

For personal use only



Valence Industries

Australia's Only Graphite Producer

Asia Pacific | Europe | North America

December 2014

Manufacturing Our Carbon Future™

www.valenceindustries.com

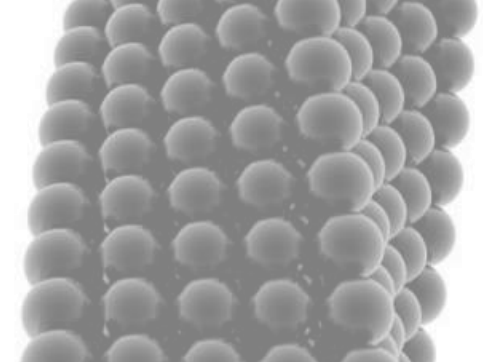
Valence (*noun*): the combining power of an element, especially as measured by the number of hydrogen atoms it can displace or combine with: carbon always has a valence of 4.

© 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 & 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 &/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, & (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 & 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 & exploration successes, continued availability of capital & financing, & 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, & that actual results or developments may differ materially from those projected, in the forward-looking statements.

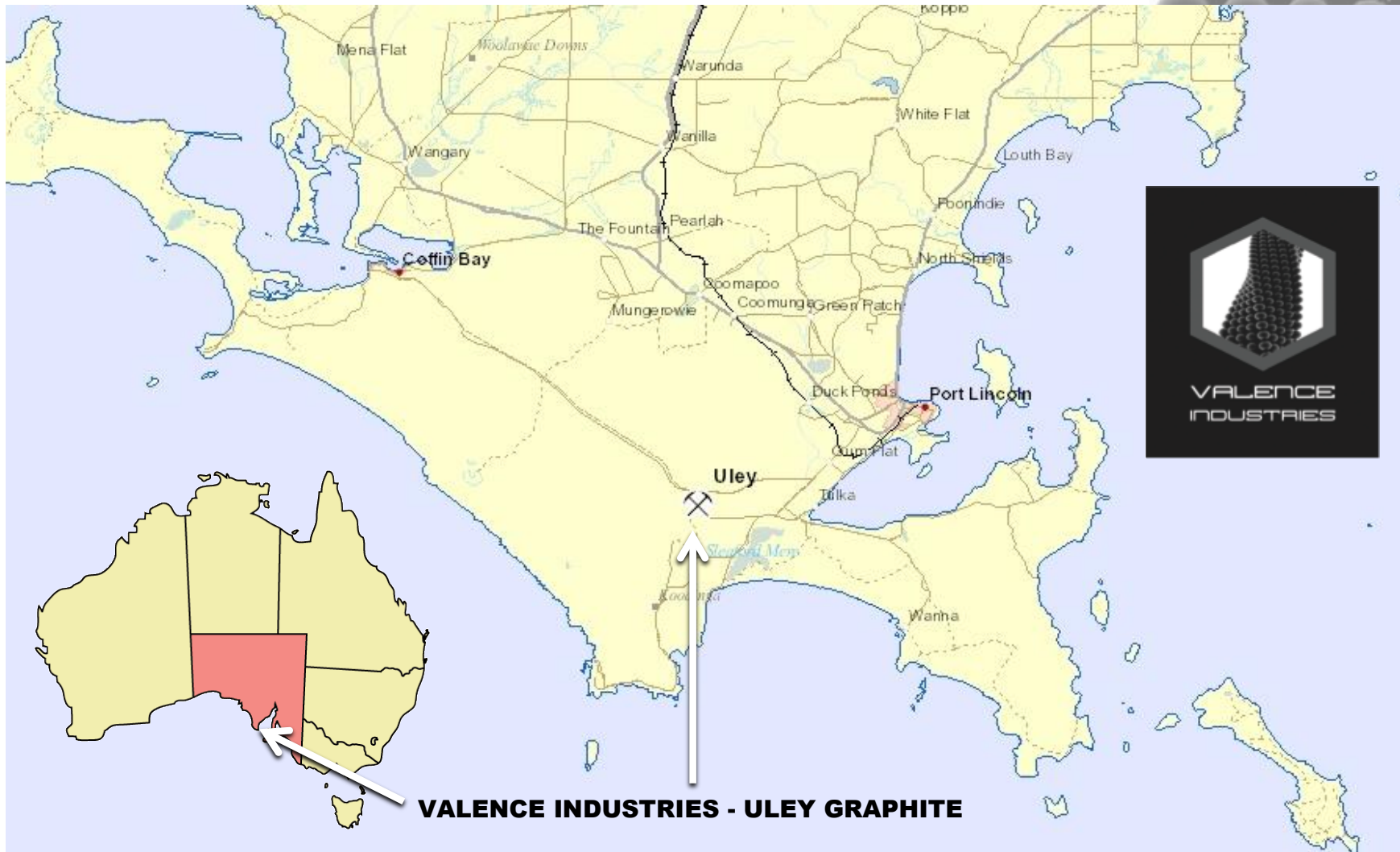
No representation or warranty is given by the Company as to the accuracy or completeness of the information contained in this presentation. Neither the Company nor its officers or employees accept responsibility or liability (to the maximum extent permitted by law) for any loss of damage suffered or incurred by any other person or entity however caused & relating in any way to these presentation materials including, without limitation, the information contained in the presentation material & its accuracy, completeness, currency or reliability. This presentation does not constitute a recommendation regarding the securities of the Company, & should not be construed as legal or financial advice. It has been prepared for information purposes only & contains general summary information & does not take into account the circumstances of any individual investor. Prospective investors in the Company are encouraged to obtain separate & 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 Measured, Indicated & Inferred Mineral Resources compiled in accordance with the JORC Code 2012 is based on information supplied by Ms. Karen Lloyd, Mr. Ingvar Kirchner & Ms. Ellen Maidens as detailed in the Company's ASX announcements on 17 November 2014 and 6 August 2014. 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 & have not materially changed. The Company confirms that the form & 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 & Metallurgy. Ms Lloyd has sufficient experience that is relevant to the style of mineralisation & type of deposit under consideration & 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 & Ore Reserves". Ms Lloyd consents to the inclusion in this release of the matters based on their information in the form & context as it appears. This presentation also references information, that has not been updated since, previously announced on 6 August 2014 & 17 November 2014.

