

1. PURPOSE OF BOARD CHARTER

This Board Charter (**Board Charter**) sets out the principles for the operation of the board of directors (**Board**) of Galaxy Resources Limited and its subsidiaries worldwide (**Galaxy** or **Company**) and to describe the functions of the Board and those functions which are delegated by the Board to the senior management of Galaxy.

The Board acknowledges its responsibility to always:

- a. demonstrate leadership and, whenever required, challenge management and hold them to account;
- b. act ethically, honestly and in accordance with this Board Charter, the Company's Values, Code of Conduct and policies;
- c. act in compliance with the law and the highest standards of corporate governance; and
- d. best serve the interests of the Company's shareholders and its employees, customers, suppliers and the local communities in the jurisdictions in which Galaxy has its operations.

2. PRIMARY ROLE OF THE BOARD

The Board is responsible for:

- a. providing input into, and final approval of, Galaxy's strategic direction and performance objectives;
- b. directing, overseeing and assessing Galaxy's management in their implementation of the Company's strategic objectives and business plans, the instilling of the Company's Values and their performance generally;
- c. approving Galaxy's annual budgets; and
- d. approving and monitoring the progress of capital management, major capital expenditure, acquisitions and divestments and assuming major liabilities.

The Board is also responsible for ensuring that Galaxy is properly managed in accordance with the ASX Corporate Governance Council Principles and Recommendations (**ASX Principles**).

3. DUTIES OF THE BOARD

In addition to matters which the law requires to have Board approval, the following are the specific powers which are reserved to the Board, to be exercised in a manner which creates, and continues to build, sustainable value for shareholders and in accordance with the law:

- a. monitoring corporate culture and setting the tone from the top, including approving and ensuring adherence to the Company's Values, Code of Conduct and policies;
- b. reviewing and satisfying itself that Galaxy's systems of internal compliance and control, risk management framework (for both financial and non-financial risk), governance practices and legal compliance are appropriate, and for ensuring the integrity and effectiveness of those systems and practices;
- c. setting the Company's risk appetite;
- d. approving and overseeing the integrity of Galaxy's financial and other reporting systems, including the external audit;
- e. overseeing Galaxy's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- f. evaluating, at least annually, the performance of the Board, its committees and individual directors;
- g. appointing, replacing, remunerating and evaluating the performance of the Chief Executive Officer;
- h. approving the appointment and replacement of the Chief Financial Officer, the Company Secretary and other members of management with a direct reporting line to the Chief Executive Officer;

- i. ensuring appropriate resources and professional advisory resources are available to the Board and senior management;
- j. satisfying itself that the Company's remuneration policies are aligned with the Company's purpose, Values, strategic objectives and risk appetite, including ensuring that remuneration and conditions of service or engagement are appropriate to attract and retain senior management;
- k. establishing and monitoring succession planning for the Board, the Chief Executive Officer and for senior management;
- l. satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board; and
- m. taking appropriate disciplinary action in the event of material breaches of, or incidents under, the Company's Values, charters, Code of Conduct or policies.

4. COMPOSITION OF THE BOARD

The ASX Listing Rules and the Constitution governs appointment and removal of Directors.

There is no maximum fixed term and no compulsory retirement age for non-executive Directors.

The Board, together with the Remuneration and Nomination Committee, determines the size and composition of the Board, subject to the terms of the Company's Constitution. The Board should be structured so that a majority of the Directors are independent. The Chairman should also be independent.

Appointments to the Board must be based on merit against objective criteria that serve to maintain an appropriate balance of skills and experience on the Board. Appropriate checks to ensure that any proposed Director's character, experience and education is appropriate for the position will be undertaken.

The Board, together with the Remuneration and Nomination Committee, will review the skills, experience, expertise and diversity represented by Directors on the Board and determine whether the composition and mix remain appropriate for the Company's strategy. A periodic review will also be undertaken by the Board to determine whether there is a need for existing Directors to undertake professional development to obtain and maintain the skills and knowledge needed to effectively perform their role as Directors.

Each Board member will have a written letter of appointment or executive contract setting out the terms of their appointment.

The Remuneration and Nomination Committee recommends appointments to the Board. The most frequently used nomination criteria are the ability to exercise sound business judgement, a position of leadership or prominence in a specified field, absence of personal conflict of interest, willingness to devote the required time, freedom from scheduling conflicts allowing attendance at Board or Committee meetings, appropriate experience at Board level, geographic spread having regard to Galaxy's operations, and maintaining a majority of Directors who are independent within the meaning of the ASX Principles.

The Remuneration and Nomination Committee will ensure that a new Director being appointed to the Board will receive an appropriate induction.

5. INDEPENDENCE OF DIRECTORS

Without limiting the Board's discretion, the Board has determined that it will apply the independence guidelines in the ASX Principles as amended from time to time in considering the independence of Directors.

