



**VALOR  
RESOURCES**

ABN 88 076 390 451

Half-year Financial Report

31 December 2021

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## CORPORATE DIRECTORY

### Directors

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

### Company Secretary

Ms. Paula Smith

### Registered Office

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PERTH, WA 6000  
Telephone: +61 8 9200 3467  
Facsimile: +61 8 9227 6390

### Share Registry

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Level 5  
191 St Georges Terrace  
PERTH, WA 6000  
Telephone: 1300 288 664  
Email: [hello@automicgroup.com.au](mailto:hello@automicgroup.com.au)

### Auditors

BDO Audit (WA) Pty Ltd  
Level 9, Mia Yellagonga Tower 2  
5 Spring Street  
PERTH, WA 6000

### Stock Exchange

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

## DIRECTORS' REPORT

The Directors of Valor Resources Limited ('the Company' or 'Valor') submit the financial report of the consolidated entity ('the Group') for the half-year ended 31 December 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors report is as follows:

### Directors

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

Mr George Bauk	Executive Chairman
Mr Gary Billingsley	Non-Executive Director
Mr Brian McMaster	Non-Executive Director
Ms Paula Smith	Non-Executive Director

### Results

The loss after tax for the half year ended 31 December 2021 was \$1,560,217 (2020: \$389,686).

### Dividends

No dividend was paid or declared by the Company during the half-year and up to the date of this report (2020: Nil).

### Nature of Operations and Principal Activities

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

### Review of Operations

Valor has focused on two key projects, being its copper-silver Picha Project located in the Peru and its Hook Lake Uranium Project in Canada. Valor's 100% owned Peruvian subsidiary, Kiwanda SAC holds the rights to the Picha and Corona Projects located in the Moquegua Department of Peru, 17km ENE of the Chucapaca (San Gabriel – Buenaventura) gold deposit. They are two copper-silver exploration projects comprising nineteen granted mining concessions for a total of 13,830 hectares (138km<sup>2</sup>). The Company is also the 100% equity owner of the right to earn an 80% working interest in the Hook Lake Uranium Project located 60km east of the Key Lake Uranium Mine in northern Saskatchewan, Canada. Covering 25,846 hectares, the 16 contiguous mineral claims host several prospective areas of uranium mineralisation. It also owns a 100% equity interest in 19 contiguous mineral claims covering 62,233 hectares in northern Saskatchewan, referred to as the Cluff Lake Uranium Project. The property Cluff Lake Project is located 7km east of the former-producing Cluff Lake Uranium Mine and much of the project area is located within the Carswell geological complex that hosts the Cluff Lake Mine. There are five additional projects within or close to the Athabasca Basin with 100% equity interest in 12 mineral claims covering 10,512 hectares at the Surprise Creek Project, Pendleton Lake Project, Smitty Uranium Mine, Lorado Uranium Mine and the Hidden Bay Project.

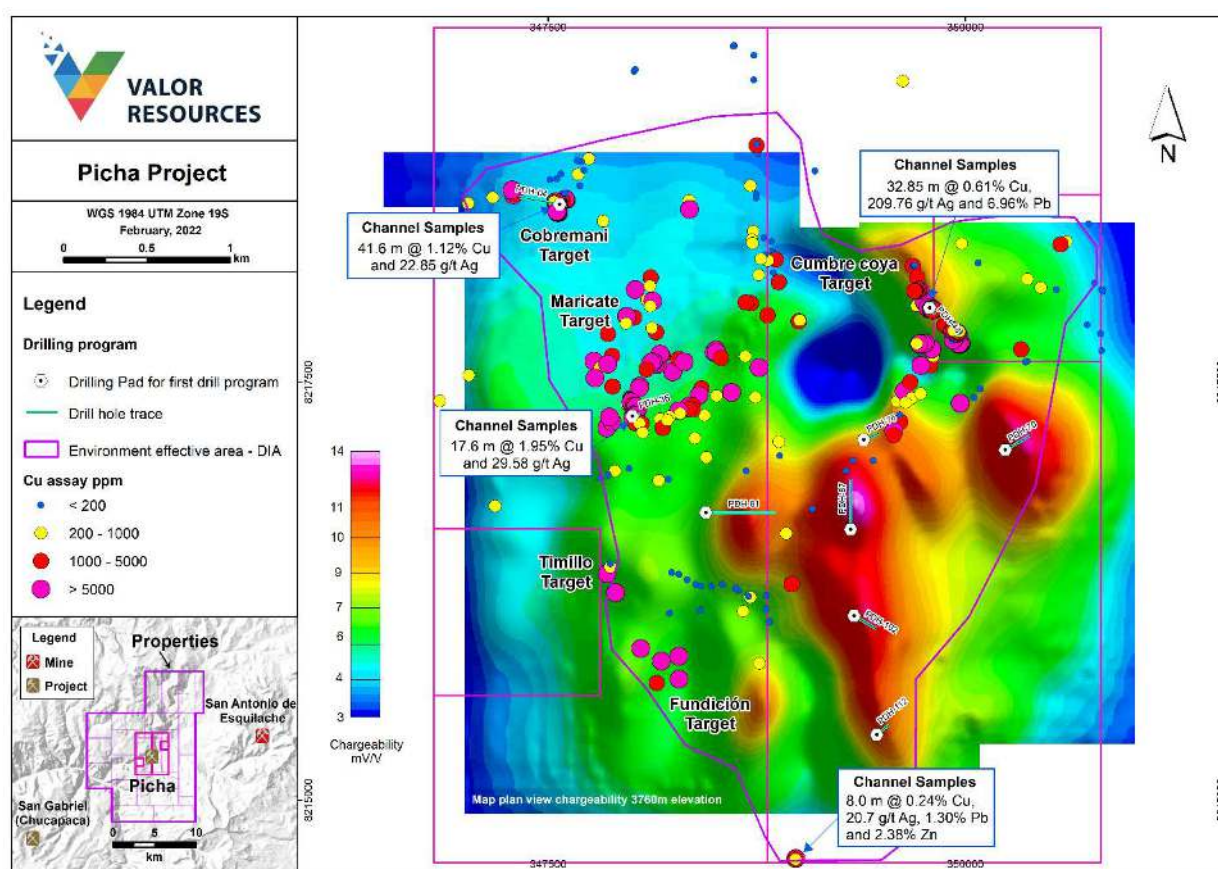
### Peruvian Copper Silver:

**The Company has completed an extensive on-ground exploration program at the Picha Project in Peru. Over the past 6 months the company has undertaken:**

- ▶ Systematic geological mapping and surface sampling completed in 2021 at Picha Project with assay results from 404 samples received
- ▶ Multiple significant channel and rock chip sample results from four main target areas include<sup>1</sup>:
  - ▶ Channel samples from Maricate of:
    - 17.6m @ 1.95% Cu and 29.5g/t Ag,
    - 4m @ 1.38% Cu and 241 g/t Ag,
    - 4m @ 0.97% Cu and 13.45g/t Ag
  - ▶ Channel samples from Cumbre Coya of:
    - 8m @ 1.91% Cu and 11.08 g/t Ag,
    - 8m @ 1.41% Cu and 16.38g/t Ag,
    - 40.5m @ 0.49% Cu and 6.37g/t Ag,
    - 15.75m @ 0.70% Cu, 232.2 g/t Ag and 2.95% Pb,
    - 16m @ 0.49% Cu, 188.79 g/t Ag and 8.45% Pb,

<sup>1</sup> Per ASX announcement on 28 January 2022 – Quarterly Activities Report and 29 October 2021 - Quarterly Activities Report.

- ▶ Channel samples from Cobremani of:
  - 41.6m @ 1.12% Cu and 22.8 g/t Ag,
  - 10m @ 1.09% Cu and 6.36 g/t Ag,
  - 4m @ 1.63% Cu and 49.5 g/t Ag
- ▶ Channel samples from Fundicion include:
  - 2m @ 0.75% Cu, 36.1g/t Ag, 1.58% Pb and 1.55% Zn
  - 0.5m @ 1.88% Cu and 80.9g/t Ag
- ▶ Selective rock chip samples of up to 3.76% Cu and 42.8 g/t Ag at Maricate and 3.51% Cu and 549g/t Ag from Cumbre Coya
- ▶ An IP (induced Polarisation)/Resistivity and ground magnetic survey was completed at the Picha Project in December. A large IP anomaly has been identified from the survey which is approximately 2km long and at its widest point nearly 2km in extent. The anomaly reflects potential sulphide mineralisation at depth relating to a large porphyry body. Planning for a follow-up drilling program to test the IP anomaly is currently underway.
- ▶ Picha Project has increased in size from 20km<sup>2</sup> to 200km<sup>2</sup> following the 2021 exploration program, with further new targets already identified, highlighting the exploration potential of the area.<sup>2</sup>



#### Canadian Uranium – Athabasca Basin:

In Canada, the focus continues to be on the Hook Lake Project with work progressing towards drilling, which commenced in late January 2022. At the Cluff Lake Project geological and geophysical data compilation is currently on-going, with the initial review indicating several targets for on-ground follow-up. Quotes are being prepared for a detailed airborne gravity survey at both the Hook Lake and Cluff Lake Projects and permitting for drilling at Cluff Lake will be a focus in the March quarter.

- ▶ Drilling program has commenced to test exciting uranium targets at Hook Lake Uranium Project:
  - ▶ Minimum of 2,500m of diamond drilling
  - ▶ The drill targets at Hook Lake are highlighted by the S Zone target where surface sampling by Valor returned assays of up to 59.2% U<sub>3</sub>O<sub>8</sub><sup>3</sup>
  - ▶ Other potential drill targets include the West Way Prospect and V-Grid
- ▶ Data compilation underway on the other six uranium properties including Cluff Lake.

