

VALOR RESOURCES LIMITED

ACN 076 390 451

PROSPECTUS

This Prospectus contains the following offers:

- (a) for an issue of up to 280,000,000 New Options, on the basis of one (1) New Option for every one (1) Share subscribed and allocated to Eligible Participants under the Placement (**Investors Options Offer**);
- (b) for an issue of up to 20,000,000 New Options, on the basis of one (1) New Option for every one (1) Share subscribed and allocated to the Directors under the Placement (**Directors Options Offer**); and
- (c) for an issue of 100,000,000 New Options to CPS Capital Pty Ltd (or its nominee) as consideration for services under the Placement (**Lead Manager Offer**),

(together, the **Offers**).

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The New Options offered by this Prospectus should be considered highly speculative.

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1. CORPORATE DIRECTORY

Directors

Mark Sumner
Executive Chairman

Paula Smith
Non- Executive Director

Nicholas Lindsay
Executive Director

Brian McMaster
Non-Executive Director

Company Secretary

Ms Paula Smith

ASX Code

VAL

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Registered Office

22 Lindsay Street
Perth WA 6000

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Email: info@valorresources.com.au
Website: www.valorresources.com.au

Share Registry¹

Automic Registry Services
Level 2
267 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664
Facsimile: +61 2 8583 3040
Email: hello@automic.com.au

Lead Manager and Broker to the Placement

CPS Capital Group Pty Ltd
Level 45, 108 St Georges Terrace
Perth WA 6000

1. This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Its name is included for information purposes only.

2. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

2.1 Indicative Timetable

Action	Date*
Lodgement of Prospectus with the ASIC and ASX	1 October 2018
Opening Date	1 October 2018
Closing Date	2 October 2018
Expected Quotation of New Options under the Offers	8 October 2018

** The above dates are indicative only and may change without notice. The Directors reserve the right to vary these dates, including the Closing Date, without notice. The Company also reserves the right not to proceed with the Offer at any time before the issue of New Options to Applicants.*

2.2 Important Notes

This Prospectus is dated 1 October 2018 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No New Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

The Offers are only available to those who are personally invited to accept the Offers. Applications for New Options offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with Section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

2.3 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for securities under this Prospectus.

2.4 Risk factors

Applicants should be aware that subscribing for New Options in the Company involves a number of risks. The key risk factors of which applicants should be aware are set out in the Section 6. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the

value of the New Options in the future. Accordingly, an investment in the Company should be considered highly speculative. Applicants should consider consulting their professional advisers before deciding whether to apply for New Options pursuant to this Prospectus.

2.5 Disclaimer

No person is authorised to give information or to make any representation in connection with the Offers described in this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offers. You should rely only on information in this Prospectus.

2.6 Website – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.valorresources.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

2.7 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and our management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6.

2.8 Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

3. DETAILS OF THE OFFERS

3.1 Background of the Offers

On 6 August 2018, the Company announced that it had resolved to undertake a placement of 300,000,000 Shares at an issue price of \$0.01 per Share to raise \$3,000,000 (before costs) (**Placement**) and that the Placement was fully subscribed. Under the Placement, as announced on 15 August 2018, the Company issued 280,000,000 Shares to sophisticated investors (being the Eligible Participants) under the Company's existing placement capacity pursuant to Listing Rule's 7.1 (188,355,608 shares) and 7.1A (91,644,392 shares). The balance of the 20,000,000 Shares will be issued to the Directors who subscribed for Shares under the Placement. The relevant Directors participation in the Placement was approved by Shareholders at the general meeting held on 21 September 2018 (**General Meeting**). For further details refer to the Notice of Meeting announced on 22 August 2018.

Further, the Company agreed to offer Eligible Participants and Directors who subscribed for Shares under the Placement, (**Placement Recipients**) the right to subscribe for one (1) New Option for every one (1) Share subscribed for and issued (**Placement Options**).

The Placement raised \$3,000,000 to be used toward furthering activities on the Company's projects, specifically the Berenguela Project and for working capital purposes.

By the Investors Options Offer and Directors Options Offer under this Prospectus, the Company offers subscription for nil consideration of up to approximately 300,000,000 New Options to Placement Recipients on the basis of one (1) New Option for every one (1) Share subscribed under the Placement.

