

VALENCE
INDUSTRIES

Valence Industries

Australia's Only Graphite Producer

Asia Pacific | Europe | North America

December 2014
Christopher S. Darby
MD & CEO

SAEM Conference
Adelaide

Manufacturing Our Carbon Future™

www.valenceindustries.com

Valence (noun): the combining power of an element, especially as measured by the number of hydrogen atoms it can displace or combine with: carbon always has a valence of 4.

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ASX : VXL
ASX : VXL0



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The information in this presentation which relates to Measured, Indicated & Inferred Mineral Resources compiled in accordance with the JORC Code 2012 is based on information supplied by Ms. Karen Lloyd, Mr. Ingvar Kirchner & Ms. Ellen Maidens as detailed in the Company's ASX announcements on 17 November 2014 and 6 August 2014. The Company confirms that it is not aware of any new information included in this presentation. Valence confirms that all material assumptions underpinning the estimates in this report continue to apply & have not materially changed. The Company confirms that the form & content in which the Competent Person's findings are presented have not been materially modified. The information in this announcement that relates to the Mineral Resources pertaining to the Company's in-fill drilling campaign results 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 & Metallurgy. Ms Lloyd has sufficient experience that is relevant to the style of mineralisation & type of deposit under consideration & 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 & Ore Reserves". Ms Lloyd consents to the inclusion in this release of the matters based on their information in the form & context as it appears. This presentation also references information, that has not been updated since, previously announced on 6 August 2014 & 17 November 2014.

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Corporate Overview

ASX Code: VXL & VXLO

Ordinary Shares	186.7m
Options	68.4m
Market cap (@55 cents)	\$103m
Cash (End Q3 2014)	~\$14.5m
Debt	Nil

Major Shareholders

Strategic Energy Resources Ltd (<i>restricted</i>)	11.67%
HSBC Custody Nominees (Australia) Ltd	5.10%
Avatar Energy Pty Ltd	4.11%
EERC Australasia Pty Ltd (<i>restricted</i>)	3.55%
Chimaera Capital Ltd	2.46%
Top 20 shareholders hold 45.15%	



Corporate Overview

Directors & Officers	Senior Management
Graham Spurling AM Chairman	Christopher S. Darby CEO & MD
Christopher S. Darby CEO & MD	Jarek Kopias CFO & Co. Sec.
Glenister Lamont Non-exec Director	Christopher Whiteley Chief Commercialisation Officer
Ian Schache Non-exec Director	Chris Hall Chief Operating Officer
Jarek Kopias CFO & Co. Sec.	Karen Lloyd GM Technical Delivery

Vertically Integrated Manufacturing





Combined Growth Path

Phase I

- Recommission 14000/t
- Primary Process Circuit
- 2ndry Process Circuit
- Personnel Recruitment
- Start Manufacturing
- 9+ Month Stockpiles
- First Customer Sales
- Regulatory Approvals

Phase II

- Complete Phase II Feasibility Study
- Capex ~\$34-\$35M
- Expand Capacity by ~50000 tpa
- New Open Pit Mining
- Operate Existing Facilities ~14000 tpa
- 90+ Personnel
- Increase Sales

Phase III

- Micronisation Processing
- High Purity Processing
- Significant Value Add
- Direct Entry Tech & Battery Markets
- Existing Customer Base
- Immediate Entry to Advanced Manufacturing
- Significant Margin Advantages

Phase IV

- Graphene Research Program
- New & Disruptive Technologies
- Further Advanced Manufacturing
- Direct Synergies to Existing Customers
- Spin-Off Manufacturing Potential

