VALOR RESOURCES

13 June 2017

Independent Scoping Study Yields Positive Results for Advanced Stage Berenguela Copper Silver Project

Valor Resources Limited ("Valor" or the "Company") is pleased to announce that an Independent Scoping Study ("the Scoping Study") conducted on its 100% owned Berenguela Copper Silver Project ("the Berenguela Project" or "Berenguela") located in South Central Peru has yielded positive results which support Valor's decision to proceed with the next phase drilling, metallurgical testing and subsequently proceed to Pre-Feasibility Study.

Highlights

- **Independent Scoping Study highlights the positive economics across an array of sensitivities for the Berenguela Project.**
- **Average operating cash cost is estimated at approximately US$1.72/lb. (**sensitivity (+/- 35% range)**) of Copper.**
- **Development capital expenditure is estimated at approximately US$165M, (**sensitivity (+/- 35% range)**).**
- **The Scoping Study outcomes are based on an 11 year Life of Mine (LOM) and an estimated 1.6 million tonne per annum mine and processing facility. 72% Indicated and 28% Inferred Resources (JORC Code (2012)).**
- **Positive results from Scoping Study supports Valor's decision to proceed with the next phase drilling, metallurgical testing and subsequently proceed to Pre-Feasibility Study. Valor is now accelerating the development of a Preliminary Feasability Study ("PFS").**
- **The Berenguela Project contains 21.6 Mt of JORC Code (2012) compliant Mineral Resources with 0.87% Cu and 126.4 g/t Ag at a cut off of 50 g/t Ag. This includes an Indicated Resource of 15.6 Mt with 0.92% Cu and 132.0 g/t Ag and Inferred Resource of 6.0 Mt with 0.74% Cu and 111.7 g/t Ag[1].**

[1] For further details on the Mineral Resources, please refer to Valor's ASX announcements dated 13 February 2017 and 10 March 2017. Valor confirms that it is not aware of any new information or data that materially affects the information included in its ASX announcements dated 13 February 2017 and 10 March 2017.

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Commenting on the Scoping Study results, Valor's Executive Chairman, Mark Sumner, said:

"The Company is pleased with the results of the Berenguela Scoping Study. The Scoping Study reinforces our view that the Berenguela Project presents an attractive investment proposition within the copper and silver markets. Valor believes this analysis provides a strong justification for the Company's planned investment and work program in the coming months and supports the Company's aim to deliver a rerating in the value of Valor stock for shareholders. We expect to mobilise drill rigs in June so we can continue driving the Berenguela Project towards PFS and eventually mine development. The Company will continue to progress as efficiently as possible in order to deliver positive results for shareholders."

Cautionary Statement - The Scoping Study referred to in this announcement has been undertaken to investigate the order of magnitude of the potential viability of the Mineral Resources. It is a preliminary technical and economic study of the potential viability of the Berenguela Project. It is based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further exploration and evaluation work and appropriate studies are required before Valor will be in a position to estimate any ore reserves or to provide any assurance of an economic development case.

The Scoping Study and results are based on material assumptions outlined below including assumptions about the availability of funding. While Valor considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved. The Production Target referred to in this announcement is based on 72% Indicated Resources and 28% Inferred Resources for the mine life covered under the Scoping Study.

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target itself will be realised.

To achieve the range of outcomes indicated in the Scoping Study, Valor will have to meet a substantial capital requirement. Investors should note there is no certainty that Valor will be able to raise that amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Valor's existing shares.

It is also possible that Valor could pursue other 'value realisation' strategies such as a sale, partial sale or joint venture of the project. If it does, this could materially reduce Valor's proportionate ownership of the Berenguela Project.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

Introduction

Valor commissioned Siecap Pty Ltd to conduct a Scoping Study in relation to Valor's 100% owned Berenguela Project. The scope of works included estimate of mine life inventory, mine design, project scheduling, concentrate quality, metals recovery, capital and operating cost estimation and high level financial analysis. Valor has now received the finalised Scoping Study and the results of which are summarised in this announcement.

