VALOR RESOURCES

ABN 88 076 390 451

Half-year Financial Report

31 December 2019

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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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Share Registry
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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 ('the Group') for the half-year ended 31 December 2019. 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; and Executive Director – Technical
Mr Brian McMaster	Non-Executive Chairman
Ms Paula Smith	Non-Executive Director

Results

The loss after tax for the half year ended 31 December 2019 was $3,383,870 (2018: $2,027,398).

Dividends

No dividend was paid or declared by the Company during the half-year and up to the date of this report (2018: 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

Radio Gold Project

On 4 September 2019, Valor announced a binding Heads of Agreement to earn an interest in the Radio Gold Mine located 40km north of Southern Cross in Western Australia by acquiring 100% of the fully paid ordinary shares of Bullfinch One Pty Ltd (Bullfinch One) from Sulphide-X Limited (Sulphide-X). Bullfinch One holds the contractual rights to earn up to 75% interest in the Radio Gold Mine owned by Radio Gold Pty Ltd, a 100% wholly owned subsidiary of Resources & Energy Group Limited (ASX: REZ). Under the agreement between Bullfinch One and Radio Gold Pty Ltd:

- Bullfinch One shall have a 50% beneficial interest, and the right to be transferred a 50% legal interest, in the Radio Project when it meets the minimum expenditure of $4 million over a two-year farm-in period;
- Bullfinch One has the right to acquire up to a further 25% interest in the Radio Project in instalments for $2,000,000 cash over 24 months from commencement, being 8 October 2019, payable by:
  - $500,000 cash paid on commencement (6.25% of the Radio Gold Mine Project has now been transferred to Bullfinch One);
  - $250,000 for a further 3.125% interest before 8 April 2020;
  - $250,000 for a further 3.125% interest before 8 October 2020; and
  - $1,000,000 for a further 12.5% interest before 8 October 2021.
- Bullfinch One, upon commencement of operations, retains 50% of the proceeds of product sales after recouping operating costs.

During the period, Valor provided a secured loan of $500,000 and an unsecured loan of $29,051 to Bullfinch One to meet the commitments under the acquisition agreement with REZ. Subsequent to 31 December 2019 and as detailed in ASX announcement dated 3 February 2020 titled *"Variation to Radio Project Acquisition & Debt Facility"*, Valor completed the acquisition of Bullfinch One by issuing to Sulphide-X a total of 20,000,000 fully paid ordinary Valor shares (Shares) (varied from 100,000,000 Shares on completion and 300,000,000 Shares upon completion of certain milestones under the original terms). Bullfinch One has attended to the transfer of all relevant licenses for the operation of the mine and dewatering of the mine has commenced in preparation for the re-starting of production.

Berenguela Project

As announced on 14 January 2019, the Company entered a Joint Venture Option Agreement with Kennecott Exploration Company (KEX), a wholly owned subsidiary of Rio Tinto. Pursuant to the Option Agreement, KEX was required to spend US$2 million on exploration expenditure on the Berenguela Project. This expenditure was completed during the half year ended 31 December 2019 by the drilling of 1,427 metres of diamond drilling in four holes.

Subsequent to 31 December 2019, the Company announced the results of KEX's exploration programme and KEX's election not to proceed with the JV Agreement (Refer to announcement dated 31 January 2020 titled "*Berenguela Copper-Silver Project Update*").

Berenguela South & Picha Projects

The Company through its wholly owned Peruvian subsidiary Kiwanda S.A.C was granted five new tenements totalling 3,900 hectares. The tenements are located to the south of Berenguela, and were applied for in order to expand the exploration potential of the Berenguela Project. Valor continues to maintain 5,900 hectares of tenements in Peru through its wholly owned subsidiary, Kiwanda SAC.

Corporate

On 4 September 2019, Valor announced it had signed a binding Heads of Agreement to earn an interest in the Radio Gold Project located 40km north of Southern Cross in Western Australia by acquiring 100% of the issued shares of Bullfinch One from Sulphide-X. The acquisition completed on 3 February 2020.

