

Valence Industries Ltd. Uley Operations Update

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Perth, Australia (ABN Newswire) - [Valence Industries Ltd.](#) (ASX:VXL) 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.

About Valence Industries Ltd:

[Valence Industries Ltd.](#) (ASX:VXL) is an industrial manufacturing company producing high grade flake graphite products for distribution and sale to global markets. Valence Industries owns established processing facilities and infrastructure to manufacture a wide range of graphite product lines for multiple applications and multiple industries. Valence Industries produces and sells its graphite products from its Uley Graphite facilities in regional South Australia for delivery to diversified markets for graphite in the Asia Pacific, Europe and North America.

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