Photographs, maps, charts, diagrams & schematic drawings appearing in this presentation are owned by & have been prepared by or commissioned by the Company, unless otherwise stated. Maps & diagrams used in the presentation are illustrative only & may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs & 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.



Location, Location



For personal use only



Plant Ready for Production

For personal use only





For personal use only

Production Plant

- 14,000 tonnes of graphite per year (smaller scale facility than Phase II)
- Proven historical production capability (working model for Phase II expansion)
- Established site workshop & support infrastructure
- Close to Port & Light Industry (15 minutes)
- Undergone Complete Refurbishment in 2014
- Site Operations Crews Recruited (No FIFO)
- ROM Stockpiles First for Production (lower grades than Uley Pit 2)
- Plant Ready as Planned & Now Waiting on Final SA Governmental Approvals





Combined Growth Path

Phase I

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

Phase II

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

Phase III

- Micronisation Processing
- High Purity Processing
- Significant Value Add
- Direct Entry Tech & Battery Markets
- Existing Customer Base
- Immediate Entry to Advanced Manufacturing
- Significant Margin Advantages

Phase IV

- Graphene Research Program
- New & Disruptive Technologies
- Further Advanced Manufacturing
- Direct Synergies to Existing Customers
- Spin-Off Manufacturing Potential



Feasibility Study Dec. 2014

Expanded
Manufacturing
Capacity

Increased
Automation
& QA/QC

PHASE II

Value
Added
Products

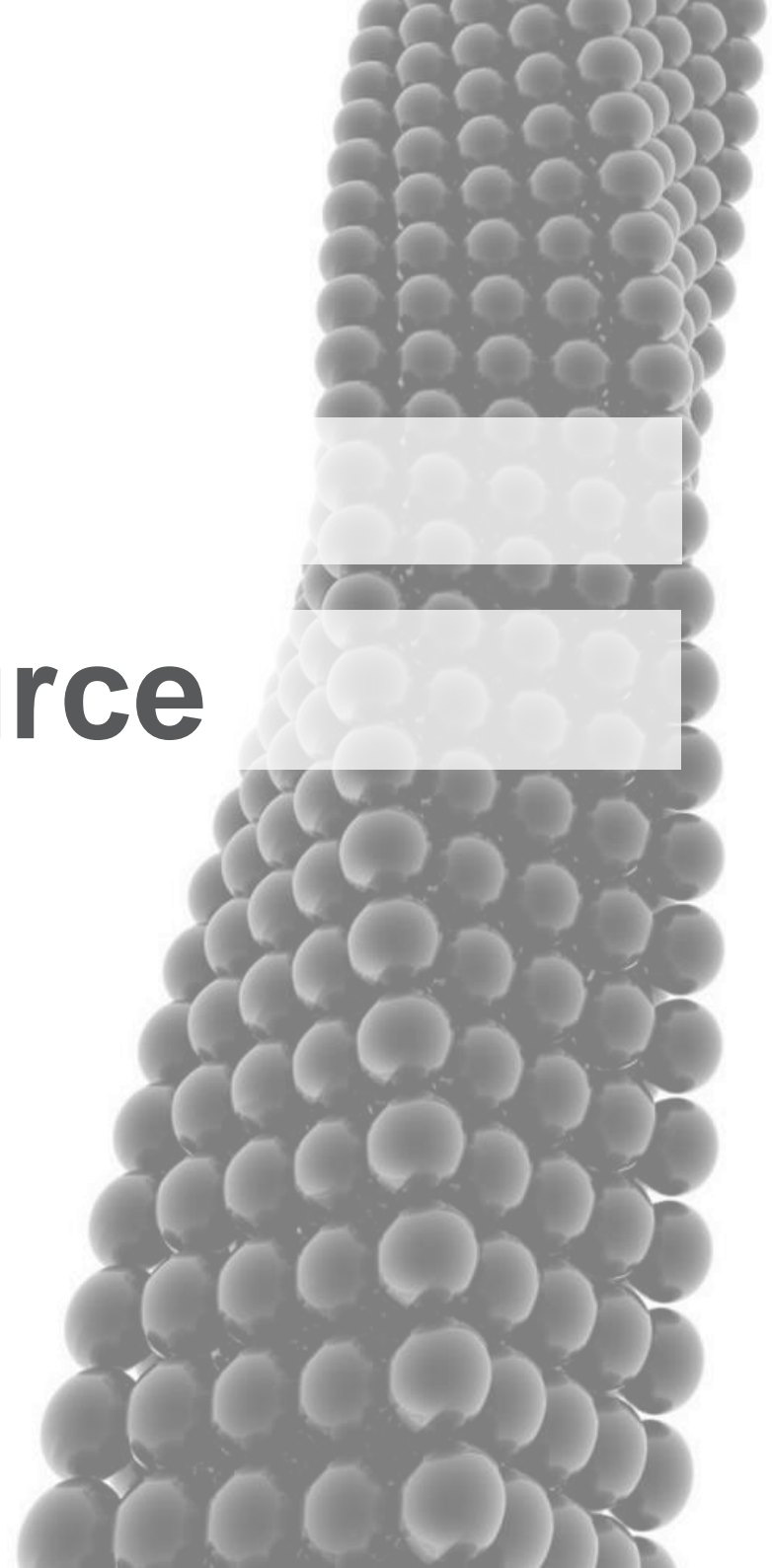
Existing Plant +
New Plant +
New Uley Pit 2



