

VALORY RESOURCES INC.

# Investor Presentation

FEBRUARY 2020



Valory Resources

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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. Troy Turner, who is employed by Xenith Consulting Pty Ltd as Managing Director and who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Turner 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. Turner has no material interest or entitlement, direct or indirect, in the securities of Valory Resources or any companies associated with Valory. Mr. Turner consents to the inclusion in this document of the matters based on this information, in the form and context in which it appears.

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# THE VISION

To develop a long term source of high quality coking coal to meet increasing demand from Asian steel mills.

**Blackstone Project Topography**  
LOOKING EAST TO WEST



# PROJECT HIGHLIGHTS

1

## Significant Project With Scale

### 175MT JORC INFERRED RESOURCE PLUS 330-580MT EXPLORATION TARGET

14,372ha site, multiple coal seams, 5km of coal outcropping  
Open Cut & High wall operations followed by Underground Longwall

2

## High Quality Coal

### HARD COKING COAL FOR MAKING STEEL

Test work completed shows coal qualities matching Canadian & Australian HCC exporters  
CSR 65+%; Vol 21.5%; RoMax 1.23-1.51; MV64 likely specification

3

## Existing Infrastructure

### TRANSPORT & POWER

Existing rail spur and high voltage power within 10km  
Excess capacity on 2 rail networks and 3 coal port terminals

4

## Leading Mining Jurisdiction

### SUPPORTIVE PROVINCIAL GOVERNMENT

Located in Alberta, Canada – mature mining jurisdiction with streamlined permitting processes  
Letters of support issued by Alberta government ministers (see Appendix)  
Single landowner – Alberta provincial government

5

## Excellent Team

### CAPABLE & EXPERIENCED BOARD & MANAGEMENT

Depth in resources, corporate and Canadian expertise  
Proven track record of developing metallurgical coal assets globally, unlocking value in resource projects, and creating shareholder value

6

## Supportive Market Conditions

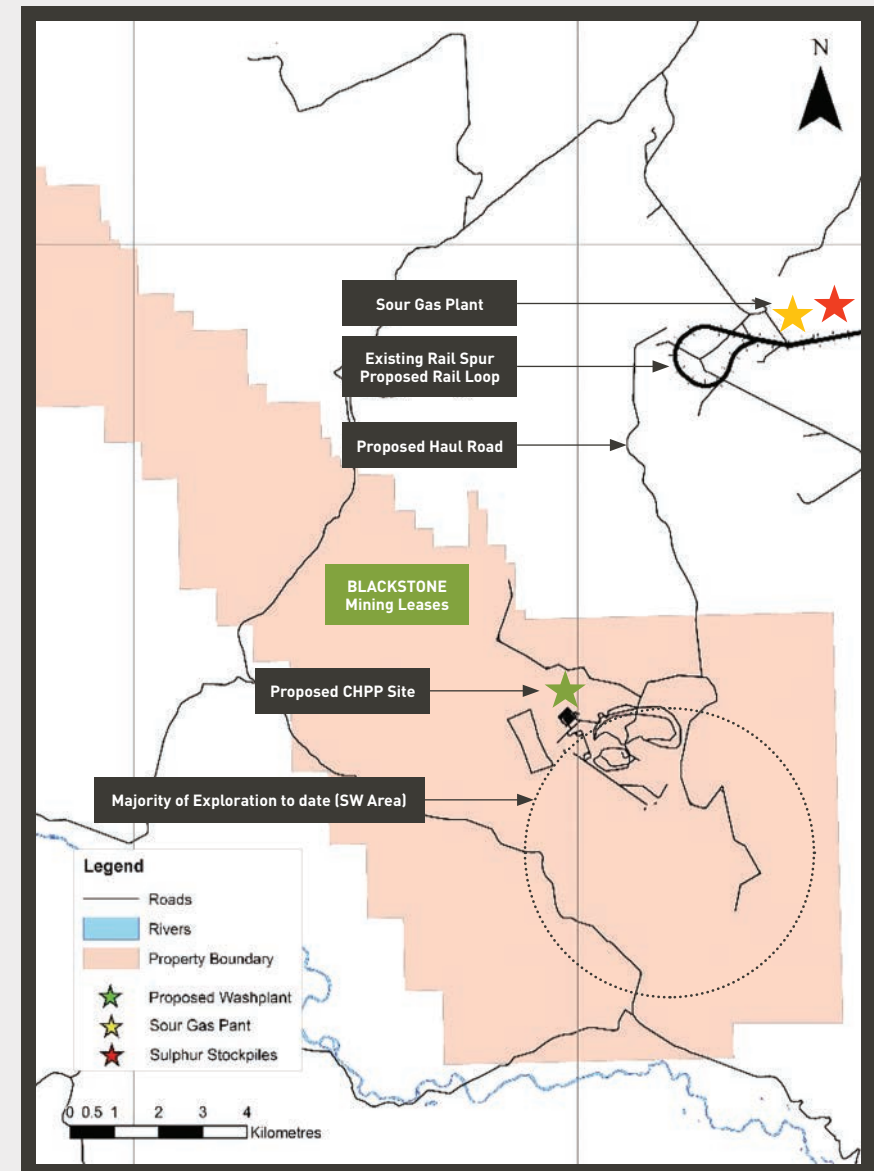
### FAVOURABLE HARD COKING COAL PRICE ENVIRONMENT

Current demand exceeding 10 year average prices  
Forecast global steel demand requires greenfield mines to be developed  
Hancock Prospecting have recently acquired nearby Riversdale Grassy Mountain



# BLACKSTONE PROJECT OVERVIEW

|                                |  |
|--------------------------------|--|
| <b>Ownership</b>               | 100%   |
| <b>Description</b>             | <b>Blackstone Project - Alberta, Canada</b><br>Project sits on provincial-owned commercial forest land within an industrial region that supports quarrying, oil & gas drilling and Sulphur production.<br>Logging has been conducted on site for over 50 years, with the site cleared many times, therefore no major environmental issues expected |
| <b>Scale &amp; Tenure</b>      | <b>Large metallurgical coal project</b><br>Single project focus 16 Contiguous Alberta Mining Lease Applications, 14,372ha project area (24km by 6km approx.)   |
| <b>Product Classification</b>  | <b>High Quality HCC</b><br>Test work confirms potential for a MV64 high quality coking coal equivalent to current Canadian & Australian exports<br>High RoMax 1.5+ suggests very high quality coking coal<br>CSR 65+%; Vol 21.5%; RoMax 1.23-1.51  |
| <b>JORC Resource</b>           | <b>175Mt inferred resource across 35% of lease area</b><br>110 exploration drill holes to date<br>Additional exploration target of 330-580Mt<br>Northern half and SW sector – limited exploration to date  |
| <b>Mine Plan</b>               | <b>Mine life greater than 20 years</b><br>Stage 1 – Open Cut (OC) & Highwall (HW) mining<br>Stage 2 – Single Underground Longwall plus OC & HW<br>Stage 3 – Second Underground Longwall plus OC & HW<br>Target Seams: B Seam 1.6-2.4m; A Seam 1.2-1.6m<br>D Seam – further exploration required<br>5km outcropping coal seams                      |
| <b>Project Infrastructure</b>  | Existing rail spur, water and high voltage power within 10km<br>Natural gas pipeline within 6.5km<br>Existing heavy transport site road network due to logging   |
| <b>Regional Infrastructure</b> | 2 rail networks and 3 coal port terminals available on West Coast  |



