

**IN ORDER TO BE EFFECTIVE, THIS LETTER OF TRANSMITTAL AND ELECTION FORM MUST BE VALIDLY COMPLETED, DULY EXECUTED AND RETURNED TO THE DEPOSITARY, EQUITY FINANCIAL TRUST COMPANY (THE “DEPOSITARY”). IT IS IMPORTANT THAT LITHIUM SHAREHOLDERS PROPERLY COMPLETE, DULY ELECT AND RETURN THIS LETTER OF TRANSMITTAL AND ELECTION FORM ON A TIMELY BASIS IN ACCORDANCE WITH THE INSTRUCTIONS CONTAINED HEREIN AND IN THE MANAGEMENT INFORMATION CIRCULAR OF LITHIUM ONE INC. DATED MAY 11, 2012 (THE “CIRCULAR”).**

**PLEASE CAREFULLY READ THE CIRCULAR AND THE INSTRUCTIONS SET OUT BELOW BEFORE COMPLETING THIS LETTER OF TRANSMITTAL AND ELECTION FORM. EQUITY FINANCIAL TRUST COMPANY (SEE LAST PAGE FOR ADDRESS AND TELEPHONE NUMBERS) OR YOUR BROKER OR OTHER FINANCIAL ADVISOR MAY ASSIST YOU IN COMPLETING THIS LETTER OF TRANSMITTAL AND ELECTION FORM.**

**LETTER OF TRANSMITTAL AND ELECTION FORM  
FOR REGISTERED HOLDERS OF COMMON SHARES**

**LITHIUM ONE INC.**

TO: LITHIUM ONE INC. (“**Lithium**”)  
AND TO: GALAXY RESOURCES LIMITED (“**Galaxy**”)  
AND TO: GALAXY LITHIUM ONE INC. (“**AcquisitionCo**”)  
AND TO: EQUITY FINANCIAL TRUST COMPANY OR ANY SUCCESSOR DEPOSITARY (the  
“**Depositary**”)

This letter of transmittal and election form (the “**Letter of Transmittal and Election Form**”) is for use by registered holders (each, a “**Lithium Shareholder**”) of common shares in the capital of Lithium (the “**Lithium Shares**”), in connection with the proposed arrangement (the “**Arrangement**”) under Section 182 of the *Business Corporations Act* (Ontario) (the “**Act**”) involving, among other things, the acquisition by AcquisitionCo, a direct wholly-owned subsidiary of Galaxy, of all of the outstanding securities of Lithium, all as more fully described in the Circular. The Capitalized terms referred to herein but not otherwise defined have the same meanings as set forth in the Circular.

A detailed description of the Arrangement is contained in the Circular. A copy of the Circular is available on SEDAR at [www.sedar.com](http://www.sedar.com). The Circular contains important details with respect to the Arrangement. Lithium Shareholders are encouraged to carefully review the Circular in its entirety.

In order for this Letter of Transmittal and Election Form to be validly completed, the undersigned Lithium Shareholder is required to complete each of the steps indicated below that are applicable to it or to any beneficial holder on whose behalf the undersigned Lithium Shareholder holds Lithium Shares. **Lithium Shareholders whose Lithium Shares are registered in the name of a broker, investment dealer, bank, trust company, depositary or other nominee should contact that nominee for instructions and assistance in delivering those Lithium Shares to the Depositary under the Arrangement.**

**STEP 1 - DESCRIPTION OF LITHIUM SHARES TRANSMITTED**

**All Lithium Shareholders must complete this Step.** If space is insufficient, please attach a signed list (see Instruction 4).

The undersigned registered **Lithium Shareholder** hereby deposits with the Depository, for exchange upon the Arrangement becoming effective, the enclosed certificate(s) representing Lithium Shares, details of which are as follows:

<b>Names and Addresses of Registered Lithium Shareholder(s)</b>	<b>Certificate Number(s)</b>	<b>Number of Lithium Shares Deposited with this Letter of Transmittal and Election Form</b>
(Name - please print)		
(Address)		
(Address)		
(City / Country) (Postal / Zip Code)	<b>TOTAL:</b>	

## GENERAL INFORMATION FOR ALL LITHIUM SHAREHOLDERS

**All Lithium Shareholders are required to complete Steps 2 and 4 hereof and Steps 5, 6 and 7, if applicable, and only those Lithium Shareholders who are Eligible Holders (see Schedule "A" for further information as to whether a Lithium Shareholder is an Eligible Holder) and who wish to receive Exchangeable Shares in connection with the Arrangement are required to complete the information required in Schedule "A". Only the Shareholders who elect under Step 7 to participate in the Share Sale Facility (as such term is defined in Step 7) need to complete the information in Appendix "B".**

It is understood that upon receipt and deposit of: (i) this Letter of Transmittal and Election Form; (ii) the certificate(s) representing Lithium Shares; and (iii) all other documentation as may be required by the Depositary, and following the Effective Date of the Arrangement, the Depositary will send to the undersigned or hold for pick-up, or deliver to the Sale Agent (as such term is defined in Step 7), in accordance with the instructions given below, either written evidence of the book entry issuance in uncertificated form, or certificate(s) representing Galaxy Common Shares, Exchangeable Shares, or a combination thereof, to which the undersigned is entitled under the Arrangement. The written evidence of the book entry issuance in uncertificated form, or certificate(s) will be issued in the name of the Lithium Shareholder as it appears on the face page hereof.

The undersigned Lithium Shareholder covenants, represents and warrants that: (i) such shareholder is the registered owner of the Lithium Shares being deposited; (ii) such Lithium Shares are free and clear of all liens, charges, encumbrances, mortgages, security interests and adverse claims; (iii) the undersigned has full power and authority to execute and deliver this Letter of Transmittal and Election Form and to deposit, sell, assign, transfer and deliver the Lithium Shares and that, when the consideration is paid to and received by the undersigned, or, if applicable, delivered to the Sale Agent, none of Lithium, AcquisitionCo, Galaxy or the Depositary or any successors thereto will be subject to any adverse claim in respect of such Lithium Shares; (iv) all information inserted into this Letter of Transmittal and Election Form by the undersigned is accurate; (v) the Lithium Shares have not been sold, assigned or transferred nor has any agreement been entered into to sell, assign or transfer any such deposited Lithium Shares to any other person; and (vi) unless the undersigned shall have withdrawn this Letter of Transmittal and Election Form by notice in writing given to the Depositary by the Effective Date, the undersigned will not transfer or permit to be transferred any of the deposited Lithium Shares. The covenants, representations and warranties of the undersigned herein contained survive the completion of the Arrangement.

