VALOR RESOURCES

(formerly known as The Carajas Copper Company Limited)

ABN 88 076 390 451

# ANNUAL REPORT

# 30 JUNE 2017

VALOR RESOURCES

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**CORPORATE DIRECTORY**

**Directors**
Mr. Mark Sumner (Executive Chairman)
Mr. Brian McMaster (Non-Executive Director)
Ms. Paula Cowan (Non-Executive Director)

**Joint Company Secretaries**
Ms. Paula Cowan
Ms. Kelly Moore

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

# CHAIRMAN'S ADDRESS

Dear Fellow Shareholders,

It is my pleasure to present this Annual Report for Valor Resources Limited ("Valor" or "the Company") for Financial Year 2017 (FY17). This has been a transformational year for your Company, characterised by the acquisition of the highly prospective Berenguela Copper-Silver-Manganese Project ("the Berenguela", "the Project").

As shareholders are aware, Valor has moved rapidly to establish itself as a world-class polymetallic exploration and project development Company by signing a definitive agreement to purchase Berenguela in February, with the transaction closing in May.

Berenguela is an outstanding asset. It is an advanced-stage exploration project consisting of 14 mineral concessions located in the Puno Department of Southeastern Peru, which hosts some of the country's largest metals mines and world-class deposits.

The Project has been extensively explored and exploited since 1906 by the Lampa Mining Company, with a total of approximately 30,000m of drilling executed to date, with the majority completed by NYSE-listed SSR Mining Inc. ("SSR") between 2004 and 2011. There is substantial scope for resource expansion, as the current deposit only occupies approximately 2.1% of the total 6,594-hectare land package.

Under the purchase agreement, the Company acquired 100% ownership in Berenguela through a series of payments staged over a five-year period, with SSR also gaining a 9.9% equity stake in Valor.

As a result of this transaction, the Company forged a valuable strategic alliance with SSR, a highly-regarded US-based mining company with a 70-year pedigree. They remain a supportive and committed Valor shareholder.

Following the acquisition, Valor strengthened its leadership team and Board with the appointment of Mr. Brian McMaster as a Non-Executive Director and myself as Executive Chairman. Brian is a Chartered Accountant with a proven track record in the junior mining sector, including 20 years' experience guiding corporate restructurings and performance improvements.

To augment these Board appointments, Valor welcomed Dr. Ernesto Lima Osorio as the Chief Operating Officer in April to lead our very capable and committed Peruvian technical team. Dr. Lima is a world-class mining executive who brings more than 20 years' experience leading numerous mining development projects across South America.

It is pleasing to note that investors have responded positively to our strategy. We completed an oversubscribed $2.2 million capital raise in February, and an additional $3.25 million was raised more recently in September. This has allowed the Company to significantly expand the scope of work, including undertaking a 5,000m drilling programme, sample analysis, a metallurgical processing study, and updating the JORC-compliant resource estimate.

With a strong Board, executive leadership team, and finance in place, Valor has progressed rapidly with its exploration efforts now unlocking the true value that we believe Berenguela holds.

In March, the Company confirmed that mineral resources at Berenguela, in accordance with the JORC Code (2012), include:

- A JORC Indicated Resource of 15.6 million tonnes at 132 g/t Ag and 0.92% Cu. 66.1 million ounces of contained silver, 317.3 million pounds of contained copper.
- A JORC Inferred Resource of 6 million tonnes at 111 g/t Ag and 0.74% Cu. 21.6 million ounces of contained silver. 98.21 million pounds of contained copper.
- Encompass approximately 6,594 hectares of exploration concessions.
- Significant At-surface mineralisation.
- Significant exploration upside with geophysical drill targets to follow up.

Valor also commissioned Siecap Pty Ltd to conduct an independent scoping study in relation to the Berenguela Project, which was completed in June.

Based on the findings of the scoping study, Valor made the decision to proceed with next phase drilling, metallurgical testing and a subsequent pre-feasibility study.

FY2018 has commenced well, with Valor continuing to deliver exceptional exploration results.

A very active drilling program commenced in July with 66 holes for a total of 9,570 metres drilled, with target depths between 100 and 200 metres. The holes are being spaced on a 35x35 metre infill grid, focused on the Berenguela central deposit.

To date, the copper grades in these drill holes continue to exceed our expectations, and we are consistently discovering thick intercepts with average copper values over 1%, with
many intervals over 2%, 3% and 4%.

In addition to high-grade copper and very compelling silver intercepts, we have also witnessed the emergence of manganese and zinc, further highlighting Berenguela's strong potential as large polymetallic asset.

I would like to take this opportunity to thank our loyal shareholders for their support and we look forward to delivering further positive outcomes this year.

In particular, I wish to acknowledge our strong partner and shareholder in SSR, who continue to play an invaluable role as our strategic alliance partner.

I also want to thank our staff, especially our Peruvian technical team, whose efforts and commitment to the Company have made our strong work program at Berenguela possible.

We have only scratched the surface with our exploration and development of Berenguela and believe that Valor has a bright future ahead with Berenguela as the foundation for further transforming the Company into one of ASX's top polymetallic plays.

Mark Sumner
Executive Chairman

The Directors present their report for Valor Resources Limited and its subsidiaries ("Valor" or "the Group") for the year ended 30 June 2017.

**DIRECTORS**

The names, qualifications and experience of the Group's Directors in office during the year and until the date of this report are as follows. Directors were in office for this entire year unless otherwise stated.

**Mr. Mark Sumner**
**Executive Chairman (appointed 15 December 2016)**

Mr. Sumner is the founder and Managing Director of Kiwanda Group LLC, a US-based investment and venture capital business focused on mining and exploration projects in South America. Mr. Sumner has over 10 years of experience financing and developing minerals projects including coal, phosphate rock, copper, gold and silver, primarily in South America. Prior to founding Kiwanda Group in 2008, Mr. Sumner was an Investment Specialist at Madison Avenue Financial Group, a private wealth boutique in Portland, Oregon.

Mr. Sumner has not held any other listed directorships over the past three years.

**Ms. Paula Cowan**
**Non-Executive Director & Joint Company Secretary (appointed 9 May 2016)**

Ms. Cowan is a finance professional with over 12 years' experience and is presently a director of a consulting and secretarial advisory firm specialising in business advisory, consulting and back office support (finance and secretarial) to SMEs and ASX listed entities. Prior to that Ms. Cowan held senior roles in advisory firms KordaMentha and Ernst & Young. Ms. Cowan holds a Bachelor of Commerce/Law (Hons), is a qualified Chartered Accountant and a Graduate of the Australian Institute of Company Directors.

Ms. Cowan was a director of Lithex Resources Limited (appointed 29 January 2015, resigned 2 December 2016). She has not held any other listed directorships over the past three years.

**Mr. Brian McMaster**
**Non-Executive Director (appointed 10 January 2017)**

Mr McMaster is a Chartered Accountant, and has over 20 years' experience in the area of corporate reconstruction and turnaround/performance improvement. Formerly, Mr McMaster was a partner of the restructuring firm Korda Mentha and prior to that was a partner at Ernst & Young. His experience includes significant working periods in the United States, South America, Asia and India.

Mr McMaster is currently a director of Bounty Mining Limited (appointed 29 March 2016), AIM traded Harvest Minerals Limited (appointed 1 April 2014), AIM traded Jangada Mines plc (appointed 30 June 2015) and TSX-V traded Five Star Diamonds Limited (appointed 20 April 2017). Mr McMaster was a director of Castillo Copper Limited (appointed 31 August 2013, resigned 12 August 2015), WestStar Industrial Limited (appointed 2 December 2011, resigned 12 August 2015), IODM Limited (appointed 14 September 2012, resigned 2 October 2015), Valor Resources Limited (appointed 27 August 2014, resigned 17 March 2016), Black Star Petroleum Limited (appointed 9 August 2012, resigned 11 May 2016), Wolf Petroleum Limited (appointed 24 April 2012, resigned 17 August 2016) and Haranga Resources Limited (appointed 1 April 2014, resigned 1 June 2017). He has not held any other listed directorships in the past three years.

**Mr. Gregory Wood**
**Former Non-Executive Chairman (resigned 27 February 2017)**

Mr. Gregory Wood is a Systems Accountant with over 12 years extensive experience in financial reporting, financial analysis, developing key performance indicators and modelling of financial reports over a number of industries including transport, media and infrastructure. He held management positions with companies including Asciano Limited, Patrick Stevedores and Pacific National. He has extensive experience in the oil and gas industry having been until recently the CEO of an ASX listed oil explorer. Mr. Wood has completed the Petroleum Engineering for Non Engineers programme in Houston, Texas.

Mr. Wood has not held any other listed directorships over the past three years.

**Mr. Mark Reilly**
**Former Non-Executive Director (resigned 27 February 2017)**

Mr. Reilly is a Chartered Accountant with over 20 years' experience in advisory work with extensive experience in the mining, banking and finance industries. Mr. Reilly worked with Coopers & Lybrand in Perth before establishing his own accounting practice in 1997. Mr. Reilly also has extensive experience in the mining, banking and finance industries in an advisory capacity.

Mr Reilly is a director of IODM Limited (appointed 2 October 2015). Mr Reilly was a director of Ochre Group Holdings Limited (appointed 28 January 2014, resigned 29 December 2014), Black Star Petroleum Limited (appointed 3 July 2014, resigned 11 May 2016), Harvest Minerals Limited (appointed 4 July 2014, resigned 3 July 2017) and BOS Global Holdings NL (appointed 2 August 2004, resigned 31 July 2017). He has not held any other listed directorships over the past three years.

## JOINT COMPANY SECRETARIES

**Ms. Paula Cowan**

For Ms. Cowan's qualifications and experience refer above.

**Ms. Kelly Moore (appointed 5 August 2016)**

Ms. Moore is a qualified chartered accountant and company secretary with over 7 years' experience in corporate accounting and governance. Ms. Moore has a Bachelor of Commerce from the University of Western Australia, is a Chartered Accountant, an associate member of the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors. Ms. Moore provides accounting and secretarial advice to private and public companies.

## INTERESTS IN THE SECURITIES OF THE GROUP

As at the date of this report, the interests of the Directors in the securities of Valor Resources Limited are:

| Director | Ordinary Shares | Unlisted Options exercisable at $0.02 each, on or before 31/12/2018 | Unlisted Options exercisable at $0.004 each, on or before 15/12/2018 |
|---|---|---|---|
| Mr. Mark Sumner | 103,333,334 | - | 93,333,334 |
| Mr. Brian McMaster | 61,746,810 | 5,000,000 | - |
| Ms. Paula Cowan | 7,425 | - | - |

## RESULTS OF OPERATIONS

The Group's net loss after taxation attributable to the members of Valor Resources Limited for the year ended 30 June 2017 was $1,604,093 (2016: $4,540,586).

## DIVIDENDS

No dividend was paid or declared by the Group during the year and up to the date of this report (2016: Nil).

## CORPORATE STRUCTURE

Valor Resources Limited is a company limited by shares which is incorporated and domiciled in Australia.

## NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

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

## REVIEW OF OPERATIONS

### Berenguela Copper-Silver Project - Peru

***Acquisition of Project***

On 13 February 2017, the Company announced it had entered into a definitive agreement to acquire 100% of the Berenguela Copper-Silver Project in Peru from SSR Mining Inc. (formerly Silver Standard Resources Inc.) ('SSR'). In consideration for the acquisition, SSR would obtain a 9.9% equity stake in the Company and receive a number of cash payments following settlement. The acquisition required shareholder approval pursuant to ASX Listing Rule 11.1.2.

The Berenguela Project highlights include:

- JORC Indicated Resource of 15.6 million tonnes at 132 g/t Ag and 0.92% Cu. 66.1 million ounces of contained silver, 317.3 million pounds of contained copper;
- JORC Inferred Resource of 6 million tonnes at 111 g/t Ag and 0.74% Cu. 21.6 million ounces of contained silver. 98.21 million pounds of contained copper;
- Approximately 6,594 hectares of exploration concessions; and
- At-surface mineralisation.

On 10 March 2017, in an announcement titled 'Mineral Resource Confirmation – Additional Information for ASX LR 5.8.1', the Company provided a summary of all information material to understanding the estimates of the Berenguela Project's confirmed Mineral Resources according to the JORC Code (2012).

The Berenguela Project is located within a well-defined mineralised district of in the Puno Department of south-eastern Peru. The district hosts some of Peru's largest metals mines and world class deposits.

The Project has been extensively explored and exploited since 1906, with over 30,000m of drilling completed to date. The majority of historical drilling has been completed by Silver Standard between 2004 and 2015, completing a total of 19,029 meters of core and RC drilling, with an additional 5,250 meters of core drilling in 2015. SSR delivered a maiden National Instrument 43-101 Technical Report on the Berenguela Property, South-Central Peru dated October 4, 2005.

Berenguela Resource Summary using a cut 50 gram per tonne silver cut-off balance as at 30 June 2017 (2016: Nil) is as follows:

| Category (JORC) | Tonnes (mil) | Ag Grade (g/t) | Cu Grade (%) | Mn Grade (%) | Contained Silver (mil oz) | Contained Copper (mil lbs) |
|---|---|---|---|---|---|---|
| **Indicated** | 15.60 | 132.0 | 0.92 | 8.80 | 66.1 | 317.30 |
| **Inferred** | 6.00 | 111.7 | 0.74 | 6.50 | 21.60 | 98.21 |

**Note:** Refer to announcement 'Acquisition of Advanced Copper-Silver Project in Peru" dated 13 February 2017 and 'Mineral Resource Confirmation – Additional Information for ASX LR 5.8.1' dated 10 March 2017 for full JORC Code detail. As at the date of this report, there has been no change in the Company's Mineral Resources.

A summary of the governance and controls applicable to the Company's Mineral Resource process is as follows:

- Review and validation of drilling and sampling methodology and data spacing, geological logging, data collection and storage, sampling and analytical quality control;
- Review of known and interpreted geological structure, lithology and weathering controls;
- Review of estimation methodology relevant to the mineralisation style;
- Visual validation of block model against raw data; and
- Internal peer review by senior company personnel.

At a general meeting of shareholders on 1 May 2017, the Company received the required shareholder approval to proceed with the Berenguela Project acquisition. On 3 May 2017, the Company completed the acquisition pursuant to the terms of the definitive agreement as announced on 13 February 2017 and 3 May 2017.

The Company confirms that in accordance with the terms of the acquisition of the Berenguela Project, which completed on 3 May 2017, in the event the Company raises additional funds through the issue of securities within the first year of the agreement, the vendor, SSR, will be issued such number of shares as would result in SSR maintaining a voting power in the Company of 9.9% (on a fully diluted basis) ('Top Up Right').

***Scoping Study***

During the year, the Company commissioned Siecap Pty Ltd to conduct a scoping study in relation to the Berenguela Project.

The Company is pleased with the results of the scoping study and is of the view that the Berenguela Project presents an attractive investment proposition. The Company believes the scoping study provides a strong justification for the planned investment and work program.

***Drilling Program***

Drilling at Berenguela commenced on 10 July 2017. The drilling program includes 66 drill holes for a total of 9,570 metres drilled, with target depths between 100 and 200 metres. Drill holes will be spaced on a 35x35 metre infill grid, focused on the Berenguela central deposit.

To date, the Company has completed drilling of 32 holes for a total of 4,745m (refer to ASX announcements 'Drilling Identifies High Grade Copper and Silver Intercepts' dated 18 August 2017, 'Further Drill Results at Berenguela' dated 31 August 2017, 'Additional Information – Clause 50 of JORC' dated 4 September 2017, 'High Grade Silver Intercept Update' dated 7 September 2017 and 'Multiple High Grade Copper & Silver Intercepts at Berenguela' dated 14 September 2017).