# COAL RESOURCES

## Inferred Tonnes

|                     | Average Thickness (m) | Tonnes (Mt) |
|---------------------|-----------------------|-------------|
| Seam A Opencut*     | 1.4                   | 7           |
| Seam A Underground  | 1.4                   | 50          |
| <b>Seam A Total</b> | <b>1.4</b>            | <b>57</b>   |
| Seam B Opencut*     | 1.8                   | 12          |
| Seam B Underground  | 1.9                   | 107         |
| <b>Seam B Total</b> | <b>1.8</b>            | <b>119</b>  |
| <b>Grand Total</b>  |                       | <b>175</b>  |

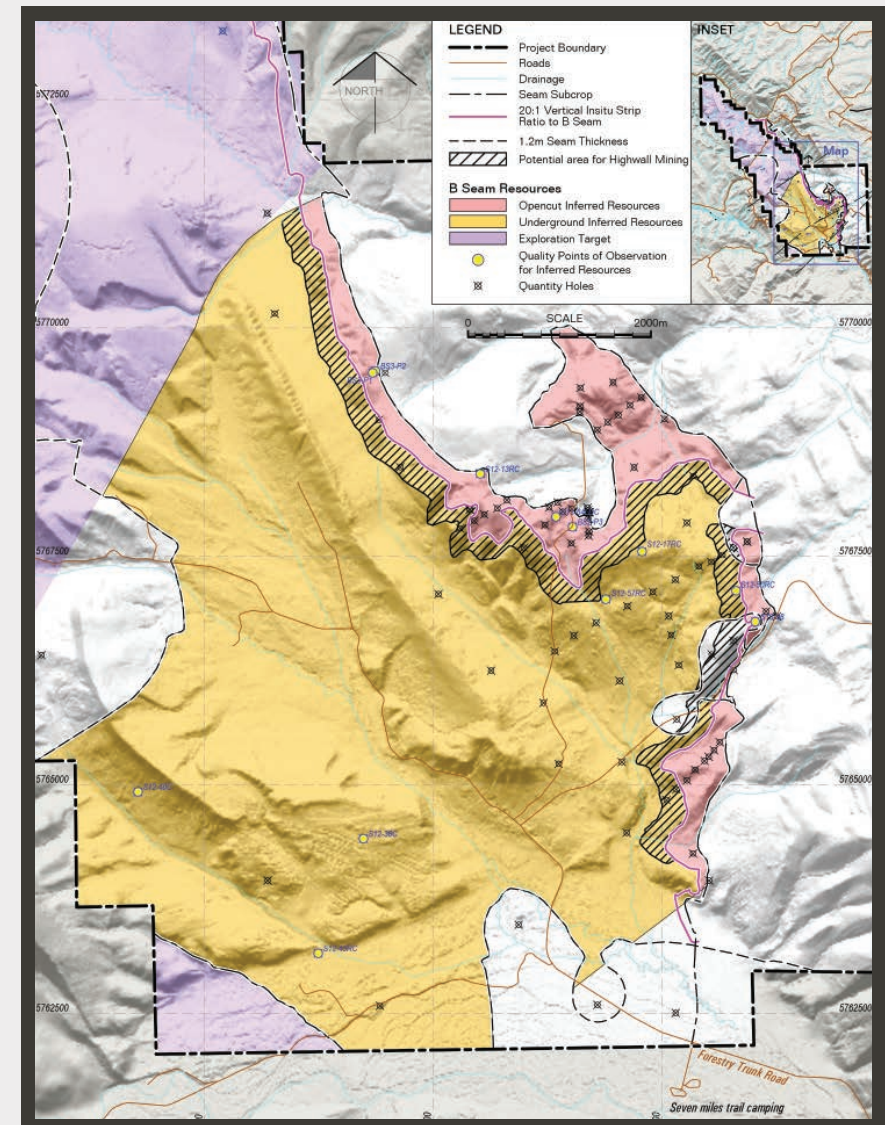
\*Open Cut adopted as <20:1 Strip Ratio

Note: 175Mt takes into account rounding of figures above

Source: Xenith, "Valory Resources Blackstone Project Coal (JORC) Resource Estimate", Jan 2020

## Large Scale High Quality

- » Well understood geology based on long term exploration effort
- » Hard coking coal confirmed via coke oven test work on bulk samples
- » 110 holes completed (~17,600m drilled to date)
- » **Resources estimate only covers 35% of project area**
  - **19Mt Open Cut**
  - **157Mt Underground** (significant portion - low cost Highwall mining)
  - **5km coal seam outcropping**
  - Northern and South West sectors have had limited exploration to date (2 & 3 holes respectively) and D Seam needs further exploration
- » SW area is highly reflective (RoMax 1.5+) suggesting very high quality HCC



Source: Xenith, "Valory Resources Blackstone Project Coal (JORC) Resource Estimate", Jan 2020



# PEER COMPARISON

| REFERENCE                       | VALORY<br>BLACKSTONE                              | ATRUM<br>ELAN                     | MONTEM<br>TENT MOUNTAIN                     | HANCOCK PROSPECTING<br>GRASSY MOUNTAIN     | RAM RIVER<br>ARIES                      | TECK<br>ELK VALLEY  |
|---------------------------------|---|-----------------------------------|---|--|---|---------------------|
| Mining Method                   | UG, OC, HW  | OC                                | OC  | OC   | OC                                      | OC                  |
| <b>Project Size (JORC)</b>      | <b>175Mt Inferred<br/>+ 330-580Mt Exploration</b> | 110Mt Indicated<br>285Mt Inferred | 130Mt Measured + Indicated<br>33Mt Inferred | 85Mt JORC Measured<br>110Mt JORC Indicated | 220Mt NI 43-101<br>Measured & Indicated | 26Mtpa from 4 mines |
| <b>Moisture (as received) %</b> | <b>9</b>  | 10                                |   | 10   |   | 10                  |
| <b>Ash %</b>                    | <b>7.5</b>  |                                   | 10  | 9.0 - 9.5                                  | 8.5 - 9.5                               | 9.5 - 10.5          |
| <b>Volatile Matter %</b>        | <b>21.5</b>                                       | 24 - 26                           | 23-26                                       | 23.5                                       | 30.5                                    | 24.5 – 26.5         |
| <b>Sulphur %</b>                | <b>0.6</b>  | 0.65                              | 0.45  | 0.5 – 0.6                                  | 0.56                                    | 0.65 – 0.70         |
| <b>Phosphorus in Coal %</b>     | <b>0.01</b>                                       | 0.05                              | 0.05  | 0.04                                       | 0.02                                    | 0.075               |
| <b>Reflectance (RoMax) %</b>    | <b>1.23-1.51</b>                                  | 1.13-1.20                         | 1.06  | 1.20                                       |   | 1.07 – 1.17         |
| <b>Vitrinite %</b>              | <b>55</b>   |                                   |   | 41 - 50                                    |   |                     |
| <b>Yield %</b>                  | <b>~60</b>  | 65                                | 63  | 55   |   |                     |
| <b>CSR</b>                      | <b>Est. 65+</b>                                   | 71                                | 60 - 65                                     | 65   | 50 - 55                                 | 65 – 70             |

Note: Blackstone figures to be re-tested in 2020 Testing Program

Sources:

Blackstone – Xenith, "Valory Resources Blackstone Project Coal (JORC) Resource Estimate", Jan-2020, NorWest "Preliminary Economic Assessment for the Blackstone Coal Property" Jan-2017

Elan South – Atrum Coal "Elan Hard Coking Coal Project" Oct-2019

Elk Valley – Teck Company Data and M Resources "BEM Specification comparison" Oct-2019

Tent Mountain – Montem Resources Presentation Oct-2019

Grassy Mountain – Riversdale Company Data and RPM Global, "Grassy Mountain Technical Report", Mar-2019



