



Valence Industries

Manufacturing our Carbon Future

Asia Pacific | Europe | North America

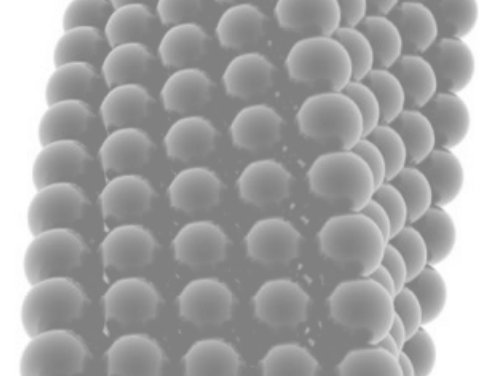
September 2014

Christopher S. Darby
CEO & MD

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.

© Valence Industries Limited
ASX : VXL
ASX : VXLO



Disclaimer

This presentation includes certain statements that may be deemed forward-looking statements. All statements in these presentation materials (other than statements of historical facts) which address future production, reserve potential, exploration activities and events or developments that the Company expects, are forward-looking statements. Such forward-looking statements include, without limitation: (i) estimates of future graphite prices, supply, demand and/or production; (ii) estimates of future cash costs; (iii) estimates of future capital expenditures; (iv) estimates regarding timing of future development, construction, production or closure activities; (v) statements regarding future exploration results; (vi) statements regarding cost structure, project economics, or competitive position, and; (vii) statements comparing the Company's properties to other mines, projects or metals. Although the Company believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance, that the Company expressly disclaims any responsibility for revising or expanding the forward-looking statements to reflect actual results or developments, and that actual results or developments may differ materially from those projected, in the forward-looking statements.

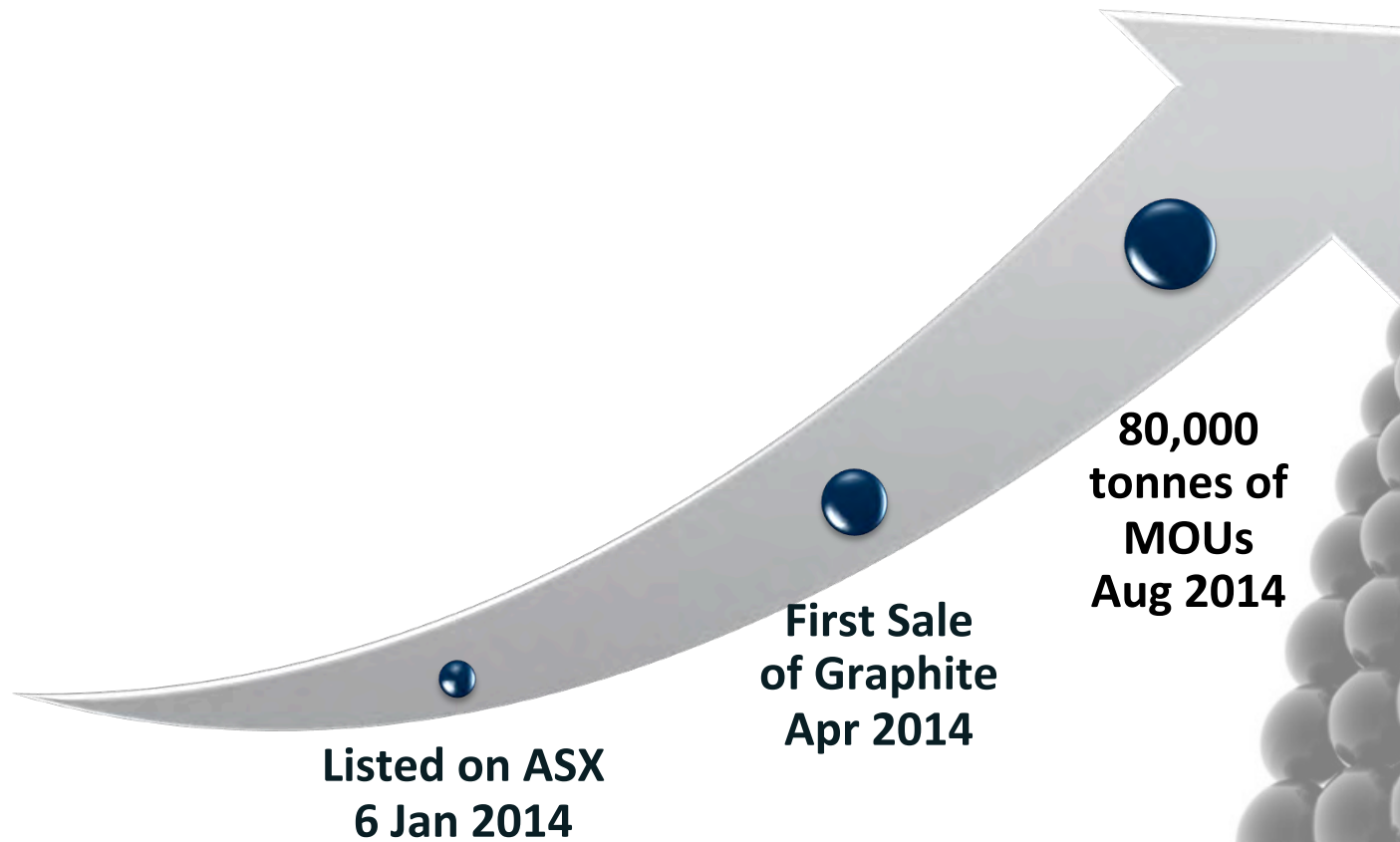
No representation or warranty is given by the Company as to the accuracy or completeness of the information contained in this presentation. Neither the Company nor its officers or employees accept responsibility or liability (to the maximum extent permitted by law) for any loss of damage suffered or incurred by any other person or entity however caused and relating in any way to these presentation materials including, without limitation, the information contained in the presentation material and its accuracy, completeness, currency or reliability. This presentation does not constitute a recommendation regarding the securities of the Company, and should not be construed as legal or financial advice. It has been prepared for information purposes only and contains general summary information and does not take into account the circumstances of any individual investor. Prospective investors in the Company are encouraged to obtain separate and independent advice with regard to any investment in the Company. By accepting the presentation materials, the recipient agrees to keep permanently confidential the information contained herein.

