



**VALENCE
INDUSTRIES**

ASIA PACIFIC | EUROPE | NORTH AMERICA

ASX ANNOUNCEMENT

ASX: VXL & VXLO

21 April 2015

New Graphite Sales Agent for Europe Markets

- New Sales Agency Contract for sale of Uley Graphite in Europe
- Contract is for sale of between 22,000t and 25,000t of flake graphite per year for 3 years
- Pricing of sales is forecast at an average price of US\$1,400 per tonne, in line with targets

Valence Industries Limited (the 'Company') is pleased to announce it has signed a new Sales Agency Contract for the sale of Uley Graphite™ into the European market.

The contract is with a UK-based company, which has agreed to act as a representative for Valence Industries in Europe for the marketing and sales of specific flake graphite product lines from the Uley Graphite™ operations outside Port Lincoln, South Australia. The agent previously managed sales of Uley Graphite™ when it was in operation 25 years ago.

The agent (which cannot be identified due to confidential terms) has forecast that it will sell between 22,000 tonnes and 25,000 tonnes of Uley Graphite™ each year over an initial three-year period, with options to extend. The contract commences mid-2015, in line with the production ramp up of the Uley Graphite™ operations that is performing as planned through commissioning.

The pricing of sales under this contract is jointly forecast to be consistent with Valence Industries' targeted average price of US\$1,400 (AU\$1,800) per tonne.¹

Graphite will be marketed for use in the energy and resources sectors through to heavy industrial engineering under the company's **VXL StratGraft™** brand. These market segments in Europe represent strong growth sectors for Valence Industries.



The agreement is the first Sales Agency Contract for the Company. It will add to Valence Industries' capabilities and reach into the European market and help to further expedite the already strong sales process. The Company will work closely with its European agents to manage customer relationships and to provide technical support to customers for these sales.

Valence Industries may consider other sales agency arrangements in other regions and for other graphite product lines and brands to add to the direct customer Sales Contracts and the Memoranda of Understanding already entered into by the Company.

¹ Please see ASX Announcement of 2 January 2015, "Feasibility Study Phase II Expanded Production & Phase III Advanced Manufacturing", noting an average price of AU\$1,669 at a USD:AUD exchange rate of 0.80. This figure in this announcement is expressed at the current USD:AUD exchange rate of 0.78.



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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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