

VALORY RESOURCES INC.

Investor Presentation

OCTOBER 2019



Valory Resources

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COMPETENT PERSON STATEMENT

The information in this document that relates to Coal Resources and Exploration Target of the Blackstone Coal Project is based on information and supporting documentation prepared by Mr Adam Stewart, who is an independent sole trader consultant and Member of the Australasian Institute of Mining and Metallurgy. Mr Stewart is a Competent Person as defined by the JORC Code, 2012 Edition, having over 25 years' experience that is relevant to the style of mineralisation and type of deposit described in this document. Mr Stewart has no material interest or entitlement, direct or indirect, in the securities of Valory Resources or any companies associated with Valory. Mr Stewart consents to the inclusion in this document of the matters based on this information, in the form and context in which it appears.

THE VISION

Blackstone Coking Coal

Large, high quality, metallurgical coal project located in Western Canada



Valory Resources Inc. (Private)

Management team with proven track record of developing metallurgical coal assets globally and unlocking value in resource projects



Valory Resources Inc. (Public)

New leading ASX-listed coking coal developer and explorer

INVESTMENT OVERVIEW

Valory Resources Inc. ("Valory" or the "Company") has entered into a binding agreement to acquire Black Eagle Mining ("Black Eagle"), a private Company incorporated in Canada which owns 100% of the Blackstone coking coal project in Alberta, Canada.

Blackstone is a large scale hard coking coal exploration project consisting of 16 contiguous mining lease applications covering an area of approximately 14,500ha.

Coal Resource of 170 Mt (Inferred in accordance with the JORC code). Over 100 drill holes intersecting the target seams.

Additionally, an Exploration Target of 350-650 Mt has been estimated with the aim to upgrade a high proportion of this target to inferred within 2 years.

The Blackstone Project:

- » Located in the mining jurisdiction of Alberta;
- » Test work to date confirms potential for a high quality coking coal specification equivalent to current Canadian exports;
- » Located on state owned commercial forest land within an industrial region that supports quarrying, oil & gas drilling and Sulphur production;
- » Located within 10km of existing rail spur with a choice of 3 export ports.



INVESTMENT HIGHLIGHTS

Blackstone Coal Project

1

Leading Mining Jurisdiction

LOW POLITICAL RISK

Alberta, Canada – Mature mining jurisdiction with excellent access to infrastructure (rail/port)

2

People

EXPERIENCED BOARD AND MANAGEMENT

Depth in Resources, Corporate and Canadian expertise. Supportive and engaged shareholders

3

Coal Quality

HARD COKING COAL

Properties similar to existing Australian operations

4

Significant Project With Scale

COMPETITIVE, 170MT RESOURCE

Over 5km of sub crop Open Cut and Underground mining potential

5

Supportive Market Conditions

STRONG HARD COKING COAL PRICE ENVIRONMENT

Demand and supply factors have resulted in current prices exceeding 10 year average

6

Exploration Upside

EXPLORATION TARGET 350-650MT

Exploration program to begin following IPO

BLACKSTONE PROJECT HISTORY

1945	1971	1972–1979	2007	2011	2012	2012 –2013	2017	2018	2019
Blackstone Coal Property first mapped in detail by Geologic Survey of Canada	Initial drillhole work completed by Mesa Petroleum	<p>Property acquired by Clearwater Coal Limited</p> <p>Extensive exploration campaign comprising 43 drillholes, 8 coreholes and bulk samples</p>	Kennecott acquired current Blackstone Lease applications and completes exploration borehole	Black Eagle Mining acquires lease applications	<p>Raised \$12.5m at \$66m valuation (HCC Price US\$190)</p>	Black Eagle Mining completes 68 hole drilling campaign	<p>Raised \$1.4m at a \$67.5m valuation (HCC Price US\$175)</p>	<p>Recruitment of new Board and Management Team</p> <p>Resource converted from NI 43-101 to JORC (2012)</p>	<p>Exploration planning & study</p> <p>EIA & mine permitting commence</p>

EXPERIENCED TEAM – BOARD OF DIRECTORS

VAUGHAN WISHART Executive Chairman

- » Vaughan is a Civil Engineer with 30 years experience in Mining & Resources, and an experienced Company Director.
- » Vaughan is a founder of Stanmore Coal (ASX:SMR, Mkt Cap \$350m). Stanmore's Isaac Plains is a metallurgical mine located in the prime coking coal region of the Bowen Basin, Queensland.
- » Vaughan's founding role at Stanmore was responsibility for Project Development.
- » Vaughan has held management and consulting roles with major firms including most recently with BHP's Olympic Dam

DR. MIKE ETHERIDGE Non Executive Director

- » Mike is an experienced Board Director, with extensive governance experience in the resources sector, ranging from start-up explorers to major miners, and across most major jurisdictions (eg ASX, TSX, AIM).
- » Mike has internationally recognised experience in minerals, petroleum and coal geology, and in broad-ranging geoscience applications. He has many years' experience in exploration strategy, technical risk assessment and M&A.
- » Mike has extensive Management and Board experience in large (eg Lihir Gold), mid-tier (eg Consmin) and smaller companies, including start-ups (Ariana and Geoinformatics). Mike also served as Chairman of international resources consultancy, SRK Consulting.

IAN SLATER Non Executive Director

- » Ian is an entrepreneur who has founded numerous companies and been involved in the mining industry for over twenty years.
- » Previously, Ian was the Managing Partner of both Ernst & Young's Canadian and Arthur Andersen's Central Asian Mining Practices. Ian is a Chartered Accountant.
- » Ian is the founder and Chairman of Black Eagle Mining, which acquired the Blackstone met-coal property in Alberta from Rio Tinto in 2011.

JAY SUJIR Non Executive Director

- » Jay has over 30 years experience as a Canadian securities and natural resources lawyer, advising both private and public companies.
- » Jay is a senior partner with Farris, Vaughan, Wills & Murphy LLP, based in Vancouver, BC.
- » Jay is active on a number of listed Canadian companies and is currently a Director of Black Eagle Mining.

JOSH MAY Non Executive Director

- » Josh is Chartered Accountant with 20+ years of Corporate Advisory and capital markets experience. Josh is a partner on Bombora Group, a Sydney based Fund Manager.
- » Prior to joining Bombora Group in 2017, Josh was a partner of boutique corporate advisory firm Oaktower Partnership, which he helped establish in 2005 with former Ernst & Young colleagues. Josh's advisory and capital raising background spans Australia, Asia, USA, Canada and Asia, including early stage funding in TSX/NYSE listed Nexgen Energy.
- » Josh has held numerous Board roles in both private and public Companies, and is currently serving on the Board of Acrow Formwork and Construction Services Limited (ASX: ACF), Bombora Investment Management, and Valory Resources.