The information in this presentation which relates to Indicated and Inferred Mineral Resources compiled in accordance with the JORC Code 2012 is based on information supplied by Ms. Karen Lloyd, Mr. Ingvar Kirchner and Ms. Ellen Maidens as detailed in the Company's Replacement Prospectus released as an ASX announcement on 18 November 2013. 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 and have not materially changed. The Company confirms that the form and 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 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 their information in the form and context as it appears.

Photographs, maps, charts, diagrams and schematic drawings appearing in this presentation are owned by and have been prepared by or commissioned by the Company, unless otherwise stated. Maps and diagrams used in the presentation are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this presentation. By accepting this presentation the Recipient agrees to be bound by the foregoing statements.



Valence Industries 2014





Corporate Overview

ASX Code: VXL & VXLO

Ordinary Shares on issue	168.4m
Options on issue	68.6m
Market cap (@70 cents) (COB: 2/9/14)	\$118m
Cash (End Q2 2014)	~\$6.9m
Debt	Nil





Corporate Overview

Major Shareholders

Strategic Energy Resources Ltd (Restricted)	12.94%
Avatar Energy Pty Ltd	4.56%
EERC Australasia Pty Ltd (Restricted)	3.94%
HSBC Custody Nominees (Australia) Ltd	3.50%
Chimaera Capital Ltd	2.65%

Top 20 shareholders hold 46.28%

Directors & Senior Management

Graham Spurling AM, Chairman

Christopher S. Darby, CEO & MD

Glenister Lamont, Non-exec Director

Ian Schache, Non-exec Director

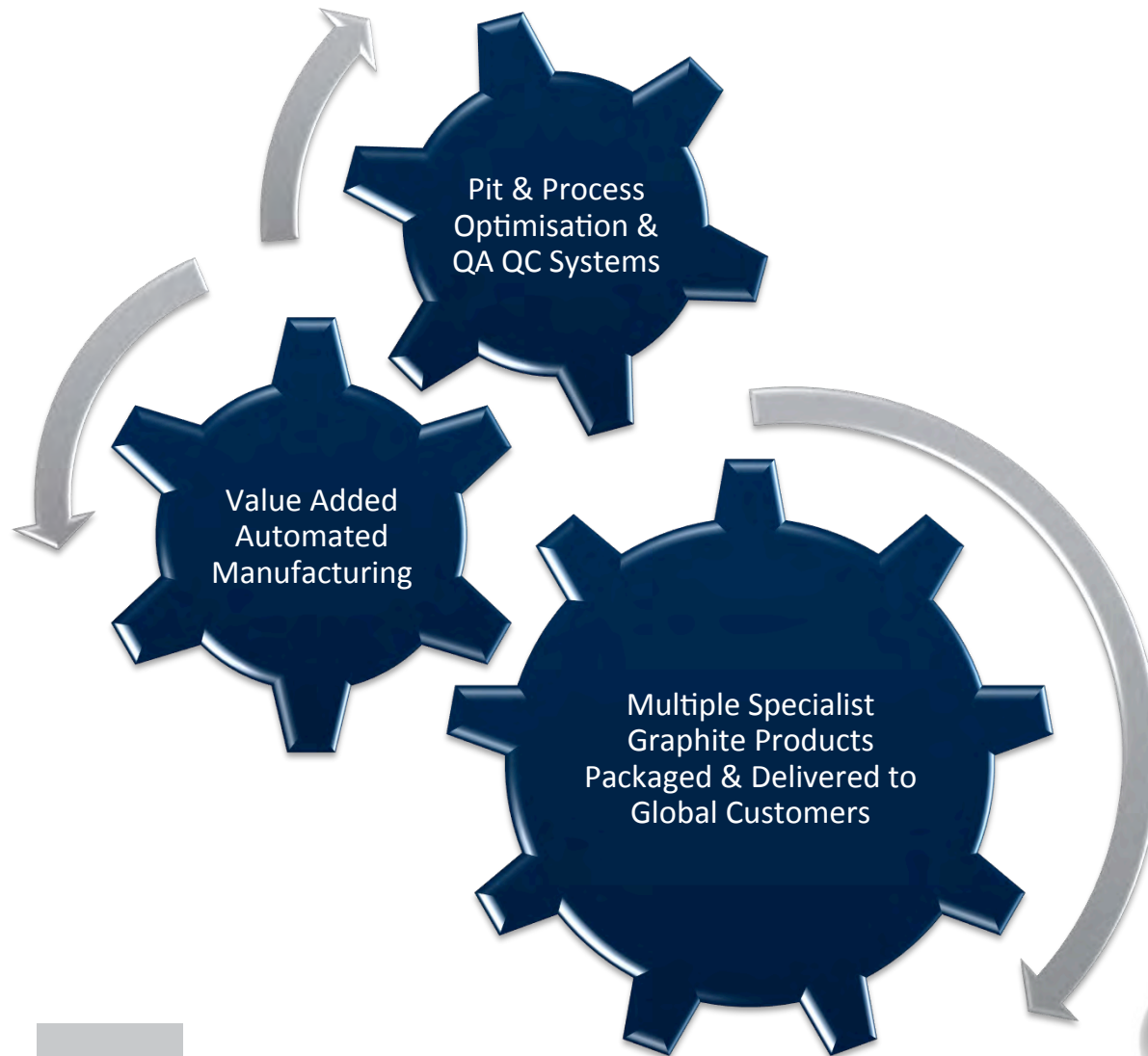
Jarek Kopias, CFO & Co. Sec.