The Company engaged the services of CPS Capital Group Pty Ltd (ACN 088 0550636), a licensed securities dealer (AFSL 294848) (**CPS Capital**), to manage the Placement. The Company agreed to issue CPS Capital or its nominee, 100,000,000 New Options (**Lead Manager Options**) in consideration for its services in relation to the Placement (**Lead Manager Offer**).

The issue of the New Options was approved by Shareholders at the General Meeting held on 21 September 2018. For further details refer to the Notice of Meeting announced on 22 August 2018.

3.2 The Offers

Investor Options Offer

By this Prospectus, the Company offers up to 280,000,000 New Options to Eligible Participants as part of their participation in the Placement, being the Investors Options Offer. Shareholder approval for the issue of the New Options was received on 21 September 2018.

Director Options Offer

By this Prospectus, the Company offers up to 20,000,000 New Options to the Directors who participated under the Placement as part of their participation in the Placement, being the Directors Options Offer. Shareholder approval for the Directors' participation was received on 21 September 2018.

Lead Manager Offer

This Prospectus also includes an offer of 100,000,000 New Options to CPS Capital (or its nominee) as consideration for services provided by CPS Capital in respect of the Placement. Shareholder approval for the issue of the New Option was received on 21 September 2018.

Offers Generally

All of the Shares issued upon the future exercise of the New Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 5.1 for further information regarding the rights and liabilities attaching to the Shares.

All New Options offered under this Prospectus will be issued on the terms and conditions set out in Section 5.2.

No funds will be raised as a result of the issue of the New Options. If all New Options the subject of the Offers are exercised, the Company will receive \$6,000,000. Exercise of the New Options is entirely at the discretion of the holder. The likelihood of the Company raising the additional capital through the exercise of the New Options is dependent on the price of the Shares from time to time until the New Options expire.

3.3 Minimum subscription

There is no minimum subscription for the Offers.

3.4 Oversubscriptions

No oversubscriptions will be accepted by the Company.

3.5 Applications

Applications for New Options can only be made by the Placement Recipients (or their nominees) and CPS Capital (or its nominees) under the respective Offers. The Applications must be made using the appropriate Application Form accompanying this Prospectus. By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have received personally the Application Form together with a complete and unaltered copy of the Prospectus.

Completed Application Forms must be mailed or delivered to the address set out on the Application Form by no later than the Closing Date. The Company reserves the right to close the Offers early.

3.6 Not underwritten

The Offers are not underwritten.

3.7 ASX listing

Application for Official Quotation by ASX of the New Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If the New Options are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any New Options.

The fact that ASX may grant Official Quotation to the New Options is not to be taken in any way as an indication of the merits of the Company or the Options now offered for subscription.

3.8 Issue

The issue of New Options offered by this Prospectus will take place as soon as practicable after the Closing Date.

The Directors will determine the recipients of all the New Options. The Directors reserve the right to reject any application or to allocate any applicant fewer New Options than the number applied for.

The Company's decision on the number of New Options to be allocated to an Applicant will be final.

3.9 Defects in Applications

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

3.10 Applicants outside Australia

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law.

The Offers do not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up New Options on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

3.11 Enquiries

Any questions concerning the Offers should be directed to Mrs Paula Smith, Company Secretary, on + 61 8 9200 3467.

4. PURPOSE AND EFFECT OF THE OFFERS

4.1 Purpose of the Offers

The purpose of the Offers is to:

- (a) offer one (1) New Option for every one (1) Share subscribed for under the Placement by the Placement Recipients. No funds will be raised through the issue of the Placement Options pursuant to this Prospectus as the Placement Options are attaching to the Shares. However, if all of the Placement Options are exercised, the Company will receive approximately \$4,500,000; and
- (b) offer 100,000,000 New Options in consideration for brokering services provided by CPS Capital (or its nominee) in relation to the Placement. No funds will be raised through the issue of the Lead Manager Options pursuant to this Prospectus as the Lead Manager Options are for nil consideration. However, if all of the Lead Manager Options are exercised, the Company will receive approximately \$1,500,000.

This Prospectus has been prepared for the offer of New Options such that the relief provided under ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80 with respect to the on-sale provisions of section 707 of the Corporations Act is available.

Specifically, if the New Options are issued with disclosure under this Prospectus then the Shares issued upon the exercise of any of the New Options can be on-sold within 12 months of their issue without a disclosure document for the on-sale offer (even if the Shares were issued without disclosure or lodgement of a cleansing statement), as the New Options are issued with disclosure and the exercise of the New Options does not involve any further offer.

