



VALOR RESOURCES

ABN 88 076 390 451

ANNUAL REPORT 30 JUNE 2020

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CORPORATE DIRECTORY

Directors

Mr. Brian McMaster (Non-Executive Chairman)
 Dr. Nicholas Lindsay (Chief Executive Officer and
 Executive Director - Technical)
 Ms. Paula Smith (Non-Executive Director)

Company Secretary

Ms. Paula Smith

Registered Office

22 Lindsay Street
 PERTH, WA 6000
 Telephone: +61 8 9200 3467
 Facsimile: +61 8 9227 6390
 Website: www.valorresources.com.au

Share Registry

Automic Registry Services Pty Ltd
 Level 2, 267 St Georges Terrace
 PERTH, WA 6000
 Telephone: + 61 8 9324 2099
 Facsimile: + 61 8 9321 2337

Auditors

BDO Audit (WA) Pty Ltd
 38 Station Street
 SUBIACO, WA 6008

Stock Exchange

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

DIRECTORS' REPORT

The Directors present their report for Valor Resources Limited and its subsidiaries ("Valor" or "the Group") for the year ended 30 June 2020.

DIRECTORS

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

Mr. Brian McMaster Non-Executive Chairman

Mr McMaster is a Chartered Accountant and has over 20 years' experience in the areas of venture capital and project financing, corporate reconstruction and turnaround/performance improvement. Mr McMaster is the principal of Garrison Capital a boutique venture capital firm and formerly was a partner of the restructuring firm KordaMentha 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 AIM traded Harvest Minerals Limited (appointed 1 April 2014), AIM traded Jangada Mines plc (appointed 30 June 2015), AIM quoted Arc Minerals Limited (appointed 1 August 2017).

Mr McMaster was previously a director of Haranga Resources Limited (appointed 1 April 2014, resigned 1 June 2017), Bounty Mining Limited (appointed 29 March 2016, resigned 8 October 2017), LSE quoted Contango Holdings Limited (appointed 26 October 2017, resigned 30 June 2020) and TSX-V traded Five Star Diamonds Limited (appointed 20 April 2017, resigned 1 October 2017). He has not held any other listed directorships in the past three years.

Dr. Nicholas Lindsay Chief Executive Officer and Executive Director – Technical

Dr. Lindsay has over 30 years' experience in the global mining industry with strong exposure in South America. He has held senior roles in Chile and Australia, and managed ASX junior mining and exploration companies operating in South America. Dr. Lindsay has a BSc Honours degree in geology and an MBA from the University of Otago (New Zealand), and a PhD (Metallurgy & Materials Engineering) from the University of the Witwatersrand (South Africa). Dr Lindsay is also a member of the AusIMM and the Australian Institute of Geoscientists.

Dr Lindsay is currently a director of Lake Resources NL (appointed 18 July 2017), Manuka Resources Limited (appointed 7 June 2019) and Daura Capital Corp. (appointed 29 March 2018). He has not held any other directorships in the past three years.

Ms. Paula Smith Non-Executive Director & Company Secretary

Ms. Smith is a finance professional with over 16 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. Smith held senior roles in advisory firms KordaMentha and Ernst & Young. Ms. Smith holds a Bachelor of Commerce/Law (Hons), is a qualified Chartered Accountant and a Graduate of the Australian Institute of Company Directors.

Ms. Smith was a director of Lithex Resources Limited (appointed 29 January 2015, resigned 2 December 2016) and Haranga Resources Limited (appointed 28 March 2017, resigned 4 May 2018). She has not held any other listed directorships over the past three years.

DIRECTORS' REPORT (continued)

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	Listed Options exercisable at \$0.015 each, on or before 31/12/2021
Mr. Brian McMaster	102,030,143	10,000,000
Dr. Nicholas Lindsay	-	-
Ms. Paula Smith	5,007,425	5,000,000

RESULTS OF OPERATIONS

The Group's net loss after taxation attributable to the members of Valor Resources Limited for the year ended 30 June 2020 was \$3,094,431 (2019: \$4,036,303).

DIVIDENDS

No dividend was paid or declared by the Group during the year and up to the date of this report (2019: 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 South & Picha Projects - Peru

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

The Projects comprise 10 tenements held by Valor's 100% owned peruvian subsidiary Kiwanda S.A.C as follows:

Project	Concession Name	Tenement	Location	Title Area
Berenguela South	Corona 01-18	01-01208-18	Santa Lucia	4,900 hectares
	Corona 02-18	01-01209-18		
	Corona 03-18	01-01210-18		
	Corona 04-18	01-01211-18		
	Corona 05-18	01-01212-18		
	Corona 06-18	01-01213-18		
Picha Project	Picha 2	01-03853-05	45km South East of the town Santa Lucia	2,000 hectares
	Picha 3	01-03854-05		
	Picha 7	01-00578-07		
	Leon 3	01-04638-08		

Berenguela Project – Peru (“Berenguela”)

As announced to the ASX on 14 January 2019, Valor executed a joint venture option agreement with Kennecott Exploration Company, (later assigned to Rio Tinto Mining & Exploration), both wholly owned subsidiaries of Rio Tinto. Pursuant to the option agreement, 1,427 metres of diamond drilling was completed in 4 diamond drill holes, focusing on the mineral system below the existing deposit. Details of the work undertaken by Rio Tinto was detailed in ASX Announcement dated 31 January 2020 titled “*Berenguela Copper-Silver Project Update*” in which they also announced that Rio Tinto had declined to execute the joint venture option.

DIRECTORS' REPORT (continued)

Under the SSR Acquisition Agreements (refer to previous ASX announcements dated 13 February 2017 titled "Acquisition of Advanced Copper-Silver Project in Peru" and 24 October 2018 titled "Berenguela Project Acquisition Amendment" for further details), the next cash instalment of the purchase price, being USD \$1,800,000, was due to be paid by the Company to SSR on 11 February 2020.

