

# Valence Industries Funding to Commence Phase II Expansion

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Melbourne, Australia (ABN Newswire) - Valence Industries (ASX:VXL) is pleased to announce it has received firm commitments from Institutional and sophisticated investors for a placement of new shares to raise \$12.0 million (before costs) at an issue price of 70 cents per share (Placement).

A Share Purchase Plan will be offered to all eligible shareholders in Australia and New Zealand at a price of 70 cents per share to be underwritten to \$3.0 million (SPP).

The Placement and SPP are both priced at \$0.70 per share which represents a discount of 13.6% to Valence Industries' last closing price on ASX and is equal to the Company's twenty (20) day volume weighted average price on the ASX.

## Purpose of the capital raising

The funds raised from the Placement and SPP will be applied by Valence Industries to advance the company's programs for growth including:

- Optimising the Company's feasibility study in order to realise maximum benefits from the high-grade graphite mineralisation across the Company's existing JORC (2012) Mineral Resource and the new area of mineralised pegmatite recently identified by Valence Industries, including: - revising the Company's JORC (2012) Mineral Resource on completion of analysis of the infill drilling results for the high grade material identified in the previously known ore body and the newly discovered mineralised pegmatite zone; - optimising the proposed Uley Pit 2 and mining plan for the high grade flake graphite mineralisation in the previously known ore body and for the new area of mineralised pegmatite, with corresponding adjustments to capital and operating costs; - assessing the required minor processing and manufacturing changes for the Phase II plant to take advantage of material from the newer high-grade zones and the area of mineralised pegmatite;

- \* assessment of the graphite flake sizing and product characteristics of the new grades of material and the potential applications and associated market opportunities;

- \* reassessment of the opex, capex and resultant economics for the Phase II expansion program in light of the advantages to be achieved from the new high-grade material;

- Providing funding flexibility for early Phase II expansion works which may include preparation of Uley Pit 2, baseline civil work, preparatory infrastructure, and longer lead time orders; and

- For general working capital purposes.

## Phase II Expansion & Funding

Valence Industries is focused on delivering the correct balance of funding for the Company's Phase II expansion program. The Company has a number of financiers from whom it has received expressions of interest for the balance of Phase II funding and discussions with these groups are ongoing. The optimal funding mix and decision on the final funding model for the proposed Phase II expansion is anticipated to be made in conjunction with the outcomes of the revised Phase II feasibility study and customer commitments.

## Details of the Placement

The Placement of approximately 17,142,857 ordinary shares (subject to rounding) is being made to institutional and sophisticated investors. The Company is pleased by the strong support by major local and international investors for Valence Industries' growth programs.

The Placement is being made under the Company's 15% placement capacity under Listing Rule 7.1

and under that rule further shareholder approval for such a placement is not required.

### **Details of the Share Purchase Plan for All Shareholders**

The SPP will provide all shareholders the opportunity to participate in the current capital raising at the same price as the institutions.

The company notes that the SPP is only available to Australian and New Zealand shareholders who were registered as Valence Industries shareholders at 7:00pm (AEST) on Wednesday 17 September 2014 (Eligible Shareholders). The SPP process is an established mechanism under the ASX Listing Rules and the SPP does not need separate shareholder approval.

The SPP entitles all Eligible Shareholders to purchase up to \$15,000 worth of new ordinary shares in the Company at an issue price of \$0.70 each and free of all brokerage and commissions. You can choose whether you want to participate in the SPP or not; participation is entirely voluntary.

The SPP is to be underwritten to the targeted minimum amount of \$3,000,000, equating to approximately 4,285,714 ordinary shares, but Valence Industries may decide to take additional applications after assessing the demand from shareholders to participate. The SPP will be open for three and a half weeks and is currently scheduled to close on 22 October 2014. Valence Industries may close the SPP at any time dependent on demand for shares.

The SPP is offered under an exception to Listing Rule 7.1 and consequently shareholder approval is not required for the SPP.

Any placement to the underwriter will be made under the Company's 15% placement capacity under Listing Rule 7.1 and under that rule further shareholder approval for such a placement is not required.

Full details of the SPP Offer will be contained in a SPP Booklet which is scheduled to be dispatched to Eligible Shareholders on 26 September 2014.

Valence Industries is pleased to acknowledge the strong ongoing support of Patersons Securities Limited who has been appointed as Lead Manager to the Placement and Lead Manager and Underwriter to the SPP.

### **Key dates**

The proposed timetable for the Placement and SPP is detailed below although the Directors reserve the right to vary the dates and times without notice.

Key Event	Scheduled Date
Record Date for SPP (7:00pm AEST)	Monday, 15 September 2014
Announcement Date of Placement and SPP	Thursday, 18 September 2014
Date that shares are issued to investors under the Placement	Thursday, 25 September 2014
Placement shares trading date	Friday, 26 September 2014
Opening Date SPP and dispatch of information booklet to Eligible Shareholders	Friday, 26 September 2014
Closing Date of SPP (7.00pm AEDT)	Wednesday, 22 October 2014
Issue of Shares under the SPP	Tuesday, 28 October 2014
Dispatch of holding Statements	Friday, 31 October 2014

#### **About Valence Industries:**

[Valence Industries Ltd.](#) (ASX:VXL) is an industrial manufacturing company producing high grade flake graphite products for distribution and sale to global markets. Valence Industries owns established processing facilities and infrastructure to manufacture a wide range of graphite product lines for multiple applications and multiple industries. Valence Industries produces and sells its graphite products from its Uley Graphite facilities in regional South Australia for delivery to diversified markets for graphite in the Asia Pacific, Europe and North America.

#### **Contact:**

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