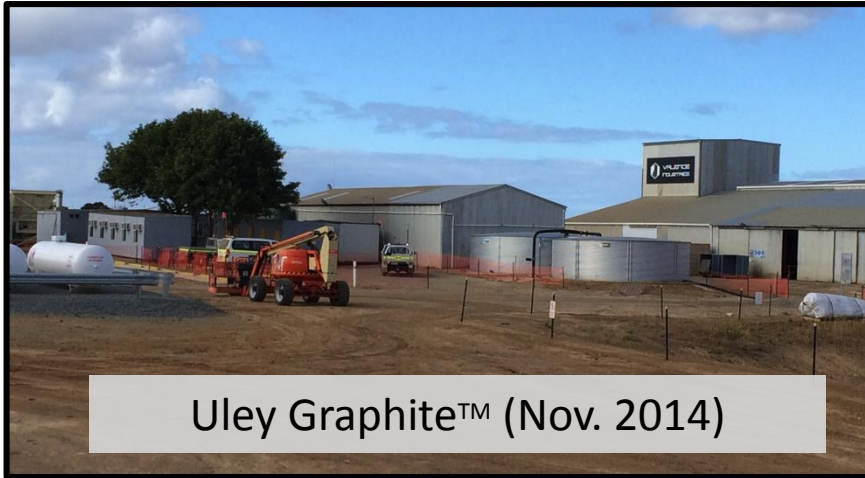


Production Plant





Production Plant



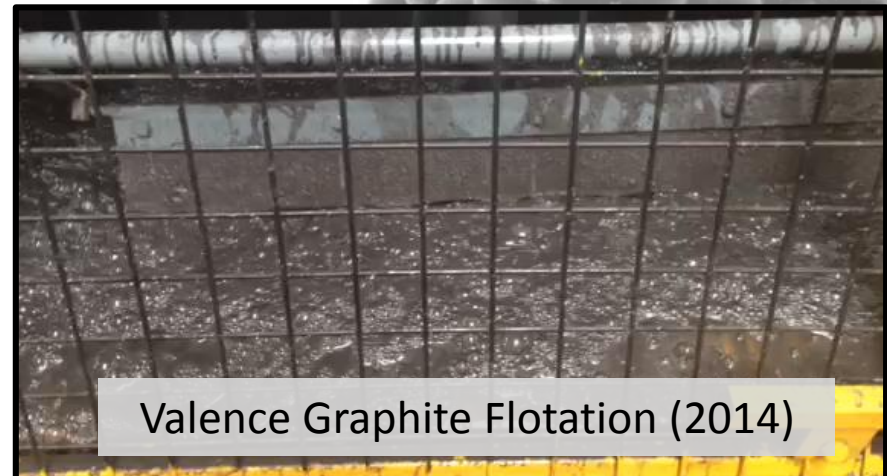
Uley Graphite™ (Nov. 2014)



Uley Facility Opening (Nov. 2014)



Uley Facility Opening (Nov. 2014)



Valence Graphite Flotation (2014)