<sup>2</sup> Per ASX announcement on 1 March 2022 – Valor Identifies Large Porphyry Copper Target.

<sup>3</sup> Per ASX announcement on 31 January 2022 – Drilling Commences at Hook Lake Uranium Project.

## Corporate:

During the 2021 Half-Year, the Company announced a \$5.4m capital raising through the Canadian flow through share scheme. This raising was undertaken with Pear Tree Capital and supported by CPS Capital Group Pty Ltd (CPS). The funds raised will be used to advance the Canadian exploration program in 2022 including the Company's maiden drilling program at the Hook Lake Project. Under a Corporate Advisory Mandate, CPS will receive a Corporate Advisory fee of \$6,000 per month for a minimum term of twelve months and a 4.5% management fee for funds raised.

Furthermore, during the period the Company raised \$1.3m through the exercise of 60,000,000 unlisted options exercised at \$0.008, 39,416,667 unlisted options exercised at \$0.015, and 12,257,665 listed options exercised at \$0.015. During the period, the Company also announced that 45,000,000 Director Performance Rights for Mr Bauk and Mr Billingsley vested with the achievement of the Tranche 3 milestone of trading in shares achieving a 20-day VWAP of \$0.015.

On 6 October 2021, the Company established 102135957 Saskatchewan Ltd a 100% owned subsidiary of Valor.

## Competent Person's Statement

The technical information in this report that relates to Exploration Results is based on data compiled and reviewed by Mr. Gary Billingsley, a Non-Executive Director of Valor, who is a member of The Association of Professional Engineers of Saskatchewan in Canada. Mr. Billingsley has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as Competent Persons under the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Billingsley consents to the inclusion of the data in the form and context in which it appears. Mr. Billingsley has reviewed calculation of measured, indicated and inferred resources referenced according to the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. The Company confirms that it is not aware of any new information or data that materially affects the information reported in the original market announcements and that all material assumptions and technical parameters underpinning the results in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

## Subsequent Events

On 12 January 2022 shareholders approved all the resolutions tabled at the Annual General Meeting including the resolution to issue 15,000,000 Director Performance Rights to Ms. Paula Smith as a performance based incentive for services to the Company. The Director Performance Rights were issued to Ms Smith on 13 January 2022.

On 19 January 2022, the Company announced that it had expanded its land holding on the Picha Project in Peru whereby nine concessions had been granted. On 31 January 2022, the Company announced the commencement of the 2,500m diamond drilling program at Hook Lake Project in the Athabasca Basin in Canada. On 11 February 2022, the Company announced that 45,000,000 Director Performance Rights for Mr Bauk and Mr Billingsley vested with the achievement of the Tranche 4 milestone being a market capitalisation of \$15 million.

On 14 February 2022, the Company announced it had secured commitments for \$3.4m (before costs) for a placement of 309,090,090 new fully paid ordinary shares at \$0.011 per share (Placement). The proceeds will be used for exploration activities at the Company's Picha Project in Peru, non-exploration expenses in Canada and for general working capital purposes. The placement was completed on 21 February 2022 utilising the Company's Listing Rule 7.1A placement capacity and accordingly, no shareholder approval was required.

The placement was arranged and managed by CPS. Under a Corporate Advisory Mandate, CPS receive a Corporate Advisory fee of \$6,000 per month for a minimum term of twelve months and a 2% Management fee and 4% Placement Fee of funds raised under the Placement and were issued 51,000,000 unlisted options exercisable at \$0.02 with an expiry date of 21 February 2024.

On 15 February 2022, the Company announced the completion of the Year 1 commitment following expenditure exceeding C\$750,000 (\$808,870) and a cash payment of C\$75,000 (\$103,132) under its farm-in agreement with Skyharbour Resources Ltd on the Hook Lake Project in Saskatchewan, Canada.

## Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, BDO Audit (WA) Pty Ltd, to provide the Directors of the Group with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 5 and forms part of this directors' report for the half-year ended 31 December 2021.

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



**George Bauk**  
Executive Chairman  
Perth, Western Australia  
15 March 2022

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

As lead auditor for the review of Valor Resources Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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



Ashleigh Woodley  
Director

BDO Audit (WA) Pty Ltd  
Perth, 15 March 2022

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
for the half-year ended 31 December 2021

