VALOR RESOURCES

ABN 88 076 390 451

Half-year Financial Report

31 December 2020

CONTENTS

CORPORATE DIRECTORY

Directors
Mr. George Bauk (Executive Chairman)
Mr. Brian McMaster (Non-Executive Director)
Ms. Paula Smith (Non-Executive Director)
Mr. Gary Billingsley (Non-Executive Director)

Company Secretary
Ms. Paula Smith

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Share Registry
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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, VALOB

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 2020. In order to comply with the provisions of the Corporations Act 2001, the Directors report is 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 George Bauk	Executive Chairman; (appointed 21 October 2020)
Mr Gary Billingsley	Non-Executive Director; (appointed 21 October 2020)
Mr Brian McMaster	Non-Executive Director (Chairman from 1 July 2020 – 21 October 2020; Non-Executive Director from 21 October 2020)
Ms Paula Smith	Non-Executive Director
Dr Nicholas Lindsay	Chief Executive Officer; and Executive Director – Technical (resigned 21 October 2020)

Results

The loss after tax for the half year ended 31 December 2020 was $389,686 (2019: $3,383,870).

Dividends

No dividend was paid or declared by the Company during the half-year and up to the date of this report (2019: 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

Valor holds the rights to the Picha & Berenguela South Projects located in the Moquegua Department of Peru through its 100% owned Peruvian subsidiary, Kiwanda SAC. Valor intends to continue its focus on developing the exploration potential of its 100% owned Berenguela South and Picha Projects, however, during the six months to 31 December 2020, a strict Covid-19 lock-down regime in Peru prevented any substantive mining exploration activities being undertaken. Desktop studies have continued with the emphasis on facilitating a re-start of field activities as soon as circumstances allow.

In April 2020, Valor entered into an agreement with SSR Mining Limited ('SSR'), whereby SSR agreed to acquire the Company's interest in the Berenguela Project in consideration for the release and discharge of Valor's acquisition obligations under the original Acquisition Agreements of USD $10.8m owed to SSR and the relevant security interests. Settlement of the transfer was anticipated to be completed by 31 July 2020, however delays with lodging the necessary documentation with Peruvian Regulators (due to Covid-19 closures) necessitated agreed extensions with settlement occurring in November 2020. Accordingly, the Group have divested all of its share capital interest in Sociedad Minera Berenguela S.A. and Fossores Limited which hold the relevant interests in the Berenguela Project.

As announced to the ASX on 22 October 2020 and 9 December 2020, Valor entered into agreements ('Transaction') to acquire 100% of the issued capital of Pitchblende Energy Pty Ltd ('Pitchblende') which holds the following interests in two uranium projects located in Saskatchewan, Canada:

- right to earn an 80% working interest in the Hook Lake Uranium Project located 60km east of the Key Lake Uranium Mine in northern Saskatchewan. Covering 25,846 hectares, the 16 contiguous mineral claims host several prospective areas of uranium mineralisation; and
- 100% equity interest in 18 contiguous mineral claims covering 60,296 hectares in northern Saskatchewan. The property is located 7km east of the former-producing Cluff Lake Uranium Mine and much of the project area is located within the Carswell geological complex that hosts the Cluff Lake Mine.

In conjunction with the Transaction, Valor announced the appointment of Mr George Bauk as Executive Chairman and Mr Gary Billingsley as Non-Executive Director and the resignation of Dr Nicholas Lindsay as Executive Director – Technical.

The Transaction was subject to various conditions precedent including shareholder approvals as detailed in the Notice of Annual General Meeting lodged with the ASX on 23 December 2020.

Subsequent Events

As announced to the ASX on 22 October 2020 and 9 December 2020, Valor entered into agreements ('Transaction') to acquire 100% of the issued capital of Pitchblende Energy Pty Ltd ('Pitchblende') which holds the interests in two uranium projects located in Saskatchewan, Canada.

The Transaction was subject to various conditions precedent including shareholder approvals as detailed in the Notice of Annual General Meeting lodged with the ASX on 23 December 2020.