Karen Lloyd, GM Technical Delivery

David J. Salari (P.Eng), Chief Dev. Officer



Vertically Integrated Manufacturing





Uley Graphite Three Phases

Phase I

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

2014

Phase II

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

2014 - 2015

Phase III & IV

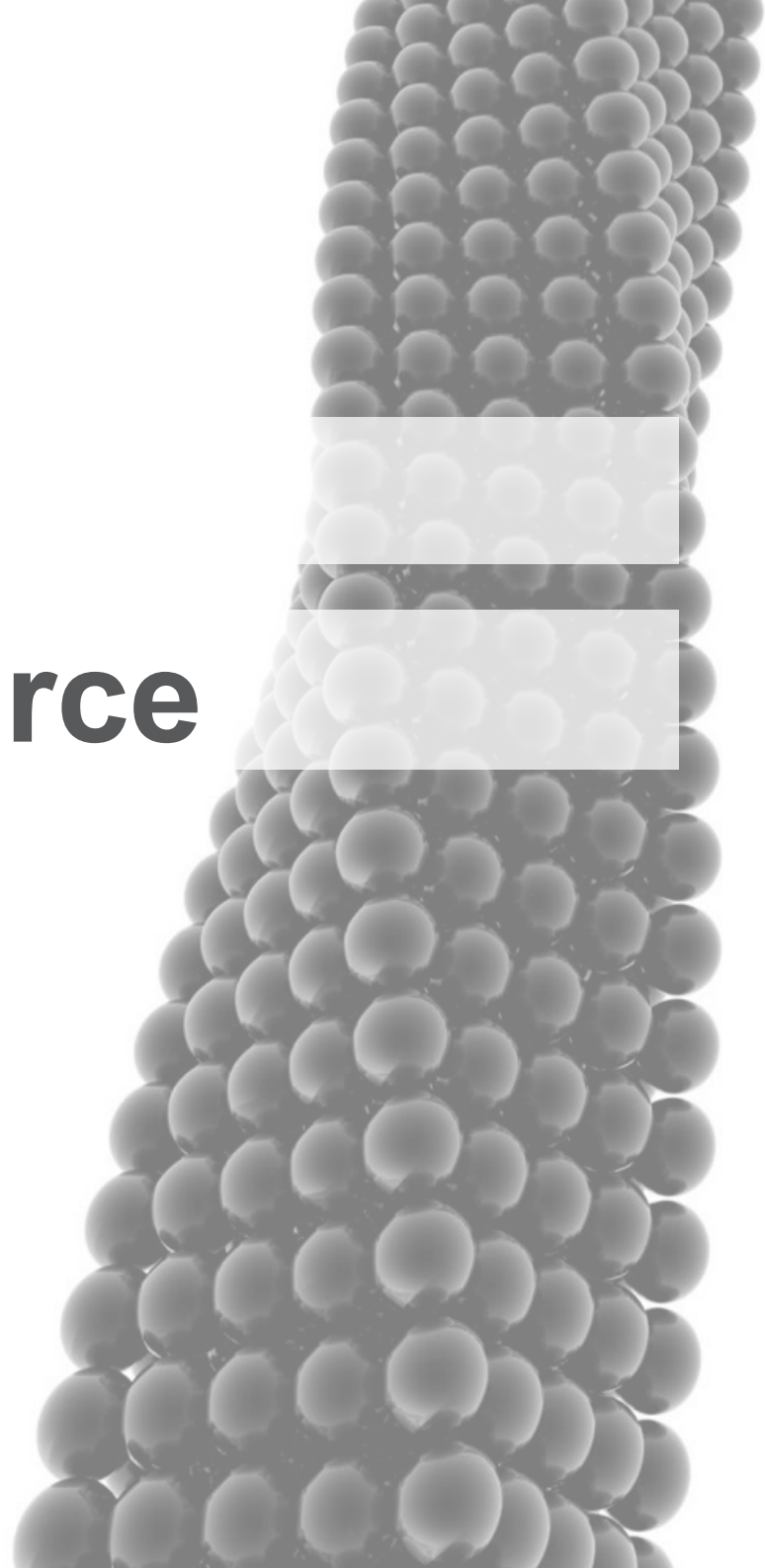
Complete Studies
High Purity Processing
Significant Value Add
Direct Entry Tech &
Battery Markets
Associated Graphene
Research Program
New & Disruptive
Technologies
Advanced
Manufacturing

2014 - 2016



Valence Industries

Geology & Resource





Resource Update



Valence Industries Uley Graphite Main Road Open Pit #1 (JORC 2012)

Resource Classification	Lower Cutoff Grade (% Graphitic Carbon)	Tonnage (Mt)	Average Grade* (% Graphitic Carbon)
Indicated	3.5	1.9	10.7%
Inferred	3.5	4.5	5.5%
Total		6.4	7.1%

