

SE Finance
HD **Valence's steady start gets IPO ball rolling**

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FLOATS: Graphite miner Valence Industries kicked off the Australian IPO market for the year yesterday with a steady debut ahead of its plan to restart South Australia's historic Uley mine.

The stock opened at 20c, hit a high of 22c and then closed at 20c, with more than 1.5 **million** shares traded on its first day.

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Managing director Christopher Darby said the **company** was keen to ensure it was the first to list on the Australian market this year.

"We started this program to get listed in late July (2013) and we have it listed in under six months . . . there is that change in sentiment, it's more optimistic," he said. "For a **company** that is going to be more an industrial manufacturer than a miner, it really does put us in a different space.

"We had a good start (yesterday) and we are mostly looking forward to getting into production this quarter -- that's the main focus for us."

Valence plans to start production at Uley, 23km from Port Lincoln on the Lower Eyre Peninsula, in the first quarter of the year. About 50 people will be employed to bring the **mining** and manufacturing facilities back online. Graphite production -- which is used in a range of products from **lead** pencils to batteries and high-end electronics -- from Uley has been in intermittent operation since the late 1800s.

The **company**, which has a market capitalisation of \$29.8 **million**, will start production in two phases. The first is to process existing stockpiles, which contain more than 7400 tonnes of graphite, through the recently refurbished plant and surrounding areas, with sales to global markets.

Shipment of Valence's multiple graphite products will then start in the first quarter of this year. The second phase production, to cost \$34m, will increase to more than 50,000 tonnes of graphite a year through the end of calendar 2014.

"We have a significant advantage from being the first producer (in Australia) . . . there has been major constraints coming out of **China** in terms of their supply, so we have major customers coming back to us saying they want certainty of supply from a stable location . . . which is what we can do," Mr Darby said. "Valence remains in active discussions with existing and new customers for the **sale** of its graphite product lines. Many customers are approaching us regarding our quality flake graphite products."

Mr Darby said recommencing graphite production would also establish a new regional manufacturing project in South Australia, which he said was an important step for a state that had suffered from the announcement of a substantial loss of manufacturing jobs. SARAH-JANE TASKER

CO stghz : Valence Industries Ltd.

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