



**ASX Announcement
20 December 2013**

Valence Industries Ltd (Formerly Strategic Graphite Ltd) Successful Placement and Rights Issue

Strategic Energy Resources Limited (ASX: SER) as the major shareholder with 21,788,908 shares in Valence Industries Limited has been advised that a successful Placement and Rights Issue capital raising has now been completed raising a total of \$6.73 million. It is proposed that the Company will have its securities listed in January 2014.

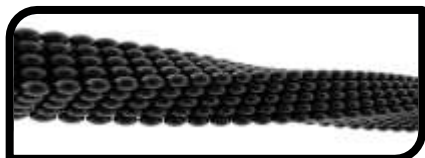
In addition to the SER shareholding in Valence Industries, SER also has a 1.5% overriding sales royalty.

See following release from Valence Industries Limited

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Further Information:

Mark Muzzin
Managing Director



VALENCE INDUSTRIES LIMITED

20 DECEMBER 2013

ASX:VXL

A N N O U N C E M E N T

VALENCE INDUSTRIES

SUCCESSFUL PLACEMENT & RIGHTS ISSUE

Valence Industries Ltd (ASX:VXL) has conducted a successful placement and non-renounceable rights issue under the company's prospectus. The offer has placed 33.7 million new fully paid ordinary shares to existing and new shareholders at \$0.20 per share to raised approximately \$6.73 million of capital. Each share subscribed for also carried a 1 for 1 free attaching option with an exercise price of \$0.25 and with an exercise date up to 31 July 2016.

Christopher Darby, Managing Director & CEO said, "*the support and vision of our shareholders for the program of development, revenues and growth set for Valence Industries has been exceptional. This strong investment in a program for regional manufacturing is significant at this time in South Australia and will see Valence Industries as the only graphite manufacturer in Australia to global markets.*"

The funds raised from the offer will be used to further develop Valence Industries highly advanced assets and projects in South Australia including:

- Manufacturing of graphite from Existing Refined Concentrate Stockpiles.
- Restart existing plant and infrastructure to process Run of Mine Stockpiles for production of up to 14,000t of graphite per year.
- Sale and export of graphite products to Customers to commence early in the New Year.
- Development of Phase 2 for manufacture of an additional 50,000t to 60,000t per year of graphite.
- Meet working capital and administration overheads including the transaction costs associated with the offer.

Settlement under the offer is scheduled to occur on 20 December 2013 and both the existing shares and the new securities are expected to be allotted on Tuesday 24 December 2013 with confirmation statements dispatched on 3 January 2014. Valence Industries will list and the securities for the company will begin trading in January 2014.

The offer was underwritten and was managed by Patersons Securities Limited.

The structure of the Company at listing will be:

Ordinary Shares	149.2 million
Options exercisable at \$0.25	62.7 million
Market cap at listing	\$29.8 million

** The name Valence Industries Limited comes from the four valence bonds that bind carbon atoms and reflects the importance of the company's four key bonds with shareholders, community, personnel and customers.*