



**VALENCE
INDUSTRIES**

ASIA PACIFIC | EUROPE | NORTH AMERICA

QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD TO 30 SEPTEMBER 2014

Q3 2014

ASX: VXL & VXLO

Capital Structure

Shares: 185,697,257
Listed options: 52,201,723
Unlisted options: 21,800,000
Unlisted performance rights:
1,375,000

Board of Directors

Graham Spurling, AM
Non-executive Chairman

Christopher S. Darby
Chief Executive Officer & MD

Glenister Lamont
Non-executive Director

Ian Schache
Non-executive Director

Jarek Kopias
Company Secretary & CFO

- Discovery of new very high-grade Arterial Flake™ graphite grading above 62% graphitic carbon.
- Super Jumbo Flake +5 mesh identified in Uley Pit 2
- Discovery of significant high-grade intersections of flake graphite across Uley Pit 2.
- Phase I Secondary Processing Circuit completed for production commencement ahead of regulatory approvals.
- Successful completion of institutional placement of \$12M oversubscribed and SPP completed.
- Execution of 80,000+ tonnes of sales MoUs for global flake graphite customers.
- Short-listed term sheets from a number of debt providers to establish \$35M in senior credit facilities for Phase II expansion in 2015

NOTE: Presentations were released during Q3 2014 including maps, which may have caused confusion. Clarification is provided in the discussion of geophysics in this Q3 2014 Report (see page 3).

COMPANY

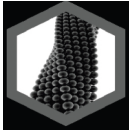
Valence Industries was listed on the Australian Securities Exchange (ASX) and its issued shares (VXL) and options (VXLO) commenced trading on 6 January 2014.

Valence is currently completing the Phase I program to bring the existing Uley Graphite™ manufacturing facilities back into production. Concurrently the company is completing the Phase II Feasibility Study and planning for its Phase III high purity facilities and its Phase IV graphene development and commercialisation program in conjunction with the University of Adelaide.

Valence Industries is the 100% owner of the Uley Graphite™ manufacturing facilities in South Australia. These are the only graphite manufacturing facilities in Australia. Those facilities include significant graphite processing plant, equipment, infrastructure, and a significant graphite Mineral Resource. These assets are located on the freehold land and within the Mining Licences owned by Valence Industries.

Located 23 kilometres from Port Lincoln, the regional centre for the Lower Eyre Peninsula in South Australia, Valence Industries' Uley Graphite™ manufacturing facilities are also recognised as containing a significant area of flake graphite mineralisation, and one of the larger coarse flake graphite deposits in the world. Tertiary metallurgy programs confirm a strong spread of flake graphite including +5 Mesh (super jumbo flake) from the Uley Graphite™ deposits. Testing has confirmed Valence has no amorphous graphite present. The deposit contains disseminated, high-grade flake graphite and the mineralisation is near surface.

During the quarter Valence Industries undertook \$934,000 of expenditure on recommissioning of the Phase I manufacturing and processing plant, \$147,000 on development activities, \$108,000 on production activities and \$104,000 on exploration activities with committed expenditure in place over the next quarter in line with the program for the recommissioning of the existing facility and the staged ramp up in production using existing fines stockpiles and then using the run of mine stockpiles.



GRAPHITE MANUFACTURING & PROCESSING PLANT – PHASE I

During Q3 2014 Valence Industries prepared to complete refurbishment of the Phase I manufacturing and processing plant at its flagship Uley GraphiteTM facilities in South Australia. The Phase I plant has two circuits. The Primary Processing Circuit is used to wash and grind the raw run of mine material and produce a feed product for second stage processing. The Secondary Processing Circuit then screens, dries and packages the graphite to produce Valence Industries multiple flake graphite product lines.

Phase I Program – Primary Process Circuit

Valence Industries received delivery of the new mill that forms part of the primary processing circuit in the Phase I plant during Q3 2014. The installation of the mill along with the remainder of the Primary Processing Circuit is being completed to fit the schedule for full commissioning.

Phase I Program – Secondary Process Circuit

The work on the Secondary Processing Circuit is effectively complete. The Phase I program has verified the equipment operability, plant capacity and material handling for future processing of flake graphite in the Secondary Processing Circuit. Once regulatory approval is received the ramp-up of Phase I will commence with fines re-processing over at least 30 days and moves to staged run of mine production over the planned ramp-up period of 3 to 4 months to meet the full production capacity rate of 14000 tpa.

