ASIA PACIFIC I EUROPE I NORTH AMERICA

ASX ANNOUNCEMENT **ASX: VXL & VXLO**

14 May 2015

Major Increase to Graphite Ore Reserve & Mine Life

- Ore Reserve increased by 43% to 2,917,000 tonnes
- Contained tonnes increased to 353,618 tonnes graphite
- Ore Reserve high grade of 12.1% graphitic Carbon
- Mine life increased by 60% to 8 years at up to 64,000 tpa of graphite output
- Pit Shell design for major expansion completed
- Remaining 65% of drilling program and assay results pending analysis

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Valence Industries Limited ('Valence Industries' or the "Company') is pleased to announce a significant 43% increase to its JORC 2012 Graphite Ore Reserve which underpins a 60% increase to the current "Life of Mine" (LOM) for Uley Pit 2 at its wholly owned Uley Graphite™ operations in South Australia.

The increased Ore Reserve was prepared by Coffey Mining, based on an ordinary kriged (OK) Mineral Resource estimate from the initial drilling results, designed to define the nature and extent of mineralisation across a further portion of the Uley Graphite™ exploration target.

The increased Ore Reserve is based on about one third of results from the current drilling program across the Uley Pit 2 Extension, with the remaining two thirds of drilling and assays still to be received (Figure 1).

The updated Ore Reserve estimate was prepared utilising only the Measured and Indicated portions of the increased Mineral Resource (table 2) without reference to the inferred portion of the Mineral Resource**.

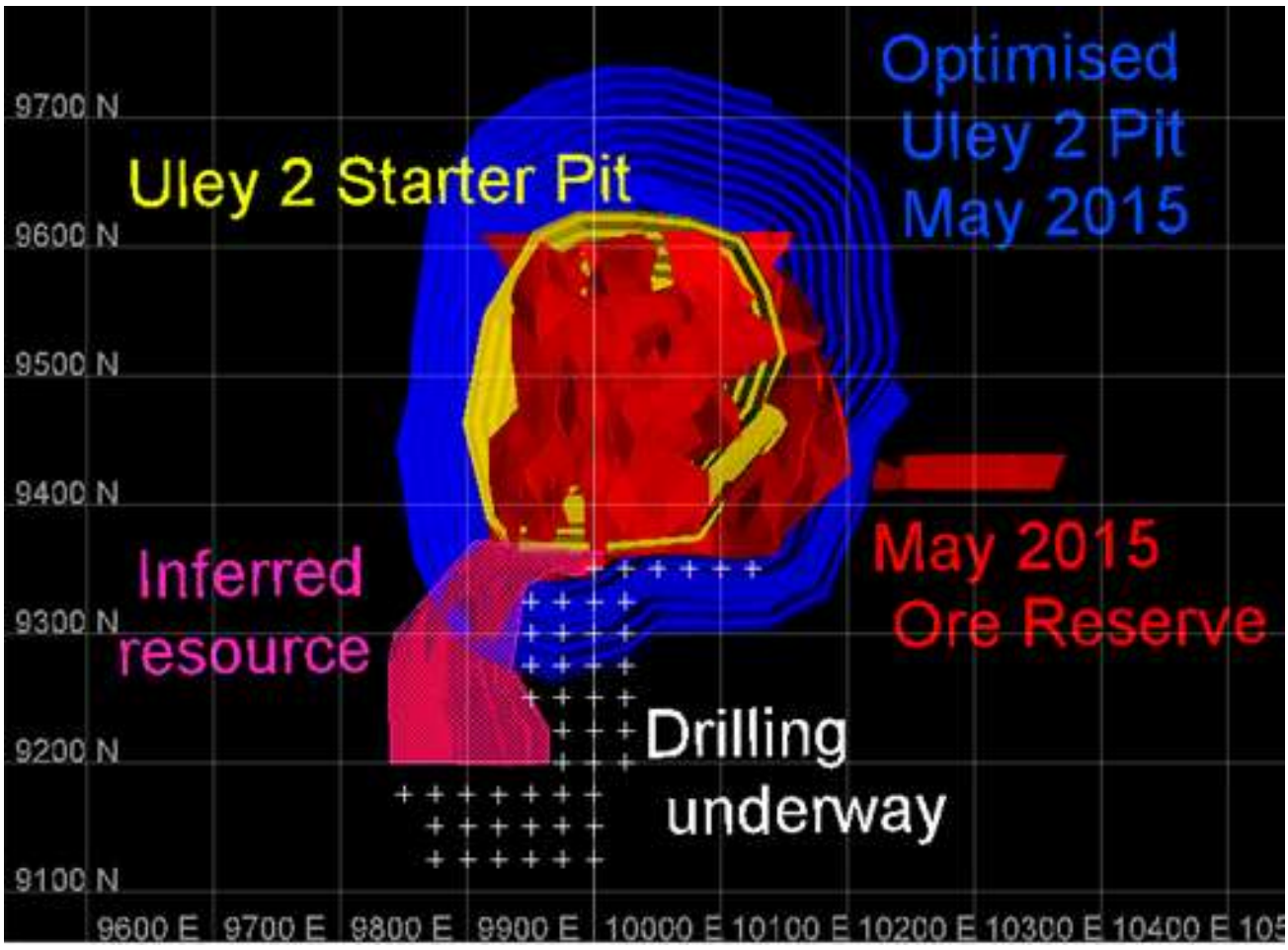
ULEY PIT 2 – ORE RESERVE UPDATE May 2015 Tonnes are expressed in dry metric tonnes (ROUNDED)			
Classification	**Tonnage**	**Average Grade (%gC)**	**Contained Tonnes**
Proved	340,000	17.6	59,840
Probable	2,577,000	11.4	293,778
Total Ore Reserve	2,917,000	12.1	353,618

Summary Modifying factors used in the Ore Reserve determination are:

