

ASX ANNOUNCEMENT

Date: 28 October 2014



SOUTH AMERICAN TIN PROGRESSES DEVELOPMENT OF FIRST TOLL TREATMENT PLANT AT WORLD CLASS SIGLO XX PROJECT

- **Civil Engineer from South American Tin Limited's ('SAT') chosen foundry, FAVAL, has completed and approved location of proposed 150 tonne per day ('tpd') San Pedrito Toll Treatment Plant – the first of 4 planned treatment plants by SAT**
- **Approval of site next to Rio Centenario at Uncia – a ready supply of water and power**
- **FAVAL operates nearby foundry which engineer and fabricate components for plant**
- **FAVAL to provide a turnkey service - fabrication, construction and plant commissioning**
- **Site survey to commence followed by earthworks**
- **Stockpile and channel sampling planned at San Pedrito project**

Victory Mines Limited (ASX: VIC) ('**Company**') is pleased to advise on the progress being made on the proposed development of the first toll treatment plant, the San Pedrito Toll Treatment Plant by SAT. The acquisition of SAT by the Company, as approved by shareholders on 17 October 2014, is expected to be completed shortly.

Engineering Review of San Pedrito Toll Treatment Plant

SAT's Bolivian metallurgist has designed a treatment plant flowsheet to treat the ores at San Pedrito (see figure 1). This flowsheet is designed to treat Sn ores and Ag-Zn ores, and with some minor modifications, it will be able to treat Sn-Ag-Zn ores, including the potential recovery of fine tin through the flotation circuit currently designed for the Ag-Sn ore.

A civil engineer from the foundry selected by SAT to construct the San Pedrito toll treatment plant, FAVAL, visited the San Pedrito treatment plant site this week to inspect it for foundation requirements. FAVAL will fabricate, design and construct the 150tpd treatment plant. FAVAL is a respected and experienced foundry located in nearby Oruro, a large mining centre in Bolivia. More details on FAVAL are below.

FAVAL's civil engineer has confirmed that the site is suitable for the first toll treatment plant and that there is sufficient access to water for treatment purposes, and enough power can be sourced from a nearby power line.

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FLWSHEET PLANTA INGENIO VERSATIL CAP.150 TPD PROYECTO TRATAMIENTO MINERALES DE Sn & Zn/Ag