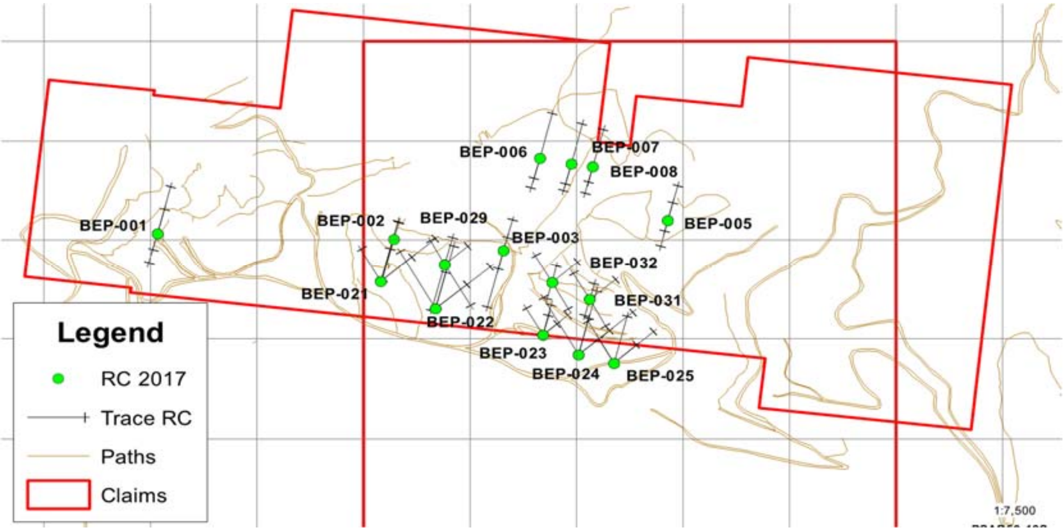


**Figure 1 - 2017 Drilling Platform Map**

Key drilling intercepts were as follows, for further detail refer to Tables 1 and 2 below:

**BEP006 – BER225**:
- **63 m @ 1.08% Cu + 40.84 g/t Ag + 7.25% Mn + 0.66% Zn (from 5 m) - 1.57% CuEq, including:**
  - 10 m @ 2.13 % Cu + 71.9 g/t Ag + + 5.70 % Mn + 0.506 Zn (from 12m);

**BEP006 – BER226: (Outside current Inferred Resource Shell)**
- **34 m @ 0.73% Cu + 94.5 g/t Ag + 8.47% Mn + 0.97% Zn (from 6m) - 1.63%CuEq**
  - 23 m @ 0.531% Cu + 100.87 g/t Ag + 16.71% Mn +1.85% Zn (from 6m)

**BEP007 – BER227:**
- **57 m @ 0.96% Cu + 151.1 g/t Ag + 7.15% Mn + 0.97% Zn (from 3m). 2.14%CuEq, including:**
  - 13m @ 1.34% Cu + 319 g/t Ag + 15.5% Mn + 1.20% Zn (from 3m);

**BEP007 – BER230: (Outside current Inferred Resource Shell)**
- **36 m @ 1.18% Cu + 78.48 g/t Ag + 10.17% Mn + 0.83% Zn (from 4m) - 1.94%CuEq**
  - 5 m @ 2.46% Cu + 82.04 g/t Ag + 10.13% Mn +0.69% Zn (from 29m)

**BEP008 – BER232: (Outside current Inferred Resource Shell)**
- **14 m @ 0.71% Cu + 62.31 g/t Ag + 4.63% Mn + 0.88% Zn (from 1m) - 1.40%CuEq**
  - 5 m @ 1.02% Cu + 38.36g/t Ag + 9.97% Mn +0.89% Zn (from 1m)

**BEP008 – BER234: (Outside current Inferred Resource Shell)**
- **23 m @ 0.73% Cu + 40.87 g/t Ag + 3.55% Mn + 0.78% Zn (from 0m) - 1.27%CuEq**
  - 5 m @ 1.02% Cu + 38.36g/t Ag + 9.97% Mn +0.89% Zn (from 6m)

**BEP002 – BER235:**
- **27 m @ 0.98% Cu + 504 g/t Ag + 9.38% Mn + 0.44% Zn (from 39m) - 3.73%CuEq, including:**
  - 7 m @ 2.18% Cu + 1719 g/t Ag + 13.12% Mn + 0.34% Zn (from 59m)

**BEP002 – BER236:**
- **24 m @ 1.26% Cu + 93.88g/t Ag + 8.82% Mn + 0.34% Zn (from 20m) - 1.85%CuEq, including:**
  - 11 m @ 1.48% Cu + 162.47 g/t Ag + 15.16% Mn +0.58% Zn

**BEP023 – BER239:**
- **27 m @ 1.01 Cu% + 117.80 Ag g/t + 8.73 Mn% + 0.26 Zn% (from 30 m) - 1.723% CuEq**

**BEP023 – BER240:**
- **23m @ 1.33% Cu + 167.65 g/t Ag + 10.23% Mn + 0.23% Zn (from 26m) - 2.27% CuEq.**

**BEP029 – BER242:**
- **26 m @ 0.91 Cu% + 105.30 Ag g/t + 7.14 Mn% + 0.63 Zn% (from 9m) - 1.715% CuEq**

**BEP029– BER243**:
- **54m @ 1.48% Cu + 202.66 g/t Ag + 14.47% Mn + 0.27% Zn (from 37m) - 2.625% CuEq, including:**
  - 8m @ 2.09% Cu + 754.13 g/t Ag + 20% Mn + 0.38% Zn (from 37m) - 6.091% CuEq;

**BEP029 – BER244:**

- **50 m @ 1.39 Cu% + 130.77 Ag g/t + 11.63 Mn% + 0.34 Zn% (from 14 m). 2.202% CuEq, including:**
  - 9 m @ 3.02 Cu% + 107.11 Ag g/t + 9.45 Mn% + 0.24 Zn% (from 32 m) - 3.671% CuEq
  - 10 m @ 1.24 Cu% + 177.18 Ag g/t + 18.11 Mn% + 0.5 Zn% (from 41 m) - 2.359% CuEq

**BEP029 – BER245:**

- **14m @ 1.07% Cu + 186.18 g/t Ag + 9.83% Mn + 0.71% Zn (from 20m) - 2.323% CuEq, including:**
  - 8m @ 1.47% Cu + 252.96 g/t Ag + 12.95% Mn + 0.93% Zn (from 22m) - 3.149% CuEq

**BEP029-BER246*:**

- **16m @ 1.88% Cu + 1,243.31 g/t Ag + 10.43% Mn + 0.39% Zn (from 59) - 8.372% CuEq, including:**
  - 8m @ 2.95% Cu + 2,161.23 g/t Ag + 14.64% Mn + 0.49% Zn (from 63m) - 14.154% CuEq

***BER246 exceeded 4,000 g/t Ag maximum limit of SGS Lab tests.**

**BEP-003 – BER249**

- **32m @ 2.07% Cu + 143.64 g/t Ag + 10.59% Mn + 0.35% Zn (from 59m) - 2.936% CuEq, including:**
  - 18m @ 1.75% Cu + 219.53 g/t Ag + 8.39% Mn + 0.38% Zn (from 59m) - 3.041% CuEq.

**BEP003 – BER250:**

- **23 m @ 1.51% Cu+ 151.57 g/t Ag + 11.16% Mn + 0.24% Zn (from 29 m) - 2.383% CuEq, including:**
  - 5 m @ 1.68% Cu + 353.86 g/t Ag + 11.51% Mn + 0.56% Zn (from 29 m) - 3.698% CuEq
  - 16 m @ 1.13% Cu + 107.30 g/t + 12.45% Mn + 0.20% Zn (from 36 m) - 1.754% CuEq

**BEP-005 – BER251**

- **55 m @ 1.87% Cu + 251.90 g/t Ag + 13.55% Mn + 0.51% Zn (from 0 m) - 3.342% CuEq including:**
  - 12 m @ 2.78% Cu + 132.44 g/t Ag + 12.77% Mn + 0.45% Zn (from 22 m) - 3.63% CuEq;
  - 8 m @ 3.12% Cu + 455.50 g/t Ag + 12.48% Mn + 0.61% Zn (from 38 m) - 5.64% CuEq.
  - 4 m @ 2.42% Cu + 680.75 g/t Ag + 14.25% Mn + 0.57% Zn (from 50 m) - 6.09% CuEq

**BEP-005 – BER252**

- **35 m @ 1.35% Cu + 166.99 g/t Ag + 12.06% Mn + 0.48% Zn (from 0 m) - 2.384% CuEq, including:**
  - 4 m @ 1.41 Cu% + 272.54 Ag g/t + 14.7 Mn% + 0.82 Zn% (from 1 m) - 3.121% CuEq
  - 24 m @ 1.54 Cu% + 158.08 Ag g/t + 11.67 Mn% + 0.5 Zn% (from 9 m) - 2.54% CuEq.

On 7 September 2017, the Company provided an updated in regards to drill hole BER-246 which has previously returned several intervals with Ag grades exceeding the lab test limits of 4,000 g/t and as such further testing was required to obtain the full Ag values. The sample was processed a second time, using gravimetric analysis with results as follows:

- **BER246: 3 m includes high grade intervals from 66 to 69m, of:**
  - **66 - 67 m @ 4,761.54 g/t Ag, 5.73% Cu**
  - **67 - 68 m @ 5,235.33 g/t Ag, 4.68% Cu**
  - **68 - 69 m @ 3,226.00 g/t Ag, 3.97% Cu**

- **Full Mineralisation Analysis for BEP029-BER246:**
  **16m @ 1.88% Cu + 1,243.31 g/t Ag + 10.43% Mn + 0.39% Zn (from 59m). 8.202% CuEq, including:**
  - 8 m @ 2.95 Cu% + 2,161.23 Ag g/t + 14.64 Mn% + 0.49 Zn% (from 63m). 13.858% CuEq

The Berenguela Ag-Cu-Mn deposit comprises several massive west-northwest trending lenses of manganese oxide stocks. These stockwork bodies are hosted within folded and faulted carbonates, as a network of vuggy veins containing malachite, azurite, covellite, chalcopyrite, chrysocolla, pyrite, and native silver, containing the high Cu and Ag values. These vuggy veins intrude manganese ores and are associated with the fault and fracture system, where manganese oxides followed by Cu and Ag have replaced dolomitic limestones. These carbonates have been replaced in several cycles of metasomatism to form an irregular ore body elongated along an east-west axis.

Drilling confirmed the mineralisation within the Inferred Resource shell, as well as an extension of the Copper (Cu) and Silver (Ag) Resources previously reported, leading to the potential for an expansion of the current Resource estimates. The results confirmed that the deposit remains open to the North, with the 15 holes reported in this release confirming mineralisation outside the current Resource shell. Drilling has also confirmed consistent Zinc (Zn) and Manganese (Mn) mineralisation across the deposit.

Approximately 156 meters of mineralisation was confirmed outside the previously confirmed Mineral Resources as detailed in an announcement titled "Mineral Resource Confirmation – Additional Information for ASX LR 5.8.1" dated 10 March 2017.

**Figure 2 - Drilling at Platform 8 (BEP8) Outside Resource Shell**

The mineralised zones (envelopes of stockwork bodies) have been modeled by a northwest to southeast cross-section, delineating higher grade zones. These zones are based on high Ag and Cu grades, which will be stitched together to produce a 3D model based on the data in Figure 3. Figure 3 shows an example of the mineralised zone (hatched polygon), highlighting the anastomosed high grade (red) Cu and Ag zones.

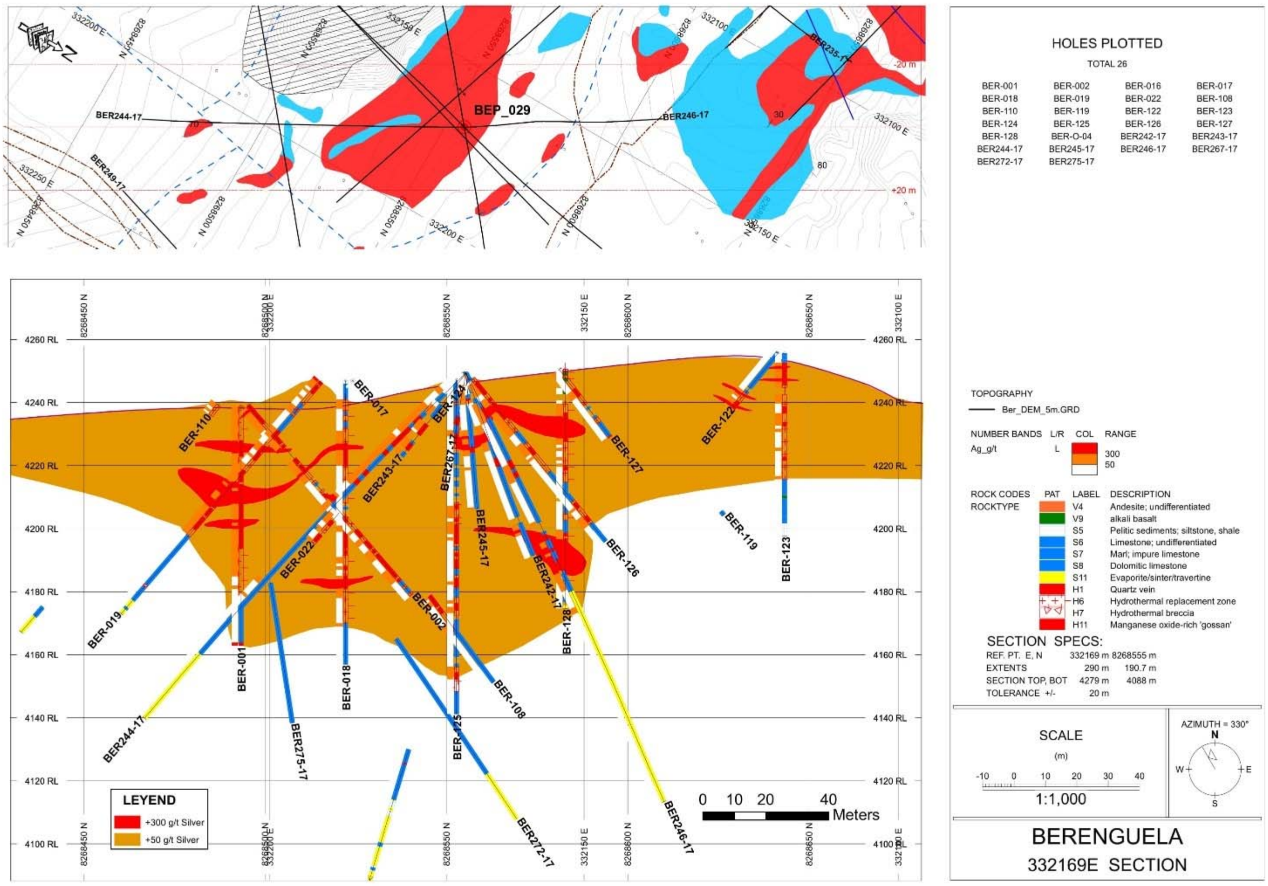


**Figure 3 –NW Vertical Section of Silver Mineralisation. Local Coordinate 332169E.**

For full JORC details in regards to the recent drilling at Berenguela refer to ASX announcements 'Drilling Identifies High Grade Copper and Silver Intercepts' dated 18 August 2017, 'Further Drill Results at Berenguela' dated 31 August 2017, 'Additional Information – Clause 50 of JORC' dated 4 September 2017, 'High Grade Silver Intercept Update' dated 7 September 2017 and 'Multiple High Grade Copper & Silver Intercepts at Berenguela' dated 14 September 2017. 'Multiple High Grade Copper & Silver Intercepts at Berenguela' dated 14 September 2017.

There have been no undisclosed material changes from the date of the announcements to the date of this report.

**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$16.96
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$6,404.00 per tonne
ReCu = Expected recovery of copper = 85%
Zn% = Zinc Grade %;
Zn P = Zinc price = US$ 3,112.50 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 Monday, 25 September 2017.

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.