As announced to the ASX on 29 January 2021, shareholders approved all the resolutions tabled at the Annual General Meeting including the resolutions to give effect to the Pitchblende Transaction which settled on 11 February 2021 and the following securities were issued:

- Issued 566,666,666 ordinary fully paid shares and 333,333,333 Performance Rights which are subject to the achievement of performance milestones to the vendors of the Transaction;
- Issued 266,666,667 ordinary fully paid shares to participants of a Placement to raise $800,000 (before costs);
- Issued 75,650,000 ordinary fully paid shares to certain creditors and directors in lieu of cash payments for outstanding fees;
- Issued 180,000,000 Unlisted Options to certain Directors and Advisors for services to be provided;
- Issued 180,000,000 Performance Rights which are subject to the achievement of performance milestones)to certain Directors for services to be provided.

As approved by the ASX and shareholders on 29 January 2021, Mr Bauk and Mr Billingsley are entitled to the following performance rights in connection with their appointments:

(a) Mr Bauk – 120 million performance rights comprised of four (4) equal tranches of 30 million performance rights
(b) Mr Billingsley - 60 million performance rights comprised of four (4) equal tranches of 15 million performance rights

The performance milestones applying to the performance rights ("Milestones") are as follows:

i. Tranche 1 - Trading in shares achieves a 20-day VWAP of $0.0045;
ii. Tranche 2 - Trading in shares achieves a 20-day VWAP of $0.008;
iii. Tranche 3 - Trading in shares achieves a 20-day VWAP of $0.015; and
iv. Tranche 4 - VAL achieves a market capitalisation of $15 million

For vesting to occur, milestones (i), (ii) and (iii) must be achieved within 3 years of the general meeting at which the issue of the rights is approved; and milestone (iv) must be achieved between 1 year and 3 years after the general meeting at which the issue of the rights is approved. Once vested, the rights must be converted into shares within 2 years of vesting, at the holder's absolute discretion.

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 2020.

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.

George Bauk
Executive Chairman
Perth, Western Australia
12 March 2021

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DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF VALOR RESOURCES LIMITED

As lead auditor for the review of Valor Resources Limited for the half-year ended 31 December 2020, 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.

Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth, 12 March 2021

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2020

	Note	31 December 2020 $	31 December 2019 $
Continuing Operations			
Interest received		60	739
Other income		4,711	-
Expenses			
Listing and share registry expenses		(20,693)	(40,586)
Legal fees		(125,392)	(59,452)
Consultants and Directors fees		(247,376)	(211,409)
Impairment of receivable	4	-	(456,667)
Travel and accommodation		-	(9,003)
Depreciation		(723)	(1,198)
Foreign exchange gain/(loss)		25,641	3,224
Impairment of exploration expenditure	5	-	(2,018,243)
Other expenses		(24,703)	(38,958)
Loss from continuing operations before income tax and finance costs		**(388,475)**	**(2,831,553)**
Finance costs		(1,211)	(561,026)
Finance costs – foreign exchange gain / (loss)		-	8,709
Loss from continuing operations after income tax		**(389,686)**	**(3,383,870)**
Loss for the half-year		**(389,686)**	**(3,383,870)**
Other comprehensive income			
Items that will be Reclassified to Profit or Loss			
Foreign currency translation difference		16,501	140,980
Other comprehensive income for the half-year, net of tax		16,501	140,980
Total comprehensive income for the half-year		**(373,185)**	**(3,242,890)**
Loss for the period attributable to:			
Owners of Valor Resources Limited		(389,686)	(3,383,870)
		(389,686)	**(3,383,870)**
Comprehensive loss for the period attributable to:			
Owners of Valor Resources Limited		(373,185)	(3,242,890)
		(373,185)	**(3,242,890)**
Loss per share attributable to owners of Valor Resources Limited			
Basic and diluted loss per share (cents per share)		(0.020)	(0.182)

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 2020*

	Note	31 December 2020 $	30 June 2020 $
Current Assets			
Cash and cash equivalents		200,438	624,971
Trade and other receivables		38,683	59,798
Other current assets		-	15,041
		239,121	**699,810**
Assets held for sale	3	-	14,425,700
Total Current Assets		**239,121**	**15,125,510**
Non-Current Assets			
Property, plant and equipment		-	12,387
Deferred exploration and evaluation expenditure	5	860,726	815,177
Total Non-Current Assets		**860,726**	**827,564**
Total Assets		**1,099,847**	**15,953,074**
Current Liabilities			
Trade and other payables	6	453,054	402,054
Liabilities associated with asset held for sale	3	-	14,425,700
Total Current Liabilities		**453,054**	**14,827,754**
Non-Current Liabilities			
Other payables		-	105,342
Total Non-Current Liabilities		**-**	**105,342**
Total Liabilities		**453,054**	**14,933,096**
Net Assets		**646,793**	**1,019,978**
Equity			
Issued Capital	7	51,849,714	51,849,714
Reserves		17,188,765	17,172,264
Accumulated losses		(68,391,686)	(68,002,000)
Total Equity		**646,793**	**1,019,978**