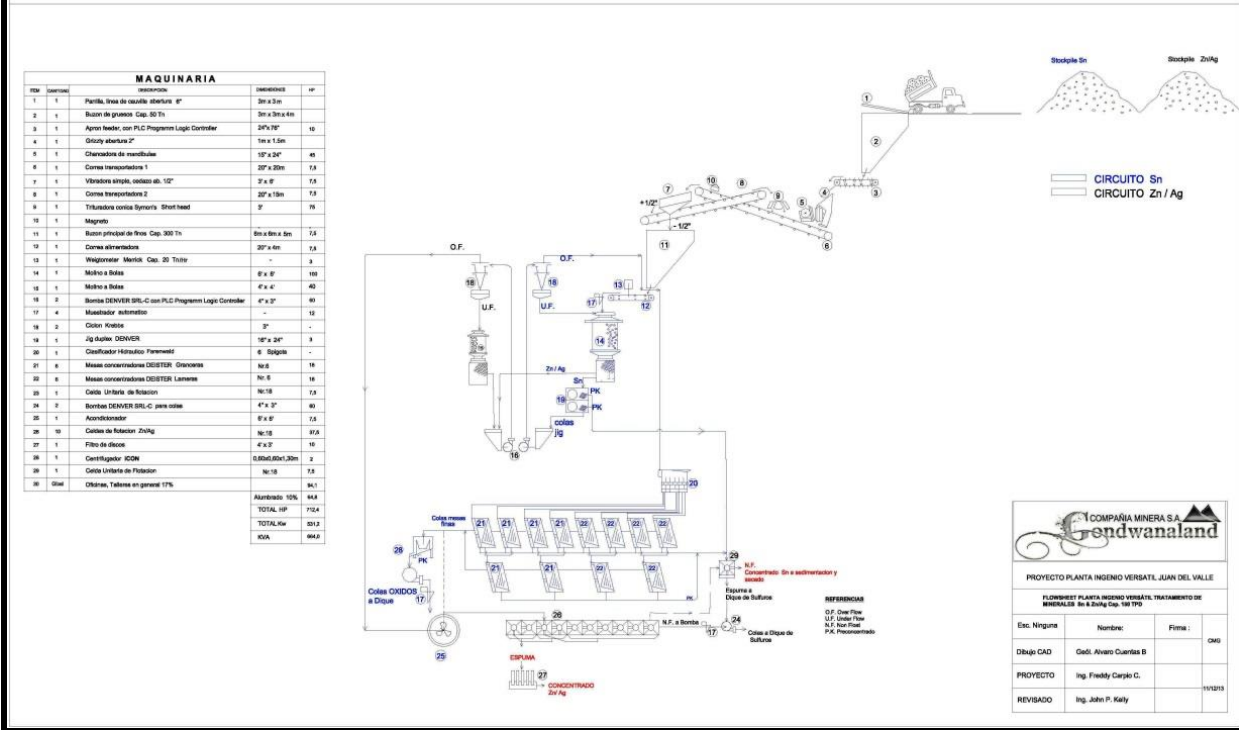


Figure 1 – 150tpd Treatment Plant Flowsheet for the San Pedrito Project

FAVAL

FAVAL is an established foundry in the city of Oruro which is located some 90 minutes from SAT’s project. It has been in business for over twenty years and specialises in fabricating treatment plant equipment and small underground mining equipment. SAT has been in extensive negotiations with FAVAL and is impressed with the quality of its workmanship and FAVAL’s experience. Importantly, FAVAL is experienced in the fabrication and commissioning of small-scale production plants. All the plants fabricated by FAVAL are scalable so larger sized plants can be fabricated.

FAVAL can provide a turnkey service where it will fabricate all items for the plant, including mills, crushers, bins, conveyors, flotation cells, jigs, source the electric motors for each plant item and provide the necessary engineering design and construction management. FAVAL will then commission the plant and provide a 12-month guarantee on all plant items.



Figure 2 – The FAVAL Foundry in Oruro. Left, a Completed Bank of Flotation Cells. Right, a Shaking Table in Construction (items and construction not related to SAT’s project)

San Pedrito Treatment Plant Power and Water Supply

The San Pedrito 150 tpd plant site has a number of advantages including:

- Immediately adjacent to an existing small (3tpd) plant operated by the Cooperative;
- A 27kV power line is approximately 150 metres from the plant site – see Figure 3 below;
- Water for the plant can be sourced from Rio Centenario; and
- The location is favourable for trucking ore from other Mining Cooperatives to the south of Uncia as potential supplementary feed for the plant.



Figure 3 – Proposed Toll Treatment Plant Site Showing the Existing Small Treatment Plant and Adjacent Power Line

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San Pedrito Sampling Programme

As project development and site works progress, SAT will also shortly commence a sampling programme at San Pedrito. Sampling in the vicinity of the main project adit, the Callaperia Adit (No 1 Adit at R.L. 4,180m) will commence at the beginning of November with the aim of testing existing ore stockpiles for tin grade, as well as other known tin veins.

Commenting on development and exploration works, SAT's Managing Director John Kelly said: "We are pleased with the progress SAT has made with FAVAL and are confident that we have secured a highly experienced and reputable local partner to deliver our first toll treatment plant.

"Significant planning and development work is being undertaken by the SAT and FAVAL teams in Bolivia and there is real enthusiasm for the project. Our Cooperative Partner has also been key to the work being undertaken by FAVAL.

"While project development is our main priority, SAT is also continuing to undertake exploration works to enhance future production efforts and the sampling program that will commence very shortly at San Pedrito is an important value-adding undertaking. Testing of existing stockpiles will add significant value to our first proposed production project and we look forward to reporting on the results shortly."



Figure 4 – SAT MD John Kelly at the Entrance to the Callaperia Adit No 1

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About Victory Mines Limited (“VIC”) and South American Tin Limited (“SAT”)

On 17 October 2014 Victory Mines Limited shareholders approved the acquisition of South American Tin Limited (SAT). SAT was incorporated in 2011 to develop tin and associated base metals projects in Bolivia, historically one of the world’s major tin producers. SAT has an 80% interest in Compañía Minera Gondwanaland S.A., a Bolivian company that has Preliminary Contracts over seven projects making up the Siglo XX Mine and surrounding tailings projects. SAT’s strategy has been to work exclusively with Bolivia’s Mining Cooperative sector. Mining Cooperatives in Bolivia hold contracts over many of Bolivia’s major, world-class minerals projects, including the majority of Bolivia’s world-class tin projects. SAT has developed close working relationship with FENCOMIN, Bolivia’s peak Mining Cooperative representative body. FENCOMIN is a powerful political force in the country and represents approximately 180,000 individual mining cooperative members from approximately 1,600 individual Mining Cooperatives. SAT has concentrated on forming close strategic relationships across the Mining Cooperative sector.

SAT has an experienced local Bolivian workforce of 21 people, 75% of whom are from the Llallagua/Catavi/Uncia region covering the disciplines of geology, metallurgy, accounting, health, social issues and administration.

JORC Compliance Statement

Information in this report that relates to Exploration Targets and Mineral Resources for SAT is based on information reviewed or developed by John Kelly, SAT’s Managing Director and a Fellow of the Australasian Institute of Mining and Metallurgy. John Kelly has a minimum of five years’ experience in the estimation, assessment and evaluation of Mineral Resources and Ore Reserves and has significant experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the “Australasian Code for Reporting of Mineral Resources and Ore Reserves”. John Kelly consents to the inclusion in this report of these matters based on the information in the form and context in which it appears. The use of the term “Exploration Target” in this report does not infer a Mineral Resource estimate and Exploration Targets are conceptual in terms of potential tonnes and grade.

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