VALOR RESOURCES

(formerly known as The Carajas Copper Company Limited)

ABN 88 076 390 451

Half-year Financial Report

31 December 2017

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CORPORATE DIRECTORY

Directors
Mr. Mark Sumner (Executive Chairman)
Mr. Brian McMaster (Non-Executive Director)
Ms. Paula Smith (née Cowan) (Non-Executive Director)
Dr. Nicholas Lindsay (Non-Executive Director)

Company Secretary
Ms. Paula Smith (née Cowan)

Registered Office
22 Lindsay Street
PERTH, WA 6000
Telephone: +61 8 9200 3467
Facsimile: +61 8 9227 6390

Share Registry
Automic Registry Services Pty Ltd
Level 2
267 St Georges Terrace
PERTH, WA 6000
Telephone: + 61 8 9324 2099
Facsimile: + 61 8 9321 2337

Auditors
BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO, WA 6008

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 2017. 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.

Mr Mark Sumner	Executive Chairman
Mr Brian McMaster	Non-Executive Director
Ms Paula Smith (née Cowan)	Non-Executive Director
Dr Nicholas Lindsay	Non-Executive Director (appointed 19 February 2018)

Results

The loss after tax for the half year ended 31 December 2017 was $1,632,390 (2016: $499,902).

Dividends

No dividend was paid or declared by the Group during the half-year and up to the date of this report (2016: 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 Drilling Program & Updated JORC Estimate

As announced on 10 July 2017, the Company commenced a drilling program at the Berenguela project and drilling results were announced progressively throughout the drilling program with the final results announced on 9 November 2017. The drilling program was highly successful and provided a number of significant intercepts, including some of the highest ever delivered at the Berenguela project. The final drilling program consisted of a total of 69 holes for a total of 9,109 meters. The drill holes are spaced on 35m x 35m grid and were performed from 20 platforms (BEP-001, BEP-002, BEP-003, BEP- 005, BEP-006, BEP-007, BEP-008, BEP-021, BEP-022, BEP-023, BEP-024, BEP-025, BEP-029, BEP-031, BEP-032).

On 18 October 2017, the Company announced a significant update to the JORC Resource Estimate for the Berenguela project. Further to this and subsequent to the end of the period, the Company announced an additional increase to the JORC Resource Estimate at Berenguela. As outlined in the ASX announcements released on 9 January 2018 and 30 January 2018 and detailed below, the Company was pleased to advise an 80% overall increase in total resources, including a 37% increase in total contained copper and 37% increase in total contained silver to approximately 127 million ounces Ag. Further, the company outlined a 45% increase in total contained zinc to approximately 286 million pounds Zn.

In December of 2017, the Company commenced a surface sampling campaign within the Berenguela project area, as well as additional outlying areas, with an aim to test the potential for further surface mineralisation. The samples are to be processed by SGS Labs in Lima and the results are expected during the last week of February and into the first week of March of 2018.

Berenguela Mineral Resources

Updated JORC (2012) 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 2018. 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 7-9 months for completion.

Corporate
On 19 September 2017, the Company announced an oversubscribed placement of new shares to sophisticated investors. The placement consisted of 125,000,000 fully paid ordinary shares priced at $0.025 per share to raise $3,125,000 (before costs) and was finalised on 2 October 2017.

On 16 November 2017, the Company announced the establishment of a share sale facility for holders of fully paid ordinary shares valued at less than $500. A marketable parcel of shares is considered to be a holding that has a market value of over $500. As at the market close on 15 November 2017 (Record Date) the Directors determined an unmarketable parcel of shares is any shareholding of less than 20,833 fully paid ordinary shares (Unmarketable Parcel) based on a price of $0.024 per share, being the closing price of shares on the Australian Securities Exchange on Record Date.

On 22 December 2017, the Company announced the resignation of Ms. Kelly Moore as joint Company Secretary.

Subsequent Events
On 10 January 2018, the Company issued 7,038,354 fully paid ordinary shares to an employee as consideration for services rendered to the Company under the Employee Share Plan.

On 2 February 2018, the Company announced an extension to the end raising date specified in the terms of the acquisition of the Berenguela Project, which settled in May 2017. As part of the original terms, it was agreed that VAL would raise a minimum of US$8 million by 13 February 2018. This date has been extended to 13 November 2018 and Company was granted a revised waiver of ASX Listing Rule 6.18 which allows shares issued to SSR under the Top Up Right to be issued for nil consideration until the Capital Raising completes on or before 13 November 2018.