**Table 1: Drillhole Results at the Berenguela Project (Cut off Cu eq ~ 0.50) to date**

| Platform | HoleId | From (m) | To (m) | Interval (m) | % eCu Excl Mn | Summary |
|---|---|---|---|---|---|---|
| BEP-006 | BER223-17 | 4 | 11 | 7 | 0.855 | 7 m @ 0.69 Cu% + 17.44 Ag g/t + 1.16 Mn% + 0.17 Zn% |
| | | 26 | 49 | 23 | 0.975 | 23 m @ 0.54 Cu% + 41.17 Ag g/t + 4.31 Mn% + 0.5 Zn% |
| | | 66 | 69 | 3 | 0.632 | 3 m @ 0.26 Cu% + 40.47 Ag g/t + 3.43 Mn% + 0.37 Zn% |
| | | 79 | 90 | 11 | 0.745 | 11 m @ 0.43 Cu% + 28.11 Ag g/t + 4.36 Mn% + 0.38 Zn% |
| | | 113 | 175 | 62 | 1.594 | 62 m @ 0.6 Cu% + 109.92 Ag g/t + 8.98 Mn% + 0.97 Zn% |
| | BER224-17 | 4 | 47 | 43 | 0.586 | 43 m @ 0.42 Cu% + 16.69 Ag g/t + 2.26 Mn% + 0.18 Zn% |
| | | 65 | 92 | 27 | 0.536 | 27 m @ 0.35 Cu% + 19.70 Ag g/t + 2.1 Mn% + 0.19 Zn% |
| | BER225-17 | 5 | 68 | 63 | 1.586 | 63 m @ 1.08 Cu% + 40.84 Ag g/t + 7.62 Mn% + 0.66 Zn% |
| | BER226-17 | 10 | 45 | 35 | 1.672 | 35 m @ 0.62 Cu% + 90.35 Ag g/t + 12.6 Mn% + 1.31 Zn% |
| | | 52 | 61 | 9 | 0.893 | 9 m @ 0.63 Cu% + 25.03 Ag g/t + 4.38 Mn% + 0.3 Zn% |
| BEP-007 | BER227-17 | 2 | 73 | 71 | 1.660 | 71 m @ 0.82 Cu% + 111.09 Ag g/t + 6.81 Mn% + 0.62 Zn% |
| | | 100 | 112 | 12 | 0.592 | 12 m @ 0.35 Cu% + 23.73 Ag g/t + 2.96 Mn% + 0.27 Zn% |
| | BER228-17 | 7 | 92 | 85 | 0.963 | 85 m @ 0.55 Cu% + 38.66 Ag g/t + 5.4 Mn% + 0.48 Zn% |
| | BER229-17 | 11 | 42 | 31 | 1.066 | 31 m @ 0.59 Cu% + 28.43 Ag g/t + 10.58 Mn% + 0.73 Zn% |
| | | 50 | 54 | 4 | 0.583 | 4 m @ 0.3 Cu% + 19.93 Ag g/t + 3.99 Mn% + 0.4 Zn% |
| | BER230-17 | 0 | 42 | 42 | 1.607 | 42 m @ 0.93 Cu% + 70.35 Ag g/t + 11.13 Mn% + 0.71 Zn% |
| BEP-008 | BER231-17 | 0 | 5 | 5 | 1.032 | 5 m @ 0.47 Cu% + 31.94 Ag g/t + 7.93 Mn% + 0.88 Zn% |
| | | 25 | 65 | 40 | 0.746 | 40 m @ 0.43 Cu% + 19.17 Ag g/t + 5.82 Mn% + 0.48 Zn% |
| | BER232-17 | 1 | 6 | 5 | 2.093 | 5 m @ 1.19 Cu% + 71.58 Ag g/t + 15.74 Mn% + 1.19 Zn% |
| | | 30 | 37 | 7 | 0.836 | 7 m @ 0.45 Cu% + 20.44 Ag g/t + 8.65 Mn% + 0.62 Zn% |
| | | 96 | 102 | 6 | 0.856 | 6 m @ 0.57 Cu% + 27.93 Ag g/t + 3.07 Mn% + 0.32 Zn% |
| | BER233-17 | 0 | 17 | 17 | 0.728 | 17 m @ 0.46 Cu% + 19.82 Ag g/t + 3.9 Mn% + 0.37 Zn% |
| | BER234-17 | 0 | 23 | 23 | 1.112 | 23 m @ 0.73 Cu% + 33.39 Ag g/t + 5.12 Mn% + 0.47 Zn% |
| BEP-002 | BER235-17 | 0 | 28 | 28 | 1.147 | 28 m @ 0.65 Cu% + 30.71 Ag g/t + 9.32 Mn% + 0.75 Zn% |
| | | 39 | 59 | 20 | 1.170 | 20 m @ 0.57 Cu% + 78.73 Ag g/t + 8.05 Mn% + 0.45 Zn% |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | 59 | 66 | 7 | 10.979 | 7 m @ 2.18 Cu% + 1,719.83 Ag g/t + 13.21 Mn% + 0.41 Zn% |
| | **BER236-17** | 0 | 44 | 44 | 1.503 | 44 m @ 0.9 Cu% + 85.63 Ag g/t + 8.42 Mn% + 0.38 Zn% |
| **BEP-023** | **BER237-17** | 21 | 32 | 11 | 0.600 | 11 m @ 0.31 Cu% + 47.80 Ag g/t + 1.27 Mn% + 0.11 Zn% |
| | | 35 | 46 | 11 | 1.465 | 11 m @ 0.86 Cu% + 94.43 Ag g/t + 10.49 Mn% + 0.29 Zn% |
| | | 67 | 71 | 4 | 1.644 | 4 m @ 0.68 Cu% + 139.62 Ag g/t + 9.02 Mn% + 0.58 Zn% |
| | | 81 | 85 | 4 | 0.658 | 4 m @ 0.45 Cu% + 22.43 Ag g/t + 3.74 Mn% + 0.21 Zn% |
| | **BER238-17** | 18 | 36 | 18 | 0.992 | 18 m @ 0.56 Cu% + 65.28 Ag g/t + 7.43 Mn% + 0.23 Zn% |
| | | 82 | 92 | 10 | 1.182 | 10 m @ 0.79 Cu% + 61.03 Ag g/t + 3.98 Mn% + 0.19 Zn% |
| | **BER239-17** | 30 | 57 | 27 | 1.721 | 27 m @ 1.01 Cu% + 117.80 Ag g/t + 8.73 Mn% + 0.26 Zn% |
| | | 88 | 100 | 12 | 1.821 | 12 m @ 0.82 Cu% + 177.05 Ag g/t + 5.27 Mn% + 0.26 Zn% |
| | **BER240-17** | 26 | 43 | 17 | 1.938 | 17 m @ 0.76 Cu% + 214.60 Ag g/t + 9.24 Mn% + 0.24 Zn% |
| | | 43 | 49 | 6 | 3.224 | 6 m @ 2.96 Cu% + 34.65 Ag g/t + 13.04 Mn% + 0.2 Zn% |
| | | 75 | 80 | 5 | 0.747 | 5 m @ 0.46 Cu% + 37.80 Ag g/t + 4.19 Mn% + 0.21 Zn% |
| | **BER241-17** | 20 | 61 | 41 | 1.330 | 41 m @ 0.69 Cu% + 113.22 Ag g/t + 4.84 Mn% + 0.15 Zn% |
| **BEP-029** | **BER242-17** | 9 | 35 | 26 | 1.725 | 26 m @ 0.91 Cu% + 105.30 Ag g/t + 7.14 Mn% + 0.63 Zn% |
| | | 48 | 57 | 9 | 1.654 | 9 m @ 0.72 Cu% + 165.57 Ag g/t + 3.94 Mn% + 0.23 Zn% |
| | **BER243-17** | 0 | 5 | 5 | 1.123 | 5 m @ 0.63 Cu% + 49.42 Ag g/t + 7.7 Mn% + 0.54 Zn% |
| | | 16 | 21 | 5 | 1.376 | 5 m @ 0.57 Cu% + 101.48 Ag g/t + 16.57 Mn% + 0.66 Zn% |
| | | 24 | 29 | 5 | 1.269 | 5 m @ 0.63 Cu% + 70.66 Ag g/t + 17.53 Mn% + 0.63 Zn% |
| | | 32 | 36 | 4 | 2.073 | 4 m @ 1.31 Cu% + 110.70 Ag g/t + 19.29 Mn% + 0.46 Zn% |
| | | 37 | 91 | 54 | 2.617 | 54 m @ 1.48 Cu% + 202.66 Ag g/t + 14.47 Mn% + 0.27 Zn% |
| | | 37 | 45 | 8 | 6.042 | 8 m @ 2.09 Cu% + 754.13 Ag g/t + 20 Mn% + 0.38 Zn% |
| | | 68 | 73 | 5 | 2.483 | 5 m @ 2.12 Cu% + 62.12 Ag g/t + 4.59 Mn% + 0.11 Zn% |
| | **BER244-17** | 0 | 6 | 6 | 1.469 | 6 m @ 1.18 Cu% + 32.25 Ag g/t + 2.23 Mn% + 0.27 Zn% |
| | | 8 | 11 | 3 | 2.474 | 3 m @ 1.95 Cu% + 58.23 Ag g/t + 7.11 Mn% + 0.51 Zn% |
| | | 14 | 64 | 50 | 2.202 | 50 m @ 1.39 Cu% + 130.77 Ag g/t + 11.63 Mn% + 0.34 Zn% |
| | | 32 | 41 | 9 | 3.669 | 9 m @ 3.02 Cu% + 107.11 Ag g/t + 9.45 Mn% + 0.24 Zn% |
| | | 41 | 51 | 10 | 2.360 | 10 m @ 1.24 Cu% + 177.18 Ag g/t + 18.11 Mn% + 0.5 Zn% |
| | **BER245-17** | 3 | 15 | 12 | 1.230 | 12 m @ 0.79 Cu% + 48.40 Ag g/t + 8.9 Mn% + 0.42 Zn% |
| | | 20 | 34 | 14 | 2.329 | 14 m @ 1.07 Cu% + 186.18 Ag g/t + 9.83 Mn% + 0.71 Zn% |
| | | 22 | 30 | 8 | 3.157 | 8 m @ 1.47 Cu% + 252.96 Ag g/t + 12.95 Mn% + 0.93 Zn% |
| | | 45 | 48 | 3 | 1.430 | 3 m @ 0.99 Cu% + 48.73 Ag g/t + 6.89 Mn% + 0.42 Zn% |
| | | 52 | 64 | 12 | 2.322 | 12 m @ 0.85 Cu% + 243.52 Ag g/t + 15.69 Mn% + 0.55 Zn% |
| | | 60 | 64 | 4 | 1.668 | 4 m @ 0.59 Cu% + 195.55 Ag g/t + 8.16 Mn% + 0.21 Zn% |
| | **BER246-17** | 0 | 3 | 3 | 0.909 | 3 m @ 0.52 Cu% + 16.50 Ag g/t + 19.09 Mn% + 0.67 Zn% |
| | | 10 | 17 | 7 | 2.036 | 7 m @ 1.15 Cu% + 116.61 Ag g/t + 18.57 Mn% + 0.66 Zn% |
| | | 22 | 29 | 7 | 0.659 | 7 m @ 0.52 Cu% + 16.89 Ag g/t + 2.43 Mn% + 0.12 Zn% |
| | | 32 | 43 | 11 | 1.470 | 11 m @ 0.84 Cu% + 63.65 Ag g/t + 9.6 Mn% + 0.68 Zn% |
| | | 51 | 53 | 2 | 1.169 | 2 m @ 0.46 Cu% + 105.90 Ag g/t + 6.36 Mn% + 0.39 Zn% |
| | | 59 | 75 | 16 | 8.284 | 16 m @ 1.88 Cu% + 1,243.31 Ag g/t + 10.43 Mn% + 0.39 Zn% |
| | | 59 | 62 | 3 | 2.819 | 3 m @ 1.12 Cu% + 293.73 Ag g/t + 10.99 Mn% + 0.5 Zn% |
| | | 63 | 71 | 8 | 13.996 | 8 m @ 2.95 Cu% + 2,161.23 Ag g/t + 14.64 Mn% + 0.49 Zn% |
| **BEP-003** | **BER247-17** | 24 | 35 | 11 | 0.795 | 11 m @ 0.46 Cu% + 56.91 Ag g/t + 11.61 Mn% + 0.1 Zn% |
| | | 43 | 51 | 8 | 1.730 | 8 m @ 0.96 Cu% + 125.78 Ag g/t + 11.83 Mn% + 0.3 Zn% |
| | **BER248-17** | 30 | 45 | 15 | 1.586 | 15 m @ 0.83 Cu% + 143.40 Ag g/t + 12.01 Mn% + 0.08 Zn% |
| | **BER249-17** | 30 | 33 | 3 | 1.704 | 3 m @ 1 Cu% + 94.63 Ag g/t + 11.82 Mn% + 0.5 Zn% |
| | | 36 | 41 | 5 | 3.435 | 5 m @ 2.05 Cu% + 234.00 Ag g/t + 11.54 Mn% + 0.47 Zn% |
| | | 43 | 52 | 9 | 2.367 | 9 m @ 1.7 Cu% + 87.17 Ag g/t + 6.92 Mn% + 0.51 Zn% |
| | | 59 | 91 | 32 | 2.952 | 32 m @ 2.07 Cu% + 143.64 Ag g/t + 10.59 Mn% + 0.35 Zn% |
| | | 77 | 81 | 4 | 3.704 | 4 m @ 3.3 Cu% + 63.83 Ag g/t + 6.4 Mn% + 0.19 Zn% |
| | | 84 | 88 | 4 | 4.455 | 4 m @ 4.09 Cu% + 55.45 Ag g/t + 15.65 Mn% + 0.2 Zn% |
| | **BER250-17** | 29 | 34 | 5 | 3.715 | 5 m @ 1.68 Cu% + 353.86 Ag g/t + 11.51 Mn% + 0.56 Zn% |
| | | 36 | 52 | 16 | 1.755 | 16 m @ 1.13 Cu% + 107.30 Ag g/t + 12.45 Mn% + 0.2 Zn% |
| | | 29 | 34 | 5 | 3.715 | 5 m @ 1.68 Cu% + 353.86 Ag g/t + 11.51 Mn% + 0.56 Zn% |
| | | 36 | 52 | 16 | 1.755 | 16 m @ 1.13 Cu% + 107.30 Ag g/t + 12.45 Mn% + 0.2 Zn% |
| **BEP-005** | **BER251-17** | 0 | 55 | 55 | 3.367 | 55 m @ 1.87 Cu% + 251.90 Ag g/t + 13.55 Mn% + 0.51 Zn% |
| | | 22 | 34 | 12 | 3.647 | 12 m @ 2.78 Cu% + 132.44 Ag g/t + 12.77 Mn% + 0.45 Zn% |
| | | 38 | 46 | 8 | 5.683 | 8 m @ 3.12 Cu% + 455.50 Ag g/t + 12.48 Mn% + 0.61 Zn% |
| | | 46 | 50 | 4 | 4.149 | 4 m @ 1.14 Cu% + 529.50 Ag g/t + 12.46 Mn% + 0.77 Zn% |
| | | 50 | 54 | 4 | 6.090 | 4 m @ 2.42 Cu% + 680.75 Ag g/t + 14.25 Mn% + 0.57 Zn% |
| | | 54 | 68 | 14 | 0.679 | 14 m @ 0.46 Cu% + 36.84 Ag g/t + 1.17 Mn% + 0.09 Zn% |

| | | | | | | |
|---|---|---|---|---|---|---|
| | **BER252-17** | 0 | 35 | 35 | 2.404 | 35 m @ 1.35 Cu% + 166.99 Ag g/t + 12.06 Mn% + 0.48 Zn% |
| | | 1 | 5 | 4 | 3.153 | 4 m @ 1.41 Cu% + 272.54 Ag g/t + 14.7 Mn% + 0.82 Zn% |
| | | 9 | 33 | 24 | 2.559 | 24 m @ 1.54 Cu% + 158.08 Ag g/t + 11.67 Mn% + 0.5 Zn% |
| **BEP-031** | **BER255-17** | 52 | 70 | 18 | 2.222 | 18 m @ 1.51 Cu% + 100.30 Ag g/t + 12.62 Mn% + 0.45 Zn% |
| | | 52 | 57 | 5 | 3.484 | 5 m @ 2.22 Cu% + 210.60 Ag g/t + 19.22 Mn% + 0.45 Zn% |
| | **BER256-17** | 29 | 54 | 25 | 2.375 | 25 m @ 1.99 Cu% + 57.38 Ag g/t + 10.71 Mn% + 0.21 Zn% |
| | | 29 | 35 | 6 | 3.542 | 6 m @ 3.17 Cu% + 55.90 Ag g/t + 14.74 Mn% + 0.21 Zn% |
| | | 51 | 54 | 3 | 4.980 | 3 m @ 4.13 Cu% + 137.77 Ag g/t + 16.93 Mn% + 0.36 Zn% |
| | **BER257-17** | 67 | 80 | 13 | 3.497 | 13 m @ 2.94 Cu% + 91.76 Ag g/t + 6.16 Mn% + 0.21 Zn% |
| | | 67 | 70 | 3 | 4.633 | 3 m @ 3.84 Cu% + 140.70 Ag g/t + 4.96 Mn% + 0.2 Zn% |
| | **BER258-17** | 68 | 87 | 19 | 1.956 | 19 m @ 1.33 Cu% + 72.86 Ag g/t + 10.24 Mn% + 0.58 Zn% |
| | **BER259-17** | 63 | 100 | 37 | 1.399 | 37 m @ 1.07 Cu% + 47.43 Ag g/t + 5.58 Mn% + 0.2 Zn% |
| | | 69 | 73 | 4 | 2.789 | 4 m @ 2.33 Cu% + 72.48 Ag g/t + 7.3 Mn% + 0.22 Zn% |

*Intercepts are calculated using: True width intervals of the mineralisation are interpreted as being between 50-80% true widths from oriented RC drilling core and sectional interpretation

Copper equivalent (CuEq) calculations assume:

| Base of Calculus | Units | Price-LME (London Metal Exchange) | Recovery (%) Concentrate |
|---|---|---|---|
| Cu | US Dollars per tonne | 6,404.00 | 0.85 |
| Ag | US Dollars and cents per troy ounce | 16.955 | 0.5 |
| Zn | US Dollars per tonne | 3,112.50 | 0.8 |

LME Prices on 25 Sep 2017.
Mn grades are not considered for eCu calculus.

**Table 2: Drill Collar Information for Berenguela Project:**

| Hole ID | East_WGS | North_WGS | Elevation | Azimuth | Dip | Depth (m) |
|---|---|---|---|---|---|---|
| BEP-6_BER223 | 332339.4 | 8268762.5 | 4260.6 | 15 | -60 | 200 |
| BEP-6_BER224 | 332339.07 | 8268760.9 | 4260.61 | 0 | -90 | 180 |
| BEP-6_BER225 | 332338.77 | 8268759.2 | 4260.55 | 195 | -70 | 150 |
| BEP-6_BER226 | 332338.44 | 8268757.5 | 4260.57 | 195 | -50 | 110 |
| BEP-7_BER227 | 332392.59 | 8268742 | 4254.98 | 15 | -60 | 180 |
| BEP-7_BER228 | 332392.1 | 8268740 | 4255.05 | 0 | -90 | 160 |
| BEP-7_BER229 | 332391.64 | 8268738.2 | 4254.89 | 195 | -70 | 150 |
| BEP-7_BER230 | 332391.6 | 8268738.2 | 4254.9 | 195 | -50 | 100 |
| BEP-8_BER231 | 332450.8 | 8268736.5 | 4246.7 | 0 | -60 | 170 |
| BEP-8_BER232 | 332450.8 | 8268736.5 | 4246.7 | 290 | -60 | 120 |
| BEP-8_BER233 | 332450.8 | 8268736.5 | 4246.7 | 215 | -70 | 120 |
| BEP-8_BER234 | 332450.8 | 8268736.5 | 4246.7 | 215 | -50 | 100 |
| BEP-2_BER235 | 332080.2 | 8268590.1 | 4250.5 | 15 | -70 | 130 |
| BEP-2_BER236 | 332080.2 | 8268590.1 | 4250.5 | 195 | -50 | 150 |
| BEP-023_BER237 | 332338.4 | 8268408.3 | 4234.6 | 15 | -45 | 100 |
| BEP023_BER-238 | 332338.4 | 8268408.3 | 4234.6 | 15 | -60 | 100 |
| BEP023_BER-239 | 332338.4 | 8268408.3 | 4234.6 | 330 | -45 | 105 |
| BEP023_BER-240 | 332338.4 | 8268408.3 | 4234.6 | 50 | -45 | 100 |
| BEP023_BER-241 | 332338.4 | 8268408.3 | 4234.6 | 50 | -65 | 100 |
| BEP029_BER-242 | 332168.8 | 8268555.4 | 4249.4 | 15 | -65 | 150 |
| BEP029_BER-243 | 332168.8 | 8268555.4 | 4249.4 | 195 | -45 | 150 |
| BEP029_BER-244 | 332168.8 | 8268555.4 | 4249.4 | 150 | -45 | 150 |
| BEP029_BER-245 | 332168.8 | 8268555.4 | 4249.4 | 50 | -65 | 150 |
| BEP029_BER246 | 332168.8 | 8268555.4 | 4249.4 | 330 | -65 | 150 |
| BEP003_BER247 | 332272.4 | 8268578.8 | 4251.9 | 15 | -50 | 110 |
| BEP003_BER248 | 332272.4 | 8268578.8 | 4251.9 | 15 | -70 | 100 |
| BEP003_BER249 | 332272.4 | 8268578.8 | 4251.9 | 195 | -50 | 200 |
| BEP003_BER250 | 332272.4 | 8268578.8 | 4251.9 | 195 | -70 | 140 |
| BEP005_BER251 | 332580.8 | 8268639.3 | 4234.8 | 15 | -55 | 140 |
| BEP005_BER252 | 332580.8 | 8268639.3 | 4234.8 | 15 | -75 | 170 |
| BEP031_BER255 | 332362.9 | 8268506.7 | 4255.17 | 15 | -65 | 100 |
| BEP031_BER256 | 332362.3 | 8268504.5 | 4255.28 | 195 | -65 | 100 |
| BEP031_BER257 | 332360.5 | 8268509.5 | 4255.16 | 330 | -45 | 100 |
| BEP031_BER258 | 332365.5 | 8268508.1 | 4255.21 | 50 | -45 | 100 |
| BEP031_BER259 | 332365.2 | 8268501.6 | 4255.39 | 150 | -45 | 100 |

**Picha Copper Project - Peru**

On 4 August 2016, the Company announced it had executed a Share Sale Agreement with Kiwanda Copper LLC and Lara Exploration Ltd to purchase 100% of the shares in Kiwanda Peru SAC ('Kiwanda Peru') through the issue of 133,333,334 fully paid ordinary shares in the Company and 133,333,334 options with an exercise price of $0.004 expiring two years from the date of issue, subject to shareholder approval. The Company would assume the administrative and technical costs associated with Kiwanda Peru's office in Peru and would pay Kiwanda Group a corporate advisory fee of $100,000.