Following a period of ongoing discussion and as detailed in the ASX announcement on 14 April 2020, Valor entered into an agreement with SSR, under which SSR agreed to acquire the Company's interest in the Berenguela Project in consideration for the release and discharge of Valor's acquisition obligations under the original Acquisition Agreements of USD \$10.8m owed to SSR and the relevant security interests. Settlement of the transfer was anticipated to be completed by 31 July 2020, however, experienced delays with lodging the necessary documentation with Peruvian Regulators (due to Covid-19 closures) and therefore have necessitated an agreed extension for settlement to 31 October 2020.

As part of the sale transaction, the Group are to divest all of the Group's share capital interest in Sominbesa and Fossoles Limited which hold the relevant interests in the Berenguela Project.

Radio Gold Project

On 4 September 2019, Valor announced a binding Heads of Agreement to earn up to a 75% interest in the Radio Gold Mine owned by Radio Gold Pty Ltd, a 100% owned subsidiary of Resources Energy Group Limited (ASX: REZ), located 40km north of Southern Cross in Western Australia by acquiring 100% of the fully paid ordinary shares of Bullfinch One Pty Ltd (Bullfinch One) from Sulphide-X Limited (Sulphide-X). The agreement with Radio Gold Pty Ltd granted Bullfinch One the right to acquire up to 25% by way of instalment payments and the right to acquire 50% upon meeting minimum expenditure of \$4 million over a two-year farm-in period. On 8 October 2019, Bullfinch One acquired the initial 6.25% interest in the Radio Gold Mine following payment of the first cash instalment of \$500,000.

On 3 February 2020, Valor completed the acquisition of Bullfinch One by issuing to Sulphide-X a total of 20,000,000 fully paid ordinary Valor shares. Bullfinch One attended to the transfer of all relevant licenses for the operation of the mine and commenced dewatering of the mine in preparation for the re-starting of production.

On 14 April 2020 and as a result of the deterioration in capital markets following commencement of the Covid-19 pandemic, Valor announced a conditional sale agreement with Summit Resource Holdings Pty Ltd to acquire Valor's interests in the Radio Gold Project tenements held by Bullfinch One. Settlement of this transaction occurred on 22 May 2020 for total consideration of \$880,000.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2021 financial year.

There were no further 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.

The impact of COVID-19 on the company going forward, including its financial condition cannot be reasonably estimated at this stage and will be reflected in the Group's 2021 interim and annual financial statements.

DIRECTORS' REPORT (continued)**ENVIRONMENTAL REGULATIONS AND PERFORMANCE**

The Group carries out operations that are subject to environmental regulations under legislation in Peru. 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 and at reporting date, there are 400,000,000 unissued ordinary shares under options. The details of the options at the date of this report are as follows:

Number	Exercise Price \$	Expiry Date
400,000,000	\$0.015	31/12/2021

86,333,333 options expired 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. Brian McMaster	4	4
Ms. Paula Smith	4	4
Dr. Nicholas Lindsay	4	4

In addition to the formal meetings of directors above, the Board has held numerous 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 behavior 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 can be downloaded from the Company's website at www.valoresources.com.au/CorporateGovernance.

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 2020.

DIRECTORS' REPORT (continued)**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. Brian McMaster	Non-Executive Chairman
Dr. Nicholas Lindsay	Chief Executive Officer and Executive Director – Technical
Ms. Paula Smith	Non-Executive Director and Company Secretary

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 2020.

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	2020	2019	2018	2017	2016
Loss per share (cents)	(0.160)	(0.217)	(0.267)	(0.227)	(3.25)
Share Price	\$0.002	\$0.005	\$0.009	\$0.009	\$0.004

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.

Shareholders approved the establishment of an Employee Share Plan ("ESP") at a general meeting on 30 November 2017. The Company believes that the ESP will attract, motivate and retain key employees and the Company considers that the adoption of the ESP and the future issue of shares under the ESP will provide selected employees with the opportunity to participate in the future growth of the Company. No shares have been issued under this plan in the current financial year.

DIRECTORS' REPORT (continued)

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:

2020	Short term		Share based payments		Post-employment		Total	Share based payment related %
	Base Salary	Other	Shares	Options	Superannuation	Benefits		
	\$	\$	\$	\$	\$	\$	\$	%
Executive Director								
Dr. Nicholas Lindsay	92,400	-	-	-	-	-	92,400	-
Non- Executive Directors								
Mr. Brian McMaster	77,000	-	-	-	-	-	77,000	-
Ms. Paula Smith	18,000	-	-	-	-	-	18,000	-
	187,400	-	-	-	-	-	187,400	-

At 30 June 2020, director fees outstanding and unpaid to Ms. Smith totalled \$12,000 (2019: \$1,500), to Mr McMaster totalled \$56,000 (2019: \$nil), and to Dr Lindsay totalled \$51,150 (2019: \$nil). There were no other executive officers of the Group during the financial year ended 30 June 2020.

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:

2019	Short term		Share based payments		Post-employment		Total	Share based payment related %
	Base Salary	Other	Shares	Options	Superannuation	Benefits		
	\$	\$	\$	\$	\$	\$	\$	%
Executive Director								
Dr. Nicholas Lindsay	110,000	-	-	-	-	-	110,000	-
Mr. Mark Sumner ¹	58,250	-	-	-	-	-	58,250	-
Non- Executive Directors								
Mr. Brian McMaster	82,852	-	-	-	-	-	82,852	-
Ms. Paula Smith	17,727	-	-	-	-	-	17,727	-
	268,829	-	-	-	-	-	268,829	-

¹ Mr Mark Sumner resigned from the Board on 30 November 2018

Shareholdings of Directors

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

2020	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. Brian McMaster	71,746,810	-	30,283,333 ¹	-	102,030,143
Ms. Paula Smith	5,007,425	-	-	-	5,007,425
Dr. Nicholas Lindsay	-	-	-	-	-

¹ Off market purchase

DIRECTORS' REPORT (continued)

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 of the Group, including their personally related parties, are set out below:

2020	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. Brian McMaster	10,000,000	-	-	10,000,000	10,000,000	-	-
Ms. Paula Smith	5,000,000	-	-	5,000,000	5,000,000	-	-
Dr. Nicholas Lindsay	-	-	-	-	-	-	-

Other transactions with Key Management Personnel

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 \$30,000 (2019: \$32,500) and accounting services totalling \$36,000 (2019: \$39,000). \$48,400 (2019: \$6,864) was outstanding at year-end.