MODIFYING FACTORS – ORE RESERVE DETERMINATION		
Item	**Unit**	**Value**
Crusher feed (Ramp up from 130ktpa to steady state 580ktpa by Year 5)	Ktpa	130 - 580
Graphitic carbon recovery	%	85
Concentrate production rate (Ramp up from 20ktpa to steady state 64ktpa by Year 3)	Ktpa	20 - 64
Concentrate graphitic carbon grade	%	94
Concentrate moisture content	%	<5%
Product price (Ex-works based on US$1,400/t at a foreign exchange rate of 0.80)	$/dmt	1,750
Royalty (Normally 5% but assumed a New Project Status can be negotiated)	%	3.5
Processing cost	$/t milled	45.29
Concentrate cost	$/t conc.	50.06

*A detailed summary of the supporting data and modifying factors is provided in Section 4 of the extract from the JORC Code 2012 Table 1 (Appended to this announcement)

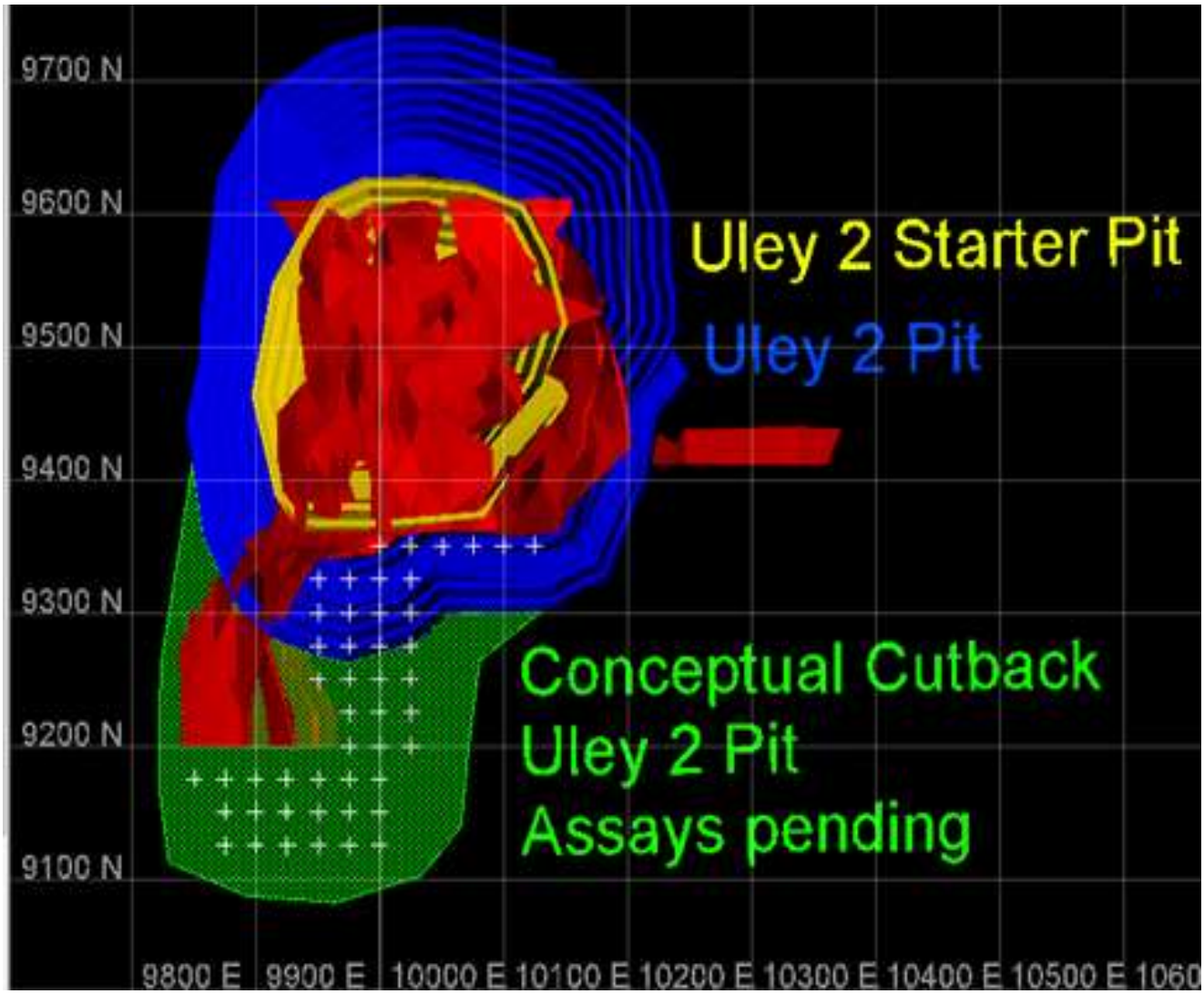
Figure 1: Assays pending on current drilling program



Mine Plan & Optimal Pit Shell

The updated JORC 2012 Ore Reserve for Uley Pit 2 has been applied to establish a mine plan and to identify an optimal pit shell for Uley Pit 2.

In Figure 2 (below) the design for the progressive mining development of Uley Pit 2 is illustrated.



Uley Pit 2 begins with the "starter pit" shown in yellow. The mining from this area is currently scheduled to commence following the use of the existing ROM stockpiles at site. This new mining program forms part of Phase II of operations and is anticipated to commence in Q4 CY 2015.

Uley Pit 2 then moves into an expanded pit design shown in blue. This second stage is the first cutback of the "starter pit" shown in yellow.

It is anticipated that a third stage involving a second cutback will be established in the area currently being drilled to the south of Uley Pit 2 (shown in green).

TABLE 2: ULEY PIT 2 – JORC 2012 MINERAL RESOURCE*			
Classification	**Tonnage (Mt)**	**Average Grade (%gC)**	**Contained Tonnes (Mt)**
Measured	0.36	17.51	0.06
Indicated	2.75	11.39	0.31
Inferred	1.44	10.61	0.15
Totals	**4.54**	**11.63**	**0.52**

For further information, please contact:

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**April 2015 estimate, reported using a 3.5% Graphitic Carbon cutoff for reporting purposes. Graphitic Carbon Grade tonnage distributions subdivided by JORC Code 2012 Resource Categories using rounded figures (refer to announcement dated 5 May 2015, and the extract from JORC Table 1 (Sections 1-3) appended to this announcement for further information).*

***Note that the current Ore Reserve and the Mine Plan do not yet take full account of the existing JORC 2012 Inferred Mineral Resource in defining the LOM.*

Competent Persons Statement

The aspects of this announcement that relate to the Uley Exploration Target, Geology and Database is based on information provided by Ms. Karen Lloyd (Director – Jorvik Resources and retained as GM – Technical Delivery, 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 her information in the form and context as it appears.