For personal use only

Valence Industries

Geology & Resource





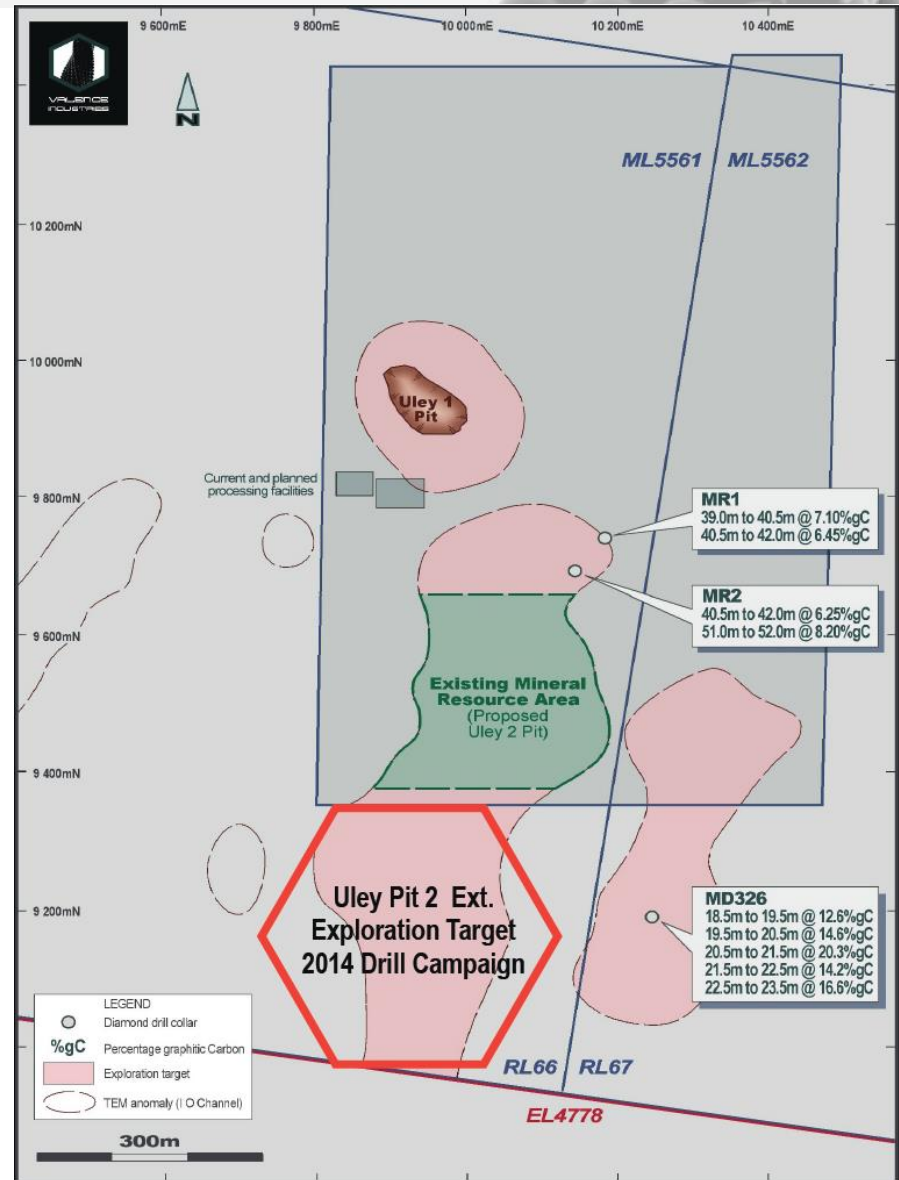
JORC Resources

For personal use only

JORC Uley Pit 2 3.0Mt @ 11.7% Graphitic Carbon (gC)			
Class	Tonnes (M)	Grade (gC)	Contained Tonnes
Measured	0.34	17.92%	60,000
Indicated	1.85	11.84%	220,000
Inferred	0.85	8.89%	80,000
Total	3.04	11.69%	360,000

**see JORC Statement on Page 2

The Company's Resources also include 174,000 tonnes of ROM stockpiles @ 6.23% gC containing approx 10,800 tonnes of graphite.