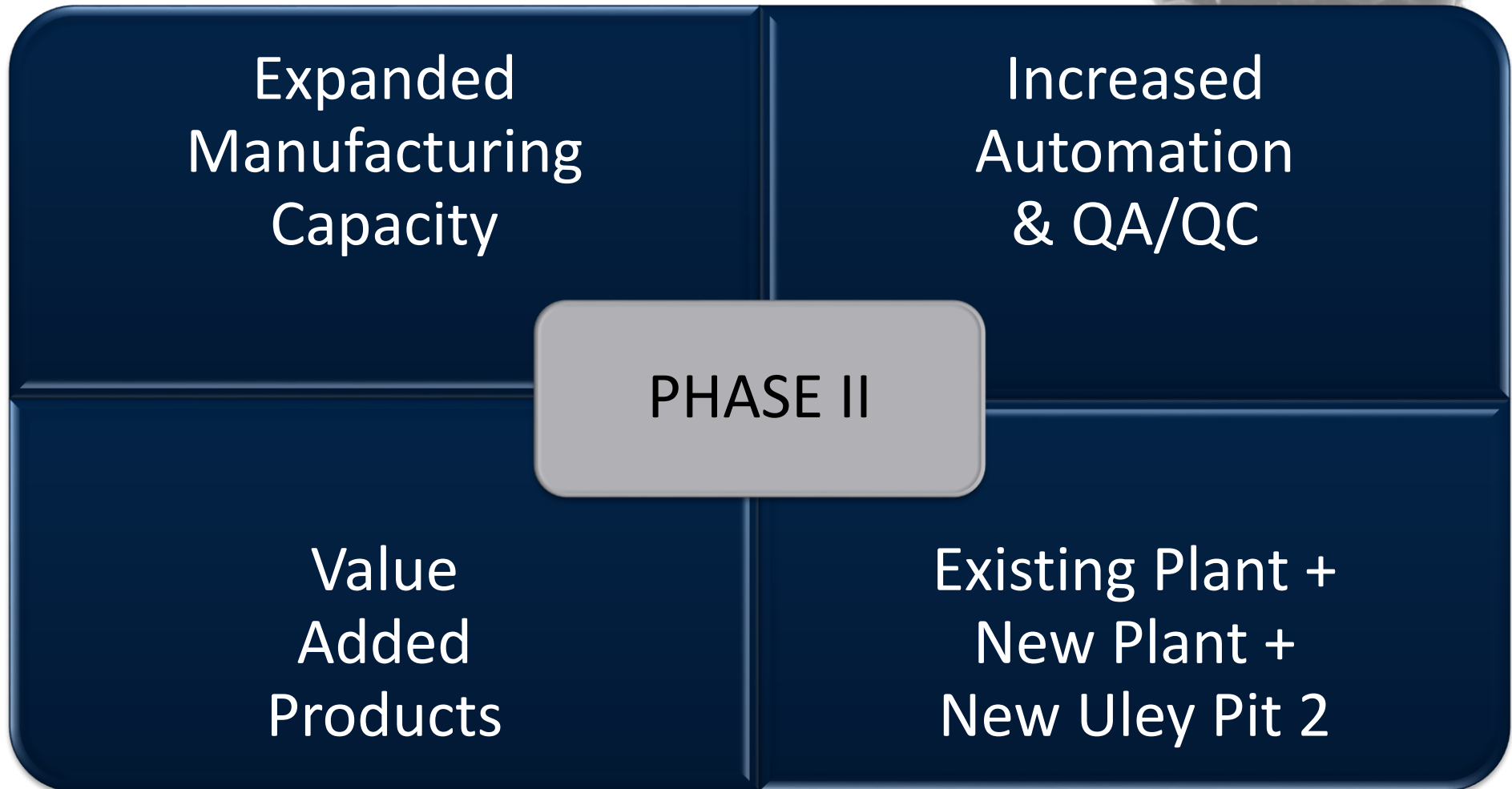
Production Plant



- Undergone Complete Refurbishment in 2014
- Pre-commissioning & Testing Successful
- All Plant – flotation, thickening & drying operational as intended
- Flake size & Purity Exceed Expectations
- 14,000 tonnes of graphite per year (smaller scale facility than Phase II)
- Proven historical production capability (working model for Phase II expansion)
- Established site workshop & support infrastructure & Close to Port & Light Industry (15 minutes)
- Site Operations Crews Recruited (No FIFO)
- ROM Stockpiles First for Production & Regulatory Approvals Received to Screen & Grade (lower grades than Uley Pit 2)
- Plant Ready as Planned & SA Governmental Approvals Due in December



