

10 February 2010

## **CREAT RESOURCES HOLDINGS LIMITED**

### **Proposed acquisition of an interest in Galaxy Resources Limited**

### **Placing of up to 283,333,333 Placing Shares at 6 pence per share and Re-Admission to trading on AIM**

#### **Notice of AGM**

Creat Resources Holdings Limited (the "Company") (AIM: CRHL) is pleased to announce the proposed acquisition by the Company of an interest in Galaxy Resources Limited ("Galaxy") (ASX: GXY), an emerging mining and materials company focusing on lithium and tantalum production. Galaxy, a company based in Perth, Australia and listed on the ASX, plans to become one of the world's leading producers of lithium.

#### **Highlights**

Galaxy is at an advanced stage of developing its Mt Cattlin lithium (hard rock spodumene) project in Ravensthorpe, Western Australia. The Mt Cattlin Project encompasses a mine and minerals plant which is expected to produce 137,000 tpa of 6% Li<sub>2</sub>O spodumene concentrate in the future. Galaxy intends to add value to the Mt Cattlin Project by establishing its own downstream lithium processing facilities in China. Galaxy is finalising plans to establish a lithium carbonate chemical facility in Jiangsu Province that will produce 17,000 tpa of lithium carbonate, an essential raw material for the production of lithium batteries. The location of the planned production facility has been selected for its proximity to the rapidly growing markets for lithium batteries in Asia.

- On 16 December 2009, the Company announced it had acquired 6,818,182 shares in Galaxy, representing approximately 4.53% of Galaxy's enlarged share capital (the "Initial Galaxy Subscription"). The Company now plans to subscribe for Further Galaxy Shares, conditional upon shareholder approval, to increase its interest to up to 19.99% (the "Galaxy Subscription").
- To fund the Further Galaxy Subscription, the Company intends to raise up to £15,118,600 (approximately A\$27,280,000) net of commissions and other transaction expenses, through a Second Round Placing to be conducted on a reasonable endeavours basis by the Company's broker, Westhouse Securities Limited. The Galaxy Subscription is in line with the Company's revised strategy of exploring acquisitions or other transactions that would result in the expansion of its mining operations within and outside Australia, and the diversification of its resources, as approved by Shareholders in July 2009.
- Due to the size of the Further Galaxy Subscription (when aggregated with the Initial Galaxy Subscription) in comparison to the Company, the Further Galaxy Subscription constitutes a reverse takeover for the purposes of the AIM Rules for Companies. Accordingly, the Further Galaxy Subscription requires the approval of the Company's Shareholders and the production of an Admission Document.
- Following the approval of the Further Galaxy Subscription, the Company will seek Re-Admission. The Directors believe the Company will be well placed to continue its revised strategy to make further acquisitions or conduct other transactions to expand the Company's operations and work alongside Creat Group to support Galaxy as it develops the Mt Cattlin Project and the Jiangsu Project.
- Further details of the Second Round Placing, the Galaxy Subscription, the Nomination Letter, the New Lending Bank Facility Agreement, the Share Mortgage and Facility Put Option and other key documents relating to this transaction are set below.

A copy of the Admission Document, the Notice of AGM and accompanying materials will be posted to shareholders and are available on the Company's website [www.creatresources.com](http://www.creatresources.com).

For further information please visit [www.creatresources.com](http://www.creatresources.com) or contact:

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### **Introduction**

The Company is pleased to provide shareholders with more information about the proposed Galaxy Subscription, which was announced on 10 December 2009. As further announced on 16 December 2009, the Company has acquired the Initial Galaxy Shares and now proposes to acquire the Further Galaxy Shares in order to complete the Galaxy Subscription.

### **Background to and reasons for the Further Galaxy Subscription**

On 21 August 2009, Creat Group, the controlling shareholder of the Company, entered into the Galaxy Subscription Agreement pursuant to which it agreed to subscribe for the Galaxy Shares and to provide a project finance facility to the Galaxy Group. Following completion of the Galaxy Subscription, the Galaxy Shares will represent up to approximately 19.99 per cent. of the issued share capital of Galaxy, an ASX listed Australian mining and materials company focusing on lithium and tantalum exploration and production.

On 16 November 2009, the Company announced that Creat Group intended to nominate the Company as the subscriber under the Galaxy Subscription Agreement. The Company took the decision to proceed with the Galaxy Subscription in two separate stages. On 9 December 2009, the Company announced that it intended to use some of the proceeds of the Cornerstone Placing to subscribe for the Initial Galaxy Shares.

The funds required to purchase the Initial Galaxy Shares were raised on 14 December 2009 when the Company entered into the Cornerstone Placing pursuant to which it raised gross proceeds of £5.7 million. Part of the funds raised under the Cornerstone Placing (equivalent to approximately A\$6 million) were used to finance the purchase of the Initial Galaxy Shares by the Company at a price of A\$0.88 per Galaxy Share. The remainder of the funds raised under the Cornerstone Placing will be utilised by the Company for working capital purposes, to fund the Company's operations and/or acquire additional business assets or businesses.