The operating costs of the Phase I plant are expected to be relatively high initially, and the Company will examine options to optimise production costs following the ramp-up in production volumes. Valence Industries is continuing to recruit additional operational shifts to be brought on as production ramps-up later this year. Completion of the Phase I refurbishment program is an exciting stage for the Company and will be a significant milestone. The capacity to run the only graphite processing facility in Australia is a significant step forward and confirms Valence Industries leadership in this area and places South Australia at the forefront of new graphite manufacturing globally.

DISCOVERY OF VERY HIGH-GRADE GRAPHITE

Valence Industries has discovered new and significant high-grade very large flake graphite mineralisation. This area is a completely new area of *mineralised pegmatite* untouched by historical drilling and entirely in addition to the already known mineralisation that forms the existing JORC (2012) Mineral Resource. This new area of graphitic *mineralised pegmatite* has been encountered from near surface at 25 metres dipping down to 120 metres and extending across a strike distance of ~75 metres. Significant intersections of *Arterial Flake*TM in the graphitic *mineralised pegmatite* include 24% graphitic carbon (gC) over 6m (from 48.0m) including **61.5% gC over 2.6m** (MD615).

It is anticipated that this new area is structurally controlled *mineralised pegmatite* and remobilised gneiss that has an apparent continuity which presents as an area best described as an “artery” of flake graphite. We have named the unique graphite from this new zone *Arterial Flake*TM. The features of Valence Industries’ new *Arterial Flake*TM graphite include:

New Discovery	A unique and exciting new geological discovery.
Very High Grade	Very high grades exceeding 60%+ gC. Flake graphite grades like this over such significant intercepts have not been previously reported.
Easily Accessed	Found from near surface in soft dig material and is easily accessed.
Super-Jumbo Flake	Has super-jumbo flake sizes that from independent petrology exceed 4mm (+5 mesh). This has also never been reported previously.
Globally Unique	A globally unique combination of high-grade, super-jumbo flake, bulk intersections and easily mined material.

Potential & Current Petrology

Valence Industries has commissioned independent petrological testing and assessment of the material from across the area of the in-fill drilling campaign and particularly with respect to the newly discovered *mineralised pegmatite* zone.

To date the petrology program has confirmed that the assessed material includes super jumbo flake sizes that exceed 4



millimetres (+5 mesh). The petrology assessment is the first step in determining the flake size distribution of the new *Arterial Flake*TM.

Relationship: New Pegmatite Zone & Established Mineralisation

The new zone of graphitic *mineralised pegmatite* is a new discovery. Historical drilling and the existing JORC (2012) Mineral Resource did not find this area and did not take this area of mineralisation into account. The exact relationship between this new zone of *mineralised pegmatite* and the areas previously known to the Company is starting to be understood but is subject to ongoing assessment. Valence Industries will update the existing JORC (2012) Mineral Resource and intends to release a maiden Ore Reserve for inclusion in its Phase II feasibility study program. Metallurgical test work will also be incorporated in the feasibility study for release towards the end of 2014.

All data has now been received from the in-fill drilling campaign across the area of the proposed new Uley Pit 2, which contains the Company's established JORC (2012) Mineral Resource. The drill results include significant additional high-grade intersections. These are high grades of graphite over significant intervals and hosted in material that is easily excavated and transported for processing.

Geophysics & In-Fill Drilling

Ahead of the in-fill drilling program the company analysed historical TEM data and applied new interpretation and mapping techniques. That program assisted in the identification of current and future exploration targets for Valence Industries.

In the diagram below (Fig. 1) this data analysis is represented showing responses consistent with electrical conductivity and magnetic susceptibility measurements.

The brown area (Fig. 1) delineates zones, which gave a relatively lower response and incorporates the area mined historically as the Uley Pit 1 (purple). The company now knows that the original planned extension to Uley Pit 1 was designed to extend into the green area to the East of Uley Pit 1.

The green area (Fig. 1) delineates an area of relatively higher response. That area of relatively higher response shown in green, within the confines of the planned Uley Pit 2, was included in the area which was covered by the in-fill drilling campaign this year.