Kiwanda Peru holds the rights to the Picha Copper Project ('the Project') located in the Moquegua Department of Peru, 17km ENE of the Chucapaca (San Gabriel – Buenaventura) gold deposit. The Picha Project is a Copper-Silver exploration project comprised of a 3,000 hectare exploration concession. Picha's exploration history includes 2 field sampling exercises and geophysical surveys. The geophysical program comprised 158.22 line kilometres of Magnetic surveys and 65.5 line kilometres of induced polarization surveys, targeting disseminated and semi-massive copper sulphide mineralization to maximum depth of approximately 300 metres.

On 15 December 2016, the Company announced the completion of the acquisition of Kiwanda Peru through the issue of the shares and options as detailed above. On the 15 December 2016, the Company also announced the appointment of Mr Mark Sumner to the Board as Executive Chairman and Dr Ernesto Lima as the Company's lead technical advisor and Ms Rosy Haro as the Company's Peruvian manager.

**Corporate**

*Capital Raising*

On 8 July 2016, the Company announced the remaining shortfall of 166,036,924 fully paid ordinary shares pursuant to the rights issue prospectus dated 24 May 2016 was placed raising approximately $498,110 (before costs).

On 5 August 2016, the Company announced it had successfully completed a placement of new shares to sophisticated investors to raise $200,000 (before costs). The placement consisted of 66,666,667 fully paid ordinary shares priced at A$0.003 per share with funds being raised in two tranches - the first tranche of 51,249,981 shares settled on 5 August 2016 and the second tranche of 15,416,686 shares settled on 2 December 2016.

On 15 December 2016, the Company announced a placement of new shares to sophisticated investors to raise $500,000 (before costs). The placement consisted of 166,666,666 fully paid ordinary shares priced at A$0.003 per share with funds being raised in two tranches. The first tranche of 60,666,667 shares settled on 15 December 2016 raising $182,000 (before costs). The second tranche of 105,999,999 shares settled on 31 January 2017, after shareholder approval at a general meeting held on 25 January 2017, raising $318,000 (before costs).

On 27 February 2017, the Company announced an oversubscribed placement of new shares to sophisticated investors to raise $2,200,000 (before costs). The placement consisted of 220,000,000 fully paid ordinary shares priced at A$0.01 per share with funds being raised in two tranches. The first tranche of 50,000,000 shares settled on 9 March 2017 raising $500,000 (before costs). Due to the placement being oversubscribed, the second tranche was increased to 260,000,000 shares and settled on 3 May 2017, after shareholder approval at a general meeting held on 1 May 2017, raising $2,600,000 (before costs). Total raised under the placement was $3,100,000 (before costs) with the issue of 310,000,000 fully paid ordinary shares priced as A$0.01 per share.

*Other Share Issues*

On 15 December 2016 and 28 February 2017, the Company issued 91,824,527 fully paid ordinary shares and 8,175,000 fully paid ordinary shares at an issue price of $0.003 per share in satisfaction of amounts owing to third party creditors totalling $275,474 and $24,525. The share issued was approved at the Company's annual general meeting held on 30 November 2016.

On 28 February 2017, the Company issued 8,175,000 fully paid ordinary shares at an issue price of $0.003 per share in satisfaction of amounts owing to third party creditors totalling $24,525. The share issued was approved at the Company's annual general meeting held on 30 November 2016.

On 3 May 2017, the Company issued 145,881,177 fully paid ordinary shares to Silver Standard Resources Inc. pursuant to the Berenguela share sale agreement. The share issue was approved at a general meeting of the Company held on 1 May 2017.

On 3 May 2017, the Company issued 10,000,000 fully paid ordinary shares to Kiwanda Group LLC as a fee for corporate advisory services provided in respect of the Berenguela acquisition. The share issue was approved at a general meeting of the Company held on 1 May 2017.

*Board Changes*

On the 15 December 2016, the Company announced the appointment of Mr Mark Sumner to the Board as Executive Chairman and on 10 January 2017, the Company announced the appointment of Mr Brian McMaster as a Non-Executive Director of the Company.

On 27 February 2017, the Company announced the resignation of Mr Gregory Wood and Mr Mark Reilly as Non-Executive Directors of the Company.

*Other*
On 12 August 2016, the Company announced the establishment of a share sale facility ('the Facility') for holders of unmarketable parcels of shares in the Company. In October 2016, the Company closed the Facility resulting in a total of 20,166,669 shares being sold on behalf of the relevant holders.

At a general meeting held on 25 January 2017, shareholders approved the change of name of the Company from The Carajas Copper Company Limited to Valor Resources Limited.

On 27 January 2017, the Company cancelled 90,000,000 performance shares in the Company after obtaining shareholder approval at a general meeting held on 25 January 2017.

During the year, the Company disposed of its interest in the Brazilian subsidiary Altantica Mineracao Ltda. All deferred exploration and evaluation expenditure relating to the Brazilian subsidiary had been impaired to nil during the previous financial year.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**
There were no significant changes in the state of affairs of the Group during the year.

**SIGNIFICANT EVENTS AFTER THE REPORTING DATE**
On 19 September 2017, the Company announced a placement to sophisticated and institutional investors to raise up to $3,125,000 (before costs) through the issue of 125,000,000 new shares at an issue price of $0.025 per share.

There were no other known significant events from the end of the financial year up to the date of this report.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS**
The Directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years, as the Directors believe that it would be speculative and prejudicial to the interests of the Group.

**ENVIRONMENTAL REGULATIONS AND PERFORMANCE**
The Group carries out operations that are subject to environmental regulations under legislation in Mongolia and Brazil. The Group has formal procedures in place to ensure regulations are adhered to. The Group is not aware of any breaches in relation to environmental matters.

**SHARES UNDER OPTION**
As at the date of this report, there are 163,333,334 unissued ordinary shares under options (163,333,334 at the reporting date). The details of the options at the date of this report are as follows:

| Number | Exercise Price $ | Expiry Date |
|---:|---:|---:|
| 30,000,000 | $0.02 | 31/12/2018 |
| 133,333,334 | $0.004 | 15/12/2018 |

No options were exercised during the financial year. No option holder has any right under the options to participate in any other share issue of the Group or any other entity.

**INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**
The Group has made an agreement indemnifying all the Directors and officers of the Group against certain losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Group to the extent permitted by the Corporation Act 2001. The indemnification specifically excludes willful acts of negligence and insolvency. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

**DIRECTORS' MEETINGS**
During the financial year, in addition to regular Board discussions, the number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

| Director | Number of Meetings Eligible to Attend | Number of Meetings Attended |
|---|:-:|:-:|
| Mr. Mark Sumner[1] | 1 | 1 |
| Mr. Brian McMaster[2] | 1 | 1 |
| Ms. Paula Cowan | 2 | 2 |
| Mr. Gregory Wood[3] | 1 | 1 |
| Mr. Mark Reilly[4] | 1 | 1 |

[1] Mr. Mark Sumner was appointed to the Board on 15 December 2016.
[2] Mr. Brian McMaster was appointed to the Board on 10 January 2017.
[3] Mr. Gregory Wood resigned from his position on 27 February 2017.
[4] Mr. Mark Reilly resigned from his position on 27 February 2017.

In addition to the formal meetings of directors above, the Board has held several discussions throughout the year and passed circular resolutions on all material matters.

### PROCEEDINGS ON BEHALF OF GROUP

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

### CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Board supports and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Valor Resources Limited is in compliance with those guidelines to the extent possible, which are of importance to the commercial operation of a junior listed resources company. During the financial year ended, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Group. The Group's Corporate Governance Statement and disclosures are contained elsewhere in the annual report.

### AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Group's auditors to provide the Board with an Independence Declaration in relation to the audit of the full year financial statements. A copy of that declaration is included in this report. There were no non audit services provided by the Group's auditor during the year ended 30 June 2017.

### AUDITED REMUNERATION REPORT

This report outlines the remuneration arrangements in place for directors and executives of the Group in accordance with the requirements of the Corporation Act 2001 and its Regulations. For the purpose of this report, Key Management Personnel ("KMP") of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

#### Details of Key Management Personnel

| | |
|---|---|
| Mr. Mark Sumner | Executive Chairman (appointed 15 December 2016) |
| Mr. Brian McMaster | Non-Executive Director (appointed 10 January 2017) |
| Ms. Paula Cowan | Non-Executive Director |
| Dr. Ernesto Lima Osorio | Chief Operating Officer (appointed 3 April 2017) |
| Mr. Gregory Wood | Former Non-Executive Chairman (resigned 27 February 2017) |
| Mr. Mark Reilly | Former Non-Executive Director (resigned 27 February 2017) |

#### Remuneration Policy and Link to Performance

The Board is responsible for determining remuneration policies applicable to Directors and senior Executives of the Group. The Board policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration consideration is given by the Board to the Group's financial performance.

The Board currently determines the nature and amount of remuneration for Board members and senior Executives of the Group. The policy is to align Director and Executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives such as options and performance shares.

The Board policy is to remunerate Non-Executive Directors at market rates based on comparable companies for time, commitment and responsibilities. The Board determines payments to Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No independent external advice was sought during the year ended 30 June 2017.

Directors are entitled to draw Director's fees and receive reimbursement of reasonable expenses for attendance at meetings. The Group is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to Non-Executive Directors is $300,000. This amount cannot be increased without the approval of the Group's shareholders. Please refer below for the remuneration report within the Directors' Report for details regarding the remuneration structure of the Executive Director and senior management.

The table below shows the performance of the Group as measured by loss per share for the last 5 financial years:

| As at 30 June | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|
| Loss per share (cents) | (0.227) | (3.25) | (5.07) | (34.27) | (3.00) | (10.40) |
| Share Price | $0.009 | $0.004 | $0.007 | $0.001 | $0.005 | $0.020 |

There is no link between the loss per share and remuneration.

#### Elements of Remuneration

*Short-Term Incentives*

Short-term incentives in regards to the current financial year include fees paid for services to Directors.

*Long-Term Incentives*
Shareholders approved the establishment of an Employee Share Option Plan ('ESOP') at a general meeting on 4 May 2015. The Company believes that the ESOP will provide ongoing incentives to key employees, consultants and officers of the Company. No securities have been issued under this plan in the current financial year to Directors of the Company.

**Details of Remuneration**
Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

| **2017** | Short term | | Share based payments | | Post-employment | | | |
|---|---|---|---|---|---|---|---|---|
| | Base Salary $ | Other $ | Shares $ | Options $ | Superannuation $ | Benefits $ | Total $ | Share based payment related % |
| **Directors** | | | | | | | | |
| Mr. Mark Sumner[1] | 89,434 | - | - | - | - | - | 89,434 | - |
| Mr. Brian McMaster[2] | 62,879 | - | - | - | - | - | 62,879 | - |
| Ms. Paula Cowan | 28,636 | - | - | - | - | - | 28,636 | - |
| Mr. Gregory Wood[3] | 40,455 | - | - | - | - | - | 40,455 | - |
| Mr. Mark Reilly[4] | 17,955 | - | - | - | - | - | 17,955 | - |
| **Key Management Personnel** | | | | | | | | |
| Dr. Ernesto Lima Osorio[5] | 23,871 | 13,111 | - | - | - | - | 36,982 | - |
| | **263,230** | **13,111** | **-** | **-** | **-** | **-** | **276,341** | **-** |

[1] Mr. Mark Sumner was appointed to the Board on 15 December 2016.
[2] Mr. Brian McMaster was appointed to the Board on 10 January 2017.
[3] Mr. Gregory Wood resigned from his position on 27 February 2017.
[4] Mr. Mark Reilly resigned from his position on 27 February 2017.
[5] Dr. Ernesto Lima Osorio was appointed as Chief Operating Officer on 3 April 2017.

There were no other executive officers of the Group during the financial year ended 30 June 2017.

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the prior financial year are as follows:

| **2016** | Short term | | Share based payments | | Post-employment | | | |
|---|---|---|---|---|---|---|---|---|
| | Base Salary $ | Other $ | Shares $ | Options $ | Superannuation $ | Benefits $ | Total $ | Share based payment related % |
| **Directors** | | | | | | | | |
| Mr. Mark Reilly[1] | - | - | - | - | - | - | - | - |
| Mr. Gregory Wood[2] | - | - | - | - | - | - | - | - |
| Ms. Paula Cowan[3] | - | - | - | - | - | - | - | - |
| Mr. David Wheeler[4] | 36,000 | - | - | - | - | - | 36,000 | - |
| Ms. Nicole Fernandes[5] | 36,000 | - | - | - | - | - | 36,000 | - |
| Mr. Giuseppe Graziano[6] | 36,000 | - | - | - | - | - | 36,000 | - |
| Mr. Matthew Wood[7] | 28,000 | - | - | - | - | - | 28,000 | - |
| Mr. Nick von Schirnding[8] | - | - | - | - | - | - | - | - |
| Mr. Brian McMaster[9] | 35,000 | - | - | - | - | - | 35,000 | - |
| Mr. Antonio Jose de Almeida[10] | - | - | - | - | - | - | - | - |
| Mr. George Tumur[11] | - | - | - | - | - | - | - | - |
| | **171,000** | **-** | **-** | **-** | **-** | **-** | **171,000** | **-** |

[1] Mr. Mark Reilly was appointed to the Board on 9 May 2016.
[2] Mr. Gregory Wood was appointed to the Board on 9 May 2016.
[3] Ms. Paula Cowan was appointed to the Board on 9 May 2016.
[4] Mr. David Wheeler was appointed to the Board on 17 March 2016 and resigned from his position on 10 May 2016.
[5] Ms. Nicole Fernandes was appointed to the Board on 17 March 2016 and resigned from her position on 10 May 2016.
[6] Mr. Giuseppe Graziano was appointed to the Board on 17 March 2016 and resigned from his position on 10 May 2016.
[7] Mr. Matthew Wood resigned from the Board on 17 March 2016.
[8] Mr. Nick von Schirnding resigned from the Board and his positions as CEO on 17 March 2016.
[9] Mr. Brian McMaster resigned from the Board on 17 March 2016.
[10] Mr. Antonio Jose de Almeida resigned from the Board on 12 August 2015.
[11] Mr. George Tumur resigned from the Board on 6 July 2015.

There were no other executive officers of the Group during the financial year ended 30 June 2016.

**Shareholdings of Directors**

The number of fully paid ordinary shares in the Group held during the financial year held by each Director of the Company Limited, including their personally related parties, is set out below.

| 2017 | Balance at the start of the year | On appointment to the Board | Other changes | On resignation from the Board | Balance at the end of the year |
|---|---|---|---|---|---|
| Mr. Mark Sumner[1] | - | - | 103,333,334 | - | 103,333,334 |
| Mr. Brian McMaster[2] | - | 61,746,810 | - | - | 61,746,810 |
| Ms. Paula Cowan | 7,425 | - | - | - | 7,425 |
| Mr. Gregory Wood[3] | - | - | - | - | - |
| Mr. Mark Reilly[4] | - | - | - | - | - |

[1] Mr. Mark Sumner was appointed to the Board on 15 December 2016.
[2] Mr. Brian McMaster was appointed to the Board on 10 January 2017.
[3] Mr. Gregory Wood resigned from his position on 27 February 2017.
[4] Mr. Mark Reilly resigned from his position on 27 February 2017.

All equity transactions with key management personnel other than arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

**Option Holdings of Directors**

The numbers of options over ordinary shares in the Group held during the financial year by each Director and specified Executive of the Group, including their personally related parties, are set out below:

| 2017 | Balance at the start of the year | Expired during the year | Other changes during the year | Balance at the end of the year | Vested options | | Unvested |
|---|---|---|---|---|---|---|---|
| | | | | | Exercisable | Un-exercisable | |
| Mr. Mark Sumner[1] | - | - | 93,333,334 | 93,333,334 | 93,333,334 | - | - |
| Mr. Brian McMaster[2] | - | - | 5,000,000 | 5,000,000 | 5,000,000 | - | - |
| Ms. Paula Cowan | - | - | - | - | - | - | - |
| Mr. Gregory Wood[3] | - | - | - | - | - | - | - |
| Mr. Mark Reilly[4] | - | - | - | - | - | - | - |

[1] Mr. Mark Sumner was appointed to the Board on 15 December 2016.
[2] Mr. Brian McMaster was appointed to the Board on 10 January 2017.
[3] Mr. Gregory Wood resigned from his position on 27 February 2017.
[4] Mr. Mark Reilly resigned from his position on 27 February 2017.

**Other transactions with Key Management Personnel**

Kiwanda Group LLC, a company of which Mr. Sumner is a director, was issued 50,000,000 fully paid ordinary shares and 50,000,000 options with an exercise price of $0.004 expiring 15 December 2018 for the purchase of the Picha Copper Project and 10,000,000 fully paid ordinary shares in the Company for services performed in regards to the Berenguela Project acquisition.

Kiwanda Copper LLC, a company of which Mr. Sumner is a director, was issued 43,333,334 fully paid ordinary shares and 43,333,334 options with an exercise price of $0.004 expiring 15 December 2018 for the purchase of the Picha Copper Project.

Palisade Business Consulting Pty Ltd, a company of which Ms. Cowan is a director, provided the Group with company secretary services and serviced office facilities including administration and information technology support totalling $55,000 (2016: $80,000), accounting services totalling $50,499 (2016: $38,283) and reimbursement of payments for postage and printing costs as well as other expenses, at cost totalling $2,806 (2016: $3,244). $13,130 (2016: $257,245) was outstanding at year-end.

Prior to his appointment as Chief Operating Officer, Dr. Osorio charged the Group consulting fees of $32,822 (2016: $nil). No balance (2016: $nil) was outstanding at year-end.

Garrison Capital (UK) Limited, a company of which Mr. McMaster is a director, charged the Group for reimbursement of costs associated with participation in an overseas conference at cost totalling $6,680 (2016: $nil). No balance (2016: $nil) was outstanding at year-end. This transaction has been entered into on normal commercial terms.

Gemstar Investments Limited, a company of which Mr. McMaster is a director, charged the Group consulting fees of $12,000 (2016: $35,000). $13,012 (2016: $50,000l) was outstanding at year-end.

