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Lithium on Galaxy list of projects

Australian lithium start-up Galaxy Resources will raise A\$50 million (\$44 million) to invest in a lithium carbonate project in China, making it the country's largest lithium carbonate producer after it starts production next year.

The new lithium carbonate facility will transport the element from Western Australia mines and process it in Zhangjiagang, a port near Shanghai, to meet booming demand for lithium-ion batteries in China and overseas, Craig Readhead, chairman of Galaxy, told China Daily at a signing ceremony yesterday.

"We expect to double its annual production capacity from 170,000 tons a year in a few years," he said.

The deal is part of a recent move by Galaxy and Beijing-based private investment firm Creat Group, which last month agreed to inject A\$26 million in equity financing and commit A\$130 million in debt financing for a 19.9 percent stake of Galaxy and get the company's lithium out of the ground.

RZB Austria will take the lead in financing A\$130 million, said Sun Yimin, vice-president of Creat Mining Investment Ltd, a subsidiary of Creat Group.

He added that the venture would also include a lithium concentrate facility near the world's second largest lithium mine in Western Australia, in which Galaxy will invest about A\$68 million.

Exploitation of the mine will begin later this year. The lithium carbonate facility in China will sell 40 percent of its output to the Chinese market, and the rest will go overseas, mostly to Japan and South Korea, Sun said.

"We've already got orders at 220,000 tons of lithium carbonate, of which Japan's Mitsubishi Corporation ordered 5,000 tons," he said. "The supply can't meet the demand."

Lithium carbonate is used in lithium-ion batteries, which are mostly used for mobile phones and electric cars. It is a booming industry in a world desperate for alternative energy sources.

Sun said the global annual demand for lithium carbonate could triple to 300,000 tons by 2020, from the current annual demand of 110,000 tons, with a 15 percent growth every year. Electric cars will account for one third of total lithium capacity.

China has a huge demand for lithium carbonate, standing at 25,000 tons a year.

Chinese electric car maker BYD said this week US billionaire Warren Buffett intends to raise his stake in the company, while Japan's NEC Corp will use part of its planned \$2 billion fundraising for lithium-ion batteries.