8.3 General Mining 31 December 2015 Pro Forma Consolidated Statement of Financial Position

	UNAUDITED				
As at 31 December 2015 \$'000	General Mining 31 Dec 2015 (1)	Options Exercised (a)	Mt Cattlin Purchase (b)	Offtake Payment (c)	GMM 31 Dec 2015 Pro Forma
Current Assets					
Cash and cash equivalents	10,542	96	-	6,045	16,683
Trade and other receivables	244	-	-	-	244
Inventories	-	-	532	-	532
Total Current Assets	10,786	96	532	6,045	17,459
Non-Current Assets					
Property, plant and equipment	1,305	-	17,130	-	18,435
Exploration and evaluation assets	692	-	1,835	-	2,527

	UNAUDITED				
As at 31 December 2015 \$'000	General Mining 31 Dec 2015 (1)	Options Exercised (a)	Mt Cattlin Purchase (b)	Offtake Payment (c)	GMM 31 Dec 2015 Pro Forma
Total Non-Current Assets	1,997	-	18,965	-	20,962
Total Assets	12,783	96	19,497	6,045	38,421
Current Liabilities					
Trade and other payables	1,135	-	6,000	-	7,135
Offtake prepayment	-	-	-	6,045	6,045
Provisions	12	-	-	-	12
Total Current Liabilities	1,147	-	6,000	6,045	13,192
Non-Current Liabilities					
Other payables	--	-	12,000	-	12,000
Provisions	-	-	1,497	-	1,497
Total Non-Current Liabilities	-	-	13,497	-	13,497
Total Liabilities	1,147	-	19,497	6,045	26,689
Net Assets	11,636	96	-	-	11,732
Equity					
Contributed equity	25,596	96	-	-	25,692
Reserves	495	-	-	-	495
Accumulated losses	(14,455)	-	-	-	(14,455)
Total Equity	11,636	96	-	-	11,732

(1) Refer to table 4.7.2.

4.9 Further information on General Mining

General Mining is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. General Mining is subject to the ASX Listing Rules which require continuous disclosure of any information General Mining has concerning itself that a reasonable person would expect to have a material effect on the price or value or its securities.

ASX maintains files containing publicly disclosed information about all listed companies. General Mining's file is available for inspection at ASX during normal business hours.

General Mining is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by General Mining may be obtained from, or inspected at, an ASIC office.

On request to General Mining and free of charge, General Mining Shareholders may obtain a copy of:

- (a) the annual financial report of General Mining for the year ended 30 June 2015 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC);
- (b) any half-year financial report lodged with ASIC by General Mining after the lodgement of the annual financial report referred to above and before lodgement of this Bidder's Statement with ASIC; and

- (c) any continuous disclosure notice given to ASX by General Mining since the lodgement with ASIC of the 2015 annual report for General Mining referred to above and before lodgement of this Bidder's Statement with ASIC.

A list of the announcements General Mining has lodged with ASX since 1 July 2015 is set out in Annexure D to this Bidder's Statement and a copy will be provided by Galaxy free of charge on request.

A substantial amount of information about General Mining is available in electronic form from <http://www.generalmining.com/> and on the ASX website.

5. MERGED ENTITY

5.1 Approach

This Section 5 provides an overview of the Merged Entity following the successful completion of the Offer, in the various scenarios following the Takeover Offer, and the effect of the Offer on the Company and General Mining.

5.2 Disclaimer Regarding General Mining and the Merged Entity Information

In preparing the information relating to General Mining and the Merged Entity contained in this Bidder's Statement, the Company has relied on publicly available information relating to General Mining and this has not been independently verified by the Company or its Directors. Risks may exist in relation to General Mining (which may affect the Merged Entity) of which the Company is unaware. If any material risks are known to the directors of General Mining, they must be disclosed in the target's statement to be issued by General Mining.

Accordingly, subject to any applicable laws, the Company makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

5.3 Profile of the Merged Entity

If the Takeover Offer is successful, General Mining Shareholders will each receive one point six five (1.65) Galaxy Share for every one (1) General Mining Share held by them. After the Takeover Offer, if Galaxy becomes entitled to compulsorily acquire outstanding General Mining Shares in accordance with Part 6A.1 of the Corporations Act, it intends to proceed with the compulsory acquisition of those shares and all of Galaxy's Shareholders (including General Mining Shareholders who have received Galaxy Shares pursuant to the Takeover Offer) will be shareholders in the Merged Entity.

If it is required to do so under section 663A of the Corporations Act, Galaxy intends to give notices to General Mining Optionholders offering to acquire their General Mining Options in accordance with section 663C of the Corporations Act.

5.4 Effect of Completion of the Takeover Offer

Upon completion of the Takeover Offer, the Merged Entity will have an attractive, wholly-owned and geographically diversified portfolio of hard rock and brine based lithium assets across multiple jurisdictions.

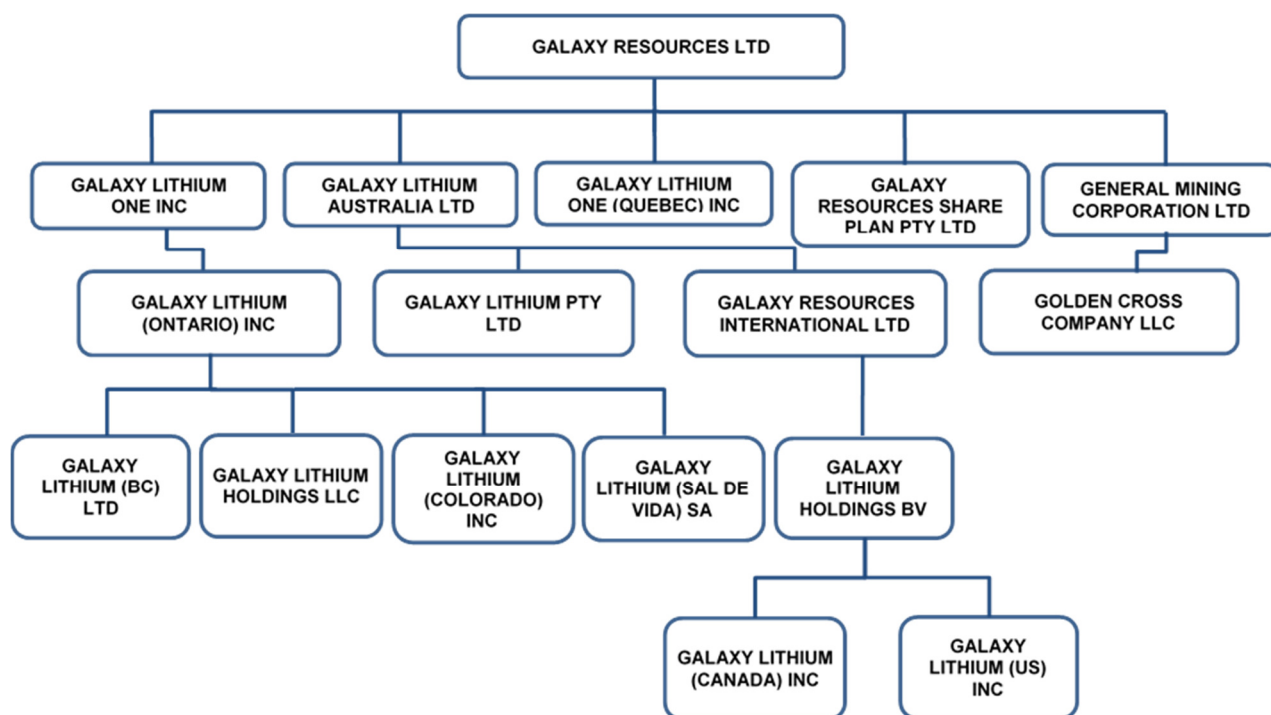
The Merged Entity will have a greater market capitalisation and financial capacity for project expansion and development and will achieve a strengthening and simplification of the current management arrangements and should achieve cost savings by reducing corporate overheads.

5.5 Effect on the Assets and Operations of the Merged Entity

The Merged Entity will provide a simplified single ownership structure and operational management of assets currently owned via the Galaxy - General Mining joint venture arrangements, pursuant to the Acquisition and Development Agreement.

5.6 Effect of the Takeover Offer on the Company's Corporate and Capital Structure

If the Takeover Offer is completed, the corporate structure of the Merged Entity will be as shown in the following diagram:



5.7 Effect of the Takeover Offer on the Merged Entity Capital Structure

The effect of the Takeover Offer on the capital structure of Galaxy on a post-completion basis (and assuming the 10 million OCP Warrants are issued) is intended to be as follows:

Securities	Number
Shares	
Current Galaxy Shares (assuming no options are exercised or other shares issued and inclusive of Special Voting Shares) ¹	1,284,119,053
Galaxy Shares issued pursuant to the Takeover Offer ²	515,455,918
Galaxy Shares issued to Canaccord ³	3,335,747
TOTAL	1,802,910,718
Share Appreciation Rights	
Share Appreciation Rights ⁴	25,800,000
TOTAL	25,800,000
Options/Warrants	
Unlisted options exercisable at \$1.11 with varying vesting and expiry dates	2,350,000
Unlisted options exercisable at \$1.16 with varying vesting and expiry dates	2,050,000
Unlisted options exercisable at \$0.03 on or before 1 April 2018	25,000,000
Unlisted options to be issued to Apollo ⁵	24,750,000

Securities	Number
Unlisted warrants to be issued to OCP ⁶	10,000,000
TOTAL	64,150,000

Notes

1. Comprising 1,277,160,767 Fully Paid Ordinary shares and 6,958,286 Special Voting Shares (which when combined with Exchangeable Shares are broadly the economic equivalent of a Galaxy Share). The rights attaching to the Galaxy Shares are summarised in Section 3.12 of this Bidder's Statement and based on Galaxy's Constitution. The terms and conditions of the Special Voting Shares are contained in the Notice of Meeting announced 15 May 2012 and ASX Announcement dated 8 June 2012.
2. Assuming a 100% take up under the Takeover Offer (excluding 6 million General Mining Shares held by Galaxy) and assuming all General Mining Options currently on issue are exercised and accept into the Takeover Offer, other than 15,000,000 unlisted General Mining Options held by Apollo, a related party of Michael Fotios (Executive Chairman of General Mining and proposed new Director of Galaxy) which are proposed to be cancelled in exchange for 24,750,000 unlisted Galaxy Options (refer to Section 9.9 for further details).
3. Under the Canaccord Mandate (refer to Section 9.6) in the event that Galaxy acquires at least an 80% Relevant Interest in General Mining Shares, and the Takeover Offer is unconditional, Galaxy has agreed to issue Galaxy Shares valued at \$1,612,500 to Canaccord, calculated based on the 5 day VWAP of Galaxy Shares when the Takeover Offer becomes unconditional. The actual number of Galaxy Shares will therefore vary depending on the prevailing Galaxy Share price when the Takeover Offer becomes unconditional. Based on 5 day VWAP of Galaxy Shares on ASX to 20 June 2016 of \$0.4834, this would equate to 3,335,747 Galaxy Shares. The actual number of Galaxy Shares to be issued will vary depending on the Galaxy Share price at that time.
4. On the terms and conditions contained in the Notice of Meeting announced 29 April 2015.
5. The Company has agreed to grant 24,750,000 unlisted Galaxy Options to Apollo, a related party of Michael Fotios, in exchange for the cancellation of 15,000,000 General Mining Options (refer to Section 9.9 for further details).
6. The Company has agreed, subject to the terms of the Facility and the Consent to Variation, to grant 10,000,000 Warrants to OCP exercisable at \$0.415 each with a three year term. Please refer to Section 9.7 for further details.

5.8 Acquisition of General Mining by Galaxy

Under the Offer, accepting General Mining Shareholders will be issued 1.65 Galaxy Shares for every 1 General Mining Share held, implying a theoretical value of \$0.652 per General Mining share based on the last traded price for Galaxy Shares prior to the announcement of Galaxy's intention to make the Takeover Offer (\$0.395 on 25 May 2016).

For the purpose of determining the preliminary purchase price allocation we have assumed 525,355,918 Galaxy Shares (on a fully diluted basis) valued at \$0.480 (GXY share price at close 20 June 2016) based on 318,197,526 existing General Mining Shares plus an additional 200,000 General Mining Shares anticipated to be issued on exercise of 200,000 General Mining Options (refer section 4.8.2(a)). As Galaxy owns 6,000,000 General Mining shares, 9,900,000 of the new issue of Galaxy Shares will not be issued, meaning 515,455,918 will be issued to General Mining shareholders. In addition, the preliminary purchase price consideration will include \$10.36 million being the cost to Galaxy of issuing 24.75 million unlisted Galaxy Options to replace 15 million unlisted General Mining Options. The purchase consideration for the proposed acquisition of General Mining will be measured as the fair value of the Galaxy Shares issued at the date of exchange. Consequently, the value of the purchase consideration for accounting purposes will differ from the amount assumed in the pro forma consolidated statement of financial position due to future changes in the market price of Galaxy Shares.

The difference between the fair value of the purchase consideration transferred by Galaxy (as discussed in the prior paragraph) and the book value of the net assets of General Mining has been allocated to property, plant and equipment for pro forma purposes (for reasons described in Section 5.9).

The acquisition of General Mining, if completed, will be accounted for as an asset acquisition with Galaxy as the acquirer of General Mining's assets.

5.9 Basis for preparation of the unaudited pro forma consolidated statement of financial position of the Merged Entity

The unaudited pro forma consolidated statement of financial position of the Merged Entity has been prepared in connection with the proposed acquisition of General Mining by Galaxy. The unaudited pro forma consolidated statement of financial position has been prepared for illustrative purposes only and gives effect to the acquisition by Galaxy pursuant to the assumptions described in Section 5.11 and gives effect to the transaction by Galaxy as if it had occurred as of 31 December 2015.

The unaudited pro forma consolidated statement of financial position is not necessarily indicative of the financial position that would have been achieved if the transaction had been completed on the dates or for the periods presented, nor do they purport to project the results of operations or the financial position of the consolidated entities for any future period or as of any future date. The unaudited pro forma consolidated statement of financial position does not reflect any special items such as integration costs or operating synergies that may be incurred or achieved as a result of the acquisition.

The unaudited pro forma adjustments and allocations of the purchase price for the proposed acquisition of General Mining are based on a preliminary determination that the fair value of net assets acquired will be allocated to the exploration and evaluation assets. The final purchase price allocation will be completed after the transaction is complete.

The unaudited pro forma consolidated statement of financial position has been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (**IFRS**).

In preparing the Merged Entity unaudited pro forma consolidated statement of financial position in accordance with IFRS, the following historical information was used:

- (a) Unaudited Galaxy 31 December 2015 pro forma consolidated statement of financial position (refer section 3.7.3); and
- (b) Unaudited General Mining 31 December 2015 pro forma consolidated statement of financial position (refer section 4.8.3).

In preparing the unaudited pro forma consolidated statement of financial position no alignment has been made between the accounting policies of General Mining and Galaxy. The Directors of Galaxy are not aware of any material differences which would arise on such an alignment.

5.10 Merged Entity 31 December 2015 Pro Forma Consolidated Statement of Financial Position

	UNAUDITED			
As at 31 December 2015 \$'000	Galaxy 31 Dec 2015 (1)Pro Forma	GMM 31 Dec 2015 (2)Pro Forma	Acquisition Adjustments	Merged Entity Pro Forma
Current Assets				
Cash and cash equivalents	17,966	16,683	(f) (1,900)	32,749
Other receivables	6,418	244	(d) (6,108)	554
Inventories	532	532	-	1,064
Total Current Assets	24,916	17,459	(8,008)	34,367
Non-Current Assets				
Property, plant and equipment	20,555	18,435	(c) 250,799 (e) 29,053	318,842
Exploration and evaluation assets	122,170	2,527	-	124,697
Available-for-sale financial assets	1,549	-	(a) (1,549)	-
Other receivables	12,000	-	(d) (12,000)	-
Total Non-Current Assets	156,274	20,962	266,303	443,539
Total Assets	181,190	38,421	258,295	477,906
Current Liabilities				
Trade and other payables	1,361	7,135	(d) (6,108)	2,388
Offtake prepayment	6,045	6,045	-	12,090
Provisions	52	12	-	64
Total Current Liabilities	7,458	13,192	(6,108)	14,542
Non-Current Liabilities				
Other payables	-	12,000	(d) (12,000)	-
Provisions	5,677	1,497	-	7,174
Interest bearing liabilities	28,293	-	-	28,293
Total Non-Current Liabilities	33,970	13,497	(12,000)	35,467
Total Liabilities	41,428	26,689	(18,108)	50,009
Net Assets	139,762	11,732	276,403	427,897
Equity				
Contributed equity	460,178	25,692	(a) 257,779 (b) (25,692) (f) 1,600	716,557
Reserves	(6,633)	495	(a) (1,460) (b) (495)	(8,093)
Accumulated losses	(317,964)	(14,455)	(a) 4,663 (b) 14,455 (e) 29,053 (f) (3,500)	(287,748)
Capital and reserves attributable to owners of Galaxy Resources Ltd	135,581	11,732	276,403	423,716
Non-controlling interests	4,181	-	-	4,181
Total Equity	139,762	11,732	276,403	427,897

(1) Refer to table 3.7.3.

