VALOR RESOURCES

ABN 88 076 390 451

Half-year Financial Report

31 December 2018

CONTENTS

CORPORATE DIRECTORY

Directors
Mr. Brian McMaster (Non-Executive Chairman)
Ms. Paula Smith (Non-Executive Director)
Dr. Nicholas Lindsay (Chief Executive Officer and Executive Director - Technical)

Company Secretary
Ms. Paula Smith

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Stock Exchange
Australian Securities Exchange Limited
(Home Exchange: Perth, WA)
ASX Code: VAL

DIRECTORS' REPORT

The Directors of Valor Resources Limited ('the Company' or 'Valor') submit the financial report of the consolidated entity for the half-year ended 31 December 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of persons who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Dr Nicholas Lindsay	Chief Executive Officer (appointed 26 October 2018); and Executive Director – Technical (appointed 3 September 2018)
Mr Brian McMaster	Non-Executive Chairman
Ms Paula Smith	Non-Executive Director
Mr Mark Sumner	Executive Chairman (resigned 30 November 2018)

Results

The loss after tax for the half year ended 31 December 2018 was $2,027,398 (2017: $1,632,390).

Dividends

No dividend was paid or declared by the Group during the half-year and up to the date of this report (2017: Nil).

Nature of Operations and Principal Activities

The principal activities of companies within the Group during the half-year were mineral exploration and examination of new resource opportunities.

Review of Operations

Berenguela Project

As announced to the ASX on 29 August 2018, the Company completed a positive Scoping Study for the Berenguela Project. The highlights from the Scoping 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; and
- Local access to power, water and national transportation network.

Following successful completion of the Scoping Study, the Company elected to proceed with undertaking a Pre-Feasibility Study (PFS) in order to highlight the strong fundamentals of the Project. The PFS is in progress, with the immediate emphasis on validating and upscaling the process route to treat the Project's polymetallic ore.

In Peru, re-logging of core has been completed together with mapping of the orebody at a scale of 1:2000. This increases the detail of the mineralisation for improvements in exploration planning and resource estimation.

On the exploration side, the assay results from rock chip sampling at Corona West confirmed the extensive presence of high-grade mineralisation at surface, along a trend similar to Berenguela Central; and, preparations are in process to obtain a permit to drill-test the mineralisation.

Berenguela Mineral Resource

Updated JORC (2012) Mineral Resource Table January 2018

Cut Off Grade	Class	Tonnes	Ag g/t	Cu %	Mn %	Zn %	CuEq
1.05% CuEq	Measured	5,749,988	124.04	1.164	10.253	0.375	1.89
	Indicated	15,676,533	111.93	0.938	7.017	0.376	1.61
	Med + Ind	**21,426,521**	**115.18**	**0.999**	**7.886**	**0.376**	**1.69**
	Inferred	4,396,298	140.40	0.983	3.095	0.241	1.73
	Total	**25,822,820**	**119.48**	**0.996**	**7.070**	**0.353**	**1.69**
	Class	**Tonnes**	**Ag g/t**	**Cu %**	**Mn %**	**Zn %**	**CuEq**
0.75% CuEq	Measured	6,903,420	111.66	1.062	9.314	0.352	1.72
	Indicated	22,354,464	92.38	0.828	5.895	0.329	1.39
	Med + Ind	**29,257,883**	**96.93**	**0.884**	**6.702**	**0.334**	**1.47**
	Inferred	6,720,752	111.88	0.825	2.604	0.219	1.43
	Total	**35,978,635**	**99.72**	**0.873**	**5.937**	**0.313**	**1.46**
	Class	**Tonnes**	**Ag g/t**	**Cu %**	**Mn %**	**Zn %**	**CuEq**
0.50 CuEq	Measured	7,706,610	103.79	0.989	8.676	0.335	1.61
	Indicated	28,226,128	80.45	0.734	5.161	0.296	1.23
	Med + Ind	**35,932,737**	**85.46**	**0.788**	**5.915**	**0.304**	**1.31**
	Inferred	9,972,535	87.90	0.670	2.145	0.203	1.16
	Total	**45,905,272**	**85.99**	**0.763**	**5.096**	**0.282**	**1.28**

The Company confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and the technical parameters underpinning the JORC resources estimate continue to apply and have not materially changed.