The Berenguela Project is located in the Department of Puno, approximately 50 km west of the city of Juliaca and 6 km north east of the town of Santa Lucia. The property is located in the Altiplano of Southeastern Peru at an elevation of approximately 4,200 metres and lies west of the town of Juliaca. The property can be reached from Juliaca by paved road to Santa Lucia which takes approximately 1 hour, and a further 15 minutes to the Berenguela property.

Figure 1: Berenguela Project Location

Scoping Study Parameters and Material Assumptions

The Scoping Study analyses the Berenguela Project's potential as an open pit mining operation. It is contemplated that the mined material will be processed by direct flotation, producing a copper silver concentrate.

The results of the Scoping Study show the Berenguela Project's potential as technically viable with positive economics across an array of sensitivity (+/- 35% range) across metal prices, capital expenditure, operating costs and cost of capital.

The results of the Scoping Study are considered by Valor as being encouraging and have provided Valor with the impetus to commence preparatory works to define JORC complaint Ore Reserves and to undertake a PFS at the Berenguela Project. The Company is currently preparing the infill drilling program, and other necessary pre-works prior to commencing the PFS.

The Scoping Study has been completed on the basis of steady-state run of mine ore extraction of copper silver ore at a rate of approximately 1.6 million tonnes per annum over an estimated period of an 11-year Life of Mine ("LOM"). Total projected concentrate tonnage of 427 kt containing approximately 119 kt of copper and approximately 37 million ounces of silver over LOM. [2]

The pit optimisation has been carried out based on previous studies, geological data sets and the latest Mineral Resource estimates.

The Mineral Resources within the optimised pit shell include both Indicated and Inferred Resources (refer to the Mineral Resources summary table set out on page 6 for further detail). The Production Target referred to in this announcement is based on 72% Indicated Resources and 28% Inferred Resources for the mine life. LOM plan is based on sequencing Indicated Resource in earlier part of the mine life and Inferred Resources in later part of the mine life. No Ore Reserves are reported for the Berenguela Project.

Cautionary Statement: *There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. The stated production target is based on the company's current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.*

[2] The Production Targets are based on material assumptions outlined in this announcement including assumptions about the availability of funding. While Valor considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved. The Production Target referred to in this announcement is based on 72% Indicated Resources and 28% Inferred Resources for the mine life covered under the Scoping Study.

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the Production Target itself will be realised.

Production has been envisaged to commence with extraction of ore from the pit using a conventional open pit mining method. This will be followed by crushing, screening and processing at the site to produce a copper silver concentrate estimated to contain approximately 28% copper. The Scoping Study envisages that the copper concentrate will be railed approximately 400km to the Port of Matarani.

Table 1: Material Assumptions and Outcomes

Parameter	Unit	Value
Development Period	Months	24
Operating Life	Years	11
Ore Extracted over operational Life	Mt	16.9
Average in-situ copper grade	%	0.83
Average in-situ silver grade	g/t	123
Geotechnical Slope Angle (Overall)	Degrees	45 degrees
Copper Recovery	%	85%
Silver Recovery	%	50%
Copper grade in concentrate	%	28%
Average Total Cash Cost	US$/t of ROM	26.90
Development Capital Cost	US$M	165
Sustaining Capital Cost	US$M	26.5
Copper Price	US$/lb	2.85
Silver Price	US$/troy oz.	19.70
Paymetal Copper	%	96.5%
Paymetal Silver	%	99.0%
Concentrate Treatment Charges	US$/dmt	100
Copper Refining Charges	US$/t pay copper	220.50
Silver Refining & Insurance Charges	%	4% of payable silver

Notes:

- The Scoping Study was completed to an approximate ±35% level of accuracy using assumptions set out in table above.
- Average In-situ grades are based on Resource estimate (February 2017) and selected pit shell within this Mineral Resource.
- Stated recovery for copper and silver is based on the test work conducted on the roasted ore at the pilot plant.
- Development capital cost includes working capital, EPCM, owner's costs and contingency.
- Calculation for the net smelter return is based on the pricing and smelting assumptions stated above.
- Average all-in sustaining cash cost includes royalties.