The undersigned acknowledges and agrees that this Letter of Transmittal and Election Form shall not be construed as a proxy granted for use at the Lithium Meeting and that this Letter of Transmittal and Election Form shall not serve to revoke any proxy for use at the Lithium Meeting previously conferred or agreed to be conferred by the undersigned (whether as agent, attorney, proxy or otherwise) at any time with respect to the Lithium Shares being deposited. No subsequent authority, whether as agent, attorney, proxy or otherwise, except a proxy granted for use at the Lithium Meeting, has been or will be granted with respect to the deposited Lithium Shares. Each authority conferred or agreed to be conferred by the undersigned in this Letter of Transmittal and Election Form survives the death or incapacity of the undersigned and any obligations of the undersigned hereunder is binding upon the heirs, legal representatives, successors and assigns of the undersigned.

The undersigned acknowledges that withholding tax may apply in respect of the distribution of Galaxy Common Shares, Exchangeable Shares, or a combination thereof pursuant to the Arrangement.

Following completion of the Arrangement, the undersigned instructs Galaxy, AcquisitionCo and the Depositary to mail the written evidence of the book entry issuance in uncertificated form, or certificate(s) representing Galaxy Common Shares and/or Exchangeable Shares to the undersigned, or to hold such written evidence of the book entry issuance in uncertificated form, or certificate(s) for pick-up, or, if applicable, deliver to the Sale Agent, as soon as practicable after the completion and return of this Letter of Transmittal and Election Form to the Depositary, in each case, in accordance with the instructions provided below.

If the Arrangement is not completed, the deposited Lithium Shares and all other ancillary documents will be returned to the undersigned by mail at the address of the undersigned shown on the register of Lithium Shareholders or in accordance with the instructions under Step 5 or Step 6, if completed. The undersigned

recognizes that Lithium has no obligation pursuant to the instructions given below to transfer any Lithium Shares from the name of the registered Lithium Shareholder thereof if the Arrangement is not completed.

**The Plan of Arrangement provides that to the extent that a Lithium Shareholder does not comply with the Plan of Arrangement and any certificate formerly representing Lithium Shares not deposited with all other documents as required by the Plan of Arrangement on or before the date on which AcquisitionCo provides notice of a redemption by AcquisitionCo or the purchase by Galaxy Lithium One (Québec) Inc. of the Exchangeable Shares, as set out in the Arrangement, shall cease to represent a claim or interest of any kind or nature as a shareholder of AcquisitionCo or Galaxy. On such date, the Galaxy Shares to which the former holder of the certificate referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered for no consideration to AcquisitionCo. None of Galaxy, Lithium, AcquisitionCo, Galaxy Lithium One (Québec) Inc. or the Depositary shall be liable to any person in respect of any cash delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.**

By reason of the use by the undersigned of this Letter of Transmittal and Election Form in the English language, the undersigned is deemed to have required that any contract evidenced by the Arrangement as accepted through this Letter of Transmittal and Election Form, as well as all documents related thereto, be drawn exclusively in the English language. **En utilisant une version anglaise de cette lettre d'envoi et formulaire de choix, le soussigné est réputé avoir exigé que tout contrat attesté par l'Arrangement, tel qu'il est accepté au moyen de cette lettre d'envoi et formulaire de choix, de même que tous les documents qui s'y rapportent, soient rédigés exclusivement en anglais.**

**STEP 2 – AUTHORIZATION**

**All Lithium Shareholders must complete this Step.**

The undersigned hereby represents to Lithium, Galaxy, AcquisitionCo and the Depositary that it is the registered owner of the Lithium Shares identified above under “Step 1 - Description of Lithium Shares Transmitted” and has good title to those Lithium Shares. The certificate(s) representing such Lithium Shares are enclosed. The undersigned hereby transmits the certificate(s) representing such Lithium Shares, to be dealt with in accordance with this Letter of Transmittal and Election Form. The undersigned understands that, following receipt of a fully completed and duly executed copy of this Letter of Transmittal and Election Form and the certificate(s) described above, written evidence of the book entry issuance in uncertificated form, or certificate(s) representing Galaxy Common Shares, Exchangeable Shares, or a combination thereof, to which the undersigned is entitled pursuant to the Arrangement will be issued to the undersigned, or as directed by the undersigned, as soon as practicable after the Effective Date.

<p><b>SHAREHOLDER SIGNATURE(S)</b> This box must be signed by registered Lithium Shareholder(s) exactly as the name(s) appear(s) on the Lithium share certificate(s). <b>See Instruction 5.</b> If the signature is by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or any other person acting in a fiduciary or representative capacity, please provide the information described in Instruction 5.</p>	→	<p>Name: _____ (please print)</p> <p>Signature: _____</p> <p>Capacity (Title): _____</p> <p>Address: _____ _____ _____</p> <p>Telephone: _____</p>
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By signing above, and unless the undersigned has completed Step 6 or Step 7 below, the undersigned requests that the written evidence of the book entry issuance in uncertificated form, or certificate(s) representing Galaxy Common Shares and/or Exchangeable Shares to which it is entitled, be delivered by first class mail to the undersigned at the address as shown on the register of Lithium Shares maintained by the Depositary or held for pick-up at the Depositary.

**STEP 3 - SIGNATURE GUARANTEE**

A Lithium Shareholder does not have to complete this step if either:

- (1) it is the registered Lithium Shareholder of the certificate(s) representing the Lithium Shares delivered with this Letter of Transmittal and Election Form and has not completed Step 6 requesting delivery to an address other than the current registered address of the Lithium Shareholder, or
- (2) it is an “**Eligible Institution**” as defined in Instruction 2.

**In all other cases, a Lithium Shareholder must complete this Step 3 by having its signature on this Letter of Transmittal and Election Form guaranteed by an Eligible Institution (either a signature guarantee or a medallion guarantee are required).**

<p><b>GUARANTEE OF SIGNATURE(S)</b> Authorized Signature on behalf of Eligible Institution. <b>See Instructions 2 and 5.</b></p>	→	<p>Name: _____ (please print)</p> <p>Signature: _____</p> <p>Name of Firm: _____</p> <p>Address: _____ _____ _____</p> <p>Telephone: _____</p> <p>Dated: _____</p>
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## STEP 4 - ELECTION OF CONSIDERATION TO BE RECEIVED

### Part A

All Lithium Shareholders must complete this Part A of Step 4.

The undersigned hereby elects to receive the following for the Lithium Shares transmitted under the Arrangement (please check only one):

ELECTION <sup>(1)</sup>	FURTHER INSTRUCTIONS
<input type="checkbox"/> all Galaxy Common Shares (on the basis of 1.96 of a Galaxy Common Share per Lithium Share)  or	If the undersigned has checked this box, proceed to Step 5.
<input type="checkbox"/> all Exchangeable Share Consideration <sup>(2)</sup> (on the basis of 1.96 of an Exchangeable Share per Lithium Share)  or	If the undersigned has checked this box, see Schedule "A" and Figure 2: Election Form for use by <b>Eligible Holders</b> and Figure 3: Tax Election Package Request Form and ensure all information requested therein is completed.
<input type="checkbox"/> a combination of Galaxy Common Shares and Exchangeable Share Consideration <sup>(2)</sup>	If the undersigned has checked this box, proceed to Step 4 - Part B below and upon completion thereof, (i) proceed to Step 5, and (ii) see Schedule "A" and ensure all information requested therein is completed.