The reported Ore Reserves have been compiled by Mr Harry Warries. Mr Warries is a Fellow of the Australasian Institute of Mining and Metallurgy and an employee of Coffey. He has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' of December 2012 ("JORC Code") as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia. Mr Warries consents to the inclusion in this release of the matters based on her information in the form and context as it appears.

Valence Industries confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning the estimates in this announcement continue to apply and have not materially changed since the announcements previously released as "Uley Graphite Grade Increases to 11.7%" (17/11/14), "Maiden High Grade Graphite Ore Reserve" (17/12/2014), "VXL Feasibility Study Expansion and Adv Manufacturing" (2/1/15) and "50% Increase in Uley Graphite Resource" (5/5/15).

Forward Looking Statements

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Valence Industries Limited (Valence Industries) are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the company, its directors and management of Valence Industries, that could cause Valence Industries' actual results to differ materially from the results expressed or anticipated in these statements.

Valence Industries cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Valence Industries does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law.

The following extract from the JORC Code 2012 Table 1 is provided for compliance with the Code requirements for the reporting of Ore Reserves:

Section 1 Sampling Techniques and Data (Criteria in this section apply to all succeeding sections).

***CP** – Competent Person

Criteria	JORC Code Explanation	Commentary	*CP
Sampling techniques	▪ Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. ▪ Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. ▪ Aspects of the determination of mineralisation that are Material to the Public Report. ▪ In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	▪ All holes used in the Resource Estimate were HQ diamond drillholes, sampling moderately dipping stratabound graphite mineralised zones. ▪ 30 vertical drillholes were used in the estimate together with 74 drillholes drilled at -60° towards 090. ▪ Half cores samples were obtained on geological intervals, typically 1m in length but ranging from 0.3m to 4m. ▪ High grade graphite mineralisation is reasonably visible during geological logging and sampling. ▪ Visibly mineralised intervals were crushed and pulverised to at least 85% passing 75µm, then sent to ALS Brisbane for analysis by LECO method. ▪ The sample preparation and assaying techniques are industry standard and appropriate for this type of mineralisation. ▪ Some core material remains selectively sampled.	KL
Drilling techniques	▪ Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	▪ All holes used in the Resource Estimate were drilled from surface. ▪ 30 vertical drillholes were drilled using HQ standard tube and were not orientated. ▪ 74 angled drillholes were drilled using HQ triple tube. Downhole surveys were obtained using a Ranger SS118 downhole camera. The angled drillholes were orientated using the Reflex ACT II RD core orientation tool.	KL
Drill sample recovery	▪ Method of recording and assessing core and chip sample recoveries and results assessed. ▪ Measures taken to maximise sample recovery and ensure representative nature of the samples. ▪ Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	▪ Core recovery was captured by logging "Core Loss" in areas of no or low recovery. ▪ Industry standard procedures/techniques were employed to ensure maximum downhole recovery. Overall core recovery for all resource drillholes is 87%. ▪ There has been no identified relationship between sample recovery and grade.	KL
Logging	▪ Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. ▪ Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. ▪ The total length and percentage of the relevant intersections logged.	▪ Geological and geotechnical logging of the drillholes is of an appropriate standard to support a Mineral Resource estimation, mining studies and metallurgical studies. ▪ Geological core logging is qualitative. ▪ Core photography is available. ▪ The total cumulative length of the sample intervals for all holes used in the estimate was 7,713m (76% of total core length was sampled).	KL

Criteria	JORC Code Explanation	Commentary	*CP
Sub-sampling techniques and sample preparation	▪ If core, whether cut or sawn and whether quarter, half or all core taken. ▪ If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. ▪ For all sample types, the nature, quality and appropriateness of the sample preparation technique. ▪ Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. ▪ Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. ▪ Whether sample sizes are appropriate to the grain size of the material being sampled.	▪ Half core samples were taken. In competent core, these were cut by diamond saw. In incompetent material, the sample was collected by manual halving of the material. Half core sampling is an appropriate, industry standard technique. ▪ Bulk reject duplicate samples were taken in the current angled drillholes to ensure sample representivity. These duplicates were typically inserted at a frequency of 1 in 100 samples (1% rate of insertion). Certified reference standards were inserted at a typical rate of 1 in 20 samples (5% rate of insertion) for quality assurance checks of analyses reported by the mineral testing laboratory ALS Global. ▪ There is no record of field duplicate samples or standards having been submitted in the 30 vertical drillholes to test sampling representativity. ▪ Samples from the 18 vertical CRAE drillholes were crushed and sieved on site prior to dispatching the coarse +75µm to ALS-Chemex for assaying. There is no available data on the weights of the sieved fractions. If the fine fraction made up a significant proportion of the total sample, assays from the coarse fractions should be higher than corresponding whole rock assays. A comparison of grades from the CRAE drilling with the whole rock assays from other drilling programmes shows no difference in grade tenor. Visual comparison of grades in the CRAE drillholes with neighbouring holes from the other programme likewise shows no notable difference in grade tenor. As such, despite the description of assaying of coarse fractions only, the assays from the CRAE drilling are treated in the same manner as whole rock assays with no tonnage correction required. ▪ Some discrepancies were noted in the C values in the CRAE samples, with non-carbonate C occasionally being greater than the Total C value. These are assumed to reflect a lack of complete homogenization in the crushing/sieving process carried out on site. ▪ Sample preparation on the 12 vertical drillholes (2011 campaign) and the 72 sampled angled drillholes (2014 and 2015 campaigns) was undertaken by ALS Adelaide. Samples were crushed and split to >70% passing -6mm and pulverized to >85% passing 75µm prior to assaying by ALS Brisbane. ▪ Sample sizes (half core samples) are deemed appropriate for the material that is being sampled.	KL
Quality of assay data and laboratory tests	▪ The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. ▪ For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. ▪ Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	Techniques used are: ▪ C-IR18 (Graphitic carbon by LECO analyser). ▪ C-CAL15 (Inorganic carbon by difference). ▪ C-IR17 (Organic carbon by LECO analyser). ▪ C-CON01 (Carbon concentrate by LECO analyser). ▪ C-IR07 Total Carbon by LECO analyser). ▪ C-IR18 was used for the 2014 and 2015 samples, and C-IR17 was used for previous samples. As the rocks are assumed to contain no organic material (supported by petrographic study), the difference between these two techniques is less than the analytical error of the techniques and hence considered negligible. ▪ Bulk reject duplicate samples were taken in the 2014 angled drillholes at a typical frequency of 1 in 100 samples (1% rate of insertion). Certified reference standards were inserted at a typical rate of 1 in 20 samples (5% rate of insertion). ▪ There is no record of field duplicate samples or standards having been submitted in the 30 vertical drillholes. ▪ Internal laboratory QAQC for all sampling has been reviewed with no problems highlighted with respect to sampling bias or precision.	KL
Verification of sampling and assaying	▪ The verification of significant intersections by either independent or alternative company personnel. ▪ The use of twinned holes. ▪ Documentation of primary data, data entry	▪ There are no twinned drillholes. Areas of overlap between angled and vertical drillholes show intercepts of similar tenor and thickness ▪ Assays in the database have been checked against laboratory certificates and original logs which contained assay data. No inconsistencies were identified.	KL