(2) Refer to table 4.8.3.

Acquisition Adjustments:

Purchase consideration	Book value \$'000	Adjustments \$'000	Allocation \$'000
Shares issued			252,171
Unlisted Options issued			10,360
Total consideration			262,531
Net assets acquired			
Cash and cash equivalents	16,683	-	16,683
Trade and other receivables	244	-	244
Inventories	532	-	532
Property, plant and equipment	18,435	250,799	269,234
Exploration and evaluation assets	2,527	-	2,527
Trade and other payables	(7,135)	-	(7,135)
Offtake prepayment	(6,045)	-	(6,045)
Provisions	(12)	-	(12)
Other payables	(12,000)	-	(12,000)
Provisions	(1,497)	-	(1,497)
	11,732	248,172	262,531

The fair value of the net assets of General Mining to be acquired will ultimately be determined at the date of closing of the transaction. Therefore, it is likely that the fair value of the assets and liabilities acquired will vary from those shown above and the differences may be material.

The unaudited pro forma consolidated financial statement of financial position for the Merged Entity assumes the successful acquisition of 100% of the General Mining shares by Galaxy and records the following acquisition adjustments:

- (a) To record the purchase consideration for the General Mining net assets. This value is calculated based on an assumed Galaxy Share price of \$0.48 which is likely to vary to the actual share price at transaction date.
- (b) To eliminate the historical General Mining equity accounts.
- (c) To record the fair value adjustment to assets acquired and liabilities assumed.
- (d) To record elimination of intercompany receivables/payables on consolidation.
- (e) To record fair value adjustment to 50% Mt Cattlin property, plant and equipment owned by Galaxy.
- (f) To record the estimated transaction costs for the merger of \$3.5 million comprising of cash costs of \$1.9 million and share based payments of \$1.6 million.

5.11 Effect of transaction on the unaudited pro forma statement of financial position

The unaudited pro forma consolidated statement of financial position incorporates the following pro forma assumptions in relation to Galaxy's proposed acquisition of General Mining:

- (a) The pro forma adjustment reflects:
 - (i) the issue of 515,455,918 Galaxy Shares at \$0.480 per Galaxy Share under the Takeover Offer, the equivalent value of 9.9 million Galaxy Shares which will not be issued to Galaxy for 6 million General Mining Shares owned by the Company and the issue of 24,750,000 unlisted Galaxy Options to replace 15,000,000 existing unlisted General Mining Options;
 - (ii) the estimated merger costs of \$3.5 million include \$1.9 million cash costs (legal, taxation, accounting and financial advisors) and \$1.6 million to be issued in Galaxy Shares (floating number of shares to be issued to Canaccord (currently 3,335,747 shares) equivalent to \$1,612,500 calculated

using a 5 day VWAP of the Galaxy Share price (\$0.4834 at 20 June 2015) up to the unconditional transaction date); and

- (iii) the difference between the purchase price and the net assets acquired has been allocated to property, plant and equipment.

5.12 Outlook for the Merged Entity

This Bidder's Statement does not include any financial forecasts or projections for revenue or profit in relation to the Company, General Mining or the Merged Entity.

The Company has given careful consideration as to whether there is a reasonable basis to produce reliable and meaningful forecast financial information for the Merged Entity. However, the Galaxy Directors have concluded that as at the date of this Bidder's Statement, it would be misleading to provide forecast financial information for the Merged Entity.

6. INTENTIONS OF GALAXY RESOURCES LIMITED

6.1 Disclosure Regarding Forward-Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on Galaxy's current expectations and predictions about future events including Galaxy's intentions (which include those set out in this Section 6). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of Galaxy, General Mining and the Merged Entity to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in this Bidder's Statement (including those set out in Section 8).

None of Galaxy, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. These statements reflect views and opinions as at the date of this Bidder's Statement.

6.2 Rationale for the Takeover Offer

Galaxy believes (based on the information currently available to it) that there are a number of key strategic and financial benefits that will arise from the successful acquisition of General Mining by Galaxy. These include:

- (a) a leading and diversified global lithium company with existing production and a pipeline of market leading development projects;
- (b) attractive, wholly-owned and geographically diversified portfolio of hard rock and brine based lithium assets across multiple jurisdictions:
 - (i) maiden spodumene and tantalum production in the 3rd quarter 2016 at Mt Cattlin, Western Australia, with the potential to generate significant and growing cash flow;
 - (ii) flagship world-scale Sal de Vida Project in Argentina with superior brine chemistry and significant expansion potential; and
 - (iii) James Bay Project in Canada provides valuable potential to be a future supplier into the rapidly growing North American market;
- (c) potential to become a major supplier of high quality lithium, servicing the high-growth demand from energy storage applications including long life lithium-ion batteries used for electric vehicles, domestic and commercial power storage, consumer electronics and power tools;
- (d) simplified single ownership structure and operational management of assets currently owned via the Galaxy-General Mining joint venture;
- (e) pro forma market capitalisation of merged entity in excess of \$980 million¹⁵;

¹⁵ Based on the closing prices of Galaxy and General Mining Shares on the ASX on 21 June 2016, the last trading day before the date of this Bidder's Statement, of \$0.520 and \$0.810 respectively.

- (f) the potential to become an ASX/S&P 200 company and opportunity for re-rating;
- (g) strong balance sheet well positioned for continued project expansion and development; and
- (h) merged Board and management team highly credentialed and experienced with strong connections in the key Asian and North American lithium markets.

6.3 Galaxy's Intentions Regarding General Mining

6.3.1 Overview

Subject to the below, it is the present intention of Galaxy, on the basis of the information concerning General Mining which is known to Galaxy and the existing circumstances affecting the business of General Mining, that:

- (a) the business of General Mining will otherwise be continued in substantially the same manner as it is presently being conducted concerning the assets in Western Australia. Following a period of review there will be a plan for General Mining's assets other than Mt Cattlin. This is viewed to be value accretive for both sets of shareholders;
- (b) no other major changes will be made to the business of General Mining; and
- (c) the present employees of General Mining will otherwise continue to be employed by General Mining. Where there is duplication the fair and equitable solution as per the current employee agreements will be decided in consultation with the General Mining Board. As a result of implementing Galaxy's intentions set out in this section 6, however, it is possible that certain operational functions will become redundant. While some redundancies may occur as a result, the incidence, extent and timing of such actions cannot be predicted in advance. If redundancies do occur, the relevant employees will receive benefits in accordance with their contractual and other legal entitlements. Further, as a Merged Entity, the business may require additional resources with specific skills which will be assessed against future requirements.

The current intentions of the Company may change in light of material facts and circumstances at the relevant time.

Following a period of review the value accretive treatment of the assets not central to the strategy of near term production will be presented to the Galaxy board to assess and determine the future treatment of those assets. The Company will also continue to assess its size and composition as the activities of the Company change.

6.3.2 Intentions upon Acquisition of 90% or More of General Mining

If as a result of the Takeover Offer, Galaxy becomes entitled to compulsorily acquire outstanding General Mining Shares in accordance with Part 6A.1 of the Corporations Act, it intends to proceed with the compulsory acquisition of those shares.

The Company then intends to undertake the steps outlined in Section 6.3.1 above and delist General Mining from the ASX, subject to the required regulatory approvals.

6.3.3 Intentions upon Gaining Control but Less Than 90% of General Mining

Galaxy may waive the satisfaction of the Conditions in its sole discretion, other than the 90% minimum acceptance condition, which cannot be waived by Galaxy, where Galaxy has a Relevant Interest of less than 80% of General Mining Shares, without the prior written consent of General Mining.

Galaxy has not decided at this stage whether it will free the Takeover Offer from the 90% minimum acceptance Condition (in the event it acquires at least an 80% Relevant Interest in General Mining Shares or if Galaxy acquires less than 80% of General Mining Shares and

General Mining consents to Galaxy waiving the 90% minimum acceptance condition) or any other Condition.

If, following the close of the Takeover Offer, General Mining becomes a controlled entity, but not a wholly owned subsidiary of Galaxy, Galaxy presently intends, subject to the following, and to the extent possible, and appropriate, to implement the objectives and goals mentioned in Section 6.3.1 above.

The extent to which Galaxy will be able to implement these intentions will be subject to:

- (a) the Corporations Act and the ASX Listing Rules, in particular in relation to related party transactions and conflicts of interests; and
- (b) the legal obligation of the directors of General Mining to act for proper purposes and in the best interests of General Mining shareholders as a whole.

Having regard to this and in particular the possible requirements of minority shareholder approval, it is possible that Galaxy may not be able to implement some of these intentions.

6.3.4 Intentions if Galaxy does not Acquire Effective Control of General Mining

Subject to Galaxy acquiring at least an 80% Relevant Interest in General Mining Shares (or otherwise with the consent of General Mining), Galaxy reserves its right to declare the Takeover Offer free from the 90% minimum acceptance Condition (or any other Condition) to the Takeover Offer. However, Galaxy has not decided at this stage whether it will free the Takeover Offer from the 90% minimum acceptance Condition (or any other Condition).

If the waiver occurs, and Galaxy does not acquire effective control of General Mining, Galaxy intends, subject to the Corporations Act and the ASX Listing Rules, to implement the process outlined in 6.3.1 above to the extent possible.

7. AUSTRALIAN TAX CONSIDERATIONS

7.1 Overview

The following summary is a general overview of the Australian income tax consequences for General Mining Shareholders who accept the Takeover Offer and dispose of their General Mining Shares to Galaxy in accordance with the Takeover Offer. The comments set out below are relevant only to those General Mining Shareholders who are residents of Australia for tax purposes and hold their General Mining Shares on capital account.

Certain General Mining Shareholders (such as those engaged in a business of share trading or investment, those who acquired their General Mining Shares for the purpose of resale at a profit or those which are banks, insurance companies, tax exempt organisations, persons who are temporary residents or non-residents for Australian tax purposes or persons who acquired their General Mining Shares in respect of their employment with General Mining) will or may be subject to special or different tax consequences particular to their circumstances. Such Shareholders should seek independent taxation advice regarding the disposal of General Mining Shares based on their specific circumstances.

The summary is based on taxation law and practice in effect at the date of the Takeover Offer. It is not intended to be an authoritative or comprehensive analysis of the taxation laws of Australia, nor does it consider any specific facts or circumstances that may apply to particular General Mining Shareholders. Further, it does not deal with the taxation consequences of disposing of General Mining Shares which may have been issued under an employee shares scheme, which may be subject to specific tax provisions.

Given the complexity of the taxation legislation, General Mining Shareholders should seek independent taxation advice regarding the tax consequences of disposing of General Mining Shares given the particular circumstances which apply to them.

7.2 General Mining Shareholders holding Shares on Capital Account

Acceptance of the Takeover Offer is likely to involve a disposal by a General Mining Shareholder of their General Mining Shares for CGT purposes.

An Australian-resident General Mining Shareholder may make a capital gain or capital loss, depending on whether their capital proceeds from the exchange are more than the cost base of their General Mining Shares, or whether those capital proceeds are less than the cost base of those shares.

The capital proceeds that a General Mining Shareholder will be taken to have received in respect of the disposal of their General Mining Shares will generally be the market value of Galaxy Shares on the date of acceptance of the Takeover Offer.

The cost base of General Mining Shares will generally be the cost at which they were acquired including any incidental costs of acquisition together with any additional cost base elements.

In broad terms, the Australian income tax consequences for General Mining Shareholders who hold their General Mining Shares **on capital account** and who accept the Takeover Offer will depend on whether or not 'scrip for scrip' capital gains tax rollover relief (**rollover relief**) is available and, if available, is elected. The following discussion considers the general Australian income tax consequences for General Mining Shareholders where:

- (a) rollover relief is available and is elected; and
- (b) rollover relief is not available or is not elected.

7.3 Acceptance of the Takeover Offer where Rollover Relief is Available and is Elected

Australian-resident General Mining Shareholders may be entitled to rollover relief in respect of the consideration referable to Galaxy Shares where the exchange of the shares would

otherwise realise an assessable capital gain. Broadly speaking, rollover relief is available to General Mining Shareholders who exchange shares in one company for shares in another company where the transaction is made pursuant to a takeover bid and provided certain qualifying conditions are satisfied.

In broad terms, these qualifying conditions include the requirement that Galaxy must make an offer to all shareholders in General Mining to acquire their voting shares on substantially the same terms and Galaxy must become the owner of at least 80% of the voting shares in General Mining as a consequence of the Takeover Offer.

If the qualifying conditions are satisfied and a General Mining Shareholder elects for rollover relief to apply, the rollover relief is available.

The effect of the rollover relief is that the CGT event for General Mining Shareholder's (and therefore their respective capital gains) will be deferred until they dispose of some or all of their Galaxy Shares in the future.

The CGT cost base of the new Galaxy Shares acquired in the exchange is determined by reasonably attributing to it the CGT cost base of the General Mining Shares for which a rollover was obtained. For example, the CGT cost base for 1 General Mining Share will be apportioned to the 1.65 Galaxy Shares received. Further, the General Mining Shareholders will be taken to acquire their Galaxy Shares at the time they originally acquired their General Mining Shares (for the purpose of determining any entitlement to a CGT discount (discussed further below) on an otherwise assessable capital gain in relation to a subsequent dealing in their new Galaxy Shares).

As discussed above, rollover relief will only be available if the qualifying conditions are satisfied and General Mining Shareholders elect to apply for it. Further, rollover relief is not available if General Mining Shareholders realise a capital loss on the disposal of their General Mining Shares.

Rollover relief does not apply automatically and must be elected. The election to utilise rollover relief is evidenced by the manner in which the tax return for the relevant income year is prepared although it may be prudent (though not required) to keep a written record of that election with your tax records.

Given the complexity of the provisions governing rollover relief and the various qualifying conditions that need to be satisfied, General Mining Shareholders should seek independent taxation advice regarding their particular circumstances.

7.4 Acceptance of the Takeover Offer where Rollover Relief is Not Available or is Not Elected

If General Mining shareholders do not elect to obtain rollover relief (or if it is not available), they will need to calculate whether they make a capital gain or capital loss on the disposal of their shares in General Mining. As discussed above, this will involve a calculation of their cost base and capital proceeds for their shares in General Mining.

Where the amount of capital proceeds received by a General Mining Shareholder in respect of the disposal of their General Mining Shares is greater than the cost base of those General Mining Shares, then the shareholder should realise a capital gain for Australian CGT purposes.

Where the amount of capital proceeds received by a General Mining Shareholder in respect of the disposal of their General Mining Shares is less than the reduced cost base (broadly the cost of acquiring the shares, not including certain incidental costs of ownership) of those General Mining Shares, then the General Mining Shareholder should realise a capital loss for Australian CGT purposes.

Where it is expected that a capital gain will result, if a General Mining Shareholder does not elect for rollover relief, or that relief is not available, then individuals, complying superannuation funds and trusts, may be eligible for the CGT discount. Companies that hold shares in General Mining are not eligible for the CGT discount.

Specifically, where General Mining Shares have been held for at least 12 months (not including the day of acquisition and the day of disposal) before their disposal, a General Mining Shareholder who is an individual, a complying superannuation entity or the trustee of a trust should be able to reduce the capital gain arising from the disposal of General Mining Shares by the CGT discount (see below).

Subject to the General Mining Shareholder having any available capital losses from previous income years or net capital losses in the tax year in which they dispose of their General Mining shares, where the CGT discount is available, eligible General Mining Shareholders which are individuals or trustees of trusts (excluding complying superannuation entities) will reduce the capital gain arising on the disposal of General Mining Shares by one-half. For individuals, this reduced gain should be assessed at the General Mining Shareholder's marginal tax rate. Trustees should seek specific advice regarding the tax consequences of distributions attributable to discounted capital gains and whether the beneficiaries of such trust distributions may be eligible to receive a CGT discount on any net capital gain distributed.

Subject to the General Mining Shareholder having any available capital losses from previous income years or net capital losses in the tax year in which they dispose of their General Mining shares, where General Mining Shares are held by a complying superannuation entity and the CGT discount is available, the discount will reduce the nominal capital gain on the disposal of the shares by one-third.

The CGT discount is generally applied after taking into account any available capital losses or revenue losses from previous income years or net capital losses or revenue losses in the tax year in which they dispose of their General Mining shares. General Mining Shareholders having any capital losses or revenue losses from previous income years or net capital losses or revenue losses in the tax year in which they dispose of their General Mining shares should seek independent advice in relation to the potential availability of the CGT discount.

