



2 JUNE 2015

ASX: VXL & VXLO

AUSTRALIAN STOCK EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

## **VXL Uley Graphite NPV increases to \$90M**

- **Feasibility Study valuation updated for interim increase in Ore Reserve:**
  - **Graphite Project NPV<sub>10</sub> increased by 38% to \$90M.**
  - **IRR increased to 47%.**
  - **60% increase in mine life to 8+ years**
- **Updated Project NPV of \$90M equates to more than 2x the current market capitalisation of the Company**
- **Revised Feasibility Study highlights compelling commercial viability of the Project**

---

Valence Industries Limited (the 'Company') (ASX: VXL & VXLO) is pleased to announce an update to the valuation contained in its Feasibility Study released on 2 January 2015. The revision indicates a significant increase in estimated returns from the Company's Uley Graphite™ project in Australia.

The analysis in the Feasibility Study has been revised to account for significant upgrades to the project economics based on the 43% increase in graphite Ore Reserve announced on 14 May 2015, with a 60% increase in mine life to 8+ years at up to 64,000 tpa graphite output.

The other parameters and assumptions used in the Feasibility Study remain unchanged.

Key conclusions reached from the review of the financial analysis in the Feasibility Study are:

- |   |                  |
|---|------------------|
| • Post-tax net present value (NPV <sub>10</sub> ) | \$90 million     |
| • Internal rate of return (IRR)                   | 47%              |
| • Total ore mined                                 | 2,917,000 tonnes |
| • Average head grade                              | 12.1%            |
| • Life of mine                                    | 8.3 Years        |

Recently announced metallurgy results from production at the Company's graphite processing plant at the Uley Graphite™ site showing 71% of product output is in higher market value, large flake sizes of 150µm (+100 mesh) are not included in this analysis but support the view that average prices assumed in the feasibility study are conservative.

The increase in estimated project returns does not at this stage attribute any value to the Company's strategy to increase production of higher value, advanced manufactured graphite product from 5% of output, as assumed in the January 2015 Feasibility Study, to 40% of total output.

The resource expansion program continues and with the recently announced 43% increase in graphite Ore Reserves only based on completion of 35% of the program. Any additional increase in



reserves from the balance of the drilling program would be expected to have a further positive impact on project returns.

Valence Industries MD and CEO Mr Christopher Darby commented:

“This significant and highly positive revision to the Feasibility Study for the Uley Graphite™ Project highlights its compelling commercial viability. Furthermore, the Project’s significant uplift in NPV to \$90m suggests significant value upside in the company as this equates to more than double Valence Industries’ current market capitalisation.”

*For further information, please contact:*

*Investor enquiries:*

Christopher S. Darby  
CEO & Managing Director  
info@valenceindustries.com  
+61 8 8215 6400

*Media enquiries:*

Rebecca Lawson  
Associate Director, Media & Capital Partners  
Rebecca.lawson@mcpartners.com.au  
+61 433 216 269

---

**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 information contained in this report is based on the same key assumptions announced in the Company’s feasibility study on 2 January 2015 “VXL Feasibility Study and Advanced Manufacturing” except for an update to the Ore Reserve underpinning the Production Target.*

*The Ore Reserve underpinning the Production Target referenced in this announcement has been derived from the Company’s announcement dated 14 May 2015 “Major Increase to Graphite Ore Reserve and Mine Life” - the Company confirms that it is not aware of any new information or data that materially affects the information included in this announcement relating to the Ore Reserve and that all material assumptions and technical parameters underpinning the estimates for the Ore Reserve in this announcement continue to apply and have not materially changed.*