### Notes:

1. **If any of the elections above are made, this Letter of Transmittal and Election Form must be received by the Depositary by 4:30 p.m. (Toronto time) on the Business Day immediately prior to the date of the Lithium Meeting (currently scheduled to be held on June 18, 2012) or, if such meeting is adjourned, such time on the Business Day immediately prior to the date of such adjourned meeting (the "Election Deadline"). Any Lithium Shareholder who does not deposit with the Depositary a duly completed Letter of Transmittal and Election Form prior to the Election Deadline, or otherwise fails to comply with the requirements of the Plan of Arrangement and the Letter of Transmittal and Election Form with respect to elections to receive Exchangeable Share Consideration, Galaxy Common Shares or a combination thereof (each, a "Non-Electing Lithium Shareholder"), shall be deemed to have elected to receive Galaxy Common Shares in respect of Lithium Shares.**
2. Only Eligible Holders of Lithium Shares may elect to receive Exchangeable Share Consideration. Any election to receive Exchangeable Share Consideration by a Lithium Shareholder who is not an Eligible Holder of Lithium Shares will be deemed to be an election to receive Galaxy Common Shares as though such holder was a Non-Electing Lithium Shareholder.

**Lithium Shareholders should consult their financial and tax advisors prior to making an election as to the consideration they wish to receive pursuant to the Arrangement.**

**STEP 4 - ELECTION OF CONSIDERATION TO BE RECEIVED**

**Part B**

**Only Lithium Shareholders who have elected to receive a combination of Galaxy Common Shares and Exchangeable Share Consideration are required to complete this Part B of Step 4.**

If the Lithium Shareholder has elected to receive a combination of Galaxy Common Shares and Exchangeable Share Consideration in Step 4 - Part A above, the undersigned is required to make the further election below specifying the number of Lithium Shares submitted for each form of consideration that the undersigned wishes to receive for their Lithium Shares. The number of Lithium Shares inserted below should total the number of Lithium Shares submitted with this Letter of Transmittal and Election Form. For example, if a Lithium Shareholder holds 1,000 Lithium Shares and wishes to exchange one-half of its Lithium Shares for Galaxy Common Shares and one-half of its Lithium Shares for Exchangeable Share Consideration, the Lithium Shareholder should insert the number 500 in the box corresponding to Galaxy Common Shares and the number 500 in the box corresponding to Exchangeable Share Consideration below. If the Lithium Shareholder does not complete this Part B, the Lithium Shareholder will be deemed to have made an invalid election and will be treated as a Non-Electing Lithium Shareholder as described in Step 4 - Part A above.

**THE UNDERSIGNED, HAVING ELECTED TO RECEIVE A COMBINATION OF GALAXY COMMON SHARES AND EXCHANGEABLE SHARE CONSIDERATION IN STEP 4 - PART A ABOVE, HEREBY ELECTS TO RECEIVE THE FOLLOWING OF EACH FORM OF CONSIDERATION FOR THE LITHIUM SHARES TRANSMITTED:**

Galaxy Common Shares	<input type="text"/>	Lithium Shares
Exchangeable Share Consideration	<input type="text"/>	Lithium Shares
Total	_____	Lithium Shares

**See Schedule "A" if the undersigned has elected to receive Exchangeable Share Consideration in Step 4 - Part A or Part B above.** Only Eligible Holders of Lithium Shares may elect to receive Exchangeable Share Consideration. Any election to receive Exchangeable Share Consideration by a Lithium Shareholder who is not an Eligible Holder of Lithium Shares will be deemed to be an election to receive Galaxy Common Shares as though such holder was a Non-Electing Lithium Shareholder.

**STEP 5 - HOLD FOR PICK-UP**

- Check here if the written evidence of the book entry issuance in uncertificated form, or certificate(s) representing Galaxy Common Shares and/or Exchangeable Shares to which the undersigned is entitled under the Arrangement are to be held for pick-up at the office of the Depository at which this Letter of Transmittal and Election Form is deposited.





### STEP 7 – ELECTION TO PARTICIPATE IN SHARE FACILITY

A Lithium Shareholder must complete this step only if it wishes to participate in the Share Sale Facility as described below and in Schedule “B”

A Lithium Shareholder is only entitled to make this election if their address as shown in the register of Lithium Shareholders at the Effective Time is in Canada, Australia or the United States.

**In order to participate in the Share Sale Facility, you must make a valid election below and return this Letter of Transmittal and Election Form to the Depository prior to 4:30 pm(Toronto time) on May 11, 2013 (the “Facility Expiry Date”).**

<p>The undersigned hereby elects to participate in the share sale facility (the “<b>Share Sale Facility</b>”) whereby Morgan Stanley Smith Barney (the “<b>Sale Agent</b>”) will make available a facility under which Lithium Shareholders will be able to sell all or a portion of the Galaxy Shares to which they are entitled to as a result of the implementation of the Arrangement up to the Facility Expiry Date on the terms set out in Schedule “B” hereto (the “<b>Share Sale Facility Terms</b>”).</p>	→	<p><input type="checkbox"/> I elect to participate in the Share Sale Facility</p> <p><b>The undersigned hereby elects to sell the following Galaxy Shares to which it is entitled under the Arrangement, under the Share Sale Facility:</b></p> <p>_____ Galaxy Shares</p> <p>The undersigned hereby instructs Galaxy or its agent to mail a certified cheque representing the proceeds of the sale of the Galaxy Shares under the Share Sale Facility to:</p> <p>Name: _____ (please print)</p> <p>Address: _____ _____ _____</p>
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**By electing to participate in the Share Sale Facility, you are hereby irrevocably directing the Depository to transfer your Galaxy Shares referenced above upon implementation of the Arrangement directly into a holding on Galaxy’s issuer sponsored subregister for the purpose of Galaxy holding as nominee and then selling under the Share Sale Facility as agent on your behalf as set out in the Share Sale Facility Terms. By electing to participate in the Share Sale Facility, you agree to allow Galaxy or its agent to process all elections to participate by aggregating valid elections to participate according to the order in which they are processed to form batches (with each batch aggregated in Galaxy’s or its agents sole discretion) to be sold by the Sale Agent as set out in the Share Sale Facility Terms.**

**Lithium Shareholders should read the Share Sale Facility Terms in full and consult their financial and tax advisors prior to making an election as to whether to participate in the Share Sale Facility.**

## INSTRUCTIONS

### 1. Use of Letter of Transmittal and Election Form

In order for a valid election to be made, this Letter of Transmittal and Election Form (or manually signed facsimile thereof), together with the accompanying certificate(s) representing Lithium Shares and all other required documents (as stipulated herein), must be received by the Depositary at the address specified on the back page of this Letter of Transmittal and Election Form by the Election Deadline, being 4:30 p.m. (Toronto time) on the Business Day immediately prior to the date of the Lithium Meeting (currently scheduled to be held on June 18, 2012) or, if such meeting is adjourned, such time on the Business Day immediately prior to the date of such adjourned meeting.

