

Perth, Australia
29 July 2014

NOTICE – SALE OF UNMARKETABLE PARCELS

Galaxy Resources Limited (ASX: GXY) (**“Galaxy” or “the Company”**) informs shareholders that the Company has established a share sale facility (**“Facility”**) for holders of parcels of Galaxy shares with a market value of less than \$500.00 (**“Unmarketable Parcels”**). The Facility is being established in accordance with the Company’s Constitution and the ASX Listing Rules.

The Record Date for the purposes of establishing holders of Unmarketable Parcels has been set at close of trade on Friday, 18 July 2014. The price that you receive for your shares under the Facility will be A\$0.052 based on the GXY 5 day VWAP price - week ending 18 July 2014 (**“Record Date”**) as mandated by Bell Potter Securities Limited.

The Company has 11,318 shareholders on its share register. Of these, approximately 6,514 hold parcels of less than \$500.00 in value based on the Galaxy share price of A\$0.055 as at close of trade on 18 July 2014 (**“Record Date”**) and are deemed holders of Unmarketable Parcels.

The Company is entitled to sell, on the shareholders behalf, an unmarketable parcel of shares in the Company unless shareholders notify the Company otherwise. By facilitating the sale of Unmarketable Parcels the Company expects to reduce the administrative costs associated with maintaining a large number of small shareholdings.

Attached is a copy of the letter, information notes and standardised Share Retention Form which is to be despatched to all shareholders holding an unmarketable parcel on the Record Date.

-ENDS-

For more information, please contact:

Corporate

Andrew Meloncelli
Interim CFO and Company Secretary
Galaxy Resources Ltd
Tel (office): +61 (0) 8 9215 1700
Email: ir@galaxylithium.com

Media Contact

Shane Murphy
FTI Consulting
Tel (office): +61 (0) 8 9485 8888
Tel (mobile): + 61 (0) 420 945 291
Email: shane.murphy@fticonsulting.com

Caution Regarding Forward Looking Information.

This document contains forward looking statements concerning Galaxy.

Forward-looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties and other factors. Forward-looking statements are inherently subject to business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Company’s actual results to differ materially from those expressed or implied in any forward-looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes.

Forward looking statements in this document are based on Galaxy’s beliefs, opinions and estimates of Galaxy as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

Not For Release in US

This announcement has been prepared for publication in Australia and may not be released in the U.S. This announcement does not constitute an offer of securities for sale in any jurisdiction, including the United States, and any securities described in this announcement may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the company and management, as well as financial statements.

28th July 2014

Dear Shareholder

IMPORTANT NOTICE - Sale of your Unmarketable Parcel of Galaxy Resources Limited Shares

I am writing to advise you that Galaxy Resources Limited ("GXY" or "the Company") has established a share sale facility ("Facility") for holders of parcels of GXY shares with a market value of less than A\$500 as at close of trade on 18 July 2014 ("Unmarketable Parcels"). The Facility is being established in accordance with the ASX Listing Rules.

The Company is offering the Facility to assist holders of Unmarketable Parcels to sell their shares. Holders of Unmarketable Parcels who take advantage of the Facility will have their shares sold without having to act through a broker or pay brokerage fees. The Company will also organise payment of the other costs associated with the sale and transfer (although any tax consequences from the sale of your shares will be your responsibility).

By facilitating the sale of unmarketable parcels the Company expects to reduce the administrative costs associated with maintaining a large number of small shareholdings.

Our records show that you held an Unmarketable Parcel of 9,091 shares or less based on the GXY 5 day VWAP price (prior to record date) of A\$0.052 as at close of trade on 18 July 2014 ("Record Date"). The price that you receive for your shares under the Facility will be A\$0.052 per share.

Unless you advise the Company that you do **NOT** wish to sell your shares through the Facility within six (6) weeks from when this letter was sent by signing and sending the attached Share Retention Form to the Company in accordance with the instructions on that Form, GXY intends to sell your shares through the Facility at the price of \$0.052 per share. Payment will be sent to you following settlement of the sale or otherwise as soon as is practicable and in any event within 60 days.

Please also note that the Company will not sell your shares in the event that a third party announces a takeover offer for the Company. Consistent with its continuous disclosure obligations, the Company may release to the ASX information that may be material to a shareholder's decision as to whether they wish to retain their shares. This information will, if released, be available on the ASX website www.asx.com.au (ASX code is "GXY") and on the Company's website www.galaxylithium.com.

What should you do?

If you do **NOT** wish to sell your shares through the Facility, you must complete and return the attached form to the address on the form so that it is received by **5:00pm (Perth time) on Thursday 4 September 2014**. Please read the instructions on your personalised Share Retention Form carefully before completing it.

If you want to sell your shares through the Facility, you do not need to take any action.

By refraining from taking any action, after the expiration of the time prescribed in the ASX Listing Rules, you will be deemed to have irrevocably appointed the Company as your agent:-

- (a) to sell all of your shares at a price of A\$.052 per share without any cost being incurred by you; and
- (b) to deal with the proceeds of the sale as set out in the attached information pack

If you need help deciding what to do, or if you require information regarding the financial, legal or tax consequences of participating in the Facility you should consult your legal, financial or taxation adviser.