EXPERIENCED TEAM - MANAGEMENT

TONY ROBERTSON CEO

- » Tony has over 30 years operations management and project experience in junior mining companies global corporations – primarily gained in the coal sector (over 40 operations and projects), but also renewable energy projects, port infrastructure, iron ore, metals, oil and gas industries.
- » Tony's broad capability extends to projects, operations, sales & marketing, technical engineering, finance (M&A), strategic planning, general management and private company directorships.
 - 20 years coal operations and project experience (EPC & EPCM \$10 million to \$1 billion) in Australia, China, Mongolia, Indonesia, Chile, Colombia, Mozambique, and South Africa. Project Director \$4 billion Coal Export Terminal (Concept to PDS).
 - 20 years general management and P&L responsibility to Managing Director level.
 - Thiess Sedgman Joint Venture responsible manager (up to \$1B per project), Anglo Coal Project Alliance leader (\$1B total projects)
 - Due Diligence on Curragh, Callide and Blair Athol coal mines for JV consortiums.
- » Tony holds a Bachelor of Mechanical Engineering (BEMech), Masters of Business Administration (MBA), and Company Director Graduate (GAICD)

JULIEN MCINALLY CFO

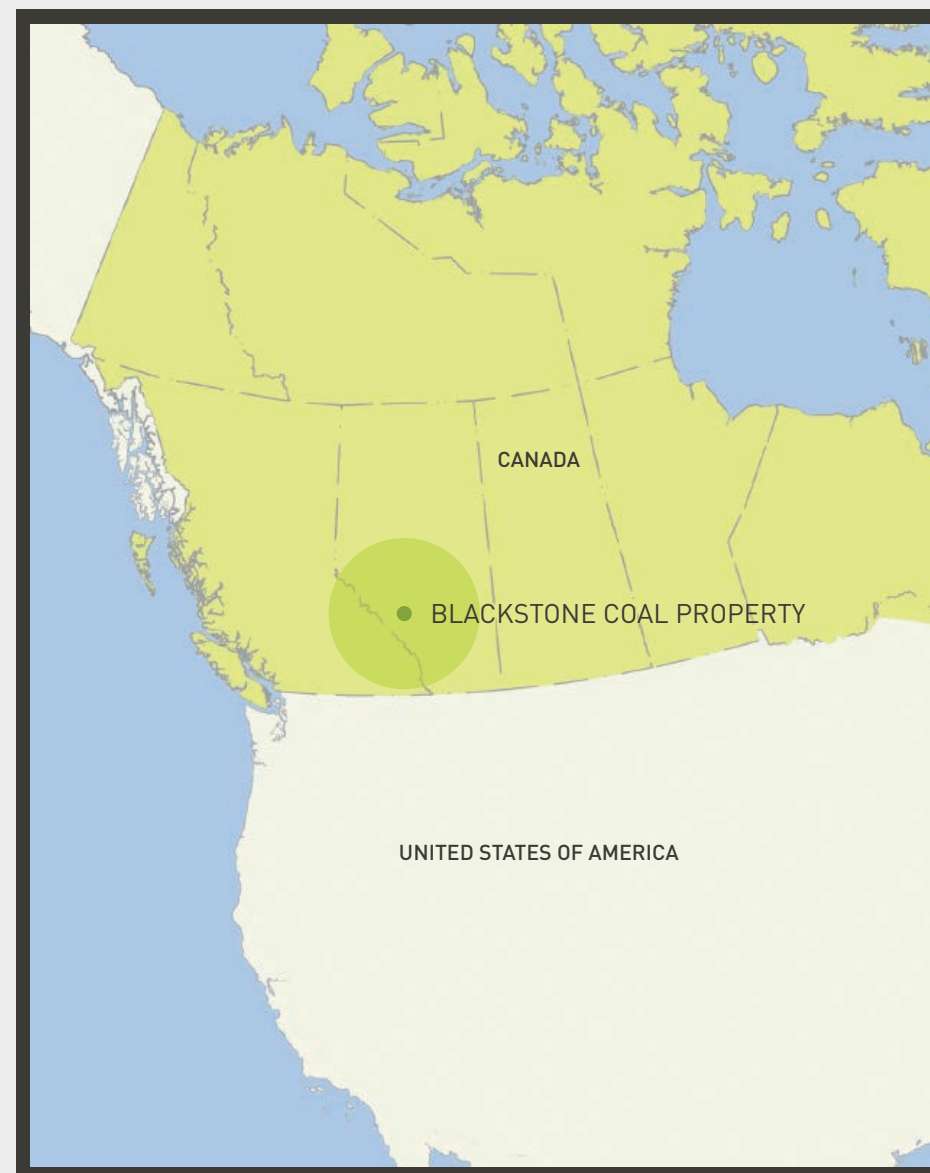
- » Julien McInally holds a CPA, MBA and is a CFO/Company Secretary having over 20 years of resource industry experience with public listed companies on the TSX, AIM and ASX stock exchanges.
- » Julien has expertise in capital raising, mergers and acquisitions, mining project evaluation, strategy, commercial agreements, statutory and management reporting and compliance and governance obligations of publicly listed companies.
- » He has held a number of senior positions in private exploration companies and has worked for BHP Billiton, Strategic Minerals Plc (AIM:SML), Fertoz Ltd (ASX:FTZ), Gladstone Pacific Nickel Limited (AIM and TSX: GPN), Robust Resources Ltd (ASX:ROL), and Reliance Resources Limited (TSX:RI).

STEPHEN GARDNER Project Manager

- » Steve is the Project Manager on the Blackstone Project, whose responsibilities have included permitting and licensing, exploration planning, mine planning and reporting, regulatory compliance and monitoring, underground geological mapping and support and environmental activities, including liaising with other stakeholder groups and provincial government regulators.
- » Steve previously managed the exploration drilling program at the company's Blackstone metallurgical coal property, including the permitting and licensing requirements for the field work.
- » Steve holds a Bachelor of Science Degree Specialising in Geology (1975) from the University of Alberta.