Criteria	JORC Code Explanation	Commentary	*CP
	procedures, data verification, data storage (physical and electronic) protocols. ▪ Discuss any adjustment to assay data.	▪ Non-sampled intervals were assumed to be "unmineralised" and given a Graphitic C value of 0.01%, equivalent to half the detection limit of C-IR18. ▪ No adjustments to any assay data were done.	
Location of data points	▪ Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. ▪ Specification of the grid system used. ▪ Quality and adequacy of topographic control.	▪ Drill location co-ordinates are reported in Uley Mine Grid (transformed to truncated AMG) The reported truncation was: Easting = -554,216.866m Northing = -6,139,092.867m ADH = RL + 404.252m ▪ Drillhole collars have been re-surveyed in the field and these grid transformations validated. All drillholes were re-surveyed during 2014 by PA Dansie & Associates Pty Ltd. ▪ A complete site survey was undertaken during 2014 by Maptek Pty Ltd.	KL
Data spacing and distribution	▪ Data spacing for reporting of Exploration Results. ▪ Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. ▪ Whether sample compositing has been applied.	▪ No exploration results are reported or included in this Mineral Resource estimate. ▪ Diamond drilling on an infill spacing of up to 25m X 25m was used to estimate geological and grade continuity at a level deemed appropriate for the classification and reporting of a Mineral Resource estimate (updated estimate). ▪ 1m sample composites were used during the resource estimation process.	KL
Orientation of data in relation to geological structure	▪ Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. ▪ If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	▪ Drilling orientation is considered appropriate considering the deposit type and orientation of moderately WNW dipping mineralisation. Sampling bias related to the orientation of sampling is considered minimal.	KL
Sample security	▪ The measures taken to ensure sample security.	▪ All reasonable measures were being taken to ensure sample security along the value chain. These measures included the recording of sample dispatch and receipt reports, secure storage of samples, and a locked and gated core shed. ▪ The assay method used is destructive. A representative sample library is maintained on site for reference.	KL
Audits or reviews	▪ The results of any audits or reviews of sampling techniques and data.	▪ No formal third party audits have been undertaken to date. ▪ Laboratory procedures and manuals are comprehensively documented on-site and both the AMDEL and ALS laboratories are considered to be reputable laboratories for carbon analysis. As the assaying techniques used are broadly destructive techniques, with a limited ash residue, they are not suited for replicate analysis. ▪ The quality control protocols implemented at Uley are considered to represent good industry practice and allow assessment of analytical precision and accuracy to a degree. The assay data is considered to display an acceptable level of precision and accuracy. ▪ Internal laboratory QAQC data (standards, blanks and duplicates) have been reviewed and no significant problems were identified regarding the quality of the chemical assaying.	KL

Section 2 Reporting of Exploration Results (Criteria listed in the preceding section also apply to this section).

Criteria	JORC Code Explanation	Commentary	*CP
Mineral tenement and land tenure status	▪ Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. ▪ The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	▪ The Uley Graphite Project consists of five contiguous tenements on the Eyre Peninsula of South Australia, of which two are retention leases, two are mining leases and one is an exploration licence. Tenement identification numbers are: RL66, RL67, ML5561, ML5562 and EL4778. ▪ Mining development is subject to the approved Program for Environmental Protection and Rehabilitation (PEPR) and an Environmental Licence which is mandated under South Australian State legislation. ▪ Valence Industries has a 100% interest in these tenements and no royalty, joint venture or other material agreements are in place other than a royalty of 1.5% with its former parent company, SER. ▪ Tenement ownership is secure with expiration dates varying from 2016 (EL4778) to March 2017 (ML5561 and ML5562). There are no known impediments to obtaining a license to operate in the area.	KL
Exploration done by other parties	▪ Acknowledgment and appraisal of exploration by other parties.	▪ Historically a number of parties have undertaken exploration on the leases. The data set held by Valence Industries Ltd, and used in the resource update, includes all available information.	KL
Geology	▪ Deposit type, geological setting and style of mineralisation.	▪ Graphite is developed as a constituent mineral in coarse prograde metamorphic assemblages as well as in the fabric and foliation of micaceous schists. These are interpreted to be the folded, thrusted and metamorphosed equivalents of the Cook Gap Schist. Folding of stratigraphy on various local scales is obvious from the core logging.	KL
Drillhole Information	▪ A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes: ▫ easting and northing of the drillhole collar ▫ elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar ▫ dip and azimuth of the hole ▫ down hole length and interception depth ▫ hole length ▪ If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	▪ A summary of all drillholes used in the Resource Estimate is provided in Table 2 of this report.	EM/ KL
Data aggregation methods	▪ In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. ▪ Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. ▪ The assumptions used for any reporting of metal equivalent values should be clearly stated.	▪ This Table accompanies a Resource Estimation, and is not reporting Exploration results. ▪ No metal equivalents are used.	KL
Relationship between	▪ These relationships are particularly important in the reporting of Exploration Results.	▪ As this table accompanies a Resource Estimation, and is not reporting Exploration results, this section is not applicable.	KL