The attached information pack sets out further details of the Facility, which you should read before making any decision. If you have any queries about lodging your form or the practical operation of the Facility please contact Andrew Meloncelli (Interim CFO/Company Secretary) on telephone: +61 (0) 8 9215 1700, by facsimile to +61 (0) 8 9215 1799 or by email: ir@galaxylithium.com.

Yours sincerely

A handwritten signature in black ink, appearing to be "Anthony Tse".

Anthony Tse
Managing Director

1. What is an Unmarketable Parcel of Shares?

An unmarketable parcel of share is a holding of GXY shares valued at less than A\$500 as at close of trade on the Record Date of 18 July 2014. Based on the price of GXY shares at the Record Date, this is a holding of 9091 shares or less.

2. What price will I receive for shares sold through the Facility?

The price that you receive for your shares under the Facility will be A\$0.052 per share based on the GXY 5 day VWAP price - week ending 18 July 2014 ("**Record Date**"). The market price of GXY shares may rise above or fall below the Facility price of A\$0.052 during the period of this letter dated 24 July 2014 and 4 September 2014 however this will not affect either the price you receive for your shares or whether the shares will be sold.

3. What is the price of Galaxy Resources shares?

The last sale price of GXY shares on 18 July 2014 was A\$0.055. The share price changes frequently and more recent prices are available in newspapers and from the ASX website (www.asx.com.au) under the ASX code "GXY".

4. When will the proceeds from the sale of shares be sent to me?

Payment will be sent to you following settlement of the sale or otherwise as soon as is practicable and in any event within 60 days. Payment will be made in Australian dollars by cheque. You will be notified by way of a transaction confirmation statement of the number of your shares sold, and the price and total sale proceeds. The cheque will be sent by post to your address as shown in the share register at the time the share sale payment is run.

5. If I buy more shares, will I retain my holding?

Yes, GXY will treat any purchase of additional shares to increase the value of a GXY shareholding to more than A\$500 as an indication that you do not want your shares to be sold through the Facility. For a purchase to be an effective notification that you wish to retain your shares, any additional shares must be registered by 5:00pm (Perth time) on Thursday 4 September 2014 **under the same name and address and with the same holder number (SRN or HIN)** as set out in this letter.

6. What if my shares are held in a CHESS holding?

If your Shares remain in a CHESS holding at 5:00pm on Thursday 4 September 2014, the Company may move those Shares to an issuer sponsored holding and the Shares will be sold through the Facility.

7. Where can I get further information?

If you have any questions concerning your shareholding or how the Facility will work, please contact Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

8. Important notes

GXY reserves the right to change any of the dates referred to in this letter by notice to the ASX. The letter does not constitute advice nor a recommendation to buy, sell or hold shares nor that the Facility is the best way to sell GXY shares.

If you are in any doubt about what to do, you should consult your legal, financial or taxation adviser.

NOTE:

If you currently have more than one holding on the GXY share register, you may wish to consider amalgamating them. This may result in your amalgamated holding no longer being an Unmarketable Parcel. Under these circumstances your shares will not be sold as part of this Facility.



Galaxy Resources Limited
ABN 11 071 976 442

000001 000 GXY

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Return your Form to the Company's share registry:



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

Web:



ir@galaxylithium.com

Share Retention Form



If you wish to retain your shares, your form must be received by 5.00pm (WST) on Thursday 4 September 2014

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Shareholder Details

Use this form if you wish to retain your shares in Galaxy Resources Limited. If you have recently bought or sold shares your holding may differ from that shown. If you have already sold all your shares in Galaxy Resources Limited, do not complete or return this form. If you have more than one holding on Galaxy Resources Limited's register and you do not sell your shares under the unmarketable parcel sale facility, you should consider consolidating them. For further advice on how to do this, contact Computershare Investor Services Pty Limited ("CIS") on the number above.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect. If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Signing Instructions

Individual: Where the holding is in one name, the shareholder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders 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:

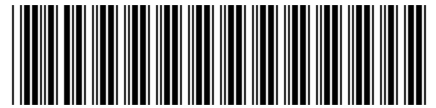
- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

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 the Death Certificate and Will 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 →



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Share Retention Form

STEP 1**Shareholder Details**

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

**Change of Address**

If incorrect, mark this box and
make the correction in the
space to the left.

Shares held as at close of trade,
18 July 2014

2000**STEP 2****Signature of Shareholder(s)***This section must be completed.*

By signing and returning this form, I/we confirm that I/we understand that my/our shares will NOT be sold under the unmarketable parcel sale facility

Individual or Shareholder 1

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

Shareholder 2**Director****Shareholder 3**

**Director/Company Secretary
(cross out titles as applicable)**

**Contact
Name**

**Contact
Daytime
Telephone**

Date / /

**Email
Address**

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited (CIS) as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS using the details provided above or email privacy@computershare.com.au

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