Geology and Mineralisation

The Berenguela Project comprises several west-northwest trending massive vertically flattened lenses composed of stockwork bodies of manganese oxides hosted by faulted and folded limestones of the Ayavacas Formation.

The ore body is emplaced in the faulted and folded Cretaceous Ayavacas limestone, which has a shallow dip except along the southwestern flank where closed folds are associated with faulting.

Four main types of ores have been classified:

1. Yellow orange and red altered limestone comprising 50% percent Mn oxides by volume and hydrated Fe oxides;
2. Brown manganiferous hard ore with high dolomite content but of comparatively low ore grade;
3. Yellow friable material with less than 50 percent Mn volume and relatively high Ag content; and
4. Yellow friable material with minor manganese and less than 1 percent combined metals; this represents the low grade mineralised material throughout the mine.

Mineral Resources

The Mineral Resources at the Berenguela Project (Berenguela and Berenguela 97 Mineral Concessions) were previously classified and reported as per NI 43-101 reporting code in October 2005 by Mr. James A. McCrea, P. Geo. a qualified person under NI 43-101.

Between 25 January and 10 February 2017, Mr. Marcelo Antonio Batelochi, a Member of the Australasian Institute of Mining and Metallurgy and a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("the JORC Code") updated the existing NI 43-101 Resource and reported Mineral Resources for the Berenguela Project under JORC Code (2012).

The table below contains a summary of the resource model, applying a cut off of 50 g/t Ag. Blocks were classified as follows:

- an indicated range of 0 to 25 metres distant from the drilling information; and
- an inferred range of 25 to 60 metres distant from the drilling information.

Table 2: Mineral Resource Summary using a 50 g/t Silver Cut-off as on 10 February 2017

Category	Tonnes (Millions)	Silver Grade (g/t)	Copper Grade (%)	Manganese Grade (%)	Silver (millions of ounces)
Indicated	15.6	132.0	0.92	8.8	66.1
Inferred	6.0	111.7	0.74	6.5	21.6
Total	21.6	126.4	0.87	8.2	87.7

Notes:

- No measured category was defined because of no geologic model and a lack of surface trenches.
- Only blocks inside the grade shell were classified. Blocks outside were not interpolated or classified.
- Refer to Valor's ASX Announcements dated 13 February 2017 and 10 March 2017 for further detail in relation to the Mineral Resources.

Mr. Batelochi has stated that the Mineral Resources are not materially affected by any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issues, to the best of his knowledge. There is no known mining, metallurgical, infrastructure, or other factors that materially affect this Mineral Resource.

Valor confirms that it is not aware of any new information or data that materially affects the information included in its ASX announcements dated 13 February 2017 and 10 March 2017.

Open Pit Mining Potential & Mineral Processing

The pit shell-optimisation of the Berenguela Project open pit, is based on the existing resource model. Production has been envisaged to commence with extraction of ore from the pit by conventional open pit mining method. The life of mine plan has been prepared on the basis of the previous geological block model, geotechnical consideration, cost and revenue assumptions. The economic assessment was undertaken on the basis of operating cash margin without considering capital requirements. The rationale for this approach is that the final economic pit-shell will be based upon achieving a marginal break-even return from the final deepest mining blocks which are located at the pit limits.

This will be followed by crushing screening and processing at the site to produce copper concentrate containing approximately 28% copper. The copper silver concentrate will be the railed approximately 400km to the Port of Matarani. Port of Matarani is a multi-purpose port with terminal capacity for copper (and other metals), grains, vehicles and machinery. The key operating assumptions which underpin the Production Target are the overall copper and silver recovery of 85% and 50% respectively. The selected pit shell includes 78% of the total Mineral Resources contained in the Geological Model.

Figure 2 to Figure 5 shows the 3D view of pit designs and representative sections showing copper grades.

