



1 December 2020

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SRN/HIN: SRN WITHHELD

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

Dear Shareholder

**RETAIL ENTITLEMENT OFFER – NOW OPEN**

On Wednesday, 25 November 2020, Galaxy Resources Limited (**Galaxy**) announced a fully underwritten equity financing to raise approximately \$161 million (**Equity Financing**) by way of:

- (a) an institutional placement to raise approximately \$111 million (**Placement**); and
- (b) a 1 for 14 pro-rata accelerated non-renounceable entitlement offer to raise approximately \$50 million (**Entitlement Offer**).

The Placement and the institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) completed on Thursday, 26 November 2020, with Galaxy raising approximately \$124 million.

Galaxy is writing to you because it believes that you may be eligible to participate in the retail component of the Entitlement Offer (**Retail Entitlement Offer**). The eligibility criteria to participate in the Retail Entitlement Offer are set out below.

Under the Retail Entitlement Offer, Galaxy is offering eligible retail shareholders the opportunity (**Entitlement**) to subscribe for 1 new Galaxy share (**New Share**) at an issue price of \$1.70 per New Share (**Offer Price**) for every 14 Galaxy shares held as at 7.00pm (Sydney time) on Friday, 27 November 2020 (**Record Date**).

In addition, as part of the Retail Entitlement Offer, eligible retail shareholders are invited to apply for additional New Shares (up to an additional 33% of their Entitlement) that may be available from any shortfall under the Retail Entitlement Offer (which will occur if fewer than all of the New Shares are taken up under the Retail Entitlement Offer) (**Additional Shares**), subject to any scale-back. Any Additional Shares will be offered at the same Offer Price of \$1.70 per Additional Share.

The Offer Price represents:

- (a) a 15.0% discount to the last traded price of \$2.00 on 24 November 2020;
- (b) a 12.5% discount to the Theoretical Ex-Rights Price<sup>1</sup> of \$1.94; and
- (c) an 8.1% discount to the 10-day Volume-Weighted Average Price of \$1.85.

**Use of proceeds**



The Equity Financing seeks to raise a total of approximately \$161 million in gross proceeds which will be committed to:

- (a) the Sal de Vida capital program to enable Galaxy to meet the scheduled first production in late 2022;
- (b) progress James Bay to construction ready status by the end of 2021; and
- (c) pay transaction costs associated with the Equity Financing.

<sup>1</sup> The Theoretical Ex-Rights Price (**TERP**) is the theoretical price at which Galaxy shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares trades immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equate to TERP. TERP is calculated by reference to Galaxy's closing price of \$2.00 on 24 November 2020. The TERP calculation includes New Shares issued under the Placement.

Further detail, including in relation to the proposed use of proceeds of the Equity Financing, is provided in Galaxy's Investor Presentation released to ASX on 25 November 2020.

Further information is set out in the Retail Entitlement Offer information booklet (**Information Booklet**), which can be accessed through either of the following means:

 <b>ONLINE</b>	 <b>PAPER</b>
<p>The Information Booklet and the BPAY® payment details can be accessed via the Galaxy offer website at: <a href="http://www.gxyoffer.com.au">www.gxyoffer.com.au</a></p> <p>(If you do not have an account that supports BPAY® transactions, eligible New Zealand retail shareholders will be offered EFT details via the offer website)</p>	<p>Request a copy of the Information Booklet and your personalised Entitlement and Acceptance Form from Computershare at:</p> <p><b>1300 208 485 (within Australia)</b>  <b>+ 61 3 9415 4197 (outside Australia)</b></p>

**The Retail Entitlement Offer will be open from Tuesday, 1 December 2020 until 5.00 pm (Sydney time) on Thursday, 10 December 2020.**

**Please note that there may be some delays in delivery of the Information Booklet via post (including because of ongoing disruption caused by COVID-19). Galaxy encourages you to access the Information Booklet online by following the instructions on the offer website. You will need your SRN or HIN (located at the top right hand corner of this letter), as well as your postcode, to access the Information Booklet and your personalised Entitlement and Acceptance Form online.**

#### **Proposed timetable**

The key indicative dates for the Retail Entitlement Offer are set out below. Please note that the timetable is indicative only, and is subject to change. Galaxy will announce any changes to the timetable to the ASX.