The Company now wishes to complete the Galaxy Subscription by subscribing for the Further Galaxy Shares. The Initial Galaxy Subscription and the proposed Further Galaxy Subscription form part of the Company's revised strategy, as announced on 18 July 2009, of exploring acquisitions or other transactions that would result in the expansion of its mining operations within and outside Australia, and the diversification of its resources. The announcement of the revised strategy followed the completion on 29 December 2008 of a subscription for further Ordinary Shares in the Company by Creat Group, whereby Creat Group increased its holding in the Company from 6.2 per cent. to

approximately 70 per cent. Creat Group has a current holding of 55.93 per cent. of the issued share capital of the Company through its nominees and wholly owned subsidiaries, Marvel Link Group Limited and Kingwealth Finance Limited.

### **Details of the Galaxy Subscription and the Nomination Letter**

The Galaxy Subscription Agreement gives Creat Group the right to subscribe for the Galaxy Shares and the obligation to provide (or to nominate another Creat entity or reputable commercial bank to provide) a project finance facility to Galaxy in the sum of A\$130 million for the purpose of developing both the Mt Cattlin Project and the Jiangsu Project. Creat Group entered into the Original Debt Facility Agreement on 3 September 2009 which set out the further terms on which Creat Group would provide the project finance facility contemplated in the Galaxy Subscription Agreement.

On 10 February 2010, the Company, Creat Group and Galaxy entered into the Nomination Letter pursuant to which it was acknowledged that, as permitted by the Galaxy Subscription Agreement, Creat Group had nominated the Company to subscribe for the Initial Galaxy Shares and that conditional upon the approval of the Company's Shareholders, the Company has been nominated to subscribe for the Further Galaxy Shares at the same subscription price of A\$0.88. The number of Further Galaxy Shares shall be equal to the lower of (a) the number which, together with the Initial Galaxy Shares, represents 19.99 per cent. of Galaxy's enlarged share capital immediately following such issuance; and (b) 31,000,000 shares. Accordingly, the maximum amount payable in respect of the Further Galaxy Shares shall be A\$27,280,000 (equivalent to approximately £15,118,600).

The Nomination Letter provides that the Company will be entitled to exercise all of the rights given by Galaxy to Creat Group under the Galaxy Subscription Agreement, specifically, a right to appoint a director to the board of Galaxy and the Company will have certain anti-dilution rights. On 8 January 2010, the Company exercised its right to appoint a director to the board of Galaxy and Dr Yuewen Zheng was appointed as a non-executive director and Mr Xiaojian Ren was appointed as his alternate.

The Nomination Letter also makes a number of other amendments to the Galaxy Subscription Agreement. Further details of the terms of the Nomination Letter are set out in paragraph 10.1 of part 5 of the Admission Document. The Nomination Letter does not transfer to the Company the obligation to provide the project finance facility to Galaxy.

Due to the size of the Further Galaxy Subscription (when aggregated with the Initial Galaxy Subscription) in comparison to the Company, the Further Galaxy Subscription constitutes a reverse takeover for the purposes of the AIM Rules for Companies. Accordingly, the Further Galaxy Subscription will require the approval of the Company's Shareholders and the production of an Admission Document. Following the approval of the Further Galaxy Subscription, the Company will seek Re-Admission. The Directors believe the Company will be well placed to continue its revised strategy to make further acquisitions or conduct other transactions to expand the Company's operations and work alongside Creat Group to support Galaxy as it develops the Mt Cattlin Project and the Jiangsu Project.

### **Funding of the Further Galaxy Subscription**

To fund the Further Galaxy Subscription, the Company intends to raise through the Second Round Placing up to £15,118,600 (approximately A\$27,280,000) net of commissions and other transaction expenses. The maximum gross proceeds of the Second Round Placing will be approximately £17,000,000. Further details of the Second Round Placing are set out below. The Second Round Placing has not been underwritten and therefore there is no certainty that all or any of the funds necessary for the Further Galaxy Subscription will be raised.

The Company has agreed with Creat Group that, in the event that the gross funds raised in the Second Round Placing are less than £17,000,000 (equivalent to approximately A\$30,674,800), Creat Group shall procure that the Convertible Loan Subscriber shall advance to the Company an amount equal to such shortfall under the terms of an agreed form Convertible Loan Note.

The Convertible Loan Note will have a coupon of 10 per cent. per annum and a maturity date twelve months after Shareholders approve the Further Galaxy Subscription. The Company must repay the Convertible Loan Note (together with accrued interest) in full on the maturity date. The Convertible Loan Note may be converted at any time at the option of the noteholder into Ordinary Shares at a conversion price of £0.06 per Ordinary Share. Under the requirements of the Act, and given Creat Group's current shareholding in the Company, the approval of the Company's shareholders would be needed for the convertible Loan Subscriber to convert the Convertible Loan Note.

The terms of the Convertible Loan entitle the Convertible Loan Subscriber to assign it to a third party in whole or part if the assignee enters into an orderly marketing arrangement in a form similar to that described in paragraph 10.3.2 of part 5 of the Admission Document and (a) the Company has provided its prior written consent; or (b), inter alia, (i) the assignee is not a related party to the Company; (ii) upon conversion, that the assignee's relevant interests in the Company's Ordinary Shares will not exceed 19.99 per cent.; and (iii) notification of the assignment or subsequent conversion is not required by relevant legislation. Upon assignment, the assignee is obliged to immediately serve a notice on the Company requiring it to convert the Convertible Loan Note into Ordinary Shares.

