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ASX: VXL & VXLO

**AUSTRALIAN STOCK EXCHANGE ANNOUNCEMENT & MEDIA RELEASE**

**NEW OPEN PIT PRE-STRIP COMMENCED**

- Uley Pit 2 Mining Pre-Strip commenced
- Graphite visible near surface
- Pre-strip material used for tailings construction
- New Open Pit mining to commence in late 2015

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Valence Industries (the 'Company') is pleased to provide an update on operations at its Uley Graphite™ site in South Australia.

The removal of overburden from Uley Pit 2 has commenced at site. This preparatory work on Uley Pit 2 has exposed clearly delineated areas of visible graphite mineralisation near surface at the northern end of the new pit. The pre-stripping of Uley Pit 2 has also confirmed the ease of mining of the graphite host material.



*Uley Pit 2 – Pre-Strip and Overburden Removal*

The Company is pleased to have been able to utilise overburden material removed from the pre-strip for the construction of the walls of the new tailings storage facility. The re-use of overburden will result in cost savings for the tailings facility.

The Company is continuing to process existing stockpiles with an average contained graphite of 6.3%. The transition to higher grade 12.1% run of mine material from the new open pit in coming months will allow increased output from the existing plant.



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***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.*

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*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 "Valence Doubles Existing ROM Stockpiles" (6/8/14) and "Major Increase to Graphite Ore Reserve and Mine Life" (14/5/15).*