



ASX ANNOUNCEMENT

5th July 2023



VALOR AGREES TO SELL PICHA AND CHARAQUE COPPER PROJECTS IN PERU TO FIRETAIL RESOURCES

Proposed Transaction will streamline Valor's global portfolio, allowing it to focus on its high-potential uranium assets in Canada's Athabasca Basin

HIGHLIGHTS

- ▶ Binding Terms Sheet executed with ASX-listed Firetail Resources (ASX: FTL) for the divestment of up to an 80% interest in Valor's Picha and Charaque Copper Projects in Peru to Firetail.
- ▶ Proposed Transaction follows the recently announced Earn-in Agreement with leading global gold and copper producer Barrick Gold Corporation covering the Charaque Project (see ASX announcement, 26th June 2023).
- ▶ \$200,000 exclusivity fee paid to Valor in consideration of Firetail being provided an exclusive 90-day due diligence period.
- ▶ Consideration comprises \$550,000 in cash and, subject to Firetail shareholder approval, 15 million Firetail shares and 20 million performance rights subject to certain vesting conditions. The equity consideration is equivalent to a 20.58% shareholding in Firetail on a fully-diluted basis.
- ▶ Valor also retains exposure to future exploration upside in Peru via a retained 20% project interest.
- ▶ Valor Executive Chairman George Bauk to be appointed to the Firetail board as a Director.
- ▶ The proposed divestment will streamline Valor's portfolio, crystallising value from its Peruvian assets while allowing it to focus on its highly prospective, drill-ready uranium projects in Canada's Athabasca Basin at a time of rising uranium prices and surging investor interest in the sector.

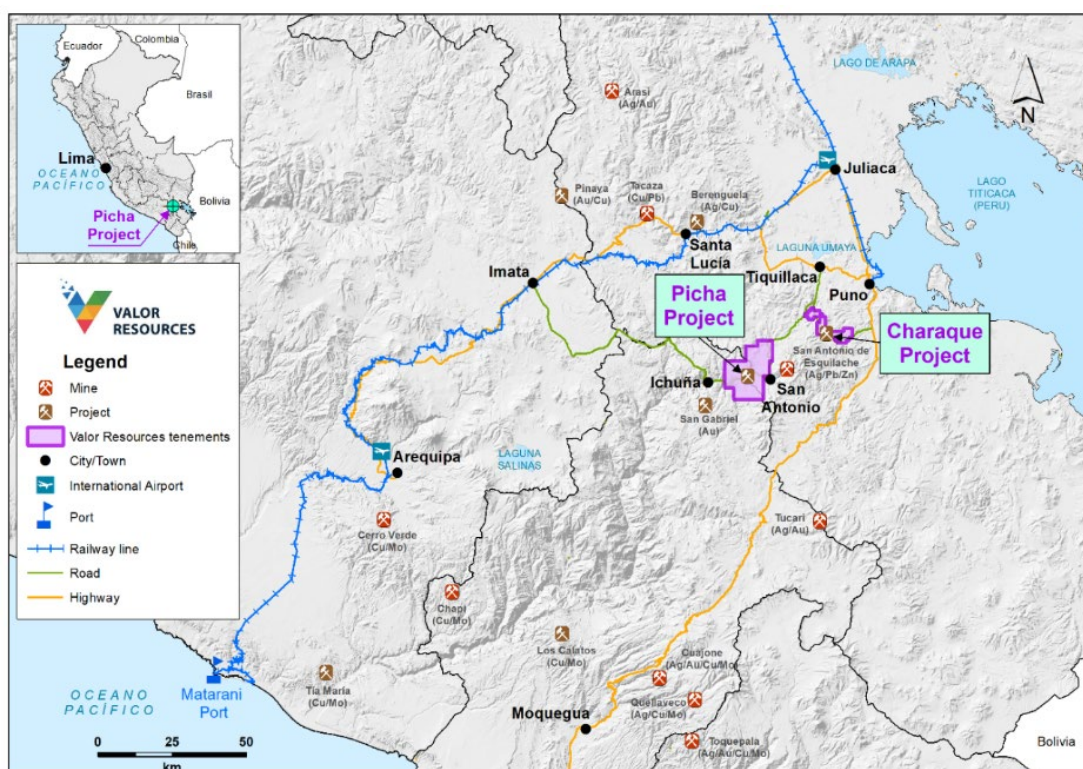


Figure 1: Picha and Charaque Copper Projects in Peru.