	Note	31 December 2021 \$	31 December 2020 \$
<b>Continuing Operations</b>			
Interest received		37	60
Other income	3	146,841	4,711
<b>Expenses</b>			
Listing and share registry expenses		(53,514)	(20,693)
Legal fees		(115,332)	(125,392)
Consultants and Directors fees		(345,107)	(247,376)
Travel and accommodation		(23,422)	-
Depreciation		-	(723)
Foreign exchange gain		44,567	25,641
Share based payment expense	8	(1,014,606)	-
Other expenses	3	(150,093)	(24,703)
<b>Loss from continuing operations before income tax and finance costs</b>		<b>(1,510,629)</b>	<b>(388,475)</b>
Finance costs		(13,204)	(1,211)
<b>Loss from continuing operations after income tax</b>		<b>(1,523,833)</b>	<b>(389,686)</b>
Income tax expense		(36,384)	-
<b>Loss for the half-year</b>		<b>(1,560,217)</b>	<b>(389,686)</b>
<b>Other comprehensive income</b>			
<i>Items that will be Reclassified to Profit or Loss</i>			
Foreign currency translation difference		(123,870)	16,501
<b>Other comprehensive income for the half-year, net of tax</b>		<b>(123,870)</b>	<b>16,501</b>
<b>Total comprehensive income for the half-year</b>		<b>(1,684,087)</b>	<b>(373,185)</b>
<b>Loss for the period attributable to:</b>			
Owners of Valor Resources Limited		(1,560,217)	(389,686)
		<b>(1,560,217)</b>	<b>(389,686)</b>
<b>Comprehensive loss for the period attributable to:</b>			
Owners of Valor Resources Limited		(1,684,087)	(373,185)
		<b>(1,684,087)</b>	<b>(373,185)</b>
<b>Loss per share attributable to owners of Valor Resources Limited</b>			
Basic and diluted loss per share (cents per share)		(0.066)	(0.020)

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

Consolidated Statement of Financial Position as at 31 December 2021

	Note	31 December 2021 \$	30 June 2021 \$
<b>Current Assets</b>			
Cash and cash equivalents	4	5,624,295	557,839
Trade and other receivables		121,246	39,786
Other current assets		463,376	25,879
<b>Total Current Assets</b>		<b>6,208,917</b>	<b>623,504</b>
<b>Non-Current Assets</b>			
Deferred exploration and evaluation expenditure	5	7,293,299	6,429,897
<b>Total Non-Current Assets</b>		<b>7,293,299</b>	<b>6,429,897</b>
<b>Total Assets</b>		<b>13,502,216</b>	<b>7,053,401</b>
<b>Current Liabilities</b>			
Trade and other payables	6	1,100,930	161,762
<b>Total Current Liabilities</b>		<b>1,100,930</b>	<b>161,762</b>
<b>Non-Current Liabilities</b>			
Other payables	6	413,856	369,000
<b>Total Non-Current Liabilities</b>		<b>413,856</b>	<b>369,000</b>
<b>Total Liabilities</b>		<b>1,514,786</b>	<b>530,762</b>
<b>Net Assets</b>		<b>11,987,430</b>	<b>6,522,639</b>
<b>Equity</b>			
Issued Capital	7	63,618,584	57,390,563
Reserves		20,359,515	19,562,528
Accumulated losses		(71,990,669)	(70,430,452)
<b>Total Equity</b>		<b>11,987,430</b>	<b>6,522,639</b>

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



**Consolidated Statement of Cash Flows** *for the half-year ended 31 December 2021*

	31 December 2021 \$	31 December 2020 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(461,338)	(345,654)
Interest received	37	60
Interest paid	(13,204)	(1,211)
<b>Net cash outflow from operating activities</b>	<b>(474,505)</b>	<b>(346,805)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation expenditure	(860,734)	(73,592)
Payment to acquire investment	(3,787)	-
<b>Net cash outflow from investing activities</b>	<b>(864,521)</b>	<b>(73,592)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share issues	5,454,942	-
Proceeds from exercise of options	1,255,115	-
Payments for share issue costs	(358,685)	-
<b>Net cash inflow from financing activities</b>	<b>6,351,372</b>	<b>-</b>
Net increase/(decrease) in cash held	5,012,345	(420,397)
Cash and cash equivalents at beginning of period	557,839	624,971
Net foreign exchange differences	54,111	(4,136)
<b>Cash and cash equivalents at the end of the period</b>	<b>5,624,295</b>	<b>200,438</b>

