

1 Purpose

1.1 Scope of this document

This policy summarises the law relating to insider trading and sets out the trading policy of Galaxy Resources Limited (“Company”) on buying and selling securities of the Company, including shares and options (“Securities”).

1.2 Who does the trading policy apply to?

The Company’s Board of Directors has adopted this trading policy which applies to all directors, officers, senior management and other employees of the Company (“Staff”).

It is important to remember that although this trading policy only applies to the persons specified above, the insider trading prohibitions set out in the Corporations Act 2001 (Cwlth) (“Corporations Act”) and discussed in Part 2 below, apply to **all** persons (including members of your family).

1.3 Further advice

If you do not understand the summary of the law relating to insider trading set out below or this trading policy, or if you are confused as to whether the law applies to you, please contact the Company Secretary. You may wish to seek your own professional legal advice before dealing in the Company’s Securities.

2 Prohibited trading

2.1 The insider trading prohibitions

If you have Inside Information (as defined in paragraph 2.2 below) relating to the Company it is illegal for you to:

- (a) deal in (that is, apply for, acquire or dispose of) the Company’s Securities or enter into an agreement to do so;
- (b) procure another person to apply for, acquire or dispose of the Company’s Securities or enter into an agreement to do so; or
- (c) directly or indirectly communicate, or cause to be communicated, that information to any other person if you know, or ought reasonably to know, that the person would or would be likely to use the information to engage in the activities specified in paragraphs (a) or (b) above.

These prohibitions apply equally to the application for, grant, exercise or transfer of an option over the Company’s Securities.

It does not matter how or in what capacity you become aware of the Inside Information. It does not have to be obtained from the Company to constitute Inside Information.

You cannot avoid the insider trading prohibition by arranging for a member of your family or a friend to deal in the Company’s Securities nor may you give “tips” concerning Inside Information relating to the Company to others.

2.2 What is Inside Information?

“Inside Information” is information relating to the Company which is not generally available but, if the information were generally available, would be likely to have a material effect on the price or value of the Company’s Securities. Inside Information can include matters of speculation or supposition and matters relating to intentions or likely intentions of a person.

Information is regarded as being likely to have a material effect if it would, or would be likely to, influence persons who commonly invest in securities or other traded financial products in deciding whether or not to deal in the Company's Securities.

Examples of Inside Information could be:

- (a) the financial performance of the Company against its budget;
- (b) changes in the Company's actual or anticipated financial condition or business performance;
- (c) changes in the capital structure of the Company, including proposals to raise additional equity or borrowings;
- (d) proposed changes in the nature of the business of the Company;
- (e) changes to the Board of Directors or significant changes in senior management;
- (f) an undisclosed significant change in the Company's market share;
- (g) likely or actual entry into, or loss of, a material contract;
- (h) material acquisitions or sales of assets by the Company; or
- (i) a material claim against the Company or other unexpected liability.

2.3 When is information generally available?

Information is generally available if:

- (a) it consists of readily observable matter or deductions;
- (b) it has been brought to the attention of investors through an announcement to ASX Limited ("ASX") or otherwise similarly brought to the attention of investors who commonly invest in securities, and a reasonable period has elapsed since it was announced or brought to investors' attention; or
- (c) it consists of deductions, conclusions or inferences made or drawn from information referred to in paragraphs (a) or (b) above.

Examples of possible readily observable matters are:

- (a) a change in legislation which will affect the Company's ability to make certain types of investments; or
- (b) a severe downturn in global securities markets.

2.4 What are the consequences if you breach the insider trading prohibitions?

Breach of the insider trading laws may subject you to:

- (a) criminal liability - penalties include heavy fines and imprisonment; and
- (b) civil liability - you can be sued by another party or the Company for any loss suffered as a result of illegal trading activities.

Breach of the law or this trading policy or both will also be regarded by the Company as serious misconduct which may lead to disciplinary action or dismissal.

3 Trading Policy

3.1 What does this trading policy apply to?

This trading policy applies to all information relating to the Company's Securities.

3.2 General prohibitions

If you possess Inside Information concerning the Company's Securities, you must not:

- (a) deal in the Company's Securities or enter into an agreement to do so;
- (b) procure another person to do anything specified in paragraph (a); or
- (c) pass on that information to anyone who is likely to engage in the activities specified in paragraphs (a) or (b) above.

These general prohibitions are overriding obligations and, subject to paragraph 3.4, apply at all times, despite all other terms of this trading policy.

3.3 Trading windows

Subject to paragraph 3.2, the Directors, the Company Secretaries, the senior management team and such other persons as the Board nominates from time to time (each a "Designated Person") may only deal in the Company's Securities during the following "trading windows":

- (a) in the 14 trading day period from the date of the following:
 - (i) lodgement of the Company's preliminary final statement on ASX;
 - (ii) lodgement of Company's half-yearly and quarterly reports on ASX; and
 - (iii) the Company's Annual General Meeting and any general meeting of its shareholders; and
- (b) at such other times as the Board of Directors of the Company permits.