It is the in-fill drilling in that area of green within the planned Uley Pit 2 boundaries which led to the results which have been released by Valence Industries during Q3 2014. These include the very high-grades of graphitic mineralisation.

In the presentation made on 11 September 2014 (slide 11) it may have been inferred that all areas of green are high grade however, as the Company continues to undertake its exploration efforts during 2014 and 2015 it will assess the potential for economic extraction of mineralisation across all areas of geophysical response, given its current understanding of the geological regime.

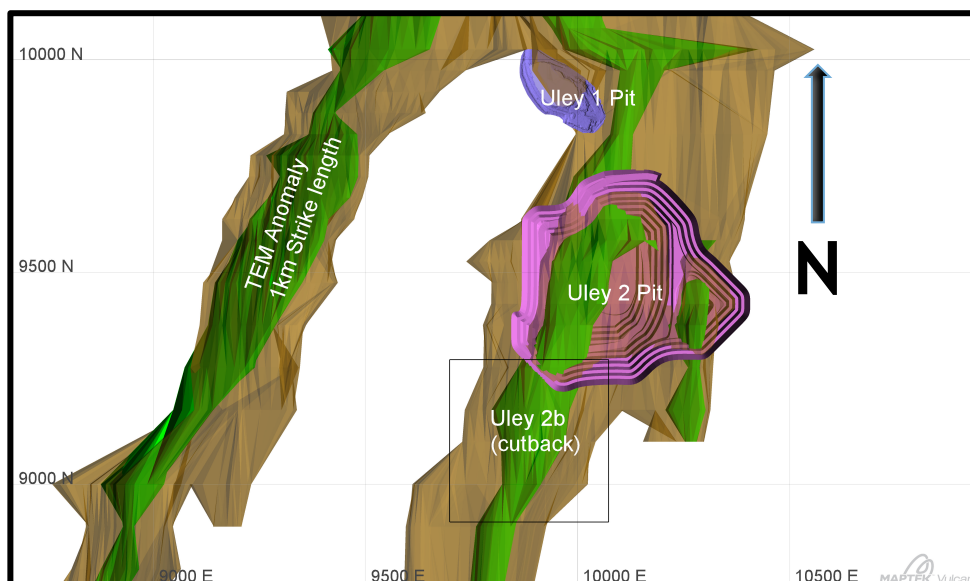
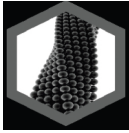


Fig. 1 – 3D Interpretation & Modelling of TEM Image Data (2014)
Existing Uley Pit 1 (Purple) & Proposed Uley Pit 2 (Pink)



INSTITUTIONAL PLACEMENT & SPP

In Q3 2014 Valence Industries was pleased to announce that:

- It had received firm commitments from Institutional and sophisticated investors for a placement of new shares to raise \$12.0 million (before costs) at an issue price of \$0.70 per share (Placement).
- A Share Purchase Plan offered to all eligible shareholders in Australia and New Zealand at a price of \$0.70 per share underwritten up to \$3.0 million (SPP).

The Placement and SPP were both priced at \$0.70 per share which represented a discount of 13.6% to Valence Industries' last closing price on the ASX before the trading halt for the Placement and was equal to the Company's twenty (20) day weighted average closing price on the ASX.

Purpose of Capital Raising

The funds raised from the Placement and SPP will be applied by Valence Industries to advance the company's programs for growth including:

- Optimising the Company's feasibility study in order to realise maximum benefits from the high-grade graphite mineralisation across the Company's existing JORC (2012) Mineral Resource and the new area of mineralised pegmatite recently identified by Valence Industries, including:
 - revising the Company's JORC (2012) Mineral Resource on completion of analysis of the infill drilling results for the high grade material identified in the previously known ore body and the newly discovered mineralised pegmatite zone;
 - optimising the proposed Uley Pit 2 and mining plan for the high grade flake graphite mineralisation in the previously known ore body and for the new area of mineralised pegmatite, with corresponding adjustments to capital and operating costs;
 - assessing the required minor processing and manufacturing changes for the Phase II plant to take advantage of material from the newer high-grade zones and the area of mineralised pegmatite;
 - assessment of the graphite flake sizing and product characteristics of the new grades of material and the potential applications and associated market opportunities;
 - reassessment of the opex, capex and resultant economics for the Phase II expansion program in light of the advantages to be achieved from the new high-grade material;
- Providing funding flexibility for early Phase II expansion works which may include preparation of Uley Pit 2, baseline civil work, preparatory infrastructure, and longer lead time orders; and
- For general working capital purposes including to permit the Company to maintain its operational programs pending the delayed regulatory approvals.

