

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Valence Industries Limited

ABN

41 008 101 979

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | <div>1. Ordinary shares</div> <div>2. Quoted options</div> |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <div>1. 32,319,380</div> <div>2. 16,159,690</div> |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <div>1. Fully paid ordinary shares (VXL).</div> <div>2. Quoted options with an exercise price of \$0.25 and expiry of 31 July 2016 (VXLO).</div> |

+ See chapter 19 for defined terms.

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4	Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities? If the additional ⁺securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	1. Yes – VXL 2. Yes – VXLO
5	Issue price or consideration	1. \$0.29 per share 2. Nil per option – 1 for 2 free attaching option
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	a. Construction of scalable tailings facilities and process water return systems b. Phase I plant upgrade capital expenditure c. Drilling, assay and metallurgy program d. Preliminary engineering and design for Phase II expansion e. Costs of the Placement, Rights Issue and First Debt Facility; and f. Working capital requirements
6a	Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i	No
6b	The date the security holder resolution under rule 7.1A was passed	Not applicable
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	Not applicable

⁺ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable	
6f	Number of +securities issued under an exception in rule 7.2	Not applicable	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	7.1 – 17,343,289 7.1A – Not applicable	
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	2 July 2015	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number 193,419,015 71,801,082	+Class Ordinary shares Listed Options exercisable at 25 cents on or before 31 July 2016

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	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	32,816,642	Ordinary shares escrowed to 6 January 2016.
	16,250,000	Restricted Options exercisable at 25 cents on or before 31 July 2016 escrowed to 6 January 2016.
	3,500,000	Unlisted Options exercisable at 25 cents on or before 31 July 2016 escrowed to 6 January 2016 - vested.
	4,000,000	Unlisted Options exercisable at \$1.10 on or before 31 July 2017 subject to various vesting criteria.
	1,500,000	Unlisted Options exercisable at \$1.10 on or before 31 July 2017 - vested.
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Same as for all other securities	

Part 2 - Pro rata issue

11 Is security holder approval required?	No
12 Is the issue renounceable or non-renounceable?	Renounceable
13 Ratio in which the +securities will be offered	One (1) share for every six (6) existing shares and one option for every two shares allotted under the offer
14 +Class of +securities to which the offer relates	1. Ordinary shares - VXL 2. Quoted options - VXLO

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15	+Record date to determine entitlements	7pm AEST 18 May 2015
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
17	Policy for deciding entitlements in relation to fractions	Rounded up to the nearest share and option issued
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Only holders in Australia and New Zealand will be entitled to participate in the rights issue
19	Closing date for receipt of acceptances or renunciations	25 June 2015 – 5:00pm Australian Eastern Standard Time
20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Patersons Securities Limited
23	Fee or commission payable to the broker to the issue	\$60,000 + 6% fee on funds raised under placement and 4% fee on funds raised under rights issue
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	26 May 2015
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	8 May 2015

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28	Date rights trading will begin (if applicable)	14 May 2015
29	Date rights trading will end (if applicable)	18 June 2015
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Refrain from returning entitlement and acceptance form. Contact their respective stockbroker to sell the rights.
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Return the acceptance and entitlement form for the number of new shares to be taken up. Contact their respective stockbroker to sell the remaining rights
32	How do security holders dispose of their entitlements (except by sale through a broker)?	Send a completed standard renunciation form (available from stockbroker or Link Market Services) together with the entitlement and acceptance form completed by the transferor and transferee to Link Market Services so that it is received no later than 5:00pm Australian Eastern Standard time on the Closing Date and arrange for payment of the amount of the application monies in accordance with the prospectus.
33	⁺ Issue date	2 July 2015

⁺ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of ⁺securities for which
⁺quotation is sought

39 ⁺Class of ⁺securities for which
quotation is sought

⁺ See chapter 19 for defined terms.

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- 40 Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?

If the additional ⁺securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

- 41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another ⁺security, clearly identify that other ⁺security)

- 42 Number and ⁺class of all ⁺securities quoted on ASX (*including* the ⁺securities in clause 38)

Number	⁺ Class

⁺ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:Date: 22 May 2015
Company secretary

Print name: Jaroslaw (Jarek) Kopias

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	167,050,350
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period <i>Note:</i> - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	1,623,231 (exercise of listed options) – between 27 May 2014 and 18 May 2015 982,187 (SPP issue) – 6 November 2014. 17,142,844 (placement) – 25 September 2014 approved by shareholders 18 November 2014.
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	
“A”	186,798,612

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	28,019,791
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <i>Note:</i> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	Share placement 7,117,665 Free attaching options 3,558,837
“C”	10,676,502
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	28,019,791
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	10,676,502
Total [“A” x 0.15] – “C”	17,343,289 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	Not applicable
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items	
“E”	

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.10] – “E”	<i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.