ASX ANNOUNCEMENT

29 March 2018

Bolivian tin asset to be rationalised

Highlights

- The Board has reviewed the Bolivian tin operation thoroughly and determined, with the strategic reorientation towards NSW/WA cobalt-scandium assets, it will be rationalised
- Whilst the Bolivian tin operation has solid fundamentals, its geographic proximity to Australia, where VIC's six other projects are located, was a material deciding factor in classifying it a non-core asset
- With immediate effect, all current budgeted CAPEX and OPEX will be suspended and the operation placed in caretaker mode and a financial advisor will be appointed as soon as practical to market the project to prospective third parties
- An updated progress report on recent exploration activities has been prepared, which includes discussions on the following:
  - Findings from a recently completed drilling and sampling program highlight tin can be extracted at comparatively low costs (using gravity / flotation processes) from the Arenas Catavi, Kenko and sink/float ore tail sites
  - Results from the drilling program were solid ranging from 0.11% up to 0.91% Sn
  - All the ground work to commence reserve modelling and metallurgical test-work programs have been put in place and straight forward to reactivate – this was done to determine the optimal ore process engineering pathway based upon reserve estimates

Non-Executive Chairman Dr James Ellingford commented: *"With the Board's efforts now firmly channelled into our recently acquired cobalt-scandium assets in NSW/WA, the decision has been taken to rationalise the Bolivian tin project. With immediate effect, the operation will be placed in caretaker mode, CAPEX/OPEX budgets suspended and a financial advisor will be appointed to market the project to prospective third parties. The Board believes rationalising the Bolivian tin operation and focusing on the cobalt and scandium assets in Australia will create incremental value for shareholders over the longer-term."*

Victory Mines Limited (ASX: VIC) ("Victory" or "the Company") has determined the Company's core focus will be on exploration at the newly acquired cobalt and scandium projects in NSW & WA, together with reviewing its other assets.

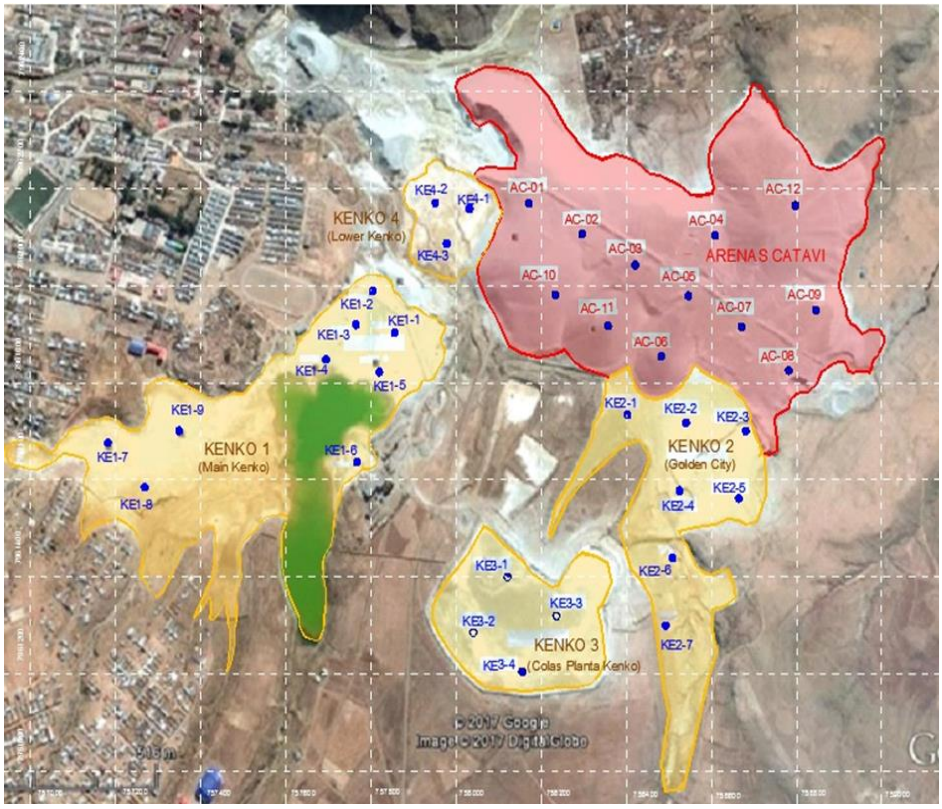
An updated progress report on the Bolivian project follows, and formed the basis for the decision to rationalise it.