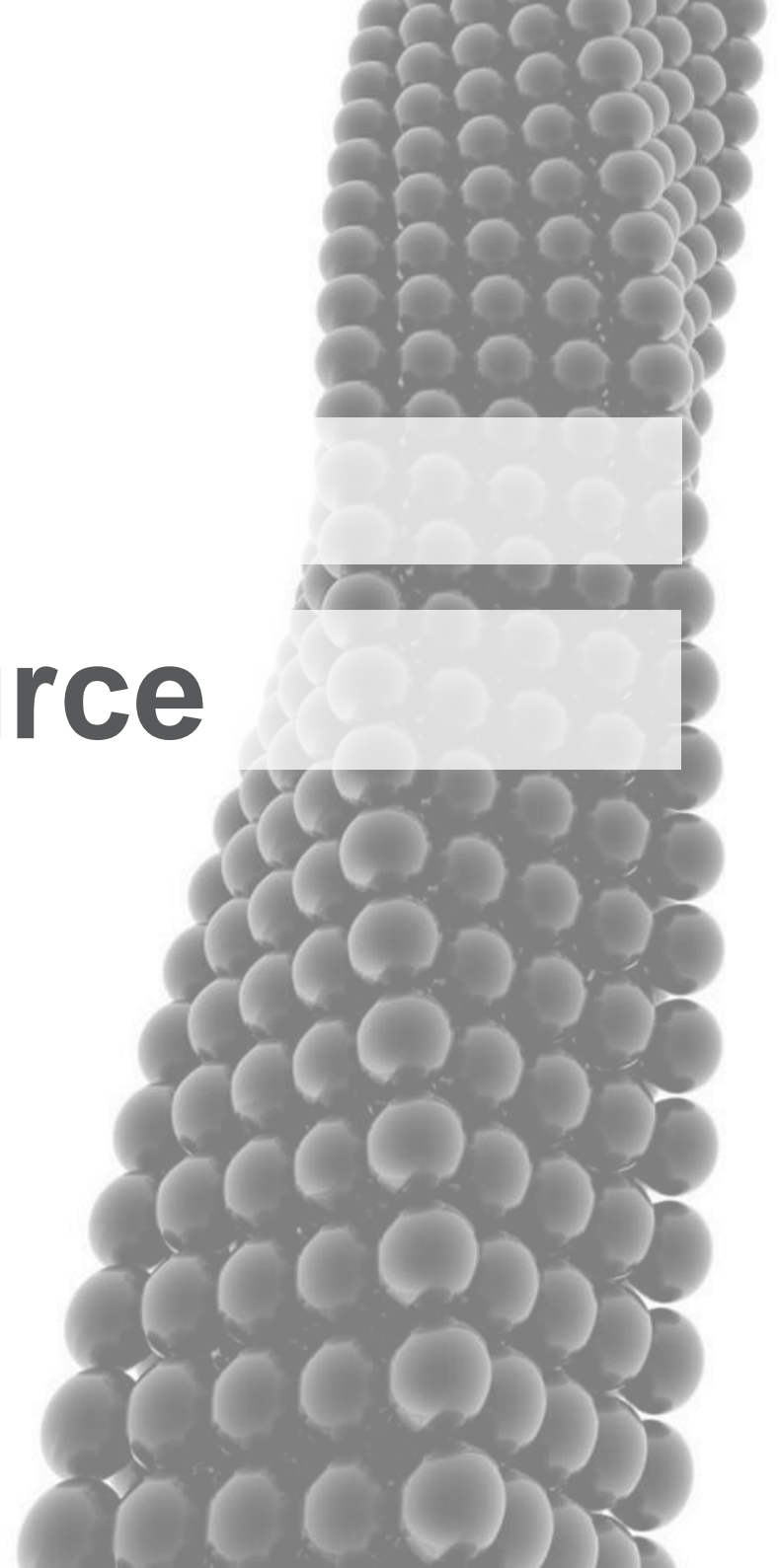
Feasibility Study Dec. 2014





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Geology & Resource





JORC 2012 Resource

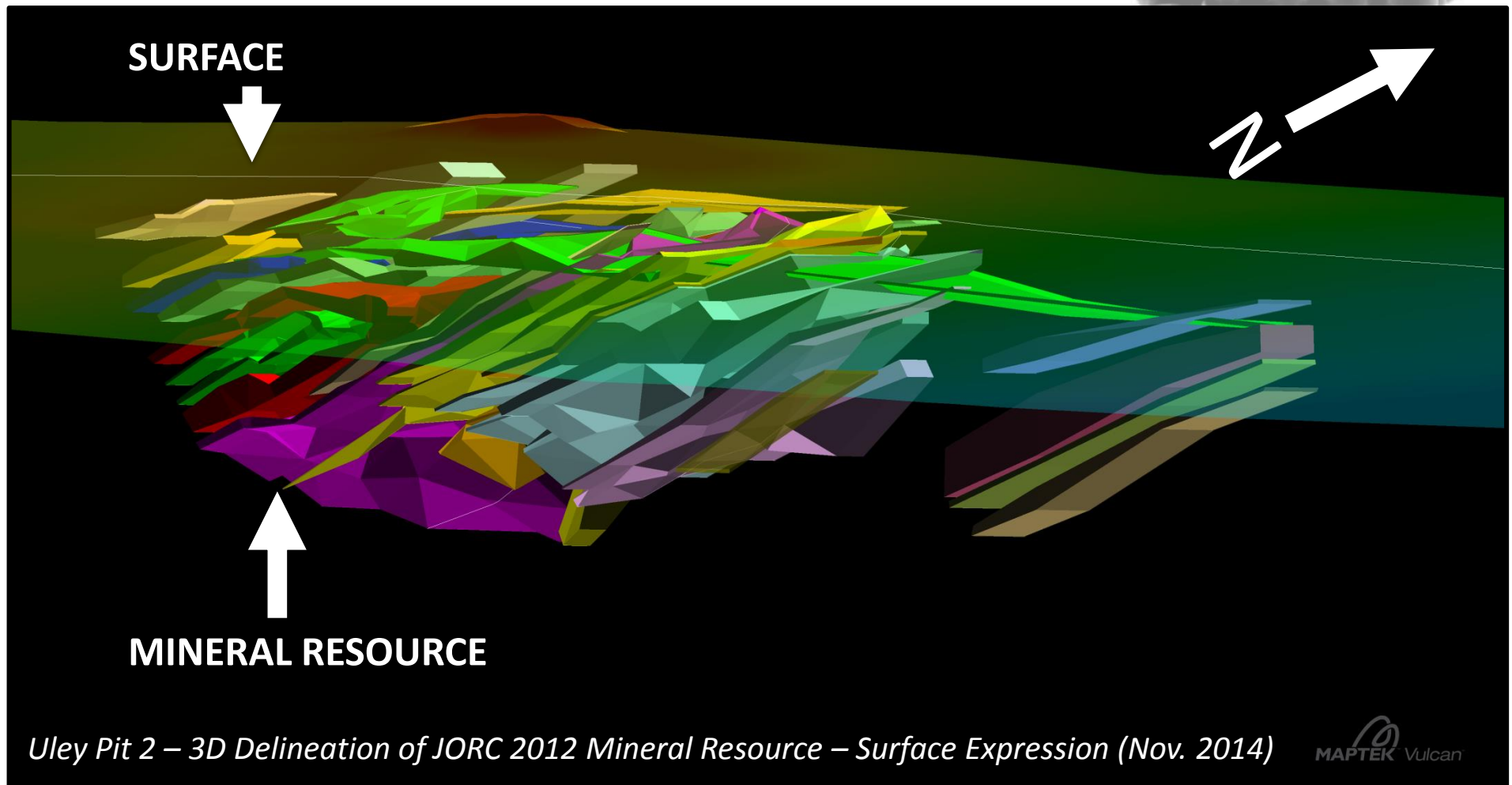
JORC Uley Pit 2 3.0Mt @ 11.7% Graphitic Carbon (gC) (3.5% gC cut-off grade)			
Class	Tonnes (M)	Grade (gC)	Contained Tonnes
Measured	0.34	17.92%	60,000
Indicated	1.85	11.84%	220,000
Inferred	0.85	8.89%	80,000
Total	3.04	11.69%	360,000

**see JORC Statement on Page 2

ROM Stockpiles 174,000t @ 6.23% gC (Inferred) (3.5% gC cut-off grade)			
Stockpile	Volume m ³	Avg Grade gC	Contained Tonnes
1	25,903	6.23%	10,800
2	18,161		
3	24,748		
4	1,406		