On 6 February 2018, the Company announced that the share sale facility for holders of fully paid ordinary shares in the Company valued at less than $500 closed on 5 February 2018. The final number of shares eligible to be sold under the Facility is 1,688,310 ordinary shares from 342 shareholders.

On 11 February 2018, the Company made a payment of USD 400,000 to Silver Standard under the terms of the agreement relating to the acquisition of the Berenguela Project.

On 19 February 2018, the Company announced the appointment of Dr Nicholas Lindsay as a Non-Executive Director.

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 2017.

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.

Mark Sumner
Executive Chairman
Perth, Western Australia
15 March 2018

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY MATTHEW CUTT TO THE DIRECTORS OF VALOR RESOURCES LIMITED

As lead auditor for the review of Valor Resources Limited for the half-year ended 31 December 2017, 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.

Matthew Cutt

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2017

	Note	31 December 2017 $	31 December 2016 $
Continuing Operations			
Interest received		14,150	1,124
Other income		4	18,293
Expenses			
Listing and share registry expenses		(48,617)	(50,675)
Professional fees		(154,858)	(96,270)
Consultants and Directors fees		(443,466)	(120,025)
Impairment of receivable		-	(50,000)
Travel and accommodation		(46,425)	(7,454)
Finance costs	3	(531,079)	-
Depreciation		(482)	-
Foreign exchange gain/(loss)		159,985	(175)
Share based payment expense	6	(209,505)	
Other expenses	3	(372,097)	(194,720)
Loss from continuing operations before income tax		**(1,632,390)**	**(499,902)**
Income tax benefit		**-**	**-**
Loss from continuing operations after income tax		**(1,632,390)**	**(499,902)**
Loss for the half-year		**(1,632,390)**	**(499,902)**
Other comprehensive income			
Items that will be Reclassified to Profit or Loss			
Foreign currency translation difference		(152,719)	(3,885)
Other comprehensive income for the half-year, net of tax		(152,719)	(3,885)
Total comprehensive income for the half-year		**(1,785,109)**	**(503,787)**
Loss for the period attributable to:			
Owners of Valor Resources Limited		(1,632,390)	(499,902)
		(1,632,390)	**(499,902)**
Comprehensive loss for the period attributable to:			
Owners of Valor Resources Limited		(1,785,109)	(503,787)
		(1,785,109)	**(503,787)**
Loss per share attributable to owners of Valor Resources Limited			
Basic and diluted loss per share (cents per share)		(0.12)	(0.12)

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 2017*

	Note	31 December 2017 $	30 June 2017 $
Current Assets			
Cash and cash equivalents		2,450,848	1,948,570
Trade and other receivables		25,230	96
Other current assets		20,778	24,765
Total Current Assets		2,496,856	1,973,431
Non-Current Assets			
Deferred exploration & evaluation expenditure	4	15,110,969	13,217,180
Property, plant and equipment		12,252	5,075
Total Non-Current Assets		15,123,221	13,222,255
Total Assets		17,620,077	15,195,685
Current Liabilities			
Trade and other payables		841,384	694,060
Total Current Liabilities		841,384	694,060
Non-Current Liabilities			
Other payables		10,794,598	10,393,871
Total Non-Current Liabilities		10,794,598	10,393,871
Total Liabilities		11,635,982	11,087,931
Net Assets		**5,984,095**	**4,107,755**
Equity			
Issued Capital	5	48,106,062	44,703,700
Reserves		16,498,258	16,391,891
Accumulated losses		(58,620,225)	(56,987,836)
Total Equity		**5,984,095**	**4,107,755**

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 2017*

	31 December 2017 $	31 December 2016 $
Cash flows from operating activities		
Payments to suppliers and employees	(1,024,658)	(416,691)
Interest received	14,150	1,124
Interest paid	-	(10,000)
Net cash outflow from operating activities	**(1,010,508)**	**(425,567)**
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(1,490,550)	-
Payments for property, plant and equipment	(7,660)	-
Cash acquired on acquisition of subsidiary	-	9,818
Net cash inflow from investing activities	**(1,498,210)**	**9,818**
Cash flows from financing activities		
Proceeds from share issues	3,125,000	880,110
Proceeds from exercise of options	100,000	-
Payments for share issue costs	(208,181)	(123,085)
Repayment of borrowings	-	(60,000)
Net cash outflow from financing activities	**3,016,819**	**697,025**
Net increase in cash held	508,101	281,276
Cash and cash equivalents at beginning of period	1,948,570	69,533
Net foreign exchange differences	(5,823)	(173)
Cash and cash equivalents at the end of the period	**2,450,848**	**350,636**