PROGRESS REPORT

Key points comprise:

Recent sampling results indicate there is clear potential to extract tin at comparatively low costs using simple processes (gravity or flotation) across the project area (Figure 1).

FIGURE 1: THE KENKO DEPOSITS PLUS ARENAS CATAVI



Source: Company Data and VIC geology team

Further desktop work uncovered a Sand & Slime Tailings report (COMIBOL, La Paz, 2001), which identified an additional potential higher-grade resource at Kenko 4 (west of Arena Catavi) that needs to be verified.

Drilling programs have been executed and reached full completion stages for Kenko 1-3 and Rio Andavillque. Drilling has also been completed at Arenas Catavi and partial float/sink data has been received.

The drilling program was extensive and comprised of a total of 321 drill holes, with 181 cores extracted from Arenas Catavi, 112 from Kenko and 28 from Rio Andavillque. A total of 363 samples were sent for either laboratory analysis (100 x 2 metre composites) delivering results ranging from 0.11% Sn up to 0.91% Sn and a further 163 samples sent for size analysis. The Kenko 1-3 deposits delivered average results of 0.42%, 0.29% and 25% Sn respectively; the Arenas Catavi deposit delivered an average of 0.29% Sn and Rio Andavillque delivered an average of 0.34% Sn.

Included in the laboratory analysis was an assessment of tin grades and particle size distribution. The results from the analysis have indicated tin recovery methods of floatation for Kenko 1-3 and Rio Andavillque; and recovery by gravity for Arena Catavi. This information formed the foundation for the metallurgical test-work program.

- **Metallurgical test-work program WAS been designed** based on available results and comprehensive project evaluation. Specifically, ore from Arenas Catavi requires testing to determine the optimal process engineering pathway.
- **Reserve modelling scope has been developed** via an arrangement with the Bolivian Mining Research Institute of the Mining, Oil and Geotechnics Engineering of the Oruro Technical University to assess the distribution and reserves of tin across each deposit.

TESTING PROCESS IN GREATER DETAIL

Drilling and sampling methodology

The 321 drill hole program drilled a total of 688m to a maximum depth of 15m within Kenko 1. Each deposit was drilled by the Dando Terrier 2002 driller and one-meter core samples were extracted. After core samples were dried and packaged, one sample (2mt) was sent for tin assays to a certified laboratory in Bolivia, SpectroLab. Blanks and duplicate samples have been used for QC/QA. Selected samples were sent to Act Labs laboratory in Canada for a 60-elements chemical assay by Inductability Couple Plasma (ICP).

Assay methodology

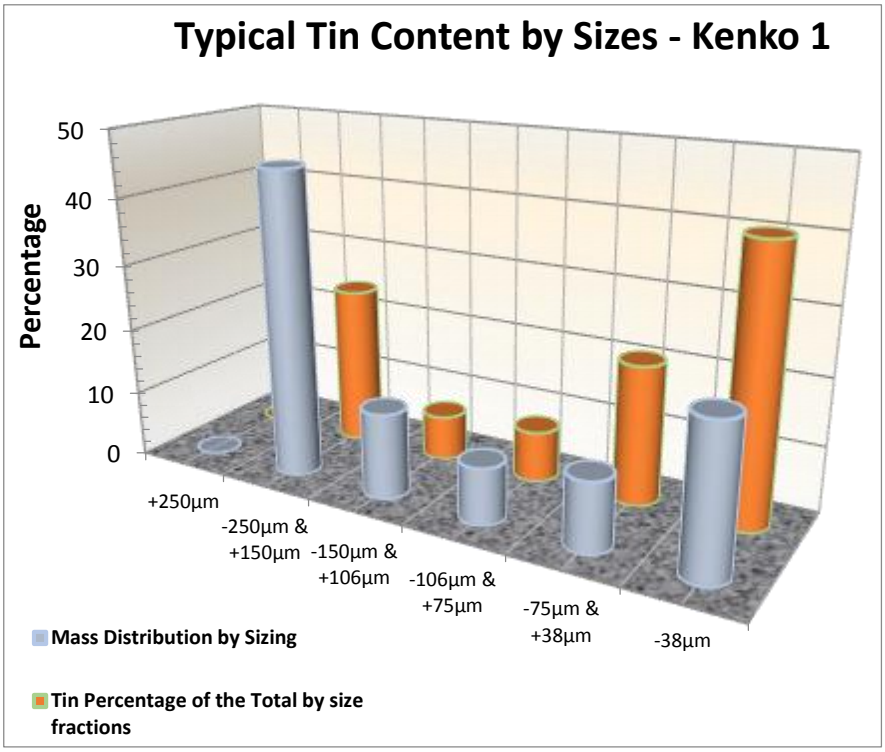
Chemical assays for tin were carried out following the classic wet methodology. Tin contents for the drilled samples from Kenko 1, Kenko 2, Kenko 3, Arenas Catavi and Rio Andavillque are presented in Appendix A-C.

