26 February, 2008

The Director of Titles
NT Department of Primary Industries, Fisheries and Mines
GPO Box 3000
DARWIN 0801

Attn: Mr Stephen Fisher

Dear Stephen

Rustler’s Roost Mining Pty Ltd (RRMPL)

On behalf of our client, Rustler’s Roost Mining Pty Ltd, we present the annual report for the past year of grant of this licence.

Annual Report

No on ground exploration was conducted on EL 10351 in the year under review.

This licence forms part of a strategic land package adjacent to RRMPL’s Rustler’s Roost Mine on MLN 1083. Further exploration on EL 10351 in the short term is dependent on reestablishment of operations on ML 1083 following the feasibility study which was undertaken by RRMPL in 2005-2006 in respect of the Rustler’s Roost deposit. The complete results of this study, which cost in excess of $800,000 were made available to your Department in mid-2006.

During the past year RRMPL’s parent company, Valencia Ventures Inc., has investigated several avenues to act upon the findings of the Feasibility Study and re-establish operations at Rustler’s Roost especially in light of the currently enhanced gold price. This has culminated in a recent announcement by VVI to the Toronto Ventures Exchange (TSX-V: VVI 19/02/08) that VVI’s interest in the Rustler’s Roost project at Mount Bundey is being transferred to Valere Mining Limited (VLM) in which VVI will hold a 50% interest. A copy of this announcement was forwarded to officers in your Department on 25 February and a copy is also attached to this letter.

As part of the transfer, VLM has covenanted with VVI to undertake minimum expenditure of CDN$2 million in respect of the development of the Rustler’s Roost deposit within two years of the date of effect of the transfer which is subject to receipt of all necessary regulatory approvals. Formal notice of the change in ownership will be lodged with the NTG for Ministerial approval in due course.
VLM has immediately appointed Mr Andrew Bradfield to take charge of investigation aimed at putting Rustler's Roost back into production. Mr Bradfield was General Manager at Rustler's Roost during the final years of oxide operations in the mid-1990's and is therefore well placed to understand the logistical requirements of the task in hand.

We expect that Mr Bradfield will visit the NT in due course to outline VLM’s intentions more fully once he has familiarised himself with the current legislative regime and with investigations which were undertaken on the Rustler’s Roost deposit over the past five years.

Expenditure on EL 10351 during the reporting period totalled approximately $500 for tenement management and reporting. This does not satisfy the expenditure covenant and we therefore request a variation of covenant be approved by the Minister. Our cheque for $50 being the prescribed fee is attached.

The proposed exploration program and expenditure covenant for the coming year is tabulated below.

Yours Faithfully

EXPLOREMIN PTY LTD

John Goulevitch
MANAGING DIRECTOR
BSc(Hons) MSc FAIG

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**Proposed estimated expenditure** $12,000

Cc: Valencia Ventures Inc., Toronto
PRESS RELEASE – February 19, 2008
For Immediate Release

VALENCE AGREES TO TRANSFER MT BUNDY PROJECT TO NEW GOLD COMPANY

Toronto, Ontario – Valencia Ventures Inc. (TSX-V: VVI) is pleased to announce that it has entered into an agreement to transfer its interest in the Mt Bundy Gold Project (the "Project") in the Northern Territory, Australia to a new gold company.

Valencia’s management believes that it will create value for its shareholders by transferring the Project to a company dedicated to gold exploration and development in Australia.

Valencia has agreed to transfer its interest in the Project to Valere Mining Limited ("Valere"). Valere is a recently incorporated private Ontario company that completed a $1 million seed financing in late 2007. In consideration for the Project, Valencia shall receive:

1. 16,416,667 common shares of Valere, representing 50% of the issued and outstanding Valere common shares as of the closing of the purchase and sale; and

2. a 50% net smelter royalty, which royalty shall expire and be void upon Valere making royalty payments to Valencia in an aggregate amount of US$5 million, provided that payment shall only be made in respect of Gold (or Gold equivalent) mined from the Project upon which Valere realizes a price per ounce of Gold (or Gold equivalent) of no less than US$800.

In addition, Valere has covenanted to expend no less than CDN$2 million in respect of the development of Mt. Bundy during the 24 months following the closing of the purchase and sale of the Project.

Doug Bache, President and CEO of Valencia, said "We feel that we can realize greater value for our shareholders from the Mt Bundy project by transferring it to a new company that is looking to capitalize on the increasing gold price. Valere’s strategy will focus on combining Mt. Bundy with other advanced gold projects that can be brought to production in a short period of time to benefit from current high gold prices."
The Mt Bundy Project is located in the Northern Territory, Australia. In 2006, GBM Minerals Engineering Consultants Ltd (GBM) completed a feasibility study on the Project, which incorporates work completed by SRK Consulting regarding a mineral resource estimate. The feasibility study evaluated the economic viability of the Project and identified various development options available to Valencia in order for the company to make a decision on construction of the project.

Mr. Alex Mitchell, C.Eng, Member Institute Materials and Mining, Principal Metallurgist, GBM Minerals Engineering Consultants Ltd was the principal author of the "Mt Bundy Gold Project Feasibility Study", a National Instrument 43-101 compliant technical report, which is available under the profile of the Company on SEDAR. Mr. Mitchell is the "Qualified Person", as defined by NI 43-101 and he has provided his consent for reference to the Feasibility Study in regard to information disclosed in this press release.

The purchase and sale of the Project is subject to the receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange, if required.

About Valencia Ventures

Valencia’s development strategy is focused on the exploration and development of silver and gold properties, particularly the Cachinal and Junca Silver projects in Chile. The Company recently completed a NI 43-101 compliant mineral resource estimate for Cachinal in February 2007 and has recently completed a resource definition drill program with the goal of expanding the existing resource. SRK Consulting (Canada) Ltd. is currently preparing a revised NI43-101 compliant mineral resource estimate and has commenced engineering studies to complete a Feasibility Study by year end 2008.

Shareholders are encouraged to visit Valencia’s website (www.valenciaventures.com) to view a recent corporate presentation that provides images and more technical information on these projects.

For additional information, e-mail info@valenciaventures.com or contact:

Doug Bache
President and CEO
Tel: (416) 861-5884

David Meyer
Vice President, Business Development
Tel: (416) 861-5891

This press release contains "forward-looking information" within the meaning of applicable securities legislation. Forward-looking information includes, but is not limited to, statements regarding the transfer of the Project and its potential benefits, receipt of regulatory approval, gold prices, and timing of future exploration. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results to be materially different from those