Pursuant to the Placing Agreement, if the Second Round Placing is not fully subscribed, Creat Group may itself procure third party investors to subscribe for Ordinary Shares at the Placing Price and/or agree with third party investors that the Convertible Loan Note shall be assigned to them immediately following its issue prior to Re-Admission (with the effect that the Convertible Loan Note would be converted into Ordinary Shares as described above). Creat Group intends to explore opportunities to procure such third party investors between the date of the Admission Document and the date of the AGM. Should it be proposed that any potential investor identified by Creat Group in accordance with the above will hold 10 per cent. or more of the Company's issued share capital, the identity of such investor will be announced by no later than 7 clear days immediately prior to the AGM. In the event that no funds are raised pursuant to the Second Round Placing and no third party investors are procured by Creat Group then the Convertible Loan Subscriber may (if the Convertible Loan Note is converted) acquire all shares issued pursuant to the terms of the Convertible Loan Note, which would (provided that any necessary regulatory requirements have been complied with) increase Creat Group's shareholding (together with its subsidiaries) to approximately 70.61 per cent (assuming the Equity Put Options are not exercised).

### **Galaxy Project Finance Facility**

The Galaxy Subscription Agreement provided that funds had to be available for drawdown under the project finance facility before the Galaxy Shares would be issued. The Nomination Letter has amended the Galaxy Subscription Agreement to provide that the issue of the Further Galaxy Shares may take place without such project finance facility funds being available for drawdown.

The terms of the project finance facility were confirmed by the Original Debt Facility Agreement. The Galaxy Subscription Agreement and the Original Debt Facility Agreement permit Creat Group to nominate a reputable commercial bank prior to drawdown (with the approval of Galaxy) to provide the project finance facility. Galaxy and Creat Group are currently at an advanced stage of discussions with the New Lending Banks regarding the entry into a New Lending Banks Facility Agreement whereby the New Lending Banks will (if definitive agreements are entered into) provide a project finance facility in an amount of US\$105m to the Borrowers, in place of Creat Group's obligation to provide the A\$130m project finance facility under the Original Debt Facility Agreement.

Unless and until the New Lending Banks Facility Agreement is entered into, the obligation to provide the project finance facility remains with Creat Group. However, Galaxy and Creat Group have agreed in the Nomination Letter that Creat Group is not obliged to make available the facility provided that the New Lending Banks Facility Agreement is signed on or prior to the Long Stop Date on substantially the terms of the draft agreement appended to the Nomination Letter. The New Lending Banks have indicated that they will not be in a position to sign the New Lending Banks Facility Agreement until after Re-Admission.

As part of the New Lending Banks Facility Agreement, the New Lending Banks have indicated that they will require that the Company enter into the Share Mortgage and the Facility Put Option, further

details of which are set out below. One of the conditions upon which Creat Group was prepared to nominate the Company to subscribe for the Further Galaxy Shares was that the Company agreed to enter into the Share Mortgage and the Facility Put Option, in order to assist Creat Group to procure that the New Lending Banks enter into the New Lending Banks Facility Agreement and that Galaxy enters into the Nomination Letter. Under the Nomination Letter, the Company has agreed that provided the New Lending Banks Facility Agreement is entered into in substantially the form appended thereto on or prior to the Long Stop Date (or such earlier date as Creat Group, the Company and Galaxy may agree) and provided Re-Admission has occurred, the Company will enter into the Share Mortgage and the Facility Put Option with the New Lending Banks.

Under the terms of the Share Mortgage, the Company will, if the Share Mortgage is executed, agree to grant security at all times, up to a maximum aggregate of 19.9 per cent. of its shares in Galaxy in favour of the Security Trustee to secure the obligations of the Obligors under the New Lending Banks Facility Agreement and the obligations of the Company under the Facility Put Option. The amount secured by the Share Mortgage is limited to the proceeds realised from the sale of the shares pledged in favour of the Security Trustee. In the case of an event of default under the New Lending Banks Facility Agreement which is not the fault of the Company, the New Lending Banks are only able to enforce the Share Mortgage once all other security granted pursuant to the New Lending Banks Facility, which is not granted by the Company, has been enforced.

The Facility Put Option will, if executed, entitle the New Lending Banks to require the Company to purchase from the New Lending Banks the debt outstanding under the New Lending Banks Facility Agreement at the time the option is exercised. The purchase price for the debt outstanding under the New Lending Banks Facility Agreement will be an amount equal to the principal, accrued interest and fees outstanding under the New Lending Banks Facility Agreement at that time. In exercising this option, the New Lending Banks would also transfer their rights under the New Lending Banks Facility Agreement to the Company. The Facility Put Option is only exercisable by the New Lending Banks during the period from four years from initial drawdown until 10 December 2016.

As with the Share Mortgage, recourse under the Facility Put Option (should the Company refuse to purchase the amount outstanding under the New Lending Banks Facility Agreement when the Facility Put Option is exercised) will be limited to the value of the shares pledged in favour of the Security Trustee. Shareholders should refer to part 2 of the Admission Document which details risk factors in respect of the Facility Put Option, the Share Mortgage and the New Lending Banks Facility Agreement.