Selected samples for Kenko 1, Kenko 2, Kenko 3 and Rio Andavillque were sieve screened using a mesh aperture of 250µm, 150µm, 106µm, 75µm and 38µm. Mass and tin content at each of these fraction sizes were measured. Tin content in this case was quantified with the classical wet method by SpectroLab.

Tin grades and distribution by particle size results

Results for the particle mass distribution and tin by sizing for a typical Kenko 1 sample is shown in Figure 2.

FIGURE 2: PARTICLE SIZE AND TIN DISTRIBUTION – KENKO 1



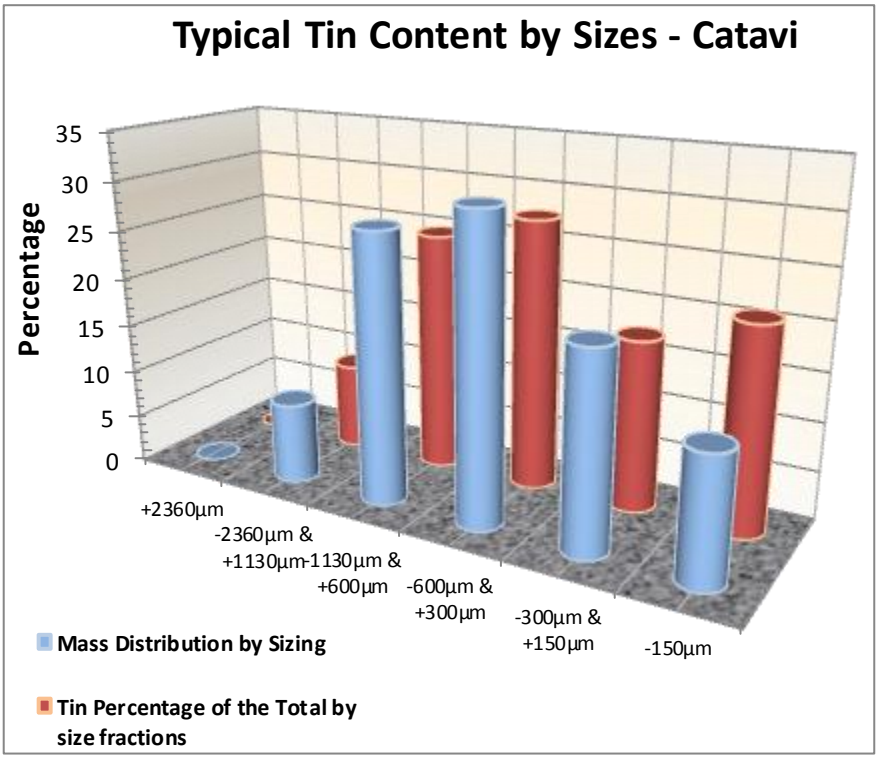
Source: Company Data and VIC geology team

As shown, 40% of the total amount of tin is in the smallest particle size of 38µm and this fraction represents the 22% of the total tails mass. Cumulative results of the last two-smallest fractions indicates that 61% of the total tin is in the fraction below 75µm size. Therefore, it is possible to recover significant amounts of tin by flotation and as such without additional grinding. Consequently, the size of the plant and operational cost could be reduced. The P80 (screen size through which 80% of the particles will pass) for Kenko 1 is on average 188µm.

The amount of tin present for Kenko 2, Kenko 3 and Rio Andavillque is high and, in general, above 60% of the total tin in the minus 75µm fraction. The average P80 for these deposits were calculated to be 65µm, 140µm and 70µm.

Arenas Catavi has coarser ore than the other sites drilled. It was sieve screened in wet using the aperture of 2360µm, 1130µm, 600µm, 300µm and 150µm with the average P80 of 990µm was recorded and Tin by sizing was carried out. Results from a typical sample are presented in Figure 3.