Dealing in the Company's Securities by Designated Persons outside the above trading window(s) is prohibited.

3.4 Company share and option plans

If Designated Persons (other than non-executive Directors of the Company) participate, or are eligible to participate, in a Company employee share, option or other equity plan ("Plan"):

- (a) acquisitions of the Company's Securities (as applicable) under the relevant Plan; or
- (b) the exercise of any other entitlement under the relevant Plan,

must be timed to coincide with the trading windows set out in paragraph 3.3.

Any:

- (c) applications to participate in the relevant Plan; or

(d) variations of instructions in relation to levels of participation in the relevant Plan,

may be made at any time whether or not within the trading windows, subject to the rules of the Plan. Notification regarding dealings in respect of the Company's Securities under the relevant Plan must be made in accordance with the relevant Plan and all applicable laws.

3.5 Prior notification

If Designated Persons propose to deal in the Company's Securities (which includes entering into an agreement to deal) during a trading window they must first:

- (a) complete and forward a "Notification Form to Deal in the Company's Securities" in the form of Part A of Schedule 1 to the "Notification Officer(s)" (as defined in Schedule 2); and
- (b) receive confirmation in the form of Part B of Schedule 1, signed by the Notification Officer(s) in their discretion, to allow them to deal in the Company's Securities.

The notification must state that the proposed dealing in the Company's Securities is not as a result of access to, nor the receipt of, Inside Information.

Notification of any dealing in the Company's Securities under this paragraph and the completion of Part B of the Notification Form to Deal in the Company's Securities does not constitute approval of the dealing by or on behalf of the Company.

3.6 Confirmation

In addition to providing advance notice under paragraph 3.5, Designated Persons must confirm in writing to the relevant Notification Officer(s) when the dealing in the Company's Securities has occurred, the number of Securities affected and the relevant parties to the dealing.

3.7 Trading with permission

If there are:

- (a) exceptional circumstances; and
- (b) the person concerned declares that they do not possess any Inside Information,

then approval may be given by the Board of Directors or the Chairman, as appropriate, in their discretion to allow a Designated Person to deal outside a trading window.

Any such approval must be obtained in advance. It cannot be given after the event.

A dealing for which approval is given remains subject to the notice requirements of paragraphs 3.5 and 3.6.

3.8 Extension of trading policy

The Board of Directors may also from time to time extend this trading policy by specifying that Staff are also restricted from dealing in the Securities of other specified companies with which the Company may have a close relationship.

4 Other prohibitions

4.1 Limiting economic risk

Designated Persons are not permitted to enter into transactions in products associated with the Company's Securities which operate to limit the economic risk of their security holding in the Company over unvested entitlements (eg hedging arrangements).

4.2 Securities of other entities

Designated Persons are not permitted to deal at any time in Securities of another entity if they possess Inside Information about that entity due to their role within the Company.

5 Review and publication of this policy

The Company's Board of Directors will review this policy from time to time. This policy may be amended by resolution of the Board.

A copy of the Company's trading policy will be distributed to all employees and directors (present and future) and will also be available on the Company's website. It is the responsibility of each such person to comply with this policy.

6 Where can I obtain further information?

If you require any further information or assistance, or are uncertain about the application of the law or this trading policy in any situation, please contact the Company Secretary.

This Share Trading Policy was approved by the Board of Directors on 22 December 2010.

Schedule 1 - Notification Form to Deal in the Company's Securities

Part A - For completion by Designated Person

Name of Designated Person	
Description of Securities (ie number and class of Securities)	
Nature of agreement/dealing (sale/purchase/subscription)	
Proposed date of transaction (ie completion date)	

I confirm that:

- (a) I am not in possession of any unpublished information which, if generally available, might materially affect the price or value of the Company's Securities; and
- (b) the transaction in the Company's Securities described above does not contravene the trading policy of the Company.

Signed:.....

Dated:

Part B - For completion by Notification Officer

I confirm that I am not aware of any circumstances pursuant to which the Designated Person named above is, or is likely to be, in possession of unpublished information which, if generally available, might materially affect the price or value of the Company's Securities. This confirmation does not constitute approval by the Company of the proposed dealing by the Designated Person noted above.

Name:

Title:.....

Signature:.....

Dated:

After Part A of this form is completed, this form is to be sent to the Company Secretary or other applicable Notification Officer(s).

Schedule 2 - Notification Officers

In this policy the relevant Notification Officer(s) for each of the Designated Persons is as set out in the table below:

Designated Person	Notification Officer(s)
Chairman	Chairman of the Audit Committee
Managing Director	Chairman
Non-executive Directors	Chairman
Company Secretary	Managing Director
All other Designated Persons	Managing Director and Company Secretary