<b>Event</b>	<b>Time (AEDT) / Date</b>
Announcement of the Entitlement Offer and Placement and Institutional Entitlement Offer open	Wednesday, 25 November 2020
Announce completion of the Placement and Institutional Entitlement Offer	Thursday, 26 November 2020
Trading in Galaxy shares resumes on ex-entitlement basis	Thursday, 26 November 2020
Record date for determining entitlement for the Entitlement Offer	7:00 pm Friday, 27 November 2020
Despatch of Information Booklet and Retail Entitlement Offer opens	Tuesday, 1 December 2020
Settlement of Placement and Institutional Entitlement Offer	Thursday, 3 December 2020
Allotment and normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	Friday, 4 December 2020
Retail Entitlement Offer closing date	5:00 pm Thursday, 10 December 2020
Results of Retail Entitlement Offer announced to ASX	Tuesday, 15 December 2020
Settlement of Retail Entitlement Offer	Wednesday, 16 December 2020
Allotment of New Shares issued under the Retail Entitlement Offer	Thursday, 17 December 2020
Normal trading of New Shares issued under the Retail Entitlement Offer	Friday, 18 December 2020
Despatch of holding statements	Monday, 21 December 2020

**Note:** The timetable above is indicative only and may be subject to change. All times and dates refer to Australian Eastern Daylight-savings time. Galaxy reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, Galaxy reserves the right to extend the closing date of the Retail Entitlement Offer, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares.

## Underwriting

The Entitlement Offer is joint lead managed and fully underwritten by UBS AG, Australia Branch and Canaccord Genuity (Australia) Limited (**Joint Lead Managers**).

## Eligibility

You will be an eligible retail shareholder (and therefore eligible to participate in the Retail Entitlement Offer) if:

- (a) you were registered as a holder of a Galaxy share at the Record Date (being 7:00 pm (Sydney time) on Friday, 27 November 2020);
- (b) as at the Record Date, you had a registered address in Australia or New Zealand as recorded on Galaxy's share register;
- (c) you are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent you are holding Galaxy shares for the account or benefit of such person in the United States);
- (d) the Joint Lead Managers have determined (in their absolute discretion) that you did not successfully receive an offer to participate in the institutional component of the Entitlement Offer; and
- (e) you are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus, product disclosure statement or offer document to be lodged or registered.

## For further information

Eligible retail shareholders are encouraged to read carefully the Information Booklet for further information about the Retail Entitlement Offer. If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser, or (for more administrative matters) contact the Entitlement Offer Information Line on 1300 208 485 (from within Australia) or +61 3 9415 4197 (from outside Australia) at any time between 8:30 am and 5:00 pm (Sydney time) on Monday to Friday during the Retail Entitlement Offer period.

On behalf of the Board of Directors, I thank you for your continued support as a shareholder of Galaxy.

Yours faithfully



Martin Rowley  
Chairman  
**Galaxy Resources Limited**

## DISCLAIMER

This letter is to inform you about the Retail Entitlement Offer. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation, solicitation, advice or recommendation to apply for, retain or purchase any entitlements or securities in Galaxy in any jurisdiction. You are not required to do anything in response to this letter.


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 For your security keep your SRN/HIN confidential.

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Dear Shareholder,

Our records show that you have not provided your email address for the above shareholding.

Our company is committed to both its shareholders and the wider community. To that end, we are asking all our shareholders to provide an email address to receive their communications online. This ensures we are providing you with the information you need in the fastest, most cost effective manner possible, while also significantly reducing our environmental impact.

Shareholder communications available online include Annual Report, Voting Forms, Notice of Meeting, Issuer Sponsored Holding Statements, Payment Advices and other company related information. You can view, download or print your shareholding information as you choose.

### WHY GO ONLINE?

Receiving shareholder communications electronically, instead of by post, means:

- > Faster access to important shareholder and company information
- > Reduced environmental impact
- > Secure access to your shareholder documents online, reducing clutter in your home or office
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