The Company held its Annual General Meeting on 29 November 2019 and all resolutions as detailed in the Notice of Meeting lodged with the ASX on 29 October 2019 were passed.

86,333,333 listed options (VALOA) exercisable at $0.045 per share expired unexercised on 4 December 2019.

Subsequent Events

As detailed in ASX announcement dated 3 February 2020 titled *"Variation to Radio Project Acquisition & Debt Facility"*, Valor completed the acquisition of Bullfinch One by issuing to Sulphide-X a total of 20,000,000 fully paid ordinary Valor shares (Shares) (varied from 100,000,000 Shares on completion and 300,000,000 Shares upon completion of certain milestones under the original terms announced to the ASX on 4 September 2019).

As announced on 31 January 2020, Rio Tinto advised that it has declined to continue with the Joint Venture and the tenements the target of the Rio Tinto joint venture exploration program were those the subject of the 2017 Acquisition Agreements with SSR Mining Limited (SSR). Accordingly, Valor commenced discussions with SSR seeking to work proactively together to address Valor's obligations under the 2017 Acquisition Agreements without Valor expending further funds (Refer to previous ASX announcements dated 13 February 2017 titled "*Acquisition of Advanced Copper-Silver Project in Peru*" and 24 October 2018 titled "*Berenguela Project Acquisition Amendment*").

Under the Acquisition Agreements, the next cash instalment of the purchase price, being USD $1,800,000 was due to be paid by Valor to SSR on 11 February 2020. SSR have agreed to an amendment of the Acquisition Agreements to extend the payment date for the next cash instalment to 30 March 2020. During this period, it is the expectation of Valor and SSR that an agreement will be reached for SSR to accept a transfer of the Shares in the entities which hold the Berenguela Project from Valor to SSR (or Nominee) on terms where the consideration for the transfer is the discharge of Valor's obligations under the Share Sale and Purchase Agreement including the outstanding debt of USD $10.8m and relevant security interests. (Refer to announcement dated 11 February 2020 titled "Berenguela Acquisition Agreement Update" and 5 March 2020 titled *"Berenguela Acquisition Agreement Extension"*).

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, BDO Audit (WA) Pty Ltd, 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 5 and forms part of this directors' report for the half-year ended 31 December 2019.

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
12 March 2020

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Australia

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 2019, 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, 12 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the half-year ended 31 December 2019

	Note	31 December 2019 $	31 December 2018 $
Continuing Operations			
Interest received		739	4,102
Other income		-	6
Expenses			
Listing and share registry expenses		(40,586)	(48,758)
Legal fees		(59,452)	(66,856)
Consultants and Directors fees		(211,409)	(378,663)
Impairment of receivable	3	(456,667)	-
Travel and accommodation		(9,003)	(38,688)
Depreciation		(1,198)	(1,138)
Foreign exchange gain/(loss)		3,224	(109,193)
Impairment of exploration expenditure	5	(2,018,243)	-
Share based payment expense		-	(16,630)
Other expenses		(38,958)	(102,141)
Loss from continuing operations before income tax and finance costs		**(2,831,553)**	**(757,959)**
Finance costs		(561,026)	(669,589)
Finance costs – foreign exchange gain / (loss)		8,709	(599,850)
Income tax benefit		-	-
Loss from continuing operations after income tax		**(3,383,870)**	**(2,027,398)**
Loss for the half-year		**(3,383,870)**	**(2,027,398)**
Other comprehensive income			
Items that will be Reclassified to Profit or Loss			
Foreign currency translation difference		140,980	341,932
Other comprehensive income for the half-year, net of tax		140,980	341,932
Total comprehensive income for the half-year		**(3,242,890)**	**(1,685,466)**
Loss for the period attributable to:			
Owners of Valor Resources Limited		(3,383,870)	(2,027,398)
		(3,383,870)	**(2,027,398)**
Comprehensive loss for the period attributable to:			
Owners of Valor Resources Limited		(3,242,890)	(1,685,466)
		(3,242,890)	**(1,685,466)**
Loss per share attributable to owners of Valor Resources Limited			
Basic and diluted loss per share (cents per share)		(0.182)	(0.123)