Valor Resources Limited (**Valor** or the **Company**) (ASX: VAL) is pleased to advise that it has executed a binding terms sheet (**Terms Sheet**) with Firetail Resources Limited (ASX: FTL) (**Firetail**) under which Firetail can acquire up to an 80% interest in its Picha Copper-Silver Project and Charaque Copper Project in southern Peru.

Under the Terms Sheet, Firetail proposes to acquire up to 80% of the issued share capital of Kiwanda S.A.C. (**Kiwanda**), a wholly-owned subsidiary of Valor which holds the mining concessions that make up the Picha and Charaque Projects (**Proposed Transaction**).

Firetail is a diversified ASX-listed exploration company with a portfolio of battery metal assets across Western Australia and Queensland, including the Yalgoo and Dalgaranga Lithium Projects in WA, the Mt Slopeaway Nickel-Copper-Manganese Project in Queensland and the Paterson Copper-Gold Project in WA.

As part of the Proposed Transaction, Firetail will inherit Valor's experienced in-country management and technical team as well as the recently announced Earn-in Agreement with leading global gold and copper producer Barrick Gold Corporation covering the Charaque Project (see ASX announcement, 26th June 2023).

Drill permitting is well advanced at the Picha Project, with multiple high-priority targets identified by Valor over the past two years.

Once completed, the Proposed Transaction will simplify Valor's global exploration portfolio, with the Peru assets to be housed in a focused ASX-listed explorer with the resources and financial capability to execute drilling programs and unlock the significant potential of these assets.

Valor will retain significant exposure to the upside potential of these assets via a 20.58% shareholding in Firetail on a fully-diluted basis as well as a retained 20% project-level interest.

Valor Executive Chairman, George Bauk, will join the Firetail Board as a Director following completion of the Proposed Transaction.

At the same time, the Proposed Transaction will allow Valor to focus on the substantial potential of its portfolio of high-grade uranium and rare earth assets in the Athabasca Basin in Canada at a very favourable time in the market cycle for these commodities.

The Athabasca Basin is the world's highest-grade source of uranium, with an average grade of ~2% U₃O₈ across the basin, approximately 10-20 times the global average. Despite this, the area has only seen sporadic modern exploration over the past 40 years.

Valor holds four strategic projects within the Athabasca Basin, with a series of established drill-ready targets planned for testing in 2023/4.

The uranium market has experienced strong demand in recent years in response to growing recognition of its important role in achieving global decarbonisation, with spot prices doubling since mid-2019.

Valor's Executive Chairman, George Bauk, commented:

"For some time, Valor has been distinguished by having an extraordinarily asset-rich portfolio which includes high-potential mineral assets in Canada's Athabasca Basin and southern Peru. The Proposed Transaction delivers a necessary portfolio simplification that we believe will unlock significant value for our shareholders."

“Having identified significant potential across both the Picha and Charaque Copper Projects over the past few years, we believe that the best way to move these assets forward is via the divestments to Barrick and Firetail.

“This will allow us to focus on our high-potential Canadian uranium portfolio while retaining exposure to the upside in Peru via a free-carried interest in these assets. We believe that this structures the Company appropriately for the future while crystallising value for shareholders from our efforts in Peru over the past few years.

“Uranium is an essential part of the energy balance moving forward if the world is going to get anywhere near meeting its net-zero ambitions. The recent increases in the uranium spot price are indicative of the excitement that is rapidly building in the uranium sector globally.

