

# Valence Industries Ltd.: Chairman's Address at 2015 Annual General Meeting

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Perth, Australia (ABN Newswire) - [Valence Industries Ltd.](#) (ASX:VXL) are pleased to provide the Chairman's address to shareholders at 2015 Annual General Meeting.

It is difficult to focus solely on the operational and financial events that occurred during FY14/15 without blending into the events of today. I will outline briefly my assessment of major issues and their impact on the Company's situation.

At first I must clearly acknowledge that the Share Price has tumbled from 70c to 25c to 10c.

Identifying operational events that have contributed to this loss of value first it was the lack of professional Project Management techniques. There was inadequate scoping of work required. This was compounded by poor selection of the initial group of consultants to undertake the revitalisation of the Uley plant. We failed to recognise these deficiencies early enough to prevent schedule and cost over runs.

Having identified this shortcoming, considerable progress was made in all areas including the design and building of a dam of substantial size and expense to contain tailings from the process and to meet strict government requirements to protect the underground aquifer.

At the same time large expense was being incurred in training a new and inexperienced work force.

These expenses were being incurred as we worked with a debt fund to establish a medium term debt facility. Despite meeting the debt fund's technical requirements, their concern regarding the graphite market, notwithstanding their original optimism, has meant this debt facility was not established.

To ameliorate the resulting poor financial situation a secured finance facility was raised to provide interim operational capital. Unfortunately, the majority of the workforce were retrenched and other organisational changes implemented. Senior management has changed and restructuring of the Board will occur.

The company is determined to rectify this moving forward and proper Project Management techniques will be applied. We have addressed the scope of what needs to be done by undertaking proper studies by a reputable engineering company. We will engage professional engineering to implement the planned work. We will use competent Project Managers to ensure the delivery is achieved on schedule and within budget. The capital required has been estimated and pending finance availability, detail design and installation by the same consultants will commence. The vision is for installation to be complete by the third quarter of 2016.

The plant is currently operating with a skeleton staff, reworking, packing and shipping to the Port Adelaide warehouse, product to the required quality standard for sample assessment and subsequent approval by selected customers.

Our plan is to raise capital with an intent of minimising the degree of inevitable dilution to our shareholders and to repair the company balance sheet. The funds raised are to repay debt and provide working capital for a limited period into 2016, after which we will be seeking further debt finance to complete our total plan of bringing Uley up to 21,000kt capacity, becoming cash positive and establish a steady and continuous flow of material to the market.

Our new Managing Director and CEO Robert Mencil, will, at the end of this meeting, present his operational and financing plan for the Uley plant improvement and expansion, and to bring the Company to profitability in the competitive world market.

Graham Spurling, AM  
Chairman [Valence Industries Ltd.](#)

To view the Managing Director's AGM Presentation, please visit:  
<http://media.abnnewswire.net/media/en/docs/ASX-VXL-893773.pdf>

### **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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