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 2017*

	Issued Capital $	Accumulated Losses $	Option Reserves $	Foreign Exchange Reserves $	Share Based Payments Reserve $	Performance Shares Reserve $	Total $
Balance at 1 July 2016	**38,242,586**	**(55,383,743)**	**4,995,040**	**34,822**	**11,188,337**	**11,061**	**(911,897)**
Profit for the half-year	-	(499,902)	-	-	-	-	(499,902)
Other comprehensive income							
Foreign currency translation	-	-		(3,885)	-	-	(3,885)
Total comprehensive income for the half-year	-	(499,902)	-	(3,885)	-	-	(503,787)
Transactions with owners in their capacity as owners							
Shares issued as part of rights issue	498,110	-	-	-	-	-	498,110
Shares issued as part of placement	382,000	-	-	-	-	-	382,000
Shares issued in lieu of amounts owed	419,474	-	-	-	-	-	419,474
Shares issued as part of acquisition	400,000	-	-	-	-	-	400,000
Fundraising costs	(69,834)	-	-	-	-	-	(69,834)
Share based payments	-	-	-	-	523,856	-	523,856
Balance at 31 December 2016	**39,872,336**	**(55,883,645)**	**4,995,040**	**30,937**	**11,712,193**	**11,061**	**737,922**
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**

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 2017 was authorised for issue in accordance with a resolution of the directors on 15 March 2018.

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 2017 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 2017 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.

Accounting policies and methods of computation
The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding held-year reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New accounting standards and interpretations not yet adopted
In the half-year ended 31 December 2017, 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 2017. 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 is change 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 2017 of $1,632,391 (31 December 2016: loss $499,902). The Group has a cash balance of $2,450,848 (30 June 2017: $1,948,570) and $841,384 (30 June 2017: $797,306) 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 $400,000 payable in February 2018. In addition, the Company will pay the following cash consideration to the seller:

- US$700,000 on 11 February 2019;
- US$1,750,000 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 is 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 $3,125,000 (before costs) in the six months to 31 December 2017 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 2017 $	31 December 2016 $
VAT expense	246,231	-
Administration services	53,460	20,730
Bank Fees	27,591	590
Insurance	5,641	621
Rent and outgoings	7,116	-
Exploration costs	-	71,429
Other	32,058	101,350
	372,097	**194,720**

In addition, a finance cost of $531,079 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. DEFERRED EXPLORATION & EVALUATION EXPENDITURE

	31 December 2017 $	30 June 2017 $
Opening balance	13,217,180	-
Acquisitions	-	963,840
Acquisition and share based payments[1]	592,974	12,208,206
Exploration expenditure incurred during the half-year	1,512,412	339,076
Net exchange differences on translation	(211,597)	(293,942)
Closing balance	**15,110,969**	**13,217,180**

[1] In accordance with the terms of the acquisition of the Berenguela Project, as disclosed in the Annual Financial Report for the year ending 30 June 2017, in the event the Company raises additional funds through the issue of securities within the first year of the agreement, 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 participation right will terminate and be of no further force and effect where the vendor holds less than 5% of the issue capital on the Company (on an undiluted basis).

In accordance with this provision of the acquisition, the following shares were issued to the vendor:

- On 2 October 2017, the Company issued 14,232,831 fully paid ordinary shares with a fair value of $355,821.
- On 4 December 2017, the Company issued 9,486,126 fully paid ordinary shares with a fair value of $237,153.

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.

