

Drilling Commences at Bolivian Tin Sites

Highlights

- Drilling and sampling has commenced at Victory's tin tail deposits in Bolivia.
- Approximately 105m of drilling has been completed so far.
- Sample preparation, drying and storage rooms established.
- All samples will be dried, split and stored using international standard techniques.
- Sub-samples will be produced to quantify tin and, 47 other elements by ICP, ore mineralogy by XRD and QEMSCAN, apparent density, sizing and tin analysis by fractions.
- Preliminary assessment to define metallurgical test work and the best metallurgical processes to extract tin, silver and other valuable metals.
- Victory confident the results will provide sufficient information to provide resource estimations for all tin tailings sites that will be drilled.

Victory Mines Limited (ASX: VIC) ("Victory" or "the Company") is pleased to provide a progress update for the drilling and sampling program at its Bolivian tin tailings project. Victory has commenced drilling at the Kenko tails deposit, located close to the towns of Catavi and Llallagua in the Potosi region (see Figure 1).



Figure 1. General Location of Victory Kenko tailings project

Victory staff and the Bolivian Mining Research Institute of the Mining, Oil and Geotechnics Engineering team of the Oruro Technical University (UTO) have been mobilized to the town of Llallagua and are working together at the Kenko mine site which is 3,900m above sea level. Weather conditions have not impacted on the schedule put in place by Victory's Bolivian Country Manager Alberto Galvez and work is continuing efficiently to complete the drilling program. See Figure 2.



Figure 2. Victory and UTO teams drilling at Kenko site.

The Dando Terrier 2002 is being successfully used to produce undisturbed drill core samples. This track-mounted soil sampling rig is designed to be easily mobilized to site and operates following the Standard Penetration Testing (SPT) in general accordance with the British Standard 1377. Victory continues to drill through the entire depth of the holes that are spaced between 50m and 150m apart. The planned drilling program will enable Victory to quantify the grade and tonnage at each deposit and predict accurately metallurgical performance. Figure 3 shows personnel removing a sample from the drill core.



Figure 3. Removing the sample from the drill core at Kenko.

Approximately 70 drill cores have been extracted so far from Kenko 1 and Kenko 2 drill holes, the locations of which are shown in Figure 4. Two additional drill holes for Kenko 1 and one more for Kenko 2 have recently been added to the program after taking into account the irregular shape of the deposit. Furthermore, the new tailings deposit that was identified recently has also been included in the drilling program under the name of Kenko 3.

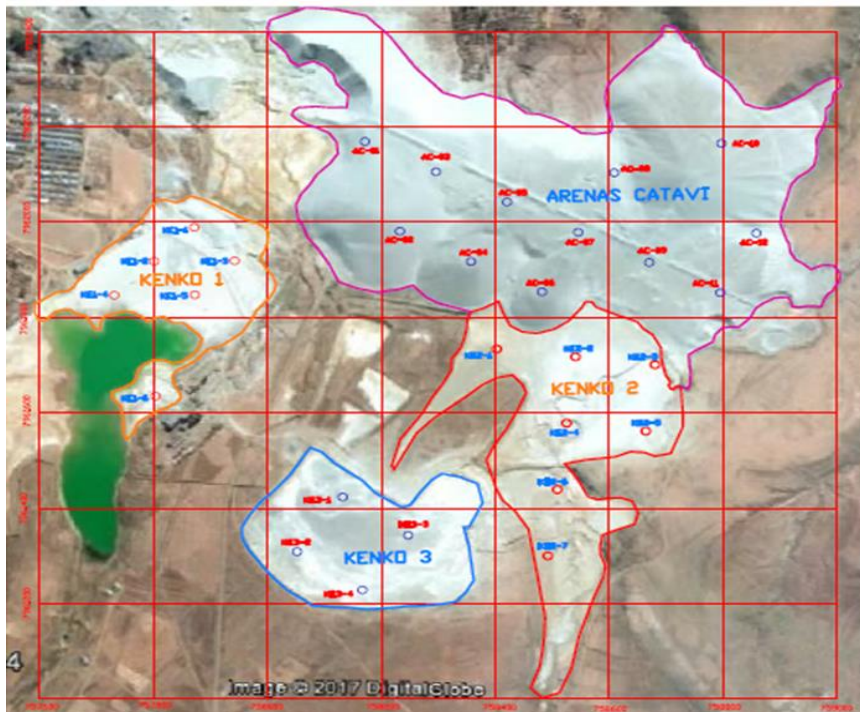


Figure 4. Kenko and Arenas Catavi drill holes



Figure 5. Several drill cores at the Kenko mine site

Figure 5 shows some of the core samples at the Kenko 1 deposit at the stage of labelling and packing before the samples are transported to the sample preparation room.