### 2. Guarantee of Signatures

The signature guarantee on this Letter of Transmittal and Election Form is not required if: (i) this Letter of Transmittal and Election Form is signed by the registered Lithium Shareholder of the Lithium Shares transmitted by this Letter of Transmittal and Election Form, unless the Lithium Shareholder has completed "Step 6 - Special Delivery Instructions" in which case the signature guarantee is required; or (ii) the Lithium Shares are transmitted for the account of an Eligible Institution. An "**Eligible Institution**" means a Canadian schedule 1 chartered bank, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP), or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada and/or the United States, members of the Investment Dealers Association of Canada, members of the National Association of Securities Dealers or banks and trust companies in the United States. The guarantor must affix a stamp bearing the actual words "Signature Guaranteed". Signature guarantees are not accepted from Treasury Branches, Credit Unions or Caisses Populaires unless they are members of one of the above-mentioned Medallion Programs. In all other cases, all signatures on this Letter of Transmittal and Election Form must be guaranteed by an Eligible Institution (either a signature guarantee or a medallion guarantee are required). See also Instruction 5.

### 3. Delivery of Letter of Transmittal and Election Form and Certificates

This Letter of Transmittal and Election Form is to be completed by Lithium Shareholders who hold certificates representing Lithium Shares to be submitted with this Letter of Transmittal and Election Form. Certificates representing Lithium Shares, as well as a properly completed and duly executed Letter of Transmittal and Election Form in the appropriate form, should be received by the Depositary at the address set forth herein by the Election Deadline. **The method of delivery of certificates representing Lithium Shares and the Letter of Transmittal and Election Form is at the option and risk of the person transmitting the certificates and the Letter of Transmittal and Election Form and delivery will be deemed to be effective only when such documents are actually received. Lithium recommends that these documents be delivered by hand to the Depositary at the address specified on the back page of this Letter of Transmittal and Election Form and a receipt obtained; otherwise, the use of registered mail, properly insured, with return receipt requested is recommended.**

### 4. Inadequate Space

If the space provided in this Letter of Transmittal and Election Form is inadequate, the certificate number(s) and the number of Lithium Shares represented thereby should be listed on a separate list attached to this Letter of Transmittal and Election Form, which separate list must be signed by the Lithium Shareholder.

### 5. Signatures on Letter of Transmittal and Election Form, Powers and Endorsements

If this Letter of Transmittal and Election Form is signed by the registered holder of Lithium Shares transmitted by this Letter of Transmittal and Election Form, the signature(s) must correspond with the name(s) as written on the face of the certificate(s) representing the Lithium Shares without alteration, enlargement or any change whatsoever. If any of the Lithium Shares transmitted by this Letter of Transmittal and Election Form are held of record by two or more joint owners, all the owners must sign this Letter of Transmittal and Election Form. If

any transmitted Lithium Shares are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations or certificates. If this Letter of Transmittal and Election Form or any certificates or powers are signed by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or any other person acting in a fiduciary or representative capacity, those persons should so indicate below the signature on the line marked "Capacity (Title)" when signing, and proper evidence satisfactory to the Depository of their authority to act should be submitted.

If this Letter of Transmittal and Election Form is signed by the registered Lithium Shareholder(s) of the Lithium Shares evidenced by certificates listed and submitted with this Letter of Transmittal and Election Form, no endorsements of certificates or separate powers are required unless the certificate(s) representing Galaxy Common Shares and/or Exchangeable Shares are to be delivered to a person other than the registered Lithium Shareholder(s). Signatures on those certificates or powers must be guaranteed by an Eligible Institution. If this Letter of Transmittal and Election Form is signed by a person other than the registered Lithium Shareholder(s) of the Lithium Shares evidenced by certificates listed and submitted by this Letter of Transmittal and Election Form, the certificates must be endorsed or accompanied by appropriate share transfer or share transfer powers, in either case signed exactly as the name or names of the registered Lithium Shareholder or Lithium Shareholders appear on the certificates. Signatures on the certificates or powers must be guaranteed by an Eligible Institution (either a signature guarantee or a medallion guarantee are required).

#### **6. Special Delivery Instructions**

If the written evidence of the book entry issuance in uncertificated form, or certificate(s) representing Galaxy Common Shares and/or Exchangeable Shares are to be sent to an address other than the current address of the Lithium Shareholder as shown on Lithium's register, Step 6 should be completed.

If the undersigned has elected to participate in the Share Sale Facility pursuant to Step 7, the undersigned shall complete the delivery instructions in Step 7.

#### **7. Lost Certificates**

If a Lithium Share certificate has been lost, stolen or destroyed, this Letter of Transmittal and Election Form should be completed as fully as possible and forwarded, together with an affidavit of that fact by the Lithium Shareholder claiming such Lithium Share certificate to have been lost, stolen or destroyed, to the Depository. The Depository shall deliver, in exchange for such lost, stolen or destroyed certificate, written evidence of the book entry issuance in uncertificated form, or certificate(s) representing the Galaxy Common Shares and/or Exchangeable Shares that such Lithium Shareholder is entitled to receive. When authorizing such delivery of the written evidence of the book entry issuance in uncertificated form, or certificate(s) representing the Galaxy Common Shares and/or Exchangeable Shares that such Lithium Shareholder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the Lithium Shareholder to whom the written evidence of the book entry issuance in uncertificated form, or certificate(s) representing such Galaxy Common Shares and/or Exchangeable Shares is to be delivered shall, as a condition precedent to the delivery of such Galaxy Common Shares and/or Exchangeable Shares, give a bond satisfactory to Galaxy and the Depository in such amount as Galaxy and the Depository may direct, and indemnify Galaxy and the Depository in a manner satisfactory to Galaxy and the Depository, against any claim that may be made against Galaxy or the Depository with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the articles of Lithium.

#### **8. Requests for Assistance or Additional Copies**

Questions and requests for assistance may be directed to the Depository and additional copies of this Letter of Transmittal and Election Form may be obtained without charge on request from the Depository at the telephone number or address set forth in this Letter of Transmittal and Election Form. The Letter of Transmittal and Election Form is also available on Lithium's SEDAR profile at [www.sedar.com](http://www.sedar.com). Lithium Shareholders may also contact their local broker, dealer, commercial bank, Canadian chartered bank, trust company or other nominee for assistance.

