ASX ANNOUNCEMENT

29 January 2018

Accelerating cobalt and scandium projects in NSW

Highlights

- With due diligence complete, shareholder approval secured and state regulators informed, the Board is accelerating exploration plans for four highly-prospective cobalt and scandium assets – firstly in NSW and then WA
- The acquisition will complete once NSW ministerial consent for a change in effective control is received, which the Board believes is imminent
- Detailed desktop reviews are being progressed, which will factor in legacy drilling and peer comparisons, and be released to shareholders in due course
- Preliminary analysis has already determined the NSW projects, Husky and Malamute, are located in a region known for enriched cobalt and scandium systems that has the potential to evolve into a global supply chain
- Groups with defined JORC resources in the area, which are close to VIC's future NSW assets include Clean Teq (ASX: CLQ) and Australian Mines (AUZ) and Platina (PGM)
- The geology team has already applied to the NSW landholders for permission to conduct site visits to facilitate ramping up exploration activities
- The WA projects, Galah Well and Peperill Hill, are highly prospective for cobalt mineralisation as historic assay results within and external to the tenures range from 2,430ppm-up-to-7,290ppm Co
- Once complete, this transaction will leverage VIC's prospects to the fast growing cobalt and scandium sectors

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Non-Executive Chairman Dr James Ellingford commented: "Our more immediate priorities are accelerating progressing the desktop reviews for the NSW then WA assets, given the highly attractive fundamentals for cobalt and scandium globally at present. We hope to release the findings of the desktop reviews, which complement the work undertaken during the due diligence phase, shortly after completion materialises."

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Victory Mines Limited (ASX: VIC) (**VIC** or **the Company**) is pleased to advise shareholders the Board is expediting the detailed desktop reviews on the NSW then WA tenements. The results of these studies will be released upon completion.

Board and shareholder approval have been received, while the regulator has been apprised of developments since the inception of the transaction. Once NSW ministerial consent to allow the change in effective control is received (due imminently), the Board can formalise the approval of the outright acquisition of 100% of the shares in Cobalt Prospecting Pty Ltd (**CPPL**) – pursuant to the binding agreement announced 14 November 2017.

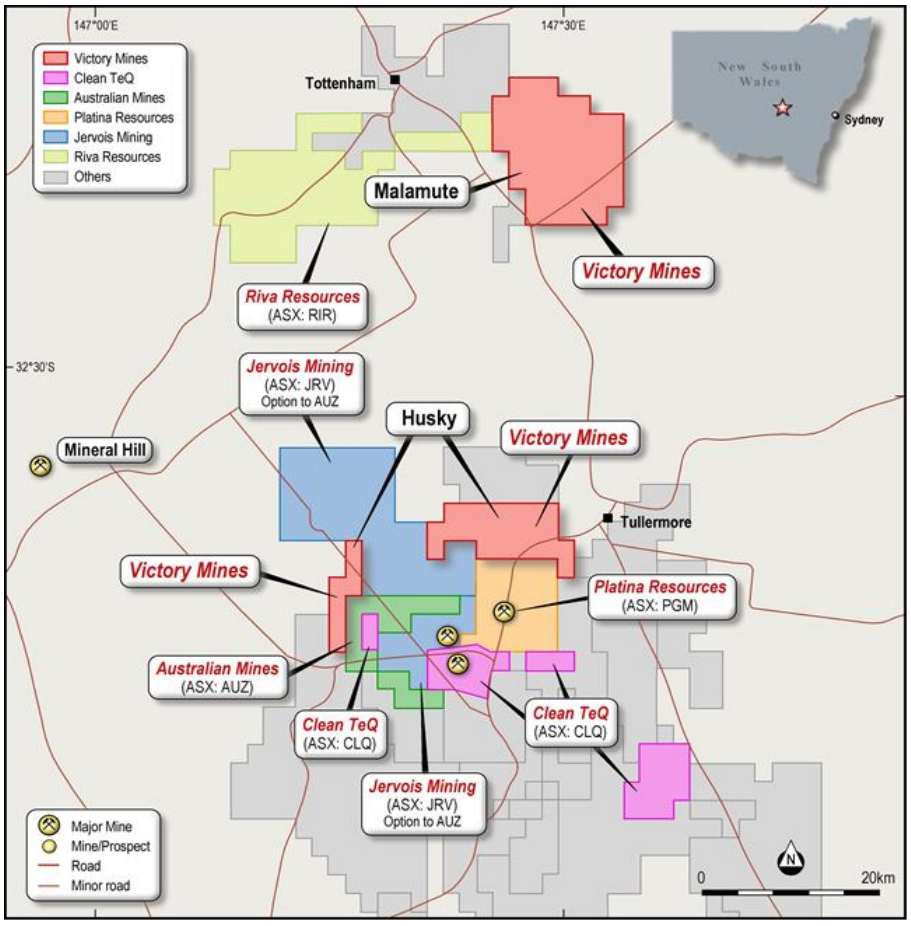
CCPL's exploration projects

To recap, CPPL owns four high-quality, cobalt and scandium focused project areas in NSW and WA (refer ASX Announcement 14 November 2017 for full details). A brief summary of the salient features follows:

NSW tenements

The two NSW tenements – Malamute and Husky – are located circa 150km west of Dubbo. They are near tenure owned by high profile listed groups Clean Teq (ASX: CLQ) and Australia Mines (ASX: AUZ) with demonstrable high-grade cobalt and scandium mineralisation (Figure 1). Notably, the Huskey tenement is contiguous to AUZ and Platina Resources (ASX: PGM), whilst it is within a 5km radius of CLQ's high profile project.