Figure 2: 3D View of Berenguela Pit

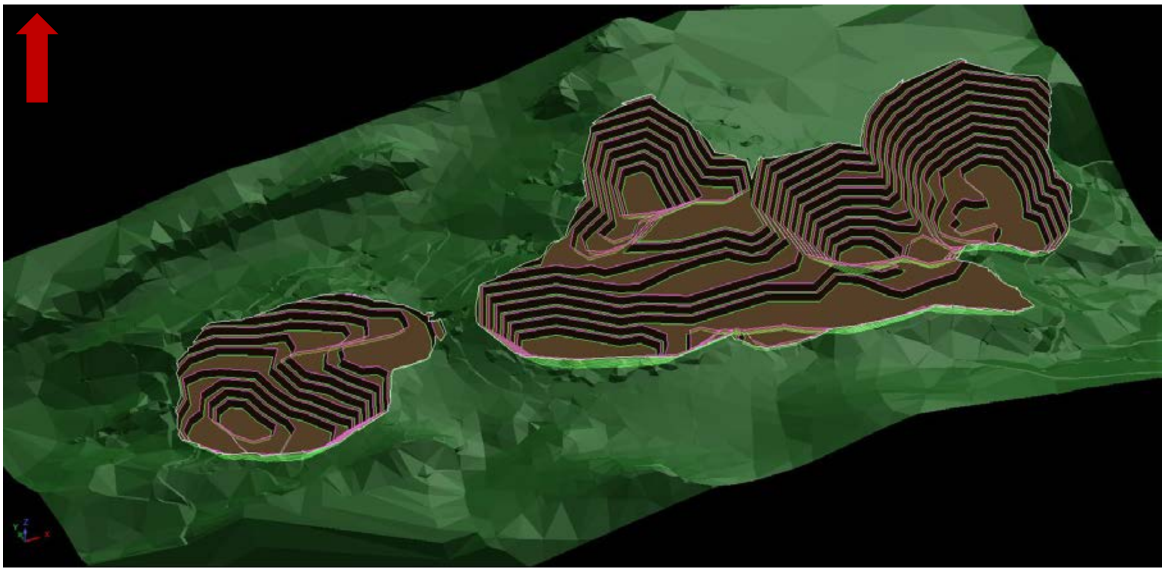


Figure 3: Berenguela Pit with Section lines and Concession Boundary