“We are very excited about the opportunity to focus our full efforts on these outstanding assets and accelerate exploration activities at a time when investor interest in potential new uranium discoveries and resources has never been stronger. The future for Valor is very bright and I am looking forward to concluding this transaction and advancing the Company to the next level.”

Acquisition Details

The material terms of the Terms Sheet are:

The total consideration payable to the Company by Firetail pursuant to the Proposed Transaction is as follows:

- \$200,000 in cash payable within 5 business days of execution of the Terms Sheet, which is refundable to Firetail in circumstances where Valor cannot complete its obligations under the Terms Sheet (**Exclusivity Fee**). The Exclusivity Fee is in consideration of Firetail being provided an exclusive 90-day due diligence period; and
- On completion of the Proposed Transaction (**Completion**):
 - A \$550,000 cash payment;
 - Subject to approval by Firetail shareholders, 15,000,000 fully-paid ordinary shares in Firetail (**Firetail Shares**) at a deemed issue price of \$0.10 per Firetail Share (**Consideration Shares**) to acquire an initial 60% interest in Kiwanda; and
 - Subject to approval by Firetail shareholders, 20,000,000 performance rights convertible into Firetail Shares on the satisfaction of specified vesting conditions (**Performance Rights**) following which Firetail will acquire an additional 20% interest in Kiwanda (i.e. 80% in total).

A general meeting of Firetail shareholders is expected to be held to approve the issue of the Consideration Shares and Performance Rights on 18th August 2023.

Material conditions

1. Completion is conditional upon the following material conditions being satisfied or waived:

- (**Placement**): completion of a placement by Firetail Resources to sophisticated investors to raise up to \$5,000,000;
- (**Due Diligence**): Firetail undertaking legal, financial and technical due diligence investigations into Kiwanda and the Projects within 90 days from the date of execution of the Terms Sheet;

- **(Shareholder Approvals):** Firetail obtaining the required shareholder approvals (including shareholder approval for the issue of the Consideration Shares and Performance Rights); and
- **(Charaque Project)** Kiwanda, as the registered holder of the tenements / concessions comprising the Charaque Project, entering into a legally binding farm-in agreement (Farm-in Agreement) with Barrick Gold Corporation for the earn-in of up to a 70% interest in the Charaque Project (see ASX Announcement 26 June 2023) on the below transaction terms:

Barrick Gold Corporation will:

- (1) upon execution of the Farm-in Agreement, pay Valor US\$200,000;
- (2) during years 1, 2, 3 and 4 of the Farm-in Agreement, pay Valor US\$100,000;
- (3) complete its 70% earn-in in the Charaque Project upon the payment of US\$200,000; and
- (4) have the option to obtain a further 10% interest in the Charaque Project (i.e. 80% interest in the Charaque Project) upon the payment of US\$1,000,000.

As part of the transaction between Firetail and Valor, cash payments made by Barrick in Items 2,3,4 above will be split 50:50.

- **(ASX Confirmation that re-compliance is not required):** Firetail obtaining written confirmation from ASX that it will not be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules in connection with the Proposed Transaction (which has now been satisfied);
- **(Valor Shareholder Approval):** if ASX requires it for the purposes of ASX Listing Rule 11.1, Valor obtaining shareholder approval for the sale of 80% of its indirect interest in the Projects; and
- **(Third Party Consents)** the parties obtaining the receipt of any required third-party consents.

In connection with the Proposed Transaction, and subject to approval by Firetail shareholders, a nominee of Valor, George Bauk, will be appointed to the Firetail board of directors.

