

4 september 2009

caijing

WWW.CAIJING.COM.CN

Galaxy Resources Gets Fund Injection from Chinese Investors

A Chinese investment deal in an Australian resource firm is expected to complete within four weeks. Australian Galaxy Resources Ltd. said it is one step closer to becoming the world's fourth-largest lithium carbonate producer after signing a financing deal with a Chinese private equity investor on Sept. 3.

Galaxy Resources managing director Iggy Tan confirmed to Caijing on Sept. 2 that Beijing-based Creat Group will purchase a 19.9 percent stake in the Australian company for A\$ 26 million, or A\$ 0.88 per share, becoming its largest shareholder. The Chinese investment firm will also arrange about A\$ 130 million in bank loans under the deal, which Tan said is expected to be completed within four weeks as it does not require approval from Australia's Foreign Investment Review Board.

The investment will be used to develop a spodumene extraction project at Mt. Cattlin in Western Australia and a lithium carbonate project in eastern China's Jiangsu province, according to an earlier Galaxy Resources exchange filing. "Construction at the Mt. Cattlin site will begin in six to eight weeks, and production by the third quarter of next year, while the lithium carbonate project in Lianyungang, Jiangsu province, will be put into production in the fourth quarter of next year," Tan said.

Spodumene from the Mt. Cattlin mine will supply the lithium carbonate factory in Jiangsu, which will have annual production capacity of 17,000 tons of lithium, Tan added.