BLACKSTONE PROJECT OVERVIEW

Description	Blackstone Coal project
Location	Alberta, Canada
Ownership	100%
Tenure	Single project focus 16 Contiguous Alberta Mining Lease Applications, 14,500ha project area
Product Classification	Hard Coking Coal
Resource	175Mt
Target Seams	Multiple Seams: » A 1.2-1.6m thickness » B 1.6-2.4m thickness
Potential Mining Methods	Underground longwall and/or bord and pillar Potential for open cut and highwall mining
Project Infrastructure	Existing Rail spur within 10km of site
Regional Infrastructure	Multiple Rail and Port access options

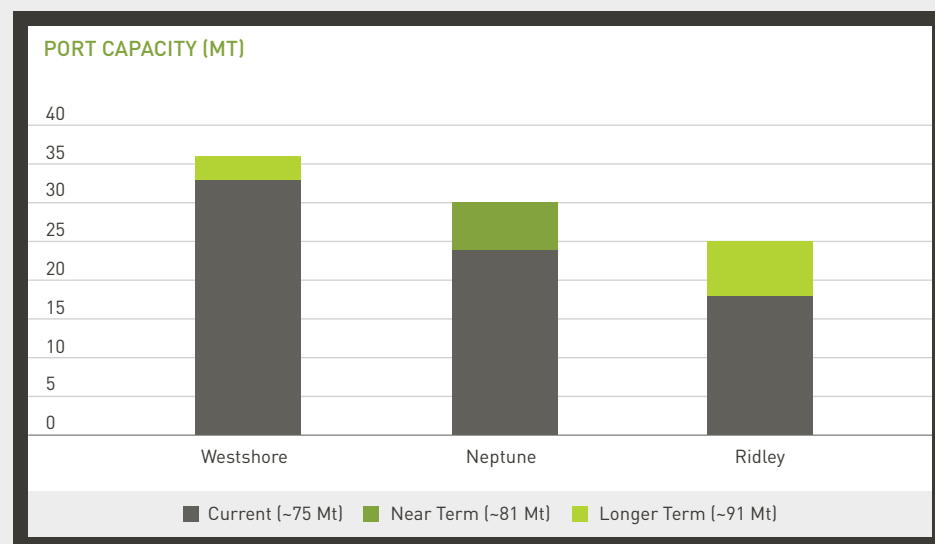


BLACKSTONE PROJECT: EXISTING INFRASTRUCTURE

Significant Industrial Activity in the Region

The Blackstone Project is well serviced by the necessary infrastructure for a major coal project:

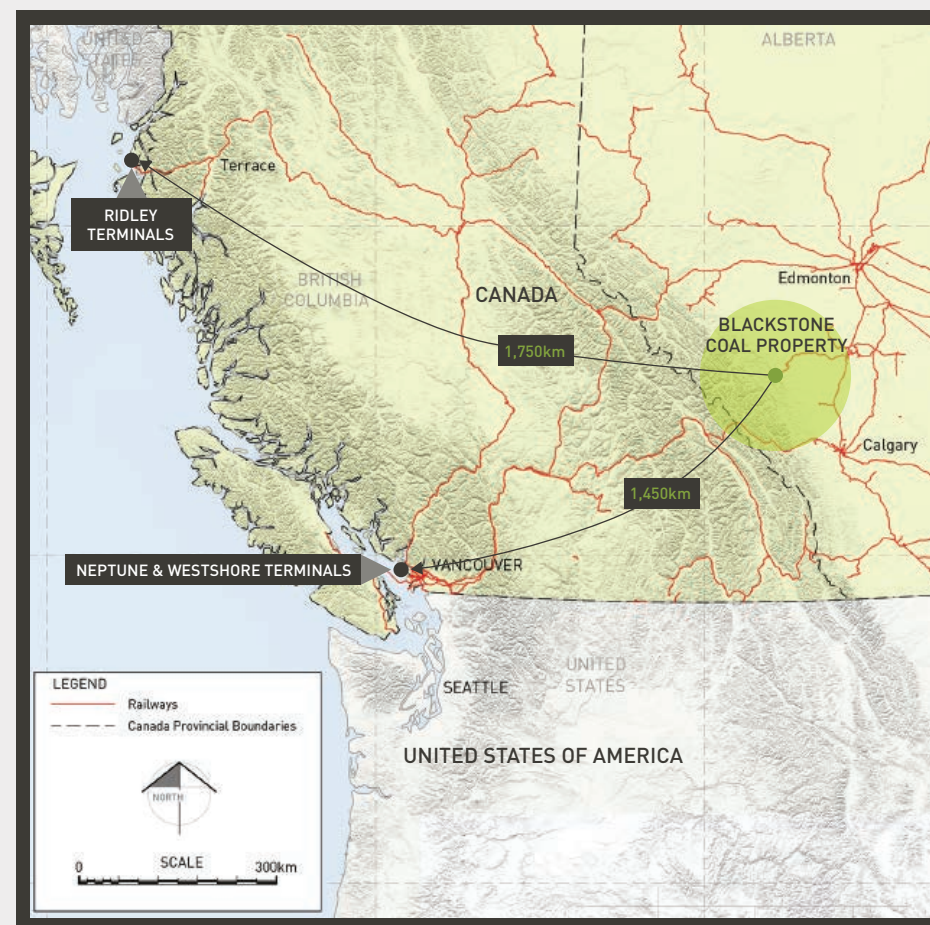
- » Existing rail spur approximately 10km from project;
- » Able to access both main Canadian rail networks: Canadian National and Canadian Pacific;
- » Local skilled industrial workforce;
- » Complementary land use – oil and gas in addition to forestry;
- » Gas and Sulphur extraction on land adjacent to the Project;
- » Good proximity to power and water.



Port flexibility

Flexibility for access to three coal export terminals:

- » Ridley Terminals (1,750km) in Prince Rupert via the northern corridor;
- » Westshore and Neptune port facilities (1,450km) in Vancouver via the central corridor.