4.2 Effect of the Offers

The principal effect of the Offers, assuming all New Options offered under the Prospectus are granted, will be to increase the number of Options currently on issue from 204,666,667 Options as at date of this Prospectus to 604,666,667 Options.

4.3 Effect of the Offers on capital structure

The effect of the Offers on the capital structure of the Company is set out below.

Shares ¹	Number
Shares currently on issue	1,827,043,528
Shares offered pursuant to the Offers	Nil
Total Shares on completion of the Offers	1,827,043,528

Options	Number
Options currently on issue ^{2,3}	204,666,667
Options offered pursuant to the Investors Options Offer ⁴	280,000,000
Options offered pursuant to the Directors Options Offer ⁴	20,000,000
Options offered pursuant to the Lead Manager Offer ⁴	100,000,000
Total Options on completion of the Offers	604,666,667

Note:

1. The rights attaching to the Shares are summarised in Section 5.1 of this Prospectus.
2. Quoted Options exercisable at \$0.045 on or before 4 December 2019.
3. Unquoted Options as follows:
 - a. 25,000,000 Options exercisable at \$0.02 on or before 31 December 2018; and
 - b. 93,333,334 Options exercisable at \$0.004 on or before 15 December 2018.
4. Quoted Options, the terms and conditions of which are set out at Section 5.2.

4.4 Substantial Shareholders

As at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Mark Sumner	103,333,334	5.78
SSR Mining Inc	201,139,304	11.26
Jason Peterson	92,050,000	5.15

4.5 Financial effect of the Offers

The New Options to be issued pursuant to this Prospectus will be issued for no consideration, accordingly, there will be no effect on the Company's statement of financial position.

As the expenses of the Offers will be approximately \$10,000. There will be no proceeds from the Offers, the expenses of the Offers will be met from the Company's existing cash reserves. The Offers will have an effect on the Company's financial position by reducing the cash reserves by the expenses of the Offers of \$10,000.

5. RIGHTS ATTACHING TO SECURITIES

5.1 Shares

The following is a summary of the more significant rights attaching to Shares to being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to the Constitution and to any rights and restrictions attaching to any class of shares, at meetings of shareholders or other classes of shareholder, each shareholder entitled to attend and vote may attend and vote in person or by proxy or by attorney and, where the shareholder is a body corporate, by representative.

On a show of hands, every Shareholder present having the right to vote at the meeting has one vote.

On a poll, every Shareholder present has one vote for each fully paid Share and, the case of partly paid Shares or Share held by the Shareholder, a fraction of a vote equivalent to the proportion which the amount paid (but not credited) is of the total amounts paid and payable (excluding amounts credited) on the Share or Shares held.

(c) Dividend rights

Subject to the Corporations Act and to any special rights or restrictions attached to any Shares, Directors may from time to time authorise the Company to pay interim and final dividends which appear to the Directors to be justified by the profits of the Company.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a

contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

(f) **Future increase in capital**

The allotment and issue of any Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(g) **Variation of rights**

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

5.2 New Options

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price and Expiry Date**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.015 (**Exercise Price**) each and will expire at 5:00pm AWST on 31 December 2021 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(d) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(e) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment

of the Exercise Price for each Option being exercised in cleared funds **(Exercise Date)**.

(f) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (f)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(g) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(h) Quotation of Shares issued on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(i) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

(m) **Restriction on exercise**

Notwithstanding any other terms of the Options, the Holder may not exercise Options to the extent that the Holder would, if Shares were issued upon exercise of those Options, have a relevant interest in the Company (itself and together with its associates) of greater than 20% in contravention of section 606 of the Corporations Act, unless the issue of Shares upon exercise is approved by Shareholders for the purpose of section 611 (Item 7) of the Corporations Act or is otherwise permitted by a relevant exception under the Corporations Act.

6. RISK FACTORS

6.1 Introduction

The New Options offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for New Options pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the New Options.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.2 Specific Risks

(a) Going concern risk

The Company incurred a net loss after tax for the year ended 30 June 2018 of \$3,883,430 (30 June 2017: loss \$1,604,093). The Group has a cash balance of \$391,563 (30 June 2017: \$1,948,570) and \$1,168,983 (30 June 2017: \$638,187) in Trade Creditors and Other Payables. The Trade Creditors and Other Payables includes the present value of the Deferred Consideration due to SSR Mining Inc within twelve months being USD \$700,000 payable in February 2019. In addition, the Company will pay the following cash consideration to the seller:

- (i) US\$1,750,000 on 11 February 2020;
- (ii) US\$3,000,000 on 11 February 2021; and
- (iii) US\$6,000,000 on 11 February 2022.

