



15 December 2017

Elizabeth Harris
Principal Advisor
ASX Listings Compliance (Perth)

Dear Elizabeth,

Re: Victory Mines Limited ("VIC"): query letter

Thank you for your letter dated 6 December 2017.

VIC has outlined its response below and resolves that all items queried are explained without need for a trading halt.

ASX has questioned as follows:

1. Please advise whether the Company has reviewed as part of its due diligence in relation to the NSW tenements any open file data.

Response:

- a. The company has reviewed open file data as a part of its due diligence as detailed in 2(a)(iii) below.
- 2. Please provide further clarification of the basis on which VIC has determined that the Husky tenement has considerable exploration upside for high-grade cobalt and scandium mineralisation. In answering this question please provide details of the due diligence and exploration undertaken to reach this conclusion.**

Response:

- a. VIC utilised a significant amount information to support the view the Husky tenement has considerable exploration upside for high-grade cobalt and scandium; including but not limited to:
 - i. ASX: AUZ announcement dated 11 August 2017, which indicates the Flemington and Syerston deposits are one geological feature;
 - ii. The geophysics of the area; and
 - iii. Due diligence and desktop exploration analysis of publicly available information occurred, including:
 - Reports and data from Minview,
 - NSW State Government Department of Planning datasets, and
 - Information sources, such as Minview - that indicate the Husky Exploration License (EL 8667) contains magnetic anomalies that are associated with Alaskan type intrusions in NSW that characteristically weather to mineralized laterites (as shown in similar magnetic

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anomalies that underpin the Syerston, Flemington, Owendale and the Nyngan-Gilgai deposits).

- b. Analysis of resource statements in support of the VIC announcement were utilized in determining the prospectivity of the ground due to the formations, including:
- i. ASX: AUZ – 31st October 2017
 - ii. ASX: CLQ, OTCQX: CTEQF – 9th October 2017
 - iii. ASX: PGM - 13th September 2017
 - iv. ASX: AUZ - 11th August 2017
 - v. ASX: PGM - 9th August 2017
 - vi. ASX: PGM - 14th February 2017

3. Please confirm that the scale bar in Figure 1 which sets out the scale as 2km on page 2 of the Announcement is accurate. ASX has been advised that the scale is 8km.

Response:

- a. Please refer to revised map in Annexure A – Revised Map. The correct scale is 15km.

4. Please confirm that the reference to ELA 29/1024 and ELA29/1023 is accurate. ASX has been advised that the references should correctly refer to Exploration Licenses.

Response:

- a. The reference in the VIC announcement should read “Peperil Hill (E29/1024) and Galah Well (E29/1023).
- b. The competent person considers applications referring to the tenure “Peperil Hill (E 29/1024)” and Galah Well (E 29/1023)” to be sufficient, using the exact wording “exploration licenses” without the qualifications of “application” or “pending grant” is lacking transparency and could be construed as a statement that is potentially misleading to the market.

5. Please explain why the reference to the CLQ resources differs from what CLQ has released on the ASX Market Announcements Platform.

Response:

- a. VIC advises that Figure 2, in its announcement dated the 14 November 2017 should have read 0.13% total resource for Cobalt. VIC reported the inferred resource of 0.11%, which is lower than the actual total resource.
- b. The CLQ resources announcement refers to both 421ppm and 420ppm for Scandium total resource in the body of the document. VIC has chosen to report the lower amount in its announcement.

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6. Please provide further clarification on the statement that there is a clear path to market via utilising third party processors then main roads and rail network to access the port of Sydney to ship concentrate to key export markets. Please explain the basis for this statement, details of the roads, rail networks and processors which would be utilised by VIC and their proximity to the Husky deposit.