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 2020*

	31 December 2020 $	31 December 2019 $
Cash flows from operating activities		
Payments to suppliers and employees	(345,654)	(236,524)
Interest received	60	739
Interest paid	(1,211)	(3,125)
Net cash outflow from operating activities	**(346,805)**	**(238,910)**
Cash flows from investing activities		
Line of credit per Rio Tinto agreement	-	2,978,924
Payments for exploration and evaluation expenditure	(73,592)	(3,058,066)
Loan to acquire investment	-	(529,051)
Net cash outflow from investing activities	**(73,592)**	**(608,193)**
Cash flows from financing activities		
Proceeds from share issues	-	-
Proceeds from exercise of options	-	-
Payments for share issue costs	-	-
Net cash intflow from financing activities	**-**	**-**
Net (decrease)/increase in cash held	(420,397)	(847,103)
Cash and cash equivalents at beginning of period	624,971	1,167,129
Net foreign exchange differences	(4,136)	3,224
Cash and cash equivalents at the end of the period	**200,438**	**323,250**

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 2020*

	Issued Capital $	Accumulated Losses $	Option Reserves $	Foreign Exchange Reserves $	Share Based Payments Reserve $	Performance Shares Reserve $	Total $
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**
Balance at 1 July 2020	**51,849,714**	**(68,002,000)**	**5,501,485**	**(52,475)**	**11,712,193**	**11,061**	**1,019,978**
Loss for the half-year	-	(389,686)	-	-	-	-	(389,686)
Other comprehensive income							
Foreign currency translation	-	-	-	16,501	-	-	16,501
Total comprehensive income for the half-year	-	(389,686)	-	16,501	-	-	(373,185)
Transactions with owners in their capacity as owners							
Shares issued as part of placement	-	-	-	-	-	-	-
Issue of options	-	-		-	-	-	-
Fundraising costs	-	-	-	-	-	-	-
Shares Issued on exercise of Options	-	-	-	-	-	-	-
Balance at 31 December 2020	**51,849,714**	**(68,391,686)**	**5,501,485**	**(35,974)**	**11,712,193**	**11,061**	**646,793**

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 2020 was authorised for issue in accordance with a resolution of the directors on 12 March 2021.

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 2020 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 2020 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 2020, 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 2020. 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.

(b) Significant accounting judgments and key estimates

Going Concern

For the half-year ended 31 December 2020 the Group recorded a loss before tax of $389,686 (2019: $3,383,870) and had net cash outflows from operating and investing activities of $420,397 (2019: $847,103). As at 31 December 2020, the Group had a deficiency in working capital of $213,933 (30 June 2020 working capital surplus: $297,756).

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 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 due to consideration of the following factors:

- Valor successfully completed a capital raising of $800,000 (before costs) for ongoing exploration expenditure and working capital purposes in February 2021;
- Agreements were entered into and shares issued for the conversion of $226,950 of outstanding Trade Payables to equity in February 2021;
- Valor is anticipated to receive Peruvian VAT refunds in the six (6) months to 30 June 2021 which had previously been impaired due to uncertainty regarding timing and amount; and
- The level of exploration expenditure can be scaled back and managed.

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.

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. SALE OF SUBSIDIARY

a) Description

During the period, the Company disposed of its 100% interest in Sociedad Minera Berenguela SA & Fossores Limited.

