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ASX Release

29 October 2020

VALOR RESOURCES LIMITED
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Directors
George Bauk
Brian McMaster
Gary Billingsley
Paula Smith

Company Secretary
Paula Smith

ASX Code:
VAL

Ordinary Shares:
1,920,848,085

Options:
400,000,000 ($0.015 – 31/12/2021)

SEPTEMBER 2020 QUARTERLY ACTIVITIES REPORT

Valor Resources Limited **(Valor)** or **(the Company)** (ASX: VAL) is pleased to provide its report for the quarter ended 30 September 2020.

CORPORATE & PROJECT UPDATE

As announced on 31 January 2020, Valor intends to continue its focus on developing the exploration potential of its 100% owned Berenguela South and Picha Projects however during the quarter a strict Covid-19 lock-down regime was applied in Peru preventing any substantive mining exploration activities being undertaken. Desktop studies have continued with the emphasis on facilitating a re-start of field activities as soon as circumstances allow.

As previously announced, the documentation has been completed to transfer the entities which hold rights to the Berenguela Project back to SSR Mining Limited (SSR) (or its nominee) on terms where the consideration for the transfer is the release and discharge of Valor's acquisition obligations including the release of outstanding amounts of USD $10.8m owed to SSR and relevant security interests. Settlement of the transfer had been delayed as a result of Covid-19 closures however the parties are proceeding to finalise the necessary documentation for settlement as soon as possible.

In accordance with Listing Rule 5.3.5, Valor advises that the payments to related parties as advised in the Appendix 5B for the period ended 30 September 2020, pertain to director fees, accounting fees and serviced office rent and IT support paid during the quarter.

ACQUISITION OF URANIUM PROJECTS & CHANGE OF DIRECTORS

Subsequent to quarter end, Valor announced it has entered into a binding term sheet ("Agreement") to acquire 100% of the issued capital of Pitchblende Energy Pty Ltd ("Pitchblende") the holder of interests in two uranium projects located in Saskatchewan, Canada ("Projects").

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

The transaction is subject to various conditions precedent including shareholder approvals as detailed further in the announcement dated 22 October 2020 and extracted below.

HIGHLIGHTS:

- Two substantial exploration assets located within the prolific Uranium district of the Athabasca Basin **covering 861km^2**
- **Athabasca Basin has an average resource grade of 2% U_3O_8**[1] and Historically the basin has produced approx. 20% of world's primary uranium supply

Hook Lake Uranium Project:

- Rock chip sampling of Hook Lake Project has **returned grades of up to 68% U_3O_8**
- **Multiple priority targets of surface vein hosted mineralisation identified**

Cluff Lake Uranium Project:

- Located within the Carswell a meteorite impact structure that is host to the Cluff Lake Open Pit Mine which produced **64Mlb U_3O_8 at an average grade of 0.92% U_3O_8**[2]and is located directly adjacent Pitchblende's Project
- Mineralised boulders, subcrop and outcrop defined- priority targets
- CPS Capital acted as Corporate Advisor for the transaction

Board Appointments

- Appointment of highly credentialed mining professionals, Mr George Bauk as Executive Chairman and Mr Gary Billingsley as Non-Executive Director



[1]Fision Uranium PDAC Presentation [2] UEX Corporation, Technical Report on Shea Creek Property

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Figure 1: Regional Project Location Plan

Commenting on the Agreement, Valor's Executive Chairman, George Bauk stated: *"The acquisition of the Hook Lake Project and the Cluff Lake Project in the Athabasca Basin provides the Company with an exciting opportunity to discover uranium within a world class uranium district. Following the approval from shareholders of the transaction, the Company plans to hit the ground running with a well-planned exploration program."*

We have strengthened the team with Gary Billingsley joining the board, a veteran in the mining industry with a geology background who lives in Saskatoon, Saskatchewan. This is a significant advantage to Valor as we manage our way through Covid-19 and having someone I have known for 15 years provides the Board with additional support whilst we have limited ability to travel overseas"

Project Overview:

Athabasca Basin, Saskatchewan

Historically, the Athabasca Basin region of Saskatchewan, Canada produces over 20% of the world's primary uranium supply. Since 1968, 18 major uranium deposits have been discovered in the Athabasca Basin including 10 of the world's top 15 highest-grade uranium mines, and the world's largest uranium producer at the McArthur River Mine. Despite over 50 years of intense uranium exploration, major discoveries are still being made, with several new discoveries in recent years. Canada and the Province of Saskatchewan, in particular, continue to rank among the top mining jurisdictions in the world for investment by the Fraser Institute, and the Athabasca Basin remains the world's premiere location for uranium exploration.