**see JORC Statement on Page 2



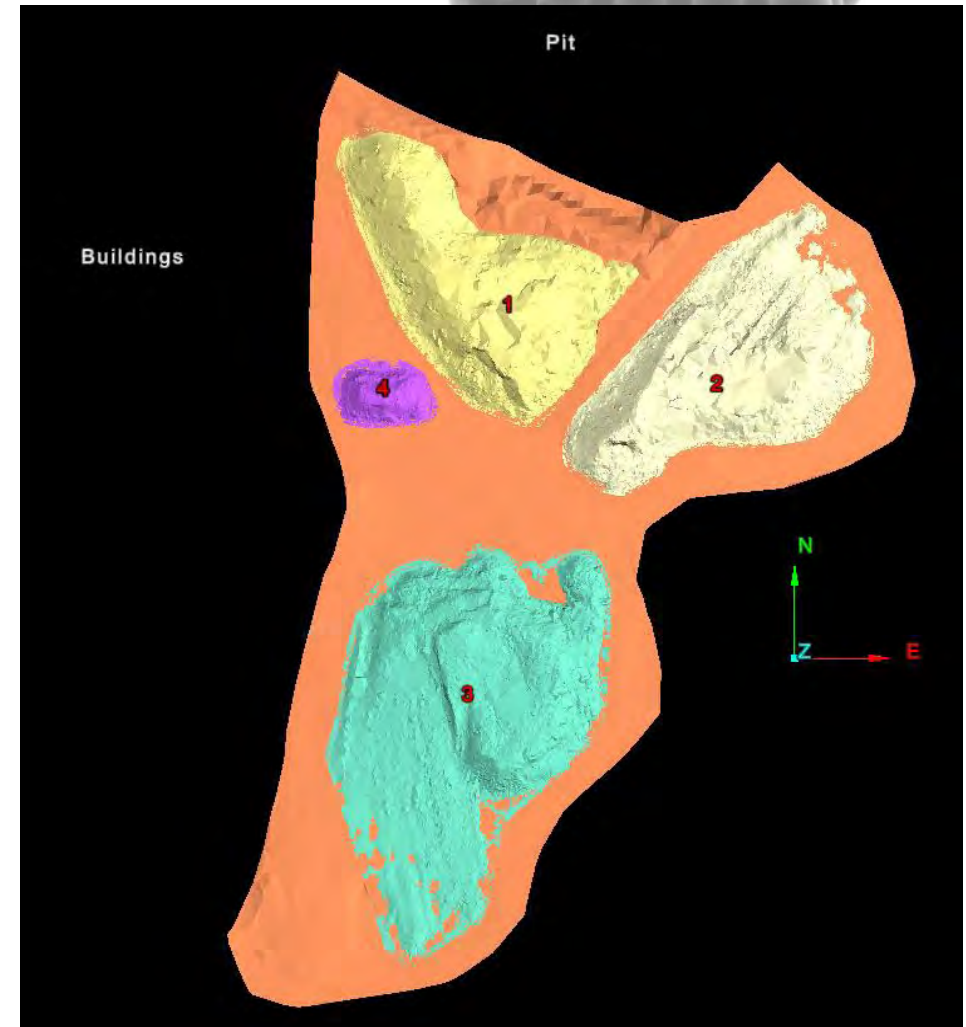
ROM Stockpiles

**Total 174,000 tonnes
@ 6.23% Graphitic Carbon**

Stockpile	Volume m ³	SG	Tonnes
1	25,903	2.5	174,000
2	18,161	2.6	
3	24,748	2.4	
4	1,406	2.1	

Independent Survey (Maptek 2014)
ISO 9001 Assay (ALS Adelaide, 2014)