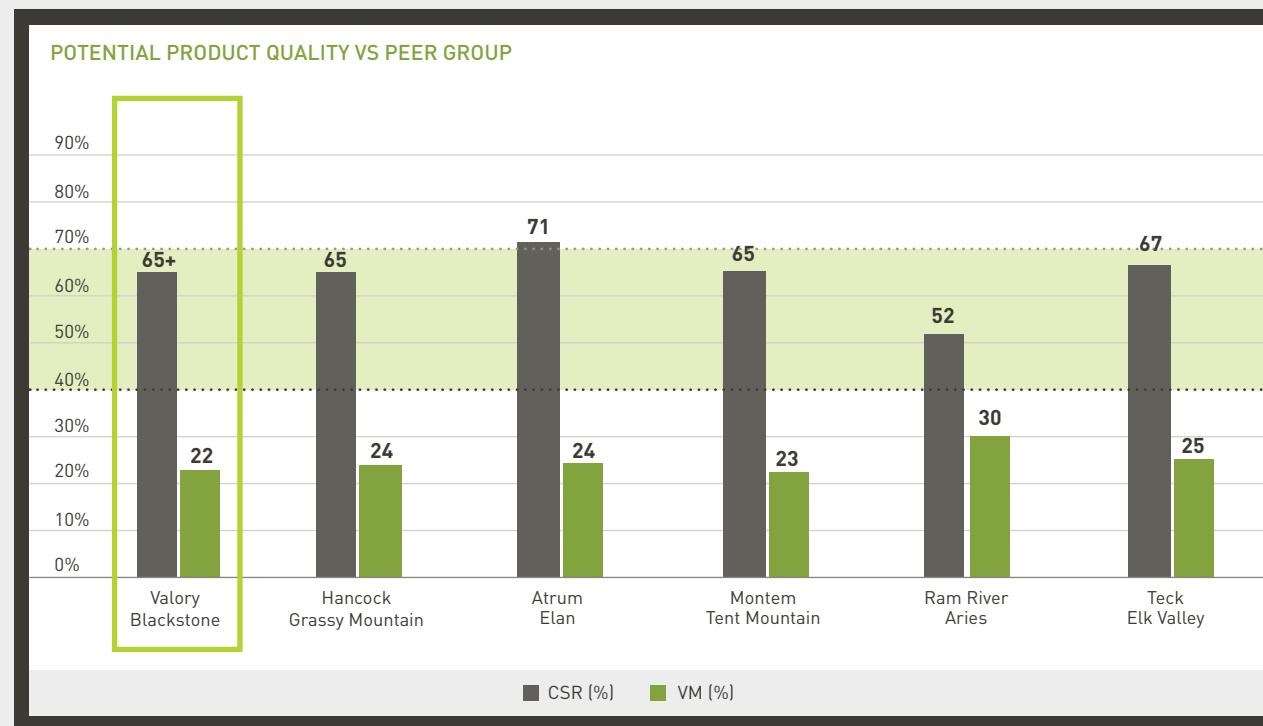
# COAL QUALITY PEER COMPARISON

## 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 proposed projects noted at right.



Note: Average taken if range provided.

Sources:

Blackstone – Xenith, “Valory Resources Blackstone Project Coal (JORC) Resource Estimate”, Jan-2020, NorWest “Preliminary Economic Assessment for the Blackstone Coal Property” Jan-2017

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# BLACKSTONE PROJECT: EXISTING INFRASTRUCTURE

## Significant Industrial Activity in the Region

Existing rail spur approximately 10km from project:

- » Able to access both main Canadian rail networks:  
Canadian National and Canadian Pacific

Good proximity to power and water:

- » Existing high voltage (HV) power line approximately 10km from project

Existing internal site roads:

- » Well developed internal road network for heavy commercial logging activities.  
Far Northern internal roads are currently being further developed by logging company

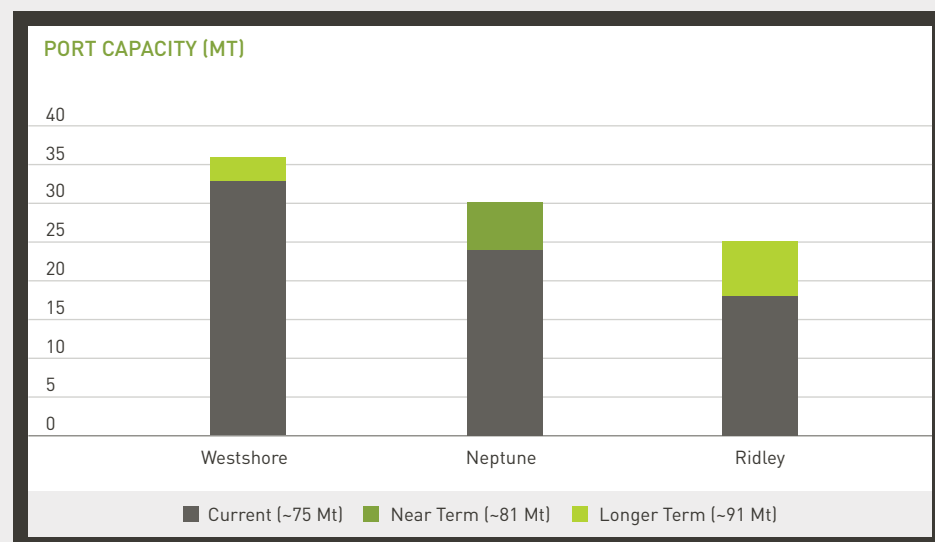
Local skilled industrial workforce

Within 2 hours drive from major centres Calgary and Edmonton

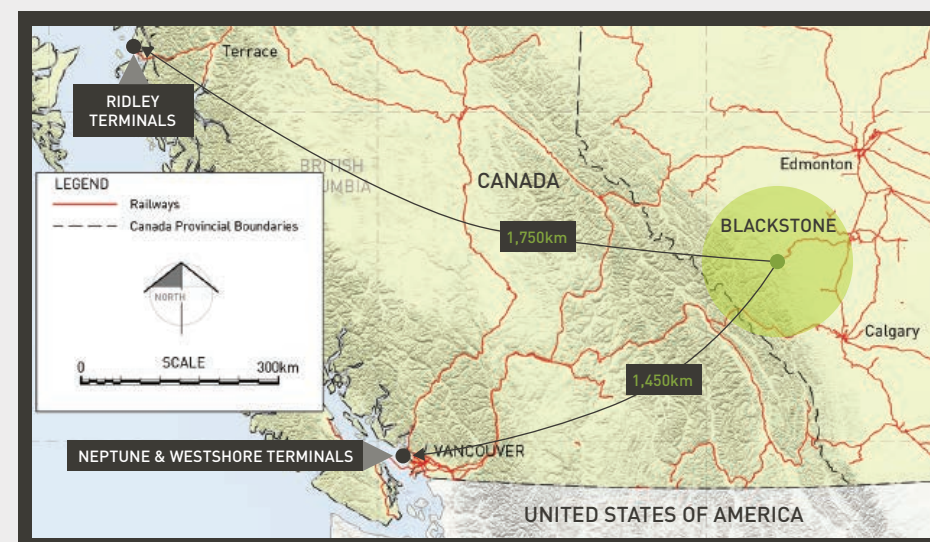
## Port Flexibility & Capacity

Flexibility for access to three coal export terminals:

- » Available capacity with plans for expansion by 2025 from 75Mtpa to 91Mtpa
- » Ridley Terminals (1,750km) in Prince Rupert via the northern corridor
  - Canadian National rail corridor
  - Ridley expansion from 18M to 25M (privately owned Dec 2019)
- » Westshore and Neptune port facilities (1,450km) in Vancouver via the central corridor
  - Canadian National and Canadian Pacific rail corridor
  - Neptune expansion from 24M to 30M tonnes
  - Westshore expansion from 33M to 36M tonnes