2. At or prior to Completion, the parties will enter into a formal shareholders agreement setting out the governance and operating arrangements for Kiwanda with effect from Completion (**Shareholders' Agreement**), which agreement will include provision for matters customary for such agreements including, but not limited to:
 - Appointment and removal of directors;
 - Directors' powers and responsibilities;
 - Project plans and budgets;
 - Further funding and issues of shares;
 - Pre-emptive rights in respect of the issue and transfer of shares;
 - Drag-along and tag-along provisions; and
 - Accession.
3. Further, the Shareholders' Agreement shall include provisions to the effect that, in the event that the respective performance milestones (as set out in the Schedule) are satisfied and Firetail acquires an 80% shareholding interest in Kiwanda:

- Valor will retain its remaining holding of 20% of the issued share capital of Kiwanda (“**Valor Interest**”) on a ‘free carried’ basis until such time as Firetail procures and presents a pre-feasibility study in respect of the Picha Project (“**Picha PFS**”) to Valor;
- Within 90 days of receipt of the Picha PFS, Valor must provide notice to Firetail as to whether or not it intends to contribute to the costs of developing the Picha Project pro-rata to its Valor Interest, or dilute its Valor Interest on standard industry terms; and
- Any dilution of the Valor Interest below 10% will be converted to a net smelter return royalty of 1% over the Projects.

4. Valor and Kiwanda have provided standard warranties and indemnities, and the Terms Sheet is otherwise on terms and conditions considered standard for agreements of this nature.

Overview of the Picha and Charaque Projects

Picha Project

The Picha Project is a copper-silver exploration project, located in the Moquegua and Puno Departments of southern Peru. The Project comprises 27 mining concessions covering an area of around 200km² and is prospective for multiple styles of copper mineralisation including epithermal, stratabound, carbonate replacement (CRD) and porphyry related. Picha is located approximately 17km east northeast of Buenaventura’s San Gabriel Au-Cu-Ag Project, which hosts Reserves of 14.9 MT with 4.04 g/t Au and 6.43 g/t Ag, representing 1.94MOz Au; and resources: 24.86 MT with 2.10 g/t Au and 8.46 g/t Ag¹.

Exploration work completed by Valor in 2021 and 2022, comprising geochemical sampling, geological mapping and IP/Resistivity surveys, identified several exciting targets across the Project area, with the highest priority targets (Cobremani, Maricate, Cumbre Coya and Fundicion) located in the central part of the Project. These targets are drill ready and currently awaiting final Government approval..

Surface sampling has highlighted geochemical anomalies at several of the drill targets including channel sampling results of:

- 41.6m @ 1.12% Cu and 22.85 g/t Ag (Cobremani)
- 17.6m @ 1.95% Cu and 29.58 g/t Ag (Maricate)
- 32.85m @ 0.61% Cu and 209.76 g/t Ag (Cumbre Coya)

A large Induced Polarisation (IP) anomaly was identified in 2021 at the Fundicion target, potentially reflecting sulphide mineralisation or alteration relating a large porphyry body. The anomaly is around 2km long (N-S) and up to 2km at its widest (E-W). The IP anomaly and geochemical targets have never been drill tested.

Details of work completed on the Cobremani, Maricate, Cumbre Coya and Fundicion targets are provided in Valor’s ASX announcements “Widespread significant copper mineralisation at Picha” dated 11th October 2021, “Further High-Grade Copper and Silver mineralisation at Picha” dated 4th November 2021, “Valor identifies large Porphyry Copper target” dated 1st March 2022, “Additional copper targets confirmed with assays up to 3% Cu” dated 21st April 2022, and “Significant new Copper-silver-gold targets outlined at Picha and Charaque Projects” dated 14th February 2023.

¹ For details of Mineral Resources and Reserves please refer to Buenaventura Integrated Annual Report 2022

Charaque Project

The Charaque Project is located 30km north-east of the Picha Copper Project and comprises eight claims covering an area of around 6,000 hectares (60km²).

Valor acquired the Charaque Project 12 months ago given its highly prospective geology and strategic location in the midst of an active exploration area where a number of major mining companies including Barrick, Teck and Fresnillo all have significant landholdings.