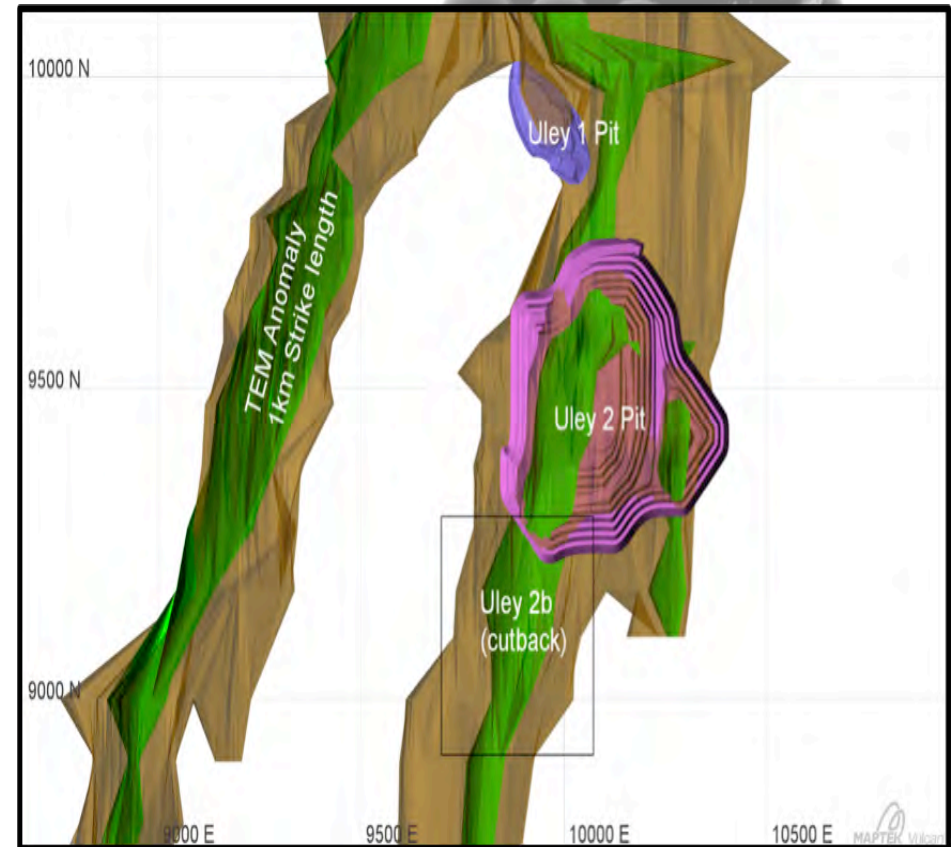
****see JORC Statement on Page 2**





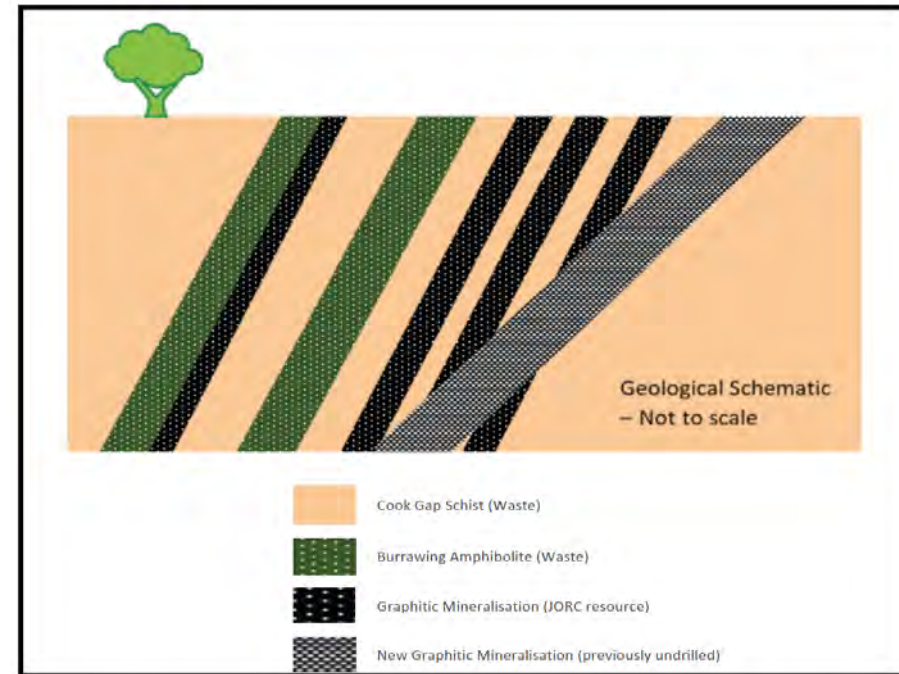
2014 Drilling campaign

- In fill drilling campaign completed
- Assay results underway
- Geo-model indicates old Uley Pit 1 did not intersect high grade zones (GREEN) *(despite sitting on regional geophysical high)*
- Uley Pit 2 (PINK) targeting fold limb extension of Uley Pit 1
- Uley Pit 2 is across higher grade zones & has simpler geology *(discrete & continuous lodes)*
- Initial grades higher than anticipated
- Discovery of new mineralised graphitic zone
- Revised JORC statement in 6-8 weeks



2014 Drilling campaign

- Revised model indicates continuous lodes dipping west (*representational schematic shown opposite*)
- Assays indicate high grade flake
- Hole MD600 29.8% graphite over 16m including 38% graphite over 10m (*in area of previously known graphite mineralisation*)
- New graphite zone discovered (*mineralised pegmatite*)
- Visual interpretation of new zone indicates high grade graphite (*full assays pending*)