Source: NorWest "Preliminary Economic Assessment for the Blackstone Coal Property" Jan-2017



Source: NorWest "Preliminary Economic Assessment for the Blackstone Coal Property" Jan-2017

# PROJECT DEVELOPMENT

## Targeting Mine Permit Approval 2022

### MINE PERMIT APPROVAL PROCESS

- » Permitting subject to Provincial government approval
- » Limited surface footprint required for Highwall and Underground mining operations
- » Targeting Mine Permit Approval 2022

### PERMIT WORK COMMENCED

- » Environmental (EIA) fieldwork has commenced. Water sampling has been completed. The EIA fieldwork will continue across 12 months to capture the four seasons
- » Seismic permit approved and granted
- » Permit Meeting held with Alberta Energy Regulator

### STAKEHOLDER ENGAGEMENT

- » Community engagement has commenced with First Nations Bands, Clearwater County Council, Rocky Mountain House Council, the Alberta Energy Regulator, and the Alberta Provincial Government Ministers
- » Valory Resources has recently met with key Members of the Legislative Assembly of Alberta and received strong statements of support as included in Appendices, which indicates that the Alberta provincial government are “pro-development and open for business”
- » Local community keen to see multi-generational assets which will support regional development and employment
- » First Nations have completed site visits
- » Commenced discussions with rail providers
- » Early engagement with Asian Steel Mills
- » Engaged with site logging company
- » No private individual landowners. Rights are held by the Alberta Government



# EXPERIENCED TEAM

## VAUGHAN WISHART Executive Chairman

- » Vaughan is a Civil Engineer with over 30 years experience in mining & resources.
- » Co-founder of Stanmore Coal (ASX:SMR, Mkt Cap \$350m). General Manager responsible for Project Development.
- » Stanmore's Isaac Plains is a metallurgical mine located in the prime coking coal region of the Bowen Basin, Queensland.
- » Vaughan has held management and consulting roles with major firms including most recently with BHP's Olympic Dam.

## TONY ROBERTSON CEO & MD

- » Tony is a Mechanical Engineer with over 30 years experience in mining and the resources industry. He also holds a MBA and GAICD.
- » Operations and project experience in the coal sector globally in Australia, China, Mongolia, Indonesia, Chile, Colombia, Mozambique, and South Africa for over 30 coal mines.
- » Underground, Open Cut, CHPP, and mine and port infrastructure development
- » Tony has project director experience in EPC & EPCM execution up to \$1 billion and Study Project Director of a \$4 billion coal export terminal.

## THEO PSAROS CFO

- » Theo is a Chartered Accountant, and GAICD with over 30 years of diverse global and local commercial experience in across a number of business sectors and industries.
- » Theo has expertise in capital raisings, mining project evaluation, infrastructure planning and evaluation, He was an advisory to the Queensland Government on a 30-year resources industry strategic plan.
- » Previously COO of MetroCoal Limited, and Chair of the Surat Basin Coal Alliance.
- » Theo is currently the Chairman of Metallica Minerals Limited (ASX: MLM).

## STEPHEN GARDNER Exploration Manager

- » Steve holds a Bachelor of Science Degree specialising in Geology.
- » Steve has had a long term involvement with the Blackstone site. He previously managed the exploration drilling program at the company's Blackstone metallurgical coal property, including the permitting and licensing requirements for the field work.

## DR. MIKE ETHERIDGE Non Executive Director

- » Mike is a Geologist with 40 years internationally recognised experience in minerals, petroleum and coal geology, and in broad-ranging geoscience applications. Experienced in exploration strategy, technical risk assessment and M&A.
- » 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.

## JAY SUJIR Non Executive Director

- » Jay is a Lawyer with over 30 years experience in Canadian securities and natural resources, advising both private and public companies.
- » Jay is a senior partner with Farris LLP, Vaughan, Wills & Murphy LLP, based in Vancouver, BC.

## JOSH MAY Non Executive Director

- » Josh is a Chartered Accountant with over 20 years of Corporate Advisory and capital markets experience.
- » Josh is a partner in Bombora Group, a Sydney based Fund Manager. Previously started his career with Ernst & Young.

# HARD COKING COAL

Valory is positioned to fill anticipated future HCC demand deficit from a stable jurisdiction

## CURRENT DEMAND

- » China accounted for 22% of demand in 2017, driven by a record volume of crude steel output
- » Japan is currently the second largest consumer, followed by India (17%)
- » Resource house 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

## CURRENT SUPPLY

- » In 2017 a total of 331Mt of export metallurgical coal was supplied to the global market, growing 3.7% year on year
- » Major countries providing this supply included:
  - Australia (54%)
  - United States (15%)
  - Canada (9%)
  - Mongolia (8%)
  - Russia (7%)
  - Rest of the World (7%)
- » Queensland, Australia contributed 152Mt, almost half of total global seaborne supply in 2017

## FUTURE DEMAND VS SUPPLY

- » In 2032 **global demand** for export metallurgical coal is expected to reach 488Mt, an **increase of 166Mt** (52%) from 2017
- » An additional 156Mt of metallurgical coal, **(equivalent of Queensland's total exports)**, is required to fill this impending supply deficit.
- » Combined forecast supply from the current 6 top HCC producers is expected to remain stagnant (3.1Mtpa increase only) from 2017-2032. 5th and 6th largest producers are forecast to reduce production
- » Brownfield producers lack additional capacity, therefore **increase in supply to come predominantly from greenfield projects like Blackstone Project**

Sources: Macquarie "Commodities Compendium" Jul-2019; Australian Government DIIS "Resources & Energy Quarterly" Mar-2019; Wood Mackenzie "Steel, Iron Ore & Metallurgical Coal Forum" May-2016



# PROJECT OBJECTIVES

## Deliverables

- » Exploration program in 2 phases of up to 20,000m of drilling and 100 line-km of 2D Seismic
- » Preliminary geotechnical and gas desorption test work
- » Upgrade Inferred Resource to Indicated
- » Expand Indicated and Inferred Resource tonnages to support Pre Feasibility Study
- » Obtain additional core samples for further coal quality testing

## Studies and Project Advancement

- » Restart Baseline Environmental Monitoring for environmental studies
- » 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