Gremar Consulting Pty Ltd, a company of which Mr. Wood is a director, charged the Group consulting fees of $40,455 (2016: $nil). $13,700 (2016: $nil) was outstanding at year-end.

Styletown Investments Pty Ltd, a company of which Mr. Reilly is a director, charged the Group consulting fees of $17,955 (2016: $nil). No balance (2016: $nil) was outstanding at year-end.

These transactions have been entered into on normal commercial terms.

**Loans to Directors and Executives**
There were no loans to Directors and Executives during the financial year ending 30 June 2017.

**Non-Executive Directors**
The Non-Executive Directors have not entered into service agreements with the Group. Their services may be terminated by either party at any time.

**Voting and comments made at the Group's 2016 Annual General Meeting**
Valor Resources Limited received more than 99% of "yes" votes on its remuneration report for the 2016 financial year. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

**END OF AUDITED REMUNERATION REPORT**

Signed on behalf of the Board in accordance with a resolution of the Directors.

Mr. Mark Sumner
Executive Chairman
29 September 2017
Perth, Western Australia

**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.

MARCELO ANTONIO BATELOCHI (CP Brazilian, Geologist) holds a Bachelor of Honors from School of Geology at UNESP - São Paulo State University, Brazil from 1991. Mr. Batelochi has more than twenty years of experience of mineral resource evaluation across a range of commodities including copper, gold, nickel, platinum group elements, iron, bauxite and rare earth elements. Mr. Batelochi's experience includes 12 years with Rio Tinto, 4 years with Vale, 6 years with Ferrous Resources and most recently as an Independent Consultant ("MB Geologia"). Mr. Batelochi is a Member of the Australasian Institute of Mining and Metallurgy and is qualified as a Chartered Profession of Geology and Mineral Resources (Qualified to assign JORC and Ni-43101 Mineral Resource Reports).

## Consolidated Statement of Profit or Loss and Other Comprehensive Income
***for the year ended 30 June 2017***

| | Note | 2017<br>$ | 2016<br>$ |
|---|---|---|---|
| **Continuing operations** | | | |
| Interest revenue | | 4,137 | 16 |
| Other income | | 23,805 | 29,703 |
| | | | |
| **Expenses** | | | |
| Consultants and directors' fees | 5 | (582,528) | (251,223) |
| Legal fees | | (140,157) | (23,311) |
| Listing and share registry expenses | | (63,567) | (50,196) |
| Travel and accommodation | | (87,351) | - |
| Pre-acquisition exploration expenses | | (458,070) | - |
| Foreign exchange gain / (loss) | | 77,986 | (155) |
| Impairment of receivable | | (50,000) | - |
| Impairment of exploration expenditure | 10 | - | (827,705) |
| Share based payment expense | 22 | (107,807) | - |
| Other expenses | 5 | (251,401) | (191,794) |
| **Loss from continuing operations before income tax** | | **(1,634,953)** | **(1,314,665)** |
| | | | |
| Income tax benefit | 6 | - | - |
| **Loss from continuing operations after income tax** | | **(1,634,953)** | **(1,314,665)** |
| | | | |
| **Discontinued operations** | | | |
| Gain / (loss) from discontinued operations after tax | 4 | 30,860 | (3,225,921) |
| **Net loss for the year** | | **(1,604,093)** | **(4,540,586)** |
| | | | |
| **Other comprehensive income** | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Foreign currency translation difference | 15 | (329,122) | (8,471) |
| *Items that have been reclassified to profit or loss* | | | |
| Exchange differences on disposal of controlled entities | | (32,103) | 1,212,102 |
| **Other comprehensive loss for the year, net of tax** | | (361,225) | 1,203,631 |
| **Total comprehensive loss for the year** | | **(1,965,318)** | **(3,336,955)** |
| | | | |
| **Profit / (Loss) per share attributable to owners of Valor Resources Limited** | | | |
| *From continuing and discontinued operations:* | | | |
| Basic and diluted loss per share (cents per share) | 18 | (0.227) | (3.25) |
| | | | |
| *From continuing operations:* | | | |
| Basic and diluted loss per share (cents per share) | 18 | (0.231) | (0.94) |
| | | | |
| *From discontinuing operations:* | | | |
| Basic and diluted earnings / (loss) per share (cents per share) | 18 | 0.004 | (2.31) |

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 30 June 2017*

| | Note | 2017 $ | 2016 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 7 | 1,948,570 | 69,533 |
| Trade and other receivables | | 96 | 66,230 |
| Other current assets | | 24,765 | - |
| **Total Current Assets** | | 1,973,431 | 135,763 |
| **Non-Current Assets** | | | |
| Plant and equipment | 9 | 5,075 | - |
| Deferred exploration and evaluation expenditure | 10 | 13,217,180 | - |
| **Total Non-Current Assets** | | 13,222,255 | - |
| **Total Assets** | | 15,195,685 | 135,763 |
| **Current Liabilities** | | | |
| Trade and other payables | 11 | 797,306 | 987,660 |
| Borrowings | 12 | - | 60,000 |
| **Total Current Liabilities** | | 797,306 | 1,047,660 |
| **Non-Current Liabilities** | | | |
| Other payables | 13 | 10,290,625 | - |
| **Total Non-Current Liabilities** | | 10,290,625 | **-** |
| **Total Liabilities** | | 11,087,931 | 1,047,660 |
| **Net Assets / (Liabilities)** | | **4,107,755** | **(911,897)** |
| **Equity** | | | |
| Issued capital | 14 | 44,703,700 | 38,242,586 |
| Reserves | 15 | 16,391,891 | 16,229,260 |
| Accumulated losses | 16 | (56,987,836) | (55,383,743) |
| **Total Equity** | | **4,107,755** | **(911,897)** |

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

## Consolidated Statement of Cash Flows *for the year ended 30 June 2017*

| | Note | 2017<br>$ | 2016<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees | | (1,691,267) | (260,853) |
| Interest received | | 4,137 | 110 |
| Finance costs | | (10,000) | - |
| Acquisition deposit - Berenguela Project | | (209,170) | - |
| **Net cash outflow from operating activities** | 7 | **(1,906,300)** | **(260,743)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Acquisition of plant and equipment | | (1,357) | - |
| Proceeds from sale of subsidiary | | - | 197,123 |
| Expenditure on exploration | | (320,724) | (52,739) |
| Cash acquired on acquisition of subsidiary | | 237,998 | - |
| **Net cash (outflow) / inflow from investing activities** | | **(84,083)** | **144,384** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | | 4,298,110 | 116,890 |
| Loans received | | - | 60,000 |
| Share issue costs | | (358,458) | (14,026) |
| Repayment of borrowings | | (60,000) | - |
| **Net cash inflow from financing activities** | | **3,879,652** | **162,864** |
| | | | |
| Net increase in cash held | | 1,889,269 | 46,505 |
| Cash and cash equivalents at beginning of financial year | | 69,533 | 24,807 |
| Net foreign exchange differences | | (10,232) | (1,779) |
| **Cash and cash equivalents at end of the financial year** | 7 | **1,948,570** | **69,533** |

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

## Consolidated Statement of Changes in Equity *for the year ended 30 June 2017*

| | Issued Capital $ | Accumulated Losses $ | Option Reserves $ | Foreign Exchange Reserves $ | Share Based Payments Reserve $ | Performance Shares Reserve $ | Non-controlling interests $ | Total $ |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 July 2016** | **38,242,586** | **(55,383,743)** | **4,995,040** | **34,822** | **11,188,337** | **11,061** | **-** | **(911,897)** |
| Loss for the year | - | (1,604,093) | - | - | - | - | - | (1,604,093) |
| *Other comprehensive income* | | | | | | | | |
| Foreign currency translation difference | - | - | - | (361,225) | - | - | - | (361,225) |
| Total comprehensive loss for the year | - | (1,604,093) | - | (361,225) | - | - | - | (1,965,318) |
| | | | | | | | | |
| *Transactions with owners in their capacity as owners* | | | | | | | | |
| Shares issued as part of rights issue | 498,110 | - | - | - | - | - | - | 498,110 |
| Shares issued as part of placements | 3,800,000 | - | - | - | - | - | - | 3,800,000 |
| Shares issued in lieu of amounts owed | 509,399 | - | - | - | - | - | - | 509,399 |
| Shares issued as part of acquisitions | 1,858,812 | - | - | - | - | - | - | 1,858,812 |
| Share issue costs | (305,207) | - | - | - | - | - | - | (305,207) |
| Share based payments | 100,000 | - | - | - | 523,856 | - | - | 623,856 |
| **Balance at 30 June 2017** | **44,703,700** | **(56,987,836)** | **4,995,040** | **(326,403)** | **11,712,193** | **11,061** | **-** | **4,107,755** |
| | | | | | | | | |
| **Balance at 1 July 2015** | **38,183,502** | **(50,843,157)** | **4,995,040** | **(1,168,809)** | **11,188,337** | **11,061** | **(2,098,102)** | **267,872** |
| Loss for the year | - | (4,540,586) | - | - | - | - | - | (4,540,586) |
| *Other comprehensive income* | | | | | | | | |
| Foreign currency translation difference | - | - | - | 1,203,631 | - | - | - | 1,203,631 |
| Total comprehensive loss for the year | - | (4,540,586) | - | 1,203,631 | - | - | - | (3,336,955) |
| | | | | | | | | |
| *Transactions with owners in their capacity as owners* | | | | | | | | |
| De-recognition of non-controlling interest on disposal | - | - | - | - | - | - | 2,098,102 | 2,098,102 |
| Shares issued as part of rights issue | 116,890 | - | - | - | - | - | - | 116,890 |
| Share issue costs | (57,806) | - | - | - | - | - | - | (57,806) |
| **Balance at 30 June 2016** | **38,242,586** | **(55,383,743)** | **4,995,040** | **34,822** | **11,188,337** | **11,061** | **-** | **(911,897)** |

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

## 1. Corporate Information

The financial statements of Valor Resources Limited and its subsidiaries ("Valor Resources" or "the Group") for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the Directors on 29 September 2017.

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 the principal activities of the Group are described in the Directors' Report.

At a general meeting held on 25 January 2017, shareholders approved the change of name of the Company from The Carajas Copper Company Limited to Valor Resources Limited.

## 2. Summary of Significant Accounting Policies

### (a) Basis of Preparation

The financial statements are general-purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board and Australian Accounting interpretations. Valor Resources Limited is a for-profit entity for the purpose of preparing the financial statements. The financial statements have also been prepared on a historical cost basis. The presentation currency is Australian dollars.

*Going Concern*
The Group incurred a loss before income tax of $1,604,093 (2016: $4,540,586) and had a cash balance at 30 June 2017 of $1,948,570 (2016: $69,533).

On 19 September 2017, the Company announced a placement to sophisticated and institutional investors to raise up to $3,125,000 (before costs) through the issue of 125,000,000 new shares at an issue price of $0.025 per share.

As a result of the capital raising, the Company has sufficient funding to progress its exploration program.

The financial statements have been prepared on the basis of going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

### (b) Compliance Statement

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### (c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Valor Resources Limited and its subsidiaries as at 30 June each year ('the Group').

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed were necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position respectively.

### (d) New Accounting Standards and Interpretations

The following applicable accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 30 June 2017, and no change to the Group's accounting policy is required:

| Reference | Title | Summary | Impact on Group's financial report | Application date for Group |
|---|---|---|---|---|
| AASB 9 | Financial Instruments | AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.<br>These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.<br>(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.<br>(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.<br>(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.<br>(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:<br>▪ The change attributable to changes in credit risk is presented in other comprehensive income (OCI)<br>▪ The remaining change is presented in profit or loss<br>If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.<br>Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10. | The Group has considered standards and determined that there is no impact on the Group's financial statements. | 1 July 2018 |
| AASB 15 | Revenue from Contracts with Customers | An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. | The Group has not yet determined the impact on the Group's financial statements. | 1 July 2018 |
| AASB 16 | Leases | IFRS 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases.<br>There are some optional exemptions for leases with a period of 12 months or less and for low value leases. | The Group has not yet determined the impact on the Group's financial statements. | 1 July 2019 |

The Group has not elected to early adopt any new Standards or Interpretations.

All new and amended accounting standards mandatory as at 1 July 2016 have not had an impact on the financials.

**(e) Foreign Currency Translation**

*(i) Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Valor Resources Limited is Australian dollars. The functional currencies of the overseas subsidiaries are Peruvian Soles and United States Dollars.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

*(iii) Group entities*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to shareholders' equity.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income, as part of the gain or loss on sale where applicable.

**(f) Plant and Equipment**

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which it is incurred.

*Depreciation*
The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| *Class of Fixed Asset* | *Depreciation Rate* |
|---|---|
| Plant and Equipment | 10-25 % |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

*Derecognition*
Carrying amounts of plant and equipment are derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

**(g) Impairment of Non Financial Assets Other than Goodwill**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Group and the asset's value in use cannot be estimated. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(h) Exploration Expenditure**

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to above is met.
Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off. Expenditure is not carried forward in respect of any area of interest unless the Group's right of tenure to that area of interest is current.

**(i) Trade and Other Receivables**

Trade and other receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently at amortised cost less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified. Intercompany loans are impaired based on the ability of the subsidiaries to generate future cash flows to repay the loans.

**(j) Cash and Cash Equivalents**

Cash and cash equivalents in the statement of financial position include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the statement of financial position. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as described above and bank overdrafts.

**(k) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss and Other Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**(l) Trade and Other Payables**

Liabilities for trade creditors and other amounts are recognised initially at fair value and subsequently at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the Group.

**(m) Income Tax**

The income tax expense for the period is based on the profit/loss for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates for each jurisdiction that have been enacted or are substantially enacted by the reporting date.

Deferred income tax is provided for on all temporary differences at reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

No deferred income tax liabilities or assets will be recognised in respect of temporary differences between the carrying value and tax bases of investments in controlled entities if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future. Current and deferred income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Profit or Loss and Other Comprehensive Income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**(n) Issued Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(o) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Interest income*
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

**(p) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Valor Resources Limited.

**(q) Investments in Controlled Entities**

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Subsequent to the initial measurement, investments in controlled entities are carried at cost less accumulated impairment losses.

**(r) Earnings per Share**

*Basic earnings per share*
Basic earnings per share is calculated by dividing the result attributable to equity holders of the Group, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

*Diluted earnings per share*
Diluted earnings per share is calculated as net result attributable to members of the Group, adjusted for:
- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

**(s) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

**(t) Share Based Payment Transactions**

The group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

There is currently an Employee Share Option Plan (ESOP) in place, which provides benefits to Directors and individuals providing services similar to those provided by an employee.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 22.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Valor Resources Limited ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Statement of Profit or Loss and Other Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 18).

**(u) Discontinued Operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as discontinued, the comparative consolidated statement of profit or loss and other comprehensive income is re-presented as if the operation had been discounted form the start of the comparative period.

**(v) Asset Acquisitions**

During the year, the Company acquired 100% of the voting shares of Sociedad Minera Berenguela SA and Fossores Ltd which collectively hold 100% of the Berenguela Project.

Consideration payable included the issue of 145,881,177 fully paid ordinary shares in the Company which resulted in the seller holding 9.9% of the fully diluted issued capital of the Company. The fair value of the shares was determined to be $1,458,812 by reference to the price of the shares on the Australian Securities Exchange at the time of issue.

In addition, the Company will pay the following cash consideration to the seller:

- US$400,000 on 11 February 2018;
- 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.

During the year, the Company also acquired 100% of the voting shares of Kiwanda Peru SAC which holds 100% of the Picha Copper Projects.

The consideration payable was 133,333,334 fully paid ordinary shares in the Company valued at $400,000 based on the most recent price per share of capital raising completed by the Company and 133,333,334 options with an exercise price of $0.004 expiring two years from the date of issue.

The acquisitions were not deemed business combinations and therefore the transactions must be accounted for as a share based payment for the net assets acquired.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in as asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

**(w) Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Capitalised exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made. In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

*Share based payment transactions*

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. For options the fair value is determined by using the Black Scholes formula taking into account the terms, conditions and probability upon which the instruments were granted. For shares the fair value is determined by reference to the share price on the Australian Securities Exchange at the time of issue.

The Group measures the cost of equity settled transactions with vendors by reference to the fair value of the equity instruments at the date at which they are granted. For shares the fair value is determined by reference to the share price on the Australian Securities Exchange at the time of issue. Refer to note 22 for further detail.

*Treatment of Acquisitions*

During the year, the Company completed the acquisition of 100% of the voting shares of Sociedad Minera Berenguela SA and Fossores Ltd which collectively hold 100% of the Berenguela Project and 100% of the voting shares of Kiwanda Peru SAC which holds 100% of the Picha Copper Projects.

The Company has determined that the acquisitions take the form of an asset acquisition and not a business combination. In making this decision, the Company determined that the nature of the exploration and evaluation activities by Sociedad Minera Berenguela SA, Fossores Ltd and Kiwanda Peru SAC did not constitute an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

Furthermore, the Company has judged that given the stage of development of the Berenguela and Picha Projects, the acquired set of assets and processes were not capable at the time of acquisition of producing intended output, namely the production of silver or copper in a saleable form.

**(x) Financial Liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost. Financial liabilities in the former category include contingent consideration payable on business combinations, financial liabilities in the latter category include trade payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Fair value is determined based on the value of the entity's equity instruments when the related business combination takes place.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss are subsequently measured, at each reporting date, at the fair value of the amount estimated to settle the liability. The increase or decrease in the value of the liability, other than movements in the value of the liability which arise through part settlement of the liability is recognised in the profit or loss.

*Financial liabilities at amortised cost*

Trade and other payables are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the entity. Trade accounts payable are normally settled within 60 days.

**3. Segment Information**

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.

## 4. Discontinued Operations

### 30 June 2017 - Brazil

**(a) Description**

During the year, the Company disposed of its 100% interest in Atlantica Mineracao Ltda ('Atlantica'). The disposal of Atlantica was deemed to be a discontinued operation given the Company now no longer holds any assets in Brazil.