Hook Lake Uranium Project (previously referred to as Falcon Point Uranium Project):

Subject to shareholders approving the issue of 250 million shares to British Columbia-registered Skyharbour Resources Ltd (**Skyharbour**), Pitchblende will have 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. Covering 25,846 hectares, the 16 contiguous mineral claims host several prospective areas of uranium mineralisation:

- Hook Lake/ Zone S – High grade surface outcrop with reported grades up to 68% U_3O_8(grab). Significant structural lineaments present several prospective regional targets. A bio-geochemical survey carried out over the trenches in 2015 yielded along-strike U anomalies 2 km to the northeast

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Figure 2: Uranium Scree from Hook Lake Project

- Nob Hill – Fracture-controlled vein-type uranium mineralisation on surface outcrop with up to 0.13%-0.14% U_3O_8. (grab). Diamond drilling intersected elevated uranium in several drill holes with values up to 422 ppm U over 0.5 m
- West Way - Vein type U mineralisation within a NE-trending shear zone. Grab samples taken from the surface showing contained variable uranium values including up to 0.48% U_3O_8. Drilling of the structure intersected the altered shear zone at depth, along with anomalous Cu, Ni, Co, As, V, U, & Pb
- Grid T - Fracture-hosted secondary uranium mineralisation in sheared calc-silicates and marbles in a 100 m x 20 m zone of anomalous radioactivity with grab samples having up to 800 ppm U
- Alexander Lake Boulder Field – 30 biotite-quartz-k-feldspar pegmatite boulders NE of Alexander Lake. The best results include: 360 ppm U, 1,400 ppm U and 1,600 ppm U respectively
- Thompson Lake Boulder Field – Numerous radioactive boulders and blocks of pegmatized meta-arkose, pegmatite, and granite. The best value obtained was 738 ppm U from a granite boulder
- NE Alexander Lake – Several calc-silicate, plagioclase-quartz granulite, quartzite, and meta-arkose boulders with up to 4,800 ppm U, 7,600 ppm Mo and 1,220 ppm Ni