Response:

- a. The statement for using third party processors relies on the fact that there are three (3) nearby projects that could potentially act as “Third party processors” mineral projects held and operated by Clean TeQ Holdings Limited (ASX: CLQ, OTCQX: CTEQF), Australian Mines Limited (ASX: AUZ), and Platina Resources Limited (ASX: PGM). No formalized agreement, such as a memorandum of understanding has been reached, it is a highly probable that the pathway to development could utilize a third party processor, given the relative stage of the Cobalt Prospecting tenure projects versus the stage of the three (3) nearby advanced mineral projects.
- b. The utilization of using “third party processors” is a highly probable pathway to development, incremental additions to a third party processing facility reduce capital infrastructure costs and are considered more environmentally sustainable. A new standalone processing facility could potentially take considerable time to have the appropriate environmental approvals and permits, compared to an approved expansion strategy for a third party processor. Alternatively access could be sought to a third party rail load out facility, with processing of the ore completed by VIC within the future mining lease, reducing the impact of multiple rail load out facilities on the community.
- c. An existing and extensive rail and road network covers NSW. This infrastructure is available to be accessed to transport ore or concentrate interstate or internationally for processing and/or sale. The utilization of an third party processing facility and/or third party rail load out facility provides the incremental increase in road traffic, rail traffic, and associated noise impacts upon the community.
- d. Defining the exact transport route to a third party processor that is yet to be selected is difficult to define an exact route, given at the present point in time there are three (3) significantly more advanced mineral projects that could in future potentially act as third party processors. Road transport to a third party processor or an in-house or a third party rail load out facility will utilize existing road infrastructure in a manner that reduces any impact on the community. Examples of third party processing or rail load out infrastructure that could be utilized are found in the following CLQ and PGM ASX Announcements and/or Factsheets accessible from their websites:

ASX: CLQ, OTCQX: CTEQF – 9th October 2017

ASX: PGM - 13th September 2017

ASX: CLQ, OTCQX: CTEQF – 25th August 2017

ASX: PGM - 14th February 2017

CLQ website – Community Newsletters & Factsheet for Road Transport:
<http://www.cleanteq.com/wp-content/uploads/2017/11/CleanTeQ-Fact-Sheet-Road-Transport-Handout-P2-1.pdf>

CLQ website – Community Newsletters & Factsheet: <http://www.cleanteq.com/wp-content/uploads/2017/11/CleanTeQ-Fact-Sheet-General-Modification-4-Handout-P2.pdf>

- e. Transportation of unrefined ore if utilizing Direct Ore Shipping (“DSO”) or concentrate is less problematic, the exact citing of a yet to be built in-house or third party rail load out facility is trivial in



comparison to the rail networks to be utilized to transport the DSO or concentrate to a major coastal port, such as the Port of Sydney. DSO or concentrate could potentially be loaded using a load out facility located between: a) Codobolin to Bogan Gate, using the NSW Broken Hill line or b) Tullamore to Bogan Gate using the NSW Tottenham Branch. The Tottenham branch terminates to the south at Bogan Gate. The Broken Hill line terminates eastward at the Orange East Fork, the train would then continue to the Port of Sydney using the NSW Main West Line from the Orange East Fork through to Granville Station, Sydney. The train would continue from Granville Station to the Port of Sydney using the Botany Goods Line to the goods holding facility at the Port of Sydney (track information sourced from: www.nswrail.net).

7. Please provide further clarification of the laterite mineralisation on the Malamute tenure and details of the due diligence and exploration undertaken by VIC to enable it to make this determination.

Response:

- a. Lateritic mineralization is present in previous borehole drilling on Malamute Exploration License (EL8666)
- b. Publicly accessible information sources (such as Minview) indicate the tenure is underpinned by a large magnetic anomaly that is associated with the Alaskan Type Intrusions in NSW that characteristically weather to mineralized laterites (as shown in similar magnetic anomalies that underpin the Syerston, Flemington, Owendale and the Nyngan-Gilgai deposits).

VIC is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

VIC's responses to the questions above have been authorised and approved by its board.