	2020
	$
Revenue	-
Expenses	(16,839)
Loss before income tax	(16,839)
Income tax expense	-
Gain on sale of the subsidiary after income tax (see (c) below)	-
Profit / (loss) after tax attributable to the sale of subsidiary	**(16,839)**
Exchange differences on translation of sale of subsidiary	-
Other comprehensive loss from sale of subsidiary	**-**

(b) Details of the sale of the subsidiaries

Discharge of deferred consideration[1]	14,425,700
Carrying amount of net assets sold	(14,425,700)
Gain on sale before income tax and reclassification of foreign currency translation reserve	-
Reclassification of foreign currency translation reserve	-
Income tax expense gain	-
Gain on sale after income tax	**-**

[1] Refer to Note 5

4. IMPAIRMENT OF RECEIVABLES

During the 31 December 2019 half year period, the Company impaired a receivable of $456,667 which relates to Value Added Tax (VAT) in Peru as the timing and quantum of receipt from Peruvian government is uncertain. Under the terms of the Agreement with SSR, Valor holds a Contingent Asset for the recovery of Peruvian VAT up to $1,372,628 Peruvian Soles (AUD: $488,261).

5. DEFERRED EXPLORATION & EVALUATION EXPENDITURE

	December 2020	June 2020
	$	$
Opening balance	815,177	16,823,171
Exploration expenditure incurred during the year	54,172	2,590,440
Acquisition of Radio Gold Mine Project [1]	-	711,503
Sale of Radio Gold Mine Project [1]	-	(711,503)
Transfer to assets held for sale [2]	-	(14,425,700)
Line of credit per Rio Tinto agreement [3]	-	(2,978,924)
Impairment [4]	-	(496,860)
Net exchange differences on translation	(8,623)	(696,950)
Closing balance	**860,726**	**815,177**

[1] On 4 September 2019, Valor announced a binding Heads of Agreement to earn up to a 75% interest in the Radio Gold Mine through its subsidiary Bullfinch One. As a result of the deterioration in capital markets following commencement of the Covid-19 pandemic, Valor entered in a sale agreement with Summit Resource Holdings Pty Ltd to acquire Valor's interests in the Radio Gold Project tenements held by Bullfinch One and settlement of this transaction occurred on 22 May 2020 for total consideration of $880,000.

[2] In April 2020, Valor and SSR reached an agreement 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. The sale of the Berenguela Project was completed in October 2020.

[3] 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. In November and December 2019, Valor and Rio Tinto entered into a release agreement whereby Valor is released from the obligation to repay the debt derived from the Line of credit. On 31 January 2020, the Company announced that KEX elected not to proceed with the JV agreement."

[4] An impairment of the Berenguela Project was recognised to bring the Berenguela Project portion of Exploration Expenditure in line with the liabilities associated with assets held for sale of $14,425,700.

6. TRADE AND OTHER PAYABLES - CURRENT

	December 2020 $	June 2020 $
Trade creditors & other payables	452,227	351,584
Accruals - Other	827	46,101
Provisions	-	4,369
	453,054	**402,054**

7. ISSUED CAPITAL

	December 2020 $	June 2020 $
(a) Issued and paid up capital		
Ordinary shares fully paid	**51,849,714**	**51,849,714**

	December 2020		June 2020	
	Number of shares	$	Number of shares	$
(b) Movements in shares on issue				
Opening balance	1,920,848,085	51,849,714	1,893,192,258	51,729,104
Shares issued as part of placement	-	-	-	-
Shares issued as part of acquisition[1]	-	-	20,000,000	80,000
Shares issued through settlement of liabilities[2]	-	-	7,655,827	40,610
Share based payments	-	-	-	-
Fundraising costs	-	-	-	-
Closing balance	**1,920,848,085**	**51,849,714**	**1,920,848,085**	**51,849,714**

[1] As announced on 3 February 2020, Valor completed the acquisition of Bullfinch One by issuing to Sulphide-X a total of 20,000,000 fully paid ordinary Valor shares.

[2] Share based payments were valued at share price on the date of issue as fair value of the asset could not be determined.

(c) Share Options

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

	Listed Options Exercise at $0.015 By 31/12/2021
Balance at 1 July 2020	400,000,000
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.

8. RELATED PARTIES

On 21 October 2020, Mr George Bauk and Mr Gary Billingsley were appointed as Executive Chairman and Non-Executive Director respectively.

Mr Bauk's and Mr Billingsley's remuneration consist of a fixed amount of $100,000 (inclusive of superannuation) per annum and $42,000 (inclusive of superannuation) per annum respectively.