The Board regularly reviews the independence of each non-executive Director in light of information relevant to this assessment as disclosed by each non-executive Director to the Board.

6. PERFORMANCE OF DIRECTORS

The performance of the Board, committees of the Board and individual Directors is evaluated by the Chairman each year. Directors whose performance is judged to be unsatisfactory, or whose skill set and ability to add value to the

Board no longer match the needs of the Company, may be asked to retire. The method and scope of the performance evaluation will be set by the Chairman.

7. BOARD MEETINGS

The Board shall meet at sufficiently regular intervals to properly discharge its duties by methods permitted by law and the Constitution.

Each year at least one Board meeting should be held in conjunction with a visit to one of the Company's operations to assist the Directors in their review of the business of Galaxy.

Directors may seek independent professional advice at the expense of Galaxy with the Chairman's consent and assistance from the Company Secretary, on any matter connected with the discharge of their responsibilities as Directors. A copy of the advice will be made available to all Directors at the next Board meeting.

8. BOARD COMMITTEES

The Board will establish committees to assist it in discharging its responsibilities. The Board approves the terms of reference for each committee which set out matters concerning composition, responsibilities and administration of each committee and other matters considered appropriate by the Board.

The Board has established the Audit & Risk Committee, the Remuneration & Nomination Committee and the Health, Safety, Environment & Community Committee.

Each Committee is comprised of non-executive Directors with the necessary skills and experience. All Directors who are not members have a standing invitation to attend committee meetings. The chairman of each committee reports to the Board on meeting proceedings following each meeting.

9. CHAIRMAN

The Chairman is elected by the Directors for the period decided by the Directors.

The Chairman should be an independent non-executive Director and should not be the same person as the Chief Executive Officer of the Company.

The Chairman is responsible for leadership of the Board, for ensuring that the Board functions effectively and for communicating the views of the Board (including through the Chief Executive Officer) to shareholders and the public. In performing this role, the Chairman's responsibilities include:

- a. setting the agenda for matters to be considered by the Board;
- b. managing the conduct, frequency and length of Board meetings to ensure that the Board meetings provide an in-depth understanding of the Company's performance and the opportunities, challenges and strategic issues facing the Company;
- c. facilitating open, effective, constructive and respectful communications between Board members, and between the Board and management, and encouraging their contribution to Board deliberations;
- d. ensuring principles of best practice in corporate governance are aspired to and adhered to by the Board, including leading by example;
- e. acting as an independent sounding board to the Chief Executive Officer, advising the Chief Executive Officer on likely Board reactions to issues and proposals, keeping Directors informally advised as necessary on such matters, convening special Board meetings as required and optimising the working relationship between the Chairman, the Chief Executive Officer and the other Directors; and
- f. initiating a review of the performance of the Board, all individual Directors, any committees of the Board and the Chief Executive Officer at least annually.

10. CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is selected by the Board and is subject to annual performance reviews by the non-executive Directors.

Except for the specific powers reserved to the Board outlined above, the Board has delegated to the Chief Executive Officer day to day management of Galaxy and all authority to achieve Galaxy's strategic, financial and business objectives. The Chief Executive Officer will exercise this delegated authority in accordance with corporate governance best practice and the Company's Values, Code of Conduct and policies.

The Chief Executive Officer is responsible for:

- a. developing the Company's business plans, budgets and strategies for consideration by the Board and, to the extent approved by the Board, for implementing those plans, budgets and strategies;
- b. operating the Company's businesses within the parameters set by the Board from time to time, and keeping the Board informed of material developments in the Company's businesses;
- c. where a proposed transaction, commitment or arrangement exceeds the parameters set by the Board, referring the matter to the Board for its consideration and approval;
- d. identifying and managing operational and other risks and, where those risks could have a material impact on the Company's businesses, developing strategies for managing these risks for consideration by the Board;
- e. managing the Company's financial and other reporting mechanisms and control and monitoring systems to ensure that these mechanisms and systems capture all relevant material information on a timely basis and are functioning effectively;
- f. ensuring, with the assistance of management, that the Board is provided with sufficient clear and accurate information on a timely basis to enable the Board to fulfil its responsibilities, including information regarding:
 - i. the Company's performance, financial condition, operating results and prospects;
 - ii. compliance with material legal and regulatory requirements; and
 - iii. conduct which is materially inconsistent with the Company's Values, charters, Code of Conduct or policies;
- g. implementing, and ensuring that management implement, the Company's Values, Code of Conduct and policies as approved by the Board;
- h. implementing policies, processes and procedures for the management and development of the Company's employees; and
- i. reviewing the performance of senior management by conducting a performance evaluation against each senior manager's responsibilities as outlined in his or her contract with the Company and against KPI's set for the senior manager by the Chief Executive Officer or the Board.

11. COMPANY SECRETARY

The Company Secretary is accountable to the Board, through the Chairman, on all governance matters.

Approved by Galaxy Resources Limited Board

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