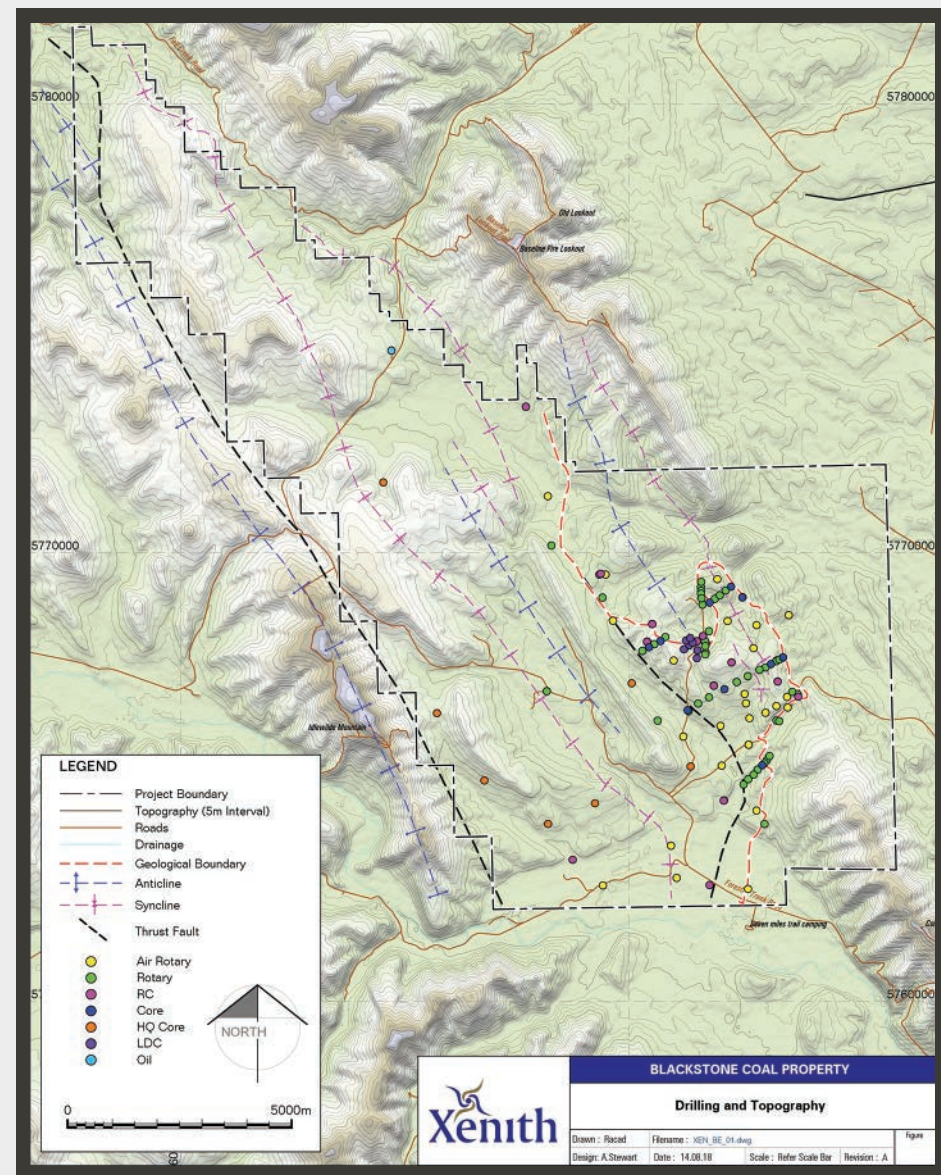
BLACKSTONE PROJECT

Project History

- » **1946** Area first mapped by Canadian Geological Survey;
- » **1971** Mesa Petroleum conducts initial exploration work;
- » **1972** Property acquired by Clearwater Coal Limited. Exploration work ongoing through to 1979;
- » **2007** Kennecott acquires current Blackstone Lease applications, undertakes further coal exploration work;
- » **2011** Black Eagle Mining acquires project, continues exploration work;
- » **2019** Valory and Black Eagle enter Heads of Agreement for acquisition of Black Eagle.

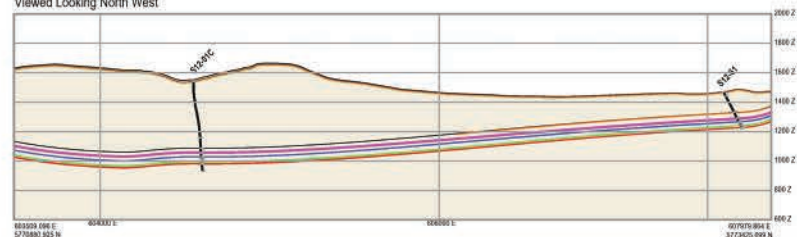
Geology and Structure

- » Cretaceous Luscar and Alberta Groups, interbedded sandstones, shales, conglomerates;
- » Synclinal basin bounded to the southwest by the Pine Needle Creek Trust Fault and to the northeast by the Brazeau Thrust Fault;
- » The Coal Bearing Gates Formation underlies this basin, strikes northwest/southeast and plunges gently to the south;
- » Formation dips steeply in the west towards the Pine Needle thrust fault and subcrops along the eastern margin of the Tay River Syncline;
- » 4 coal bearing seams plus 2 upper marker seams within an horizon of approximately 100m.



SECTIONS

SECTION 1
Viewed Looking North West



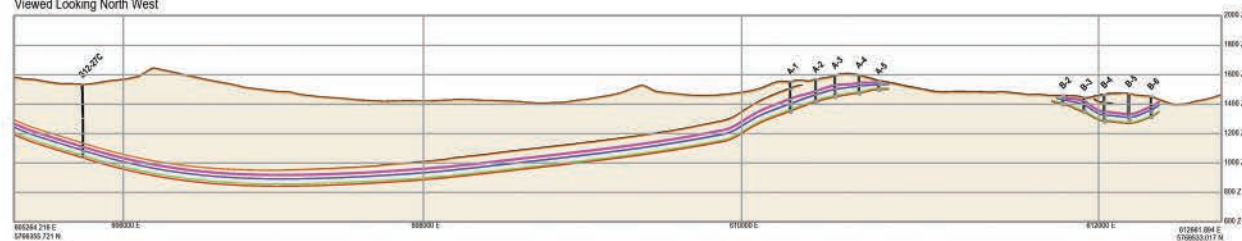
VALORY RESOURCES LTD			
Representative Geological Sections 1-4			
Drawn: Racad	Filename: XEN_GE_07.dwg	Figure	
Design: A.Stewart	Date: 06.09.18	Scale: Refer Scale Bar	Revision: A