7.5 General Mining Shareholders who are Companies will not be entitled to the CGT Discount

Companies are not entitled to the CGT discount. The capital gain or capital loss will be calculated with reference to the capital proceeds less the cost base or reduced cost base of the shares. Where a company realises a capital gain, it may be eligible to reduce that gain with capital losses from previous income years, net capital losses in the tax year in which they dispose of their General Mining shares or revenue losses (subject to satisfying certain tax loss integrity measures). We recommend that companies seek advice from their professional tax advisor in relation to the availability and deductibility of any tax losses.

7.6 GST

GST should not apply to the disposal of General Mining Shares under the Takeover Offer, the issue of Galaxy Shares under the Takeover Offer, or any subsequent disposal of Galaxy Shares.

General Mining Shareholders who are registered for GST purposes may not be entitled to full input tax credits for any GST incurred on costs (e.g. accounting advisors' costs) associated with acquiring or disposing of securities in Galaxy or General Mining. General Mining Shareholders should seek their own tax advice in this respect.

8. RISK FACTORS

8.1 Overview

If the Offer becomes unconditional, General Mining Shareholders who accept the Takeover Offer will become Galaxy Shareholders. In those circumstances, General Mining Shareholders will:

- (a) continue to be exposed to the risks associated with the investment in General Mining as a result of their indirect interest in General Mining through Galaxy;
- (b) be exposed to the risks which are specific to an investment in Galaxy; and
- (c) be exposed to additional risks relating to the Takeover Offer and the Merged Entity.

These risks are explained below. General Mining Shareholders should read this Bidder's Statement carefully and consult their professional advisors before deciding whether to accept the Takeover Offer. By accepting the Takeover Offer, General Mining Shareholders will be investing in Galaxy.

The business activities of Galaxy and the Merged Entity are subject to various risks that may impact on the future performance of Galaxy and the Merged Entity. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of Galaxy and the Merged Entity and cannot be mitigated.

Accordingly, an investment in the Merged Entity carries no guarantee with respect to the payment of dividends, return of capital or price at which shares will trade and should be considered speculative. The principal risk factors include, but are not limited to, the following. The risks are general only and do not take into account your individual objectives, financial situation or needs. You should carefully consider the following risk factors, as well as other information provided by Galaxy, and consult your professional advisers before deciding whether to accept the Takeover Offer.

8.2 Risks Relating to the Offer

8.2.1 Conditions of the Offer

As described in Section 1.9 of Annexure A of the Bidder's Statement, the Takeover Offer is subject to a number of Conditions.

Subject to any statutory withdrawal rights that may be available (see Section 1.6 of Annexure A of the Bidder's Statement), General Mining Shareholders who accept the Takeover Offer whilst it still remains conditional will no longer be able to trade their General Mining Shares on the ASX or withdraw their acceptance of the Takeover Offer. General Mining Shareholders should be aware that the market price of General Mining Shares may exceed the implied price under the Takeover Offer during the Offer Period.

For those General Mining Shareholders who accept the Takeover Offer and the Conditions remain unsatisfied at the end of the Offer Period and are not otherwise waived by Galaxy, there is no obligation on Galaxy to issue Galaxy Shares to you as consideration for your General Mining Shares. In those circumstances, any acceptances of the Takeover Offer will be void and you would then be free to deal with your General Mining Shares.

8.2.2 Limited withdrawal rights

As described in Section 1.6 of Annexure A of the Bidder's Statement, General Mining Shareholders may only withdraw their acceptance of the Takeover Offer in limited circumstances. Otherwise, General Mining Shareholders will be unable to withdraw their acceptances, even if the value of the Galaxy Shares to be issued to General Mining Shareholders as consideration varies from the date of their acceptance.

8.2.3 Issue of Galaxy Shares as consideration

General Mining Shareholders are being offered specific quantities of Galaxy Shares as consideration under the Offer. As a result, the value of the consideration will fluctuate depending upon the market value of Galaxy Shares at any given time.

Furthermore, some of the holders of General Mining Shares that receive Galaxy Shares as consideration under the Takeover Offer may not intend to continue to hold those Galaxy Shares and may wish to sell them on ASX. There is a risk that if a significant number of holders of General Mining Shares seek to dispose of their Galaxy Shares, this may adversely impact the price of Galaxy Shares.

Accordingly, the market value of the Galaxy Shares at the time you receive them may vary significantly from their market value on the date of your acceptance of the Offer. This may result in the value of the consideration to General Mining Shareholders increasing as well as decreasing.

8.2.4 Rollover Relief

A condition of the Offer is that the level of acceptance must result in Galaxy obtaining a Relevant Interest in at least 90% of all General Mining Shares. Galaxy reserves the right to free the Takeover Offer from the 90% minimum acceptance Condition save that, under the Bid Implementation Agreement, this Condition cannot be waived by Galaxy, where Galaxy has a Relevant Interest of less than 80% of General Mining Shares, without the prior written consent of General Mining.

If Galaxy does not acquire a Relevant Interest in at least 80% of General Mining Shares, and General Mining consents to Galaxy waiving the 90% minimum acceptance condition CGT rollover relief will not be available to General Mining Shareholders. Refer to Section 7 above for further details.

8.2.5 Sale of Galaxy Shares

Under the Offer, Galaxy will issue a significant number of new Galaxy Shares. Some holders of Galaxy Shares may not intend to continue to hold their Galaxy Shares and may wish to sell them. There is a risk that this may adversely impact on the price of and demand for Galaxy Shares.

8.2.6 Acquisition of Less than 90% of General Mining Shares

If Galaxy decides to waive the 90% minimum acceptance Condition, it is possible that Galaxy could acquire a Relevant Interest of less than 90% of General Mining Shares on issue under the Takeover Offer. The existence of a minority interest in General Mining may have an impact on the operations of the Merged Entity, although this impact will depend upon the ultimate level of General Mining ownership acquired by Galaxy. However, a condition of the Offer is that the level of acceptance must result in Galaxy obtaining a Relevant Interest in at least 90% of all General Mining Shares. Galaxy reserves the right to free the Takeover Offer from the 90% minimum acceptance Condition save that, under the Bid Implementation Agreement, this Condition cannot be waived by Galaxy, where Galaxy has a Relevant Interest of less than 80% of General Mining Shares, without the prior written consent of General Mining.

8.2.7 Duty and Government Charges

Duty and other government charges may be payable by Galaxy in relation to the Offer. The amount of these duties and charges may be material.

8.2.8 Dilution Risk

The consideration for the Takeover Offer is the Takeover Offer Consideration set out on the front page of this Bidder's Statement. If the Takeover Offer is completed, there will be a

dilution for current Galaxy Shareholders as a result of the Takeover Consideration Shares being issued.

8.3 Risks Relating to the Merged Entity

This Section 8.3 sets out risks that are specific to Galaxy and General Mining as the Merged Entity.

8.3.1 Mt Cattlin production risk

Production has re-commenced at Mt Cattlin with both mining and processing operations having started from stockpiled spodumene and tantalum concentrates ahead of crusher and HMS circuit (course circuit) commissioning to take place in the 3rd quarter of 2016.

There is no guarantee that production at the Mt Cattlin Project following the commissioning of the crusher and HMS circuit will result in the production of spodumene at the level required to meet offtake commitments.

Should this occur there may be a requirement for the Merged Entity to purchase spodumene in the spot market to satisfy its offtake commitments. This may result in an increased cost to the merged entity which may materially impact on its financial results and the value of Galaxy Shares.

8.3.2 Sal de Vida definitive feasibility study

Galaxy is currently in the process of reviewing the definitive feasibility study at its Sal de Vida Project.

While the current indicative pricing for lithium carbonate is at higher levels than included in the original definitive feasibility study, which resulted in positive project economics, there can be no guarantee that the reviewed definitive feasibility study will result in a more favourable project economic outcome.

8.3.3 Exploration and mining

Mining exploration is an inherently speculative endeavour and associated with various risks. There can be no assurance that exploration of tenements will result in the discovery of recoverable resources.

Even if resources are identified, there is no guarantee that those resources can be economically exploited. Other factors such as adverse weather conditions, operational and technical difficulties, geological conditions, lack of sufficient water or power sources, industrial and environmental accidents, occupational health or safety issues, labour disputes, lack of access to key infrastructure such as railway and port facilities, adverse changes in government policy or legislation or a lack of access to sufficient funding may mean that any resources discovered are not economically recoverable or may otherwise preclude the Merged Entity from successfully mining and exploiting those resources.

8.3.4 Development and mining

The Merged Entity's projects are at various stages of exploration, development and production. Ultimate and continuous success of activities is dependent on a number of factors including:

- (a) the discovery and/or acquisition of economically recoverable Ore Reserves;
- (b) access to adequate capital to fund and develop its projects;
- (c) construction of efficient development and production infrastructure within capital expenditure budgets;
- (d) securing and maintaining title to interests;

- (e) obtaining regulatory consents and approvals necessary for the conduct of mineral exploration, development and production; and
- (f) retention of appropriately skilled and experienced employees, contractors and consultants.

The Merged Entity's operations may be delayed or prevented as a result of factors including weather conditions, mechanical difficulties or a shortage of technical expertise or equipment. There may be difficulties with obtaining government and/or third party approvals, operational difficulties encountered with construction, extraction and production activities, unexpected shortages or increase in the price of consumables, plant and equipment, cost overruns or lack of access to required levels of funding.

The Merged Entity's operations may be curtailed or disrupted by a number of risks beyond its control such as environmental hazards, industrial accidents and disputes, technical failures, unusual or unexpected geological conditions, adverse weather conditions, fires, explosions and other accidents.

The Merged Entity's operations may be adversely affected by higher than anticipated ore treatment costs, worse than anticipated metallurgical conditions, fluctuations in metal prices or lack of availability of treatment plant capacity.

The occurrence of any of these circumstances could result in Galaxy not realising its operational or development plans or in such plans costing more than expected or taking longer to realise than expected. Any of these outcomes could have an adverse effect on the Merged Entity's financial and operational performance.

Possible future development of mining operations at any of the Merged Entity's projects is also subject to numerous risks. No assurance can be given that the Merged Entity will achieve commercial viability through development of any of its projects.

In addition, for development projects, reserves, resources and stockpiles are based on estimates of grade, volume and tonnage. The accuracy and precision of these estimates will depend upon drill spacing and other information such as continuity, geology, rock density, metallurgical characteristics, mining dilution and costs which evolve as the mine moves through different parts of the ore body.

8.3.5 Commodity price volatility

The revenue that the Merged Group derives through the sale of commodities exposes the potential income of the Merged Entity to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors that would be beyond the control of the Merged Entity. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

A substantial source of revenue and operating cash flow of the Merged Entity would be derived from the sale of spodumene and tantalum from the Mt Cattlin Project. Spodumene and tantalum prices have been and will continue to be subject to fluctuation as a result of a number of factors which would be beyond the control of the Merged Entity, including demand for the product, prices agreed by the world's largest producers with their customers, production costs and capacities of other producers of spodumene and tantalum, utilisation rates at existing production facilities worldwide, the level of competition between producers, technological advancements in the production of spodumene and tantalum and end-uses of the product. If realised product prices fall, the business, results of operations, financial condition and prospects of the Merged Entity could be materially adversely affected.

Future material price declines in the market value of the commodities to be supplied by the Merged Entity could cause the continued development of, and eventually the commercial production from, the Merged Entity's projects to be uneconomic. Depending on the price of

these commodities, the Merged Entity could be forced to discontinue production or development and may lose its interest in, or be forced to sell, some of its properties. There is no assurance that, even as commercial quantities of the commodities are produced, a profitable market will exist for them.

8.3.6 Exchange Rate Risks

International prices of various commodities are denominated in United States dollars and therefore much of the Merged Entity's revenue will be reported in United States dollars, whereas the expenditure and indebtedness of the Merged Entity will be taken into account in Australian currency, exposing the Merged Entity to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

8.3.7 Operating Costs

The strong commodity cycle over recent years and the large number of projects being developed in the resources industry has led to increased demand for, and worldwide shortages in, skilled personnel, contractors, materials, equipment, spare parts and supplies that are required as critical inputs to those existing projects and planned developments. Such shortages may increase the costs of its operations, as a result of inputs becoming more expensive. Furthermore, the Merged Entity's input costs may be affected by changes in market conditions, government policies, exchange rates and inflation rates, which can be unpredictable and outside its control. There can be no assurance that the Merged Entity's present and future projects will continue to have access to adequate power and water supplies in the future or that the prices of such utilities will remain affordable. Any resulting increase in costs or production delays could have a material adverse effect on its business, results of operations, financial condition and prospects and result in the shutdown of an operation.

8.3.8 Approvals, permits and licences

The Merged Entity's operations will be dependent on certain government permits, approvals and licenses for each of its projects, including environmental and health and safety approvals. The Merged Entity's ability to carry on its business will therefore be subject to its ability to obtain, and various governments' willingness to renew and not revoke, such rights. If the Merged Entity is not able to obtain or renew such rights, or such rights are revoked, this may have a material and adverse impact on its business, results of operation, financial condition and prospects.

8.3.9 Land and Resource Tenure

The Merged Entity may lose title to, or interests in, its tenements if the conditions to which those tenements are subject are not satisfied or if insufficient funds are available to meet expenditure commitments.

In the jurisdictions in which the Merged Entity will operate, both the conduct of operations and the steps involved in acquiring interests will involve compliance with numerous procedures and formalities. It is not always possible to comply with, or obtain waivers from, all such requirements and it is not always clear whether requirements have been properly completed, or that it is possible or practical to obtain evidence of compliance.

In particular, tenements are subject to expenditure and work commitments which must be complied with in order to keep the tenements in good standing. In certain circumstances, these commitments may be varied at the discretion of the relevant mining authority. Failure to meet these commitments could lead to forfeiture of the tenement.

Where tenement expenditures and work commitments or other regulatory requirements are not complied with, regulatory exemptions may need to be applied for within specified periods. Should exemptions not be applied for in time, or are applied for in time but are not

ultimately granted, fines may be payable to avoid the tenements being forfeited or, in extreme cases, the tenements may be forfeited.

A number of the Company's mining tenements are currently under-expended, or have not had minimum expenditure investment plans lodged, due to historical cash constraints. The Company has applied for all necessary exemptions within the applicable timeframes and is working with the relevant regulators to obtain exemptions or pay any required fines to ensure the tenements are in good standing, and to lodge investment plans where required.

Further, it is possible that tenements in which the Merged Entity will have an interest in may be subject to a native title claim. If native title rights do exist in respect of a tenement, the ability of the Merged Entity to gain access to that tenement may be adversely affected.

8.3.10 Competition

The Merged Entity will face competition in its business. To the extent that there are new entrants or changes in strategy by existing competitors or mine owners, the Merged Entity may lose market share with consequent adverse effects upon operating and financial performance. Competition in the Merged Entity's primary commodity industry, the lithium and tantalum industry, is based on many factors, including, among others, price, production capacity, grade, quality and brand name. Some of these competitors may be able to produce lithium carbonate of higher quality or at lower costs, which could affect the Merged Entity's ability to compete effectively.

The Merged Entity would also be competing with producers of lithium compounds and chemicals from brines located in North and South America. Some of these competitors will be larger than the Merged Entity, have greater financial resources and may also benefit from greater economies of scale and operating efficiencies such that their operating costs are lower.

The Merged Entity's future success, results of operations, financial condition and prospects will depend on its ability to respond in an effective and timely manner to competitive pressures.

8.3.11 Resources and reserves estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans that may, in turn, adversely affect the Merged Entity's operations.

8.3.12 Environmental Risks

The operations and proposed activities of the Merged Entity are subject to extensive environmental regulation in Australia, Argentina, Canada and all other jurisdictions in which the Merged Entity will operate. As with most exploration projects and mining operations, the Merged Entity's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is Galaxy's intention that the Merged Entity will conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Merged Entity's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Merged

Entity for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Merged Entity's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals may result in the delay to anticipated exploration programmes or mining activities.

The Department of Mines and Petroleum in Western Australia from time to time reviews the environmental bonds that are placed on tenements. Galaxy are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Merged Entity.

8.3.13 Future funding

Future funding may be required by the Merged Entity to support its proposed activities. There can be no assurance that such funding will be available on satisfactory terms or at all. The Merged Entity's capital requirements will depend on numerous factors. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Merged Entity is unable to secure additional financing as needed, it may be required to reduce the scope of its operations. There is however, no guarantee that the Merged Entity will be able to secure any additional funding or be able to secure funding on terms favourable to the Merged Entity.

Further, loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Merged Entity may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Merged Entity would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by Merged Entity or default under a finance lease could also result in the loss of assets.

8.3.14 Compliance with OCP Facility requirements

As announced in November 2015, Galaxy secured a \$31 million loan facility (**Facility**) with OCP that was predominantly used to repay the balance of certain outstanding convertible bonds. The Facility includes a number of covenants, which was recently the subject of variation (see section 9.7). Failure to comply with these covenants can lead to amounts outstanding under the Facility becoming immediately repayable.