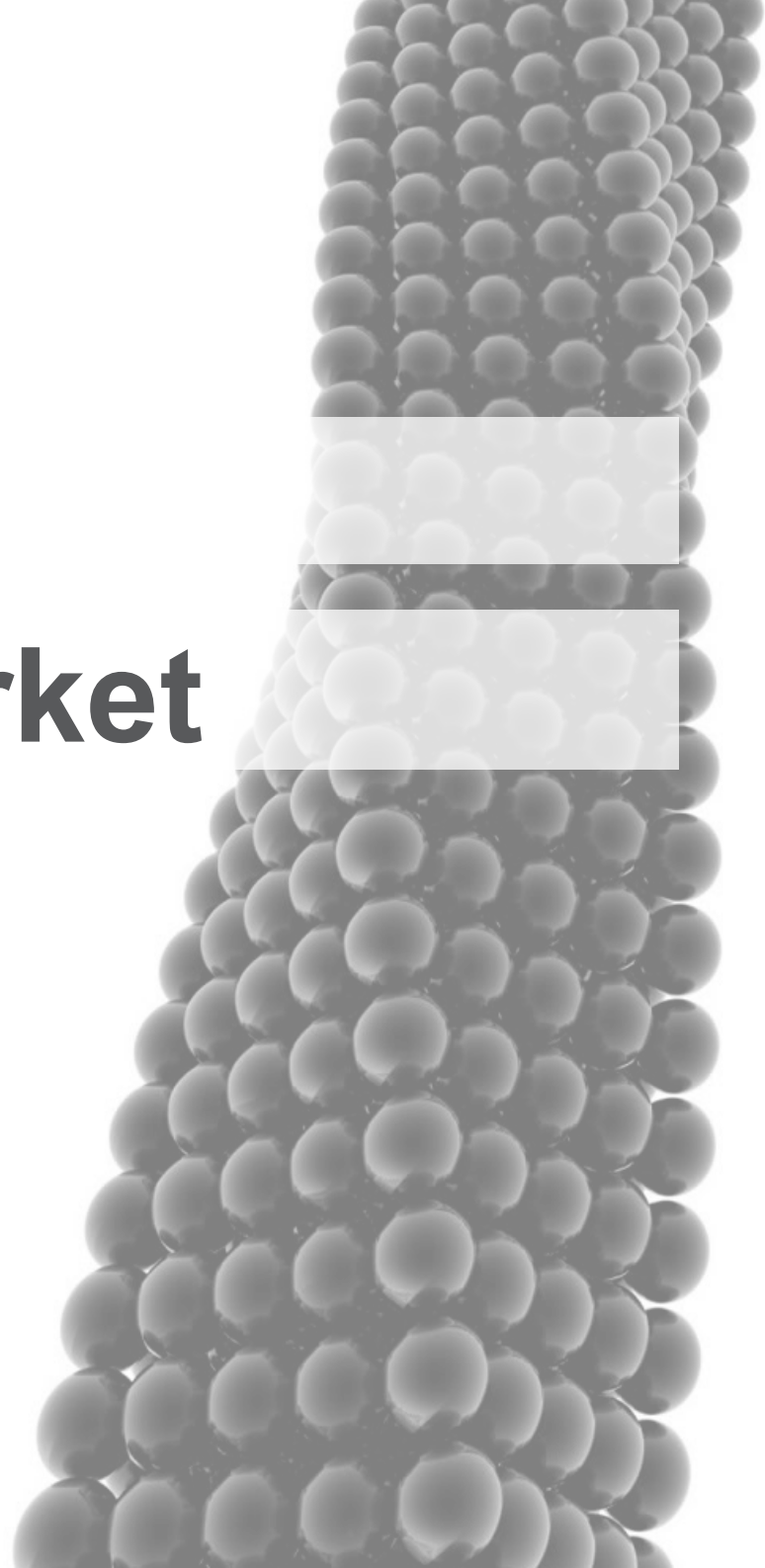


Core sample from new pegmatite zone



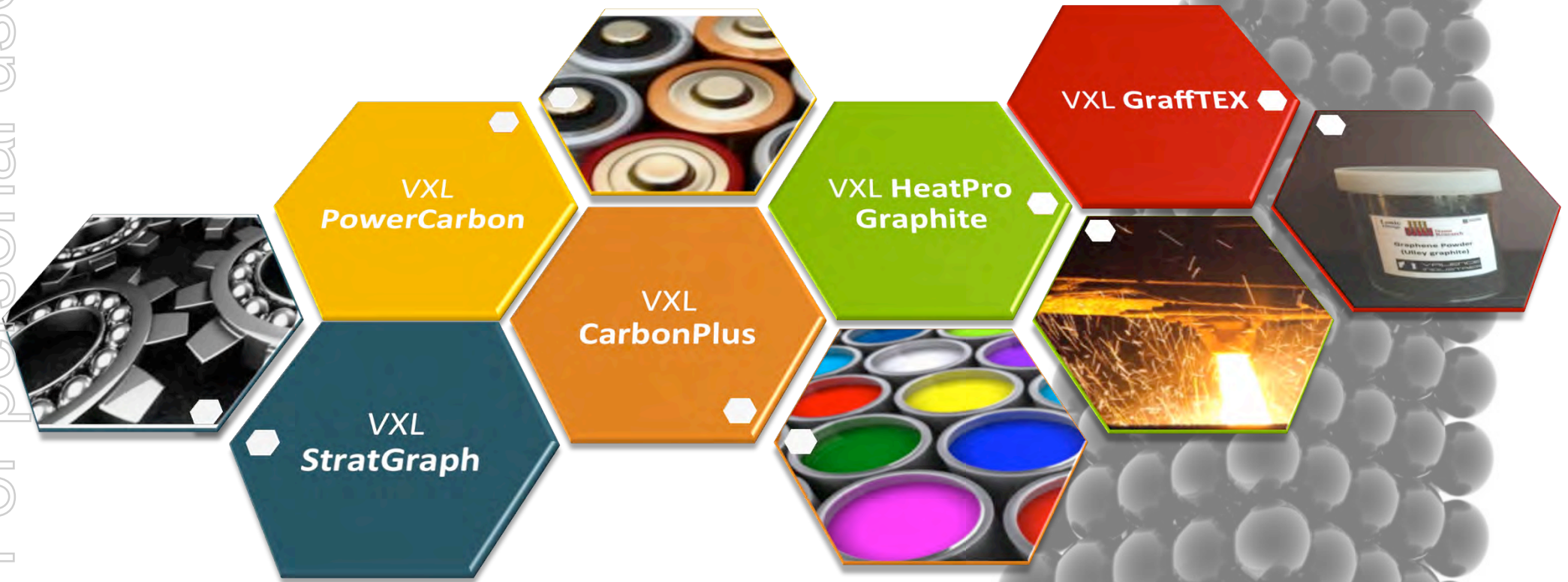
Valence Industries

VXL Graphite Market



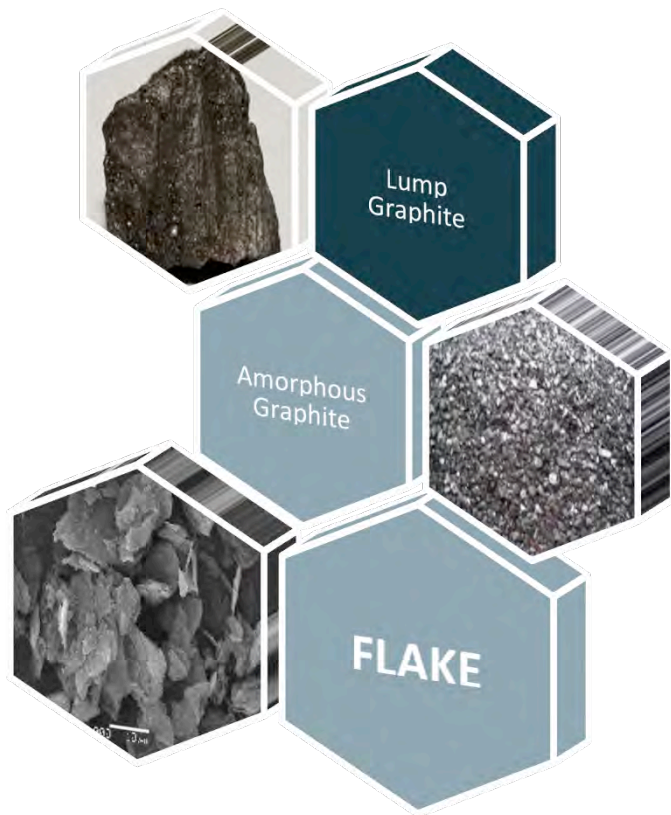


VXL Graphite Products



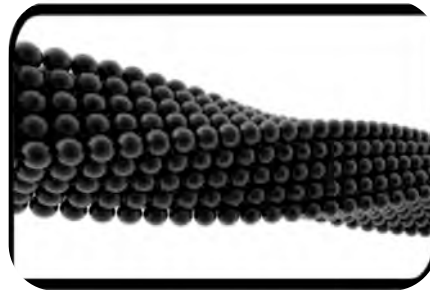


Graphite Facts



HIGH PURITY FLAKE GRAPHITE IS IN VERY LIMITED SUPPLY

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



- Valence manufactures high purity 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 Product Ranges

- Broad range of graphite products
- Globally diversified by region