Criteria	JORC Code Explanation	Commentary	*CP
mineralisation widths and intercept lengths	▪ If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. ▪ If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	▪ The relationships are captured and defined on a hole-by-hole basis in the resource model and orientations of holes to mineralised zone are appropriately accounted for in the estimate.	
Diagrams	▪ Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drillhole collar locations and appropriate sectional views.	▪ Refer to ASX announcement of 5 May 2015.	EM/ KL
Balanced reporting	▪ Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	▪ Valence Industries carry out balanced reporting of exploration results. ▪ Selective sampling of visible graphitic material only has been carried out on the 2011 and current drill core.	EM/ KL
Other substantive exploration data	▪ Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	▪ All available and material exploration information has been considered. This comprised a drilling database, previous estimates and reports, academic literature, petrological reports, metallurgical test work reports, dry rock density determinations, and site visit photography/communication. Historical production records from the original Uley Mine provided assumptions related to future potential economic extraction.	KL
Further work	▪ The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). ▪ Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	▪ Exploration work to quantify the extent and continuity of mineralisation within the Valence-held tenure is ongoing. This work includes planned additional diamond and reverse circulation drilling, further geophysical surveys and geological mapping. Details of this exploration effort are deemed commercially sensitive.	KL

Section 3 Estimation and Reporting of Mineral Resources (Criteria listed in section 1, and where relevant in section 2, also apply to this section).

Criteria	JORC Code Explanation	Commentary	*CP
Database integrity	▪ Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. ▪ Data validation procedures used.	▪ Data has been provided by Valence in the form of an Access database. ▪ A total of 18 1993 era diamond drill holes drilled by Graphite Mines of Australia, 12 SER diamond drillholes drilled in 2011, and 74 Valence angled diamond drillholes in the Uley area have been used in the resource modelling update. The database used for resource estimation consists solely of diamond drilling and has been reviewed and re-validated for obvious errors by Coffey prior to commencing the resource estimation study. The assay data has been cross-checked against assay certificates provided by ALS Chemex. ▪ The following checks were completed prior to uploading the drilling data into a Vulcan database: ▫ Check and correct overlapping intervals. ▫ Ensure downhole surveys existed at a 0m depth. ▫ Ensure consistency of depths between different data tables, for example survey, collar and assays. ▫ Check gaps in the assay data which were replaced by -999 as	EM

<table>
<tr><th>Criteria</th><th>JORC Code Explanation</th><th>Commentary</th><th>*CP</th></tr>
<tr><td></td><td></td><td>a code for missing data. Non-sampled intervals were assigned a value of 0.01% Graphitic C.</td><td></td></tr>
<tr><td>Site visits</td><td>▪ Comment on any site visits undertaken by the Competent Person and the outcome of those visits.
▪ If no site visits have been undertaken indicate why this is the case.</td><td>▪ Ms Karen Lloyd (Jorvik Resources Pty Ltd), Competent Person for geology and exploration data, has been engaged by Valence Industries in the capacity of General Manager – Technical Delivery and undertakes regular site visits to the Uley site.</td><td>KL</td></tr>
<tr><td>Geological interpretation</td><td>▪ Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.
▪ Nature of the data used and of any assumptions made.
▪ The effect, if any, of alternative interpretations on Mineral Resource estimation.
▪ The use of geology in guiding and controlling Mineral Resource estimation.
▪ The factors affecting continuity both of grade and geology.</td><td>▪ The current geological interpretation is based on a review of previous estimates and reports and has been augmented by the geological and structural information provided by the 2014 and 2015 angled infill diamond drillholes.
▪ Information from site visits and geological reports suggests the graphite lenses occurs within an anticlinorium i.e. a fold with parasitic folds on its limbs, as occurred in the now depleted Uley mine to the north. The current model is of a recumbent antiform plunging very shallowly to the ENE, with HW lodes dipping shallowly to the WNW and FW lodes dipping moderately (~33°) to the WNW.</td><td>EM</td></tr>
<tr><td>Dimensions</td><td>▪ The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</td><td>▪ The dimensions of the Vulcan resource block model are:
<table>
<tr><th></th><th>Easting (X)</th><th>Northing (Y)</th><th>RL (Z)</th></tr>
<tr><td>Minimum Coordinates</td><td>9,700</td><td>9,100</td><td>280</td></tr>
<tr><td>Maximum Coordinates</td><td>10,400</td><td>9,700</td><td>540</td></tr>
<tr><td>Block size (m)</td><td>12.5</td><td>12.5</td><td>4</td></tr>
<tr><td>Sub Block size (m)</td><td>1.25</td><td>1.25</td><td>1</td></tr>
<tr><td>Rotation</td><td>0</td><td>0</td><td>0</td></tr>
</table></td><td>EM</td></tr>
<tr><td>Estimation and modelling techniques</td><td>▪ The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.
▪ The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.
▪ The assumptions made regarding recovery of by-products.
▪ Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).
▪ In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.
▪ Any assumptions behind modelling of selective mining units.
▪ Any assumptions about correlation between variables.
▪ Description of how the geological interpretation was used to control the resource estimates.
▪ Discussion of basis for using or not using grade cutting or capping.
▪ The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available.</td><td>▪ Graphitic C (%) was estimated into the block model using Ordinary Kriging (OK) utilising the cut 1m composites in Vulcan mining software. Grade estimation was constrained to blocks inside individual mineralisation wireframes with hard boundaries applied. Any non-sampled intervals were assigned a value of 0.01% Graphitic C. Results below the detection limit were assigned value of 0.01.
▪ No other elements, deleterious or not, were estimated to date. No assumptions were made concerning mining selectivity beyond small to medium scale open pit mining.
▪ Material types and quality were not defined in the model given the data available for interpretation and estimation at this stage. It is assumed that metallurgical testing based on bulk samples are broadly representative of products likely to be obtained from mining of this type of mineralisation.
▪ The deposit was domained into the following domains:
▫ Footwall domain – in the footwall of the fold, dipping at approximately 33°;
▫ Hanging wall domain – in the hanging wall of the fold, dipping at approximately 15°; and
▫ Flat lying domain – shallow flat lying mineralisation.
▪ Extreme grade values were top cut. Top cuts of 45% and 50% Graphitic C were used within the high grade Central zones. Top cuts of 35% and 37% were used for most of the other zones (where required). The values used were determined based on statistical analysis of the composites within each individual domain.
▪ The parent block size is approximately half of the nominal 25m x 25m drill spacing with sub-blocking chosen to allow for adequate volume and geological resolution.
▪ The search parameters are suitable given the parent block size, data spacing, and the orientation of the modelled mineralisation.
▪ The resource estimate was compared with the previous resource estimates. The understanding of the orientation and continuity of the mineralised zones within the current resource, based on 25m x 25m spaced drillholes, more than half of which are angled and provide</td><td>EM</td></tr>
</table>

