



**VALENCE  
INDUSTRIES**

ASIA PACIFIC | EUROPE | NORTH AMERICA

2 December 2015

ASX: VXL & VXLO

**AUSTRALIAN STOCK EXCHANGE ANNOUNCEMENT & MEDIA RELEASE**

**ULEY OPERATIONS UPDATE**

Valence Industries Limited (the 'Company' or 'Valence Industries') advises that it will suspend processing activities at its Uley Graphite™ site near Port Lincoln, South Australia.

Graphite sample preparation in support of sales and marketing efforts to potential and existing Valence Industries customers will continue using existing stockpiled product at Uley. The Company believes it is prudent to continue with sales and marketing efforts of Uley graphite products in preparation for when production and processing recommences.

Valence Industries Managing Director Robert Mencil said the decision to suspend processing was taken after extensive consideration of the Company's financial position. The suspension of processing onsite will reduce the Company's operating costs by approximately \$290,000 per month.

"Production at the site has been ongoing at low levels for some months in order for us to achieve some inventory of on spec material to provide to customers for qualification purposes. The exercise has also been useful to clarify the issues with the existing plant and to assist in design parameters for the revised plant. To suspend processing at Uley is an extremely difficult decision however the existing production rate was uneconomic and could not continue," Mr Mencil said.

"The immediate focus is on rebuilding the capital of the Company and to re-establish it as a quality graphite producer."

Valence Industries continues to work on financial solutions to enable production to restart as soon as practicable. The Company remains in negotiations with numerous parties to secure capital to meet both short-term and long-term requirements. These negotiations include financial capacity for the Company to execute upgrades to the Uley processing plant that will enable graphite production to increase to 21,000 tonnes per annum and working capital for Valence Industries to become cash-flow positive.

The Company's shares will remain in suspension until the capital raising process is concluded, estimated to be early 2016. Negotiations with financiers will be jeopardised if the Company comes out of voluntary suspension prior to this time.

*For further information, please contact:*

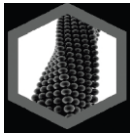
*Investor enquiries:*

Robert Mencil  
Managing Director  
info@valenceindustries.com  
+61 8 8215 6400

*Media enquiries:*

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

For personal use only



---

**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.*

For personal use only