VXL Arterial Flake™

60%+

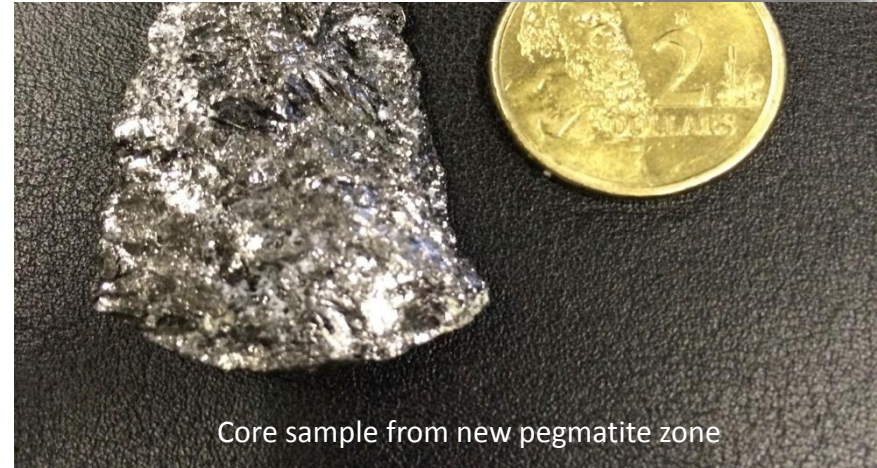
- Globally Unique Flake Graphite Grades

Super
Jumbo
Flake

- Exceptionally Large Graphite Flake Sizes +5 Mesh (4mm+)

