



Ref.: 25798.115031

September 19, 2022

Valence Resources LLC
Suite 2020, 835 East 2nd Ave,
Durango, Colorado 81301

Dear Mr. Tim Rynott, C.E.O.,

Valence Resources LLC ("Valence") has notified Sproule Incorporated ("Sproule") of the suspension of operations at the Jesse-1A well and has transferred to Sproule all data obtained from the wireline logging and well testing operations of the subject well. Sproule has previously, in its December 8, 2021 report entitled "Prospective Resource Report of the Red Helium Project" estimated a range of prospective helium resources attributed to what is now called the Jesse prospect. With the positive results from the Jesse-1A well, including petrophysical logging of over 200 feet of a gas column and 101 feet of net pay, laboratory testing of helium concentrations of 0.8% by volume, tested the well with flowing gas rates and the execution of a Gas Sales and Processing Agreement with Paradox Resources for the helium gas, Sproule opines that Valence has established "discovered" status of the reservoir which will allow the Prospective Resources to be evaluated as Contingent Resources at the Jesse-1A location.

Contingent Resources, by the PRMS standard, are those quantities of "gases" estimated, as of a given date, to be potentially recoverable from known accumulation by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies. The SPE has recently acknowledged the application of the PRMS standard for the assessment of helium resources (<https://www.spe.org/en/industry/reserves/non-hydrocarbons/>).

Contingent Resources of the Jesse-1A location have not yet been evaluated, however the contingencies will be addressed in a forthcoming report. The contingencies being addressed will include estimation of recoverable helium volumes, a field development plan and well completion details, in order to assess the optimal development of the field, recoverable resources, and updated economics.

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Sincerely,

SPROULE INCORPORATED



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Senior Geoscientist



Sep. 19, 2022
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Senior Engineer



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