**9. Defects or Irregularities in the Declaration and/or Deposit**

Any defect or irregularity in any declaration made by a Lithium Shareholder pursuant to this Letter of Transmittal and Election Form will, subject to the discretion of Lithium, and after the Effective Date, Galaxy and AcquisitionCo, invalidate such declaration and, as a result thereof, will mean that the Lithium Shareholder or, if applicable, the Sale Agent will not receive the written evidence of the book entry issuance in uncertificated form, or certificate(s) representing Galaxy Common Shares and/or Exchangeable Shares until a properly completed declaration is ultimately received. Lithium, and after the Effective Date, each of Galaxy and AcquisitionCo reserve the right, if either of them so elects, in its absolute discretion, to instruct the Depository to waive any defect or irregularity contained in any Letter of Transmittal and Election Form received by it.

**10. Questions**

If a Lithium Shareholder has any questions about the information contained in this Letter of Transmittal and Election Form or requires assistance in completing this Letter of Transmittal and Election Form, please contact Equity Financial Trust Company at:

Equity Financial Trust Company  
200 University Avenue  
Suite 400  
Toronto, Ontario  
M5H 4H1

North American Toll Free: 1-866-393-4891

Telephone: 416-361-0152

Facsimile: 416-361-0470

E-Mail: [corporateactions@equityfinancialtrust.com](mailto:corporateactions@equityfinancialtrust.com)

**11. Privacy Notice**

The Depository is committed to protecting your personal information. In the course of providing services to you and our corporate clients, the Depository receives non-public personal information about you - from transactions which it performs for you, forms which you send to the Depository, other communications which Depository has with you or your representatives, etc. This information could include your name, address, social insurance number, securities holdings and other financial information. The Depository uses this to administer your account, to better serve you and its clients' needs and for other lawful purposes relating to its services. The Depository has prepared a Privacy Code to tell you more about its information practices and how your privacy is protected. It is available on their website, [www.equityfinancialtrust.com](http://www.equityfinancialtrust.com), or by writing to Equity Financial Trust Company at 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1. The Depository will use the information you are providing on this form in order to process your request and will treat your signature(s) on this form as your consent to the above.

**SCHEDULE "A"**

***Information for Eligible Holders Electing to Receive Exchangeable Shares***

Lithium Shareholders that are Eligible Holders (other than Lithium Shareholders who have properly exercised Dissent Rights) who have properly completed, duly executed and delivered this Letter of Transmittal and Election Form, their Lithium Share certificate(s), and all other required documents (as stipulated herein) before the Election Deadline, will be entitled to elect to receive on or after the Effective Date of the Arrangement, 1.96 of an Exchangeable Share for every Lithium Share. Each whole Exchangeable Share will initially be exchangeable for one Galaxy Common Share at any time after issuance at the option of the holder and will be redeemable or purchasable at the option of AcquisitionCo, Galaxy or Callco on the third anniversary of the Effective Date or upon the earlier occurrence of certain specified events.

Only Eligible Holders (other than Lithium Shareholders who have properly exercised their Dissent Rights) may elect to receive Exchangeable Share Consideration. **An Eligible Holder is a Lithium Shareholder immediately prior to the Effective Time who, at that time, is a resident of Canada for the purposes of the *Income Tax Act (Canada)* and the regulations thereunder, as amended from time to time (the "ITA") or, in the case of a partnership that is a "Canadian partnership" for purposes of the ITA, that is not exempt from tax under Part I of the ITA (or in the case of a partnership, none of the partners of which is exempt from Tax under Part I of the ITA).**

Eligible Holders may elect to receive Exchangeable Share Consideration with respect to all or any portion of such Eligible Holder's Lithium Shares.

**An Eligible Holder must include its Lithium Share certificate(s) and any other required documentation (as stipulated herein) with this Letter of Transmittal and Election Form to make an effective election for Exchangeable Share Consideration.**

**If the Depositary does not receive this Letter of Transmittal and Election Form properly completed and duly executed before the Election Deadline from a Lithium Shareholder, together with the Lithium Share certificate(s) and all other required documentation (as stipulated herein), such Lithium Shareholder will be deemed to have elected to receive Galaxy Common Shares in respect of their Lithium Shares.**

The tax consequences to Eligible Holders may differ significantly depending on whether Exchangeable Shares or Galaxy Common Shares are received pursuant to the Arrangement and whether an election to defer tax is made. Eligible Holders should consider carefully the tax consequences in determining whether to elect to receive Exchangeable Share Consideration and/or Galaxy Common Shares in exchange for the Lithium Shares. **Lithium Shareholders should consult their financial and tax advisors prior to making an election as to the consideration they wish to receive pursuant to the Arrangement.**

**Please complete the information as required on the following pages.**

**Figure 2: Election Form for use by Eligible Holders of Lithium Shares**

**IF THE UNDERSIGNED IS AN ELIGIBLE HOLDER HAVING ELECTED TO RECEIVE CONSIDERATION THAT INCLUDES EXCHANGEABLE SHARES, AND IF THE UNDERSIGNED IS ELIGIBLE FOR AND DESIRES A POTENTIAL CANADIAN TAX DEFERRAL, PLEASE MAKE THE FOLLOWING ELECTION.**

By checking this box , the undersigned:

- (i) represents that the undersigned is an Eligible Holder at the time it receives the Exchangeable Shares under the Arrangement;
- (ii) acknowledges that it is the undersigned’s responsibility to prepare and file the appropriate tax election(s) that will be included in the tax election filing package (as defined below) and to send two signed copies of the applicable tax election forms to AcquisitionCo at the address indicated in the tax election filing package within 90 days following the Effective Date of the Arrangement, duly completed with: (a) the details of the number of Lithium Shares transferred in respect of which the undersigned is making a Section 85 Election; and (b) the applicable elected amounts in respect of such shares; and
- (iii) acknowledges that a Canadian tax deferral is only available to the extent that the undersigned receives Exchangeable Shares as partial or total consideration it receives in the Arrangement and completes and duly files a valid tax election with the appropriate taxation authorities.

See “Certain Canadian Federal Income Tax Considerations for Lithium One Shareholders and Lithium One Noteholders” in the Circular.

An Eligible Holder is a Lithium Shareholder who is (i) a person who is a resident of Canada for purposes of the ITA or, in the case of a partnership, a partnership that is a “Canadian partnership” for purposes of the ITA, and (ii) not exempt from tax under Part I of the ITA or, in the case of a partnership, a partnership none of the partners of which is exempt from tax under Part I of the ITA.