**(b) Financial performance and cash flow information**

The financial performance and cash flow information presents are up to the date of the disposal.

| | 2017 $ | 2016 $ |
|---|---|---|
| Revenue | 43 | 83,885 |
| Expenses | (807) | (162,481) |
| Loss before income tax | (764) | (78,596) |
| Income tax expense | - | - |
| Gain on sale of the subsidiary after income tax (see (c) below) | 31,624 | - |
| **Profit / (loss) after tax attributable to the discontinued operation** | **30,860** | **(78,596)** |
| | | |
| Exchange differences on translation of discontinued operations | (32,103) | - |
| **Other comprehensive loss from discontinued operations** | **(32,103)** | **-** |
| | | |
| Net cash outflow from operating activities | (787) | (5,244) |
| Net cash inflow from investing activities | - | - |
| Net cash inflow from financing activities | - | 2,083 |
| Effect of exchange rate fluctuations on cash | - | - |
| **Net decrease in cash generated by the subsidiary** | **(787)** | **(3,161)** |

**(c) Details of the sale of the subsidiaries**

| | | |
|---|---|---|
| Consideration received or receivable | - | - |
| Carrying amount of net liabilities sold | 63,727 | - |
| Gain on sale before income tax and reclassification of foreign currency translation reserve | 63,727 | - |
| Reclassification of foreign currency translation reserve | (32,103) | - |
| Income tax expense gain | - | - |
| Gain on sale after income tax | **31,624** | **-** |

**4. Discontinued Operations continued**

**30 June 2016 - Mongolia**

**(a) Description**

On 13 October 2015, the Company announced the sale of its 80% interest in Voyager Mineral Resources LLC, held by the Company's wholly owned subsidiary Voyager Gold LLC. The disposal of Voyager Mineral Resources LLC was deemed not to be a discontinuation of Mongolian operations as at the time of disposal the Company held two remaining subsidiaries in Mongolia.

On 2 March 2016 the Company announced the divestment of the remaining Mongolia assets through a share sale agreement with Rare Elements LLC for the sale of the Company's 100% interest in Voyager Gold LLC, the holder of an 80% interest in KM Mining LLC. The disposal of the remaining assets in Mongolia was deemed to be a discontinued operation.

**(b) Financial performance and cash flow information**

The financial performance and cash flow information presents are up to the date of the disposal.

| | 2017 $ | 2016 $ |
|---|---|---|
| Revenue | - | 501 |
| Expenses | - | (56,598) |
| Loss before income tax | - | (56,097) |
| Income tax expense | - | - |
| Loss on sale of the subsidiary after income tax (see (c) below) | - | (3,091,228) |
| **Loss after tax attributable to the discontinued operation** | **-** | **(3,147,325)** |
| Exchange differences on translation of discontinued operations | - | 1,212,102 |
| **Other comprehensive income from discontinued operations** | **-** | **1,212,102** |
| Net cash outflow from operating activities | - | (120,415) |
| Net cash inflow from investing activities | - | 179,183 |
| Net cash outflow from financing activities | - | (40,463) |
| Effect of exchange rate fluctuations on cash | - | (1,368) |
| **Net increase in cash generated by the subsidiary** | **-** | **16,937** |

**(c) Details of the sale of the subsidiaries**

| | | |
|---|---|---|
| Consideration received or receivable | - | 180,745 |
| Carrying amount of net liabilities sold | - | 38,231 |
| Gain on sale before income tax and reclassification of foreign currency translation reserve | - | 218,976 |
| Reclassification of foreign currency translation reserve | - | (1,212,102) |
| De-recognition of non-controlling interest | - | (2,098,102) |
| Income tax expense gain | - | - |
| Loss on sale after income tax | **-** | **(3,091,228)** |

**5. Expenses**

| | 2017 $ | 2016 $ |
|---|---|---|
| **Consultants and Directors' Fees** | | |
| Accounting, audit and tax fees | 87,097 | 69,290 |
| Company secretary costs | 57,500 | 4,626 |
| Consulting fees | 198,572 | 6,307 |
| Director fees | 239,359 | 171,000 |
| | **582,528** | **251,223** |
| **Other Expenses** | | |
| Printing and postage | 34,725 | 7,005 |
| Insurance | 8,065 | 102 |
| Advertising and promotions | 20,730 | - |
| Depreciation | - | 12,467 |
| Serviced office | - | 80,000 |
| Loss on debt for equity settlement | 101,400 | - |
| Other | 86,481 | 92,220 |
| | **251,401** | **191,794** |

## 6. Income Tax

### (a) Income tax expense

| | 2017 $ | 2016 $ |
|---|---|---|
| Major component of tax expense for the year: | | |
| Current tax | - | - |
| Deferred tax | - | - |
| | - | - |

### (b) Numerical reconciliation between aggregate tax expense recognised in the Statement of Profit or Loss and Other Comprehensive Income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable tax rate is as follows:

| | 2017 $ | 2016 $ |
|---|---|---|
| Loss from operations before income tax expense | (1,604,093) | (4,540,586) |
| Tax at the Australian rate of 30% (2016: 30%) | (481,228) | (1,362,176) |
| Other | - | 280,755 |
| Income tax benefit not brought to account | (481,228) | 1,081,421 |
| Income tax expense | - | - |

### (c) Deferred tax

The following deferred tax balances have not been bought to account:

| | 2017 $ | 2016 $ |
|---|---|---|
| *Liabilities* | | |
| Deferred tax liability recognised | - | - |
| *Assets* | | |
| Losses available to offset against future taxable income | 2,892,248 | 3,267,216 |
| Share issue costs deductible over five years | 91,497 | 49,247 |
| Other | 3,236,835 | 422 |
| Deferred tax assets offset against deferred tax liabilities | - | - |
| Net deferred tax asset not recognised | **6,220,580** | **3,316,885** |

### (d) Unused tax losses

| | 2017 $ | 2016 $ |
|---|---|---|
| Unused tax losses | 9,640,827 | 10,890,719 |
| Potential tax benefit not recognised at 30% | **2,892,248** | **3,267,216** |

The benefit for tax losses will only be obtained if:

i. the Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
ii. the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia and
iii. no changes in tax legislation in Australia, adversely affect the Group in realising the benefit from the deductions for the losses.

## 7. Cash and Cash Equivalents

| | 2017 $ | 2016 $ |
|---|---|---|
| **Reconciliation of Cash** | | |
| Cash comprises of: | | |
| Cash at bank | **1,948,570** | **69,533** |
| **Reconciliation of operating loss after tax to net cash flows from operations** | | |
| Loss after tax | (1,604,093) | (4,540,586) |
| ***Non cash items*** | | |
| Foreign exchange loss | (79,305) | 155 |
| Depreciation | - | 12,467 |
| Exploration expenditure impaired | - | 827,705 |
| (Gain) / loss from discontinued operations | (30,860) | 3,225,921 |
| Share based payments | 107,807 | - |
| Other | 172,654 | 13,399 |
| ***Change in assets and liabilities*** | | |
| Increase in trade and other receivables | 11,746 | 183,284 |
| Decrease in fixed assets | - | (120,857) |
| (Decrease) / increase in trade and other payables | (484,249) | 137,769 |
| **Net cash outflow from operating activities** | **(1,906,300)** | **(260,743)** |

| | 2017 $ | 2016 $ |
|---|---|---|
| **8. Other Current Assets** | | |
| Prepayments | 24,765 | - |
| | **24,765** | **-** |

Debtors, other debtors and goods and services tax are non-interest bearing and generally receivable on 30 day terms. They are neither past due nor impaired. The amount is fully collectible. Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

| | 2017 $ | 2016 $ |
|---|---|---|
| **9. Plant and Equipment** | | |
| Opening balance | - | 120,816 |
| Additions | 5,075 | - |
| Disposals | - | (92,683) |
| Net exchange differences on translation | - | (3,824) |
| Depreciation charge for the year | - | (24,309) |
| Closing balance | **5,075** | **-** |

| | 2017 $ | 2016 $ |
|---|---|---|
| **10. Deferred Exploration and Evaluation Expenditure** | | |
| Opening balance | - | 885,967 |
| Acquisition of Picha Copper Project[1] | 963,840 | - |
| Acquisition of Berenguela Project[2] | 12,208,206 | - |
| Exploration expenditure incurred during the year | 339,076 | 52,174 |
| Impairment loss recognised - continuing operations | - | (875,848) |
| Impairment loss recognised - discontinued operations | - | (50,379) |
| Net exchange differences on translation | (293,942) | (11,914) |
| Closing balance | **13,217,180** | **-** |

[1] On 15 December 2016, the Company completed the 100% acquisition of Kiwanda Peru SAC, holder of the rights to the Picha Copper Project located in the Moquegua Department of Peru, 17km ENE of the Chucapaca (San Gabriel – Buenaventura) gold deposit.

The acquisition was completed through the issue of 133,333,334 fully paid ordinary shares in the Company valued at $400,000 based on the most recent price per share of capital raising completed by the Company and 133,333,334 options with an exercise price of $0.004 expiring two years from the date of issue valued at $523,856 using the Black Scholes model. Refer to note 23 for further details.

[2]On 3 May 2017, the Company completed the 100% acquisition of Sociedad Minera Berenguela SA and Fossores Ltd, which collectively hold 100% of the Berenguela Project.

The acquisition was completed through the issue of 145,881,177 fully paid ordinary shares in the Company which resulted in the seller holding 9.9% of the fully diluted issued capital of the Company. The fair value of the shares was determined to be $1,458,812 by reference to the price of the shares on the Australian Securities Exchange at the time of issue. In addition, the Company will pay the US$11,850,000 in cash consideration in staggered payments from February 2018 to February 2022. Refer to note 23 for further details.

Exploration expenses incurred on these Projects prior to completion of their acquisition was expensed. 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.

| | 2017 $ | 2016 $ |
|---|---|---|
| **11. Trade and Other Payables - Current** | | |
| Other payables | 171,535 | 963,961 |
| Accruals - Berenguela acquisition[1] | 490,221 | - |
| Accruals - Other | 32,304 | 23,699 |
| GST payables | 103,246 | - |
| | **797,306** | **987,660** |

[1] During the year, the Company 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$400,000 in cash consideration due on 11 February 2018 for the acquisition has been accrued for as a current liability at 30 June 2017. The payment has been discounted to present value using a rate of 10.15%. Refer to note 23 for further details.

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.

| | 2017 $ | 2016 $ |
|---|---|---|
| **12. Borrowings** | | |
| Loan – Celtic Capital Pty Ltd | - | 25,000 |
| Loan – Garrison Capital Pty Ltd | - | 35,000 |
| | **-** | **60,000** |

On 12 April 2016, the Company entered into a loan agreement with Celtic Capital Pty Ltd for a facility of $25,000. The interest rate on the agreement was 20% per annum, with a minimum interest amount of $10,000.

During the year, Garrison Capital Pty Ltd, a company of which Mr. Wood and Mr. McMaster are directors, provided the Group with an unsecured temporary loan of $35,000.

Both loan facilities were fully repaid on 11 August 2016.

| | 2017 $ | 2016 $ |
|---|---|---|
| **13. Other Payables – Non-Current** | | |
| Accruals | 10,290,625 | - |
| | **10,290,625** | **-** |

During the year, the Company 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$11,450,000 in cash consideration due in staged payments from February 2019 to February 2022 has been accrued for as a non-current liability at 30 June 2017. The payments have been discounted to present value using a rate of 10.15%. Refer to note 23 for further details.

### 14. Issued Capital

**(a) Issued and paid up capital**

| | 2017 $ | 2016 $ |
|---|---|---|
| Ordinary shares fully paid | **44,703,700** | **38,242,586** |

**(b) Movements in shares on issue**

| | 2017 Number | 2017 $ | 2016 Number | 2016 $ |
|---|---|---|---|---|
| Opening balance | 175,629,613 | 38,242,586 | 136,666,614 | 38,183,502 |
| Shares issued as part of rights issue | 166,036,924 | 498,110 | 38,962,999 | 116,890 |
| Shares issued as part of placements | 543,333,332 | 3,800,000 | - | - |
| Shares issued in lieu of amounts owed | 135,999,527 | 509,399 | - | - |
| Shares issued as part of acquisitions | 279,214,511 | 1,858,812 | - | - |
| Share based payments | 10,000,000 | 100,000 | - | - |
| Share issue costs | - | (305,207) | - | (57,806) |
| Closing balance | **1,310,213,907** | **44,703,700** | **175,629,613** | **38,242,586** |

**(c) Ordinary shares**

The Group does not have authorised capital nor par value in respect of its issued capital. Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Group, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Group.

**(d) Capital risk management**

The Group's capital comprises share capital, reserves less accumulated losses amounting to a net asset balance of $4,107,755 at 30 June 2017 (2016: net liabilities balance of $911,897). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Group was ungeared at year end and not subject to any externally imposed capital requirements. Refer to note 21 for further information on the Group's financial risk management policies.

**(e) Share Options**

As at the date of this report, there are 163,333,334 unissued ordinary shares under options (163,333,334 at the reporting date). The details of the options at the date of this report are as follows:

| Number | Exercise Price $ | Expiry Date |
|---|---|---|
| 30,000,000 | $0.02 | 31/12/2018 |
| 133,333,334 | $0.004 | 15/12/2018 |

No options were exercised during the financial year. No option holder has any right under the options to participate in any other share issue of the Group or any other entity.

## 15. Reserves

| | 2017 $ | 2016 $ |
|---|---|---|
| Option reserve | 4,995,040 | 4,995,040 |
| Foreign currency translation reserve | (326,403) | 34,822 |
| Share based payments reserve | 11,712,193 | 11,188,337 |
| Performance shares reserve | 11,061 | 11,061 |
| | **16,391,891** | **16,229,260** |

**Movements in Reserves**

*Options reserve*

| | | |
|---|---|---|
| Opening balance | 4,995,040 | 4,995,040 |
| Options issued | - | - |
| Closing balance | **4,995,040** | **4,995,040** |

The options reserve is used to record the premium paid on the issue of listed options.

*Foreign currency translation reserve*

| | | |
|---|---|---|
| Opening balance | 34,822 | (1,168,809) |
| Foreign currency translation difference | (329,122) | (8,471) |
| Reclassification of exchange differences on disposal of controlled entities to Profit or Loss | (32,103) | 1,212,102 |
| Closing balance | **(326,403)** | **34,822** |

The Foreign Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 2(e). The reserve is recognised in profit and loss when the net investment is disposed of.

*Share based payments reserve*

| | | |
|---|---|---|
| Opening balance | 11,188,337 | 11,188,337 |
| Share based payments expense | 523,856 | - |
| Closing balance | **11,712,193** | **11,188,337** |

The share based payments reserve is used to record the value of options provided to directors, executives and other employees and as part of their remuneration and non-employees for their services.

*Performance shares reserve*

| | | |
|---|---|---|
| Opening balance | 11,061 | 11,061 |
| Performance shares issued | - | - |
| Closing balance | **11,061** | **11,061** |

The performance share reserve is used to record the value of performance shares provided to directors as part of their remuneration for their services.

## 16. Accumulated losses

Movements in accumulated losses were as follows:

| | | |
|---|---|---|
| Opening balance | (55,383,743) | (50,843,157) |
| Loss for the year | (1,604,093) | (4,540,586) |
| Closing balance | **(56,987,836)** | **(55,383,743)** |

## 17. Auditor's Remuneration

The auditor of Valor Resources Limited is BDO Audit (WA) Pty Ltd
Amounts received or due and receivable for:

| | | |
|---|---|---|
| - an audit or review of the financial statements of the entity and any other entity in the Consolidated group | **30,402** | **24,218** |

## 18. Earnings / Loss per Share

| | 2017 $ | 2016 $ |
|---|---|---|
| Loss used in calculating basic and dilutive loss per share for continuing and discontinued operations | (1,604,093) | (4,540,586) |
| Loss used in calculating basic and dilutive loss per share for continuing operations | (1,634,953) | (1,314,665) |
| Earnings / (loss) used in calculating basic and dilutive loss per share for discontinued operations | 30,860 | (3,225,921) |

| | Number of Shares | |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic loss per share: | 706,728,184[1] | 139,790,216[1] |
| **Effect of dilution:** | | |
| Share options | - | - |
| Adjusted weighted average number of ordinary shares used in calculating diluted loss per share: | 706,728,184 | 139,790,216 |

[1] The right issue in April 2011 was performed at a discounted price. The number of shares used for the loss per share calculation in 2011 and in subsequent loss per share calculations has been adjusted using an adjustment factor of 1.016 times for comparative purposes.

There is no impact from 163,333,334 options outstanding at 30 June 2017 (2016: 30,000,000 options) on the earnings per share calculation because they are anti-dilutive. These options could potentially dilute basic earnings per share in the future. There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

## 19. Related Party Disclosures

### (a) Key management personnel

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

| | 2017 $ | 2016 $ |
|---|---|---|
| Short term employee benefits | 276,341 | 171,000 |
| Share based payments | - | - |
| **Total remuneration** | **276,341** | **171,000** |

For detailed key management personnel remuneration information refer to the audited Remuneration Report.

### (b) Other transactions with related parties

Kiwanda Group LLC, a company of which Mr. Sumner is a director, was issued 50,000,000 fully paid ordinary shares and 50,000,000 options with an exercise price of $0.004 expiring 15 December 2018 for the purchase of the Picha Copper Project and 10,000,000 fully paid ordinary shares in the Company for services performed in regards to the Berenguela Project acquisition.

Kiwanda Copper LLC, a company of which Mr. Sumner is a director, was issued 43,333,334 fully paid ordinary shares and 43,333,334 options with an exercise price of $0.004 expiring 15 December 2018 for the purchase of the Picha Copper Project.

Palisade Business Consulting Pty Ltd, a company of which Ms. Cowan is a director, provided the Group with company secretary services and serviced office facilities including administration and information technology support totalling $55,000 (2016: $80,000), accounting services totalling $50,499 (2016: $38,283) and reimbursement of payments for postage and printing costs as well as other expenses, at cost totalling $2,806 (2016: $3,244). $13,130 (2016: $257,245) was outstanding at year-end.

Prior to his appointment as Chief Operating Officer, Dr. Osorio charged the Group consulting fees of $32,822 (2016: $nil). No balance (2016: $nil) was outstanding at year-end.

Garrison Capital (UK) Limited, a company of which Mr. McMaster is a director, charged the Group for reimbursement of costs associated with participation in an overseas conference at cost totalling $6,680 (2016: $nil). No balance (2016: $nil) was outstanding at year-end. This transaction has been entered into on normal commercial terms.