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

**Consolidated Statement of Changes in Equity for the half-year ended 31 December 2021**

	Issued Capital \$	Accumulated Losses \$	Option Reserves \$	Foreign Exchange Reserves \$	Share Based Payments Reserve \$	Performance Shares Reserve \$	Total \$
<b>Balance at 1 July 2020</b>	<b>51,849,714</b>	<b>(68,002,000)</b>	<b>5,501,485</b>	<b>(52,475)</b>	<b>11,712,193</b>	<b>11,061</b>	<b>1,019,978</b>
Loss for the half-year	-	(389,686)	-	-	-	-	(389,686)
<i>Other comprehensive income</i>							
Foreign currency translation	-	-	-	16,501	-	-	16,501
Total comprehensive income for the half-year	-	(389,686)	-	16,501	-	-	(373,185)
<b>Transactions with owners in their capacity as owners</b>							
Shares issued as part of placement	-	-	-	-	-	-	-
Fundraising costs	-	-	-	-	-	-	-
Shares Issued on exercise of options	-	-	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>51,849,714</b>	<b>(68,391,686)</b>	<b>5,501,485</b>	<b>(35,974)</b>	<b>11,712,193</b>	<b>11,061</b>	<b>646,793</b>
<b>Balance at 1 July 2021</b>	<b>57,390,563</b>	<b>(70,430,452)</b>	<b>6,421,009</b>	<b>235,927</b>	<b>11,712,193</b>	<b>1,193,399</b>	<b>6,522,639</b>
Loss for the half-year	-	(1,560,217)	-	-	-	-	(1,560,217)
<i>Other comprehensive income</i>							
Foreign currency translation	-	-	-	(123,870)	-	-	(123,870)
Total comprehensive income for the half-year	-	(1,560,217)	-	(123,870)	-	-	(1,684,087)
<b>Transactions with owners in their capacity as owners</b>							
Shares issued as part of acquisition	50,000	-	-	-	-	-	50,000
Shares issued for services received	187,500	-	-	-	-	93,750	281,250
Shares issued as part of placement	5,454,942	-	-	-	-	-	5,454,942
Share issue costs	(358,685)	-	-	-	-	-	(358,685)
Flow through share premium	(350,951)	-	-	-	-	-	(350,951)
Issue of options	-	-	827,107	-	-	-	827,107
Shares Issued on exercise of options	1,245,215	-	-	-	-	-	1,245,215
<b>Balance at 31 December 2021</b>	<b>63,618,584</b>	<b>(71,990,669)</b>	<b>7,248,116</b>	<b>112,057</b>	<b>11,712,193</b>	<b>1,287,149</b>	<b>11,987,430</b>

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

## CORPORATE INFORMATION

The consolidated financial statements of Valor Resources Limited ('the Group') for the half-year ended 31 December 2021 was authorised for issue in accordance with a resolution of the directors on 15 March 2022.

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

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

These interim general purpose financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2021 and any public announcements made by Valor Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies are consistent with those disclosed in the 30 June 2021 financial statements and the comparative half-year period except for the impact of new or amended standards and interpretations effective 1 July 2021. The adoption of these standards and interpretations did not result in any significant changes to the Group's accounting policies.

#### *New accounting standards and interpretations not yet adopted*

In the half-year ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current reporting period.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2021. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group accounting policies.

#### *Going concern*

This financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. Subsequent to the half-year end, the Company raised additional capital. Refer to note 13 for further details.

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

#### (b) Significant accounting judgments and key estimates

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.

#### *Accounting for flow-through shares*

The Company issued flow-through shares in the current period. A flow-through share agreement transfers the tax deductibility of qualifying resource exploration and evaluation expenditure to investors. A deferred tax liability is recognized for the amount of the tax reduction to be renounced to shareholders. On issuance, flow-through shares are divided into i) a flow-through share premium, equal to the premium investors paid for the flow-through feature, which was recognised as a liability, and ii) contributed equity. Upon eligible exploration and evaluation expenditure being incurred, the Company derecognized the equivalent portion of the liability and recognized it as other income.

### 2. SEGMENT REPORTING

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

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

3. OTHER INCOME AND OTHER EXPENSES

	December 2021	December 2020
	\$	\$
<b>Other Income</b>		
Settlement of flow through share liability	146,841	-
Other income	-	4,711
	<b>146,841</b>	<b>4,711</b>
<b>Other Expenses</b>		
Advertising and promotion	69,020	-
Insurance	67	-
Renting & outgoings	29,346	-
Administrative services/other	51,660	24,703
	<b>150,093</b>	<b>24,703</b>

4. CASH AND CASH EQUIVALENTS

	December 2021	June 2021
	\$	\$
Cash comprises of:		
Cash at bank	676,222	557,839
Restricted cash <sup>1</sup>	4,948,073	-
<b>Closing balance</b>	<b>5,624,295</b>	<b>557,839</b>

<sup>1</sup> Restricted cash can only be spent on eligible expenditure on the Canadian uranium projects.

5. DEFERRED EXPLORATION & EVALUATION EXPENDITURE

	December 2021	June 2021
	\$	\$
Opening balance	6,429,897	815,177
Exploration expenditure incurred during the period	899,077	337,538
Acquisition of Pitchblende Energy <sup>1</sup>	-	5,045,687
Acquisition of Pendleton Lake Project <sup>2</sup>	55,407	-
Net exchange differences on translation	(91,082)	231,495
<b>Closing balance</b>	<b>7,293,299</b>	<b>6,429,897</b>

<sup>1</sup> On 22 October 2020, Valor announced a binding terms sheet of Agreement to acquire 100% of the issued capital in Pitchblende Energy Pty Ltd, which held an 100% interest in the Cluff Lake project and an option to earn an 80% interest into the Hook Lake project.

