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# **VALOR RESOURCES**

(formerly known as The Carajas Copper Company Limited)

ABN 88 076 390 451

Half-year Financial Report

31 December 2016

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**CORPORATE DIRECTORY****Directors**

Mr. Mark Sumner (Executive Chairman)  
Mr. Brian McMaster (Non-Executive Director)  
Ms. Paula Cowan (Non-Executive Director)

**Joint Company Secretaries**

Ms. Paula Cowan  
Ms. Kelly Moore

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**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 of Valor Resources Limited ('the Company' or 'Valor') submit the financial report of the consolidated entity for the half-year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### Directors

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

Mr Mark Sumner	Executive Chairman (appointed 15 December 2016)
Mr Brian McMaster	Non-Executive Director (appointed 10 January 2017)
Ms Paula Cowan	Non-Executive Director
Mr Gregory Wood	Former Non-Executive Director (resigned 27 February 2017)
Mr Mark Reilly	Former Non-Executive Director (resigned 27 February 2017)

### Results

The loss after tax for the half year ended 31 December 2016 was \$499,902 (2015: \$1,054,350).

### Dividends

No dividend was paid or declared by the Group during the half-year and up to the date of this report (2015: Nil).

### Nature of Operations and Principal Activities

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

### Review of Operations

#### Peru

On 4 August 2016, the Company announced it had executed a Share Sale Agreement with Kiwanda Copper LLC and Lara Exploration Ltd to purchase 100% of the shares in Kiwanda Peru SAC ('Kiwanda Peru') through the issue of 133,333,334 fully paid ordinary shares in the Company and 133,333,334 options with an exercise price of \$0.004 expiring two years from the date of issue, subject to shareholder approval. The Company would assume the administrative and technical costs associated with Kiwanda Peru's office in Peru and would pay Kiwanda Group a corporate advisory fee of \$100,000.

Kiwanda Peru holds the rights to the Picha Copper Project ('the Project') located in the Moquegua Department of Peru, 17km ENE of the Chucapaca (San Gabriel – Buenaventura) gold deposit.

On 15 December 2016, the Company announced the completion of the acquisition of Kiwanda Peru through the issue of the shares and options as detailed above. On the 15 December 2016, the Company also announced the appointment of Mr Mark Sumner to the Board as Executive Chairman and Dr Ernesto Lima as the Company's lead technical advisor and Ms Rosy Haro as the Company's Peruvian manager.

#### Corporate

On 8 July 2016, the Company announced the remaining shortfall of 166,036,924 fully paid ordinary shares pursuant to the rights issue prospectus dated 24 May 2016 was placed raising approximately \$498,110 (before costs).

On 5 August 2016, the Company announced it had successfully completed a placement of new shares to sophisticated investors to raise \$200,000 (before costs). The placement consisted of 66,666,667 fully paid ordinary shares priced at A\$0.003 per share with funds being raised in two tranches - the first tranche of 51,249,981 shares settled on 5 August 2016 and the second tranche of 15,416,686 shares settled on 2 December 2016.

On 12 August 2016, the Company announced the establishment of a share sale facility ('the Facility') for holders of unmarketable parcels of shares in the Company. In October 2016, the Company closed the Facility resulting in a total of 20,166,669 shares being sold on behalf of the relevant holder.

On 15 December 2016, the Company announced a placement of new shares to sophisticated investors to raise \$500,000 (before costs and fees). The placement consisted of 166,666,666 fully paid ordinary shares priced at A\$0.003 per share with funds being raised in two tranches - the first tranche of 60,666,667 shares settled on 15 December 2016 raising \$182,000 (before costs) and the second tranche of 105,999,999 shares to raise \$318,000 (before costs) required shareholder approval which was obtained at a general meeting held on 25 January 2017.

On 15 December 2016, the Company issued 91,824,527 fully paid ordinary shares at an issue price of \$0.003 per share in satisfaction of amounts owing to third party creditors totalling \$275,474. The share issued was approved at the Company's annual general meeting held on 30 November 2016.