Garrison Capital (UK) Limited, a company of which Mr. McMaster is a director, provided the Group with a Serviced office, IT, website and Administration Services totalling \$46,334 (2019: \$46,388) and advertising and PR Services totalling \$nil (2019: \$6,752). \$nil (2019: \$3,622) 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 2020.

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.

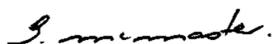
Valor Resources Limited have not engaged any remuneration consultants during the year.

Voting and comments made at the Group's 2019 Annual General Meeting

Valor Resources Limited received more than 97.0% of "yes" votes on its remuneration report for the 2019 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. Brian McMaster
 Non- Executive Chairman
 25 September 2020
 Perth, Western Australia

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Interest revenue		804	7,034
Other income	4	246,513	7
Expenses			
Listing and share registry expenses		(57,211)	(70,186)
Legal fees		(151,786)	(93,450)
Consultants and directors' fees	5(a)	(530,913)	(688,201)
Impairment of receivable	7	(464,056)	(89,826)
Travel and accommodation		(9,003)	(61,673)
Depreciation		(2,435)	(2,304)
Foreign exchange gain / (loss)		4,238	(89,387)
Impairment of exploration expenditure	14	(496,860)	(393,881)
Share based payment expense	25	-	(25,007)
Wages & salaries		(90,579)	-
Other expenses	5(b)	(227,636)	(186,656)
Loss before finance costs & income tax		(1,778,924)	(1,693,530)
Fair value loss on deferred consideration liability	6	(1,315,507)	(2,342,773)
Loss before income tax		(3,094,431)	(4,036,303)
Income tax benefit	8	-	-
Net loss for the year		(3,094,431)	(4,036,303)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation difference	18	(676,144)	667,945
Other comprehensive loss for the year, net of tax		(676,144)	667,945
Total comprehensive loss for the year		(3,770,575)	(3,368,358)
Loss per share attributable to owners of Valor Resources Limited			
Basic and diluted loss per share (cents per share)	21	(0.160)	(0.217)

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 2020*

	Note	2020 \$	2019 \$
Current Assets			
Cash and cash equivalents	9	624,971	1,167,129
Trade and other receivables	10	59,798	59,368
Other current assets	12	15,041	15,707
		699,810	1,242,204
Assets held for sale	11	14,425,700	-
Total Current Assets		15,125,510	1,242,204
Non-Current Assets			
Plant and equipment	13	12,387	15,359
Deferred exploration and evaluation expenditure	14	815,177	16,823,171
Total Non-Current Assets		827,564	16,838,530
Total Assets		15,953,074	18,080,734
Current Liabilities			
Trade and other payables	15(a)	402,054	2,565,492
Liabilities associated with asset held for sale	16	14,425,700	-
Total Current Liabilities		14,827,754	2,565,492
Non-Current Liabilities			
Other payables	15(b)	105,342	10,845,299
Total Non-Current Liabilities		105,342	10,845,299
Total Liabilities		14,933,096	13,410,791
Net Assets		1,019,978	4,669,943
Equity			
Issued capital	17	51,849,714	51,729,104
Reserves	18	17,172,264	17,848,408
Accumulated losses	19	(68,002,000)	(64,907,569)
Total Equity		1,019,978	4,669,943

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

Consolidated Statement of Cash Flows for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Payments to suppliers and employees		(828,937)	(1,119,712)
Interest received		804	7,034
Finance costs		(5,120)	(6,869)
Net cash (outflow) / inflow from operating activities	9	(833,253)	(1,119,547)
Cash flows from investing activities			
Cash received on sale of interest in Radio Gold Mine		880,000	-
Expenditure on exploration		(2,860,563)	(962,432)
Payment to acquire investment		(711,503)	-
Net cash (outflow) / inflow from investing activities		(2,692,066)	(962,432)
Cash flows from financing activities			
Proceeds from issue of shares		-	3,000,000
Line of credit per Rio Tinto agreement		2,978,924	-
Proceeds from options issue		-	160,000
Share issue costs		-	(213,068)
Net cash inflow from financing activities		2,978,924	2,946,932
Net increase / (decrease) in cash held		(546,396)	864,953
Cash and cash equivalents at beginning of financial year		1,167,129	391,563
Net foreign exchange differences		4,238	(89,387)
Cash and cash equivalents at end of the financial year	9	624,971	1,167,129

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

Valor Resources Limited

Consolidated Statement of Changes in Equity for the year ended 30 June 2020

	Issued Capital	Accumulated Losses	Option Reserves	Foreign Exchange Reserves	Share Based Payments Reserve	Performance Shares Reserve	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	51,729,104	(64,907,569)	5,501,485	623,669	11,712,193	11,061	4,669,943
Loss for the year	-	(3,094,431)	-	-	-	-	(3,094,431)
<i>Other comprehensive income</i>							
Foreign currency translation difference	-	-	-	(676,144)	-	-	(676,144)
Total comprehensive loss for the year	-	(3,094,431)	-	(676,144)	-	-	(3,770,575)
<i>Transactions with owners in their capacity as owners</i>							
Shares issued as part of acquisition	80,000	-	-	-	-	-	80,000
Shares issued to settle liabilities	40,610	-	-	-	-	-	40,610
Exercise of options	-	-	-	-	-	-	-
Balance at 30 June 2020	51,849,714	(68,002,000)	5,501,485	(52,475)	11,712,193	11,061	1,019,978
Balance at 1 July 2018	48,252,652	(60,871,266)	5,254,126	(44,276)	11,712,193	11,061	4,314,490
Loss for the year	-	(4,036,303)	-	-	-	-	(4,036,303)
<i>Other comprehensive income</i>							
Foreign currency translation difference	-	-	-	667,945	-	-	667,945
Total comprehensive loss for the year	-	(4,036,303)	-	667,945	-	-	(3,368,358)
<i>Transactions with owners in their capacity as owners</i>							
Shares issued as part of rights issue	-	-	-	-	-	-	-
Shares issued as part of acquisition	776,879	-	-	-	-	-	776,879
Shares issued as part of placements	3,000,000	-	-	-	-	-	3,000,000
Issue of options	-	-	247,359	-	-	-	247,359
Share issue costs	(460,427)	-	-	-	-	-	(460,427)
Exercise of options	160,000	-	-	-	-	-	160,000
Balance at 30 June 2019	51,729,104	(64,907,569)	5,501,485	623,669	11,712,193	11,061	4,669,943