**see JORC Statement on Page 2

Uley Pit 2





VXL Arterial Flake™

60%+

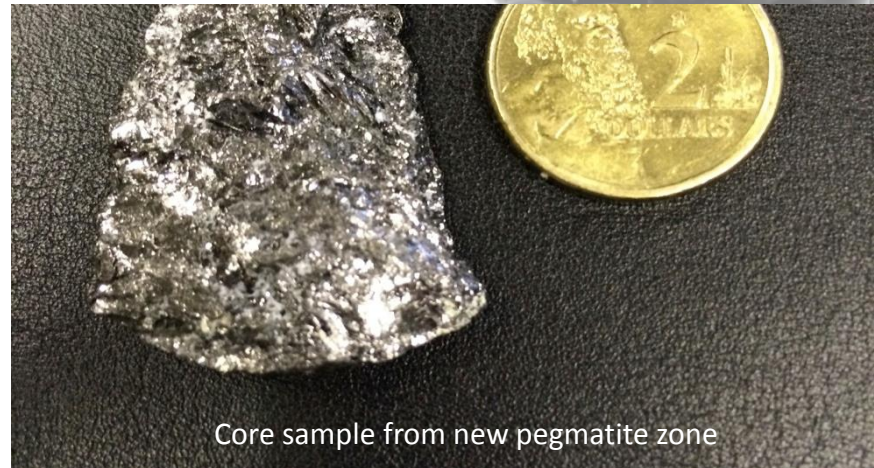
- Globally Unique Flake Graphite Grades

Super
Jumbo
Flake

- Exceptionally Large Graphite Flake Sizes +5 Mesh (4mm+)

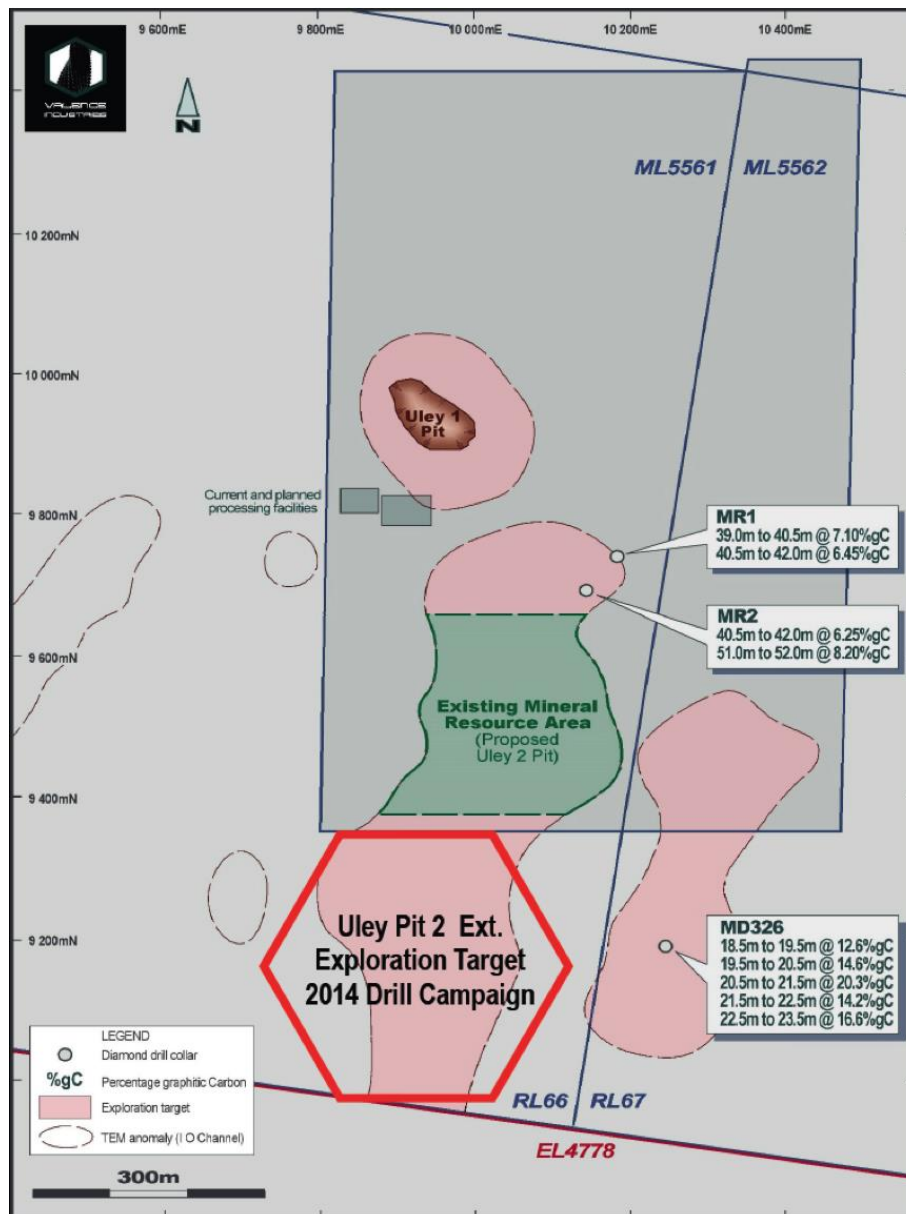
Arterial
Flake™

- Game Changing & Beyond Any Other Flake Graphite Material





Uley 2 Extension (JORC Exploration Target)