FIGURE 3: PARTICLE SIZE AND TIN DISTRIBUTION – ARENAS CATAVI



Source: Company Data and VIC geology team

It is clear from Figure 3 that Arenas Catavi ore has only 20% of the total tin in the fraction size below 150µm. This fact provides the possibility to recover the tin in the biggest fractions mainly by gravity process.

Metallurgical test-work program

Based on results obtained to date and comprehensive evaluation, metallurgical test-work can commence on ore obtained from Arenas Catavi. Potentially, the test-work would be carried out by UTO-Metallurgy and executed at its pilot plant in Oruro, Bolivia.

Several meetings were held with UTO-Metallurgy and the pilot plant test-work program defined (Figure 4). The aim was to define the most technic-economic flowsheet and the key metallurgical parameters to design the process plant for Arenas Catavi to a pre-feasibility study level of accuracy.

FIGURE 4: GENERALIZED METALLURGICAL TESTWORK SCHEME FOR ARENAS CATAVI

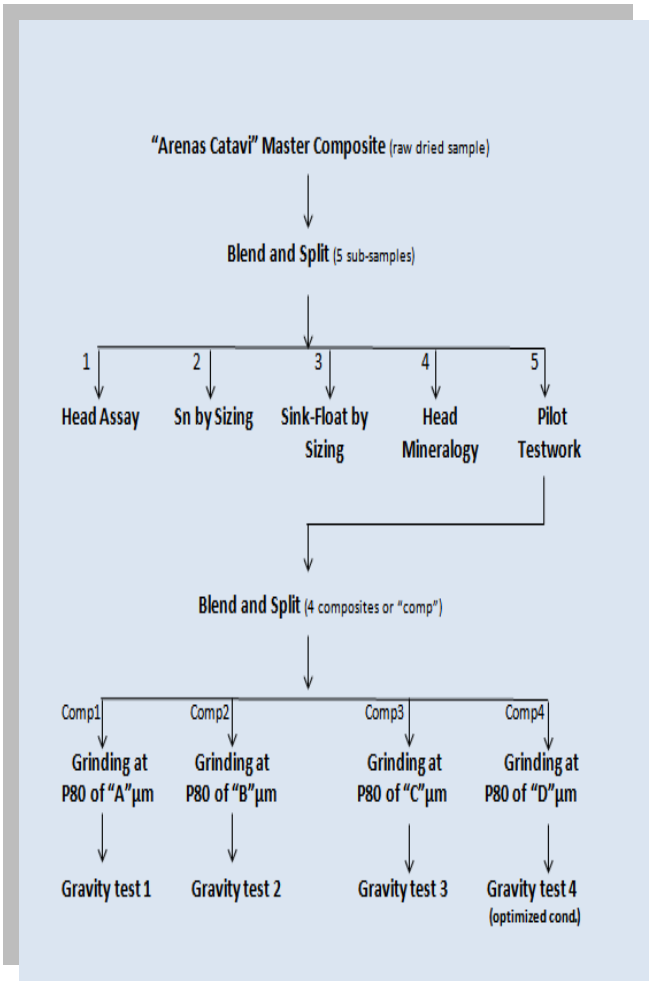
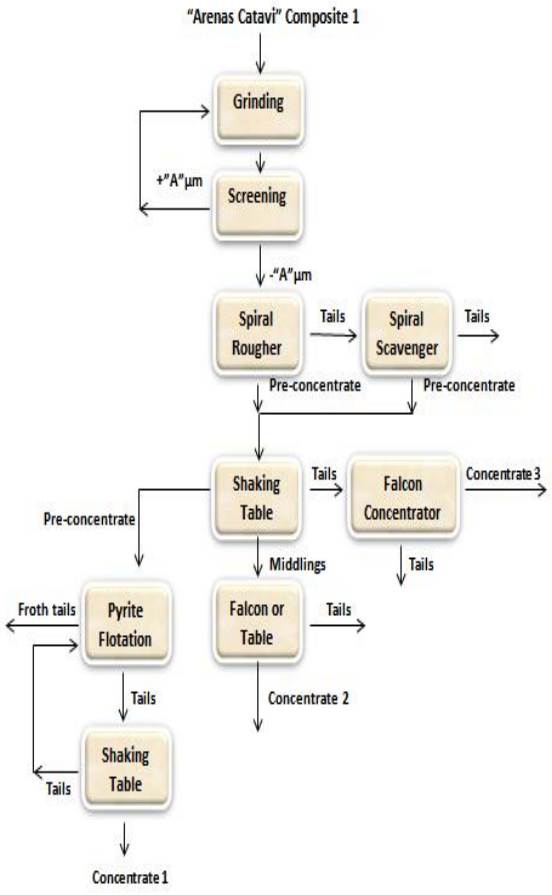