Arterial
Flake™

- Game Changing & Beyond Any Other Flake Graphite Material



Core sample from new pegmatite zone

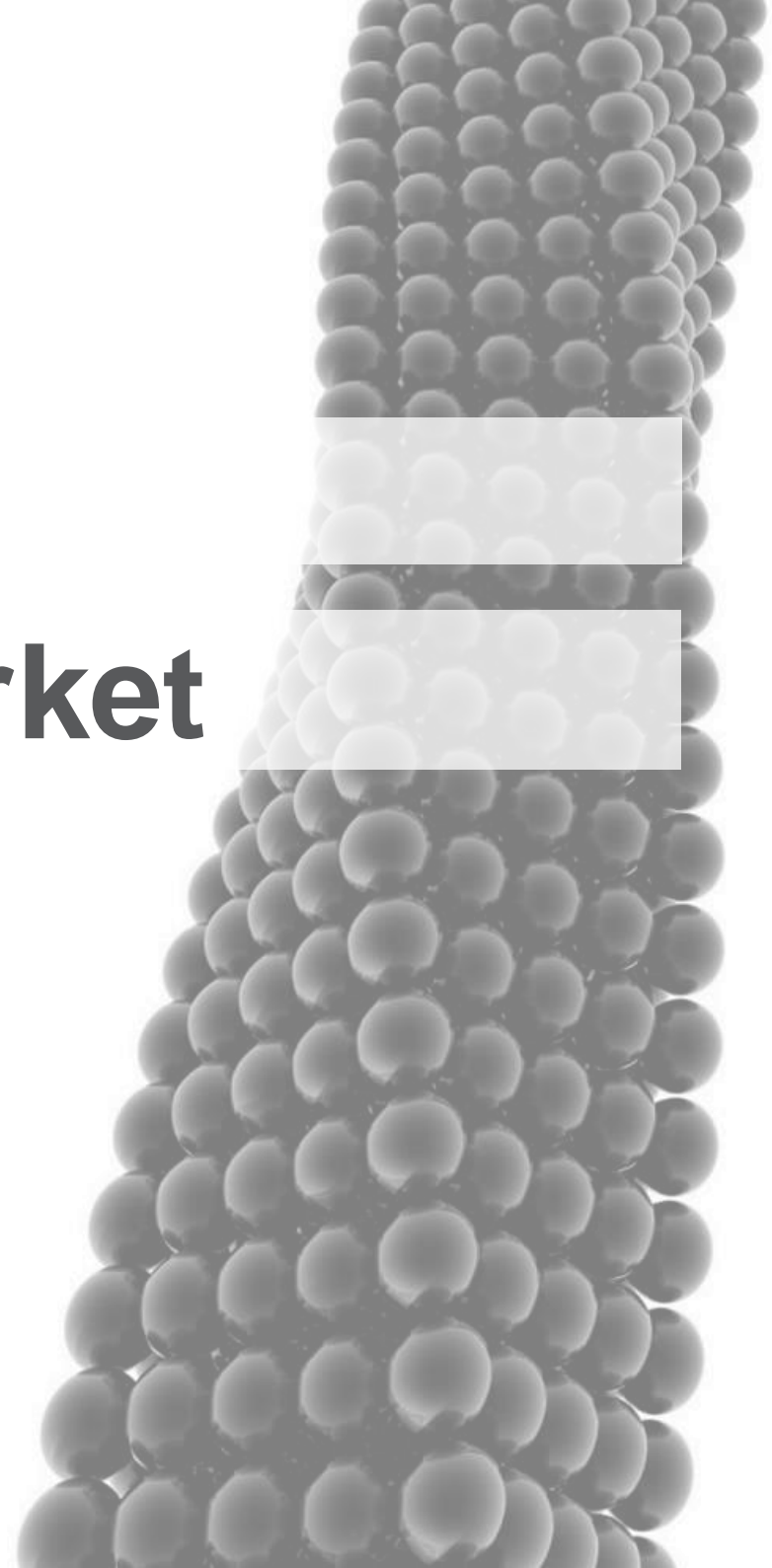




For personal use only

Valence Industries

VXL Graphite Market





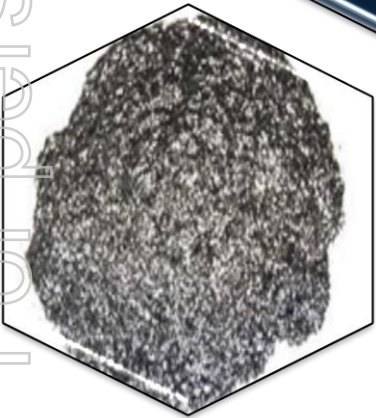
Graphite Facts



Lump
Graphite



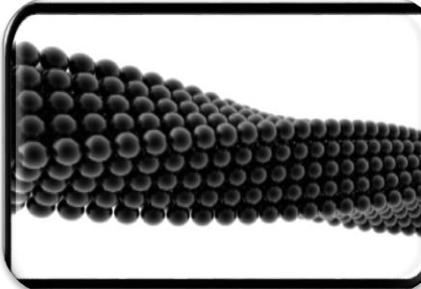
Amorphous
Graphite



FLAKE

HIGH QUALITY
FLAKE GRAPHITE IS
IN VERY LIMITED
SUPPLY

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



- Valence manufactures high quality 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 Graphite Products

For personal use only





Sales Strategy

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.