The ability of the Company to continue as a going concern is dependent on securing additional funding through equity and / or debt to fund its activities. These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, the Directors of the Company have prepared the annual report on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The Company has successfully raised \$3,000,000 (before costs) in August 2018 and the Company will seek to raise additional funds through equity and/or debt as required.

Should the Company 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 annual financial statements. The annual financial report does not

include any adjustments relating to the recoverability and classification of the recorded amounts or liabilities that might be necessary should the Company not continue as a going concern.

However, if further funding will be required to meet the medium to long term working capital costs of the Company. Please refer to Section 6.2(b) below for further details.

In the event that such further funding (if required) is not completed successfully there is likely to be a material adverse effect on the Company's activities.

(b) **Funding**

The Company's ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds. The Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Further, the Company, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issue and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

The Company is exposed to risks associated with its financial instruments (consisting of cash, receivables, accounts payable and accrued liabilities due to third parties from time to time). This includes the risk that a third party to a financial instrument fails to meet its contractual obligations; the risk that the Company will not be able to meet its financial obligations as they fall due; and the risk that market prices may vary which will affect the Company's income.

(c) **Contractual Risk**

The Company's ability to efficiently conduct its operations in a number of respects depends upon a number of contracts. As in any contractual relationship, the ability for the Company to ultimately receive the benefit of the contract is dependent upon the relevant third party complying with its contractual obligations. To the extent that such third parties default in their obligations, it may be necessary for the Company to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by the Company that a legal remedy will ultimately be granted on appropriate terms.

6.3 Industry specific

(a) **Exploration**

The mineral tenements of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Company's tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic mineral deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will depend on the exploration activities and production at the Company's current projects and any future projects acquired in the future, as well as the ability of the Company to realise value from the sale of its assets in the form of a profit.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Company's tenements, a reduction in the case reserves of the Company and possible relinquishment of the Company's tenements.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(b) **Mine development**

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

The Company's operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects.

(c) **Operations**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(d) **Sovereign**

The Company's projects outside Australia are subject to the risks associated in operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Any future material adverse changes in government policies or legislation in foreign jurisdictions in which the Company has projects that affect foreign ownership, exploration, development or activities of companies involved in exploration and production, may affect the viability and profitability of the Company.

6.4 General risks

(a) Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Taxation

The acquisition and disposal of securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for securities under this Prospectus.

(d) Commodity price volatility

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological

advancements, forward selling activities and other macro-economic factors.

(e) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(f) **Managing Growth**

The Company's success will depend on its ability to expand its operations. If the Company is unable to successfully manage the expansion of its business, its financial condition and results of operations could be materially adversely affected.

6.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Options offered under this Prospectus.

Therefore, the New Options to be issued pursuant to this Prospectus (or Shares to be issued upon exercise of the New Options) carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for New Options pursuant to this Prospectus.

7. ADDITIONAL INFORMATION

7.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

7.2 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
27/09/2018	Appendix 4G
27/09/2018	Annual Report 2018

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at www.valorresources.com.au.

7.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

	(\$)	Date
Highest	\$0.01	30 & 31 July 2018; 1, 6, 9 & 10 August 2018
Lowest	\$0.006	21, 20 & 28 September 2018
Last	\$0.006	28 September 2018

7.4 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
 - (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
 - (c) the Offers,
- and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:
- (d) as an inducement to become, or to qualify as, a Director; or
 - (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offers.

Security Holdings

Directors are not required under the Company's Constitution to hold any Shares to be eligible to act as a director. The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below:

Director	Shares	Options
Mark Sumner	103,333,334 ¹	93,333,334 ⁴
Brian McMaster	61,746,810 ²	5,000,000 ⁵
Paula Smith	7,425 ³	Nil ⁶
Nicholas Lindsay	Nil	Nil

Notes:

1. Mr Sumner will also be issued with a total of 5,000,000 Shares pursuant to Resolution 6 passed at the General Meeting held on 21 September 2018.
2. Mr McMaster will also be issued with a total of 10,000,000 Shares pursuant to Resolution 5 passed at the General Meeting held on 21 September 2018.
3. Ms Smith will also be issued with a total of 5,000,000 Shares pursuant to Resolution 7 passed at the General Meeting held on 21 September 2018.
4. This includes Unlisted Options exercisable at \$0.004 each, on or before 15 December 2018. Mr Sumner will also receive a total of 5,000,000 New Options pursuant to the Directors Options Offer under this Prospectus (approved by Shareholder at the General Meeting held on 21 September 2018).
5. This includes Unlisted Options exercisable at \$0.02 each, on or before 31 December 2018. Mr McMaster will also receive a total of 10,000,000 New Options pursuant to the Directors Options Offer under this Prospectus (approved by Shareholders at the General Meeting held on 21 September 2018).
6. Ms Smith will receive a total of 5,000,000 New Options pursuant to the Directors Options Offer under this Prospectus (approved by Shareholders at the General Meeting held on 21 September 2018).

The Directors have obtained Shareholder approval at the General Meeting held on 21 September 2018 to participate in the Directors Options Offer.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is determined by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive Directors:

Director	Proposed Year ended 30 June 2019	Year ended 30 June 2018	Year ended 30 June 2017
Mark Sumner ¹	\$130,000	\$154,840	\$89,434
Brian McMaster ²	\$118,000	\$77,932	\$62,879
Paula Smith ³	\$19,000	\$32,727	\$28,636
Nicholas Lindsay ⁴	\$110,000	\$22,000	Nil

Note:

1. Mr. Mark Sumner was appointed to the Board on 15 December 2016.
2. Mr. Brian McMaster resigned from the Board on 17 March 2016 and was re-appointed to the Board on 10 January 2017.
3. Ms Paula Smith was appointed to the Board on 9 May 2016.
4. Mr Nicholas Lindsay was appointed to the Board on 19 February 2018.

7.5 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or

- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (f) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offers.

Steinepreis Paganin has acted as the Australian solicitors to the Company in respect of the Prospectus. The Company estimates it will pay Steinepreis Paganin \$5,000 (excluding GST and disbursements) for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

CPS Capital has acted as lead manager to the Investors Options Offer and Directors Options Offer in this Prospectus. Refer to Section 3.1 of this Prospectus for the fees to be paid to CPS Capital.

7.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus, Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) in light of the above, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other

than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

CPS Capital has given its written consent to being named as the lead manager to the Investors Options Offer in this Prospectus. CPS Capital has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7.7 Expenses of the Offers

The total expenses of the Offers are estimated to be approximately \$10,000 (excluding GST) and are expected to comprise legal fees, printing and other administrative expenses, including ASIC fees. The estimated expenses will be paid out of the Company's existing working capital.

7.8 Electronic Prospectus

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.valorresources.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

7.9 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

7.10 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification

Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

7.11 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a securityholder and to facilitate distribution payments and corporate communications to you as a securityholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

Ms Paula Smith
Director
For and on behalf of
VALOR RESOURCES LIMITED

9. GLOSSARY

\$ means an Australian dollar.

Applicant means an investor that applies for New Options pursuant to the Investors Options Offer, Lead Manager Offer or Directors Options Offer (as the case may be).

Application Form means the application form attached to or accompanying this Prospectus relating to the Offers.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the official listing rules of ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Berenguela Project means a copper, silver and manganese project located in South eastern Peru.

Board means the board of Directors as constituted from time to time.

Lead Manager Offer means the offer of New Options to CPS Capital as set out in Section 3.2.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

CPS Capital has the meaning provided in Section 3.1.

Closing Date means the date specified in the timetable in the Section 2.1 (unless extended or closed earlier).

Company means Valor Resources Limited (ACN 076 390 451).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Eligible Applicants means those who are eligible to participate in the Offers under the Offer participated in the Placement and CPS Capital.

Eligible Participants means those who participated in the Placement but does not include the Directors.

Investors Options Offer means the offer of New Options to investors as set out in Section 3.2.

New Option means a listed Option issued on the terms and conditions set out in Section 5.2.

Offers means the Investor Options Offer, Lead Manager Offer and Directors Options Offer and **Offer** means any one of them.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Opening Date means the opening date of the Offer as set out in the indicative timetable in the Section 2.1.

Option means an option to acquire a Share, including where the context requires, New Options.

Optionholder means a holder of an Option.

Placement has the meaning given in Section 3.1.

Placement Recipients means the Eligible Participants and Directors who subscribed for Shares under the Placement.

Prospectus means this prospectus.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

WST means Western Standard Time as observed in Perth, Western Australia.