**Figure 3: Tax Election Filing Package Request Form**

If the undersigned has checked the box above, please check the appropriate boxes below:

	<u>Yes</u>	<u>No</u>
The undersigned requests that a tax election filing package be forwarded to the undersigned by mail at the address specified herein .....	<input type="checkbox"/>	<input type="checkbox"/>
The undersigned is a partnership .....	<input type="checkbox"/>	<input type="checkbox"/>

**The tax election filing package will be mailed within the later of thirty days after the Effective Date and thirty days after the Eligible Holder completes and returns the Letter of Transmittal and Election Form to the Depositary.**

## SCHEDULE "B"

### SHARE SALE FACILITY TERMS

#### 1.1 Description

- (a) The terms of the Share Sale Facility are set out in this schedule (the "**Terms**") and will be available to certain eligible Lithium Shareholders and holders of Exchangeable Shares (the "**Eligible Participants**") for a period of 12 months from the Record Date to the Facility Expiry Date. Capitalized terms not otherwise defined in the body of these Terms are set out at paragraph 1.8 below.
- (b) Galaxy Resources Limited ("**Galaxy**") has made arrangements with Morgan Stanley Smith Barney (the "**Sale Agent**") whereby the Sale Agent is making available a Share Sale Facility under which Eligible Participants will be able to sell the fully paid ordinary shares in Galaxy (the "**Galaxy Common Shares**") that they are entitled to receive as a result of either:
  - (i) implementation of the Arrangement, if the Eligible Participant duly elects in the applicable Letter of Transmittal to participate in the Share Sale Facility and returns the Letter of Transmittal to Equity Financial Trust Company or any successor depository (the "**Depository**") prior to the Facility Expiry Date; and
  - (ii) the exchange of Exchangeable Shares, if the Eligible Participant duly elects in the applicable Retraction Request to participate in the Share Sale Facility with respect to some or all of the Galaxy Common Shares to be issued upon exchange of Exchangeable Shares and returns the Retraction Request to Canco or its agent prior to the Facility Expiry Date.
- (c) The provision of the Share Sale Facility is separate to the consideration to acquire Lithium Shares under the terms of the Arrangement and does not form part of the consideration for those Lithium Shares. References to the provision of the consideration under the Arrangement do not include a reference to any cash which you may receive as a result of any sale under the Share Sale Facility.
- (d) Galaxy's obligations to you under the Arrangement will be satisfied by delivering the consideration described in the Arrangement Agreement. You may elect to sell that consideration in accordance with these Terms.
- (e) Subject to section 1.1(f), Galaxy Common Shares will be sold under the Share Sale Facility at the market price (being a price which is not underwritten) and sale proceeds will be converted at a foreign exchange rate from \$AUD into \$CAD which is not fixed. The market price at which the Galaxy Common Shares are sold will be the market price at the time of the actual sale of such Galaxy Common Shares and may be less than the market price of Galaxy Common Shares at the time that you elect to participate. The market price of Galaxy Common Shares is subject to change from time to time and there may be a substantial delay between your decision to participate in the Share Sale Facility and the time that your Galaxy Shares are sold. During that time the market price of Galaxy Shares may change. Up to date information on the market price of Galaxy Common Shares may be obtained from the ASX website: [www.asx.com.au](http://www.asx.com.au), under Galaxy's ASX Code: GXY. Furthermore, the



market exchange rate at which the sale proceeds are converted will be the exchange rate at the actual date of conversion of the sale proceeds and such rates are also subject to change from time to time.

- (f) If Galaxy, after consultation with the Sale Agent, forms the view that market conditions do not support the sale of all or part of your Galaxy Common Shares, then your Galaxy Common Shares participating in the Share Sale Facility that have not been sold will be re-transferred to you. If you elect to participate in the Share Sale Facility, Galaxy and/or the Sale Agent will be irrevocably authorized by you to do all things and execute all documents (including to effect any holding adjustment, securities transformation or other transmission or transaction in relation to your holding of new Galaxy Common Shares, whether personally or, where practicable, through an agent) to facilitate the sale of all or part of your new Galaxy Common Shares by the Sale Agent under the Share Sale Facility or the re-transfer of any Galaxy Common Shares that have not been sold under the Share Sale Facility to you.

## 1.2 Terms of participation

The terms of participation in the Share Sale Facility are as follows:

- (a) the Share Sale Facility is only available to:
- (i) Lithium Shareholders whose address as shown in the register of shareholders of Lithium One at the Effective Time (the **“Eligible Lithium Shareholders”**) is in Canada, Australia or the United States; and
  - (ii) holders of Exchangeable Shares,
- and the Share Sale Facility will only be available in respect of Galaxy Common Shares that Eligible Lithium Shareholders are entitled to be issued at the Effective Date or immediately upon the exchange of an Exchangeable Share. The Share Sale Facility is not available for Galaxy Common Shares acquired by any other means or any other time;
- (b) participation in the Share Sale Facility is entirely voluntary and each Eligible Lithium Shareholder is free to elect to receive and to hold the Galaxy Common Shares to which they are entitled under the Arrangement Agreement or to sell them in another manner (for example, by transferring their holdings to another dealer with whom they have a brokerage relationship);
- (c) if you are an Eligible Participant and you elect to participate, you:
- (i) will do so on the basis of these Terms, the terms set out in the Letter of Transmittal and or Retraction Request (as applicable) as well as any associated documents provided or made available to you in relation to the Share Sale Facility (together, the **“Share Sale Facility Documents”**);
  - (ii) will be a **“Share Sale Facility Participant”**;
  - (iii) will not be liable to pay any brokerage, handling fees or stamp duty for the sale of your new Galaxy Common Shares under the Share Sale Facility. However, you will be liable for any other tax or charge on the sale of your new Galaxy Common Shares (including, capital gains tax) (if any)); and

- (d) the Share Sale Facility will be open to Eligible Participants until the Facility Expiry Date provided that the election to participate in the Share Sale Facility must be received:
  - (i) under the Letter of Transmittal; or
  - (ii) under the Retraction Request,prior to 4:30pm (Toronto Time) on the Facility Expiry Date.

### **1.3 Acceptance procedure**

- (a) The acceptance procedure to participate in the Share Sale Facility is as follows:
  - (i) if you are an Eligible Lithium Shareholder, the Letter of Transmittal will contain a box allowing you to elect to participate in the Share Sale Facility for the sale of some or all of the Galaxy Common Shares you are entitled to upon implementation of the Arrangement;
  - (ii) if you are the holder of an Exchangeable Share, the Retraction Request will contain a box allowing you to elect to participate in the Share Sale Facility upon the exchange of some or all of your Exchangeable Shares for Galaxy Common Shares; and
  - (iii) you must mark the relevant election to participate (in the Share Sale Facility) specified in your Letter of Transmittal or Retraction Request (as applicable) and return that form so that it is received in accordance with the instructions on the form (including provision of documents, if any) on or prior to the Facility Expiry Date.
- (b) Subject to regulatory requirements, Galaxy reserves the right, on behalf of the Sale Agent and for any reason, to modify the timetable for, or to suspend (for any period of time) the operation of, the Share Sale Facility (including to suspend the ability to elect to participate in, or to suspend the sale of Galaxy Shares under, the Share Sale Facility) in its sole discretion. Any such modification or suspension will be announced to ASX.