Whilst Galaxy will use best endeavours to ensure compliance with these covenants, this is subject to a range of external factors, some of which are outside of Galaxy's control. Where Galaxy has encountered constraints in complying with the agreed covenants, Galaxy has sought waivers of those requirements from its existing financier. However, no assurance can be given by the Merged Entity that further waivers will be granted should issues arise in the future.

Galaxy maintains a good relationship with its existing financier which has provided consent for Galaxy to proceed with the Takeover Offer, subject to certain conditions.

8.3.15 Retention of key business relationships

The Merged Entity's business relies on several contracts and business alliances. Any circumstance which causes the early termination or non-renewal of one or more of these key business alliances or contracts could adversely impact the Merged Entity, its business, operating results or prospects.

8.3.16 Ability to attract personnel

The Merged Entity's success depends, in part, on its ability to identify, attract, motivate and retain additional suitably qualified management. The Merged Entity does not carry key man insurance and the loss of any of its senior management or key employees could significantly impact its operations. Competition for suitably qualified staff is strong. The inability to access and retain the services of a sufficient number of qualified staff could be disruptive to the Merged Entity's development efforts or business development and could materially adversely affect its prospects.

8.3.17 Contractors

Part of the Merged Entity's commercial practice will involve sub-contracting various services. Although sub-contracted services will be supervised by the Merged Entity's employees, such arrangements with contractors carry with them risks associated with the possibility that the contractors may (i) have economic or other interests or goals that are inconsistent with the Merged Entity's, (ii) take actions contrary to the Merged Entity's instructions or requests, or (iii) be unable or unwilling to fulfil their obligations. There can be no assurance the Merged Entity will not experience problems with respect to its contractors in the future or that it will be able to find replacement contractors on similar terms in the event that contractors do not perform as the Merged Entity expects and this may materially and adversely affect its business, results of operations, financial condition and prospects.

8.3.18 Transport and Infrastructure

The Merged Entity's operations will depend on an uninterrupted flow of materials, supplies, equipment, services and finished products. Due to the geographic location of a number of the Merged Entity's properties and operations, it is dependent on third parties for the provision of rail, port, marine, shipping and other transportation services. Contractual disputes, demurrage charges, classification of commodity inputs and finish products, rail marine and port capacity issues, availability of vessels and rail cars, weather problems, labour disruptions or other factors could have a material adverse effect on the Merged Entity's ability to transport (or take delivery of transported) materials according to schedules and contractual commitments and could have a material adverse effect on the Merged Entity's business, results of operations and financial performance.

8.3.19 Safety Risks and Industrial Accidents

Some of the Merged Entity's operations will be carried out under potentially hazardous conditions. Liabilities might arise in the future as a result of accidents, fatalities or other workforce related misfortunes, some of which may be beyond the Merged Entity's control. Any such events could lead to significant expenditure by the Merged Entity in respect of compensation claims or payments, fines or penalties for failure to comply with health and safety laws or regulations, and insurance may be unavailable or prohibitively expensive. The occurrence of accidents could delay production, increase production costs and result in liability and adverse publicity for the Merged Entity. These factors could have a material adverse effect on the Merged Entity's business, results of operations, financial condition and prospects.

8.3.20 Uninsured Risks

The Merged Entity may not carry insurance to cover all of the risks associated with its business, either because insurance coverage is restricted or prohibitively expensive. The Merged Entity will take out insurance within a range of coverage consistent with industry practice in order to cover certain risks associated with the Merged Entity's business. While the Merged Entity will take out insurance coverage commensurate with its business structure and risk profile, it cannot assure you that its insurance policies will insure it fully against all risks and losses that may arise in the future. In addition, the insurance policies will be subject to annual review by its insurers, and there can be no assurance that it will be able to renew these policies on similar or otherwise acceptable terms, if at all. If the Merged Entity were to incur a serious uninsured

loss or a loss that significantly exceeded the limits of its insurance policies, it could have a material adverse effect on its business, results of operations, financial condition or prospects.

8.3.21 Profitability

Future operating results depend to a large extent on management's ability to successfully manage expansion and growth. Inability to control the costs and organisational impacts of business growth or an unpredicted decline in the growth rate of revenues without a corresponding and timely reduction in expense growth or a failure to manage other issues arising from growth could materially adversely affect the Merged Entity's operating results. A failure to generate profits may adversely affect the market price of the Merged Entity's securities, restrict its ability to pay dividends, impair its ability to raise capital, obtain financing, repay debts and expand its business.

8.3.22 Integration risks

There is a risk that integration of the businesses of Galaxy and General Mining may take longer than expected and that the potential efficiencies and benefits of the Merged Entity may be less than anticipated. Potential risks include differences in management culture, inability to achieve synergies, cost savings and tax advantages and the loss of key personnel. Whilst Galaxy anticipates that value will be added through the Takeover Offer, there is a risk that the full benefits may only be realised in part, or not at all.

8.3.23 Dividends

Any future payment of dividends by the Merged Entity will be at the discretion of the Directors and will depend on the financial position of the Merged Entity, future capital requirements, business operations and other factors considered relevant by the Directors at the time. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Merged Entity.

8.3.24 Related Party Limitations if Galaxy does not acquire more than 90% of General Mining Shares

If the Takeover Offer goes unconditional and Galaxy does not acquire more than a 90% interest in the General Mining Shares on issue at the end of the Offer Period, then the related party provisions of the Corporations Act (and the ASX Listing Rules) will apply to the two companies which may limit activities between the companies or increase regulatory compliance for undertaking certain activities between the companies.

8.3.25 Economic risk and external market factors

Factors, such as, but not limited to, political movements, stock market trends, changing customer preferences, interest rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes and legislative or regulatory changes, may all have an adverse impact on the Merged Entity's prospects, operating costs, profit margins and share price. These factors would be beyond the control of the Merged Entity and Galaxy cannot, to any degree of certainty, predict how they will impact on the Merged Entity.

8.3.26 Sovereign Risk

The key projects of the Merged Entity would be located in Australia, Canada and Argentina.

Changes in Argentina's or Canada's laws and regulations may have a significant effect on the Merged Entity's exploration operations, especially changes to environmental, mining, grant or renewal of concessions, royalties and taxation.

The political conditions under which the Merged Entity would operate in Argentina are currently stable compared to many areas of the world, but arguably are not as stable as those prevailing in Australia and Canada. Potential risk to the Merged Entity's activities may occur if there are changes to the political, legal and fiscal systems which might affect the

ownership and operation of the Merged Entity's interests in Argentina. This may also include changes in exchange control regulation, expropriation of mining rights, changes in government and in legislative and regulatory regimes.

The Merged Entity's projects are subject to the risks associated with operating in foreign countries. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Any of these factors may, in the future, adversely affect the financial performance of the Merged Entity and the market price of its shares.

No assurance can be given regarding future stability in Argentina or any other country in which the Merged Entity may, in the future, have an interest.

8.3.27 War and terrorist attacks

War or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region. There could also be a resultant material adverse effect on the business, financial condition and financial performance of the Merged Entity.

9. ADDITIONAL INFORMATION

9.1 Galaxy's Interest in General Mining Shares

As at the date of this Bidder's Statement:

- (a) Galaxy has a voting power of 6.72% in General Mining; and
- (b) Galaxy has a Relevant Interest in 6.72% of General Mining Shares.

Immediately before the first Takeover Offer is sent:

- (a) Galaxy holds a 6.72% voting power in General Mining; and
- (b) Galaxy has a Relevant Interest in 6.72% of General Mining Shares.

Galaxy is the registered holder of 6 million General Mining Shares. It has entered into pre-bid agreements with certain General Mining Shareholders in respect of 15,398,217 General Mining Shares.

9.2 Acquisitions of General Mining Shares by Galaxy and its Associates

9.2.1 Previous 4 months

Other than in respect of the pre-bid acceptances noted in Section 9.8, neither Galaxy nor any Associate of Galaxy has provided, or agreed to provide, consideration for General Mining Shares under any purchase or agreement during the period beginning 4 months before the date of this Bidder's Statement ending on the day immediately before the date of this Bidder's Statement.

9.2.2 Period before Takeover Offer

Neither Galaxy nor any Associate of Galaxy has provided, or agreed to provide, consideration for General Mining Shares under any purchase or agreement during the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Takeover Offer.

9.3 No Escalation Agreements

Neither Galaxy nor any Associate of Galaxy has entered into any escalation agreement that is prohibited by Section 622 of the Corporations Act.

9.4 Collateral Benefits

9.4.1 Previous 4 months

During the period beginning 4 months before the date of this Bidder's Statement and ending on the day immediately before the date of this Bidder's Statement, neither Galaxy nor any Associate of Galaxy gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (a) accept the Takeover Offer; or
- (b) dispose of their General Mining Shares,

and which is not offered to all holders of General Mining Shares under the Takeover Offer.

9.4.2 Period before Takeover Offer

During the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Takeover Offer, neither Galaxy nor any Associate of Galaxy gave, or offered or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (a) accept the Takeover Offer; or
- (b) dispose of their General Mining Shares,

and which is not offered to all holders of General Mining Shares under the Takeover Offer.

9.5 Disclosure of Information

Due to the fact that Galaxy is offering Galaxy Shares as consideration for the acquisition of General Mining Shares under the Takeover Offer, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of Galaxy Shares under Sections 710 to 713 of the Corporations Act.

As a company whose shares are quoted on ASX, Galaxy is subject to regular disclosure requirements. In particular, Galaxy is required to disclose information concerning its finances, activities and performance. This disclosure is available on Galaxy's website as well as on the ASX website (ASX Code: GXY).

Please refer to Section 3.9 for further details in relation to Galaxy's corporate governance policies.

9.6 Canaccord Mandate

General Mining and Galaxy have entered into an engagement with Canaccord Genuity (Australia) Limited (ABN 19 075 071 466) (**Canaccord**) pursuant to which Canaccord has agreed to act as the exclusive financial advisor to General Mining in connection with the Takeover Offer (**Mandate**).

In the event that Galaxy acquires at least an 80% Relevant Interest in General Mining, and the Takeover Offer is unconditional, Galaxy must issue \$1,612,500 in Galaxy Shares. The number of Galaxy Shares to be issued shall be calculated based on the 5 day volume weighed average price of Galaxy Shares when the offer becomes unconditional

9.7 OCP Consent to Takeover Offer and Variation of the OCP Facility

As announced in November 2015, Galaxy secured a A\$31 million loan facility (**Facility**) with OCP Asia (Hong Kong) Limited and OCP Asia (Singapore) Pte. Ltd (**OCP**) in order to repay the balance of outstanding convertible bonds on issue. The full amount under the Facility has since been drawn down and utilised by Galaxy.

OCP has given its consent to the Takeover Offer, on the condition that the Facility be varied as follows (**Consent to Variation**):

- (a) 10 million Warrants that OCP remains entitled to receive under the Facility will be given an exercise price of \$0.415 per Galaxy Share (being the 12-day VWAP of Galaxy Shares on the ASX up to the date of the Consent to Variation. The Facility originally provided for an exercise price equal to a 20 day VWAP. At the time the Consent to Variation was signed, 12 of the 20 VWAP days had elapsed). In addition, OCP may, before 30 September 2016 opt to exercise their Warrants and thereby require Galaxy to either issue the Galaxy Warrants or, if Galaxy does not have sufficient placement capacity to do so, pay OCP the value of the Galaxy Warrants based on the 10 day VWAP after the date of OCP's election notice;
- (b) Galaxy to make quarterly amortisation repayments to OCP based on 70% of projected funds to be received from General Mining under the Mt Cattlin JV;
- (c) Galaxy to use its best efforts to pay OCP 70% of any residual amount held by General Mining as at completion of the Takeover Offer from the second offtake customer prepayment (refer to the USD\$36 million offtake with China based buyers as announced on the ASX in March 2016). In addition, Galaxy must pay to OCP the equivalent of 70% of the balance of the second offtake customer prepayment (or any part thereof) that is received after completion. Upon OCP having received a

total of USD\$6.3m from these repayments, the obligation by Galaxy to make further quarterly amortisation repayments to OCP under clause (b) above will cease;

- (d) up to the end of March 2017, Galaxy will pay to OCP an amount equal to 70% of cash profits attributable to Galaxy (net of any payments made in (c) above). After 31 March 2017, Galaxy will pay to OCP 70% of cash profits derived from the Mt Cattlin Project on a quarterly basis; and
- (e) 100% of Mt Cattlin will be pledged to OCP post completion of the Takeover Offer.

Galaxy and OCP have agreed to enter into a formal variation to the Facility reflecting the terms above.

9.8 Pre-bid Acceptances and General Mining Shareholders' Intention to Accept

As announced on 30 May 2016, the Company has entered into pre-bid acceptance agreements with certain General Mining Shareholders in respect of 15,398,217 General Mining Shares, equating to 4.84% of issued General Mining Shares.

In addition, Galaxy has been provided a letter of intention to accept the Offer, in the absence of a Superior Proposal, from:

- (a) Investmet Limited, in respect of 12,673,269 General Mining Shares;
- (b) Apollo Corporation (WA) Pty Ltd, in respect of 5,000,000 General Mining Shares;
- (c) Whitestone Minerals Pty Ltd, in respect of 8,277,406 General Mining Shares;
- (d) Delta Resource Management Pty Ltd, in respect of 4,800,000 General Mining Shares; and
- (e) Michael Fotios, in respect of 2,155,556 General Mining Shares, (together, the **Fotios Associates**),

representing a further 10.34% of General Mining Shares (32,906,231 General Mining Shares). The Fotios Associates have consented to the disclosure of the letter of intention in this Bidder's Statement and have not withdrawn that consent before the date of this Bidder's Statement.

9.9 Option Exchange Agreement

Apollo Corporation (WA) Pty Ltd as trustee for Apollo Investment A/C (ACN 608 186 072) (**Apollo**), a related party and associate of Mr Michael Fotios, the Executive Chairman of General Mining, and proposed new Director of Galaxy, has entered into an option exchange agreement with Galaxy and General Mining whereby Apollo will, in exchange for the cancellation of its 15,000,000 unlisted General Mining Options (7.5 million exercisable at 8 cents before 21 September 2017 and 7.5 million exercisable at 12 cents before 21 September 2018), upon the Takeover Offer becoming unconditional, a total of 24,750,000 Galaxy Options (comprising 12,375,000 exercisable at \$0.048 expiring on or before 21 September 2017 and 12,375,000 Galaxy Options exercisable at \$0.073 expiring on or before 21 September 2018). The ASX has granting General Mining a waiver under ASX Listing Rule 6.23.2 for the cancellation of Apollo's General Mining Options.

Until the Takeover Offer is unconditional (or that date which is the earlier of the date on which the Bid Implementation Agreement is terminated or 31 August 2016), Apollo is not permitted to exercise, transfer, dispose of or otherwise deal with its General Mining Options without the prior written consent of both General Mining and Galaxy.

The Galaxy Options to be issued to Apollo will have the same terms as the General Mining Options being cancelled other than for the change in the exercise price.

9.10 Bid Implementation Agreement

On 29 May 2016, General Mining and Galaxy entered into the Bid Implementation Agreement which Galaxy agreed to make a conditional off-market takeover bid for all of the General Mining Shares.

A copy of the Bid Implementation Agreement was lodged with the ASX on 30 May 2016 and can be obtained from Galaxy's website (at <http://www.galaxyresources.com.au>) or Galaxy's profile on the ASX's website (at www.asx.com.au).

9.11 Exclusivity

Under the Bid Implementation Agreement, General Mining has agreed to an exclusivity period commencing on the date of the Bid Implementation Agreement (being 30 May 2016) and ending on 31 August 2016 (subject to earlier completion of the Takeover Offer or termination of the Bid Implementation Agreement) during which General Mining may not solicit other proposals without Galaxy's consent and must notify Galaxy if a Competing Proposal is received. In the event that a Competing Proposal is received by General Mining which is superior to the Takeover Offer, Galaxy will have an opportunity to vary the terms of the Takeover Offer to match or better such a Superior Proposal.