SCALE
(Hz/V = 1)
0 1500m

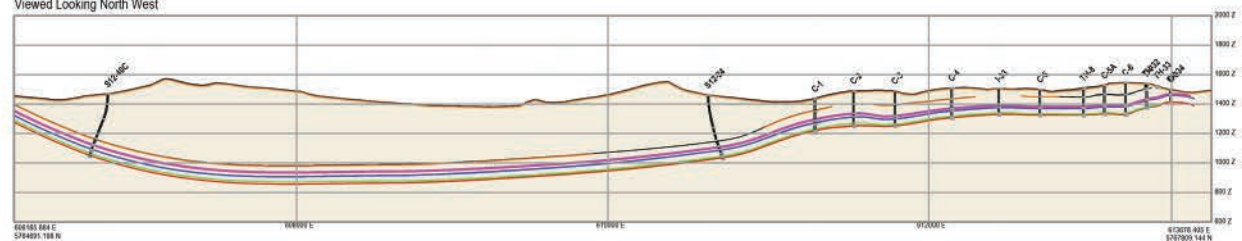
LEGEND

- Topo
- BOW
- M1 Seam
- M2 Seam
- A Seam
- B Seam
- C Seam
- D Seam

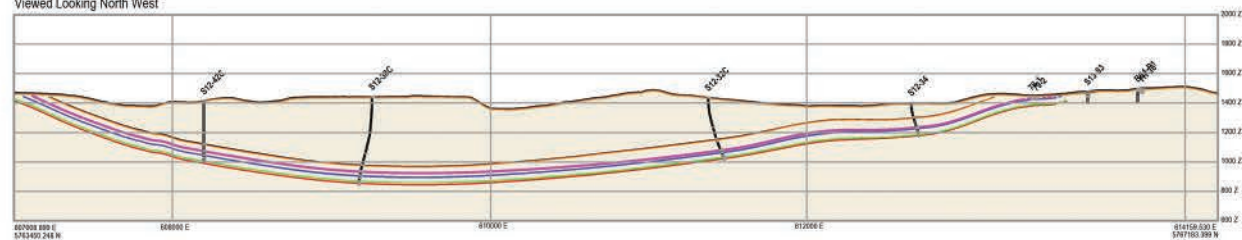
SECTION 2
Viewed Looking North West



SECTION 3
Viewed Looking North West



SECTION 4
Viewed Looking North West





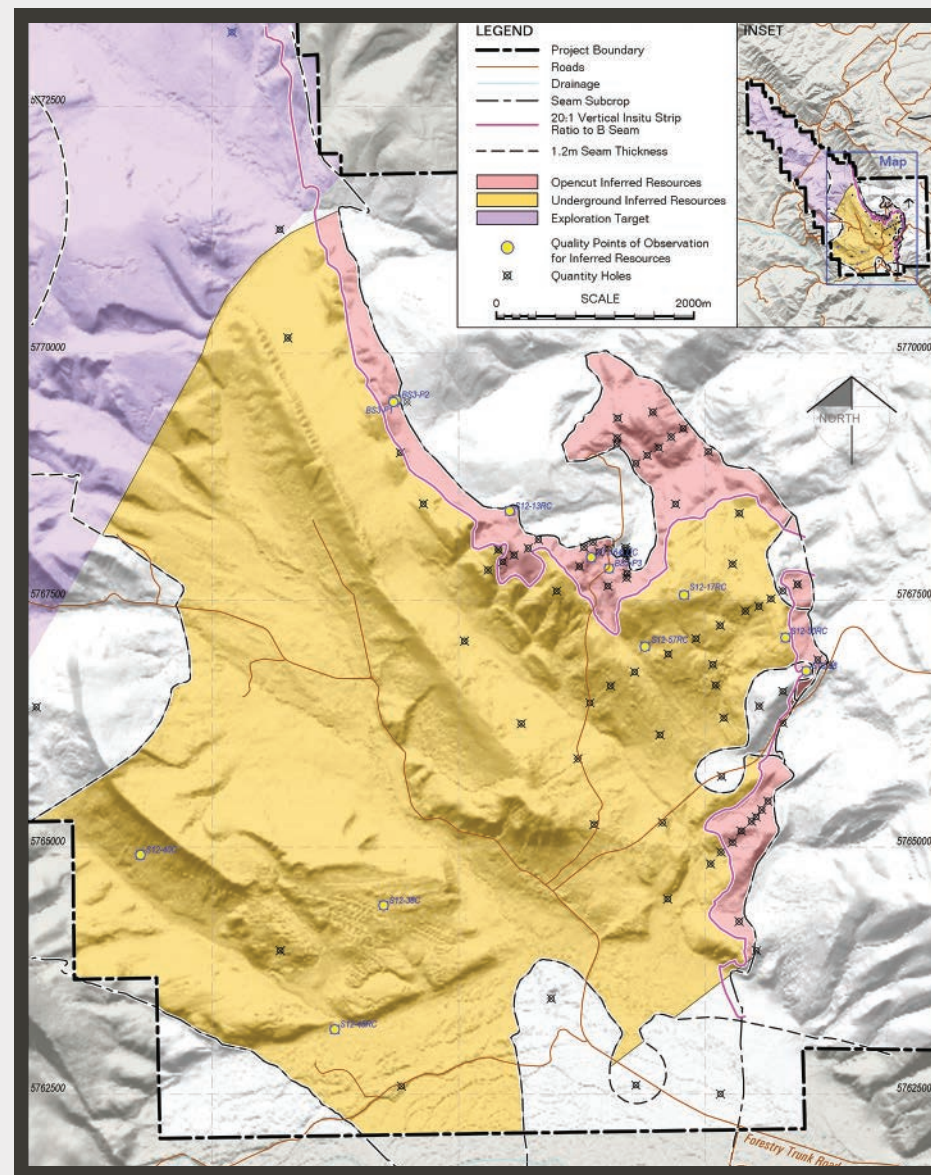
COAL RESOURCES

Resources

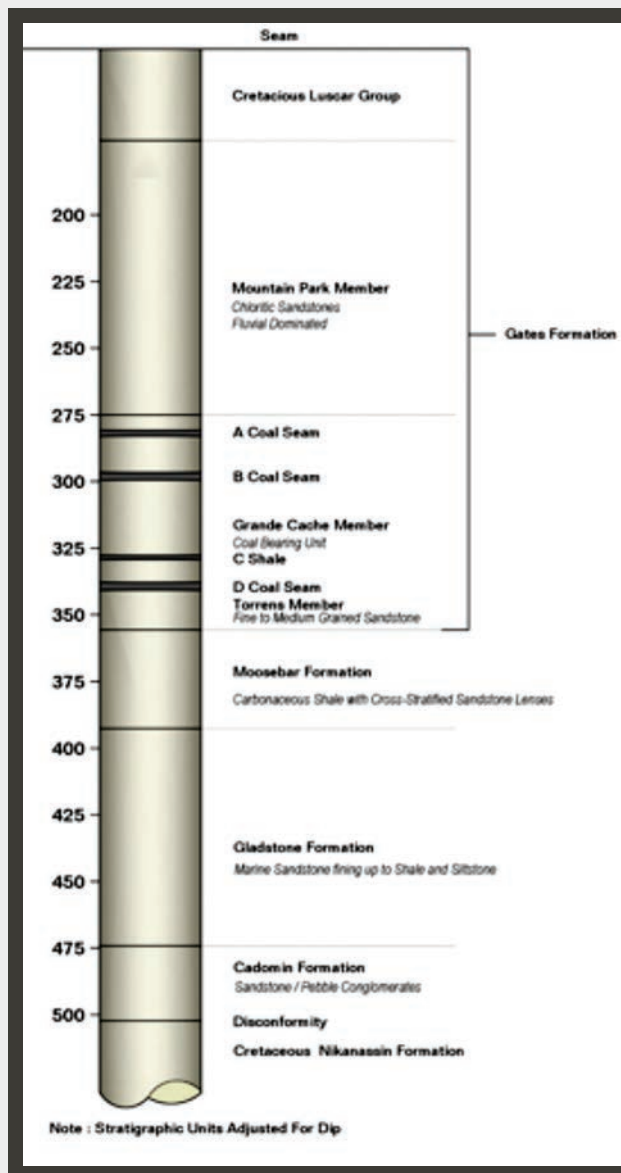
	INFERRED TONNES			RAW COAL QUALITY			
	Average Thickness (m)	Tonnes (Mt)	Relative Density g/cm ³	Ash % adb	Moisture % adb	VM % adb	S % adb
A Opencut*	1.42	5	1.46	19.7	0.9	20.6	0.70
A Underground	1.39	50	1.49	22.0	0.9	18.7	0.71
A Total	1.39	55	1.48	21.7	0.9	18.9	0.71
B Opencut*	1.86	10	1.48	22.9	1.2	20.7	0.60
B Underground	1.87	110	1.49	24.4	1.0	18.4	0.66
B Total	1.87	120	1.49	24.2	1.0	18.6	0.66
Grand Total		175	1.49	23.4	1.0	18.7	0.67

*Open Cut adopted as <20:1 Strip Ratio

- » Approximately 110 holes completed (all programs ~17,600m);
- » Large diameter core (150mm) for washability tests by Black Eagle;
- » Coke Oven test work completed on bulk samples;
- » Target seams:
 - A & B of economic potential considered in current evaluation;
 - C seam considered too thin and low quality;
 - D seam shows potential subject to further exploration;
- » Well understood geology based on long term exploration effort;
- » Resources estimated over approximately 35% of project area in south;
- » Historical NI43-101 Resource reconstructed to JORC in September 2018.

