

Australia's Galaxy Secures Lithium Proj Funding From China

CANBERRA (Dow Jones)--Galaxy Resources Ltd. (GXY.AU) Tuesday said it had secured long-term financing arrangements for its Mt Cattlin lithium project in Western Australia state from Creat Group Co. Ltd., a private sector investment company based in Beijing.

Under the agreement, Creat will take a 19.9% stake in Galaxy's expanded capital base at 88 Australian cents a share to raise at least A\$26 million. Creat will also provide Galaxy with 100% debt finance of about A\$130 million to develop the Mt Cattlin mine and Jiangsu Lithium Carbonate processing plant in China, Galaxy said in a statement.

Galaxy also plans to raise further equity through a placement to supplement the project debt finance.

Under the deal, no offtake product is required by Creat and Galaxy is free to market its product and take advantage of the expected upward pressure on lithium carbonate prices, fueled by strong demand for long-life batteries and sophisticated electronics, Galaxy said.

Galaxy Managing Director Iggy Tan said that financing had been finalized ahead of schedule, and the deal had provided a "bedrock Chinese investor" and allowed the company to develop its projects.

Galaxy plans to commence the development of the Mt Cattlin mine and construction of the 17,000 metric-tons-a-year mineral processing plant in this calendar quarter, with first concentrate production scheduled in a year's time.

-By Ray Brindal, Dow Jones Newswires; 612-6208-0902; ray.brindal@dowjones.com

August 25, 2009 01:00 ET (05:00 GMT)