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” or “the Group”) for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Directors on 25 September 2020.

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

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

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. The Group has incurred a loss for the year ended 30 June 2020 of \$3,094,431 (30 June 2019: \$4,036,303) and net cash outflows from operating and investing activities of \$833,253 (2019: \$1,119,547). At 30 June 2020, the Group had \$624,971 of cash and cash equivalents.

The World Health Organisation announced that the coronavirus (COVID-19) had become a pandemic on 11 March 2020. The Group has developed policies and procedures to address the health and wellbeing of employees. The timing, extent of the impact and recovery from COVID-19 on our employees and suppliers is unknown at this stage. The full impact of COVID-19 outbreak continues to evolve as at the date of this report. As such, the Group is unable to estimate the effects of the COVID-19 outbreak on the Group’s financial position, liquidity and operations in the 2021 financial year.

As the Group is expected to be cash-flow negative in the foreseeable future as a result of continued exploration expenditures, the ability of the Group to continue as a going concern is dependent on securing additional funding, most likely through an issuance of new equity. These conditions indicate the existence of a material uncertainty that may cast a significant doubt about the Group’s ability to continue as a going concern and therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors believe the Group will continue as a going concern, after consideration of the following factors:

- The working capital surplus also contains amounts associated with assets held for sale which expects to be settled within the next 12 months;
- the level of expenditure can be managed;
- related parties have provided confirmation that they do not intend to seek payment of debts until such time as the Group is in a financial position to do so or a restructure is undertaken that provides for payment of amounts owing; and
- upon settlement of the SSR agreement relating to the asset held for sale, repayment of the deferred consideration will no longer be required.

The directors plan to continue the Group’s operations on the basis outlined above and believe there will be sufficient funds for the Group to meet its obligations and liabilities for at least twelve months from the date of this report.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable.

2. Summary of Significant Accounting Policies (Continued)

(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 where 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 and Amended Accounting Standards

Changes in accounting policies

AASB 16 Leases

AASB 16 replaces AASB 117 Leases. AASB 16 removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. AASB 16 is applicable to annual reporting periods beginning on or after 1 July 2019. As the group currently has no leases, this has not resulted in any adjustments being made to the financial statements, and no changes to the accounting policies of the group.

In the year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current reporting period.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2020. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to the Group accounting policies.

New and amended accounting standards and interpretations have been published but are not mandatory. The Group has decided against early adoptions of these standards, and has determined the potential impact on the financial statements from the adoption of these standards and interpretations is not material to the Group.

(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.

2. Summary of Significant Accounting Policies (Continued)**(e) Foreign Currency Translation (continued)***(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:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
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.

2. Summary of Significant Accounting Policies (Continued)**(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.

2. Summary of Significant Accounting Policies (Continued)**(h) Exploration Expenditure (continued)**

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 expected credit loss. 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.

2. Summary of Significant Accounting Policies (Continued)**(m) Income Tax (continued)**

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.

2. Summary of Significant Accounting Policies (Continued)**(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.

Shareholders approved the establishment of an Employee Share Plan ("ESP") at a general meeting on 30 November 2017. The Company believes that the ESP will attract, motivate and retain key employees and the Company considers that the adoption of the ESP and the future issue of shares under the ESP will provide selected employees with the opportunity to participate in the future growth of the Company.

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.

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 ('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 25).

(u) Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

2. Summary of Significant Accounting Policies (Continued)

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

(v) Asset Acquisitions

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 an 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) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control in accordance with AASB 11.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interests a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(x) 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.

2. Summary of Significant Accounting Policies (Continued)

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 24 for further detail.

Treatment of Acquisitions

Valor has determined that the acquisitions take the form of an asset acquisition and not a business combination in accordance with AASB 3. In making this decision, Valor determined that the nature of the exploration and evaluation activities by Bullfinch One Pty Ltd 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, Valor has judged that given the stage of development of the Radio Gold Project, the acquired set of assets and processes were not capable at the time of acquisition of producing intended output, namely the production of gold in a saleable form.

Classification of asset held for sale

As disclosed in further detail in note 11, it is highly probable that the sale of the Berenguela Project will occur within 12 months as at the date of this report.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that COVID-19 has had or may have on the Group based on known information. This consideration extends to the nature of products and services offered, customers, supply-chain, staffing and geographic regions in which the Group operates.

Other than as addressed in the Directors' Report and in specific notes, there does not currently appear to be any material impact on the financial statements with respect to events or conditions which may impact the Group unfavourably as at the reporting date.

(y) 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:

Valor Resources Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2020

2. Summary of Significant Accounting Policies (Continued)

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. Other Income

	2020	2019
	\$	\$
(a) Other income associated with sale of Radio Gold Project		
Consideration received	880,000	-
Payments prior to acquisition	(711,503)	-
Gain on sale of asset disposal	168,497	-
(b)		
Fuel tax credits	12,855	-
Loan payable write-down	65,161	-
Other income	-	7
	246,513	7

During the year, Bullfinch One, a subsidiary of Valor, sold their interest in the Radio Gold project resulting in a recognition of \$168,497 gain on sale income.