9.12 Compensation Payment upon termination of Bid Implementation Agreement

If Galaxy terminates the Bid Implementation Agreement for any of the following reasons, General Mining must pay an amount of \$1,500,000 as compensation for costs incurred by Galaxy in connection with the Bid Implementation Agreement and Takeover Offer:

- (a) a third party acquires or agrees with General Mining to acquire the whole or a substantial part of the assets of General Mining;
- (b) any director of General Mining does not recommend accepting the Takeover Bid to General Mining Shareholders or, having recommended it, withdraws or adversely modifies his or her recommendation of the Takeover Bid or approves or recommends or makes an announcement in support of a Competing Transaction or announces an intention to do any of these acts unless:
 - (i) the Bid Implementation Agreement has already been validly terminated by General Mining;
 - (ii) a Galaxy Prescribed Occurrence or Galaxy Material Adverse Change has occurred (as defined in the Bid Implementation Agreement); or
 - (iii) an independent expert (if commissioned) does not conclude that the Takeover Bid is fair and reasonable to General Mining Shareholders.
- (c) the Bid Implementation Agreement is terminated by Galaxy because a General Mining Prescribed Occurrence occurs;
- (d) Galaxy terminates the Bid Implementation Agreement due to a material breach of the Bid Implementation Agreement by General Mining that is not remedied within 5 Business Days of receiving notice to remedy such breach.
- (e) General Mining is in breach of its exclusivity obligations and does not cease the conduct which caused the breach within 3 Business Days of receiving notice from Galaxy outlining the nature of the breach;
- (f) where the Takeover Bid does not proceed because of a Superior Proposal; and
- (g) General Mining or any of its directors does (or omits to do) anything (whether or not it may be permitted by the terms of the Bid Implementation Agreement) which results

in any of the Conditions in paragraphs 1.9(e) (no material acquisitions, disposals or new commitments) and 1.9(g) (no General Mining Prescribed Occurrences) of Annexure A being breached, that breach is not remedied within 3 Business Days following written notice from Galaxy outlining the nature of the breach and Galaxy does not declare the Offer free of the breached condition (which Galaxy is under no obligation to do).

If General Mining terminates the Bid Implementation Agreement for any of the following reasons, Galaxy must pay an amount of \$1,500,000 as compensation for costs incurred by General Mining in connection with the Bid Implementation Agreement and Takeover Offer:

- (a) the Bid Implementation Agreement is terminated by General Mining because a Galaxy prescribed occurrence occurs;
- (b) General Mining terminates the Bid Implementation Agreement due to a material breach of the Bid Implementation Agreement by Galaxy that is not remedied within 5 Business Days of receiving notice to remedy such breach.

The full terms of the Bid Implementation Agreement are attached to Galaxy's announcement to the ASX on 30 May 2016.

9.13 Interests and Benefits Relating to the Takeover Offer

9.13.1 Interests

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (a) director or proposed director of Galaxy;
- (b) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement; or
- (c) promoter of Galaxy,

(together, the **Interested Persons**) has, or had within 2 years before the date of this Bidder's Statement, any interest in:

- (d) the formation or promotion of Galaxy;
- (e) any property acquired or proposed to be acquired by Galaxy in connection with its formation or promotion or in connection with the offer of Galaxy Shares under the Takeover Offer; or
- (f) the offer of Galaxy Shares under the Takeover Offer.

9.13.2 Implied Value of the Takeover Offer

Based on the closing price of a Galaxy Share on ASX on 25 May 2016 (the last trading day before the Announcement Date) of \$0.395, the implied value of the Takeover Offer is \$0.652 per General Mining Share.

Based on Galaxy's closing price of \$0.520 on 21 June 2016, the implied value for General Mining is approximately \$286 million or \$0.858 per General Mining Share (on a fully diluted basis). This represents a premium of approximately 37.3% to the 10-day VWAP of General Mining on 25 May 2016, demonstrating the market's support of the proposed merger.

The implied value of the Takeover Offer will change as a consequence of changes in the market price of Galaxy Shares from time to time. The following table may assist General Mining Shareholders to determine the implied value of the Takeover Offer at different Galaxy

Share price levels. The table is not an indication of prices at which Galaxy Shares may trade – Galaxy Shares may trade within this range or at higher or lower levels.

Price of a Galaxy Share	Implied offer price for a General Mining Share ¹
\$0.20	\$0.33
\$0.25	\$0.41
\$0.30	\$0.50
\$0.35	\$0.58
\$0.40	\$0.66
\$0.45	\$0.74
\$0.50	\$0.83
\$0.55	\$0.91
\$0.60	\$0.99

Note:

1. Subject to rounding.

9.13.3 Disclosure of Fees and Benefits Received by Certain Persons

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (a) to a director or proposed director of Galaxy to induce them to become, or to qualify as, a director of Galaxy; or
- (b) for services provided by an Interested Person in connection with the formation or promotion of Galaxy or the offer of Galaxy Shares under the Takeover Offer.

9.13.4 Expenses of the Takeover Offer

The total amount of cash that Galaxy may become obliged to pay to satisfy all expenses incurred by Galaxy and relating to the Takeover Offer will be provided from Galaxy's existing cash balances.

Galaxy estimates it will incur fees for services provided in connection with the Takeover Offer, including for legal, taxation, financial advisors, share register and ASX and other professional fees, and advisory fees payable by General Mining and Galaxy if the Takeover Offer becomes unconditional, in the amount of approximately \$3,500,000 (excluding GST).

	\$
ASIC	2,320
ASX listing fees for Takeover Offer Shares	140,000
Advisory fees payable on Takeover Offer becoming unconditional ¹	2,862,500
Legal – Australia (inclusive of an estimate of GMM legal costs)	380,000
Legal – Overseas	23,000
Share Registry	17,000
Investor and Public Relations	36,000
Accounting	31,000

Printing	5,000
Miscellaneous	3,180
TOTAL	3,500,000

Note:

1. Inclusive of the issue of \$1,612,500 worth of Galaxy Shares to Canaccord under the Canaccord Mandate (refer to Section 9.6).

9.14 Disclosure of Interests of Directors and Proposed Directors

The directors and proposed new director of Galaxy have the following interests in Galaxy securities as at the date of this Bidder's Statement.

Director	Shares	Share Appreciation Rights	Options
Anthony Tse	23,518,644	10,000,000	1,000,000 ¹
Jian-Nan Zhang	1,559,322 ²	500,000 ⁵	Nil
Martin Rowley	18,617,455 ³	4,000,000	Nil
Charles Whitfield	22,658,644 ⁴	8,000,000 ⁶	1,000,000 ¹
Michael Fotios ⁷	Nil	Nil	24,750,000 ⁸

Notes:

1. Options exercisable at \$1.16 with various vesting and expiry dates, terms and conditions are contained in the Galaxy Notice of Meeting announced 22 November 2010.
2. Comprising 1,059,322 held directly by Mr Zhang and 500,000 held indirectly by Mr Zhang's spouse, Ms Yaxi Liu.
3. Comprising 5,293,015 held directly by Mr Rowley, 5,324,440 held indirectly by M R Rowley and G M Rowley <Rowley Family Super Fund A/C> and 8,000,000 held indirectly by Jaeger Investments Pty Ltd, a company in which Mr Rowley has a relevant interest.
4. Comprising 13,658,644 held directly by Mr Whitfield and 9,000,000 held indirectly through Taurus Stone Development Limited, a company in which Mr Whitfield has a relevant interest.
5. Held indirectly by Mr Zhang's spouse, Ms Yaxi Liu.
6. Held indirectly through Taurus Stone Development Limited, a company in which Mr Whitfield has a relevant interest.
7. Proposed new Director of the Merged Entity on completion of the Takeover Offer.
8. Apollo has agreed with Galaxy and General Mining to the cancellation of its 15,000,000 unlisted General Mining Options (7.5 million exercisable at 8 cents before 21 September 2017 and 7.5 million exercisable at 12 cents before 21 September 2018) in exchange for 24,750,000 Galaxy Options (12,375,000 exercisable at \$0.048 expiring on or before 21 September 2017 and 12,375,000 Galaxy Options exercisable at \$0.073 expiring on or before 21 September 2018). Refer to Section 9.9 for further details.

The directors and proposed new director of Galaxy have the following interests in General Mining securities as at the date of this Bidder's Statement.

Director	Shares	Options
Anthony Tse	Nil	Nil
Jian-Nan Zhang	Nil	Nil
Martin Rowley	Nil	Nil
Charles Whitfield	Nil	Nil
Michael Fotios ¹	32,906,231	7,500,000 unlisted General Mining Options exercisable at \$0.08 expiring on 21 September 2017 7,500,000 unlisted General Mining Options exercisable at \$0.12 expiring on 21 September 2018

Notes:

1. Proposed new Director of the Merged Entity on completion of the Takeover Offer. The entities associated with this interest, include:
 - a. Investmet Limited, in respect of 12,673,269 General Mining Shares (being 3.98% of General Mining Shares);
 - b. Apollo Corporation (WA) Pty Ltd, in respect of 5,000,000 General Mining Shares (being 1.57% of General Mining Shares) and 15 million General Mining Options as detailed above;
 - c. Whitestone Minerals Pty Ltd, in respect of 8,277,406 General Mining Shares (being 2.60% of General Mining Shares outstanding);
 - d. Delta Resource Management Pty Ltd, in respect of 4,800,000 General Mining Shares (being 1.51% of General Mining Shares); and
 - e. Michael Fotios (in his own name), in respect of 2,155,556 General Mining Shares (being 0.68% of General Mining Shares).

9.15 Fees and Benefits of Directors and Proposed Director

The Constitution of Galaxy provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by Galaxy in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The annual remuneration (inclusive of superannuation) of the Directors and proposed new Director for the last two financial years and the current financial year is as follows:

Director	2014 Financial Year	2015 Financial Year	2016 Financial Year (proposed)
Mr Anthony Tse	975,306 ¹	1,072,209 ⁵	410,132
Mr Jian-Nan Zhang	67,083 ²	84,425 ⁶	50,000
Mr Martin Rowley	683,750 ³	685,702 ⁷	164,131
Mr Charles Whitfield	974,971 ⁴	918,289 ⁸	342,260
Michael Fotios ⁹	Nil	Nil	N/A ¹⁰

Notes:

1. Comprising \$260,306 in cash salary and fees and \$715,000 in Galaxy Shares.
2. Comprising \$4,583 in cash salary and fees and \$62,500 in Galaxy Shares.
3. Paid entirely in Galaxy Shares, 10,000,000 of which were issued to unrelated nominees.
4. Comprising \$259,971 in cash salary and fees and \$715,000 in Galaxy Shares.

5. Comprising \$383,709 in cash salary and fees, \$410,000 in Galaxy Shares and \$278,500 in Share Appreciation Rights.
6. Comprising \$45,662 in cash salary and fees, \$4338 in superannuation, \$20,500 in Galaxy Shares and \$13,925 in Share Appreciation Rights.
7. Comprising \$134,902 in cash salary and fees, \$328,000 in Shares and \$222,800 in Share Appreciation Rights.
8. Comprising \$326,489 in cash salary and fees, \$369,000 in Shares and \$222,800 in Share Appreciation Rights.
9. Proposed new Director of the Merged Entity on completion of the Takeover Offer.
10. The Company has not yet agreed what remuneration will be payable to Mr Fotios.

Galaxy's financial year ends on 31 December.

Galaxy Directors are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of Galaxy and other miscellaneous expenses.

The remuneration of Galaxy Directors is reviewed annually by Galaxy. The figures for the 2016 Financial Year are current as at the date of this Bidder's Statement.

9.16 Material Litigation

Other than as previously disclosed to the ASX, Galaxy is not aware of any instituted or threatened material litigation, or other material legal proceedings in relation to Galaxy.

9.17 Ineligible Foreign Shareholders

General Mining Shareholders who are Ineligible Foreign Shareholders will not be entitled to receive Galaxy Shares as consideration for their General Mining Shares pursuant to the Takeover Offer.

A General Mining Shareholder is an Ineligible Foreign Shareholder for the purposes of the Takeover Offer if their address as shown in the register of members of General Mining is in a jurisdiction other than Australia or its external territories or New Zealand. However, such a person will not be an Ineligible Foreign Shareholder if Galaxy is satisfied, in its sole discretion, that it is not legally or practically constrained from making the Takeover Offer to a General Mining Shareholder in the relevant jurisdiction and to issue Galaxy Shares to such a General Mining Shareholder on acceptance of the Takeover Offer, and that it is lawful for the General Mining Shareholder to accept the Takeover Offer in such circumstances in the relevant jurisdiction. Notwithstanding anything else in this Bidder's Statement, Galaxy is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

The Galaxy Shares which would otherwise have been issued to Ineligible Foreign Shareholders will instead be issued to the Sale Nominee who will sell these shares. The proceeds of the sale (less any transaction costs) of such shares will then be remitted to the relevant Ineligible Foreign Shareholders (calculated on an average basis so that all Ineligible Foreign Shareholders who accept the Takeover Offer receive the same proceeds per General Mining Share, subject to rounding).

9.18 Status of Conditions

The conditions of the Takeover Offer are set out in Annexure A. Galaxy will use all reasonable endeavours to ensure the Conditions are satisfied as soon as possible after the date of this Bidder's Statement.

As at the date of this Bidder's Statement, Galaxy is not aware of any events which would result in a breach or inability to satisfy the Conditions.

Galaxy will give a notice of the status of the Conditions in accordance with the Corporations Act on 22 July 2016 (subject to extension if the Offer Period is extended).

9.19 Consents

Chapter 6 of the Corporations Act imposes a liability regime on the Company, the Directors, the persons named in the Bidder's Statement with their consent as Proposed Directors, persons named in the Bidder's Statement with their consent having made a statement in the Bidder's Statement and persons involved in a contravention in relation to the Bidder's Statement, with regard to misleading and deceptive statements made in the Bidder's Statement. Although the Company bears primary responsibility for the Bidder's Statement, the other parties involved in the preparation of the Bidder's Statement can also be responsible for certain statements made in it.

Each of the parties referred to in this Section 9.19:

- (a) in light of the above, only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement other than a reference to its name and a statement included in this Bidder's Statement with the consent of that party as specified in this Section 9.19; and
- (b) has not caused or authorised the issue of this Bidder's Statement.

Steinepreis Paganin as legal advisors to Galaxy in relation to the Takeover Offer has consented to being named in this Bidder's Statement and has not withdrawn such consent prior to the lodgement of this Bidder's Statement with ASIC.

The information in Section 4 of this Bidder's Statement has been prepared by General Mining. General Mining has consented and has not as at the date of this Bidder's Statement withdrawn its consent to the inclusion of the information in Section 4 in this Bidder's Statement in the form and context in which it appears and to all references in this Bidder's Statement to that information in the form and context in which they appear.

General Mining:

- (a) has not authorised or caused the issue of this Bidder's Statement;
- (b) except as described above, does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than the information described above.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or on the company announcement platform of ASX. Under the Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of these reports or statements free of charge, please contact Galaxy on +61 8 9215 1700.

As permitted by ASIC Corporations (Consent to Statements) Instrument 2016/72, this Bidder's Statement may include or be accompanied by certain statements fairly representing a statement by an official person or from a public official document or a published book, journal or comparable publication, as well as ASX share price trading information sourced from ASX without its consent.

9.20 Other Material Information

There is no other information material to the making of a decision by a holder of General Mining Shares whether or not to accept the Takeover Offer being information that is known

to Galaxy and which has not previously been disclosed to General Mining Shareholders other than as is contained elsewhere in this Bidder's Statement.

9.21 Expiry Date

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

9.22 Date for Determining Holders

For the purposes of Section 633 of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is the Record Date.

9.23 ASIC Modifications and Exemptions, ASX Waivers

ASIC has published various "Class Order" instruments providing for modifications and exemptions that apply generally to all persons, including Galaxy, in relation to the operation of Chapter 6 of the Corporations Act. Galaxy may rely on this "Class Order" relief.

10. DIRECTORS AUTHORISATION

This Bidder's Statement is dated 22 June 2016 and was approved pursuant to a unanimous resolution passed at a meeting of the directors of Galaxy.

A handwritten signature in black ink, appearing to be 'M. Rowley', written in a cursive style.

**Signed for and on behalf of
Galaxy Resources Limited
MARTIN ROWLEY
CHAIRMAN**

11. DEFINITIONS AND INTERPRETATION

11.1 Definitions

In this Bidder's Statement (including its annexures), unless the context otherwise requires:

\$ or **Dollar** means Australian dollars.

Acceptance Form means the form of acceptance and transfer for the Takeover Offer accompanying this Bidder's Statement or alternatively any acceptance form sent to a General Mining Shareholder by Galaxy's share registry in relation to the Takeover Offer, as the context requires.

Acquisition and Development Agreement means the acquisition and development agreement in relation to the Mt Cattlin Project between GMM and Galaxy dated 4 September 2015.

Announcement Date means 30 May 2016, being the date the Takeover Offer was announced on ASX.

Associate has the meaning given in chapter 6 of the Corporations Act.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange (as the context requires).

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX, as amended from time to time.

ASX Settlement means ASX Settlement Pty Ltd ABN 49 008 504 532.

ASX Settlement Operating Rules means the operating rules of the ASX Settlement Facility (as defined in Rule 1.1.1 and Rule 1.1.2 of the ASX Settlement Operating Rules) in accordance with Rule 1.2 which govern, inter alia, the administration of the CHESS subregisters.

Bid Implementation Agreement means the bid implementation agreement between Galaxy and General Mining dated 29 May 2016.

