



VALOR RESOURCES

3 September 2018

**VALOR RESOURCES
LIMITED**

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Ordinary Shares:

1,787,043,528

Options:

86,333,333 (\$0.045 – 04/12/2019)

25,000,000 (\$0.02 – 31/12/2018)

133,333,334 (\$0.004 – 15/12/2018)

Project & Corporate Update

Valor Resources Limited (ASX: **VAL**) (**Valor**) or (**Company**) is pleased to provide the following update in relation to the Berenguela Project (“the Project”) and a Corporate update.

Berenguela Project Update - Proceeding to Prefeasibility Study

As announced to the ASX on 29 August 2018, the Company has completed a positive Scoping Study (“the Study”) for the Project which concludes that the Project is economically and technically viable. The highlights from the Study include the following:

- Shallow open-pit mineral resource with low strip ratio
- Excellent grades in resource which is ~78% Measured + Indicated
- Treatment based on conventional hydrometallurgy processes
- Marketable product mix: copper cathode, electrolytic manganese metal and silver bullion
- Terrain undulating with local access to power, water and national transportation network

The Board has evaluated the results of the Study, which gave positive results, completed a successful capital raise, and has unreservedly elected to proceed with the Pre-Feasibility Study (“PFS”). It is the Board’s view that proceeding directly to PFS is the preferred strategy for the Company in order to highlight the strong fundamentals of the Project.

The Company has previously announced to the ASX the exciting high grade results from exploration at Corona and Corona West, and the upside for additional resources at Berenguela Central. However, the follow-up exploration drilling program will be deferred at this point in order to re-focus the Company’s resources on the PFS, as further resource volumes are not required to support a robust economics case. The 2018 drilling program is to be replaced by limited drilling (circa 1000 metres) in order to provide diamond drill core samples for continued metallurgical testwork and rock mechanical tests. This will be supplemented by existing diamond drill core.

There are three principal work streams to be undertaken in the short term to progress the PFS to completion:

1. **Process de-risking:** Scaling up the treatment process to mini-pilot plant. This will be done independently to verify the process and specifications of final product mix.
2. **Process Design & Infrastructure:** Supported by metallurgical testwork to assist in engineering requirements for commercial scale processing plant.
3. **Mine planning:** Supported by geotechnical and rock mechanics studies for pit design and production scheduling, eventually to generate an ore reserve estimate.

The Company has determined the following milestones and deliverables for the next phase of the Project development and PFS as follows:

Milestone	Deliverable	Timeframe
Milestone 1	Complete process development through de-risking, to product and immediate scalability	Q4 2018
Milestone 2	Complete drilling (circa 1000 metres) for metallurgical & geotechnical samples	Q4 2018
On-going	Metallurgical testwork	Q4 2018 – Q1 2019
Milestone 3	Commencement of process design & mine planning	Q1 2019
Milestone 4	Completion of process design, general layout & infrastructure, mine planning with a production plan (ore reserve), and operating and capital cost estimates, and project implementation plan	Q2 2019
Milestone 5	Prefeasibility Study completion, with cost drivers and project economics to <u>+25%</u>	Q3 2019

Exploration

Whilst the core strategy will be the development of Berenguela Central, the Company also holds valuable exploration targets on the property (Corona, Corona West and Berenguela Deeps) as well as a substantial exploration package of concessions in the area and region (Picha). It is the Company's intent to progress these properties alongside the PFS, as they offer substantial optionality to a potential district wide deposit.

Corporate Update

The Company is very pleased to announce that, Dr Nicholas Lindsay has been appointed to Executive Director – Technical. Dr Lindsay has been instrumental in the finalisation of the Study and the structuring of the immediate technical plans and his full-time commitment to the Company is considered by the Board as a pleasing endorsement

In accordance with ASX Listing Rule 3.16.4, under the terms of Dr. Lindsay's Executive Technical Director Services Agreement, the Company is required to pay a monthly salary of AUD \$10,000 commencing on 1 September 2018. Dr Lindsay's employment shall continue until terminated by either party (without cause) giving the other not less than one month's written notice or upon Dr Lindsay's ceasing to be a Director of the Company.

Additionally, the Board has recently completed a comprehensive budget review and identified and implemented opportunities for budget efficiencies. As part of this process and a reflection of the Board's commitment to the Company going forward, each director has agreed a reduction in directors fees for the remainder of this financial year ranging from 25% to 50%.