Criteria	JORC Code Explanation	Commentary	*CP
		valid structural data, is of much higher confidence than in the previous resource model. ▪ The estimate was validated by visual and statistical comparison of the block estimate grades with the 1m composite input values.	
Moisture	▪ Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	▪ Tonnes are estimated based on an average dry insitu bulk density values.	EM
Cut-off parameters	▪ The basis of the adopted cut-off grade(s) or quality parameters applied.	▪ A graphitic C cut-off value of 3.5% was adopted based on a graphite product price of $1,750/t, a processing cost of $28.50/t, a coarse fraction of 70% and an overall recovery of 90%. The values of 70% coarse fraction (>75µm) and 90% recovery have come from review of two testwork programmes carried out on Uley ore samples in April and May 2007 and an additional programme carried out in August 2014.	CCH/ KL
Mining factors or assumptions	▪ Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	▪ The Uley graphite deposit has been historically mined by open cut mining methods and it is assumed that this will still be the case for any future mining operation in the area. ▪ No assumptions have been made about mining selectivity for specific material types or quality. ▪ No external mining dilution or other factors have been applied to the resource estimate. ▪ Conceptually, consideration of the resource estimate and subsequent mining scenarios remain at a high level only. It is assumed that there is a basis for determining reasonable prospects for eventual economic extraction considering the historic mining of the nearby Uley graphite deposit in a very similar geological setting and location.	
Metallurgical factors or assumptions	▪ The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	▪ Three testwork reports, ALS Testwork Report P0550, P0565 and P0582, were reviewed and clearly indicate that a total graphitic C grade of >90% and at >85% recovery can be achieved on the samples of Uley graphite tested with 3 stages of cleaning in conformance with the existing plant design. The testwork further indicates that if two additional stages of cleaning and an additional regrind mill were added to the circuit, a final >98% graphite grade product is possible. ▪ During further PFS and/or DFS programs, additional variability testwork will be required to be completed.	CCH
Environmental factors or assumptions	▪ Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	▪ Mining development is subject to the approved Program for Environmental Protection and Rehabilitation (PEPR).	KL
Bulk density	▪ Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. ▪ The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc),	▪ Density was assigned to the block model as follows:	EM

<table>
<tr><th>Criteria</th><th>JORC Code Explanation</th><th>Commentary</th><th>*CP</th></tr>
<tr><td></td><td>moisture and differences between rock and alteration zones within the deposit.
▪ Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</td><td>
<table>
<tr><th>Oxidation state</th><th>Average Bulk Density for mineralised material (t/m^3)</th><th>Average Bulk Density for waste material (t/m^3)</th></tr>
<tr><td>Oxidised</td><td>1.79</td><td>1.91</td></tr>
<tr><td>Transitional</td><td>1.91</td><td>2.01</td></tr>
<tr><td>Fresh</td><td>2.08</td><td>2.25</td></tr>
</table>
▪ A total of 371 bulk density measurements were collected from the 2014 drill core. The Archimedes method was used on uncut core from 22 representative holes with each distinct lithology and weathering zone in each drillhole tested. The bulk density results were flagged against the mineralised zones and oxidation state in Vulcan and averages for mineralised and waste determined for oxide, transitional and fresh weathered (defined by BOCO and TOFR surfaces). Four extreme and unrealistic density samples were removed prior to running averages. Three samples were below 1.2t/m^3 and one sample was above 4t/m^3. The values were evaluated against core photographs and against “typical” bulk density values as listed in section 9.2 of the Field Geologist’s Manual (AusIMM, Fourth Edition, 2001).
</td><td></td></tr>
<tr><td>Classification</td><td>▪ The basis for the classification of the Mineral Resources into varying confidence categories.
▪ Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).
▪ Whether the result appropriately reflects the Competent Person’s view of the deposit.</td><td>▪ Resource classification is based on quantity/quality of sample data as follows:
▫ The infill drilling to 25m x 25m centres has increased sample density to the point where confidence in the geological and grade continuity, and the quality of the estimation, are such that the majority of the estimated blocks are classified as Indicated Resource.
▫ Mineralised zones in the southern extension area are classified as Inferred Resource.
▫ Mineralised zones in the NE dipping domain 7 are classified as Inferred Resource due to lack of sufficient structural data.
▫ A limited portion of the mineralisation in the centre of the fold (zones 601 and 602) have been classified as Measured Resource due to the demonstrated continuity of grade thickness and tenor, and the quality of the estimation. These areas are limited in extent due in part to uncertainty introduced by selective sampling of the drillholes.
▪ The classification scheme as applied is considered to adequately reflect the sample density and geological interpretation based on all available drillhole data.
▪ The resource classification and estimate does not specifically address the definition or quantification of material types or product quality as all contacts are relatively gradational and metallurgical testwork is on-going.</td><td>EM</td></tr>
<tr><td>Audits or reviews</td><td>▪ The results of any audits or reviews of Mineral Resource estimates.</td><td>▪ Ms Karen Lloyd of Jorvik Resources Pty Ltd (engaged as General Manager – Technical Delivery) for Valence Industries formally reviewed the data used for the Mineral Resource estimate/update. No third party reviews have been undertaken on the Mineral Resource estimation process to date, though formal peer review through the Coffey system has been undertaken prior to reporting.</td><td>KL</td></tr>
<tr><td>Discussion of relative accuracy/ confidence</td><td>▪ Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the</td><td>▪ The grade estimate is based on the assumption that open cut mining methods will be applied and that a form of high confidence grade control sampling, for example based on RC grade control drilling or ditch-witch bench top sampling, will be available for final ore/waste demarcation. As such the resource estimate should be considered to represent a global resource estimate.</td><td>EM</td></tr>
</table>