### **Principal terms of the Further Galaxy Subscription**

The Further Galaxy Subscription is conditional upon, among other things:

- (a) Galaxy obtaining shareholder approval by no later than 28 February 2010 (which has been obtained on 10 February 2010);
- (b) no material adverse change occurring prior to the Further Galaxy Subscription;
- (c) Galaxy not, prior to the issue and allotment of the Further Galaxy Shares, issuing or agreeing to issue any Galaxy Shares other than to the Company, or to the holders of outstanding options over shares in Galaxy in respect of the exercise of such options; and
- (d) the warranties in the Galaxy Subscription Agreement being true and correct in all material respects on the date of the Further Galaxy Subscription.

The nomination by Creat Group of the Company as the subscriber for the Further Galaxy Shares under the Galaxy Subscription Agreement is conditional upon:

- (a) approval having been given by the Shareholders (i) under Rule 14 of the AIM Rules for Companies in respect of the reverse takeover of the Company in relation to the subscription for the Further Galaxy Shares (when aggregated with the subscription of the Initial Galaxy Shares) and (ii) under section 136(2) of the Corporations Act to amend Article 17.2 of the Constitution as set out in the Notice of AGM;

- (b) the entry into on or about the date of the Admission Document of the Placing Agreement; and the conditions to the Placing Agreement being satisfied or waived (save for any condition as to the Nomination Letter becoming unconditional and not having been terminated, any condition as to the unconditional allotment of the Further Galaxy Shares and any condition relating to Re-Admission) and the Placing Agreement not having been terminated in accordance with its terms;
- (c) all Galaxy shareholder approvals which are required in order for the Further Galaxy Shares to be issued to the Company having been obtained (which has been obtained on 10 February 2010); and
- (d) an amount not less than the total subscription amount (in Australian dollars) for the Further Galaxy Shares (not including any amounts committed by investors through the Placing) having been deposited in an escrow account prior to the AGM.

The conditions to the Further Galaxy Subscription and the nomination may be waived at the discretion of the Company.

Pursuant to the Nomination Letter, Creat Group has agreed that the Company will have the benefit of all of its rights held under the Galaxy Subscription Agreement, including the following rights:

- (a) the right to require Galaxy to use its best endeavours to appoint Creat Group's nominee to the board of directors of Galaxy and, amongst other things, for Galaxy to recommend the election of such nominee as a director of Galaxy at the next general meeting of Galaxy shareholders (the Company exercised this right and on 8 January 2010, Dr Yuewen Zheng was appointed to the board of directors of Galaxy);
- (b) certain anti-dilution rights to participate in any further issue of shares by Galaxy until 21 August 2010; and
- (c) the benefit of certain warranties and representations given by Galaxy.

Furthermore, the Company has agreed that following completion of the Further Galaxy Subscription, it will not increase its voting power in Galaxy other than in limited circumstances, including pursuant to the exercise of the anti-dilution rights given to the Company, in connection with a takeover bid of Galaxy or in accordance with the Act.

In accordance with the AIM Rules for Companies, the entry by the Company into the Nomination Letter and the issuance of the Convertible Loan Note by the Company to the Convertible Loan Subscriber are each a Rule 13 Related Party Transaction. The Independent Directors, having consulted with the Nominated Adviser, consider that the terms of the Nomination Letter and Convertible Loan Note are fair and reasonable insofar as the Company's shareholders are concerned.

## **Details of the Placings**

### Cornerstone Placing

On 14 December 2009, the Company placed 114,000,000 Ordinary Shares with the Cornerstone Subscribers under the Cornerstone Placing raising £5.7 million (before expenses). Creat Group, the Company's majority shareholder, has granted to each of the Cornerstone Subscribers an Equity Put Option under which the Cornerstone Subscribers are permitted to require Creat Group to purchase all of the Ordinary Shares they subscribed for in the Cornerstone Placing. The Equity Put Option is exercisable only on the date falling twelve months after completion of the Cornerstone Placing and only if the market price of the Ordinary Shares on that date is less than £0.06. The Equity Put Option is also conditional upon regulatory and legal approvals including member approval of the Company under section 611 item 7 of the Act as its exercise will result in Creat Group increasing its shareholding in the Company. The Company commissioned the Independent Expert to consider the advantages and disadvantages of the Equity Put Option for Australian regulatory purposes and the Independent Expert's conclusions are set out in its report dated 5 February 2010, which is included in its entirety in the Notice of AGM. Further details of the Cornerstone Placing are set out in paragraph 10.2 of part 5 of the Admission Document. A resolution will be proposed at the AGM in order to approve any

acquisitions of a relevant interest in the Company's voting shares pursuant to the Equity Put Option. The Nomination Letter and the transactions contemplated thereunder are not conditional upon obtaining shareholder approval for the Equity Put Option.