Bid Period has the meaning given to that term in the Corporations Act.

Bidder's Statement means this document including the Annexures.

Board or **Galaxy Board** means the board of directors of Galaxy.

Business Day means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Western Australia.

CGT means capital gains tax as defined in the Australian *Income Tax Assessment Act 1997* (Cth).

CHESS means Clearing House Electronic Subregister System as defined in Rule 2.3.1 of the ASX Settlement Operating Rules.

CHESS Holding means a number of General Mining Shares which are registered on General Mining's share register being a register administered by the ASX Settlement and which records uncertified holdings of shares.

Canaccord means Canaccord Genuity (Australia) Limited (ABN 19 075 071 466).

Company or **Galaxy** means Galaxy Resources Limited (ACN 071 976 442) or the Merged Entity as the context requires.

Competing Transaction means a transaction or proposed transaction notified to the General Mining Board which, if completed substantially in accordance with its terms, would mean a person (other than Galaxy or its Related Bodies Corporate) would:

- (a) directly or indirectly, acquire an interest or relevant interest in or become the holder of:
 - (ii) 20% or more of all General Mining Shares; or
 - (iii) all or a substantial part of the business conducted by General Mining, including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of shares or joint venture, but not as a custodian, nominee or bare trustee;
- (b) acquire control of General Mining, within the meaning of section 50AA of the Corporations Act; or
- (c) otherwise acquire or merge (including by a reverse takeover bid or dual listed company structure) with General Mining.

Conditions means the conditions set out in Annexure A.

Constitution means the constitution of Galaxy.

Controlling Participant means a Participant who is designated as the controlling participant for shares or other security in a CHESS Holding in accordance with the ASX Settlement Rules.

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

Director or **Galaxy Director** means a director of Galaxy as at the date of this Bidder's Statement.

Financial Arrangement means each:

- (a) financing agreement or instrument, money borrowing or raising arrangement or other financing arrangement, liability, encumbrance or other security, guarantee, indemnity or other credit support arrangement; or
- (b) derivative or treasury transaction, agreement or arrangement,

(in each case regardless of form and including any similar arrangement).

Galaxy Canada means Galaxy Lithium One Inc., a corporation incorporated under the laws of Quebec, Canada.

Galaxy Option means an Option to acquire a Galaxy Share.

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

Galaxy Shareholder means a holder of a Galaxy Share.

General Mining means General Mining Corporation Limited (ACN 125 721 075).

General Mining Board means the board of directors of General Mining.

General Mining Due Diligence Material means the information (including in written, oral and electronic form) about the General Mining Group and its businesses, assets and liabilities disclosed by or on behalf of General Mining, including in response to requests for information, to Galaxy (or any of its Representatives) prior to the date of this agreement.

General Mining Group means General Mining and its Related Bodies Corporate.

General Mining Group Entity means any member of the General Mining Group.

General Mining Options means an option to acquire a General Mining Share.

General Mining Prescribed Occurrence means any of the events listed in Annexure B.

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

General Mining Shareholders means all persons who hold General Mining Shares.

Ineligible Foreign Shareholder means any General Mining Shareholder who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than residents of Australia and New Zealand and its external territories or whose address, as entered in the register of members of General Mining, is in a jurisdiction other than Australia (and its external Territories) and New Zealand, unless Galaxy otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a General Mining Shareholder in the relevant jurisdiction and to issue Galaxy Shares to such a General Mining Shareholder on acceptance of the Offer, and that it is not unlawful for such a General Mining Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.

JORC Code means the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Issued Sponsored Holdings means holding of General Mining Shares on the General Mining issuer sponsored subregister.

Merged Entity means Galaxy and its subsidiaries following the acquisition by Galaxy of all, or a portion, of General Mining Shares on issue (that it does not already own).

Mining Interest means any and all mining interests that General Mining has as at the Announcement Date.

OCP has that meaning given to it in Section 9.7.

Offer means the Takeover Offer.

Offer Period means the period during which the Offer is open for acceptance.

Official List means the official list of entities that ASX has admitted and not removed.

Option means an option to acquire a Galaxy Share.

Perth Time means Perth (Western Australia) Standard Time.

Proposed Director means Mr Michael Fotios as a proposed director Galaxy.

Public Authority means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

Record Date means the date set by Galaxy under Section 633(2) of the Corporations Act, being 5:00pm (Perth Time) on 22 June 2016.

Representatives of a party includes:

- (a) a Related Bodies Corporate of the party; and
- (b) each of the officers and advisers of the party or any of its Related Bodies Corporate.

Related Bodies Corporate has the meaning given to that term in the Corporations Act.

Relevant Interest has the meaning given in Section 9 of the Corporations Act.

Rights means all accreditations, benefits and rights attaching to or arising from General Mining Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options declared, paid, or issued by General Mining).

Sale Nominee means the nominee approved by ASIC for the sale of General Mining Shares held by the Ineligible Foreign Shareholders.

Share Appreciation Right means a right entitling the holder, on vesting, to receive the difference between the market value of a Galaxy Share on the date on which the right is exercised, and \$0.03. The amount is to be paid in Galaxy Shares or, if the Board so elects, in cash.

Subsidiaries has the meaning given to it in the Corporations Act.

Superior Proposal means a Competing Transaction which, following consideration of advice from Advisers (including advice of an external lawyer), is in the determination of the General Mining Board acting in good faith:

- (a) reasonably capable of being completed taking into account all aspects of the Competing Transaction; and
- (b) more favourable to General Mining Shareholders than the Takeover Offer, taking into account all terms and conditions of the Competing Transaction.

Takeover Offer means the off market takeover offer by Galaxy of 1.65 Galaxy Shares for every 1 General Mining Share on the terms and conditions set out in this Bidder's Statement.

Takeover Offer Consideration means 1.65 Galaxy Shares for every 1 General Mining Share.

Takeovers Panel means the Takeovers Panel established under section 171 of the *Australian Securities and Investments Commission Act 2001* (Cth).

Third Party Offer means an offer or proposal made by a third party to acquire more than 50% of the General Mining Shares, by way of a takeover bid, a scheme of arrangements or otherwise where:

- (a) if the Third Party Offer is a takeover offer, the offers are capable of acceptance and are not subject to any condition substantially more onerous than the Conditions of the Takeover Offer; and
- (b) in any other case, a binding agreement has been entered into between the General Mining and the third party in respect of the Third Party Offer.

Third Party Offer Price means the highest price or value per General Mining Share offered under a Third Party Offer.

Your Shares means the General Mining Shares: (a) in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of General Mining at 5:00pm (Perth Time) on the Record Date; or (b) to which you are able to give good title at the time you accept this Takeover Offer during the Offer Period.

11.2 Interpretation

The following rules of interpretation apply unless intention appears or the context requires otherwise:

- (a) a reference to a time is a reference to Perth (Western Australian) time, unless otherwise stated;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;

- (d) a reference to a Section is to a Section of this Bidder's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;
- (g) \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (n) a reference to you is to a person to whom the Takeover Offer is made; and
- (o) the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

ANNEXURE A – TERMS OF TAKEOVER OFFER

The Offer and any contract resulting from acceptance of the Offer is subject to fulfilment of the following conditions:

1.1 General Terms

- (a) Galaxy offers to acquire all of Your Shares, together with all Rights attached to them, on the following terms and conditions set out in this Takeover Offer.
- (b) The Takeover Offer Consideration being offered by Galaxy for the acquisition of all of Your Shares is 1.65 Galaxy Shares for every 1 General Mining Share you own, subject to the terms and conditions set out in this Takeover Offer.
- (c) If, you become entitled to a fraction of a Galaxy Share under the Takeover Offer, the number of Galaxy Shares will be rounded up to the nearest whole Galaxy Share.
- (d) If you are an Ineligible Foreign Shareholder at the time the Takeover Offer is made to you then, despite any other provision of this Takeover Offer, you may be offered and may be paid for Your Shares a cash amount calculated under Section 1.8 of this Annexure A.
- (e) The Galaxy Shares to be issued pursuant to this Takeover Offer will be fully paid and, from their date of issue, rank equally in all respects with existing Galaxy Shares currently on issue.
- (f) The rights and obligations of the Galaxy Shares to be issued under the Takeover Offer are summarised in Section 3.12 of the Bidder's Statement.
- (g) The Takeover Offer is dated 28 June 2016.

1.2 Offer Period

- (a) Unless withdrawn, this Takeover Offer will remain open for acceptance during the period commencing on the date of this Takeover Offer and ending at 5:00pm (WST) on the later of:
 - (i) 29 July 2016; or
 - (ii) any date to which the Offer Period is extended, in accordance with the Corporations Act.
- (b) Galaxy reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last 7 days of the Offer Period, either of the following events occurs:
 - (i) the Takeover Offer is varied to improve the consideration offered; or
 - (ii) Galaxy's voting power in General Mining increases to more than 50%,then the Offer Period will automatically be extended so that it ends 14 days after the relevant events in accordance with Section 624(2) of the Corporations Act.

1.3 Who May Accept

- (a) An Offer in this form and bearing the same date is being made to each person registered as a holder of General Mining Shares on General Mining's register of members at 5:00pm (Perth Time) on the Record Date.

- (b) The Offer also extends to each person who, during the period from the Record Date until the end of the Offer Period, becomes registered as a holder of General Mining Shares due to the conversion of, or exercise of rights conferred by General Mining Options that are on issue at the Record Date and any person who becomes registered, or is entitled to be registered as the holder of Your Shares during the Offer Period.
- (c) A person who:
 - (i) is able, during the Offer Period, to give good title to a parcel of General Mining Shares; and
 - (ii) has not already accepted this Takeover Offer which relates to those General Mining Shares,
 may accept as if a Takeover Offer from Galaxy on terms identical with this Takeover Offer had been made to that person in relation to those General Mining Shares.
- (d) If, at the time the Takeover Offer is made to you, or at any time during the Offer Period, another person is registered as the holder of some or all of Your Shares, then:
 - (i) a corresponding offer on the same terms and conditions as this Takeover Offer will be deemed to have been made to that other person in respect of those General Mining Shares;
 - (ii) a corresponding offer on the same terms and conditions as this Takeover Offer will be deemed to have been made to you in respect of any other General Mining Shares you hold to which the Takeover Offer relates; and
 - (iii) this Takeover Offer will be deemed to have been withdrawn immediately at that time.
- (e) If at any time during the Offer Period you are registered as the holder of one or more parcels of General Mining Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Takeover Offer has been made in relation to each of those parcels and any parcel you hold in your own right. To validly accept the Takeover Offer for each distinct parcel, you must comply with the procedure in Section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call Galaxy on +61 8 9215 1700 to request those additional copies.
- (f) This Takeover Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of the Bidder's Statement being lodged with ASIC). The Offer is not registered in New Zealand, but is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013. It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Takeover Offer and to comply with any other necessary formality and to obtain any necessary governmental or other consents.
- (g) If Your Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting this Takeover Offer.

1.4 How to Accept this Takeover Offer

- (a) You may only accept this Takeover Offer in respect of all (and not a lesser number) of Your Shares. For example, if you have 10,000 General Mining Shares and you wish

to accept the Takeover Offer, you may only accept this Takeover Offer in respect of 10,000 General Mining Shares.

- (b) You may accept this Takeover Offer at any time during the Offer Period.
- (c) To accept this Takeover Offer for General Mining Shares held in your name, you must:
 - (i) complete and sign the Acceptance Form in accordance with the terms of this Takeover Offer and the instructions on the Acceptance Form; and
 - (ii) ensure that the Acceptance Form (including any documents required by the terms of this Takeover Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period, at the address shown on the Acceptance Form.
- (d) Acceptance Form and Other Documents
 - (i) The Acceptance Form forms part of the Takeover Offer. The requirements on the Acceptance Form must be observed in accepting the Takeover Offer.
 - (ii) For your acceptance to be valid you must ensure that your Acceptance Form (including any documents required by the terms of this Takeover Offer and the instructions on the Acceptance Form) are posted or delivered in sufficient time for it to be received by Galaxy at the address shown on the Acceptance Form before the end of the Offer Period.
 - (iii) The postage and transmission of the Acceptance Form and other documents is at your own risk.
 - (iv) When accepting the Takeover Offer, you must also forward for inspection:
 - (A) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney; and
 - (B) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased General Mining Shareholder, the relevant grant of probate or letters of administration.

1.5 Validity of Acceptances

- (a) Subject to this Section 1.5 of this Annexure A, your acceptance of the Takeover Offer will not be valid unless it is made in accordance with the procedures set out in Section 1.4 of this Annexure A.
- (b) Galaxy may, in its sole discretion, at any time deem any Acceptance Form it receives to be a valid acceptance in respect of Your Shares even if a requirement for acceptance has not been complied with.
- (c) Galaxy may at any time in its sole discretion:
 - (i) treat the receipt by it of an Acceptance Form during the Offer Period (or in an envelope post-marked before the expiry of the Offer Period) as a valid acceptance notwithstanding that one or more of the other requirements for a valid acceptance have not been complied with and without further communication to you; and
 - (ii) where you have satisfied the requirements for acceptance in respect of only some of your General Mining Shares, treat the acceptance as a valid acceptance in respect of all of your General Mining Shares.

- (d) In respect of any part of an acceptance treated by it as valid, Galaxy will provide you with the relevant consideration in accordance with Section 1.7(a) of this Annexure A, and the exercise of Galaxy's rights under this Section 1.5 of this Annexure A will be conclusive and only evidenced by its so doing. The payment of consideration in accordance with the Takeover Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Galaxy.
- (e) This Section is not a condition of this Takeover Offer.

1.6 The Effect of Acceptance

- (a) Once you have accepted this Takeover Offer, you will be unable to revoke your acceptance and the contract resulting from your acceptance will be binding on you. In addition, you will be unable to withdraw your acceptance of the Takeover Offer or otherwise dispose of Your Shares, except as follows:
 - (i) if, by the times specified in Section 1.6(b) of this Annexure A, the conditions in Section 1.9 of this Annexure A have not all been fulfilled or waived, the Takeover Offer will automatically terminate and Your Shares will be returned to you; or
 - (ii) if the Takeover Offer is varied in accordance with the Corporations Act in a way that postpones for more than one month the time when Galaxy has to meet its obligations under the Takeover Offer, and, at the time, the Takeover Offer is subject to one or more of the conditions in Section 1.9 of this Annexure A, you may be able to withdraw your acceptance in accordance with Section 650E of the Corporations Act.
- (b) The relevant times for the purposes of Section 1.6(a) are at the end of the Offer Period.
- (c) By following the procedures described in Section 1.4 of this Annexure A, you will be deemed to have:
 - (i) accepted this Takeover Offer (and any variation to it) in respect of the General Mining Shares registered in your name at the time of processing to which this Takeover Offer relates, regardless of the number of General Mining Shares specified in the Acceptance Form;
 - (ii) agreed to the terms of the Takeover Offer and, subject to the conditions contained in Section 1.9 of this Annexure A being fulfilled or waived, agreed to transfer to Galaxy all of your General Mining Shares and all of the Rights attached to those General Mining Shares;
 - (iii) agreed to accept the consideration being offered by Galaxy and have authorised Galaxy to place your name on its register of shareholders in respect of Galaxy Shares offered by Galaxy as consideration, and agreed to be bound by the Constitution of Galaxy;
 - (iv) authorised Galaxy to complete the Acceptance Form by correcting any errors in or omissions from the Acceptance Form as may be necessary:
 - (A) to make the Acceptance Form an effective acceptance of this Takeover Offer; and/or
 - (B) to enable registration of the transfer to Galaxy of your General Mining Shares;

- (v) irrevocably authorised and directed General Mining to pay to Galaxy or to account to Galaxy for all dividends and other distributions and entitlements which are declared, paid or which arise or accrue after the date of this Takeover Offer in respect of your General Mining Shares (subject to Galaxy accounting to you for any dividends, distributions or entitlements received by it if your acceptance of this Takeover Offer is validly withdrawn pursuant to Section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);
- (vi) represented and warranted to Galaxy that:
 - (A) Galaxy will acquire good title to and beneficial ownership of all of your General Mining Shares free from all mortgages, charges, liens, encumbrances (whether legal or equitable) and other third party interests of any kind;
 - (B) you have paid General Mining all amounts which are due in respect of your General Mining Shares;
 - (C) all of your General Mining Shares are fully paid; and
 - (D) you have full power and capacity to accept the Takeover Offer and to sell and transfer the legal and beneficial ownership of your General Mining Shares (together with all Rights attached to them) to Galaxy;
- (vii) unless you are an Ineligible Foreign Shareholder (as that expression is defined in Section 11.1 of this Bidder's Statement), you agree to accept the Galaxy Shares to which you become entitled by accepting this Takeover Offer subject to the Constitution and the terms of issue of the Galaxy Shares and to have authorised Galaxy to place your name on its register of shareholders as the holder of the Galaxy Shares issued to you under the Takeover Offer;
- (viii) acknowledged and agreed that if you are an Ineligible Foreign Shareholder, Galaxy will arrange for any Galaxy Shares otherwise issuable to you to be issued and sold, and the net proceeds (less any transaction costs) to be remitted to you, as described in Section 1.8 of this Annexure A;
- (ix) represented and warranted to Galaxy that the making by Galaxy to you, and your acceptance, of this Takeover Offer is lawful under any foreign law which applies to you, to the making of this Takeover Offer, and to your acceptance of this Takeover Offer;
- (x) with effect from the later of acceptance of the Takeover Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, appointed (and agreed not to revoke that appointment) Galaxy and each of its directors, secretaries and other officers from time to time severally as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your General Mining Shares or in exercise of any right or power derived from the holding of your General Mining Shares including, without limitation:
 - (A) attend and vote in respect of your General Mining Shares at any and all meetings of General Mining;
 - (B) requisition or join with other holders of General Mining Shares in requisitioning and/or convening a meeting of the members of General Mining;