# APPENDICES

Project History

Geology & Structure

Coal Seam

Coal Quality

Exploration Target

Hard Coking Coal Trends

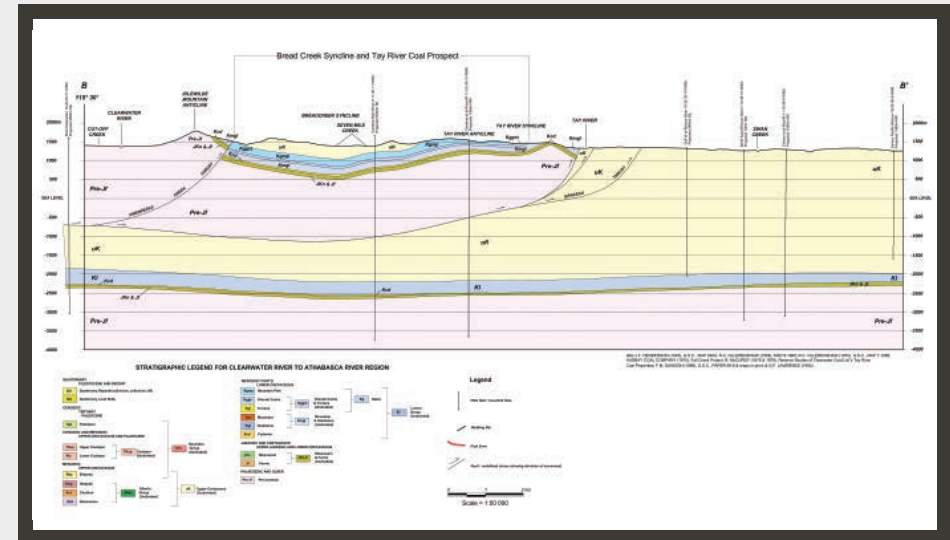
Letters of Support

# BLACKSTONE PROJECT HISTORY

| 1945  | 1971   | 1972-1979  | 2007  | 2011  | 2012  | 2018   | 2019   |
|---|--|--|---|---|---|--|--|
| Blackstone Property first mapped by Geologic Survey of Canada | Mesa Petroleum conducted initial exploration drill holes | Property acquired by Clearwater Coal Limited<br>Extensive exploration campaign comprised 43 drillholes, 8 coreholes and bulk samples | Kennecott acquired current Blackstone Lease applications and completed further coal exploration boreholes | Black Eagle Mining acquired lease applications and continued exploration work | Raised \$12.5m at \$66m valuation (HCC Price US\$190)<br>Black Eagle Mining completed 68 hole drilling campaign | Resource converted from NI 43-101 to JORC (2012) | Valory Resources launched Pre-IPO funding and completed acquisition of Black Eagle Mining<br>Exploration planning and study<br>EIA & mine permitting commenced |

# GEOLOGY & STRUCTURE

- » Cretaceous Luscar and Alberta Groups; interbedded sandstones, shales and conglomerates.
- » Gates Formation in Luscar Group includes ~100m horizon (Grande Cache Member – purple unit on section below) containing 4 coal-bearing seams, from A down through D.
  - Seams A and B have been main target of exploration to date and comprise the whole of the Inferred Resource.
  - C seam is shaley and uneconomic, but D seam has potential and is included in the Exploration Target.
- » Cretaceous strata occur within a broad, flat-bottomed, NW trending syncline, bounded on the SW side by the Pine Needle Thrust and on the NE side by the Brazeau Thrust Complex. The syncline plunges gently to the SE and is cut by the ENE trending Clearwater Tear Fault in the south.
- » The coal seams outcrop / subcrop for several km along the NE side of the syncline; they are truncated by the Pine Needle Thrust on SW side but come close to the surface and may be accessible beneath the thrust.

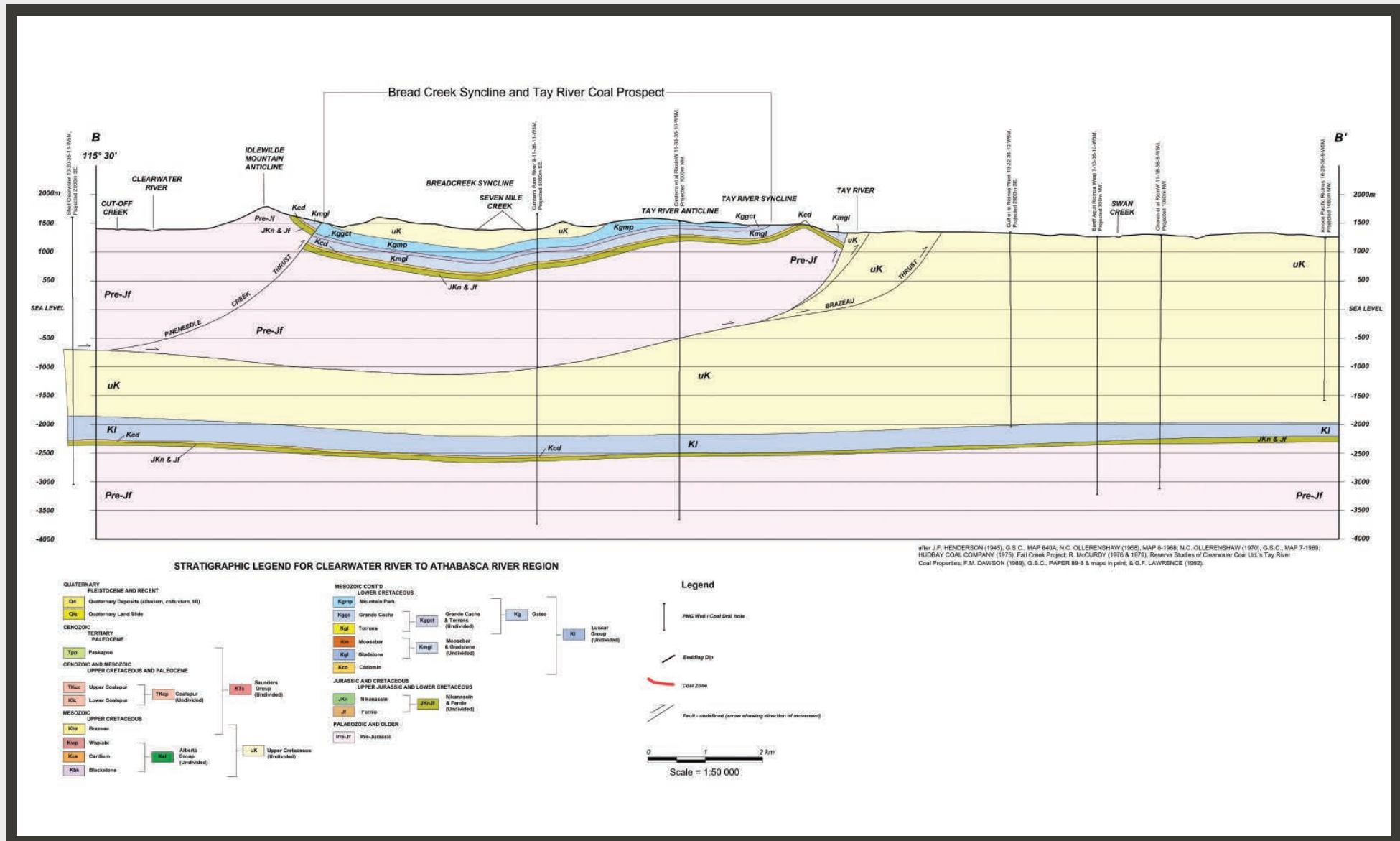


Source: Xenith, "Valory Resources Blackstone Project Coal (JORC) Resource Estimate", Jan 2020