The Company is committed to obtaining all relevant information that leads to a comprehensive evaluation of the tails and future processing techniques. An electronic database has been created to record thoroughly drill hole numbers, sample IDs, sample depths, soil pH and ore lithology for each and every sample. Furthermore, a dedicated field geologist has been hired to identify and estimate percentages of the main lithologies, minerals, textures, colour and type of ore for each drilled sample. In-situ concentration tests show the presence of pyrite with traces of fine grain cassiterite being present in approximately half of the drill core samples to date (see Figure 6).



Figure 6. Pyrite and Cassiterite observed in the field on Kenko samples

Before drilling commenced a topographic survey was carried out using a LEICA TS-09 station from Leica Geosystems and ProMark-3 GPS from Magellan Professional. The LEICA TS-09 station generates 3D surveys by high-distance electronic measurement at very high-accuracy. The standard deviation being 1mm+1.5ppm which is in accordance with the international standard ISO 17123-4 for geodetic and surveying instruments. Figure 7 shows a surveyor undertaking the survey for the Kenko 2 tails deposit.



Figure 7. LEICA TS-09 from Leica Geosystems being used for Kenko survey

Victory has considered a number of special techniques to avoid the physical and/or chemical degradation of drilled samples during the handling and sample preparation stage. Thankfully, the deposit history indicates that the tails were dumped at low pH and moisture was eliminated which is one of the main factors that accelerates sample corrosion. A drier, which has the capacity to dry 60 7Kg-samples simultaneously has been installed to ensure reliable temperature control of samples taken.



Figure 8. Samples being dried

The Bolivian state mining company, Corporacion Minera de Bolivia (**COMIBOL**) has provided Victory with access to several rooms at the old Victoria processing plant so that there is now sufficient space to enable sample preparation, drying facilities and secure storage.

Drilled core samples will be split by riffles which provide representative sub-samples. Figure 9 below shows a Victory contractor splitting a sample using a riffle splitter.



Figure 9. Split of sample with riffle

Victory is pleased to announce that the first batch of samples has already been sent to a certified chemical laboratory in Oruro, SpectroLab, for the analysis of tin with blanks and duplicate samples used for QC/QA. Act Labs from Canada will carry out the ICP assays for a total of 48 elements. Act Labs is an ISO 17025 accredited full analytical laboratory that performs high quality analysis to the mining sector across the world.

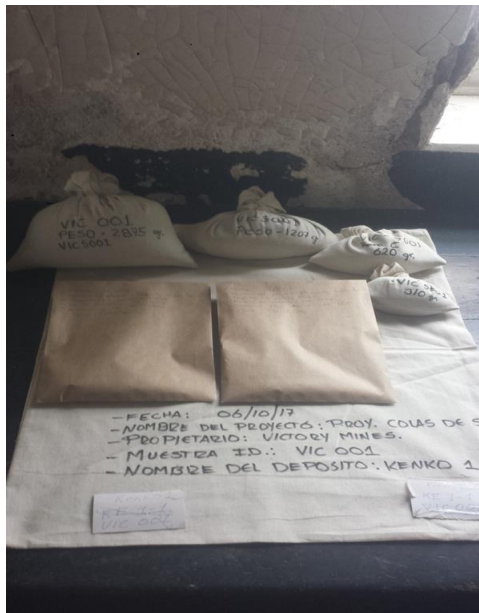


Figure 10. Sub-samples labelled and packed

Victory is pleased with process made thus far and remains committed to providing the market with accurate results from the chemical, physical and mineralogical assays as soon as they become available. The Company is confident that the results will provide Victory with sufficient information for resource estimates to be undertaken for all drilled tails deposits and future development and production can commence for tin, silver, as well as other valuable metals in the near future.

Victory has decided not to drill the tails deposits of Huanuni (composed of Arenas Huanuni, River Huanuni Basin & Machacamamarca) and Colas Japo. These sites are located bit further away from our main prospective site and future location for our processing plant. It is important to note that these sites only form a very small portion of the whole exploration target potential of the overall tin tails project and believe our focus should really be on continued drilling and sampling at our prime deposits of Kenko, Arenas Catavi, Sink & Float and Rio Andavillque as these constitute approximately 90% of the total exploration target.

- END -

Enquiries

Elizabeth Hunt
Company Secretary

Competent Person's Statement

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Peebles who is a Member of The Australasian Institute of Mining and Metallurgy and a Member of the AIG. Mr Peebles is employed by Darlington Geological Services Pty Ltd and is also a Director of Victory Mines Limited. Mr Peebles has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Peebles consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.