- (C) demand a poll for any vote to be taken at any meeting of General Mining Shareholders;
- (D) propose or second any resolutions to be considered at any, and all meetings of General Mining Shareholders;
- (E) execute all forms, transfers, assignments, notices, instruments (including instruments appointing a director of Galaxy as a proxy in respect of all or any of your General Mining Shares and a transfer form for your General Mining Shares), proxies, consents, agreements and resolutions relating to your General Mining Shares;
- (F) request General Mining to register in the name of Galaxy or its nominee your General Mining Shares which you hold on any register of General Mining; and
- (G) do all things incidental or ancillary to the foregoing,

and to have agreed that in exercising the powers conferred by that power of attorney, the attorney shall be entitled to act in the interests of Galaxy as the beneficial owner and intended registered holder of your General Mining Shares in respect of which you have accepted this Takeover Offer and to have further agreed to do all such acts, matters and things that Galaxy may require to give effect to the matters the subject of this paragraph (including the execution of a written form of proxy to the same effect as this paragraph which complies in all respects with the requirements of the Constitution of General Mining) if requested by Galaxy. This appointment is irrevocable and terminates upon registration of a transfer to Galaxy or your General Mining Shares;

- (xi) with effect from the later of acceptance of the Takeover Offer and the date that any contract resulting from that acceptance becomes, or is declared unconditional, agreed not to vote in person at any general meeting of General Mining or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on Galaxy and the directors, secretaries and other officers of Galaxy by Section 1.6(c)(x) of this Annexure A;
 - (xii) irrevocably authorised Galaxy to notify General Mining on your behalf that your place of address for the purposes of serving notices in respect of your General Mining Shares is the address specified by Galaxy in the notification;
 - (xiii) represented and warranted to Galaxy that, unless you have notified it in accordance with Section 1.3(e) of this Annexure A, your General Mining Shares do not consist of a separate parcel of shares; and
 - (xiv) agreed, subject to the conditions of this Takeover Offer in Section 1.9 of this Annexure A being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Galaxy may consider necessary or desirable to convey your General Mining Shares registered in your name and Rights to Galaxy.
- (d) The representations, warranties, undertakings and authorities referred to in this Section 1.6 of this Annexure A will (unless otherwise stated) remain in force after you receive the consideration for your General Mining Shares and after Galaxy becomes registered as the holder of them.

1.7 Payment of Consideration

- (a) Subject to the terms of this Takeover Offer and the Corporations Act, Galaxy will provide the consideration for Your Shares on or before the earlier of:
 - (i) one month after the date of your acceptance or, if this Takeover Offer is subject to a defeating condition when you accept this Takeover Offer, within one month after this Takeover Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period.
- (b) Under no circumstances will interest be paid on the consideration to which you are entitled to under the Takeover Offer, regardless of any delay in providing the consideration or any extension of the Takeover Offer.
- (c) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):
 - (i) if that document is given with your acceptance, Galaxy will provide the consideration in accordance with Section 1.7(a) of this Annexure A;
 - (ii) if that document is given after acceptance and before the end of the Offer Period while this Takeover Offer is subject to a defeating condition, Galaxy will provide the consideration by the end of whichever of the following periods ends earlier:
 - (A) within one month after this Takeover Offer become unconditional; or
 - (B) 21 days after the end of the Offer Period;
 - (iii) if that document is given after the Offer Period while this Takeover Offer is not subject to a defeating condition, Galaxy will provide the consideration due to you on or before the earlier of:
 - (A) one month after that document is given to Galaxy; and
 - (B) 21 days after the end of the Offer Period; and
 - (iv) if that document is given after the end of the Offer Period, and the Takeover Offer is not subject to a defeating condition, Galaxy will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Takeover Offer is still subject to a defeating condition that relates only to the happening of an event of circumstances referred to in Section 652C(1) or (2) of the Corporations Act, Galaxy will provide the consideration for you within 21 days after the Takeover Offer becomes unconditional.
- (d) Subject to Section 1.8 of this Annexure A, the obligation of Galaxy to issue any Galaxy Shares to which you are entitled under the Takeover Offer will be satisfied by:
 - (i) entering your name on the register of members of Galaxy; and
 - (ii) dispatching or procuring the dispatch to you by pre-paid post to your last recorded address on the most recent copy of General Mining's register of members after the Takeover Offer goes unconditional, a confirmation of the issue of Galaxy Shares in your name. If Your Shares are held in a joint name, a confirmation of issue of new Galaxy Shares will be issued in the name of, and forwarded to the last recorded address on the most recent copy of General Mining's register of members.

- (e) If, at the time you accept the Takeover Offer, any of the following:
- (i) Autonomous Sanctions Regulations 2011 (Cth);
 - (ii) Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
 - (iii) Charter of the United Nations (Sanctions – Al-Qaida) Regulations 2008 (Cth);
 - (iv) Charter of the United Nations (Sanctions - Iraq) Regulations 2008 (Cth); or
 - (v) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Australian Taxation Office or any other government authority be obtained before you receive any consideration for Your Shares, or would make it unlawful for Galaxy to provide any consideration to you for Your Shares, you will not be entitled to receive any consideration for Your Shares until all requisite authorities, clearances or approvals have been received by Galaxy.

1.8 Ineligible Foreign Shareholders

- (a) If you are an Ineligible Foreign Shareholder (as that expression is defined in Section 11.1 of this Bidder's Statement), you may not be entitled to receive Galaxy Shares as the consideration for Your Shares as a result of accepting the Takeover Offer, and Galaxy may:
- (i) arrange for the issue to a nominee approved by ASIC (the **Sale Nominee**) of the number of Galaxy Shares to which you and all other Ineligible Foreign Shareholders would have been entitled but for Section 1.1(d) of this Annexure A and the equivalent provision of each other offer under the Takeover Offer;
 - (ii) cause the Galaxy Shares so issued to be offered for sale by the Sale Nominee on ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Sale Nominee acting in good faith; and
 - (iii) cause the Sale Nominee to pay to you the amount ascertained in accordance with the following formula (calculated on an average basis so that all Ineligible Foreign Shareholders who accept the Takeover Offer receive the same proceeds per General Mining Share, subject to rounding):

$$\frac{\text{Net Proceeds of Sale} \times \text{YS}}{\text{TS}}$$

Where:

Net Proceeds of Sale is the amount received by the Sale Nominee upon the sale of a Galaxy Share under this Section 1.8 of this Annexure A, less the expenses of the sale (brokerage, stamp duty and other selling costs, taxes and charges);

YS is the number of Galaxy Shares which would, but for Sections 1.8(a) and 1.1(d) of this Annexure A, have been issued to you; and

TS is the total number of Galaxy Shares issued to the Sale Nominee under this Section 1.8 of this Annexure A in respect of the General Mining Shares held by all Ineligible Foreign Shareholders.

- (b) You will be paid your share of the proceeds of the sale of Galaxy Shares by the Sale Nominee in Australian currency.

- (c) Payment will be made by cheque payable in Australian Dollars and drawn on an Australian bank branch posted to you at your risk by ordinary mail (or in the case of overseas shareholders by airmail) as soon as practicable and in any event within the period required by the Corporations Act to your address recorded on the latest copy of the General Mining shareholders register.
- (d) Under no circumstances will interest be paid on your share of the proceeds of the sale of Galaxy Shares by the Sale Nominee, regardless of any delay in remitting these proceeds to you or your receipt of those proceeds.

1.9 Conditions of the Offer

The Offer, and any contract resulting from the acceptance of the Offer, are subject to the following conditions:

- (a) **(90% minimum acceptance)** at the end of the Offer Period, Galaxy and its Associates have a Relevant Interest in more than 90% (by number) of all of the General Mining Shares both on an undiluted and on a fully diluted basis;
- (b) **(General Mining Options):** all General Mining Options lapse, are exercised or become subject to private agreement with Galaxy and are cancelled in return for the issue of a Galaxy Option on a 1.65 for one basis (**Ratio**) (with the aggregate number, where a fraction, rounded up to the nearest whole number), with an exercise price equal to the exercise price of the relevant General Mining Option divided by the Ratio, on materially the same terms and conditions;
- (c) **(no Regulatory Action):** that between the Announcement Date and the end of the Offer Period:
 - (i) there is not in effect any preliminary or final decision, order or decree issued by a Regulatory Authority; and
 - (ii) no application is made to any Regulatory Authority (other than by any member of the Galaxy Group), or action or investigation is announced, threatened or commenced by a Regulatory Authority,

in consequence of, or in connection with, the Offer (other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act), which:

- (i) restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely impacts on, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of Galaxy in respect of General Mining and the General Mining Shares to be acquired under the Offer; or
- (ii) requires the divestiture by Galaxy of any General Mining Shares, or the divestiture of any assets of General Mining or its Related Bodies Corporate, Galaxy or its Related Bodies Corporate or otherwise;
- (d) **(no material adverse change)** any act, omission, event, change, matter or circumstance occurring, or being discovered or becoming public (either individually or aggregated with other acts, omissions, events, changes, matters or circumstances) which:
 - (i) has diminished, or could reasonably be expected to diminish the net assets of the General Mining Group by \$2,000,000 or more;
 - (ii) has or could reasonably be expected to have a materially adverse effect on the:

- (A) assets, liabilities, financial position, performance, profitability or prospects of the General Mining Group; or
- (B) status or terms of (or rights attaching to) any material approvals from a government authority applicable to the General Mining Group,

including without limitation:

- (i) any person accelerating or adversely modifying the performance of any material obligations of General Mining or any of its subsidiaries under any material agreements, contracts or other legal arrangements,

but does not include:

- (ii) those events or circumstances required to be done or procured by General Mining pursuant to this agreement;
- (iii) those events or circumstances relating to changes in business conditions affecting the industry in which General Mining and Galaxy operate; or
- (iv) an event, circumstance, matter or information that is fairly disclosed, or that is reasonably apparent on its face as potentially to flow from the event, occurrence, matter or information that is fairly disclosed, in information provided by General Mining to Galaxy or its Representatives, or is otherwise known to Galaxy or its Representatives on or prior to the date of this agreement or otherwise disclosed in public filings by General Mining with ASIC or provided to ASX on or prior to the date of this agreement.

(e) **(no material acquisitions, disposals or new commitments):** except for any proposed transaction publicly announced by General Mining before the Announcement Date or disclosed in writing to Galaxy or its Representatives prior to the Announcement, none of the following events occurs during the period from the Announcement Date to the end of the Offer Period:

- (i) General Mining or any Subsidiary of General Mining acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$1,000,000 or makes an announcement in relation to such an acquisition, offer or agreement;
- (ii) General Mining or any Subsidiary of General Mining disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount, or in respect of which the book value is, in aggregate, greater than \$1,000,000 or makes an announcement in relation to such a disposition, offer or agreement;
- (iii) General Mining or any Subsidiary of General Mining enters into, or offers to enter into or agrees to enter into, any agreement, joint venture, partnership, farm-in agreement, management agreement or commitment which would require expenditure, or the foregoing of revenue, by General Mining and/or its Subsidiaries of an amount which is, in aggregate, more than \$1,000,000 other than in the ordinary course of business, or makes an announcement in relation to such an entry, offer or agreement;
- (iv) General Mining or any Subsidiary of General Mining disposes of, offers to dispose of or agrees to enter into any agreement, joint venture, partnership, farm-in agreement, management agreement or commitment involving the disposal of any legal, beneficial or economic interest or right to or in

connection with any mining tenements held by General Mining and/or any of its Subsidiaries or applications therefore;

- (v) General Mining nor any of its subsidiaries materially varies, amends, or modifies any Material Contract;
- (f) **(no material litigation)** there is no litigation, claim, action or proceeding pending or in progress or threatened against or relating to any member of the General Mining Group during the Offer Period that does or is likely to constitute a General Mining Material Adverse Change;
- (g) **(no prescribed occurrences)**: there not occurring a General Mining Prescribed Occurrence during the Offer Period;
- (h) **(no change of control rights)**: after the Announcement Date and before the end of the Offer Period, no person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any agreement or other instrument to which General Mining or any Subsidiary of General Mining is a party, or by or to which General Mining or any Subsidiary of General Mining or any of its assets may be bound or be subject, which results, or could result, to an extent which is material in the context of General Mining or General Mining and its Subsidiaries taken as a whole, in:
 - (i) any monies borrowed by General Mining or any Subsidiary of General Mining being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
 - (ii) any such agreement or other instrument being terminated or modified or any action being taken or arising thereunder;
 - (iii) the interest of General Mining or any Subsidiary of General Mining in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or
 - (iv) the business of General Mining or any Subsidiary of General Mining with any other person being adversely affected,

as a result of the acquisition of General Mining Shares by Galaxy except for any rights under any provision of any agreement or other instrument disclosed in writing to Galaxy or its Representatives prior to the Announcement;

- (i) **(non-existence of certain rights)**: that no person has any right (whether subject to conditions or not) as a result of Galaxy acquiring General Mining Shares to:
 - (i) acquire, or require General Mining or a Subsidiary of General Mining to dispose of, or offer to dispose of, any material asset of General Mining or a Subsidiary of General Mining; or
 - (ii) terminate or vary or exercise any right under any material agreement with General Mining or a Subsidiary of General Mining,

except for any rights under any provision of any agreement or other instrument disclosed in writing to Galaxy or its Representatives or otherwise publicly announced by General Mining prior to execution of this agreement.

The above conditions are conditions subsequent and do not prevent a contract resulting from acceptance of the Offer from coming into effect but any breach or non-fulfilment of them entitles Galaxy to rescind any contracts resulting from acceptance of the Offer.

1.10 Freeing the Takeover Offer of Conditions

- (a) Subject to clause 1.10(b), Galaxy may free this Takeover Offer, and any contract resulting from its acceptance, from all or any of the conditions in Section 1.9 of this Annexure A by giving notice to General Mining declaring the Takeover Offer to be free from the relevant conditions specified in accordance with Section 650F of the Corporations Act. This notice may be given not less than 7 days before the end of the Offer Period.
- (b) The Condition in paragraph 1.9(a) (90% minimum acceptance condition) cannot be waived by Galaxy, where Galaxy has a Relevant Interest of less than 80% of the issued shares in General Mining, without the prior written consent of General Mining.

1.11 Freeing the Takeover Offer from Conditions

- (a) If, at the end of the Offer Period, the conditions in Section 1.9 of this Annexure A have not been fulfilled and Galaxy has not declared the Takeover Offer (or it has not become) free from those conditions, all contracts resulting from the acceptance of the Takeover Offer will be automatically void.
- (b) Subject to the provisions of the Corporations Act, Galaxy alone will be entitled to the benefit of the conditions in Section 1.9 of this Annexure A and any breach or non-fulfilment thereof may be relied upon only by Galaxy.

1.12 Notice of Status of Conditions

The date for giving the notice required by Section 630(1) of the Corporations Act is **22 July 2016**, subject to extension in accordance with 630(2) if the Offer Period is extended.

1.13 Quotation

- (a) An application will be made within 7 days after the start of the Bid Period to ASX for the granting of quotation of the Galaxy Shares to be issued in accordance with the Takeover Offer. However, quotation is not granted automatically on application.
- (b) Pursuant to the Corporations Act, this Takeover Offer and any contract that results from your acceptance of it are subject to a condition that permission for quotation by ASX (as the circumstances require) of the Galaxy Shares to be issued pursuant to the Takeover Offer being granted no later than 7 days after the end of the Bid Period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Takeover Offers will be automatically void.

1.14 Withdrawal of Offer

Galaxy may withdraw this Takeover Offer at any time before you accept it, but only with the consent in writing of ASIC (which consent may be given subject to such conditions, if any, as are imposed by ASIC). If ASIC gives such consent, Galaxy will give notice of the withdrawal to ASX and to General Mining and comply with any other conditions imposed by ASIC.