Copper Equivalent Calculations & Recoveries Assumptions

The calculation formula used to calculate the reported Copper Equivalent (CuEq %) is as follows:
Cu Eq (%) = Cu G (%) + ((Ag G / 10000) x Ag P x C x ReAg) / (Cu P x ReCu) + (Zn% x Zn P x ReZn) / (Cu P x ReCu)

Equation Key:
Cu G = Copper grade %
Ag G = Silver grade in g/t
Ag P = Silver price in USD per troy ounce: US$17.23
C = Conversion of tonnes to ounces, 1 tonne = 10^6/31.1035=32150.7465 ounces
ReAg = Expected recovery of silver = 50%
Cu P = Copper price at US$7,202.00 per tonne
ReCu = Expected recovery of copper = 85%
Zn% = Zinc Grade %;
Zn P = Zinc price = US$3,377.00 per tonne;
ReZn = Expected recovery of zinc = 80%
See Table 1 for further information on metals grades and drilling intervals.

The metals price assumptions were calculated using spot prices taken from the London Metals Exchange (LME) on Friday, 5th January 2018.

Metallurgical test work has been completed on multiple Berenguela ore samples by independent laboratories and consulting groups. Recovery rates are based on historical work conducted on Berenguela ore samples, as well as guidance from Valor's metallurgical consultants. Valor's metallurgists were consulted regarding the potential for Cu, Ag and Zn recovery based on historical metallurgical work in order to confirm reasonable prospects for eventual economic extraction. A Quality Assurance-Quality Control (QAQC) analysis has been conducted to confirm mineralisation, which showed positive intervals. Based on historical metallurgical work and QAQC, it is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

Competent Person's Statement

The technical information in this release is based on compiled and reviewed data by Mr. Marcelo Batelochi. Mr. Batelochi is an independent consultant with MB Geologia Ltda and is a Chartered Member of AusIMM – The Minerals Institute. Mr. Batelochi has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Batelochi consents to the inclusion in the report of the matters based on their information in the form and context in which it appears. Mr. Batelochi accepts responsibility for the accuracy of the statements disclosed in this release.

Picha Project

During the period, the Company's representatives held an official town hall with the Picha community, as well as formal negotiations for community approvals of the Company's plans for exploration work at the Picha Project. The negotiations and community meetings were successful and resulted in the community agreeing to the Company's plans for a field mapping and surface sampling campaign to be completed in Q2 2019. The Company has also commenced a formal application process with the Peruvian authorities to obtain an updated Environmental Impact Declaration (DIA) for approval for a drilling campaign at Picha. As this is a new permitting exercise, it is expected that the process will take 9-12 months for completion.

Corporate

As announced to the ASX on 6 August 2018, the Company raised $3,000,000 (before costs) at $0.01 per ordinary share together with a one for one New Option for every ordinary share issued (Placement). The funds raised from the Placement will be used to further activities on the Company's Projects and for working capital purposes.

On 15 August 2018, the Company issued the first tranche of ordinary shares under the Placement, being 280,000,000 Shares to unrelated investors in the Placement. The remaining 20,000,000 Shares under the Placement were subscribed for by three Directors of the Company and were issued following Shareholder Approval at a General Meeting of Shareholders held on 21 September 2018. The New Options are exercisable at an exercise price of $0.015 with an expiry date of 31 December 2021 and were also issued following Shareholder Approval at a General Meeting of Shareholders held on 21 September 2018.

As announced on 13 February 2017, pursuant to the terms of the Berenguela Project acquisition, the Company was required to raise a minimum of US$8 million (Minimum Capital Raising Requirement) by no later than 13 February 2018. (End Raising Date). The End Raising Date was subsequently extended to 13 November 2018.