### Second Round Placing

Following the publication of the Admission Document and prior to the AGM on 29 March 2010, a further fundraising of up to approximately £17,000,000 (approximately A\$30,674,800) will be undertaken by the Company to institutional and other investors. The Second Round Placing will seek to raise the funds required to satisfy the purchase price of the Further Galaxy Shares. Pursuant to the Placing Agreement, Westhouse, the Company's broker, has agreed to use its reasonable endeavours to place up to 283,333,333 Ordinary Shares with investors at the Placing Price. A commission of 5 per cent. of the amount raised pursuant to the Second Round Placing in respect of investors introduced by Westhouse shall be paid to Westhouse and will be funded from the proceeds of the Second Round Placing. Under the terms of the Placing Agreement the completion of the Second Round Placing is conditional upon, inter alia, the Shareholders having approved the Further Galaxy Subscription, the Company becoming unconditionally entitled under the Nomination Letter to subscribed for the Further Galaxy Shares, such shares having been allotted and issued to the Company, the Nomination Letter not having been terminated, the Company's funding for the Further Galaxy Subscription (other than the funds raised from investors through Westhouse under the Second Round Placing) being held in escrow in accordance with the Nomination Letter and Re-Admission becoming effective. The long stop date for such conditions to be fulfilled or waived in accordance with the Placing Agreement is 23 April 2010.

The Ordinary Shares to be issued at the Placing Price pursuant to the Second Round Placing will represent up to approximately 33.31 per cent. of the Company's issued Ordinary Shares (assuming the maximum number of Placing Shares are issued). The Placing Shares will be issued credited as fully paid and will, on issue, rank *pari passu* in all respects with Existing Ordinary Shares.

In the event that no funds are raised pursuant to the Second Round Placing and no third party investors are procured by Creat Group then the Convertible Loan Subscriber may (if the Convertible Loan Note is converted), acquire all shares issued pursuant to the terms of the Convertible Loan Note, which would (provided that any necessary regulatory requirements have been complied with) increase Creat Group's shareholding in the Company (together with its subsidiaries) to approximately 70.61 per cent.

Further details of the Placing Agreement are set out in paragraph 10.3 of part 5 of the Admission Document.

### **Completion of the Galaxy Subscription and the Second Round Placing**

Creat Group will procure that an amount sufficient to fund the subscription of the Further Galaxy Shares (less any amounts (net of placing commissions) where Westhouse has received commitments from third party investors in respect of the Second Round Placing) will be paid into an escrow account to be established with an escrow agent in Australia prior to the AGM.

Promptly following the AGM, and subject to fulfilment or waiver of the conditions precedent set out in the Nomination Letter, the Further Galaxy Shares will be unconditionally issued against release of the subscription funds. Galaxy has agreed that the amounts committed by third party investors in respect of the Second Round Placing may be paid to it within three Business Days of the date of the AGM.

In order to facilitate its Re-Admission, on the day of the AGM, the Company will have its Ordinary Shares suspended from trading on AIM. Re-Admission is then expected to occur on 30 March 2010, the business day after the AGM. Settlement under the Second Round Placing (subject to the Placing Agreement becoming unconditional and not having been terminated) will take place upon Re-Admission.

### **Details of Galaxy Resources Limited**

Galaxy is an emerging mining and materials company focusing on lithium and tantalum production. The company is based in Perth, Australia and is listed on the ASX. Galaxy plans to become one of the world's leading producers of lithium.

On 24 December 2009, Galaxy was granted Mining Lease M74/244 for a period of 21 years. This lease covers its Mt Cattlin tenements, including the Mt Cattlin Project and replaces a number of previous mining leases and prospecting licence applications. Galaxy now holds tenure over the whole of the Mt Cattlin ore body, and potential extensions. The licence also covers all required site infrastructure, including the processing plant, tailings dam and waste dump. Galaxy plans to carry out further work on the tenement to follow up on known pegmatite mineral occurrences with the aim of expanding the Mt Cattlin resource base.

As at the date of the Admission Document, Galaxy has 151,153,358 ordinary shares of no par value in issue. Galaxy has granted share options over a total of 21,750,000 shares which are outstanding as the date of the Admission Document. In the event that no options are exercised before completion of the Further Galaxy Subscription, the number of Further Galaxy Shares to be acquired by the Company shall be 29,040,370.

On 12 January 2009, Galaxy announced that it had completed a definitive feasibility study which concluded that the Mt Cattlin Project would be commercially viable based on a processing rate of one million tonnes per annum over a 15 year mine life. Galaxy is planning to commence the development of the mine and the construction of the mineral processing plant with first concentrate production scheduled for the third quarter of 2010. Galaxy has also completed a pre feasibility study into the downstream production of value added lithium (Li<sub>2</sub>CO<sub>3</sub>). Galaxy plans to establish a 17,000 tpa lithium carbonate plant in Jiangsu Province, PRC due to lower associated capital and operating costs. A definitive feasibility study for the lithium carbonate plant was completed in October 2009 and Galaxy announced that the final definitive feasibility study capital cost estimation of A\$55m is in line with Galaxy's previous estimate of A\$50m.

On 25 August 2009, Galaxy announced that it had secured project financing and equity financing for its lithium project from Creat Group, as described in further detail above.

On 7 October 2009, Galaxy announced the completion of an institutional capital raising of A\$65 million at A\$1.28 per share as part of the funding process for the Mt Cattlin Project and the Jiangsu Project.

On 11 December 2009, Galaxy announced that it had entered into a contract with Hatch Consulting Shanghai in relation to engineering services and the procurement and management of the construction of the Jiangsu Project.

On 15 December 2009, Galaxy announced that it had signed a project investment contract with the Zhangjiagang Free Trade Zone Administrative Committee which provides for land use to operate the Jiangsu Project for a term of fifty years.