Gemstar Investments Limited, a company of which Mr. McMaster is a director, charged the Group consulting fees of $12,000 (2016: $35,000). $13,012 (2016: $50,000) was outstanding at year-end.

**19. Related Party Disclosures continued**

Gremar Consulting Pty Ltd, a company of which Mr. Wood is a director, charged the Group consulting fees of $40,455 (2016: $nil). $13,700 (2016: $nil) was outstanding at year-end.

Styletown Investments Pty Ltd, a company of which Mr. Reilly is a director, charged the Group consulting fees of $17,955 (2016: $nil). No balance (2016: $nil) was outstanding at year-end.

These transactions have been entered into on normal commercial terms.

**(c) Loans to Directors and Executives**
There were no loans to Directors and Executives during the financial year ending 30 June 2017.

**(d) Terms and conditions**
There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

All other transactions were made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

## 20. Interests in Other Entities

**(a) Subsidiaries**
The Group's principal subsidiaries as at 30 June 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

| Name of Entity | Country of Incorporation | Equity Holding | |
|---|---|---|---|
| | | 2017 | 2016 |
| Kiwanda S.A.C | Peru | 100% | - |
| Fossores Ltd | Grand Cayman | 100% | - |
| Sociedad Minera Berenguela S.A. | Peru | 100% | - |
| Voyager Exploration Pty Ltd | Australia | - | 100% |
| Voyager Investments (Mongolia) Pte Ltd | Singapore | - | 100% |
| Brazphos Pty Ltd | Australia | - | 100% |
| Atlantica Mineracao Ltda | Brazil | - | 100% |

Voyager Exploration Pty Ltd and Brazphos Pty Ltd were deregistered during the year, Voyager Investments (Mongolia) Pte Ltd was struck off during the year and Atlantica Mineracao Ltda was disposed of during the year.

## 21. Financial Risk Management

Exposure to interest rate, liquidity and credit risk arises in the normal course of the Group's business. The Group does not hold or issue derivative financial instruments.

The Group uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

**(a) Liquidity Risk**
Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors. Alternatives for sourcing our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. We expect that, absent a material adverse change in a combination of our sources of liquidity, present levels of liquidity along with future capital raising will be adequate to meet our expected capital needs.

*Maturity analysis for financial liabilities*
Financial liabilities of the Group comprise trade and other payables and deferred consideration. As at 30 June 2017 and 30 June 2016 all trade and other payables are contractually matured within 30 days and so the carrying value equals the contractual cash flows. For deferred consideration presented in the financial statements at $10,870,383, the contractual cash flows are $15,418,645. The value of the deferred consideration is the board's assessment of the value of contracted future payments issued under the agreement for the acquisition licence of the Berenguela project. The fair value is based on assumptions to present value the future payments based on a discount rate of 10.15%. The principal payments are contractually required in United States dollars and have been converted to Australian dollars.

**21. Financial Risk Management continued**

**(b) Interest Rate Risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

| | 2017 $ | 2016 $ |
|---|---|---|
| Cash and cash equivalents | 1,948,570 | 69,533 |

**Interest rate sensitivity**

The following table demonstrates the sensitivity of the Group's statement of profit or loss and other comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

| Judgements of reasonably possible movements | Effect on Pre Tax Earnings Increase/(Decrease) | |
|---|---|---|
| | **2017** | **2016** |
| Increase 100 basis points | 19,486 | 695 |
| Decrease 100 basis points | (19,486) | (695) |

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends.

**(c) Credit Risk Exposures**

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge and obligation and cause the Group to incur a financial loss. The Group is exposed to credit risk from financial institutions where cash is held and from debtors, in particular from those arising from transactions in foreign jurisdictions. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2017, the Group held cash at bank. These were held with financial institution with a rating from Standard & Poors of -AA or above (long term). The Group has no past due or impaired debtors as at 30 June 2017.

**(d) Fair Value Measurement**

The following tables detail the Group's assets and liabilities measured or disclosed at fair value using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

| Consolidated - 2017 | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
|---|---|---|---|---|
| *Liabilities* | | | | |
| Accrued consideration payments | - | - | 10,780,846 | 10,780,846 |
| Total assets | - | - | 10,780,846 | 10,780,846 |

| Consolidated - 2017 | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
|---|---|---|---|---|
| *Liabilities* | | | | |
| Accrued consideration payments | - | - | - | - |
| Total assets | - | - | - | - |

There were no transfers between levels during the financial year.

There were no other financial assets or liabilities at 30 June 2017 requiring fair value estimation and disclosure as they are either not carried at fair value or in the case for short term assets and liabilities, their carrying values approximate fair value.

**(e) Foreign Currency Risk**

Currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The Group does not have any material exposure to foreign currency risk.

## 22. 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 year were as follows:

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| *Operating expenses* | | |
| Share based payments to consultants (refer to note 22 (b)) | 107,807 | - |
| *Exploration expenditure* | | |
| Share based payments to vendors capitalised against exploration asset (note 10) (refer to note 22(c)) | 2,382,668 | - |

### (b) Share based payments to consultants

During the financial year, the Company issued Kiwanda Group LLC, a company of which Mr. Mark Sumner is a director, 10,000,000 fully paid ordinary shares as approved at a General Meeting of Shareholders held on 1 May 2017. The shares were issued in satisfaction of corporate advisory services provided. The fair value of the shares was determined to be $100,000 by reference to the price of the shares on the Australian Securities Exchange at the time of issue.

On 31 March 2017, the Company announced the appointment of Dr. Ernest Lima Osorio as Chief Operating Officer. Under the services agreement, Dr. Lima is entitled to a share-based salary component of US$2,000 worth of shares per month. As at 30 June 2017, Dr. Lima is entitled to shares with a value of US$6,000 (approximately A$7,807).

### (c) Share based payments to vendors

*Picha Copper Project:*
On 15 December 2016, the Company acquired 100% of the voting shares of Kiwanda Peru SAC.

The consideration payable was 133,333,334 fully paid ordinary shares in the Company valued at $400,000 based on the most recent price per share of capital raising completed by the Company and 133,333,334 options with an exercise price of $0.004 expiring 15 December 2018.

The fair value at grant date of options granted was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.  The table below summaries options granted:

| Grant Date | Expiry date | Exercise price | Granted during the year | Exercised during the period | Forfeited during the period | Balance at end of the period | Exercisable at end of the period |
|---|---|---|---|---|---|---|---|
| | | | Number | Number | Number | Number | Number |
| 15/12/2016 | 15/12/2018 | $0.004 | 133,333,334 | - | - | 133,333,334 | 133,333,334 |
| Weighted remaining contractual life (years) | | | 2.0 | - | - | 1.9 | 1.9 |
| Weighted average exercise price | | | $0.004 | - | - | $0.004 | $0.004 |

The model inputs, not included in the table above, for options granted during the half-year ended 31 December 2016 included:
(a) options are granted for no consideration;
(b) share price at grant date was $0.006;
(c) expected volatility of 110%;
(d) expected dividend yield of nil; and
(e) a risk free interest rate of 1.50%.

*Berenguela Project:*
On 3 May 2017, the Company completed the 100% acquisition of Sociedad Minera Berenguela SA and Fossores Ltd, which collectively hold 100% of the Berenguela Project.

The acquisition was completed through the issue of 145,881,177 fully paid ordinary shares in the Company which resulted in the seller holding 9.9% of the fully diluted issued capital of the Company. The fair value of the shares was determined to be $1,458,812 by reference to the price of the shares on the Australian Securities Exchange at the time of issue.

## 23. Acquisition of Assets

### Acquisition – Sociedad Minera Berenguela SA and Fossores Ltd

During the year, the Company acquired 100% of the voting shares of Sociedad Minera Berenguela SA and Fossores Ltd which collectively hold 100% of the Berenguela Project.

Consideration payable included the issue of 145,881,177 fully paid ordinary shares in the Company which resulted in the seller holding 9.9% of the fully diluted issued capital of the Company. The fair value of the shares was determined to be $1,458,812 by reference to the price of the shares on the Australian Securities Exchange at the time of issue.

In addition, the Company will pay the following cash consideration to the seller:

- US$400,000 on 11 February 2018;
- 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.

Furthermore, 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.

It is considered that the acquisition of Sociedad Minera Berenguela SA and Fossores Ltd is not a business combination, but rather an acquisition of assets.

The fair value of the identifiable assets and liabilities of the entities as at the date of acquisition are as follows:

| | $ |
|---|---|
| **Purchase consideration comprises:** | |
| 145,881,177 fully paid ordinary shares | 1,458,812 |
| Cash consideration of US$11,850,000 | |
| (converted to AUD and discounted to present value using rate of 10.15%) | 10,870,383 |
| Total consideration | **12,329,195** |
| | |
| **Net assets acquired:** | |
| Cash and cash equivalents | 228,183 |
| Other assets | 14,447 |
| Property, plant and equipment | 2,190 |
| Trade and other payables | (123,831) |
| Exploration | 12,208,206 |
| Fair value of identifiable net assets | **12,329,195** |

### Acquisition – Kiwanda Peru SAC

During the year, the Company acquired 100% of the voting shares of Kiwanda Peru SAC which holds 100% of the Picha Copper Projects.

The consideration payable was 133,333,334 fully paid ordinary shares in the Company valued at $400,000 based on the most recent price per share of capital raising completed by the Company and 133,333,334 options with an exercise price of $0.004 expiring two years from the date of issue.

It is considered that the acquisition of Kiwanda Peru SAC is not a business combination, but rather an acquisition of assets.

### 23. Acquisition of Assets continued

The fair value of the identifiable assets and liabilities of Kiwanda Peru SAC as at the date of acquisition are:

| **Purchase consideration comprises:** | **$** |
|---|---|
| 133,333,334 fully paid ordinary shares | 400,000 |
| 133,333,334 options with and exercise price of $0.004 expiring on 15 December 2018 | 523,856 |
| Total consideration | **923,856** |
| | |
| **Net assets acquired:** | |
| Cash and cash equivalents | 9,819 |
| Other assets | 5,932 |
| Trade and other payables | (55,735) |
| Exploration | 963,840 |
| Fair value of identifiable net assets | **923,856** |

### 24. Contingent Liabilities

Furthermore, 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.

### 25. Commitments

| | **2017 $** | **2016 $** |
|---|---|---|
| Within one year | - | - |
| After one year but not longer than five years | - | - |
| | **-** | **-** |

### 26. Events Subsequent to Reporting Date

On 19 September 2017, the Company announced a placement to sophisticated and institutional investors to raise up to $3,125,000 (before costs) through the issue of 125,000,000 new shares at an issue price of $0.025 per share.

There were no known significant events from the end of the financial year up to the date of this report.

### 27. Dividends

No dividend was paid or declared by the Group in the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year.

### 28. Parent Entity Information

The following details information related to the parent entity, Valor Resources Limited, at 30 June 2017. The information presented here has been prepared using consistent accounting policies as presented in note 2.

| | | |
|---|---|---|
| Current assets | 1,801,830 | 134,913 |
| Total assets | 14,881,338 | 260,768 |
| Current liabilities | 591,472 | 1,172,629 |
| Total liabilities | 10,882,096 | 1,172,629 |
| Net Assets / (Liabilities) | **3,999,242** | **(911,861)** |
| | | |
| Issued capital | 44,703,700 | 38,242,586 |
| Reserves | 16,718,294 | 16,194,438 |
| Accumulated losses | (57,422,752) | (55,348,885) |
| Total Equity | **3,999,242** | **(911,861)** |
| | | |
| Loss of the parent entity | (2,013,867) | (1,238,816) |
| Other comprehensive loss for the year | - | - |
| Total comprehensive loss of the parent entity | **(2,013,867)** | **(1,238,816)** |

There are no known contingent liabilities in the parent entity.

# Directors' Declaration

In accordance with a resolution of the Directors of Valor Resources Limited, I state that:

1. In the opinion of the directors:

   a) the financial statements and notes of Valor Resources Limited for the year ended 30 June 2017 are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of the consolidated financial position as at 30 June 2017 and of its performance for the year ended on that date; and

      ii. Complying with Accounting Standards (including the Australian Accounting Interpretations), Corporations Regulations 2001 and other mandatory professional reporting requirements.

   b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b).

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.

3. This declaration has been made after receiving the declarations required to be made by the Director's in accordance with sections of 295A of the Corporations Act 2001 for the financial period year 30 June 2017.

On behalf of the Board

Mr. Mark Sumner
Executive Chairman
29 September 2017
Perth, Western Australia

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PO Box 700 West Perth WA 6872
Australia



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

As lead auditor of Valor Resources Limited for the year ended 30 June 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 29 September 2017

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**INDEPENDENT AUDITOR'S REPORT**

To the members of Valor Resources Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Valor Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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* (the Code) that are relevant to our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO

## Recoverability of Exploration and Evaluation Asset

| *Key audit matter* | *How the matter was addressed in our audit* |
|---|---|
| At 30 June 2017 the carrying value of Exploration and Evaluation Assets was $13,217,180 (30 June 2016 A$0), as disclosed in Note 10.<br><br>As the carrying value of the Exploration and Evaluation Asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.<br><br>As a result, the assets were required to be assessed for impairment indicators in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources. In particular whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment. | Our procedures included, but were not limited to:<br><br>• Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained Current at balance date;<br><br>• Holding discussions with management as to the status of ongoing exploration programmes in the respective areas of interest;<br><br>• Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; and<br><br>• Considering whether any facts or circumstances existed to suggest impairment testing was required;<br><br>We also assessed the adequacy of the related disclosures in Note 10 and Note 2(w) to the Financial Statements. |

**Acquisitions of Kiwanda Peru SAC and Sociedad Minera Berenguela SA and Fossores Ltd**

| *Key audit matter* | *How the matter was addressed in our audit* |
|---|---|
| On 4 August 2016 the Group acquired 100% of the voting shares of Kiwanda Peru SAC which holds 100% of the Picha Copper project for a purchase consideration of $923,856.<br><br>On 3 May 2017 the Group acquired 100% of the voting shares of Sociedad Minera Berenguela SA and Fossores Ltd which collectively hold 100% of the Berenguela Project for a purchase consideration of $12,329,195.<br><br>The Group treated both transactions as asset acquisitions, rather than business acquisitions.<br><br>Accounting for these transactions is complex and requires management to exercise judgement to determine the appropriate accounting treatment including whether the acquisition should be classed as an asset or business acquisition, estimating the fair value of net assets acquired and estimating the fair value of the purchase consideration. | Our procedures included, but were not limited to:<br><br>• Obtaining an understanding of the transactions, including an assessment of whether the transactions constituted an asset or business acquisition;<br><br>• Reviewing the sale and purchase agreements to understand key terms and conditions;<br><br>• Assessing management's determination of the fair value of consideration paid and agreeing the consideration to supporting documentation; and<br><br>• Agreeing the net assets acquired, that no goodwill was recognised and that costs associated with the acquisition were capitalised in order to be in line with the correct accounting policy for asset acquisitions;<br><br>We have also assessed the adequacy of the related disclosures in Note 23 and Note 2(w) to the financial statements. |

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

## Report on the Remuneration Report

**Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 15 to 18 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Valor Resources Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

**Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit (WA) Pty Ltd**

BDO

M Cutt

**Matthew Cutt**

**Director**

Perth, 29 September 2017

# Corporate Governance Statement 2017

This statement has been approved by the Board. It is current as at September 2017.

**Valor Resources Limited's ('Valor') approach to Corporate Governance**

This Statement addresses how Valor implements the ASX Corporate Governance Council's, 'Corporate Governance Principles and Recommendations – 3rd Edition (referred to as either ASX Principles or Recommendations).

**Principle 1: Lay solid foundations for management and oversight**

***Recommendation 1.1*** – *A listed entity should disclose:*

*a) the respective roles and responsibilities of its board and management;*
*b) those matters expressly reserved to the board and those delegated to management.*

<u>Role of the Valor Board ('the Board")</u>
The Board is responsible for the governance of Valor. The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from Valor's Constitution.

The Board's responsibilities are set out in a formal Charter which the Board reviews every two years. The Charter was most recently reviewed in September 2017.

The major powers the Board has reserved to itself are:

- Appointment of the Chief Executive / Operating Officer and other senior executives and the determination of their terms and conditions including remuneration and termination;
- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with ASX Listing Rules);
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules); and
- Meeting with the external auditor, at their request, without management being present.

<u>Delegation to the Chief Executive / Operating Officer</u>
The Board can choose to delegate to the Chief Executive / Operating Officer responsibility for implementing Valor's strategic direction and for managing Valor's day-to-day operations.

***Recommendation 1.2*** – *A listed entity should disclose:*

*a) undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director;*
*b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.*

The Group does not have a Nomination Committee. The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

When considering the appointment of a new Director, the Board may engage the services of an executive recruitment firm to assist identify suitable candidates to be shortlisted for consideration for appointment to the Board and to carry out appropriate reference checks before the Board makes an offer to a preferred candidate.

Newly appointed directors must stand for reappointment at the next subsequent AGM. The Notice of Meeting for the AGM provides shareholders with information about each Director standing for election or re-election including details of relevant skills and experience.

***Recommendation 1.3*** – *A listed entity should have a written agreement with each director and executive setting out the terms of their appointment.*

New Directors consent to act as a Director and receive a formal letter of appointment which sets out duties and responsibilities, rights, and remuneration entitlements.

***Recommendation 1.4*** *– The company secretary of a listed entity should be accountable directly to the chair, on all matters to do with the proper functioning of the board.*

Valor's joint Company Secretaries are directly accountable to the Chair for any matters relevant to the company secretarial duties or conduct of the Board.

***Recommendation 1.5*** *– A listed entity should:*

- *a) have a diversity policy which includes requirements for the board to or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;*
- *b) disclose that police or a summary of it; and*
- *c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:*
    1. *the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or*
    2. *if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.*

The Group has not disclosed its policy concerning diversity, its measurable objectives for achieving gender diversity and its progress towards achieving those objectives. The Board continues to monitor diversity across the organization however due to the size of the Group, the Board does not consider it appropriate at this time to formally set measurable objectives for gender diversity.

The Group is committed to workplace diversity and to ensuring a diverse mix of skills and talent exists amongst its directors, officers and employees, to enhance Group performance. The Board has adopted a Diversity Policy which addresses equal opportunities in the hiring, training and career advancement of directors, officers and employees.