Criteria	JORC Code Explanation	Commentary	*CP
	relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. ▪ The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. ▪ These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	▪ The resource classification and estimate does not specifically address the definition or quantification of material types or product quality as all contacts are relatively gradational and metallurgical testwork is on-going. Bulk metallurgical tests are assumed to be broadly representative of the mineralised material within the Uley 2 deposit.	

Section 4 Estimation and Reporting of Ore Reserves (Criteria listed in section 1, and where relevant in section 2 and section 3, also apply to this section).

Criteria	JORC Code Explanation	Commentary	*CP
Mineral Resource estimate for conversion to Ore Reserves	▪ Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. ▪ Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	▪ The Uley 2 Mineral Resource as described in Section 3 formed the basis for the conversion to Ore Reserves. ▪ The Mineral Resources are inclusive of the Ore Reserves.	HW
Site visits	▪ Comment on any site visits undertaken by the Competent Person and the outcome of those visits. ▪ If no site visits have been undertaken indicate why this is the case.	▪ The Competent Person for the Ore Reserves, Mr Harry Warries, has not visited the site. ▪ No site visit was deemed necessary as other Coffey personnel have been to site.	HW
Study status	▪ The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. ▪ The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	▪ A feasibility study is being completed by Valence Industries Ltd. The feasibility was undertaken by a team of industry professionals as listed below. ▪ Market research and commodity price — Valence ▪ Mining operating and capital cost — Valence ▪ Mine planning — Coffey ▪ Metallurgical and processing — ALS Global, D.E.N.M Ltd, Bluechip Engineering, Haver Australia, Advanced Focus ▪ Processing operating and capital costs — Bluechip Engineering, Valence ▪ General site operating costs — Valence ▪ General site infrastructure — Valence ▪ Geotechnical investigation — Barrett, Fuller and Partners, Valence ▪ Hydro(geo)logical investigation — Australian Water Environments (AWE), Valence ▪ Tailings storage facility — BTM Solutions, Golder ▪ Mining dilution and recovery — Coffey ▪ Social and Environmental — Valence ▪ Legal tenure — Valence ▪ Government — Valence	HW
Cut-off parameters	▪ The basis of the cut-off grade(s) or quality parameters applied.	▪ A 3.5% graphitic carbon cutoff, based on the economic parameters as described in subsequent sections. In addition, the contact between graphitic mineralisation and waste is sharp, which is shown by the fact	HW

		that the grade tonnage profile between 2% and 4% graphitic carbon is very flat.	
Mining factors or assumptions	▪ The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design). ▪ The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc. ▪ The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling. ▪ The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). ▪ The mining dilution factors used. ▪ The mining recovery factors used. ▪ Any minimum mining widths used. ▪ The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. ▪ The infrastructure requirements of the selected mining methods.	▪ The basis of design for the Project is predicated on ramping up production, as dictated by the predicted sales demand, from approximately 14ktpa of 94% carbon concentrate in Year 1 to 64ktpa by Year 3, which equates to 130ktpa to 580ktpa of crusher feed. The average waste to ore strip ratio is approximately 5.4 : 1, indicating a maximum total material movement of up to 4Mtpa will be required. ▪ The material to be mined is classified as soft and it was assumed that no drill and blast would be required. Mining will be undertaken by conventional open pit methods of load and haul, utilising small mining equipment comprising 100t diesel hydraulic excavators and 60t off-highway dump trucks. ▪ Detailed pit design work was completed based on pit optimisations using Whittle Four-X optimisation software. Only Measured and Indicated Resources were used in the pit optimisation. ▪ Pit slope parameters were based on the slope parameters and conditions of an existing historic and abandoned pit, as well as a total of 74 diamond drillholes from both the geotechnical and resource drilling programmes were drilled and were logged for geological, rock quality and structural data. Overall pit wall slopes of 400 were adopted. ▪ Grade control will consist of sampling of ditch-witch spoils across the pit floor. ▪ With strong visual control no mining dilution was adopted, although a mining recovery of 95% was assumed. ▪ A minimum cutback mining width of 25m was adopted. ▪ The mine plan was based on Measured and Indicated Resources. ▪ The primary infrastructure required for the development of the Project are listed below: o Site and local area road construction and upgrades o General administration and services infrastructure upgrade. o General mining facilities upgrade. o Process plant refurbishment o Re-use and re-cycling of existing water supply with recharge	HW
Metallurgical factors or assumptions	▪ The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. ▪ Whether the metallurgical process is well-tested technology or novel in nature. ▪ The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. ▪ Any assumptions or allowances made for deleterious elements. ▪ The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. ▪ For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	▪ The proposed metallurgical process is conventional primary crushing and milling, followed by floatation and drying, sizing and bagging of concentrate products to meet specific customer requirements. The proposed metallurgical process is well tested and uses established, proven technologies. ▪ Three testwork reports, ALS Testwork Report P0550, P0565 and P0582 were reviewed and clearly indicate that a total graphitic carbon grade of >90% and at >85% recovery can be achieved on the samples of Uley graphite tested with 3 stages of cleaning in conformance with the existing plant design. The testwork further indicates that, if two additional stages of cleaning were added to the circuit, a >98% graphite grade product is possible. ▪ Testwork is on-going to optimise the Phase 2 process plant.	CCH
Environmental	▪ The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	▪ Valence has obtained approval under the Mining Act (1971) which includes a comprehensive Program for Environment Protection and Rehabilitation (PEPR) and an environmental licence. ▪ Most baseline environmental surveys have been completed. The preliminary impact assessment did not categorise any potential Project impacts as 'High'. Detailed impact assessments are on-going in areas including air quality, groundwater, surface water, flora, fauna, noise, social, visual, and heritage.	HW