<sup>2</sup> On 7 July 2021, Valor announced a binding terms sheet of Agreement to acquire 100% of the ownership of six tenements that comprise the Pendleton Lake Project. As announced to the ASX on 23 July, 2021, the transaction was completed and the Company paid total consideration to the Vendors of \$55,407 comprising of C\$5,000 cash and issued 5,000,000 ordinary shares.

6. TRADE AND OTHER PAYABLES

	December 2021	June 2021
	\$	\$
<b>Current</b>		
Trade creditors & other payables	720,993	33,775
Deferred consideration liability	80,887	79,000
Accruals - other	75,496	48,987
Payable – flow-through share liability	213,654	-
Shares for allotment	9,900	-
<b>Closing balance</b>	<b>1,100,930</b>	<b>161,762</b>
<b>Non-current</b>		
Deferred consideration liability	377,472	369,000
Deferred tax liability	36,384	-
<b>Closing balance</b>	<b>413,856</b>	<b>369,000</b>

7. ISSUED CAPITAL

	December 2021 \$	June 2021 \$
<b>(a) Issued and paid up capital</b>		
Ordinary shares fully paid	<b>63,618,584</b>	<b>57,390,714</b>

	December 2021 Number of shares	\$	June 2021 Number of shares	\$
<b>(b) Movements in shares on issue</b>				
Opening balance	2,893,831,418	57,390,563	1,920,848,085	51,849,714
Shares issued as part of placement <sup>1</sup>	319,002,466	5,454,942	266,666,667	800,000
Shares issued upon exercise of options	111,014,332	1,245,215	60,000,000	270,000
Shares issued as part of acquisition <sup>2</sup>	5,000,000	50,000	566,666,666	3,966,667
Shares issued through settlement of liabilities	-	-	75,650,000	529,550
Shares issued for services received <sup>3</sup>	12,500,000	187,500	4,000,000	28,000
Share issue costs	-	(358,685)	-	(53,368)
Flow through share premium	-	(350,951)	-	-
<b>Closing balance</b>	<b>3,341,348,216</b>	<b>63,618,584</b>	<b>2,893,831,418</b>	<b>57,390,563</b>

<sup>1</sup> Valor completed the Canadian flow through share scheme placement on 24 November 2021 by issuing to investors a total of 319,002,466 fully paid ordinary Valor shares at \$0.0171 per share. The proceeds from the placement are to be used to expand and accelerate exploration activities at the Company's Canadian uranium projects.

<sup>2</sup> As initially announced on 7 July 2021 and completed on 23 July 2021, Valor acquired the 100% ownership of six tenements that comprise the Pendleton Lake Project by issuing the vendors a total of 5,000,000 fully paid ordinary Valor shares. The Pendleton Lake Project is located in Saskatchewan, Canada and comprises of various mineral claims hosting several prospective areas of uranium mineralisation. Valor determined that it could not readily estimate the fair value of the asset acquired on the basis that this was an early stage exploration asset. The transaction was measure by reference to the fair value of the shares issued.

<sup>3</sup> Share based payments were valued at share price on the date of issue as fair value of the asset could not be determined.

**(c) Share Options**

As at 31 December 2021, details of the options held are as follows:

	Listed Options Exercise at \$0.015 by 31/12/2021	Unlisted Options Exercise at \$0.008 by 11/02/2024	Unlisted Options Exercise at \$0.015 by 11/02/2024	Unlisted Options Exercise at \$0.015 by 03/05/2023	Unlisted Options Exercise at \$0.015 by 30/04/2022
Balance at 1 July 2021	425,000,000	-	60,000,000	25,000,000	-
Issued during the period	10,000,000	60,000,000	-	-	50,000,000
Exercised during the period	(12,257,665)	(60,000,000)	(39,416,667)	-	-
Expired during the period	(422,742,335)	-	-	-	-
Balance at as at 31 December 2021	-	-	20,583,333	25,000,000	50,000,000

Subsequent to the reporting period, on 21 February 2022, the Company issued 51,000,000 unlisted options exercisable at \$0.02, with an expiry date of 21 February 2024. The options were issued to Corporate Advisers of the Company as a fee for the capital raising activities. No option holder has any right under the options to participate in any other share issue of the Company or any other entity. No options were exercised since the end of the half-year.

8. SHARE BASED PAYMENTS

**(a) Recognised share based payment transactions**

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

	December 2021 \$	December 2020 \$
<i>Operating expenditure</i>		
Share based payments to consultants – options	827,106	-
Share based payments to consultants – shares	187,500	-
	<b>1,014,606</b>	<b>-</b>

	December 2021 \$	June 2021 \$
Exploration expenditure		
Share based payments to vendors, capitalised against exploration asset (refer to note 4)	50,000	5,045,687

**(b) Share based payments to consultants**

On 30 July 2021, the Company announced that it had issued 40,000,000 Performance Rights to consultants which will vest, and be convertible into shares, on the achievement of the following milestones:

*Milestone One – Within twelve months of the date of issue of the Performance Rights:*