Since acquiring the Charaque Project, Valor has completed ground reconnaissance exploration work and commenced an extensive soil sampling program across the entire Charaque Project area.

On 26th June 2023, Valor executed an Earn-In agreement with leading global gold and copper producer Barrick Gold Corporation covering the Charaque Project. Under the terms of the Earn-in Agreement, Barrick has been granted a 5-year option to acquire a 70% interest in the property for cash payments totalling US\$800,000 and US\$3 million of exploration expenditure (see VAL:ASX Announcement dated 26th June 2023).

Indicative Timetable*

The key dates in relation to the Proposed Transaction are set out below:

Event	Date ¹
Despatch of Notice of Meeting to Firetail shareholders	18 th July 2023
General Meeting of Firetail shareholders	18 th August 2023
Completion of Proposed Transaction and issue of securities by Firetail	31 st August 2023

* The above dates are indicative only and subject to change.

This announcement has been authorised for release by the Board of Directors.

For further information, please contact:

George Bauk Executive Chairman +61 408 931 746 george@totode.com.au	Joe Graziano Company Secretary +61 411 649 551 joe@pathwayscorporate.com.au	Media enquiries Read Corporate Nicholas Read +61 419 929 046 nicholas@readcorporate.com.au
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COMPETENT PERSON STATEMENT

The information in this documents that relates to Exploration Results is based on information compiled by Mr Robin Wilson who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Wilson is a consultant and Technical Director for Valor Resources and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Mr Wilson consents to the inclusion of this information in the form and context in which it appears.

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ABOUT VALOR RESOURCES

Valor Resources Limited (ASX: VAL) ("Valor" or "the Company") is a globally diversified exploration company dedicated to creating shareholder value through acquisitions and exploration activities. The Company is focused on two key future-facing commodities, copper and uranium, in Peru and Canada.

Valor's 100%-owned Peruvian subsidiary, Kiwanda SAC holds the rights to the Picha Project located in the Moquegua and Puno Departments of Peru, 17 km ENE of the San Gabriel Project (former Chucapaca – Buenaventura SAA (NYSE: BVN)) gold deposit, located in the Puno Department of Peru. The Picha Project is a copper-silver exploration project comprising 24 granted mining concessions for a total of 18,500 hectares (185 km²), as well as an additional 3,000 hectares (30 km²) staked and currently awaiting title as mining concessions.

In addition, Kiwanda SAC holds six granted mining concessions covering 4,200 hectares as well as an additional 1,800 hectares staked and currently awaiting title as mining concessions in the Puno Region, 30km north-east of the Picha Project, which make up the Charaque exploration project.

The Charaque Project is subject to an Earn-in Agreement with the leading global gold and copper producer Barrick Gold Corporation, announced on 26th June 2023. Under the terms of this Earn-in Agreement, Barrick has been granted a 5-year option to acquire a 70% interest in the property for cash payments totalling US\$800,000 and US\$3 million of exploration expenditure.

Valor is also the 100% owner of the following interests in Canada:

- ▶ Right to earn an 80% working interest in the Hook Lake Uranium Project located 60km east of the Key Lake Uranium Mine in northern Saskatchewan. Covering 25,846 hectares (258 km²), the 16 contiguous mineral claims host several prospective areas of uranium mineralisation; and
- ▶ 100% equity interest in 19 contiguous mineral claims covering 57,499 hectares (575 km²) in northern Saskatchewan, known as the Cluff Lake Uranium Project. The property is located 7km east of the former-producing Cluff Lake Uranium Mine and much of the project area is located within the Carswell geological complex that hosts the Cluff Lake Mine; and
- ▶ Six additional projects within the Athabasca Basin with 100% equity interest in 18 mineral claims covering 16,897 hectares (169km²) at the Hidden Bay Project, Surprise Creek Project, Pendleton Lake Project, Beatty River Project, Smitty Project and Lorado Project.

