



Galaxy tees up Creat to bankroll lithium project

KATE EMERY

Galaxy Resources has secured China's Creat Group as a cornerstone investor to help underpin a \$200 million funding deal to bring its lithium project into production within a year.

The lithium hopeful is expected to confirm as early as today it has secured project financing for its Mt Cattlin project, near Ravensthorpe, through a combined debt and equity deal that will see the Beijing-based Creat emerge with a 19.9 per cent stake in Galaxy.

The West Australian understands the deal will comprise \$130 million in debt financing and a \$24 million placement to Creat at around 88¢ a share. Galaxy will also raise an additional \$50 million from Australian institutional investors.

The deal with the privately owned Creat will include a standstill agree-

ment restricting the group to a maximum 19.9 per cent stake.

A Creat representative will also take a seat on Galaxy's board.

Shares in Galaxy, which have jumped 30 per cent since the start of the month, traded at \$1.29 before being placed in a trading halt yesterday.

The Creat partnership represents a major boost for Galaxy, which has been in project financing talks since appointing Noah's Rule as its corporate adviser in February. It has also been on the hunt for an offtake partner in Asia and Europe and has received letters of intent for up to 22,000 tonnes of lithium carbonate a year.

Galaxy has put a \$130 million price tag on developing Mt Cattlin, including a mine and a processing plant to

produce 137,000 tonnes a year of spodumene concentrate. It is aiming to begin production in the third quarter of 2010.

The group also plans to establish its own downstream lithium carbonate chemical facility in China's Jiangsu Province to produce 17,000tpa of lithium carbonate, which can then be sold into key Asian and European markets.

Analysts expect demand for lithium carbonate, which is used in batteries and glass, to treble over the next 10 years.

Although there are sizeable deposits of lithium around the world, there are few advanced projects and analysts still expect demand to outpace a modest increase in supply.

Creat is involved in manufacturing, finance, real estate and mining.



Cornerstone investor: Galaxy has put a \$130 million price tag on developing its Mt Cattlin lithium project near Ravensthorpe