### **1.4 Sale Agent**

- (a) Each Share Sale Facility Participant irrevocably appoints the Sale Agent as execution-only broker to sell in accordance with the Share Sale Facility Documents those Galaxy Common Shares in respect of which the Share Sale Facility Participant has elected to participate and such irrevocable appointment shall be effective:
  - (i) in the case of the Letter of Transmittal, at the date of completion of the Letter of Transmittal by the Share Sale Facility Participant; and
  - (ii) in the case of the Retraction Request, at the Retraction Date specified by the Share Sale Facility Participant in the Retraction Request.
- (b) The Sale Agent's appointment as 'execution-only' broker means that neither the Sale Agent nor Galaxy or any of its agents is giving, nor are any of them obliged to give, any advice as to the desirability of selling or holding any security. The Letter of Transmittal and Retraction Request, each including these Terms, do not constitute advice or a recommendation by any of the above to buy, sell or hold securities in

Galaxy, nor that the Share Sale Facility or any other facility is the best way to sell your new Galaxy Common Shares.

- (c) Accordingly, before you elect to use the Share Sale Facility you should ensure that the Share Sale Facility meets your own objectives, financial situation and needs. If you are unsure of what action to take you should consult a licensed financial adviser. Galaxy will pay brokerage (and any applicable goods and services tax under the GST Law as that term is defined in *the A New Tax System (Goods and Services Tax) Act 1999 (Cth)*) to the Sale Agent in relation to the sale of your new Galaxy Common Shares under the Share Sale Facility.
- (d) Galaxy and the Sale Agent are irrevocably authorized by each Share Sale Facility Participant to do all things and execute all documents (including to effect any holding adjustment, securities transformation or other transmission or transaction in relation to all or part of a Share Sale Facility Participant's holding of new Galaxy Common Shares, whether personally or, where practicable, through an agent) to facilitate the sale of all or part of the new Galaxy Common Shares of the Share Sale Facility Participant by the Sale Agent under the Share Sale Facility or the retransfer of any Galaxy Common Shares that have not been sold under the Share Sale Facility to you.

#### **1.5 Election to participate**

- (a) Once a Share Sale Facility Participant has provided a valid election to participate under the Letter of Transmittal or Retraction Request, they are not permitted to sell or otherwise commit outside of the Share Sale Facility any of the Galaxy Common Shares in respect of which an election has been made to participate in the Share Sale Facility.
- (b) Where a Share Sale Facility Participant elects by way of Letter of Transmittal to participate in the Share Sale Facility, they will, or will be deemed, to direct the Depository to transfer the new Galaxy Common Shares to be issued upon implementation of the Arrangement directly into a holding on Galaxy's issuer sponsored subregister for the purpose of Galaxy holding as nominee and then selling under the Share Sale Facility.
- (c) Where a Share Sale Facility Participant elects by way of Retraction Request to participate in the Share Sale Facility, they will, or will be deemed, to direct Galaxy to issue the new Galaxy Common Shares to be issued upon exchange of their Exchangeable Shares at the Retraction Date directly into a holding on Galaxy's issuer sponsored subregister for the purpose of Galaxy holding as nominee and then selling under the Share Sale Facility.

#### **1.6 Processing of sales of new Galaxy Common Shares**

- (a) Galaxy or its agent will process all elections to participate by aggregating valid elections to participate according to the order which they are processed to form batches (with each batch aggregated in Galaxy's or its agents sole discretion) to be sold by the Sale Agent. Each batch must be comprised of part or all of two or more Share Sale Facility Participant's new Galaxy Common Shares.
- (b) Galaxy or its agent will advise the Sale Agent of the number of new Galaxy Common Shares available to be sold in respect of each batch as batches become available

(taking into account, among other things, the time at which the relevant new Galaxy Common Shares are issued) and the Sale Agent will (subject to sections 1.6(f), (g) and (h) of these Terms) sell the batches of new Galaxy Common Shares (the **“Batched Sale Shares”**) in the order in which the instructions in relation to each batch are provided by Galaxy or its agent.

(c) The price (the **“Sale Price”**) that a Share Sale Facility Participant will be paid for each of their new Galaxy Common Shares that are sold under the Share Sale Facility will be the volume weighted average price achieved by the Sale Agent for the Batched Sale Shares in which the Share Sale Facility Participant’s new Galaxy Common Shares are assigned. Share Sale Facility Participants whose address as shown in the register of shareholders of Lithium One at the Effective Time is in Australia will be paid the proceeds from the sale of their new Galaxy Shares in \$AUD. Subject to section 1.6(i) of these Terms, all amounts received by the Sale Agent from the sale of the Batched Sale Shares will:

- (i) in the case of Share Sale Facility Participants whose address as shown in the register of shareholders of Lithium One at the Effective Time is in Canada or who are participating as holders of Exchangeable Shares, be converted from \$AUD to \$CAD by Galaxy or its agent prior to being paid to the Share Sale Facility Participants; and
- (ii) in the case of Share Sale Facility Participants whose address as shown in the register of shareholders of Lithium One at the Effective Time is in the United States, be converted from \$AUD to \$USD by Galaxy or its agent prior to being paid to the Share Sale Facility Participants,

based on a market exchange rate after the sale of the Batched Sale Shares is settled and on the day of that settlement. As a Share Facility Participant’s new Galaxy Common Shares may be assigned to one or more batches of Batched Sale Shares and each batch may be sold on a different day, the exchange rate applied to the sale proceeds from a Share Facility Participant’s new Galaxy Common Shares may vary from batch to batch in which such Share Facility Participant’s shares are sold.

(d) Share Sale Facility Participants should note that they will not have control over the time of the sale of their new Galaxy Common Shares or the rate of exchange that is applied to the amounts received on market from the sale of their new Galaxy Common Shares, and therefore will not be able to personally ensure that the sale occurs at a certain price nor that the sale proceeds achieve a certain value in their hands.

(e) The Sale Price will depend upon the market conditions prevailing at the time of the sale and the rate of exchange to be applied to the proceeds of the sale may be different to the price of Galaxy Common Shares and the foreign exchange rate appearing in the newspaper or quoted by ASX on the day that a Share Sale Facility Participant’s new Galaxy Common Shares are sold. Share Sale Facility Participants may, within 5 Business Days of being paid sale proceeds in accordance with paragraph 1.7 request (in writing) details from Galaxy of the exchange rate at which those sale proceeds were converted from \$AUD into \$CAD or \$USD (as relevant) (the **“Exchange Rate Request”**). Galaxy must respond (in writing) to an Exchange Rate

Request within 5 Business Days of receipt of the relevant Exchange Rate Request from a Share Sale Facility Participant.