		▪ It is expected that all predicted impacts may be adequately mitigated and/or managed and that an updated ML and PEPR will be subsequently approved by the State Government.	
Infrastructure	▪ The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	▪ The existing process plant has been refurbished and the Project's supporting infrastructure has been developed through studies by engineering service providers as listed under the Study Status criterion. Works have included 'modelling' of plant availability, plant throughput, tailings storage facility and water consumption with subsequent production of sufficient drawings to enable development of detail estimates including forecasts of consumable consumptions such as grinding media, fuel, reagents and power. First principle estimates have derived labour levels for project construction and on-going operation.	HW
Costs	▪ The derivation of, or assumptions made, regarding projected capital costs in the study. ▪ The methodology used to estimate operating costs. ▪ Allowances made for the content of deleterious elements. ▪ The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co- products. ▪ The source of exchange rates used in the study. ▪ Derivation of transportation charges. ▪ The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. ▪ The allowances made for royalties payable, both Government and private.	▪ The capital cost and operating costs estimates are commensurate with a feasibility level study and were estimated by the Study contributors as listed under the Study Status criterion discussed above. The capital cost estimate has been developed through the collation of a number of first principle estimates completed by the various Study contributors on completion of sufficient design works to provide bills of materials to the estimators, quotations from equipment providers and contracting companies and estimates carried out directly by the owner's team. The operational cost estimate was developed on a 'first principle basis', derived from base data provided by Valence and the Study contributors such as: o Forecast operational manning levels o Proposed organisation charts o Reagent usage forecast by system modelling o Fuel utilisation estimates o Calculated power consumption o Operational readiness costs o Estimated mining costs ▪ The estimated LOM capital costs for the Project are $48.5M and are summarised below. ▪ The mining costs were estimated at $2.33/t mined. ▪ The estimated process operating costs, including drying and bagging, for the Project are $439/dmt of concentrate. ▪ Royalties have been estimated based on the assumption that Valence will be able to negotiate a New Project Status.	HW
Revenue factors	▪ The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. ▪ The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	▪ The derivation of, or assumptions made regarding revenue factors including head grade, commodity price, exchange rates, transportation and treatment charges have all been derived by Valence and Roskill in a confidential independent market report dated July 2014. An average LOM concentrate price of $1,750/dmt was used for the Study. ▪ Valence has signed multiple sales contracts for graphite sales. Pricing levels are consistent with those anticipated during the Study. ▪ A long term USD : AUD foreign exchange rate of 0.80 was adopted for the Study.	HW
Market assessment	▪ The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. ▪ A customer and competitor analysis along with the identification of likely market windows for the product. ▪ Price and volume forecasts and the basis for these forecasts. ▪ For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	▪ Independent marketing consultant Valence has completed a detailed analysis covering the forward supply and demand outlook and longer term pricing forecasts. ▪ A bulk sample of graphitic carbon concentrate was tested for material and processing suitability by Bluechip Engineering who determined it suitable as a feed source for applications that utilise graphite products.	HW
Economic	▪ The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.	▪ The financial evaluation undertaken as part of the Study indicated a positive net present value (NPV) at a 10% discount rate. ▪ Sensitivity analysis indicated that a negative 20% change in product price, foreign exchange rate, operating cost or capital cost still resulted	HW

	▪ NPV ranges and sensitivity to variations in the significant assumptions and inputs.	in a positive NPV.	
Social	▪ The status of agreements with key stakeholders and matters leading to social licence to operate.	▪ A social impacts and benefits study has been completed and results discussed with stakeholders.	HW
Other	▪ To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: ▪ Any identified material naturally occurring risks. ▪ The status of material legal agreements and marketing arrangements. ▪ The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	▪ No significant (high) naturally occurring risks were identified during a whole of project risk assessment. ▪ All Valence tenure is in good standing with all legal obligations met. Regular meetings with state and federal Government agencies occur for the purposes of discussing required approvals and facilitating meetings with other stakeholders. ▪ Valence has no reason to believe that the necessary further Government approvals will be received within the timeframes anticipated in the Study.	HW
Classification	▪ The basis for the classification of the Ore Reserves into varying confidence categories. ▪ Whether the result appropriately reflects the Competent Person's view of the deposit. ▪ The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	▪ Proved and Probable Ore Reserves were declared based on the Measured and Indicated Mineral Resources contained within the pit design. The financial analysis showed that the economics of the Project were positive and the risk analysis did not identify any insurmountable risks. ▪ All Measured Resources that were contained within the pit design were converted to Proved Ore Reserves.	HW
Audits or reviews	▪ The results of any audits or reviews of Ore Reserve estimates.	▪ No external audits or reviews of the Ore Reserve estimates have been undertaken.	HW
Discussion of relative accuracy/ confidence	▪ Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. ▪ The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. ▪ Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. ▪ It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	▪ The relative accuracy and confidence of the Ore Reserve estimate is inherent in the Ore Reserve Classification. ▪ No mine production data is available at this stage for reconciliation and/or comparative purposes. ▪ Factors that may affect the global tonnages and the associated grades include: o Mining dilution o Mining recovery o Process plant performance	HW