Until the Minimum Capital Raising Requirement was satisfied, the Company was to issue to SSR, for nil consideration, the number of shares that would give SSR Mining Inc (SSR) a shareholding in the Company of not less than 9.9% (on a fully diluted basis) so that SSR's interest in the Company was not diluted as a result of any capital raisings (Top-up Right). In April 2017, the ASX granted a waiver from Listing Rule 6.18 to permit the grant of the Top-Up Right. The ASX granted a further waiver in February 2018 extending the Top Up Right until 13 November 2018. Following the Placement in August 2018, SSR were issued 77,687,900 ordinary shares pursuant to their Top Up Right and the total raised since the acquisition was approximately A$9.25 million (circa US$6.9 million).

As announced on 24 October 2018, SSR waived the obligation for the Company to raise the balance of the Minimum Capital Raising Requirement in exchange for a one-off payment of USD $50,000 to be paid on the 3rd anniversary of the Effective Date, being 11 February 2020 (Amendment). In accordance with the terms of the Amendment, SSR's entitlement to the Top-Up Right has now ceased.

As announced to the ASX on 3 September 2018 & 26 October 2018, the Company appointed Dr Nicholas Lindsay to the roles of Executive Director – Technical and Chief Executive Officer respectively. It was also announced that Mr Mark Sumner had resigned from the Board of Directors effective 30 November 2018 and that Mr Brian McMaster would assume the role of Chairperson.

Subsequent Events

As announced to the ASX on 14 January 2019, the Company signed a joint venture Option Agreement with Kennecott Exploration Company ("KEX"), part of the Rio Tinto group, in respect of the Berenguela copper-silver-manganese project in south-eastern Peru ("Project"). The key terms of the agreement are:

- KEX to pay US$700,000 prior to February 2019 to cover the due instalment payable to SSR Mining Inc. The funds were received on 5 February 2019 from KEX and remitted to SSR Mining Inc on 8 February 2019.
- KEX to actively spend US$2 million on exploration expenditure on the Project over the next 12 months ("Initial Expenditure". During this time, KEX will be solely responsible for designing and implementing the exploration program. Any assistance required from VAL will be reimbursed at cost plus 10%;
- Following the satisfaction of the Initial Expenditure, KEX can exercise an option to form a 50:50 incorporated joint venture with Valor in respect of the Project on payment of an additional US$3 million to Valor ("JV Option"). After the formation of the JV, all costs, management, and decision making will be shared pro rata; and
- Following the JV Option, KEX has a further option to solely fund an additional US$5 million on the Project within three years to earn an additional 25% in the joint venture.

There are no other significant events subsequent to reporting date.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, BDO, to provide the Directors of the Group with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 4 and forms part of this directors' report for the half-year ended 31 December 2018.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3)(a) of the Corporations Act 2001.

Nicholas Lindsay
Chief Executive Officer and Technical Director
Perth, Western Australia
14 March 2019

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF VALOR RESOURCES LIMITED

As lead auditor for the review of Valor Resources Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Valor Resources Limited and the entities it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 14 March 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2018

	Note	31 December 2018 $	31 December 2017 $
Continuing Operations			
Interest received		4,102	14,150
Other income		6	4
Expenses			
Listing and share registry expenses		(48,758)	(48,617)
Legal fees		(66,856)	(63,489)
Consultants and Directors fees		(378,663)	(534,835)
Impairment of receivable		-	(246,231)
Travel and accommodation		(38,688)	(46,425)
Finance costs	3	(669,590)	(531,079)
Depreciation		(1,138)	(482)
Foreign exchange gain/(loss)		(709,043)	159,984
Share based payment expense	7	(16,630)	(209,505)
Other expenses	3	(102,141)	(125,866)
Loss from continuing operations before income tax		**(2,027,398)**	**(1,632,390)**
Income tax benefit		**-**	**-**
Loss from continuing operations after income tax		**(2,027,398)**	**(1,632,390)**
Loss for the half-year		**(2,027,398)**	**(1,632,390)**
Other comprehensive income			
Items that will be Reclassified to Profit or Loss			
Foreign currency translation difference		341,932	(152,719)
Other comprehensive income for the half-year, net of tax		341,932	(152,719)
Total comprehensive income for the half-year		**(1,685,466)**	**(1,785,109)**
Loss for the period attributable to:			
Owners of Valor Resources Limited		(2,027,398)	(1,632,390)
		(2,027,398)	**(1,632,390)**
Comprehensive loss for the period attributable to:			
Owners of Valor Resources Limited		(1,685,466)	(1,785,109)
		(1,685,466)	**(1,785,109)**
Loss per share attributable to owners of Valor Resources Limited			
Basic and diluted loss per share (cents per share)		(0.123)	(0.120)