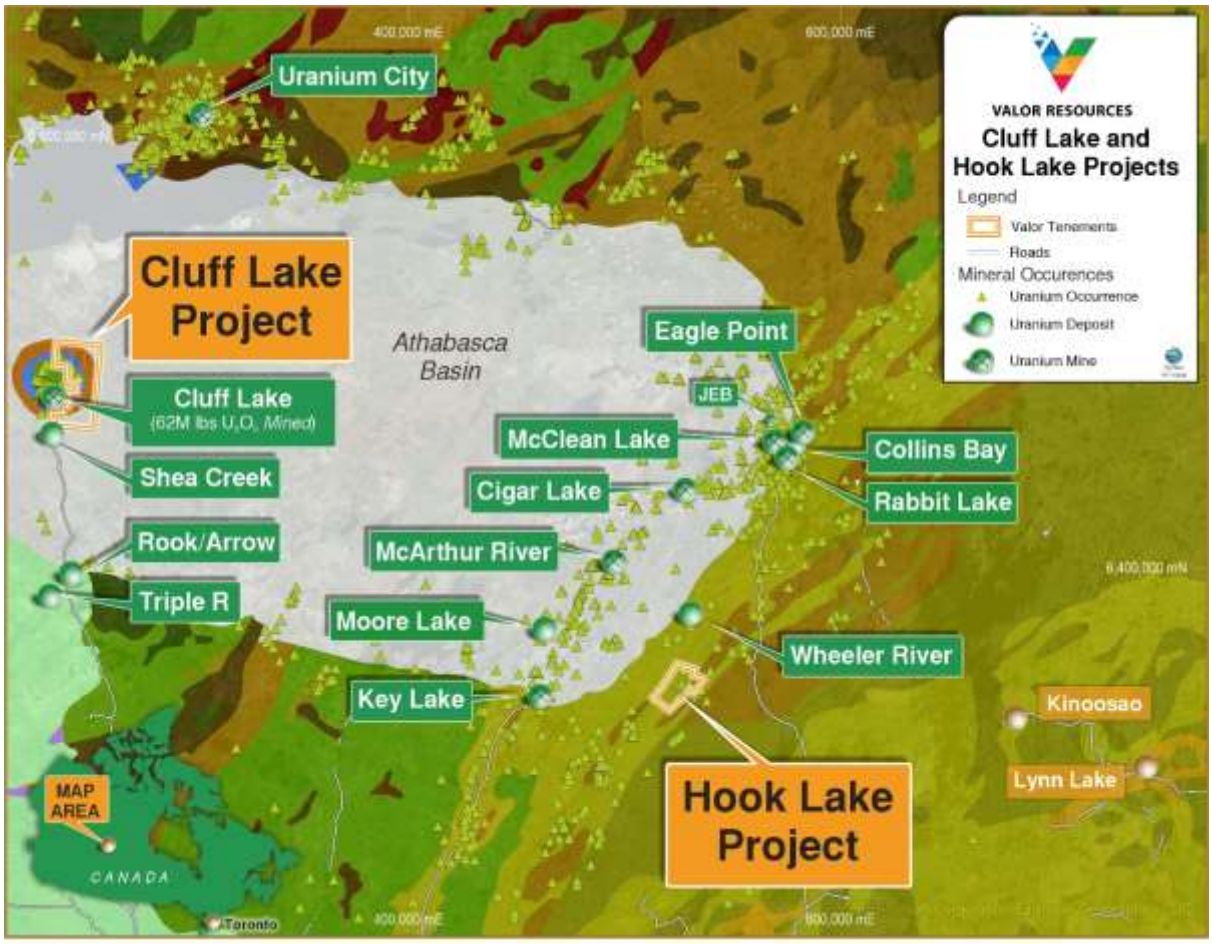


Figure 3: Hook Lake Project Geology

The project area is in close proximity to two all-weather northern highways and grid power.

Compilation and reinterpretation of previous exploration work results is already underway. It is anticipated that the initial phase of exploration work by Valor will include further bio-geochemical surveys, detailed UAV magnetics, ground gravity and resistivity surveys as well as detailed geological and structural mapping. Based on this work drill targets will be selected.

Pitchblende's right to earn its 80% interest in the Hook Lake Project is conditional on Valor spending up to $400,000 over the next 6 – 9 months to undertake a preliminary assessment of the Project. In the event Valor decides to proceed, it will seek further shareholder approvals as may be required by ASX.

If Valor decides to proceed with the Hook Lake Project, it will be required to commit up to $3.1 million in exploration expenditure to secure its 80% interest in the Hook Lake Project. In the event that it decides not to proceed, VAL will cancel up to 150 million of the shares to be issued to Skyharbour (the actual number to be based on the date of termination of the agreement with Skyharbour (**Skyharbour Agreement**)).

Cluff Lake Uranium Project

Pitchblende owns a 100% equity interest in 18 contiguous mineral claims covering 60,296 hectares in northern Saskatchewan. The property is located 7km east of the former-producing Cluff Lake Uranium Mine and much of the project area is located within the Carswell geological complex that hosts the Cluff Lake Mine. The mine produced 64 million pounds of U_3O_8 during its 22-year mine life at an average grade of 0.92% U_3O_8 from several open pit and underground operations. The southern boundary of the property is within 5km of the recently discovered Shea Creek Deposit operated by Orano Canada Inc. Shea Creek hosts an Indicated Resource (NI43-101-compliant) of 68 million pounds of U_3O_8 at a grade of 1.48% U_3O_8 (UEX Corporation Presentation, 20 August 2020).

Previous exploration work in the project area has identified several mineralised boulder trains and outcrops as well as prospective structural targets identified through airborne geophysics. The most recent survey, an

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airborne MEGATEM survey carried out by Fugro Airborne Survey Ltd. in 2007, resulted in the identification of 8 regions of interest along the eastern edge of the Carswell structure that merit follow-up exploration work.

As with the Hook Lake project, initial data compilation and evaluation is underway, the results of which will dictate the design of the initial work program.