On 23 December 2016, the Company released a notice of general meeting of shareholders convened for 25 January 2017. The notice sought to ratify the issue of 60,666,667 tranche 1 shares and approve the issue of 105,999,999 tranche 2 shares as announced on 15 December 2016. The notice also sought to change the Company name to Valor Resources Limited and cancel all 90,000,000 performance shares currently on issue.

**Subsequent Events**

On 10 January 2017, the Company announced the appointment of Mr Brian McMaster as a Non-Executive Director of the Company.

At a general meeting held on 25 January 2017, shareholders approved the change of name of the Company from The Carajas Copper Company Limited to Valor Resources Limited.

On 27 January 2017, the Company cancelled the 90,000,000 performance shares in the Company after obtaining shareholder approval at a general meeting held on 25 January 2017.

On 31 January 2017, the Company issued the second tranche of the placement announced on 15 December 2016 of 105,999,999 shares to raise \$318,000 (before costs) after obtaining shareholder approval at a general meeting held on 25 January 2017.

On 13 February 2017, the Company announced it had entered into a definitive agreement to acquire 100% of the Berenguela Copper-Silver-Manganese Project in Peru from Silver Standard Resources Inc. The transaction requires shareholder approval pursuant to ASX Listing Rule 11.1.2 with a notice of meeting to be issued shortly.

On 27 February 2017, the Company announced the resignation of Mr Gregory Wood and Mr Mark Reilly as Non-Executive Directors of the Company.

On 27 February 2017, the Company announced an oversubscribed placement of new shares to sophisticated investors to raise \$2,200,000 (before costs). The placement consists of 220,000,000 fully paid ordinary shares priced at A\$0.01 per share with funds being raised in two tranches - the first tranche of 50,000,000 shares settled on 9 March 2017. The second tranche is subject to shareholder approval with a general meeting to be convened shortly.

On 28 February 2017, the Company issued 8,175,000 fully paid ordinary shares at an issue price of \$0.003 per share in satisfaction of amounts owing to third party creditors totalling \$24,525. The share issued was approved at the Company's annual general meeting held on 30 November 2016.

On 9 March 2017, the Company announced due to the placement being oversubscribed the second tranche had been increased to 260,000,000 fully paid ordinary shares to raise a total of \$3,100,000 (before costs) under the placement.

There are no other significant events subsequent to reporting date.

**Auditor's Independence Declaration**

Section 307C of the Corporations Act 2001 requires our auditors, BDO, to provide the Directors of the Group with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 2 and forms part of this directors' report for the half-year ended 31 December 2016.

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



**Mark Sumner**  
**Executive Chairman**  
Perth, Western Australia  
15 March 2017

**DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF VALOR RESOURCES LIMITED**

As lead auditor for the review of Valor Resources Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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



**Dean Just**  
Director

**BDO Audit (WA) Pty Ltd**

Perth, 15 March 2015

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
for the half-year ended 31 December 2016