On 7 January 2010, Galaxy announced that it had received the safety and energy saving approvals required for the Jiangsu Project which were granted by the Suzhou Municipal Administration of Work Safety.

The Directors understand that Galaxy intends to operate the Jiangsu Project through a wholly owned foreign enterprise to be established in China ("WFOE"). At present, Galaxy has reserved a name for the WFOE with the State Administration for Industry and Commerce but the WFOE itself has not yet been incorporated. A number of permits and approvals will also be required from local authorities relating to various matters including the use of the land, the local environment, tax registration and social insurance before the Jiangsu Project can become operational. According to Galaxy's announcement dated 22 October 2009, the Jiangsu Project is scheduled to become operational in fourth quarter of 2010.

Galaxy's audited loss before tax for the year ended 30 June 2009 was A\$3,305,821 and its net assets at 30 June 2009 were A\$11,425,747.

For the purpose of Re-Admission, the Company has commissioned Coffey Mining to prepare an independent summary report on Galaxy's mineral assets based on publicly available information. The Galaxy Summary Report is reproduced in its entirety in part 4 of the Admission Document. As Galaxy is listed on the ASX, its public announcements can be found on its website at [www.galaxyresources.com.au](http://www.galaxyresources.com.au).

### **Current trading, future prospects and significant trends**

The Directors believe that there is real potential for the value of the Company to be enhanced as a result of the Further Galaxy Subscription and they are currently reviewing further potential acquisition opportunities which may progress the Company's strategy and which they intend to pursue although there is no guarantee that any negotiations will lead to the completion of any transaction. Save as disclosed in the Admission Document, there have been no significant trends concerning the development of the business of the Company.

### **Re-Admission to AIM and dealings in Ordinary Shares**

Application will be made for the Enlarged Share Capital to be re-admitted to trading on AIM in accordance with the AIM Rules for Companies. In order to facilitate its Re-Admission, on the day of the AGM, the Company will have its Ordinary Shares suspended from trading on AIM. It is expected that Re-Admission will become effective and dealings in the Ordinary Shares will commence on 30 March 2010.

### **Lock-in and Orderly Market Arrangements**

The Company has entered into a lock-in and orderly marketing agreement with Creat Group, Grant Thornton UK LLP and Westhouse dated 10 February 2010 pursuant to which Creat Group has agreed not to dispose of its holdings of Ordinary Shares in the Company until the date falling 12 months from the date of Re-Admission ("Lock-In Period"). Furthermore, any disposal of Ordinary Shares made by Creat Group in the 12 months following the end of the Lock-In Period shall be effected solely through Westhouse and shall, subject to certain exceptions, be in such manner as Westhouse shall require to ensure the maintenance of an orderly market.

The Company has entered into an orderly market agreement with each of the Cornerstone Subscribers, Grant Thornton UK LLP and Westhouse, pursuant to which each of the Cornerstone Subscribers has agreed not to dispose of the Ordinary Shares they subscribed for under the Cornerstone Placing other than through Westhouse until 15 December 2010. The orderly marketing agreement shall not apply if the Cornerstone Subscribers dispose of the shares to Creat Group in accordance with the Equity Put Option.

The Convertible Loan Subscriber has also agreed to enter into an orderly marketing agreement in respect of the Convertible Loan Note on substantially the same terms as those signed by the Cornerstone Subscribers as described above. In addition, any assignee of the Convertible Loan Note will also be obliged to enter into orderly market arrangements on the same terms.

### **Further information**

Your attention is drawn to the risk factors set out in part 2 of the Admission Document, to the Anderson & Schwab Report, the Creat Resources Summary Report, the Galaxy Summary Report and the extract from the Coffey Mining Valuation Report, all of which are set out in part 4 (Experts' Report) of the Admission Document, and to the information contained in part 3 (Financial Information) and part 5 (Additional Information) of the Admission Document.

### **Notice of AGM**

The Company's 2009 AGM will be held in the Wellington Room of the Mercure Hobart Hotel, 156 Bathurst Street, Hobart, Tasmania, 7000 at 9.00am (EDST) on 29 March 2010.

The Notice of AGM is contained in a separate document published on the date of the Admission Document which will be posted to shareholders in the same mailing. The Notice of AGM sets out the resolutions to be sought at the AGM, and includes in its entirety an independent expert's report from the Independent Expert in respect of the Equity Put Option and the Coffey Mining Valuation Report.

### Update on previous Placings

Further to the announcement on 16 December 2009 in respect of the first round of fundraising of £5.7 million, application has been made for 114,000,000 Ordinary Shares to be admitted to trading on AIM on 15 February 2010.