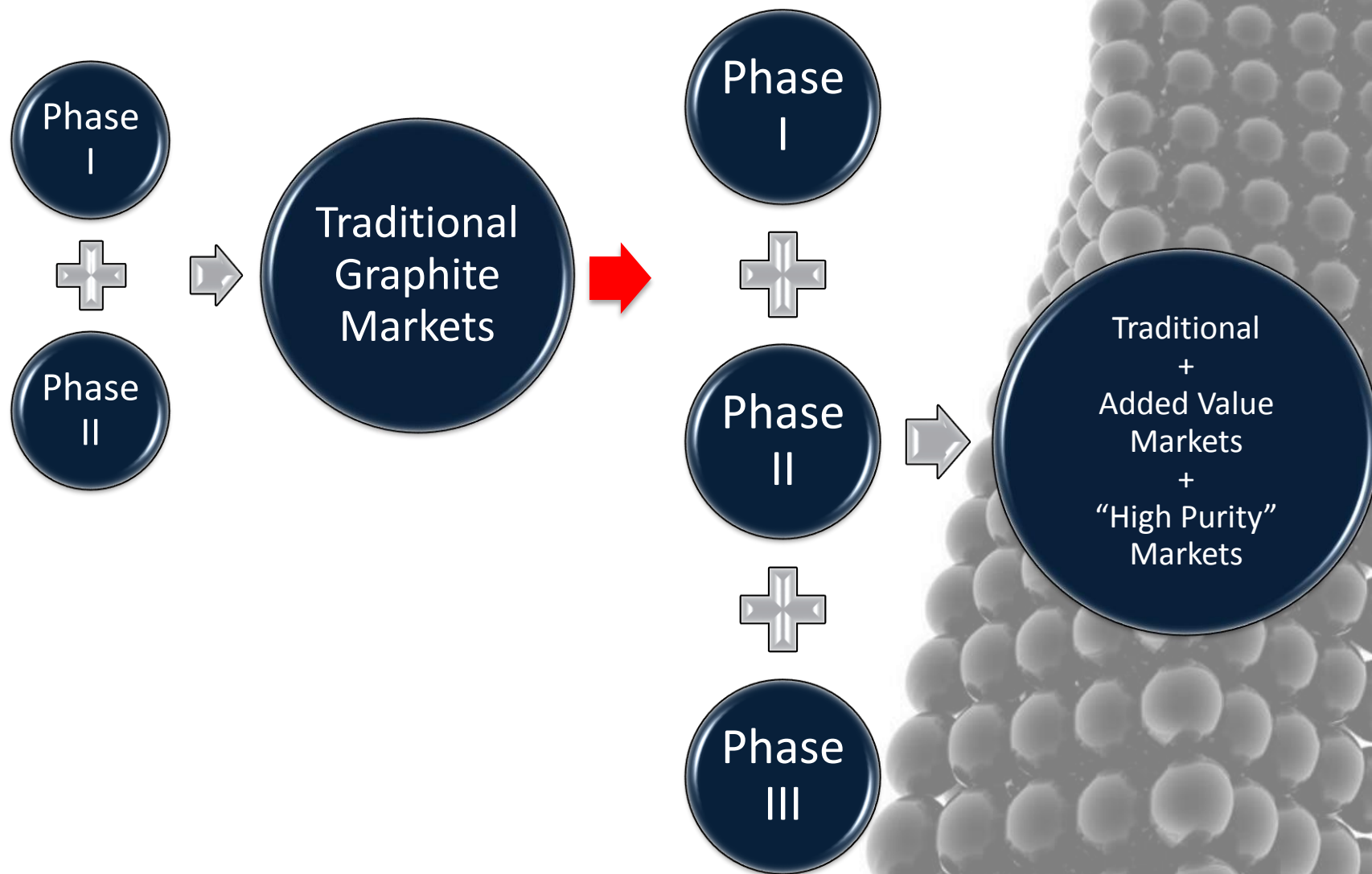
Diverse Applications: MOUs are for supply to customers for use in a large number of applications ranging from foundries and refractories through to batteries and energy storage.

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.



Transformation & Growth





Ready to Produce

Great Progress in
less than
12 Months

Ready to Produce
Graphite Now
once approved



**VALENCE
INDUSTRIES**

Feasibility Study –
Engineering, Pit Design,
Sales all progressing

Production Profile &
Profits will be driven by
Customer Knowledge &
Sales Agreements



Contact

Christopher S. Darby
CEO & Managing Director
Valence Industries Limited



info@valenceindustries.com | +61 8 8418 8564

For personal use only



www.valenceindustries.com



Corporate Overview

ASX Code: VXL & VXLO

Ordinary Shares	186.7m
Options	68.4m
Market cap (@50 cents)	\$93m
Cash (End Q3 2014)	~\$14.5m
Debt	Nil

Major Shareholders

Strategic Energy Resources Ltd (<i>restricted</i>)	11.67%
HSBC Custody Nominees (Australia) Ltd	5.02%
Avatar Energy Pty Ltd	4.11%
EERC Australasia Pty Ltd (<i>restricted</i>)	3.55%
Chimaera Capital Ltd	2.46%

Top 20 shareholders hold 45.24%