Uley Pit 2 Extension JORC Exploration Target

Tonnes of graphite
9.0Mt to 12.0Mt

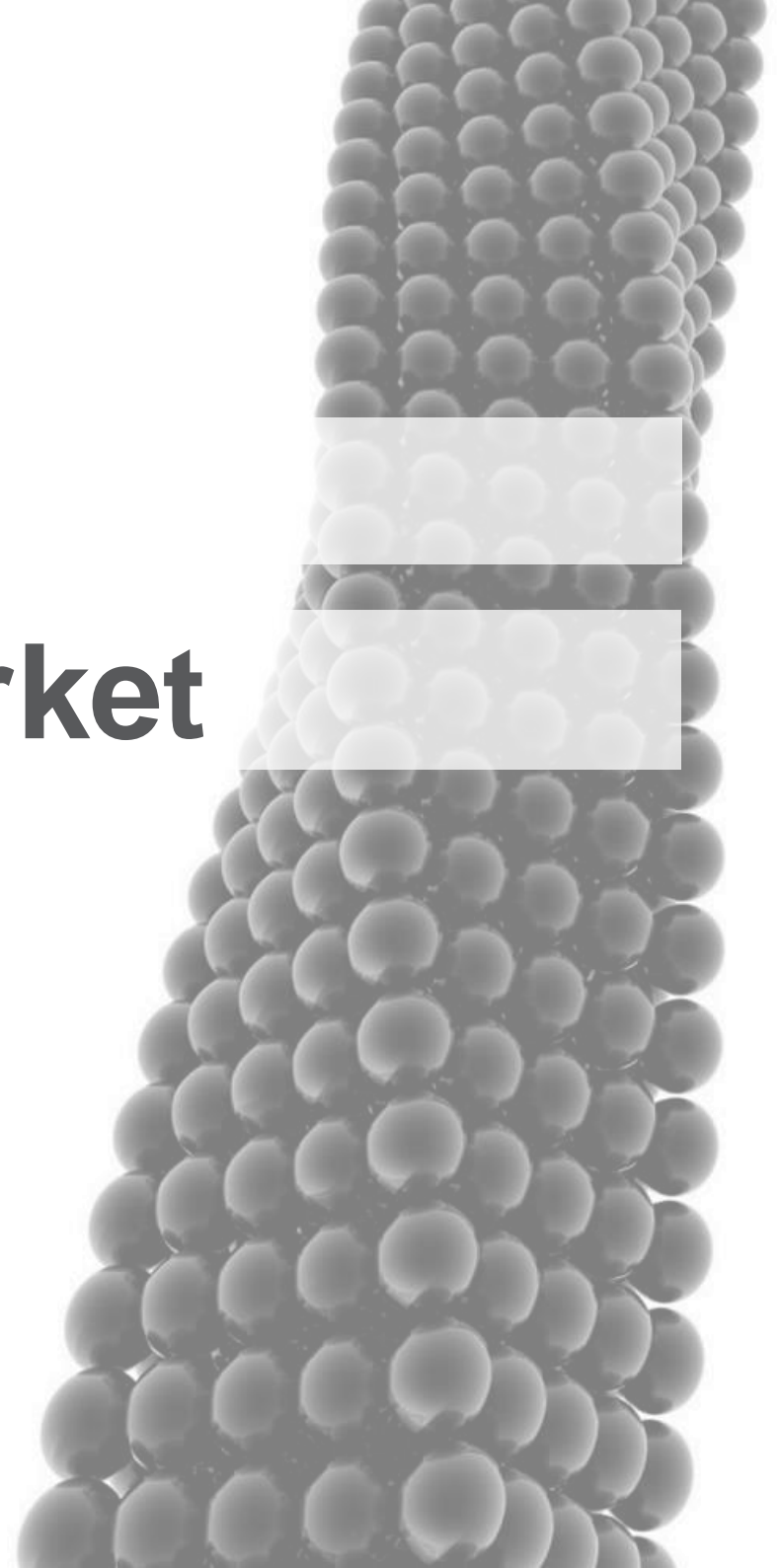
Grade of Graphitic Carbon
9% gC to 12% gC





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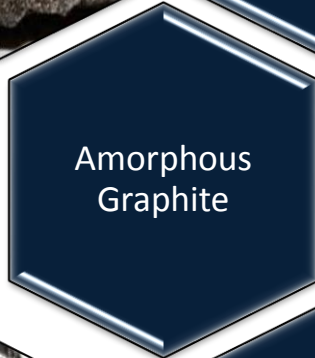
VXL Graphite Market