### SECOND ROUND PLACING AND RE-ADMISSION STATISTICS

Placing Price	£0.06
Number of Existing Ordinary Shares in issue	567,276,674
Maximum number of Placing Shares	283,333,333
Maximum number of Ordinary Shares on Re-Admission	850,610,007
Percentage of the Enlarged Share Capital represented by the Placing Shares (assuming the maximum number of Placing Shares are issued)	33.31per cent.
Maximum gross proceeds receivable by the Company pursuant to the Second Round Placing	£17,000,000
Estimated maximum net proceeds of the Second Round Placing receivable by the Company pursuant to the Second Round Placing	£15,118,600

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of the Admission Document	10 February 2010
Latest time and date for receipt of Forms of Proxy	9.00am (EDST) on 27 March 2010
Annual General Meeting	9.00am (EDST) on 29 March 2010
Re-Admission to trading on AIM effective and commencement of dealings in the Enlarged Share Capital	30 March 2010
CREST stock accounts credited (as applicable)	on or about 30 March 2010
Definitive share certificates despatched (as applicable)	Week commencing 5 April 2010

### EXCHANGE RATE

For the purposes of this announcement, the following exchange rates between A\$ and Sterling should be assumed unless a specific rate is specified:

£1.00 to A\$1.8044

### DEFINITIONS

The following definitions apply throughout this announcement, unless the context applies otherwise:

"ACN" Australian Company Number

"Act" or "Corporations Act"	the Corporations Act 2001 (Cth) (as amended), an act of the Commonwealth of Australia
"Admission Document"	the Company's admission document dated 10 February 2010
"AGM" or "Meeting of Shareholders"	the meeting of Shareholders to be held in the Wellington Room at the Mercure Hobart Hotel, 156 Bathurst Street, Hobart, Tasmania 7000, Australia at 9.00 am (local time) on 29 March 2010
"AIM"	AIM, the market of that name operated by the London Stock Exchange
"AIM Rules for Companies"	the rules for companies whose securities are traded on AIM, published by the London Stock Exchange (as amended) from time to time
"Anderson & Schwab Report"	the report entitled "Competent Person's Report and Independent Technical Valuation of the Mineral Assets of Zeehan Zinc Limited in Western Tasmania, Australia" prepared by Anderson & Schwab Australia Limited dated 29 January 2007 and included in the Company's admission document dated 27 February 2007, contained in part 4 of the Admission Document
"Australian dollar", "A\$" or "\$"	the legal currency of the Commonwealth of Australia
"ASX"	the Australian Securities Exchange, the market operated by ASX Limited
"Board" or "Directors"	together, the directors of the Company whose names are set out on page 5 of the Admission Document
"Borrowers"	Galaxy Lithium Australia Limited (a wholly owned subsidiary of Galaxy) and Galaxy Lithium International Limited (an indirect subsidiary of Galaxy)
"Coffey Mining"	Coffey Mining Pty Ltd, acting as independent mining expert to the Company or as independent mining expert to the Independent Expert, as the context requires
"Coffey Mining Valuation Report"	the independent technical valuation report dated 18 January 2010 prepared by Coffey Mining for the Independent Expert and included in its entirety as an annexure to the Notice of AGM
"Company" or "Group"	Creat Resources Holdings Limited (formerly known as Zeehan Zinc Limited), incorporated and registered in Tasmania, Australia with ACN 089 093 943, and, where the context requires, its subsidiaries
"Constitution"	the constitution of the Company adopted on 6 October 2006 and amended on 23 November 2007, 14 November 2008 and 31 July 2009
"Convertible Loan Note"	the loan note which may be issued by the Company to the Convertible Loan Subscriber and which is convertible into Ordinary Shares in certain circumstances, such loan note issue being made only if necessary in order to fund any

	shortfall in the amount raised by way of the Second Round Placing
"Convertible Loan Subscriber"	Create Group (HK) Limited, a company incorporated in Hong Kong with number 0517100
"Cornerstone Placing"	the placing of 114,000,000 Ordinary Shares to the Cornerstone Subscribers at a price of £0.05 per Ordinary Share on 14 December 2009
"Cornerstone Subscribers"	the three investors that subscribed for 114,000,000 Ordinary Shares pursuant to the Cornerstone Placing
"Creat Group"	Creat Group Co. Ltd., a private investment company incorporated and in Nanchang City, Jiangxi Province, the PRC whose registered office is at 125, East Beijing Road, Nanchang City, Jiangxi, the PRC
"Creat Resources Summary Report"	the summary report dated 19 January 2010 based on publicly available information and prepared by Coffey Mining on certain licences and agreements being all the material assets of the Company, contained in part 4 of the Admission Document
"CREST"	the electronic, paperless transfer and settlement mechanism to facilitate the transfer of title to shares in uncertificated form, operated by Euroclear UK & Ireland
"Enlarged Share Capital"	the Existing Ordinary Shares and the Placing Shares
"Equity Put Option"	the conditional put option granted by Creat Group to the Cornerstone Subscribers pursuant to which the Cornerstone Subscribers are entitled to sell the Ordinary Shares acquired under the Cornerstone Placing to Creat Group in certain circumstances
"Euroclear UK & Ireland"	Euroclear UK & Ireland (formerly known as CRESTCo Limited)
"Existing Ordinary Shares"	the 567,276,674 Ordinary Shares in issue at the date of the Admission Document
"Facility Put Option"	the put option agreement appended to the Nomination Letter which is proposed be entered into between the Company and the New Lending Banks, the Security Trustee and the Agent as described in paragraph 5 of part 1 of the Admission Document
"FSA"	the Financial Services Authority of the United Kingdom
"Further Galaxy Subscription"	the subscription by the Company for the Further Galaxy Shares
"Further Galaxy Shares"	such number of ordinary shares in Galaxy to be subscribed for by the Company which is equal to the lower of (a) the number which, together with the Initial Galaxy Shares, represents 19.99 per cent. of Galaxy's enlarged issued share capital on the date of the Further Galaxy Subscription and (b) 31,000,000 shares;