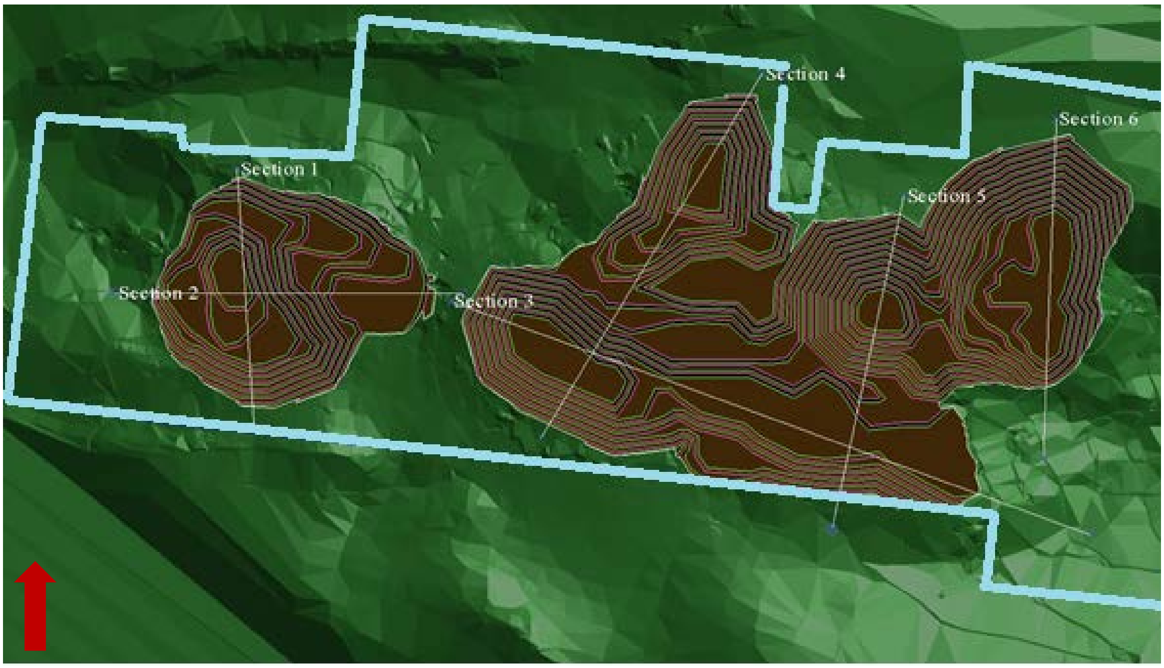


Figure 4: Section 1 Berenguela Pit

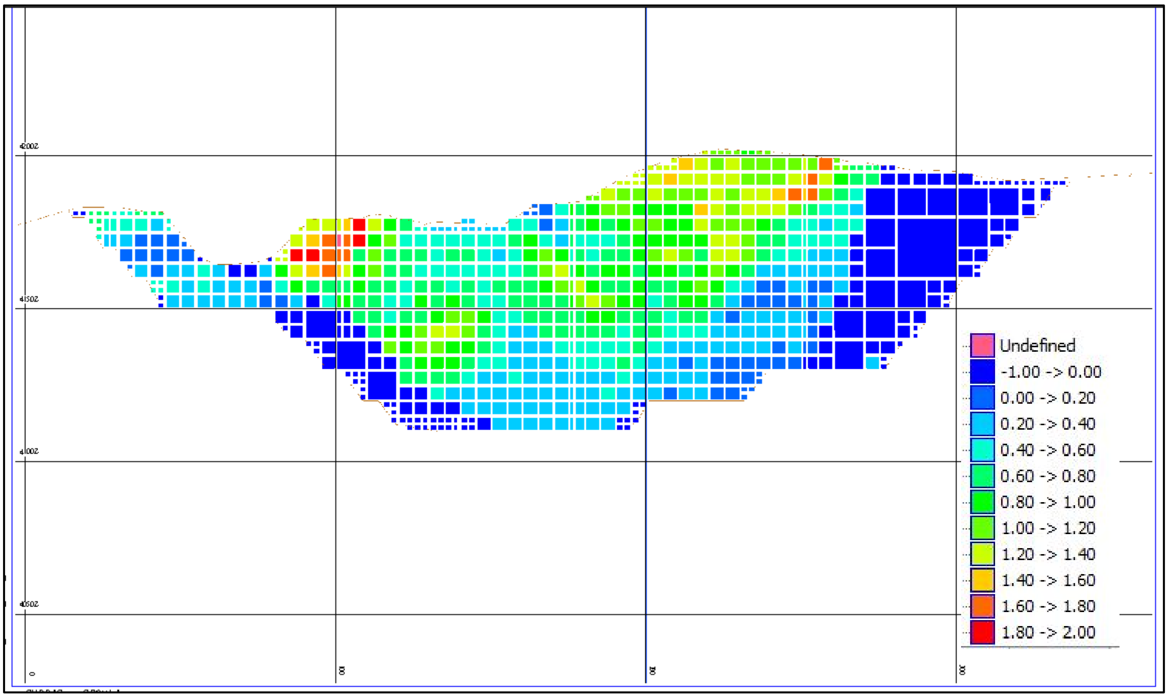
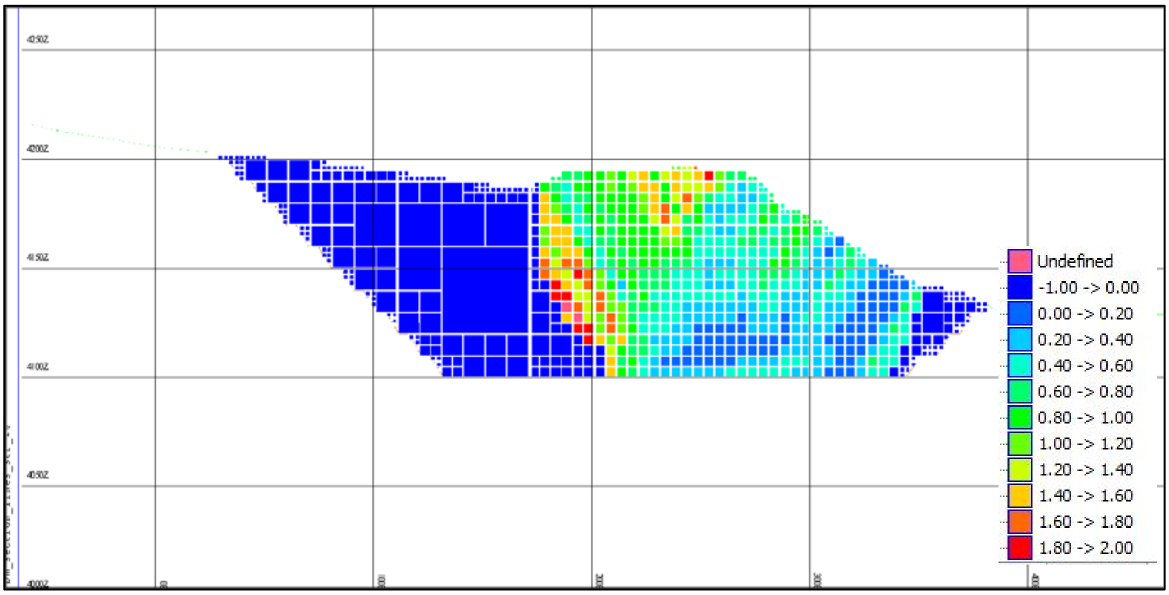