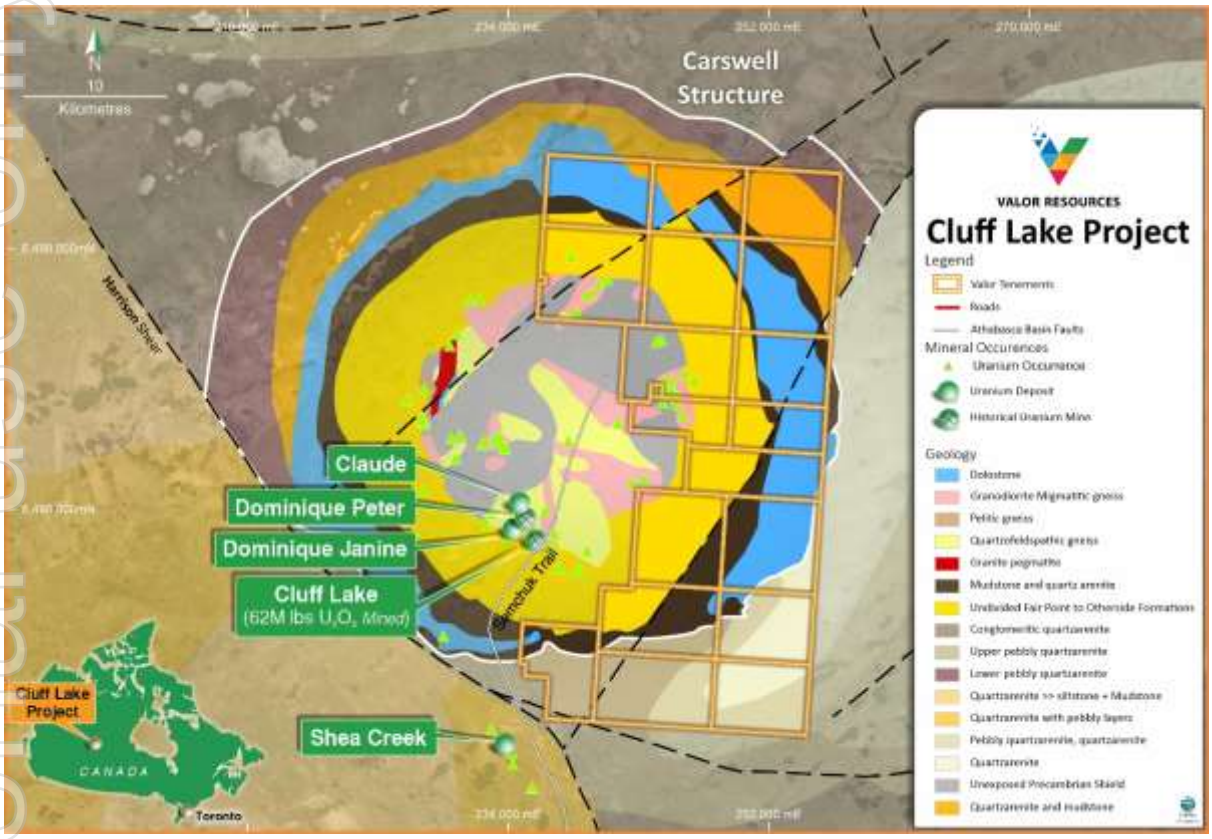


Figure 4: Cluff Lake Project Geology

Material Terms of Transaction

Valor has entered into a binding term sheet with Pitchblende, whereby Valor will acquire 100% of the share capital of Pitchblende, which collectively holds 100% of the ownership of the Cluff Lake Project and the rights to earn an 80% interest in the Hook Lake Project. The material terms of the Agreement are summarized below:

Material Terms	Details
Initial Consideration	➢ 583,333,333 fully paid ordinary Valor shares ("Consideration Shares") ➢ $50,000 cash (150,000,000 Consideration Shares will be subject to voluntary escrow arrangements and a contractual right to cancel some or all of those shares if VAL decides not to progress the Hook Lake Project.)
Performance Rights	➢ 333,333,333 rights to be issued fully paid ordinary Valor shares on achievement of performance milestones. The performance rights will vest, and be convertible into shares, on the achievement of the following performance milestones and in the following amounts: (i) 166,666,667 performance rights vesting on the achievement of significant mineralised intersections of not less than 10m @ >0.5%