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position *as at 31 December 2018*

	Note	31 December 2018 $	30 June 2018 $
Current Assets			
Cash and cash equivalents		1,929,550	391,563
Trade and other receivables	4	1,087,150	65,599
Other current assets		22,143	16,261
Total Current Assets		**3,038,843**	**473,423**
Non-Current Assets			
Property, plant and equipment		16,088	16,860
Deferred exploration and evaluation expenditure	5	16,699,896	16,032,428
Total Non-Current Assets		**16,715,984**	**16,049,288**
Total Assets		**19,754,828**	**16,522,711**
Current Liabilities			
Trade and other payables		1,182,938	1,168,983
Total Current Liabilities		**1,182,938**	**1,168,983**
Non-Current Liabilities			
Other payables		12,219,055	11,039,238
Total Non-Current Liabilities		**12,219,055**	**11,039,238**
Total Liabilities		**13,401,993**	**12,208,221**
Net Assets		**6,352,835**	**4,314,490**
Equity			
Issued Capital	6	51,729,104	48,252,652
Reserves		17,522,395	16,933,104
Accumulated losses		(62,898,664)	(60,871,266)
Total Equity		**6,352,835**	**4,314,490**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows *for the half-year ended 31 December 2018*

	31 December 2018 $	31 December 2017 $
Cash flows from operating activities		
Payments to suppliers and employees	(607,739)	(1,024,658)
Interest received	4,102	14,150
Interest paid	(4,203)	-
Net cash outflow from operating activities	**(607,840)**	**(1,010,508)**
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(691,912)	(1,490,550)
Payments for property, plant and equipment	-	(7,660)
Net cash inflow from investing activities	**(691,912)**	**(1,498,210)**
Cash flows from financing activities		
Proceeds from share issues	3,000,000	3,125,000
Proceeds from exercise of options	160,000	100,000
Payments for share issue costs	(213,068)	(208,181)
Net cash outflow from financing activities	**2,946,932**	**3,016,819**
Net increase in cash held	1,647,180	508,101
Cash and cash equivalents at beginning of period	391,563	1,948,570
Net foreign exchange differences	(109,193)	(5,823)
Cash and cash equivalents at the end of the period	**1,929,550**	**2,450,848**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity *for the half-year ended 31 December 2018*

	Issued Capital $	Accumulated Losses $	Option Reserves $	Foreign Exchange Reserves $	Share Based Payments Reserve $	Performance Shares Reserve $	Total $
Balance at 1 July 2017	**44,703,700**	**(56,987,836)**	**4,995,040**	**(326,403)**	**11,712,193**	**11,061**	**4,107,755**
Profit for the half-year	-	(1,632,390)	-	-	-	-	(1,632,390)
Other comprehensive income							
Foreign currency translation	-	-	-	(152,719)	-	-	(152,719)
Total comprehensive income for the half-year	-	(1,632,390)	-	(152,719)	-	-	(1,785,109)
Transactions with owners in their capacity as owners							
Shares issued as part of acquisition	592,974	-	-	-	-	-	592,974
Shares issued as part of placement	3,125,000	-	-	-	-	-	3,125,000
Fundraising costs	(479,607)	-	259,087	-	-	-	(220,520)
Shares Issued on exercise of Options	100,000	-	-	-	-	-	100,000
Share based payments	63,995	-	-	-	-	-	63,995
Balance at 31 December 2017	**48,106,062**	**(58,620,226)**	**5,254,127**	**(479,122)**	**11,712,193**	**11,061**	**5,984,095**
Balance at 1 July 2018	**48,252,652**	**(60,871,266)**	**5,254,126**	**(44,276)**	**11,712,193**	**11,061**	**4,314,490**
Profit for the half-year	-	(2,027,398)	-	-	-	-	(2,027,398)
Other comprehensive income							
Foreign currency translation	-	-	-	341,932	-	-	341,932
Total comprehensive income for the half-year	-	(2,027,398)	-	341,932	-	-	(1,685,466)
Transactions with owners in their capacity as owners							
Shares issued as part of acquisition	776,879	-	-	-	-	-	776,879
Shares issued as part of placement	3,000,000	-	-	-	-	-	3,000,000
Issue of options	-	-	247,359	-	-	-	247,359
Fundraising costs	(460,427)	-	-	-	-	-	(460,427)
Shares Issued on exercise of Options	160,000	-	-	-	-	-	160,000
Balance at 31 December 2018	**51,729,104**	**(62,898,664)**	**5,501,485**	**297,656**	**11,712,193**	**11,061**	**6,352,835**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CORPORATE INFORMATION