- (f) The Sale Agent may (in its sole discretion) sell the new Galaxy Common Shares of a Share Sale Facility Participant at any time during the period commencing from the time at which the Share Sale Facility Participant's new Galaxy Common Shares are transferred to, or issued into, Galaxy's issuer sponsored subregister but no later than 4 weeks after such transfer or issue.
- (g) The Sale Agent will (in its sole discretion) place one or more orders to sell all new Galaxy Common Shares comprising a batch on ASX in the ordinary course of business (including, in the Sale Agent's sole discretion, by crossings but not as principal). The new Galaxy Common Shares included in a batch of Batched Sale Shares may therefore be sold by multiple trades at different prices. Accordingly, the Sale Price received by a Share Sale Facility Participant may be more or less than the actual price that is received by the broker for the Share Sale Facility Participant's new Galaxy Common Shares.
- (h) Subject to section 1.6(f) of these Terms, the new Galaxy Common Shares included in a batch of Batched Sale Shares will generally be sold on the Trading Day (as defined in the ASX Listing Rules) following the day on which Galaxy or its agent advises that a batch is available for sale under section 1.6(a) of these Terms or as soon as practicable thereafter. However, the Sale Agent may, in its sole discretion, delay the sale of some or all of the new Galaxy Common Shares available to be sold on any Trading Day, if it considers that to be in the best interests of the relevant Share Sale Facility Participant (for example, because it considers market conditions to be unsuitable or to avoid an excessive concentration of sales on a particular Trading Day).
- (i) Galaxy or its agent may, in its sole discretion, delay the conversion of some or all of the amounts received for the new Galaxy Common Shares from \$AUD to \$CAD or \$USD (as relevant), if it considers that to be in the best interests of the relevant Share Sale Facility Participant (for example, because it considers market conditions to be unsuitable or to avoid an excessive concentration of conversion on a particular day).

#### **1.7 Payment and confirmation**

- (a) Sale proceeds calculated in accordance with section 1.6(c) of this annexure above will be paid to each Share Sale Facility Participant:
  - (i) within 10 business days after the settlement of the sale of the Batched Shares in which the Share Sale Facility Participant's new Galaxy Common Shares are assigned ; and
  - (ii) if participating in the Share Sale Facility through an election under:
    - (A) the Letter of Transmittal, by cheque posted to the address and made payable to the name or names as specified in or determined in accordance with the Letter of Transmittal ; or
    - (B) the Retraction Request, by cheque posted to the address and made payable to the name or names as specified in or determined in accordance with the Retraction Request,

in each case, at the risk of the Share Sale Facility Participant.

- (b) Galaxy or its agent will notify each Share Sale Facility Participant, by way of a transaction confirmation statement issued on behalf of the Sale Agent sent to the address for the Share Sale Facility Participant, of the number of the Share Sale Facility Participant's new Galaxy Common Shares sold under the Share Sale Facility and the Sale Price for those new Galaxy Common Shares, within 10 business days after the settlement of the sale of the last of those new Galaxy Common Shares.

## 1.8 Defined Terms

Capitalized terms not otherwise defined above have the following meaning:

**"Arrangement"** means the arrangement involving the acquisition by Canco, a wholly-owned subsidiary of Galaxy, of all of the outstanding securities in Lithium One.

**"Arrangement Agreement"** means the arrangement agreement made as of March 29, 2012, among Galaxy, Canco and Lithium One, a copy of which is attached as Appendix E to the Circular.

**"Business Day"** means any day other than a Saturday, Sunday, a public holiday or a day on which commercial banks are not open for business in Toronto, Ontario or Perth, Western Australia, under applicable law.

**"Callco"** means Galaxy Lithium One (Québec) Inc. a corporation incorporated under the laws of the Province of Québec that is (i) a direct subsidiary of Galaxy or (ii) any other direct or indirect wholly-owned subsidiary of Galaxy designated by Galaxy from time to time in replacement thereof.

**"Canco"** means, Galaxy Lithium One Inc., a corporation incorporated under the laws of the Province of Québec that issues the Exchangeable Shares pursuant to the Arrangement.

**"Circular"** means the management proxy Circular of Lithium One prepared and sent to the Lithium Shareholder in connection with the meeting of holders of all the outstanding securities in Lithium One to approve the Arrangement.

**"Court"** means the Ontario Superior Court of Justice (Commercial List).

**"Effective Date"** means the date on which the Arrangement becomes effective in accordance with the *Business Corporation Act* (Ontario) and the Final Order.

**"Effective Time"** means 12:01 am on the Effective Date.

**"Exchangeable Shares"** means the exchangeable shares in the capital of Canco to be issued under the Arrangement as consideration to each Lithium Shareholder for their Lithium Shares (and as more fully described in Appendix I to the Plan of Arrangement).

**“Final Order”** means the final order of the Court approving the Arrangement, as such order may be amended by the Court at any time prior to the Effective Time or, if appealed, then unless such appeal is withdrawn or denied, as affirmed or as amended on appeal.

**“Facility Expiry Date”** means May 11, 2013.

**“Letter of Transmittal”** means the letter of transmittal and election form mailed, together with the Circular, to each Lithium Shareholder on the Record Date) in order to receive the consideration to which such Lithium Shareholder is entitled under the Arrangement.

**“Lithium One”** means Lithium One Inc., a corporation incorporated under the OBCA.

**“Lithium Shares”** means common shares in the capital of Lithium One.

**“Lithium Shareholder”** means registered holder of Lithium Shares.

**“Plan of Arrangement”** means the plan of arrangement in the form and content of Schedule B annexed to the Arrangement Agreement, and any amendments or variations thereto made in accordance with Section 7.B of the Arrangement Agreement or Section 6 of the Plan of Arrangement or made at the direction of the Court.

**“Record Date”** means May 11, 2012.

**“Retraction Date”** means the date specified in and/or determined in accordance with the Retraction Request on which the holder of Exchangeable Shares desires to have Canco redeem those shares or the deemed date on which those shares are to be redeemed, as applicable.

**“Retraction Request”** means the statement, prepared and delivered in accordance with the terms of the Plan of Arrangement, accompanying the presentation and surrender of written evidence of the book entry or the certificate or certificates representing the Exchangeable Shares which the holder desires to have Canco redeem, together with such other documents and instruments as may be required to effect a transfer of Exchangeable Shares under the *Business Corporations Act* (Quebec) and the articles of Canco and such additional documents, instruments and payments as the Transfer Agent and Canco may reasonably require to effect a retraction.

**“Share Sale Facility”** means the share sale facility or share sale facilities made available to Participants on the Terms.

**The Depositary for the Arrangement is:**



**By Registered Mail, Mail, Hand or Courier**

**Toronto**

200 University Avenue

Suite 400

Toronto, Ontario

M5H 4H1

**Attention: Corporate Actions**

**Inquiries**

North American Toll Free: 1-866-393-4891

Telephone: 416-361-0152

Facsimile: 416-361-0470

E-Mail: [corporateactions@equityfinancialtrust.com](mailto:corporateactions@equityfinancialtrust.com)

*Any questions and requests for assistance may be directed by shareholders to the Depositary at the telephone numbers and locations set out above.*