5. ISSUED CAPITAL

	31 December 2017 $	30 June 2017 $
(a) Issued and paid up capital		
Ordinary shares fully paid	48,106,062	44,703,700

	31 December 2017		30 June 2017	
	Number of shares	$	Number of shares	$
(b) Movements in shares on issue				
Opening balance	1,310,213,907	44,703,700	175,629,613	38,242,586
Shares issued as part of rights issue	-	-	166,036,924	498,110
Shares issued as part of placement	125,000,000	3,125,000	543,333,332	3,800,000
Shares issued in lieu of amounts owed	-	-	135,999,527	509,399
Shares issued as part of acquisition	23,718,957	592,974	279,214,511	1,858,812
Shares issued due to exercise of options	5,000,000	-	-	-
Share based payments	4,533,140	63,995	10,000,000	100,000
Options exercised	-	100,000	-	-
Fundraising costs	-	(479,607)	-	(305,207)
Closing balance	**1,468,466,004**	**48,106,062**	**1,310,213,907**	**44,703,700**

(c)Share Options

As at the date of this report, details of the options held are as follows:

	Unlisted Options Exercise at $0.02 By 31/12/2018	Unlisted Options Exercise at $0.004 By 15/12/2018	Listed Options Exercise at $0.045 By 04/12/2019
Balance at 1 July 2017	30,000,000	133,333,334	-
Exercised on 20 October 2017	(5,000,000)	-	-
Issued 4 December 2017	-	-	86,333,333
Balance at the date of this report	25,000,000	133,333,334	86,333,333

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.

The options issued during the period were issued 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 $0.003 per option, based on the fair value of the instruments granted, resulting in a charge of $259,087 which, as a cost of equity raising, was debited against the increase to share capital.

6. 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 2017 $	30 June 2017 $
Operating expenditure		
Share based payments to employees (refer to note 6(b))	209,505	107,807
Exploration expenditure		
Share based payments to vendors, capitalised against exploration asset (refer to note 5 and note 6(c))	592,974	2,382,668

(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 2017, the Chief Operating Officer is entitled to shares under the Employee Share Plan with a value of US$18,000 (approximately A$23,356). During the period, the Chief Operating Officer has been allocated three tranches of bonus shares as follows: on 17 July 2017 issued 3,288,900 fully paid ordinary shares with a fair value of $32,889; on 2 October 2017 issued 1,244,240 fully paid ordinary shares with a fair value of $31,106; in December 2017 qualified for 5,124,920 fully paid shares with a fair value of $128,123.

An Employee Share Plan was approved at the AGM on 30 November 2017. 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 within the first year of the agreement, 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 participation right will terminate and be of no further force and effect where the vendor holds less than 5% of the issue capital on the Company (on an undiluted basis). In accordance with this provision of the acquisition, the following shares were issued to the vendor:

- On 2 October 2017, the Company issued 14,232,831 fully paid ordinary shares with a fair value of $355,821.
- On 4 December 2017, the Company issued 9,486,126 fully paid ordinary shares with a fair value of $237,153.

7. CONTINGENT LIABILITIES

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 within the first year of the agreement, 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 participation right will terminate and be of no further force and effect where the vendor holds less than 5% of the issue capital on the Company (on an undiluted basis).

The vendor is also entitled to a 1% net smelter royalty on all minerals and mineral products produced from the 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.

8. COMMITMENTS

There are no commitments as at 31 December 2017.

9. DIVIDENDS

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

10. SUBSEQUENT EVENTS

On 10 January 2018, the Company issued 7,038,354 fully paid ordinary shares to an employee as consideration for services rendered to the Company under the Employee Share Plan

On 2 February 2018, the Company announced an extension to the end raising date specified in the terms of the acquisition of the Berenguela Project, which settled in May 2017. As part of the original terms, it was agreed that VAL would raise a minimum of US$8 million by 13 February 2018. This date has been extended to 13 November 2018.

On 6 February 2018, the Company announced that the share sale facility for holders of fully paid ordinary shares in the Company valued at less than $500 closed on 5 February 2018. The final number of shares eligible to be sold under the Facility is 1,688,310 ordinary shares from 342 shareholders.

On 11 February 2018, the Company made a payment of USD 400,000 to Silver Standard under the terms of the agreement relating to the acquisition of the Berenguela Project.

On 19 February 2018, the Company announced the appointment of Dr Nicholas Lindsay to the board as a Non-Executive Director.

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 5 to 12, 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 2017 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.

Mark Sumner
Executive Chairman
Perth, Western Australia
15 March 2018

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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 2017, 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, 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 2017 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 *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 2017 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

M Cutt

Matthew Cutt

Director

Perth, 15 March 2018