The consolidated financial statements of Valor Resources Limited ('the Group') for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of the directors on 13 March 2019.

Valor Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These interim general purpose financial statements for the half-year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made by Valor Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year report has been prepared on an accruals basis and is based on historical costs.

Adoption of new and amended accounting standards
A number of new or amended standards became applicable for the current reporting period and the Group has changed its accounting policies as a result of the adoption of the following standards:

- *AASB 9 Financial Instruments;* and
- *AASB 15 Revenue from Contracts with Customers.*

The impact of the adoption of these standards and the new accounting policies are disclosed below. The impact of these standards, and the other new and amended standards adopted by the Group, has not had a material impact on the amounts presented in the Group's financial statements.

AASB 9 Financial Instruments – Impact of Adoption

AASB 9 replaces the provisions of AASB 139 *Financial Instruments* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 from 1 July 2018 resulted in no material impact on the amounts recognised in the financial statements.

AASB 15 Revenue from Contracts with Customers – Impact of Adoption

The Group has adopted AASB 15 from 1 July 2018 which has resulted in no material impact on the amounts recognised in the financial statements.

New accounting standards and interpretations not yet adopted
In the half-year ended 31 December 2018, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current reporting period.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2018. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group accounting policies.

New and amended accounting standards and interpretations have been published but are not mandatory. The Group has decided against early adoptions of these standards, and has determined the potential impact on the financial statements from the adoption of these standards and interpretations is not material to the Group.

(b) Significant accounting judgments and key estimates

Going Concern
The Group incurred a net loss after tax for the half-year ended 31 December 2018 of $2,027,398 (31 December 2017: $1,632,390). The Group has a cash balance of $1,929,550 (30 June 2018: $391,563) and $13,401,993 (30 June 2018: $12,208,221) in Trade Creditors and Other Payables. The Trade Creditors and Other Payables includes the present value of the Deferred Consideration due to SSR Mining Inc within twelve months being USD $700,000 paid in February 2019. In addition, the Company will pay the following cash consideration to the seller:

- US$1,800,000 on 11 February 2020;
- US$3,000,000 on 11 February 2021; and
- US$6,000,000 on 11 February 2022.

The ability of the Group to continue as a going concern is dependent on securing additional funding through equity and / or debt to fund its activities. These conditions indicate a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, the Directors of the Group have prepared the half-year report on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The Group has successfully raised $3,000,000 (before costs) in the six months to 31 December 2018 and the Group will seek to raise additional funds through equity and/or debt.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the half-year financial statements. The half-year financial report does not include any adjustments relating to the recoverability and classification of the recorded amounts or liabilities that might be necessary should the Group not continue as a going concern.

2. SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Statement of Cash Flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

3. OTHER EXPENSES

	31 December 2018 $	31 December 2017 $
Advertising and promotion	37,799	53,460
Bank Fees	1,711	27,591
Insurance	968	5,641
Rent and outgoings	20,256	7,116
Other	41,407	32,058
	102,141	**125,866**

In addition, a finance cost of $669,590 has been incurred during the period. This cost relates to the unwinding of the discount applied to the deferred consideration liability incurred upon acquisition of the Berenguela Project.