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 2019*

	Note	31 December 2019 $	30 June 2019 $
Current Assets			
Cash and cash equivalents		323,250	1,167,129
Trade and other receivables		51,423	59,368
Other current assets		22,870	15,707
Total Current Assets		**397,543**	**1,242,204**
Non-Current Assets			
Property, plant and equipment		14,317	15,359
Loan receivable	4	529,051	-
Deferred exploration and evaluation expenditure	5	14,490,414	16,823,171
Total Non-Current Assets		**15,033,782**	**16,838,530**
Total Assets		**15,431,325**	**18,080,734**
Current Liabilities			
Trade and other payables	6	2,709,790	2,565,492
Total Current Liabilities		**2,709,790**	**2,565,492**
Non-Current Liabilities			
Other payables	7	11,294,482	10,845,299
Total Non-Current Liabilities		**11,294,482**	**10,845,299**
Total Liabilities		**14,004,272**	**13,410,791**
Net Assets		**1,427,053**	**4,669,943**
Equity			
Issued Capital	8	51,729,104	51,729,104
Reserves		17,989,388	17,848,408
Accumulated losses		(68,291,439)	(64,907,569)
Total Equity		**1,427,053**	**4,669,943**

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 2019*

	31 December 2019 $	31 December 2018 $
Cash flows from operating activities		
Payments to suppliers and employees	(236,524)	(607,739)
Interest received	739	4,102
Interest paid	(3,125)	(4,203)
Net cash outflow from operating activities	**(238,910)**	**(607,840)**
Cash flows from investing activities		
Line of credit per Rio Tinto agreement	2,978,924	-
Payments for exploration and evaluation expenditure	(3,058,066)	(691,912)
Loan to acquire investment	(529,051)	
Net cash outflow from investing activities	**(608,193)**	**(691,912)**
Cash flows from financing activities		
Proceeds from share issues	-	3,000,000
Proceeds from exercise of options	-	160,000
Payments for share issue costs	-	(213,068)
Net cash intflow from financing activities	**-**	**2,946,932**
Net (decrease)/increase in cash held	(847,103)	1,647,180
Cash and cash equivalents at beginning of period	1,167,129	391,563
Net foreign exchange differences	3,224	(109,193)
Cash and cash equivalents at the end of the period	**323,250**	**1,929,550**

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 2019*

	Issued Capital $	Accumulated Losses $	Option Reserves $	Foreign Exchange Reserves $	Share Based Payments Reserve $	Performance Shares Reserve $	Total $
Balance at 1 July 2018	**48,252,652**	**(60,871,266)**	**5,254,126**	**(44,276)**	**11,712,193**	**11,061**	**4,314,490**
Loss 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**
Balance at 1 July 2019	**51,729,104**	**(64,907,569)**	**5,501,485**	**623,669**	**11,712,193**	**11,061**	**4,669,943**
Loss for the half-year	-	(3,383,870)	-	-	-	-	(3,383,870)
Other comprehensive income							
Foreign currency translation	-	-	-	140,980	-	-	140,980
Total comprehensive income for the half-year	-	(3,383,870)	-	140,980	-	-	(3,242,890)
Transactions with owners in their capacity as owners							
Shares issued as part of acquisition	-	-	-	-	-	-	-
Shares issued as part of placement	-	-	-	-	-	-	-
Issue of options	-	-		-	-	-	-
Fundraising costs	-	-	-	-	-	-	-
Shares Issued on exercise of Options	-	-	-	-	-	-	-
Balance at 31 December 2019	**51,729,104**	**(68,291,439)**	**5,501,485**	**764,649**	**11,712,193**	**11,061**	**1,427,053**

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 2019 was authorised for issue in accordance with a resolution of the directors on 12 March 2020.

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 2019 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 2019 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.

New accounting standards and interpretations not yet adopted

In the half-year ended 31 December 2019, 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 2019. 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.

<u>AASB 16 Leases</u>

AASB 16 replaces AASB 117 Leases. AASB 16 removes the classification of leases as either operating leases of finance leases-for the lessee – effectively treating all leases as finance leases. AASB 16 is applicable to annual reporting periods beginning on or after 1 July 2019.