5. Expenses

	2020	2019
	\$	\$
(a) Consultants and Directors' Fees		
Accounting, audit and tax fees	81,957	83,688
Company secretary costs	30,000	32,500
Consulting fees	224,291	286,330
Director fees	194,665	285,683
	530,913	688,201
(b) Other Expenses		
	2020	2019
	\$	\$
Advertising and promotion	-	53,519
Brokerage costs	-	12,752
Dewatering expenses	57,179	-
Insurance	22,265	22,629
Rent & Outgoings	6,143	20,256
Administrative services / other	142,049	77,500
	227,636	186,656

Valor Resources Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2020

6. Finance costs

A finance cost of \$1,315,507 (2019: \$2,342,773) has been incurred during the year. This cost relates to the unwinding of the discount applied to the deferred consideration liability incurred upon acquisition of the Berenguela Project. Valor and SSR reached an agreement for SSR to accept a transfer of the Shares in the entities which hold the Berenguela Project from Valor to SSR on terms where the consideration for the transfer is the discharge of Valor's obligations under the Share Sale and Purchase Agreement including the outstanding debt of USD \$10.8m and relevant security interests.

7. Impairment of receivables

The impairment of receivable of \$464,056 relates to Value Added Tax (VAT) in Peru and the timing and quantum of receipt from Peruvian subsidiary is uncertain. As such and in line with prior year accounting, the Company has assessed this amount to be non-recoverable and as such has been impaired.

8. Income Tax

	2020	2019
	\$	\$
(a) Income tax expense		
<i>Major component of tax expense for the year:</i>		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

(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:

Loss from operations before income tax expense	(3,094,431)	(4,036,303)
Tax at the Australian rate of 30% (2019: 30%)	(928,329)	(1,210,891)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	(928,329)	(1,210,891)
Section 40-880 black hole expenses	-	-
Income tax expense	<u>(928,329)</u>	<u>(1,210,891)</u>
Movement in unrecognised temporary differences		
Accruals	390,098	387,510
Impairment - EE	149,058	-
Impairment - Receivable	139,217	-
Forex (Unrealised)	78,707	-
Tax effect of current year tax losses for which no deferred tax asset has been recognised	171,249	823,381
Income tax expense	<u>-</u>	<u>-</u>

(c) unrecognised temporary differences

Deferred Tax Assets (at 30%)		
<i>On Income Tax Account</i>		
Carry forward tax losses	4,678,260	4,594,872
Commercial debt forgiveness	(893,677)	-
Share issue costs deductible over five years	237,734	318,373
Other	757,080	387,510
	<u>4,779,397</u>	<u>5,300,755</u>
<i>Deferred Tax Liabilities (at 30%)</i>	-	-

8. Income Tax (continued)

Deferred income tax assets have not been recognised as it is not probable that future profit will be available against which deductible temporary differences can be utilised.

In addition to the above Australian estimated future income tax benefits the consolidated entity has incurred significant expenditure in Peru, some of which should give rise to taxable deductions. At this stage the company is unable to reliably estimate the quantity of such future tax benefits.

9. Cash and Cash Equivalents

	2020	2019
	\$	\$
Reconciliation of Cash		
Cash comprises of:		
Cash at bank	<u>624,971</u>	<u>1,167,129</u>
Reconciliation of operating loss after tax to net cash flows from operations		
Loss after tax	(3,094,431)	(4,036,303)
Non cash items		
Foreign exchange loss	(4,238)	867,722
Depreciation	2,435	2,304
Finance Costs	1,315,507	1,648,708
Non-cash impairments and other write-offs	960,916	483,707
Share based payments	-	25,007
Change in assets and liabilities		
(Decrease) / increase in trade and other receivables	430	6,785
Increase / (decrease) in trade and other payables	(13,872)	(117,477)
Net cash outflow from operating activities	<u>(833,253)</u>	<u>(1,119,547)</u>
Non-cash investing and financing activities		
Acquisition of Radio Gold Tenement	80,000	-
Total non-cash investing and financing activities	<u>80,000</u>	<u>-</u>

10. Trade and Other Receivables

	2020	2019
	\$	\$
Other Receivables	38,290	46,188
GST Receivable	21,508	13,180
	<u>59,798</u>	<u>59,368</u>

11. Current assets – non-current assets classified as held for sale

	2020	2019
	\$	\$
Berenguela project	14,425,700	-
	<u>14,425,700</u>	<u>-</u>

During the year, Valor and SSR reached an agreement for SSR to accept a transfer of the Shares in the entities which hold the Berenguela Project from Valor to SSR on terms where the consideration for the transfer is the discharge of Valor's obligations under the Share Sale and Purchase Agreement including the outstanding debt of USD \$10.8m and relevant security interests. The sale of the Berenguela Project is expected to be settled by 31 October 2020 pending the processing of documentation by the Peruvian government offices.

Valor Resources Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2020

12. Other Current Assets

	2020	2019
	\$	\$
Prepayments	15,041	15,707
	15,041	15,707

13. Plant and Equipment

	2020	2019
	\$	\$
Opening balance	15,359	16,860
Additions	-	-
Disposals	-	-
Net exchange differences on translation	(537)	803
Depreciation charge for the year	(2,435)	(2,304)
Closing balance	12,387	15,359

14. Deferred Exploration and Evaluation Expenditure

	2020	2019
	\$	\$
Opening balance	16,823,171	16,032,428
Exploration expenditure incurred during the year	2,590,440	1,596,883
Acquisition of Radio Gold Mine Project ¹	711,503	-
Sale of Radio Gold Mine Project (refer to note 4)	(711,503)	-
Transfer to assets held for sale ²	(14,425,700)	-
Funding obligation per KEX agreement	-	(988,262)
Line of credit per Rio Tinto agreement ³	(2,978,924)	-
Impairment ⁴	(496,860)	(393,881)
Net exchange differences on translation	(696,950)	576,003
Closing balance	815,177	16,823,171

¹ On 4 September 2019, Valor announced a binding Heads of Agreement to earn up to a 75% interest in the Radio Gold Mine through its subsidiary Bullfinch One.