4. TRADE AND OTHER RECEIVABLES

	31 December 2018 $	30 June 2018 $
Debtors[1]	992,544	-
Other receivables	20,307	51,226
GST receivable	74,299	14,373
Closing balance	**1,087,150**	65,599

Notes

1 As announced to the ASX on 14 January 2019, the Company signed a joint venture Option Agreement with Kennecott Exploration Company ("KEX") in respect of the Berenguela copper-silver-manganese project. A key term of this agreement was KEX was to pay US$ 700,000 (A$ 992,545) to Valor prior to cover the due instalment payable to SSR Mining Inc. The agreement was signed on 31 December 2018. The funds were received on 5 February 2019 from KEX and remitted to SSR Mining Inc on 8 February 2019.

5. DEFERRED EXPLORATION & EVALUATION EXPENDITURE

	31 December 2018 $	30 June 2018 $
Opening balance	16,032,428	13,217,180
Exploration expenditure incurred year to date	1,413,833	2,582,205
Funding obligation per KEX agreement [1]	(992,545)	-
Net exchange differences on translation	246,180	233,043
Closing balance	**16,699,896**	**16,032,428**

Notes

1 As announced to the ASX on 14 January 2019, the Company signed a joint venture Option Agreement with Kennecott Exploration Company ("KEX") in respect of the Berenguela copper-silver-manganese project. A key term of this agreement was KEX was to pay US$ 700,000 (A$ 992,545) to Valor prior to cover the due instalment payable to SSR Mining Inc. The funds were received on 5 February 2019 from KEX and remitted to SSR Mining Inc on 8 February 2019.

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

6. ISSUED CAPITAL

	31 December 2018 $	30 June 2018 $
(a) Issued and paid up capital		
Ordinary shares fully paid	51,729,104	48,252,652

	31 December 2018		30 June 2018	
	Number of shares	$	Number of shares	$
(b) Movements in shares on issue				
Opening balance	1,475,504,358	48,252,652	1,310,213,907	44,703,700
Shares issued as part of placement	300,000,000	3,000,000	130,000,000	3,225,000
Shares issued as part of acquisition	77,687,900	776,879	23,718,957	592,974
Shares issued due to exercise of options	40,000,000	160,000	-	-
Share based payments	-	-	11,571,494	215,079
Fundraising costs	-	(460,427)	-	(484,101)
Closing balance	**1,893,192,258**	**51,729,104**	**1,475,504,358**	**48,252,652**

(c) Share Options
As at the date of this report, details of the options held are as follows:

	Unlisted Options Exercise at $0.004 By 15/12/2018	Unlisted Options Exercise at $0.02 By 31/12/2018	Listed Options Exercise at $0.045 By 04/12/2019	Listed Options Exercise at $0.015 By 31/12/2021
Balance at 1 July 2018	133,333,334	25,000,000	86,333,333	-
Issued 8 October 2018	-	-	-	400,000,000
Exercised 17 September 2018	(40,000,000)	-	-	-
Expired on 15 December 2018	(93,333,334)	-	-	-
Expired on 31 December 2018	-	(25,000,000)	-	-
Balance at the date of this report	-	-	86,333,333	400,000,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. No options were exercised since the end of the half-year.

40,000,000 options were exercised during the period raising $160,000.

100,000,000 options exercisable at $0.015 with an expiry date of 31 December 2021 were issued during the period to brokers in part consideration for services rendered to the company in respect of the equity raising that took place during the period. These options were valued at $0.002 per option, based on the fair value of the instruments granted, resulting in a charge of $247,359 which, as a cost of equity raising, was debited against the increase to share capital, refer to note 7 for further detail.

300,000,000 options exercisable at $0.015 with an expiry date of 31 December 2021 were issued during the period to ordinary shareholders who participated in the placement on the basis of one new option for one subscribed ordinary share.