	Note	31 December 2016 \$	31 December 2015 \$
<b>Continuing Operations</b>			
Interest received		1,124	86
Other income		18,293	543,526
Listing and share registry expenses		(50,675)	(32,947)
Professional fees		(96,270)	(31,158)
Consultants and Directors fees		(120,025)	(51,405)
Impairment of receivable		(50,000)	(400,111)
Impairment of exploration expenditure		-	(923,403)
Depreciation		-	(21,398)
Foreign exchange loss		(175)	(814)
Other expenses	3	(202,174)	(136,726)
<b>Loss from continuing operations before income tax</b>		<b>(499,902)</b>	<b>(1,054,350)</b>
Income tax benefit		-	-
<b>Loss from continuing operations after income tax</b>		<b>(499,902)</b>	<b>(1,054,350)</b>
<b>Loss for the half-year</b>		<b>(499,902)</b>	<b>(1,054,350)</b>
<b>Other comprehensive income</b>			
<i>Items that will be Reclassified to Profit or Loss</i>			
Foreign currency translation difference		(3,885)	23,944
<b>Other comprehensive income for the half-year, net of tax</b>		<b>(3,885)</b>	<b>23,944</b>
<b>Total comprehensive income for the half-year</b>		<b>(503,787)</b>	<b>(1,030,406)</b>
<b>Loss for the period attributable to:</b>			
Owners of Valor Resources Limited		(499,902)	(3,540,226)
Non-controlling interests		-	2,485,876
		<b>(499,902)</b>	<b>(1,054,350)</b>
<b>Comprehensive loss for the period attributable to:</b>			
Owners of Valor Resources Limited		(503,787)	(3,516,282)
Non-controlling interests		-	2,485,876
		<b>(503,787)</b>	<b>(1,030,406)</b>
<b>Loss per share attributable to owners of Valor Resources Limited</b>			
Basic loss per share (cents per share)		(0.12)	(0.76)
Diluted loss per share (cents per share)		(0.12)	(0.76)

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

Consolidated Statement of Financial Position as at 31 December 2016

	Note	31 December 2016 \$	30 June 2016 \$
<b>Current Assets</b>			
Cash and cash equivalents		350,637	69,533
Trade and other receivables		-	66,230
Other current assets		5,745	-
<b>Total Current Assets</b>		<b>356,382</b>	<b>135,763</b>
<b>Non-Current Assets</b>			
Deferred exploration & evaluation expenditure	4	1,013,840	-
<b>Total Non-Current Assets</b>		<b>1,013,840</b>	<b>-</b>
<b>Total Assets</b>		<b>1,370,222</b>	<b>135,763</b>
<b>Current Liabilities</b>			
Trade and other payables	5	632,300	987,660
Borrowings		-	60,000
<b>Total Current Liabilities</b>		<b>632,300</b>	<b>1,047,660</b>
<b>Total Liabilities</b>		<b>632,300</b>	<b>1,047,660</b>
<b>Net Assets</b>		<b>737,922</b>	<b>(911,897)</b>
<b>Equity</b>			
Issued Capital	6	39,872,336	38,242,586
Reserves		16,749,231	16,229,260
Accumulated losses		(55,883,645)	(55,383,743)
<b>Deficiency in Equity</b>		<b>737,922</b>	<b>(911,897)</b>

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

**Consolidated Statement of Cash Flows** for the half-year ended 31 December 2016

	31 December 2016 \$	31 December 2015 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(416,691)	(126,996)
Interest received	1,124	86
Interest paid	(10,000)	-
<b>Net cash outflow from operating activities</b>	<b>(425,567)</b>	<b>(126,910)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation expenditure	-	(54,301)
Proceeds from sale of investment	-	197,123
Cash acquired on acquisition of subsidiary	9,818	-
<b>Net cash inflow from investing activities</b>	<b>9,818</b>	<b>142,822</b>
<b>Cash flows from financing activities</b>		
Proceeds from share issues	880,110	-
Share issue costs	(123,085)	(11,085)
Repayment of borrowings	(60,000)	-
<b>Net cash outflow from financing activities</b>	<b>697,026</b>	<b>(11,085)</b>
Net increase in cash held	281,277	4,827
Cash and cash equivalents at beginning of period	69,533	24,807
Net foreign exchange differences	(173)	(813)
<b>Cash and cash equivalents at the end of the period</b>	<b>350,637</b>	<b>28,821</b>

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



Consolidated Statement of Changes in Equity for the half-year ended 31 December 2016