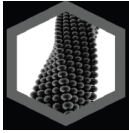
80,000+ TONNES OF SALES MEMORANDA OF UNDERSTANDING

In Q3 2014 Valence Industries signed multiple new Memoranda of Understanding (MOUs) for flake graphite sales in excess of 80,000 tonnes over 2 or more years. The MOU volumes cover more than 29,000 tonnes annual production of graphite from Valence's flagship Uley GraphiteTM facilities. The MOUs with four customers provide Valence with committed contracts for delivery of significant quantities of flake graphite year on year and are for a defined "collar" price subject only to final product/grade qualifications. The Company is pleased with the price levels obtained under the MOUs, which are consistent with its expectations.

PHASE II FEASIBILITY STUDY

The purpose of the feasibility study remains to define the program for mining the proposed new open pit (Uley Pit 2), evaluate the construction of a new Phase II full-scale graphite processing facility and assess the opportunities to market the Company's increased production into the growing global markets for graphite. The extension of the feasibility study program is considering:

Mineral Resource The full nature and extent of the Mineral Resource that can be expressed from completing the analysis of the in-fill drilling results and updating the established JORC (2012) Mineral Resource.



In particular, to incorporate the new results from the previously known area of graphitic mineralisation and the new *mineralised pegmatite zone*.

Mining Program	The opportunities presented to further optimise the proposed layout and mining optimisation for Uley Pit 2 and correspondingly deliver relevant adjustments to capital and operating costs. This may include re-assessment of optimal mining methods to recover both flake graphite material in the <i>mineralised pegmatite zone</i> alongside the extraction of the known flake graphite mineralisation.
Process Program	The processing changes to take advantage of the high-grades in the area of previously known graphitic mineralisation and to factor in manufacturing from the new <i>mineralised pegmatite zone</i> . This is anticipated to be reflected in minor adjustments to the Phase II Plant design to optimise the value that can be realised from both areas of high-grade graphitic mineralisation.
Market Program	Assessment of the flake sizing and product characteristics of the new grades of material and the potential applications and associated market opportunities. Valence Industries recently completed metallurgical test drilling to provide samples to assess the metallurgical characteristics and inform the potential for further market opportunities from the new high-grade areas.
Economics	Review and reassessment of the opex, capex and resultant economics for the Phase II expansion program in light of the advantages to be achieved from both the new high-grade material from the previously known areas of graphitic mineralisation and from the new <i>mineralised pegmatite zone</i> .

The revision of the feasibility study program is underway and is not anticipated to involve fundamental reengineering or redesign. The updated feasibility study program will be completed over the coming months and will be released in 2014. Valence Industries proposes to implement as soon as possible those stages of Phase II that can commence early. This may include preparation of Uley Pit 2, baseline civil work, preparatory infrastructure, longer lead time orders, detailed design and engineering and early contractor involvement (ECI).

PHASE II EXPANSION & \$35M FUNDING FACILITIES

Valence Industries has received multiple proposals from financiers and has committed to establish \$35M in senior debt facilities from short-listed proponents to fund construction of the proposed Phase II full-scale process plant.

Valence Industries has welcomed the commitment by senior debt providers for the finance facilities for the Phase II expansion program. The company is working closely with the short-listed financiers and will continue to retain the right to assess and negotiate competitive terms and proposals as due diligence is performed by the financiers' experts on the Phase II feasibility study program and the sales contract program established by Valence Industries as part of the conditions precedent to funding.

The proposed debt facilities will have other typical conditions, due-diligence, security, draw-down and project completion requirements. The names of the selected senior debt providers will be released ahead of financial close currently scheduled for early 2015 and Valence Industries will continue to assess project acceleration options ahead of such funding.

This development allows Valence Industries to adopt the most flexible and appropriate funding models to deliver sustainable shareholder value. Valence Industries will assess the terms of the proposed facilities and sources of capital including equity, debt and trade finance to determine the optimum funding mix to meet both construction and working capital requirements heading into Phase II.