1.15 Variation

Galaxy may vary this Takeover Offer in accordance the Corporations Act.

1.16 Stamp Duty or Other Costs

- (a) All costs and expenses of the preparation, dispatch and circulation of this Takeover Offer and any duty payable in respect of the transfers will be paid by Galaxy.

- (b) As long as your General Mining Shares are registered in your name and you deliver them directly to Galaxy, you will not incur any brokerage in connection with your acceptance of this Takeover Offer.

1.17 Governing Law

This Takeover Offer and any contract that results from your acceptance of this Takeover Offer is governed by the laws in force in Western Australia.

1.18 Date of Offer

This Takeover Offer is dated 28 June 2016.

ANNEXURE B – GENERAL MINING PRESCRIBED OCCURRENCES

1. **(Conversion):** General Mining or any Subsidiary converts all or any of its shares into a larger or smaller number of shares.
2. **(Reduction of share capital):** General Mining or any Subsidiary resolves to reduce its share capital in any way or reclassifies, combines, splits or redeems or repurchases directly or indirectly any of its shares.
3. **(Buy-back):** General Mining or any Subsidiary:
 - (a) enters into a buy-back agreement; or
 - (b) resolves to approve the terms of a buy-back agreement under the Corporations Act.
4. **(Distribution):** General Mining or any Subsidiary makes or declares, or announces an intention to make or declare, any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).
5. **(Issuing or granting shares or options):** General Mining or any of its Subsidiaries:
 - (a) issues shares;
 - (b) grants an option over its shares; or
 - (c) agrees to make such an issue or grant such an option,other than the issue of any General Mining Shares in connection with:
 - (d) the exercise of General Mining Options; or
 - (e) the conversion of loans or working capital facilities made available by Galaxy;issued or granted prior to the date of this agreement, in each case to a person outside the General Mining Group.
6. **(Securities or other instruments):** General Mining or any of its Subsidiaries issues or agrees to issue securities or other instruments convertible into General Mining Shares or debt securities to a person outside the General Mining Group.
7. **(Disposals):** General Mining or any of its Subsidiaries disposes, or agrees to dispose of the whole or a substantial part of the General Mining Group's business or property.
8. **(Tenements):** Subject to the matters fairly disclosed in the General Mining Due Diligence Material, any mining tenement held by General Mining or any Subsidiary of General Mining is forfeited or surrendered (other than for surrenders required by law) or becomes liable to forfeiture or surrender or any material condition of any mining tenement is not complied with.
9. **(Financial Indebtedness):** General Mining or any of its Subsidiaries incurs any financial indebtedness or issues any debt securities, other than in the ordinary course of business.
10. **(Acquisitions, disposals or tenders):** General Mining or any of its Subsidiaries:
 - (a) acquires or disposes of;
 - (b) agrees to acquire or dispose of;
 - (c) offers, proposes, announces a bid or tenders for,any business, assets, entity or undertaking the value of which exceeds \$1,000,000.

11. **(Encumbrances)**: other than in the ordinary course of business and consistent with past practice General Mining or any of its Subsidiaries creates, or agrees to create, any Encumbrance over the whole or a substantial part of its business or property.
12. **(Employment arrangements)**: other than in the ordinary course of business and consistent with past practice General Mining or any of its Subsidiaries:
- (a) increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees;
 - (b) accelerates the rights of any of its directors or employees to compensation or benefits or any kind (including under any General Mining executive or employee share plans); or
 - (c) pays any of its directors or employees a termination or retention payment (otherwise than in accordance with an existing contract in place at the date of this agreement).
13. **(Commitments and settlements)**: other than in the ordinary course of business and consistent with past practice, General Mining or any of its Subsidiaries, without the prior written approval of Galaxy (not to be unreasonably withheld):
- (a) enters into any contract or commitment involving revenue or expenditure of more than \$1,000,000 over the term of the contract or commitment;
 - (b) terminates or amends in a material manner any contract material to the conduct of the General Mining Group's business or which involves revenue or expenditure of more than \$1,000,000 over the term of the contract;
 - (c) waives any material third party default; or
 - (d) accepting as a settlement or compromise of a material matter (relating to an amount in excess of \$1,000,000) less than the full compensation due to General Mining or a Subsidiary of General Mining.
14. **(Insolvency)**: General Mining or any of its Related Bodies Corporate becomes Insolvent.

ANNEXURE C – GALAXY'S ASX ANNOUNCEMENTS

The Company has lodged the following announcements with ASX since 31 December 2015:

Date	Description of Announcement
22/06/2016	GMM: Significant pegmatite repetition encountered at Mt Cattlin
07/06/2016	Change of Director's Interest Notice MR
01/06/2016	Results of Meeting
31/05/2016	Company Presentation AGM
30/05/2016	GMM: Notice of Initial Substantial Holder from GXY
30/05/2016	Bid Implementation Agreement
30/05/2016	Galaxy Resources and General Mining to Merge
26/05/2016	Trading Halt
26/05/2016	Trading Halt
23/05/2016	Appendix 3B Amended
19/05/2016	Appendix 3B
18/05/2016	GMM: Maiden Offtake Completed, Prepayment Received
18/05/2016	Final Offtake Signed Prepayment Received
17/05/2016	Appendix 3B
17/05/2016	Trading Halt Request
17/05/2016	Trading Halt
06/05/2016	GMM: Operational Ramp Up Continues At Mt Cattlin
29/04/2016	Appendix 4G
29/04/2016	Annual Report to shareholders
29/04/2016	Notice of Annual General Meeting/Proxy Form
28/04/2016	Quarterly Reports - March 2016
27/04/2016	Appendix 3B
22/04/2016	Ceasing to be a substantial holder
11/04/2016	GMM: Mt Cattlin-more repetitions encountered
11/04/2016	Investor Presentation
01/04/2016	GMM: Production commences at Mt Cattlin
01/04/2016	Production Commenced at Mt Cattlin
24/03/2016	Full Year Statutory Accounts
22/03/2016	Details of Company Address
21/03/2016	Corporate Presentation
11/03/2016	S&P DJ Indices Announces March Quarterly Review
09/03/2016	GMM: Update on offtake agreements
08/03/2016	GMM: BINDING SPODUMENE CONCENTRATE AGREEMENTS
08/03/2016	Lithium Concentrate Offtake Signed for Mt Cattlin
07/03/2016	Change in substantial holding

Date	Description of Announcement
07/03/2016	Trading Halt
04/03/2016	Appendix 3B
29/02/2016	GMM: MT CATTLIN PROCESSING PLANT UPDATE
25/02/2016	Mt Cattlin Diamond Drilling
25/02/2016	GMM: Mt Cattlin Diamond Drilling
29/01/2016	Quarterly Reports - December 2015
27/01/2016	US and Canada Institutional Roadshow Presentation
21/01/2016	GMM: Mt Cattlin Update - Moving to Production
21/01/2016	Mt Cattlin Moves Closer to Production

ANNEXURE D – GENERAL MINING’S ASX ANNOUNCEMENTS

General Mining has lodged the following announcements with ASX since 1 July 2015:

Date	Description of Announcement
22/06/2016	Significant pegmatite repetition encountered at Mt Cattlin
14/06/2016	Share issue cleansing notice
10/06/2016	Becoming a substantial holder
10/06/2016	Form 603 - Notice of initial substantial holder
07/06/2016	Appendix 3B - cashless exercise unlisted options
30/05/2016	Notice of Initial Substantial Holder from Galaxy Resources
30/05/2016	Bid Implementation Agreement
30/05/2016	Galaxy Resources and General Mining to Merge
26/05/2016	Trading Halt request
26/05/2016	Trading Halt
18/05/2016	Maiden Offtake Completed, Prepayment Received
18/05/2016	GXY: Final Offtake Signed Prepayment Received
17/05/2016	Trading Halt Request
17/05/2016	Trading Halt
06/05/2016	Operational Ramp Up Continues At Mt Cattlin
02/05/2016	Quarterly Cashflow Report - March 2016
02/05/2016	Quarterly Activities Report - March 2016
11/04/2016	Mt Cattlin-more repetitions encountered under main pegmatite
01/04/2016	Production commences at Mt Cattlin
01/04/2016	GXY: Production Commenced at Mt Cattlin
16/03/2016	Half Year Accounts
09/03/2016	Update on offtake agreements
08/03/2016	GXY: Lithium Concentrate Offtake Signed for Mt Cattlin
08/03/2016	BINDING SPODUMENE CONCENTRATE AGREEMENTS
07/03/2016	Trading Halt
29/02/2016	MT CATTLIN PROCESSING PLANT UPDATE
25/02/2016	Mt Cattlin Diamond Drilling
15/02/2016	Appendix 3B and cleansing notice - exercise unlisted options
15/02/2016	Details of Company Address - principal place of business
01/02/2016	Quarterly Cashflow Report - December 2015
01/02/2016	Quarterly Activities Report - December 2015
21/01/2016	Mt Cattlin Update - Moving to Production
24/12/2015	Share issue cleansing notice
24/12/2015	Appendix 3B - placement

Date	Description of Announcement
17/12/2015	Reinstatement to Official Quotation
17/12/2015	GMM raises \$7.3M, fully funded to positive cashflow
16/12/2015	Suspension from Official Quotation
14/12/2015	Trading Halt
09/12/2015	Investor presentation December 2015
04/12/2015	Response to ASX Price Query
30/11/2015	Results of Annual General Meeting
24/11/2015	Exercise of unlisted options - Appendix 3B and 708 notice
16/11/2015	Investor presentation - Mt Cattlin update November 2015
30/10/2015	Quarterly Cashflow Report
30/10/2015	Quarterly Activities Report - September 2015
30/10/2015	Appendix 4G
30/10/2015	Corporate Governance Statement 2015
30/10/2015	Annual Report to shareholders
30/10/2015	Notice of Annual General Meeting/Proxy Form
28/10/2015	GXY: GMM signs Sales and Distribution Agreement with Mit
28/10/2015	GMM signs sales, distribution agreement with Mitsubishi Corp
26/10/2015	Trading Halt
26/10/2015	Rights Issue - issue date
26/10/2015	Final Director's Interest Notice x 3
26/10/2015	Initial Director's Interest Notice x 2
22/10/2015	Rights issue - outcome
21/10/2015	Director Appointment/Resignation
16/10/2015	Appendix 3B on exercise of unlisted options
14/10/2015	Change of Director's Interest Notice
12/10/2015	Investor presentation - Mt Cattlin October 2015 update
12/10/2015	GXY: General Mining Announcement Mt Cattlin
12/10/2015	Mt Cattlin independent review supports near term production
08/10/2015	Non-Renounceable Issue - despatch of prospectus
08/10/2015	Trading Halt
02/10/2015	Cleansing notice
02/10/2015	Appendix 3B on exercise of unlisted options
30/09/2015	Full Year Statutory Accounts
29/09/2015	Rights issue - letter to ineligible shareholders
29/09/2015	Rights issue - letter to shareholders
25/09/2015	Non-Renounceable Issue - Appendix 3B
25/09/2015	Non-Renounceable Issue - prospectus

Date	Description of Announcement
25/09/2015	Non-Renounceable Issue - announcement
24/09/2015	Response to ASX Query - Price Query
21/09/2015	Change of Director's Interest Notice x3
21/09/2015	Cleansing notice
21/09/2015	Appendix 3B
11/09/2015	Reinstatement to Official Quotation
11/09/2015	Capital raising complete, Mt Cattlin site works to commence
09/09/2015	Results of Meeting
09/09/2015	Suspension from Official Quotation
08/09/2015	Appendix 3B on expiry of options
07/09/2015	GXY: Mt Cattlin Definitive Agreement Executed
07/09/2015	Trading Halt
07/09/2015	Agreements with Galaxy formalised, GMM poised for growth
05/08/2015	Notice of General Meeting/Proxy Form
05/08/2015	GXY: Mount Cattlin Mineral Resource and Ore Reserve Update
04/08/2015	Mt Cattlin Update - revised resource and reserve statement
03/08/2015	Letter to optionholders - expiry
31/07/2015	Quarterly Cashflow Report
31/07/2015	Quarterly Activities Report
17/07/2015	Appendix 3B on expiry of unexercised unlisted options
01/07/2015	Investor presentation. Multi Asset Rare Metal Development Co



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MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Return your Form:



To Your Controlling Participant:

Return this form directly to your stockbroker



By Mail:

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia

For all enquiries:

Phone:



(within Australia) (08) 9215 1700
(outside Australia) +61 8 9215 1700

Transfer & Acceptance Form

CHESS



Your form must be received with sufficient time to allow processing prior to the end of the Offer Period.

This form and the Bidder's Statement are important documents that require your immediate attention. This form relates to an offer ("Offer") by Galaxy Resources Limited ("Galaxy") to acquire all of your ordinary fully paid shares ("General Mining Shares") in General Mining Corporation Limited ("General Mining") (ACN 125 721 075) the terms of which are set out in the Bidder's Statement from Galaxy dated 22 June 2016 as replaced or supplemented (the "Bidder's Statement"). Capitalised terms used in this form have the same meaning as in the Bidder's Statement, unless otherwise defined.

If you are in doubt about how to deal with this Offer, please contact your financial or other professional advisor.

Note this form can only be used in relation to the securityholding represented by the details printed above and overleaf.

Step 1: Registration Name & Offer Details

Your consideration will be issued to the name(s) as they appear on the latest copy of the General Mining register, as provided to Galaxy. The current address recorded by Galaxy is printed above and overleaf. If you have recently bought or sold General Mining Shares, your holding may differ from that shown. If you have already sold all your General Mining Shares, do not complete or return this form.

Step 2: Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of your General Mining Shares. You cannot accept the Offer for only some of your General Mining Shares.

As your General Mining Shares are in a CHESS holding, you may contact your Controlling Participant directly (normally your stockbroker) with instructions to accept the Offer. If you do this, your Controlling Participant will provide you with details as to what they require in order to accept the Offer on your behalf. If you want Galaxy to contact your Controlling Participant on your behalf, sign and return this form to the address above so that it is received in sufficient time to allow your instruction to be acted upon by the close of the Offer Period. This will authorise Galaxy and Computershare Investor Services Pty Limited ("CIS") to request your Controlling Participant to initiate acceptance of the Offer on your behalf.

By signing this form, you warrant to Galaxy (and authorise Galaxy to warrant on your behalf) that you have full legal and beneficial ownership of the General Mining Shares to which this form relates and that Galaxy will acquire them free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and free from any third party rights.

You should allow sufficient time for your Controlling Participant or Galaxy to initiate the acceptance of Galaxy's Offer on your behalf. Neither Galaxy or CIS will be responsible for any delays incurred by the process of requesting your Controlling Participant to accept the Offer.

Step 3: 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 must sign.

Power of Attorney: Where signing as Power of Attorney ("POA"), you must attach an original certified copy of the POA to this form.

Companies: Where the holding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

Overseas Companies: Where the holding is in the name of an overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: All executors must sign and a certified copy of Probate or Letters of Administration must accompany this form.

Entering contact details is not compulsory, but will assist us if we need to contact you.


Turn over to complete the form ➔



Transfer & Acceptance Form

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STEP 1 Registration Name & Offer Details

 For your security keep your SRN/
HIN confidential.

XX

Registration Name: MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Controlling Participant Identifier:

Offer Details: Securityholding as at Wednesday, 22 June 2016:

2000

By accepting the Offer for ALL of your General Mining Shares, you are accepting the Offer for ALL the General Mining Shares as recorded by Galaxy as being held by you at the date your acceptance is processed (even if different to the number stated above).

STEP 2 Accept the Offer

Only sign and return this form if you wish to accept the Offer for ALL of your General Mining Shares. The consideration applicable is set out in the terms of Galaxy's Offer.

STEP 3 Signature of Securityholder(s) *This section must be completed.*

I/We accept the Offer made by Galaxy for General Mining Shares and I/we agree to be bound by the terms and conditions of the Offer and transfer ALL of my/our General Mining Shares as per the above instruction.

Individual or Securityholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Securityholder 2

Director

Securityholder 3

Director/Company Secretary
(cross out titles as applicable)

Contact Name _____ Contact Daytime Telephone _____

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited ("CIS") for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. We may also use your personal information to send you marketing material approved by Galaxy Resources Limited. You may elect not to receive marketing material by contacting CIS using the details provided on the front of this form or by emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to Galaxy Resources Limited or to third parties upon direction by Galaxy Resources Limited where related to the administration of your securityholding or as otherwise required or permitted by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.



Return your Form:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 52
Melbourne Victoria 3001
Australia

For all enquiries:



Phone:

(within Australia) (08) 9215 1700
(outside Australia) +61 8 9215 1700

GMFT

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
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Transfer & Acceptance Form

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UNIT 123
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Individual or Securityholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Securityholder 2

Director

Securityholder 3

Director/Company Secretary
(cross out titles as applicable)

Contact
Name

Contact
Daytime
Telephone

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