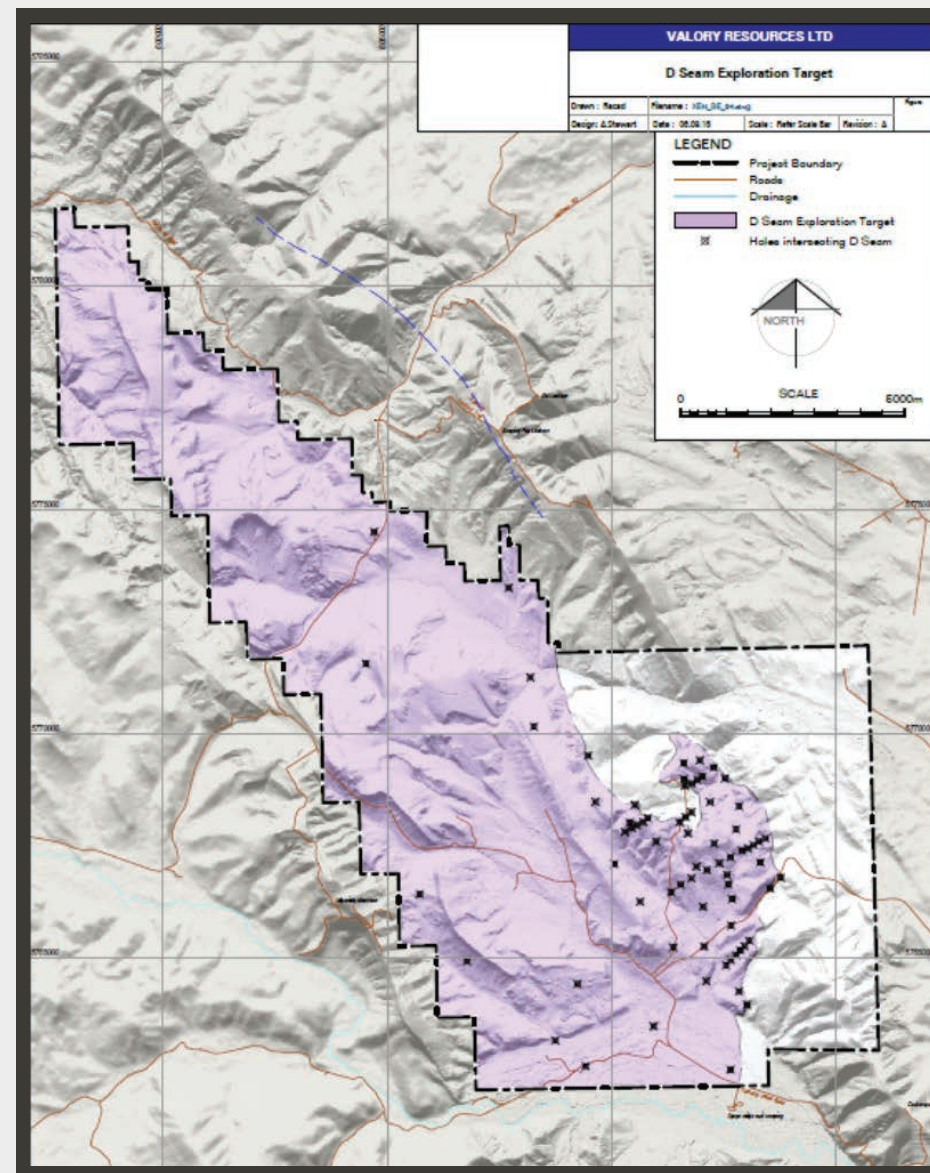


EXPLORATION TARGET

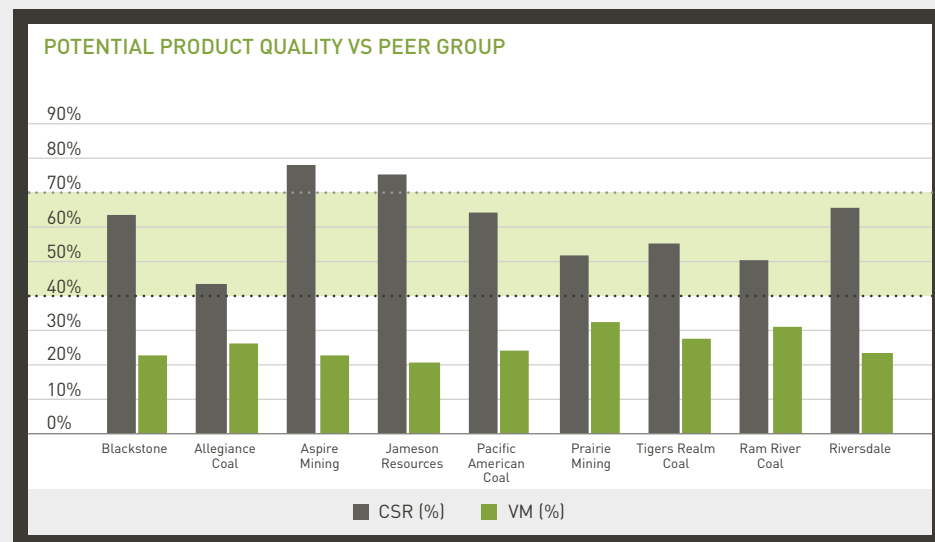


- » Exploration Target of 350-650 Million tonnes is in addition to the Inferred Resource of 175 Million tonnes;
- » Exploration target considered areas to the north of the current resource area and includes D seam;
- » Existing structural model used for estimation of target range.

Typical core hole



COAL QUALITY PEER COMPARISON



Potential Product Quality

Potential coal quality specs determined from work carried out to date:

- » Large diameter drilling;
- » Washability test work;
- » Box charge coke oven tests.

Blackstone's proposed product compares favorably with the suite of proposed projects and established product benchmarks.