- Product review initiated using historical production stored at site
- Valence seen as a politically stable source of supply for customers



+595

- Premium Product + High Demand
- Consistent High Purity + High Quantity

+895

- Premium Product + High Demand
- Consistent High Purity + High Quantity

+195

- High Quality + Sustained Demand
- Consistent High Purity + Consistent Quantity

-195

- High Quality + Sustained Demand
- Consistent High Purity + Consistent Quantity

-295

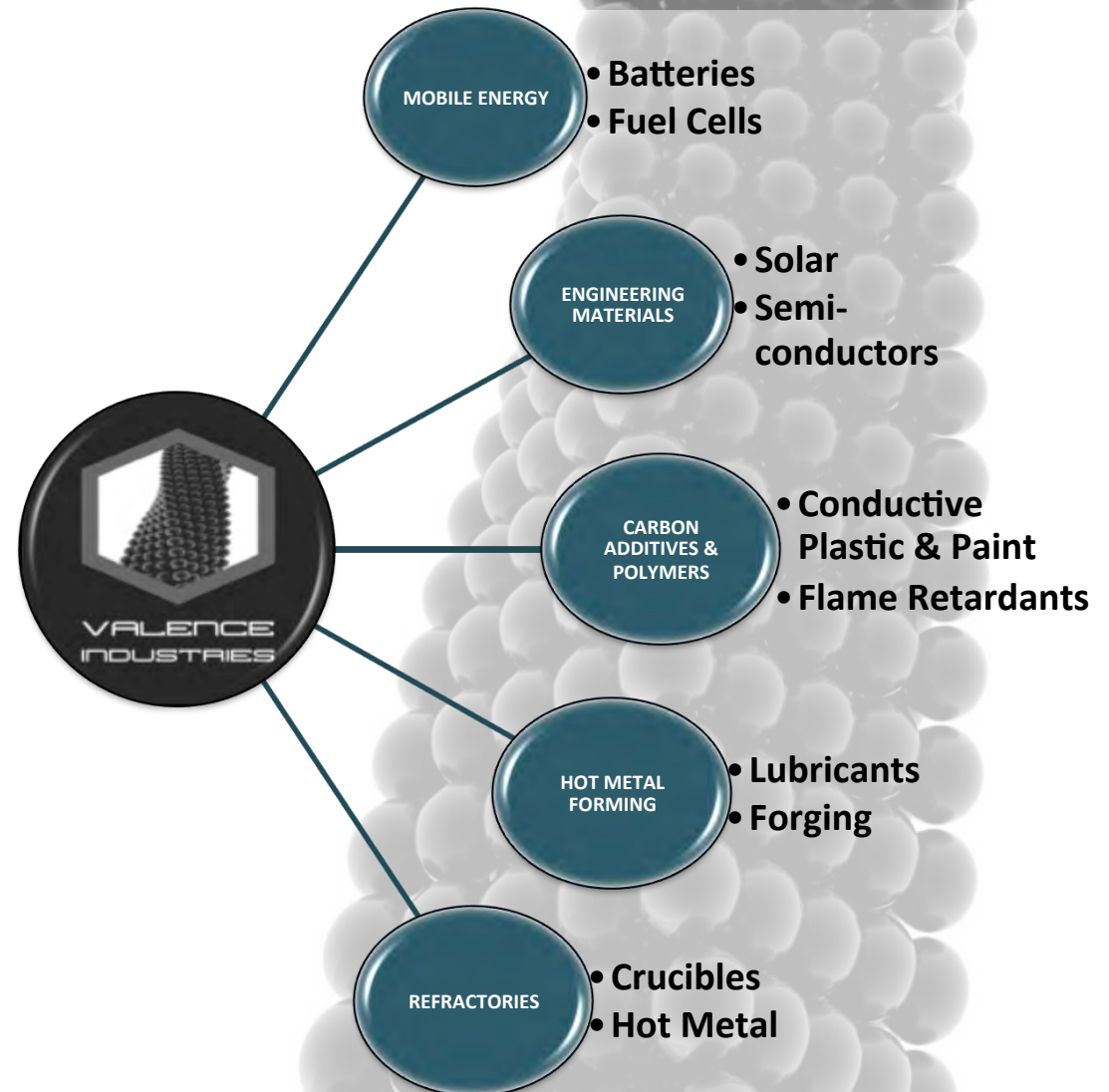
- High Quality + Increasing Demand
- New Applications + New Markets
- Consistent High Purity + Consistent Quantities

