



ASX ANNOUNCEMENT

ASX: VXL & VXLO

6 August 2014

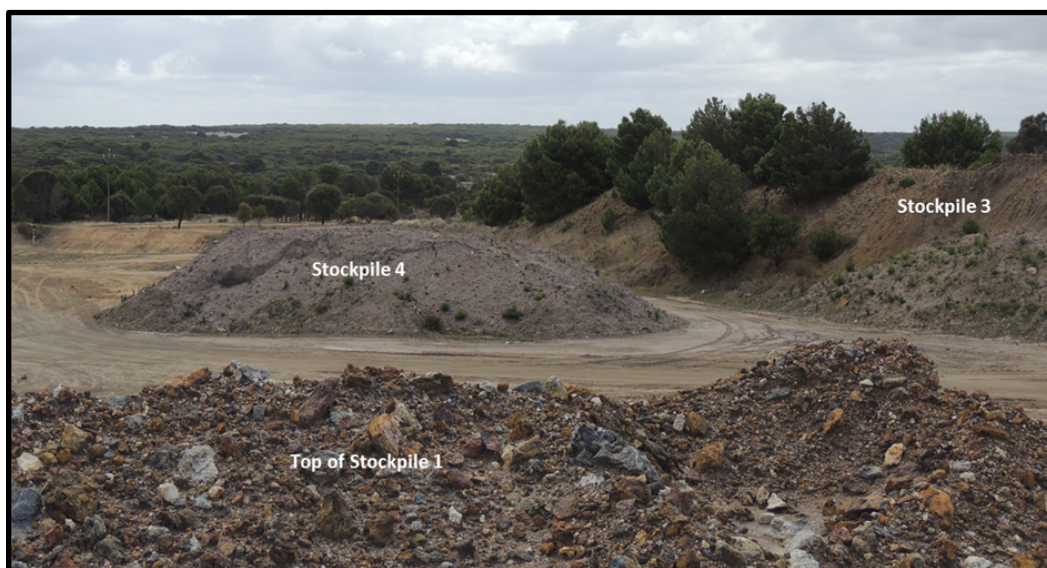
MINERAL RESOURCES UPDATE: VALENCE INDUSTRIES DOUBLES EXISTING ROM STOCKPILES

- Run of Mine Stockpile Resources expand from 74,000 tonnes to 174,000+ tonnes.
- Pre-mining Phase I Processing life significantly extended.

Valence Industries Limited (ASX: VXL & VXLO) (“Valence” or the “Company”) previously identified 74,000 tonnes of run of mine stockpiles at the Company’s Uley graphite mine site, classified as a Mineral Resource. Recent analysis has reassessed the nature of additional material previously understood to be overburden from historical mine records. Valence is now pleased to announce that it has more than doubled the amount of stockpiled material from 74,000 tonnes to 174,000 tonnes.

The new stockpile material has an average grade of 6.23% graphitic carbon. The re-analysis of stockpiles 1 & 2 has identified a lower average grade than in the historical assays, which is more than compensated for by the significant increase in total stockpile material. The combined stockpiles contain an implied volume in excess of 10,800 tonnes of graphite.

The increase in stockpiles expands the period of Phase I processing to more than 12 months using stockpiled material alone, as the Phase I plant ramps up to its 14,000 tonnes per annum production rate. This provides for a longer operating period before the Phase I plant needs to start using mined material, with a corresponding positive impact on operating costs. The stockpile material processed in Phase I will be used to produce a range of high-grade flake graphite products.