² Refer to note 11

³ As announced on 14 January 2019, the Company entered a Joint Venture Option Agreement with Kennecott Exploration Company (KEX), a wholly owned subsidiary of Rio Tinto. Pursuant to the Option Agreement, KEX was required to spend US\$2 million on exploration expenditure on the Berenguela Project. In November and December 2019, Valor and Rio Tinto entered into a release agreement whereby Valor is released from the obligation to repay the debt derived from the Line of credit. On 31 January 2020, the Company announced that KEX elected not to proceed with the JV agreement.

⁴ Based on the information per note 11, an impairment of the Berenguela Project was recognised to bring the Berenguela Project portion of Exploration Expenditure in line with the liabilities associated with assets held for sale of \$14,425,700.

15. Trade and Other Payables

	2020	2019
	\$	\$
(a) Current		
Other payables	351,584	64,218
Deferred consideration liability ¹	-	2,440,833
Accruals - Other	46,101	56,163
Provisions	4,369	4,278
	402,054	2,565,492
(b) Non-Current		
Deferred consideration liability ¹	-	10,674,480
Borrowings	-	60,398
Deferred Tax Liability	105,342	110,421
	105,342	10,845,299

¹ Refer to note 11.

Valor Resources Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2020

16. Current liabilities – liabilities directly associated with assets classified as held for sale

	2020	2019
	\$	\$
Deferred consideration liability ¹	14,425,700	-
	14,425,700	-

¹ Refer to note 6 & note 11.

17. Issued Capital

	2020	2019
	\$	\$
(a) Issued and paid up capital		
Ordinary shares fully paid	51,849,714	51,729,104

	2020		2019	
	Number	\$	Number	\$
(b) Movements in shares on issue				
Opening balance	1,893,192,258	51,729,104	1,475,504,358	48,252,652
Shares issued as part of placements	-	-	300,000,000	3,000,000
Exercise of options	-	-	40,000,000	160,000
Shares issued as part of acquisitions ¹	20,000,000	80,000	77,687,900	776,879
Shares issued through settlement of liabilities ²	7,655,827	40,610	-	-
Share issue costs	-	-	-	(460,427)
Closing balance	1,920,848,085	51,849,714	1,893,192,258	51,729,104

¹ As announced on 3 February 2020, Valor completed the acquisition of Bullfinch One by issuing to Sulphide-X a total of 20,000,000 fully paid ordinary Valor shares. Bullfinch One attended to the transfer of all relevant licenses for the operation of the mine and commenced dewatering of the mine in preparation for the re-starting of production.

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

(c) 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 \$1,019,978 at 30 June 2020 (2019: net assets balance of \$4,669,943). 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 24 for further information on the Group's financial risk management policies.

(e) Share Options

As at the date of this report, there are 400,000,000 unissued ordinary shares under options (400,000,000 the lodgement date). The details of the options at the date of this report are as follows:

	Listed Options Exercise at \$0.045 By 04/12/2019	Listed Options Exercise at \$0.015 By 31/12/2021
Balance at 1 July 2019	86,333,333	400,000,000
Expired on 31 December 2019	(86,333,333)	-
Balance at as at 30 June 2020	-	400,000,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity. No options were exercised since the end of the half-year.

Valor Resources Limited**Notes to the Consolidated Financial Statements for the year ended 30 June 2020****18. Reserves**

	2020	2019
	\$	\$
Option reserve	5,501,485	5,501,485
Foreign currency translation reserve	(52,475)	623,669
Share based payments reserve	11,712,193	11,712,193
Performance shares reserve	11,061	11,061
	17,172,264	17,848,408

Movements in Reserves

	2020	2019
	\$	\$
<i>Options reserve</i>		
Opening balance	5,501,485	5,254,126
Options issued	-	247,359
Closing balance	5,501,485	5,501,485

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

Foreign currency translation reserve

Opening balance	623,669	(44,276)
Foreign currency translation difference	(676,144)	667,945
Closing balance	(52,475)	623,669

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	11,712,193	11,712,193
Share based payments expense	-	-
Closing balance	11,712,193	11,712,193

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.

19. Accumulated losses

	2020	2019
	\$	\$
Movements in accumulated losses were as follows:		
Opening balance	(64,907,569)	(60,871,266)
Loss for the year	(3,094,431)	(4,036,303)
Closing balance	(68,002,000)	(64,907,569)

23. Interests in Other Entities

(a) Subsidiaries

The Group's principal subsidiaries as at 30 June 2020 and 30 June 2019 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	
		2020	2019
Kiwanda S.A.C	Peru	100%	100%
Fossores Ltd	Grand Cayman	100%	100%
Bullfinch One Pty Ltd	Australia	100%	0%
Sociedad Minera Berenguela S.A.	Peru	100%	100%

24. 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 2020 and 30 June 2019 all trade and other payables are contractually matured within 30 days and so the carrying value equals the contractual cash flows. 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 8.40%. The principal payments are contractually required in United States dollars and have been converted to Australian dollars.

(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.

	2020	2019
	\$	\$
Cash and cash equivalents	624,971	1,167,129

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.

Valor Resources Limited**Notes to the Consolidated Financial Statements for the year ended 30 June 2020****24. Financial Risk Management (continued)**

Judgements of reasonably possible movements	Effect on Pre Tax Earnings	
	Increase/(Decrease)	
	2020	2019
Increase 100 basis points	62,497	116,713
Decrease 100 basis points	(62,497)	(116,713)

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 an 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's cash and cash equivalents as at 30 June 2020 is substantially held by one reputable Australian banking financial institution.

(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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Consolidated – 2020				
<i>Assets</i>				
Assets held for sale			14,425,700	14,425,700
Total assets	-	-	14,425,700	14,425,700
<i>Liabilities</i>				
Liabilities associated with asset held for sale	-	-	14,425,700	14,425,700
Total liabilities	-	-	14,425,700	14,425,700
Consolidated - 2019				
<i>Liabilities</i>				
Deferred consideration payments	-	-	13,115,313	13,115,313
Total liabilities	-	-	13,115,313	13,115,313

There were no transfers between levels during the financial year.