Clean Coal Quality

	RAW COAL								CLEAN COAL								
	Average Thickness m	Tonnes Mt	Relative Density g/cm ³	Ash % adb	Moisture % adb	VM % daf	CSN	S % adb	Yield %	Moisture % adb	Ash % adb	VM % adb	S % adb	P in Coal %	CSN	RoMax	Maximum Fluidity ddpmm
A Opencut	1.42	5	1.46	19.7	0.9	25.9	6.0	0.70	69.6	1.3	7.2	22.7	0.59	0.006	7.5	1.22	314
A Underground	1.39	50	1.49	22.0	0.9	24.2	6.0	0.71	60.8	1.2	7.4	21.0	0.62	0.006	7.5	1.32	232
A Total	1.39	55	1.48	21.7	0.9	24.4	6.0	0.71	61.9	1.2	7.4	21.2	0.62	0.006	7.5	1.31	243
B Opencut	1.86	10	1.48	22.9	1.2	27.2	3.5	0.60	62.3	1.6	9.2	21.6	0.53	0.007	5.5	1.26	28
B Underground	1.87	110	1.49	24.4	1.0	24.5	3.5	0.66	57.6	1.6	9.4	19.8	0.62	0.007	6.0	1.36	21
B Total	1.87	120	1.49	24.2	1.0	24.8	3.5	0.66	58.0	1.6	9.4	20.0	0.61	0.007	6.0	1.35	21
TOTAL		175	1.49	23.4	1.0	24.7	4.5	0.67	59.3	1.5	8.7	20.0	0.61	0.007	6.5	1.34	96

COAL QUALITY COMPARISON TO BENCHMARKS

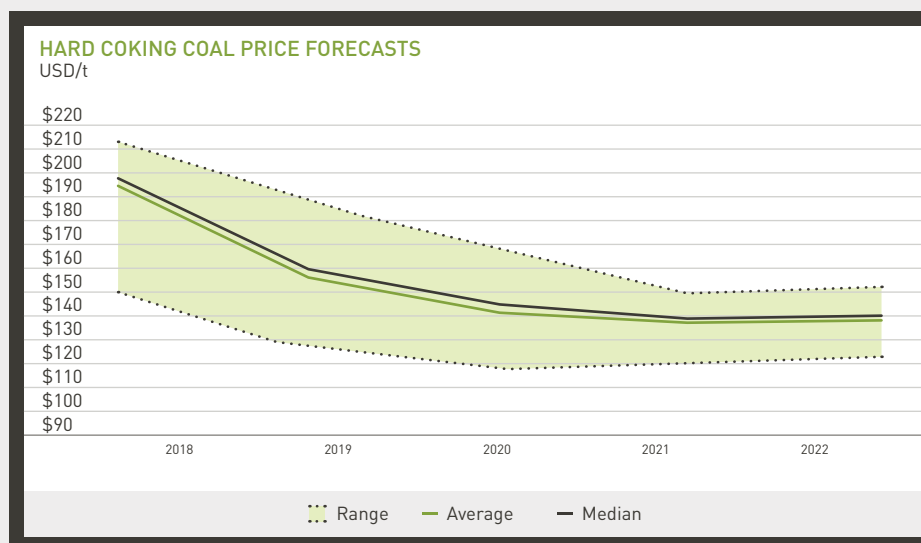
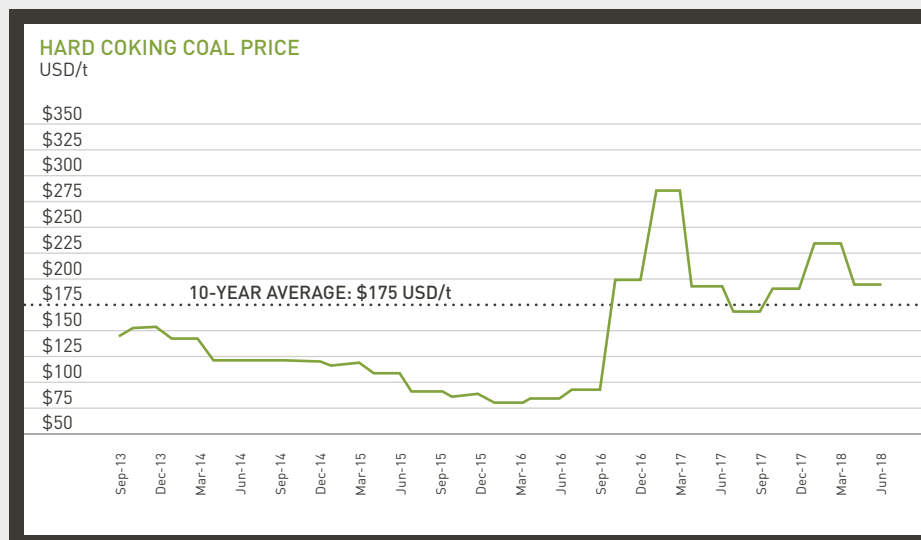
REFERENCE	BLACKSTONE INDICATIVE	SOUTHEAST BC	PLATTS HCC 64	TSI AUS EXP	IHS MCCLOSKEY	PLATTS AUS LV
Coal Property	A & B Seam Combined		PREMIUM	PREMIUM	Aus Prime Hard Coking	PREMIUM
BASIS FOR Prox TS & P	(ad)	(ad)	(ad)	(ad)	(ad)	(ad)
Moisture (as received) %	9	9	9.5	10	10 max	9.7
Ash %	7.5	9.5	9	10	10.5 max	9.3
Volatile Matter %	21.5	20 – 24	25.5	21	26 max	21.5
Sulphur %	0.6	0.4 – 0.5	0.5	0.45	0.7 max	0.5
CSN	7.5 – 8	6 – 8		8	7 min	
Phosphorus in Coal %	0.01	0.06 – 0.08	0.05	0.05		0.045
Max Fluidity ddpm	90	10 - 200	1700	600	100 min	500
Plastic Range °C	65	60 – 75				
Total Dilatation %	55	30 – 70		80		
Reflectance (RoMax) %	1.3	1.22 – 1.31		1.35	1.15 – 1.55	
Vitrinite %	55	50 – 60	55	68		65
CSR	Est. 65+	65 – 70	64	71	67 min	71

Source: M Resources

HARD COKING COAL

CYCLICAL TRENDS

- » Current HCC price of >US\$200 is a 15% premium to the 10-year average.
- » Since H2 2016 HCC prices have reacted to Chinese balancing of its domestic coal production via closures of thousands of smaller coal mines.
- » China targeting to maintain profitability of both its steel and coal industries via this mechanism.
- » Higher HCC exports from Australia and the USA, despite cost/freight disadvantages, have filled the gap from reduced Chinese coking coal supply and limits to annual production days (270-330 days).
- » Longer term – Chinese hard coking coal supply likely to be capped by reserve depletion as well as higher opportunity and capital cost of production from deeper and more distant domestic mine developments.