FIGURE 5: CATAVI CONCENTRATOR FLOWSHEET FOR COMPOSITE 1



Source: Company Data and VIC geology team

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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 Australian Institute of Geoscientists (AIG). Mr Peebles is employed by Darlington Geological Services Pty Ltd and is also a Director of Darlington Geological services Pty Ltd. 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.

APPENDIX A: TIN ASSAY RESULTS FOR KENKO 1, 2 AND 3 SITES

Table 1. Tin content for Kenko 1, Kenko 2 and Kenko 3 drill-core samples

Kenko 1				Kenko 2		Kenko 3	
Sample ID	Sn Content, %	Sample ID	Sn Content, %	Sample ID	Sn Content, %	Sample ID	Sn Content, %
VIC 5001	0.34	VIC 5017	0.73	VIC5032	0.33	VIC5054	0.23
VIC 5002	0.34	VIC 5018	0.34	VIC5033	0.23	VIC5055	0.28
VIC 5003	0.39	VIC 5019	0.28	VIC5034	0.36	VIC5056	0.17
VIC 5004	0.45	VIC 5020	0.34	VIC5035	0.27	VIC5057	0.26
VIC 5005	0.45	VIC 5021	0.40	VIC5036	0.22	VIC5058	0.27
VIC 5006	0.48	VIC 5022	0.33	VIC5037	0.28	VIC5059	0.28
VIC 5007	0.39	VIC 5023	0.34	VIC5038	0.34	VIC5060	0.27
VIC 5008	0.50	VIC 5024	0.34	VIC5039	0.28		
VIC 5009	0.51	VIC 5025	0.46	VIC5040	0.34		
VIC 5010	0.52	VIC 5026	0.39	VIC5041	0.39		
VIC 5011	0.48	VIC 5027	0.34	VIC5042	0.27		
VIC 5012	0.33	VIC 5028	0.39	VIC5043	0.28		
VIC 5013	0.33	VIC 5029	0.51	VIC5044	0.34		
VIC 5014	0.46	VIC 5030	0.44	VIC5045	0.32		
VIC 5015	0.39	VIC 5031	0.45	VIC5046	0.33		
VIC 5016	0.51			VIC5047	0.27		
Average	**0.42**			VIC5048	0.37		
				VIC5049	0.28		
				VIC5050	0.28		
				VIC5051	0.22		
				VIC5052	0.23		
				VIC5053	0.17		
				Average	**0.29**	**Average**	**0.25**

Source: VIC geology team

APPENDIX B: TIN ASSAY RESULTS FOR ARENAS CATAVI SITE

Sample ID	Sn Content, %	Sample ID	Sn Content, %
VIC5076	0.23	VIC5122	0.23
VIC5077	0.29	VIC5123	0.29
VIC5078	0.11	VIC5124	0.17
VIC5079	0.34	VIC5125	0.28
VIC5080	0.44	VIC5126	0.29
VIC5081	0.46	VIC5127	0.28
VIC5082	0.58	VIC5128	0.34
VIC5083	0.23	VIC5129	0.29
VIC5084	0.23	VIC5130	0.29
VIC5085	0.4	VIC5131	0.23
VIC5086	0.34	VIC5132	0.23
VIC5087	0.4	VIC5133	0.23
VIC5088	0.35	VIC5134	0.28
VIC5089	0.41	VIC5135	0.29
VIC5090	0.34	VIC5136	0.23
VIC5091	0.35	VIC5137	0.28
VIC5092	0.34	VIC5138	0.28
VIC5093	0.33	VIC5139	0.34
VIC5094	0.29	VIC5140	0.29
VIC5095	0.39	VIC5141	0.41
VIC5096	0.33	VIC5142	0.23
VIC5097	0.16	VIC5143	0.29
VIC5098	0.23	VIC5144	0.29
VIC5099	0.23	VIC5145	0.22
VIC5100	0.32	VIC5146	0.23
VIC5101	0.46	VIC5147	0.2
VIC5102	0.29	VIC5148	0.28
VIC5103	0.34	VIC5149	0.39
VIC5104	0.21	VIC5150	0.23
VIC5105	0.34	VIC5151	0.23
VIC5106	0.32	VIC5152	0.35
VIC5107	0.28	VIC5153	0.29
VIC5108	0.28	VIC5154	0.28
VIC5109	0.34	VIC5155	0.23
VIC5110	0.28	VIC5156	0.28
VIC5111	0.35	VIC5157	0.29
VIC5112	0.29	VIC5158	0.29
VIC5113	0.28	VIC5159	0.23
VIC5114	0.28	VIC5160	0.34
VIC5115	0.23	VIC5161	0.29
VIC5116	0.27	VIC5162	0.16
VIC5117	0.17	VIC5163	0.35
VIC5118	0.23	VIC5164	0.28
VIC5119	0.22	VIC5165	0.23
VIC5120	0.34	VIC5166	0.23
VIC5121	0.28	VIC5167	0.26
Average		**0.29**	