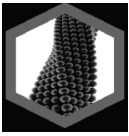
Valence Industries – Run of Mine Stockpiles exceeding 174,000 tonnes



An update to the Mineral Resource estimate for the stockpiled resource at the Uley Graphite site, in accordance with guidelines set out in the “Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” has been established by Valence. The further detailed geological logging, Independent survey, sample analysis and specific gravity measurements across all material at site and the results of those programs are given in the Mineral Resource Estimate Update for Stockpiled Material below:

VALENCE INDUSTRIES – MINERAL RESOURCE ESTIMATE UPDATE
Uley Graphite Stockpiled Material (100% VXL)

Uley Main Road Graphite Deposit: Stockpiled Material Classified Resource applied to +75µm Crushed and Screened Material		
Classification	Tonnage (t)	Average Grade (Graphitic carbon %)
Indicated	174,000	6.23
Total	174,000	6.23
<p>Notes:</p> <p><i>Independent volume survey by Maptek (2014):</i> Stockpile Number 1 : 25,903 m³ Stockpile Number 2 : 18,161 m³ Stockpile Number 3 : 24,748 m³ Stockpile Number 4 : 1,406 m³</p> <p><i>50 specific gravity measurements were undertaken on grab samples taken by Valence personnel using the Archimedes method (ratio of sample weight in air to difference between weight in air and weight when immersed in water):</i> Stockpile Number 1 : SG 2.5 Stockpile Number 2 : SG 2.6 Stockpile Number 3 : SG 2.4 Stockpile Number 4 : SG 2.1</p> <p><i>25 grab samples were sent to ALS laboratories for sample preparation and analysis by LECO analyser: Samples were crushed and sieved to >70% at -6mm and subjected to analysis for Graphitic carbon by LECO (C-IR1 8), Inorganic carbon by difference (C – CAL 15), Organic carbon by LECO (C – IR1 7) and Total Carbon by LECO (C-IR07):</i></p> <p><i>Stockpile Number 1 : Average grade graphitic Carbon 5.4%</i> <i>Stockpile Number 2 : Average grade graphitic Carbon 6.1%</i> <i>Stockpile Number 3 & 4 : Average grade graphitic Carbon 7.2%</i></p>		



It is noted that these stockpiles are in addition to the Company's previously announced in situ Mineral Resource of 6.4Mt at 7.1% graphitic carbon grade (Prospectus dated 18 November 2013).

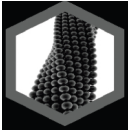
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The information in this announcement that relates to the in situ Mineral Resources is based on, and fairly represent, the Mineral Resources and information and supporting documentation extracted from the report, which was prepared by a competent person in accordance with the JORC Code (2012 edition) and released to ASX by the Company on 18 November 2013. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. All material assumptions and technical parameters underpinning the Mineral Resource estimates in that previous release continue to apply and have not materially changed.

Competent Persons Statement – Stockpiled Material

The information in this announcement that relates to the Mineral Resources pertaining to Stockpiled Material is based on information compiled by Ms Karen Lloyd, who has been engaged as General Manager – Technical Delivery by Valence Industries. Ms Lloyd is a Member of the Australian Institute of Mining and Metallurgy. Ms Lloyd has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms Lloyd consents to the inclusion in this release of the matters based on their information in the form and context as it appears.



VALENCE INDUSTRIES

About Valence Industries & Graphite Manufacturing

Valence Industries (ASX:VXL & VXLO) is the owner and operator of the only graphite mining and manufacturing facilities in Australia located at Uley in South Australia near the major regional centre of Port Lincoln. In April 2014 and just four months after listing on the ASX, Valence Industries achieved the first sales of graphite by an Australian company in more than 20 years.

The Company is bringing its existing plant and substantial infrastructure into production in Phase I with a focus on global markets across multiple graphite product ranges. Graphite production will commence in the third Quarter of 2014, with plans for expanded mining and graphite manufacturing in Phase II increasing through 2015.

Located only 23 kilometres from Port Lincoln, the regional centre for the Lower Eyre Peninsula in South Australia, Valence Industries' Uley Graphite project is recognised as a significant area of graphite mineralisation, and one of the largest coarse flake graphite deposits in the world. The deposit contains disseminated, high-grade flake graphite and the mineralisation is near surface, with the final manufactured graphite products recognised and purchased by many customers for its high quality.

The company holds two existing Mining Leases and two associated Retention Leases, along with an extensive Exploration Licence, for the conduct of its operations.