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Material Terms	Details
	U_3O_8 or equivalent (e.g. 5m @ > 1.0% U_3O_8) within 2 years after completion; and (ii) 166,666,666 performance rights vesting on the identification of a mineral resource of at least 10 million pounds U_3O_8 at a cut-off grade of 0.5%
Deferred Consideration	➢ Deferred cash consideration as follows: (i) $75,000 on or before the first anniversary of the date of completion of the transaction (**Completion**); (ii) $150,000 on or before the second anniversary of Completion; and (iii) $150,000 on or before the third anniversary of Completion. The amounts payable as deferred consideration are conditional on Valor proceeding with the Skyharbour Agreement.
Capital Raising, Advisor Options & Creditor Shares	➢ Valor has signed a mandate with CPS Capital Group Pty Ltd to undertake a capital raising of up to 266,666,667 ordinary fully paid Valor shares at $0.003 per share to raise $800,000 (before costs). ➢ At completion of the transaction, Valor will issue: (i) 60 million options with an exercise price of $0.0045 per option; (ii) 60 million options with an exercise price of $0.008 per option; (iii) 60 million options with an exercise price of $0.015 per option, to various parties in consideration of arranging the transaction ("Advisor Options"). ➢ Valor has reached agreement with certain of its creditors to undertake, subject to completion occurring, a debt-for-equity swap on the basis of one share for every $0.003 of debt resulting in the issue of 75,650,000 fully paid ordinary shares ("Creditor Shares").
Conditions Precedent	➢ The transaction is subject to customary conditions precedent including due diligence in respect of Pitchblende and the Projects by Valor in its absolute discretion, a definitive agreement being entered into by the parties and shareholder and other regulatory approvals including the ASX being received. ➢ Valor has received confirmation from the ASX that the terms of the transaction are acceptable and consistent with Chapter 11 of the ASX Listing Rules and it will not require Valor to re-comply with Chapters 1 and 2 of the ASX Listing Rules provided that: • Valor obtains relevant shareholder approvals for the issues of securities described above; • the terms of grant of performance rights are acceptable to ASX in terms of Listing rule 6.1 and Guidance Note 19: • the terms of issue of the Adviser Options are acceptable to ASX under LR 12.5; and • Valor provides a 24-month budget that demonstrates Valor's intention to continue to expend funds and progress its existing Peruvian projects (subject to access constraints arising from COVID-19) which is attached at Annexure B.

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Capital structure

If Shareholders approve the issues of securities referred to above, the capital structure of the Company will be as follows:

	Shares	Options	Performance Rights	% (undiluted)	% (diluted)
Existing shareholders	1,920,848,085	400,000,000	-	67.48%	58.91%
Placement	266,666,667	-	-	9.37%	6.77%
Creditors	75,650,000	-	-	2.66%	1.92%
Pitchblende	333,333,333	-	333,333,333	11.71%	16.92%
Skyharbour	250,000,000	-	-	8.78%	6.35%
Bauk	-	-	120,000,000	-	3.05%
Billingsley	-	-	60,000,000	-	1.52%
Advisors	-	180,000,000	-	-	4.57%
Totals	**2,846,498,085**	**580,000,000**	**513,333,333**	**100.00%**	**100.00%**

General Meeting

Valor anticipates seeking shareholder approvals at the forthcoming Annual General Meeting to be held shortly.

Board Appointments

The appointments of Mr George Bauk and Mr Gary Billingsley, as Executive Chairman and Non-Executive Director respectively, brings significant skills and relevant experience to Valor Resources.

Mr George Bauk

Mr Bauk is an experienced company director with over 14 years' experience as a listed company director in Australia with the resources industry in both production and exploration with assets in Western Australia, Australia and internationally.

He is an experienced executive, with 30 years' experience in the resources industry. Mr Bauk holds a Bachelor of Business (Accounting and Finance) from Edith Cowan University, is a Fellow of the CPA and has an MBA from the University of New England. Mr Bauk has held global operational and corporate roles with WMC Resources and Western Metals. Mr Bauk has a strong background in strategic management, business planning, building teams, finance and capital/debt raising (over $350m), and experience with a variety of commodities in particular rare earths, gold, uranium and industrial minerals.

Mr Bauk has overseen a number of uranium exploration projects in the US, Tanzania and Western Australia, partnering with Areva in Western Australia whilst being Managing Director of Northern Uranium (prior to transitioning to Northern Minerals). In 2006, Mr Bauk was focussed on the southern Tanzanian region which was the region which was known for the successful Mkuju River discovery by Mantra Resources.

During his time as managing director of Northern Minerals, he led its rapid development from a Greenfields heavy rare earth explorer to one of a few global producers of high value dysprosium outside of China.

Mr Bauk is a passionate member of the WA resources industry having previously held a number of senior governing positions with the Chamber of Minerals and Energy including Vice President.

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Mr Gary Billingsley

Mr. Billingsley has over 37 years' experience as a listed company director in Canada in the resources industry from exploration through to production in both oil and gas and mining. He has global experience having worked on projects located in Canada, the US and Africa.