Non-recurring fair value measurements

The asset classified as held for sale during the reporting period was measured at the lower of its carrying value and fair value less costs to sell at the time of the reclassification, resulting in the recognition of a write-down of \$496,860 in the statement of profit or loss. This is a level 3 measurement as per the fair value hierarchy set out above. Refer Note 11.

24. Financial Risk Management (continued)

The fair value of the liabilities associated with the asset held for sale is estimated by discounting the remaining contractual maturities at the current market interest rate. An increase/decrease in this discount rate would increase/decrease the liability and corresponding asset by the same amount.

There were no other financial assets or liabilities at 30 June 2020 requiring fair value estimation and disclosure, 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.

25. Share Based Payments

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:

	2020	2019
	\$	\$
<i>Operating expenses</i>		
Share based payments to brokers	-	247,359
Share based payments to consultants (<i>see below</i>)	-	25,007
	-	<u>272,366</u>

On 31 March 2017, Valor appointed Dr. Ernest Lima Osorio as Chief Operating Officer and under a Services Agreement, Dr. Lima was entitled to a share-based salary component of US\$2,000 worth of shares per month. Dr Lima's employment was terminated on 31 March 2019 and as such Dr. Lima has no entitlement to shares in 2020 (2019: A\$25,007). During the year, Valor issued Dr. Lima the remaining amount of shares due under the Services Agreement which were expensed in prior years with a value of A\$40,610.

26. Contingent Liabilities

SSR is entitled to a 1% net smelter royalty on all minerals and mineral products produced from the Berenguela Project. These items have not been included as consideration for the acquisition given they are contingent in nature and cannot be reliably measured at the date of acquisition because they are dependent on future events not wholly within the control of the entity. Valor and SSR have reached an agreement for SSR to accept a transfer of the Shares in the entities which hold the Berenguela Project from Valor to SSR and upon settlement of the transaction the 1% net smelter royalty will no longer be a contingent liability of the Company.

There are no other known contingent liabilities.

27. Commitments

There were no commitments as at 30 June 2020 (2019: Nil).

28. Events Subsequent to Reporting Date

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report.

Management is actively monitoring the global situation and its impact on the Group's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2021 financial year.

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

Valor Resources Limited

Notes to the Consolidated Financial Statements for the year ended 30 June 2020

29. 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.

30. Parent Entity Information

The following details information related to the parent entity, Valor Resources Limited, at 30 June 2020. The information presented here has been prepared using consistent accounting policies as presented in note 2.

	2020	2019
	\$	\$
Current assets	422,429	1,190,905
Total assets	15,711,817	15,115,612
Current liabilities	14,691,839	2,545,434
Total liabilities	14,691,839	13,219,913
Net Assets / (Liabilities)	1,019,978	1,895,699
Issued capital	51,849,714	51,729,104
Reserves	17,224,740	17,224,740
Accumulated losses	(68,054,476)	(67,058,145)
Total Equity	1,019,978	1,895,699
Loss of the parent entity	(996,331)	(6,334,147)
Other comprehensive loss for the year	-	-
Total comprehensive loss of the parent entity	(996,331)	(6,334,147)

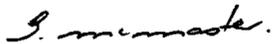
There are no known contingent liabilities in the parent entity.

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 2020 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 2020 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 year 30 June 2020.

On behalf of the Board



Mr. Brian McMaster
Non-Executive Chairman
25 September 2020
Perth, Western Australia

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

As lead auditor of Valor Resources Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the 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.



Ashleigh Woodley

Director

BDO Audit (WA) Pty Ltd

Perth, 25 September 2020

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 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 2020 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 (including Independence Standards) (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.

Material uncertainty related to going concern

We draw attention to Note 2(a) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for Asset Held-for-Sale

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 11 to the financial report, the Group has executed a sale agreement to dispose of its interests in the Berenguela Project during the year. As such, the exploration and evaluation asset relating to this project has been presented as non-current assets classified as Held-for-Sale as at 30 June 2020.</p> <p>Due to the requirement of AASB 5 Non-current Assets Held for Sale and Discontinued Operations to recognise the non-current assets classified as held for sale at the lower of its carrying amount and the fair value less costs to sell, an impairment expense was recognised in the Statement of Profit or Loss and Other Comprehensive Income.</p> <p>This was determined to be a key audit matter because the transaction represents a significant transaction to the group.</p>	<p>Our audit procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Reviewing the executed sale agreement to consider if the classification as held for sale as at 30 June 2020 is appropriate and in line with the criteria in AASB 5; • Assessing management's determination of fair value less costs to sell with reference to the executed sale agreement and assessed the calculation of the impairment recognised; and • Assessing the adequacy of the related disclosures in Note 2(u) and Note 11 to the financial report.

Carrying value of Exploration and Evaluation asset

Key audit matter	How the matter was addressed in our audit
<p>The carrying value of the capitalised exploration and evaluation asset as at 30 June 2020 is disclosed in Note 14 of the financial report.</p> <p>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.</p> <p>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources (AASB 6), the recoverability of exploration and evaluation expenditure requires significant judgment by management in determining whether there are any facts or circumstances that exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>As a result, this is considered a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • 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; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group’s exploration budgets, ASX announcements and director’s minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether there are any other facts or circumstances existing to suggest impairment testing was required; • Reviewing the basis of impairment recorded by management and the methodology used to determine fair value for compliance with accounting standards; and • Assessing the adequacy of the related disclosures in Note 14 to the financial report.

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 2020, 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 at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 8 to 10 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Valor Resources Limited, for the year ended 30 June 2020, 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

Ashleigh Woodley

Director

Perth, 25 September 2020

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 7 September 2020.

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	134	25,825
1,001 - 5,000	59	176,369
5,001 - 10,000	30	233,296
10,001 - 100,000	212	12,220,395
100,001 - and over	762	1,908,192,200
TOTAL	1,197	1,920,848,085

There were 452 holders of ordinary shares holding less than a marketable parcel.