- (a) Tranche 1 of 7,500,000 performance shares on completion of more than 1,500m drilling in Peru or Canada; and trading in VAL achieves a 20-day VWAP of \$0.015 after three months of continuous service to the Company
- (b) Tranche 2 of 12,500,000 performance shares on completion of more than 1,500m drilling in Peru; and trading in VAL achieves a 20-day VWAP of \$0.015 after three months of continuous service to the Company

*Milestone Two – Within two years of the date of issue of the Performance Rights:*

- (a) Tranche 3 of 7,500,000 performance shares on achieving significant mineralised intersections of not less than 10m @ >0.5% U3O8 or equivalent (e.g. 5m @ > 1.0% U3O8) OR achieving significant mineralised intersections of not less than 10m @ >1% Cu or equivalent (e.g. 5m @ > 2% Cu); and trading in VAL achieves a 20-day VWAP of \$0.025 after three months of continuous service to the Company.
- (b) Tranche 4 of 12,500,000 performance shares on achieving significant mineralised intersections of not less than 10m @ >1% Cu or equivalent (e.g. 5m @ > 2% Cu); and trading in VAL achieves a 20-day VWAP of \$0.025 after three months of continuous service to the Company.

At the date of this report, no Performance Rights had vested. For the period to 31 December 2021, an amount of \$93,750 has been capitalised to the exploration asset based on management's expectations of the milestones which are likely to vest.

On 20 September 2021, the Company issued 50,000,000 unlisted options exercisable at \$0.015 expiring 30 April 2022 and 10,000,000 listed options exercisable at \$0.015, which expired on 31 December 2021, to a third-party supplier. The options were granted in-lieu of cash consideration for the provision of consulting services. 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.

On 10 December 2021, the Company issued 12,500,000 fully paid ordinary shares with a fair value of \$187,500 to a third-party supplier. The shares were granted in-lieu of cash consideration for the provision of consulting services.

**(c) Share based payments to Directors**

During the period, the milestone hurdle for Tranche 3 was achieved and 45,000,000 Director Performance Rights vested but no expense was recorded as the expense was fully incurred in the prior period. Subsequent the reporting period on 11 February 2022, the milestone hurdle was achieved for Tranche 4 of the Director Performance Rights and 45,000,000 Director Performance Rights vested.

On 13 January 2022 following Shareholder Approval at the Company's Annual General Meeting, the Company issued 15,000,000 Director Performance Rights to Ms Smith as a performance based incentive for services to the Company. The Director Rights will vest and be convertible to Shares on achievement of the following performance milestones:

- (i) Tranche 1 of 7,500,000 performance shares with a vesting condition of the trading of the Company's shares achieving a 20-day VWAP of \$0.02 and Ms Smith continues to be an officer of the Company for at least 6 months from the date of the Meeting;
- (ii) Tranche 2 of 7,500,000 performance shares with a vesting condition of the trading of the Company's shares achieves a 20-day VWAP of \$0.025 and Ms Smith continues to be an officer of the Company for at least 12 months from the date of the Meeting;

For vesting to occur, the Milestones for Tranches 1 to 2 must be achieved within 3 years of issue of the Director Rights. Once vested, the Director Rights must be converted into Shares within 2 years of vesting, at the holder's absolute discretion. At the date of this report, the performance milestones for Ms Smith have not yet vested.

**9. RELATED PARTIES**

PVW Resources Limited, a company of which Mr. Bauk is a director, provided the Group with a Serviced Office and Administration Services totalling \$15,716 (2020: \$nil). \$2,420 (2020: \$nil) was outstanding at period-end.

Palisade Business Consulting Pty Ltd, a company of which Ms. Smith is a director, provided the Group with company secretary services and serviced office facilities including administration and information technology support totalling \$25,500 (2020: \$25,500) and accounting services totalling \$21,678 (2020: \$19,800). \$7,550 (2020: \$6,050) was outstanding at period-end.

During the period, the Company incorporated 102135957 Saskatchewan Ltd a Canadian registered company and a 100% owned subsidiary of Valor.

These transactions have been entered into on normal commercial terms.

## 10. CONTINGENT ASSETS & LIABILITIES

Valor entered into an agreement with SSR Mining Limited ('SSR'), whereby SSR agreed to acquire the Company's interest in the Berenguela Project in consideration for the release and discharge of Valor's acquisition obligations under the original Acquisition Agreements of USD \$10.8m owed to SSR and the relevant security interests. The Group have divested all of its share capital interest in Sociedad Minera Berenguela S.A. and Fosfores Limited which hold the relevant interests in the Berenguela Project. Following lodgement of Capital Cost Certificates related to the SSR agreements, the Peruvian Taxation Authority has validated an acquisition cost which could trigger a Peruvian capital gains tax liability of USD1.1 million (AUD: \$1,514,916).

