Valence Industries Geophysics Indicate Major New Graphite Targets

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Perth, Australia (ABN Newswire) - Valence Industries Ltd. (ASX:VXL) (ASX:VXLO) (the Company) continues to refine its understanding of the geology and mineralisation at its flagship Uley Graphite project. The Uley Graphite project is recognised as a significant area of graphite mineralisation, and one of the largest coarse flake graphite deposits in the world.

The existing JORC (2012) Mineral Resource defines a 6.4Mt @ 7.1% graphitic Carbon Indicated and Inferred Mineral Resource.

Valence is currently conducting an in-fill diamond drilling campaign (see Fig 1: in link Below) across the existing Mineral Resource in preparation for an Ore Reserve estimate, pit optimisation and design of the Uley 2 Pit and for production feed-material handling programs in conjunction with its feasibility study for Phase II, expected to be completed in late August 2014.

Current Drilling Program

The current drilling program being is designed to provide the company with information to support a revision to the existing Mineral Resource estimate and report an Ore reserve under JORC (2012) guidelines in preparation for the commencement of mining operations. The program is also designed to add to the understanding Valence has of the Uley 2 Pit geology and the material handling characteristics for Phase II expansion of operations.

The drilling program has been designed to allow geological, geotechnical and metallurgical data and sample collection to be undertaken concurrently.

The assaying and assessment of data is progressing and results will be made available as they are validated.

Visual inspection of the drill core from the current drilling campaign has identified significant mineralised intersections that are consistent across the target area of the existing 6.4Mt Resource.

Geophysics Unveil Significant Targets

As a part of the broader geology program Valence Industries has undertaken a detailed technical re-assessment and 3D modelling of the Company's existing geophysical surveys and of the associated existing drilling and other data for the Uley Graphite site. This program has identified major exploration opportunities for future assessment and expansion.

As is the case with Uley 1 Pit and Uley 2 Pit these additional opportunities are located on Valence's existing tenements. These exploration opportunities will require a further program of drilling to assess their potential.

Only a modest fraction of the total 4km strike length of the conductors identified was tested by the drilling program conducted for the development of the Company's current JORC (2012) Mineral Resource. The total vertical thickness of the conductive sequence is variable, notably up to 150m in the proposed Uley 2 Pit area. The major exploration opportunities shown by this modelling appear consistent with the broader regional geological interpretation of an anticlinorium, defined by an eastern limb, a western limb and a fold nose area which hosts the existing Uley 1 Pit.

The Valence Industries geologists are confident that these exploration areas have the potential to contain significant additional mineralisation comparable to that found during initial drilling over the proposed Uley 2 Pit area which established the existing graphite resource.

The modelling of the identified exploration opportunities is shown in the new 3D Geophysical Model (Fig 2: in link Below). The coloured areas designate projected mineralisation derived from electrical conductivity and

magnetic susceptibility measurements and visually appears as a subsurface mountain range. The brown area delineates relatively lower response and incorporates the area mined historically as the Uley 1 Pit. The Uley 1 Pit has previously delivered a strong range of flake graphite products.

The green area delineates an area of relatively higher geophysical response in which the Company anticipates higher average grades of graphite mineralisation. In the area of Uley 2 Pit (the existing JORC Resource) the geophysical results correlate strongly with the existing drilling data.

The baseline data informing the current modelling by Valence Industries was derived from a series of electrical conductivity and magnetic susceptibility measurements made on drill core and rock specimens. A ground Time Domain electromagnetic (TEM) survey resulted in a large range of conductivity findings that correlated well with a visual assessment of graphite grade. The TEM survey produced a number of very conductive trends, essentially forming two windows within the extensive, very resistant host rock (comprising gneisses and schists of the Hutchison group).

Regional Exploration Upside for Valence

Further exploration work will be undertaken in future on multiple identified targets held under the Valence exploration lease EL4778. This exploration licence covers an expansive area of 75km2 to the south and west of the existing Uley Graphite Mining Leases held by Valence Industries.

The Homestead, Kacey, Fisheries and Salt Lake prospects all have similar geophysical responses to Uley 1 Pit and the Uley 2 Pit and exploratory drilling and geochemical sampling will be undertaken in future as part of the Company's longer term resource planning strategy.

To view all figures and diagrams, please visit:
http://media.abnnewswire.net/media/en/docs/ASX-VXL-810569.pdf

About Valence Industries:

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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