

=DJ INTERVIEW:Galaxy Resources:Seeking A\$54 Mln From Placement

BEIJING (Dow Jones)--Galaxy Resources Ltd. (GXY.AU) plans to raise about A\$54 million in an equity placement to fund lithium projects in Australia, Managing Director Iggy Tan said Wednesday.

The company will start a global roadshow for the placement next week that will include stops in China, Hong Kong, Singapore and the U.K., Tan told Dow Jones Newswires in an interview in Beijing.

He said the Australian lithium miner is talking with a variety of potential investors, including Chinese state-owned companies.

"We want to have that cash in our hand if there are any delays (in the lithium projects)," he added.

The funds Galaxy Resources plans to raise in the placement are on top of the A\$26 million the company received from Chinese private investor Creat Group Co. last week, when Creat agreed take a 19.9% stake in the miner.

The Chinese firm also agreed to provide Galaxy with 100% debt finance of about A\$130 million to develop the Mt Cattlin mine in Western Australia state and build a lithium carbonate processing plant in China's Jiangsu province.

Demand for lithium has increased in recent years as new applications have been found for the mineral, for example, in the lithium ion batteries used to power electric vehicles.

Creat Chairman Zheng Yewen will join Galaxy's board, Tan said, adding the Beijing-based company said it would maintain the size of its shareholding in Galaxy after the equity placement.

Galaxy plans to start developing the Mt Cattlin mine within the current quarter.

The company will also begin building a 17,000 metric-tons-a-year mineral processing plant in Jiangsu during the period. Production is scheduled to start next year.

Tan said the Jiangsu plant's customers would include companies in Japan, Korea and Europe, though he said he expected the plant to sell most of its lithium in China.

China consumes about 25,000 metric tons of lithium a year. The country's output is only about 8,000 tons a year.

"China's lithium imports come from Australia and South America. The country doesn't have enough supply to meet its large demand for the mineral," said Tan.

He said the Jiangsu factory's annual sales could be about A\$166 million a year.

"We will become the largest lithium carbonate producer in China when our project starts operation," he added.

-Juan Chen contributed to this story; Dow Jones Newswires; 8610 6588 5848;
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The funds are on top of the A\$26 million that the Australian lithium miner received from Chinese private investor Creat Group Co. last week.

The earlier deal gave Beijing-based Creat a 19.9% stake in Galaxy and Tan said Creat agreed to maintain the size of its shareholding in the company after the equity placement.

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