Top Twenty Ordinary Share Holders

Name	Number of shares held	%
SSR MINING INC	247,288,034	12.87%
BRIANT NOMINEES PTY LTD <BRIANT SUPER FUND A/C>	102,030,143	5.31%
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	92,050,000	4.79%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	73,077,276	3.80%
MS ZOLZAYA BYAMBAA	70,000,081	3.64%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	58,443,966	3.04%
RESORT STYLE LIVING PTY LTD <HERALD FAMILY A/C>	50,416,184	2.62%
STEVEN SEQUEIRA PTY LTD <STEVEN SEQUEIRA A/C>	50,416,183	2.62%
CITICORP NOMINEES PTY LIMITED	46,479,545	2.42%
MR LAY ANN ONG	42,333,333	2.20%
AGENS PTY LTD <THE MARK COLLINS S/F A/C>	35,100,000	1.83%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	27,987,114	1.46%
MR NICOLO FLOYD BONTEMPO & MRS PRISCILLA LEE BONTEMPO <THE BONTEMPO FAMILY SF A/C>	25,750,000	1.34%
HAY STREET PROPERTY PTY LTD <HAY STREET PROPERTY A/C>	20,000,000	1.04%
SULPHIDE-X LIMITED	20,000,000	1.04%
MS NICOLE GALLIN & MR KYLE HAYNES <GH SUPER FUND A/C>	20,000,000	1.04%
MS MIN LIU	17,681,800	0.92%
BNP PARIBAS NOMS PTY LTD <DRP>	15,801,458	0.82%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	15,439,874	0.80%
RANGLAND HOLDINGS PTY LTD	15,000,000	0.78%
SUNSHORE HOLDINGS PTY LTD	13,616,667	0.71%
MR LINDSAY HEAVEN	12,767,266	0.66%
Total	1,071,678,924	55.79%

Distribution of Listed Option Holders

Options over ordinary shares exercisable at \$0.015 on or before 31 December 2021

	Listed Options	
	Number of Holders	Number of Options
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	-	-
100,001 - and over	121	400,000,000
TOTAL	121	400,000,000

ASX Additional Information

Top Twenty Listed Option Holders

Options over ordinary shares exercisable at \$0.015 on or before 31 December 2021

Name	Number of Options held	%
AVONGLADE ENTERPRISES PTY LTD	35,000,000	8.75%
CELTIC CAPITAL PTY LTD <INCOME A/C>	32,315,500	8.08%
MR KOUSTUBH YAMI	27,473,005	6.87%
AUCTOR GROUP PTY LTD <AUCTOR GROUP SUPER A/C>	17,500,000	4.38%
GRANET SUPERANNUATION AND INVESTMENT SERVICES PL <GRANET SUPER FUND A/C>	10,400,000	2.60%
JEKOR PTY LTD <JEKOR S/F A/C>	10,350,000	2.59%
RANCHLAND HOLDINGS PTY LTD	10,000,000	2.50%
BEEZ AND HONEY PTY LTD <THE HONEY POT A/C>	10,000,000	2.50%
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	10,000,000	2.50%
MR STAN TADEUZ BRZEZOWSKI	9,500,000	2.38%
MR DAVID KENLEY	7,500,000	1.88%
CITICORP NOMINEES PTY LIMITED	7,400,000	1.85%
CHAMPAGNE CAPITAL PTY LTD <OYSTER SUPER FUND A/C>	6,200,000	1.55%
MR MARK FREDERICK HARRIS	6,000,000	1.50%
MR SHANE TIMOTHY BALL <THE BALL A/C>	5,000,000	1.25%
AGENS PTY LIMITED <THE MARK COLLINS FAMILY A/C>	5,000,000	1.25%
APICAL PARTNERS PTY LTD	5,000,000	1.25%
DORIC WEALTH PTY LTD <PIVOT TRADING A/C>	5,000,000	1.25%
SUNSHORE HOLDINGS PTY LTD	5,000,000	1.25%
KIWANDA GROUP LLC	5,000,000	1.25%
Total	229,638,505	57.41%

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 %
SSR Mining Inc	247,288,034	12.87%
Brian McMaster	102,030,143	5.31%

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.

ASX Additional Information

Tenement Table

Interests in mining tenements held are detailed in the table below:

Project	Tenement		Location	Status	Ownership
Berenguela Project	Berenguela	13-000001Y03	Peru	Granted	100%
	Berenguela 01-09	01-01116-09		Granted	
	Berenguela 02-09	01-01115-09		Granted	
	Berenguela 03-09	01-01341-09		Granted	
	Berenguela 04-09	01-01342-09		Granted	
	Berenguela 05-09	01-01344-09		Granted	
	Berenguela 06-09	01-01345-09		Granted	
	Berenguela 07-09	01-01340-09		Granted	
	Berenguela 08-09	01-01343-09		Granted	
	Berenguela 97	01-01289-97		Granted	
	Lagunilla 01-04	01-01350-04		Granted	
	Lagunilla 02-04	01-01351-04		Granted	
	Lagunilla 08-04	01-01512-04		Granted	
	Lagunilla 10-04	01-02710-04		Granted	
	Berenguela 01-18	01-00819-18		Granted	
	Berenguela 02-18	01-00904-18		Granted	
	Berenguela 03-18	01-00946-18		Granted	
Berenguela South	Corona 01-18	01-01208-18	Peru	Granted	100%
	Corona 02-18	01-01209-18		Granted	
	Corona 03-18	01-01210-18		Granted	
	Corona 04-18	01-01211-18		Granted	
	Corona 05-18	01-01212-18		Granted	
	Corona 06-18	01-01213-18		Granted	
Picha Project	Picha 2	01-03853-05	Peru	Granted	100%
	Picha 3	01-03854-05		Granted	
	Picha 7	01-00578-07		Granted	
	Leon 3	01-04638-08		Granted	

Note: 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.