CORPORATE

Valence had \$14.45 million cash on hand as at 30 September 2014. Expenditure on exploration activities during the quarter amounted to \$715,000. A summary of movements and balances of equity securities between 1 July 2014 and this report of 31 October 2014 are listed below:

	Ordinary Shares	Listed Options	Unlisted options	Performance rights
On issue at start of quarter	168,165,350	52,590,786	21,800,000	1,375,000
Share placement	17,142,844		-	-
Exercise of listed options	389,063	(389,063)	-	-
On issue at the date of this report	185,697,257	52,201,723	21,800,000	1,375,000

During Q3 2014 the Company issued 17,142,844 ordinary shares at \$0.70 per share under the \$12 million placement announced on 18 September 2014 and 355,000 ordinary shares at a price of \$0.25 per share upon the exercise of listed options. Subsequent to the end of the quarter, a further 34,063 shares were issued upon the exercise of listed options.

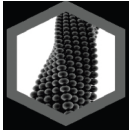
TENEMENT LISTING

TENEMENT NUMBER	TENEMENT NAME	BENEFICIAL INTEREST1	CHANGES DURING Q3 2014
ML 5561	Uley Graphite Mining Licence 1	100%	No change
ML 5562	Uley Graphite Mining Licence 2	100%	No change
RL 66	Uley Graphite Retention Licence 1	100%	No change
RL 67	Uley Graphite Retention Licence 2	100%	No change
EL 4778	Uley South Exploration Licence	100%	No change

Interests held as at the end of the quarter

Christopher S. Darby
Chief Executive Officer & MD

VALENCE INDUSTRIES



APPENDIX A – Forward looking and Cautionary statements

Forward-Looking Statement

Certain statements made in this announcement, including, without limitation, those concerning the Feasibility Study, contain or comprise certain forward-looking statements regarding Valence Industries Limited's exploration activities, economic performance and financial condition. Although Valence believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in graphite prices, exchange rates and business and operational risk management. Valence Industries undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

Competent Person Reference

The production targets and other information in this announcement that relates to Mineral Resources is based on, and fairly represent, the Mineral Resources and information and supporting documentation extracted from the report, which was prepared by a competent person in compliance 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.

The information in this report that relates to the Feasibility Study, and Mineral Resources 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.

Cautionary Note

The ongoing studies referred to in this report is based on mid level technical and economic assessments which are insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the existing studies will be realised. There is a mid level of geological confidence associated with Inferred and Indicated Mineral Resources and there is no certainty the production targets will be realised. The Company advises that the plans and production targets reflected in this announcement are preliminary in nature as conclusions are partly drawn from Indicated and Inferred Resources.



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Valence Industries Limited

ABN

41 008 101 979

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

		Current quarter	Year to date
		\$A'000	(3 months)
			\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(715)	(715)
	(b) development	(109)	(109)
	(c) production	(248)	(248)
	(d) administration	(798)	(798)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	83	83
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
		(1,787)	(1,787)
Net Operating Cash Flows			
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(2,397)	(2,397)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
		(2,397)	(2,397)
Net investing cash flows			
1.13	Total operating and investing cash flows (carried forward)	(4,184)	(4,184)



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(4,184)	(4,184)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	12,089	12,089
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(5)	(5)
1.18	Dividends paid	-	-
1.19	Other (share issue expenses)	(299)	(299)
	Net financing cash flows	11,785	11,785
	Net increase (decrease) in cash held	7,601	7,601
1.20	Cash at beginning of quarter/year to date	6,853	6,853
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	14,454	14,454

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	125
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Directors' fees, superannuation and consulting fees paid to entities associated with Directors.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	3,300
4.3 Production	750
4.4 Administration	800
Total	4,950

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,654	309
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other 30 to 90 day term deposits	12,800	6,544
Total: cash at end of quarter (item 1.22)	14,454	6,853

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Not applicable		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Not applicable		


Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report
Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	185,663,194	152,846,552		
7.4	Changes during quarter (a) Increases through issues - Placement - Options exercised (b) Decreases through returns of capital, buy-backs	17,142,844 355,000	17,142,844 355,000	70.00 cents 25.00 cents	70.00 cents 25.00 cents
7.5	*Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				