Source: VIC geology team

APPENDIX C: TIN ASSAY RESULTS FOR RIO ANDAVILLQUE SITE

Sample ID	Sn Content, %
VIC5061	0.83
VIC5062	0.91
VIC5063	0.34
VIC5064	0.28
VIC5065	0.29
VIC5066	0.34
VIC5067	0.23
VIC5068	0.34
VIC5069	0.17
VIC5070	0.17
VIC5071	0.33
VIC5072	0.29
VIC5073	0.22
VIC5074	0.28
VIC5075	0.11
Average	**0.34**

Source: VIC geology team

ASX ANNOUNCEMENT

29 March 2018

JORC CODE, 2012 Edition - Table 1 Reporting Template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

Criteria	Commentary
Sampling Techniques	2 metre composite samples sent to a commercial laboratory in Oruro for tin analysis
Drilling Techniques	Soil Sampling rig Dando Terrier 2002 used to produce undisturbed drill core samples.
Drill Sample Recovery	100% recovery
Logging	Samples logged to a standard template
Sub-sampling techniques and sample preparation	Samples bagged and sent to a commercial laboratory for standard analysis. Industry accepted standards and blanks inserted as certified reference material. QA/QC results indicate the sampling is accurate and precise
Quality of Assay data and laboratory tests	Commercial Mineralogical Laboratory engaged with standard and blanks meeting standard industry practices.
Verification of sampling and assaying	Independent verification has not been undertaken
Location of data points	Drill hole locations surveyed using DGPS techniques
Data spacing and distribution	Variable sample spacing dependent upon deposit size
Orientation of data in relation to geological structure	No geologic structure as deposits are tailings dumps
Sample security	Samples transported to base by company personnel where they were sorted, dried and delivered to the certified mineralogical laboratory
Audits or reviews	No audits or reviews have been conducted.
Mineral tenement and land tenure status	Exploration results reported are from work carried out on various tin tailing projects in Bolivia
Exploration done by other parties	Exploration has been done by previous explorers from 1965 onwards and 2017 by Victory Mines Ltd
Geology	No geology considered as the deposits are tin tailings
Drill Hole Information	Continuous core samples
Data Aggregation methods	Samples collected at 1 metre intervals and composited to 2 metres in the laboratory
Relationship between mineralised widths and intercept lengths	Continuous tin mineralisation throughout the entire sampled columns

Criteria	Commentary
Diagrams	Diagrams of drill hole locations are supplied
Balanced Reporting	Results from all samples collected are reported in this announcement
Other substantive exploration data	All relevant data from previous exploration has been collected

Section 2 Reporting of Exploration Results

Mineral tenement and land tenure status	Exploration results reported are from work carried out on various tin tailing projects in Bolivia under licence from COMIBOL
Exploration done by other parties	Exploration has been done by previous explorers from 1965 onwards and 2017 by Victory Mines Ltd
Geology	No geology considered as the deposits are tin tailings
Drill hole information	Continuous core samples
Data Aggregation methods	Samples collected at 1 metre intervals and composited to 2 metres in the laboratory.
Relationship between mineralised widths and intercept lengths	Continuous tin mineralisation throughout the entire sampled columns
Diagrams	Diagrams of drill hole locations are supplied
Balanced Reporting	Results from all samples collected are reported in this announcement
Other substantive exploration data	All relevant data from previous exploration has been collected
Further work	No further drilling work planned.