	Issued Capital \$	Accumulated Losses \$	Option Reserves \$	Foreign Exchange Reserves \$	Share Based Payments Reserve \$	Performance Shares Reserve \$	Non- Controlling Interests \$	Total \$
<b>Balance at 1 July 2016</b>	<b>38,242,586</b>	<b>(55,383,743)</b>	<b>4,995,040</b>	<b>34,822</b>	<b>11,188,337</b>	<b>11,061</b>	<b>-</b>	<b>(911,897)</b>
Profit for the half-year	-	(499,902)	-	-	-	-	-	(499,902)
<i>Other comprehensive income</i>								
Foreign currency translation	-	-	-	(3,885)	-	-	-	(3,885)
Total comprehensive income for the half-year	-	(499,902)	-	(3,885)	-	-	-	(503,787)
<b>Transactions with owners in their capacity as owners</b>								
Shares issued as part of rights issue	498,110	-	-	-	-	-	-	498,110
Shares issued as part of placement	382,000	-	-	-	-	-	-	382,000
Shares issued in lieu of amounts owed	419,474	-	-	-	-	-	-	419,474
Shares issued as part of acquisition	400,000	-	-	-	-	-	-	400,000
Fundraising costs	(69,834)	-	-	-	-	-	-	(69,834)
Share based payments	-	-	-	-	523,856	-	-	523,856
<b>Balance at 31 December 2016</b>	<b>39,872,336</b>	<b>(55,883,645)</b>	<b>4,995,040</b>	<b>30,937</b>	<b>11,712,193</b>	<b>11,061</b>	<b>-</b>	<b>737,922</b>
<b>Balance at 1 July 2015</b>	<b>38,183,502</b>	<b>(50,843,157)</b>	<b>4,995,040</b>	<b>(1,168,809)</b>	<b>11,188,337</b>	<b>11,061</b>	<b>(2,098,102)</b>	<b>267,872</b>
Profit for the half-year	-	(3,540,226)	-	-	-	-	2,485,876	(1,054,350)
<i>Other comprehensive income</i>								
Foreign currency translation	-	-	-	23,944	-	-	-	23,944
Total comprehensive income for the half-year	-	(3,540,226)	-	23,944	-	-	2,485,876	(1,030,406)
<b>Transactions with owners in their capacity as owners</b>								
Fundraising costs	(1,614)	-	-	-	-	-	-	(1,614)
Share based payments	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>38,181,888</b>	<b>(54,383,383)</b>	<b>4,995,040</b>	<b>(1,144,865)</b>	<b>11,188,337</b>	<b>11,061</b>	<b>387,774</b>	<b>(764,148)</b>

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

**CORPORATE INFORMATION**

The consolidated financial statements of Valor Resources Limited ('the Group') for the half-year ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 15 March 2017.

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

At a general meeting held on 25 January 2017, shareholders approved the change of name of the Company from The Carajas Copper Company Limited to Valor Resources Limited.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

These interim general purpose financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2015 and any public announcements made by Valor Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

*Accounting policies and methods of computation*

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding held-year reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

*New accounting standards and interpretations not yet adopted*

In the half-year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current reporting period.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. 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 is change 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.

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

The preparation of the half-year financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

*Impairment of Assets*

During the half-year, the Directors conducted an impairment assessment of all deferred exploration and evaluation expenditure. As a result of this assessment it was concluded that no impairment was necessary in regards to deferred exploration and evaluation expenditure.

*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.

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 15 day VWAP of the shares on the Australian Securities Exchange at the time of issue. For performance shares the fair value of is determined by reference to the 15 day VWAP of the shares on the Australian Securities Exchange at the time of issue as well as Management's assessment of the likelihood of the relevant conversion milestones being met.

On 15 December 2016, the Company acquired 100% of Kiwanda Peru by way of a share purchase agreement. Kiwanda Peru shareholders received 133,333,334 shares in the Company and 133,333,334 options with an exercise price of \$0.004 expiring on 15 December 2018. Kiwanda Peru holds the rights to the Picha Copper Project in Peru.

As the acquisition of Kiwanda Peru is not deemed a business acquisition, the transaction must be account for as a share based payment for the net assets acquired.

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.

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 15 day VWAP of the shares on the Australian Securities Exchange at the time of issue.

