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ASIA PACIFIC I EUROPE I THE AMERICAS

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# VALENCE SIGNS 3 YEAR GRAPHITE SALES CONTRACT

- Multi-year, multi-product Sales Contract signed with major customer
- Flake graphite sales in excess of US$50M over three years
- Key step in meeting conditions for initial syndicated finance facility

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Valence Industries (the 'Company') is pleased to announce that it has signed a binding three year multi-product graphite sales contract with a new customer.

The contract with this Asia Pacific based customer is significant as it provides for sales in excess of US$50 million (A$67.6M) over the next three years. This major customer will be purchasing graphite for use in industries including Aluminium, Steel, Metallurgical, Chemical, Refractory, Ceramics, Construction, Plastics and Rubber and Expandable Graphite Products.

The new sales contract focuses on the Company's coarser flake graphite production which matches known production capability and mine signature. The benchmark pricing under the sales contract exceeds Valence Industries' previously announced weighted average price of US$1,335 per tonne and includes take or pay provisions on the volumes ordered. This sales contract is in addition to the Heads of Agreement and adds to the multiple existing sales contracts entered into by Valence Industries.

The delivery profile in the contract is timed to match production from the Company's existing Uley Graphite™ facilities. This customer will be supplied initially from the existing 14,000 tpa plant and then from the expanded production facilities.

Valence Industries is ramping up the level of current production from its existing facilities to reach full production capacity by the end of September 2015. Shipments will progressively increase over that period in line with customer orders as production rates increase and volumes for specific orders (in purity and sizing) are produced.

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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.*

*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.*

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