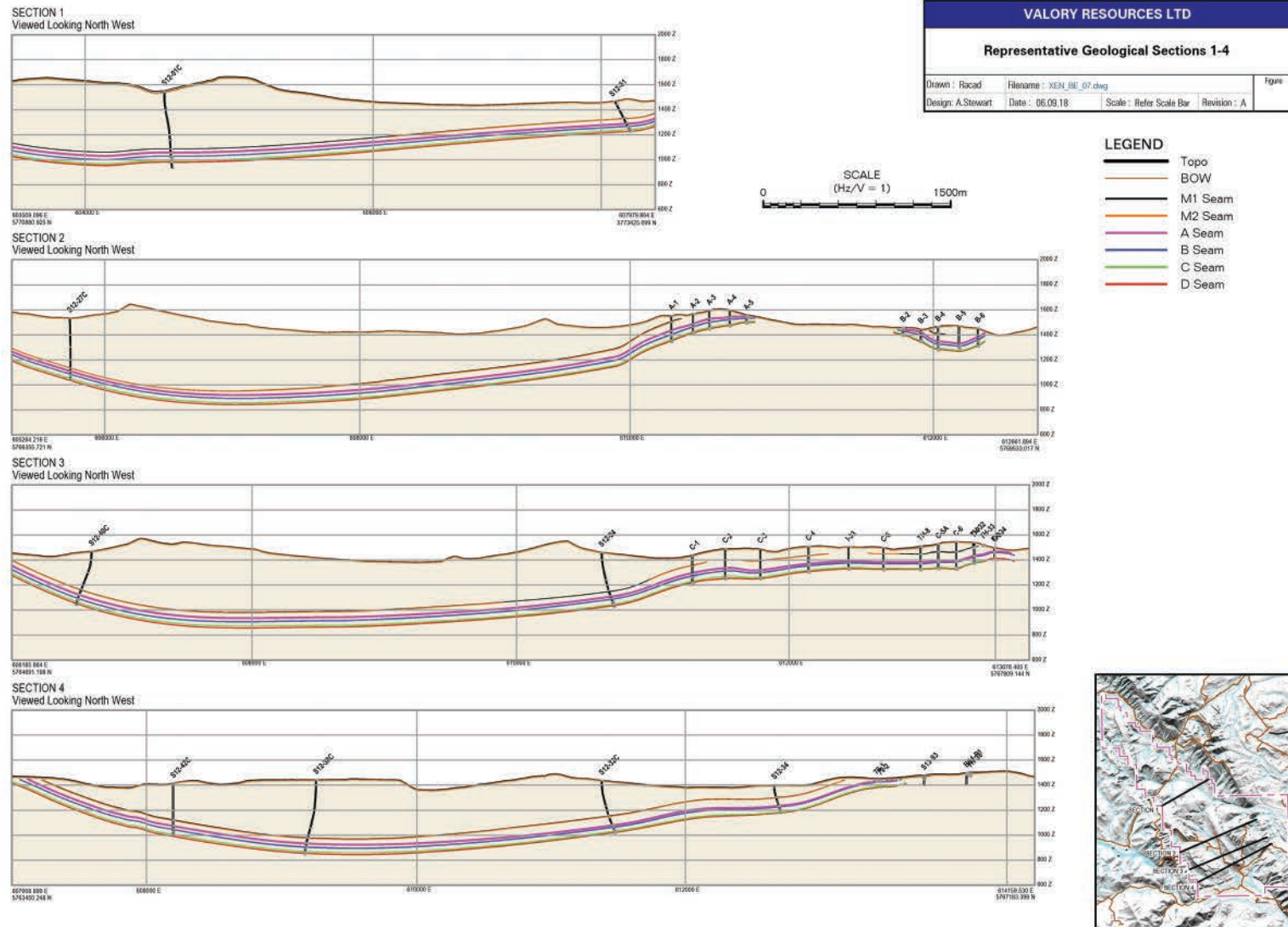
See next slide for full page diagram.



# GEOLOGY & STRUCTURE CONTINUED



# COAL SEAM SECTIONS



# COAL QUALITY – ROM & PRODUCT

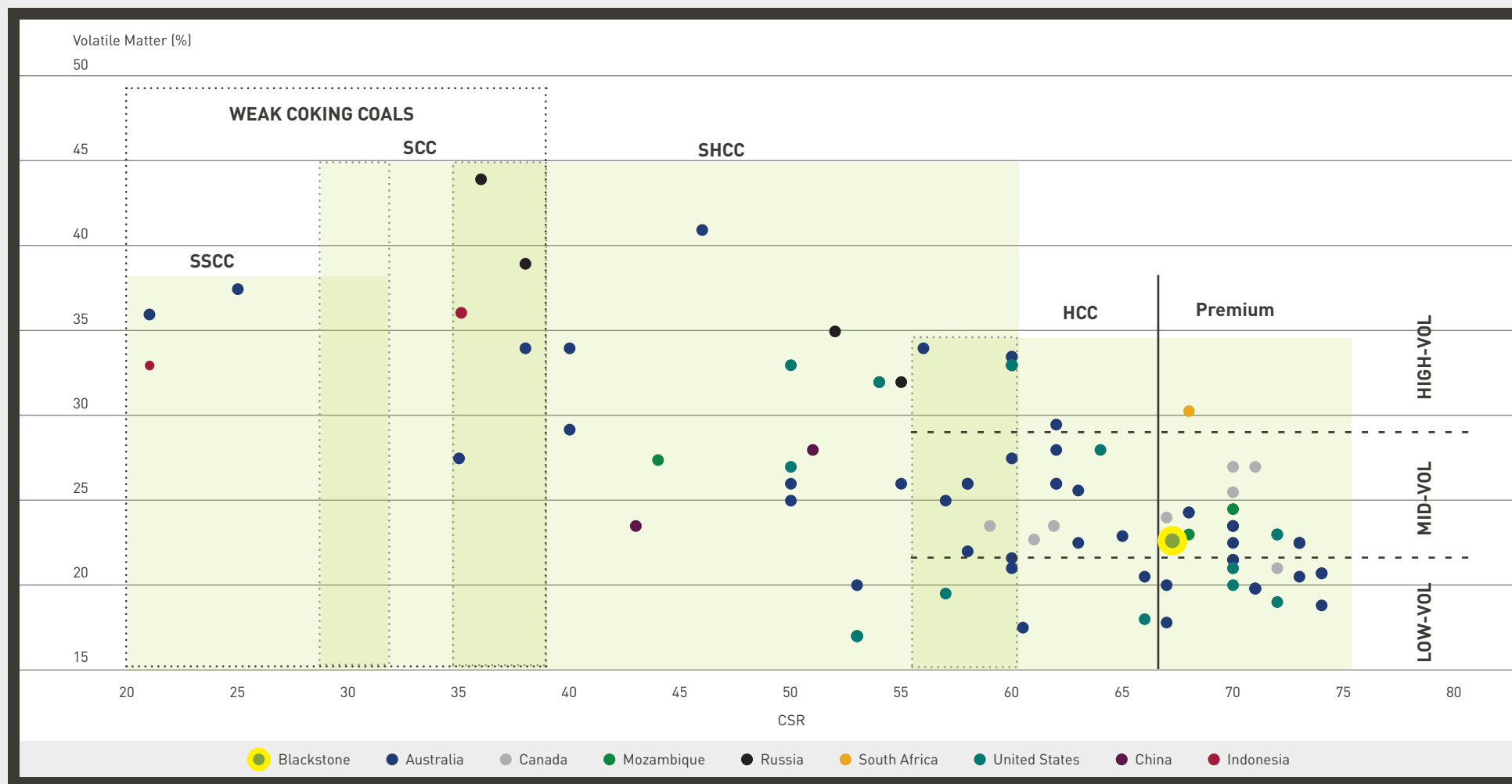
| Blackstone ROM COAL (Raw Coal) |                        |              |                                       |              |                   |             |            |             | Blackstone PRODUCT COAL (Washed Coal) |                   |              |             |             |                |            |             |                          |
|--------------------------------|------------------------|--------------|---------------------------------------|--------------|-------------------|-------------|------------|-------------|---------------------------------------|-------------------|--------------|-------------|-------------|----------------|------------|-------------|--------------------------|
|                                | Average Thickness<br>m | Tonnes<br>Mt | Relative Density<br>g/cm <sup>3</sup> | Ash<br>% adb | Moisture<br>% adb | VM<br>% daf | CSN        | S<br>% adb  | Yield<br>%                            | Moisture<br>% adb | Ash<br>% adb | VM<br>% adb | S<br>% adb  | P in Coal<br>% | CSN        | RoMax       | Maximum Fluidity<br>ddpm |
| <b>A Opencut</b>               | 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                      |
| <b>A Underground</b>           | 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                      |
| <b>A Total</b>                 | <b>1.39</b>            | <b>55</b>    | <b>1.48</b>                           | <b>21.7</b>  | <b>0.9</b>        | <b>24.4</b> | <b>6.0</b> | <b>0.71</b> | <b>61.9</b>                           | <b>1.2</b>        | <b>7.4</b>   | <b>21.2</b> | <b>0.62</b> | <b>0.006</b>   | <b>7.5</b> | <b>1.31</b> | <b>243</b>               |
| <b>B Opencut</b>               | 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>B Underground</b>           | 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>B Total</b>                 | <b>1.87</b>            | <b>120</b>   | <b>1.49</b>                           | <b>24.2</b>  | <b>1.0</b>        | <b>24.8</b> | <b>3.5</b> | <b>0.66</b> | <b>58.0</b>                           | <b>1.6</b>        | <b>9.4</b>   | <b>20.0</b> | <b>0.61</b> | <b>0.007</b>   | <b>6.0</b> | <b>1.35</b> | <b>21</b>                |
| <b>TOTAL</b>                   |                        | <b>175</b>   | <b>1.49</b>                           | <b>23.4</b>  | <b>1.0</b>        | <b>24.7</b> | <b>4.5</b> | <b>0.67</b> | <b>59.3</b>                           | <b>1.5</b>        | <b>8.7</b>   | <b>20.0</b> | <b>0.61</b> | <b>0.007</b>   | <b>6.5</b> | <b>1.34</b> | <b>96</b>                |