**2. SEGMENT REPORTING**

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

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

**3. OTHER EXPENSES**

	2016 \$	2015 \$
Administration services	53,981	53,186
Insurance	621	102
Rent and outgoings	-	11,501
Serviced office	-	60,000
Exploration costs	71,429	-
Travel and accommodation	7,454	1,037
Other	68,689	10,900
	<b>202,174</b>	<b>136,726</b>

**4. DEFERRED EXPLORATION & EVALUATION EXPENDITURE**

	31 December 2016 \$	30 June 2016 \$
Opening balance	-	885,967
Acquisitions <sup>1</sup>	963,840	-
Exploration expenditure incurred during the half-year	50,000	52,174
Impairment loss recognised - continuing operations	-	(875,848)
Impairment loss recognised - discontinued operations	-	(50,379)
Net exchange differences on translation	-	(11,914)
Closing balance	<b>1,013,840</b>	-

<sup>1</sup> On 15 December 2016, the Company completed the 100% acquisition of Kiwanda Peru SAC, holder of the rights to the Picha Copper Project located in the Moquegua Department of Peru, 17km ENE of the Chucapaca (San Gabriel – Buenaventura) gold deposit.

The acquisition was completed through the issue of through the issue of 133,333,334 fully paid ordinary shares in the Company valued at \$400,000 based on the most recent price per share of capital raising completed by the Company and 133,333,334 options with an exercise price of \$0.004 expiring two years from the date of issue valued at \$523,856 using the Black Scholes model. Refer to note 7 for further details.

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

	31 December 2016 \$	30 June 2016 \$
<b>5. TRADE AND OTHER PAYABLES</b>		
Trade payables	535,865	963,961
Accruals	83,842	23,699
Other payables	12,593	-
	<u>632,300</u>	<u>987,660</u>

	31 December 2016 \$	30 June 2016 \$
<b>6. ISSUED CAPITAL</b>		
<b>(a) Issued and paid up capital</b>		
Ordinary shares fully paid	<u>39,828,569</u>	<u>38,242,586</u>

	31 December 2016		30 June 2016	
	Number of shares	\$	Number of shares	\$
<b>(b) Movements in shares on issue</b>				
Opening balance	175,629,613	38,242,586	136,666,614	38,183,502
Shares issued as part of rights issue	166,036,924	498,110	38,962,999	116,890
Shares issued as part of placement	127,333,333	382,000	-	-
Shares issued in lieu of amounts owed	127,824,527	419,474	-	-
Shares issued as part of acquisition	133,333,334	400,000	-	-
Fundraising costs	-	(69,834)	-	(57,806)
Closing balance	<u>730,157,731</u>	<u>39,872,336</u>	<u>175,629,613</u>	<u>38,242,586</u>

**7. ACQUISITION OF ASSETS**

**Acquisition – Kiwanda Peru SAC**

During the period, the Company acquired 100% of the voting shares of Kiwanda Peru SAC.

The consideration payable was 133,333,334 fully paid ordinary shares in the Company valued at \$400,000 based on the most recent price per share of capital raising completed by the Company and 133,333,334 options with an exercise price of \$0.004 expiring two years from the date of issue. It is considered that the acquisition of Kiwanda Peru SAC is not a business combination, but rather an acquisition of assets.

The fair value of the identifiable assets and liabilities of Kiwanda Peru SAC as at the date of acquisition are:

	\$
<b>Purchase consideration comprises:</b>	
133,333,334 fully paid ordinary shares	400,000
133,333,334 options with and exercise price of \$0.004 expiring on 15 December 2018	<u>523,856</u>
Total consideration	<u>923,856</u>
<b>Net assets acquired:</b>	
Cash and cash equivalents	9,819
Other assets	5,932
Trade and other payables	(55,735)
Exploration	<u>963,840</u>
Fair value of identifiable net assets	<u>923,856</u>

**8. SHARE BASED PAYMENTS**

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

Share based payment transactions recognised as exploration expenditure on the statement of financial position during the half-year were as follows:

	31 December 2016	30 June 2016
	\$	\$
<i>Exploration expenditure</i>		
Share based payments to vendors, capitalised against exploration asset (refer to notes 4 and 7)	923,856	-

On 15 December 2016, the Company acquired 100% of the voting shares of Kiwanda Peru SAC.