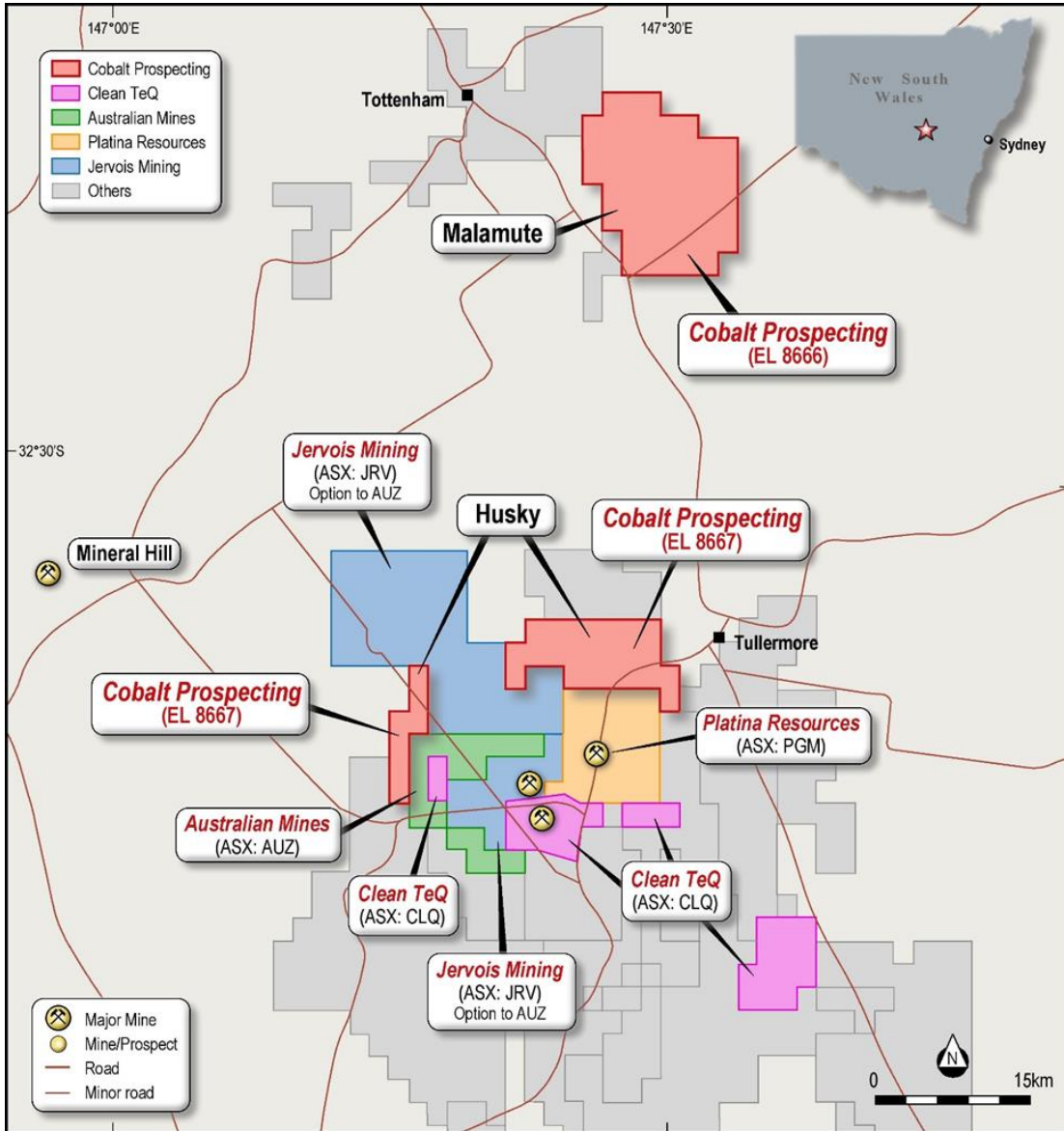
Yours faithfully

Victory Mines Limited

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ANNEXURE 1: REVISED MAP



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6 December 2017

Ms Elizabeth Hunt
Company Secretary
Victory Mines Limited
Level 11, 216 St Georges Terrace
Perth WA 6000

By email

Dear Ms Hunt

Victory Mines Limited (“VIC”): query letter

ASX Limited (“ASX”) refers to the following:

- A. VIC’s announcement entitled “Acquisition of Highly Prospective Cobalt and Scandium Projects” lodged on the ASX Market Announcements Platform and released at 10:22 am (AEDT) on 14 November 2017 (the “Announcement”), disclosing that VIC was acquiring four highly-prospective primarily cobalt project areas in NSW and WA by acquiring 100% of Cobalt Prospecting Pty Ltd.
- B. The following headline statements in the Announcement:-
- *“The two NSW tenements, Husky and Malamute, are 150km west of Dubbo and very near tenure owned by Clean Teq (ASX:CLQ) and Australian Mines (ASX: AUZ) which have demonstrable high-grade cobalt and scandium mineralisation”*
 - *“Specifically, with the Husky tenure contiguous to AUZ’s ground and within 5 km of CLQ’s project, there is considerable upside for high-grade cobalt and scandium mineralisation across these assets.”*
- C. The statement in the Announcement under the heading “NSW tenements” which states as follows:-
- “As can be seen in the map below (Figure 1), the two NSW tenements – Malamute (EL 8667) and Husky (EL 8666) – cover 244 hectares and located circa 150km west of Dubbo. They are near tenure owned by high profile listed groups (CLQ [Clean Teq Holdings Limited] and AUZ [Australian Mines Limited]) with demonstrable high-grade cobalt and scandium mineralisation. Notably the Husky tenement is contiguous AUZ and Platina Resources (ASX:PGM), whilst it is within 5km radius of CLQ’s high profile project.”*
- D. The scale bar on Figure 1 which denotes a scale of 2 kms.
- E. The reference to ELA 29/1024 and ELA29/1023.

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F. The reference to the mineral resource of Clean Teq Holdings Limited (“CLQ”) as 101M<T@0.11% Co (0.06% Co cut off).

G. The announcement by CLQ released on ASX market announcement platform on 9 October 2017 which stated as follows:-

- a) A measured resource of 40 mt @ 0.75% nickel and 0.15% cobalt;
- b) An indicated resource of 47 mt @ 0.55% nickel and 0.12% cobalt;
- c) An inferred resource of 14 mt @ 0.24% nickel and 0.11% cobalt
- d) Combined resources of 101 mt@ 0.59% nickel and 0.13% cobalt.

H. The statement on page 3 of the Announcement as follows:-

“There is a clear path to market via utilising third party processors then main roads and rail network to access the port of Sydney to ship concentrate to key export markets.”

I. The statement on page 3 of the Announcement under the heading “Malamute: positive geological traits

“The Malamute tenure likely contains a geological analogue to CLQ, AUZ and PGM’s deposits, as there are similar geological traits exposed by historic drilling, geological mapping and geophysical signature, the key differed to CLQ, AUZ and PGM’s deposits in the intrusive body underlying the Malamute prospect is entirely within its boundaries.”

“Notably, there is a single prospect containing an area of lateritic mineralisation that may equal or exceed the area of both CLQ and AUZ’s deposits. However, further desktop and field work are required to determine the full extent of the mineralisation.”

Having regard to the above, ASX asks VIC to respond separately to each of the following questions and requests for information:

1. Please advise whether the Company has reviewed as part of its due diligence in relation to the NSW tenements any open file data.
2. Please provide further clarification of the basis on which VIC has determined that the Husky tenement has considerable exploration upside for high-grade cobalt and scandium mineralisation. In answering this question please provide details of the due diligence and exploration undertaken to reach this conclusion.
3. Please confirm that the scale bar in Figure 1 which sets out the scale as 2 km on page 2 of the Announcement is accurate. ASX has been advised that the scale is 8 kms.
4. Please confirm that the reference to ELA 29/1024 and ELA29/1023 is accurate. ASX has been advised that the references should correctly refer to Exploration Licences.
5. Please explain why the reference to the CLQ resources differs from what CLQ has released on the ASX Market Announcements Platform.
6. Please provide further clarification on the statement that there is a clear path to market via utilising third party processors then main roads and rail network to access the port of Sydney to ship

concentrate to key export markets. Please explain the basis for this statement, details of the roads, rail networks and processors which would be utilised by VIC and their proximity to the Husky deposit.

7. Please provide further clarification of the laterite mineralisation on the Malamute tenure and details of the due diligence and exploration undertaken by VIC to enable it to make this determination.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **9:30 am (WST) on Thursday 7 December 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in VIC's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, VIC's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at Elizabeth.Harris@asx.com.au and tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to VIC's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that VIC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in VIC's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Elizabeth Harris

Principal Adviser, ASX Listings Compliance (Perth)

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