Source: Xenith, "Valory Resources Blackstone Project Coal (JORC) Resource Estimate", Jan 2020



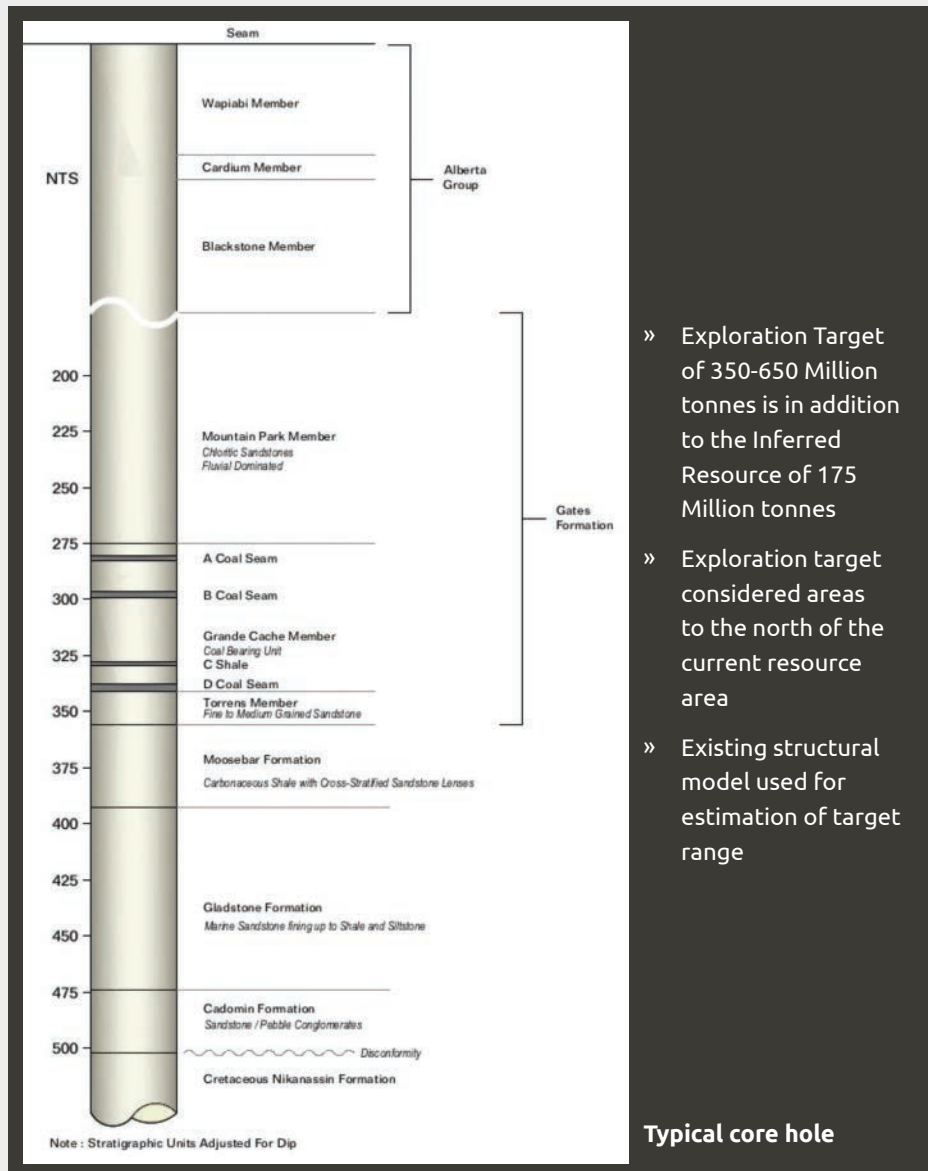
# COAL QUALITY COMPARISON

Volatile matter and CSR values for a selection of seaborne traded coking coals

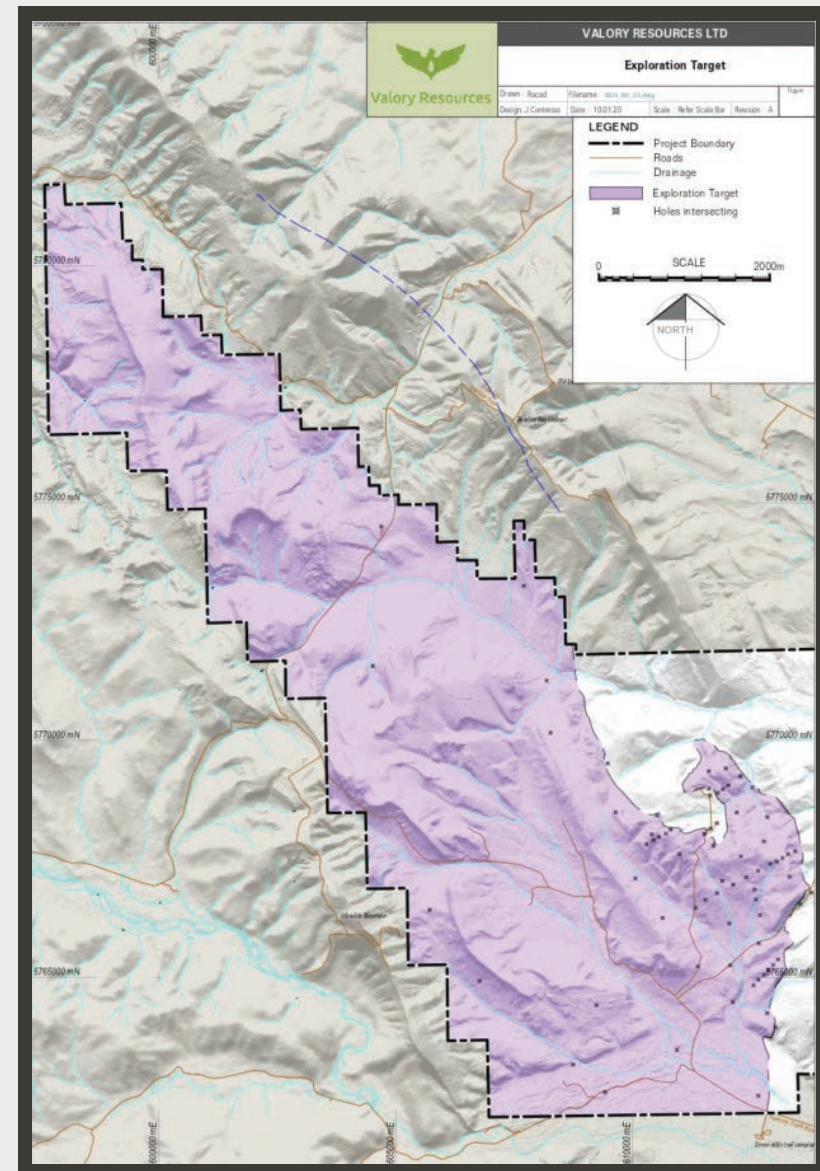


Sources: Wood Mackenzie "Steel, Iron Ore & Metallurgical Coal Forum" May-2016; Xenith, "Valory Resources Blackstone Project Coal(JORC) Resource Estimate", Jan-2020