Figure 5: Section 2 Berenguela Pit



Capital Cost Estimates

The total capital cost estimate for the initial development and ramp-up of the facilities at the Berenguela Project including mining, logistics and associated infrastructure (including site infrastructure and storage facilities) is estimated to be approximately US$165M which includes a contingency of US$33M. These estimates are to a concept study level of accuracy only (nominally ±35%). A high-level estimate of the direct capital cost to develop the project is summarised below.

Table 3: Capital Cost Estimates ($M)

Capex	Low ($M)	Probable ($M)	High ($M)
Capital Cost	107	165	223

Ore Processing & Operating Cost Estimates

The Scoping Study contemplates that the ore mined at the Berenguela Project will be processed by direct floatation of copper silver concentrate. On the basis of the metallurgical result obtained in the previous test works, a recovery rate of 85% for copper and 50% for silver has been assumed.

The estimated operating costs as assumed in the scoping Study for the Berenguela Project are summarised in Table 4 below:

Table 4: Operating Cost Estimates (real term)

Parameter	Unit	Low (US$)	Value (US$)	High (US$)
Onsite Costs	US$/Feed	13.0	20.0	27.0
Offsite Cost	US$/Feed	1.4	2.1	2.8
Royalty	US$/Feed	2.9	4.4	5.9
Marketing	US$/Feed	0.3	0.4	0.5
Operating Cost	US$/Feed	17.5	26.9	36.3
FOB/t of Copper net of TC/RC	US$ lb/Cu.	1.12	1.72	2.32

Funding Requirements

The results of the Scoping Study are sufficiently encouraging that Valor is now moving forward with its plans to prepare and publish a PFS. It is clear that any further development of the Berengeula Project will require additional funding. Valor is cognisant of this requirement and is developing plans to address this matter as it arises. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its business and operations plans. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company. The market will be updated in this regard as matters progress.

Forward Looking Statements

This release includes forward looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue” and “guidance”, or other similar words and may include, without limitation statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs. Forward looking statements in this release include, but are not limited to, the capital and operating cost estimates and economic analysis from the Scoping Study.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause Valor actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or quality of resources or reserves, political and social risks, changes to the regulatory framework within which the company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relation issues and litigation.

Forward looking statements are based on Valor and its management's good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the company's business and operations in the future. Valor does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that Valor's business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by Valor or management beyond Valor's control.

Although Valor attempts to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be anticipated, estimated or intended, and many events that are beyond the reasonable control of Valor. Accordingly, readers are cautioned not to place undue reliance on forward looking statements.

Forward looking statements in this release are given as at the date of issue only. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information Valor does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any statement is based.