The consideration payable was 133,333,334 fully paid ordinary shares in the Company valued at \$400,000 based on the most recent price per share of capital raising completed by the Company and 133,333,334 options with an exercise price of \$0.004 expiring 15 December 2018.

The fair value at grant date of options granted was determined using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option. The table below summaries options granted:

Grant Date	Expiry date	Exercise price	Granted during the year Number	Exercised during the period Number	Forfeited during the period Number	Balance at end of the period Number	Exercisable at end of the period Number
15/12/2016	15/12/2018	\$0.004	133,333,334	-	-	133,333,334	133,333,334
Weighted remaining contractual life (years)			2.0	-	-	1.9	1.9
Weighted average exercise price			\$0.004	-	-	\$0.004	\$0.004

The model inputs, not included in the table above, for options granted during the half-year ended 31 December 2016 included:

- (a) options are granted for no consideration;
- (b) share price at grant date was \$0.006;
- (c) expected volatility of 110%;
- (d) expected dividend yield of nil; and
- (e) a risk free interest rate of 1.50%.

**9. CONTINGENT LIABILITIES**

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

**10. COMMITMENTS**

There are no commitments as at 31 December 2016.

**11. RELATED PARTY TRANSACTIONS**

There were no related party transactions during the half-year ended 31 December 2016.

**12. SUBSEQUENT EVENTS**

On 10 January 2017, the Company announced the appointment of Mr Brian McMaster as a Non-Executive Director of the Company.

At a general meeting held on 25 January 2017, shareholders approved the change of name of the Company from The Carajas Copper Company Limited to Valor Resources Limited.

On 27 January 2017, the Company cancelled the 90,000,000 performance shares in the Company after obtaining shareholder approval at a general meeting held on 25 January 2017.

On 31 January 2017, the Company issued the second tranche of the placement announced on 15 December 2016 of 105,999,999 shares to raise \$318,000 (before costs) after obtaining shareholder approval at a general meeting held on 25 January 2017.

On 13 February 2017, the Company announced it had entered into a definitive agreement to acquire 100% of the Berenguela Copper-Silver-Manganese Project in Peru from Silver Standard Resources Inc. The transaction requires shareholder approval pursuant to ASX Listing Rule 11.1.2 with a notice of meeting to be issued shortly.

On 27 February 2017, the Company announced the resignation of Mr Gregory Wood and Mr Mark Reilly as Non-Executive Directors of the Company.

On 27 February 2017, the Company announced an oversubscribed placement of new shares to sophisticated investors to raise \$2,200,000 (before costs). The placement consists of 220,000,000 fully paid ordinary shares priced at A\$0.01 per share with funds being raised in two tranches - the first tranche of 50,000,000 shares settled on 9 March 2017. The second tranche is subject to shareholder approval with a general meeting to be convened shortly.

On 28 February 2017, the Company issued 8,175,000 fully paid ordinary shares at an issue price of \$0.003 per share in satisfaction of amounts owing to third party creditors totalling \$24,525. The share issued was approved at the Company's annual general meeting held on 30 November 2016.

On 9 March 2017, the Company announced due to the placement being oversubscribed the second tranche had been increased to 260,000,000 fully paid ordinary shares to raise a total of \$3,100,000 (before costs) under the placement.

There are no other significant events subsequent to reporting date.

**13. DIVIDENDS**

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

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

1. The financial statements and notes thereto, as set out on pages 4 to 12, are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year then ended on that date; and
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



**Mark Sumner**  
**Executive Chairman**  
Perth, Western Australia  
15 March 2017

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Valor Resources Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Valor Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Valor Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Valor Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Valor Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

**BDO Audit (WA) Pty Ltd**



**Dean Just**  
**Director**

Perth, 15 March 2017

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