



VALENCE
INDUSTRIES

ASIA PACIFIC | EUROPE | NORTH AMERICA

ASX ANNOUNCEMENT

ASX: VXL & VXLO

Friday, 19 September 2014

SHARE PURCHASE PLAN UNDERWRITTEN

- Share purchase plan permits all shareholders to participate.
- Underwriting of \$3M provided for SPP by Patersons.

Share Purchase Plan

As announced on 18 September 2014, Valence Industries (ASX: VXL & VXLO) is offering a Share Purchase Plan to all eligible shareholders in Australia and New Zealand at an issue price of 70 cents per Share (**SPP**).

The SPP permits all eligible shareholders to participate on the same basis as the recent placement by the Company.

SPP Underwriting

The Company is pleased to confirm that it has entered into an underwriting agreement with Patersons Securities Limited (**Patersons**).

Pursuant to the underwriting agreement Patersons will underwrite the SPP up to the amount of \$3,000,000, subject to standard terms and conditions. Patersons has also agreed to act as the lead manager to the SPP.

Use of Funds

The funds raised under the SPP will be used for the same purposes as the recent placement. In particular, the funds will be used to complete the feasibility study process, assess new high grade mineralisation, permit early work on Phase II and for operating capital requirements.

Further details of the underwriting arrangements, and the terms and conditions of the SPP, will be set out in an offer letter that will be sent to shareholders on Friday 26 September 2014.

For further information, please contact:

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The information in this announcement that relates to the in situ Mineral Resources is based on, and fairly represents, the Mineral Resources and information and supporting documentation extracted from the report, which was prepared by a competent person in accordance with the JORC Code (2012 edition) and released to ASX by the Company on 18 November 2013. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. All material assumptions and technical parameters underpinning the Mineral Resource estimates in that previous release continue to apply and have not materially changed.

Competent Persons Statement – In-Fill Drilling Campaign

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.



VALENCE INDUSTRIES

About Valence Industries & Graphite Manufacturing

Valence Industries (ASX:VXL & VXLO) is the owner and operator of the only graphite mining and manufacturing facilities in Australia located at Uley in South Australia near the major regional centre of Port Lincoln. In April 2014 and just four months after listing on the ASX, Valence Industries achieved the first sales of graphite by an Australian company in more than 20 years and recently signed MoUs for the supply of 80,000 tonnes of graphite over a period of 2+ years.

The Company is bringing its existing plant and substantial infrastructure into production in Phase I with a focus on global markets across multiple graphite product ranges. Graphite production will commence in the second half of 2014, with plans for expanded mining and graphite manufacturing in Phase II increasing through 2015.

Located only 23 kilometres from Port Lincoln, the regional centre for the Lower Eyre Peninsula in South Australia, Valence Industries' Uley Graphite project is recognised as a significant area of graphite mineralisation, and one of the largest coarse flake graphite deposits in the world. The deposit contains disseminated, high-grade flake graphite and the mineralisation is near surface, with the final manufactured graphite products recognised and purchased by many customers for its high quality.

The company holds two existing Mining Leases and two associated Retention Leases, along with an extensive Exploration Licence, for the conduct of its operations. The company anticipates regulatory works approval verification during the September Quarter of 2014.

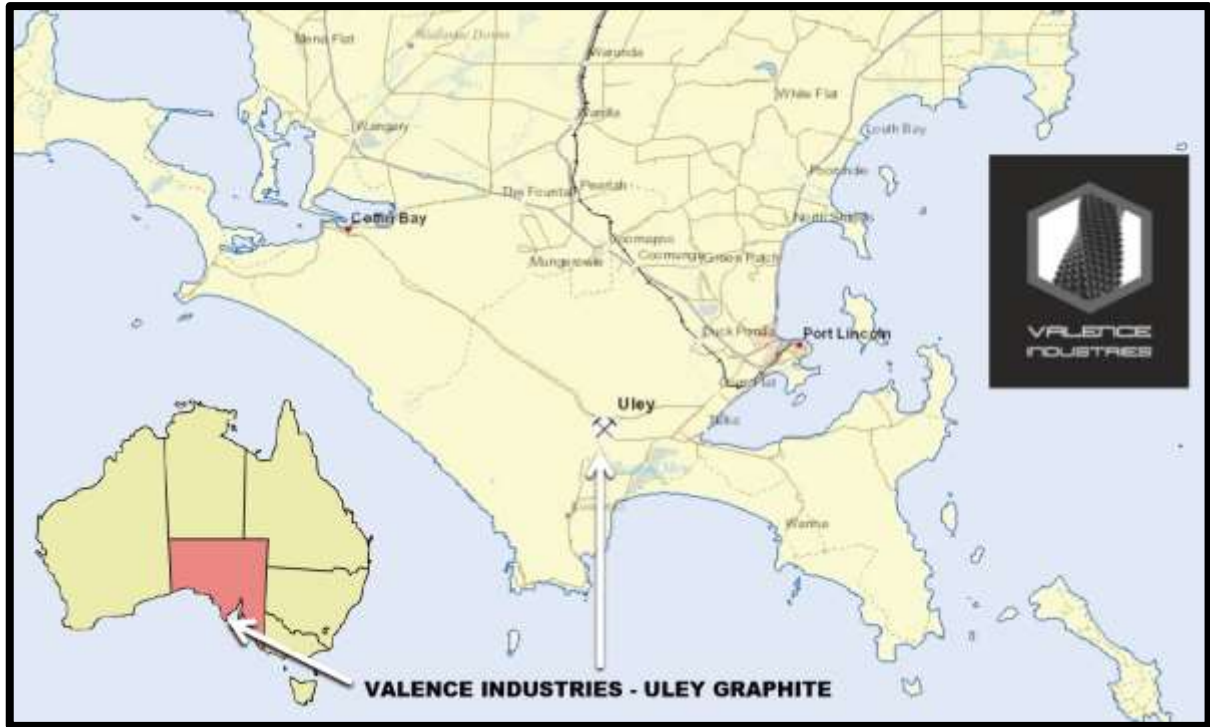
Valence Industries is in the fortunate position of owning the land on which its current and proposed expanded operations are conducted along with the extensive existing infrastructure.

Manufacturing A New Carbon Future & Advanced Graphene Program

The Company operates as an industrial manufacturer of high-grade flake graphite products for distribution and sale to global markets. Valence Industries owns established processing facilities and infrastructure to manufacture a wide range of graphite product lines for multiple applications and multiple industries.

The Company produces and sells its graphite products from its Uley Graphite facilities in regional South Australia for delivery to diversified markets for graphite in the Asia Pacific, Europe and North America. As a vertically integrated manufacturer of specialist graphite product ranges Valence Industries' branded products are designed to meet current and future customer demand.

The Company is also pursuing research into advanced fields and applications for graphite. That program includes the relationship with the University of Adelaide for the establishment of a dedicated Graphene Research Centre in Adelaide. Graphene is one of the most significant steps forward in the world of advanced materials with the potential for transformative and disruptive technologies and the leading research in this area from the University of Adelaide on natural flake graphite has originated from work on the Company's Uley Graphite. The Graphene Research Centre program will see the development and commercialisation of processes and products for the application of graphene.



**VALENCE INDUSTRIES
ULEY GRAPHITE MINING & MANUFACTURING SITE
SOUTH AUSTRALIA, AUSTRALIA**