With 48 years' experience in the resources industry. Mr Billingsley holds a Bachelor of Science Advanced degree in geology from the University of Saskatchewan, in Canada. He also obtained his Chartered Accountant designation and currently also holds designations as both a Professional Engineer and Professional Geoscientist. Mr Billingsley has held several operational and corporate roles from Chief Mine Geologist to President and CEO of both small and large public companies. Besides a strong technical background, he has extensive experience on the corporate financial side including fund raising and serving on board committees including Audit, Compensation, Corporate Governance and Environment, Health and Safety committees. His public company experience covers commodities including oil and gas, base metals, gold, diamonds, uranium, potash and rare earths.

Some highlights of Mr. Billingsley's career include leading the team that put Saskatchewan's largest gold mine into production, still producing after 29 years; discovering several diamond-bearing kimberlites in Saskatchewan, one of which has now completed final feasibility; playing a major role in taking a junior potash company public, that was subsequently purchased by BHP; and establishing one of the first companies to recognize the importance of developing rare earth projects outside of China including downstream capacity.

Terms of performance rights

Subject to ASX and shareholder approval, Mr Bauk and Mr Billingsley will be entitled to the following performance rights in connection with their appointments:

(a) Mr Bauk - 120 million performance rights comprised of four (4) equal tranches of 30 million performance rights

(b) Mr Billingsley - 60 million performance rights comprised of four (4) equal tranches of 15 million performance rights

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

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

For vesting to occur, the Milestones applying to Tranches 1 to 3 must be achieved within 3 years of the general meeting at which the issue of the rights is approved and the Milestone applying to Tranche 4 must be achieved between 1 year and 3 years after the general meeting. Once vested, the performance rights must be converted into shares within 2 years of vesting, at the holder's absolute discretion.

This announcement has been authorised for release by the Board of Directors.
For further information, please contact:

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Email: george@totode.com.au
Phone: + 61 408 931 746

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About Valor Resources

Valor Resources Limited (ASX:VAL) ("Valor" or "the Company") is an exploration company focussed on creating shareholder value through acquisitions and exploration activities. The Company is focussed on two key projects as outlined below in Peru and Canada.

Valor's 100% owned Peruvian subsidiary, Kiwanda SAC holds the rights to the Picha & Berenguela South 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 fourteen granted mining concessions for a total of 6,900 hectares.

On completion of the acquisition of Pitchblende, Valor will:

(a) have 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. Covering 25,846 hectares, the 16 contiguous mineral claims host several prospective areas of uranium mineralisation; and

(b) own a 100% equity interest in 18 contiguous mineral claims covering 60,296 hectares in northern Saskatchewan. The property is located 7km east of the former-producing Cluff Lake Uranium Mine and much of the project area is located within the Carswell geological complex that hosts the Cluff Lake Mine.

Competent Person Statement

Statements contained in this report relating to exploration results and potential are based on information reviewed by Professor Ken Collerson, who is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Professor Ken Collerson BSc (Hons.) PhD., FAusIMM is an independent consultant geologist. He has field mapping and research experience with the geology of Northern Saskatchewan and has published peer reviewed papers on its geological history. He has sufficient relevant experience in relation to the mineralisation styles being reported on to qualify as a Competent Person as defined in the Australian Code for Reporting of Identified Mineral resources and Ore reserves (JORC Code 2012). Professor Ken Collerson consents to the use of this information in this report in the form and context in which it appears.

Appendix 1 – Interests in Mining Tenements Held

Project	Concession Name	Tenement	Location	Ownership at beginning of quarter	Ownership at end of quarter	Acquired During the Quarter	Disposed of During the Quarter
Berenguela South	Corona 01-18 Corona 02-18 Corona 03-18 Corona 04-18 Corona 05-18 Corona 06-18	01-01208-18 01-01209-18 01-01210-18 01-01211-18 01-01212-18 01-01213-18	Peru	100%	100%	-	-
Picha Project	Picha 2 Picha 3 Picha 7 Leon 3	01-03853-05 01-03854-05 01-00578-07 01-04638-08	Peru	100%	100%	-	-

* 01-02710-04 and 01-01115-09 overlap a pre-existing and current title known as Santa Lucia 14.

** 01-01341-09 overlaps a pre-existing and current title known as Lucia Josefina I.

Appendix 2 - Summary of Exploration Expenditure Incurred per Project

Project	**Quarter Cash Spend** $A'000
Picha Project	74
Total	**74**

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