



VALENCE
INDUSTRIES

ASIA PACIFIC | EUROPE | NORTH AMERICA

Tuesday, 3 March 2015

Ms Belinda Mai
Advisor, Listings Compliance (Sydney Interstate)
ASX Compliance Pty Ltd
20 Bridge Street
SYDNEY NSW 2000

ASX ANNOUNCEMENT

ASX: VXL & VXLO

ASX price query

We refer to your letter dated 3 March 2015 in relation to the change in price of Valence Industries Limited (the "Company") securities from a high of \$0.335 to a low of \$0.265 today, at time of issue of the letter.

The Company responds as follows to your questions:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

No.

2. If the answer to question 1 is "yes" is the entity relying on Listing Rule 3.1A?

Not applicable.

3. If the answer to question 1 is "no", is there any other explanation that the Entity may have for the recent trading in its securities?

The Company has recently made an announcement ("Managing Director's address at General Meeting" 19 February 2015) in relation to progress to date and forward strategy for the Company. The key points in the recent announcement include:

- ***Graphite production is now underway from existing Stockpiles and is being increased progressively;***
- ***Strong customer demand exceeds current production capacity;***
- ***Export shipments are expected to commence in the current quarter;***
- ***Feasibility Study has been completed for Phase II plant expansion to 64,000 tpa; and***

- ***The Company has received multiple term sheets for project finance and Negotiations for Phase II financing is expected to be concluded by April 2015.***

The latest announcement is an accurate update of the Company's progress and the Company has no explanation for the recent trading in the Company's securities.

4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

The Company confirms that it is in compliance with the listing rules and, in particular, Listing Rule 3.1.

Yours Faithfully,



Jaroslaw (Jarek) Kopias
CFO & Company Secretary

For further information, please contact:

Christopher Darby
Chief Executive Officer & MD
Valence Industries
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+61 8 8418 8564

3 March 2015

Mr Jarek Kopias
 Company Secretary & CFO
 Valence Industries
 60 Hindmarsh Square
 Adelaide, SA 5000

Email: jkopias@valenceindustries.com

Dear Jarek,

Valance Industries Limited (the “Entity”): ASX price query

We have noted a change in the price of the Entity’s securities from a high of \$0.335 to a low of \$0.265 down 20.9% today, 3 March 2015.

We also note an increase of trading volume of the Entity’s securities.

In light of the price decrease, ASX asks you to respond separately to each of the following questions:

1. Is the Entity aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
 - a) Is the Entity relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

 Please note that the recent trading in the Entity’s securities would suggest to ASX that such information may have ceased to be confidential and therefore the Entity may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

 Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that the Entity may have for the recent trading in its securities?
4. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **1:30pm (AEDT) Tuesday, 3 March 2015**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at belinda.mai@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

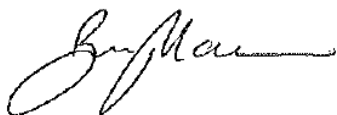
- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely



Belinda Mai
Listings Adviser, ASX Listings Compliance

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