"Galaxy"	Galaxy Resources Limited, incorporated and registered in Australia with ACN 071 976 442 and, where the context requires, its subsidiaries
"Galaxy Group"	Galaxy and its subsidiaries, from time to time
"Galaxy Shares"	the Initial Galaxy Shares and the Further Galaxy Shares
"Galaxy Subscription Agreement"	the agreement entered into between Galaxy and Creat Group on 21 August 2009 relating to the subscription by Creat Group or its nominee for the Galaxy Shares
"Galaxy Subscription"	the Initial Galaxy Subscription and the Further Galaxy Subscription
"Galaxy Summary Report"	the summary report dated 20 January 2010 based on publicly available information and prepared by Coffey Mining on certain licences and agreements being all the material assets of Galaxy, contained in part 4 of the Admission Document
"Grant Thornton Corporate Finance" or "Nominated Adviser"	the corporate finance division of Grant Thornton UK LLP which is authorised by the FSA to carry on investment business, acting as nominated adviser to the Company
"Independent Directors"	collectively, Tad Ballantyne, Stephen Powell and Phillip Simpson
"Independent Expert"	Deloitte Corporate Finance Pty Limited, acting as an independent expert for the preparation of the Independent Expert's Report
"Independent Expert's Report"	the report dated 5 February 2010 prepared by the Independent Expert to consider the Equity Put Option and issues under s.611 item 7 of the Act, such report which is included in its entirety as an annexure to the Notice of AGM
"Initial Galaxy Shares"	the 6,818,182 shares in Galaxy purchased by the Company on 15 December 2009
"Initial Galaxy Subscription"	the subscription by the Company for the Initial Galaxy Shares
"Jiangsu Project"	the proposed lithium carbonate plant to be operated by Galaxy and to be located in the Yangtze River International Chemical Industrial Park of the Zhangjiagang Free Trade Zone in the province of Jiangsu, PRC
"London Stock Exchange"	London Stock Exchange plc
"Long Stop Date"	23 April 2010
"Mining Lease" or "ML"	mining lease granted pursuant to the MRD Act. An ML provides the holder with the right to mine for minerals (as defined by the lease)
"MRD Act"	Mineral Resources Development Act 1995 (Tas) (as amended), the Tasmanian law under which the mining industry in the State of Tasmania is controlled and regulated
"Mt Cattlin Project"	the Mt Cattlin lithium tantalum exploration and mining project owned by Galaxy and located approximately 2km north of the

	town of Ravensthorpe in Western Australia.
"Nomination Letter"	the letter agreement dated 10 February 2010 between the Company, Creat Group and Galaxy confirming the nomination of the Company under the Galaxy Subscription Agreement to subscribe for the Initial Galaxy Shares on 15 December 2009 and pursuant to which the Company is conditionally entitled to subscribe for the Further Galaxy Shares
"Notice of AGM"	the notice of annual general meeting and explanatory statement of the Company dated 10 February 2010
"New Lending Banks"	together, China Development Bank Corporation and RZB Austria Finance (Hong Kong) Limited
"New Lending Banks Facility"	the facility provided to the Borrowers by the New Lending Banks pursuant to the New Lending Banks Facility Agreement
"New Lending Banks Facility Agreement"	the draft facility agreement appended to the Nomination Letter which it is proposed will be entered into between, inter alia Galaxy, the Borrowers and the New Lending Banks, as described in paragraph 5 of part 1 of the Admission Document
"Obligors"	the Borrowers, Galaxy, each security provider, Galaxy Lithium (Jiangsu) Co. Ltd and any other person who is or agrees to become an obligor under the New Lending Banks Facility Agreement
"Ordinary Shares"	ordinary shares of no par value in the capital of the Company
"Original Debt Facility Agreement"	the agreement entered into between Creat Group and Galaxy Lithium Australia Limited on 3 September 2009, as described in paragraph 5 of part 1 of the Admission Document
"Placing Agreement"	the conditional agreement dated 10 February 2010 between the Company, the Directors, Creat Group, the Convertible Loan Subscriber, Westhouse and Grant Thornton Corporate Finance in relation to the Second Round Placing, a summary of the terms of which are set out in paragraph 10.3 of part 5 of the Admission Document
"Placing Price"	£0.06 per Placing Share
"Placing Shares"	up to 283,333,333 new Ordinary Shares which are the subject of the Second Round Placing
"PRC" or "China"	the People's Republic of China
"Re-Admission"	the admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies
"Second Round Placing"	the further fundraising of up to £17 million to be undertaken by the Company to institutional and other investors
"Security Trustee" or "Agent"	Bank of China Limited, Sydney branch
"Shareholders"	the holders of Ordinary Shares

"Share Mortgage"	the equitable mortgage of shares appended to the Nomination Letter which is proposed will be granted by the Company in favour of the Security Trustee as described in paragraph 5 of part 1 of the Admission Document
"Sterling" or "£"	the legal currency of the UK
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"US" or "USA"	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
"US Dollar" or "US\$"	the legal currency of the USA
" Westhouse" or "Broker"	Westhouse Securities Limited, acting as broker to the Company