Graphite Facts



Lump
Graphite



Amorphous
Graphite

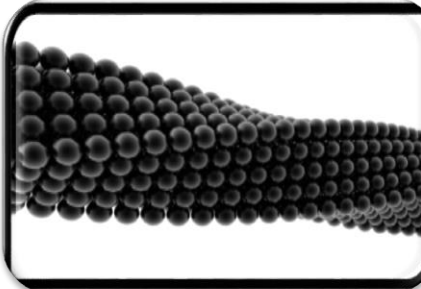


FLAKE



HIGH QUALITY
FLAKE GRAPHITE IS
IN VERY LIMITED
SUPPLY

- Graphite is relatively common, but high quality, large flake graphite is rare
- China, the world's major graphite producer is closing polluting operations



- Valence manufactures high quality flake graphite products for multiple applications
- Selling to traditional & new technologies

NEW
TECHNOLOGIES ARE
DRIVING DEMAND
FOR HIGH PURITY
FLAKE GRAPHITE

- New technologies require high purity graphite
- Valence's Uley graphite is very low in impurities



VXL Graphite Products





Sales Strategy

MOU's signed with separate customers & agents representing 29,000+ tonnes of annual graphite production over 2+ years



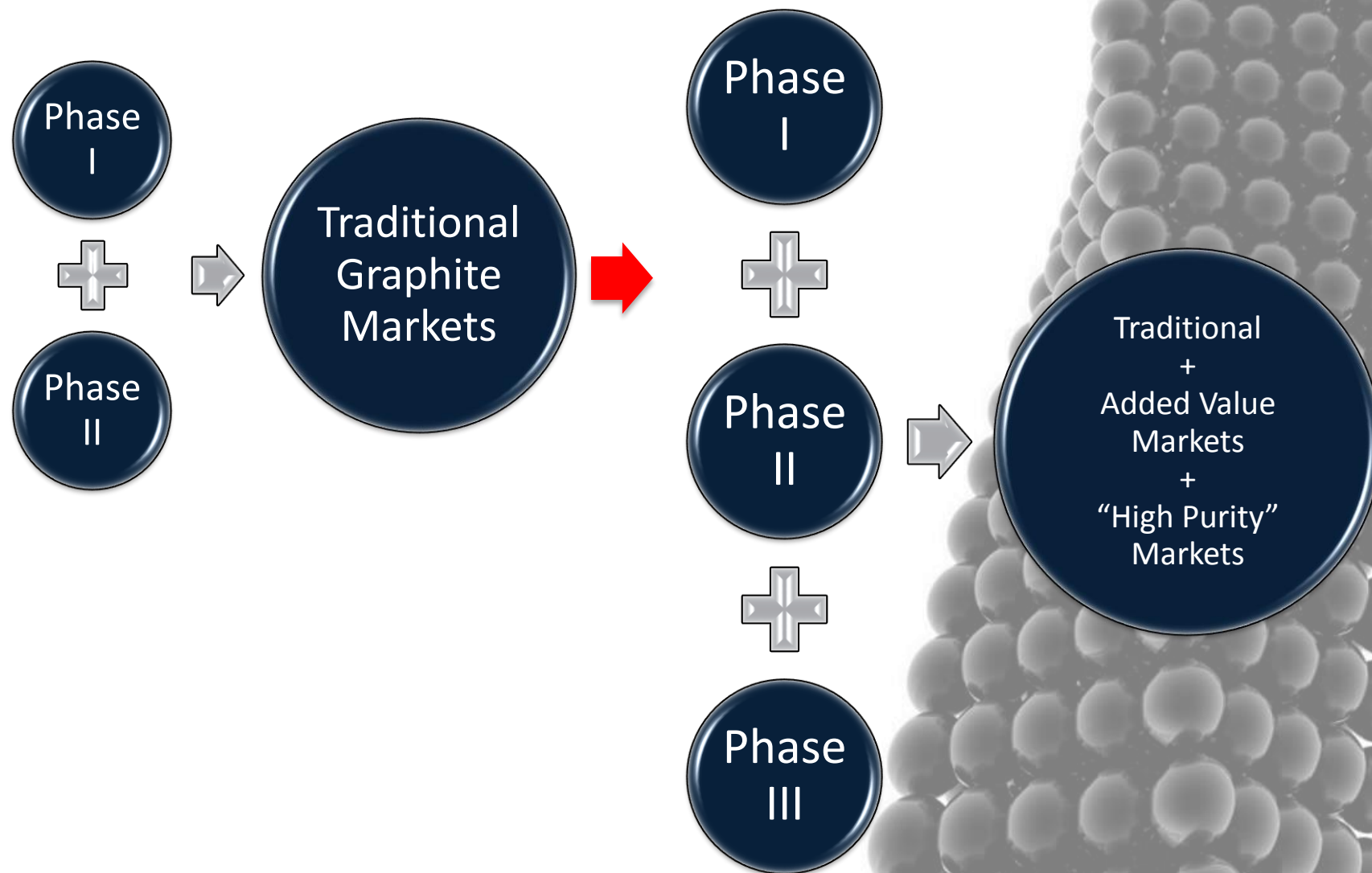
Diverse Products: Each MOU is for multiple products from across Valence Industries flake graphite product range. Demand is there for flake graphite of all sizes and purities.

