



**Galaxy Resources set to merge with Orocobre**

<b>Company/ASX Code</b>	Galaxy Resources Limited /GXY
<b>Meeting date</b>	<b>Friday, 6 August 2021</b>
<b>Time and location</b>	10am AWST Karingal Room, Melbourne Hotel, 33 Milligan St, Perth
<b>Registry</b>	Computershare
<b>Webcast</b>	Yes
<b>Poll or show of hands</b>	Poll*
<b>Monitor</b>	Alan Dickson
<b>Pre AGM Meeting?</b>	No, but attended the on-line quarterly report meeting on 22 July 2021

Please note any potential conflict as follows: The individual’s associate (SMSF) is involved in the preparation of this voting intention has a shareholding in this company.

\*To be approved, the scheme of arrangement requires support by a majority of those attending either in person or by proxy, ie greater than 50%, and at least 75% of total votes cast. The Court has the discretion to approve the scheme if 75% of votes cast approve but support is not achieved by a majority of shareholders present and voting at the scheme meeting.

**Summary of issues for meeting**

The only motion to be decided at this meeting is the approval of a scheme of arrangement whereby Galaxy and Orocobre will merge, initially under the name of Orocobre, whereby each Galaxy share holder will be issued with 0.569 New Orocobre Share for each Galaxy Share held.

<b>Item 1</b>	<b>Approval of Scheme of Arrangement</b>
<b>ASA Vote</b>	For

**Summary of ASA Position**

Voting recommendations associated with schemes and takeovers are considered to relate to dealings in financial products and require a financial service licence which ASA does not hold. For this reason, we urge you to read the scheme booklet and make your own decision and lodge a proxy with a directed vote either for or against the resolution based on your circumstances.

**Brief Review of SCHEME BOOKLET**

The scheme booklet is dated 5 July 2021 and is 480 pages long. There is obviously much repetition as there is Galaxy’s write-up and also the Legal Adviser’s (Ashurst) report, the Independent Expert (Deloitte Corporate Finance) 106 page report with added the Independent Technical Specialist’s 113 page Report (Behre Dolbear Australia), followed by the Investigating Accountant’s Report by Ernst and Young. Also note the Taxation Implications at p162.

ASA intends to vote undirected proxies in favour of the merger.

ASA accepts that combining these two companies may result in synergies being achieved to the benefit of all shareholders. The two companies have many similarities in that they are primarily lithium product producers. Both were in the S&P/ASX300 Index at the time of the announcement and are now in the S&P/ASX200 Index. The merger may result in them advancing to the S&P/ASX100 Index. The merger will hopefully result in synergies being achieved, with shared overhead and operating activities.

Examining both companies share price and capitalisation the merger appears to be fair and reasonable and in the best interest of each company. This is not an unfriendly takeover but a friendly merger. The Independent Expert also concluded the scheme was in the best interest of Galaxy shareholders and was deemed fair and reasonable.

The main operations of the new company will be associated with lithium brine extraction and processing in Argentina. With hard rock spodumene production continuing in Western Australia. The combined company is likely to have a capitalisation of over A\$4.1B.

If the scheme is passed then Galaxy will become a 100% subsidiary of Orocobre, with former Galaxy shareholders owning approximately 45.7% of the issued capital of Orocobre. The proposal has been endorsed by both the Galaxy and Orocobre boards.

### **Financial performance**

Neither company has paid a dividend in recent years and both have been in exploration, construction and the operations phases of mining, thus requiring large capital expenditures.

Lithium has been in the doldrums for the last couple of years and is now emerging with prices increasing substantially. No timetable has been provided estimating when dividends will start being paid.

### **Senior management changes**

The merger will result in a smaller board of directors with four existing directors being appointed from the existing Galaxy Board and five from the Orocobre Board. Martin Rowley, Galaxy's current Chairman will become the Chairman of the combined entity and Robert Hubbard, Orocobre's current Chairman will become the Deputy Chairman. It is intended that both these appointments will only for a period up to a year with alternate Chairman and Deputy Chairman being appointed.

Orocobre's current Managing Director and CEO, Martin Perez de Solay, will retain that position and Galaxy's current CEO, Simon Hay, will be appointed to the position of President of International Business.

The head office will relocate to Argentina, the corporate office will be on the East Coast of Australia and an office will be maintained in Perth, Western Australia.

### **Resulting Business**

The new company will have many strings to its bow. There will be Spodumene production from Mt Cattlin in Western Australia, there will be a study in progress to develop a hard rock mine in Canada, primarily aimed at the north American market for lithium-based products. There will be several brine lithium brine operations in Argentina producing Lithium Carbonate including battery grade Lithium Carbonate (one currently in production, Olaroz) and two operations being developed (Cauchari and Sal de Vida), a lithium hydroxide conversion facility at Naraha in Japan is nearing completion and an existing (50 year old) borax operation in Argentina.

#### **ASA Disclaimer**

*This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:*

- *makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- *shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

*This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.*