7. SHARE BASED PAYMENTS

(a) Recognised share based payment transactions

Share based payment transactions recognised as operation expenses in the statement of profit or loss and other comprehensive income or exploration expenditure on the statement of financial position during the half-year were as follows:

	31 December 2018 $	30 June 2018 $
Operating expenditure		
Share based payments to employees (refer to note 7(b))	16,630	222,875
Exploration expenditure		
Share based payments to vendors, capitalised against exploration asset (refer to note 6 and note 7(c))	-	-

(b) Share based payments to employees

Under a services agreement, the Chief Operating Officer is entitled to a share-based salary component of US$2,000 worth of shares per month. As at 31 December 2018, the Chief Operating Officer is entitled to shares under the Employee Share Plan with a value of US$32,233 (approximately A$45,721).

An Employee Share Plan was approved at the AGM on 30 November 2018. Under the terms of the plan, The Board may issue directors, employees or contractors with a number of shares at a price determined by the Board. Shares may be subject to restriction conditions relating to meeting certain milestones or escrow. The Company is able to issues shares to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary shares without shareholder approval in any 12 month period.

(c) Share based payments to vendors

Berenguela Project:

In accordance with the terms of the acquisition of the Berenguela Project, in the event the Company raises additional funds through the issue of securities, the vendor will be issued such number of shares as would result in the vendor maintaining a voting power in the Company of 9.9% (on a fully diluted basis) ("the top-up right"). In accordance with this provision of the acquisition, the following shares were issued to the vendor:

- On 15 August 2018, the Company issued 31,539,170 fully paid ordinary shares with a fair value of $315,392.
- On 8 October 2018, the Company issued 46,148,730 fully paid ordinary shares with a fair value of $461,487.

On 24 October 2018, the Company announced an amendment to the terms of the acquisition detailed above. These amendments include a provision that the vendor's entitlement to the top-up right has now ceased.

8. CONTINGENT LIABILITIES

The vendor is also entitled to a 1% net smelter royalty on all minerals and mineral products produced from the Berenguela Project. These items have not been included as consideration for the acquisition given they are contingent in nature and cannot be reliably measured at the date of acquisition because they are dependent on future events not wholly within the control of the entity.

There are no other known contingent liabilities.

9. COMMITMENTS

There are no commitments as at 31 December 2018.

10. DIVIDENDS

No dividends have been paid or provided for during the half-year.

11. SUBSEQUENT EVENTS

As announced to the ASX on 14 January 2019, the Company signed a joint venture Option Agreement with Kennecott Exploration Company ("KEX"), part of the Rio Tinto group, in respect of the Berenguela copper-silver-manganese project in south-eastern Peru ("Project"). The key terms of the agreement are:

- KEX to pay US$700,000 prior to February 2019 to cover the due instalment payable to SSR Mining Inc. The funds were received on 5 February 2019 from KEX and remitted to SSR Mining Inc on 8 February 2019.
- KEX to actively spend US$2 million on exploration expenditure on the Project over the next 12 months ("Initial Expenditure". During this time, KEX will be solely responsible for designing and implementing the exploration program. Any assistance required from VAL will be reimbursed at cost plus 10%;
- Following the satisfaction of the Initial Expenditure, KEX can exercise an option to form a 50:50 incorporated joint venture with Valor in respect of the Project on payment of an additional US$3 million to Valor ("JV Option"). After the formation of the JV, all costs, management, and decision making will be shared pro rata; and
- Following the JV Option, KEX has a further option to solely fund an additional US$5 million on the Project within three years to earn an additional 25% in the joint venture.

There are no other significant events subsequent to reporting date.

DIRECTORS' DECLARATION

In the opinion of the Directors of Valor Resources Limited ('the Group'):

1. The financial statements and notes thereto, as set out on pages 6 to 13, are in accordance with the Corporations Act 2001 including:

   a. complying with Accounting Standard AASB 134: Interim Financial Reporting Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year then ended on that date; and

2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5)(a) of the Corporations Act 2001.

Nicholas Lindsay
Chief Executive Officer and Technical Director
Perth, Western Australia
14 March 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Valor Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Valor Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001 including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1(b) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 14 March 2019