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

For the half-year ended 31 December 2019 the Group recorded a loss before tax of $3,383,870 (2018: $2,027,398) and had net cash outflows from operating and investing activities of $847,103 (2018: $1,299,752). As at 31 December 2019, the Group had a deficiency in working capital of $2,312,247 (30 June 2019: $1,323,288).

These conditions indicate a material uncertainty that may cast a 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.

The ability of the Group to continue as a going concern is dependent on securing additional funding and finalising the renegotiation of the Berenguela acquisition agreement to settle all outstanding commitments relating to this agreement in order for the Group to continue to fund its operational activities.

The Board and Management believe there are sufficient funds to meet the Group's working capital requirements as at the date of this report and that sufficient funds will be available to finance the operations of the Group.

The half-year financial report has been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Directors of Valor have assessed the cash flow requirements for the 12 month period from the date of this report and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements;

- The working capital deficiency contains amounts totaling $2,543,041 (US$1,800,000) relating to the Berenguela acquisition agreement with SSR Mining Inc (SSR) which was due to be paid on 11 February 2020. The Group has received an extension from SSR to defer payment until 30 March 2020. As disclosed in Note 12, the Group and SSR are in discussions to renegotiate the settlement of all outstanding amounts relating to the acquisition agreement to be settled via the transfer of shares in the entities which hold the Berenguela project from the Group to SSR. The Directors expect to finalise an agreement with SSR on this basis;
- The working capital deficiency also contains amounts not currently owing but will be due to be settled within the next 12 months. The Directors are satisfied additional funds will be available when these obligations arise;
- The Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements. The Group has the support of CPS Capital, the Group's corporate advisor and broker who has arranged for the Company to have access to a loan facility in order to meet any immediate working capital requirements, should this be required. The terms of the loan agreement have yet to be finalized.

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 report. The half-year financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

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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. IMPAIRMENT OF RECEIVABLES

The impairment of receivable of $456,667 relates to Value Added Tax (VAT) in Peru and the timing and quantum of receipt from Peruvian government is uncertain. As such and in line with prior year accounting, the Company has assessed this amount to be non-recoverable and as such has been impaired.

4. LOAN RECEIVABLE

During the period, the Company provided a secured loan of $500,000 and an unsecured loan of $29,051 to Bullfinch One on an interest free basis. Following the completion of the acquisition as disclosed in Note 12, the loan formed part of the consideration for the acquisition

5. DEFERRED EXPLORATION & EVALUATION EXPENDITURE

	December 2019	June 2019
	$	$
Opening balance	16,823,171	16,032,428
Exploration expenditure incurred during the year	2,542,797	1,596,883
Funding obligation per KEX agreement	(2,978,924)	(988,262)
Impairment[1]	(2,018,243)	(393,881)
Net exchange differences on translation	121,613	576,003
Closing balance	**14,490,414**	**16,823,171**

[1] During this period it is the expectation of Valor and SSR that an agreement will be reached for SSR to accept a transfer of the Shares in the entities which hold the Berenguela Project from Valor to SSR on terms where the consideration for the transfer is the discharge of Valor's obligations under the Share Sale and Purchase Agreement including the outstanding debt of USD $10.8m and relevant security interests.Based on the above, an impairment of the Berenguela Project has been calculated to bring the Berenguela Project portion of Exploration Expenditure in line with the deferred consideration of $13,664,505.