7.7	Options (description and conversion factor)	68,485,786	52,235,786	Exercise price 25.00 cents	Expiry date 31 July 16
		3,500,000 (vested)	-	25.00 cents	31 July 16
		1,550,000 (31 Oct 14 KPI)	-	25.00 cents	31 July 16
		500,000 (30 Jun 15 KPI) (unvested)	-	25.00 cents	31 July 16
7.8	Issued during quarter				
7.9	Exercised during quarter	355,000	355,000	25.00 cents	31 July 16
7.10	Expired during quarter	-	-	-	-
7.7	Performance Rights (description and conversion factor)	687,500 687,500	- -	Exercise price Nil Nil	Expiry date (KPI based) 31 October 14 30 June 2015
7.8	Issued during quarter	-	-		
7.9	Exercised during quarter	-	-		
7.10	Expired during quarter	-	-		
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				



Compliance statement

- 1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

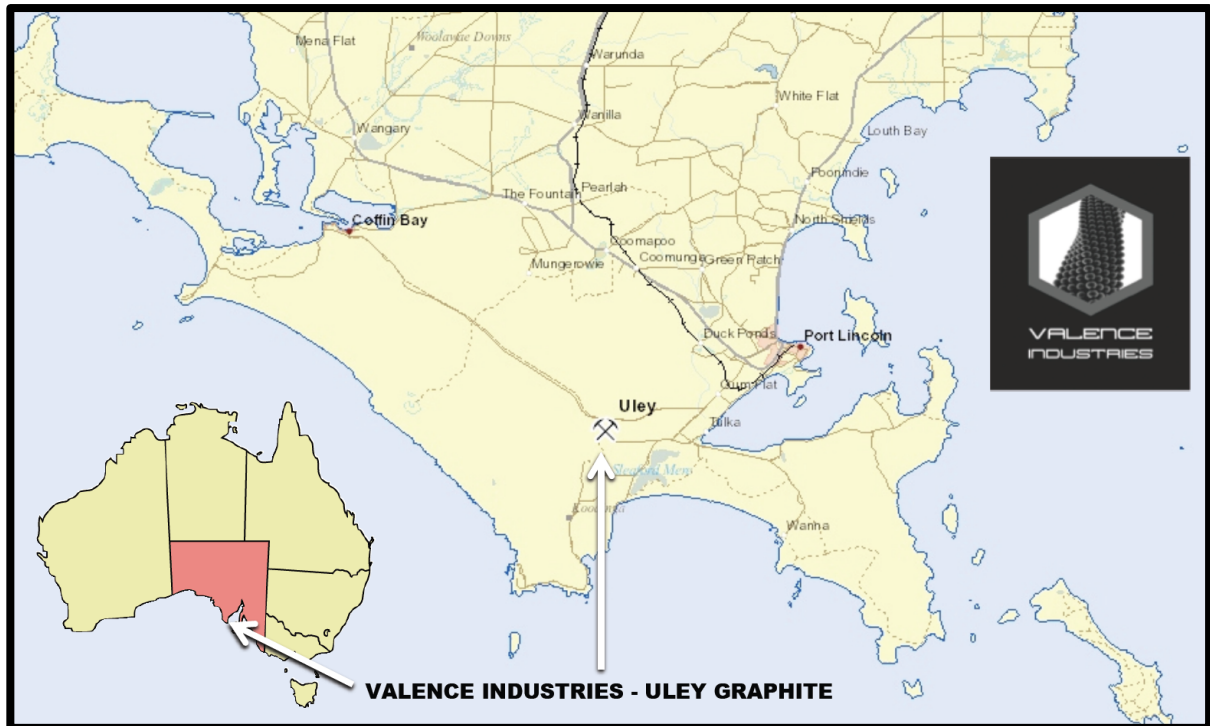
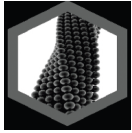
Sign here: _____ Date: 31 October 2014

Company secretary

Print name: Jaroslaw (Jarek) Kopias

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
 - 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
 - 3 **Issued and quoted securities:** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
 - 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
 - 5 **Accounting Standards:** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
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VALENCE INDUSTRIES

ULEY GRAPHITE™

MINING & MANUFACTURING SITE
SOUTH AUSTRALIA, AUSTRALIA