FIGURE 1: HUSKY AND MALAMUTE PROJECTS RELATIVE TO PEERS



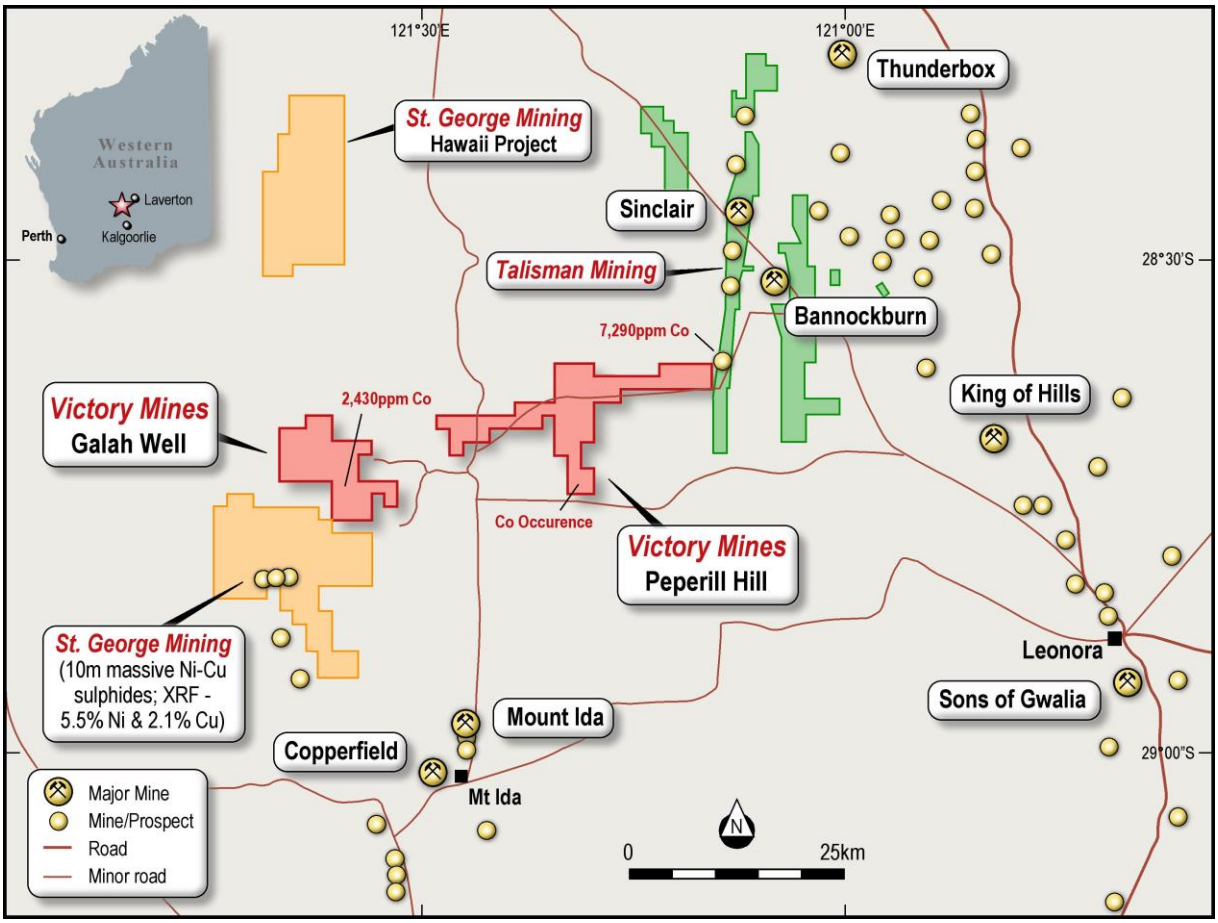
Source: VIC geology team

More broadly, the region where the Husky and Malamute tenements are located is shaping up as a stable and viable global supply chain hub for cobalt and increasingly scandium, as it hosts enriched mineralisation systems. CPPL's immediate peer group all have defined JORC compliant resources for cobalt and/or scandium, which implies considerable exploration upside for CPPL's tenements given their close proximity.

B] WA project areas (not granted)

The exploration tenure applications in WA – Peperill Hill and Galah Well – are located circa 100km west of Leonora in a highly prospective area for cobalt mineralisation (Figure 2). Legacy laboratory analysis show 2,430ppm Co within the Galah Well tenure and 7,290ppm cobalt just outside Peperill Hill. Further, the area is proven for sulphide-hosted cobalt mineralisation, as results from St George Mining's (SGQ) 2016 drill program at Mt Alexander project were up to 2,200ppm cobalt (Refer SGQ's ASX Announcement dated 14 March 2017).

FIGURE 2: GALAH WELL/PEPERILL HILL TENURE RELATIVE TO PEERS



Source: VIC geology team

Next steps

While waiting for ministerial consent, the Board is accelerating high-level exploration strategies for the soon to be acquired assets and will advise shareholders of fresh developments as soon as they materialise post-completion.

For further information, please contact:

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COMPETENT PERSON'S STATEMENT:

The information in this report that relates to Historical Exploration Results, Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Nicholas Ryan, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Ryan has been a Member of the Australian Institute of Mining and Metallurgy for 11 years and is a Chartered Profession (Geology). Mr Ryan is employed by Xplore Resources Pty Ltd. Mr Ryan is the consulting Technical Manager for Cobalt Prospecting Pty Ltd. Mr Ryan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Ryan consents to the inclusion in the report of the matters based on his information and the form and context in which it appears.