9. CONTINGENT ASSETS & LIABILITIES

Valor entered into an agreement with SSR Mining Limited ('SSR'), whereby SSR agreed to acquire the Company's interest in the Berenguela Project in consideration for the release and discharge of Valor's acquisition obligations under the original Acquisition Agreements of USD $10.8m owed to SSR and the relevant security interests. The Group have divested all of its share capital interest in Sociedad Minera Berenguela S.A. and Fossores Limited which hold the relevant interests in the Berenguela Project. Under the terms of the Agreement, Valor holds a Contingent Asset for the recovery of Peruvian VAT up to $1,372,628 Peruvian Soles (AUD: $488,261). The Company is working through the VAT claims process with the Peruvian Government and as no amounts had yet to be received at 31 December 2020, the Company has not recorded a VAT Receivable in its Financial Statements.

Following lodgement of Capital Cost Certificates related to the SSR agreements, the Peruvian Taxation Authority has validated an acquisition cost which could trigger a Peruvian capital gains tax liability of USD1.1 million (AUD: $1,426,920). The Company strongly disagrees with the result of the Capital Cost Certificates and an appeal against the decision has been commenced. Valor holds a Contingent Asset and right of indemnity from Aftermath Silver Ltd for an amount up to the lessor of USD $550,000 (AUD: $713,460) or 50% of the amount of any resultant liability if any taxes become payable by Valor. Based on advice from the Peruvian legal advisors, the prospects of a successful appeal resulting is no tax payable are strong, the appeal process is expected to take up to 4 years to be heard and resolved and the costs to run the appeal process are anticipated to be minimal at USD $15,000 (AUD: $19,458). As such, the Company considers there is considerable uncertainty regarding the quantum and timing of an obligation, if any, and resultant indemnity and has not provided for the claims in its Financial Statements.

There are no other known contingent assets or liabilities.

10. COMMITMENTS

There are no commitments as at 31 December 2020.

11. DIVIDENDS

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

12. SUBSEQUENT EVENTS

As announced to the ASX on 22 October 2020 and 9 December 2020, Valor entered into agreements ('Transaction') to acquire 100% of the issued capital of Pitchblende Energy Pty Ltd ('Pitchblende') which holds the interests in two uranium projects located in Saskatchewan, Canada.

The Transaction was subject to various conditions precedent including shareholder approvals as detailed in the Notice of Annual General Meeting lodged with the ASX on 23 December 2020.

As announced to the ASX on 29 January 2021, shareholders approved all the resolutions tabled at the Annual General Meeting including the resolutions to give effect to the Pitchblende Transaction which settled on 11 February 2021 and the following securities were issued:

- Issued 566,666,666 ordinary fully paid shares and 333,333,333 Performance Rights which are subject to the achievement of performance milestones to the vendors of the Transaction;
- Issued 266,666,667 ordinary fully paid shares to participants of a Placement to raise $800,000 (before costs);
- Issued 75,650,000 ordinary fully paid shares to certain creditors and directors in lieu of cash payments for outstanding fees;
- Issued 180,000,000 Unlisted Options to certain Directors and Advisors for services to be provided;
- Issued 180,000,000 Performance Rights which are subject to the achievement of performance milestones) to certain Directors for services to be provided.

As approved by the ASX and shareholders on 29 January 2021, Mr Bauk and Mr Billingsley are entitled to the following performance rights:

(a) Mr Bauk – 120 million performance rights comprised of four (4) equal tranches of 30 million performance rights
(b) Mr Billingsley - 60 million performance rights comprised of four (4) equal tranches of 15 million performance rights

The performance milestones applying to the performance rights ("Milestones") are as follows:

i. Tranche 1 - Trading in shares achieves a 20-day VWAP of $0.0045;
ii. Tranche 2 - Trading in shares achieves a 20-day VWAP of $0.008;
iii. Tranche 3 - Trading in shares achieves a 20-day VWAP of $0.015; and
iv. Tranche 4 - VAL achieves a market capitalisation of $15 million

For vesting to occur, milestones (i), (ii) and (iii) must be achieved within 3 years of the general meeting at which the issue of the rights is approved; and milestone (iv) must be achieved between 1 year and 3 years after the general meeting at which the issue of the rights is approved. Once vested, the rights must be converted into shares within 2 years of vesting, at the holder's absolute discretion.

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 14, 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 2020 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.

George Bauk
Executive Chairman
Perth, Western Australia
12 March 2021

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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 2020, 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 ended on that date, a summary of significant 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 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.

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Responsibility of the directors for the 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 for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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.

BDO Audit (WA) Pty Ltd

BDO

Ashleigh Woodley

Director

Perth, 12 March 2021