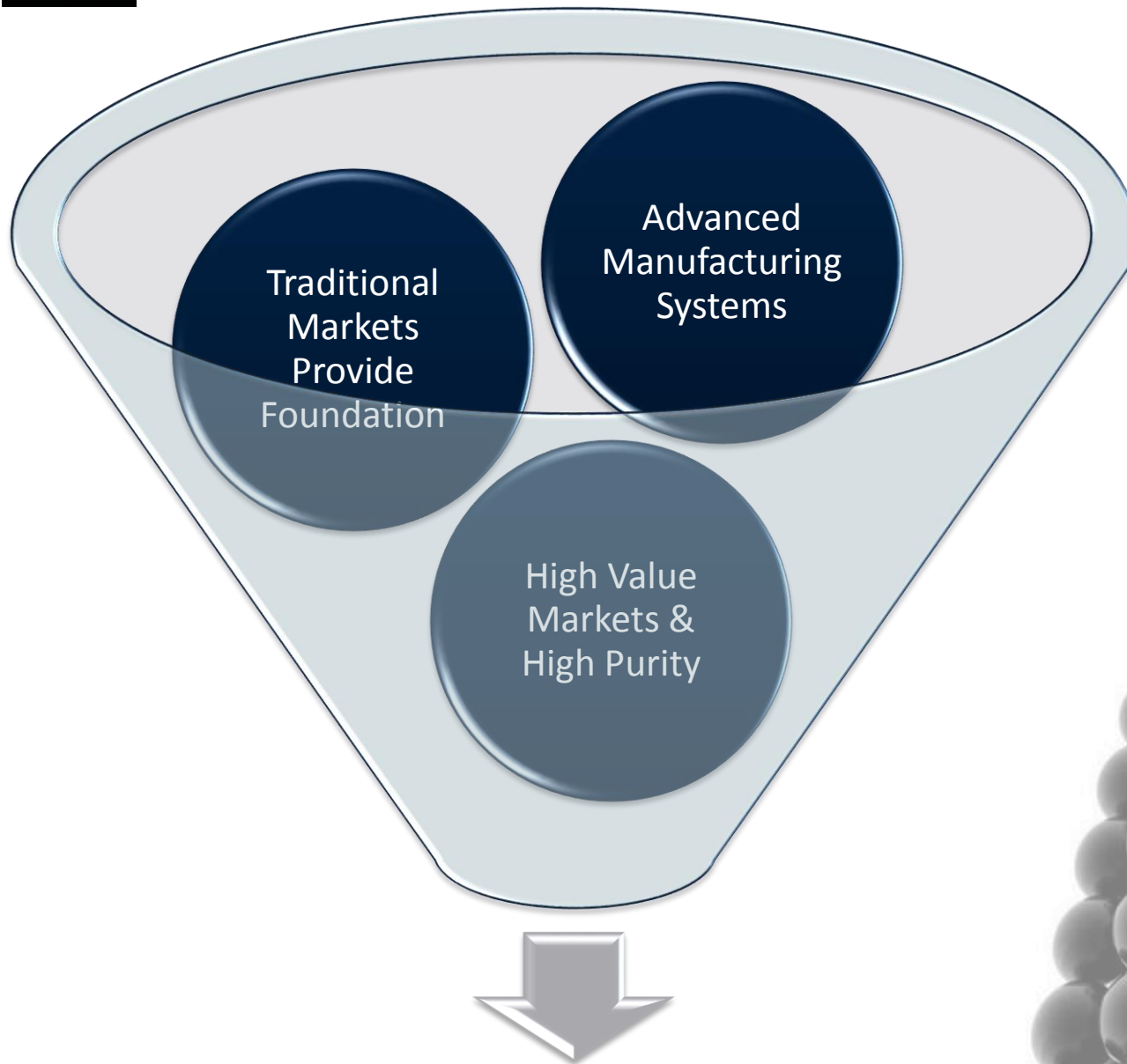
Diverse Applications: MOUs are for supply to customers for use in a large number of applications ranging from foundries and refractories through to batteries and energy storage.

Diverse Regions: MOUs are for the supply of flake graphite production to customers in different regions of the world from Europe to the Asia Pacific.

Diverse Customers: The MOUs are for supply to end user customers and to agents allowing Valence to achieve a spread of sales and market penetration.

Transformation & Growth





STRONG GROWTH STRATEGY

www.valenceindustries.com



Valence Industries

Great Progress in
less than
12 Months

Ready to Produce
Graphite Now
Approval Imminent



**VALENCE
INDUSTRIES**

Feasibility Study –
Engineering, Pit Design,
Sales all progressing

Production Profile &
Profits will be driven by
Customer Knowledge &
Sales Agreements



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