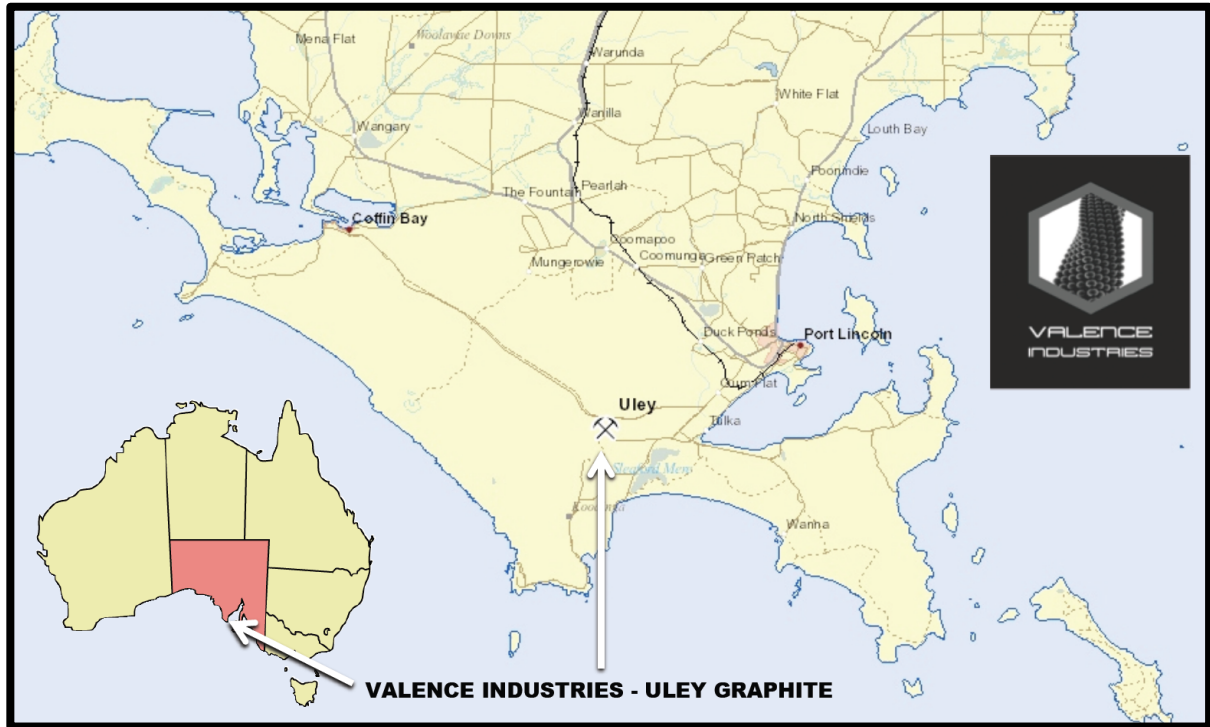
Valence Industries is in the fortunate position of owning the land on which its current and proposed expanded operations are conducted along with the extensive existing infrastructure.

Manufacturing A New Carbon Future & Advanced Graphene Program

The Company operates as an industrial manufacturer of 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.

The Company 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. As a vertically integrated manufacturer of specialist graphite product ranges Valence Industries' branded products are designed to meet current and future customer demand.

The Company is also pursuing research into advanced fields and applications for graphite. That program includes the relationship with the University of Adelaide for the establishment of a dedicated Graphene Research Centre in Adelaide. Graphene is one of the most significant steps forward in the world of advanced materials with the potential for transformative and disruptive technologies and the leading research in this area from the University of Adelaide on natural flake graphite has originated from work on the Company's Uley Graphite. The Graphene Research Centre program will see the development and commercialisation of processes and products for the application of graphene.



**VALENCE INDUSTRIES
ULEY GRAPHITE MINING & MANUFACTURING SITE
SOUTH AUSTRALIA, AUSTRALIA**