The Company strongly disagrees with the result of the Capital Cost Certificates and an appeal against the decision has been commenced. Valor holds a Contingent Asset and right of indemnity from Aftermath Silver Ltd for an amount up to the lessor of USD \$550,000 (AUD: \$757,458) or 50% of the amount of any resultant liability if any taxes become payable by Valor.

Based on advice from the Peruvian legal advisors, the prospects of a successful appeal resulting in no tax payable are strong, the appeal process is expected to take up to 4 years to be heard and resolved and the costs to run the appeal process are anticipated to be minimal at USD \$15,000 (AUD: \$20,658). As such, the Company considers there is considerable uncertainty regarding the quantum and timing of an obligation, if any, and resultant indemnity and has not provided for the claims in its Financial Statements.

Royalties are payable to Skyharbour Resources Ltd on 14 mineral claims and Denison Mines Corp. for 2 mineral claims from the Hook Lake Project that consists of a 2% of NSR (net smelter return) on production. 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.

Royalties are payable to Lara Exploration Ltd on certain tenements of the Picha Project in Peru that consists of a 2% NSR on product and refined metal containing or comprised of gold, silver, platinum and palladium and 1% of NSR on all other product and refined metal.

There are no other known contingent liabilities.

## 11. COMMITMENTS

Valor entered into an agreement with Skyharbour Resources Ltd (TSX-V: SYH) on 11 February 2021 (Effective Date), which allows Valor to earn into the Hook Lake Project in Saskatchewan, Canada. The agreement provides for the following cash payments and expenditure commitments:

- (a) Cash payments – making the following cash payments to Skyharbour Resources Ltd.
  - a. C\$50,000, which payment was made on 17 February 2021;
  - b. C\$75,000, on the first anniversary of the Effective Date, which payment was made on 11 February 2022;
  - c. C\$175,000, on the second anniversary of the Effective Date; and
  - d. C\$175,000, on the third anniversary of the Effective Date.
- (b) Expenditures – incurring the following expenditures on the Hook Lake Project, totalling C\$3,500,000, within three years following the Effective Date
  - a. C\$750,000 on or before the first anniversary of the Effective Date, which were incurred by 11 February 2022 as announced to the ASX on 15 February 2022;
  - b. An additional C\$1,000,000 on or before the second anniversary of the Effective Date; and
  - c. An additional C\$1,750,000 on or before the third anniversary of the Effective Date.

There are no other known commitments.

## 12. DIVIDENDS

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

## 13. SUBSEQUENT EVENTS

As announced to the ASX on 12 January 2022, shareholders approved all the resolutions tabled at the Annual General Meeting. On 12 January 2022 shareholders approved all the resolutions tabled at the Annual General Meeting including the resolution to issue 15,000,000 Director Performance Rights to Ms. Paula Smith as a performance based incentive for services to the Company. The Director Performance Rights were issued to Ms Smith on 13 January 2022.

On 19 January 2022, the Company announced that it had expanded its land holding on the Picha Project in Peru whereby nine concessions had been granted.

On 31 January 2022, the Company announced the commencement of the 2,500m diamond drilling program at Hook Lake Project in the Athabasca Basin in Canada.

On 11 February 2022, the Company announced that 45,000,000 Director Performance Rights for Mr Bauk and Mr Billingsley vested with the achievement of the Tranche 4 milestone being a market capitalisation of \$15 million.

On 14 February 2022, the Company announced it had secured commitments for \$3.4m (before costs) for a placement of 309,090,090 new fully paid ordinary shares at \$0.011 per share (Placement). The proceeds will be used for exploration activities at the Company's Picha Project in Peru, non-exploration expenses in Canada and for general working capital purposes. The placement was completed on 21 February 2022 utilising the Company's Listing Rule 7.1A placement capacity and accordingly, no shareholder approval was required. The placement was arranged and managed by CPS. Under a Corporate Advisory Mandate, CPS receive a Corporate Advisory fee of \$6,000 per month for a minimum term of twelve months and a 2% Management fee and 4% Placement Fee of funds raised under the Placement and were issued 51,000,000 unlisted options exercisable at \$0.02 with an expiry date of 21 February 2024.

On 15 February 2022, the Company announced the completion of the Year 1 commitment following expenditure exceeding C\$750,000 (\$808,870) and a cash payment of C\$75,000 (\$103,132) under its farm-in agreement with Skyharbour Resources Ltd on the Hook Lake Project in Saskatchewan, Canada.

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



## DIRECTORS' DECLARATION

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

1. The financial statements and notes thereto, as set out on pages 6 to 15, are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year then ended on that date; and
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



**George Bauk**  
**Executive Chairman**  
Perth, Western Australia  
15 March 2022

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Valor Resources Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Valor Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

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

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

#### Responsibility of the directors for the financial report

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



#### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink. The signature starts with 'BDO' in a stylized, blocky font, followed by a large, fluid, cursive signature that appears to be 'Ashleigh Woodley'.

Ashleigh Woodley  
Director

Perth, 15 March 2022