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## Galaxy Resources to raise \$44 million

BEIJING (Reuters) - Galaxy Resources (GXY.AX: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) plans to raise A\$52 million (\$44 million) to help fund a lithium carbonate project in China aimed at supplying booming lithium battery makers as the world seeks alternative energy sources.

The private placement will help fund a lithium mine in Western Australia, a project that also includes a lithium carbonate facility in China, Iggy Tan, Galaxy's managing director, said on Thursday at the China Investment Summit.

The project includes a A\$50 million lithium carbonate chemical facility in the Zhangjiagan Free Trade Zone near Shanghai, a plant that will begin operations by the end of next year with a yearly capacity of 17,000 tonnes.

Galaxy will become China's largest and the world's fourth-largest lithium carbonate producer, said Tan. "When China begins mass producing electric cars, that's where it's going take off. Here, and then around the world," he said.

Lithium carbonate is used in lithium-ion batteries, which are seen as the most practical option for electric vehicles because they have the higher energy density required to feed electric motors. Chinese electric car maker BYD Co Ltd (1211.HK: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) said this week that U.S. billionaire Warren Buffett intends to raise his stake in the company, while Japan's NEC Corp (6701.T: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) will use part of its planned \$2 billion fundraising for lithium-ion batteries.

Tan said global annual demand for lithium carbonate could triple to 300,000 tonnes by 2020. Galaxy will launch the roadshow next week with Helmsec Global Capital as the lead broker and will include stops in Hong Kong, Japan, Singapore and in Europe as well as in Canada and the United States. "We want to raise an additional A\$52 million," said Tan. "The idea is to have sufficient cash in reserve when we go out and start up the project. That is the time when the project is most vulnerable," he said. The announcement comes after Galaxy, which listed in 2007, sold a 19.9 percent stake last month for about A\$26 million to Creat Group Co, a Chinese private investment firm, which also lent Galaxy A\$130 million for the project. The venture will also include a lithium concentrate facility near the mine in Australia, in which Galaxy will invest about A\$65 million and hire about 100 people. The digging of the mine itself will begin later this year.

The lithium carbonate facility in China will employ about 200 people and sell most of its output in China, with the remainder going mostly to Japan and South Korea. "The whole investment should pay back in two years, and that is with a very conservative estimate for lithium carbonate prices," said Tan. Galaxy shareholders will approve the 19.9 percent stake placement with Creat Group at an extraordinary general meeting set for early October, but it is not subject to Australian foreign investment scrutiny because of its size