In accordance with this policy, the Board discloses there are three women employed in the organisation or on the Board of the Group as at the date of this report.

***Recommendation 1.6*** *– A listed entity should:*

- *a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors;*
- *b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

Evaluation of Board and individual Directors

The Board of Valor conducts its performance review of itself on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between Directors and Executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Group given its size.

***Recommendation 1.7*** *– A listed entity should:*

- *a) have and disclose a process for periodically evaluating the performance of its senior executives; and*
- *b) disclose, in relation to each reposting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.*

The Board of Valor conducts its performance review on an ongoing basis throughout the year. The small size of the Group and hands on management style requires an increased level of interaction between Directors and senior executives throughout the year. The Board considers that the current approach provides the best guidance and value to the Group given its size.

**Principle 2: Structure the Board to add value**

Valor's Constitution provides for a minimum of three directors and a maximum of twelve.

The Directors of Valor at any time during the financial year are listed with a brief description of their qualifications, appointment date, experience and special responsibilities in the Annual Report.

The Board met regularly throughout the course of the financial year to discuss the Company's operational and financial activities and held two formal meeting during the year. In addition to the formal meeting of directors above, the Board has held several discussions throughout the year and passed circular resolutions on all material matters.

***Recommendation 2.1*** *– The Board of a listed entity should:*

*a) have a nomination committee which:*

*1. Has at least three members, a majority of whom are independent directors; and*
*2. Is chaired by an independent director;*

*and disclose:*

*3. the charter of the committee;*
*4. the members of the committee; and*
*5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

*b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable to discharge its duties and responsibilities effectively.*

The Group does not have a Nomination committee. The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

***Recommendation 2.2*** *– The listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.*

The Group does not have an established board skills matrix on the mix of skills and diversity for Board membership. The Board continues to monitor the mix of skills and diversity on the Board however, due to the size of the Group, the Board does not consider it appropriate at this time to formally set matrix on the mix of skills and diversity for Board membership.

***Recommendation 2.3*** *– A listed entity should disclose:*

*a) the names of the directors considered by the board to be independent directors;*
*b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion and*
*c) the length of service of each director.*

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report is included in the Directors' Report. Directors of the Group are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The Board has accepted the following definition of an Independent Director:
"An Independent Director is a Director who is not a member of management, is a Non-Executive Director and who:

- is not a substantial shareholder (under the meaning of Corporations Act 2001) of the Group or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Group;
- has not within the last three years been employed in an executive capacity by the Group or another Group member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Group or another Group member;
- is not a significant consultant, supplier or customer of the Group or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Group or another Group member other than as a Director of the Group;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group."

In accordance with the definition of independence above, no Directors are considered independent. Accordingly, a majority of the Board is not independent. Given the size of the Group the current Board is deemed appropriate. There are procedures in place, as agreed by the Board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the Group's expense.

The term in office held by each Director in office at the date of this report is as follows:

| Name | Term in office |
|---|---|
| Mr. Mark Sumner – Executive Chairman | 10 months |
| Mr. Brian McMaster - Non-Executive Director | 9 months |
| Ms. Paula Cowan – Non-Executive Director | 1 year, 5 months |

***Recommendation 2.4*** *– The majority of the Board of a listed entity should be independent Directors.*

The Group does not have a majority of independent directors. The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Group.

As at the date of this report, the Board comprised two non-executive Directors. In accordance with the definition of independence above, the two Directors are not considered independent.

***Recommendation 2.5*** *– The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.*

Under Valor's Constitution, the Board elects a Chairman from amongst the Directors. If a Chairman ceases to be an independent Director then the Board will consider appointing a lead independent Director.

Valor's Chairman is not considered an independent Director. The Directors consider that the current Chairman of the Board is appropriate to the size and nature of operations of the Group.

***Recommendation 2.6*** *– The listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.*

The formal letter of appointment and an induction pack provided to Directors contain sufficient information to allow the new Director to gain an understanding of:

- The rights, duties and responsibilities of Directors;
- The role of Board Committees;
- The roles and responsibilities of the Chief Executive / Operating Officer; and
- Valor's financial, strategic, and operational risk management position.

Directors are encouraged to take appropriate professional development opportunities approved by the Board.

**Principle 3: Promote ethical and responsible decision making**

***Recommendation 3.1*** *– A listed entity should:*

*a) have a code of conduct for its directors, senior executives and employees; and*
*b) disclose that code or a summary of it.*

Valor has a Code of Conduct that applies to the Company and its Directors, employees and contractors (all of which are referred to as "employees" in the Code).

The Code of Conduct sets out a number of overarching principles of ethical behaviour which cover:

- Personal and Professional Behaviour;
- Conflict of Interest;
- Public and Media Comment;
- Use of Company Resources;
- Security of Information;
- Intellectual Property/Copyright
- Discrimination and Harassment;
- Corrupt Conduct;
- Occupational Health and Safety;
- Legislation;
- Fair Dealing;
- Insider Trading;
- Responsibilities to Investors;
- Breaches of the Code of Conduct; and
- Reporting Matters of Concern.

Training about the Code of Conduct is part of the induction process for new Valor Directors.

Valor's Code of Conduct is available on its website.

**Principle 4: Safeguard integrity in corporate reporting**

***Recommendation 4.1*** – *A board of a listed entity should:*

*a) have an audit committee which:*

*1. has at least three members, all of whom are non-executive directors and a majority of whom are independent; and*

*2. is chaired by an independent director, who is not the chair of the board,*

*and disclose:*

*3. the charter of the committee;*

*4. the relevant qualifications and experience of the members of the committee; and*

*5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

*b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard that integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.*

The Group does not have an Audit and Risk Management Committee. The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board. The Directors consider this as appropriate to the size and nature of operations of the Group.

*Charter of the Audit and Risk Management Committee*
The Board has formally adopted an Audit and Risk Management Committee Charter but given the present size of the Group, has not formed a separate Committee. Instead the function of the Committee will be undertaken by the full Board in accordance with the policies and procedures outlined in the Audit and Risk Management Committee Charter. At such time when the Group is of sufficient size a separate Audit and Risk Management Committee will be formed.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non- financial information. It is the Board's responsibility for the establishment and maintenance of a framework of internal control of the Group.

***Recommendation 4.2*** – *The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.*

The Chief Operating / Executive Officer and the Chief Financial Officer have provided the Board with written assurances that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control and that the system is operating effectively in all material respects in relation to financial reporting risks.

***Recommendation 4.3*** – *A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.*

The external auditor attends Valor's Annual General Meeting. Shareholders may submit written questions to the auditor to be considered at the meeting in relation to the conduct of the audit and the preparation and content of the Independent Audit Report by providing the questions to Valor at least five business days before the day of the meeting. No questions were sent to the auditor in advance of the 2015 Annual General Meeting. Shareholders are also given a reasonable opportunity at the meeting to ask the auditor questions relevant to the conduct of the audit, the Independent Audit Report, the accounting policies adopted by Valor and the independence of the auditor.

**Principle 5: Make timely and balanced disclosure**

***Recommendation 5.1*** – *A listed entity should:*

*a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and*

*b) disclose that policy or a summary of it.*

Disclosure
Valor's Disclosure Policy describes Valor's continuous disclosure obligations and how they are managed by Valor. The Policy is reviewed annually and is published on Valor's website. It was most recently reviewed in September 2017.

Accountability
The Company Secretary reports to the Board quarterly on matters that were either notified or not notified to the ASX. Directors receive copies of all announcements immediately after notification to the ASX. All ASX announcements are available on Valor's website.

Financial market communications
Communication with the financial market is the responsibility of the Board. Communication with the media is the responsibility of the Board. The Disclosure Policy covers briefings to institutional investors and stockbroking analysts, general briefings, one-on-one briefings, blackout periods, compliance and review as well as media briefings.

The substantive content of all market presentations about the half year and full year financial results and all statements relating to Valor's future earnings performance must be referred to, and approved by, the Board before they are disclosed to the market.

**Principle 6: Respect the rights of shareholders**

***Recommendation 6.1*** *– A listed entity should provide information about itself and its governance to investors via its website.*

Valor's website provides detailed information about its business and operations. Details of Valor's Board Members can be found on the website.

The Investor Centre link on Valor's website provides helpful information to shareholder. It allows shareholders to view all ASX and media releases; various investor presentations; a copy of the most recent Annual Report and Annual Reports for at least the two previous financial years; and the notice of meeting and accompanying explanatory material for the most recent Annual General Meeting and the Annual General Meetings for at least the two previous financial years.

Shareholders can find information about Valor's corporate governance on its website at under the Corporate link. This includes Valor's Corporate Governance Plan.

The Corporate Governance Plan includes:
- Board Charter
- Corporate Code of Conduct
- Committee Charters
- Performance evaluation processes
- Continuous disclosure processes
- Risk management processes
- Trading policy
- Diversity policy
- Shareholder communications strategy

***Recommendation 6.2*** *– A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.*

Valor is committed to communicating effectively with its shareholders and making it easier for shareholders to communicate with the Group.

Valor promotes effective communication with shareholders and encourages effective participation at general meetings, information is communicated to shareholders:
- Through the release of information to the market via the ASX;
- Through the Annual Report, half yearly report and quarterly reports;
- Through the distribution of the annual report and notices of annual general meeting;
- Through shareholder meetings and investor relations presentations; and
- The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

***Recommendation 6.3*** *– A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.*

Notices of meeting sent to Valor's shareholders comply with the "Guidelines for notices of meeting" issued by the ASX in August 2007. Shareholders are invited to submit questions before the meeting and, at the meeting, the Chairman attempts to answer as many of these as is practical.

The Chairman also encourages shareholders at the meeting to ask questions and make comments about Valor's operations and the performance of the Board and senior management. The Chairman may respond directly to questions or, at his discretion, may refer a question to another Director.

New Directors or Directors seeking re-election are given the opportunity to address the meeting and to answer questions from shareholders.

***Recommendation 6.4*** *– A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.*

Shareholders have the option of electing to receive all shareholder communications by e-mail. Valor provides a printed copy of the Annual Report to only those shareholders who have specifically elected to receive a printed copy. Other shareholders are advised that the Annual Report is available on Valor's website.

All announcements made to the ASX are available to shareholders by email notification when a shareholder provides the Valor's Share Registry with an email address and elects to be notified of all Valor's ASX announcements.

Valor's Share Register is managed and maintained by Automic Share Registry Services Pty Ltd. Shareholders can access their shareholding details or make enquiries about their current shareholding electronically by quoting their Shareholder Reference Number (SRN) or Holder Identification Number (HIN), via the Automic Share Registry Investor Online Login or by emailing hello@automic.com.au.

**Principle 7: Recognise and manage risk**

***Recommendation 7.1*** *– A board of a listed entity should:*

- *a) have a committee or committees to oversee risk, each of which:*
  1. *has at least three members, all of whom are non-executive directors and a majority of whom are independent; and*
  2. *is chaired by an independent director, who is not the chair of the board,*

  *and disclose:*

  3. *the charter of the committee;*
  4. *the members of the committee; and*
  5. *as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*
- *b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.*

The Group does not have an Audit and Risk Management Committee. The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board.

Details of the structure and Charter of the Audit and Risk Management Committee are set out in Recommendation 4.1.

***Recommendation 7.2*** *– The board or a committee of the board should:*

- *a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and*
- *b) disclose, in relation to each reporting period, whether such a review has taken place.*

<u>Risk Management Policies</u>
Valor has a number of other policies that directly or indirectly serve to reduce and/or manage risk. These include, but are not limited to:

- Directors and Executive Offices' Code of Conduct
- Code of Business Conduct
- Dealing in Company Securities
- Communications Strategy
- Disclosure Policy
- Risk Management and Internal Control Policy

<u>Roles and responsibilities</u>
The Risk Management Policy, and the other policies listed above, describes the roles and responsibilities for managing risk. This includes, as appropriate, details of responsibilities allocated to the Board.

The Board is responsible for reviewing and approving changes to the Risk Management Policy and for satisfying itself that Valor has a sound system of risk management and internal control that is operating effectively.

***Recommendation 7.3*** *– A listed entity should disclose:*

- *a) If it has an internal audit function, how the function is structured and what role it performs; or*
- *b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.*

The Group does not have an established internal audit function given the size of its current operations. The risk management functions of the board are summarised under recommendations 7.1 and 7.2.

***Recommendation 7.4** – A listed entity should disclose whether it has any material exposure to economic and social sustainability risks and, if it does, how it manages or intends to manage those risks.*

The Board of Valor informally monitors and manages the Groups exposure to economic, environment and social responsibility risks. The Board considers that the current approach that it has adopted with regard to the sustainability risk management process is appropriate to the size and nature of operations of the Group.

**Principle 8: Remunerate fairly and responsibly**

***Recommendation 8.1** – A board of a listed entity should:*

*a) have a remuneration committee which:*

*1. has at least three members, all of whom are non-executive directors and a majority of whom are independent; and*

*2. is chaired by an independent director,*

*and disclose:*

*3. the charter of the committee;*

*4. the members of the committee; and*

*5. as at the end of each reporting period the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or*

*b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.*

The Board is responsible for determining and reviewing compensation arrangements for executive directors. The Board has formally adopted a Remuneration Committee Charter however given the present size of the Group, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Remuneration Committee Charter. At such time when the Group is of sufficient size a separate Remuneration Committee will be formed.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive Directors.

***Recommendation 8.2** – A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.*

Valor's remuneration structure distinguishes between non-executive Directors and others. A Remuneration Report required under Section 300A(1) of the Corporations Act is provided in the Directors' Report of the Annual Report.

***Recommendation 8.3** – A listed entity which has an equity-based remuneration scheme should:*

*a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and*

*b) disclose that policy or a summary of it.*

Valor does not have a policy on whether participants in equity based remuneration schemes are able to enter into transactions which limit the economic risk of participating in those schemes as the Group does not have an equity based remuneration scheme.

# ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 26 September 2017.

### Distribution of Share Holders

| | Ordinary Shares | |
|---|---|---|
| | **Number of Holders** | **Number of Shares** |
| 1 - 1,000 | 350 | 96,145 |
| 1,001 - 5,000 | 261 | 805,016 |
| 5,001 - 10,000 | 112 | 864,304 |
| 10,001 - 100,000 | 886 | 48,114,076 |
| 100,001 - and over | 763 | 1,263,623,266 |
| TOTAL | **2,372** | **1,313,502,807** |

There were 832 holders of ordinary shares holding less than a marketable parcel.

### Top Twenty Share Holders

| Name | Number of shares held | % |
|---|---|---|
| SSR MINING INC | 145,881,177 | 11.11% |
| MS BYAMBAA ZOLZAYA | 93,574,558 | 7.12% |
| SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C> | 89,000,000 | 6.78% |
| KIWANDA GROUP LLC | 60,000,000 | 4.57% |
| GEMSTAR INVESTMENTS LIMITED | 57,021,810 | 4.34% |
| RESORT STYLE LIVING PTY LTD <HERALD FAMILY A/C> | 50,416,184 | 3.84% |
| STEVEN SEQUEIRA PTY LTD <STEVEN SEQUEIRA A/C> | 50,416,183 | 3.84% |
| KIWANDA COPPER LLC | 43,333,334 | 3.30% |
| LARA EXPLORATION LIMITED | 40,000,000 | 3.05% |
| MR LAY ANN ONG | 36,333,333 | 2.77% |
| AGENS PTY LIMITED <THE MARK COLLINS FAMILY A/C> | 21,666,667 | 1.65% |
| RD CONSULTING LTD | 19,350,000 | 1.47% |
| GEMELLI NOMINEES PTY LTD <GEMELLI FAMILY A/C> | 16,666,667 | 1.27% |
| CITICORP NOMINEES PTY LIMITED | 15,352,669 | 1.17% |
| AVONGLADE ENTERPRISES PTY LTD | 11,675,000 | 0.89% |
| MR MARIO DI LALLO & MRS ALISON VALERIE DI LALLO <M & A SUPER FUND A/C> | 11,166,667 | 0.85% |
| MRS SNEH VILLANOVA | 10,982,121 | 0.84% |
| TAYEH ENTERPRISES PTY LTD <TAYEH PROVIDENT FUND A/C> | 9,000,000 | 0.69% |
| AGENS PTY LTD <THE MARK COLLINS S/F A/C> | 8,433,333 | 0.64% |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 8,205,222 | 0.62% |
| **Total** | **798,474,925** | **60.79%** |

### Unquoted Equity Securities

**Options** – 3 holders

| Class | Number of securities | Holders with more than 20% |
|---|---|---|
| Options over ordinary shares exercisable at $0.004 on or before 15 December 2018 | 133,333,334 | - Kiwanda Group LLC<br>- Kiwanda Copper LLC<br>- Lara Exploration Limited |

**Options** – 6 holders

| Class | Number of securities | Holders with more than 20% |
|---|---|---|
| Options over ordinary shares exercisable at $0.02 on or before 31 December 2018 | 30,000,000 | Nil |

### Substantial Shareholders

The names of shareholders who have notified the Company in accordance with Section 671B of the *Corporations Act 2001* are:

| Shareholder Name | No. of Ordinary Shares | Percentage % |
|---|---|---|
| Mark Sumner | 103,333,334 | 7.89 |
| SSR Mining Inc | 145,881,177 | 11.11 |

### On-Market Buy Back
There is no current on-market buy back.

### Voting Rights
All ordinary shares carry one vote per share without restriction. Options and Performance Shares do not carry any voting rights. On a show of hands every person present who is a Member or representative of a Member shall have one vote and on a poll, every Member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held.  None of the options have any voting rights.

### Tenement Table
Interests in mining tenements held are detailed in the table below:

| Project | Tenement | Location | Ownership |
|---|---|---|---|
| Berenguela Project | 13-000001Y03<br>01-01116-09<br>01-01115-09<br>01-01341-09<br>01-01342-09<br>01-01344-09<br>01-01345-09<br>01-01340-09<br>01-01343-09<br>01-01289-97<br>01-01350-04<br>01-01351-04<br>01-01512-04<br>01-02710-04 | Peru | 100% |
| Picha Project | 01-03852-05<br>01-03853-05<br>01-03854-05<br>01-00578-07<br>01-04638-08 | Peru | 100% |