Illustrative of selected VXL +50 Mesh 95% Graphite Products



Commercialisation & Sales

- Phase I & Phase II first target traditional markets as baseline (*refractories, crucibles, foundry applications and lubricants*)
- Phase III targets specialist & high purity markets (*batteries, fuel cells etc*)
- Customer engagement and product review process takes a long time (*Uley Graphite products have been in qualification process for 2+ years*)
- Long term strategy - value add & build on direct relationships with customers
- Ongoing strategy - diversify customer base across end markets & geographic regions





MOUs Exceed 80,000 t

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



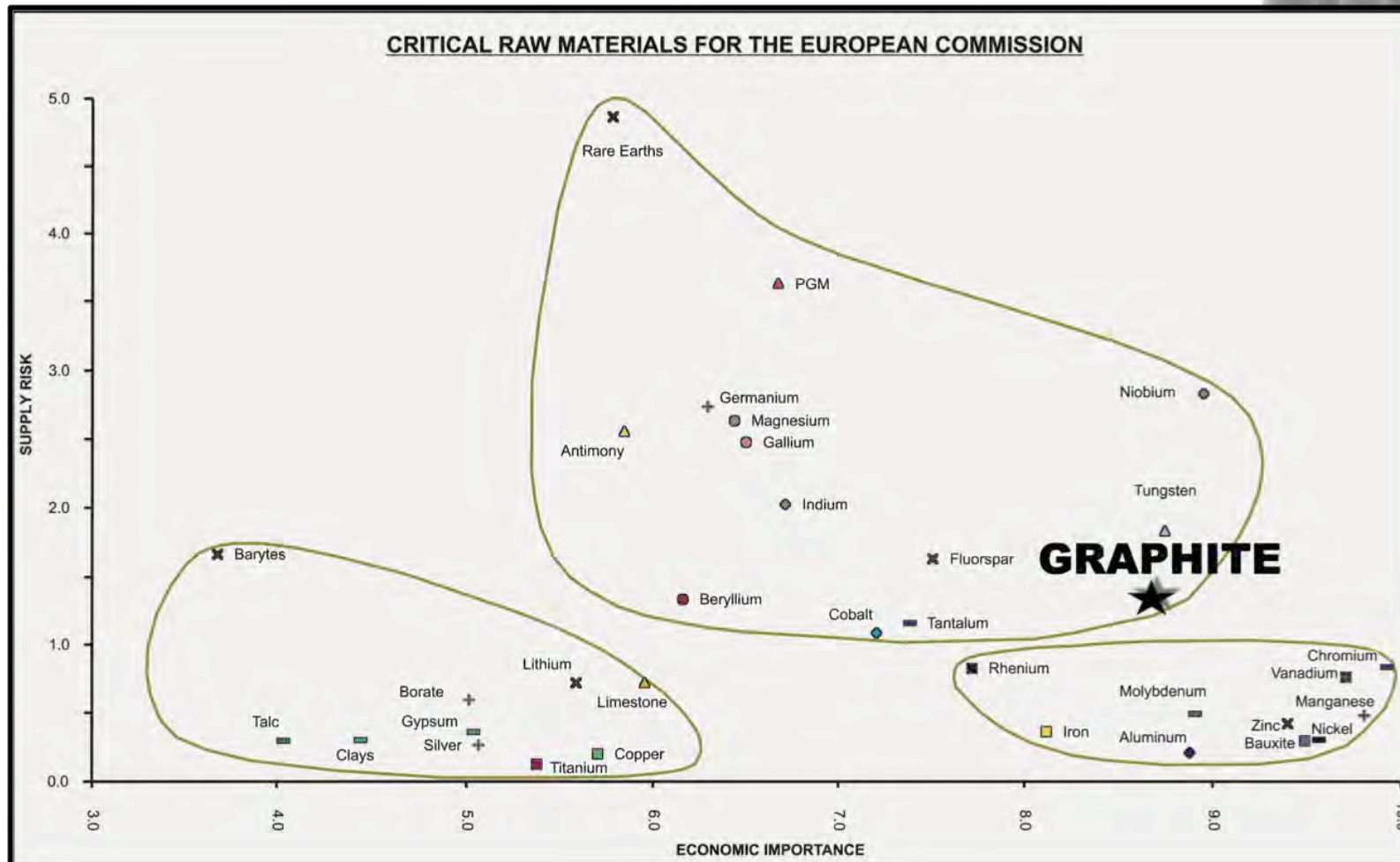
Diverse Products: Each MOU is for multiple products from across Valence Industries flake graphite product range. Demand is there for flake graphite of all sizes and purities.

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.

Critical Material



Strategic & Critical for industrial nations including USA & European Commission



Valence Industries Summary

Existing Facility

- Existing Graphite Resource, Mine & 14,000 tpa Processing infrastructure
- 6.4 Mt JORC 2012 Indicated & Inferred Resource @7.1% TGC + exploration upside
- Proven past production of high quality Flake Graphite

Production & Sales

- Initial sales of large flake >95% purity graphite commenced in April
- Processing of stockpiles for 9 to 12 months from 2014 through 2015
- Strong expressions of interest from major global customers

Rapid Growth Program

- New Phase II plant planned to be in production in 2015
- Phase III High Purity Program
- Phase IV Graphene Program



Contact

Christopher S. Darby
CEO & Managing Director
Valence Industries Limited



info@valenceindustries.com | +61 8 8418 8564

For personal use only



www.valenceindustries.com