6. TRADE AND OTHER PAYABLES - CURRENT

	December 2019 $	June 2019 $
Trade creditors & other payables	109,629	64,218
Deferred consideration liability – SSR[1]	2,543,041	2,440,833
Accruals - Other	57,120	60,441
	2,709,790	**2,565,492**

[1]During 2017, Valor acquired 100% of the voting shares of Sociedad Minera Berenguela SA and Fossores Ltd which collectively hold 100% of the Berenguela Project. A total of US$1,800,000 in cash consideration was due to be paid on 11 February 2020. SSR have agreed to an amendment of the acquisition agreements to extend payment date for the next cash instalment to 30 March 2020. The payment has been discounted to present value using a rate of 8.40%. Other creditors are non-interest bearing and generally payable on 30 day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

7. OTHER PAYABLES – NON-CURRENT

	December 2019 $	June 2019 $
Deferred consideration liability – SSR[1]	11,121,464	10,674,480
Loan - Kiwanda Peru	61,500	60,398
Deferred tax liability	111,518	110,421
	11,294,482	**10,845,299**

[1] During 2017, Valor acquired 100% of the voting shares of Sociedad Minera Berenguela SA and Fossores Ltd which collectively hold 100% of the Berenguela Project. A total of US$9,000,000 in cash consideration due in staged payments from February 2021 to February 2022 has been accrued for as a non-current liability at 31 December 2019. The payments have been discounted to present value using a rate of 8.40%.

8. ISSUED CAPITAL

	31 December 2019 $	30 June 2019 $
(a) Issued and paid up capital		
Ordinary shares fully paid	**51,729,104**	**51,729,104**

	31 December 2019		30 June 2019	
	Number of shares	$	Number of shares	$
(b) Movements in shares on issue				
Opening balance	1,893,192,258	51,729,104	1,475,504,358	48,252,652
Shares issued as part of placement	-	-	300,000,000	3,000,000
Shares issued as part of acquisition	-	-	77,687,900	776,879
Shares issued due to exercise of options	-	-	40,000,000	160,000
Share based payments	-	-	-	-
Fundraising costs	-	-	-	(460,427)
Closing balance	**1,893,192,258**	**51,729,104**	**1,893,192,258**	**51,729,104**

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

	Listed Options Exercise at $0.045 By 04/12/2019	Listed Options Exercise at $0.015 By 31/12/2021
Balance at 1 July 2019	86,333,333	400,000,000
Expired on 4 December 2019	(86,333,333)	-
Balance at the date of this report	-	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.

9. CONTINGENT LIABILITIES

SSR is 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.

10. COMMITMENTS

There are no commitments as at 31 December 2019.

11. DIVIDENDS

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

12. SUBSEQUENT EVENTS

As detailed in ASX announcement dated 3 February 2020 titled *"Variation to Radio Project Acquisition & Debt Facility"*, Valor completed the acquisition of Bullfinch One by issuing to Sulphide-X a total of 20,000,000 fully paid ordinary Valor shares (Shares) (varied from 100,000,000 Shares on completion and 300,000,000 Shares upon completion of certain milestones under the original terms announced to the ASX on 4 September 2019).

As announced on 31 January 2020, Rio Tinto advised that it has declined to continue with the Joint Venture and the tenements the target of the Rio Tinto joint venture exploration program were those the subject of the 2017 Acquisition Agreements with SSR. Accordingly, Valor commenced discussions with SSR seeking to work proactively together to address Valor's obligations under the 2017 Acquisition Agreements without Valor expending further funds (Refer to previous ASX announcements dated 13 February 2017 titled "*Acquisition of Advanced Copper-Silver Project in Peru*" and 24 October 2018 titled "*Berenguela Project Acquisition Amendment*").

Under the Acquisition Agreements, the next cash instalment of the purchase price, being USD $1,800,000 was due to be paid by Valor to SSR on 11 February 2020. SSR have agreed to an amendment of the Acquisition Agreements to extend the payment date for the next cash instalment to 30 March 2020. During this period, it is the expectation of Valor and SSR that an agreement will be reached for SSR to accept a transfer of the Shares in the entities which hold the Berenguela Project from Valor to SSR (or Nominee) on terms where the consideration for the transfer is the discharge of Valor's obligations under the Share Sale and Purchase Agreement including the outstanding debt of USD $10.8m and relevant security interests. (Refer to announcement dated 11 February 2020 titled "Berenguela Acquisition Agreement Update" and 5 March 2020 titled *"Berenguela Acquisition Agreement Extension"*).

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 2019 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
12 March 2020

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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 2019, 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 2019 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 2019 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, 12 March 2020