HARD COKING COAL

CURRENT ENVIRONMENT – DEMAND

- » Demand for Export Metallurgical Coal market is forecast to increase by 52% from 2017 to 2032, with the market requiring an additional 166 Mtpa in 2032.
- » AME anticipates the future demand growth to be largely driven by India, who is forecast to become the largest HCC import market in the world by 2021, and importer of 33% of globally traded met coal by 2032.
- » China accounted for 22% of demand in 2017, driven by a record volume of crude steel output.
- » Japan is currently the second largest consumer, also accounting for 22% of global demand, followed by India (17%).

CURRENT ENVIRONMENT – SUPPLY

- » In 2017 a total of 331Mt of export metallurgical coal was supplied to the global market, growing 3.7% YoY.
- » Major countries providing this supply included:
 - Australia (53.8%)
 - United States (13.0%)
 - Russia (9.3%)
 - Canada (8.7%)
 - Mongolia (8.4%)
- » Queensland, Australia contributed 152Mt, just under half of total global seaborne supply in 2017.
- » Combined forecast supply from the current 6 top HCC producers is expected to remain stagnant from 2017-2032.
 - Increase in only 3.1Mtpa across the 6 producers.
- » **Increase in supply will therefore need to come mostly from a large number of new greenfield projects like Blackstone.**

FUTURE DEMAND V SUPPLY

- » In 2032 global demand for export metallurgical coal is expected to reach 488Mt, an increase of 166Mt from 2017.
- » China and India are forecast to grow strongly for many many years to come.
- » **An additional 156Mt of metallurgical coal, the equivalent of Queensland's total exports, is required to fill this impending supply deficit.**
- » Supply from the top four producers is forecast to only provide an additional 10Mt.
 - The 5th and 6th largest producers are forecast to reduce production from current levels.
- » Brownfield producers lack additional capacity, therefore additional supply will need to come from greenfield projects.
- » Valory is positioned to fill this future deficit from a stable jurisdiction with HCC.

WORKPLAN

Use of Funds

Activity	A\$M
Resource/Reserve Definition and Exploration Drilling	7.0
Approvals – Baseline Environmental	2.2
Studies – Concept Study	0.3
Studies – Preliminary Feasibility Study	3.0
Working Capital (incl. IPO costs)	2.5
Total	15.0

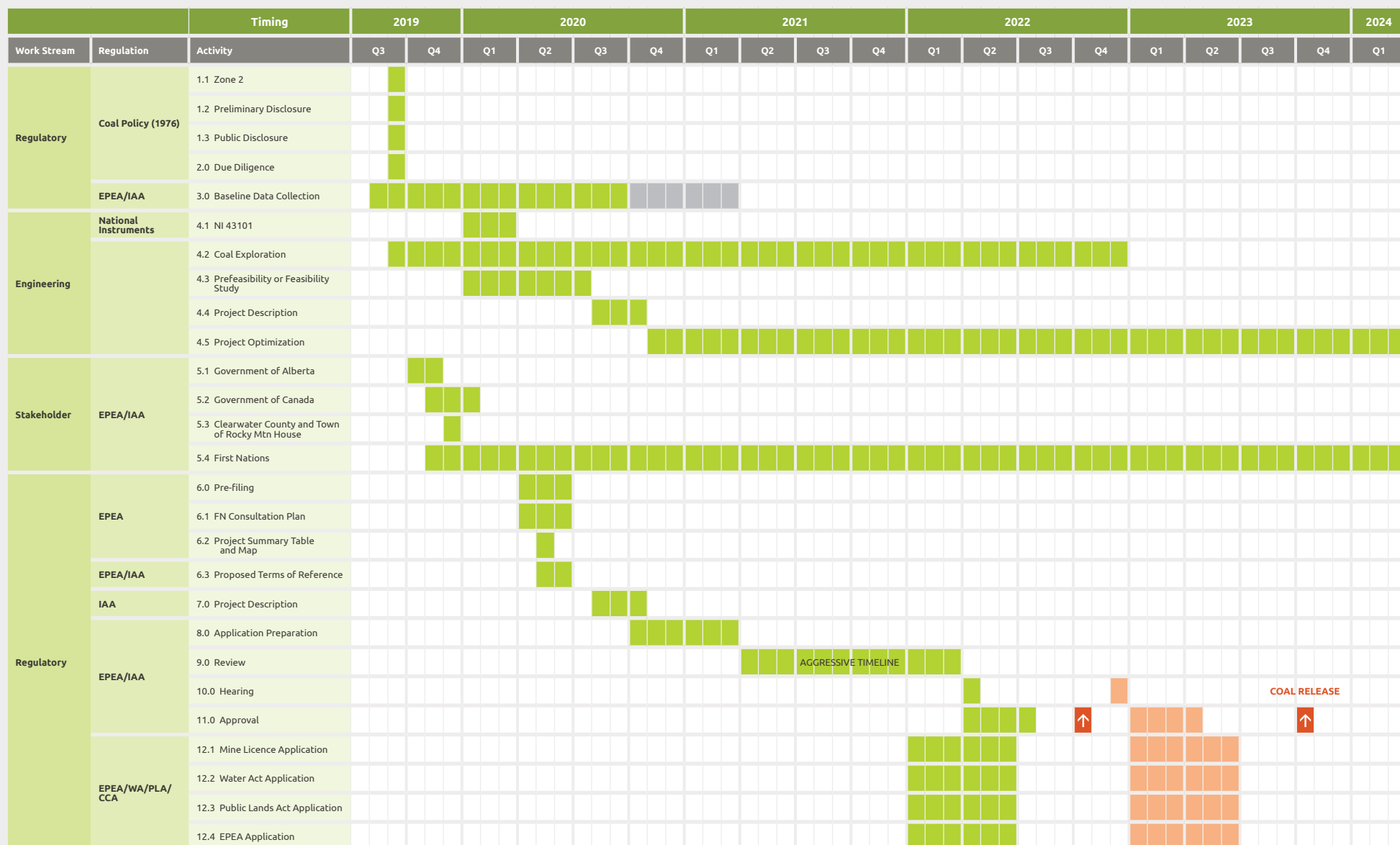
Deliverables

- » Exploration and Resource Development
- » Exploration program consisting of up to 20,000m of drilling in 2 phases;
- » Preliminary geotechnical and gas desorption test work;
- » Upgrade current Inferred Resource to Indicated categories primarily along the shallower eastern flanks;
- » Expand Indicated and Inferred Resource tonnages to support Pre Feasibility Study work;
- » Obtain additional core for further coal quality testing on both A and B Seams;
- » Evaluate the economic potential of D Seam.

Studies and Project Advancement

- » Restart Baseline Environmental Monitoring for environmental studies (2019);
- » Commence environmental study phase for project development;
- » Conceptual Study: Consider options for early open cut and/or highwall mining in addition to longwall and bord and pillar potential;
- » Pre Feasibility Study: Complete PFS on updated resources and (2019-2020).

INDICATIVE APPROVALS TIMELINE





Valory Resources

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