# EXPLORATION TARGET

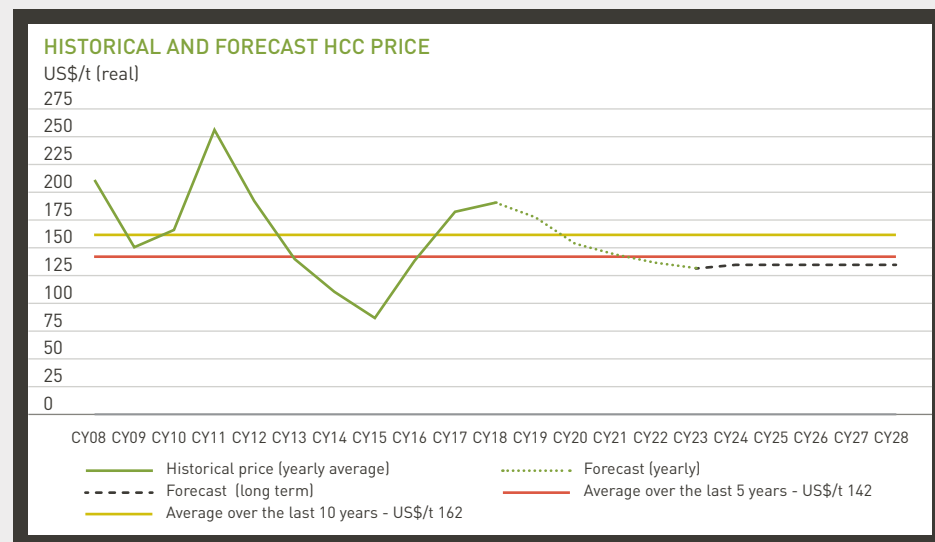


Source: Xenith, "Valory Resources Blackstone Project Coal (JORC) Resource Estimate", Jan 2020

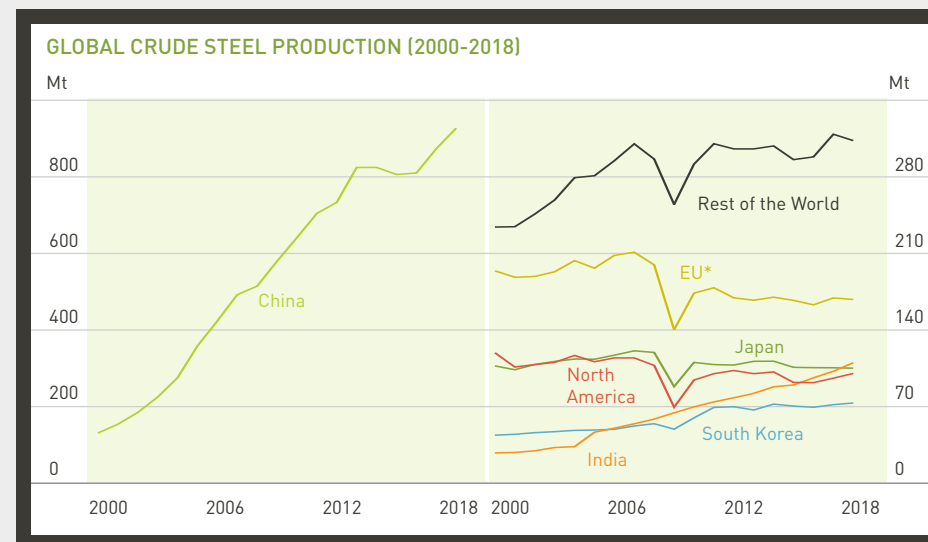


Source: Xenith, "Valory Resources Blackstone Project Coal (JORC) Resource Estimate", Jan 2020

# HARD COKING COAL



Source: KPMG quarterly summary report Dec-18/Jan-19, Energy & Metals Consensus Forecast Jan-19



Note: \* 2018 is an estimate

Sources: RBA; World Steel Association (worldsteel)

## Cyclical Trends

- » 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



# LETTERS OF SUPPORT



OCT 29 2019

AR 76493

Mr. Vaughan Wishart  
Executive Chairman  
Valory Resources Inc.  
[vaughan.wishart@valoryresources.com](mailto:vaughan.wishart@valoryresources.com)

Dear Mr. Wishart,

It was a great pleasure to speak with you on Friday October 11, 2019 and to learn about Valory Resource's exciting plans in Alberta. I am very happy to hear that you will be moving forward with your plans to invest in our province and relocating your headquarters to Alberta.

I appreciated learning about your exciting project. My message remains the same - Alberta is open for business. Our government has committed to sound and successful measures to make Alberta the best place in North America to do business, including cutting red tape by one-third, and reducing the corporate tax rate by a third over the next four years. This will make Alberta one of the most tax competitive business jurisdictions in North America.

I look forward to hearing from you on the progress of your project. Please continue to work with our Invest Alberta branch, and do not hesitate to contact me if there is anything I can do to help in the completion of your mining project.

Sincerely,

Tanya Fir  
Minister of Economic Development, Trade and Tourism

cc: Honourable Jason Kenney  
Premier of Alberta

Dane McCoy, EVP, Millenium EMS  
[dmccoy@mems.ca](mailto:dmccoy@mems.ca)

425 Legislature Building, 10800 - 97 Avenue, Edmonton, Alberta T5K 2B6 Canada Telephone 780-644-8554 Fax 780-644-8572

Printed on recycled paper



102742

DEC 05 2019

Vaughan Wishart  
Executive Chairman  
Valory Resources Inc.  
[vaughan.wishart@valoryresources.com](mailto:vaughan.wishart@valoryresources.com)

Dear Vaughan Wishart:

Thank you for your follow-up email to our October 11, 2019, meeting regarding Valory Resources Inc.'s proposed metallurgical coal mining project. I was pleased to hear that Valory Resources Inc. will be investing in Alberta.

The Government of Alberta is committed to the responsible development of Alberta's resources while attracting new investment and creating jobs across the province. This includes efforts to streamline policy and processes to bring greater certainty and stability to our investment climate and make Alberta open for business.

I wish you all the best in moving forward with Valory Resources Inc.'s regulatory requirements. For more information, please contact the Alberta Energy Regulator at 1-855-297-8311, or email [inquiries@aer.ca](mailto:inquiries@aer.ca).

Thank you again for advising me of the Valory Resources Inc.'s proposed investment and head office relocation to Alberta. I am confident that Alberta's competitive advantage and investment opportunities will continue to serve investors, and Albertans, well.

Season's Greetings.

Sincerely,

Jason Nixon  
Minister

323 Legislature Building, 10800 97 Avenue, Edmonton, Alberta T5K 2B6 Canada Telephone 780-427-2391 Fax 780-422-6259

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**Vaughan Wishart** (Executive Director)

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[vaughan.wishart@valoryresources.com](mailto:vaughan.wishart@valoryresources.com)

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