

Form 62-103F1

Required Disclosure under the Early Warning Requirements

State if this report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Security Designation: common shares

Issuer: Valorem Resources Inc (the “issuer”, “VALU”)
810 - 789 West Pender Street
Vancouver, B.C, V6C 1H2

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Issuance of shares by Valorem Resources as repayment for a loan agreement and the issuance of shares for the share exchange agreement between Valorem Resources and Regency Mining Limited.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

K2 & Associates Investment Management Inc. (“K2 & Associates”)
2 Bloor Street West Suite 801
Toronto, Ontario
M4W 3E2

K2 & Associates is an Ontario based hedge fund whom is the manager to The K2 Principal Fund L.P.

The K2 Principal Fund L.P. (the “Partnership”)
2 Bloor Street West Suite 801
Toronto, Ontario
M4W 3E2

The Partnership was formed under the laws of the Province of Ontario. The Partnership is engaged in the business of investing in securities.

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On December 22, 2022, Valorem Resources issued a total of 764,478 units (1 common share + 1 warrant) at a deemed price of \$0.29 per Unit as full and final repayment for a loan agreement of \$221,698.63. Each warrant has an exercise price of CDN \$0.29 and expires on Dec 22, 2024. Additionally, VALU completed a share exchange agreement with Regency Mining Limited where it issued a total of 18,000,000 common shares.

2.3 State the names of any joint actors.

Not Applicable.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror’s security holding percentage in the class of securities.

Valorem Resources issued a total of 764,478 units (1 common share + 1 warrant) at a deemed price of CDN \$0.29 per Unit as full and final repayment for a loan agreement of \$221,698.63. Each warrant has an exercise price of \$0.29 and expires on Dec 22, 2024. Additionally, VALU completed a share exchange agreement with Regency Mining Limited where it issued a total of 18,000,000 common shares.

Prior to the loan repayment and the issuance of additional shares by Valorem Resources, K2 owned a total of 1,562,500 common shares and 1,562,500 warrants equating to K2 owing approximately 14.50% on a partially diluted basis. After the payment of the loan agreement and issuance of shares by VALU from the share exchange agreement with Regency Mining K2 owns a total of 2,326,978 common shares and 2,326,978 warrants equating to approximately 11.3% on a partially diluted basis.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

The Partnership acquired common shares and warrants.

3.3 If the transaction involved a securities lending arrangement, state that fact.

No.

3.4 State the designation and number or principal amount of securities and the acquiror's security holding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Prior to the loan repayment and the issuance of additional shares by Valorem Resources, K2 owned a total of 1,562,500 common shares and 1,562,500 warrants equating to K2 owing approximately 14.50% on a partially diluted basis. After the payment of the loan agreement and issuance of shares by VALU from the share exchange agreement with Regency Mining K2 owns a total of 2,326,978 common shares and 2,326,978 warrants equating to approximately 11.3% on a partially diluted basis.

3.5 State the designation and number or principal amount of securities and the acquiror's security holding percentage in the class of securities referred to in Item 3.4 over which

- (a) the acquiror, either alone or together with any joint actors, has ownership and control,**

The Partnership, together with K2 & Associates, as manager, have ownership and control over 2,326,978 common shares, and 2,326,978 warrants. K2 owns two series of warrants. 1,562,500 warrants entitle the holder to purchase one additional Share of VALU at a price of CDN \$0.21 per share and expire October 7, 2024. 764,478 of the warrants entitle the holder to purchase one additional Share of VALU at a price of CDN \$0.29 per share and expire on December 22, 2024. If the warrants were fully exercised K2 would own 4,653,956 shares representing approximately 11.3% on a partially diluted basis

- (b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

Not applicable.

- (c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's security holdings.

Not applicable.

- 3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.**

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

- 3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.**

Not applicable.

Item 4 – Consideration Paid

- 4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.**

K2 received a total of 764,478 common share and 764,478 warrants (exercise price of CDN \$0.29, expiry of December 22, 2024) as full and final payment of \$221,698.63 in debt issued to the company.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

The units were issued as repayment of debt and Valorem issued shares from the share exchange agreement for Regency Mining Limited

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

The units were issued as repayment of debt and Valorem issued shares from the share exchange agreement for Regency Mining Limited

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**
- (f) a material change in the reporting issuer's business or corporate structure;**
- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**
- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- (j) a solicitation of proxies from securityholders;**
- (k) an action similar to any of those enumerated above.**

The Partnership may, depending on market and other conditions, increase or decrease its beneficial ownership, control or direction over, or exercise its current rights to acquire, common shares or other securities of the issuer through market transactions, private agreements or otherwise. Depending on its assessment of these conditions, the Partnership may change its present intentions as stated above.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

I, as the acquiror, certify, or I, as the agent filing this report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Date: December 22, 2022

The K2 Principal Fund L.P., by its general partner

K2 Genpar 2017 Inc.



Name: Todd Sikorski

Title: President of K2 & Associates, the fund manager to The K2 Principal Fund L.P.